



**RBL BANK LIMITED**

Our Bank was incorporated on June 14, 1943 under the Indian Companies Act, 1913 as 'The Ratnakar Bank Limited' and was granted a certificate of commencement of business dated July 5, 1943 by the Registrar of Joint Stock Companies, Kolhapur State. The name of our Bank was changed to its present name pursuant to a fresh certificate of incorporation issued by the RoC on November 24, 2014. For details of certain changes in the registered office of our Bank, see the section titled "History and Certain Corporate Matters" on page 210.

**Registered Office:** 1<sup>st</sup> Lane, Shahupuri, Kolhapur – 416 001, Maharashtra, India; **Telephone:** +91 231 6650 214; **Facsimile:** +91 231 2657 386  
**Corporate Office:** One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, Maharashtra, India  
**Contact Person:** Mr. Vinay Tripathi, Company Secretary and Compliance Officer in relation to the Issue; **Telephone:** +91 22 4302 0600; **Facsimile:** +91 22 4302 0520  
**E-mail:** ipo@rblbank.com; **Website:** www.rblbank.com; **CIN:** U65191PN1943PLC007308

**Our Bank is a professionally managed company and does not have a promoter either in terms of the SEBI Regulations (as hereinafter defined) or in terms of the Companies Act, 2013**

**PUBLIC ISSUE OF 53,909,628<sup>\*</sup> EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF RBL BANK LIMITED (OUR "BANK" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 225 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 215 PER EQUITY SHARE, AGGREGATING TO ₹ 12,129.67 MILLION<sup>\*</sup> (THE "ISSUE") COMPRISING A FRESH ISSUE OF 37,000,000<sup>\*</sup> EQUITY SHARES BY OUR BANK AGGREGATING TO ₹ 8,325 MILLION<sup>\*</sup> (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 16,909,628<sup>\*</sup> EQUITY SHARES COMPRISING 3,879,070<sup>\*</sup> EQUITY SHARES BY PERSONS LISTED IN ANNEXURE A ("CATEGORY I SELLING SHAREHOLDERS"), 9,505,558<sup>\*</sup> EQUITY SHARES BY BEACON INDIA PRIVATE EQUITY FUND ("BEACON") AND 3,525,000<sup>\*</sup> EQUITY SHARES BY GPE (INDIA) LTD ("GPE") AND TOGETHER WITH BEACON, THE "CATEGORY II SELLING SHAREHOLDERS" AND TOGETHER WITH CATEGORY I SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS") (THE "OFFER FOR SALE"). THE ISSUE SHALL CONSTITUTE 14.58 %<sup>\*</sup> OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF OUR BANK.**

<sup>\*</sup> Subject to finalization of Basis of Allotment

Our Bank has made a pre-IPO placement of 25,000,000 Equity Shares to certain investors at a price of ₹ 195.00 per Equity Share. For more information, see the section titled "Capital Structure" on page 94.

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH.**

**THE ISSUE PRICE IS ₹ 225 PER EQUITY SHARE AND IS 22.5 TIMES THE FACE VALUE OF THE EQUITY SHARES.**

Pursuant to Rule 19(2)(b)(iii) of the Securities Contracts Regulation Rules, 1957, as amended ("SCRR"), read with Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations"), the Issue is being made for at least 10% of the post-Issue paid-up equity share capital of our Bank. The Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Bank, in consultation with the GCBRLMs and the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third was made available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Issue Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. All prospective Bidders, other than Anchor Investors are required to submit their Bids through the Applications Supported by Blocked Amount ("ASBA") process only, by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCRBs. For details, see the section titled "Issue Procedure" on page 508.

**RISKS IN RELATION TO FIRST ISSUE**

This being the first public issue of our Bank, there is no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Floor Price is 22.4 times of the face value and the Cap Price is 22.5 times of the face value. The Issue Price as determined and justified by our Bank in consultation with the GCBRLMs and BRLMs in accordance with the SEBI Regulations and as stated in the section titled "Basis for the Issue Price" on page 120 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**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 entire 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 this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 15.

**ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Bank and this Issue, which is material in the context of this Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other factors, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect. Further, each Selling Shareholder confirms that all statements and undertakings made by it in this Prospectus about or in relation to itself and the Equity Shares being offered by it in the Offer for Sale are true and correct, provided however, that it assumes no responsibility for any other statements, by or relating to our Bank or its business, included in this Prospectus.

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Bank has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares pursuant to their letters dated August 6, 2015 and August 5, 2015, respectively. For the purposes of this Issue, NSE shall be the Designated Stock Exchange.

**GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS**

**REGISTRAR TO THE ISSUE**

<b>Kotak Mahindra Capital Company Limited</b> 1st Floor, 27 BKC, Plot No. 27 G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Telephone: +91 22 4336 0000 Facsimile: +91 22 6713 2447 Email ID: rbl.ipo@kotak.com Website: www.investmentbank.kotak.com Investor Grievance ID: kmccredresal@kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	<b>Axis Capital Limited</b> 1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai 400 025 Telephone: +91 22 4325 2183 Facsimile: +91 22 4325 3000 Email ID: rbl.ipo@axiscap.in Website: www.axiscapital.co.in Investor Grievance ID: complaints@axiscap.in Contact Person: Lakha Nair SEBI Registration No.: INM000012029	<b>Citigroup Global Markets India Private Limited</b> 1202, 12 <sup>th</sup> Floor First International Financial Centre G Block, Bandra Kurla Complex, Bandra East Mumbai 400 051 Telephone: +912261759999 Facsimile: +912261759898 Email ID: RBL.ipo@citi.com Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Investor Grievance Email ID – investors.cgmb@citi.com Contact Person: Aditya Doshi SEBI Registration No.: INM000010718	<b>Morgan Stanley India Company Private Limited</b> 18F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg Mumbai 400 013 Telephone: +91 22 6118 1000 Facsimile: +91 22 6118 1040 Email ID: investors_india@morganstanley.com Website: http://www.morganstanley.com/about-us/global-offices/india/ Investor Grievance ID: investors_india@morganstanley.com Contact Person: Rahul Jain SEBI Registration No.: INM000011203	<b>Link Intime India Private Limited</b> C-13, Pannatal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078 Maharashtra, India Telephone: +91 22 6171 5400 Facsimile: +91 22 2596 0329 E-mail: rbl.ipo@linkintime.co.in Investor Grievance ID: rbl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058

**BOOK RUNNING LEAD MANAGERS**

<b>HDFC Bank Limited</b> Investment Banking Group, Unit No. 401 & 402, 4 <sup>th</sup> Floor, Tower B, Peninsula Business Park, Lower Parel, Mumbai 400 013 Telephone: +91 22 3395 8015 Facsimile: +91 22 3078 8584 Email ID: rbl.ipo@hdfcbank.com Website: www.hdfcbank.com Investor Grievance ID: investor.redresal@hdfcbank.com Contact Person: Keyur Desai / Rishi Tiwari SEBI Registration No.: INM000011252	<b>ICICI Securities Limited</b> ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020 Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email ID: pearl.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Contact Person: Ayush Jain/ Vishal Kanjani SEBI Registration No.: INM000011179	<b>IDFC Securities Limited</b> Naman Chambers, C-32, "G" Block Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Telephone: +91 22 6622 2600 Facsimile : +91 22 6622 2501 Email : rbl.ipo@idfc.com Investor Grievance Email : investor.grievance@idfc.com Website: www.idfccapital.com Contact Person: Akshay Bhandari SEBI Registration No.: MB/INM000011336	<b>IIFL Holdings Limited</b> 10 <sup>th</sup> Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013 Telephone: +91 22 4646 4600 Facsimile: +91 22 2493 1073 Email ID: rbl.ipo@iiflcap.com Website: www.iiflcap.com Investor Grievance ID: ig_ib@iiflcap.com Contact Person: Pinkesh Soni/ Gururaj Sundaram SEBI Registration No.: INM000010940	<b>SBI Capital Markets Limited</b> 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Telephone: +91 22 2217 8300 Facsimile: +91 22 2217 8332 Email ID: rbl.ipo@sbicaps.com Website: www.sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person: Aditya Deshpande SEBI Registration No.: INM000003531

**BID/ISSUE PROGRAMME<sup>\*</sup>**

**BID OPENED ON: August 19, 2016**

**BID CLOSED ON: August 23, 2016**

<sup>\*</sup> The Anchor Investor Bidding Period was one Working Day prior to the Bid Opening Date, i.e. August 18, 2016.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms and abbreviations shall have the meanings set forth below in this Prospectus. References to statutes, rules, regulations, guidelines and policies, unless the context otherwise requires, will be deemed to include all amendments and modifications notified thereto.

#### Bank Related Terms

Term	Description
“Articles” or “Articles of Association” or “AoA”	The articles of association of our Bank, as amended
“Auditors” or “Statutory Auditors”	S.R. Batliboi & Co. LLP
Audit Committee	The audit committee of our Board of Directors
Beacon	Beacon India Private Equity Fund
“Board” or “Board of Directors” or “our Board”	The board of directors of our Bank, as duly constituted from time to time including any duly constituted committees thereof
Category I Consent Letters	Consent letters submitted by the Category I Selling Shareholders (as defined below), pursuant to the OFS Invitation (as defined below)
Category I Selling Shareholders	Persons listed in Annexure A
Category II Selling Shareholders	Beacon and GPE
Corporate Office	The corporate office of our Bank, located at One Indiabulls Centre, Tower 2B, 6 <sup>th</sup> Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, Maharashtra, India
Deferred Shares	Shares of face value ₹ 100 each issued by our Bank in 1944. All Deferred Shares were converted into (ordinary) equity shares of face value ₹ 100 each in the year 1969.
Director(s)	The director(s) on our Board, as appointed from time to time
Equity Shares	Equity shares of our Bank of face value of ₹ 10 each
ESOP 2010	An employee stock option scheme established by our Bank pursuant to a resolution of the Human Resource and Remuneration Committee passed on September 6, 2010
ESOP 2013	An employee stock option scheme established by our Bank pursuant to a resolution of the Human Resource and Remuneration Committee passed on August 30, 2013
ESOP Schemes	The employee stock option schemes established by our Bank, currently the ESOP 2010, the ESOP 2013 and the RESOP 2014
ESPS	The employee stock purchase scheme of our Bank as approved by our Shareholders on January 4, 1999 and our Board on January 29, 1999 and the RBI, by way of its approval dated August 10, 1999
GPE	GPE (India) Ltd
Group Companies	Companies listed as group companies in the section titled “ <i>Our Promoter, Promoter Group and Group Companies</i> ” on page 241
Independent Director	Independent director as defined under the Listing Regulations and the Companies Act
Key Management Personnel	The personnel listed as key management personnel in the section titled “ <i>Our Management</i> ” on page 218
Listing Agreements	Equity listing agreements to be entered into by our Bank with the Stock Exchanges pursuant to the terms of the Listing Regulations
Managing Director & CEO	The managing director and chief executive officer of our Bank
“Memorandum” or “Memorandum of Association” or “MoA”	The memorandum of association of our Bank, as amended
“Our Bank” or “the Bank” or “the Issuer” or “we” or “us”	RBL Bank Limited, a company incorporated under the Companies Act, 1913 and having the CIN U65191PN1943PLC007308
Registered Office	The registered office of our Bank, located at 1 <sup>st</sup> Lane, Shahupuri, Kolhapur – 416 001, Maharashtra, India
RESOP 2014	An employee stock option scheme established by our Bank pursuant to a resolution of the Human Resource and Remuneration Committee passed on February 18, 2014
Selling Shareholders	Category I Selling Shareholders and Category II Selling Shareholders
SFPL	Swadhaar FinServe Private Limited
Shareholders	Equity shareholders of our Bank
SIMS	Swadhaar Information Management Services Private Limited

## Issue Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
“Allot” or “Allotment” or “Allotted”	The allotment of Equity Shares to successful Bidders pursuant to the Fresh Issue or transfer of the Equity Shares to successful Bidders pursuant to the Offer for Sale
Allotment Advice	The advice or intimation of Allotment sent to the successful Bidders who are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange, in accordance with the Book Building Process
Allottee	A successful Bidder to whom Equity Shares are Allotted
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI Regulations and this Prospectus
Anchor Investor Allocation Notice	The note or advice or intimation of allocation of the Equity Shares sent to the Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Allocation Price, including any revisions thereof
Anchor Investor Allocation Price	The price at which Equity Shares were allocated in terms of the Red Herring Prospectus and this Prospectus to the Anchor Investors, as decided by our Bank in consultation with the GCBRLMs and BRLMs during the Anchor Investor Bidding Period
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion which will be considered as an application for Allotment
Anchor Investor Bidding Period	The day, one Working Day prior to the Bid Opening Date, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed, i.e. August 18, 2016.
Anchor Investor Issue Price	₹ 225 per Equity Share, i.e. the final price at which Allotment will be made to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price. The Anchor Investor Issue Price has been decided by our Bank in consultation with the GCBRLMs and the BRLMs.
Anchor Investor Pay-in Date	In case of the Anchor Investor Issue Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the Anchor Investor Allocation Notice but not later than two Working Days after the Bid Closing Date
Anchor Investor Portion	The portion of the Issue available for allocation to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being at or above the Anchor Investor Allocation Price, in accordance with the SEBI Regulations, being upto 60% of the QIB Portion or upto 16,172,887 Equity Shares
“ASBA” or “Application Supported by Blocked Amount”	The application (whether physical or electronic) used by ASBA Bidders to make a Bid, authorizing an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of an ASBA Bidder as per the ASBA Form submitted by the ASBA Bidder
ASBA Bidder	Any Bidder other than Anchor Investors
ASBA Form	The application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment
Bankers to the Issue	The Escrow Collection Bank, the Public Issue Account Bank and the Refund Bank
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders, as described in “ <i>Issue Procedure–Part B – Allotment Procedure and Basis of Allotment</i> ” on page 542
Bid(s)	An indication by a Bidder to make an offer during the Anchor Investor Bidding Period or Bidding Period, pursuant to submission of the Bid cum Application Form to subscribe for Equity Shares, at a price within the Price Band, including all revisions and modifications thereto, in terms of the Red Herring Prospectus and the Bid cum Application Form
Bidder	A prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and includes an ASBA Bidder and an Anchor Investor
Bidding	The process of making a Bid
Bidding Centers	Centers at which the Designated Intermediaries shall accept the ASBA Forms, i.e.,



<b>Term</b>	<b>Description</b>
	Designated Branches for SCSBs, Syndicate Bidding Centres, Non Syndicate Broker Centres, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Bid Amount	In relation to each Bid, the highest value of Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of a Bid
Bid cum Application Form	The Anchor Investor Application Form and/or the ASBA Form, as applicable
Bid Closing Date	Except in relation to Bids to be received from Anchor Investors, August 23, 2016, being the date after which the Designated Intermediaries will not accept any Bids, and which shall be notified in all editions of the Business Standard (English and Hindi), a national newspaper, and the Kolhapur edition of Pudhari (Marathi), a regional language newspaper where the Registered Office of our Bank is situated, each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bid Opening Date	Except in relation to Anchor Investors, August 19, 2016, being the date on which the Designated Intermediaries shall start accepting Bids, and which shall be the date notified in an English national newspaper, a Hindi national daily newspaper and regional language newspaper where the Registered Office of our Bank is situated, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date or the QIB Bid Closing Date, as the case may be (in either case inclusive of such date and the Bid Opening Date) during which Bidders, other than Anchor Investors, can submit their Bids, including any revisions thereof. Provided however that the Bidding Period shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors
Bid Lot	65 Equity Shares
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI Regulations
“Book Running Lead Managers” or “BRLMs”	HDFC Bank Limited, ICICI Securities Limited, IDFC Securities Limited, IIFL Holdings Limited and SBI Capital Markets Limited
“BTI(s)” or “Banker(s) to an issue”	The banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
Cap Price	The higher end of the Price Band, in this case being ₹ 225, and any revisions thereof, above which the Issue Price will not be finalised and above which no Bids will be accepted
Category III Foreign Portfolio Investor	FPIs who are registered as “Category III foreign portfolio investors” under the SEBI FPI Regulations
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-Off Price	Any price within the Price Band determined by our Bank in consultation with the GCBRLMs and BRLMs, at which only the Retail Individual Bidders are entitled to Bid.  No other category of Bidders is entitled to Bid at the Cut-off Price
Demographic Details	The address, the bank account details, MICR code, and occupation of a Bidder
Depository	A depository registered with SEBI under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which collect ASBA Forms, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> , and at such other websites as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms  The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6">http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6</a> and <a href="http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm">http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm</a>
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue

<b>Term</b>	<b>Description</b>
	Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts specified by the ASBA Bidders to the Public Issue Account, as the case may be, in terms of the Red Herring Prospectus, after this Prospectus is filed with the RoC, following which our Board of Directors shall Allot Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholders shall transfer the Equity Shares in the Offer for Sale
Designated Intermediaries	GCBRLMs, BRLMs, Syndicate Members, SCSBs, Non Syndicate Registered Brokers, CDPs and RTAs, who are authorised to collect Bids, pursuant to circular no.CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
“Designated Stock Exchange” or “DSE”	NSE
“Draft Red Herring Prospectus” or “DRHP”	The draft red herring prospectus dated June 23, 2015 filed with SEBI, prepared and issued by our Bank in accordance with the SEBI Regulations and which did not contain complete particulars of the Issue
Eligible FPIs	RFPs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
Eligible NRI	An NRI from a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof
Escrow Account	Account opened with the Escrow Bank for the purposes of deposit of Bid Amounts by Anchor Investors
Escrow Agreement	Agreement dated August 12, 2016 entered into among our Bank, the Selling Shareholders, the Registrar to the Issue, the Escrow Collection Bank, the Refund Bank(s), the Public Issue Account Bank, the GCBRLMs and BRLMs for the deposit of Bid Amounts and for remitting refunds, if any, to the Bidders, on the terms and conditions thereof.
Escrow Collection Bank	ICICI Bank Limited
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted, in this case being ₹ 224, and any revisions thereof
Fresh Issue	The issue of 37,000,000* Equity Shares aggregating to ₹8,325 million*, offered for subscription by our Bank for subscription pursuant to the terms of the Red Herring Prospectus <i>* Subject to finalisation of Basis of Allotment</i>
Gross Proceeds	The Issue Proceeds, less the amount to be raised with respect to the Offer for Sale
Global Coordinators and Book Running Lead Managers or “GCBRLMs”	Kotak Mahindra Capital Company Limited, Axis Capital Limited, Citigroup Global Markets India Private Limited and Morgan Stanley India Company Private Limited
Issue	Public issue of 53,909,628* Equity Shares aggregating to ₹ 12,129.67 million* consisting of a Fresh Issue of 37,000,000* Equity Shares aggregating to ₹ 8,325 million* by our Bank and an Offer for Sale of 16,909,628* Equity Shares aggregating to ₹ 3,804.67 million* by the Selling Shareholders <i>* Subject to finalisation of Basis of Allotment</i>
Issue Agreement	The issue agreement entered into on June 23, 2015 among our Bank, the Category II Selling Shareholders and the GCBRLMs and BRLMs, together with the addendum and amendment dated August 4, 2016 entered into among our Bank, the Selling Shareholders and the GCBRLMs and the BRLMs
Issue Price	The price at which Allotment will be made, as determined by our Bank in consultation with the GCBRLMs and BRLMs.  Unless otherwise stated or the context otherwise implies, the term Issue Price refers to the Issue Price applicable to investors other than Anchor Investors

<b>Term</b>	<b>Description</b>
Issue Proceeds	The proceeds of this Issue based on the total number of Equity Shares Allotted
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the Net QIB Portion, available for allocation to Mutual Funds out of the Net QIB Portion on a proportionate basis
Net Issue	Issue less the Equity Shares allotted pursuant to the Pre-IPO Placement
Net Proceeds	The Gross Proceeds less our Bank's share of the Issue expenses
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporate or foreign individuals) who are not Qualified Institutional Buyers, Retail Individual Bidders or Eligible Employees and who have Bid for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 8,086,445 Equity Shares, available for allocation to Non-Institutional Bidders, on a proportionate basis, subject to valid Bids being received at or above the Issue Price
"Non Syndicate Broker Center" or "Broker Center"	A Broker Center of the stock exchanges with broker terminals, wherein a Non Syndicate Registered Broker may accept Bid cum Application Forms, details of which are available on the website of the Stock Exchanges, and at such other websites as may be prescribed by SEBI from time to time
"Non Syndicate Registered Broker" or "Registered Broker"	A broker registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers Regulations), 1992, having terminals in any of the Non Syndicate Broker Centers, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Offer for Sale	The offer for sale of 16,909,628* Equity Shares aggregating to ₹3,804.67 million* by the Selling Shareholders  * <i>Subject to finalisation of Basis of Allotment</i>
OFS Invitation	Letter dated September 22, 2014 issued by our Bank to its shareholders inviting them to participate in Issue by offering Equity Shares in the Offer for Sale read with the addendum letters dated May 15, 2015 and June 4, 2016
Pre-IPO Placement	The private placement of 25,000,000 Equity Shares undertaken by our Bank for cash consideration aggregating to ₹ 4,875.00 million. For more information, see the section titled " <i>Capital Structure</i> ", on page 94
Price Band	The price band between the Floor Price and Cap Price, including any revisions thereof decided by our Bank in consultation with the GCBRLMs and BRLMs, and advertised in the Business Standard(English and Hindi), a national newspaper and the Kolhapur edition of Pudhari, a regional language newspaper where the Registered Office of our Bank is situated, each with wide circulation in the place where our Registered and Corporate Office is situated, at least five Working Days prior to the Bid Opening Date
Pricing Date	The date on which the Issue Price was decided by our Bank in consultation with the GCBRLMs and BRLMs
Prospectus	The prospectus dated August 24, 2016 filed with the RoC for this Issue after the Pricing Date, in accordance with sections 26 and 32 of the Companies Act, 2013 and the SEBI Regulations containing, <i>inter-alia</i> , the Issue Price, size of the Issue and certain other information including any addenda or corrigenda thereto
Public Issue Account	A bank account opened with the Public Issue Account Bank under section 40 of the Companies Act, 2013 to receive money from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts
Public Issue Account Bank	ICICI Bank Limited
"QFIs" or "Qualified Foreign Investor"	Qualified foreign investor, as defined under the SEBI FPI Regulations
Qualified Foreign Investors Depository Participant or QFIs DP	Depository Participant for Qualified Foreign Investors
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers, as defined under Regulation 2(1)(zd) of the SEBI Regulations
QIB Bid Closing Date	August 23, 2016, being the Bid Closing Date
"QIB Category" or "QIB Portion"	The portion of the Issue being 50% of the Issue or 26,954,813 Equity Shares available for allocation to QIBs (including the Anchor Investor) on a proportionate basis
"Red Herring Prospectus" or "RHP"	The red herring prospectus dated August 4, 2016 issued by our Bank, as supplemented

<b>Term</b>	<b>Description</b>
	by the addenda dated August 9, 2016 and August 16, 2016, in accordance with Section 32 of the Companies Act, 2013 and the SEBI Regulations, which did not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Registered Foreign Portfolio Investor or RFPI	Foreign portfolio investor registered under the SEBI (Foreign Portfolio Investors) Regulations
Refund Account(s)	The account(s) opened by our Bank with the Refund Bank(s), from which refunds of the whole or part of the Bid Amounts, if any, shall be made
Refunds through electronic transfer of funds	Refunds through NECS, NEFT, direct credit or RTGS, as applicable
Refund Bank(s)	The BTI, with whom the Refund Account(s) will be opened, in this case being ICICI Bank Limited
“Registrar” or “Registrar to the Issue”	Link Intime India Private Limited
Retail Individual Bidders	Bidders (including HUFs and Eligible NRIs), who have Bid for an amount less than or equal to ₹200,000 in any of the bidding options in the Issue
“Retail Category” or “Retail Portion”	The portion of the Issue being not less than 35% of the Issue, consisting of 18,868,370 Equity Shares, available for allocation to Retail Individual Bidders as per the SEBI Regulations
Revision Form	The form used by the Bidders (other than QIBs and Non Institutional Bidders), to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous revision form(s), as applicable QIBs and Non-Institutional Investors are not allowed to lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage
RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
“Self Certified Syndicate Banks” or “SCSBs”	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> , or at such other website as may be prescribed by SEBI from time to time
Share Escrow Agreement	Agreement dated August 4, 2016 entered into amongst the Selling Shareholders, our Bank, the GCBRLMs and BRLMs and the Registrar in connection with the transfer of the respective portion of Equity Shares forming part of the Offer for Sale, by each of the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Stock Exchanges	BSE and NSE
Sub Syndicate	The sub-syndicate members, if any, appointed by the GCBRLMs and BRLMs and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms
Syndicate Agreement	Agreement dated August 12, 2016 entered into amongst the Syndicate, our Bank and the Selling Shareholders in relation to collection of Bids in this Issue
Syndicate Bidding Centres	Syndicate and Sub Syndicate centres established for acceptance of the Bid cum Application Forms and Revision Forms
Syndicate Members	HDFC Securities Limited, India Infoline Limited, Kotak Securities Limited, SBICAP Securities Limited and Sharekhan Limited
“Syndicate” or “members of the Syndicate”	The GCBRLMs, BRLMs and the Syndicate Members
Underwriters	The GCBRLMs, BRLMs and the Syndicate Members
Underwriting Agreement	The agreement dated August 24, 2016 entered into between the Underwriters, our Bank and the Selling Shareholders
Working Days	All days, other than second and fourth Saturdays of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bidding Period, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, on which the commercial banks in Mumbai are open for business; and (c) the time period between the Bid Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## Conventional/General Terms, Abbreviations and Reference to Other Business Entities

Abbreviation	Full Form
ACIT	Assistant Commissioner of Income Tax
AGM	Annual general meeting
AI	Anchor Investor
AIFs	Alternative investment funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting standards as issued by the Institute of Chartered Accountants of India
A.Y.	Assessment year
Banking Ombudsman	Quash-judicial authority constituted under the Banking Ombudsman Scheme, 2006 for the resolution of complaints in relation to the services of banks
Banking Regulation Act	The Banking Regulation Act, 1949, as amended.
BSE	BSE Limited
CAGR	Compound annual growth rate
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CIN	Corporate identity number
CIT	Commissioner of Income Tax
Companies Act	Companies Act, 2013, to the extent notified and the rules thereunder and the Companies Act, 1956, to the extent in force
DCCE	Deputy Commissioner of Central Excise
DCIT	Deputy Commissioner of Income Tax
DIN	Director identification number
DP or “Depository Participant”	A depository participant as defined under the Depositories Act, 1956.
DP ID	Depository participant’s identity number
ECS	Electronic clearing system
EGM	Extraordinary general meeting
EPS	Earnings per share
ESOS Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
FATCA	Foreign Account Tax Compliance Act
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment, as laid down in the Consolidated FDI Policy dated April 17, 2014
FEMA	Foreign Exchange Management Act, 1999, as amended, together with rules and regulations framed thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII	Foreign Institutional Investors as defined under the SEBI FPI Regulations and who are deemed to be Foreign Portfolio Investors under the SEBI FPI Regulations
FII Regulations	Erstwhile Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FIPB	Foreign Investment Promotion Board
“fiscal” or “Fiscal” or “Financial Year” or “FY”	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FIU	Financial Intelligence Unit- India, a central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions
FVCI	Foreign venture capital investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GIR Number	General Index Register Number
“GoI” or “Government of India” or “Central Government”	The Government of India
HNI	High net worth individual

<b>Abbreviation</b>	<b>Full Form</b>
HUF	Hindu undivided family
IEC	Importer Exporter Code
IFRS	International Financial Reporting Standards
Indian GAAP	Generally accepted accounting principles in India, as applicable to banks
IPO	Initial public offer
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information technology
IT Act	Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
IT Department	Income Tax Department, GoI
JPY	Japanese Yen, the lawful currency of Japan
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MAT	Minimum alternate tax
MCA	Ministry of Corporate Affairs, GoI
MICR	Magnetic Ink Character Recognition
NAV	Net Asset Value
NCLT	The National Company Law Tribunal
NECS	National Electronic Clearing System
NEFT	National Electronic Funds Transfer
Negotiable Instruments Act	The Negotiable Instruments Act, 1881, as amended
“NIF” or “National Investment Fund”	National Investment Fund set up by resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India
NRE Account	Non-Resident External Account, established in accordance with FEMA
“NRI” or “Non Resident Indian”	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident Ordinary Account, established in accordance with FEMA
“NR” or “Non Resident”	A person resident outside India, as defined under FEMA, including an Eligible NRI and an FII
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA
p.a.	Per annum
PAN	Permanent account number allotted under the IT Act
Partnership Act	The Partnership Act, 1932
PAT	Profit after tax
PBT	Profit before tax
P/E Ratio	Price/earnings ratio
PLR	Prime lending rate
RBI	Reserve Bank of India
“RoC” or “Registrar of Companies”	Registrar of Companies, Maharashtra, at Pune
“₹” or “Rupees” or “Rs.”	Indian Rupees
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India established under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI (Delisting) Regulations	Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Settlement Regulations	Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014

<b>Abbreviation</b>	<b>Full Form</b>
Securities Act	U.S. Securities Act of 1933
Shops and Establishments Legislation	The legislation, including any rules and regulations issued thereunder, governing licensing and other requirements in relation to shops and commercial establishments, as applicable in a particular state
Sq. ft.	Square feet
Sq. mt.	Square metre
State government	The government of a state in the Republic of India
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as repealed, and who can continue to buy, sell or otherwise deal in securities under the SEBI (Foreign Portfolio Investor) Regulations, 2014
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number allotted under the IT Act
TDS	Tax deducted at source
TIN	Taxpayer identification number
“U.S.” or “US” or “U.S.A.” or “United States”	The United States of America, its territories and possessions, any state of the United States, and the District of Columbia
“U.S. dollars” or “USD” or “US\$”	United States dollars, the lawful currency of the United States
U.S. GAAP	Generally accepted accounting principles in the United States
VCFs	Venture Capital Funds as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996

### Industry Related Terms, Definitions and Abbreviations

<b>Term</b>	<b>Description</b>
AB	Agribusiness banking
AFI	Affordable finance institutions
AFS	Available for Sale
ALCO	Asset Liability Management Committee
ALM	Asset liability management
ANBC	Adjusted net bank credit
APES	Aadhar Payment Enabled System
APLVC	Annual Performance Linked Variable Compensation
ATM	Automated teller machine
BBB	Branch and business banking
BC	Business correspondent
BCC	Board Credit Committee
BI	Business Intelligence
C&IB	Corporate and institutional banking
CAR	Capital Adequacy Ratio
CASA	Current Account & Savings Account
CB	Commercial banking
CBS	Core Banking Solution
CET I	Common Equity Tier I
CGTMSE	Credit Guarantee Fund Trust for Medium and Small Enterprises
CRR	Cash Reserve Ratio
CSR	Corporate social responsibility
CTC	Cost-to-company
CTS	Cheque Truncation System
D	Doubtful
D&O	Directors' & Officers' Liability Insurance
DB & FI	Development banking and financial inclusion
DCM	Debt capital markets
ECC	Executive Credit Committee
FATCA	U.S. Foreign Account Tax Compliance Act
FD	Fixed deposit
FIGU	Financial Institutions & Government Undertakings

<b>Term</b>	<b>Description</b>
FMCG	Fast Moving Consumer Goods
“FOREX” or “Forex”	Foreign exchange
HFT	Held for trading
HRMS	Human Resource Management System
ICAAP	Internal Capital Adequacy Assessment Process
IGU	Indian Golf Union
IMPS	Interbank Mobile Payment Service
IRS	U.S. Internal Revenue Service
ITES	An employee stock option scheme established by our Bank pursuant to a resolution of the Human Resource and Remuneration Committee passed on September 6, 2010
IVR	Interactive Voice Response
JLG	Joint liability group
KVP	Kisan Vikas Patra
KYC-AML	Know Your Customer – Anti Money Laundering
L	Loss
LC	Letter of credit
LMS	Learning Management System
MCC	Management Credit Committee
MFI	Micro-finance institutions
MIS	Management Information System
MSME	Micro, small and medium enterprises
NACH	National Automated Clearing House
NBFC	Non-banking financial company
NGO	Non-government organisation
NII	Net interest income
NIM	Net interest margin
NOC	National Operating Center
NPA	Non-performing asset
NSC	National Savings Certificate
ORMC	Operational Risk Management Committee
OS	Operating System
P2P	Procurement to payment
PAC	Product Approval Committee
PESOP	Performance employee stock option program
PML Act	Prevention of Money Laundering Act, 2002
POS	Point of sale
PSU	Public Sector Units
PTRC	Psychoanalytic Therapy & Research Centre
RBS	The Royal Bank of Scotland, N.V.
RD	Recurring deposits
RIDF	Rural Infrastructure Development Fund
RMCB	Risk Management Committee of the Board
RPC	Regional Processing Centres
S	Standard
SS	Sub-standard
SHG	Self-help group
SLR	Statutory Liquidity Ratio
SME	Small and medium enterprises
Tier I capital instrument	Tier I capital instruments as defined under the guidelines on capital adequacy issued by the RBI
Tier II capital instrument	Tier II capital instruments as defined under the guidelines on capital adequacy issued by the RBI
UIDAI	Unique Identification Authority of India
WRF	Warehouse receipt financing

The words and expressions used in this Prospectus but not defined herein shall have the same meaning as is assigned to such words and expressions under the SEBI Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.



Notwithstanding the foregoing, terms in the sections titled, “*Statement of Tax Benefits*”, “*Financial Statements*” and “*Main Provisions of the Articles of Association*”, “*Issue Procedure-Part B-General Information*” beginning on pages 123, 247, 552 and 519, respectively, have the meanings given to such terms in these respective sections.

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

### **Currency of Presentation**

All references to “Rupees”, “Rs.” “INR” or “₹” are to Indian Rupees, the official currency of the Republic of India.

### **Financial Data**

Unless stated or the context requires otherwise, the financial data in this Prospectus is derived from our restated financial statements prepared in accordance with the Companies Act, Indian GAAP and restated in accordance with the SEBI Regulations.

Our Bank’s fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal are to the 12 month period ended March 31 of that year, unless otherwise specified.

All the numbers in this document have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise.

We prepare our audited financial statements in accordance with Indian GAAP, which differs in certain significant respects from IFRS and U.S. GAAP. Accordingly, the degree to which the restated financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with the guidelines issued by the RBI, the Companies Act, 2013, Indian GAAP and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain differences or quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Please see the section titled “*Risk Factors - Significant differences exist between GAAP as applied in India and other accounting principles with which investors may be more familiar*” on page 57.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

### **Market and Industry Data**

Unless stated otherwise, industry and market data used in this Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the manufacturing sector in India and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” on page 15. Accordingly, investment decisions should not be based solely on such information.

**Certain Conventions**

All references in this Prospectus to India are to the Republic of India. All references in this Prospectus to the USA, U.S. or United States are to the United States of America.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, expected financial condition and results of operations, plans, prospects or goals are also forward-looking statements. All forward-looking statements based on our current plans, estimates and expectations are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties. Important factors that could cause actual results to differ materially from our Bank’s expectations include, but are not limited to, the following:

- Our transformation and management of our growth;
- The Indian economy and credit environment;
- Changes in interest rates;
- Our ability to grow our non-interest income;
- Our ability to control costs;
- Availability of cost-effective funding sources;
- Ability to manage credit, market and operational risk; and
- Laws, rules, regulations, guidelines and norms applicable to the banking industry, including priority sector lending requirements, capital adequacy and liquidity requirements.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Bank*” beginning on pages 15, 160, 390, respectively. 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 and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as statements based on them could prove to be inaccurate.

Forward-looking statements speak only as of the date of this Prospectus. None of our Bank, the Selling Shareholders, our Directors, our officers, any of the GCBRLMs and BRLMs, or any of their respective affiliates or associates have any obligation to update or otherwise revise any statement 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. Our Bank, the GCBRLMs and BRLMs will ensure that investors in India are informed of material developments until the commencement of listing and trading. Each Selling Shareholder will ensure that investors are informed of material developments in relation to statements and undertakings made by it in this Prospectus until the time of grant of listing and trading permission by the Stock Exchanges. Further, in accordance with Regulation 51A of the SEBI Regulations, our Bank may be required to undertake an annual updation of the disclosures made in this Prospectus and make it publicly accessible in the manner specified by SEBI.

## SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment decision in relation to the Equity Shares. If any one or some combination of the following risks were to occur, our business, results of operations, financial condition, cash flows and prospects could suffer, and the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Prospectus may not be exhaustive or complete and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. This section should be read together with “Industry Overview”, “Our Business”, “Selected Statistical Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank” as well as the restated financial statements, including the notes thereto, and other financial information included elsewhere in the Prospectus. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved.*

### INTERNAL RISK FACTORS

- 1. Our Bank has, in certain instances in the past, allotted equity shares that were not in compliance with the then-applicable laws relating to a public offering of securities, which may subject our Bank to, among other things, further regulatory consequences.***

Pursuant to disclosures in the DRHP about certain past violations of the applicable laws, our Bank received a notice dated November 6, 2015 from SEBI (“SCN”) requiring our Bank and certain present and past directors of our Bank to show cause as to why directions under Sections 11(4) and 11B of the SEBI Act, read with Regulation 107 of the SEBI Regulations should not be issued by SEBI for alleged violation of Sections 56, 60 and 73 of the Companies Act, 1956 and certain provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the SEBI Regulations, in respect of certain preferential and rights issues made by our Bank after December 13, 2000.

Our Bank filed an application for settlement of the violations set out in the SCN in accordance with the terms of the SEBI Settlement Regulations, vide letter dated November 23, 2015 and February 5, 2016. Pursuant to this application, the proceedings were considered in the interest of the investors and the development of, and regulation of, the securities market and, in accordance with the SEBI Settlement Regulations, terms of settlement were agreed with the internal committee of SEBI and were approved by the high power advisory committee constituted under the SEBI Settlement Regulations (“HPAC”) and the panel of whole time members of SEBI. By way of a letter dated March 17, 2016, SEBI communicated its in-principle acceptance of the settlement terms proposed by our Bank, which was followed by a settlement order dated May 30, 2016 (“Settlement Order”), disposing of the proceedings initiated under the SCN.

As per the Settlement Order, the HPAC noted as follows:

- the Bank is regulated by RBI and there were no outstanding regulatory concerns from the RBI in this regard;
- the alleged violations occurred due to the relevant equity share allotments which were made by the Bank to comply with the minimum capital/net worth requirements of the RBI;
- the Bank had disclosed the violations voluntarily to SEBI;
- there was no complaint from the regulators or from any investor (even after the disclosure of the alleged violations in the DRHP), unlike in other cases;
- the investors were identifiable; and
- the Bank was willing to grant an exit opportunity to the investors.

The terms of settlement set out in the Settlement Order and implemented by our Bank are as follows:

- (a) our Bank paid settlement charges of ₹4.76 million to SEBI;
- (b) our Bank provided, through a merchant banker, an exit option to all investors who participated in rights issues where there was a right of renunciation or where allotments were made to the public (other than shareholders) (“**Stated Allotments**”), on the terms provided therein; and
- (c) our Bank applied to the RoC for compounding of violations of provisions under the Companies Act in respect of the Stated Allotments, following which the Company Law Board, Mumbai, passed an order dated May 18, 2016, compounding the violations and levying a compounding fee of ₹1 million, which has been paid. Out of this amount, ₹0.5 million was levied on our Bank and ₹0.2 million and ₹0.3 million was levied on Mr. S.G. Kutte, our former managing director and Mr. Vishwavir Ahuja, our Managing Director & CEO, respectively. In order to complete the compounding process, the amount pertaining to Mr. Vishwavir Ahuja was paid without prejudice to a pending confirmation of possible non-violation of the Companies Act, 1956 during his tenure. For more information, see the section titled “*Outstanding Litigation and Material Developments – Prosecutions, fines or compounding of offences by our Bank under the Companies Act*” on page 463.

The Settlement Order notes that our Bank complied with the terms of the settlement stated therein and received no response from the investors. However, as is common in settlement orders passed by SEBI, SEBI has reserved the right, to commence or reopen proceedings in the event any of the representations or undertakings/waivers provided by the Bank during the settlement proceedings, are found to be untrue or breached, respectively. In such a case, any proceeding which may be initiated by SEBI in the future could divert management time and attention and may subject us to further regulatory consequences, including adjudicatory penalties, criminal sanctions or additional remedial measures, and could have a material adverse effect on our business, finances and results of operations, as well as on our reputation.

**2. *Our recent growth may not be indicative of our future performance and we may not be able to continue or improve our recent performance levels.***

Our Bank has a 73-year operating history but we have undertaken a transformational journey over the past six years of reshaping a traditional bank into a new modern banking business. Our transformation commenced in 2010 during a difficult period after the global financial crisis as well as the economic slowdown that followed in India. As part of our transformation, we have invested substantially in various initiatives, including:

- strengthening our board and management team;
- developing our business lines including acquisition of new customers;
- developing our distribution network including growing our branch and ATM network as well as internet and mobile banking;
- introducing several new products and services;
- integrating the new businesses acquired from RBS;
- development of human resource capabilities;
- developing IT systems and operational capabilities to manage our business and growth; and
- developing capital base including our shareholder base and other funding sources.

During this period, our total income has grown substantially from ₹5,322.16 million in Fiscal 2012 to ₹32,348.50 million in Fiscal 2016, which represents a compound annual growth rate (CAGR) of 57.02% for the

past four fiscal years. Our interest expense has increased from ₹2,782.92 million in Fiscal 2012 to ₹19,251.00 million in Fiscal 2016 which represents a CAGR of 62.18% during the past four fiscal years. While our business has grown, our operating expenses have also increased from ₹1,399.89 million in Fiscal 2012 to ₹7,673.37 million in Fiscal 2016, which represents a CAGR of 53.01% during the past four fiscal years. Our net interest margin (net interest income divided by average interest earning assets which is defined as the average of all asset items on which interest income is earned based on month end balances) was 2.96% for the fiscal year ended March 31, 2016, as compared with 3.01% and 2.68% for the fiscal years ended March 31, 2015 and 2014, respectively. The significant growth in income and expenses as well as significant balance sheet growth during our transformation and scale up (which has included the acquisition of RBS businesses) may not be indicative of our future performance or future growth as these levels of investment are unlikely to be repeated in the near future. In addition, it may be too early in our turnaround cycle to determine with any degree of certainty the trends in revenue growth or expenses or the strength of our balance sheet. Accordingly, our results of operations, cash flows and financial condition for any prior periods may not be an indication of our future financial performance and condition. The business and future prospects of our Bank should be considered in light of the risks, uncertainties and challenges that we may face as we develop into a modern bank operating in a fast growing and competitive financial services industry in India.

**3. *Our business and financial performance could suffer if we are unable to effectively manage our growing asset portfolio and control the level of our NPAs. Any increase in RBI-mandated provisioning requirements could also affect our business.***

Due to difficult economic conditions in India in recent years, while our business has grown, the total value of our net NPAs increased from ₹305.10 million as of March 31, 2014 to ₹385.90 million as of March 31, 2015, and to ₹1,244.40 million as of March 31, 2016. For the fiscal years ended March 31, 2014, 2015 and 2016, our gross NPAs were ₹777.50 million, ₹1,112.30 million and ₹2,080.50 million, respectively. Our net NPA ratio was 0.31%, 0.27% and 0.59% as of March 31, 2014, 2015 and 2016, respectively, while our gross NPA ratio was 0.79%, 0.77% and 0.98%, respectively, as of the same dates. Although our Bank is making efforts to improve collections and to foreclose on existing impaired loans in a timely manner, there cannot be any assurance that we will be successful in our efforts or that the overall quality of our Bank's loan portfolio will not deteriorate in the future. Our ability to improve our financial parameters and results of operations depends primarily upon our ability to manage our operations and react to competitive pressures effectively. Our ability to improve our performance is also affected by macroeconomic factors beyond our control, such as the development of the Indian economy, changes in India's macroeconomic policies, capital constraints and changes in global economic conditions. If our Bank is unsuccessful in controlling or reducing its impaired loans, any significant increase in impaired loans, or deterioration in the quality of the assets that our Bank holds as security, could materially and adversely affect our Bank's business, prospects and future financial performance.

While we had already made provisions with respect to 55.87% of our gross NPAs as of March 31, 2016, we may need to make further provisions if recoveries with respect to such NPAs do not materialize in time or at all, or if NPA classification or provision requirements change. Any significant increase in write-offs and/or provisions would materially and adversely impact our Bank's financial performance and the market price of the Equity Shares.

There can be no assurance that we will be able to reduce or contain NPAs in the future or that the overall quality of our loan portfolio will not deteriorate in the future. In addition, due to the significant growth in our asset portfolio during the past five years, our loan book may not be sufficiently seasoned to give an accurate reflection of asset quality. Any increase in NPAs will reduce the net interest-earning asset base and increase provisioning requirements, thereby adversely affecting our financial condition, cash flows and results of operations. Various factors beyond our control, like a rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio. The inability of borrowers to repay loans due to an inadequate money supply in the economy may translate into mounting NPAs. The system has stress in certain sectors of the economy, which could impact our commercial, corporate and institutional banking customers and result in higher levels of NPAs and restructured assets in the

future. In addition to the foregoing, under the directed lending norms of the RBI, we are required to extend 40% of our adjusted net bank credit to certain eligible sectors, which are categorized as “priority sectors”. We may experience an increase in NPAs in our directed lending portfolio, particularly with regard to loans that are granted to small-scale industries and agriculture sectors, where the borrowers are most vulnerable to economic difficulties. Also, as we increase our direct lending to certain sectors, we increase our exposure to the risks inherent with such sectors. Any further change in the RBI’s regulations in this regard may require us to increase our lending to relatively riskier segments, which may further result in an increase in our NPAs. If we are not able to manage our NPAs, it could materially and adversely affect our business, future financial performance, capital base and hence the price of the Equity Shares.

Further, certain assets classified as restructured may subsequently be classified as delinquent or non-performing if a borrower fails to restore its financial viability and honor its loan servicing obligations. There can be no assurance that the debt restructuring criteria approved by us will be adequate or successful and that borrowers will be able to meet their obligations under restructured advances. Any resulting increase in delinquency levels may adversely impact our business, financial condition, cash flows and results of operations.

**4. *Our success depends largely upon our management team and skilled personnel and our ability to manage attrition as well as to attract and retain personnel.***

Our transformation from a traditional bank into a modern bank was led by Vishwavir Ahuja, who became our Managing Director and CEO in June 2010, and supported by members of our professional and experienced management team. We believe that the breadth of experience of our management team coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. Our management’s capabilities, strong reputation, extensive network of industry relationships and extensive experience in the finance and banking industry are the key to our growth, modernization and development. We rely heavily on the expertise and experience of our key management personnel.

Our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. There is significant competition for management and other skilled personnel in the banking industry. Any increase in our attrition levels may add to our personnel expenditure. In order to align employee interests with the Bank and create incentives for long-term ownership and commitment, we have adopted a number of employee stock option programs, which covered approximately 67% of our employees as of March 31, 2016. Despite our efforts, there is no assurance that we will not lose our key management personnel to competitors that may offer more competitive remuneration packages and other benefits. Our failure to retain our management team and skilled personnel or attract new talent to aid our growth and carry out our strategies could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

**5. *We are involved in certain legal and other proceedings in India and may face certain liabilities as a result of the same.***

We are involved in various civil, labour and tax-related litigations, which are at different stages of adjudications before various fora. We are involved in litigation for a variety of reasons, including when we seek to recover our monies from borrowers who default on payment of the loans or when customers seek claims against us for other service related issues. A summary of the litigations involving our Bank, Group Companies and our Directors is set out below. The amounts involved in these proceedings have been summarised to the extent ascertainable and quantifiable and include amounts claimed jointly and severally with other parties.

SI. No.	Brief Description	No. of Cases	Amount Involved (₹ in millions) <sup>(1)</sup>
<b><i>Cases Against our Bank</i></b>			
1	Civil cases against our Bank	65	404.98
2	Labour proceedings against our Bank	6	0.60
3	Proceedings before the Banking Ombudsman	12	0.08
4	Tax proceedings against our Bank	16	139.35 <sup>(2)</sup>



			343.63 <sup>(3)</sup>
<b>Cases Filed by our Bank<sup>(4)</sup></b>			
1	Cases under Section 138, Negotiable Instruments Act	515	979.34
2	Debt recovery litigation initiated by our Bank	297	1,692.46
3	Arbitration proceedings	315	39.02

<sup>(1)</sup> Does not include claims towards interest or costs of proceedings.

<sup>(2)</sup> Estimated tax demand against our Bank

<sup>(3)</sup> Aggregate amount of deductions claimed, which may be disallowed against our Bank in assessment of taxable income.

<sup>(4)</sup> As of August 19, 2016.

SI. No.	Brief Description	No. of Cases	Amount Involved (₹ in millions) <sup>(1)</sup>
<b>Cases Against our Directors</b>			
1	Civil cases against our Directors	3	27.83
2	Criminal proceedings against our Directors	14	49.96
3	Regulatory proceedings against our Directors	2	N.A.
<b>Cases Filed by our Directors</b>		Nil	Nil

SI. No.	Brief Description	No. of Cases	Amount Involved (₹ in millions) <sup>(1)</sup>
<b>Cases Against our Group Companies</b>			
1	Taxation proceedings	3	0.15*
<b>Cases Filed by our Group Companies</b>			
1	Criminal proceedings by our Group Companies	12	8.85
2	Civil cases by our Group Companies	1	N.A.

\* Includes notices against our Group Companies

For more information, please see the section titled “*Outstanding Litigation and Material Developments*” on page 438.

If any of the cases pending is decided against us, it may have a material adverse effect on our businesses, reputation, financial condition, cash flows and results of operations.

**6. Our business is vulnerable to interest rate and investment-related risks. Volatility in interest rates, value of investments and other market conditions could adversely affect our 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 net interest income increased from 57.97% of our net total income (defined as the sum of interest income and other income less interest expense) in the fiscal year ended March 31, 2015 to 62.55% in the fiscal year ended March 31, 2016. Net interest income represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest-bearing customer deposits and borrowings. Our net interest margin (net interest income divided by average interest earning assets which is defined as the average of all asset items on which interest income is earned based on month end balances) for the fiscal years ended March 31, 2014, 2015 and 2016 was 2.68%, 3.01% and 2.96%, respectively.

Interest rates are sensitive to many factors beyond our control, including the RBI’s monetary policy, domestic and international economic and political conditions and other factors. Volatility and changes in market interest rates could disproportionately affect the interest we earn on our assets as compared to 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 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 materially and adversely impact our business.

Our sources of funding have primarily been customer deposits, subordinated debt, money market borrowings and refinance assistance against eligible assets, and capital funds, including reserves and surpluses. Our cost of

funds is sensitive to interest rate fluctuations, which exposes us to the risk of a reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to achieve or sustain continued growth of our deposit base, we may be forced to rely more heavily on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Increases in interest rates applicable to our liabilities, in particular our inter-bank wholesale funding, without concurrent corresponding increases in interest rates applicable to our interest-bearing assets, may result in a decline in net interest income, which could materially and adversely affect our business and financial results.

Under RBI regulations, we are required to maintain a minimum specified percentage, currently 21.25%, of our net demand and time liabilities in Government securities and other approved assets as a statutory liquidity ratio (“SLR”). Yields on these investments, as well as yields on our other interest-earning assets, are dependent to a large extent on interest rates and valuation. In a rising interest rate environment, especially if the increase is sudden or sharp, and/or due to changes in valuation of the investments/assets we could be adversely affected by a decline in the market value of our Government securities portfolio and other fixed income securities and may be required to further provide for depreciation in the Available for Sale and Held for Trading categories.

As on March 31, 2016, 71.15% of our total gross investments were in government securities for SLR. Returns on these investments are dependent to a large extent on interest rates and valuation. As on March 31, 2016, 59.38% and 5.42% of our gross investments were held in the Available for Sale and the Held for Trading categories, respectively. For the securities in the Available for Sale and Held for Trading categories which are subject to market risk, we are required to mark to market at regular intervals and net depreciation is recognized and provided, while net appreciation is ignored. In respect of securities under the Held to Maturity category, we are not required to mark the same to market but are required to amortize the difference between acquisition cost and face value of the security over the residual maturity period of the security wherever the acquisition cost is greater than the face value.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay/pre-pay their loans with us, particularly if they are able to switch to more competitively priced loans offered by other banks. Our inability to retain customers as a result of rising interest rates may adversely impact our earnings in future periods. Similarly, in the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to offer competitive rates as compared to other banks in the market which could materially and adversely affect our business and financial results.

**7. *Our auditors have highlighted a matter of emphasis in relation to the audited financial statements of our Bank as at and for the fiscal year ended March 31, 2013.***

Our statutory auditors’ report on the financial statements as at and for the year ended March 31, 2013 included an Emphasis of Matter paragraph, that does not require any corrective adjustment in the financial information, as follows:

We draw reference to note 5 of Schedule 17 to the financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of ₹ 65.7 million pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter DBOD.No.BP.BC 15896/21.04.018/2010-11 to the Bank dated 08 April 2011 regarding re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment. Our opinion is not qualified in respect of this matter.

For the reference, below is the relevant extract from note 5 of Schedule 17 to the financial statements:

Consequent to the re-opening of pension option pursuant to the agreement between Indian Bank Association and United Forum of Bank Unions, the RBI had permitted the Bank to amortise the enhanced

expenditure resulting there from over five years starting from financial year ended on March 31, 2011 except for pension cost pertaining to the retired/separated employees which was to be charged off entirely in the year ending on March 31, 2011.

Accordingly, pension cost pertaining to the retired/separated employees had been charged to the Profit and Loss account in the year ended on March 31, 2011. Pension cost pertaining to the existing employees is being amortised over three financial years (as against five financial years permitted by the RBI) from financial year ended on March 31, 2011 to financial year ended on March 31, 2013 at ₹ 65.7 million per financial year.

Investors are urged to take a note of the matter of emphasis in the course of reviewing and evaluating our restated financial statements. For additional information, see the auditors' report on our restated financial statements, including the notes thereto, included with this Prospectus.

**8. *We have significant contingent liabilities and any crystallization of our contingent liabilities could materially and adversely affect our business, financial condition, cash flows, results of operations and prospects.***

As on March 31, 2014, 2015 and 2016, we had contingent liabilities amounting to ₹ 120,748.47 million, ₹ 219,702.08 million and ₹ 297,182.20 million, respectively, in accordance with the provisions of Accounting Standard - 29 – “Provisions, Contingent Liabilities and Contingent Assets”. The contingent liabilities (including claims against the Bank not acknowledged as debts, liability for partly paid investment, notional amount of outstanding forward exchange contracts, guarantees given on behalf of constituents, acceptances, endorsements and other obligations and items for which the Bank is contingently liable) have arisen during the normal course of business and are subject to the prudential norms as prescribed by the RBI. For more information, see the restated financial statements (including the notes thereto) included elsewhere in this Prospectus. We are subject to credit risk on our off-balance sheet commitments because these commitments may need to be fulfilled by us in certain circumstances. In the event that any of the above liabilities crystallizes, we may be required to honor the demands raised. If we are unable to recover payment from our customers in respect of the commitments that we are called upon to fulfill, our business, financial condition, cash flows, results of operations and prospects may be materially and adversely impacted.

**9. *Our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected if we are unable to successfully execute our business and growth strategies and manage our growth effectively.***

During the fiscal years ended March 31, 2014, 2015 and 2016, we expanded our business and infrastructure, with deposits increasing from ₹115,986.02 million as of March 31, 2014 to ₹170,992.51 million as of March 31, 2015, and to ₹243,486.51 million as of March 31, 2016, and with net advances increasing from ₹98,350.47 million as of March 31, 2014 to ₹144,498.26 million as of March 31, 2015, and to ₹212,290.83 million as of March 31, 2016.

We continue to develop and implement a number of growth initiatives to become more competitive. In the past few years, we have rebranded the Bank, expanded our products and services portfolio, scaled up our core business of financial inclusion, agri-banking and SME verticals, as well as launched our new premium banking vertical – Insignia Preferred Banking – to place our HNI customers at the center of exclusivity and recognition. As part of our growth strategy, we continue to transition from a traditional corporate-commercial relationship-led local bank to a mid-size bank with a diversified corporate, commercial and retail banking portfolio. We have expanded our presence across India through a growing network of branches and ATMs. During Fiscal 2014, 2015 and Fiscal 2016, we opened 73 new branches in Madhya Pradesh, Rajasthan, Gujarat, Tamil Nadu, Maharashtra and West Bengal, including the key cities of Kolkata, Delhi, Mumbai, Chennai, Bangalore and Ahmedabad. Our distribution network included 362 interconnected ATMs as of March 31, 2016. As the Bank has met and continues to meet the conditions for opening of branches set out by the RBI (which includes, amongst other things, having at least 25% of the branches opened during a fiscal year in unbanked rural centers), the Bank is permitted to open branches without prior approval from the RBI. We are also focused on expanding our network to cover states with higher per capita income and key economic centres with an affinity for Western India. In rural areas, we look to add branches in locations that complement and leverage our

agricultural & development banking partners and to build our brand in rural communities. In addition, we are focusing on retail and SME / emerging corporates advances, upgrading our multi-channel distribution network to increase our business volumes, investing significantly in technology to improve the customer experience and create value for the Bank over the medium term, and cross-selling additional products and services to retail customers. We have in the past set targets for our business growth and enjoyed significant growth in the recent past. We will continue to set growth targets in the future; however, there can be no assurance that we will meet our current targets or any future targets or that our recent growth will continue and, if it does continue, that it will continue at a similar rate. We are also making efforts to broad base growth in our asset portfolio and broaden our geographic profile. However, there can be no assurance that we will be able to continue to successfully implement our growth strategies in a timely manner or at all, or that any of our new products and services will gain customer acceptance.

Our ability to sustain and manage growth depends primarily upon our ability to manage key operational issues, such as recruiting and retaining skilled personnel, establishing additional branches, developing and marketing profitable products and services to cater to the needs of our existing and potential customers in our current markets, improving our risk management systems to monitor our newer businesses, maintaining and, in a timely manner, upgrading an effective technology platform, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service. Sustained growth puts pressure on our ability to effectively manage and control historical and emerging risks. The expansion of our business activities also exposes us to a number of risks and challenges, including making incorrect judgments or assumptions as to customer acceptance of any new products and services, limited or no experience in certain new business activities, recruiting and training personnel to handle new and existing business activities and enhancing and expanding our risk management and information technology systems to effectively manage the risks associated with these new business activities, products and services.

Our ability to sustain and manage growth is also affected by factors outside of our control, such as GDP growth, changes in regulatory policies, changes in customer demand for loans and changes in interest rates. We may not be able to successfully maintain growth rates due to unfavorable changes in any one or more of the aforementioned factors. Our inability to effectively manage any of these operational issues or react to external factors may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations, as well as the market price of our Equity Shares.

***10. Our Bank has experienced negative cash flows from operating activities and investing activities in certain recent fiscal periods.***

The Bank has experienced negative cash flows from operating activities and investing activities in recent fiscal years. In Fiscal 2014, 2015 and 2016, the Bank used ₹9,220.32 million, ₹22,605.14 million and ₹43,842.02 million in cash for operating activities, respectively, and ₹593.59 million, ₹583.65 million and ₹604.29 million in cash for investing activities, respectively. For further details, please see the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank*” on page 390. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate its business and implement growth plans.

***11. We may not be able to maintain or grow our CASA ratio in accordance with our strategy.***

Our CASA ratio (determined as the sum of demand deposits and saving deposits divided by total deposits) decreased from 20.43% as of March 31, 2014 to 18.46% as of March 31, 2015, and then increased to 18.64% as of March 31, 2016. Our strategy is to grow our CASA ratio, which we believe can be achieved through expanding our client relationships, growing our multi-channel distribution network (including by adding more branches), improving our business mix, introducing new products and improving the service quality and efficiency of our non-branch delivery channels. However, attracting customer deposits in the Indian market is competitive. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. We have taken advantage of the recent liberalization of interest rates by the RBI by offering attractive interest rates on our savings products. However, there is no assurance that we will be successful in growing our

CASA base. If we fail to maintain or grow our CASA ratio, our Bank's liquidity position, financial condition, results of operations and cash flows may be materially and adversely affected.

***12. We have regional concentration in western and south-western India and, therefore, are dependent on the general economic conditions and activities in these areas. Additionally, we may not be successful in expanding our operations to other parts of India.***

As of March 31, 2016, we had 197 branches, of which 94 branches were located in Maharashtra in western region of India and 23 branches were located in Karnataka in south-western India. Any disruption, disturbance or breakdown in the economy of these regions could adversely affect our business, cash flows and results of operations. Our operations in Maharashtra, National Capital Region and Karnataka together substantially contributed to our business (e.g., advances and deposits). Although our geographic concentration in western and south-western India is decreasing in recent years, we remain relatively more exposed to any adverse geological, ecological, economic, social and/or political circumstances in those regions as compared to other public and private sector banks that have a more diversified national or international presence. If there is a sustained downturn in the economies of western or south-western India or a sustained change in consumer preferences in those regions, our financial position may be materially and adversely affected.

Additionally, we have identified key growth markets, including Delhi, National Capital Region and Punjab in the North, Maharashtra (including Mumbai), Rajasthan and Gujarat in the West, Madhya Pradesh in Central India, Karnataka, Telangana and Tamil Nadu in the South, and West Bengal in the East. We face risks with our operations in geographic areas in which we do not possess the same level of recognition and familiarity with the economic condition, consumer base and commercial operations. In addition, our competitors may already have established operations in these areas and we may find it difficult to attract customers in such new areas and successfully compete. 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, cash flows and results of operations.

***13. The Indian and global banking industry is highly competitive and our ability to grow and achieve our strategic objectives depend on our ability to compete effectively.***

We compete with large government-controlled public sector and private sector Indian commercial banks as well as foreign banks. Many of our competitors are large institutions, which may have much larger customer and deposit bases, larger branch networks and more capital than we have. Some of the banks with which we compete may be more flexible and better positioned to take advantage of market opportunities than us. Moreover, the RBI seeks to, among other things, foster greater competition, promote financial inclusion and support inclusive economic growth by increasing the number of banks. In this respect, the RBI has liberalized its licensing regulations and intends to issue licenses on an on-going basis, subject to the RBI's qualification criteria. In 2014, the RBI has granted licenses to two applicants to set up new full scale universal banks. On February 22, 2013, the RBI issued Guidelines for Licensing New Banks in the Private Sector, which spells out a comprehensive framework for granting licenses to increase the number of banks. On November 6, 2013, the RBI issued a Framework for setting up Wholly Owned Subsidiaries of Foreign Banks in India. RBI has also issued final guidelines for newer category of banks: small finance banks and payments banks. In 2015, the RBI granted "in-principle" approval to 10 applicants for a small finance bank license and 11 applicants for a payment bank license. The "in-principle" approval granted is valid for a period of 18 months, during which the applicants have to comply with the requirements under the guidelines and fulfil the other conditions stipulated by the RBI in order to receive a license. Our inability to effectively compete with any of these existing or new banks or react to competitive pressures, including new products and services developed may materially and adversely affect our ability to grow and to achieve our strategic objections and may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations, as well as the market price of our Equity Shares.

Mergers among banks may result in enhanced competitive strengths in pricing and delivery channels for merged entities. We may face greater competition from larger banks, which may have greater resources than us as a result of such consolidation. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign banks, as well as banks promoted by private sector companies, including non-bank financial institutions meeting the RBI's eligibility criteria, offering a wider range of products and

services, which could adversely affect our competitive environment. There is no assurance that the RBI will not issue further guidelines in the future to the effect of lowering barriers of entry for the banking industry, which could materially increase competitive pressures on us.

In addition, we compete with other banks operating in India for quality priority sector borrowers, particularly in the agricultural sector. Due to the Government of India's focus on encouraging banks and other financial institutions to increase lending to the agricultural sector, there is a restricted scope for expanding our agricultural loan portfolio to corporate agricultural borrowers or agricultural borrowers with an established credit history. As a result, we are required to target individual farmers with unknown credit histories, which may increase the risk of delinquencies and increase NPAs. We also compete with non-banking financial institutions in several product categories. These competitive pressures affect the Indian and international banking industry as a whole, including us, and our future success will depend largely on our ability to respond in an effective and timely manner to these competitive pressures.

**14. *A prolonged downturn in the real estate market could result in losses and adversely affect our profitability.***

As of March 31, 2016, our exposure to the real estate sector amounted to ₹ 22,480.20 million, representing 7.08% of our gross credit portfolio. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. The recent economic slowdown in India has adversely affected real estate market values across India and values may continue to decline. A further decline in real estate values could further impair the value of our collateral and our ability to sell the collateral upon any foreclosure, which would likely require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the collateral may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the collateral securing a loan to satisfy the debt during a period of reduced real estate values or to increase our allowance for loan losses, which could have a material adverse effect on our business, financial condition, cash flows, results of operations, profitability and prospects.

**15. *If our existing customers and targeted customer segments are not receptive to our new brand and new identity, our business and results of operations could be adversely affected.***

Prior to 2014, we were known as "Ratnakar Bank". To align with our objective to transform from a traditional regional / local bank to a new-age bank in the mid-sized bank segment with a wider presence, and to underline the Bank's new identity, new businesses and new energy, we launched our identity makeover and rebranded ourselves as "RBL Bank" in 2014, followed by a change of our Bank's legal entity name from "The Ratnakar Bank Limited" to "RBL Bank Limited". Subsequent to a special resolution passed by the shareholders of our Bank on August 26, 2014 and a new certificate of incorporation dated November 24, 2014 received from the RoC, the name of our Bank was changed from "The Ratnakar Bank Limited" to "RBL Bank Limited". While we believe our new brand better aligns with our more modern and contemporary image, there is no assurance that our rebranding exercise will achieve the expected results. In addition, it may take time for our customers to get familiar with our new brand and new identity. If for any reason our existing customers and targeted customer segments are not receptive to our new brand and new identity, our business operations, cash flows and results of operations may be adversely affected.

**16. *If we are unable to manage the significant risks and challenges that we face in our newer fee income businesses, our business and financial results could be adversely affected.***

Our commission, exchange and brokerage income was ₹ 1,858.02 million, ₹ 2,607.14 million and ₹ 3,440.26 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively, which constituted 30.83%, 27.16% and 26.27% of our net total income (defined as the sum of interest income and other income less interest expense) for such fiscal periods, respectively. The commission, exchange and brokerage income comprises primarily of processing fees, general bank charges, credit cards and third party distribution. Our profit on exchange transactions(net) was ₹ 310.68 million, ₹ 689.88 million and ₹ 797.67 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively, which constituted 5.16%, 7.19% and 6.09% of our net total income (defined as the sum of interest income and other income less interest expense) for such fiscal

periods, respectively. We derive our commission, exchange and brokerage income, profit on exchange transactions primarily from the following businesses:

- C&IB, CB and BBB business segments' operations (which includes loan processing fees and foreign exchange income);
- transaction banking (which includes cash management services and trade finance services);
- financial advisory (which covers advisory services); and
- business and branch banking (which includes credit card fees, third party distribution fees and general banking fees).

As part of our growth strategy, we have been diversifying and expanding our products and services, including by marketing trade, transaction banking and foreign exchange services to business and branch banking customers and small- and medium-sized companies, to earn fee income. In order to meet the needs of our customers and enhance our competitiveness, we intend to improve the penetration of our foreign exchange, trade and cash management products, including letters of credit and bank guarantees, and introduce new innovative, fee-earning services, such as mobile remittances, pre-paid cards and forex cards. Such new initiatives and products and services entail a number of risks and challenges, such as start-up expenditure, insufficient experience and expertise with certain new products and services, lack of acceptance by customers, competitors duplicating our products and services, insufficient financial, operational, management and other human resources to support new businesses, products and services and other risks and costs associated with the respective businesses, products and services.

We earn commissions from the sales of third party investment products, such as insurance and mutual funds. Our income from these arrangements depends greatly on the reputation of such insurers in the marketplace and the quality and variety of products they offer, which are factors beyond our control. As per the IRDAI (Registration of Corporate Agents) Regulations, 2015, the Bank has registered as a corporate agent (composite) and is permitted to have arrangements with a maximum of three insurers to solicit, procure and service their insurance products. We may be unable to offset risk arising from our dependence on such insurers by offering products from other insurers.

Changes in regulation may adversely affect our ability to earn commissions and other income from the sales of third party investment products. For example, by its guidelines dated June 28, 2010, the Insurance Regulatory and Development Authority has stipulated limits on fees and charges associated with certain insurance products, commonly known as unit-linked insurance plans (ULIPs), in which the policy value at any time varies with the value of the underlying assets. Because of such regulatory changes, as well as any regulation in the future that would reduce fees and charges on third party products, including insurance and mutual funds, our fee income from the sales of such products may be adversely affected.

There is no assurance that we can continue to generate or maintain the growth of our other income. If we are unable to successfully diversify our products and services while managing the attendant risks and challenges, returns on such products and services may be less than anticipated, which could have a material adverse effect on our business and financial results.

***17. We are subject to liquidity risk due to asset-liability mismatches. If we fail to maintain the growth in our customer deposits or if there is a significant decrease in customer deposits, our Bank's liquidity and business operations could be materially and adversely affected.***

We meet our funding requirements through short- and long-term deposits from individual and large corporate and institutional depositors as well as wholesale interbank deposits. Currently, our Bank's primary source of funding is customer deposits, including demand deposits, savings deposits and term deposits. From March 31, 2014 to March 31, 2016, our total deposits grew from ₹ 115,986.02 million to ₹ 243,486.51 million. 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 individual customers' changing perceptions toward savings.

Matching the duration of our assets to our liabilities reduces our exposure to changes in interest rates. However, a significant portion of our assets (such as loans) have maturities with longer terms than our liabilities (such as deposits). As on March 31, 2016, 69.80% of our Bank's total funding (deposits and borrowings) consisted of deposits and 13.01% of such total funding consisted of demand deposits and savings deposits. A significant portion of our Bank's loan assets are cash credits, overdrafts and loans repayable on demand, which are renewed periodically and create potential funding mismatches. As on March 31, 2016, 70.71% of our total customer deposits had remaining maturities of one year or less, or were payable on demand, while 43.92% of our advances had remaining maturities of more than one year. There is a mismatch between the maturities of our liabilities and the maturities of our assets. As of March 31, 2016, our asset-liability gap for balance sheet items with contractual maturity of less than one year was ₹ 1,567.55 million. For more information, please see the section titled "*Selected Statistical Information*" on page 419.

Attracting customer deposits in the Indian market is competitive. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to maintain the growth rate of our deposits or if a substantial portion of our depositors withdraw their deposits or do not roll over their time deposits upon maturity, our Bank's liquidity position, financial condition, results of operations, cash flows and the price of the Equity Shares may be materially and adversely affected.

**18. *We have a concentration of exposure to certain industry sectors, and if such sectors experience any sustained difficulties, our business could be materially and adversely affected.***

We monitor the concentration of our exposures to sectors, and calculate sector exposure as required by the RBI and as defined in the Commercial Credit Policy. As of March 31, 2016, the Bank's exposure to the industries exceeding 5% of the total gross credit exposure (as per Basel III disclosure) are infrastructure 7.42%, traders 6.55%, food processing 6.21%, construction 5.93% and chemical, NBFC (MFI) 5.06% and chemical products 6.94%. Furthermore, we have substantial exposure to agriculture and MSMEs, which the Government of India categorizes as "priority sectors". As of March 31, 2016, our gross priority sector advances aggregated ₹68,622.21 million (total priority sector advances and investments as of March 31, 2016 aggregated to ₹77,274.80 million). Any significant difficulty in a particular sector or industry, driven by events not within our control, such as regulatory action or policy announcements by government authorities or natural disasters, would adversely impact the ability of borrowers in that industry to service their debt obligations to us. As a result, we would experience increased delinquency risk, which may materially and adversely impact our business, prospects, financial condition, cash flows and results of operations.

**19. *We have a concentration of loans to certain customers, and if the financial conditions of these customers deteriorate, our asset quality, financial condition, cash flows and results of operations could be materially and adversely affected.***

We monitor the concentration of loans we advance to our customers. As of March 31, 2016, the aggregate loans advanced to our 20 single largest borrowers amounted to ₹ 46,352.90 million, representing 14.00% of our total advances as of such date. If any of the loans of our 20 single largest borrowers becomes non-performing, the credit quality of our portfolio and our business and financial results, as well as the market price of our Equity Shares, could be materially and adversely affected.

**20. *We may continue to incur substantial expenditure as a result of significant increases in hiring to support our growth strategy and if we are unable to manage our employee headcount or costs effectively, our results of operations and cash flows could be adversely affected.***

Our planned growth will require us to continue to significantly increase our employee headcount at various levels and invest in effective training programs. Such activities and investments in our employees will require substantial management effort and attention as well as employee compensation expense.

The number of our employees increased from 3,465 as of March 31, 2014 to 3,871 as of March 31, 2016. The employee additions were made to support our growth strategies and new products and services. Payments to and provisions for employees have increased to ₹ 3,699.21 million for the fiscal year ended March 31, 2016 as



compared to ₹ 3,008.70 million and ₹ 1,849.28 million for the fiscal years ended March 31, 2015 and March 31, 2014, respectively. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank*” on page 390. The employee cost to operating expenses ratio for the fiscal years ended March 31, 2014, 2015 and 2016 was 43.63%, 50.17% and 48.21%, respectively. If we are unable to manage our employee headcount or costs effectively, our operating expenses could increase disproportionately, which could adversely affect our results of operations and cash flows.

**21. We may pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which could involve a number of risks.**

As part of our growth strategy, we will continue to explore strategic opportunities across our banking businesses that expand our product portfolio, build on our existing distribution capabilities, or give us a presence in complementary markets. We will pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which are expected to strengthen our competitive position as well as drive profitable income and balance sheet growth. For instance, we acquired certain Indian businesses of the RBS, including the RBS’s business banking, credit card and mortgage portfolio businesses, in Fiscal 2014. We have also recently acquired a minority stake in Swadhaar FinServe Private Limited, a company acting as a business correspondent, facilitator, agent and distributor for financial services providers for the purpose of offering such products and services to inadequately served sections of businesses, households and enterprises for a consideration of approximately ₹ 205 million. We also consider opportunities of investment in small finance and payments banks. For instance, the Bank is considering a purchase of a minority stake in Utkarsh Micro Finance Private Limited, an applicant for a small finance bank license, subject to regulatory approvals.

We cannot assure you that we will be able to consummate any such transactions or that any future investments or acquisitions will be consummated at acceptable prices and terms or at all. Our investments and acquisitions may be subject to the RBI approval and involve a number of risks, including:

- diversion of management’s attention and resources to the assimilation of the acquired companies and their employees and to the management of expanding operations;
- integration of acquired businesses with our Bank;
- problems associated with maintaining relationships with employees and customers of acquired businesses;
- increasing demands on our operational systems;
- ability to integrate and implement effective disclosure controls and procedures and internal controls at acquired businesses;
- possible adverse effects on our reported operating results, particularly during the first several reporting periods after such acquisitions are completed, including impact on the carrying cost of these investments/acquisitions as prescribed by the RBI; and
- the loss of key employees and the difficulty of presenting a unified corporate image.

We may become responsible for unexpected liabilities that we failed or were unable to discover in the course of performing due diligence in connection with historical acquisitions and any future acquisitions. We have typically required sellers to indemnify us against certain undisclosed liabilities. However, we cannot assure you that indemnification rights we have obtained, or will in the future obtain, will be enforceable, collectible or sufficient in amount (which are often capped to specified sums), scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition. In light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. Until we actually assume operating control of such businesses and their assets and operations, we may not be able to ascertain the actual value or understand the potential liabilities of the acquired or invested entities and their operations. Furthermore, we may not realize all of the cost savings and synergies we expect to achieve from our current strategic initiatives due to a variety of

risks, including, but not limited to, difficulties in integrating shared services with our business, higher than expected employee severance or retention costs, higher than expected overhead expenses, delays in the anticipated timing of activities related to our cost-saving plans and other unexpected costs associated with operating our business. If we are unable to achieve the cost savings or synergies that we expect to achieve from our strategic initiatives, it could adversely affect our business, financial condition and results of operations.

**22. *We are subject to risks associated with our partners and their operations.***

To develop our AB and DB&FI business, we enter into partnerships to extend our reach in rural and semi-urban India and unbanked parts of urban and metro India. We have entered into exclusive partnership agreements with select business correspondents in relation to these businesses to originate client business, including loans, savings accounts, insurance etc. In addition, these partners help us in establishing significant transaction points across many states which enable us in providing payments and other banking services across underbanked and unbanked India. Our ability to expand the reach of our branch network and increase demand for our products and services in rural and semi-urban India depends in significant part on our partners; however, we have limited control over these partners. Our partners may fail to provide an adequate level and quality of service our customers or otherwise fail to perform or market our products and services. In addition, our partners may adopt or implement unsuccessful marketing strategies for our products and services or fail to devote the necessary resources to attract customers. Our inability to effectively manage any of these partnerships related risks may materially and adversely affect our business, prospects, reputation, financial condition, cash flows and results of operations.

**23. *We have a concentration of deposits from certain depositors, which exposes us to liquidity risk, the crystallization of which could materially and adversely affect our business, financial condition, cash flows results of operations and prospects.***

As on March 31, 2016, our Bank's total deposits were ₹ 243,486.51 million, compared with ₹ 170,992.51 million and ₹ 115,986.02 million on March 31, 2015 and 2014, respectively. As on March 31, 2016, our top 20 depositors constituted 22.88% of our total deposits as compared to 27.32% and 23.82% as of March 31, 2015 and 2014. If any or a substantial number of our top 20 depositors withdraw their deposits or do not roll over their time deposits upon maturity, we may be required to seek more expensive sources of funding, including paying higher interest rates in order to attract and/or retain further deposits, and we cannot assure you that we will be able to obtain additional funding on commercially reasonable terms as and when required. In such an event, our Bank's liquidity position, financial condition, cash flows, results of operations, and the price of the Equity Shares may be materially and adversely affected.

**24. *Any failure or material weakness of our internal control systems or any material damages caused by a materialization of any operational risks to which we are subject could adversely affect our reputation and profitability.***

Our management is responsible for establishing and maintaining adequate internal measures commensurate with the size of the Bank and complexity of operations. We believe that the Bank's Risk Management, Compliance Audit and Operational Risk Management functions are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to compliance requirements and internal circular guidelines. Processes have been established for the internal auditors to ensure that all facets of the banking operations are subjected to scrutiny.

On July 15, 2016, the RBI charged our Bank with a penalty of ₹ 10 million for lapses in adhering to the RBI guidelines with respect to import of goods and services, lapses in adhering to provisions of the master circular on KYC/AML with respect to ongoing monitoring of certain customer transactions, diligence of the beneficiaries of foreign exchange remittances and filing of suspicious transaction reports with the Financial Intelligence Unit – India, in this regard. In Fiscal 2014, our Bank paid ₹ 0.02 million as penal interest for a default in maintaining our cash reserve ratio for one day and a penalty of ₹ 0.02 million imposed by the RBI for “SGL bouncing” on one day. While we believe these are isolated incidents of operational failures and that our Bank has taken necessary corrective actions, we are exposed to risks of damages that may be caused by any future operational failures.

Further, our application for setting up an international banking unit in Gujarat International Finance Tec-City was not considered by the RBI in Fiscal 2016 and we were directed to apply again after putting in place a robust internal control system.

We will continue to periodically test and update, as necessary, our internal control systems. However, we are exposed to operational risk arising from inadequacy or failure of internal processes or systems, and our actions may not be sufficient to result in an effective internal control environment. Given our high volume of transactions and dynamically changing technology and payments landscape, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. In addition, certain banking processes are carried out manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses, which may not be covered by our insurance and may thereby adversely affect our profitability, cash flows and results of operations. Such a result may also adversely affect our reputation.

**25. *We are subject to various operational and other risks associated with the financial industry. If these risks materialize, it may have an adverse impact on our business.***

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. We are exposed to many types of operational risk, including:

- fraud or other misconduct by employees, customers or outsiders involving the Bank, our products and services, documentation, and operations;
- unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices and other regulations governing our business activities);
- unauthorized 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 Fiscal 2014, we faced a case of a customer fraud and employee connivance involving an amount of ₹ 147 million. For details on material frauds against our Bank in the last five years, please see the section titled “*Outstanding Litigation and Material Developments*” on page 438. We cannot assure you that any of these events will not happen or we will be able to recover of funds misused or misappropriated if such events occur. 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.

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

We are required to comply with applicable anti-money-laundering (AML) and anti-terrorism laws and other regulations in India. In the ordinary course of our banking operations, we run the risk of failing to comply with the prescribed Know Your Customer (KYC) procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties and/or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks.

During Fiscal 2014, based on a scrutiny conducted by the RBI on banks as part of a thematic study, penalties were imposed on several banks for non-compliance of KYC and AML guidelines. In July 2013, the RBI charged our Bank a penalty of ₹ 5.00 million for certain weaknesses in the process of risk categorization of our Bank's customers, which could pose AML risks to our Bank and the banking system in India. Further, the RBI has, on July 15, 2016, imposed a penalty of ₹ 10.00 million for certain alleged contravention of directions and instructions under the Banking Regulation Act and the FEMA in relation to certain KYC norms. For more information, see the section titled "*Outstanding Litigation and Material Developments*" on page 438.

In addition, following an investigation by the RBI on various banks for violations of guidelines pertaining to the opening of current accounts, monitoring of post-lending end use of funds, as well as sharing of information among lenders with regard to one of their corporate entity customers, a penalty of ₹ 0.5 million was levied on our Bank in July 2014 for failure to share information among lenders at quarterly intervals after the loan disbursal.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance and have taken necessary corrective measures following the imposition of the aforementioned penalties, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use the Bank for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable legal requirements. Incidents described above or any similar incidents in the future may materially and adversely affect our business and/or reputation.

**27. *The value of our collateral may decrease or we may experience delays in enforcing our collateral if borrowers default on their obligations, which may result in failure to recover the expected value of collateralized security exposing us to potential losses.***

As of March 31, 2016, 82.67% of our net advances were secured by collateral, including real estate assets, property, gold ornaments, plant, equipment, inventory, receivables, current assets and pledges or charges on fixed assets, bank deposits, NSC/KVP/insurance policy or financial assets such as marketable securities and guarantees. The value of the collateral securing our loans, including, in particular, any property and gold ornaments assets, may significantly fluctuate or decline due to factors beyond our control, including those affecting the Indian and global economy in general.

In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title, prolonged legal proceedings and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. Further, certain kinds of loans that are advanced by us are not secured by any assets.

A decline in the value of the secured assets could impair our ability to realize the secured assets upon any foreclosure, which would likely require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses, our profitability could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In India, foreclosure on collateral 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**") and the Recovery of Debt due to Banks and Financial Institutions Act, 1993 have strengthened the ability of certain financial institutions to recover NPAs by granting them greater rights to enforce such security and recover amounts owed from secured borrowers. Although the legal acts strengthened the rights of lenders, which may lead to faster realization of secured assets in the event of default, there can be no assurance that such legislation will have a favorable impact on our efforts to reduce our levels of NPAs and we may not be able to realize the full value of our

secured assets, due to, among other things, delays in foreclosure proceedings, defects in the perfection of secured assets, fraudulent transfers by borrowers and decreases in the values of secured assets.

Until recently, there were multiple overlapping laws and adjudicating forums dealing with financial failure and insolvency of companies and individuals in India. Recognising that reforms in the bankruptcy and insolvency regime are critical for improving the business environment and alleviating distressed credit markets, the Government of India introduced the Insolvency and Bankruptcy Code Bill in November 2015 aimed at making it easier to wind up a failing business and recover debts. While the Insolvency and Bankruptcy Code, 2016 (the “Code”), which came into effect on May 28, 2016 is a historical development for economic reforms in India, its effect is yet to be seen when the institutional infrastructure and implementing rules as envisaged under the Code are formed and enforced. Until the implementation of such infrastructure is completed, it may not be possible to determine the effects of the Code.

In addition, the RBI’s guidelines on corporate debt restructuring specify that for debt amounts of ₹ 100 million 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. If we own 25% or less of the debt of a borrower, we may not be able to realize the full value of our secured assets and could be forced to agree to an extended restructuring of debt which may not be in our interests.

Our inability to realize the full value of assets securing our loans on a timely basis or at all, including if we are instead compelled to restructure our loans, could materially and adversely affect our asset quality, business, cash flows, results of operations and financial condition.

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

We derived 30.06%, 27.36% and 27.36% of our total income in the fiscal years ended March 31, 2014, 2015 and 2016, respectively, from interest income on investments, profit on sale of investments (net) and profit on exchange transactions (net). Though our income from trading activities of our treasury operations has been growing over the last three years, there is no guarantee that, in the future, our Bank will not experience volatility in our income from treasury operations. Our treasury operations are vulnerable to changes in interest rates and exchange rates as well as other factors, all of which are trading risks that are faced by us. Any decrease in income from our treasury operations could adversely affect our business if we are unable to offset the same by increasing returns on our loan assets. 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.

**29. *Some of our corporate records and regulatory filings, including those relating to allotments of our equity shares in the past are not traceable.***



Certain corporate records and regulatory filings, including those in relation to equity shares issued and allotted by our Bank in the past, and in particular, on allotments of equity shares of our Bank from its incorporation on June 14, 1943 are not traceable for the period prior to year 2000. Copies of such relevant documents, including from the relevant regulatory or statutory authorities in India are not available. We have placed reliance on other documents, including our annual reports, audited financial statements for the period prior to the year 2000 and minutes of the meetings of the Board of Directors for corroborating the share capital history of our Bank for such period.

**30. *A majority of our business premises are leased. Accordingly, we are exposed to risks typical to leasing of commercial real estate.***

As of March 31, 2016, we had 197 branches and 362 interconnected ATMs, the majority of which were located on leased premises. As of March 31, 2016, some of our lease agreements, including in relation to a few of our top 20 branches, have expired and are expected to be renewed. Termination of or failure to renew lease agreements for these premises on terms and conditions favorable to us or at all may require us to shift the concerned branch offices or the ATMs to new premises. This might adversely affect our business operations

and incur additional expenses. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of the terms of the lease agreements.

- 31. *We have not yet registered our rebranded corporate logo and have a number of applications to register trademarks and other intellectual property rights pending. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.***

We applied for the registration of our new corporate logo “”,  and other trademarks, including words and logos in connection with our recent rebranding. For further details of these and other trademark applications, please see the section titled “*Government and Other Approvals*” on page 468. These applications are currently pending before the Registrar of Trademarks, and hence, they do not enjoy the statutory protection accorded to a registered trademark. Our applications may or may not be allowed by the Registrar of Trademarks, and our competitors could challenge the validity or scope of the applications or these trademarks. If we fail to successfully obtain or enforce these trademarks, we may need to change our rebranded logos, including our corporate logo. Any such change could adversely affect our rebranding and may have an adverse effect on our business, reputation and, consequently, on our results of operation, cash flows and financial condition.

Further, we own the trademarks to our erstwhile name, “Ratnakar Bank”, diamond logo and Ratnakar Bank logo in certain classes of goods and services and a number of related web domain names. Our applications for trademarks to our erstwhile name, “Ratnakar Bank” and Ratnakar Bank logo to certain other classes and the application for the registration of the word “cashpoint” are pending. Therefore, we do not yet own copyright, trademark, trade name or other intellectual property rights in or to some of our logos and names, including to our current corporate logo, and, accordingly, do not enjoy the statutory protections accorded to a registered trademark for such items. There can be no assurance that we will be able to register additional trademarks and logos or that third parties will not infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill. We may need to litigate to protect our intellectual property or to defend against third party infringement. Additionally, we may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. Any failure to obtain registrations for our intellectual property rights or any inability to use or protect our intellectual property could affect our relationships with our customers and our ability to market our business, which could materially and adversely affect our business, cash flows, results of operations and financial condition.

- 32. *We have more limited access to credit and other financial information on borrowers than banks in other economies, which may decrease the accuracy of our assessments of credit risks and thereby increase the likelihood of borrower defaults.***

Our principal activity is to provide financing to borrowers located in India. The credit risk of our borrowers, including individual customers, SMEs, small and mid-sized corporates, agricultural and rural customers and priority sectors, may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advances. Our corporate borrowers may suffer from low profitability because of increased competition as a result of economic liberalization policies, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy and other factors.

In addition, India’s system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it or corporate or financial information relating to companies or other economic enterprises is not as comprehensive as in the countries with established market economies. The absence of such reliable and comprehensive statistical, corporate and financial information, including audited financial statements and recognized debt and credit rating reports, relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult. Many of the nationwide credit bureaus have become operational in India in recent years, and it may be some time before comprehensive information on the credit history of our borrowers, especially individuals and small businesses, is available to us. In many cases, we need to rely on the accuracy

and completeness of information furnished by or on behalf of customers and counterparties, including financial statements and financial information. 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 the loans provided by us and decreasing the likelihood that we would be able to enforce any security in respect of such loans or that the collateral will have a value commensurate to the respective loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is even more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with lending to this category of borrowers.

Such difficulties in assessing credit risks associated with our day-to-day lending operations and risks associated with the business environment in India may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, financial results, shareholders' equity and the price of the Equity Shares.

**33. *Our failure to meet the priority sector lending norms in India may subject us to appropriate actions by the RBI.***

The priority sector lending norms of the RBI require all scheduled commercial banks operating in India to extend at least 40% of their adjusted net bank credit (“ANBC”) (outstanding bank credit in India minus bills rediscounted with the RBI and other approved financial institutions plus investments made in permitted non-SLR bonds held in the Held to Maturity category and plus other investments eligible to be treated as part of the priority sector lending) or credit equivalent amount of off-balance sheet exposure as of March 31 of the applicable prior year to specified sectors, including agriculture and small scale industries, which are known as “priority sectors”. In accordance with these norms, which were revised in July 2015, at least 18% of our ANBC must be extended to the agricultural sector (including at least 7% and at least 8% of our ANBC to small and marginal farmers by March 2016 and March 2017, respectively), at least 10% to the economically weaker sections of the community and at least 7.5% of our ANBC for micro enterprises (to be achieved in a phased in manner, i.e., at least 7% and at least 7.5% of our ANBC by March 2016 and March 2017, respectively). RBI regulations specify that the above priority sector requirements should be met on the basis of credit equivalent of off-balance sheet exposure rather than ANBC if such off-balance sheet exposure by a bank is higher than its ANBC.

For the fiscal years ended March 31, 2014, 2015 and 2016, the total credit (including investments) extended by us to priority sectors constituted, 41.74%, 47.86% and 51.83%, respectively, of our ANBC; the gross credit extended to the agriculture sector constituted 18.45%, 19.41% and 18.54%, respectively, of our ANBC; and the credit extended to the weaker sections constituted, 13.02%, 13.64% and 19.61%, respectively, of our ANBC. Accordingly, we have met the requirements for lending to priority sectors, the agriculture sector and the weaker sections as of March 31, 2014, 2015 and 2016.

However, any inability on our part to continue to meet the regulatory prescriptions for these lending activities, such as the targets/sub-targets that are set with respect to priority sector lending, may, apart from other non-financial regulatory prescriptions, require us to contribute to the Rural Infrastructure Development Fund (“RIDF”) established with the National Bank for Agriculture and Rural Development (“NABARD”) or funds with other financial institutions, which could provide lower yields to us. In such event, our business prospects, financial condition, cash flows and results of operations may be adversely affected.

**34. *We are required to maintain our capital adequacy ratio at the minimum level required by the RBI. We may not be able to grow our business if we face difficulties in accessing capital.***

The Basel III Capital Regulation has been implemented in India from April 1, 2013 in phases and will be fully implemented on March 31, 2019. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from common equity Tier I capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for

classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial and insurance entities (including where ownership is less than 10.00%). The RBI Basel III Capital Regulations also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be permanently written down or be converted into common equity upon the occurrence of a pre-specified trigger event. Please see the section titled “*Industry Overview – Recent Developments – Implementation of the Basel III Capital Regulations*” on page 157 for an outline for the various minimum capital ratios required by Basel III.

Prior to April 1, 2013, our Bank had been in compliance with Basel II Capital Regulations as prescribed by the RBI for scheduled commercial banks operating in India. Our Bank has adopted Basel III starting from April 1, 2013, in line with the regulations prescribed by the RBI. Our capital adequacy ratio under Basel III as of March 31, 2014, 2015 and 2016 was 14.64%, 13.13% and 12.94%, respectively.

In addition, the Basel Committee published a guidance report titled ‘Principles for Sound Liquidity Risk Management and Supervision’ in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the recent global financial crisis. This was followed by the publication of ‘Basel III: International framework for liquidity risk measurement, standards and monitoring’ in December 2010 which introduced two minimum global regulatory standards, namely the LCR and the NSFR and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing structural basis. On November 7, 2012, the RBI issued guidelines to consolidate the various instructions or guidance on liquidity risk management and to harmonize and enhance these instructions or guidance in line with the Principles for Sound Liquidity Risk Management and Supervision as well as the RBI Basel III Capital Regulations. They include enhanced guidance on liquidity risk governance, the measurement, monitoring and reporting of liquidity positions to the RBI and minimum global regulatory standards of LCR and NSFR. While the enhanced liquidity risk management measures are to be implemented by the banks immediately, the LCR and NSFR standards will be binding on banks from January 1, 2015 and January 1, 2018, respectively. Until then, banks are required to comply with RBI Basel III Capital Regulations on a “best efforts” basis.

Compliance with Basel III imposed by the RBI and any other capital adequacy and liquidity requirements in the future may result in incurrence of substantial compliance and monitoring costs. The RBI or any other relevant governmental authorities may implement a package of reforms, including the terms that capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. There can be no assurance that we will be able to comply fully with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation or our business operations, cash flows and financial condition. Although we currently meet or exceed the applicable capital adequacy requirements, certain adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, declines in the values of our investments and regulatory changes in the prescribed risk weights, capital deductions or 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 accessing the capital markets or have difficulty obtaining capital in any other manner. We cannot assure you that we will be able to obtain additional capital on commercially reasonable terms in a timely manner. Any failure to meet capital adequacy ratio requirements could materially and adversely affect our business.

**35. *A portion of our advances are 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, cash flows and results of operations.***

As of March 31, 2014, 2015 and 2016, 12.62% (or ₹ 12,410.69 million), 15.10% (₹ 21,817.09 million) and 17.33% (or ₹ 36,788.75 million), respectively, of our net 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 that could adversely affect our business, financial condition, cash flows and results of operations.

- 36. *We have provided for an amount of ₹ 931.91 million during the fiscal year ended March 31, 2016 towards provisions for NPAs, non-performing investments, depreciation on investments, write-offs and sacrifices for restructured advances. Having to provide for or write off bad debts and to engage in litigation for recovery may impact our business, cash flows and results of operations.***

Our Bank had provided for an amount of ₹ 931.91 million during the fiscal year ended March 31, 2016 towards provision for NPA, non-performing investments, depreciation on investments, write-off and sacrifice for restructured advances. We initiate legal proceedings for recovery of amounts outstanding and conduct recovery drives in each of our branches, through compromise settlements and lok adalats. Having to write off any significant amounts of bad debts and to invest significant management time and resources in litigation for recovery may materially impact our business, cash flows and results of operations.

- 37. *We may face labor disruptions that could interfere with our operations.***

We are exposed to the risk of strikes and other industrial actions. As of March 31, 2016, approximately 490 out of our 3,871 employees were members of the Ratnakar Bank Officers Organization and the Ratnakar Bank Employees Union. In Fiscal 2016, our employees who are members of either one of these two organizations participated in the nation-wide strike organized by the All India Bank Employees Association and All India Bank Officers Association on September 2, 2015 for a total of one day and our employees who are members of the Ratnakar Bank Employee Union participated in the nation-wide strike organized by the All India Bank Employees Association on January 8, 2016 for a total of one day. Apart from the national labor strikes which affected the entire unionized banking sector, we have not experienced disruptions in the past five years owing to work stoppages among our unionized employees.

Although we believe that we have good industrial relations with our employees and the unions, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such employee unrest events could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition, cash flows or results of operation.

- 38. *Certain of our Directors and Key Management Personnel may have interests in our Bank other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Directors and Key Management Personnel may be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

Further, our Directors and Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares and to the extent of any stock options held by them. For details of the shareholding of our Directors and Key Management Personnel, please see section titled *Capital Structure – Notes to Capital Structure*” on page 109 and for details of options granted to our Directors and Key Management Personnel, please see section titled *“Capital Structure – Notes to Capital Structure – Employee stock option and stock purchase schemes”* on page 110.

- 39. *Any downgrading in our credit ratings could adversely affect our business, financial condition, cash flows and results of operations.***

Rating agency ICRA Limited has rated the Bank’s certificates of deposits program, short term fixed deposit program at A1+, which stands for the lowest short term credit risk, the Bank’s Basel III compliant Tier II bond programme at A+(hyb) with a stable outlook, which stands for the adequate degree of safety regarding timely servicing of financial obligations and low credit risk, and the Bank’s fixed (term) deposits at MAA- with a stable outlook, which stands for low credit risk in the medium term. The letters “hyb” in parenthesis suffixed to

a rating symbol stand for “hybrid”, indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. Any downgrading in our credit ratings in the future may adversely affect our ability to raise capital on reasonable commercial terms and mobilize deposits and therefore adversely affect our business.

**40. *We require a number of regulatory approvals for operation or growth of our business, and the failure to obtain the same in a timely manner or at all may subject us to sanctions and penalties pursuant to inspection and supervision by regulatory authorities, including the RBI and the SEBI, or otherwise adversely affect our operations.***

We require a number of regulatory approvals, licenses, registrations and permissions for operating our business, including those at a corporate level as well as at the level of each of our branches. For more information, please see the section titled “*Government and Other Approvals*” on page 468. Many of these approvals are required to be renewed from time to time. While we believe that we currently have or have applied for all material approvals required for our business, we may not have, or may not receive, all necessary approvals, or be able to obtain renewals of all our approvals within the time frames anticipated by us or may not obtain the same at all, which could adversely affect our business.

We have licenses from RBI for our banking and other operations, a depository participant license from SEBI for depository operations, Category I Merchant Banker license from SEBI for merchant banking operations and IRDAI corporate agent license; however, our operations are subject to continued review and the governing regulations may change. We have also received an initial registration from SEBI to act as “banker to an issue”. For more information, please see the section titled “*Government and Other Approvals*” on page 468. Failure to obtain, renew or maintain any required approvals, permits or licenses may result in the interruption of all or some of our operations and could materially and adversely affect our business and financial results. Further, failure to obtain approvals could constrain our ability to scale-up our business or to introduce new products and services. For instance, our application for setting up an international banking unit in Gujarat International Finance Tec-City was not considered by the RBI in Fiscal 2016 and we were directed to apply again after putting in place a robust internal control system. For further information on Indian banking regulations, please see the section titled “*Regulations and Policies*” on page 198.

The RBI conducts periodic on-site inspections on all matters addressing our banking operations and relating to, among other things, the Bank’s portfolio, risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance. During the course of finalizing this inspection, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction, including, without limitation, requiring us to make provisions, impose internal limits on lending to certain sectors and tighten controls and compliance measures and restricting our lending and investment activities. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI’s satisfaction could lead to sanctions and penalties imposed by the RBI, as well as expose us to increased risks. Furthermore, starting from Fiscal 2016, the Bank has been subjected to the risk-based supervision model which is being implemented by the RBI across the banking industry in a phased manner. While the Bank has fulfilled the requirements of risk-based supervision process in Fiscal 2016, we may be required to comply with additional requirements to improve various aspects of our operations. Any failure to meet regulatory requirements could materially and adversely affect our reputation, business, financial condition, cash flows, results of operations, pending applications or requests with the regulators and our ability to obtain the regulatory permits and approvals required to expand our business.

**41. *The composition of our Board is regulated by the RBI under the Banking Regulation Act and we could be subject to penalties and other regulatory measures if we are found to be in violation of its provisions.***

In addition to the Companies Act, 2013, the composition of our Board is governed by the provisions of the Banking Regulation Act. The Banking Regulation Act prescribes a number of requirements to the board of directors of banking companies, including a requirement for a minimum percentage of directors to have specialised knowledge or practical experience in the areas listed therein and a requirement for prior approval of the RBI for the appointment of the chairman or a managing director or a whole-time director. We may be unable to comply with such provisions at all times. For instance, the approval granted by the RBI for Mr. Narayan Ramachandran to act as a part-time chairman of our Board, expired on July 22, 2016. Our Bank has made an application for renewal of Mr. Narayan Ramachandran's term as a part-time chairman of our Board, which is currently pending. We cannot assure you that the RBI would provide its approval for such renewal or not find us to be in contravention of the provisions of the Banking Regulation Act in this regard. If we are found to be in violation of the provisions of the Banking Regulation Act, we may be subjected to penalties prescribed therein and may also be required to undertake other steps, including reconstitution of our Board, which could divert management time and attention and have a material adverse effect on our business, finances and results of operations, as well as on our reputation.

***42. Our ability to open branches in Tier 1 centers is subject to fulfillment of certain eligibility criteria prescribed by the RBI. If we are unable to fulfill such eligibility criteria and, as a result, are unable to open new branches in Tier 1 centers, we may be unable to grow our deposit base that may in turn adversely affect our business prospects.***

As of March 31, 2016, we had 197 interconnected branches and 362 interconnected ATMs across India. The opening of new branches and shifting of existing branches of banks is governed by the provisions of the Banking Regulation Act and RBI guidelines. Domestic scheduled commercial banks are permitted to open branches in Tier 2 to Tier 6 centers, without permission from the RBI, subject to certain requirements. Further, in terms of the RBI circulars dated September 19, 2013 and October 21, 2013, domestic scheduled commercial banks are permitted to open branches in Tier 1 centers without permission of RBI, subject to the following conditions being satisfied:

- i) at least 25% of the total number of branches opened during a financial year (excluding entitlement for branches in Tier 1 centers given by way of incentive) must be opened in unbanked rural (Tier 5 and Tier 6) centers, i.e., centers which do not have a brick and mortar structure of any scheduled commercial bank for customer based banking transactions; and
- ii) the total number of branches opened in Tier 1 centers during the financial year (excluding entitlement for branches in Tier 1 centers given by way of incentive) cannot exceed the total number of branches opened in Tier 2 to Tier 6 centers and all centers in the North Eastern States and Sikkim.

As of March 31, 2016, we had 88 branches in Tier 1 centers and 109 branches in Tier 2 to Tier 6 centers. Our ability to raise fresh deposits and grow our deposit base from Tier 1 centers depends in part on our ability to expand our network of branches. There can be no assurance that we will be able to satisfy the eligibility criteria for branch expansion to achieve the desired growth in our deposit base as a result of which our business prospects could be adversely affected. Further, there are certain restrictions on closure or relocation of branches operating in unbanked areas, among others, which may limit the Bank's ability to change location of its branches or otherwise modify its network.

***43. Any closures of branches or losses of our key branch personnel may adversely affect our ability to build and maintain relationships with our customers.***

Our business is dependent on our key branch personnel to establish, build and maintain customer relationships. We encourage dedicated branch personnel to service clients in certain business segments since we believe that this leads to long-term client relationships, a trust-based business environment and, over time, better cross-selling opportunities. While no individual branch manager and no single operating group of managers contributes a meaningful percentage of our business, our business may suffer materially if a substantial number of branch managers either become ineffective or leave the organization.

***44. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.***

We believe that we have devoted significant resources to developing our risk management policies and procedures and expect to continue to do so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, including a Risk Management Policy that articulates our approach to the identification, measurement, monitoring controlling and mitigation of various risks associated with our banking operations in addition to providing certain important guidelines for strict adherence. Our other important risk policies include our Asset-Liability Management Policy, a Commercial Credit Policy, an Investment Policy, Derivatives Policy, Customer Suitability and Appropriateness Policy, Recovery Policy, Stress Testing Policy, KYC and AML Policy, Operations Risk Management Policy, Risk Based Internal Audit Policy, Policy on Transfer of Assets through Securitization and Direct Assignment of Cash Flow and, in compliance with the RBI's guidelines on Basel II – Pillar 2 - Supervisory Review and Evaluation Process, Internal Capital Adequacy Assessment Process Policy. The Risk Management Committee of the Board and the Board review our risk management policies annually. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risk are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than indicated by the historical measures. 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 in a timely manner. Any inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition, cash flows and results of operations.

- 45. Our business is highly dependent on our information technology systems, which require significant investment for regular maintenance, upgrades and improvements. We also face cyber threats, such as hacking, phishing and trojans, that may attempt to exploit our network. Therefore, if we are unable to adapt to rapid technological changes, or if there is any breach of our information technology systems or any failure of such systems to perform as expected, our business, reputation and ability to service our customers could be adversely affected.***

Our information technology systems are a critical part of our business that help us manage, among other things, our risk management, regulatory compliance, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services in all our business segments. In particular, the secure transmission of confidential information is critical to our operations. Moreover, we increasingly offer to our customers technology-enabled banking channels, such as mobile and internet banking services, through which our customers directly handle a variety of transactions.

There is no warranty under our information technology license agreements that the relevant software or system is free of interruptions, will meet our requirements and be suitable for use in any particular condition. Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorized tampering, may cause interruptions or delays in our 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. Corruption of certain information could also lead to errors when we provide services to our customers. Any failure on the part of third party vendors under agreements with us to provide products and services, including software that enables our operations, or to appropriately maintain such products and services under annual maintenance contracts, may adversely affect our functioning and operations. In the event of failure on the part of these third party vendors, their liabilities towards us usually do not exceed a certain percentage of the total fee paid by us and they will not be liable to us for any loss of profits or revenue or any consequential or indirect loss, which in turn exposes us to higher risks in using these software and systems. In addition, we may be subject to liability as the result of any theft or misuse of personal information stored on our systems or on the systems of our outsourcing service providers. Any of these outcomes could adversely affect our business, our reputation and the quality of our customer service.

Our networks and systems may be vulnerable to unauthorized access and other security problems, including various cyber threats, such as phishing and trojans (targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and

attempt exfiltration of account sensitive information), hacking (wherein attackers seek to hack into our website with the primary intention of causing a reputational damage to us by disrupting services), and data theft (wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information). To address these issues and attempt to minimize the risk of security breaches, we employ security systems, including firewalls, security information and event management and intrusion prevention and detection systems, conduct periodic vulnerability assessments, penetration testing and compliance audits for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data, such as passwords. Despite implementation of these systems, we cannot assure you that our existing security measures will prevent unforeseeable security breaches, including break-ins, viruses, cyber threats, or other disruptions such as those caused by defects in hardware or software and errors or misconduct of operators. Persons who circumvent our security measures could use our clients' confidential information wrongfully or otherwise compromise the integrity of information stored in and transmitted through these computer systems and networks. There can be no assurance that our use of encrypted password-based protections and firewalls are adequate to prevent fraud or the invasion or breach of the network by an intruder. Any material security breach or other disruptions could expose us to losses and regulatory actions and could harm our reputation, and may adversely affect our operations and future financial performance.

We have a production data center in Mumbai and have established a disaster recovery/back-up site in Chennai as part of our technology-enabled business. In addition, we have established a disaster recovery and a business continuity plan to ensure continuity of operations and minimal disruption to customer services, which are tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions. However, any failure in our systems, particularly those utilized for our retail products and services and transaction banking due to the occurrence of calamities such as floods, fire, earthquakes and cyclones that affect areas in which we have a significant presence, could adversely affect our operations and the quality of our customer service.

We need to regularly upgrade and improve our information technology systems, including our software, back-up systems and disaster recovery operations, at substantial cost so that we remain competitive. Our success will also depend, in part, on our ability to respond to new technological advances and emerging banking, capital market and other financial services industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. The high cost to upgrade and improve our information technology systems, whether to comply with changes in regulatory requirements, to remain competitive or otherwise, could be prohibitive due to the relatively small size of our Bank. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards. There is also the risk of our customers incorrectly blaming us and terminating their accounts with us for a cyber-incident which might have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and possible related financial liability. Any failure to improve or upgrade our information technology systems effectively or in a timely manner could materially and adversely affect our competitiveness, financial condition, cash flows and results of operations.

***46. We depend on the accuracy and completeness of information about customers and counterparties.***

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 such 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. With respect to financial statements, we rely on reports of independent auditors of the borrowers. For instance, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and presents fairly, in all material respects, the financial condition, results of operations and cash flows of that customer. Our financial condition, cash flows and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

***47. We may not maintain historical dividends in the future.***

We declared and paid dividends of 9.00% and 12.00% per equity share to our shareholders for the Fiscal 2014 and 2015. Further, we have declared and paid an interim dividend of 15.00% per equity share to our shareholders for Fiscal 2016. We do not expect to pay any final dividend over and above the interim dividend already paid. There can be no assurance that we will pay dividends in the future and, if we do, as to the level of such future dividends. In Fiscal 2016, we raised Tier II capital in the form of non-convertible debentures and may raise more in the future subject to regulatory environment and market conditions. If we were to raise capital in the future, the payment of any dividends would be after payment of interest on such capital. 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, terms and conditions of our indebtedness, capital expenditures and availability of profits, as well as the provisions of relevant laws and regulations in India from time to time. In May 2005, the RBI prescribed maximum permissible range of dividend payout ratio based on the level of capital adequacy ratio and net NPA ratio. Furthermore, taxes applicable to dividend payments may be subject to change from time to time and are beyond the Bank's control. There can be no assurance that we will be able to pay dividends.

**48. *The interests of certain of our Directors may differ from those of our Bank and its shareholders.***

Certain of our Directors have interests in other entities engaged in the financial services sector that may compete with one or more of the businesses of our Bank. Therefore, the interests of such Directors may conflict with the interests of the Bank and its shareholders. Unless applicable laws or regulations or our Articles of Association require such Directors to abstain from voting in situations where there is an actual or potential conflict of interest, there is no assurance that such Directors will vote in a manner that benefits the Bank and its shareholders as a whole.

**49. *Our insurance coverage could prove inadequate to satisfy potential claims. 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, cash flows, results of operations and financial condition.***

We do not carry insurance to cover all of the risks associated with our business, either because insurance coverage is not available or prohibitively expensive. We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. 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 generally subject to annual renewal, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. 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, cash flows, results of operations and financial condition.

**50. *We outsource many of our activities to external agencies by entering into specific agreements with them. Any lapse by such external agencies may have adverse consequences on our business and reputation.***

We have entered into a number of business outsourcing agreements with different external agencies for certain services including, amongst others, ATM management services, back-office support services, security services, cash and cheque pick-up, records management, software application management services, technology and telecom infrastructure services and database administration for the data centers. Our Bank, through our internal auditors, conduct reviews and assessments of the financial and operational conditions of our service providers, in part to determine their ability to continue to meet their obligations to us. In reviewing our service providers, our internal auditors cover areas such as performance standards, confidentiality and security and business continuity preparedness. Further, we, through our by internal auditors, have, in compliance with RBI guidelines, conducted annual audits to assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangements of the Bank and duly submitted annual compliance certificates in the prescribed format to the RBI. However, we cannot guarantee that such measures would be adequate. Accordingly, we are exposed to the risk that external vendors or service providers may be unable to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees) and to the risk that its (or its vendors') business continuity and data security systems

prove to be inadequate. Any defaults by our outsourcing partners may adversely affect our business, cash flows, results of operations and financial condition.

- 51. *We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter new such relationships could impact our ability to grow our foreign exchange business.***

We maintain Nostro accounts in foreign currencies with correspondent foreign banks for facilitating our treasury, trade and remittance transactions. Such accounts facilitate inward and outward remittance, whereby our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our Nostro account maintained in that particular currency. In case we intend to cater to a different foreign location or currency, we may need to open such Nostro accounts with the correspondent banks in those locations. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts. Further, a correspondent bank may discontinue any of the services that it offers in relation to such accounts, which may result in customer dissatisfaction. We cannot assure you that we will be able to retain our existing correspondent banks or enter into similar arrangements with new correspondent banks on commercially reasonable terms or at all. In the event that we are unable to open new accounts or continue to maintain existing accounts with our correspondent banks for any reason whatsoever, we could be forced to scale back our treasury, trade and remittance business, which could adversely affect our business, cash flows, results of operations and financial condition.

- 52. *Third party industry and statistical data in this Prospectus may be incomplete or unreliable.***

We have not independently verified data obtained from official and industry publications and other sources referred to in this Prospectus and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate are subject to the caveat that the third party and statistical data upon which such discussions are based may be incomplete or unreliable. Please see the section titled “*Industry Overview*” on page 127.

- 53. *A majority of our borrowings and certain borrowings availed by our Group Companies are unsecured and can be recalled by the lenders at any time, which may adversely affect our business, financial condition, cash flows and results of operations.***

As of March 31, 2014, 2015 and 2016, 80.39% (or ₹ 31,316.79 million), 50.81% (or ₹ 35,376.56 million) and 56.18% (or ₹ 59,197.62 million), respectively, of our borrowings were unsecured. Further, SIMS has availed unsecured borrowings from SFPL amounting to ₹163.7 million. There can be no assurance that the lenders will not recall such borrowings or if we will be able to repay loans advanced to us in a timely manner or at all. Any failure to repay our loans would expose us to a potential loss which could adversely affect our business, financial condition, cash flows and results of operations.

- 54. *Some of the agreements entered into by us in relation to leased property may be inadequately stamped and may have certain irregularities such as non-registration, which could adversely affect our financial health.***

Some of the lease agreements entered into by us may be inadequately stamped. As a result, these agreements may be inadmissible as evidence before a court of law. Further, some of the immovable properties used by us and taken on lease may have one or more irregularities of title, such as non-registration of lease deeds. We cannot assure you that we would be able to enforce our rights under such agreements or in respect of such immovable properties, and any inability to do so, could impair our operations and adversely affect our financial condition, cash flows and results of operation.

## **EXTERNAL RISK FACTORS**

### **Risks Relating to the Indian Banking Industry**

**55. *We operate in a highly regulated industry and any changes in the regulations or enforcement initiatives may adversely affect our business and the price of our Equity Shares.***

We are subject to a wide variety of banking and financial services laws and regulations and regulated by a large number of regulatory and enforcement authorities. The laws and regulations or the regulatory or enforcement environment may change at any time, which may have an adverse effect on the products or services we offer, the value of our assets or our business in general. In Fiscal 2013, the RBI enacted gradual changes in the annualized interest rate the RBI charges banks for RBI loans (the “repo rate”), increasing it from 6.75% on March 31, 2011 to a peak of 8.50% with effect from October 25, 2011. However, it reduced the repo rate to 8% effective April 17, 2012 in line with its monetary policy announced for Fiscal 2013. The RBI decreased the repo rate to 7.50% in Fiscal 2015 and further to 6.50% in April 2016. The RBI decreased the CRR, the required percentage of net demand and time liabilities that banks must carry as reserves, from 6% effective April 24, 2010 to 5.50% effective January 28, 2012 and further to 4.75% effective March 10, 2012, in order to increase liquidity. During Fiscal 2013, the RBI further reduced CRR to 4.50% effective September 17, 2012, to 4.25% effective November 3, 2012 and to 4.00% effective February 9, 2013.

Also, the laws and regulations governing the banking and financial services industry have become increasingly complex governing a wide variety of issues, including interest rates, liquidity, capital adequacy, securitization, investments, ethical issues, money laundering, privacy, record keeping, marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. Any change in RBI policy, including directed lending norms, may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in NPAs in the directed lending portfolio. Future changes in laws and regulations and failure or the apparent failure to address any regulatory changes or enforcement initiatives could have an adverse impact on our business, our future financial performance and our shareholders’ funds, harm our reputation, subject us to penalties, fines, disciplinary actions or suspensions of any kind or increase our litigation risks and have an adverse effect on the price of our Equity Shares.

There are a number of restrictions under the Banking Regulation Act, which impede our operating flexibility and affect or restrict investors’ rights. These include the following:

- Section 12B of the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.00% or more of the paid-up share capital of a bank or entitles him to exercise 5.00% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. According to the master direction dated November 19, 2015 issued by the RBI, an existing investor who has already obtained an approval for an earlier acquisition, can further acquire up to 10% of the paid-up share capital or voting rights in a bank without prior approval, subject to obtaining a prior ‘no-objection’ from the RBI. However, if the further acquisition results in shareholding exceeding 10%, the prior approval of the RBI is necessary. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of the bank from exercising voting rights in excess of 5.00%, if such person is deemed to be not fit and proper by the RBI.
- Section 12(2) of the Banking Regulation Act states that “no person holding shares in a banking company shall exercise voting rights on poll in excess of 10.00% of the total voting rights of all the shareholders of the banking company, provided that the RBI may increase, in a phased manner, such ceiling on voting rights from 10.00% to 26.00%”. As of the date of this Prospectus, shareholders will not be able to exercise voting rights in excess of 15.00% of the total voting rights.
- Section 15(1) of the Banking Regulation Act states that “no banking company shall pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organization expenses, share-



selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off’.

- Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and to transfer out of the balance of the profit of each year as disclosed in the profit and loss account a sum equivalent to not less than 20.00% (the RBI circular dated September 23, 2000 has fixed this limit at 25.00%, which is currently applicable) of such profit before paying any dividend.
- Section 19 of the Banking Regulation Act restricts the opening of subsidiaries by banks, which may prevent us from exploiting emerging business opportunities. Similarly, Section 23 of the Banking Regulation Act contains certain restrictions on banking companies regarding the opening of new places of business and transfers of existing places of business, which may hamper our operational flexibility.
- Section 25 of the Banking Regulation Act requires each banking company to maintain assets in India equivalent to not less than 75.00% of its demand and time liabilities in India, which in turn may restrict us from building overseas asset portfolios and exploiting overseas business opportunities.
- We are required to obtain approval of RBI for the appointment and remuneration of our Managing Director and CEO, chairman and other full time directors, if any. RBI has powers to remove management and other persons from office, and to appoint additional directors. We are also required to obtain approval of the RBI for the creation of floating charges on our borrowings, thereby hampering leverage.
- The Banking Regulation Act also contains provisions regarding production of documents and availability of records for inspection.

Given the above restrictions, without prior RBI approval, investors may not be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5.00% or more of our share capital or voting rights. Further, shareholders may not be able to exercise voting rights in excess of 15.00% of the total voting rights.

We are required to prepare our balance sheet and profit and loss account in the forms set out in the Third Schedule to the Banking Regulation Act or as close to such forms as possible and subject to and in accordance with the other provisions of the Banking Regulation Act read with the Companies Act, 2013.

A compromise or arrangement between us and our creditors or any class of them or between us and our shareholders or any modification in such arrangement or compromise will not be sanctioned by any High Court unless such compromise or arrangement or modification, as the case may be, is certified by the RBI in writing as capable of being implemented and as not being detrimental to the interests of our depositors. Our amalgamation with any other banking company will require the sanction of RBI and shall be in accordance with the provisions of the Banking Regulation Act. The provisions for winding-up of banking companies as specified in the Banking Regulation Act are at variance with the provisions of the Companies Act, 2013. Further, the RBI can also apply for winding up of a banking company in certain circumstances and appoint the liquidator and the Government of India could acquire the undertakings of banking companies in certain cases.

***56. We may be a ‘foreign owned’ bank within the meaning of the Consolidated FDI Policy, and may, therefore, face certain restrictions in making downstream investments***

As of March 31, 2016, 49.995% of our paid-up share capital was held by non-residents. This percentage decreased to 49.34% as of June 30, 2016. Under the terms of the Consolidated FDI Policy, as the shareholding of non-residents in our Bank increased to beyond 50.00% of our paid-up share capital, any downstream investment made by us will be treated as ‘indirect foreign investment’ and will be subject to certain conditions, including adherence to the respective foreign investment caps and prior approval requirements prescribed for different sectors. While these restrictions are not applicable in certain cases, such as those made pursuant to CDR or other loan restructuring mechanism or acquisition of shares due to defaults in loans, they would nevertheless apply in case of any ‘strategic downstream investment’ made by us. In the event, at any point of time, we have non-resident shareholding of greater than 50%, our investment activities are subject to the

additional requirements, which could reduce our business and operational flexibility and increase our compliance costs.

**57. *If ownership restrictions on private sector banks are relaxed, a single investor may acquire a controlling stake in our Bank.***

The Government of India regulates ownership in private sector banks. The RBI has recently revised the guidelines on ownership in private sector banks and introduced the following categories and ownership limits, subject to certain exceptions:

- natural persons (individuals) – 10.00%; and
- legal persons (entities/institutions):
  - non-financial entities/ institutions – 10.00%; and
  - financial institutions:
- ranging between 10.00% and 40.00%, depending upon factors such as whether the institution is regulated, diversified, listed, owned or controlled by individuals, amongst others; or
- as permitted on a case to case basis under special circumstances (higher stake or strategic investment by promoters or non-promoters through capital infusion by domestic or foreign entities/institutions can be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation, restructuring of problem, weak banks, entrenchment of existing promoters or in the interest of the bank or in the interest of consolidation in the banking sector, etc.)

Foreign ownership up to 74.00% of the paid-up capital is permitted in Indian private sector banks subject to prior approval from the FIPB for any increase beyond 49.00%; however, under the Reserve Bank of India (Ownership in Private Sector Banks) Directions, 2016, a shareholder cannot exercise voting rights in excess of 15.00% of the total voting rights.

If the current restrictions are further liberalized to allow not only increased investment by Indian entities but also greater foreign ownership in private sector banks, a single entity or group of investors acting in unison may acquire Equity Shares to the extent that would allow it to control or strongly influence us. Such an entity or investor group would, subject to restrictions in the Articles, be able to determine, or would have a disproportionate influence compared to other shareholders in, the election of the Board of Directors, management policies and the outcome of corporate transactions submitted to shareholders for approval. There can be no assurance that any future controlling shareholder(s) will have the same interests as any minority shareholder or will pursue the same strategies as the current management.

**58. *The implementation of the RBI Basel III Capital Regulations may adversely affect us and the position of the equity shareholders.***

On December 17, 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled ‘Strengthening the Resilience of the Banking Sector’. On December 16, 2010 and on January 13, 2011, the Basel Committee issued its final guidance on Basel III and minimum requirements, respectively. The Basel Committee proposed that the guidelines be implemented from January 1, 2013. These guidelines have been implemented in India through the RBI Basel III Capital Regulations, which came into effect on April 1, 2013, and are subject to a series of transitional arrangements to be phased in over a period of time and will be fully implemented on March 31, 2019. The RBI has indicated that the capital requirements for the implementation of the RBI Basel III Capital Regulations may be lower during the initial period and higher in later years. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from common equity Tier I capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial

and insurance entities (including where ownership is less than 10.00%). The RBI Basel III Capital Regulations also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be written down or be converted into common equity upon the occurrence of a pre-specified trigger event.

In addition, the Basel Committee published a guidance report titled “Principles for Sound Liquidity Risk Management and Supervision” in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the recent global financial crisis. This was followed by the publication of ‘Basel III: International framework for liquidity risk measurement, standards and monitoring’ in December 2010 which introduced two minimum global regulatory standards, namely the LCR and the NSFR and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing structural basis. On November 7, 2012, the RBI issued guidelines to consolidate the various instructions or guidance on liquidity risk management and to harmonize and enhance these instructions or guidance in line with the Principles for Sound Liquidity Risk Management and Supervision as well as the RBI Basel III Capital Regulations. They include enhanced guidance on liquidity risk governance, the measurement, monitoring and reporting of liquidity positions to the RBI and minimum global regulatory standards of LCR and NSFR. While the enhanced liquidity risk management measures are to be implemented by the banks immediately, the LCR and NSFR standards is binding on banks from January 1, 2015 and January 1, 2018, respectively.

The RBI or any other relevant authority may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. There can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation, business, financial condition, cash flows and results of operations.

***59. We are required to maintain a cash reserve ratio (“CRR”) and a statutory liquidity ratio (“SLR”) and any increase in these requirements could materially and adversely affect our business, financial condition, cash flows and results of operations.***

As a result of the statutory reserve requirements stipulated by the RBI, we may be more exposed structurally to interest rate risk than banks in other countries. Under the RBI Act, we are subject to a CRR requirement under which we are currently required to keep 4.00% of our net demand and time liabilities in current account with the RBI. We do not earn interest on cash reserves maintained with the RBI. The RBI may further increase the CRR requirement as a monetary policy measure and has done so on numerous occasions. Increases in the CRR requirement could materially and adversely affect our business, cash flows, results of operations and financial condition.

In addition, under the Banking Regulation Act, our liabilities are subject to a SLR requirement, according to which 21.25% of our net demand and time liabilities need to be invested in Government securities, state government securities and other securities approved by the RBI from time to time. In our experience, these securities generally carry fixed coupons. When the interest rate rises, the value of these fixed coupon securities depreciates. We cannot assure you that investment in such securities will provide returns better than other market instruments. Further, any increase in the CRR and the SLR requirements, would reduce the amount of cash available for lending, which may materially and adversely affect our business, financial condition, cash flows and results of operations.

***60. The growth rate of India’s banking industry may not be sustainable.***

We expect the banking industry in India to continue to grow as a result of anticipated growth in India’s economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India’s economic growth, the development of domestic capital and insurance markets and the ongoing reform will affect India’s banking industry. In addition,

there can be no assurance that the banking industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's banking industry will be sustainable.

**61. *We are exposed to fluctuations in foreign exchange rates and global interest rates.***

As a financial intermediary, we are exposed to exchange rate risk. We comply with regulatory limits on our unhedged foreign currency exposure. However, we are exposed to fluctuations in foreign currency rates for our unhedged exposure adverse movements in foreign exchange rates may impact our borrowers negatively which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates could adversely affect our future financial performance and the market price of the Equity Shares. Furthermore, changes in interest rates in other countries could place pressure on the Indian rupee, reduce market liquidity or result in regulators deploying unconventional or extraordinary financial measures, any of which could adversely affect our Bank's performance.

**62. *Financial difficulties and other problems in certain financial institutions in India could adversely affect our business and the price of our Equity Shares.***

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

**Risks Relating to India**

**63. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

**64. *A slowdown in economic growth in India could cause our business to suffer.***

India's real GDP growth improved marginally from 6.9% in 2013 to 7.3% in 2014 and is expected to be around 7.3%, 7.8%, 7.9% and 7.9% in 2015, 2016, 2017 and 2018, respectively, according to the World Bank. According to the Monthly Economic Reports prepared by the Department of Economic Affairs of the Ministry of Finance, the average Wholesale Price Index inflation for Fiscal 2015 was 2% as compared to 6% during Fiscal 2014; the headline Wholesale Price Index inflation remained negative since November 2014 and stood at minus 0.9% in March 2016, but increased to 0.3% in April 2016.

In the few years prior to Fiscal 2015, India's economy experienced a slowdown in economic growth and high inflation due to a variety of factors, including unsustainably high current account deficits, capital outflows and consequent exchange rate pressures. Despite the recent signs of an economic turnaround in the Indian economy, there is no assurance that growth will not slow down again or that inflation will not further increase in the future. A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our cash flows and results of operations. Inflation may also have a bearing on the overall interest rates which may adversely affect our net interest income.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the pace 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, which could adversely impact our business, our financial performance, our ability to implement our strategy and the trading price of the Equity Shares.

**65. *Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.***

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. Accordingly, the price and liquidity of our Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

**66. *Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. In addition, a new Goods and Services Tax (GST) regime is expected to be introduced in the near future, and the scope of the service tax is proposed to be enlarged. The lower house of the parliament has passed the Constitution (One Hundred And Twenty-Second Amendment) Bill, 2014 on May 6, 2015 which was widely seen as a milestone with regard to implementation of the GST. The bill is yet to be passed by the upper house of parliament. Following the passage by the parliament, this bill is also required to be ratified by 50% of the States. Further, the provisions in relation to the General Anti-Avoidance Act (GAAR) have been introduced in the Finance Act, 2012 which will come into effect from the fiscal year beginning from April 1, 2017 following a two year deferment as part of the Union Budget of 2015. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 34.61% for companies earning 'taxable income' of more than ₹ 100 million. The central government has laid down a road map of reducing the corporate tax rate over the next three years. However, generally, central or state government may in the future increase the corporate income tax or any indirect taxes it imposes. Any such future increases or amendments may affect the overall tax efficiency of

companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

**67. *A significant change in the Government's economic liberalization and deregulation policies could adversely affect our business and the price of our Equity Shares.***

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. For the past several years, coalition governments have governed India. The leadership of India and the composition of the coalition in power are subject to change and election results are sometimes not along expected lines. It is difficult to predict the economic policies that will be pursued by the Government of India. The rate of economic liberalization could change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, if the Government or any state government were to enact legislation or policies requiring the waiver or restructuring of loans to specific persons or industries, such waived and/or restructured loans could have an adverse impact on the financial condition, cash flows, results of operations and performance of the Bank; moreover, such legislation and policies may also cause a significant behavioral change in the future with respect to borrowers in such industries or otherwise. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

**68. *Communal disturbances, riots, terrorist attacks and other acts of violence or war involving India and/or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition, cash flows and results of operations.***

India has experienced communal disturbances, terrorist attacks and riots during recent years. Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well as the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Bank's business and profitability.

Also, India or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. West and South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**69. *Trade deficits could adversely affect our business and the price of our Equity Shares.***

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. According to the Ministry of Commerce and Industry, India's trade deficit increased in Fiscal 2015 to an estimated US\$138 billion from an estimated US\$136 billion in Fiscal 2014 and decreased in Fiscal 2016 to an estimated US\$118 billion. If India's trade deficits increase or no longer become manageable, the Indian economy, and therefore our business, our financial performance and our stockholders' equity could be adversely affected.

**70. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.***

The direct adverse impact of the global financial crisis on India has been the reversal of capital inflows and decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian Rupee *vis-à-vis* the US Dollar. Any increased intervention by the RBI in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business and our future financial performance.

**71. *Any downgrading of India's credit rating by an international rating agency could adversely affect our business and the price of our Equity Shares.***

India's credit rating outlook was revised by the international rating agencies (from "stable" to "positive" by Moody's in April 2015 and from "negative" to "stable" by Standard & Poor's in September 2014) due in part to an improvement in the political climate in India. However, there is no assurance that India's credit ratings will not be downgraded in the future. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares.

**72. *Our ability to raise foreign capital may be constrained by Indian law, which may adversely affect our business, financial condition, cash flows and results of operations.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, cash flows and results of operations.

**73. *Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against our Bank, its directors or executive officers.***

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against our Bank, its directors or executive officers. Our Bank is a limited liability company incorporated under the laws of India. Substantially all of our Bank's directors, key executive officers and key management personnel are residents of India and a substantial portion of the assets of our Bank and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Bank or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Procedure Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the

Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong, amongst others, have been declared by the Government of India to be “reciprocating territories” for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of the RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

***74. New income computation and disclosure standards notified by the Government of India became effective in Fiscal 2017 and may impose higher compliance requirements on us and increase our compliance costs.***

On March 31, 2015, the Government of India notified ten Income Computation and Disclosure Standards (“**ICDS**”), which became effective starting from Fiscal 2017, pursuant to Section 145(2) of the Income Tax Act, 1961. ICDS applies to the computation of income chargeable to income tax under the heads of “Profit and gains of business or profession” or “Income from other sources”. All Indian taxpayers (including corporates and non-corporates) are subject to the new ICDS, which was implemented with a view toward better alignment with the upcoming implementation of IND-AS. However, there are several key differences between ICDS and IND-AS, as well as Indian GAAP. Given such differences, Indian taxpayers (including our Bank) may need to develop and implement more sophisticated internal finance controls and systems to track the differences between current and future accounting standards and the new ICDS. Developing and maintaining such systems may result in the incurrence of substantial compliance and monitoring costs, both initially and on an ongoing basis. Any failure to comply with the ICDS may subject us to penalties for any underreported income and give the tax authorities the power to assess our income on a “best judgment” basis, which could have a material and adverse effect on our financial condition, cash flows and results of operations.

***75. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.***

A majority of the provisions and rules under the Companies Act, 2013 have been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures, corporate governance norms, audit matters, internal controls over financial reporting and related party transactions. Further, the Companies Act, 2013 has also introduced additional requirements which do not have corresponding equivalents under the Companies Act, 1956, including the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), and prohibitions on advances to directors. Companies are also required to spend 2.00% of their average net profits during three immediately preceding financial years on corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Bank, Directors and officers in default, for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.



We may face challenges in anticipating the changes required by, interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business, cash flows and results of operations.

Further, there is no assurance that the Government will not in the future introduce new laws or regulations (other than the Companies Act, 2013) or amend or change existing laws or regulations in a manner that materially and adversely impacts our business operations and costs of doing business.

***76. Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition, cash flows and results of operations***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly determines purchase or sale prices; directly or indirectly results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services; or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected. On March 4, 2011, the Government of India notified and brought into force new provisions under the Competition Act in relation to combined entities (the “**Combination Regulation Provisions**”), which came into effect from June 1, 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on March 28, 2014). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition, cash flows and results of operations.

***77. Health epidemics and natural calamities in Asia or elsewhere could adversely affect the Indian economy or our business and the price of our Equity Shares.***

Since 2003, there have been outbreaks of Severe Acute Respiratory Syndrome in Asia, the outbreak of avian influenza across Asia and Europe, the outbreak of the Ebola virus in western Africa, and the outbreak of Zika virus and Influenza A (H1N1) across the world had adversely affected a number of countries and companies. Any future outbreak of infectious diseases or other serious public health epidemics may have a negative impact

on the economies, financial markets and level of business activity in affected areas, which may, in turn, adversely affect the Bank's business. India has also experienced natural calamities such as earthquakes, floods, drought and a tsunami in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy. Any future outbreak of infectious disease among humans and/or animals or any other serious public health concerns or the occurrence of any natural calamities could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations, and the price of our Equity Shares.

**78. *Political instability or changes in the government in India or in the governments of the states where we operate could cause us significant adverse effects.***

Our Bank is incorporated in India and currently derives all of its revenues from operations in India and all of our assets are located in India. Consequently, our performance, market price and liquidity of our Equity Shares may be affected by changes in control, government policies, taxation, social and ethnic instability, social/civil unrest and other political and economic developments affecting India. Our business is also impacted by regulations and conditions in the various states in India where we operate. The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. The current government has announced that its general intention is to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition, cash flows and results of operations. Any political instability could affect specific laws and policies affecting foreign investment. A significant change in the government's policies, in particular, those relating to the banking sector in India, could adversely affect our business, cash flows, results of operations, financial condition, prospects and could cause the price of our Equity Shares to decline.

**79. *Continuing high prices of crude oil could adversely affect the Indian economy, which could adversely affect our business.***

India imports a substantial portion of its crude oil requirement. While oil prices have declined from their peak levels, they have seen a sharp increase in recent times. Any sharp increases or volatility in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. Continued high oil prices or further increases in oil prices could affect the Indian economy and the Indian banking and financial system. This could adversely affect our liquidity and business, including our ability to grow, the quality of our assets, our financial condition cash flows, results of operations and the price of the Equity Shares.

**80. *Global economic instability or slowdown is likely to adversely affect our business, cash flows and results of operations.***

Economic developments outside India can adversely affect the economy. During the global financial crisis that began in the second half of 2007, the global credit markets experienced significant volatility, which originated from the adverse developments in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the collapse of a number of financial institutions and the debt crisis, have had, and may continue to have, a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. Our business is affected by domestic and international economic conditions, including rates of economic growth and the impact that such economic conditions have on consumer spending. The global economic downturn led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. The resulting economic pressure and dampened consumer sentiment may adversely affect our business, cash flows and our results of operations.

In addition, actions or monetary policies of monetary authorities in different countries may be expansionary or contractionary in nature and may not be well-coordinated. This could lead to high levels of currency volatility

for certain currency pairs, affecting trade and payment balances among countries as well as industrial demand, availability of credit and credit risks.

Furthermore, the market has been volatile in recent years, and the resulting economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in our industry. There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of credit. Any sustained economic downturns or decreases in general economic conditions may have a material and adverse effect on our business, liquidity, cash flows and results of operations.

For instance, the results of the recent United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and on our business. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of a withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created an uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given a rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on the global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares.

#### **Risks Relating to our Equity Shares and the Issue**

- 81. We may decide not to proceed with the Issue at any time before Allotment. If we decide not to proceed with the Issue after the Bid Opening Date but before Allotment, the refund of Application amounts deposited will be subject to us complying with our obligations under applicable laws.***

We, in consultation with the GCBRLMs and the BRLMs, reserve the right not to proceed with the Issue at any time before the Allotment. If we withdraw the Issue after the Bid Opening Date, we will be required to refund all Bid Amounts deposited and shall be required to pay interest / penalty, as specified under SEBI Regulations or the Companies Act, 2013, on the Bid Amounts received if refunds are not made within the stipulated time from the Bid Closing Date. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Bank shall apply for after Allotment and (ii) the final RoC approval.

- 82. We may be required to raise additional capital in the future by further equity issuances, which will lead to dilution of equity and may affect holdings of our shareholders, the market price of our Equity Shares, or the incurrence of debt in order to satisfy our capital needs, which we may not be able to procure on acceptable terms, or at all.***

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the Issue Proceeds and our internally generated cash flows, we may need other sources of financing to meet our capital needs, which may include entering into new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain, additional capital requirements imposed due to changes in regulatory regime or a significant depletion in our existing capital base due to unusual operating losses. Future issuances of our equity shares or convertible securities may not be done on terms and conditions that are favorable to the then existing shareholders of our Bank. Any such issuance could also dilute existing holders and adversely affect the market price of our Equity Shares and our ability to raise capital through additional issues of securities. In addition, any perception by investors that such issuances might occur could also affect the trading

price of our Equity Shares. Further, as of March 31, 2016, 33,814,756 stock options were outstanding under our ESOP Schemes. Any exercise of the stock options could dilute the holdings of our shareholders and could adversely affect the market price of our Equity Shares.

If our Bank decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants and restrictions based on RBI regulations, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favor of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business, cash flows and results of operations may be adversely affected if we are unable to implement our growth strategies.

The disposal, pledge or encumbrance of Equity Shares by any of our Bank's major shareholders, or the perception that such transactions may occur, may also adversely affect the trading price of the Equity Shares. No assurance may be given that our Bank will not issue Equity Shares or incur substantial debt, or that the Bank's shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**83. *Investors in the Issue are not allowed to withdraw their Bids after the Bid Closing Date.***

In terms of the SEBI Regulations, investors in the Issue are not allowed to withdraw their Bids after the Bid Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately four to five days or longer from the Bid Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, cash flows, results of operations or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid Closing Date could also impact the market price of the Equity Shares. The investors in the Issue shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

**84. *You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or "demat" accounts with depository participants in India, are expected to be credited within two working days of the date on which the Basis of Allotment is approved by the NSE and BSE. Thereafter, upon receipt of final listing and trading approvals from the Stock Exchanges, trading in the Equity Shares is expected to commence within six working days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. We cannot assure you 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 risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

**85. *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.***

We could be 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 would operate 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. Furthermore, operational errors by market participants could lead to severe movements in stock prices or indices what may lead to trading stoppages. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

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.

**86. *We have issued Equity Shares in the last one year at a price which may be lower than the Issue Price.***

We have issued Equity Shares in the last 12 months, including under our Bank's employee stock option scheme and the Pre-IPO Placement, which may be at a price lower than the Issue Price. We may continue to issue Equity Shares under our Bank's employee stock option scheme in the future at a price below the market price of Equity Shares at the time of issuance. The Issue Price is not indicative of the price that will prevail in the open market following listing of the Equity Shares. For details, please see the section titled "*Capital Structure*" on page 94.

**87. *There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those 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 delay in listing the Equity Shares on the BSE and/or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

**88.  *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless the company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction in which you are located does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

**89. *You 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 entity are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties, do not limit India's ability to impose tax on capital gains. As a result, residents of

certain countries may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of our Equity Shares.

**90. *We or other intermediaries may be required to withhold U.S. tax on payments made on the Equity Shares after December 31, 2018.***

The United States has enacted legislation (commonly referred to as “Foreign Account Tax Compliance Act” or “**FATCA**”), a new information reporting regime for tax purposes, which affects financial institutions across the world, including the Bank. Under FATCA, non-U.S. financial institutions are obligated to identify and report to the U.S. Inland Revenue Service (the “**IRS**”) financial accounts held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other “financial institutions” that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. Failure to identify and report such information can result in a 30% withholding tax on certain U.S. source payments made to the financial institution. India has signed an intergovernmental agreement (“**IGA**”) with the United States. Accordingly, we, as a financial institution, are obligated to provide such information to the IRS. The 30% withholding tax could potentially apply to certain investors that do not provide identification information with respect to interests issued by the Bank. If a withholding tax in respect of FATCA were to be deducted or withheld from any payments, neither the Bank nor any other person will pay to investors additional amounts as a result of the deduction or withholding.

Similarly, the Common Reporting Standard (“**CRS**”) is a global level uniform standard for the automatic exchange of financial account information. India has signed the Multilateral Competent Authority Agreement (“**MCAA**”) for CRS. Under this standard, jurisdictions other than the United States may obtain financial information from their financial institutions and exchange that information with other jurisdictions on an automatic annual basis.

Section 285BA of the Income Tax Act, 1961 permits reporting by Indian financial institutions. New rules, 114F to 114H, have been released by the Central Board of Direct Taxes through a notification dated August 7, 2015, as part of the Income-Tax Rules, 1962, to address the procedural requirements of both FATCA and CRS.

**91. *We will not receive any proceeds from the Offer for Sale.***

The Issue comprises of the Fresh Issue and the Offer for Sale by the Selling Shareholders. Accordingly, our management will have discretion in utilizing the proceeds from the Fresh Issue and we will not receive any proceeds from the Offer for Sale. For more information, please see the section titled “*Objects of the Issue*” on page 117.

**92. *Investors bear the risk of fluctuation in the price of the Equity Shares.***

There has been no public market for the Equity Shares prior to the Issue and the trading price of the Equity Shares may fluctuate after the Issue. The Issue Price of the Equity Shares in this Issue will be determined by our Bank in consultation with the GCBRLMSs and the BRLMs pursuant to the Book Building Process, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. Following the Issue, the Equity Shares are expected to trade on the NSE and BSE; however, there can be no assurance that active trading in the Equity Shares will develop after the Issue or, if such trading develops, that it will continue. Investors may not be able to rapidly sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares.

In addition, the price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial condition and the financial condition of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures; and
- the present state of our development.

Further, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

**93. *Our ability to attract foreign investors may be limited, which may adversely affect the market price of our Equity Shares post listing.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions and sectoral limits) if they comply with the applicable pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the specified exceptions, then the prior approval of the RBI and/or FIPB will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all.

Under the applicable provisions of FEMA, the aggregate permissible foreign investment (including foreign direct investment and investment by FPIs or NRIs) in a private sector bank, such as ours, is limited to an aggregate of 49.00% of the paid up capital under the automatic route, which may be increased up to 74.00% under the government route, i.e. pursuant to an approval from the FIPB. In this regard, pursuant to an approval dated December 28, 2012 granted by the FIPB, foreign investment of up to 55.00% was permitted in our Bank. Further, pursuant to a letter dated January 14, 2015, the FIPB has granted approval to our Bank for an initial public offer of its equity shares to residents and non-residents, including foreign portfolio investors, foreign institutional investors and foreign venture capital investors, and thereby increased the aggregate foreign investment from the approved 55% to 74% subject to condition that the amount of FDI inflow shall not exceed ₹ 11,500 million. Consequently, with respect to the Issue, and after adjusting the Pre-IPO Placement, the maximum allotment to non-resident shareholders will have to be restricted to ₹ 6,625 million. This cap may have an impact on the allotment to applicants in the non-resident category. Further, in any case, the shareholding of a single FPI, FII or sub-account of a registered FII are required to be restricted to below 10.00% of our paid-up capital. If foreign investment in our Bank, including investment by FPIs/FIIs, reaches any of the above mentioned thresholds, the ability of foreign investors to purchase our Equity Shares may be limited. While delaying an investor's ability to sell Equity Shares of the Bank, this may also lead to reduced liquidity of our Equity Shares and may have an adverse impact on the market price of our Equity Shares post listing.

**94. *Significant differences exist between GAAP as applied in India and other accounting principles with which investors may be more familiar.***

Our financial statements are prepared in conformity with Indian GAAP as applicable to banks. GAAP as applied in India differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and accounting standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our financial statements. As there are significant differences between GAAP as applied in India and IFRS and between GAAP as applied in India and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP. The significant accounting policies summarized in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Our Bank*" on page 390 have been applied in the preparation of our financial statements. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in this Prospectus.

**95. We will be required to prepare financial statements under IND-AS from April 1, 2018 onwards. We have not determined with any degree of certainty the impact of such adoption on our financial reporting.**

The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the “**Ind-AS**”). The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. For banking companies, non-banking finance companies and insurance companies, prepare IND-AS based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. The RBI, by its circular dated February 11, 2016, requires all scheduled commercial banks to comply with IND-AS for financial statements for the periods stated above. The RBI does not permit banks to adopt IND-AS earlier than the above timeline and the guidelines also state that the RBI shall issue necessary instruction, guidance, and clarification on the relevant aspects for implementation of the IND-AS as and when required. Accordingly, we will be required to report our financials as per IND-AS from April 1, 2018 onwards. Our Bank has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Further, the new accounting standards may change, among other things, our Bank’s methodology for estimating allowances for probable loan losses and for classifying and valuing our investment portfolio and revenue recognition policy. There can be no assurance that our Bank’s financial condition, results of operations, cash flows or changes in shareholders’ equity will not appear materially worse under IND-AS than under Indian GAAP. In our Bank’s transition to IND-AS reporting, the Bank may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system’s implementation and application. There can be no assurance that our Bank’s adoption of IND-AS will not adversely affect our reported results of operations, cash flows or financial condition and any failure to successfully adopt IND-AS could adversely affect our Bank’s business, financial condition, cash flows and results of operations.

### **Prominent Notes**

- Public issue of 53,909,628<sup>\*</sup> Equity Shares for cash at a price of ₹ 225 per Equity Shares including a share premium of ₹ 215 per Equity Share, aggregating to ₹ 12,129.67 million<sup>\*</sup> consisting of a Fresh Issue of 37,000,000<sup>\*</sup> Equity Shares aggregating to ₹ 8,325.00 million<sup>\*</sup> by our Bank and an Offer for Sale of 16,909,628<sup>\*</sup> Equity Shares aggregating to ₹ 3,804.67 million<sup>\*</sup> by the Selling Shareholders. This Issue would constitute 14.58%<sup>\*</sup> of the fully diluted post-Issue paid-up capital of our Bank. Our Bank has made a Pre-IPO Placement of 25,000,000 Equity Shares for cash consideration aggregating to ₹ 4,875 million.  
*\* Subject to finalisation of Basis of Allotment*
- The restated net worth of our Bank as of March 31, 2016 was ₹ 29,882.38 million.
- The net asset value per Equity Share was ₹ 92.02 as of March 31, 2016, as per our restated financial statements. *(Net asset value per equity share (₹) = Net worth excluding revaluation reserve as at the end of the year (or period) / Number of equity shares outstanding at the end of the year (or period)).*
- Our Bank is a professionally managed company and does not have a promoter either in terms of the SEBI Regulations (as hereinafter defined) or in terms of the Companies Act, 2013, and consequently does not have any promoter group, in terms of the SEBI Regulations.
- There are no financing arrangements pursuant to which our Directors or their immediate relatives have financed the purchase of Equity Shares by any other person during the six months preceding the date of this Prospectus.
- Except for transactions with SFPL and SIMS, wherein SFPL and SIMS provide services as a business correspondent to our Bank, there are no business interests of our Group Companies in our Bank.



- In Fiscal 2016, the cumulative value of transactions with SFPL and SIMS (other than as customers of the Bank) was ₹ 1.45 million and ₹ 280.58 million respectively.
- For information on changes in our Bank's name, Registered Office and Corporate Office and changes in the object clause of the MoA of our Bank, see section titled "*History and Certain Corporate Matters*" on page 210.
- The average cost of acquisition of Equity Shares by Beacon and GPE is ₹ 66.68 and ₹ 73.71 respectively. Further, the average cost of acquisition of Equity Shares by Elephant India Finance Private Limited, Capvent India Private Equity Fund Limited and Gaja Trustee Company Private Limited (on behalf of Gaja Capital India Fund I), some of the Category I Selling Shareholders, is ₹ 66.10, ₹ 66.00 and ₹ 69.38 respectively.
- Except as disclosed in the section titled "*Related Party Transactions*" on page 245 there have been no transactions between our Bank and Key Management Personnel during the last year.
- Any clarification or information relating to this Issue shall be made available by the GCBRLMs and the BRLMs and our Bank to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. The GCBRLMs and the BRLMs shall be obligated to provide information or clarifications relating to this Issue. Investors may contact the GCBRLMs and the BRLMs for any complaints pertaining to this Issue. For further information on the GCBRLMs and the BRLMs, see the section titled "*General Information*" on page 82.
- All grievances relating to the ASBA process must be addressed to the Registrar to the Issue with a copy to the concerned Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number, Bidders' DP ID, Client ID, PAN and the Designated Branch of the SCSBs and the details of the Syndicate Bidding Centre where the Bid cum Application Form was submitted.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the GCBRLM or the BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*The information in this section has been extracted from publicly-available documents, including officially-prepared materials from the Government of India and its various ministries, the RBI and its publications, trade, industry or general publications and other third-party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, nor any of the GCBRLMs or BRLMs or any of their advisors, and should not be relied on as if it had been so verified.*

#### **Growth Potential of the Indian Banking Industry**

The Indian banking sector remains underpenetrated in comparison to other countries. Even though the reach and scope of banking has increased in India, the demand for financial services remains unsatiated. Only approximately 40% of adult population has formal bank accounts. Many of the measures and steps taken by the RBI in recent years reaffirmed its commitment to financial inclusion. (Source: Speech “Differentiated Banks: Design Challenges” by Shri R. Gandhi, April 20, 2015)

#### **Bank Accounts, ATMs and points-of-sale**

Deposit accounts with commercial banks per 1,000 adults in India increased from 734 in 2012 to 1,358 in 2014. (Sources: *Perspectives on Banking in India*, Speech by Shri Deepak Mohanty, Executive Director, RBI, delivered at 5th Indian Chamber of Commerce (ICC) Banking Summit, at Kolkata on May 18, 2013; *International Monetary Fund*) However, only 45% of the urban residents and 32% of the rural residents in India had bank accounts as at January 7, 2014. (Source: *RBI, Report of Committee on Comprehensive Financial Services for Small Businesses and Low Income Households*) The Government of India has taken certain measures to improve this statistics. For instance, on August 28, 2014, it introduced a scheme for comprehensive financial inclusion known as “Pradhan Mantri Jan Dhan Yojana” (PMJDY). As of December 9, 2015, 195.2 million accounts have been opened and 166.7 million RuPay debit cards have been issued under PMJDY. (Source: *RBI’s Report on Trend and Progress of Banking in India, 2014-15*)

The number of ATMs and points-of-sale in India increased significantly in recent years. The number of ATMs and points-of-sale increased at a CAGR of 20.10% and 18.63%, respectively, from 95,686 and 660,920 in Fiscal 2012 to 199,100 and 1,308,981 in Fiscal 2016, respectively. (Source: *RBI’s Bankwise ATM/POS/Card Statistics*) However, based on the 2014 data, the number ATMs per 100,000 adults in India remained lower than in certain other countries. (Source: *World Bank Data*)

#### **Deposits**

The Indian banking sector has grown at a healthy pace, as deposits with scheduled commercial banks have grown at a CAGR of 16.56% during Fiscal 2007-2015 and reached ₹88.99 trillion in Fiscal 2015. (Source: *RBI’s Basic Statistical Returns of Scheduled Commercial Banks in India*) The aggregate deposits with scheduled commercial banks increased by 14.6% in March 2014, as compared to 14.2% in March 2013. (Source: *Ministry of Finance Department of Economic Affairs, Economic Division, Monthly Economic Report, March 2014*) The growth of aggregate deposits with scheduled commercial banks, however, decelerated to 10.9% in March 2015 from 14.6% in March 2014. (Source: *Ministry of Finance Department of Economic Affairs, Economic Division, Monthly Economic Report, March 2015*)

#### **Assets**

The assets base for the Indian banking sector has continued to expand in recent years. Total banking sector assets increased at a CAGR of 13.98% from ₹40,756.47 billion as at end of March 2011 to ₹68,784.73 billion as at end of March 2015. (Source: *RBI’s Basic Statistical Returns of Scheduled Commercial Banks in India*)

## **Indian Commercial Banking**

The slowdown in growth in the balance sheets of banks witnessed since Fiscal 2011-12 continued during Fiscal 2014-15. The moderation in assets growth of scheduled commercial banks was mainly attributed to tepid growth in loans and advances to below 10%. (Source: RBI, Report on Trend and Progress of Banking in India, 2014-15) Growth in investments also slowed down marginally. The decline in credit growth reflected the slowdown in industrial growth, poor earnings growth reported by the corporates, risk aversion on the part of banks in the background of rising bad loans and governance related issues. Further, with the availability of alternative sources, corporates also switched part of their financing needs to other sources such as external commercial borrowings (ECBs), corporate bonds and commercial papers. On the liabilities side, growth in deposits and borrowings also declined significantly. Bank-group wise, public sector banks witnessed deceleration in credit growth in Fiscal 2014-15; private sector banks and foreign banks, however, indicated higher credit growth. (Source: RBI, Report on Trend and Progress of Banking in India, 2014-15)

### **Credit-Deposit**

#### *Credit*

According to the RBI, the aggregate gross bank credit, outstanding as at June 31, 2015 was ₹66,281 billion. Data on sectoral deployment of credit, which constitutes about 95% of the total bank credit by scheduled commercial banks, indicated that deceleration in credit off-take in Fiscal 2014-15 was more pronounced with respect to the industry and services sectors, which together constituted about 68% of total non-food credit. Credit growth in the services sector was weighed down by its major components: trade and non-banking financial companies (NBFCs) that accounted for nearly 48% of the total credit to the services sector. In the industrial sector, growth slowed down across sectors, particularly for infrastructure, basic metals and food processing. The sectors which witnessed lower incidence of NPAs such as personal loans saw higher growth during the year. (Source: RBI's Annual Report, 2014-15)

#### *Deposits*

Growth in current account and saving account (CASA) deposits moderated due to decline in saving deposits which in turn got reflected in deceleration in overall deposit growth. Bank-group wise, public sector banks recorded decline in CASA deposits while private sector banks and foreign banks recorded higher growth during Fiscal 2014-15. (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

#### *Outstanding Credit-Deposit Ratio*

In 2014-15, credit-Deposit (C-D) ratio of the scheduled commercial banks stood at around 78%, same as that of 2013-14. Among the bank-groups, the C-D ratio of the private sector banks improved marginally with the other constituents recording a decline in the year 2014-15. There was a slight moderation in the outstanding credit deposit ratio for all major bank groups except for the SBI and foreign bank groups. (Source: RBI's Financial Stability Report (including on Trend and Progress of Banking in India, 2014-15)

### **Asset Quality**

During the year 2014-15, asset quality concerns resulting in risk aversion were considered to be one of the major factors underlying the current slowdown in credit. Public sector banks, which recorded higher NPA ratios, experienced a sharp decline in credit growth. On the other hand, private sector banks with lower NPA ratios posted higher credit growth. Asset quality indicators of the banking sector, which had suffered significantly during the year 2012-13, have worsened further in the years 2013-14 and 2014-15. Although data indicated worsening asset quality across bank groups during the years 2013-14 and 2014-15, it continued to be led by public sector banks. (Source: RBI's Annual Report, 2014-15)

### **Profitability**

In addition to softening interest rates, banks' interest earnings were adversely affected by low credit growth during the year 2012-13. Interest expended also grew at a slower pace during the year but its growth was higher than that of interest earned, thereby putting a downward pressure on the growth in both operating and net profits of banks.

Return on assets (RoA), the most commonly used indicator of profitability, showed a further reduction by about 5 basis points in the year 2012-13, amounting to 1.1 for all scheduled commercial banks. This reduction was discernible in the case of public sector banks in general, and nationalized banks in particular. On the other hand, new private sector banks and foreign banks reported an increase in RoA in the year 2012-13. Although the interest income of new private sector banks and foreign banks posted a lower growth during the year, they managed to maintain their profits growth through a reduction in the increase of their operating expenses, particularly wage bill. (Source: *RBI's Report on Trend and Progress of Banking in India, 2012-13*) RoA for all scheduled commercial banks was further reduced to 0.8 in the year 2013-14 and remained constant at 0.8 as of the end of September 2014. (Sources: *RBI's Annual Report 2013-14*; *RBI's Financial Stability Report (including on Trend and Progress of Banking in India, 2013-14) Issue No. 10, December 2014*) During Fiscal 2014-15, RoA remained at the same level as previous year while return on equity dipped marginally. (Source: *RBI's Report on Trend and Progress of Banking in India, 2014-15*)

### **Capital Adequacy**

During the year 2012-13, the capital to risk-weighted assets ratio (CRAR) under both Basel I and II remained well above the stipulated 9% for the system as a whole as well as for all bank groups, indicating that the Indian banks remained well-capitalized. However, when compared to previous years, the CRAR of public sector banks and scheduled commercial banks showed a declining trend. As these banks migrate to the advanced Basel III framework, it is expected that both the quantity and quality of capital will need to be improved. (Source: *RBI's Report on Trend and Progress of Banking in India, 2012-13*)

The CRAR of scheduled commercial banks declined from 13.9% as at the end of March 2013 to 13.0% as at the end of March 2014, and further declined to 12.8% as at the end of September 2014. (Sources: *RBI's Annual Report, 2013-14*; *RBI's Financial Stability Report (Including Trend and Progress of Banking in India, 2013-14) Issue No. 10, December 2014*)

The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and is set to be fully implemented by March 31, 2019. India has been in the forefront in terms of adopting capital adequacy norms as per the Basel III framework and has stipulated CRAR higher than recommended by the BCBS. In January 2015, India introduced a simple, back-stop, non-risk based measure of leverage in the form of an indicative Leverage Ratio of 4.5% as part of a parallel run till the final norms for the same are prescribed by the BCBS. This ratio is expected to supplement the risk based CRAR in monitoring excessive risk-taking and build-up of on and off-balance sheet leverage by banks. (Source: *RBI's Publication "Perspective and Policy Environment", December 23, 2015*)

### **Industry Outlook**

The weakening domestic macroeconomic conditions combined with continuing subdued global growth and its increasing spillover risks posed challenges to the banking sector during the year 2012-13. The growth of the Indian banking sector moderated further during the year 2013-14. Several policy initiatives were undertaken during recent years to handle these challenges. On the regulatory and supervisory policy front, the envisaged move towards risk-based supervision, initiatives for improved cross-border supervision and cooperation and enhanced oversight of financial conglomerates became important. In the short-term, the stress on banks' asset quality remains a major challenge. The credit quality of banks has deteriorated over the last few years. Gross NPAs increased from 2.4% of gross advances in March 2011 to 4.4% in December 2013, before declining to 4.1% in March 2014. Yet, it increases from 4.1% in March 2014 to 5.4% in September 2014. Net NPAs showed similar trends and increased from 2.2% in March 2014 to 2.5% in September 2014. Banks need to not only follow the various measures put in place by the RBI and the Government of India effectively for resolution and recovery of bad loans but also strengthen their due diligence, credit appraisal and post sanction loan monitoring systems to minimize and mitigate the problems of increasing NPAs. Many policies are contemplated to expand and strengthen the banking infrastructure. Banks need to capitalize on these and play a major role in supporting economic activity and meeting the financial needs of all the sections of society. (Sources: *RBI's Report on Trend and Progress of Banking in*

*India, 2012-13; RBI's Annual Report, 2013-14; RBI's Financial Stability Report (Including Trend and Progress of Banking in India, 2013-14) Issue No. 10, December 2014)* In 2015, Moody's Investors Service has changed its outlook for India's banking system from negative to stable because of the gradual improvement in the operating environment for Indian banks. Further, for the Indian economy and the Indian banking industry, the outlook for growth is improving gradually with a sense of optimism stemming from the Government of India's measures to revitalize industry growth and the RBI's new measures to restructure the domestic banking industry. (Source: *RBI's Annual Report, 2014-15*)

## SUMMARY OF BUSINESS

*The following information should be read together with the information contained in the sections titled “Risk Factors,” “Industry Overview,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank” and “Financial Statements” on pages 15, 127, 390 and 247, respectively, of this Prospectus. Unless the context requires otherwise, the financial information of our Bank used in this section is derived from our Restated Financial Information. In this section, a reference to the “Bank” or “our Bank” means RBL Bank Limited.*

### Overview

We are one of India’s fastest growing private sector banks in the last six years. Our Bank has cultivated a customer-centric culture where we use our industry domain knowledge, experience and technology with the goal of satisfying the client’s complete banking needs. We offer a comprehensive range of banking products and services customized to cater to the needs of large corporations, small and medium enterprises (“SMEs”), agricultural customers, retail customers and development banking & financial inclusion (low income) customers. We have been expanding our presence across India through a growing network of branches and ATMs and upgrading our traditional delivery channels with modern technology-enabled channels like phone banking, internet banking and mobile banking. As of March 31, 2016, we had 197 interconnected branches and 362 interconnected ATMs spread across 16 Indian states and union territories serving approximately 1.90 million customers.

We have a long history in India, with operations since 1943 when our Bank was incorporated as a small, regional bank in Maharashtra with two branches in Kolhapur and Sangli. In August 1959, we were categorized as a “scheduled commercial bank” within the meaning of the Reserve Bank of India Act, 1934. Though our Bank has a 73-year operating history, we have transformed ourselves in the past six years from a traditional bank into a ‘New Age’ bank while harnessing our heritage, relationships with customers and domain strengths. Our transformation commenced in 2010 during the difficult economic period following the global financial crisis as well as the economic slowdown that followed in India. Our Board and management envisioned a professionally governed and managed institution, built on the platforms of knowledge, sector expertise and technology. As part of our transformation, we focused on three pillars while laying the foundation for growth:

- 1) Putting in place a robust corporate governance framework and processes, including strengthening our board of directors;
- 2) Broad-basing our shareholder and capital base by raising institutional capital; and
- 3) Building our management team by attracting high quality and experienced banking professionals.

As a result of this transformational journey, which started in 2010, we believe that our Bank now has:

- a quality management team and a pool of talented and dedicated employees;
- a strong operating platform built on the foundation of the above pillars;
- a significantly larger new customer base as well as expanded and stronger relationships with existing customers;
- a comprehensive product suite and an enhanced customer experience;
- a multi-channel distribution network including new branches, ATMs and mobile and internet platforms;
- a robust modern technology infrastructure; and
- a new brand identity, “RBL Bank”, backed by strong marketing and communication plans.

During this period:

- Our total income has grown from ₹5,322.16 million in Fiscal 2012 to ₹32,348.50 million in Fiscal 2016, which represents a CAGR of 57.02% for the past four fiscal years.
- Our other income has increased from ₹671.33 million in Fiscal 2012 to ₹4,905.43 million in Fiscal 2016, which represents a CAGR of 64.42% for the past four fiscal years.
- Our net profit after tax has increased from ₹650.98 million in Fiscal 2012 to ₹2,924.85 million in Fiscal 2016, which represents a CAGR of 45.59% for the past four fiscal years.
- Our deposits grew from ₹47,393.31 million at the end of Fiscal 2012 to ₹243,486.51 million at the end of Fiscal 2016, which represents a CAGR of 50.55% for the past four fiscal years.
- Our advances grew from ₹41,322.69 million at the end of Fiscal 2012 to ₹212,290.83 million at the end of Fiscal 2016, which represents a CAGR of 50.54% for the past four fiscal years.

As part of our growth strategy, we acquired certain Indian businesses of the Royal Bank of Scotland (“RBS”), including RBS’s business banking, credit card and mortgage portfolio businesses, in Fiscal 2014. This acquisition has added to our existing businesses, enabling us to expand our scale of operations and geographic presence. More importantly, as part of this acquisition, we also integrated an experienced team of RBS employees associated with these businesses. The industry and technical knowledge brought in by this team has helped us in strengthening our service architecture, designed to meet the requirements of business banking customers and offer new products like our own credit cards and various high value transaction services. We believe that the experience gained in acquiring businesses from RBS will assist us in both finding and integrating suitable opportunities as our Bank continues to grow.

Our branch network, which was historically concentrated in south western Maharashtra and northern Karnataka, has now expanded across India through a growing network of branches and ATMs. During Fiscal 2015 and Fiscal 2016, we opened 25 new branches across various states including in the key cities of Kolkata, Delhi, Mumbai, Chennai and Bangalore. Our distribution network included 362 interconnected ATMs as of March 31, 2016. In addition, we have digital banking channels including mobile banking, internet banking and phone banking/IVR. We have developed micro-payment and branchless banking solutions as well as a business correspondent network to expand our customer reach beyond the traditional branch service area.

Our business segments consist of corporate and institutional banking (“C&IB”), commercial banking (“CB”), branch and business banking (“BBB”), agribusiness banking (“AB”), development banking and financial inclusion (“DB&FI”) and treasury and financial markets operations. By combining integrated solutions with our capabilities across our businesses we aim to be “the Bank of Choice” for our customers. One of the core tenets assimilated within each of our business segments is to cross-sell the products and solutions of our entire Bank. We believe that this enhances customer loyalty with our Bank and helps improve our overall share of the customer wallet. For more details on these business segments please see the sub-section “*Strategy & Business Operations*” on page 69.

We have received a number of awards and recognitions in the past, including:

- “Best Corporate Payment Project” by The Asian Banker Achievement Awards (Technology Innovation Awards) in 2016;
- MasterCard Innovation Awards for our debit card program in 2016;
- “Best Bank Overall (Small)” and “Best Bank (Quality of Assets)” by Business Today – KPMG Best Bank Survey in 2015;
- “The Best Bank – Priority Sector Lending (Private Sector)” by Dun & Bradstreet Banking Awards in 2014 and 2015;

- “Global Growth Company” by the World Economic Forum in 2014;
- “The Fastest Growing Small Bank” by Business World Magna Awards – PwC Best Bank Survey in 2013, 2014 and 2015; and
- “India’s Best Bank (Growth) in the Mid-Sized Bank segment” by Business Today – KPMG Best Bank Survey in 2012, 2013, 2014 and 2015.

### **Key Pillars for Growth**

We believe that the following three pillars form the foundation for our growth strategy.

#### ***Strong board and corporate governance***

We have built a strong and independent board of directors. The breadth of experience of our board coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. Our board and management team looks to encourage innovation and business growth within a framework of strong risk management and decision making processes. The board is also focused on building the talent pool of the Bank. This, we believe, allows us to build a solid, scalable and institutionalized banking franchise.

#### ***Strong shareholder and capital base***

Through our four rounds fundraisings since 2010, we now have a diversified shareholder base that includes well-recognized global and Indian institutions, global private equity firms with vast footprints and experience and Indian private equity firms with strong national roots and knowledge.

A strong capital base is a pre-requisite for growth in the banking industry. As of March 31, 2014, 2015 and 2016, our capital adequacy ratio was, 14.64% (Basel III), 13.13% (Basel III) and 12.94% (Basel III), respectively. Our philosophy is to maintain a robust capital base to support continuous business growth within a strong risk management framework. As of March 31, 2016, our capital adequacy ratio was 12.94% (of which Tier 1 was 11.10%). We have comfortably met the capital requirements under the Basel III Requirements as per the RBI’s new capital adequacy guidelines, which came into effect on April 1, 2013.

#### ***Experienced and professional management team***

We have a professional management team that has well-diversified track record of experience in the banking industry. Our senior management has a strong pedigree in the banking and financial services space with many of them having held senior positions with leading banks and insurance companies, including Bank of America, Citibank N.A., UBS, ABN AMRO Bank, HDFC Bank, Deutsche Bank AG, ICICI Bank and Standard Chartered Bank. All members of our senior management team bring with them substantial experience and in-depth knowledge of banking operations & management as well as a history of significant corporate relationships. This team is responsible for formulating our strategy, managing new business segments, diversifying the business mix, putting in place a strong operating and technology platform, expanding our branch and distribution network, deepening customer relationships and repositioning the brand as a modern and customer-centric banking institution. We believe that our management’s capabilities, strong reputation, extensive network of industry relationships and considerable experience in financial services and banking will help us to scale up further and build a high quality and pre-eminent franchise in the years to come.

### **Our Strengths**

In addition to a strong board and corporate governance structure, well-capitalized balance sheet and management depth, we believe that we have the following strengths:

#### ***Client focused approach to business resulting in growing brand recognition***



We have created a customer-centric culture where we look to satisfy each client's complete banking needs by tailoring our products and services as required for the client rather than become a product-focused organization. We use our branches and our technological and digital banking capabilities to develop and enhance our knowledge of the customer requirements, industry sectors, businesses and local environments. We believe that one of our competitive strengths has been our success in leveraging this understanding to provide valuable and timely banking and transactional solutions for our customers and effectively cross-selling these products and services to them.

### ***Robust multi-channel distribution system***

We offer our services and products through a multi-channel distribution network comprised of 197 interconnected branches and 362 interconnected ATMs as of March 31, 2016. Our delivery channels also include internet banking, phone banking and mobile banking. We have developed a cost-effective micro-payment and branchless banking solution by establishing points of collection and aggregation at over 32,000 transaction points to cover a larger geographical territory and customer base. These transaction points are the outlets of our partner business correspondents and their agents which typically have high volumes of cash transactions. In addition, we have micro-ATMs (new handheld tablets) used primarily in our DB&FI business in rural and semi-urban areas. We believe our extensive presence and variety of distribution channels increases our ability to acquire and retain customers and enables us to provide better service to our existing customers.

While our branch network was historically concentrated in Maharashtra, we have grown our branch network in terms of both numbers as well as geographical reach. During Fiscal 2015 and Fiscal 2016, we opened 25 new branches across various states including in the key cities of Kolkata, Delhi, Mumbai, Chennai and Bangalore. We believe that the proximity of our branches to our target client-base (*e.g.*, retail, SMEs and MSMEs) gives us a competitive advantage. We intend to continue to expand our coverage to the key commercial centers of India in the short- to medium-term.

### ***Partnerships, investments and acquisitions that expand our reach in rural markets***

To develop our AB and DB&FI businesses, we are entering into partnerships and invest in/acquire companies to extend our reach in rural and semi-urban India and unbanked parts of urban and metro India. We have entered into exclusive partnership agreements with select business correspondents in relation to these businesses to originate client business – spanning loans, savings accounts, insurance, etc. In addition, these partners help us in establishing significant number of transaction points across many states which enable us in providing payments and other banking services across underbanked and unbanked India. We are selecting partners with strong local relationships that can benefit from our product offering, technology and distribution network. Each partnership is tethered to one or more of our branches and helps to extend our coverage area beyond the traditional branch service area. Our partners use our branding to offer our banking services to their relationships and we work together to deliver products across a widespread customer base and also cross-sell new products, further deepening these relationships. We have also recently acquired a minority stake in Swadhaar FinServe Private Limited, a business correspondent engaged in offering of products and services to inadequately served sections of businesses, households and enterprises, for a consideration of approximately ₹205 million. In Fiscal 2017, Swadhaar FinServe Private Limited will be our associate as our stake in Swadhaar FinServe Private Limited is greater than 20%. Further, the Bank is considering a purchase of a minority stake in Utkarsh Micro Finance Private Limited, an applicant for a small finance bank license, subject to regulatory approvals.

### ***Growing net interest and non-interest income***

Our net interest income (defined as total interest earned less total interest expended) has grown from ₹1,867.91 million in Fiscal 2012 to ₹8,192.07 million in Fiscal 2016, which represents a CAGR of 44.71% for the past four fiscal years. This is primarily driven by an increase in our advances from ₹41,322.69 million in Fiscal 2012 to ₹212,290.83 million in Fiscal 2016.

We have focused on increasing the share of non-interest income across our client segments. As a result, the share of our non-interest income increased from 26.44% of our net total income (defined as the sum of the interest income and other income less interest expense) in Fiscal 2012 to 37.45% in Fiscal 2016 due to growth of our foreign

exchange, treasury, income from letters of credit, guarantees, third party non-interest based income (including commissions from sale of insurance products and brokerage on marketing of mutual funds), general bank charges, demat services, maintenance charges, credit card revenue and other charges.

### ***Risk management and balance sheet focus***

We believe that a robust risk management system is one of the key components to our long-term success. Our risk management function is overseen by our Risk Management Committee (RMC), an independent board-level sub-committee that develops specific policies, frameworks, processes and systems for effective management of various risks. The risk management function covers credit, market and operational risks. Our policies are continuously reviewed and updated for changes in the regulatory and market environment. Our risk management structure – both people and systems – is subjected to regular update. We have a dedicated risk management department, headed by a Chief Risk Officer and supported by specialized risk management teams for each business to ensure that we understand specific segmental and business risks and undertake daily risk management tasks including risk assessment, measurement, control and reporting. In addition, we have invested in technology platforms to identify and monitor our risks.

Our Audit Committee, an independent board-level sub-committee of our Board, provides direction to, and monitors the quality of the internal audit function, risk management and control environment, including the adequacy of internal controls through audits. The internal audit function conducts risk-based internal audit of branches as well as credit audits that include reviewing the pre-sanction, post-sanction and monitoring processes of our Bank.

Our risk management process begins with client-selection and screening of customers, thorough documentation and use of systems and technologies such as early warning systems to continuously monitor the health of our portfolio. As a result of our focus on the effective risk management, we have been able to maintain our asset quality amidst challenging macro environment. We believe that our asset quality numbers are within the best in the industry. Our gross NPAs stood at 0.77% and 0.98% as of March 31, 2015 and March 31, 2016, respectively, and our net NPAs stood at 0.27% and 0.59% as of March 31, 2015 and March 31, 2016, respectively. Our restructured loans (defined as standard restructured assets) as a percentage of net advances stood at 0.55% and 0.09% as of March 31, 2015 and March 31, 2016, respectively. Our provision coverage ratio stood at 68.28% and 55.87% as of March 31, 2015 and March 31, 2016, respectively. For the reference, the average gross NPA and net NPA levels and restructured advances as a percentage of gross advances of public sector, private sector and foreign banks for the periods indicated are shown in the table below:

	Gross NPA Ratio As of		Net NPA Ratio As of		Restructured Structured Advances to Gross Advances As of	
	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014
Public sector banks	3.8	4.7	2.0	2.7	7.2	7.2
Private sector banks	1.9	1.9	0.5	0.7	1.9	2.3
Foreign banks	3.0	3.9	1.0	1.1	0.2	0.1
<b>Aggregate</b>	<b>3.4</b>	<b>4.1</b>	<b>1.7</b>	<b>2.2</b>	<b>5.8</b>	<b>5.9</b>

(Sources: Off-site returns covering domestic operations of banks; RBI's Annual Report, 2013-14)

For details and further information, see the section titled “*Our Industry–Indian Commercial Banking–Asset Quality*” on page 153. We intend to continue to improve and refine our risk management tools and systems, to identify stresses in our portfolio and take pre-emptive measures, such as early warning review and review of watch-listed accounts. For our stressed assets, we undertake measures such as increased follow-up, researching accounts to help identify opportunities to revive stressed assets, turning sooner to settlement or legal action, using recovery processes and identifying stressed accounts early so that we are able to work with clients to improve their situation.

### ***Modern and scalable information technology systems infrastructure***

We believe that we have built an IT infrastructure that is designed to support our network expansion plans and business growth.

The use of information technology is an integral part of our customer-focused approach as it enables our clients to control when, where and how they want to do business with us. We also believe that technology is becoming the last mile connector to our customers as they increasingly opt for alternate delivery channels such as phone banking, mobile banking and internet banking. We strongly emphasize technology in our business as a means of improving the efficiency, reliability and competitiveness of our business operations. The use of technology also enables us to analyze, address and deliver a seamless customer fulfillment experience. Increasing adoption of technology by customers means that we need to constantly ensure that our systems and processes are geared up to deliver optimal services in a secure environment.

We are focused on leveraging technology for client management and creating customer-centric/ multi-channel solutions. Our IT deployment strategy is to do quick prototyping, establishing short learning curves and rapidly scaling up. The use of technology enables us to analyze, address and deliver a seamless customer fulfillment experience.

### ***Focus on operational quality and scalability***

Increasing use of technology means that more and more customers interface with our operational platforms making it increasingly important for us to provide quality service across all customer touchpoints – branches, ATMs, phone banking, internet banking and email channels. We believe that consistent quality, competitive turnaround times and system reliability are core service differentiators. It is essential that all of these operations run with precision, skill and, in some cases simplicity, to ensure customer satisfaction. We have, therefore, equipped our Bank with the technology, operational and support teams to underpin our business segments, branches and other distribution channels.

We aim to leverage technology as an enabler and force multiplier, facilitate the ease of execution of transactions through the automation of several processes, implementation of ‘straight through processing’ of many customer requests such as cheque book replenishments, account transfers and deposit bookings. In addition to normal cash withdrawal, balance enquiry and statement generation functions, we have implemented enhanced functionalities at our ATMs.

We have implemented various customer satisfaction measures that enable us to monitor compliance with service-level agreements across our relevant operational units and provide an efficient information platform to support effective decision-making. We arrange regular training and skill development programs for our employees to increase operational efficiencies and customer service conducted by our internal teams or external agencies. We received accreditation of ISO 9001 in Fiscal 2013 for our central liability operations.

As we are a fast growing bank with a rapid expansion of our product offerings, branches and customer base, the scalability of our operations in a secure framework, while ensuring a high level of quality service, is essential. We believe that our cloud-based IT systems, our simplified operational processes and our experience in opening new branches and developing new products give us an advantage in replicating the same as we grow, with increasingly shorter turnaround times. We believe that the scalability of all operations in a cost-effective manner while maintaining a high standard of services is essential to growing our banking business profitably.

## **OUR STRATEGY & BUSINESS OPERATIONS**

Our strategy is to leverage our strengths and guiding principles to continuously adapt and lead within a dynamic and competitive landscape. In particular, we intend to focus on the following differentiating strategies adapting them to the specific needs and requirements of our customers:

### ***Become a “Bank of Choice” by building relationships through trust and respect of our customers***

We believe that banking is no longer merely a single product or service but a complete, tailor-made comprehensive solution designed to address customer’s needs based on a holistic understanding of their requirements. We have created a customer-centric culture where we look to satisfy the needs of our customers with quality products and services delivered in a timely and responsive manner to enhance customer experience. We aim to use our deep knowledge of industry sectors and of our clients to tailor valuable banking and transactional solutions for them. For

instance, under our process re-engineering project we have recalibrated the way we conduct our business to ensure that our employees, systems and processes are suitably geared to provide an optimal customer experience and create a leading service organization.

This approach manifests in the way we hire, train and evaluate our people. Moreover we believe our sales practices, client segmentation, wallet-sizing, and inter-division co-ordination is structured to deliver a holistic solution to the clients based on their needs and requirements. Over the last few years and in the near future we continue to add to our product and service portfolio through internal development and strategic partnerships. Our technology investments to date and increasingly in the future will be benchmarked to deliver client solutions.

We use a customer-centric approach across all our business segments and locations. In order to provide these services across India we will continue to expand our network of branches and ATMs suitably. We have also entered into partnerships with certain entities to offer additional products like insurance and brokerage accounts to our customers. We will continue to develop expertise and expand our AB and DB&FI segments with the focus on underserved semi-urban and rural areas using our customer knowledge, strategic partnerships and digital banking solutions to build long-term customer relationships. We strive to deliver robust and cost-effective banking services promoting financial inclusion and growth and reducing social inequalities. We recently launched our brand campaign with the tag line “Apno Ka Bank” focused on communicating the core philosophy of the Bank in a consumer-centric language.

#### ***Continue to increase our CASA base***

Achieving a strong and lasting CASA base is one of our core objectives. CASA is an integral part of every business segment's strategy with a focus on banking the entire wallet or balance sheet of the client. We believe that customers can keep healthy CASA balances once they start transacting with us across multiple products and services. In this respect, we have developed distinct strategies:

- *C&IB and CB* – We aim to ensure that the clients increasingly undertake their supply chain, non-fund and payments and collections business through our Bank. This requires product and technical capabilities and also a strong understanding of our clients' businesses and a coordinated approach of multiple internal departments to deliver the complete service experience to the client. Our current technology and product architecture allows us to gain an increasing share of this business.
- *BBB* –The core focus of our BBB strategy is to deal with clients who have a high need of intensive banking operations that is likely to lead to greater current account balances. We develop specific industry solutions (IT/ITES, leather, hospitals etc.) that are driven by knowledge of the sector, integrated packaging and seamless delivery. We expect that such specialized and complex measures would lead to greater differentiation for our services and help us in getting a higher share of the clients' current account flows. The current anchor for our CASA base is being strengthened by an expanding network of branches and ATMs into key economic centers and states with high per capita income as well as creating leading edge technology solutions in mobile and internet banking. While there are generic products and services, such as cheques, demand drafts and Real Time Gross Settlement (“RTGS”), which can lead to higher CASA balances, a more precise segmentation of the branch's catchment is very important to make the effort more productive. In this respect, we have refined our catchment-mapping, our training programs for our employees and client activity tracking. We cross-sell BBB products to meet the personal needs of CB and C&IB client base such as salary accounts, trust, insurance and wealth management needs. We have launched our premium wealth offering – ‘Insignia’ – to cater to the savings, investments and insurance needs of affluent high net worth clients – either marketed standalone or cross-sold into CB, C&IB and BBB segments. We also commenced efforts to target the NRI community.
- *AB and DB&FI* – Though AB and DB&FI segments have historically been seen as credit-led, our strategy is to integrate our lending products with savings, insurances and remittances to enable us to capture the entire transactional flows of the client. This has the secondary benefit of helping us keep track of the end-use of loans. This segment needs technology-enabled products and services that are not necessarily dependent on a bank branch or ATM presence. Our distribution network which encompasses our transaction points makes us more accessible to this client base.

We also plan to densify our presence in existing areas and expand into key economic centers and cover states in India with high per capita income with an affinity for Western India. We expect to grow our CASA ratio (determined as the sum of demand deposits and saving deposits divided by total deposits) by expanding our client relationships, growing our multi-channel distribution network including by adding more branches, improving our business mix, introducing new products and improving the service quality and efficiency of our non-branch delivery channels. Also, following RBI's deregulation of savings bank deposit rates, we have been able to offer higher savings rates to our customers, which has helped improve traction of new savings account openings.

For more details, please see the sub-section titled “*Grow and leverage our distribution network*” on page 71.

### ***Client segment strategy***

#### ***Increase the share of AB and DB&FI businesses***

While the early part of our transformation was highly dependent on CB and C&IB businesses, over the last couple of years we have scaled up our AB and DB&FI segments. This has helped us diversify our client base, increase the granularity of our revenue sources, improve our funding mix and lay the foundation for a loyal client base. These businesses offer significant market opportunities from the current demand-supply perspective and we believe that we offer a competitive value proposition for the clients in these segments. Our investments will be increasingly mapped to meet the needs of these segments. In the AB segment, our strategy is to cover the entire agricultural value chain and create a loyal customer base by offering a complete bouquet of value added products and services. In our DB&FI segment, we aim to offer a need-based customer service approach. We will continue to partner with select business correspondents, to expand our reach and provide last mile delivery of our products and services in rural India through transaction points. In addition, we will continue to develop customized product offerings and distribution capabilities like micro-payment, branchless banking and micro-ATMs.

#### ***Scale up our BBB businesses***

We see our BBB businesses as the significant provider of CASA, trade and branch services and a key source of fee income. Though we have made inroads into the segment, we believe that we still have large untapped opportunities in the metro, urban and commercial centers of India. Our focus is to cover them in the short- to medium-term with increasing share in the customer wallet. These businesses require a sharper segmentation of clients, active client tracking strategy to provide customized products and services and a high quality of consistent service delivery architecture through multiple channels. Much of this is predicated on modern technology and a trained human resource base. Our Bank has already made a significant progress in building this client base since 2010 and will continue to scale it up further.

#### ***Continue to build and leverage the strengths of our C&IB and CB businesses***

As part of our specific focus on building our C&IB and CB customer base, we intend to steadily grow these businesses in industries and segments that have good growth potential and build relationships among SMEs in the emerging segments, such as organized retail, e-commerce, logistics and consumer services. We will continue to monitor the needs of the identified market segments in order to formulate specific products to cater to the requirements of doing business in such segments. Our key goal is to become a trusted financial adviser and a working capital bank for C&IB and CB customers focused on transactional businesses. Strong C&IB & CB relationships will offer us cross-selling opportunities across our BBB, AB and DB&FI businesses.

### ***Grow and leverage our distribution network***

Our strategy is to expand our branch, ATM and alternate delivery channels to grow our customer coverage and market share. During the fiscal years ended March 31, 2014, 2015 and 2016, we opened 48, 11 and 14 new branches, respectively, with the objective of expanding our presence. As of March 31, 2014, 2015 and 2016, our branch network included 172, 183 and 197 branches, respectively. Currently we primarily cover the major commercial and urban centers. We plan to continue to grow our customer coverage and branch network extensively to cover important key urban and commercial centers as well as the rural, semi-urban and unbanked parts of India in line with our target customer segments.

Integrated with our rural and semi-urban expansion strategy is our partnership model that enables us to expand our coverage beyond the traditional branch catchment. We have differentiated branch formats based on the target customer segment and catchment characteristics.

We expect to continue expanding our branch network over the next three years. While our branch network was historically concentrated in the states of Maharashtra and Karnataka, we have now begun expansion to cover other important Indian states. We will continue to expand our branch network along the “NH-8 belt”, a national highway which connects Delhi to Mumbai via Gujarat and Rajasthan, and the “NH-4 belt” connecting Mumbai to Chennai along Maharashtra, Karnataka and Tamil Nadu, which is our historical network.

We are also focused expanding our network to cover states with higher per capita income and key economic centers. In rural areas, we look to add branches in locations that complement and leverage our agricultural & development banking partners and to build our brand in rural communities. In addition, we plan to continue the expansion of our branch network and our partnership network further to extend the reach of our branches through partner operated branches and transaction points.

With increasing adoption of technology across India, we believe that alternate delivery channels will become increasingly important as customer touchpoints. We consider our digital banking channels (like our internet and mobile banking solutions) as essential platforms to drive our long-term growth. We intend to work towards acquiring customers directly through digital channels to reduce our cost of customer acquisition. In addition, we will continue to drive innovation and use our digital banking channels to service existing customers so as to improve their banking experience and increase their product and service usage while at the same time reducing our cost of servicing.

#### ***Increase contribution of non-interest income***

An important and strategic focus for us is to grow our fee and commission-based incomes across all client segments. This is essential as it not only diversifies our revenue streams but also ensures greater stickiness of customers with our Bank. We believe we can achieve this through the following:

- scalable technology product platform capable of delivering these services in a consistent manner;
- a highly coordinated business team comprising relationship managers, product partners and service delivery partners that have aligned objectives to generate fee income; and
- deep understanding of the client’s business and industry to develop appropriate banking solutions.

We have had a fair degree of success in achieving a reasonable composition of our income from fee and commissions and exchange. Our income from commission, exchange and brokerage, profit on exchange transactions (net) and miscellaneous income constituted 36.03%, 35.50% and 32.82% of our net total income (defined as the sum of interest income and other income less interest expense) in the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

In the future, we expect a greater contribution from:

- *BBB* – through increased penetration of foreign exchange, trade and cash management products and in the form of fees on retail loans, insurance, third party products and general banking services. We distribute life and general insurance products of some of the leading insurance companies of India. We issue co-branded prepaid cards for the health platform. We also market mutual funds, foreign exchange and debt capital market products as well as prepaid, debit and credit cards. Our preferred banking business targets high net worth individuals (HNIs) in India and is supported by our team of relationship managers catering to individual customers with the aim of providing them with a broad spectrum of wealth management and investment services.
- *AB and DB&FI* – through greater loan fees and cross-sell potential as the business scales up.
- Fee revenues from innovative services such as mobile remittances, prepaid and forex cards etc.

### ***Introduce new products and services***

We believe that to maintain or improve our competitive position, we need to continually identify and introduce new or improved products and services and tailor solutions that respond to changing customer demands in a timely and effective manner. We gather, analyze and continually improve our knowledge of the customers' needs through the use of various technological initiatives to help us analyze customer data and strengthen our business intelligence system. We have also developed robust and agile processes to develop and bring new products to market quickly. These processes begin with risk management and include IT, operational and market testing.

Through the use of business intelligence technology, we believe that we acquire knowledge that helps us identify opportunities to create new products and services and to up-sell and cross-sell other existing products and services. Our branches are better able to offer an increasing number of products and services to our customers; in addition, we can appropriately market our new products and services through various other channels, such as phone banking, internet and other digital and mobile platforms. For example, we launched a smart e-wallet platform that provides customers and merchants with convenient payment solutions through web, mobile or cards and introduced a specialized suite of services called "India Startup Club" including third party services aimed at attracting start-up customers, which we believe is a growing potential customer base. In particular, our branch located in Bengaluru, Karnataka is dedicated to serving start-up customers.

### ***Continue to focus on improving and maintaining cost efficiency***

Over the last three years, we have made significant investments in technology, processes and platforms, branches and human resources. This is reflected in the higher cost to income ratio. Our endeavour since Fiscal 2014 has been to start leveraging this capacity, by increasing customer volumes and gaining greater wallet share of customer business. We believe that we still have the ability to ramp up our business volumes on our existing investments. Over time this will lead to better utilization of our resources, capacities and moderation in our cost to income ratio. We also believe that in all our businesses we have almost reached or crossed the point of inflection wherein businesses start generating higher returns. As a part of our process re-engineering project, which was targeted to create service excellence and differentiation, we have completed process optimization and recalibrated our customer service approach. We believe it is important to keep our processes, systems and our people benchmarked to industry and client standards and aim to make it a continuing endeavour.

We have successfully developed strategic partnerships with major service providers in operations, technology, administration and infrastructure to leverage the economies of scale that these partners bring to our growing but still modest size of platform. We believe this will keep us competitive from a cost and time to market perspective.

As a part of our drive towards creating greater operating leverage, we will continue to automate our services and increase the penetration of digital banking channels among our clients. We will also increase use of digital marketing and micro-segmentation, digital applications, product white-labelling, distribution via aggregators and establishment of distinctive mobile and online sales offerings. We expect to offer more high-volume products like credit cards, loans, payments on the digital platforms which will help in reducing cost of customer service delivery.

### ***Nurture a strong and trusted brand***

Although we are a new bank in many ways, we also benefit from a 73-year operating history. Thus, we are in a unique position to build a brand that recognizes both our recent innovation and growth but also our long-standing trusted position in the Indian market. We believe that we are known for the high quality service we have provided over the years, for our consistent approach to developing relationships with our customers based on our local experience and for fresh and modern approach to banking. We have built our brand around the core values of excellence, entrepreneurship, respect, teamwork and professionalism. Our brand and service architecture is designed around the concept of 'promise what you can deliver' and 'deliver what you have promised'. Since December 2013, we have begun the process of rebranding our Bank as "RBL Bank" with our new colours and logo aimed at providing a fresh, contemporary feel to our brand. We use advertising and other marketing tools to build brand awareness among our target customers in various locations. We have started promotion of our brand across print and the internet. For example, we recently launched our brand campaign with the tag line "Apno Ka Bank" focused on communicating the core philosophy of the Bank in a consumer-centric language. We are also developing association

between our brand and cricket, a sport that is heavily followed by majority of Indians, by sponsoring the Delhi Daredevils cricket franchise in 2014. In Fiscal 2014, we issued Cricket Credit Card in partnership with the Delhi Daredevils. In April 2015, we also launched a Golf Credit Card (in association with a national golf body, Indian Golf Union) targeted at golf enthusiasts.

### ***Attract, motivate and develop talented and experienced professionals***

We believe one of the key to our success is the ability to recruit, retain, motivate and develop talented and experienced professionals, particularly as we seek to expand our distribution network and offer new products and services. Our employees are important to us, and we will continue to provide an encouraging work environment and promote career aspirations that can be realized by consistent performance and loyalty to our core values. We intend to continue to focus on the recruitment and cultivation of a high-quality, professional and empowered workforce through (i) provision of training and development programs for employees to enhance professional knowledge and capabilities, (ii) enhancement of management and employee incentive programs to align compensation with employee performance, (iii) creation of an encouraging work atmosphere and (iv) greater employment engagement. We have introduced several leadership programs bank-wide to ensure availability of an integrated pipeline of talent at all levels of our Bank for all employees across our Bank. We expect to continue to conduct in-house training programs, collaborate with external training institutes and education services providers and offer contemporary business and industry practices training to our employees through external programs hosted by reputable training institutes. We have also adopted various employee stock option programs to incentivize and reward superior performance, align employee interests with our Bank, create long-term ownership and commitment. As of March 31, 2016, 67% of our employees participated in our employee stock option programs (“**ESOP Schemes**”). For details, please see the section “*Our Business – Employees*” on page 195.

### ***Pursuing partnerships and strategic initiatives***

Our strategy is to cultivate mutually beneficial partnerships to extend our footprint beyond the reach offered by our branch network. For instance, to develop our AB and DB&FI businesses, we intend to continue entering into strategic partnerships (traditional or digital), including by way of strategic equity investments in our partners, to extend our reach in rural India where we are able to locate partners with strong local relationships that can benefit from our product offering, technology and distribution network.

We also will continue to explore strategic opportunities across our banking businesses that expand our product portfolio, build on our existing distribution capabilities, or give us a presence in complementary markets. We will pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which are expected to strengthen our competitive position as well as drive profitable income and balance sheet growth. For example, we have recently acquired a minority stake in Swadhaar FinServe Private Limited, a business correspondent engaged in offering of products and services to inadequately served sections of businesses, households and enterprises, for a consideration of approximately ₹205 million. For instance, the Bank is considering a purchase of a minority stake in Utkarsh Micro Finance Private Limited, an applicant for a small finance bank license, subject to regulatory approvals. Our initiatives may be subject to the RBI approval and involve various risks. For details, see the section “*Risk Factors—We may pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which could involve a number of risks*” on page 27.



## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated financial statements for the financial years ended March 31, 2012, 2013, 2014, 2015 and 2016. These financial statements have been prepared in accordance with Indian GAAP and restated in accordance with the SEBI Regulations and are presented in the section titled “*Financial Information*” on page 247. The summary financial information presented below should be read in conjunction with our restated financial statements, the notes thereto and the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Bank*” on page 390.

### SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in million)

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
<b>A.</b>	<b>ASSETS</b>					
1	<b>Cash in Hand</b>	<b>326.14</b>	<b>546.38</b>	<b>1,140.25</b>	<b>1,594.17</b>	<b>1,360.91</b>
2	<b>Balance with RBI</b>	<b>2,306.89</b>	<b>2,362.02</b>	<b>8,667.09</b>	<b>12,962.61</b>	<b>12,036.55</b>
3	<b>Balances with Banks</b>	<b>528.53</b>	<b>2,327.43</b>	<b>2,115.16</b>	<b>5,148.41</b>	<b>11,101.75</b>
	In India	513.54	2,140.62	1,539.08	4,640.15	10,128.64
	Outside India	14.99	186.81	576.08	508.26	973.11
4	<b>Money at Call &amp; Short Notice</b>	<b>2,699.63</b>	<b>1,650.00</b>	<b>0.00</b>	<b>1,998.14</b>	<b>0.00</b>
5	<b>Investments</b>	<b>22,647.20</b>	<b>55,160.47</b>	<b>64,769.95</b>	<b>97,922.96</b>	<b>144,360.34</b>
	In India Gross Investment	22,670.10	55,162.58	64,791.70	97,947.26	144,516.19
	Less: Provision for NPI	22.90	0.00	0.00	23.30	38.75
	Less: Depreciation on Investments	0.00	2.11	21.75	1.0	117.10
	In India Net Investment	22,647.20	55,160.47	64,769.95	97,922.96	144,360.34
	Outside India	0.00	0.00	0.00	0.00	0.00
6	<b>Advances</b>	<b>41,322.69</b>	<b>63,762.12</b>	<b>98,350.47</b>	<b>144,498.26</b>	<b>212,290.83</b>
	In India	41,322.69	63,762.12	98,350.47	144,498.26	212,290.83
	Outside India	0.00	0.00	0.00	0.00	0.00
7	<b>Fixed Assets</b>	<b>588.95</b>	<b>942.62</b>	<b>1,343.48</b>	<b>1,644.39</b>	<b>1,772.97</b>
	Less: Revaluation Reserve	11.23	10.88	10.55	10.24	9.95
	<b>Net Fixed Assets</b>	<b>577.72</b>	<b>931.74</b>	<b>1,332.93</b>	<b>1,634.14</b>	<b>1,763.02</b>
8	<b>Other Assets</b>	<b>1,663.87</b>	<b>2,882.58</b>	<b>5,594.92</b>	<b>5,277.79</b>	<b>8,687.51</b>
	<b>TOTAL (A)</b>	<b>72,072.67</b>	<b>129,622.74</b>	<b>181,970.77</b>	<b>271,036.48</b>	<b>391,600.91</b>
<b>B</b>	<b>LIABILITIES</b>					
<b>1</b>	<b>DEPOSITS</b>	<b>47,393.31</b>	<b>83,405.19</b>	<b>115,986.02</b>	<b>170,992.51</b>	<b>243,486.51</b>
1.1	<b>Demand Deposit</b>	<b>5,869.73</b>	<b>11,098.95</b>	<b>16,914.55</b>	<b>21,998.06</b>	<b>27,796.35</b>
	From Banks	44.72	182.50	284.59	361.42	1,052.71
	From Others	5,825.01	10,916.45	16,629.96	21,636.64	26,743.64
1.2	<b>Saving Deposits</b>	<b>4,323.18</b>	<b>5,344.67</b>	<b>6,782.36</b>	<b>9,575.68</b>	<b>17,582.12</b>
1.3	<b>Term Deposits from Banks</b>	<b>8,326.27</b>	<b>9,779.18</b>	<b>19,069.07</b>	<b>29,853.09</b>	<b>30,892.74</b>
1.4	<b>Term Deposits from Others</b>	<b>28,874.13</b>	<b>57,182.39</b>	<b>73,220.04</b>	<b>109,565.68</b>	<b>167,215.30</b>
2	<b>BORROWINGS</b>	<b>11,985.52</b>	<b>27,373.49</b>	<b>38,955.44</b>	<b>69,626.97</b>	<b>105,362.24</b>
	In India	11,852.67	26,144.80	35,620.29	61,974.35	98,130.00
	Outside India	132.85	1,228.69	3,335.15	7,652.62	3,232.24
	Subordinated Debts (Tier II Bonds)	0.00	0.00	0.00	0.00	4,000.00
3	<b>Other Liabilities &amp; Provisions</b>	<b>1,271.73</b>	<b>2,787.48</b>	<b>6,892.27</b>	<b>8,122.97</b>	<b>12,869.78</b>
	<b>TOTAL (B)</b>	<b>60,650.56</b>	<b>113,566.16</b>	<b>161,833.73</b>	<b>248,742.45</b>	<b>361,718.53</b>
<b>C.</b>	<b>NET WORTH (A - B)</b>	<b>11,422.11</b>	<b>16,056.58</b>	<b>20,137.04</b>	<b>22,294.03</b>	<b>29,882.38</b>
<b>D.</b>	<b>Share Capital</b>	<b>2,149.47</b>	<b>2,529.25</b>	<b>2,720.40</b>	<b>2,934.50</b>	<b>3,247.28</b>
<b>DI</b>	<b>Share Application money</b>	<b>0.00</b>	<b>0.00</b>	<b>1,295.02</b>	<b>0.00</b>	<b>0.00</b>
<b>E</b>	<b>RESERVES &amp; SURPLUS</b>					

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
1	Statutory Reserve	556.50	796.50	1,036.50	1,554.50	2,286.50
2	Capital Reserve	82.01	102.45	120.97	145.57	155.57
3	Revaluation Reserve	11.23	10.88	10.55	10.24	9.95
4	Share Premium	7,884.13	11,387.94	13,343.13	14,947.73	19,885.30
5	Revenue & Other Reserve	741.55	1,226.55	1,596.55	2,646.55	4,246.55
6	Investment Reserve	11.71	11.71	11.71	22.01	22.01
7	Balance of Profit & Loss A/c.	(3.26)	2.18	12.76	43.17	39.17
	<b>TOTAL RESERVES</b>	<b>9,283.87</b>	<b>13,538.21</b>	<b>16,132.17</b>	<b>19,369.77</b>	<b>26,645.05</b>
	Less : Revaluation Reserve	11.23	10.88	10.55	10.24	9.95
	<b>TOTAL (E)</b>	<b>9,272.64</b>	<b>13,527.33</b>	<b>16,121.62</b>	<b>19,359.53</b>	<b>26,635.10</b>
	<b>NETWORTH (D + E)</b>	<b>11,422.11</b>	<b>16,056.58</b>	<b>20,137.04</b>	<b>22,294.03</b>	<b>29,882.38</b>
<b>F</b>	<b>CONTINGENT LIABILITIES</b>					
	Claims against the bank not acknowledged as debts	5.46	5.46	18.96	43.39	97.88
	Liability for Partly Paid Investment	42.35	21.36	8.50	76.00	313.05
	Liability on Account of Outstanding forward Exchange contracts	102.94	42,774.77	94,135.70	169,260.51	230,527.48
	Guarantees given on behalf of constituents					
	In India	3,684.69	6,391.82	9,401.91	20,637.97	32,469.28
	Outside India	11.99	9,958.06	7,572.30	16,304.32	17,186.46
	Acceptances, Endorsements and other Obligations	699.94	2,851.55	6,249.59	13,100.26	12,948.15
	Other items for which the bank is contingently liable	1,201.68	1,478.66	3,361.51	279.63	3,639.90
	<b>TOTAL (F)</b>	<b>5,749.05</b>	<b>63,481.68</b>	<b>120,748.47</b>	<b>219,702.08</b>	<b>297,182.20</b>
G	<b>Bills for collection</b>	<b>168.64</b>	<b>14.91</b>	<b>2,004.24</b>	<b>5,135.07</b>	<b>7,723.23</b>

## SUMMARY STATEMENT OF PROFIT & LOSS

(₹ in million)

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
<b>A.</b>	<b>INCOME</b>					
<b>1.0</b>	<b>Interest Earned</b>	<b>4,650.83</b>	<b>8,793.22</b>	<b>13,516.16</b>	<b>19,530.87</b>	<b>27,443.07</b>
1.1	Interest / Discount on Advances / bills	3,474.03	6,165.29	9,263.77	14,135.70	19,528.03
1.2	Income on Investments	1,060.16	2,527.01	4,115.30	5,179.08	7,453.79
1.3	Interest on balance with RBI and Other Inter-bank funds	71.67	42.06	50.13	99.55	398.37
1.4	Others	44.96	58.87	86.96	116.54	62.88
<b>2.0</b>	<b>Other Income</b>	<b>671.33</b>	<b>1,264.39</b>	<b>2,609.72</b>	<b>4,034.07</b>	<b>4,905.43</b>
2.1	Commission, Exchange and Brokerage	541.03	812.56	1,858.02	2,607.14	3,440.26
2.2	Profit on sale of Investments (Net)	43.16	273.93	421.49	577.26	598.60
2.3	Profit / (Loss) on sale of land, building and other assets (Net)	20.98	16.02	17.03	49.64	8.15
2.4	Profit on exchange transactions (Net)	1.92	86.68	310.68	689.88	797.67
2.5	Miscellaneous Income	64.24	75.20	2.50	110.15	60.75
	<b>TOTAL INCOME</b>	<b>5,322.16</b>	<b>10,057.61</b>	<b>16,125.88</b>	<b>23,564.94</b>	<b>32,348.50</b>
<b>B.</b>	<b>EXPENDITURE</b>					
<b>1.0</b>	<b>Interest Expended</b>	<b>2,782.92</b>	<b>6,217.74</b>	<b>10,099.90</b>	<b>13,967.22</b>	<b>19,251.00</b>
1.1	Interest on Deposits	2,458.28	4,840.29	7,713.82	10,865.72	15,070.89
1.2	Interest on Reserve Bank of India / Inter-Bank Borrowings	157.05	367.99	610.98	647.67	1,228.41
1.3	Others	167.59	1,009.46	1,775.10	2,453.83	2,951.70
<b>2.0</b>	<b>Operating Expenses</b>	<b>1,399.89</b>	<b>2,243.73</b>	<b>4,239.03</b>	<b>5,996.51</b>	<b>7,673.37</b>
2.1	Payments to and provisions for employees	841.67	1,240.66	1,849.28	3,008.70	3,699.21
2.2	Rent, taxes and lighting	182.12	305.05	442.11	723.58	828.77
2.3	Printing and stationery	12.61	16.60	30.14	45.09	58.55
2.4	Advertisement and publicity	3.32	3.29	3.78	29.00	69.79
2.5	Depreciation on banks property	77.89	132.43	209.43	332.08	483.57
2.6	Director's fees Allowances and expenses	2.16	2.77	2.76	2.97	5.57
2.7	Auditors' fees and expenses (Including branch auditor's fees and expenses)	1.70	4.49	4.84	6.62	7.67
2.8	Law Charges	2.48	5.76	15.28	14.54	48.99
2.9	Postage, Telegrams, Telephones, etc.	13.10	25.50	43.98	92.53	95.39
2.10	Repairs and maintenance	17.83	24.09	29.68	68.25	65.04
2.11	Insurance	33.24	50.92	103.05	154.69	209.12
2.12	Other Expenditure	211.77	432.17	1,504.70	1,518.46	2,101.70
	<b>TOTAL EXPENDITURE</b>	<b>4,182.81</b>	<b>8,461.47</b>	<b>14,338.93</b>	<b>19,963.73</b>	<b>26,924.37</b>
	<b>Operating Profit (before Extra Ordinary Items and Provision &amp; Contingencies)</b>	<b>1,139.35</b>	<b>1,596.14</b>	<b>1,786.95</b>	<b>3,601.21</b>	<b>5,424.13</b>
<b>C.</b>	<b>Add / (less) : Extra Ordinary Items net of taxes</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Less: Provisions & Contingencies (other than Provision for Tax)	186.65	226.09	461.79	601.80	1,144.07
<b>D.</b>	<b>Profit Before Tax</b>	<b>952.70</b>	<b>1,370.05</b>	<b>1,325.16</b>	<b>2,999.41</b>	<b>4,280.06</b>

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
	Provision for Income Tax & Wealth Tax	376.18	412.10	253.48	1,025.30	1,575.39
	Provision for Deferred Tax	(74.46)	29.41	144.98	(97.64)	(220.18)
	<b>Total Tax provision</b>	<b>301.72</b>	<b>441.51</b>	<b>398.46</b>	<b>927.66</b>	<b>1,355.21</b>
<b>E.</b>	<b>Net Profit after tax</b>	<b>650.98</b>	<b>928.54</b>	<b>926.70</b>	<b>2,071.75</b>	<b>2,924.85</b>
	Adjustment for Profit / Loss brought forward	6.45	(3.26)	2.18	12.76	43.17
	<b>Total Profit &amp; Loss Account</b>	<b>657.43</b>	<b>925.28</b>	<b>928.88</b>	<b>2,084.51</b>	<b>2,968.02</b>
<b>F.</b>	<b>Profit available for appropriation</b>					
	Statutory Reserve	165.00	240.00	240.00	518.00	732.00
	Capital Reserve	14.41	20.44	18.52	24.60	10.00
	Revenue & Other Reserve	405.00	485.00	370.00	1,050.00	1,600.00
	Interim, Proposed dividend & Tax on Dividend	74.78	177.66	287.60	438.44	586.84
	Investment Reserve	1.50	0.00	0.00	10.30	0.00
	Balance of Profit & Loss A/c.	(3.26)	2.18	12.76	43.17	39.18
	<b>Total</b>	<b>657.43</b>	<b>925.28</b>	<b>928.88</b>	<b>2,084.51</b>	<b>2,968.02</b>

**STATEMENT OF CASH FLOWS**

(₹ in million)

S. NO.	PARTICULARS	For the Financial Year Ending March 31,				
		2012	2013	2014	2015	2016
I	<b>Cash Flow from Operating Activities</b>					
	Net Profit for the Year (before taxes)	952.70	1,370.05	1,325.16	2,999.41	4,280.06
	Adjustments for:-					
	Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(20.98)	(16.02)	(17.03)	(49.64)	(8.15)
	Add : Non-Cash Expenditure					
	Depreciation	77.89	132.43	209.43	332.08	483.57
	Provision / write-off of non performing advances	100.69	121.37	301.04	351.19	800.36
	Provision for standard advances	87.20	100.10	149.01	242.42	238.38
	Provision for investments	(2.97)	3.18	19.64	2.54	131.55
	Other provisions	1.73	1.44	(7.90)	5.65	(26.22)
	<b>Cash Flow before Changes in Working Capital</b>	<b>1,196.26</b>	<b>1,712.55</b>	<b>1,979.35</b>	<b>3,883.65</b>	<b>5,899.55</b>
	Adjustments for working capital changes:-					
	Deposits	26,971.75	36,011.88	32,580.83	55,006.50	72,494.01
	Other Liabilities	189.26	1,311.33	3,851.06	927.43	4,534.66
	Deposits placed having original maturity greater than 3 months	834.15	(10.94)	(4.92)	(2,212.85)	(6,843.42)
	Investments	(14,468.34)	(32,516.45)	(9,629.12)	(33,412.89)	(46,568.94)
	Advances	(22,371.71)	(22,560.79)	(34,886.72)	(46,443.77)	(68,592.93)
	Other Assets	(499.77)	(1,247.04)	(2,712.34)	636.79	(3,254.95)
	Direct Taxes paid	(304.34)	(418.42)	(398.46)	(990.00)	(1,510.00)
	<b>Cash generated from Operating Activities</b>	<b>(8,452.74)</b>	<b>(17,717.88)</b>	<b>(9,220.32)</b>	<b>(22,605.14)</b>	<b>(43,842.02)</b>
II	<b>Cash Flow from Investing Activities</b>					
	Addition to Fixed Assets	(234.13)	(519.70)	(486.87)	(802.67)	(538.95)
	Addition to Capital Work in Progress	(8.19)	22.02	(129.58)	130.08	(89.66)
	Sale of Fixed Assets	30.08	27.24	22.86	88.94	24.32
	<b>Cash generated from Investing Activities</b>	<b>(212.24)</b>	<b>(470.44)</b>	<b>(593.59)</b>	<b>(583.65)</b>	<b>(604.29)</b>
III	<b>Cash Flow from Financing Activities</b>					
	Proceeds of share issue	0.00	3,883.58	3,445.04	523.67	5,250.35
	Reduction from Reserves	0.00	5.25	0.00	0.00	0.00
	Reduction from Share Premium	0.00	0.00	(3.68)	0.00	0.00
	Net Proceeds / (Repayments) from Borrowings	11,908.60	15,387.97	11,581.95	30,671.54	35,735.26
	Dividend and Dividend distribution tax	(50.13)	(74.78)	(177.66)	(438.44)	(586.84)
	<b>Cash generated from</b>	<b>11,858.47</b>	<b>19,202.02</b>	<b>14,845.65</b>	<b>30,756.77</b>	<b>40,398.77</b>

S. NO.	PARTICULARS	For the Financial Year Ending March 31,				
		2012	2013	2014	2015	2016
	financing Activities					
IV	Increase/Decrease during the Year	3,193.49	1,013.70	5,031.74	7,567.98	(4,047.54)
V	Opening Cash and Cash Equivalents	2,551.75	5,745.24	6,758.94	11,790.68	19,358.66
VI	Closing Cash and Cash Equivalents	5,745.24	6,758.94	11,790.68	19,358.66	15,311.12

## THE ISSUE

The following table summarizes the Issue details:

<b>Issue<sup>^</sup></b>	<b>53,909,628* Equity Shares aggregating to ₹12,129.67 million*</b>
<i>Of which:</i>	
Fresh Issue <sup>(1)</sup>	37,000,000* Equity Shares aggregating to ₹ 8,325.00 million*
Offer for Sale <sup>(1)#</sup>	16,909,628* Equity Shares aggregating to ₹ 3,804.67 million*
<i>The Issue consists of:</i>	
<b>A. QIB Portion<sup>(2)</sup></b>	26,954,813* Equity Shares
<i>Of which:</i>	
Anchor Investor Portion <sup>##</sup>	Not more than 16,172,887 Equity Shares
Net QIB Portion*	10,781,926 Equity Shares
<i>Of which:</i>	
Mutual Fund Portion*	539,097 Equity Shares
Balance for all QIBs including Mutual Funds*	10,242,829 Equity Shares
<b>B. Non-Institutional Portion<sup>(2)</sup></b>	Not less than 8,086,445 Equity Shares*
<b>C. Retail Portion<sup>(2)</sup></b>	Not less than 18,868,370 Equity Shares*
<b>Pre and post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	332,808,976 Equity Shares
Equity Shares outstanding after the Issue	369,808,976 Equity Shares
<b>Use of proceeds of this Issue</b>	See the section titled “ <i>Objects of the Issue</i> ” beginning on page 117. Our Bank will not receive any proceeds from the Offer for Sale.

<sup>^</sup> Our Bank has made a Pre-IPO Placement of 25,000,000 Equity Shares to certain investors for cash consideration aggregating to ₹ 4,875 million. For more details, see the section titled “*Capital Structure*” on page 94.

<sup>#</sup> The Selling Shareholders are offering 16,909,628 Equity Shares, comprising (i) 3,879,070 Equity Shares by the Category I Selling Shareholders; (ii) 9,505,558 Equity Shares by Beacon; and (iii) 3,525,000 by GPE.

<sup>##</sup> Our Bank, in consultation with the GCBRLMs and BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis out of which at least one-third was made available for allocation to domestic Mutual Funds only. For further details, see section titled “*Issue Procedure*” beginning on page 508. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

\* Subject to finalisation of Basis of Allotment

<sup>(1)</sup> The Fresh Issue has been authorized by a resolution of our Board dated August 26, 2014, and by special resolutions of our Shareholders at the EGM held on October 29, 2014 and through postal ballot on June 8, 2016. The Offer for Sale has been approved by the Category I Selling Shareholders pursuant to the Category I Consent Letters. Beacon and GPE have approved the offer for sale of 9,505,558 and 3,525,000 Equity Shares respectively, pursuant to resolutions passed by their respective board of directors on November 3, 2014 and November 4, 2014 respectively.

The Equity Shares offered in the Offer for Sale have been held by the respective Selling Shareholders for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI and hence are eligible for being offered for sale in the Issue, in terms of Regulation 26(6) of the SEBI Regulations.

<sup>(2)</sup> Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank, in consultation with the GCBRLMs and BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

## GENERAL INFORMATION

Our Bank was incorporated under the Indian Companies Act, 1913 on June 14, 1943 as ‘The Ratnakar Bank Limited’ and was granted a certificate of commencement of business dated July 5, 1943 by the Registrar of Joint Stock Companies, Kolhapur, Maharashtra. Subsequent to a special resolution passed by the shareholders of our Bank on August 26, 2014 and a fresh certificate of incorporation dated November 24, 2014 received from the RoC, the name of our Bank was changed from ‘The Ratnakar Bank Limited’ to ‘RBL Bank Limited’ so as to refresh its brand to be more focussed on new age customers and stakeholders.

### Registered Office

1<sup>st</sup> Lane, Shahupuri,  
Kolhapur – 416 001,  
Maharashtra,  
India  
Telephone: +91 231 6650 214  
Facsimile: +91 231 2657 386  
Website: www.rblbank.com  
Registration Number: 007308  
Corporate Identity Number: U65191PN1943PLC007308

For details relating to changes in our Registered Office, please see the section titled “*History and Certain Corporate Matters-Changes in Registered Office*” beginning on page 210.

### Corporate Office

One Indiabulls Centre,  
Tower 2B, 6th Floor,  
841, Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai – 400 013,  
Maharashtra,  
India

### Address of the Registrar of Companies

Our Bank is registered at the office of the Registrar of Companies, Maharashtra, located at the following address:

#### The Registrar of Companies, Maharashtra

Registrar of Companies  
PMT Building  
Pune Stock Exchange  
3rd Floor, Deccan Gymkhana  
Pune – 411004  
Phone: +91 2025521376  
Facsimile: +91 2025530042

### Board of Directors

The following table sets out the details regarding our Board as on the date of this Prospectus:

Name, Designation and Occupation	Age(years)	DIN	Address
<b>Mr. Narayan Ramachandran</b> <i>Designation:</i> non-Executive, non-Independent	54	01873080	D-51, Sobha Ivory 2, 7/1, St. John’s Road, Ulsoor, Bangalore - 560042, Karnataka, India



<b>Name, Designation and Occupation</b>	<b>Age(years)</b>	<b>DIN</b>	<b>Address</b>
Director, part- time Chairman <sup>#</sup>  <i>Occupation:</i> Banking			
<b>Mr. Vishwavir Ahuja</b>  <i>Designation:</i> Executive Director, Managing Director & CEO <sup>##</sup>  <i>Occupation:</i> Bank executive	56	00074994	191, Silver Arch, 66, Nepean Sea Road, Mumbai - 400006, Maharashtra, India
<b>Mr. Sivanandhan Dhanushkodi</b>  <i>Designation:</i> Independent Director  <i>Occupation:</i> Business	65	03607203	B/1803, Ashok Towers, Dr. Babasaheb Ambedkar Road, Parel, Mumbai - 400012, Maharashtra, India
<b>Mr. Girish Vasant Godbole</b>  <i>Designation:</i> Independent Director  <i>Occupation:</i> Social Development Consultant	61	02960113	D1-203 Kunal Icon, Pimple Saudagar, Pune - 411027, Maharashtra, India
<b>Mr. Jairaj Manohar Purandare</b>  <i>Designation:</i> Independent Director  <i>Occupation:</i> Practicing Chartered Accountant	57	00159886	Flat No. 1, Lalit, Sneha Mandal CHS Limited, 37, Nathalal Parekh Marg, (Wodehouse Road), near Badhwar Park Colony, Mumbai - 400001, Maharashtra, India
<b>Mr. Palepu Sudhir Rao</b>  <i>Designation:</i> Independent Director  <i>Occupation:</i> Business	55	00018213	14/2A, Door Number 5, Valiammai Achi Road, Kotturpuram, Chennai - 600085, Tamil Nadu, India
<b>Ms. Rama Bijapurkar</b>  <i>Designation:</i> Independent Director  <i>Occupation:</i> Independent Management Consultant	59	00001835	8, C-D, Mona Apartments, 46F, Bhulabhai Desai Road, Mumbai - 400026, Maharashtra, India
<b>Mr. Vimal Bhandari</b>  <i>Designation:</i> Independent Director  <i>Occupation:</i> Service	58	00001318	Flat No. 164, 16 <sup>th</sup> floor, Tower A, Kalpataru Horizon, S K Ahire Marg, Worli, Mumbai - 400018, Maharashtra, India
<b>Mr. Prakash Chandra</b>  <i>Designation:</i> Additional Director <sup>###</sup>  <i>Occupation:</i> Service (Retired)	65	02839303	B-53, Sector 39, Gautam Budh Nagar, Noida- 201301, Uttar Pradesh, India
<b>Mr. Ishan Raina</b>  <i>Designation:</i> Additional Director <sup>###</sup>  <i>Occupation:</i> Service	58	00151951	Flat 7-A&B, Naples, 9, Sobhani Road, Colaba, Mumbai - 400005, Maharashtra, India
<b>Mr. Rajesh Kumar</b>  <i>Designation:</i> Additional Director - RBI  <i>Occupation:</i> Service	50	07150687	4, Bank House, Near Mantralaya, 156 Backbay Reclamation, Marine Lines, Mumbai - 400020, Maharashtra, India

<sup>#</sup> Through a letter dated November 18, 2014, RBI has approved the appointment of Mr. Narayan Ramachandran as non-executive part-time Chairman of our Board for a period of two years with effect from July 22, 2014. Our Board through its resolution dated June 21, 2016 approved the extension in the term of Mr. Ramachandran as our Chairman till May 19, 2018. Our Bank has made an application dated July 14, 2016 to the RBI for its approval of the said extension.

<sup>##</sup> Through a letter dated June 22, 2015, RBI approved the re-appointment of Mr. Vishwavir Ahuja as our Managing Director & CEO for a period of three years with effect from June 30, 2015 till June 29, 2018.

*### Proposed to be appointed as an Independent Director of our Bank at the ensuing AGM.*

In addition to the above, our Bank has made an application dated March 21, 2016 to the RBI for appointment of Mr. Rajeev Ahuja, currently the Head – Strategy, Retail, Transaction Banking and Financial Inclusion of the Bank, as an executive director. For further details and profile of our Directors as well as details of Mr. Rajeev Ahuja, please see section titled “*Our Management*” beginning on page 218.

### **Company Secretary and Compliance Officer in relation to the Issue**

Mr. Vinay Tripathi  
Company Secretary and Compliance Officer in relation to the Issue  
One Indiabulls Centre, Tower 2B,  
6<sup>th</sup> Floor, 841, Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai – 400 013

Telephone: +91 22 4302 0600  
Facsimile: +91 22 4302 0520  
E-mail: ipo@rblbank.com

Bidders can contact the Compliance Officer, the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc.

For all Issue related queries and for redressal of complaints, investors may also write to the GCBRLMs and the BRLMs.

All grievances relating to the ASBA process must be addressed to the Registrar to the Issue with a copy to the concerned Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name and address of the sole or first Bidder, ASBA Form number, date of the ASBA Form, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number, Bidders’ DP ID, Client ID, PAN and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

All grievances of the Anchor Investors must be addressed to the Registrar to the Issue, with a copy to the concerned Designated Intermediary with whom the Anchor Investor Application Form was submitted, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Designated Intermediary where the Anchor Investor Application Form was submitted by the Anchor Investor.

Further, Bidders shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries.

### **Chief Financial Officer**

Mr. Naresh Karia  
One Indiabulls Centre, Tower 2B,  
6<sup>th</sup> Floor, 841, Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai – 400 013  
Telephone: +9122 4302 0600  
Facsimile: +9122 4302 0620  
Email: cfo@rblbank.com

## Global Coordinators and Book Running Lead Managers

<p><b>Kotak Mahindra Capital Company Limited</b></p> <p>1st Floor, 27 BKC Plot No. 27,G Block, Bandra Kurla Complex Bandra (East) Mumbai- 400 051 Telephone: +91 22 4336 0000 Facsimile: +91 22 6713 2447 Email ID: rbl.ipo@kotak.com Website: www.investmentbank.kotak.com Investor Grievance ID: kmccredressal@kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704</p>	<p><b>Axis Capital Limited</b></p> <p>1<sup>st</sup>Floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli Mumbai - 400 025 Telephone: +91 22 4325 2183 Facsimile: +91 22 4325 3000 Email ID: rbl.ipo@axiscap.in Website: www.axiscapital.co.in Investor Grievance ID: complaints@axiscap.in Contact Person: Lakha Nair SEBI Registration No.: INM000012029</p>
<p><b>Citigroup Global Markets India Private Limited</b></p> <p>1202, 12<sup>th</sup> Floor First International Financial Centre G Block, Bandra Kurla Complex Bandra East Mumbai – 400051 Telephone: +91 22 6175 9999 Facsimile: +91 22 6175 9898 Email ID: RBL.ipo@citi.com Website: <a href="http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm">http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm</a> Investor Grievance Email ID - investors.cgmib@citi.com Contact Person: Aditya Doshi SEBI Registration No.: INM000010718</p>	<p><b>Morgan Stanley India Company Private Limited</b></p> <p>18F, Tower 2, One Indiabulls Centre 841 Senapati Bapat Marg Mumbai- 400 013 Telephone: +91 22 6118 1000 Facsimile : +91 22 6118 1040 Email ID: investors_india@morganstanley.com Website: <a href="http://www.morganstanley.com/about-us/global-offices/india/">http://www.morganstanley.com/about-us/global-offices/india/</a> Investor Grievance ID: investors_india@morganstanley.com Contact Person: Rahul Jain SEBI Registration No.: INM000011203</p>

## Book Running Lead Managers

<p><b>HDFC Bank Limited</b></p> <p>Investment Banking Group, Unit No. 401 &amp; 402, 4th Floor, Tower B Peninsula Business Park, Lower Parel Mumbai - 400 013 Telephone: +91 22 3395 8015 Facsimile: +91 22 3078 8584 Email ID: rbl.ipo@hdfcbank.com Website: www.hdfcbank.com Investor Grievance ID: investor.redressal@hdfcbank.com Contact Person: Keyur Desai / Rishi Tiwari SEBI Registration No.: INM000011252</p>	<p><b>ICICI Securities Limited</b></p> <p>ICICI Centre, H.T. Parekh Marg Churchgate Mumbai - 400 020 Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email ID: pearl.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Contact Person: Ayush Jain/ Vishal Kanjani SEBI Registration No.: INM000011179</p>
<p><b>IDFC Securities Limited</b></p> <p>Naman Chambers C-32, “G” Block Bandra Kurla Complex, Bandra (East) Mumbai - 400 051 Tel : (91 22) 6622 2600 Fax : (91 22) 6622 2501 Email : rbl.ipo@idfc.com Investor Grievance Email : investorgrievance@idfc.com Website: www.idfccapital.com Contact Person: Akshay Bhandari SEBI Registration No.: MB/INM000011336</p>	<p><b>IIFL Holdings Limited</b></p> <p>10<sup>th</sup> Floor, IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013 Telephone: +91 22 4646 4600 Facsimile: +91 22 2493 1073 Email ID: rbl.ipo@iiflcap.com Website: www.iiflcap.com Investor Grievance ID: ig.ib@iiflcap.com Contact Person: Pinkesh Soni/ Gururaj Sundaram SEBI Registration No.: INM000010940</p>

<p><b>SBI Capital Markets Limited</b></p> <p>202, Maker Tower 'E' Cuffe Parade Mumbai 400 005, India Telephone: + 91 22 2217 8300 Facsimile: + 91 22 2217 8332 Email ID: rbl.ipo@sbicaps.com Website: www.sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person: Aditya Deshpande SEBI Registration No.: INM000003531</p>	
<b>Syndicate Members</b>	
<p><b>HDFC Securities Limited</b></p> <p>Building – B, Office Floor 8, I Think Building, Jolly Board Campus Kanjurmarg (East) Mumbai 400 042 Maharashtra, India Telephone: +91 22 3075 3440 Facsimile: +91 22 3075 3435 Email: sharmila.kambli@hdfcsec.com Website: www.hdfcsec.com Contact Person: Sharmila Kambli SEBI Registration No.: INB231109431 (NSE)/ INB011109437 (BSE)</p>	<p><b>India Infoline Limited</b></p> <p>IIFL Centre, Kamala City Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India Telephone: +91 22 4249 9000 Facsimile: +91 22 2495 4313 Email: cs@indiainfoline.com Website: www.indiainfoline.com Contact Person: Prasad Umarale SEBI Registration No.: INB231097537 (NSE) / INB011097533 (BSE)</p>
<p><b>Kotak Securities Limited</b></p> <p>12 – BKC, Plot No. C-12, G Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India Telephone: +91 22 6218 5470 Facsimile: +91 22 6661 7041 Email: umesh.gupta@kotak.com Website: www.kotak.com Contact Person: Umesh Gupta SEBI Registration No.: INB010808153 (BSE) / INB230808130 (NSE)</p>	<p><b>SBICAP Securities Limited</b></p> <p>Marathon Futurex, 12<sup>th</sup> Floor, A&amp; B Wing N.M. Joshi Marg, Lower Parel Mumbai 400 013 Maharashtra, India Telephone: +91 22 4227 3300 Facsimile: +91 22 4227 3390 Email: archana.dedhia@sbicapsec.com Website: www.sbisart.com Contact Person: Archana Dedhia SEBI Registration No.: INB231052938 (NSE) / INB11053031 (BSE)</p>
<p><b>Sharekhan Limited</b></p> <p>10<sup>th</sup> Floor, Beta Building Lodha iThink Techno Campus Off Jogeshwari - Vikhroli Link Road Opp. Kanjurmarg Railway Station Kanjurmarg (East) Mumbai 400 042 Maharashtra, India Telephone: +91 22 6115 0000 Facsimile: +91 22 6748 1891 Email: pravin@sharekhan.com, ipo@sharekhan.com Website: www.sharekhan.com Contact Person: Pravin Darji/Mehul Koradia SEBI Registration No.: INB011073351 (BSE) / INB231073330 (NSE)</p>	

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**International Legal Counsel to the GCBRLMs and BRLMs**

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**Dorsey & Whitney LLP**

50 South Sixth Street  
Suite 1500  
Minneapolis, MN  
United States of America  
Tel: +1 612 340-2600  
Fax: +1 612 340-2868

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**Legal Counsel to the Bank as to Indian Law**

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**Luthra & Luthra Law Offices**

Indiabulls Finance Center  
Tower 2 Unit A2, 20<sup>th</sup> Floor  
Elphinstone Road, Senapati Bapat Marg  
Mumbai 400 013  
Telephone: +91 22 6630 3600  
Facsimile: +91 22 6630 3700

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**Legal Counsel to the GCBRLMs and BRLMs as to Indian Law**

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**AZB & Partners**

AZB House  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
Telephone: +91 22 6639 6880  
Facsimile: +91 22 6639 6888

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**Legal Counsel to the Category II Selling Shareholders**

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**Khaitan & Co.**

Tower 1, 13<sup>th</sup> Floor, One Indiabulls Centre  
841, Senapati Bapat Marg  
Elphinstone Road, Mumbai – 400 013  
Telephone: +91 22 6636 5000  
Facsimile: +91 22 6636 5050

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**Registrar to the Issue**

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**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound  
L.B.S. Marg  
Bhandup (West)  
Mumbai- 400 078  
Telephone: +91 22 6171 5400  
Facsimile: +91 22 2596 0329  
E-mail: Investor Grievance ID: rbl.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Ms. Shanti Gopalkrishnan  
SEBI Registration No.: INR000004058

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**Escrow Collection Bank, Public Issue Account Bank and Refund Bank**

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**ICICI Bank Limited**

Capital Market Division, 1<sup>st</sup> Floor  
122, Mistry Bhavan, Dinshaw Vaccha Road  
Backbay Reclamation, Churchgate  
Mumbai 400020  
Tel : +91 22 2285 9907/ 23/ 24  
Fax : +91 22 2261 1138  
Email : rishav.bagrecha@icicibank.com  
Website: www.icicibank.com

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### Self Certified Syndicate Banks

The list of banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations, is available on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> and updated from time to time, or at such other website as may be prescribed by SEBI from time to time.

Further, the branches of the SCSBs where the Designated Intermediaries could submit the Bid cum Application Form is provided on the website of SEBI at [www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognized-Intermediaries](http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognized-Intermediaries) and updated from time to time or at such other website as may be prescribed by SEBI from time to time.

### Non Syndicate Registered Brokers

Bidders, other than Anchor Investors, can submit ASBA Forms in the Issue to Non Syndicate Registered Brokers at the Non Syndicate Broker Centers. For further details, please see section titled “*Issue Procedure*” beginning on page 508. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) and [http://www.nseindia.com/products/content/equities/ipo/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipo/ipo_mem_terminal.htm), respectively, as updated from time to time.

### Registrars to an issue and Share Transfer Agents

The list of the RTAs eligible to accept Bid cum Application Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, as updated from time to time.

### Collecting Depository Participants

The list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, as updated from time to time.

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#### Statutory Auditor to our Bank

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**S.R. Batliboi & Co. LLP**  
Chartered Accountants,  
14th Floor, The Ruby, 29,  
Senapati Bapat Marg,  
Dadar (W), Mumbai,  
India - 400 028

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### Statement of Responsibilities of the GCBRLMs and the BRLMs

The responsibilities and co-ordination by the GCBRLMs and BRLMs for various activities in this Issue are as follows:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Due diligence of the Company's operations/ management/ business plans/	GCBRLMs and	Kotak

Sr. No.	Activities	Responsibility	Co-ordinator
	legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The GCBRLMs and BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of issue, allocation between primary and secondary etc.	BRLMs	
2.	Drafting and approval of all statutory advertisements and application forms	GCBRLMs and BRLMs	Kotak
3.	Appointment of all other intermediaries (eg. Registrar(s), Printer(s) and Banker(s) to the Issue, Advertising agency etc.)	GCBRLMs and BRLMs	ICICI Securities
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement, brochure, etc.	GCBRLMs and BRLMs	ICICI Securities
5.	Domestic institutional marketing including banks/ mutual funds and allocation of investors for meetings and finalising road show schedules	GCBRLMs and BRLMs	Kotak
6.	International institutional marketing including; allocation of investors for meetings and finalising road show schedules Preparation and finalization of the road-show presentation and FAQs	GCBRLMs and BRLMs	Citi
7.	Non-Institutional(excluding High Networth Individuals)& Retail Marketing of the Offer, which will cover, inter alia: Formulating marketing strategies; Finalising centres for holding conferences for brokers etc.; Finalising collection centres; and Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material.	GCBRLMs and BRLMs	Axis Capital
8.	High Networth Individual Marketing	GCBRLMs and BRLMs	IIFL
9.	Preparation of publicity budget, finalising Media and PR strategy. Coordination with Stock Exchanges for book building process including software, bidding terminals etc.	GCBRLMs and BRLMs	IDFC Securities
10.	Pricing and managing the book	GCBRLMs and BRLMs	Morgan Stanley
11.	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. Including responsibility for underwriting arrangements, as applicable. The designated bank will also be responsible for redressal of investor grievances in relation to post issue activities and coordination with Stock Exchanges and SEBI for release of 1% security deposit post closure of the Issue	GCBRLMs and BRLMs	SBICAP

### Monitoring Agency

In terms of the proviso to Regulation 16(1) of the SEBI Regulations, our Bank is not required to appoint a monitoring agency for the purposes of this Issue. As required under the Listing Regulations and Section 177 of the Companies Act, 2013, the Audit Committee constituted by the Board of our Bank will monitor the utilisation of the Gross Proceeds. To the extent applicable, our Bank will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized.

### Expert

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, Chartered Accountants to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “Expert” defined under Section 2(38) of the Companies Act, 2013 in respect of the report of the Auditors dated July 6, 2016 on the restated financial statements, and the statement of tax benefits dated July 6, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

### **Project Appraisal**

The objects of this Issue have not been appraised.

### **Credit Rating**

As this is an issue of equity shares, credit rating is not required.

### **Trustees**

As this is an issue of equity shares, the appointment of trustees is not required.

### **Book Building Process**

“Book building” refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and Revision Forms. The Issue Price shall be determined by our Bank, in consultation with the GCBRLMs and BRLMs, after the Bid Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Bank;
- (2) the GCBRLMs and BRLMs;
- (3) Syndicate Members who are intermediaries registered with SEBI and eligible to act as underwriters;
- (4) Non Syndicate Registered Brokers
- (5) Registrar to the Issue;
- (6) Escrow Collection Banks and Refund Banks;
- (7) SCSBs;
- (8) CDPs; and
- (9) RTAs.

This Issue is being made through the Book Building Process, wherein 50% of the Issue shall be available for allocation on a proportionate basis to QIBs.

Our Bank, in consultation with the GCBRLMs and BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third was made available for allocation to domestic Mutual Funds only. For further details, please see the section titled “*Issue Procedure*” on page 508. Allocation to Anchor Investors shall be on a discretionary basis subject to the following: a) for allocation of upto ₹ 100 million, a maximum of two Anchor Investors shall be permitted, b) for allocation above ₹ 100 million and upto ₹ 2,500 million, minimum of two and maximum of fifteen Anchor Investors shall be permitted, subject to a minimum allotment of ₹ 50 million per such Investor, c) for allocation above ₹ 2,500 million, a minimum of five and a maximum of fifteen Anchor Investors, and an additional ten such Investors for every additional ₹2,500 million or part thereof, subject to a minimum allotment of ₹50 million per investor. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on



a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 539,097 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with SEBI Regulations, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, each Retail Individual Bidder shall be allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. Under-subscription in any category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Bank in consultation with the GCBRLMs and BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories.

**Allocation to QIBs in the Net QIB Portion will be on a proportionate basis. QIBs and NIIs cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the entire Bid Amount upon submission of the Bid. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Period. Retail Individual Bidders cannot revise or withdraw their Bids after the Bid Closing Date.** For further details, see sections titled “*Issue Structure*” and “*Issue Procedure*” on pages 503 and 508 respectively.

Our Bank will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Bank has appointed the GCBRLMs and BRLMs to manage this Issue and procure subscriptions to this Issue.

**The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

**Steps to be taken by the Bidders for Bidding:**

- Check eligibility for making a Bid. Specific attention of ASBA Bidders is invited to see section titled “*Issue Procedure*” on page 508;
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the state of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the IT Act in the Bid cum Application Form (see section titled “*Issue Procedure*” on page 508). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants’ verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims;
- **All Bids (except Anchor Investors) can be submitted only through the ASBA process.**

- Ensure the correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation (“**Demographic Details**”), given in the Bid cum Application Form, with the details recorded with your Depository Participant;
- Ensure the correctness of your PAN, DP ID and Client ID given in the Bid cum Application Form. Based on these parameters, the Registrar will obtain details of the Bidders from the Depositories including the Bidder’s name, bank account number etc.
- ASBA Bidders can submit their Bids by submitting Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the Designated Intermediaries. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to ensure that their Bid cum Application Form is not rejected; and
- Anchor Investors may submit their Bids to the GCBRLMs and the BRLMs only.

For further details, please see section titled “*Issue Procedure*” on page 508.

### **Illustration of Book Building Process and the Price Discovery Process**

*(Investors should note that the following is not applicable to Bidding by Anchor Investors. Further, this is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can Bid at any price within the Price Band. For instance, assuming a price band of ₹20 to ₹24 per share, an offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the Bidding Centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

<b>Bid Quantity</b>	<b>Bid Price (₹)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to offer the desired number of shares is the price at which the book cuts off, i.e., ₹22 in the above example. Our Bank, in consultation with GCBRLMs and the BRLMs, will finalise the offer price at or below such cut-off, i.e., at or below ₹22. All bids at or above the offer price and cut-off price are valid bids and are considered for allocation in the respective categories.

### **Underwriting Agreement**

Our Bank and the Selling Shareholders entered into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. Pursuant to the terms of the Underwriting Agreement, the Underwriters shall be responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

<b>Details of the Underwriters</b>	<b>Indicated Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (In ₹ million)</b>
Kotak Mahindra Capital Company Limited	5,989,859	1,347.72

Axis Capital Limited	5,989,959	1,347.74
Citigroup Global Markets India Private Limited	5,989,959	1,347.74
Morgan Stanley India Company Private Limited	5,989,959	1,347.74
HDFC Bank Limited	5,989,859	1,347.72
ICICI Securities Limited	5,989,959	1,347.74
IDFC Securities Limited	5,989,858	1,347.72
IIFL Holdings Limited	5,989,858	1,347.72
SBI Capital Markets Limited	5,989,858	1,347.72
HDFC Securities Limited	100	0.02
India Infoline Limited	100	0.02
Kotak Securities Limited	100	0.02
SBICAP Securities Limited	100	0.02
Sharekhan Limited	100	0.02
<b>Total</b>	<b>53,909,628</b>	<b>12,129.67</b>

*The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the 'Basis of Allotment'.*

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The Capital Raising Committee of our Board, at its meeting held on August 24, 2016, has accepted and entered into the Underwriting Agreement on behalf of our Bank.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in the Issue, except for ASBA Bids procured by the Syndicate Member(s). The Underwriting Agreement lists out the role and obligations of each Syndicate Member, and *inter alia* contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the investors at the time of Bidding.

## CAPITAL STRUCTURE

The equity share capital of our Bank, as of the date of this Prospectus, is set forth below:

		(₹ million, except share data)	
		Aggregate nominal value	Aggregate value at Issue Price
A)	<b>AUTHORISED SHARE CAPITAL</b>		
	400,000,000 Equity Shares	4,000	-
B)	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	332,808,976 Equity Shares	3,328.09	
C)	<b>PRESENT ISSUE IN TERMS OF THIS PROSPECTUS</b>		
	Public issue of 53,909,628* Equity Shares	539.10	12,129.67*
	<i>Comprising</i>		
	(a) Fresh Issue of 37,000,000* Equity Shares	370.00	8,325.00
	(b) Offer for Sale of 16,909,628* Equity Shares by the Selling Shareholders	169.10	3,804.67
D)	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE</b>		
	369,808,976 Equity Shares	3,698.09	
E)	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue	₹ 20,482.77 million	
	After the Issue	₹ 28,437.77 million	

\*Subject to finalisation of Basis of Allotment

- (a) The authorised share capital of our Bank was increased to ₹4,000 million divided into 400,000,000 Equity Shares pursuant to a resolution of the shareholders of our Bank passed on August 25, 2010. For details of changes in the authorised share capital of our Bank, please see the section titled “History and Certain Corporate Matters - Changes in MoA” on page 211.
- (b) The Fresh Issue has been authorized by a resolution of our Board dated August 26, 2014, and by a special resolution passed by our shareholders pursuant to Section 62(1)(c) of the Companies Act, 2013 at an EGM held on October 29, 2014, read with the resolutions passed by our shareholders on July 9, 2015 and June 8, 2016.
- (c) The Category I Selling Shareholders have approved the offer for sale of Equity Shares offered by them, pursuant to the Category I Consent Letters.
- (d) Beacon has approved the offer for sale of up to 9,505,558 Equity Shares, further to a resolution passed by its board of directors on November 3, 2014. GPE has approved the offer for sale of up to 3,525,000 Equity Shares pursuant to a resolution passed by its board of directors on November 4, 2014.

The Equity Shares offered by way of the Offer for Sale are eligible for being offered for sale in this Issue in accordance with the SEBI Regulations.

- (e) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 5% of the Net QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual

Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

- (f) Our Bank has, in consultation with GCBRLMs and the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third was made available for allocation to domestic Mutual Funds only. For further details, please see the section titled “*Issue Procedure*” on page 508. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion.

## Notes to Capital Structure

### 1. Share Capital History

#### a) History of share capital of our Bank from incorporation to 1999

We have been unable to trace the complete set of corporate resolutions and filings in relation to changes in our issued, subscribed and paid up share capital from incorporation till the financial year ended March 31, 1999. Accordingly, disclosures in relation to changes in our issued, subscribed and paid up share capital from our incorporation to the financial year ended March 31, 1999 have been made in reliance of (i) our audited balance sheets comprised in our Annual Reports from the financial year ended December 31, 1944 till the financial year ended March 31, 1999; and (ii) minutes of the meetings of our Board and our Shareholders, to the extent available. For certain changes in our share capital during this period, we have been unable to trace any records. These have been indicated in the build-up below. Please also see the section titled “*Risk Factors – Some of our corporate records, including records on allotments of our equity shares in the past are not traceable*” on page 31.

#### i. Equity share capital

Date of allotment	Number of equity shares	Face value (₹)	Nature of Consideration	Particulars	Cumulative number of equity shares	Cumulative issued equity share capital (₹)
June 14, 1943	550	100.00	Cash	Subscription to MoA	550	55,000
June 27, 1943	2,350	100.00	Cash	Allotment of shares	2,900	290,000
July 17, 1943	1,505	100.00	Cash	Allotment of shares	4,405	440,500
July 24, 1943	457	100.00	Cash	Allotment of shares	4,862	486,200
As on December 31, 1943 <sup>(1)</sup>						597,500
August 5, 1945	185	100.00	Cash	Allotment of shares	6,160	616,000
June 13, 1949	3,794	100.00	Cash	Allotment of shares	9,954	995,400
July 29, 1969	112	100.00	Cash	Conversion of 112 Deferred Shares into equity shares	10,066	1,006,600
May 10, 1973	26	100.00	Cash	Allotment of shares	10,092	1,009,200
June 29, 1973	1	100.00	Cash	Allotment of shares	10,093	1,009,300
September 7, 1973	25	100.00	Cash	Allotment of shares	10,118	1,011,800
March 2, 1974	611	100.00	Cash	Allotment of shares	10,729	1,072,900
March 15, 1974	2,228	100.00	Cash	Allotment of shares	12,957	1,295,700
March 15, 1974	5	100.00	Cash	Allotment of shares	12,962	1,296,200
June 8, 1974	1,835	100.00	Cash	Allotment of shares	14,797	1,479,700
October 17, 1974	204	100.00	Cash	Allotment of shares	15,001	1,500,100

Date of allotment	Number of equity shares	Face value (₹)	Nature of Consideration	Particulars	Cumulative number of equity shares	Cumulative issued equity share capital (₹)
December 2, 1974	2	100.00	Cash	Allotment of shares	15,003	1,500,300
As on December 31, 1974 <sup>(2)</sup>						1,512,000
April 15, 1977	121	100.00	Cash	Allotment of shares	15,241	1,524,100
December 14, 1977	145	100.00	Cash	Allotment of shares	15,386	1,538,600
December 29, 1977	450	100.00	Cash	Allotment of shares	15,836	1,583,600
February 3, 1978	75	100.00	Cash	Allotment of shares	15,911	1,591,100
February 26, 1978	45	100.00	Cash	Allotment of shares	15,956	1,595,600
March 30, 1978	140	100.00	Cash	Allotment of shares	16,096	1,609,600
April 28, 1978	61	100.00	Cash	Allotment of shares	16,157	1,615,700
April 29, 1978	25	100.00	Cash	Allotment of shares	16,182	1,618,200
July 16, 1978	480	100.00	Cash	Allotment of shares	16,662	1,666,200
September 28, 1978	120	100.00	Cash	Allotment of shares	16,782	1,678,200
February 9, 1979	185	100.00	Cash	Allotment of shares	16,967	1,696,700
April 20, 1979	413	100.00	Cash	Allotment of shares	17,380	1,738,000
July 5, 1979	435	100.00	Cash	Allotment of shares	17,815	1,781,500
August 17, 1979	682	100.00	Cash	Allotment of shares	18,497	1,849,700
November 9, 1979	287	100.00	Cash	Allotment of shares	18,784	1,878,400
January 24, 1980	30	100.00	Cash	Allotment of shares	18,814	1,881,400
June 27, 1980	150	100.00	Cash	Allotment of shares	18,964	1,896,400
September 5, 1980	195	100.00	Cash	Allotment of shares	19,159	1,915,900
September 26, 1980	435	100.00	Cash	Allotment of shares	19,594	1,959,400
November 28, 1980	375	100.00	Cash	Allotment of shares	19,969	1,996,900
January 16, 1981	151	100.00	Cash	Allotment of shares	20,120	2,012,000
December 9, 1982	15,724	100.00	Cash	Allotment of shares	35,844	3,584,400
December 29, 1982	3466	100.00	Cash	Allotment of shares	39,310	3,931,000
December 8, 1983	930	100.00	Cash	Allotment of shares	40,240	4,024,000
March 15, 1993	34,563	100.00	Cash	Allotment of shares	74,803	7,480,300
May 4, 1993	17,209	100.00	Cash	Allotment of shares	92,012	9,201,200
May 14, 1993	3,829	100.00	Cash	Allotment of shares	95,841	9,584,100
April 15, 1994	(428)	100.00	Cash	Forfeiture of shares	95,413	9,541,300
May 31, 1994	42,130	100.00	Cash	Allotment of shares	137,543	13,754,300
July 29, 1994	(2,818)	100.00	Cash	Forfeiture of shares	134,725	13,472,500
July 29, 1994	160	100.00	Cash	Revocation of certain forfeitures of shares	134,885	13,488,500
As on March 31, 1995 <sup>(3)</sup>						13,482,700
Not available <sup>(4)</sup>	14,797	100.00	Cash	Allotment of shares	149,624	14,962,400
June 24, 1995	(149)	100.00	Cash	Forfeiture of shares	149,475	14,947,500

Date of allotment	Number of equity shares	Face value (₹)	Nature of Consideration	Particulars	Cumulative number of equity shares	Cumulative issued equity share capital (₹)
July 10, 1995	20	100.00	Cash	Revocation of certain forfeitures of shares	149,495	14,949,500
As on March 31, 1996 <sup>(5)</sup>						14,982,600
March 21, 1998	90,290	100.00	Cash	Allotment of shares	240,029	24,002,900
As on March 31, 1998 <sup>(6)</sup>						23,946,000
June 27, 1998	54,345	100.00	Cash	Allotment of shares	293,805	29,380,500
June 27, 1998	149	100.00	Cash	Allotment of shares	293,954	29,395,400
June 27, 1998	25	100.00	Cash	Allotment of shares	293,979	29,397,900
As on March 31, 1999 <sup>(7)</sup>						29,463,500

<sup>(1)</sup> The cumulative issued equity share capital as on December 31, 1943, as per the balance sheet available with us was ₹597,500. Consequently, it appears that there may have been an additional allotment of 1,113 equity shares of face value ₹100 each made in the year ended December 31, 1943. Our Bank has been unable to trace any further records in relation to this allotment.

<sup>(2)</sup> The cumulative issued equity share capital as on December 31, 1974, as per the balance sheet available with us was ₹1,512,000. Consequently, it appears that there may have been an additional allotment of 117 equity shares of face value ₹100 each made in the year ended December 31, 1974. Our Bank has been unable to trace any further records in relation to this allotment.

<sup>(3)</sup> The cumulative issued equity share capital as on December 31, 1995, as per the balance sheet available with us was ₹13,482,700. Consequently, it appears that there may have been a forfeiture of 58 equity shares of face value ₹100 each made in the year ended December 31, 1995. Our Bank has been unable to trace any further records in relation to this forfeiture.

<sup>(4)</sup> While the resolution for this allotment was passed on December 15, 1995, as per the balance sheet, the allotment appears to have taken place in the year ended March 31, 1996. Our Bank has been unable to trace any further records in relation to this allotment.

<sup>(5)</sup> The cumulative issued equity share capital as on March 31, 1996, as per the balance sheet available with us was ₹14,982,600. Consequently, it appears that there may have been an additional allotment of 331 equity shares of face value ₹100 each made in the year ended March 31, 1996. Our Bank has been unable to trace any further records in relation to this allotment.

<sup>(6)</sup> The cumulative issued equity share capital as on March 31, 1998, as per the balance sheet available with us was ₹23,946,000. Consequently, it appears that there may have been a forfeiture of 656 equity shares of face value ₹100 each made in the year ended March 31, 1998. Our Bank has been unable to trace any further records in relation to this forfeiture.

<sup>(7)</sup> The cumulative issued equity share capital as on March 31, 1999, as per the balance sheet available with us was ₹29,463,500. Consequently, it appears that there may have been an additional allotment of 656 equity shares of face value ₹100 each made in the year ended March 31, 1999. Our Bank has been unable to trace any further records in relation to this allotment.

## ii. Deferred share capital

Our Bank had issued Deferred Shares of face value ₹100 each between the period 1943-1969. All Deferred Shares were converted into (ordinary) equity shares of face value ₹100 each in the year 1969. The details of allotment of Deferred Shares made by our Bank are provided below:

Date of allotment	Number of Deferred Shares	Face value (₹)	Nature of Consideration	Particulars	Cumulative number of Deferred Shares	Cumulative issued deferred share capital (₹)
June 14, 1943	10	100.00	Cash	Subscription to MoA	10	1,000
June 27, 1943	47	100.00	Cash	Allotment of shares	57	5,700
July 17, 1943	30	100.00	Cash	Allotment of shares	88	8,800
July 24, 1943	9	100.00	Cash	Allotment of shares	97	9,700
August 5, 1945	2	100.00	Cash	Allotment of shares	99	9,900
July 29, 1969 <sup>(1)</sup>	(112)	100.00	-	Conversion of 112 Deferred Shares into equity shares of face		

Date of allotment	Number of Deferred Shares	Face value (₹)	Nature of Consideration	Particulars	Cumulative number of Deferred Shares	Cumulative issued deferred share capital (₹)
				value ₹ 100.00 each		

<sup>(1)</sup> From the number of Deferred Shares converted on July 29, 1969, it appears that 14 Deferred Shares were allotted between the period August 5, 1945 and July 29, 1969. Our Bank has been unable to trace any records in relation to this allotment.

**b) History of equity share capital of our Bank from 2000 until date**

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
February 11, 2000	356,348	100.00	100.00	Cash	Rights issue ("5 <sup>th</sup> Rights Issue") <sup>(1)</sup>	650,983	
	100,000	100.00	100.00	Cash	Allotment pursuant to ESPS	750,983	
	232,922	100.00	100.00	Cash	Allotment of unsubscribed portion of the 5 <sup>th</sup> Rights Issue	983,905	
March 31, 2002							95,378,000
January 25, 2003	470,881	100.00	100.00	Cash	Rights issue ("6 <sup>th</sup> Rights Issue") <sup>(2)</sup>	1,454,786	
February 19, 2003	482,898	100.00	100.00	Cash	Allotment of unsubscribed portion of the 6 <sup>th</sup> Rights Issue**	1,937,684	
March 31, 2005							193,768,400
February 21, 2006	816,938	100.00	100.00	Cash	Rights issue ("7 <sup>th</sup> Rights Issue") <sup>(3)</sup>	2,754,622	
March 13, 2006	1,120,746	100.00	100.00	Cash	Allotment of unsubscribed portion of the 7 <sup>th</sup> Rights Issue**	3,875,368	
March 13, 2006	159,900	100.00	100.00	Cash	Preferential allotment**	4,035,268	
March 31, 2006	55,850	100.00	100.00	Cash	Preferential allotment**	4,091,118	
March 31, 2006							284,797,000
November 21, 2006	36,076	100.00	100.00	Cash	Preferential allotment	4,127,194	412,719,400
February 9, 2007	1,095,984	100.00	100.00	Cash	Rights issue ("8 <sup>th</sup> Rights Issue") <sup>(4)**</sup>	5,223,178	522,317,800
February 14, 2007	279,747	100.00	100.00	Cash	Allotment of unsubscribed portion of the 8 <sup>th</sup> Rights Issue	5,502,925	550,292,500
March 26, 2007	1,541,260	100.00	450.00	Cash	Rights issue ("9 <sup>th</sup> Rights Issue") <sup>(5)**</sup>	7,044,185	704,418,500



Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
May 10, 2007	3,427,823	100.00	450.00	Cash	Allotment of part of the unsubscribed portion of the 9 <sup>th</sup> Rights Issue	10,472,008	1,047,200,800
August 20, 2008	Sub-division of each equity share of face value ₹ 100 into 10 equity shares of face value ₹ 10.					104,720,080	1,047,200,800
October 20, 2010	5,338,420	10.00	45.00	Cash	Allotment of balance unsubscribed portion of the 9 <sup>th</sup> Rights Issue	110,058,500	1,100,585,000
January 9, 2011	75,812,652	10.00	67.00	Cash	Rights issue ("10 <sup>th</sup> Rights Issue") <sup>(6)**</sup>	185,871,152	1,858,711,520
January 28, 2011	22,999,880	10.00	67.00	Cash	Allotment of part of the unsubscribed portion of the 10 <sup>th</sup> Rights Issue	208,871,032	2,088,710,320
February 25, 2011	4,600,111	10.00	67.00	Cash	Allotment of part of the unsubscribed portion of the 10 <sup>th</sup> Rights Issue	213,471,143	2,134,711,430
March 9, 2011	1,476,253	10.00	67.00	Cash	Allotment of part of the unsubscribed portion of the 10 <sup>th</sup> Rights Issue	214,947,396	2,149,473,960
May 28, 2012	334,166	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	215,281,562	2,152,815,620
September 25, 2012	123,332	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	215,404,894	2,154,048,940
September 25, 2012	65,760	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	215,470,654	2,154,706,540
November 22, 2012	5,169,604	10.00	102.00	Cash	Allotment of the balance unsubscribed portion of the 10 <sup>th</sup> Rights Issue	220,640,258	2,206,402,580
December 26, 2012	2,200,161	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	222,840,419	2,228,404,190
December 26, 2012	84,292	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	222,924,711	2,229,247,110
February 4, 2013	17,300,000	10.00	110.00	Cash	Preferential allotment	240,224,711	2,402,247,110
March 26, 2013	1,300,000	10.00	110.00	Cash	Preferential allotment	241,524,711	2,415,247,110
March 26, 2013	11,400,000	10.00	105.00	Cash	Preferential allotment	252,924,711	2,529,247,110

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
April 4, 2013	171,162	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	253,095,873	2,530,958,730
April 4, 2013	224,358	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	253,320,231	2,533,202,310
July 9, 2013	536,828	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	253,857,059	2,538,570,590
July 9, 2013	708,332	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	254,565,391	2,545,653,910
October 8, 2013	80,664	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	254,646,055	2,546,460,550
October 8, 2013	744,792	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	255,390,847	2,553,908,470
December 30, 2013	310,006	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	255,700,853	2,557,008,530
December 30, 2013	798,920	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	256,499,773	2,564,997,730
March 27, 2014	15,540,425	10.00	128.10	Cash	Preferential allotment	272,040,198	2,720,401,980
April 28, 2014	157,508	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	272,197,706	2,721,977,060
April 28, 2014	861,973	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	273,059,679	2,730,596,790
April 28, 2014	2,475	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	273,062,154	2,730,621,540
May 7, 2014	10,109,475	10.00	128.10	Cash	Preferential allotment	283,171,629	2,831,716,290
June 30, 2014	1,698,666	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	284,870,295	2,848,702,950
June 30, 2014	630,456	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	285,500,751	2,855,007,510
June 30, 2014	412,533	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	285,913,284	2,859,132,840
October 13, 2014	1,595,002	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	287,508,286	2,875,082,860
October 13, 2014	1,517,521	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	289,025,807	2,890,258,070
October 13, 2014	801,396	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	289,827,203	2,898,272,030
October 13, 2014	301,450	10.00	55.00	Cash	Allotment	290,128,653	2,901,286,530

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
2014					pursuant to the ESOP Schemes		
January 14, 2015	133,334	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	290,261,987	2,902,619,870
January 14, 2015	757,056	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	291,019,043	2,910,190,430
January 14, 2015	82,203	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	291,101,246	2,911,012,460
January 14, 2015	550,350	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	291,651,596	2,916,515,960
March 17, 2015	95,751	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	291,747,347	2,917,473,470
March 17, 2015	759	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	291,748,106	2,917,481,060
March 17, 2015	425,370	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	292,173,476	2,921,734,760
March 31, 2015	183,336	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes	292,356,812	2,923,568,120
March 31, 2015	522,025	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	292,878,837	2,928,788,370
March 31, 2015	45,838	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	292,924,675	2,929,246,750
March 31, 2015	524,955	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	293,449,630	2,934,496,300
June 2, 2015	120,187	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	293,569,817	2,935,698,170
June 2, 2015	208,903	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	293,778,720	2,937,787,200
June 2, 2015	444,130	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	294,222,850	2,942,228,500
June 25, 2015	250,890	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	294,473,740	2,944,737,400
June 25, 2015	36,776	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	294,510,516	2,945,105,160
June 25, 2015	239,005	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	294,749,521	2,947,495,210
August 6, 2015	7,670	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	294,757,191	2,947,571,910

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
August 6, 2015	42,414	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	294,799,605	2,947,996,050
August 6, 2015	235,845	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	295,035,450	2,950,354,500
August 6, 2015	316,670	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	295,352,120	2,953,521,200
September 5, 2015	175,481	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	295,527,601	2,955,276,010
September 5, 2015	160,157	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	295,687,758	2,956,877,580
September 5, 2015	102,650	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	295,790,408	2,957,904,080
September 5, 2015	180,339	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	295,970,747	2,959,707,470
September 23, 2015	313,337	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	296,284,084	2,962,840,840
September 23, 2015	455,970	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	296,740,054	2,967,400,540
September 23, 2015	98,230	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	296,838,284	2,968,382,840
September 23, 2015	350,996	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	297,189,280	2,971,892,800
October 31, 2015	8,591,752	10.00	195.00	Cash	Pre-IPO preferential allotment	305,781,032	3,057,810,320
November 6, 2015	128,704	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	305,909,736	3,059,097,360
November 6, 2015	13,609	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	305,923,345	3,059,233,450
November 6, 2015	139,780	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	306,063,125	3,060,631,250
November 6, 2015	44,190	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	306,107,315	3,061,073,150
November 6, 2015	107,900	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	306,215,215	3,062,152,150
December 5, 2015	61,250	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	306,276,465	3,062,764,650
December 5, 2015	19,920	10.00	52.00	Cash	Allotment pursuant to the	306,296,385	3,062,963,850

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
					ESOP Schemes		
December 5, 2015	29,280	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	306,325,665	3,063,256,650
December 5, 2015	16,600	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	306,342,265	3,063,422,650
December 5, 2015	82,300	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	306,424,565	3,064,245,650
December 16, 2015	16,408,248	10.00	195.00	Cash	Pre-IPO preferential allotment	322,832,813	3,228,328,130
December 21, 2015	50,804	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	322,883,617	3,228,836,170
December 21, 2015	9,558	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	322,893,175	3,228,931,750
December 21, 2015	74,290	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	322,967,465	3,229,674,650
December 21, 2015	35,400	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	323,002,865	3,230,028,650
December 21, 2015	101,350	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	323,104,215	3,231,042,150
February 9, 2016	29,347	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	323,133,562	3,231,335,620
February 9, 2016	136,394	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	323,269,956	3,232,699,560
February 9, 2016	117,426	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	323,387,382	3,233,873,820
February 9, 2016	18,090	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	323,405,472	3,234,054,720
February 9, 2016	292,930	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	323,698,402	3,236,984,020
March 5, 2016	120,026	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	323,818,428	3,238,184,280
March 5, 2016	28,083	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	323,846,511	3,238,465,110
March 5, 2016	26,444	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	323,872,955	3,238,729,550
March 5, 2016	8,740	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	323,881,695	3,238,816,950
March 5, 2016	70,947	10.00	80.00	Cash	Allotment	323,952,642	3,239,526,420

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
2016					pursuant to the ESOP Schemes		
March 5, 2016	60,000	10.00	100.00	Cash	Allotment pursuant to the ESOP Schemes	324,012,642	3,240,126,420
March 23, 2016	66,560	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	324,079,202	3,240,792,020
March 23, 2016	6,294	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	324,085,496	3,240,854,960
March 23, 2016	427,060	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	324,512,556	3,245,125,560
March 23, 2016	57,241	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	324,569,797	3,245,697,970
March 23, 2016	158,323	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	324,728,120	3,247,281,200
March 23, 2016	10	10.00	100.00	Cash	Allotment pursuant to the ESOP Schemes	324,728,130	3,247,281,300
June 8, 2016	156,404	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	324,884,534	3,248,845,340
June 8, 2016	387,565	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	325,272,099	3,252,720,990
June 8, 2016	498,755	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	325,770,854	3,257,708,540
June 8, 2016	136,194	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	325,907,048	3,259,070,480
June 8, 2016	661,523	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	326,568,571	3,265,685,710
June 8, 2016	122,410	10.00	100.00	Cash	Allotment pursuant to the ESOP Schemes	326,690,981	3,266,909,810
June 20, 2016	186,241	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	326,877,222	3,268,772,220
June 20, 2016	80,053	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	326,957,275	3,269,572,750
June 20, 2016	490,161	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	327,447,436	3,274,474,360
June 20, 2016	179,280	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	327,626,716	3,276,267,160
June 20, 2016	802,424	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	328,429,140	3,284,291,400

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares subscribed	Cumulative paid-up equity share capital (₹)*
June 20, 2016	123,012	10.00	100.00	Cash	Allotment pursuant to the ESOP Schemes	328,552,152	3,285,521,520
July 9, 2016	116,515	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	328,668,667	3,286,686,670
July 9, 2016	261,165	10.00	52.00	Cash	Allotment pursuant to the ESOP Schemes	328,929,832	3,289,298,320
July 9, 2016	380,049	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	329,309,881	3,293,098,810
July 9, 2016	596,518	10.00	76.00	Cash	Allotment pursuant to the ESOP Schemes	329,906,399	3,299,063,990
July 9, 2016	305,835	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	330,212,234	3,302,122,340
July 9, 2016	128,458	10.00	100.00	Cash	Allotment pursuant to the ESOP Schemes	330,340,692	3,303,406,920
July 9, 2016	2,455,597	10.00	120.00	Cash	Allotment pursuant to the ESOP Schemes	332,796,289	3,327,962,890
July 20, 2016	1,150	10.00	46.50	Cash	Allotment pursuant to the ESOP Schemes	332,797,439	3,327,974,390
July 20, 2016	8,000	10.00	55.00	Cash	Allotment pursuant to the ESOP Schemes	332,805,439	3,328,054,390
July 20, 2016	3,120	10.00	80.00	Cash	Allotment pursuant to the ESOP Schemes	332,808,559	3,328,085,590
July 20, 2016	417	10.00	120.00	Cash	Allotment pursuant to the ESOP Schemes	332,808,976	3,328,089,760

\*The payments for the 5<sup>th</sup> Rights Issue, 6<sup>th</sup> Rights Issue and the 7<sup>th</sup> Rights Issue, were received in calls on several dates, post the allotment of equity shares to the applicants. Consequently, the cumulative paid-up share capital pursuant to these allotments has been disclosed as a year-end balance immediately prior to the next allotment, instead of individually for each allotment.

\*\*Holders of Equity Shares allotted pursuant to these allotments were provided an exit opportunity as noted in the settlement order dated May 30, 2016 passed by SEBI. Please see “Risk Factors – Our Bank has, in certain instances in the past, allotted equity shares that were not in compliance with the then-applicable laws relating to a public offering of securities, which may subject our Bank to, among other things, further regulatory consequences” on page 15.

(1) Rights issue of 589,270 equity shares of face value ₹100.00 to existing shareholders of the Bank in the ratio of two equity shares of face value of ₹100 each for every one equity share of face value ₹100.00 held. An amount of ₹30 per equity share each was payable on application and allotment. The first and final call was made on May 5, 2000.

(2) Rights issue of 953,779 equity shares of face value ₹100.00 to existing shareholders of the Bank in the ratio of one equity share of face value ₹100.00 for each such equity share held. An amount of ₹20 per equity share each was payable on application and allotment, the remaining amount was paid pursuant to three calls of ₹20 per equity share each on November 15, 2003, February 3, 2004 and February 3, 2004 respectively. The 6<sup>th</sup> Rights Issue was undersubscribed and our Board, allotted the unsubscribed portion of 482,898 equity shares of face value ₹100 each on February 19, 2003.

(3) Rights issue of 1,937,684 equity shares of face value ₹100.00 to existing shareholders of the Bank in the ratio of one equity share of face value ₹100.00 for each such equity shares held. An amount of ₹25 per equity share each was payable on application and allotment, while the remaining amount was paid pursuant to two calls on June 1, 2006 and August 1, 2006 respectively. The offer was undersubscribed and our Board, pursuant to a resolution dated January 20, 2006 decided to allot the unsubscribed portion of 1,120,746 equity shares of face value ₹100 each in the next meeting, which took place on March 13, 2006.

(4) Rights issue of 1,375,731 equity shares of face value ₹100.00 to existing shareholders of the Bank in the ratio of one equity share of face value ₹100 for every three equity shares of face value ₹100 each held. The offer was under-subscribed and our Board, pursuant to a resolution dated February 9, 2007 decided to allot the unsubscribed portion of 279,747 equity shares of face value ₹100 each in the next meeting, which took place on February 14, 2007.

(5) Rights issue of 5,502,925 equity shares of face value ₹100.00 to existing shareholders of the Bank in the ratio of one equity share of face value ₹100.00 for each such equity shares held. The offer was under-subscribed and our Board, pursuant to a resolution dated March 26, 2007 decided to allot the unsubscribed portion of 3,427,823 equity shares of face value ₹100 each in the next meeting. The unsubscribed portions were finally allotted in the board meetings held on May 10, 2007 and October 20, 2010.

(6) Rights issue of 110,058,500 Equity Shares to existing shareholders of the Bank in the ratio of one Equity Share for each Equity Share held. The offer was under-subscribed and our Board, pursuant to a resolution dated January 9, 2011 decided to allot the unsubscribed portion of 34,245,848 Equity Shares in the next meeting. The unsubscribed portions were finally allotted in the board meetings held on January 28, 2011, February 25, 2011, March 9, 2011 and November 22, 2012.

**c) Equity shares issued for consideration other than cash**

No equity shares have been issued by our Bank for consideration other than cash since Fiscal 2000.

**d) Equity Shares issued at a price which may be lower than the Issue Price during the preceding one year**

Our Bank has allotted Equity Shares pursuant to the ESOP Schemes during the preceding one year from the date of filing this Prospectus, which could be at a price lower than the Issue Price. For further details of these allotments, see the sub-section titled “Notes to Capital Structure – Share Capital History – History of Equity Share Capital of our Bank” on page 106.

In addition to allotments pursuant to the ESOP Schemes, our Bank has made the following allotments of Equity Shares in the preceding one year, which could be at a price lower than the Issue Price:

Date of allotment	Name of the Allottee	No. of Equity Shares	Issue price (₹)	Reasons for allotment
October 31, 2015	CDC Group PLC	1,600,000	195.00	Pre-IPO preferential allotment
October 31, 2015	DVI Fund (Mauritius) Limited	3,690,231	195.00	Pre-IPO preferential allotment
October 31, 2015	Rimco (Mauritius) Limited	3,301,521	195.00	Pre-IPO preferential allotment
December 16, 2015	Asian Development Bank	14,350,000	195.00	Pre-IPO preferential allotment
December 16, 2015	CDC Group PLC	680,682	195.00	Pre-IPO preferential allotment
December 16, 2015	DVI Fund (Mauritius) Limited	1,377,566	195.00	Pre-IPO preferential allotment

**2. Details of Lock-in**

**a) Details of share capital locked in for three years**

Our Bank is a professionally managed company and has no identifiable promoter. Accordingly, as per Regulation 34(a) of the SEBI Regulations, there is no requirement of promoters’ contribution in this Issue and none of the Equity Shares will be locked-in for a period of three years.

**b) Details of share capital locked in for one year**

The entire pre-Issue equity share capital of our Bank (including any Equity Shares offered by way of the Offer for Sale and not Allotted in the Issue), shall be locked- in for a period of one year from the date of



Allotment other than:

- (i) the Equity Shares held by a VCF or a category I AIF or an FVCI, and which have been locked-in for a period of at least one year from the date of purchase by such entity;
- (ii) the Equity Shares held pursuant to allotment under the ESOP Schemes by employees of the Bank who continue to be employees as on date of Allotment; and
- (iii) the Equity Shares held pursuant to allotment under the ESPS, by employees of the Bank on the date of the Red Herring Prospectus and who continue to be employees as on date of Allotment.

The Equity Shares subject to lock-in will be transferable only to the extent permitted by the SEBI Regulations.

**c) *Lock in of Equity Shares to be Allotted, if any, to the Anchor Investors***

Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

**d) *Other requirements in respect of lock-in***

The Equity Shares under lock-in may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable.

### 3. Our shareholding pattern

a) The table below represents the shareholding pattern of our Bank as on August 19, 2016:

Category	Category of shareholder	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid-up Equity Shares held	No. of Equity Shares underlying depository receipts	Total number of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR)	Number of voting rights held in each class of securities				No. of Equity Shares underlying outstanding convertible securities (including warrants)	As a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in Equity Shares		Number of Equity Shares pledged or otherwise encumbered		Number of Equity Shares in dematerialised form
								No. of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Equity Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % (A+B+C2)	(IX)				(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(B)	Public	12,705	332,808,976	0	0	332,808,976	100	332,808,976	0	332,808,976	100	0	100	28,796,262	8.65	NA	NA	315,423,657
(C)	Non Promoter - Non Public					0			0		0			0		NA	NA	
(C1)	Equity Shares underlying depository receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C2)	Equity Shares held by employee trust	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	<b>Total</b>	12,705	332,808,976	0	0	332,808,976	100	332,808,976	0	332,808,976	100	0	100	28,796,262	8.6524	0	0	315,423,657

\* Our Bank will file the shareholding pattern, in the form prescribed under Regulation 31(1)(a) of the Listing Regulations, one day prior to the listing of Equity Shares. The shareholding pattern will be provided to the Stock Exchanges for uploading on the website of Stock Exchanges before commencement of trading of such Equity Shares.

4. Other than as set forth below, none of our Directors or Key Management Personnel hold Equity Shares as on August 19, 2016.

S. No.	Name	No. of Equity Shares	Percentage of shareholding (%)
<b>Directors</b>			
1.	Mr. Narayan Ramachandran	4,438,380	1.33
2.	Mr. Vishwavir Ahuja	9,021,670	2.71
3.	Mr. Sivanandhan Dhanushkodi	500	0.00
4.	Mr. Girish Vasant Godbole	17,000	0.01
5.	Mr. Jairaj Purandare	50,830*	0.02
6.	Mr. Palepu Sudhir Rao	500	0.00
7.	Mr. Vimal Bhandari	50,000	0.02
<b>Key Management Personnel</b>			
1.	Mr. Rajeev Ahuja	4,527,670	1.36
2.	Mr. Amareesh Gulati	150,000	0.05
3.	Mr. Andrew Gracias	860,495	0.26
4.	Mr. Bhavtaran Singh (Sunny) Uberai	186,500	0.06
5.	Mr. Harjeet Toor	352,700	0.11
6.	Mr. Joginder Singh Rana	790,895	0.24
7.	Mr. Manoj Rawat	297,425	0.09
8.	Mr. Naresh Karia	553,730	0.17
9.	Mr. Rajeev Dewal	20,000	0.01
10.	Mr. R. Gurumurthy	1,121,065	0.34
11.	Mr. Rana Vikram Anand	381,300	0.11
12.	Mr. Sandeep Thapliyal	586,700	0.18
13.	Mr. Sanjay Sharma	189,200	0.06
14.	Mr. Satish Dhawan	491,115	0.15
15.	Ms. Shanta Vallury	756,130	0.23
16.	Mr. Surinder Chawla	484,200	0.15
17.	Mr. Vinay Tripathi	20,260	0.01

\* Out of these, 830 Equity Shares are held by Mr. Purandare in his own name and 50,000 Equity Shares are held by him as first holder, jointly with his wife. Further, he also holds an additional 50,000 Equity Shares as second holder, jointly with his wife, who is the first holder.

#### 5. Public shareholders holding more than 1% of the pre-Issue paid-up capital of our Bank

Details of the public shareholders holding more than 1% of the pre-Issue paid-up capital of our Bank and their pre-Issue and post-Issue shareholding, as on August 19, 2016 are as follows:

S. No.	Name	Pre-Issue		Post-Issue	
		No. of Equity Shares	Percentage of shareholding (%)	No. of Equity Shares	Percentage of shareholding (%)
1.	LI IPL RBL OFS Shares Escrow Demat Account*	16,909,628	5.08	Nil	0.00
2.	CDC Group PLC	15,823,857	4.75	15,823,857	4.28
3.	Asian Development Bank	14,350,000	4.31	14,350,000	3.88
4.	International Finance Corporation	12,717,250	3.82	12,717,250	3.44
5.	Norwest Venture Partners X FII – Mauritius	12,515,162	3.76	12,515,162	3.38
6.	Faering Capital India Evolving Fund	11,975,980	3.60	11,975,980	3.24
7.	Cartica Capital 2 Limited	11,310,000	3.40	11,310,000	3.06
8.	Unit Trust Of India Investment Advisory Services Limited A/C Ascent India Fund III	10,403,100	3.13	10,403,100	2.81
9.	Asia Capital Financial Opportunities PTE Ltd	10,109,475	3.04	10,109,475	2.73
10.	Vishwavir Ahuja	9,021,670	2.71	9,021,670	2.44

S. No.	Name	Pre-Issue		Post-Issue	
		No. of Equity Shares	Percentage of shareholding (%)	No. of Equity Shares	Percentage of shareholding (%)
11.	Housing Development Finance Corporation Limited	8,804,680	2.65	8,804,680	2.38
12.	GPE**	6,893,032	2.07	6,893,032	1.86
13.	Aditya Birla Private Equity Trust	6,800,000	2.04	6,800,000	1.84
14.	Galileo Investments Limited	5,940,000	1.78	5,940,000	1.61
15.	Samara Capital Partners Fund I Limited	5,610,000	1.69	5,610,000	1.52
16.	HDFC Bank Ltd	5,220,000	1.57	5,220,000	1.41
17.	DVI Fund Mauritius Ltd	5,067,797	1.52	5,067,797	1.37
18.	Rajeev Ahuja	4,527,670	1.36	4,527,670	1.22
19.	TVS Shriram Growth Fund I	4,477,611	1.35	4,477,611	1.21
20.	Narayan Ramachandran	4,438,380	1.33	4,438,380	1.20
21.	IDFC Spice Fund	4,282,195	1.29	4,282,195	1.16
22.	Rome Private Ltd PCC	3,500,000	1.05	3,500,000	0.95

\* Equity Shares deposited by the Selling Shareholders, currently held by the Registrar in escrow, for the purposes of the Offer for Sale

\*\* Excluding Equity Shares held by the Registrar in escrow, for the purposes of the Offer for Sale

## 6. Employee stock option and stock purchase schemes

### (a) Employee stock option schemes

Our shareholders, pursuant to a resolution passed at the AGM held on August 25, 2010 approved the issue and allotment to permanent employees of our Bank and our Directors (to the extent permitted by applicable law), options convertible into an equivalent number of Equity Shares (up to 10% of the paid-up equity share capital of our Bank), as per the terms to be approved by the Human Resource and Remuneration Committee. The limit of 10% of the paid-up equity share capital was increased to 12% pursuant to a resolution passed by our shareholders at an EGM held on March 24, 2014.

Currently, our Bank has the following employee stock option schemes (“ESOP Schemes”).

Scheme	Outstanding Options (August 20, 2016)	Remarks
ESOP 2010	889,975	Our Human Resource and Remuneration Committee, pursuant to its resolution dated September 6, 2010 approved the ESOP 2010, with effect from September 14, 2010.
ESOP 2013	31,001,101	Our Human Resource and Remuneration Committee, pursuant to its resolution dated August 30, 2013 approved the ESOP 2013, with effect from September 1, 2013.
RESOP 2014	2,153,650	Our Human Resource and Remuneration Committee, pursuant to its resolution dated February 18, 2014 approved the RESOP 2014, with effect from March 1, 2014.

The ESOP Schemes are in compliance with the ESOS Regulations. However, in terms of the ESOS Regulations, they will be required to be approved by the shareholders of our Bank, after listing of the Equity Shares on the Stock Exchanges. The details of the ESOP Schemes are as follows:

Particulars	Details			
	Fiscal 2014	Fiscal 2015	Fiscal 2016	April 1, 2016 to August 20, 2016
No. of Options as at beginning of Fiscal	15,449,088	21,403,696	26,115,467	33,814,756
Options granted	10,527,570	18,077,350	16,432,050	96,01,700
Pricing Formula	Based on valuation based on an independent valuer			

Particulars	Details			
	Fiscal 2014	Fiscal 2015	Fiscal 2016	April 1, 2016 to August 20, 2016
Exercise price of options (in Rs.)	52.00, 55.00	55.00, 76.00, 80.00, 100.00	100.00, 120.00	120.00
Total options vested (includes options exercised)	5,750,045	6,518,937	99,64,075	55,74,620
Options exercised	3,575,062	11,299,957	6,278,500	8,080,846
Total number of Equity Shares arising as a result of full exercise of options already granted	3,575,062	11,299,957	6,278,500	8,080,846
Options forfeited/lapsed/ cancelled**	997,900	2,065,622	2,454,261	12,90,884
Variations in terms of options	None	None	None	None
Money realised by exercise of options (in Rs.)	159,099,093	523,673,686	375,344,876	678,288,713
Options outstanding (in force)	21,403,696	26,115,467	33,814,756	34,044,726
Person wise details of options granted to				
i) Directors and key management personnel*	<b>Name of Employee</b>		<b>No. of options</b>	
		<b>Granted</b>	<b>Exercised</b>	<b>Outstanding</b>
	Vishwavir Ahuja	5,352,900	3,021,670	2,331,230
	Rajeev Ahuja	3,502,900	1,927,670	1,575,230
	Shanta Vallury	1,271,900	753,130	518,770
	Naresh Karia	1,028,400	553,730	474,670
	R Gurumurthy	1,852,250	1,071,065	781,185
	Joginder Singh Rana	970,650	790,895	179,755
	Andrew Gracias	1,851,650	820,495	1,031,155
	Manoj Rawat	802,150	297,425	504,725
	Satish Dhawan	646,650	389,195	257,455
	Sandeep Thapliyal	796,100	586,700	209,400
	Surinder Chawla	886,100	484,200	401,900
	Sanjay Sharma	426,100	189,200	236,900
	Harjeet Toor	951,100	352,700	598,400
	Rana Vikram Anand	750,000	381,300	368,700
	Sunny Uberai	460,500	186,500	274,000
	Rajeev Dewal	225,500	20,000	205,500
	Amareesh Gulati	700,500	150,000	550,500
	Neeta Mukerji	650,000	0	650,000
Brijesh Mehra	1,000,000	0	1,000,000	
Vinay Tripathi	54,000	20,260	33,740	
ii) Any other employee* who received a grant in any one year of options amounting to 5% or more of the options granted during the fiscals 2014, 2015 and 2016	<b>Name of Employee</b>		<b>No. of options</b>	
		<b>Granted</b>	<b>Exercised</b>	<b>Outstanding</b>
None				

Particulars	Details			
	Fiscal 2014	Fiscal 2015	Fiscal 2016	April 1, 2016 to August 20, 2016
iii) Identified employees* who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Bank at the time of grant	None			
Fully diluted EPS# pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard	3.45	6.66	8.95	Not Applicable
Vesting schedule	<b>ESOP 2010</b>	1/3 <sup>rd</sup> each at the end of years one, two and three.		
	<b>ESOP 2013</b>	40% at the end of year one; 30% each at the end of years two and three.  Effective 01-Jun-16 30% each at the end of years one and two. 40% at the end of year three;		
	<b>RESOP 2014</b>	20% at the end of year one; 80% at the later of (a) the end of year two; (b) one year from the date of an initial public offer of the Equity Shares/listing of the Equity Shares.		
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and employee compensation cost calculated on the basis of fair value of stock options	₹ 63.7 million	₹ 155.4 million	₹ 226.2 million	Not Applicable
Impact on the profits of our Bank and on the EPS# arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Profit before tax to be lower by ₹ 63.7 million	Profit before tax to be lower by ₹155.4 million	Profit before tax to be lower by ₹226.2 million	Not Applicable
Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than market price	Not Applicable, since market price is not available for the Bank, being an unlisted company			

Particulars	Details			
	Fiscal 2014	Fiscal 2015	Fiscal 2016	April 1, 2016 to August 20, 2016
of the stock				

Method and significant assumptions used to estimate the fair value of options granted during Fiscal 2016:	
Method used	Black Scholes Option Pricing Model
Risk free interest rate	7.29%-8.07%
Expected Life	1.0- 3.0 years
Expected Volatility	44.66%-47.27%
Expected Dividends	0.75%-0.90%
Price of underlying shares in market at the time of Option grant	NA

\* Employees represent our permanent employees as on date of this Prospectus

\*\* Cancelled on account of disassociation of employees.

(b) Employee stock purchase scheme

Our Shareholders, pursuant to a resolution passed on January 4, 1999 authorised our Board to offer up to 500 equity shares of face value ₹ 100 each to each employee of the Bank (“ESPS”) in such manner as the Board deemed fit. Pursuant to this resolution, our Board, at its meeting held on January 29, 1999, finalised the following terms of the ESPS:

- (i) The overall size of the ESPS would not exceed ₹ 10 million;
- (ii) The equity shares under ESPS would be offered to various classes of employees of the Bank in the following manner:

Sl. No.	Category	Minimum number of equity shares
1.	Officers	200
2.	Clerk	100
3.	Peon/Sub-staff	50

- (iii) Each employee could apply for a maximum of 500 equity shares
- (iv) All equity shares allotted under the ESPS would be subject to a lock-in of a minimum of five years;

Our Bank allotted 100,000 equity shares of face value ₹100 each, pursuant to the ESPS on February 11, 2000. Of the equity shares allotted pursuant to the ESPS:

- (i) None of the Key Management Personnel were allotted any equity shares;
- (ii) No employee was allotted more than 5% of the total number of equity shares allotted under the ESPS;
- (iii) No employee was allotted equity shares of more than 1% of the total issued capital of our Bank, under the ESPS;

The total consideration received by our Bank pursuant to the allotment of equity shares under the ESPS was ₹ 10 million.

No employee holding Equity Shares allotted upon exercise of options under the ESOP Schemes or under the ESPS, which constitute more than 1% of the issued equity share capital of our Bank intends to sell any such Equity Shares, within a period of three months from the date of listing of the Equity Shares.

Some of our employees, including our Directors and Key Management Personnel, holding Equity Shares at the time of listing of the Equity Shares pursuant to the Issue, may sell the Equity Shares issued upon exercise of options granted under the ESOP Schemes or under the ESPS within a period of three months from the date of listing of the Equity Shares.

## 7. Top 10 shareholders

As on August 19, 2016, our Bank has 12,705 shareholders. The list of the principal shareholders of our Bank and the number of Equity Shares held by them is provided below:

- (a) Our top 10 shareholders and the number of Equity Shares held by them, as on August 19, 2016, are as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage
1.	LIPL RBL OFS Shares Escrow Demat Account*	16,909,628	5.08
2.	CDC Group PLC	15,823,857	4.75
3.	Asian Development Bank	14,350,000	4.31
4.	International Finance Corporation	12,717,250	3.82
5.	Norwest Venture Partners X FII – Mauritius	12,515,162	3.76
6.	Faering Capital India Evolving Fund	11,975,980	3.60
7.	Cartica Capital 2 Ltd.	11,310,000	3.40
8.	Unit Trust Of India Investment Advisory Services Limited A/C Ascent India Fund III	10,403,100	3.13
9.	Asia Capital Financial Opportunities Pte Ltd	10,109,475	3.04
10.	Vishwavar Ahuja	9,021,670	2.71
	<b>Total</b>	<b>12,513,612</b>	<b>37.60</b>

\* Equity Shares deposited by the Selling Shareholders, currently held by the Registrar in escrow, for the purposes of the Offer for Sale

- (b) Our top 10 shareholders and the number of Equity Shares held by them as on August 12, 2016, being approximately 10 days prior to filing of this Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage
1.	LIPL RBL OFS Shares Escrow Demat Account*	16,909,628	5.08
2.	CDC Group PLC	15,823,857	4.75
3.	Asian Development Bank	14,350,000	4.31
4.	International Finance Corporation	12,717,250	3.82
5.	Norwest Venture Partners X FII – Mauritius	12,515,162	3.76
6.	Faering Capital India Evolving Fund	11,975,980	3.60
7.	Cartica Capital 2 Ltd.	11,310,000	3.40
8.	Galileo Investments Limited	10,940,000	3.29
9.	Unit Trust Of India Investment Advisory Services Limited A/C Ascent India Fund III	10,403,100	3.13
10.	Asia Capital Financial Opportunities Pte Ltd	10,109,475	3.04
	<b>Total</b>	<b>12,705,445</b>	<b>38.18</b>

\* Equity Shares deposited by the Selling Shareholders, currently held by the Registrar in escrow, for the purposes of the Offer for Sale

- (c) Our top ten shareholders and the number of Equity Shares held by them as on August 15, 2014, being approximately two years prior to filing of this Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage
1.	CDC Group PLC	13,543,175	4.74
2.	International Finance Corporation	12,717,250	4.45



S. No.	Shareholder	No. of Equity Shares	Percentage
3	Norwest Venture Partners X FII – Mauritius	12,515,162	4.38
4.	Faering Capital India Evolving Fund	11,975,980	4.19
5.	Galileo Investments Limited	11,940,000	4.18
6.	Cartica Capital 2 Ltd.	11,310,000	3.96
7.	GPE	10,418,032	3.64
8.	Unit Trust Of India Investment Advisory Services Limited A/C Ascent India Fund III	10,403,100	3.64
9.	Asia Capital Financial Opportunities Pte Ltd	10,109,475	3.54
10.	Beacon	9,505,558	3.32
	<b>Total</b>	<b>114,437,732</b>	<b>40.03</b>

**8. Sale, purchase or subscription of our Bank’s securities by our Directors aggregating to 1% or more of the Pre-Issue capital within the last three years**

None of our Directors have made any sale, purchase or subscription of our Bank’s securities within three years immediately preceding the date of this Prospectus, which in aggregate is equal to or greater than 1% of the pre-Issue capital of our Bank.

**9. Our Bank, our Directors, the GCBRLMs and the BRLMs have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.**

**10. Except as provided below, the GCBRLMs and the BRLMs and their associates do not hold any Equity Shares as on the date of filing of this Prospectus:**

- (a) HDFC Bank Limited holds 5,220,000 Equity Shares pursuant to invocation of a pledge created in its favour by a client, in the ordinary course of its business;
- (b) ICICI Investment Management Company Limited (“**IIMCL**”) is an associate of ICICI Securities Limited. IIMCL is the investment manager for Emerging India Fund (“**EIF**”), which is registered with SEBI as a venture capital fund. EIF holds 2,250,000 Equity Shares, as on August 24, 2016;
- (c) IDFC Asset Management Company Limited (“**IDFC AMC**”) is an associate of IDFC Securities Limited. IDFC AMC is the investment manager for IDFC SPICE Fund (“**Fund**”) which is registered with SEBI as a venture capital fund. The Fund holds 4,282,195 Equity Shares as on August 24, 2016. IDFC Bank Limited is an investor in the Fund holding 349,087,091 units which is approximately 9.91% in the Fund; and
- (d) IIFL Private Wealth (Mauritius) Limited (“**IIFL Mauritius**”) and IIFL Asset Management Limited (“**IIFL AMC**”) are step-down subsidiaries of IIFL Holdings Limited (“**IIFL Holdings**”), through IIFL Wealth Management Limited, a subsidiary in which IIFL Holdings holds 60.84% of the equity share capital.

IIFL Mauritius is the investment manager for the Emerging India Focus Funds, Mauritius (“**Fund**”), a fund registered with SEBI as a sub-account (deemed FPI). The Fund holds 2,600,000 equity shares of our Bank, as on August 24, 2016.

IIFL AMC is the investment manager to IIFL Seed Ventures Fund – I (a scheme of IIFL Private Equity Fund registered with SEBI as category II Alternative Investment Fund), IIFL Asset Revival Fund – Series 2 (a scheme of IIFL Opportunities Fund registered with SEBI as category III Alternative Investment Fund) and IIFL Asset Revival Fund – Series 3 (a scheme of IIFL Opportunities Fund registered with SEBI as category III Alternative Investment Fund). IIFL Seed Ventures Fund – I holds 1,850,000 equity shares, IIFL Asset Revival Fund – Series 2 holds 900,000 equity shares and IIFL Asset Revival Fund – Series 3 holds 50,000 equity shares of our Bank, as on August 24, 2016.

**11. Except for any issue of Equity Shares pursuant to exercise of options granted under the ESOP Schemes, there**

will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner until the Equity Shares offered through the Red Herring Prospectus have been listed on the Stock Exchanges or until the application moneys are refunded on account of non-listing, under subscription etc.

12. Our Bank has not issued Equity Shares out of its revaluation reserves after Fiscal 2000.
13. Other than the options granted under the ESOP Schemes described above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on the date of this Prospectus.
14. As on the date of this Prospectus, our Bank has not allotted any Equity Shares pursuant to any scheme approved under sections 391 to 394 of the Companies Act, 1956 after Fiscal 2000.
15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Prospectus.
16. Except as stated in the section titled "*Risk Factors – Our Bank has, in certain instances in the past, allotted equity shares that were not in compliance with the then-applicable laws relating to a public offering of securities, which may subject our Bank to, among other things, further regulatory consequences*" on page 15, our Bank has not made any public issue of any kind or class of securities since its incorporation.
17. Our Bank does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split /consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Bid Opening Date, except allotment of Equity Shares under the ESOP Schemes that may vest and be exercised in this period.
18. Except the allotment of an aggregate of 241,120 Equity Shares to Mr. Vishwavir Ahuja pursuant to the ESOP Schemes, none of our Directors or their immediate relatives have purchased or sold any securities of our Bank, during a period of six months preceding the date of filing this Prospectus with SEBI.
19. During the period of six months immediately preceding the date of filing of this Prospectus, no financing arrangements existed whereby our Directors or their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
20. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off to the nearest multiple of the minimum Allotment lot.
21. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
22. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
23. In the event of under-subscription in the Retail Portion or the Non-Institutional Portion in the Issue, the unsubscribed portion would be allowed to be met with spill over from over subscription from any other category or a combination of categories at the sole discretion of our Bank, in consultation with the GCBRLMs and the BRLMs.
24. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us to the persons who receive Allotments.
25. Our Bank shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## OBJECTS OF THE ISSUE

The Issue comprises of the Fresh Issue and the Offer for Sale. The proceeds from the Offer for Sale (net of Issue related expenses to be borne by the Selling Shareholders) shall be received by the Selling Shareholders and our Bank shall not receive any proceeds from the Offer for Sale.

### Objects of the Fresh Issue

The objects of the Fresh Issue are to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio, and to ensure compliance with Basel III and other RBI guidelines. In addition, we believe that the listing of our Equity Shares will enhance our visibility and brand name among existing and potential customers.

### Utilization of the proceeds of the Fresh Issue

The details of the proceeds of the Fresh Issue are summarized below:

Particulars	Estimated Amount (₹ million)
Gross proceeds from the Fresh Issue	8,325.00
Less Issue related expenses to be borne by our Bank *	682.51
Net proceeds of the Fresh Issue after deducting the Issue related expenses to be borne by our Bank ("Net Proceeds")	7,642.49

\* Upon the listing and trading of the Equity Shares in the Issue on the Stock Exchanges, all Issue related expenses shall be shared by our Bank and the Selling Shareholders in proportion to the number of Equity Shares offered by way of the Fresh Issue and the Offer for Sale, respectively.

The Banking Regulation Act and our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised by our Bank in the Fresh Issue.

### Requirement and Sources of Funds

We intend to utilize the Net Proceeds to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio, and to ensure compliance with Basel III and other RBI guidelines.

### Details of the Objects of the Fresh Issue

Augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio, and to ensure compliance with Basel III and other RBI guidelines.

As prescribed by the RBI, our Bank has adopted Basel III starting from April 1, 2013. The minimum capital adequacy ratio ("CAR") required to be maintained by the Bank for fiscal 2016 was 9.625%, with common equity tier-1 CAR of 6.125%, under Pillar 1 of Basel III regulations of the RBI. The capital requirement is progressively going up under the Basel III regulations prescribed by RBI. The minimum capital requirement will increase from 9.625% as at March 31, 2016 to 11.50% by March 31, 2019; an increase of 0.625% every fiscal. In addition to the minimum capital prescribed under Pillar 1, under Pillar 2 of Basel III regulations, RBI requires banks to have an additional capital buffer for absorbing risks which are not covered under Pillar 1, such as liquidity risk, concentration risk, strategic risk, reputational risk etc. In our estimate, this additional requirement would push up the capital needs by about 1.50-2.00% over and above the minimum prescribed. Therefore, the capital requirement which could be considered at a comfortable level for fiscal 2017 would be around 12.00-12.50%. Given that we are a fast growing bank, we need to maintain a comfortable capital position.

As on March 31, 2016, our Bank's total CAR and common equity tier-1 CAR was 12.94% and 11.10% respectively. As mentioned above, given the growth of its operations over last five years, our Bank believes that the proceeds of

the Issue (which would qualify as tier-1 capital) would be necessary for meeting the future capital requirement posed by the growth.

Basel III, which is being implemented by RBI from April 1, 2013, is subject to a series of transitional arrangements to be phased in over a period of time and will be fully implemented on March 31, 2018. The RBI has indicated that the capital requirements for implementation of the RBI Basel III Capital Regulations may be lower during the initial period and higher in later years. For further details in relation to the RBI Basel III Capital Regulations, please see the section titled “*Regulation and Policies*” on page 198. While our Bank has raised capital from time to time, with the adoption of Basel III by our Bank and the ongoing implementation of BASEL III by RBI, the minimum capital requirements of our Bank is expected to increase in a phased manner over the next few years.

Accordingly, the objects of the Fresh Issue are to augment our Bank’s Tier-I capital base to meet our Bank’s future capital requirements which are expected to arise out of growth in our Bank’s assets, primarily our Bank’s loans/advances and investment portfolio, and to ensure compliance with Basel III and other RBI guidelines.

### **Schedule of Implementation, Deployment of Funds and Interim Utilisation of funds**

Our Bank currently proposes to deploy the Net Proceeds in the aforesaid objects in the current fiscal. The Net Proceeds shall be retained in the Public Issue Account until receipt of the listing and trading approvals from the Stock Exchanges. Upon receipt of listing and trading approvals from the Stock Exchanges, the Net Proceeds would have been applied towards the stated objects and would be utilised by our Bank for normal banking purposes.

### **Appraisal of the Objects**

The objects of the Fresh Issue have not been appraised by any bank, financial institution or agency and we have not raised any bridge loans against the Net Proceeds.

### **Means of Finance**

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

### **Issue Expenses**

The total expenses of the Issue are estimated to be approximately ₹ 682.51 million. The Issue expenses shall be shared between our Bank and the Selling Shareholders, in the proportion to the number of Equity Shares offered by our Bank and the Selling Shareholders in the Fresh Issue and the Offer for Sale, respectively. The break-down for the Issue expenses is as follows:

<b>S. No.</b>	<b>Activity Expense</b>	<b>Amount (₹ in million)</b>	<b>Percentage of Total Estimated Issue Expenses</b>	<b>Percentage of Issue Size</b>
1.	Fees of the GCBRLMs and BRLMs, underwriting commission, brokerage and selling commission	303.09	44.41%	2.50%
2.	Commission/processing fee to the SCSBs for processing ASBA Forms procured by the Designated Intermediaries (other than the SCSBs themselves) and submitted to SCSBs <sup>(1)</sup>			
3.	Brokerage and selling commission for Non Syndicate Registered Brokers <sup>(2)</sup> , CDPs, RTAs and SCSBs <sup>(3)</sup>			
4.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	172.53	25.28%	1.42%
5.	Fees to the Registrar to the Issue	18.32	2.68%	0.15%
6.	Fees of other advisors to the Issue	82.91	12.15%	0.68%

S. No.	Activity Expense	Amount (₹ in million)	Percentage of Total Estimated Issue Expenses	Percentage of Issue Size
7.	Listing fees and other regulatory expenses	51.19	7.50%	0.42%
8.	Miscellaneous	54.46	7.98%	0.45%
	<b>Total Estimated Issue Expenses</b>	682.51	100.00%	5.63%

<sup>(1)</sup> SCSBs shall be entitled to a processing fees of ₹ 10 per valid ASBA Form for processing the ASBA Forms procured by the Designated Intermediaries (other than the SCSBs themselves) and submitted to the SCSBs

<sup>(2)</sup> Non Syndicate Registered Brokers shall be entitled to a commission of ₹ 10 per valid ASBA Form uploaded by them on the electronic bidding system of the Stock Exchanges

<sup>(3)</sup> The RTAs, CDPs and SCSBs (for the ASBA Forms directly submitted to them) will be entitled to the selling commission below: 0.35% of the Amount Allotted (plus applicable taxes) in respect of the Retail Bidders and 0.20% of the Amount Allotted in respect of the Non-Institutional Bidders. Amount Allotted shall mean the product of the number of Equity Shares Allotted and the Issue Price. The members of the Syndicate (including their Sub-Syndicate members), RTAs and CDPs shall also be entitled to bidding charges of ₹ 10 per valid ASBA Form procured by them and submitted to the SCSB for blocking.

### Monitoring of Utilization of Funds

As we are a bank, in accordance with Regulation 16 of the SEBI Regulations, there is no requirement for appointment of a monitoring agency. Our Bank is raising capital to meet future capital adequacy related requirements and not for any specified project(s). To the extent applicable, our Bank will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized.

### Other Confirmations

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Directors, Key Management Personnel or our Group Companies. Further, as the Net Proceeds will be utilized to our Bank's capital adequacy related requirements, no part of the Net Proceeds will be paid by our Bank as consideration to the Directors, Key Management Personnel or our Group Companies, except in the ordinary course of business.

In accordance with Section 27 of the Companies Act, 2013, a company shall not vary the objects of the issue, unless authorised by its shareholders in a general meeting by way of a special resolution. Additionally, the notice in respect of such resolution issued to the shareholders shall contain details as prescribed under the Companies Act, 2013 and such details of the notice, clearly indicating the justification for such variation, shall also be published in one English and one vernacular newspaper in the city where the registered office of the company is situated, as per the Companies Act, 2013 and the rules framed there under. Further, our Bank does not have any controlling shareholders or identifiable promoters. Accordingly, the requirement under the Companies Act in relation to provision of exit opportunity to dissenting shareholders in case of variation in the objects stated in the Red Herring Prospectus and this Prospectus may not be applicable to us.

## BASIS FOR ISSUE PRICE

The Issue Price of ₹ 225 has been determined by our Bank in consultation with the GCBRLMs and the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Issue Price is 22.5 times the face value of the Equity Shares.

### Qualitative Factors

Some of the qualitative factors which form the basis for the Issue Price are:

- Client focused approach to business resulting in growing brand recognition;
- Robust multi-channel distribution system;
- Partnerships that expand our reach in rural markets;
- Growing net interest and non-interest income;
- Risk management and balance sheet focus;
- Modern and scalable information technology systems infrastructure;
- Focus on operational quality and scalability;

For further details, please see the sections titled “Risk Factors”, “Our Business” and “Financial Statements” on pages 15, 160 and 247, respectively.

### Quantitative Factors

Some of the information presented in this section is derived from our restated financial information prepared in accordance with the Companies Act and the SEBI Regulations. For details, please see the section titled “Financial Information” on page 247.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

#### 1. Basic and Diluted Earnings Per Share (“EPS”) as per our restated financial information:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Year ended March 31, 2014	3.63	3.61	1
Year ended March 31, 2015	7.23	7.00	2
Year ended March 31, 2016	9.60	9.43	3
<b>Weighted Average</b>	<b>7.82</b>	<b>7.65</b>	

#### Notes:

- (1) EPS calculations have been done in accordance with Accounting Standard 20-Companies (Accounting Standards) Rules, 2006  
*Earnings per share (Rs) = Net profit available to equity shareholders (after extra-ordinary items)/ Weighted average number of equity shares outstanding during the year/period*

#### 2. Price/Earning (P/E) ratio in relation to Issue Price ₹ 225 per Equity Share:

P/E based on basic and diluted EPS for the year ended 31 March, 2016 at the Issue Price are 23.44 and 23.86.

Industry P/E\*

- (i) Highest: 40.42
- (ii) Lowest: 14.65
- (iii) Average: 24.13

\* Source: The highest and lowest Industry P/E shown above is based on the Industry peer set provided below under “Comparison of accounting ratios with Industry Peers”. The Industry composite has been calculated as the arithmetic average P/E of the Industry peer set provided below, based on consolidated EPS numbers. For further details, see “ - Comparison of accounting ratios with Industry Peers ” hereunder.

### 3. Average Return on Net Worth (“RoNW”) as per our restated financial information:

Particulars	RONW %	Weight
Year ended March 31, 2014	4.60	1
Year ended March 31, 2015	9.29	2
Year ended March 31, 2016	9.79	3
<b>Weighted Average</b>	<b>8.76</b>	

**Note:**

Return on net worth (%) = Net profit after tax (after extra- ordinary items) / Net worth excluding revaluation reserve at the end of the year (or period)

### 4. Minimum Return on Increased Net Worth required for maintaining pre-Issue Basic / Diluted EPS for the financial year 2016:

To maintain pre-Issue Basic EPS: 9.29% at the Issue Price

To maintain pre-Issue Diluted EPS: 9.13% at the Issue Price.

Networth as on March 31, 2016 has been considered for the above calculations.

### 5. Net Asset Value (“NAV”) per equity share / Book Value per equity share:

The adjusted NAV per equity share of face value of ₹10 each is as under:

- (i) As on March 31, 2016: ₹ 92.02\*
- (ii) Issue Price per Equity Share: ₹ 225 \*\*
- (iii) As on March 31, 2016 after the Issue: ₹ 103.32

\*As per restated financial information.

**Notes:**

Net asset value per equity share (₹) = Restated net worth excluding revaluation reserve as at the end of the year (or period) / Number of equity shares outstanding at the end of the year (or period)

### 6. Comparison with listed industry peers:

	Name of the Bank	For the year ended March 31, 2016						
		Face Value (₹)	Total Income (₹ Million)	Basic EPS (₹)	P/E	P/BV	RoNW (%)	NAV (₹)
1.	RBL Bank Limited#	10	32,348.50	9.60	23.44	2.45	9.79	92.02
2.	<b>Peer Group®</b>							
	Yes Bank Limited	10	162,628.60	60.39	19.59	3.61	18.38	327.26
	Indusind Bank Limited	10	148,776.10	39.68	29.14	3.97	13.20	291.02
	Kotak Mahindra Bank Limited	5	279,745.20	18.91	40.42	4.20	10.37	181.86
	City Union Bank Limited	1	33,541.86	7.44	16.85	2.46	14.57	51.02
	DCB Bank Limited	10	19,189.20	6.86	14.65	1.64	11.18	61.19

# Source: Based on the restated financial information for the year ended March 31, 2016

@Based on audited consolidated financial results for the financial year ended March 31, 2016

**Notes:**

1. *Total Income is as sourced from the financial results reports of the companies.*
2. *Basic EPS refer to the basic EPS sourced from the financial results reports of the companies.*
3. *P/E Ratio has been computed as the closing market prices of the companies sourced from the NSE website as on July 25, 2016 as divided by the basic EPS provided under Note 2.*
4. *P/B Ratio has been computed as the closing market prices of the companies sourced from the NSE website as on July 25, 2016, as divided by the NAV provided under Note 6.*
5. *RoNW (%) has been computed as net profit after tax divided by the net worth of these companies. Net worth has been computed as sum of share capital and reserves less revaluation reserves.*
6. *NAV is computed as the closing net worth of these companies, computed as per Note 5, divided by the closing outstanding number of fully paid up equity shares as sourced from the BSE website for the Bank as on March 31, 2016.*

The Issue Price of ₹ 225 has been determined by our Bank, in consultation with the GCBRLMs and the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with “*Risk Factors*” and “*Financial Statements*” on pages 15 and 247, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in “*Risk Factors*” or any other factors that may arise in the future and you may lose all or part of your investments.



## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To  
The Board of Directors  
RBL Bank Limited  
One Indiabulls Centre, Tower 2B, 6th floor,  
Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai 400 013, India.

Dear Sirs,

Sub: Statement of possible Special Tax Benefits (the 'Statement') available to RBL Bank Limited and its shareholders under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ('the Regulations')

We hereby confirm that the enclosed annexure, prepared by RBL Bank Limited ('the Bank') states the possible special tax benefits available to the Bank and the shareholders of the Bank under the Income Tax Act, 1961 ('Act'), presently in force in India (i.e. applicable for the Accounting year 2016-17 relevant to the assessment year 2017-18). Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Bank or its shareholders to derive the tax benefits, as above, is dependent upon fulfilling such conditions, which based on the business imperatives, the Bank or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits and do not cover general tax benefits. Further, the preparation of the contents stated is the responsibility of the Bank's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our views are based on the existing provisions of tax law and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

Our confirmation is based on the information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

We do not express an opinion or provide any assurance as to whether:

- the Bank will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/would be met with; and
- the revenue authorities/courts will concur with the views expressed herein.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

**ICAI Firm registration number: 301003E/E300005**

Viren H. Mehta

Partner

Membership No: 048749

Place: Mumbai

Date: 06 July 2016

## **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE ISSUER BANK AND ITS SHAREHOLDERS**

### **TO THE BANK**

#### **Special Tax Benefits**

1. As per the provisions of section 36(1)(iiia) of the Act, the Bank is entitled to claim deduction in respect of pro rata amount of discount on a zero coupon bond, having regard to the period of life of such bond, calculated in the manner as may be prescribed by rules in this behalf. Zero coupon bond is defined under section 2(48) of the Act to mean a bond issued by any infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank on or after 1.6.2005 in respect of which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank and which is notified by the Central Government in this behalf.
2. In terms of Section 36(1) (viia) of the Act, the Bank is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the bank of an amount not exceeding 7.5% of the total income (computed before making any deduction under this clause and Chapter VIA of the Act) and an amount not exceeding 10% of the aggregate average advances made by rural branches computed in the manner prescribed under Rule 6ABA.
3. Under section 36(1) (vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the bank for the previous year is allowable as deduction. However, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account including provisions made towards rural advances made under section 36(1)(viia) of the Act. Further, if the amount subsequently recovered on any such debt or part is greater than the difference between the debt or part of debt and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession and accordingly, chargeable to tax in accordance with Section 41(4) in the year in which it is recovered.
4. In terms of Section 36(1) (viii) of the Act, the bank is allowed deduction in respect of any special reserve created and maintained by the Bank for an amount not exceeding 20% of the profits derived from the business of long term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act.
5. In terms of section 43D of the Act, interest on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.
6. Under section 80LA of the Act, where the specified entities (including scheduled bank) total income, in any previous year, includes income from an Offshore Banking Unit in a Special Economic Zone or income from the banking business (as defined in section 6(1) of Banking Regulation Act, 1949) with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone or 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, then it shall, subject to the fulfillment of the conditions specified in section 80LA, be entitled to 100% deduction of such income for five consecutive assessment years, beginning with the assessment year relevant to the previous year in which the Reserve Bank of India's permission or any other law to open the offshore unit is obtained, and after those five years, 50% of deduction of such income for the next five consecutive assessment years.

7. Under Section 47(xv), no capital gain is chargeable on any transfer in a scheme of lending of any securities under an agreement or arrangement, which the assessee has entered into with the borrower of such securities and which is subjected to the guidelines issued by the Securities and Exchange Board of India or Reserve Bank of India, in this regard.

#### **TO SHAREHOLDERS OF THE BANK**

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

There are no special tax benefits available to the shareholders of the Bank.

## SECTION IV – ABOUT THE BANK

### INDUSTRY OVERVIEW

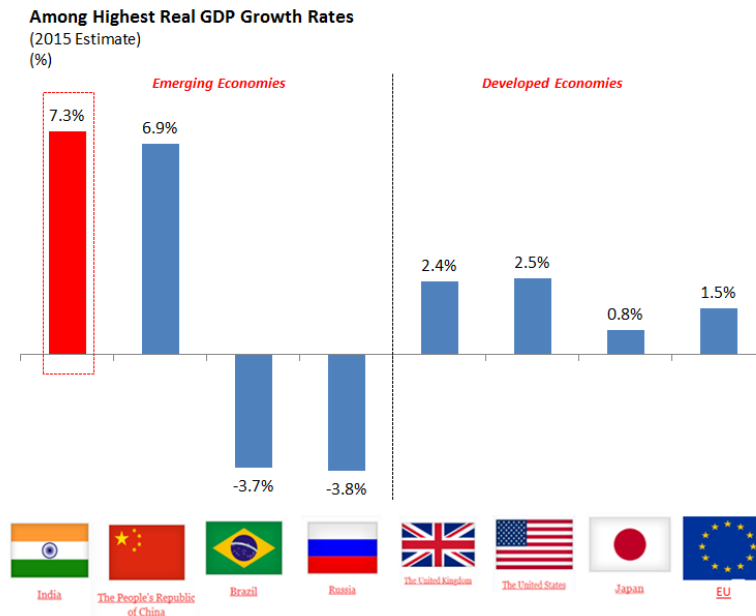
The information in this section has been extracted from publicly-available documents, including officially-prepared materials from the Government of India and its various ministries, the RBI and its publications, trade, industry or general publications and other third-party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, nor any of the GCBRLMs or BRLMs or any of their advisors, and should not be relied on as if it had been so verified.

#### Overview of the Indian Economy

##### Economy

India is the fourth largest economy in the world, after China, European Union and the United States of America, based on 2015 estimated GDP figures. (Source: *The World Factbook, 2015, prepared by the Central Intelligence Agency (“CIA Factbook”)*) As per the estimates released by the Central Statistics Office, the Indian economy was estimated to register a growth rate of 7.4% in Fiscal 2015, as compared to a growth of 6.9% and 5.1% in Fiscal 2014 and Fiscal 2013, respectively. Fiscal 2015 has witnessed key policy reforms, aimed at aiding growth revival and surmounting the structural constraints in the economy. In the recent past, the economy faced testing times with issues like lower growth, high levels of inflation and widening current account deficit escalated by an unsupportive external environment. Now the growth is back, with its desirable concomitants of mild inflation and manageable current account balance with stable rupee and rising foreign exchange reserves, signaling improvements in macro-economic stability. (Source: *Macro-Economic Framework Statement, 2015-16*)

The Indian economy has one of the highest real GDP growth rates. India’s real GDP growth is expected to be at 7.3% in Fiscal 2015 and accelerate to 7.8% in Fiscal 2016 and 7.9% in Fiscal 2017. (Source: *World Bank Data*)The following chart shows the 2015 estimated real GDP growth rates of certain countries:



Note: Real GDP growth for India is reported for fiscal year while for other countries it is reported on a calendar year basis.

(Source: World Bank Data)

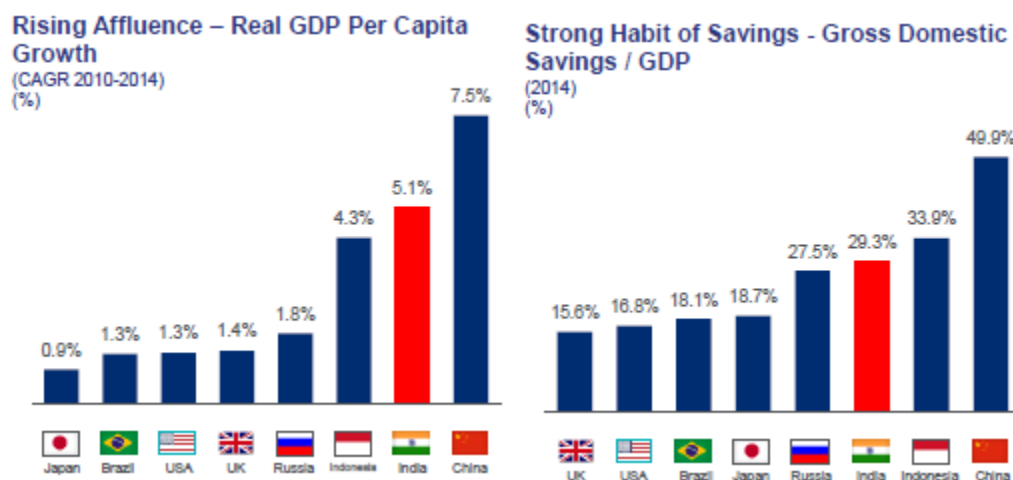
The following table represents a comparison by calendar year of real GDP growth rates of certain countries:

Country	2013	2014	2015e	2016f	2017f	2018f
<b>India</b>	<b>6.9</b>	<b>7.3</b>	<b>7.3</b>	<b>7.8</b>	<b>7.9</b>	<b>7.9</b>
China	7.7	7.3	6.9	6.7	6.5	6.5
Brazil	3.0	0.1	(3.7)	(2.5)	1.4	1.5
Russia	1.3	0.6	(3.8)	(0.7)	1.3	1.5
UK	2.2	2.9	2.4	2.4	2.2	2.1
USA	1.5	2.4	2.5	2.7	2.4	2.2
Japan	1.6	(0.1)	0.8	1.3	0.9	1.3
Euro Area	(0.2)	0.9	1.5	1.7	1.7	1.6

Note: Data for 2015 is estimated and data for 2016, 2017 and 2018 is forecasted.

(Source: World Bank Data)

The Indian economy was the third largest economy in terms of GDP at purchasing power parity in 2014-15. (Source: International Monetary Fund) At current prices, India reached a gross saving rate of approximately 32.0% of GDP at market prices and a gross capital formation rate of 33.1% in 2014-15. (Source: International Monetary Fund) The following charts show a rising level of affluence in the Indian economy based on real GDP per capita growth and a high savings rate as compared to certain other countries:



Note: CAGR per real GDP per capita growth has been mathematically derived from the four year data.

(Source: World Bank Data)

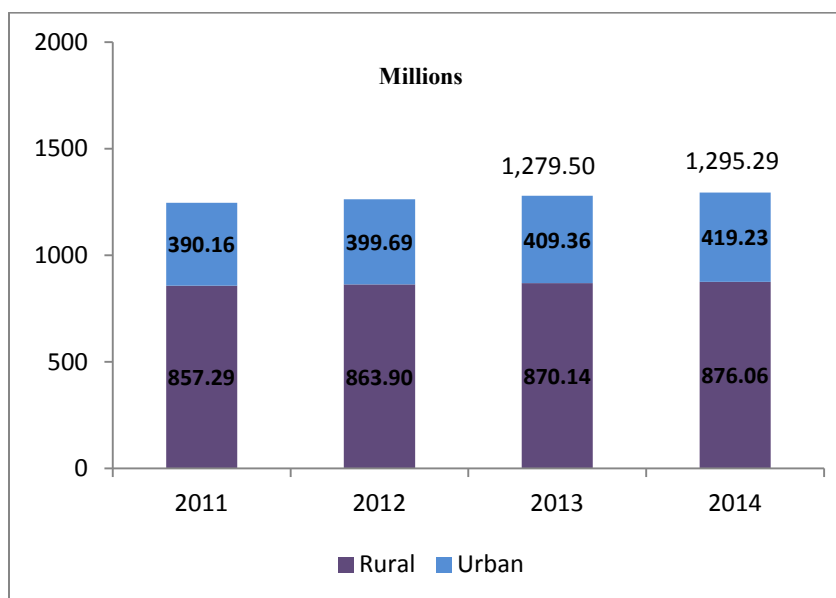
Per capita GDP in India has grown from an estimated US\$5,300 in 2012 to an estimated US\$5,800 in 2014. (Source: CIA Factbook) The increase in per capita income has created increasing wealth and positively affected disposable incomes. This has had a significant investment multiplier effect on the economy leading to increasing consumerism and wealth creation and thus positively impacting savings.

During Fiscal 2013-14, amid slow growth and high inflation, the Indian economy had to contend with serious challenges to external stability emanating from an unsustainably high current account deficit, capital outflows and consequent exchange rate pressures. Several measures taken by the RBI and the Government of India helped stabilize the economy. (Source: RBI's Annual Report, 2013-14) Investors' perceptions of India improved in early

2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in a surge of inbound capital flows and stabilization of the rupee. (Source: CIA Factbook) The RBI expected a moderate-paced recovery in the year 2014-15. Real GDP growth improved from 6.9% in 2013 to 7.3% in 2014 and is expected to be around 7.3%, 7.8%, 7.9% and 7.9% in 2015, 2016, 2017 and 2018, respectively. (Source: World Bank Data) A recovery in real GDP growth would essentially come from an improvement in the investment climate as a result of better governance, transparent, effective and efficient regulatory and legal regimes, improvement in technical efficiency, institutional improvements, improved labor mobility and other reforms. (Source: RBI's Annual Report, 2013-14) Although it is still too early to detect a robust recovery, emerging trends indicate that the growth deceleration has bottomed out, manifested in growth in the latest two quarters. (Source: the Ministry of Finance, Mid-Year Economic Analysis 2015) The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. (Source: CIA Factbook)

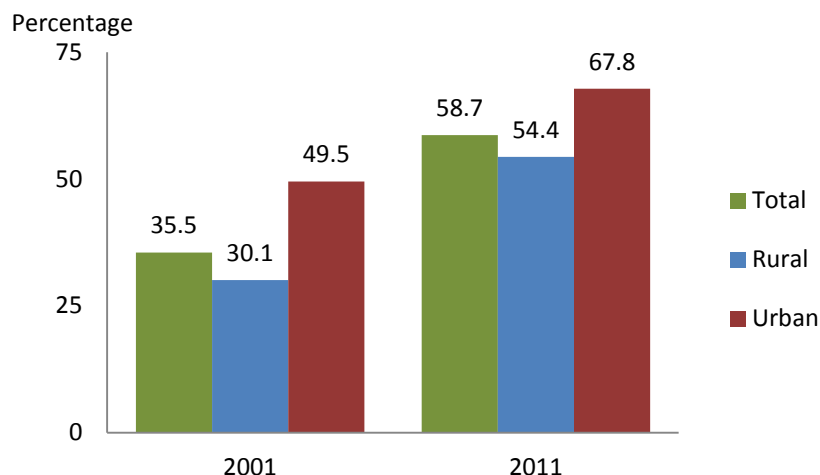
## Population

India had an estimated population of 1.295 billion in 2014, according to the World Bank. Approximately 68% and 32% of the entire population in India in 2014 lived in rural and urban areas, respectively. The following chart shows the breakdown of India's population between rural and urban areas for the years from 2011 to 2014:



(Source: World Bank Data)

According to the India census of 2011, 54.4% of the rural households in India and 67.8% of the urban households in India are availing banking services in the country. (Source: CensusInfo India 2011) The following chart shows the percentage of households availing banking services in India in 2001 and 2011:



(Source: CensusInfo India 2011)

### **Indian Banking Industry**

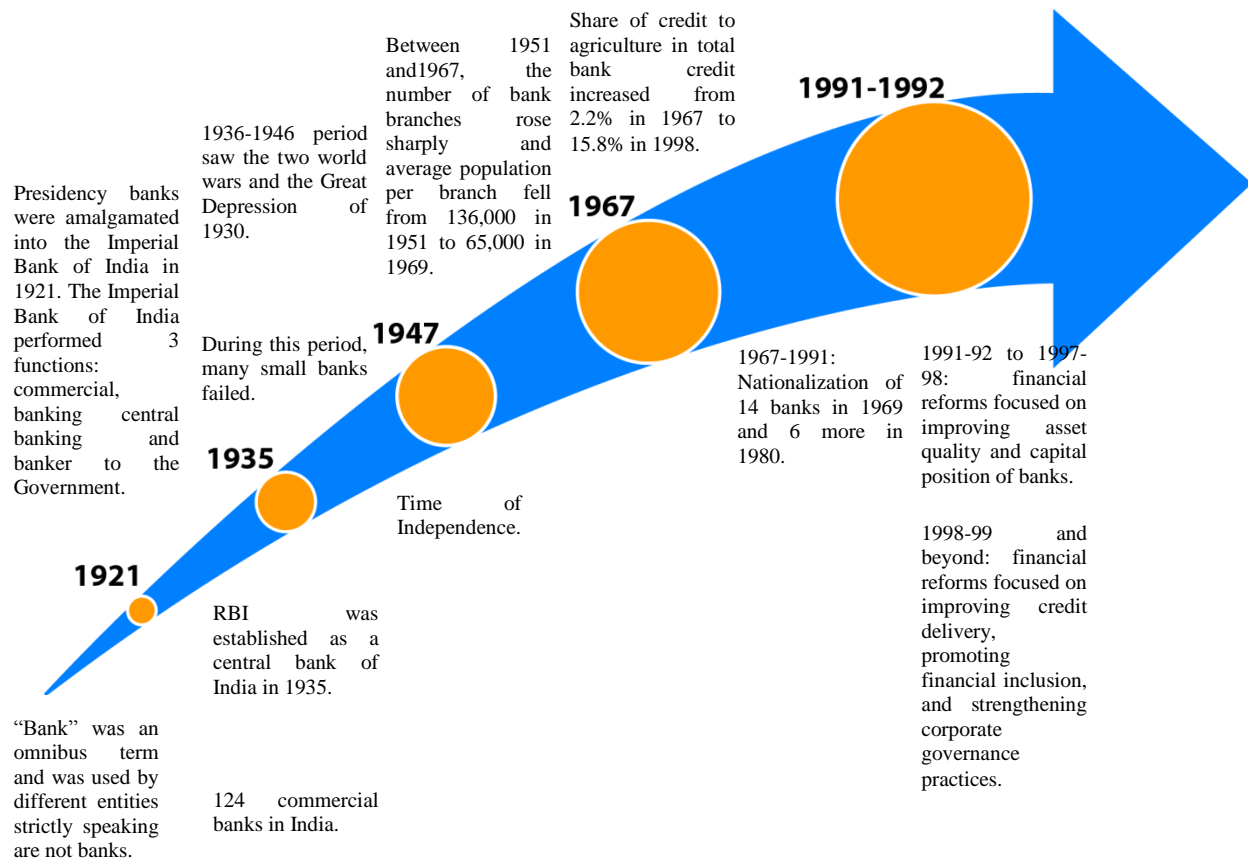
Until the 1980s, the Indian financial system was strictly controlled. Interest rates were administered by the Government of India. Formal and informal parameters governed asset allocation, and strict controls limited entry into and expansion within the financial sector. Banks' profitability was low, NPAs were comparatively high, capital adequacy was diminished, and operational flexibility was hindered.

In 1991, the Government of India began an economic reform program which was focused on the financial sector and substantially changed the banking industry in India. The objectives of the economic reforms included enhancing the role of finance in promoting growth and economic development of the country. The first phase of the reform process began with the implementation of the recommendations of the Narasimham Committee I. Following that, various reports were submitted by the Narasimham Committee II and the Tarapore Committee on Capital Account Convertibility, which led to the second phase of reforms on capital adequacy requirements, asset classification and provisioning, risk management and merger policies. Deregulation of interest rates, the emergence of a liberalized domestic capital market, and the entry of new private sector banks have progressively intensified competition among banks.

The following chart illustrates the evolution of the Indian banking industry from the pre-independence period:



## Evolution of the Indian Banking Sector



(Source: RBI’s publication “Evolution of Banking in India”, September 4, 2008)

During 2014-15, performance of the Indian banking sector remained subdued. The banking sector experienced a slowdown in balance sheet growth in 2014-15, a trend that had set in since 2011-12. The slowdown was most notable in the case of bank credit, which dipped to a single-digit figure during the year. While profits of the banking sector turned around from an absolute decline in the previous year, this positive growth was on account of a decline in the growth of operating expenses rather than a rise in the growth of income of the banks. Notwithstanding the increase in profit growth, the return on assets (RoA), a common indicator of financial viability, did not show an improvement in 2014-15. (Source: RBI’s Report on Trend and Progress of Banking in India, 2014-15)

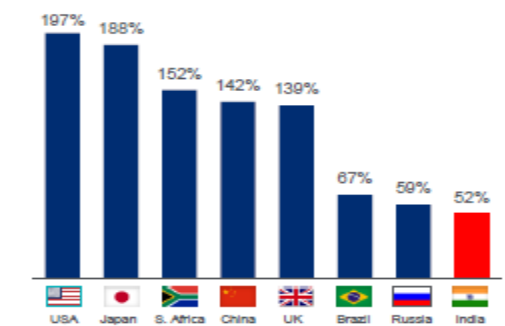
Even though the reach and scope of banking has increased in India, the demand for financial services remains unsatiated. Only approximately 40% of adult population has formal bank accounts. Many of the measures and steps taken by the RBI in recent years reaffirmed its commitment to financial inclusion. (Source: Speech “Differentiated Banks: Design Challenges” by Shri R. Gandhi, April 20, 2015) These steps included the issuance of licenses to two applicants for the universal bank license identified on the basis of their business plans aimed at achievement of financial inclusion and “in-principle” approvals to 10 applicants for the payments bank license and 11 applicants for the small finance bank license. (Source: RBI’s Report on Trend and Progress of Banking in India, 2014-15)

Global financial stability risks have risen since October 2015. The outlook has deteriorated in advanced economies because of heightened uncertainty and setbacks to growth and confidence, while declines in oil and commodity prices and slower growth have kept risks elevated in emerging markets. (Source: Global Financial Stability Report by International Monetary Fund, April 2016) Within the emerging world, however, the Indian economy appears to be quite resilient, given a modest recovery in the economy, declining inflation and buoyant capital flows that helped

in maintaining the external sector balance. (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

### **Growth Potential**

The Indian banking sector remains underpenetrated in comparison to other countries. The following chart illustrates the domestic credit to the private sector as a percentage of GDP for the respective countries in 2014:



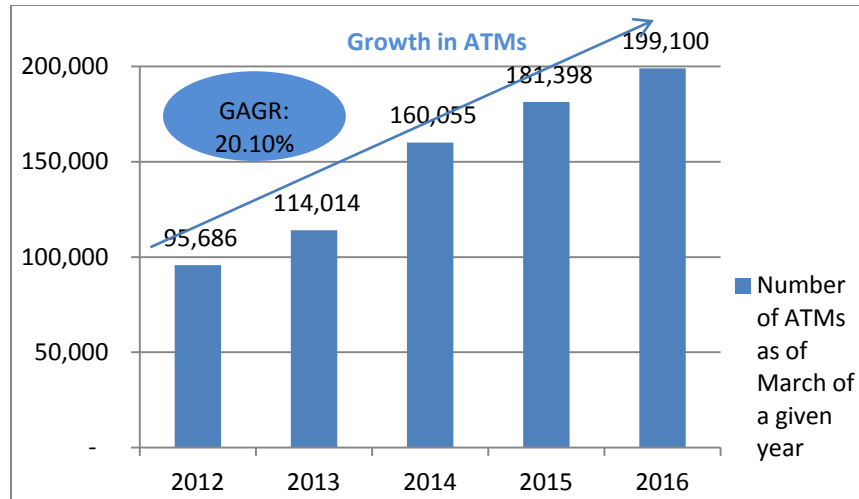
Note: Domestic credit to private sector refers to financial resources provided to the private sector by financial corporations, such as through loans, purchases of non equity securities, and trade credits and other accounts receivable, that establish a claim for repayment. For some countries these claims include credit to public enterprises. The financial corporations include monetary authorities and deposit money banks, as well as other financial corporations where data are available (including corporations that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other financial corporations are finance and leasing companies, money lenders, insurance corporations, pension funds, and foreign exchange companies.

(Source: World Bank Data)

### **Bank Accounts, ATMs and points-of-sale**

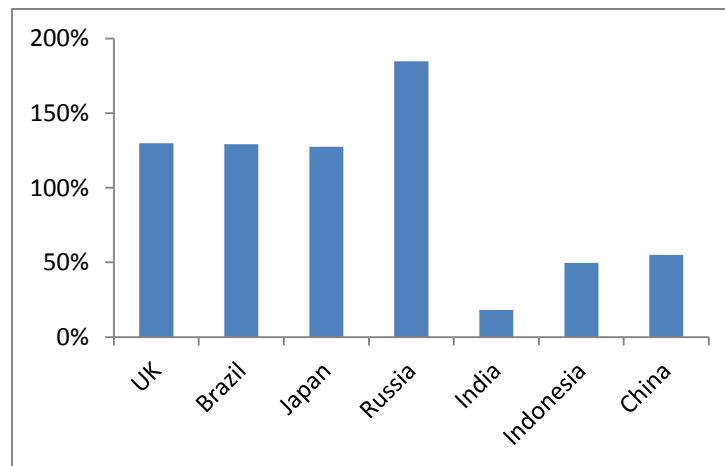
Deposit accounts with commercial banks per 1,000 adults in India increased from 734 in 2012 to 1,358 in 2014. (Sources: Perspectives on Banking in India, Speech by Shri Deepak Mohanty, Executive Director, RBI, delivered at 5th Indian Chamber of Commerce (ICC) Banking Summit, at Kolkata on May 18, 2013; International Monetary Fund) However, only 45% of the urban residents and 32% of the rural residents in India had bank accounts as at January 7, 2014. (Source: RBI, Report of Committee on Comprehensive Financial Services for Small Businesses and Low Income Households) The Government of India has taken certain measures to improve this statistics. For instance, on August 28, 2014, it introduced a scheme for comprehensive financial inclusion known as “Pradhan Mantri Jan Dhan Yojana” (PMJDY). As of December 9, 2015, 195.2 million accounts have been opened and 166.7 million RuPay debit cards have been issued under PMJDY. (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

The number of ATMs and points-of-sale in India increased significantly in recent years. The number of ATMs and points-of-sale increased at a CAGR of 20.10% and 18.63%, respectively, from 95,686 and 660,920 in Fiscal 2012 to 199,100 and 1,308,981 in Fiscal 2016, respectively. (Source: RBI's Bankwise ATM/POS/Card Statistics) The following chart illustrates the growth in number of ATMs in India:



(Source: RBI's Bankwise ATM/POS/Card Statistics)

However, based on the 2014 data, the number ATMs per 100,000 adults in India remained lower than in certain other countries as shown in the chart below:

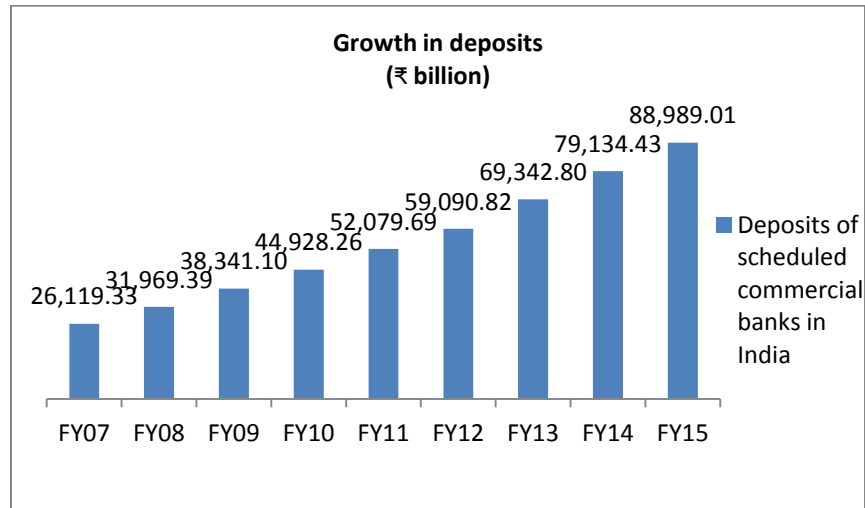


(Source: World Bank Data)

## Deposits

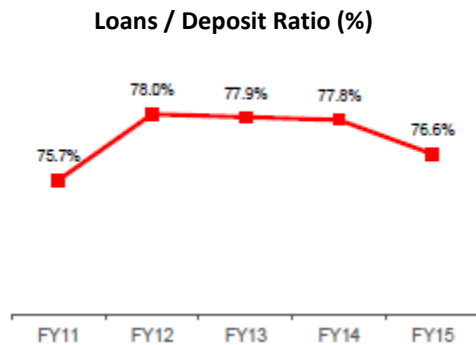
The Indian banking sector has grown at a healthy pace, as deposits with scheduled commercial banks have grown at a CAGR of 16.56% during Fiscal 2007-2015 and reached ₹88.99 trillion in Fiscal 2015. (Source: RBI's Basic Statistical Returns of Scheduled Commercial Banks in India) The aggregate deposits with scheduled commercial banks increased by 14.6% in March 2014, as compared to 14.2% in March 2013. (Source: Ministry of Finance Department of Economic Affairs, Economic Division, Monthly Economic Report, March 2014) The growth of aggregate deposits with scheduled commercial banks, however, decelerated to 10.9% in March 2015 from 14.6% in March 2014. (Source: Ministry of Finance Department of Economic Affairs, Economic Division, Monthly Economic Report, March 2015)

Growth in deposits has been mainly driven by strong growth in savings, rising disposable income and increased access to the banking system due to persistent government efforts to promote banking-technology and promote expansion in unbanked and non-metropolitan regions. The following chart illustrates the growth in deposits from Fiscal 2007 through Fiscal 2015:



(Source: RBI's Basic Statistical Returns of Scheduled Commercial Banks in India)

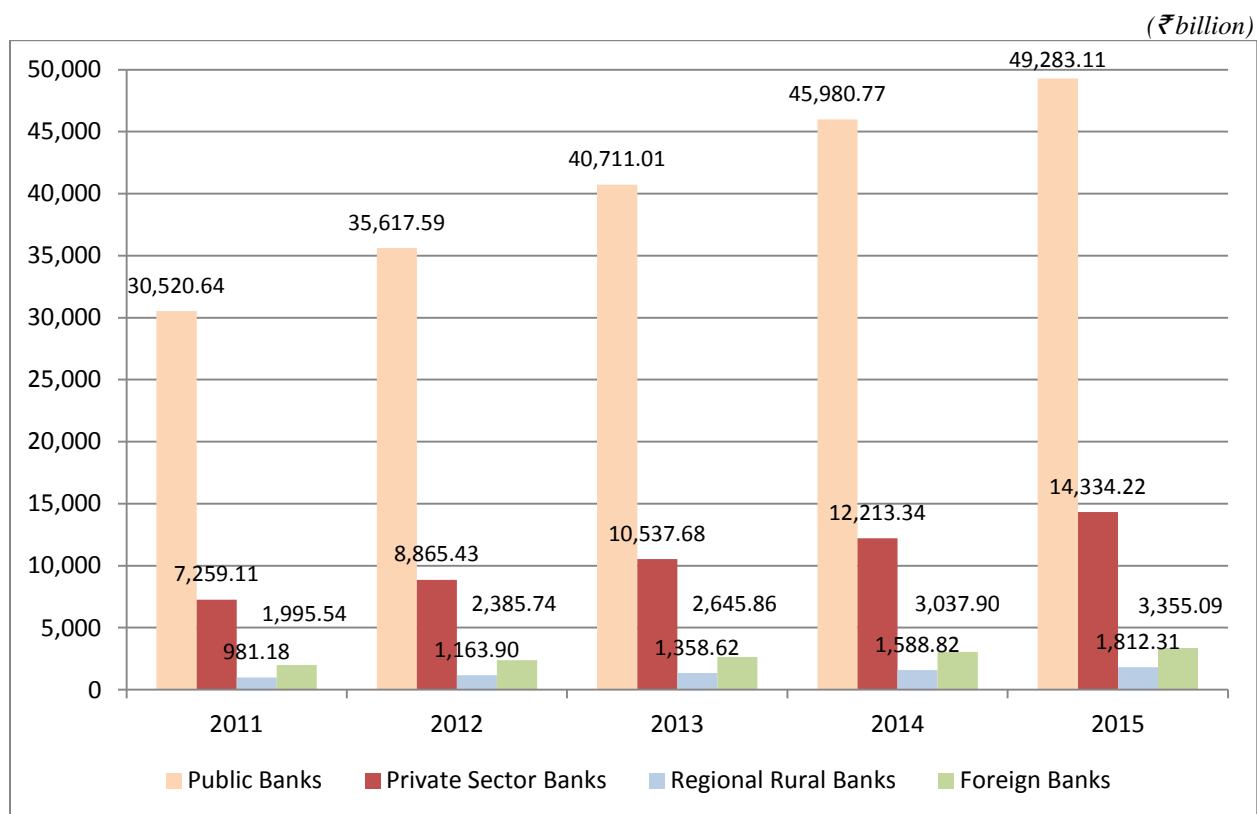
The following chart illustrates the loans to deposit ratio indicating growth potential in the Indian banking sector:



(Source: RBI's Handbook of Statistics on Indian Economy, September 16, 2015)

### Assets

The assets base for the Indian banking sector has continued to expand in recent years. Total banking sector assets increased at a CAGR of 13.98% from ₹40,756.47 billion as at end of March 2011 to ₹68,784.73 billion as at end of March 2015. The following graph illustrates the growth in India's total banking sector assets by bank groups from Fiscal 2011 to Fiscal 2015:



(Source: RBI's Basic Statistical Returns of Scheduled Commercial Banks in India)

### ***Credit Delivery and Financial Inclusion***

Over the years, RBI's credit delivery system has been scaled up and expanded with innovations that reach out to the diverse financing needs of society. More recently, the effort has been to spread the economies of scale and scope and experience gained in urban and semi-urban areas to geochartical regions and sections of society that asymmetric credit markets tend to exclude in view of their lack of pricing power. In Fiscal 2014-15, the focus was on improving the availability of credit to micro, small and medium enterprises (MSMEs), revising priority sector guidelines to foster greater inclusiveness and enhancing the flow of credit to agriculture. (Source: RBI's Annual Report, 2014-15)

#### ***Priority Sector Lending***

The RBI revised priority sector norms in April 2015. Under the new norms, the definition of priority sector has been widened to include eight categories: (i) agriculture, (ii) micro, small and medium enterprises, (iii) export credit, (iv) education, (v) housing, (vi) social infrastructure, (vii) renewable energy and (viii) others. The priority sector lending norms of the RBI require that every domestic scheduled commercial bank and every foreign bank with at least 20 branches extend an aggregate of 40% of the ANBC or credit equivalent of off-balance sheet exposure as of March 31 of the preceding year, whichever is higher, to the priority sector (the "40% Priority Sector Target"). Foreign banks with at least 20 branches are required to achieve the 40% Priority Sector Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018 as per the action plans submitted by them and approved by RBI. Foreign banks with less than 20 branches are required to achieve the 40% Priority Sector Target in a phased manner by 2020. Scheduled commercial banks having any shortfall in lending to the priority sector are allocated amounts for contribution to the Rural Infrastructure Development Fund established with the National Bank for Agriculture and Rural Development ("NABARD") and other funds as decided by the RBI from time to time. (Sources: RBI's Guidelines on Priority Sector Lending – Targets and Classification, April 23, 2015; RBI's Master Circular – Priority Sector Lending – Targets and Classification, July 1, 2015)

The following table sets out banks' advances to the priority sector as on March 31, 2014 and March 31, 2015:

As of March 31	<i>(Amount in ₹billion)</i>		
	Public Sector Banks	Private Sector Banks	Foreign Banks
2014	16,190 (39.4)	4,645 (43.9)	907 (35.8)
2015	17,512 (37.3)	5,303 (42.8)	970 (35.9)

Notes: Figures in brackets are percentages to ANBC or credit equivalent amount of off-balance sheet exposures, whichever is higher, in the respective groups. Data for 2015 is provisional.

*(Source: RBI's Annual Report, 2014-15)*

Agriculture credit is one of the major drivers of agriculture production in India. The Government of India set a target of ₹ 8,000 billion for agriculture credit during the year 2014-15. Against this target, all banks in India disbursed ₹ 8,406 billion as at the end of March 2015, meeting the target set by the Government of India. Led by the performance of commercial banks, the actual flow of credit to the agriculture sector has been consistently higher than the target in recent years. However, credit extended by cooperative banks and regional rural banks (RRBs) was below their respective targets. *(Source: RBI's Annual Report, 2014-15)*

The following tables show the disbursements of agriculture credit by bank groups in recent years:

Target and Achievement for Agricultural Credit		
<i>(Amount in ₹billion)</i>		
Year	Target	Achievement
2011-12	4,750	5,110
2012-13	5,750	6,074
2013-14	7,000	7,116*
2014-15*	8,000	8,406

Note: \*Provisional.

Bank Group-wise Target and Achievement for Agricultural Credit during the year 2014-15		
<i>(Amount in ₹billion)</i>		
Agency	Target	Achievement*
Commercial Banks	5,400	5,997
Cooperative Banks	1,400	1,384
RRBs	1,200	1,025
Total	8,000	8,406

Note: \*Provisional.

*(Source: RBI's Annual Report, 2014-15)*

### Microfinance

The beginning of the micro finance movement in India could be traced back to the commencement of the Self Help Group – Bank Linkage Programme (“SHG-BLP”), which was started as a pilot project established by NABARD in 1992. SHG-BLP is a savings-led credit product for the unbanked poor. Through SHG-BLP, Self Help Group (“SHG”) encourages SHG members to open individual bank accounts for depositing their surpluses. In addition, banks provide credit to SHGs as cash credit or overdraft for a longer operational tenure instead of the present fixed tenor term loans. This provides considerable flexibility to SHGs in meeting their frequent credit needs and helps them in reducing their cost of borrowing. Other microfinance programmes, such as microfinance institutions also emerged subsequently in the country. *(Source: RBI's Report on Trend and Progress of Banking in India, 2012-13)*

The following table sets out the progress of microfinance programmes from the year 2010-11 to 2014-15:

### Progress of Microfinance Programmes (as at the end of March)

Item	Self-Help Groups									
	Number (in Million)					Amount (₹ Billion)				
	2010-11	2011-12	2012-13	2013-14	2014-15	2010-11	2011-12	2012-13	2013-14	2014-15
Loans disbursed by banks	1.2 (0.2)	1.2 (0.2)	1.2 (0.2)	1.4 (0.2)	1.6 (0.6)	145 (25)	165 (26)	206 (22)	240 (35)	276 (95)

Item	Self-Help Groups									
	Number (in Million)					Amount (₹ Billion)				
	2010-11	2011-12	2012-13	2013-14	2014-15	2010-11	2011-12	2012-13	2013-14	2014-15
Loans outstanding with banks	4.8 (1.3)	4.4 (1.2)	4.5 (1.2)	4.2 (1.3)	4.5 (1.8)	312 (78)	363 (81)	394 (86)	429 (102)	515 (198)
Savings with banks	7.5 (2.0)	8.0 (2.1)	7.3 (2.0)	7.4 (2.3)	7.7 (3.1)	70 (18)	66 (14)	82 (18)	99 (25)	111 (44)
Item	Micro-Finance Institutions									
	Number (in Million)					Amount (₹ Billion)				
	2010-11	2011-12	2012-13	2013-14	2014-15	2010-11	2011-12	2012-13	2013-14	2014-15
Loans disbursed by banks	469	465	426	545	597	76	53	78	103	147
Loans outstanding with banks	2,176	1,960	2,042	2,422	4660	107	115	144	165	219
Item	Joint Liability Groups									
	Number (in Million)					Amount (₹ Billion)				
	2010-11	2011-12	2012-13	2013-14	2014-15	2010-11	2011-12	2012-13	2013-14	2014-15
Loans disbursed by banks	0.09	0.19	0.20	0.21	0.46	7	17	18	22	44

Notes: Figures in brackets indicate the details about SHGs covered under Swarnajayanti Gram Swarozgar Yojana(SGSY)/NRLM and other Government-sponsored programmes.

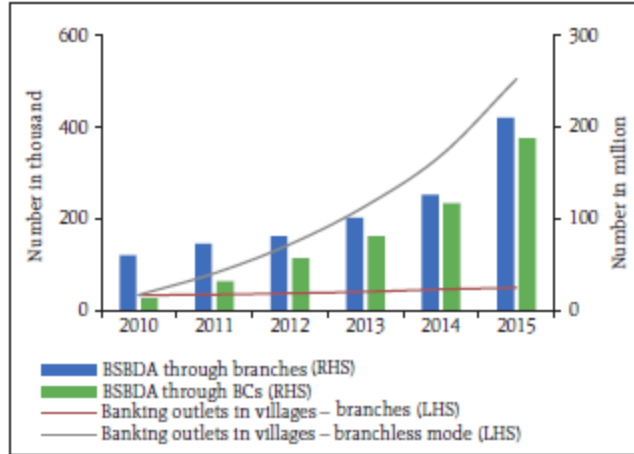
(Sources: NABARD; RBI's Statistical Tables Relating to Banks in India 2014-15)

#### Financial Inclusion

In January 2010, the RBI advised all public and private sector banks to submit a board-approved three-year Financial Inclusion Plan ("FIP") starting in April 2010. They were advised to devise FIPs congruent with their business strategy and comparative advantage and to make FIPs an integral part of their corporate plans. These plans include: self-set targets for rural brick and mortar branches opened, business correspondents deployed, coverage of unbanked villages, no-frills accounts opened, Kisan credit cards and general credit cards issued, as well as other products designed for financially excluded segments. The implementation of these plans was closely monitored by the RBI on a monthly basis through a quantitative reporting format.

RBI's continues its efforts towards universal financial inclusion. On August 28, 2014 the Government of India launched a scheme for comprehensive financial inclusion known as "Pradhan Mantri Jan Dhan Yojana" (PMJDY) with the objectives of providing universal access to banking facilities, providing basic banking accounts with overdraft facility and RuPay debit cards to all households, conducting financial literacy programmes, creation of credit guarantee fund, micro-insurance and unorganised sector pension schemes. The objectives are expected to be achieved in two phases over a period of four years up to August 2018. Banks are also permitted to avail of the RBI's scheme for subsidy on rural ATMs. As of December 9, 2015, 195.2 million accounts have been opened and 166.7 million RuPay debit cards have been issued under PMJDY. (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

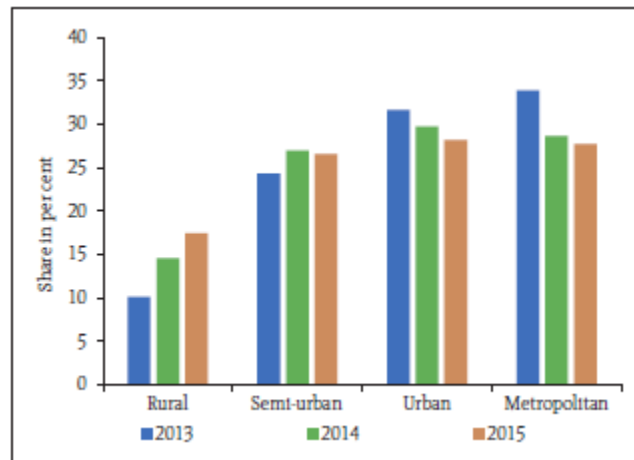
Given the boost provided by the PMJDY, banking penetration has increased, particularly in rural areas. However, significant numbers of banking outlets operate in branchless mode through business correspondents (BCs) and facilitators. Dominance of BCs in the rural areas can be gauged from the fact that almost 91% of the banking outlets were operating in branchless mode as on March 31, 2015. The chart below shows the progress of banking outlets and basic savings bank deposit accounts from 2010 to 2015.



(Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

To further strengthen the financial inclusion efforts and increase the penetration of insurance and pension coverage in the country, the Government of India has launched social security and insurance schemes, namely, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana, in May 2015. As on December 16, 2015, 92.6 million beneficiaries have been enrolled under the Pradhan Mantri Suraksha Bima Yojana and 29.2 million have been enrolled under Pradhan Mantri Jeevan Jyoti Bima Yojana. Further, 1.3 million account holders have been enrolled under Atal Pension Yojana. (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

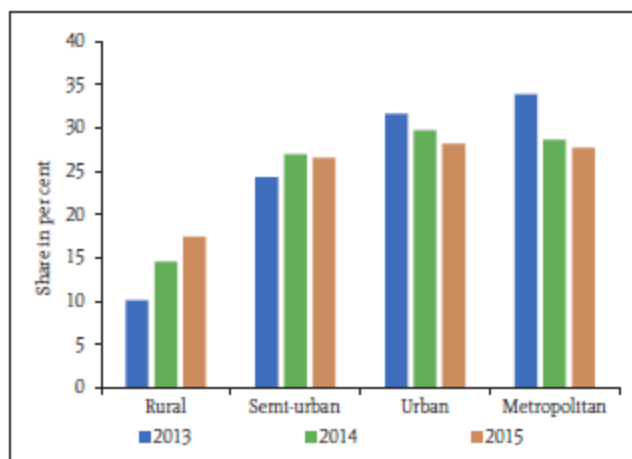
In recent years, the shares of ATMs in rural and semi-urban area have been rising, though urban and metropolitan centres still dominate. In 2015, about 44% of the ATMs were located in rural and semi-urban centres. The chart below shows geochartical distribution of ATMs in India in the periods indicated.



(Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

The share of off-site ATMs in total ATMs increased to 50.9% as at end-March 2015 from 47.9% in the previous year. The increase in share of off-site ATMs of public sector banks played a major role, which increased to 45.7% in 2015 from 40.3% in 2014. The chart below shows the share of off-site ATMs in the periods indicated.

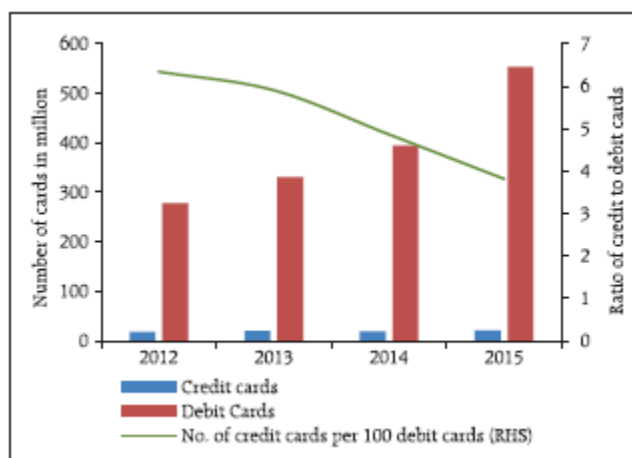




Note: PSBs stands for public sector banks; PVBs stands for private sector banks and FBs stands for foreign banks.

(Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

Issuance of debit cards is much higher as compared to credit cards and they remain a preferred mode of transactions. In 2012, there were 6.3 credit cards for every 100 debit cards, which declined to 3.8 in 2015. The chart below shows the trends in issuance of debit and credit cards in the periods indicated.



(Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

Public sector banks maintained a lead over private sector banks and foreign banks in issuing debit cards. As on March 31, 2015 approximately 83% of the debit cards were issued by public sector banks, while around 80% of the credit cards were issued by private sector banks (57.2%) and foreign banks (22.4%). (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

The following table sets out a summary of the progress of the implementations of FIPs of all banks, including RRBs, for the recent years, including progress from April 2014 to March 2015:

Particulars	Year ended March 2010	Year ended March 2014	Year ended March 2015	Progress April 2014 – March 2015
1	2	3	4	5
Banking Outlets in Villages – Branches	33,379	46,126	49,571	3,445

Particulars	Year ended March 2010	Year ended March 2014	Year ended March 2015	Progress April 2014 – March 2015
Banking Outlets in Villages – Branchless Mode	34,316	3,37,678	504,142	166,464
Banking Outlets in Villages – Total	67,694	3,83,804	553,713	169,909
Urban Locations covered through BCs	447	60,730	96,847	36,117
Basic Savings Bank Deposit A/c through branches (No. in million)	60.2	126.0	210.3	84.3
Basic Savings Bank Deposit A/c through branches (Amt. in ₹ billion)	44.3	273.3	365.0	91.7
Basic Savings Bank Deposit A/c through BCs (No. in million)	13.3	116.9	187.8	70.9
Basic Savings Bank Deposit A/c through BCs (Amt. in ₹ billion)	10.7	39.0	74.6	35.6
BSBDAs Total (No. in million)	73.5	243.0	398.1	155.1
BSBDAs Total (Amt. in ₹ billion)	55.0	312.3	439.5	127.3
OD facility availed in BSBDAs (No. in million)	0.2	5.9	7.6	1.7
OD facility availed in BSBDAs (Amt. in ₹ billion)	0.1	16.0	19.9	3.9
KCCs – (No. in million)	24.3	39.9	42.5	2.6
KCCs – (Amt. in ₹ billion)	1,240.1	3,684.5	4,382.3	697.8
GCC – (No. in million)	1.4	7.4	9.2	1.8
GCC – (Amt. in ₹ billion)	35.1	1,096.9	1,301.6	204.7
ICT A/Cs-BC-Transaction – (No. in million) (During the year)	26.5	328.6	477.0	477.0
ICT A/Cs-BC- Transactions – (Amt. in ₹ billion) (During the year)	6.9	524.4	859.8	859.8

Note: Figures in column 5 might not tally due to rounding off of numbers.

(Source: RBI's Annual Report, 2014-15)

The first three-year FIP of banks for the period of 2010-13 has ended. With the completion of this phase, a large banking network has been created and a large number of bank accounts have been opened. According to the RBI, the performance of banks under FIP up to March 31, 2015 includes the following:

- (i) Out of 3,445 rural bank branches opened during 2014-15, 2,230 branches were opened in unbanked rural centres.
- (ii) Around 155 million basic savings bank deposit accounts (BSBDAs) were added taking the total BSBDAs to 398 million. This includes 147 million accounts opened under PMJDY as of March 31, 2015.
- (iii) With the addition of 2.6 million small farm sector credits (Kisan credit cards-KCCs), there was a total of 42.5 million accounts as of March 31, 2015.
- (iv) With the addition of 1.8 million small non-farms sector credits (general credit cards-GCCs), the total number of such accounts was 9.2 million as of March 31, 2015.

However, it was observed that the accounts opened and banking infrastructure created has not seen substantial operations in terms of transactions. To continue the process of ensuring access to banking services to the excluded, banks have been advised to draw up a three-year FIP for the period of 2013-16. Banks have been advised that their FIPs should be disaggregated to the branch level, in order to ensure the involvement of all stakeholders in the financial inclusion efforts. The focus under the new plan is now more on the volume of transactions in the large number of accounts opened.

Some important points on progress made by domestic public and private sector banks (including RRBs) under their FIP for the six months period from April to September 2015 includes:

- (i) An increase of 13,817 banking outlets during the current half year taking the total number of banking outlets to 567,530 as at the end of September 2015.
- (ii) Basic Savings Bank Deposit Accounts (“BSBDAs”) reached 441 million for the half year ended September 2015 showing an increase of 43 million accounts during this period. There was a considerable increase in the opening of BSBDAs during the year in view of government’s initiative under the PMJDY.
- (iii) Business Correspondent – Information and communication technology (BC-ICT) transactions in BSBDAs showed steady progress with 359 million transactions for the half year ended September 2014 as against 477 million transactions recorded for the year ended March 2015. In value terms, the BC-ICT transactions increased from ₹524 billion during Fiscal 2013-14 to ₹859 billion during Fiscal 2014-15. During the first half of year 2015-16 value of BC-ICT was ₹688 billion
- (iv) Small farm sector entrepreneurial credits totalling 42 million accounts were outstanding with a balance of ₹4,860 billion.
- (v) Small credit towards non-farm sector entrepreneurial activities totalling 11 million accounts was outstanding with a balance of ₹1,390 billion.

*(Source: RBI’s Financial Stability Report Issue No. 12, December 2015)*

### **Constituents of the Indian Banking Industry**

The key constituents of the Indian banking industry include the RBI, the banks and the non-banking financial institutions.

#### **The Reserve Bank of India (the RBI)**

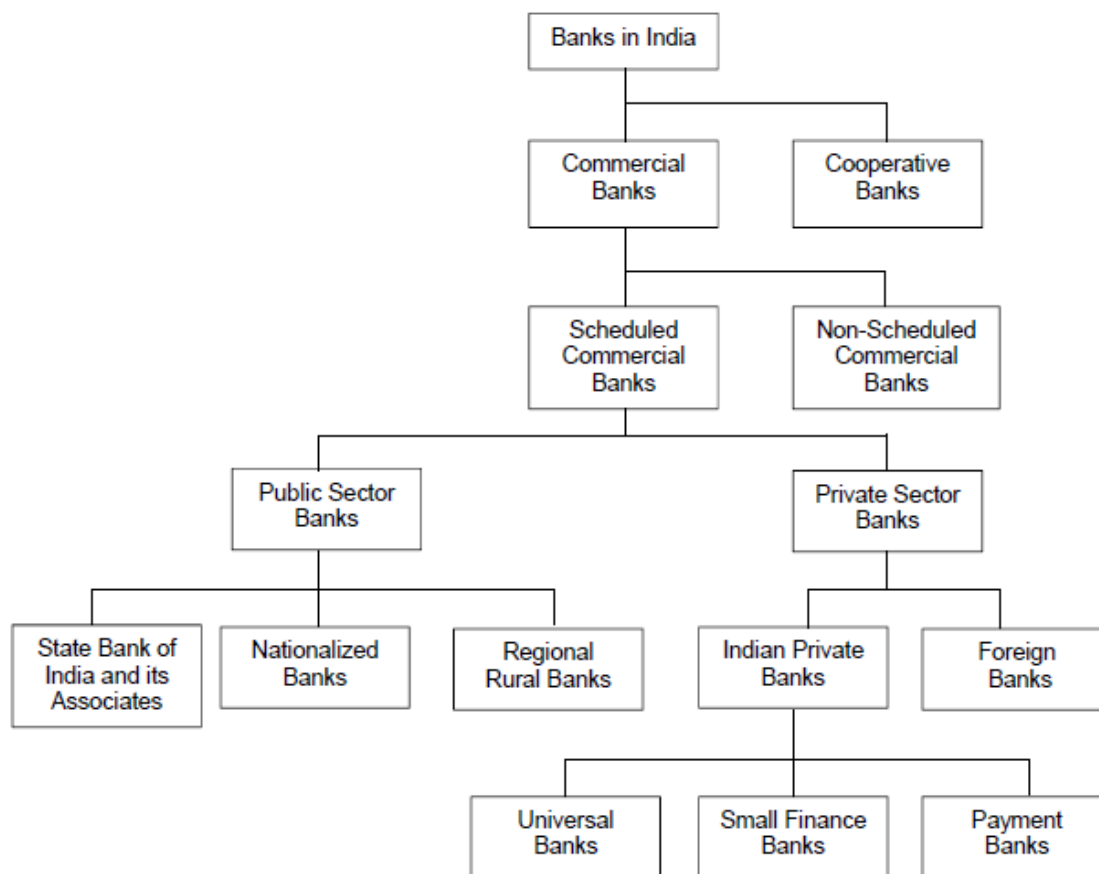
The RBI, established in 1935, is the central banking and monetary authority in India. Besides regulating and supervising the banking system, some of important functions performed by the RBI include:

- acting as the central bank and the monetary authority of India;
- currency issuance;
- managing debt for the central and state governments;
- regulating and supervising the Non-Banking Finance Companies (“NBFCs”);
- managing the country’s foreign exchange reserves;
- managing the capital account of the balance of payments;
- designing and operating payment systems;
- operating grievance redress scheme for bank customers through the Banking Ombudsmen and formulating policies for fair treatment of banking customers; and
- developing initiatives such as financial inclusion and the strengthening of the credit delivery mechanisms for agriculture, and small and micro-enterprises, particularly in rural areas.

Besides the above, the RBI issues guidelines on exposure standards, income recognition, asset classification, provisioning for non-performing and restructured assets, classification, valuation and operation of investment portfolios and capital adequacy for commercial banks, long-term lending institutions and NBFCs. The RBI requires the aforementioned institutions to report information relating to their businesses on a regular basis. For further information regarding the RBI's role as the regulatory and supervisory authority of India's financial system and its impact on us, please see the section titled "*Regulations and Policies*" on page 198.

### **Banks**

Classification of banks in India can be presented as follows:



*(Sources: RBI's Manual on Financial and Banking Statistics, March 2007; RBI's Guidelines for Licensing of Small Finance Banks in the Private Sector and Payments Banks, November 27, 2014)*

### **Commercial Banks**

Commercial banks in India are divided into scheduled and non-scheduled commercial banks. Scheduled commercial banks are banks that are listed in the schedule to the Reserve Bank of India Act, 1934 (the "**RBI Act**"). Scheduled commercial banks include the State Bank of India ("**SBI**") and its associates, nationalized banks, regional rural banks, foreign banks, Indian private banks and other scheduled commercial banks. SBI and its associates together with the nationalized banks and regional rural banks are known as public sector banks while the other scheduled commercial banks, including foreign banks, are known as private sector banks. Commercial banks which

are not included in the second schedule to the RBI Act are classified as “non-scheduled banks”. Non-scheduled banks are not governed by the RBI and have a negligible impact on the Indian banking system. (Source: RBI)

As of March 31 2016, there were 149 scheduled commercial banks in India. Scheduled commercial banks have a presence throughout India, with 37.64%, 26.93%, 18.70% and 16.73% of their reporting offices located in rural, semi-urban, urban and metropolitan areas, respectively, as of March 31, 2016. (Source: *RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2016*) The focus of commercial banks in India has traditionally been on meeting the short-term financing needs of industry, trade and agriculture. The priority sectors for lending, as determined by the RBI, currently include agriculture, micro, small and medium enterprises, export credit, education, housing, social infrastructure, renewable energy and others. Growth in aggregate deposits and gross bank credit of all scheduled commercial banks decelerated to 8.6% in March 2016 from 10.7% in March 2015 and to 9.3% in March 2016 from 9.8% in March 2015. The credit deposit ratio for all commercial banks as at March 31, 2016 was 77.9% as compared to 77.4% as of March 31, 2015. Source: *RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2016*)

### **Public Sector Banks**

Public sector banks are scheduled commercial banks with majority government shareholding. They constitute the largest category in the Indian banking system. Public sector banks include the SBI and its five associate banks, 20 nationalized banks and regional rural banks. The public sector banks' large network of branches enables them to fund themselves out of low cost deposits. As of the end of March 2015, public sector banks together accounted for 72.88% and 71.65% of the aggregate deposits and the gross bank credit, respectively. (Source: RBI's Basic Statistical Returns, March 10, 2016)

#### *Regional Rural Banks (RRBs)*

RRBs in India were established in the 1976 as a low cost financial intermediation structure in the rural areas to ensure sufficient flow of institutional credit for agriculture and other rural sectors. RRBs were jointly owned by the Government of India, state governments and sponsoring commercial banks. (Source: *RBI's monthly bulletin "Indian Rural Banking Sector: Big Challenges and the Road Ahead", June 2013*) RRBs were set up with a view to develop the rural economy by providing credit for the purpose of development of agriculture, trade, commerce, industry and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. They were expected to 'combine the rural touch and local feel with the modern business organisation'. (Source: *RBI's publication "Evolution of Banking in India", September 4, 2008*) NABARD is responsible for regulating and supervising the functions of the RRBs.

As of March 31 2016, there were 56 RRBs in India. Annual growth in aggregate deposits and gross bank credit of RRBs amounted to 15.2% and 14.2%, respectively, as of March 31, 2016. (Source: *RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Bank, March 2016*) As of the end of March 2016, RRBs accounted for 3.00% and 2.63% of the aggregate deposits and the gross bank credit, respectively. (Source: *RBI's Basic Statistical Returns, March 10, 2016*)

### **Private Sector Banks**

#### *Universal Banks*

The course of evolution of the banking sector in India since 1969 has been dominated by the nationalisation of banks. In January 1993, as part of the banking reform and as a measure to induce competition in the banking sector, the RBI introduced guidelines for the entry of the private sector banks into the banking system. Ten private sector banks were licensed on the basis of guidelines issued in January 1993. The guidelines were further revised in January 2001 based on the experience gained from the functioning of these ten banks. Two more licenses were issued on the basis of the guidelines issued in January 2001. These banks are collectively known as the “new” private sector banks. Of these 12 new private sector banks, seven survived. (Sources: *RBI's publication "Evolution of Banking in India", September 4, 2008; RBI's Guidelines for Licensing of New Banks in the Private Sector, February 22, 2013*) As of the end of 2013, there were 13 old private sector banks and seven new private sector banks. (Source: *RBI's Profile of Banks 2012-13*)

On February 22, 2013, the RBI issued Guidelines for Licensing of New Banks in the Private Sector, aimed at opening the Indian banking sector to new participants. In 2015, the RBI granted licenses to two more private banks. (Source: *RBI's Guidelines for Licensing of New Banks in the Private Sector, February 22, 2013*) For further details, please see the sub-section titled “--- Recent Developments – Lowering Barriers of Entry”.

As of the end of March 2016, private sector banks accounted for 19.70% and 20.84% of the aggregate deposits and the gross bank credit, respectively. (Source: *RBI's Basic Statistical Returns, March 10, 2016*)

#### *Small Finance Banks (“SFBs”)*

On November 27, 2014, the RBI released the Guidelines for Licensing of Small Finance Banks in the Private Sector. SFBs are “niche” or “differentiated” banks with the objective of furthering financial inclusion by (i) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations. Persons eligible to set up SFBs include resident individuals with at least 10 years of experience in banking and finance, companies and societies, NBFCs, microfinance institutions and local area banks. SFBs can be newly created or existing non-banking financial companies can opt to convert into SFBs. Applicants must be “fit and proper” with a sound track record of professional experience or running their businesses for at least five years. The minimum paid up capital requirement for SFBs is kept at ₹1 billion. (Sources: *RBI's Guidelines for Licensing of Small Finance Banks in the Private Sector, November 27, 2014*)

In February 2015, RBI announced the names of 72 applicants for the SFB license. In September 2015, the RBI granted “in-principle” approval to 10 applicants (including one NBFC, eight microfinance institutions and one local area bank). According to the RBI, an important factor in selection of the applicants was a proposed reach into unbanked areas and underserved sections of the population. The “in-principle” approval granted is valid for a period of 18 months, during which the applicants have to comply with the requirements under the guidelines and fulfil the other conditions stipulated by the RBI. (Sources: *RBI's press release “RBI releases Names of Applicants of Small Finance Banks and Payments Banks”, February 4, 2015; RBI's press release “RBI grants “In-principle” Approval to 10 Applicants for Small Finance Banks”, September 16, 2015*)

SFBs will primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities. There will no restriction on the area of operations of SFBs. SFBs will be subject to all prudential norms and regulations of RBI as applicable to the existing commercial banks including requirement of maintenance of CRR and SLR. No forbearance will be provided for complying with the statutory provisions. (Source: *RBI's Guidelines for Licensing of Small Finance Banks in the Private Sector, November 27, 2014*).

Differences in key requirements to SFBs and universal banks are summarised in the table below:

<b>Requirement</b>	<b>SFB</b>	<b>Universal bank</b>
Priority sector lending	Required to extend 75% of ANBC to sectors eligible for classification as PSL.	Required to extend 40% of ANBC to sectors eligible for classification as PSL.
Loan portfolio	At least 50% of SFB's loan portfolio is required to be comprised of loans and advances of up to ₹ 2.50 million.	No requirement.
Capital adequacy ratio (CAR)	Required to maintain a minimum CAR of 15% of its Risk Weighted Assets (“RWA”) on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time.  Tier I Capital is required to be at least 7.5% of RWA and Tier II Capital is restricted to a maximum of 100% of total Tier I Capital. CAR is to be calculated under Basel Committee's standardised approach.	Required to maintain CAR of 9% of RWA. CAR is to be calculated under Basel Committee's standardised approach.

### *Payments Banks*

On November 27, 2014, the RBI also released the Guidelines for Licensing of Payments Banks. Payments banks are “niche” or “differentiated” banks with the objective of furthering financial inclusion by providing (i) small savings accounts and (ii) payments/remittance services to migrant labour workforce, low income households, small businesses, other unorganized sector entities and other users. Persons eligible to set up payments banks include existing non-bank pre-paid payment instrument issuers, individuals/professionals, NBFCs, corporate business correspondents, mobile telephone companies, super-market chains, companies, real sector cooperatives, that are owned and controlled by the residents, and public sector entities. Applicants must be “fit and proper” with a sound track record of professional experience or running their businesses for at least five years. The minimum paid up capital requirement for payments banks is kept at ₹1 billion. (Source: *RBI’s Guidelines for Licensing of Payments Banks, November 27, 2014*)

In February 2015, RBI announced the names of 41 applicants for the payments bank license. In August 2015, the RBI granted “in-principle” approval to 11 applicants. The “in-principle” approval granted is valid for a period of 18 months, during which the applicants have to comply with the requirements under the guidelines and fulfil the other conditions stipulated by the RBI. (Sources: *RBI’s press release “RBI releases Names of Applicants of Small Finance Banks and Payments Banks”, February 4, 2015; RBI’s press release “RBI grants “In-principle” Approval to 11 Applicants for Payments Banks”, August 19, 2015; news reports*)

Payments banks are allowed to undertake only certain restricted banking functions, including acceptance of demand deposits (initially restricted to a maximum balance of ₹100,000 per customer), issuance of ATM and debit cards (but not credit cards), payments and remittance services, internet banking, function as business correspondent of other banks, distribution of non-risk sharing simple financial products like mutual fund units and insurance products, and utility bill payments. Payments banks are not allowed to undertake lending activities or set up subsidiaries to undertake non-banking financial services activities. Payments banks will be required to invest minimum 75% of their “demand deposit balances” in SLR eligible Government securities with maturity of up to one year and hold maximum 25% in current and time/fixed deposits with other scheduled commercial banks for operational purposes and liquidity management. (Source: *RBI’s Guidelines for Licensing of Payments Banks, November 27, 2014*)

### *Foreign Banks*

As part of the liberalization process, the RBI has permitted foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The Government of India has permitted foreign banks to operate in India by setting up branches, incorporating wholly-owned subsidiaries or acquiring up to 74% of the equity share capital of an Indian private sector bank. The primary activity of most foreign banks in India has been in the corporate segment. Currently, foreign banks have around 99% of their branches in urban and metropolitan centres of the country. Foreign banks have often sought to do niche banking like corporate or investment banking rather than undertaking a bouquet of activities as would be required of a commercial bank. The rationale for such request stems from the limited geochartical reach, stymied business model for foreign branch operations and lack of expertise in local market. (Source: *Keynote Speech delivered by Shri R. Gandhi, Deputy Governor at ASIFMA Annual Conference 2014 held at Marina Bay Sands, Singapore on November 6, 2014*) For a discussion of recent RBI regulations aimed in part to encourage foreign banks to expand, please see the sub-section “- Lowering Barriers of Entry” on page 155.

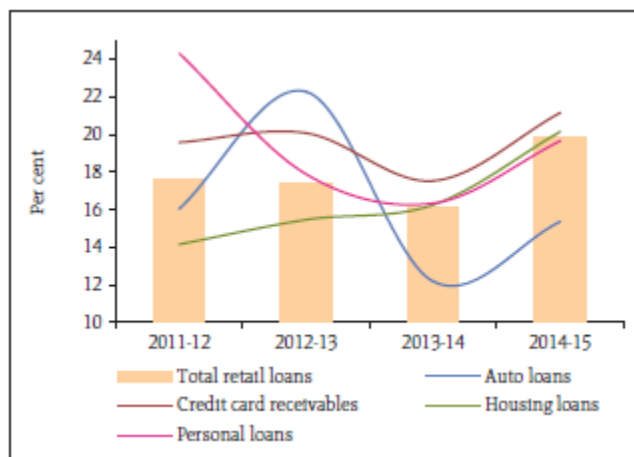
As of December 31, 2015, there were 46 foreign banks operating in India. (Source: *RBI’s List of Foreign Banks in India as of December 31, 2015*) Annual growth in aggregate deposits and gross bank credit of foreign banks amounted to 13.5% and 12.3%, respectively, as of March 31, 2016. (Source: *RBI’s Quarterly Statistics on Deposits and Credit of Scheduled Commercial Bank, March 2016*) As of the end of March 2016, foreign banks accounted for 4.42% and 4.88% of the aggregate deposits and the gross bank credit, respectively. (Source: *RBI’s Basic Statistical Returns, March 10, 2016*)

### *Cooperative Banks*

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. Presently, the RBI is responsible for supervision and regulation of urban cooperative societies, and NABARD supervises the State Co-operative Banks and District Central Co-operative Banks. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 has replaced the Banking Regulation (Amendment) and Miscellaneous Provisions Ordinance, 2004, promulgated on September 24, 2004 to enable the RBI to issue licenses to multi-state cooperative societies to carry on banking business. During 2006, the RBI outlined a medium-term framework for urban cooperative banks. Subsequently a task force for urban cooperative banks has been set up in certain states to identify and establish an action plan for the revival of potentially viable urban cooperative banks and for a non-disruptive exit for non-viable urban cooperative banks.

### Indian Retail Banking

During the year 2014-15, banks' retail loans portfolios continued to growth. Total retail loans increased by approximately 20% during 2014-15, even though there was deceleration in the total credit growth of banks. The growth was mainly led by growth in housing loans, constituting around half of the outstanding retail loans and credit card receivables grew by more than 20%. Auto loans also recorded a recovery during 2014-15. (Source: RBI, Report on Trend and Progress of Banking in India, 2014-15) The chart below shows growth in retail loans over the periods indicated.



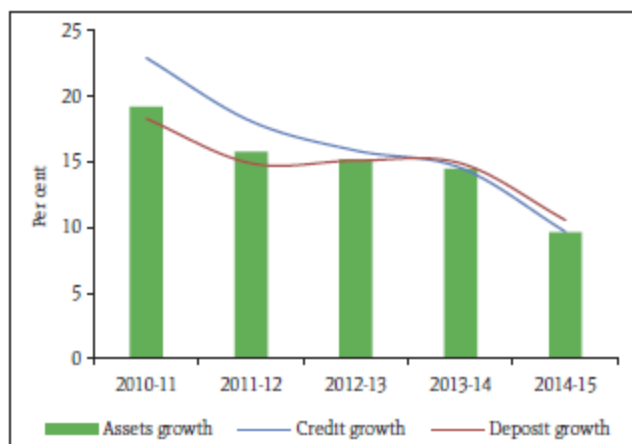
(Source: RBI, Report on Trend and Progress of Banking in India, 2014-15)

### Indian Commercial Banking

#### Balance Sheet Operations of Scheduled Commercial Banks

The slowdown in growth in the balance sheets of banks witnessed since Fiscal 2011-12 continued during Fiscal 2014-15. The moderation in assets growth of scheduled commercial banks was mainly attributed to tepid growth in loans and advances to below 10%. The chart below shows the movement in assets, credit and deposit growth of the scheduled commercial banks over the periods indicated.





(Source: RBI, Report on Trend and Progress of Banking in India, 2014-15)

Growth in investments also slowed down marginally. The decline in credit growth reflected the slowdown in industrial growth, poor earnings growth reported by the corporates, risk aversion on the part of banks in the background of rising bad loans and governance related issues. Further, with the availability of alternative sources, corporates also switched part of their financing needs to other sources such as external commercial borrowings (ECBs), corporate bonds and commercial papers. On the liabilities side, growth in deposits and borrowings also declined significantly. Bank-group wise, public sector banks witnessed deceleration in credit growth in Fiscal 2014-15; private sector banks and foreign banks, however, indicated higher credit growth. (Source: RBI, Report on Trend and Progress of Banking in India, 2014-15)

### **Credit-Deposit**

#### Credit

Data on sectoral deployment of credit, which constitutes about 95% of the total bank credit by scheduled commercial banks, indicated that deceleration in credit off-take in Fiscal 2014-15 was more pronounced with respect to the industry and services sectors, which together constituted about 68% of total non-food credit. Credit growth in the services sector was weighed down by its major components: trade and non-banking financial companies (NBFCs) that accounted for nearly 48% of the total credit to the services sector. In the industrial sector, growth slowed down across sectors, particularly for infrastructure, basic metals and food processing. The sectors which witnessed lower incidence of NPAs such as personal loans saw higher growth during the year. (Source: RBI's Annual Report, 2014-15)

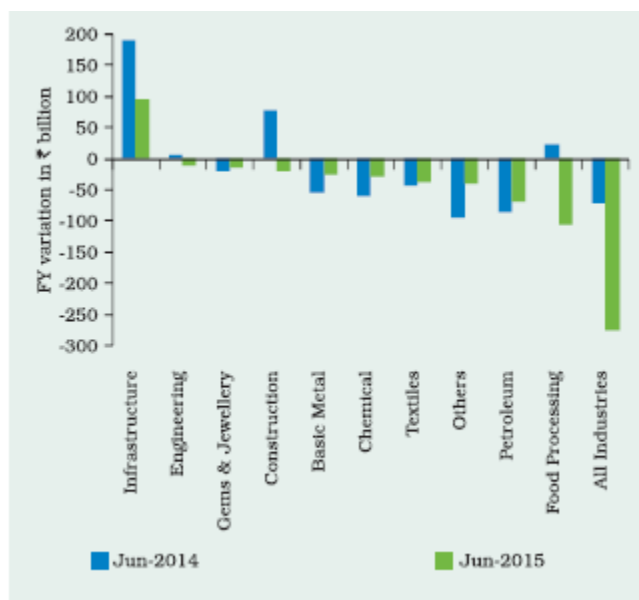
Infrastructure accounts for nearly one-third of the credit to the industrial sector. Its main components are power and roads, constituting 60% and 18% of the total infrastructure credit, respectively. While deceleration in credit to the power sector was modest, the slowdown was sharp with respect to roads in Fiscal 2014-15. The chart below shows the trends in credit deployment to select sectors in the periods indicated.

1	Outstanding at 20-Mar-2015 (₹ billion)	2013-14			2014-15			2015-16
		H1	H2	Year	H1	H2	Year	H1
1	2	3	4	5	6	7	8	9
<b>Non-food Credit (1 to 4)</b>	<b>60,030</b>	<b>6.8</b>	<b>6.3</b>	<b>13.6</b>	<b>2.2</b>	<b>6.2</b>	<b>8.6</b>	<b>1.1</b>
<b>1. Agriculture &amp; Allied Activities</b>	<b>7,659</b>	<b>3.4</b>	<b>9.2</b>	<b>12.9</b>	<b>8.8</b>	<b>5.7</b>	<b>15.0</b>	<b>3.8</b>
<b>2. Industry</b>	<b>26,576</b>	<b>6.3</b>	<b>6.1</b>	<b>12.8</b>	<b>-0.1</b>	<b>5.7</b>	<b>5.6</b>	<b>-1.0</b>
<i>Of which:</i>	<i>9,245</i>	<i>8.8</i>	<i>5.3</i>	<i>14.6</i>	<i>4.3</i>	<i>6.0</i>	<i>10.5</i>	<i>1.0</i>
(i) Infrastructure								
<i>Of which:</i> (a) Power	5,576	10.7	5.8	17.1	6.6	7.5	14.5	2.8
(b) Telecommunications	919	-0.6	1.1	0.5	-3.6	8.0	4.2	-2.9
(c) Roads	1,687	9.2	10.1	20.2	3.5	3.3	6.9	-0.7
(ii) Basic Metal & Metal Product	3,854	7.2	7.1	14.9	-0.4	7.2	6.8	-0.6
(iii) Food Processing	1,715	3.5	20.4	24.6	-2.6	20.4	17.3	-6.2
<b>3. Services</b>	<b>14,131</b>	<b>9.0</b>	<b>6.5</b>	<b>16.1</b>	<b>-1.2</b>	<b>6.9</b>	<b>5.7</b>	<b>1.4</b>
<b>4. Personal Loans</b>	<b>11,663</b>	<b>7.5</b>	<b>4.6</b>	<b>12.5</b>	<b>8.0</b>	<b>6.9</b>	<b>15.5</b>	<b>4.0</b>

**Note:** Latest available data for H1 of 2015-16 are up to June 2015.

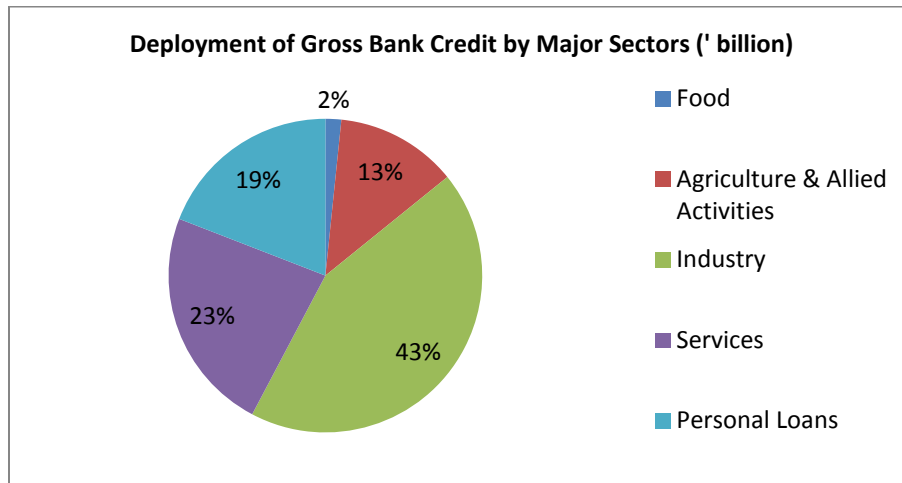
(Source: RBI's Annual Report, 2014-15)

In Fiscal 2016 (through August 2015), credit off-take picked up reflecting an improving economic and policy environment. During 2015-16, incremental non-food credit stood around ₹1,282 billion as against ₹963 billion during the corresponding period in 2014-15. Data on sectoral deployment in Fiscal 2016 (through June 2015) revealed a significant pick-up in services mainly supported by trade and professional services, while industry registered a decline. Within industry, although credit to infrastructure was picking up, credit to roads continued to be weak. The following chart shows the trends in June 2015 as compared to June 2014 credit off-take to major industries:



(Source: RBI's Annual Report, 2014-15)

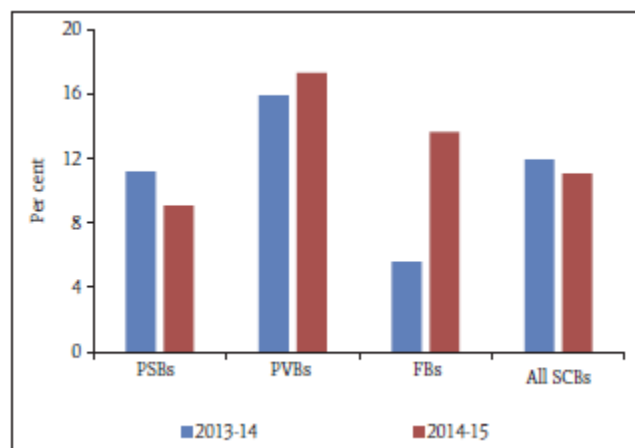
According to the RBI, the aggregate gross bank credit, outstanding as at June 31, 2015 was ₹66,281 billion. The following chart sets forth the deployment of gross bank credit by major sectors as of April 2016:



(Source: RBI's bulletin, April 2016)

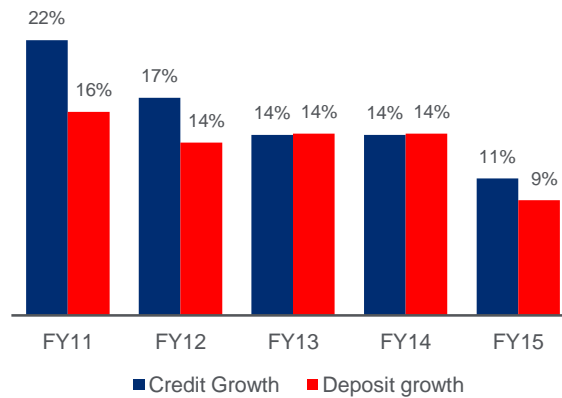
### Deposits

Growth in current account and saving account (CASA) deposits moderated due to decline in saving deposits which in turn got reflected in deceleration in overall deposit growth. Bank-group wise, public sector banks recorded decline in CASA deposits while private sector banks and foreign banks recorded higher growth during Fiscal 2014-15. The following chart sets out the growth in CASA deposits of the scheduled commercial banks, by bank groups, for the year 2013-14 as compared to the year 2014-15.



(Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

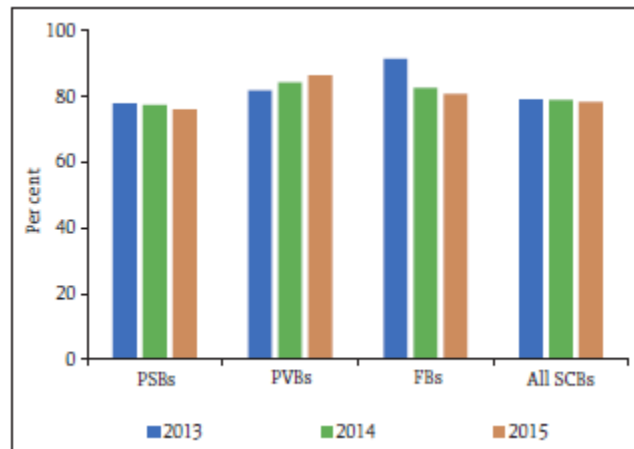
The chart below shows growth in credit and deposits in India for the periods indicated.



(Source: RBI's Handbook of Statistics on Indian Economy, September 16, 2015)

#### Outstanding Credit-Deposit Ratio

In 2014-15, credit-Deposit (C-D) ratio of the scheduled commercial banks stood at around 78%, same as that of 2013-14. Among the bank-groups, the C-D ratio of the private sector banks improved marginally with the other constituents recording a decline in the year 2014-15. (Source: RBI's Financial Stability Report (including on Trend and Progress of Banking in India, 2014-15) There was a slight moderation in the outstanding credit deposit ratio for all major bank groups except for the SBI and foreign bank groups. The following chart sets out the trends in outstanding credit-deposit ratios, by bank groups, for the periods indicated.

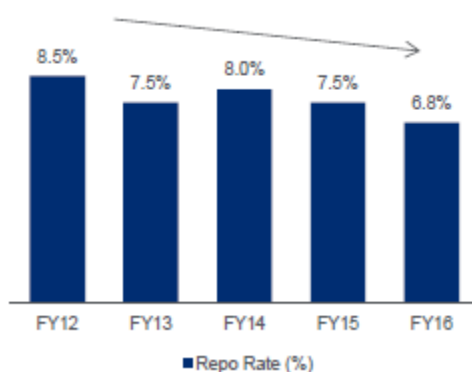


(Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

Since the year 2009-10, RBI has assumed anti-inflationary monetary policy stances. During February 2010 and October 2011, monetary policy was tightened through a cumulative increase in effective policy rate by 525 basis points (bps) and an increase in the cash reserve ratio ("CRR") by 100 bps. Monetary tightening was spread over an extended period, as policy rates had to be raised from the low levels that they reached consequent to the crisis-driven stimulus and inflation expectations remained elevated. However, with signs that inflation was moderating in line with projections and with demand-side pressures starting to recede, the RBI prepared grounds for a policy-easing cycle by imparting more liquidity through aggressive CRR cuts of 125 bps in the last quarter of year 2011-12. This was followed by 100 bps cuts in the policy rate, another 75 bps reduction in the CRR on a cumulative basis during the year 2012-13 and a 100 bps reduction in the SLR, in addition to a liquidity injection of ₹1.5 trillion through open market operations.

The RBI cut the repo rate by another 25 bps to 7.25% in early May 2013 in continuation of its growth-supportive monetary policy stance.

Monetary policy response during the second half of 2013-14 was aimed at anchoring inflation expectations and the RBI increased the repo rate under the liquidity adjustment facility by 75 bps to 8.0% during September 2013 to January 2014. (Source: RBI's Annual Report, 2013-14) According to the RBI, inflation pressures measured by changes in the consumer price index have been easing since July 2014. Inflation outcomes have fallen significantly below 8% targeted by January 2015, and likely to fall below 6% by January 2015, on RBI's current policy settings. These developments have provided headroom for RBI to initiate the process of monetary easing. On January 15, 2015, the RBI reduced the policy repo rate under the liquidity adjustment facility by 25 basis points from 8% to 7.75%, the first such cut in nearly two years. (Source: RBI's press release, Statement by Dr. Raghuram G Rajan, Governor on Monetary Policy, January 15, 2015) The policy repo rate was further reduced by 25 basis points by RBI on March 3, 2015 from 7.75% to 7.50%. (Source: Ministry of Finance Department of Economic Affairs, Economic Division, Monthly Economic Report, March 2015) The following chart illustrates the declining interest rate regime from Fiscal 2012 to Fiscal 2016:



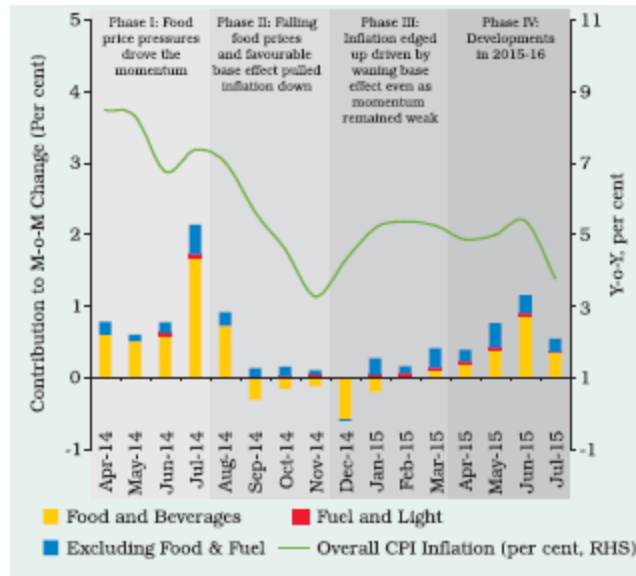
(Source: RBI's Weekly Statistical Supplement Data)

The RBI further reduced the policy repo rate by another 25 basis points to 7.25% on June 2, 2015 and then to 6.75% on April 1, 2016 and to 6.5% on April 8, 2016. (Sources: RBI's First Bi-monthly Monetary Policy Statement, 2016-17)

The base rate system in India's banking system was introduced by the RBI in July 2010, aiming to enhance transparency and competition in short-term loans. The base rate is the minimum lending rate by banks in India, which is set by banks independently and is common for all categories of borrowers. Specific interest rates charged to individual borrowers by banks will be the base rate plus a premium, which is specific to a particular borrower, after taking into account the credit risk and other relevant information of such borrower. On 14 August 2013, the RBI introduced the deregulation of interest rates on Non-Resident (External) Rupee (NRE) deposits and Non-Resident Ordinary (NRO) accounts. Banks had the freedom to offer interest rates on such deposits without any ceiling up to February 28, 2014. (Source: RBI's Annual Report, 2013-14)

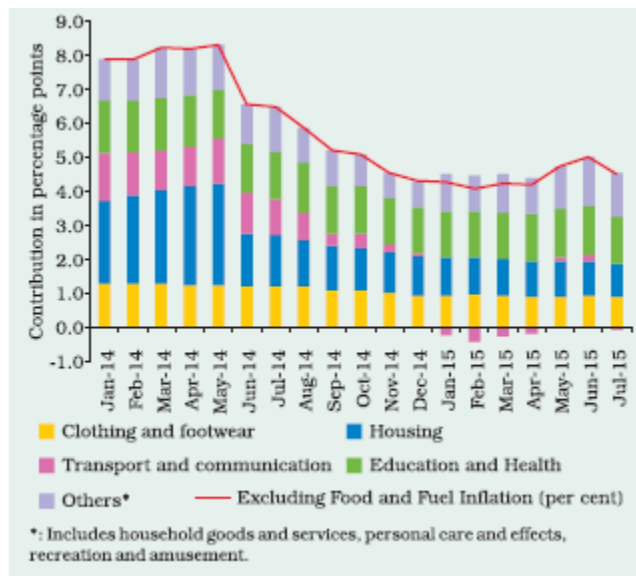
#### *Inflation indexes*

Inflation in terms of consumer price index (CPI) eased during the period starting from December 2013 to February 2014, declining to 8.0% after maintaining above 9.0% for 22 successive months and reaching a high of 11.2% in November 2013. The moderation in CPI inflation mainly resulted from a sharp correction in food prices. Fiscal 2014-15 marked a turning point in the evolution of price-cost dynamics in India. In January 2014, the stance of monetary policy was anchored to a path of disinflation that would take inflation (measured in terms of year-on-year changes in the all India consumer price index (combined) or CPI-C, base 2010 =100) down from 8.6% to below 8% by January 2015 and to below 6% by January 2016. Average inflation at 5.9% during Fiscal 2014-15 turned out to be significantly lower than 9.5% a year ago. The following chart shows the trends in CPI inflation from April 2014 to June 2015.



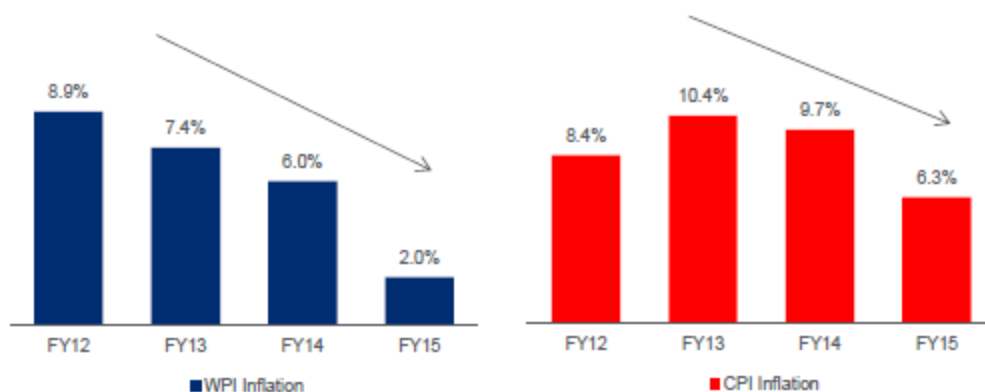
(Source: RBI's Annual Report, 2014-15)

Inflation measured by the WPI declined significantly during Fiscal 2014-15. Since November 2014, wholesale prices have moved into contraction [(-) 4.1% in July 2015, year-on-year]. Prices of non-food manufactured products also contracted in July 2015 [(-) 1.4%, year-on-year], indicating the extent of slack in the economy as well as falling cost pressures. (Source: RBI's Annual Report, 2014-15) The decline in average WPI inflation was largely driven by the fall in average inflation in non-food manufactured products. Since January 2015, several factors, such as falling oil rigs in the United States, decline in stockpiles and elevated geo-political tensions in the Middle East rekindled upside risks to oil prices. Metal prices edged down in 2014 aided by surplus supplies and slowing demand conditions in emerging economies, particularly in China. The following chart shows the trend in WPI inflation from the April 2012 to July 2015.



(Source: RBI's Annual Report, 2014-15)

The following charts illustrate declining WPI and CPI inflation trends in India from Fiscal 2012 to Fiscal 2015:



(Source: RBI's Annual Report, 2014-15)

### Asset Quality

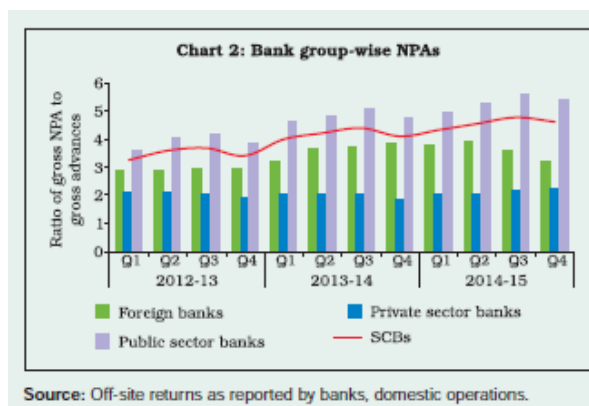
During the year 2014-15, asset quality concerns resulting in risk aversion were considered to be one of the major factors underlying the current slowdown in credit. Public sector banks, which recorded higher NPA ratios, experienced a sharp decline in credit growth. On the other hand, private sector banks with lower NPA ratios posted higher credit growth. Asset quality indicators of the banking sector, which had suffered significantly during the year 2012-13, have worsened further in the years 2013-14 and 2014-15. Although data indicated worsening asset quality across bank groups during the years 2013-14 and 2014-15, it continued to be led by public sector banks. (Source: RBI's Annual Report, 2014-15)

### *NPA Indicators*

	Gross NPA Ratio		Net NPA Ratio		Restructured Structured Advances to Gross Advances	
	As of		As of		As of	
	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014
Public sector banks	3.8	4.7	2.0	2.7	7.2	7.2
Private sector banks	1.9	1.9	0.5	0.7	1.9	2.3
Foreign banks	3.0	3.9	1.0	1.1	0.2	0.1
<b>Aggregate</b>	<b>3.4</b>	<b>4.1</b>	<b>1.7</b>	<b>2.2</b>	<b>5.8</b>	<b>5.9</b>

(Sources: Off-site returns covering domestic operations of banks; RBI's Annual Report, 2013-14)

The chart below shows bank group-wise NPAs in the periods indicated.



(Source: RBI's Annual Report, 2014-15)

## **Profitability**

In addition to softening interest rates, banks' interest earnings were adversely affected by low credit growth during the year 2012-13. Interest expended also grew at a slower pace during the year but its growth was higher than that of interest earned, thereby putting a downward pressure on the growth in both operating and net profits of banks.

Return on assets (RoA), the most commonly used indicator of profitability, showed a further reduction by about 5 basis points in the year 2012-13, amounting to 1.1 for all scheduled commercial banks. This reduction was discernible in the case of public sector banks in general, and nationalized banks in particular. On the other hand, new private sector banks and foreign banks reported an increase in RoA in the year 2012-13. Although the interest income of new private sector banks and foreign banks posted a lower growth during the year, they managed to maintain their profits growth through a reduction in the increase of their operating expenses, particularly wage bill. (Source: RBI's Report on Trend and Progress of Banking in India, 2012-13) RoA for all scheduled commercial banks was further reduced to 0.8 in the year 2013-14 and remained constant at 0.8 as of the end of September 2014. (Sources: RBI's Annual Report 2013-14; RBI's Financial Stability Report (including on Trend and Progress of Banking in India, 2013-14) Issue No. 10, December 2014) During Fiscal 2014-15, RoA remained at the same level as previous year while return on equity dipped marginally. (Source: RBI's Report on Trend and Progress of Banking in India, 2014-15)

The table below sets out the return on assets and returns on equity, grouped and presented according to the different categories of banks:

Sr. No.	Bank Group/Year	Return on Assets			Return on Equity		
		2012-13	2013-14	2014-15	2013-13	2013-14	2014-15
1	Public sector banks	0.80	0.50	0.46	13.24	8.47	7.76
2	Private sector banks	1.63	1.65	1.68	16.46	16.22	15.74
3	Foreign banks	1.92	1.57	1.87	11.53	9.02	10.24
	All scheduled commercial banks	1.04	0.81	0.81	13.84	10.68	10.42

Notes: Return on Assets = Net profit/Average total assets. Return on Equity = Net profit/Average total equity.

(Source: RBI's Financial Stability Report (including on Trend and Progress of Banking in India, 2013-14 and RBI's Report on Trend and Progress of Banking in India, 2014-15))

## **Capital Adequacy**

During the year 2012-13, the capital to risk-weighted assets ratio (CRAR) under both Basel I and II remained well above the stipulated 9% for the system as a whole as well as for all bank groups, indicating that the Indian banks remained well-capitalized. However, when compared to previous years, the CRAR of public sector banks and scheduled commercial banks showed a declining trend. As these banks migrate to the advanced Basel III framework, it is expected that both the quantity and quality of capital will need to be improved. (Source: RBI's Report on Trend and Progress of Banking in India, 2012-13)

The CRAR of scheduled commercial banks declined from 13.9% as at the end of March 2013 to 13.0% as at the end of March 2014, and further declined to 12.8% as at the end of September 2014. (Sources: RBI's Annual Report, 2013-14; RBI's Financial Stability Report (including on Trend and Progress of Banking in India, 2013-14) Issue No. 10, December 2014)

The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and is set to be fully implemented by March 31, 2019. India has been in the forefront in terms of adopting capital adequacy norms as per the Basel III framework and has stipulated CRAR higher than recommended by the BCBS. In January 2015, India introduced a simple, back-stop, non-risk based measure of leverage in the form of an indicative Leverage Ratio of 4.5% as part of a parallel run till the final norms for the same are prescribed by the BCBS. This ratio is expected to supplement the risk based CRAR in monitoring excessive risk-taking and build-up of on and off-balance sheet leverage by banks. (Source: RBI's Publication "Perspective and Policy Environment", December 23, 2015)For



details of the minimum capital requirements under Basel III, please see the sub-section “—*Future Developments – Implementation of the Basel III Capital Regulations*” on page 157.

## **Recent Developments**

### ***Lowering Barriers of Entry***

Recent legislation is expected to open the Indian banking sector to new participants. On January 10, 2013, the Banking Laws (Amendment) Bill, 2012 (the “**2012 Amendment**”) became law, which amends the Banking Regulation Act of 1949, among other laws. Prior to the 2012 Amendment, no shareholder of a private sector bank could exercise voting rights in excess of 10%, and no shareholder of a public sector bank could exercise voting rights in excess of 1%. The 2012 Amendment grants the RBI the power to increase voting rights of shareholders of private sector banks from the current limit of 10% to 26% and, for public sector banks, from 1% to 10%. Among other provisions affecting the regulatory powers of the RBI and other matters, the 2012 Amendment also allows banks to issue preference shares in accordance with guidelines to be issued by the RBI; increases the authorized share capital of nationalized banks from ₹15 billion to ₹30 billion to attract investors; increases the brokerage, commission or remuneration that a banking company can pay in respect of any shares issued by it from 2.5% of the paid up value of the shares to 2.5% of the price at which shares are issued; exempts from stamp duty the conversion of a branch operated by a foreign bank into a wholly-owned subsidiary; and grants the RBI substantial power to regulate, monitor and control entities that enter the banking sector.

On February 22, 2013, the RBI issued Guidelines for Licensing of New Banks in the Private Sector (the “**2013 Guidelines**”). In the previous 20 years, the RBI has licensed 12 new private sector banks. (*Source: RBI’s Guidelines for Licensing of New Banks in the Private Sector, February 22, 2013*). The 2013 Guidelines spell out a comprehensive framework for granting licenses in order to increase the number of banks. The RBI seeks to foster greater competition by increasing the number of banks and thereby reduce costs, improve quality of service, promote financial inclusion and, ultimately, support inclusive economic growth. Among other matters, the 2013 Guidelines set forth the entities eligible to apply for new banking licenses, establish “fit and proper” criteria for evaluating applicants, lay out procedures to obtain approval, set capital adequacy requirements and specify limits of foreign shareholding. New banks in the private sector will be set up through wholly-owned Non-Operative Financial Holding Companies (“**NOFHCs**”). A NOFHC must be wholly-owned by the promoters or promoter group and must have initial minimum paid-up voting equity capital of at least ₹5 billion. The RBI disclosed the names of 26 applicants that submitted applications for setting up new banks prior to the application deadline on before July 1, 2013. (*Source: RBI’s press release “RBI discloses the name of applicants for new bank licenses in the private sector”, July 1, 2013*) In 2014 the RBI granted “in-principle” approvals followed by granting the licenses in 2015 to IDFC Bank Limited and Bandhan Bank Limited thereby allowing them to carry on banking business in India. (*Sources: RBI’s press release “RBI decides to grant “in-principle” approval for banking licenses”, April 2, 2014; RBI’s notification “Inclusion of the name “Bandhan Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934”, November 5, 2015; RBI’s notification “Inclusion of “IDFC Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934”, December 10, 2015*)

Going forward, the RBI will continue working on the framework for on-tap licensing as well as differentiated bank licenses, building on the Discussion Paper on “Banking Structure in India – The Way Forward” placed on the RBI’s website in August 2013 and leveraging on the experience gained from the recent licensing process. The intent is to expand the variety and efficiency of players in the banking system while maintaining financial stability. On August 1, 2016, the RBI issued the Guidelines for ‘on-tap’ Licensing of Universal Banks in the Private Sector, which lays out a framework for granting licenses to universal banks on a continual basis. These guidelines include details in relation to eligibility criteria for promoters of universal banks, shareholding restrictions (including restrictions on foreign shareholding) capitalization requirements, corporate governance, prudential and exposure norms. The RBI will also be open to banking mergers, provided that competition and stability are not compromised. (*Sources: RBI’s First Bi-monthly Monetary Policy Statement, 2014-15, April 1, 2014; RBI Guidelines for ‘On-tap’ Licensing of Universal Banks in the Private Sector, August 1, 2016*)

### ***Harmonization of KYC Norms for Foreign Portfolio Investors (“FPIs”)***

On April 3, 2014, the RBI issued a circular for simplification of Know Your Customer (“KYC”) related procedures for opening bank accounts by FPIs. The RBI has advised that, for those FPIs who have been duly registered in accordance with SEBI guidelines and have undergone the required KYC due diligence or verification prescribed by SEBI through a custodian or intermediary regulated by SEBI, banks may rely on the KYC verification done by the third party (i.e., the custodian or SEBI regulated intermediary), subject to conditions laid down in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. (Source: *RBI’s Circular DBOD.AML.BC.No.103/14.01.001/2013-14 – Know Your Customer (KYC) Norms/ Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT)/ Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 – Harmonization of KYC norms for Foreign Portfolio Investors (FPIs)*)

#### ***Fund/Non-Fund based Credit Facilities to Overseas Entities***

On April 22, 2014, the RBI issued a circular whereby it laid down that banks, including overseas branches or subsidiaries of Indian banks, shall not issue standby letters of credit, guarantees, letter of comforts on behalf of overseas joint ventures, wholly-owned subsidiaries or wholly-owned step-down subsidiaries of Indian companies for the purpose of raising loans or advances of any kind from other entities except in connection with the ordinary course of overseas business. Further, while extending fund or non-fund based credit facilities to aforementioned entities in connection with their business, either through branches in India or through branches or subsidiaries abroad, banks should ensure effective monitoring of the end use of such facilities and its conformity with the business needs of such entities. (Source: *RBI’s Circular DBOD.No.BP.BC.107/21.04.048/2013-14 – Fund/Non-Fund based Credit Facilities to Overseas Joint Ventures/ Wholly Owned Subsidiaries/ Wholly owned Step-down Subsidiaries of Indian Companies*)

#### ***Treatment of RIDF and Certain Other Funds under Priority Sector***

On May 15, 2014, the RBI issued a notification announcing that it has decided to include the outstanding deposits placed by scheduled commercial banks under Rural Infrastructure Development Fund (“RIDF”) and certain other funds established with NABARD under priority sector classification. The change was made on account of scheduled commercial banks’ shortfall in lending to the priority sector as part of indirect agriculture under the priority sector classifications. Accordingly, the outstanding deposits as of 31 March of the current year under RIDF, the Warehouse Infrastructure Fund, the Short Term Co-operative Rural Credit Refinance Fund and the Short Term RRB Fund with NABARD will be treated as part of indirect agriculture and will count towards overall priority sector target achievement. The outstanding deposits under the above funds with NABARD as on the preceding 31 March will form part of ANBC. (Source: *RBI’s Notification RPCD.CO.Plan.BC 101/04.09.01/2013-14 – Treatment of RIDF and certain other funds under priority sector*)

#### ***Financing of Infrastructure and Affordable Housing***

Infrastructure and affordable housing are segments of the economy which require long term funding and are of critical importance. Accordingly, the RBI intends to ease the way for banks to raise long term resources to finance their long term loans to infrastructure as well as affordable housing. On July 15, 2014, the RBI issued a circular revising its existing circular regarding the issue of long-term bonds by banks in order to minimize certain regulatory pre-emptions. (Source: *RBI’s Circular DBOD.BP.BC.No.25/08.12.014/2014-15 – Issue of Long Term Bonds by Banks – Financing of Infrastructure and Affordable Housing*)

#### ***Unified Payments Interface***

In April 2016, RBI launched the Unified Payments Interface (“UPI”) system to boost digital money transfers. The interface has been developed by National Payments Corporation of India (“NPCI”), the umbrella organization for all retail payments system in India. According to NPCI’s press release, UPI is a unique payment solution as the recipient is now empowered to initiate the payment request from a smartphone. It facilitates a “virtual address” as a payment identifier for sending and collecting money and works on a single click for authentication. It also provides an option for transactions like sharing bills among peers. One can use UPI app instead of paying cash on delivery on receipt of product from online shopping websites and can perform miscellaneous expenses like paying utility bills, over the counter payments, barcode (scan and pay) based payments, donations, school fees and other such unique and innovative use cases. (Source: *NPCI’s press release, April 11, 2016*)

## **Future Developments**

### ***Implementation of the Basel III Capital Regulations***

Basel III capital regulations reforms are the response of the Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. The BCBS released a comprehensive reform package entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Consequently, the RBI issued guidelines based on the Basel III reforms on capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and it was originally set to be fully implemented as on March 31, 2018. In response to the banking industry's request for some lead time to raise capital for full implementation of the Basel III Capital Regulations, the RBI extended the transitional period for full implementation of Basel III Capital Regulations in India up to March 31, 2019. This will also align full implementation of Basel III in India closer to the internationally agreed date of January 1, 2019.

The following table sets out the transitional arrangement for the implementation of various minimum capital ratios:

### **Transitional Arrangements-Scheduled Commercial Banks (excluding LABs and RRBs)**

Minimum capital ratios	(% of RWAs)						
	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier 1 (CET1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital conservation buffer (CCB)	-	-	-	0.625	1.25	1.875	2.5
Minimum CET1+ CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 capital	6	6.5	7	7	7	7	7
Minimum Total Capital(1)	9	9	9	9	9	9	9
Minimum Total Capital+CCB	9	9	9	9.625	10.25	10.875	11.5
Phase-in of all deductions from CET1 (in %)(2)	20	40	60	80	100	100	100

Notes: (1) The difference between the minimum total capital requirement of 9% and the Tier 1 requirement can be met with Tier 2 and higher forms of capital. (2) The same transition approach will apply to deductions from additional Tier 1 and Tier 2 capital.

*(Source: RBI's Circular DBOD. No.BP.BC.102/21.06.201/2013-14 dated March 27, 2014 – Implementation of Basel III Capital Regulations in India – Capital Planning)*

The RBI has forewarned the banking industry that the challenges in implementing Basel III cannot be underestimated. First, Basel III significantly increases capital requirements for Indian banks. The capital requirements may be substantially lower during the initial years as compared to later years of full implementation of Basel III guidelines. Accordingly, banks are advised to keep this aspect in view while undertaking their capital planning exercise. *(Source: RBI's Circular DBOD.No.BP.BC.102/21.06.201/2013-14 dated March 27, 2014 – Implementation of Basel III Capital Regulations in India – Capital Planning)*

### ***Dynamic Provisioning Guidelines***

Provisions against loan losses can be broadly divided into two categories: general and specific. The present provisioning policy, consisting of general and specific provisions, has several limitations. First, the rate of provisions on standard assets is not based on any scientific analysis. Second, banks make floating provisions without any pre-determined rules. Third, the provisioning framework does not have cycle smoothing elements

built into it. A need was, therefore, recognized for introducing a comprehensive provisioning framework that has dynamic and countercyclical elements.

In this regard, a discussion paper was released by the RBI on March 30, 2012 for public comments. Based on the analysis in the paper, it was proposed that the dynamic provisioning framework for loan loss provisions for banks in India would consist of two components: a) Ex-post Specific Provisions (SP) made during a year as required under RBI guidelines. These provisions would be debited to the Profit and Loss account; and b) Dynamic Provisions (DP) equal to the difference between the expected loss of the portfolio for one year based on downturn Loss Given Default (LGD) and the incremental specific provisions made during the year. In short, under the proposed framework, banks will accumulate provisioning buffer during the period when the economy is growing and their credit losses are lower than the long-run average. The accumulated buffer would be utilized during the slow / negative growth phase when the banks' credit losses increase.

Ideally, calibration of Expected Loss (EL) should be based on forward-looking through-the-cycle probability of default of various asset classes/ rating classes. Further, it should be based on the credit history of individual banks and reflect their own credit risk profile. Banks which have capability to calibrate their own parameters could be allowed, with the prior approval of the RBI, to introduce dynamic provisioning framework based on their own data set. Those banks that are not able to introduce dynamic provisioning based on their own data set may use the standardized calibration carried out by the RBI. The final guidelines, containing the final calibration of EL, are proposed to be issued shortly. (Source: *RBI's Annual Report, 2012-13*)

On February 7, 2014, the RBI decided that, as a countercyclical measure, banks may utilize up to 33% of countercyclical provisioning buffer/floating provisions held by them as on March 31, 2013, for making specific provisions for NPAs, as per the policy approved by their board of directors. (Source: *RBI's Circular DBOD.No.BP.95/21.04.048/2013-14 dated February 7, 2014 – Utilization of Floating Provisions/Counter Cyclical Provisioning Buffer*)

### ***Financial Sector Legislative Reforms Commission (“FSLRC”)***

The FSLRC was constituted on March 24, 2011 by the Government of India to make the laws governing the financial sector compatible with a growing, globalized and modernizing economy, and to reflect the lessons of the global financial crisis. (Sources: *RBI's Report on Trend and Progress of Banking in India, 2011-12; RBI's Report on Trend and Progress of Banking in India, 2012-13*). The FSLRC has proposed changes in the landscape of the financial sector in its final report released in March 2013. The final report is available on the website of the Ministry of Finance. The proposals cover consumer protection, dedicated and unified resolution authority, inter-regulatory coordination, development function and providing independence to the regulators/ central bank with accountability. The FSLRC has envisaged a regulatory framework where governance standards for regulated entities will not depend on the form of organization of the financial firm, such as co-operatives, private Indian firms, foreign firms and public sector firms. The RBI is in the process of assessing and implementing the non-legislative recommendations contained in FSLRC's final report, keeping in view of balancing the regulator's freedom to evolve with changing needs of the economy while ensuring customer protection. (Sources: *RBI's Report on Trend and Progress of Banking in India, 2012-13; RBI's Annual Report, 2013-14*)

### ***Restructured Assets Treated at Par with NPAs***

In 2015, RBI announced that all restructured assets will be treated on a par with NPA accounts, requiring the same level of provisioning. Overall, these measures represent a significant effort to bring provisioning practices in India on a par with best international practices, where no distinction is made between restructuring and non-performance. The aim of the RBI guidelines is to provide a more transparent representation of asset quality and better management of non-performing assets. (Source: *RBI's Master Circular “Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advance”, July 2015*)

### ***Structural Reforms Expected to Revive Credit Growth***

In recent years, the Government of India has been following the approach of “Reform to Transform India” through structural reforms to foster strong and sustainable growth. The Government of India has pushed forward measures to

enhance infrastructure investment, improve the business climate and introduce significant tax reforms such as the implementation of goods and services taxes. The Government of India has also taken steps to reform institutions, simplify procedures and repeal obsolete laws. A progressive and non-adversarial tax regime incorporating best international practices is currently being put in place. The Government of India has also launched initiatives such as “Make-in-India”, “Startup India - Standup India”, “Mudra bank” and “Skill India” which focus on encouraging innovation and entrepreneurship as well as creating jobs in India. Further, novel welfare/social security schemes have been implemented to improve social outcomes. The Government of India has launched a new crop insurance scheme with attractive premium charge to protect farmers from income losses due to crop failures. The Government of India is also leveraging digital technology to ensure that all eligible persons are included under the direct benefit transfer program. Accordingly, the Aadhaar system (a unique identification system) with statutory backing is expected to form the backbone for targeted delivery of financial and other subsidies, benefits and services. (Source: *International Monetary and Financial Committee – Thirty third meeting (April 26, 2016) – IMFC Statement by Arun Jaitley, Minister of Finance, India*)

### **Industry Outlook**

The weakening domestic macroeconomic conditions combined with continuing subdued global growth and its increasing spillover risks posed challenges to the banking sector during the year 2012-13. The growth of the Indian banking sector moderated further during the year 2013-14. Several policy initiatives were undertaken during recent years to handle these challenges. On the regulatory and supervisory policy front, the envisaged move towards risk-based supervision, initiatives for improved cross-border supervision and cooperation and enhanced oversight of financial conglomerates became important. In the short-term, the stress on banks’ asset quality remains a major challenge. The credit quality of banks has deteriorated over the last few years. Gross NPAs increased from 2.4% of gross advances in March 2011 to 4.4% in December 2013, before declining to 4.1% in March 2014. Yet, it increases from 4.1% in March 2014 to 5.4% in September 2014. Net NPAs showed similar trends and increased from 2.2% in March 2014 to 2.5% in September 2014. Banks need to not only follow the various measures put in place by the RBI and the Government of India effectively for resolution and recovery of bad loans but also strengthen their due diligence, credit appraisal and post sanction loan monitoring systems to minimize and mitigate the problems of increasing NPAs. Many policies are contemplated to expand and strengthen the banking infrastructure. Banks need to capitalize on these and play a major role in supporting economic activity and meeting the financial needs of all the sections of society. (Sources: *RBI’s Report on Trend and Progress of Banking in India, 2012-13; RBI’s Annual Report, 2013-14; RBI’s Financial Stability Report (Including Trend and Progress of Banking in India, 2013-14) Issue No. 10, December 2014*) In 2015, Moody’s Investors Service has changed its outlook for India’s banking system from negative to stable because of the gradual improvement in the operating environment for Indian banks. Further, for the Indian economy and the Indian banking industry, the outlook for growth is improving gradually with a sense of optimism stemming from the Government of India’s measures to revitalize industry growth and the RBI’s new measures to restructure the domestic banking industry. (Source: *RBI’s Annual Report, 2014-15*)

## OUR BUSINESS

*The following information should be read together with the information contained in the sections titled “Risk Factors,” “Industry Overview,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank” and “Financial Statements” on pages 15, 127, 390 and 247, respectively, of this Prospectus. Unless the context requires otherwise, the financial information of our Bank used in this section is derived from our Restated Financial Information. In this section, a reference to the “Bank” or “our Bank” means RBL Bank Limited.*

### Overview

We are one of India’s fastest growing private sector banks in the last six years. Our Bank has cultivated a customer-centric culture where we use our industry domain knowledge, experience and technology with the goal of satisfying the client’s complete banking needs. We offer a comprehensive range of banking products and services customized to cater to the needs of large corporations, small and medium enterprises (“SMEs”), agricultural customers, retail customers and development banking & financial inclusion (low income) customers. We have been expanding our presence across India through a growing network of branches and ATMs and upgrading our traditional delivery channels with modern technology-enabled channels like phone banking, internet banking and mobile banking. As of March 31, 2016, we had 197 interconnected branches and 362 interconnected ATMs spread across 16 Indian states and union territories serving approximately 1.90 million customers.

We have a long history in India, with operations since 1943 when our Bank was incorporated as a small, regional bank in Maharashtra with two branches in Kolhapur and Sangli. In August 1959, we were categorized as a “scheduled commercial bank” within the meaning of the Reserve Bank of India Act, 1934. Though our Bank has a 73-year operating history, we have transformed ourselves in the past six years from a traditional bank into a ‘New Age’ bank while harnessing our heritage, relationships with customers and domain strengths. Our transformation commenced in 2010 during the difficult economic period following the global financial crisis as well as the economic slowdown that followed in India. Our Board and management envisioned a professionally governed and managed institution, built on the platforms of knowledge, sector expertise and technology. As part of our transformation, we focused on three pillars while laying the foundation for growth:

- 1) Putting in place a robust corporate governance framework and processes, including strengthening our board of directors;
- 2) Broad-basing our shareholder and capital base by raising institutional capital; and
- 3) Building our management team by attracting high quality and experienced banking professionals.

As a result of this transformational journey, which started in 2010, we believe that our Bank now has:

- a quality management team and a pool of talented and dedicated employees;
- a strong operating platform built on the foundation of the above pillars;
- a significantly larger new customer base as well as expanded and stronger relationships with existing customers;
- a comprehensive product suite and an enhanced customer experience;
- a multi-channel distribution network including new branches, ATMs and mobile and internet platforms;
- a robust modern technology infrastructure; and
- a new brand identity, “RBL Bank”, backed by strong marketing and communication plans.

During this period:

- Our total income has grown from ₹5,322.16 million in Fiscal 2012 to ₹32,348.50 million in Fiscal 2016, which represents a CAGR of 57.02% for the past four fiscal years.
- Our other income has increased from ₹671.33 million in Fiscal 2012 to ₹4,905.43 million in Fiscal 2016, which represents a CAGR of 64.42% for the past four fiscal years.
- Our net profit after tax has increased from ₹650.98 million in Fiscal 2012 to ₹2,924.85 million in Fiscal 2016, which represents a CAGR of 45.59% for the past four fiscal years.
- Our deposits grew from ₹47,393.31 million at the end of Fiscal 2012 to ₹243,486.51 million at the end of Fiscal 2016, which represents a CAGR of 50.55% for the past four fiscal years.
- Our advances grew from ₹41,322.69 million at the end of Fiscal 2012 to ₹212,290.83 million at the end of Fiscal 2016, which represents a CAGR of 50.54% for the past four fiscal years.

As part of our growth strategy, we acquired certain Indian businesses of the Royal Bank of Scotland (“RBS”), including RBS’s business banking, credit card and mortgage portfolio businesses, in Fiscal 2014. This acquisition has added to our existing businesses, enabling us to expand our scale of operations and geographic presence. More importantly, as part of this acquisition, we also integrated an experienced team of RBS employees associated with these businesses. The industry and technical knowledge brought in by this team has helped us in strengthening our service architecture, designed to meet the requirements of business banking customers and offer new products like our own credit cards and various high value transaction services. We believe that the experience gained in acquiring businesses from RBS will assist us in both finding and integrating suitable opportunities as our Bank continues to grow.

Our branch network, which was historically concentrated in south western Maharashtra and northern Karnataka, has now expanded across India through a growing network of branches and ATMs. During Fiscal 2015 and Fiscal 2016, we opened 25 new branches across various states including in the key cities of Kolkata, Delhi, Mumbai, Chennai and Bangalore. Our distribution network included 362 interconnected ATMs as of March 31, 2016. In addition, we have digital banking channels including mobile banking, internet banking and phone banking/IVR. We have developed micro-payment and branchless banking solutions as well as a business correspondent network to expand our customer reach beyond the traditional branch service area.

Our business segments consist of corporate and institutional banking (“C&IB”), commercial banking (“CB”), branch and business banking (“BBB”), agribusiness banking (“AB”), development banking and financial inclusion (“DB&FI”) and treasury and financial markets operations. By combining integrated solutions with our capabilities across our businesses we aim to be “the Bank of Choice” for our customers. One of the core tenets assimilated within each of our business segments is to cross-sell the products and solutions of our entire Bank. We believe that this enhances customer loyalty with our Bank and helps improve our overall share of the customer wallet. For more details on these business segments please see the sub-section “*Strategy & Business Operations*” on page 165.

We have received a number of awards and recognitions in the past, including:

- “Best Corporate Payment Project” by The Asian Banker Achievement Awards (Technology Innovation Awards) in 2016;
- MasterCard Innovation Awards for our debit card program in 2016;
- “Best Bank Overall (Small)” and “Best Bank (Quality of Assets)” by Business Today – KPMG Best Bank Survey in 2015;
- “The Best Bank – Priority Sector Lending (Private Sector)” by Dun & Bradstreet Banking Awards in 2014 and 2015;

- “Global Growth Company” by the World Economic Forum in 2014;
- “The Fastest Growing Small Bank” by Business World Magna Awards – PwC Best Bank Survey in 2013, 2014 and 2015; and
- “India’s Best Bank (Growth) in the Mid-Sized Bank segment” by Business Today – KPMG Best Bank Survey in 2012, 2013, 2014 and 2015.

### **Key Pillars for Growth**

We believe that the following three pillars form the foundation for our growth strategy.

#### ***Strong board and corporate governance***

We have built a strong and independent board of directors. The breadth of experience of our board coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. Our board and management team looks to encourage innovation and business growth within a framework of strong risk management and decision making processes. The board is also focused on building the talent pool of the Bank. This, we believe, allows us to build a solid, scalable and institutionalized banking franchise.

#### ***Strong shareholder and capital base***

Through our four rounds fundraisings since 2010, we now have a diversified shareholder base that includes well-recognized global and Indian institutions, global private equity firms with vast footprints and experience and Indian private equity firms with strong national roots and knowledge.

A strong capital base is a pre-requisite for growth in the banking industry. As of March 31, 2014, 2015 and 2016, our capital adequacy ratio was, 14.64% (Basel III), 13.13% (Basel III) and 12.94% (Basel III), respectively. Our philosophy is to maintain a robust capital base to support continuous business growth within a strong risk management framework. As of March 31, 2016, our capital adequacy ratio was 12.94% (of which Tier 1 was 11.10%). We have comfortably met the capital requirements under the Basel III Requirements as per the RBI’s new capital adequacy guidelines, which came into effect on April 1, 2013.

#### ***Experienced and professional management team***

We have a professional management team that has well-diversified track record of experience in the banking industry. Our senior management has a strong pedigree in the banking and financial services space with many of them having held senior positions with leading banks and insurance companies, including Bank of America, Citibank N.A., UBS, ABN AMRO Bank, HDFC Bank, Deutsche Bank AG, ICICI Bank and Standard Chartered Bank. All members of our senior management team bring with them substantial experience and in-depth knowledge of banking operations & management as well as a history of significant corporate relationships. This team is responsible for formulating our strategy, managing new business segments, diversifying the business mix, putting in place a strong operating and technology platform, expanding our branch and distribution network, deepening customer relationships and repositioning the brand as a modern and customer-centric banking institution. We believe that our management’s capabilities, strong reputation, extensive network of industry relationships and considerable experience in financial services and banking will help us to scale up further and build a high quality and pre-eminent franchise in the years to come.

### **Our Strengths**

In addition to a strong board and corporate governance structure, well-capitalized balance sheet and management depth, we believe that we have the following strengths:

#### ***Client focused approach to business resulting in growing brand recognition***



We have created a customer-centric culture where we look to satisfy each client's complete banking needs by tailoring our products and services as required for the client rather than become a product-focused organization. We use our branches and our technological and digital banking capabilities to develop and enhance our knowledge of the customer requirements, industry sectors, businesses and local environments. We believe that one of our competitive strengths has been our success in leveraging this understanding to provide valuable and timely banking and transactional solutions for our customers and effectively cross-selling these products and services to them.

### ***Robust multi-channel distribution system***

We offer our services and products through a multi-channel distribution network comprised of 197 interconnected branches and 362 interconnected ATMs as of March 31, 2016. Our delivery channels also include internet banking, phone banking and mobile banking. We have developed a cost-effective micro-payment and branchless banking solution by establishing points of collection and aggregation at over 32,000 transaction points to cover a larger geographical territory and customer base. These transaction points are the outlets of our partner business correspondents and their agents which typically have high volumes of cash transactions. In addition, we have micro-ATMs (new handheld tablets) used primarily in our DB&FI business in rural and semi-urban areas. We believe our extensive presence and variety of distribution channels increases our ability to acquire and retain customers and enables us to provide better service to our existing customers.

While our branch network was historically concentrated in Maharashtra, we have grown our branch network in terms of both numbers as well as geographical reach. During Fiscal 2015 and Fiscal 2016, we opened 25 new branches across various states including in the key cities of Kolkata, Delhi, Mumbai, Chennai and Bangalore. We believe that the proximity of our branches to our target client-base (*e.g.*, retail, SMEs and MSMEs) gives us a competitive advantage. We intend to continue to expand our coverage to the key commercial centers of India in the short- to medium-term.

### ***Partnerships, investments and acquisitions that expand our reach in rural markets***

To develop our AB and DB&FI businesses, we are entering into partnerships and invest in/acquire companies to extend our reach in rural and semi-urban India and unbanked parts of urban and metro India. We have entered into exclusive partnership agreements with select business correspondents in relation to these businesses to originate client business – spanning loans, savings accounts, insurance, etc. In addition, these partners help us in establishing significant number of transaction points across many states which enable us in providing payments and other banking services across underbanked and unbanked India. We are selecting partners with strong local relationships that can benefit from our product offering, technology and distribution network. Each partnership is tethered to one or more of our branches and helps to extend our coverage area beyond the traditional branch service area. Our partners use our branding to offer our banking services to their relationships and we work together to deliver products across a widespread customer base and also cross-sell new products, further deepening these relationships. We have also recently acquired a minority stake in Swadhaar FinServe Private Limited, a business correspondent engaged in offering of products and services to inadequately served sections of businesses, households and enterprises, for a consideration of approximately ₹205 million. In Fiscal 2017, Swadhaar FinServe Private Limited will be our associate as our stake in Swadhaar FinServe Private Limited is greater than 20%. Further, the Bank is considering a purchase of a minority stake in Utkarsh Micro Finance Private Limited, an applicant for a small finance bank license, subject to regulatory approvals.

### ***Growing net interest and non-interest income***

Our net interest income (defined as total interest earned less total interest expended) has grown from ₹1,867.91 million in Fiscal 2012 to ₹8,192.07 million in Fiscal 2016, which represents a CAGR of 44.71% for the past four fiscal years. This is primarily driven by an increase in our advances from ₹41,322.69 million in Fiscal 2012 to ₹212,290.83 million in Fiscal 2016.

We have focused on increasing the share of non-interest income across our client segments. As a result, the share of our non-interest income increased from 26.44% of our net total income (defined as the sum of the interest income and other income less interest expense) in Fiscal 2012 to 37.45% in Fiscal 2016 due to growth of our foreign

exchange, treasury, income from letters of credit, guarantees, third party non-interest based income (including commissions from sale of insurance products and brokerage on marketing of mutual funds), general bank charges, demat services, maintenance charges, credit card revenue and other charges.

### ***Risk management and balance sheet focus***

We believe that a robust risk management system is one of the key components to our long-term success. Our risk management function is overseen by our Risk Management Committee (RMC), an independent board-level sub-committee that develops specific policies, frameworks, processes and systems for effective management of various risks. The risk management function covers credit, market and operational risks. Our policies are continuously reviewed and updated for changes in the regulatory and market environment. Our risk management structure – both people and systems – is subjected to regular update. We have a dedicated risk management department, headed by a Chief Risk Officer and supported by specialized risk management teams for each business to ensure that we understand specific segmental and business risks and undertake daily risk management tasks including risk assessment, measurement, control and reporting. In addition, we have invested in technology platforms to identify and monitor our risks.

Our Audit Committee, an independent board-level sub-committee of our Board, provides direction to, and monitors the quality of the internal audit function, risk management and control environment, including the adequacy of internal controls through audits. The internal audit function conducts risk-based internal audit of branches as well as credit audits that include reviewing the pre-sanction, post-sanction and monitoring processes of our Bank.

Our risk management process begins with client-selection and screening of customers, thorough documentation and use of systems and technologies such as early warning systems to continuously monitor the health of our portfolio. As a result of our focus on the effective risk management, we have been able to maintain our asset quality amidst challenging macro environment. We believe that our asset quality numbers are within the best in the industry. Our gross NPAs stood at 0.77% and 0.98% as of March 31, 2015 and March 31, 2016, respectively, and our net NPAs stood at 0.27% and 0.59% as of March 31, 2015 and March 31, 2016, respectively. Our restructured loans (defined as standard restructured assets) as a percentage of net advances stood at 0.55% and 0.09% as of March 31, 2015 and March 31, 2016, respectively. Our provision coverage ratio stood at 68.28% and 55.87% as of March 31, 2015 and March 31, 2016, respectively. For the reference, the average gross NPA and net NPA levels and restructured advances as a percentage of gross advances of public sector, private sector and foreign banks for the periods indicated are shown in the table below.

	Gross NPA Ratio As of		Net NPA Ratio As of		Restructured Structured Advances to Gross Advances As of	
	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014
Public sector banks	3.8	4.7	2.0	2.7	7.2	7.2
Private sector banks	1.9	1.9	0.5	0.7	1.9	2.3
Foreign banks	3.0	3.9	1.0	1.1	0.2	0.1
<b>Aggregate</b>	<b>3.4</b>	<b>4.1</b>	<b>1.7</b>	<b>2.2</b>	<b>5.8</b>	<b>5.9</b>

(Sources: Off-site returns covering domestic operations of banks; RBI's Annual Report, 2013-14)

For details and further information, see the section titled “*Our Industry–Indian Commercial Banking–Asset Quality*” on page 153. We intend to continue to improve and refine our risk management tools and systems, to identify stresses in our portfolio and take pre-emptive measures, such as early warning review and review of watch-listed accounts. For our stressed assets, we undertake measures such as increased follow-up, researching accounts to help identify opportunities to revive stressed assets, turning sooner to settlement or legal action, using recovery processes and identifying stressed accounts early so that we are able to work with clients to improve their situation.

### ***Modern and scalable information technology systems infrastructure***

We believe that we have built an IT infrastructure that is designed to support our network expansion plans and business growth.

The use of information technology is an integral part of our customer-focused approach as it enables our clients to control when, where and how they want to do business with us. We also believe that technology is becoming the last mile connector to our customers as they increasingly opt for alternate delivery channels such as phone banking, mobile banking and internet banking. We strongly emphasize technology in our business as a means of improving the efficiency, reliability and competitiveness of our business operations. The use of technology also enables us to analyze, address and deliver a seamless customer fulfillment experience. Increasing adoption of technology by customers means that we need to constantly ensure that our systems and processes are geared up to deliver optimal services in a secure environment.

We are focused on leveraging technology for client management and creating customer-centric/ multi-channel solutions. Our IT deployment strategy is to do quick prototyping, establishing short learning curves and rapidly scaling up. The use of technology enables us to analyze, address and deliver a seamless customer fulfillment experience.

### ***Focus on operational quality and scalability***

Increasing use of technology means that more and more customers interface with our operational platforms making it increasingly important for us to provide quality service across all customer touchpoints – branches, ATMs, phone banking, internet banking and email channels. We believe that consistent quality, competitive turnaround times and system reliability are core service differentiators. It is essential that all of these operations run with precision, skill and, in some cases simplicity, to ensure customer satisfaction. We have, therefore, equipped our Bank with the technology, operational and support teams to underpin our business segments, branches and other distribution channels.

We aim to leverage technology as an enabler and force multiplier, facilitate the ease of execution of transactions through the automation of several processes, implementation of ‘straight through processing’ of many customer requests such as cheque book replenishments, account transfers and deposit bookings. In addition to normal cash withdrawal, balance enquiry and statement generation functions, we have implemented enhanced functionalities at our ATMs.

We have implemented various customer satisfaction measures that enable us to monitor compliance with service-level agreements across our relevant operational units and provide an efficient information platform to support effective decision-making. We arrange regular training and skill development programs for our employees to increase operational efficiencies and customer service conducted by our internal teams or external agencies. We received accreditation of ISO 9001 in Fiscal 2013 for our central liability operations.

As we are a fast growing bank with a rapid expansion of our product offerings, branches and customer base, the scalability of our operations in a secure framework, while ensuring a high level of quality service, is essential. We believe that our cloud-based IT systems, our simplified operational processes and our experience in opening new branches and developing new products give us an advantage in replicating the same as we grow, with increasingly shorter turnaround times. We believe that the scalability of all operations in a cost-effective manner while maintaining a high standard of services is essential to growing our banking business profitably.

## **OUR STRATEGY & BUSINESS OPERATIONS**

Our strategy is to leverage our strengths and guiding principles to continuously adapt and lead within a dynamic and competitive landscape. In particular, we intend to focus on the following differentiating strategies adapting them to the specific needs and requirements of our customers:

### ***Become a “Bank of Choice” by building relationships through trust and respect of our customers***

We believe that banking is no longer merely a single product or service but a complete, tailor-made comprehensive solution designed to address customer’s needs based on a holistic understanding of their requirements. We have created a customer-centric culture where we look to satisfy the needs of our customers with quality products and services delivered in a timely and responsive manner to enhance customer experience. We aim to use our deep knowledge of industry sectors and of our clients to tailor valuable banking and transactional solutions for them. For

instance, under our process re-engineering project we have recalibrated the way we conduct our business to ensure that our employees, systems and processes are suitably geared to provide an optimal customer experience and create a leading service organization.

This approach manifests in the way we hire, train and evaluate our people. Moreover we believe our sales practices, client segmentation, wallet-sizing, and inter-division co-ordination is structured to deliver a holistic solution to the clients based on their needs and requirements. Over the last few years and in the near future we continue to add to our product and service portfolio through internal development and strategic partnerships. Our technology investments to date and increasingly in the future will be benchmarked to deliver client solutions.

We use a customer-centric approach across all our business segments and locations. In order to provide these services across India we will continue to expand our network of branches and ATMs suitably. We have also entered into partnerships with certain entities to offer additional products like insurance and brokerage accounts to our customers. We will continue to develop expertise and expand our AB and DB&FI segments with the focus on underserved semi-urban and rural areas using our customer knowledge, strategic partnerships and digital banking solutions to build long-term customer relationships. We strive to deliver robust and cost-effective banking services promoting financial inclusion and growth and reducing social inequalities. We recently launched our brand campaign with the tag line “Apno Ka Bank” focused on communicating the core philosophy of the Bank in a consumer-centric language.

#### ***Continue to increase our CASA base***

Achieving a strong and lasting CASA base is one of our core objectives. CASA is an integral part of every business segment's strategy with a focus on banking the entire wallet or balance sheet of the client. We believe that customers can keep healthy CASA balances once they start transacting with us across multiple products and services. In this respect, we have developed distinct strategies:

- *C&IB and CB* – We aim to ensure that the clients increasingly undertake their supply chain, non-fund and payments and collections business through our Bank. This requires product and technical capabilities and also a strong understanding of our clients' businesses and a coordinated approach of multiple internal departments to deliver the complete service experience to the client. Our current technology and product architecture allows us to gain an increasing share of this business.
- *BBB* –The core focus of our BBB strategy is to deal with clients who have a high need of intensive banking operations that is likely to lead to greater current account balances. We develop specific industry solutions (IT/ITES, leather, hospitals etc.) that are driven by knowledge of the sector, integrated packaging and seamless delivery. We expect that such specialized and complex measures would lead to greater differentiation for our services and help us in getting a higher share of the clients' current account flows. The current anchor for our CASA base is being strengthened by an expanding network of branches and ATMs into key economic centers and states with high per capita income as well as creating leading edge technology solutions in mobile and internet banking. While there are generic products and services, such as cheques, demand drafts and Real Time Gross Settlement (“RTGS”), which can lead to higher CASA balances, a more precise segmentation of the branch's catchment is very important to make the effort more productive. In this respect, we have refined our catchment-mapping, our training programs for our employees and client activity tracking. We cross-sell BBB products to meet the personal needs of CB and C&IB client base such as salary accounts, trust, insurance and wealth management needs. We have launched our premium wealth offering – ‘Insignia’ – to cater to the savings, investments and insurance needs of affluent high net worth clients – either marketed standalone or cross-sold into CB, C&IB and BBB segments. We also commenced efforts to target the NRI community.
- *AB and DB&FI* – Though AB and DB&FI segments have historically been seen as credit-led, our strategy is to integrate our lending products with savings, insurances and remittances to enable us to capture the entire transactional flows of the client. This has the secondary benefit of helping us keep track of the end-use of loans. This segment needs technology-enabled products and services that are not necessarily dependent on a bank branch or ATM presence. Our distribution network which encompasses our transaction points makes us more accessible to this client base.

We also plan to densify our presence in existing areas and expand into key economic centers and cover states in India with high per capita income with an affinity for Western India. We expect to grow our CASA ratio (determined as the sum of demand deposits and saving deposits divided by total deposits) by expanding our client relationships, growing our multi-channel distribution network including by adding more branches, improving our business mix, introducing new products and improving the service quality and efficiency of our non-branch delivery channels. Also, following RBI's deregulation of savings bank deposit rates, we have been able to offer higher savings rates to our customers, which has helped improve traction of new savings account openings.

For more details, please see the sub-section titled "*–Grow and leverage our distribution network*" below.

### ***Client segment strategy***

#### ***Increase the share of AB and DB&FI businesses***

While the early part of our transformation was highly dependent on CB and C&IB businesses, over the last couple of years we have scaled up our AB and DB&FI segments. This has helped us diversify our client base, increase the granularity of our revenue sources, improve our funding mix and lay the foundation for a loyal client base. These businesses offer significant market opportunities from the current demand-supply perspective and we believe that we offer a competitive value proposition for the clients in these segments. Our investments will be increasingly mapped to meet the needs of these segments. In the AB segment, our strategy is to cover the entire agricultural value chain and create a loyal customer base by offering a complete bouquet of value added products and services. In our DB&FI segment, we aim to offer a need-based customer service approach. We will continue to partner with select business correspondents, to expand our reach and provide last mile delivery of our products and services in rural India through transaction points. In addition, we will continue to develop customized product offerings and distribution capabilities like micro-payment, branchless banking and micro-ATMs.

#### ***Scale up our BBB businesses***

We see our BBB businesses as the significant provider of CASA, trade and branch services and a key source of fee income. Though we have made inroads into the segment, we believe that we still have large untapped opportunities in the metro, urban and commercial centers of India. Our focus is to cover them in the short- to medium-term with increasing share in the customer wallet. These businesses require a sharper segmentation of clients, active client tracking strategy to provide customized products and services and a high quality of consistent service delivery architecture through multiple channels. Much of this is predicated on modern technology and a trained human resource base. Our Bank has already made a significant progress in building this client base since 2010 and will continue to scale it up further.

#### ***Continue to build and leverage the strengths of our C&IB and CB businesses***

As part of our specific focus on building our C&IB and CB customer base, we intend to steadily grow these businesses in industries and segments that have good growth potential and build relationships among SMEs in the emerging segments, such as organized retail, e-commerce, logistics and consumer services. We will continue to monitor the needs of the identified market segments in order to formulate specific products to cater to the requirements of doing business in such segments. Our key goal is to become a trusted financial adviser and a working capital bank for C&IB and CB customers focused on transactional businesses. Strong C&IB & CB relationships will offer us cross-selling opportunities across our BBB, AB and DB&FI businesses.

### ***Grow and leverage our distribution network***

Our strategy is to expand our branch, ATM and alternate delivery channels to grow our customer coverage and market share. During the fiscal years ended March 31, 2014, 2015 and 2016, we opened 48, 11 and 14 new branches, respectively, with the objective of expanding our presence. As of March 31, 2014, 2015 and 2016, our branch network included 172, 183 and 197 branches, respectively. Currently we primarily cover the major commercial and urban centers. We plan to continue to grow our customer coverage and branch network extensively to cover important key urban and commercial centers as well as the rural, semi-urban and unbanked parts of India in line with our target customer segments.

Integrated with our rural and semi-urban expansion strategy is our partnership model that enables us to expand our coverage beyond the traditional branch catchment. We have differentiated branch formats based on the target customer segment and catchment characteristics.

We expect to continue expanding our branch network over the next three years. While our branch network was historically concentrated in the states of Maharashtra and Karnataka, we have now begun expansion to cover other important Indian states. We will continue to expand our branch network along the “NH-8 belt”, a national highway which connects Delhi to Mumbai via Gujarat and Rajasthan, and the “NH-4 belt” connecting Mumbai to Chennai along Maharashtra, Karnataka and Tamil Nadu, which is our historical network.

We are also focused expanding our network to cover states with higher per capita income and key economic centers. In rural areas, we look to add branches in locations that complement and leverage our agricultural & development banking partners and to build our brand in rural communities. In addition, we plan to continue the expansion of our branch network and our partnership network further to extend the reach of our branches through partner operated branches and transaction points.

With increasing adoption of technology across India, we believe that alternate delivery channels will become increasingly important as customer touchpoints. We consider our digital banking channels (like our internet and mobile banking solutions) as essential platforms to drive our long-term growth. We intend to work towards acquiring customers directly through digital channels to reduce our cost of customer acquisition. In addition, we will continue to drive innovation and use our digital banking channels to service existing customers so as to improve their banking experience and increase their product and service usage while at the same time reducing our cost of servicing.

#### ***Increase contribution of non-interest income***

An important and strategic focus for us is to grow our fee and commission-based incomes across all client segments. This is essential as it not only diversifies our revenue streams but also ensures greater stickiness of customers with our Bank. We believe we can achieve this through the following:

- scalable technology product platform capable of delivering these services in a consistent manner;
- a highly coordinated business team comprising relationship managers, product partners and service delivery partners that have aligned objectives to generate fee income; and
- deep understanding of the client’s business and industry to develop appropriate banking solutions.

We have had a fair degree of success in achieving a reasonable composition of our income from fee and commissions and exchange. Our income from commission, exchange and brokerage, profit on exchange transactions (net) and miscellaneous income constituted 36.03%, 35.50% and 32.82% of our net total income (defined as the sum of interest income and other income less interest expense) in the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

In the future, we expect a greater contribution from:

- *BBB* – through increased penetration of foreign exchange, trade and cash management products and in the form of fees on retail loans, insurance, third party products and general banking services. We distribute life and general insurance products of some of the leading insurance companies of India. We issue co-branded prepaid cards for the health platform. We also market mutual funds, foreign exchange and debt capital market products as well as prepaid, debit and credit cards. Our preferred banking business targets high net worth individuals (HNIs) in India and is supported by our team of relationship managers catering to individual customers with the aim of providing them with a broad spectrum of wealth management and investment services.
- *AB and DB&FI* – through greater loan fees and cross-sell potential as the business scales up.
- Fee revenues from innovative services such as mobile remittances, prepaid and forex cards etc.

### ***Introduce new products and services***

We believe that to maintain or improve our competitive position, we need to continually identify and introduce new or improved products and services and tailor solutions that respond to changing customer demands in a timely and effective manner. We gather, analyze and continually improve our knowledge of the customers' needs through the use of various technological initiatives to help us analyze customer data and strengthen our business intelligence system. We have also developed robust and agile processes to develop and bring new products to market quickly. These processes begin with risk management and include IT, operational and market testing.

Through the use of business intelligence technology, we believe that we acquire knowledge that helps us identify opportunities to create new products and services and to up-sell and cross-sell other existing products and services. Our branches are better able to offer an increasing number of products and services to our customers; in addition, we can appropriately market our new products and services through various other channels, such as phone banking, internet and other digital and mobile platforms. For example, we launched a smart e-wallet platform that provides customers and merchants with convenient payment solutions through web, mobile or cards and introduced a specialized suite of services called "India Startup Club" including third party services aimed at attracting start-up customers, which we believe is a growing potential customer base. In particular, our branch located in Bengaluru, Karnataka is dedicated to serving start-up customers.

### ***Continue to focus on improving and maintaining cost efficiency***

Over the last three years, we have made significant investments in technology, processes and platforms, branches and human resources. This is reflected in the higher cost to income ratio. Our endeavour since Fiscal 2014 has been to start leveraging this capacity, by increasing customer volumes and gaining greater wallet share of customer business. We believe that we still have the ability to ramp up our business volumes on our existing investments. Over time this will lead to better utilization of our resources, capacities and moderation in our cost to income ratio. We also believe that in all our businesses we have almost reached or crossed the point of inflection wherein businesses start generating higher returns. As a part of our process re-engineering project, which was targeted to create service excellence and differentiation, we have completed process optimization and recalibrated our customer service approach. We believe it is important to keep our processes, systems and our people benchmarked to industry and client standards and aim to make it a continuing endeavour.

We have successfully developed strategic partnerships with major service providers in operations, technology, administration and infrastructure to leverage the economies of scale that these partners bring to our growing but still modest size of platform. We believe this will keep us competitive from a cost and time to market perspective.

As a part of our drive towards creating greater operating leverage, we will continue to automate our services and increase the penetration of digital banking channels among our clients. We will also increase use of digital marketing and micro-segmentation, digital applications, product white-labelling, distribution via aggregators and establishment of distinctive mobile and online sales offerings. We expect to offer more high-volume products like credit cards, loans, payments on the digital platforms which will help in reducing cost of customer service delivery.

### ***Nurture a strong and trusted brand***

Although we are a new bank in many ways, we also benefit from a 73-year operating history. Thus, we are in a unique position to build a brand that recognizes both our recent innovation and growth but also our long-standing trusted position in the Indian market. We believe that we are known for the high quality service we have provided over the years, for our consistent approach to developing relationships with our customers based on our local experience and for fresh and modern approach to banking. We have built our brand around the core values of excellence, entrepreneurship, respect, teamwork and professionalism. Our brand and service architecture is designed around the concept of 'promise what you can deliver' and 'deliver what you have promised'. Since December 2013, we have begun the process of rebranding our Bank as "RBL Bank" with our new colours and logo aimed at providing a fresh, contemporary feel to our brand. We use advertising and other marketing tools to build brand awareness among our target customers in various locations. We have started promotion of our brand across print and the internet. For example, we recently launched our brand campaign with the tag line "Apno Ka Bank". We are also developing association between our brand and cricket, a sport that is heavily followed by majority of Indians, by

sponsoring the Delhi Daredevils cricket franchise in 2014. In Fiscal 2014, we issued Cricket Credit Card in partnership with the Delhi Daredevils. In April 2015, we also launched a Golf Credit Card (in association with a national golf body, Indian Golf Union) targeted at golf enthusiasts. We recently launched our brand campaign with the tag line “Apno Ka Bank” focused on communicating the core philosophy of the Bank in a consumer-centric language.

### ***Attract, motivate and develop talented and experienced professionals***

We believe one of the key to our success is the ability to recruit, retain, motivate and develop talented and experienced professionals, particularly as we seek to expand our distribution network and offer new products and services. Our employees are important to us, and we will continue to provide an encouraging work environment and promote career aspirations that can be realized by consistent performance and loyalty to our core values. We intend to continue to focus on the recruitment and cultivation of a high-quality, professional and empowered workforce through (i) provision of training and development programs for employees to enhance professional knowledge and capabilities, (ii) enhancement of management and employee incentive programs to align compensation with employee performance, (iii) creation of an encouraging work atmosphere and (iv) greater employment engagement. We have introduced several leadership programs bank-wide to ensure availability of an integrated pipeline of talent at all levels of our Bank for all employees across our Bank. We expect to continue to conduct in-house training programs, collaborate with external training institutes and education services providers and offer contemporary business and industry practices training to our employees through external programs hosted by reputable training institutes. We have also adopted various employee stock option programs to incentivize and reward superior performance, align employee interests with our Bank, create long-term ownership and commitment. As of March 31, 2016, 67% of our employees participated in our employee stock option programs (“ESOP Schemes”). For details, please see the sub-section “–Employees” on page 195.

### ***Pursuing partnerships and strategic initiatives***

Our strategy is to cultivate mutually beneficial partnerships to extend our footprint beyond the reach offered by our branch network. For instance, to develop our AB and DB&FI businesses, we intend to continue entering into strategic partnerships (traditional or digital), including by way of strategic equity investments in our partners, to extend our reach in rural India where we are able to locate partners with strong local relationships that can benefit from our product offering, technology and distribution network.

We also will continue to explore strategic opportunities across our banking businesses that expand our product portfolio, build on our existing distribution capabilities, or give us a presence in complementary markets. We will pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which are expected to strengthen our competitive position as well as drive profitable income and balance sheet growth. For example, we have recently acquired a minority stake in Swadhaar FinServe Private Limited, a business correspondent engaged in offering of products and services to inadequately served sections of businesses, households and enterprises, for a consideration of approximately ₹205 million. For instance, the Bank is considering a purchase of a minority stake in Utkarsh Micro Finance Private Limited, an applicant for a small finance bank license, subject to regulatory approvals. Our initiatives may be subject to the RBI approval and involve various risks. For details, see the section “*Risk Factors–We may pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which could involve a number of risks*” on page 27.

## **OUR BUSINESS SEGMENTS AND OPERATIONS**

Our business segments consist of corporate and institutional banking (C&IB), commercial banking (CB), branch and business banking (BBB), agribusiness banking (AB), development banking and financial inclusion (DB&FI) and treasury and financial markets operations.

The following table sets forth the composition of our loan assets by business segment as of March 31, 2014, 2015 and 2016:

Business segment	At March 31,			At March 31,		
	2014	2015	2016	2014	2015	2016
	(₹ in millions)			(% of total advances)		



C&IB .....	35,802.75	52,316.28	81,859.63	36.40%	36.21%	38.56%
CB.....	26,834.64	34,420.42	45,132.46	27.28%	23.82%	21.26%
BBB .....	16,304.47	23,615.37	36,408.17	16.58%	16.34%	17.15%
AB .....	6,247.18	13,352.26	17,556.74	6.35%	9.24%	8.27%
DB&FI.....	13,161.43	20,793.93	31,333.82	13.39%	14.39%	14.76%
<b>Total.....</b>	<b>98,350.47</b>	<b>144,498.26</b>	<b>212,290.81</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Corporate and institutional banking (C&IB)

Our C&IB business segment caters to the banking needs of enterprises, corporate entities and, particularly, large-sized corporations (*i.e.*, companies with annual revenue of over ₹15,000 million or a gross block in excess of ₹7,500 million). A sub-segment within C&IB, namely Financial Institutions & Government Undertakings (“FIGU”) group, deals with public sector undertakings, government boards and departments and financial institutions.

Our aim in this segment is to be a working capital bank for the clients focused on transactional businesses. C&IB products and services include various fund and non-fund based products, including liability products such as current accounts, term deposits and salary accounts; loan products such as term loans, working capital facilities and structured finance; trade financing products such as letter of credit, stand-by letter of credit and guarantees; cash management, and treasury risk management solutions. C&IB also cross-sells various other products and services of the Bank such as corporate salary accounts, credit cards and other retail loan and agri-finance products and also distributes life insurance products, general insurance products and mutual funds to our C&IB customers, their promoters and employees. The FIGU team also engages with counterparties to facilitate interbank dealing, interbank trade support arrangements and interbank liquidity generation both onshore and offshore.

Our relationship managers provide individual coverage to the customers in this segment and lead teams of product specialists that provide solutions for such customers’ banking needs. This helps to improve our business volumes and also enhances our fee income through the sale of products such as letters of credit and guarantees as well as cash management products such as collections and remittances. Our C&IB teams are based out of eight major commercial centers in India including Delhi, Mumbai, Chennai, Bengaluru, Kolkata, Hyderabad, Pune and Ahmedabad through which they cater to clients’ needs across the country.

As a percentage of total net advances, C&IB advances accounted for 36.40%, 36.21% and 38.56% as of March 31, 2014, 2015 and 2016, respectively.

### Commercial banking (CB)

Our CB segment finances the business needs of SMEs (*i.e.*, companies and firms with annual revenue from ₹350 million to ₹2,500 million) and mid-sized companies (*i.e.*, enterprises and companies with annual revenue from ₹2,500 million to ₹15,000 million). The special focus of this segment is to serve the banking needs of emerging and fast growing enterprises, newer businesses and industry segments of the Indian economy such as logistics, e-commerce, consumer services and organized retail. The predominant aim of our CB segment is to be a bank of choice for transaction banking needs of the clients viz. cash, trade and forex. In the SME segment, where exposures are largely backed by significant collateral, our strategy is to build a highly granular portfolio and be the sole or the dominant bank for all transaction banking requirements of our clients to achieve superior returns on capital invested. The other goal is to build and maintain the promoter level relationships in this segment to cross-sell products and services to promoters and their families through dedicated relationship managers with deep knowledge of the industry and provide comprehensive banking solutions in a timely manner. These relationships also help us stay ahead in terms of understanding client needs and supplement the Bank’s further growth. We aim to build competency in sectors which involve intensive transaction banking and offer innovative financial solutions to capture the transaction banking wallet. In addition, we aim to use our relationships and understanding of larger established companies to build relationships with their suppliers or distributors.

Our CB footprint covers key commercial centers across Tier 1 and Tier 2 cities in India, and we expect to continue to add coverage in other key metros, commercial and economic centers.

We manage our SME relationships with the help of dedicated relationship managers across key commercial centers in Tier 1 & Tier 2 cities. Our mid-sized company business is managed by zonal heads with relationship managers across major cities like Mumbai, Delhi, Bangalore, Hyderabad, Ahmedabad, Pune, Chennai and Kolkata.

As a percentage of total net advances, CB advances accounted for 27.28%, 23.82% and 21.26% as of March 31, 2014, 2015 and 2016, respectively.

The following table summarizes the key product offerings of our C&IB and CB business segments:

Key C&IB and CB products	Details
Current accounts	Non-interest bearing current accounts for businesses for everyday banking purposes.
Cash credit	Cash credit facilities are offered as part of working capital financing solutions.
Term loans	Term loans to companies for investment in fixed assets (e.g., plant and machinery, buildings, fixtures etc.) payable in installments generally over periods ranging from 1 to 5 years.
Trade finance	Financing for the pre- and post-shipment stages in both foreign currency & Rupee.
Bill collections and receipts	Collecting agent services by obtaining payment on behalf of a seller and remitting it on behalf of a buyer, typically in import or export transactions.
Import/export financing	Pre- and post-shipment finance, forward covers, buyer's credit and finance in foreign currency.
Foreign currency exchange	Exchange of foreign currency for the customers.
Letters of credit	Letters of credit on behalf of our customers, typically for trade facilitation.
Supply chain	Provision to corporate customers and their trading partners (i.e., suppliers, vendors and dealers) as means to unlock (including electronically) our corporate customers' lines of credit and reduce processing time for discounting of bills for their partners.
Guarantees	Guarantees and indemnities for the liabilities of our customers to enable our customers to acquire goods or equipment, draw down loans, etc. and thereby expand their business activity.
Cash and liquidity management (including cash management solutions)	Cash and liquidity management services including account reconciliation, escrow accounts, controlled disbursement, and collection/receivables and payment/payables management.
RTGS/NEFT	Real Time Gross Settlement ("RTGS"), which allows the transfer of funds from our Bank to another bank on a "real time," meaning without any waiting period, or "gross" basis, meaning transactions are settled on a one-to-one basis without bunching or netting with other transactions, and access to the National Electronic Funds Transfer ("NEFT") system, which settles transactions in batches at a particular point in time.
Point of sale	Point of sale ("POS") terminals that accept various credit and debit cards allowing funds to be deposited directly into our customers' accounts.
Structured finance	Assistance with putting together a suite of individual facilities which in aggregate address all or most of the customers' specific needs.
FX, risk management and fixed income products	Helping customers hedge their interest rate risks and access debt capital markets.
Trust accounts	Current and saving accounts to facilitate day-to-day transactions pertaining to trust accounts (PF/gratuity/pension).

### Branch and Business Banking (BBB)

BBB is a new business segment established in 2015, which combined our previous retail branch banking business and business banking segments. As a combined segment, BBB focuses on individual accounts and business accounts and uses our branch network to service both. As a percentage of total net advances, BBB segment accounted for 16.58%, 16.34% and 17.15% as of March 31, 2014, 2015 and 2016, respectively.

#### *Individual Accounts*

We offer a broad range of individual account services and products to meet the needs of individuals and small businesses across urban and rural India. These services include deposits, credit cards, a range of consumer banking loans (including loans and overdrafts against property, loans against gold, loans against deposits, as well as home, personal, car, auto, educational and business loans), payment solutions, foreign exchange services, depository

services and wealth management services. We also cross-sell and up-sell products offered by third parties, including distribution of life insurance and general insurance products and mutual funds to our customers. Our mortgage and credit card portfolios include customers transferred to our Bank following the acquisition of mortgage and credit cards businesses from RBS in Fiscal 2014.

We offer these services and products to our retail customers through our traditional branch outlets as well as our multi-channel electronic banking system which, as of March 31, 2016, included 362 interconnected ATMs, internet banking and phone banking (available 24 hours a day/7 days a week) and account services via mobile phone. We have also set up a dedicated customer contact center for our customers. We strive to achieve cost efficiencies through optimization of our retail distribution model, enhanced technology and leverage on our existing infrastructure.

Our individual account offering enables us to (i) establish and develop customer relationships, (ii) cross-sell and up-sell products and services, (iii) reduce our reliance on volatile wholesale time deposits, (iv) balance our asset portfolio and (v) increase fee income opportunities. We intend to further develop our individual business through acquisition of new clients, diversification of product mix and leveraging on our infrastructure.

Following RBI's deregulation of interest rates on savings deposits, we have begun offering attractive interest rates on our savings products which helped us attract more customers. Our CASA ratio decreased from 20.43% as of March 31, 2014 to 18.46% as of March 31, 2015 and improved to 18.64% as of March 31, 2016.

The following table summarizes our key product offerings for individual accounts, most of which are common across business and individual accounts:

Key products	Details
<b>Accounts</b>	
Current accounts: - Business current accounts - Exceed premium current accounts	Several types of current accounts, depending on the amount maintained in the account, into which customers may deposit funds for immediate use. Current accounts are generally interest-free deposits.
Savings accounts: - Prime savings accounts - Advantage saving accounts	Several types of interest-bearing savings accounts, depending on the amount maintained in the account. Under RBI regulations, the interest rate has been deregulated, subject to certain conditions.
Salary accounts for corporate clients	Salary savings accounts to employees of our corporate clients at the same interest rates as our savings accounts but with benefits such as reduced minimum balance requirements and ATM/debit cards.
<b>Deposit Products</b>	
Fixed deposits: - Regular fixed deposits - Tax savings fixed deposits - Recurring fixed deposits - Health fixed deposit	A range of deposit accounts with tenures normally ranging from a minimum of 14 days to a maximum of 10 years. <sup>(1)</sup>
<b>NRI Banking</b>	
NRI deposits (NRE/NRO/FCNR)	Several deposit accounts to Non-Resident Indians, including deposits in foreign currencies.
Fund transfer	Overseas fund transfer products to Non-Resident Indians.
<b>Insurance</b>	
Insurance products	Third party life insurance, general insurance and health insurance products (including to our credit card customers).
<b>Cards</b>	
ATM cards	Issuance of ATM cards to customers upon request.
Debit cards	Debit cards that may be used for cash-less transactions and to withdraw cash at ATMs in India and abroad.
Credit cards	Credit cards including our Insignia World Card, World Golf Card in partnership with the Indian Golf Union (IGU), Platinum Maxima Card, Platinum Delight Card, Platinum Cricket Card in partnership with a Delhi-based cricket team and Titanium Delight Card for individuals and commercial cards offered to corporate clients and MSMEs.
Other cards	'Discover' card, a prepaid travel card as well as a non-reloadable prepaid gift card

Key products	Details
	denominated in Indian Rupees that can be used for shopping at various merchant establishments.
<b>Loans</b>	
Loans against property	Loans against residential or commercial property as collateral for business or personal use offered to salaried as well as self-employed customers, including variants for specific customer segments.
Overdrafts against property	Overdraft facilities against residential or commercial property as collateral.
Home loans	Home loans to salaried and self-employed customers for purchase of residential or commercial property.
Personal loans	Unsecured personal loans up to ₹2 million to salaried customers. We also offer a credit life policy to our customers.
Car loans	Loans for the purchase of new cars, which can be up to 90% of a car's value to our existing customers.
Gold loans	Loans against gold ornaments at some of our branches. We use appraisers to determine the purity, weight and value of the gold. These loans are generally 65-75% of the appraised value. We monitor the value of the gold on a monthly basis to carry out effective portfolio management.
Education loans	Education loans of up to ₹2 million for studies in India and abroad. Education loans cover tuition fee, living expenses and other expenses incurred on completing higher education.
Business loans	Unsecured business loans up to ₹3.5 million to self-employed customers for meeting their business expenses
Loans against deposits	Loans for which customers may pledge deposits in our favor.
<b>Payments</b>	
Remittance	Facilitating outward and inward remittances.
Direct and Indirect Tax	Facilitating payments for payment of taxes
Demat	As a depository participant with Central Depository Services (India) Limited, we offer customers a way to manage their holdings in securities and make trades through a demat account. The demat account may be accessed via the internet or at our branches.
<b>Wealth management</b>	
Insignia preferred banking	Preferred banking program including relationship managers and specialist bankers.
<b>Other</b>	
Safe deposit lockers	Our lockers are available in different sizes, are protected by advanced security systems and may be nominated to others.

<sup>(1)</sup> RBI regulations permit banks to accept term deposits for a minimum period of 7 days.

### *Business Accounts*

Our business accounts focus on SME and MSME clients with high volume transaction banking requirements. We offer products and solutions to facilitate domestic and cross-border capital flow transactions, foreign exchange services, cash management (payments and collections), working capital, term loans and trade finance products. As part of our select industry segment focus, we have created and packaged vertical offerings customized to suit specific industry sectors and clients such as IT, ITES, shipping, leather, hospitals, educational institutions, telecom equipment, auto ancillaries, travel and tourism companies, embassies, trusts and clubs. We believe that these clients require our centralized transaction management expertise and our local relationship management at the branch level as well as availability of our internet and mobile banking channels.

We also strive to achieve lower credit costs through product and segment diversification, robust operational risk framework, use of data provided by the credit bureaus, decentralized credit model for MSMEs and technologically backed rule engine based underwriting for products like cards and salaried personal loans.

The following table summarizes our key product offerings for business accounts:

Key products	Details
Trade finance	Trade transaction services offered through a dedicated team of domain specialists. Services include handling of export & import collection documents, letters of credit

Key products	Details
	advising services, advance and direct payments. We also offer letter of credit issuance and amendment facilities for both inland and foreign trade transactions.
Foreign exchange products	Inward and outward remittance facilities, exclusive travel related services, foreign currency cheques and draft, forward contracts as well as foreign currency accounts.
Working capital and term loans	Capital demand loans and cash credit facilities.
Customized banking solutions for specific industries and advisory services	Exclusive solutions including customized pricing, niche foreign exchange solutions, prompt trade services as well as improved cash flow through cash management services.
Banking solutions for healthcare and educational institutions, government affiliated & FCRA organizations	Tailor made banking solutions to autonomous bodies and agencies including healthcare and educational institutions, societies, trusts and NGOs.
Cash credit	Cash credit facilities for SMEs and MSMEs against security of stock, debtors, movable fixed assets, immovable property, and corporate guarantees.
Others	Payments, cash management services, bancassurance, salary account products and wealth management products.

### Agribusiness banking (AB)

Our AB segment services the customers involved in agriculture and allied activities. The objective of this segment is to capture the banking requirements across the entire agri-value chain and create a loyal customer base by offering a complete bouquet of products and services. Under our holistic approach to serving the needs of AB customers, we offer customized products that can be divided in four groups by their purpose: (i) pre-harvest (farm finance, land development irrigation loans and farm equipment loans), (ii) post-harvest (commodity finance, warehouse finance and cold chain), (iii) agri-infrastructure (irrigation facilities and post-harvest transport) and (iv) allied loans (fisheries, dairy, poultry and investment loans), or in three groups by customers: (i) retail agribusiness, (ii) corporate agribusiness and agri-value chain and (iii) commodity business.

As a percentage of total net advances, AB advances accounted for 6.35%, 9.24% and 8.27% as of March 31, 2014, 2015 and 2016, respectively.

We are working on other lean-cost models to expand into rural areas, including through branchless banking. Our AB segment is also exploring new deposit, insurance and credit-related products to provide basic banking solutions to customers in rural areas.

We have set up regional agricultural business credit and operations hubs to facilitate efficient delivery of banking services to our AB customers. We implemented electronic systems for post-harvest credit and warehouse receipt based financing to automate the processes and ensure provision of services to farmers and other AB customers. In addition, we added a series of robust credit and risk management processes to ensure quality of portfolio of our AB customers. Our systems allow us to provide clearance of loans to farmers as a priority in order to meet the crop and climate cycles.

We have deployed certain technology solutions to ensure provision of timely services to farmers and other AB customers. We implemented the Aadhar-enabled “Kisan Credit Card” to ensure smooth provision of credit and 24 hours banking. This is expected to provide flexibility of transactions, enable cashless payments for agri-related purchases and transactions at business correspondent outlets in villages. In addition, transfers of various subsidies and direct benefits can be directly credited to the Aadhar-enabled Kisan Credit Card account of farmers. Our Kisan Credit Card also provides our AB customers with access to ATMs across India as well as access to point-of-sale (“POS”) terminals and POS agri-input dealers. From a risk management point of view, this enables us to track the use of funds to ensure loans are used for the agreed agricultural purposes.

We plan to increase our outreach to farmers through innovative product design and methods of banking services delivery, more efficient use of technology, optimization of processes and developing customized products based on local agriculture landscape.

The following table summarizes our key AB products:

Key AB products	Details
<b>Individuals</b>	
Crop loans	Crop loans are provided to meet credit requirements of the farms in a holistic manner that includes cultivation expenses, hi-quality agri inputs, emergency credit, post-harvest management expenses and maintenance of farm assets etc.
Kisan Credit Card	Kisan Credit Card is a unique offering to cater to production as well as investment credit requirements of the farmers. The Kisan Credit Card scheme aims at providing timely and adequate credit to farmers in a hassle free manner under a single window. We offer KCC Cards to farmers with a validity of up to 5 years.
Farm mechanization	Credit support for tractors and various farm machineries like harvester combines, power tillers, fertigation and spraying equipment, produce sorters, milking machines, chaff cutters, mowers and reapers.
Minor irrigation	Financing of wells (including dug wells and bore wells), purchase of pumpsets, micro-irrigation systems (including drip and sprinkler irrigation systems) and pipelines.
Construction of rural godown and cold storage	Term loans for construction of agri warehousing and cold storage under the scheme provided by NABARD and the GOI.
Dairy loan	Under dairy loan program, we offer short-term and long-term credit for promoting high quality cattle purchase, purchase of feed and fodder, construction of dairy shed, purchase of bulk milk chillers and other requirements to set up dairy farm.
Plantation and horticulture loan	Horticultural and plantation loans for setting up horticultural nursery, projects, vegetable and floricultural nursery. This also covers subsidy projects approved by the National Horticultural Board and other institutions.
Warehouse receipt financing (WRF)	WRF is a structured method of financing, wherein funds are extended to farmers, manufacturers, grader sorters and processors based on agri-commodities. WRF is provided to farmers, aggregators, processors, graders and sorters etc. for stocking their own products in the warehouses to achieve better price realization at a later time and to meet immediate liquidity requirements.
Financing poultry, fisheries and other allied activities	Loans for poultry and fisheries related activities. This includes working capital and term loan for purchase of poultry birds, fingerlings/ young fishes, feed/ medicines, construction of shed, fish mesh, nets, boat/gears etc.
<b>Corporations engaged in agri and allied activities</b>	
Working capital and cash credit	Working capital and cash credit to agro-based companies.
Term loan	Short-term and long-term loans to agro companies for agri infrastructure, warehousing, plantation, dairy development and other agri activities.
Agri-value chain finance	Financing of credit requirements of identified agri-value chains and provide working capital and term loans to processors, traders and aggregators for agribusiness.

### Development banking and financial inclusion (DB&FI)

Our DB&FI segment provides financial services to developing and rural parts of India, which have generally not had access to financial products and services. Our products include credit facilities to individuals, groups and small businesses, programmed savings, and life, health and general insurance products and money transfer (remittance) services. We also provide finance to women borrowers with a view of achieving financial inclusion for women and a progressive social change. Women borrowers individually or in groups tend to display superior credit behavior. We believe that typically most of our DB&FI customers begin experiencing banking services through credit and remittance products before moving up the chain of value added services and more sophisticated products. We also lend to financial intermediaries such as MFIs, affordable housing finance companies and NBFCs engaged in lending to MSMEs.

We are focused on building a local level financial ecosystem at a village or ward level either through one of our branches or through a group-based banking, business correspondent branches or branchless channels such as a customer service point or mobile banking. Our group-based banking targets low-income households and certain other categories of customers such as women borrowers and small farmers and uses a group approach to such customers through joint liability groups and self-help groups. To service this segment, we are looking to provide our customers with:

- Availability of suitable products customized to their needs;

- Ease of access to our services, including simplified documentation and processes as well as convenience through simplified technology;
- Availability of our services outside of normal banking hours and at doorstep; and
- Awareness of their customer rights and choices.

We are entering into partnerships in rural India to extend the reach of our branches to our DB&FI customers. For example, we have entered into exclusive partnership agreements with select business correspondents to establish transaction points and provide remittance services. We are selecting partners with strong local relationships that can benefit from our product offering, technology and distribution network. Each partnership is tethered to at least one of our branches and looks to extend our coverage area beyond the traditional branch service area. Our partners use our branding to offer our banking services to their relationships, and we work together to cross-sell new products and expand these relationships. In cooperation with our partners, we have established over 32,000 transaction points to enable migrant remittances, receipt of government subsidies and Aadhaar-based banking transactions. We also issue Aadhaar-enabled debit cards and have established a financial literacy program called “Saksham”. In addition, we have developed micro-payment and branchless banking capabilities and introduced micro-ATMs (new handheld tablets). We have also recently invested in Swadhaar Finserv Private Limited, a business correspondent engaged in offering of products and services to inadequately served sections of businesses, households and enterprises, for a consideration of approximately ₹205 million. The Bank is considering a purchase of a minority stake in Utkarsh Micro Finance Private Limited, an applicant for a small finance bank license, subject to regulatory approvals.

As on March 31, 2016, we had approximately 1.29 million DB&FI customers whom we service in India.

As a percentage of total net advances, DB&FI advances accounted for 13.39%, 14.39% and 14.76% as of March 31, 2014, 2015 and 2016, respectively.

The following table summarizes our key DB&FI products:

Key DB&FI products	Details
Basic savings bank deposit account / Aadhaar linked savings account for direct benefit transfer	A zero balance savings account with relevant KYC which enables customer’s savings. The Aadhaar seeding (linking) helps customer in availing the direct credit of subsidy as a beneficiary.
Micro insurance	A term insurance which covers life of the account holder during the loan repayment period.
Micro loans (JLG Loan)	Unsecured loans under ₹50,000 for income generation purpose in joint liability group (JLG) format.
Micro loans (SHG Finance)	Loans given to self-help groups (SHGs) under ₹300,000 for income generation purpose.
Micro housing loan	Loans under ₹1.5 million for home improvement or purchases with the asset under mortgage.
<b>Payments</b>	
Money transfer	Remittance services in the format of cash to bank or bank to bank aimed at migrant workers.
Micro pension	A pension product with long-term commitment with maturity period up to 15 years.
C2B Payments	Payment solution from customers to business.
B2B Payments	Payment solution from business to business.
Micro RD	Small value recurring deposit targeting for the FI segment.
Micro FD	Small ticket fixed deposits.
AFI	Loans to affordable finance institutions (AFI).
Term loan	Term loans to MFIs, Affordable Housing Finance Companies and NBFCs lending to MSME’s for on lending purposes.
Cash credit	Credit to meet short capital requirements.
Off balance sheet structure (securitization and assignment of receivables)	Portfolio buy-outs by way of purchase of rated pass through certificates or purchase of underlying loans through assignment of receivables.
<b>Small business banking</b>	

Unsecured and secured business loans	Loans for business purpose with loan size ranging from ₹100,000 to ₹2 million.
Drop down overdraft	Fixed tenure overdrafts with reducing principle over time.
Loans against CGTMSE Guarantee	Loans provided for small business under the Credit Guarantee Fund Trust for Medium and Small Enterprises (CGTMSE) guarantee scheme.
Fixed asset loans	Loans provided for purchase of fixed assets.
Retailer finance	Structured financing to the channel partners in FMCG industry for inventory and working capital needs.

### *Priority sector lending*

The RBI requires all scheduled commercial banks operating in India to allocate a minimum of 40% of their adjusted net bank credit (“ANBC”) as of March 31 of the applicable prior year to the “priority sectors”, which include the agricultural sector, education, housing, social infrastructure, renewable energy, micro, small and medium enterprises, economically weaker sections of the community and others. The RBI also specifies sub-allocation requirements, including a minimum of 18% of ANBC to the agricultural sector (with the target of at least 8% of ANBC within the agricultural sector for small and marginal farmers to be achieved in a phased manner: at least 7% by March 2016 and at least 8% by March 2017), at least 10% of ANBC to economically weaker sections of the community and at least 7.5% of ANBC to micro enterprises (to be achieved in a phased manner: at least 7% by March 2016 and at least 7.5% by March 2017). RBI regulations specify that the above priority sector requirements should be met on the basis of credit equivalent of off-balance sheet exposure rather than ANBC if such off-balance sheet exposure by a bank is higher than its ANBC. The priority sector non-achievement will be assessed on quarterly average basis at the end of the respective year from 2016-2017 onwards, instead of annual basis as at present.

If our lending falls below the RBI’s directed lending requirements, we are required to fulfill our obligations to the RBI by investing in securities specified by the RBI and/or in deposits under RBI-specified deposit schemes of the National Bank for Agriculture and Rural Development (NABARD) and the National Housing Bank. These deposits have a maturity ranging up to seven years and carry interest rates lower than market rates. Our investments outstanding in NABARD RIDF, SIDBI and NHB deposits as of March 31, 2014, 2015 and 2016 were ₹410.44 million, ₹333.88 million and ₹277.09 million, respectively. These investments were made in order to meet the shortfalls in the priority sector lending targets up to Fiscal 2010. Since Fiscal 2011, we have not been required to invest in such securities as we have been meeting the priority sector lending targets since then.

We consider priority sector lending as an opportunity for growth and believe that we have built a successful business model to leverage this opportunity. As of March 31, 2016, our lending to priority sectors constituted 51.83% of our ANBC. Out of our ANBC, 18.54% was lent to the agricultural sector and the remaining 33.29% was lent to other priority sectors, including economically weaker sections of the community, SSIs and Rural Infrastructure Development Fund deposits. Some of our existing businesses, including AB and DB&FI, qualify as eligible agricultural sector lending under the RBI’s priority sector lending requirements. Other business segments also contribute towards meeting the priority sector lending targets.

As on March 31, 2014, 2015 and 2016, the total credit extended by us to priority sectors including by way of investments constituted 41.74%, 47.86% and 51.83%, respectively, of our ANBC; the credit extended to the agriculture sector constituted 18.45%, 19.41% and 18.54%, respectively, of our ANBC; and the credit extended to the weaker sections constituted 13.02%, 13.64% and 19.61%, respectively, of our ANBC. Accordingly, we have met the requirements for the lending to priority sectors, the agriculture sector and the weaker sections as of the dates specified.

For further information, please see the section “*Selected Statistical Information–Loan Portfolio–Interest Rate Sensitivity of Advances–Priority Sector Advances Break-up*” on page 426.

### **Treasury and financial markets operations**

Our treasury operation is our interface with the financial markets and consists primarily of advising corporate, institutional and commercial banking clients on domestic and cross-border transactions and risk management of exposures in relation to the clients’ balance sheets. In addition, this segment also manages our cash and statutory



reserves, asset-liability gaps, interest rate and exchange rate risks, liquidity positions, investment and trading activities, money market, foreign exchange activities and derivative transactions. Our treasury team provides coverage through our centralized dealing room in Mumbai supported by sales staff in our branches in metros. In Fiscal 2014, we received a merchant banking license from SEBI and have set up a debt capital markets operation aimed at providing financing solutions for our clients. In Fiscal 2015, we received an authorization for import of gold and silver.

Our treasury and financial markets operations segment focuses on day-to-day fund management and asset liability management (“ALM”), interest rate risk and exchange rate risks, augmentation of counter-party lines from banks, mutual funds and insurance companies, effective management of cash and statutory reserves requirements, deployment of our Bank’s liquidity in high quality earning securities and managing our interface with professional interbank market.

In December 2014, we registered with the U.S. Inland Revenue Service (IRS) to comply with the U.S. Foreign Account Tax Compliance Act (“FATCA”). See also the section “*Risk Factors – Risks Relating to our Equity Shares and the Issue – We or other intermediaries may be required to withhold U.S. tax on payments made on the Equity Shares after December 31, 2018*” on page 56.

#### *Customer services*

Our forex & derivative sales unit within the treasury and financial markets segment advises corporate, institutional and commercial banking customers on risk management covering forex and the interest rate risk. Our advisory services include domestic and cross-border transaction flow and risk management of related exposure on clients’ balance sheets. Regular engagement with clients and advice provided by our forex and derivative sales teams helped to increase the volumes from large and medium companies and institutional customers.

Our debt capital markets (DCM) team within the treasury and financial markets segment advises clients on fund raising as well as on managing their capital structures efficiently. The DCM team works closely with other parts of the wholesale banking to identify clients and their needs, and offer solutions for standard as well as complex situations. The DCM team works on both domestic as well as cross-border transactions, in the form of bonds, loans, or other capital instruments. The DCM team also underwrites and syndicates risks and is closely engaged with different sets of onshore and offshore investors. In underwriting business, optimization of balance sheet utilization and returns are the key tasks performed by the DCM team.

Our key treasury and financial markets banking products include:

<b>Treasury and financial markets key products</b>	<b>Details</b>
Foreign exchange risk management	Advisory services regarding foreign exchange in-ward and out-ward remittances, forward hedges for capital and trade related exposures of corporate clients.
Foreign exchange options	Vanilla currency options as permitted by the RBI for corporate clients on a fully hedged back-to-back basis.
Currency and interest rate derivatives	Interest rate swaps and currency swaps required for hedging purposes by corporate clients as permitted by the RBI.
Debt capital markets: underwriting and syndication	Commercial papers, non-convertible debentures, loans, Tier I and Tier II capital instruments, etc.

Our interest income on investments of treasury operations was ₹4,115.3 million, ₹5,179.08 million and ₹7,453.79 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively. Our non-interest income from our treasury operations, consisting of profit and loss from the sale of investments and foreign exchange transactions, was ₹732.17 million, ₹1,267.14 million and ₹1,396.27 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

#### *Liquidity and treasury management*

Our treasury manages the Bank's liquidity position and maintains our regulatory reserve requirements. The treasury department manages our daily inflow and outflow of funds and invests any excess amounts after meeting our outflow requirements in the money markets and other appropriate instruments. The treasury department invests and trades in securities including sovereign debt instruments, keeping in view the Bank's liquidity requirements, market developments, expectations of policy changes and interest rate movements.

Our treasury also invests in non-SLR instruments, such as commercial paper, corporate debentures, and PSU bonds. Our investment portfolio is managed with a view of capitalizing on the market movements in interest rates and credit spread, to maintain a balanced portfolio, to ensure deployment of surplus resources in securities at attractive yields while favouring liquidity, to minimize risk and also to deepen relationships with corporate customers.

Our Investment Policy, which is approved by the Board, sets various limits, controls, accounting policies and general guidelines, including the parameters of investments in securities requiring approval by our Board, for the treasury operations.

As an authorized dealer in foreign currencies, we undertake foreign exchange transactions on behalf of our customers and we engage in proprietary trading. We are present in the spot and forward forex markets in Rupee and cross currencies and in the derivatives business across various products such as interest rate swaps, currency swaps, USD, Rupee and G7 currency options.

The treasury department issues certificates of deposits as a part of its ALM, ranging in maturity from seven days to one year, which offers a means of raising resources at a short notice. Rating agency ICRA Limited has rated the Bank's certificates of deposits program, short term fixed deposit program at A1+, which stands for the lowest short term credit risk, the Bank's Basel III compliant Tier II bond programme at A+(hyb) with a stable outlook, which stands for the adequate degree of safety regarding timely servicing of financial obligations and low credit risk, and the Bank's fixed (term) deposits at MAA- with a stable outlook, which stands for low credit risk in the medium term. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. These ratings assess our overall financial capacity to pay our obligations and reflect our ability to meet financial commitments as they become due.

Our treasury operations fund the balance sheet through both inter-bank deposits and corporate deposits, including those from FIs, mutual funds and insurance companies.

### *Investments*

Our Investment Policy is reviewed and, if necessary, amended with the approval of the Board at periodic intervals in accordance with various guidelines issued by the RBI. Its aim is to optimize the average yield on our total investment portfolio of permitted products and ensure liquidity and relatively high-yield within the risk tolerance limits approved by the Board. It also lays down the framework for audit, review and reporting of investment transactions. As of March 31, 2016, the total amount of our investments was ₹144,360.34 million. The yield on investments was 7.60% for Fiscal 2016 as against 8.06% for Fiscal 2015. Yield on investments is defined as interest income from investments as a percentage of the average based on the month-end balances of investments.

Under RBI guidelines, we are required to maintain 21.25% of our net demand and time liabilities in government and other approved securities (SLR) and 4.00% of our net demand and time liabilities in a deposit account with the RBI (CRR). As of March 31, 2016, government securities constituted 71.22% of our investments compared with 77.41% and 61.78% as of March 31, 2015 and as of March 31, 2014, respectively.

The table below summarizes our net investment portfolio as of March 31, 2014, 2015 and 2016:

Particulars	As of March 31,		
	2014	2015	2016
Government securities	40,017.99	75,799.40	102,819.96

(₹in millions)

Other approved securities	0.00	0.00	0.00
Shares	1.04	1.04	171.25
Debentures & bonds	12,175.66	10,521.77	16,914.54
Others	12,575.26	11,600.75	24,454.60
<b>TOTAL</b>	<b>64,769.95</b>	<b>97,922.96</b>	<b>144,360.35</b>

## Our Deposits

As of March 31, 2014, 2015 and 2016, we had deposits of ₹115,986.02 million, ₹170,992.51 million and ₹243,486.51 million respectively.

Our depositor base is fairly broad based. In the fiscal years ended March 31, 2014, 2015 and 2016, our top 20 depositors constituted 23.82%, 27.32% and 22.88% of our total deposits, respectively. Term deposits have constituted 79.57%, 81.54% and 81.36% of our total deposits in the fiscal years ended March 31, 2014, 2015 and 2016, while savings deposits have constituted 5.85%, 5.60% and 7.22%, respectively, of our total deposits during the same period.

We intend to continue to broaden the variety and diversity of mix of our deposit base to increase the stability of our low-cost source of funding. For more information, please see the sub-section titled “–Our Strategy & Business Operations” on page 165.

Our current and savings account deposits and the corresponding percentage to total deposits as of March 31, 2014, 2015 and 2016 are set out in the table below:

(₹in millions except percentages)

	As of March 31,					
	2014		2015		2016	
Current account deposits	16,914.55	14.58%	21,998.06	12.86%	27,796.35	11.42%
Saving account deposits	6,782.36	5.85%	9,575.68	5.60%	17,582.12	7.22%

## Distribution Network

We have a distribution network comprising branches and non-branch delivery channels, including off-site ATMs, internet, phone and mobile banking channels, which provide access to and market our banking products and services. We have developed a system of branch clusters and responsibility verticals which include national sales managers, regional /state heads, cluster heads and relationship managers. As of March 31, 2016, we had 197 interconnected branches spread across the country. As an important complement to and extension of our branch network, we have a multi-channel electronic banking system which included 362 interconnected ATMs as of March 31, 2016, internet banking, phone banking (available 24 hours a day/7 days a week) and account services via mobile phone. Our distribution network as complemented by our multi-channel electronic banking system is capable of providing a suite of products to customers, provides us with a sales platform in the areas in which we operate, enables us to cross-sell products and to deliver a variety of quality and services to a range of customers present in metros, urban, semi-urban and rural areas. As of March 31, 2016, 57 and 31 of our branches were located in metropolitan and urban areas, respectively, while 64 and 45 branches were located in semi-urban and rural areas, respectively.

We continue to expand our branch network along the “NH-8 belt”, a national highway which will connect Delhi to Mumbai via Gujarat and Rajasthan, and the “NH-4 belt” connecting Mumbai to Chennai along Maharashtra, Karnataka and Tamil Nadu. We are also focused on expanding our network to cover states with higher per capital income and key economic centers.

We are also in the process of introducing different models of our presence in various parts of India to meet different needs of our customers and expect our branches to become one stop shop for all their banking needs. Such models include: (i) branches in large cities of India with the focus on gaining a larger share of the customers’ financial revenue in addition to gaining a share of the customers’ deposits and (ii) branches in non-urban (rural) areas of India.

We have a growing presence in semi-urban and rural India. We expect to face two key challenges in exploring rural areas: the small size of the market and a higher share of physical savings. We are working on lean-cost models for our AB and DB&FI segments to expand into these areas, including through business correspondents, branchless banking by using telecommunication technology and group-based banking.

We have developed a cost-effective micro-payment and branchless banking model through establishing points of collection and aggregation to cover larger territory and customer base. In addition, we have micro-ATMs (new handheld tablets) used primarily in our DB&FI business in rural and semi-urban areas.

### **Branches and ATMs**

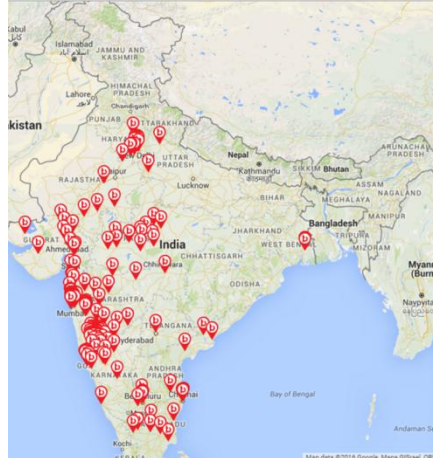
The following table sets out a geographic breakdown of our branches and ATM network as of March 31, 2016:

<b>Location</b>	<b>Number of branches</b>	<b>Number of ATMs</b>
Andhra Pradesh & Telangana .....	5	8
Dadra & Nagar Haveli (UT) .....	1	2
Diu & Daman (UT).....	1	1
Goa .....	8	29
Gujarat .....	14	12
Haryana.....	4	9
Jammu & Kashmir.....	0	1
Karnataka.....	23	27
Madhya Pradesh.....	13	13
Maharashtra (excluding Mumbai).....	72	171
Mumbai.....	22	25
New Delhi.....	8	37
Rajasthan .....	7	8
Tamil Nadu .....	12	11
Uttar Pradesh .....	3	6
West Bengal.....	4	2
<b>Total.....</b>	<b>197</b>	<b>362</b>

The following table shows distribution of our branches by the areas:

<b>Particulars</b>	<b>As of March 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Metro	38	43	57
Urban	30	31	31
Semi-Urban	62	64	64
Rural	42	45	45
Total	172	183	197

The approximate location of our branches is represented on the map below.



As of March 31, 2016, we had 362 interconnected ATMs. Our ATMs are part of leading card payment networks which allows customers of other banks that hold certain types of cards to access their accounts using our ATM network.

We have agreements with certain ATM service providers which enable us to establish and maintain ATMs across our network. This allows us to reduce our time to market in setting up ATMs.

We expanded the number of ATMs in our network in order to take advantage of the opportunities provided by the growing demand for banking services in India. The new ATMs are owned, installed and operated by a third-party ATM vendor and service provider, but have our name and logo and are accessible by our customers as well as by non-customers. We receive a transaction-based fee for use of our ATMs by non-customers.

### ***Internet and mobile phone banking***

We offer a user-friendly internet banking facility that allows our customers to conduct a comprehensive range of banking transactions online without visiting our branches or ATMs. These transactions include account management, cash deposit and withdrawal, money transfer and settlement and fee payment. We seek to provide a competitive, functional and usable internet banking platform that meets our customer expectations of banking without paperwork. We offer services 24 hours a day, seven days a week through internet banking, phone banking and mobile phone account services.

### **Sales, Marketing and Branding**

Our sales and marketing efforts are mainly conducted by our in-house marketing and communications team which is responsible for the in-house product marketing and branding initiatives across all our business segments.

In January 2014, the Bank started the process of rebranding itself as “RBL Bank”. It has launched a new brand identity, including a new name and logo along with various other identity elements, with the aim to present a fresh, contemporary personality which demonstrates its transformation into a modern bank. Our brand and service architecture was designed around the concept of ‘Promise what you can deliver’ and ‘Deliver what you have promised’. We aim to create a personality that represents the core philosophy of ‘Relationships with Responsibility’.

We use multiple communications mediums like print, outdoors, events, sponsorships, digital channels etc. to reach out to our existing as well as prospective target groups. For example, we are developing an association between our brand and cricket, a sport that is heavily followed by majority of Indians, by sponsoring a cricket franchise located in Delhi. In Fiscal 2014, we issued Cricket Credit Card in partnership with the aforementioned cricket franchise. In April 2015, we launched Golf Credit Card (in association with a national golf body). We recently launched our brand campaign with the tag line “Apno Ka Bank” focused on communicating the core philosophy of the Bank in a consumer-centric language.

## Information Technology

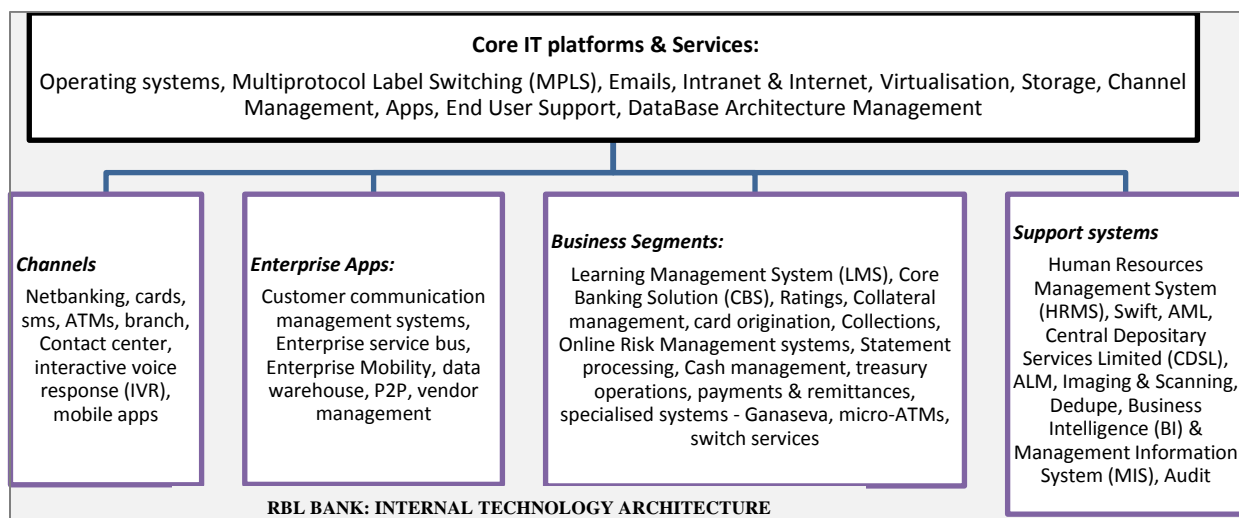
The use of information technology is an integral part of our customer-focused approach as it enables our clients to control when, where and how they want to do business with us. We also strongly believe that increasingly technology is becoming our last mile connector to our customer as more and more customers opt for alternative delivery channels such as phone banking, mobile banking, net banking and dedicated customer contact center facilities for specific business segments such as BBB and DB&FI. We are focused on leveraging technology for client management and creating customer-centric/multi-channel solutions such as internet banking and mobile banking. We strongly emphasize technology in our business as a means of improving the efficiency, reliability and competitiveness of our business operations. Our IT deployment strategy is to do quick prototyping, establishing short learning curves and rapidly scaling up. The use of technology enables us to analyze, address and deliver a seamless customer fulfillment experience.

To leverage the power of cloud technology, we have hosted our data center on a private cloud and created a virtual IT infrastructure to implement new applications. Considering the limitation of availability of bandwidth connection in rural areas, we use low cost desktops with shared central processing units for banking in these areas thus reducing the overall cost and adjusting to the network bandwidth requirements. Our information technology infrastructure is built on a robust architecture consisting of a primary data center and a disaster recovery set-up in Chennai that links our entire network of branches, regional offices, central processing units and ATMs. All of these locations are centrally connected to our core banking system.

Recently, we have micro-ATMs to facilitate the Business Correspondents (BCs) for loan collection and account opening. These micro-ATMs leverage mobile networks to connect to host systems and also support e-KYC services offered by UIDAI.

We are also revamping the complete IT architecture by deploying the enterprise service bus for interfacing between different applications and moving away from point-to-point interface. We have also developed our mobile app using a mobility platform from a reputed global IT service provider and have not adopted the traditional approach of developing native apps on different mobile OS available in the market. This will help the Bank in introducing the future mobile apps in the market rapidly.

We outsource installation and management of our ATMs, data center services, support and maintenance etc. and have contracts in place for application management services with leading IT service providers in order to optimize operational costs and get shorter time-to-market. We use a specifically-designed scalable platform for our DB&FI business, which enables us to on-board customers. We believe our investments in information technology make us a front-runner in technology initiatives amongst banks of our size in India and also provide a lever for growth as we benefit from economies of scale, besides providing intangible benefits such as the experience of deploying and scaling up which resulting in a shorter time to market.



We have invested in a centralized technology platform to support our banking functions and enhance our product delivery capabilities while achieving cost efficiencies. In 2012, we upgraded our core banking system (CBS) to a new-age CBS platform that won the Asian Banker Technology Implementation Awards for “The Best Core Banking Project, India”. The CBS platform has allowed us to scale up our branches and distribution network in a cost-effective manner. In 2013, we launched the National Operating Center (NOC) in Mumbai for centralized processing to achieve cost effectiveness and support the scale required for growing business needs. For our commodity and warehouse receipt finance business, we implemented an Electronic Commodity Based Finance System (e-CBF system) to service a wide range of customers across the country. We have also launched a mobile banking app and doorstep banking platform. In the payments solutions space we are undertaking trials for technological solutions which we believe are quite advanced in nature.

To enable financial transaction with authentication for FI customers who do not have debit or ATM cards, the UIDAI has provided a biometric authentication service. We use the Aadhaar Enabled Payment System (APES) which allows banks to authenticate customers using biometric verification with UIDAI. We received a certificate for using this service with UIDAI during Fiscal 2014. To be able to service customers who do not have accounts with us, we launched a remittance engine. We use this application to initiate interbank electronic fund transfer services via mobile phones (Interbank Mobile Payment Service, or IMPS) and NEFT transactions for such customers at a nominal fee.

In tune with the guidelines issued by the RBI, we have formed an IT Strategy Committee to deal with issues arising out of the increased dependency on information technology, such as IT governance, information security, information system audit, IT operations, IT services outsourcing, cyber fraud, business continuity planning, customer awareness programs and legal issues.

## **Operations**

Our operations architecture and framework are built on competitive and control focused operational policies and procedures which cater to diverse and growing business segments. We have made significant investments in instituting our operations platform across key verticals to ensure seamless delivery and execution of our services.

Our growing branch network is supported by the branch operations framework and centralized branch control review monitoring unit assisted by various tools such as monthly branch scorecard, independent visitation and certification etc. This operations structure ensures high operational efficiencies and service delivery standards. Our centralized operations are structured around our National Operations Centre (NOC) in Mumbai and two Regional Processing Centers (RPCs) in Kolhapur and Okhla (Delhi) which collectively support our business growth, improve our ability and efficiency in providing standardized service delivery across geographies and business segments.

We received ISO 9001:2008 accreditation in Fiscal 2013 and were successfully re-certified in Fiscal 2014 for our centralized operations processes at the NOC. In a short time, we have instituted a payment system and became at par with the industry offerings such as IMPS, National Automated Clearing House (NACH), corporate payments, escrow services, door-step banking etc. We provide clearing through cheque truncation system (CTS) (which allows transmitting electronic images of cheques instead of cheques in physical form) in select locations and, through our innovative approach, we plan to extend similar architecture in rural locations. In the digital space and alternate banking channels, we provide competitive and innovative technology solutions through internet banking, debit card variants and co-branded pre-paid card initiatives. We established the contact center operations with a full scale IVR facility to cater to the customer needs across our business segments.

In Fiscal 2014, we expanded our credit card business through the acquisition of the customer base from RBS. Full scale credit card operations commenced at the RPC in Okhla (Delhi) in January 2014.

We successfully launched our first currency chest in Kolhapur with RBI approved limit of ₹7,500 million and capacity of ₹9,000 million. One of the significant benefits of having a currency chest is the ability to consider balances in currency chest in the CRR component and establish efficient cash management/disposal processes.

Innovation and process re-engineering are a vital part of our functioning and we continue to improve our efficiency, risk mitigation, productivity and cost benefits through the re-engineering unit, effectively governed outsourcing arrangements and partnerships with other service providers to offer niche services to our clients.

As we are a fast growing bank, to ensure high service standards and optimum controls with appropriate risk mitigation tools, we hold monthly metrics review calls and conduct focused training and skill development programs for our employees aimed at improving the process of understanding and execution. Our employee teams are supported with clear job descriptions, goals, appraisal process and mentored by an experienced operational leadership team providing us with tactical advantage in replicating our success as we grow.

We believe that our cloud based IT systems, our simplified operational processes and our experience in opening new branches and developing new products give us an advantage in replicating the same as we grow, with increasingly shorter turnaround times. We believe that the scalability of all operations in a cost-effective manner while maintaining a high standard of services is essential to growing our banking business profitably.

### ***Customer Service Quality Control***

At our Bank, customer is at the ‘heart’ of everything we do. ‘Service Beyond Excellence’ is not only our service vision but also our promise to a customer. Our core service standards of reliability, accuracy and attentiveness underscore our commitment in delivering superior service that is focused on creating value for our customers.

The Bank has developed the “Service First” platform which functions as an end-to-end tracking system for all requests and complaints and also enables the Bank to define and measure different “turnaround times” across various services rendered to its customers. This platform helps us in understanding the areas of improvement and developing our service strengths, resulting in compliance with regulatory guidelines on customer service.

As a bank, we understand the importance of having an effective service governance model to enhance the ability to rapidly build, configure and assemble services that will augment our client experience and facilitate consistent delivery of our service commitment. As a result, we formed a dedicated central service team coupled with a well-defined grievance redress system to help us address every customer concern effectively and provide quick resolution. Our service offerings are also streamlined to cater to specific customer needs. We also established various working groups and committees to ensure close and active monitoring of our performance and that, as a bank, we constantly endeavour to achieve service excellence.

We employ various service analysis tools and techniques to measure different client requirements. The Bank is in the process of launching a new model of lead management and onboarding system. Such tools include complaints resolution index, loyalty surveys, and client experience measurements. Analyzing customer satisfaction related data gives us a view on customer behavior and customer expectations vs. our service commitments. The information generated through such tools and techniques becomes an important part of our needs analysis training as we believe that without adequate and effective training the desired quality of delivery of services and products to our customers cannot be achieved.

### **Risk Management**

As a bank, we are exposed to risks that are particular to our lending and trading businesses and the environment in which we operate. The goal of our risk management is to ensure that we understand, measure and monitor various risks and that, as an organization, we adhere strictly to the policies and procedures established to address these risks. Our risk management framework covers key areas such as capital adequacy ratio risk, credit risk, market risk, operational risk, liquidity risk and other risks.

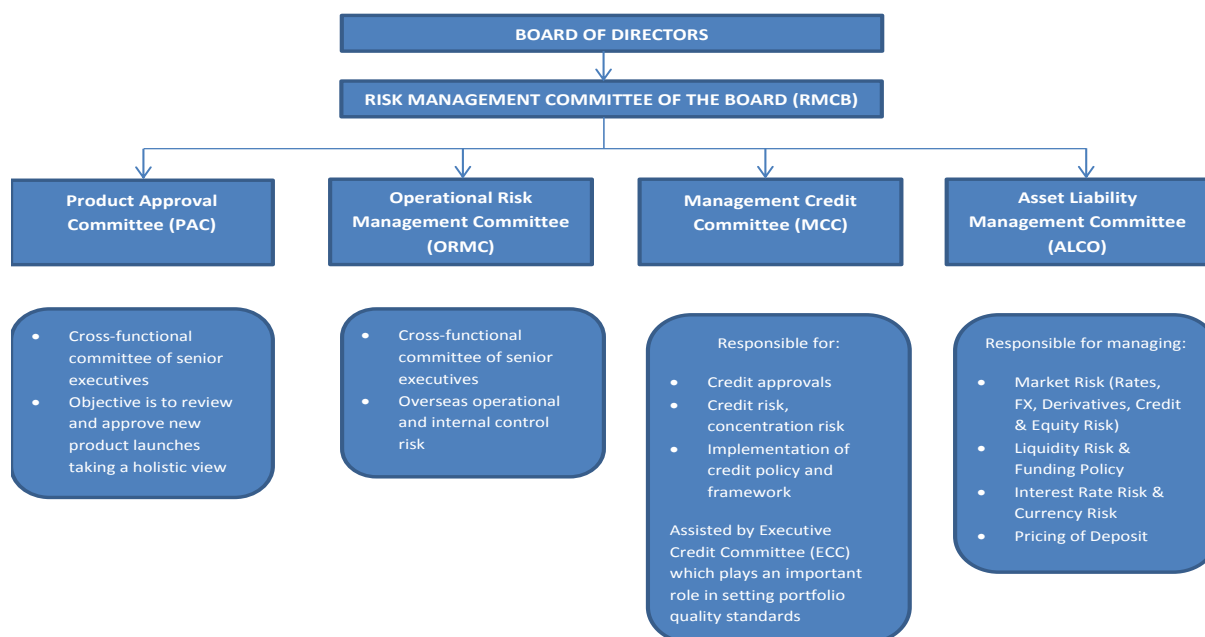
#### ***Risk management committees***

Our risk management function is overseen by the Risk Management Committee of the Board (RMCB), an independent committee of the Board. The RMCB develops risk management policies, investment policies and strategy, processes, systems and monitors the risks that we may face including portfolio, liquidity, interest rate, off-balance sheet and operational risks, and regulatory and compliance issues in relation thereto. It is supported by the



Product Approval Committee (PAC), the Operational Risk Management Committee (ORMC), the Management Credit Committee (MCC) and the Asset Liability Management Committee (ALCO):

- PAC is a cross-functional committee of senior executives to review and approve new product launches. The objective of this committee is to consider all risks in a holistic manner;
- ORMC is a cross-functional committee of senior management and takes care of operational risk activities and exposures across the Bank;
- MCC is responsible for credit approvals, credit risk, concentration risk, and implementation of credit policy and framework. MCC is assisted by the Executive Credit Committee (ECC), which plays an important role in setting portfolio quality standards. The ECC reviews portfolio underwriting standards, approves policy deviations and monitors various other portfolio quality metrics. The ECC has no financial powers. The Board Credit Committee (BCC), a board level sub-committee, is responsible for credit approvals beyond levels delegated to the MCC; and
- ALCO is responsible for managing market risk (including interest rates risk, forex risk, credit risk and equity risk), liquidity risk, interest rate risk in banking book, currency risk, funding policy and the pricing of deposits and advances.



The structure of our risk management function is shown in a chart below:

The identification, measurement, mitigation and monitoring of potential risks in all our activities and products are done through a detailed analysis. It is then vetted by operational level risk committees. Portfolio-level risk is assessed with the help of various portfolio analysis reports on credit, market, liquidity and interest rate risk and also risk profiling on the basis of parameters prescribed by the RBI. The same are reviewed by the Board / RMCB / risk committees / senior management on an on-going basis.

### ***Risk management policies***

Our Risk Management Policy, based on best practices, provides a summary of our principles regarding risk-taking and risk management. To provide guidance to various departments in respect of the risk management, we have also approved an Asset Liability Management (ALM) Policy, a Commercial Credit Policy, a Retail Assets Credit Policy, an Investment Policy, Liquidity and Contingency Plan, Derivatives Policy, Customer Suitability and

Appropriateness Policy, Recovery Policy, Stress Testing Policy, KYC and AML Policy, Operational Risk Management Policy, Risk Based Internal Audit Policy, Policy on Transfer of Assets through Securitization and Direct Assignment of Cash Flow and others. These policies prescribe various methods for risks identification, measurement, grading, monitoring, reporting, risk control and mitigation techniques and management of problem loans and credit.

The policies are reviewed periodically by the Board.

### ***Risk management system***

#### *Capital adequacy risk*

A measure of our capital, the Capital Adequacy Ratio (CAR) shows a percentage of our Bank's weightage to credit exposure. We maintain a strong capital position with the capital ratios well above the thresholds defined by the regulatory authorities. Through continuous and timely capital infusion, we have strengthened our Tier-I capital structure. In the last quarter of Fiscal 2016, we also added ₹4,000 million of Basel III compliant Tier-II capital in the form of non-convertible debentures.

As of March 31, 2016, our CAR was 12.94%, compared to 13.13% as of March 31, 2015. Our Tier I capital ratio was 11.10%, as of March 31, 2016 compared to 12.74% as of March 31, 2015.

We are subjected to the capital adequacy guidelines stipulated by the RBI. In line with the RBI guidelines under Basel III, we have adopted a Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing its CAR.

As per capital adequacy guidelines under Basel III, by March 31, 2019 we are required to maintain a minimum CAR of 9.00% (11.50% including Capital Conservation Buffer (CB)), with minimum Common Equity Tier I (CET I) CAR of 5.50% (8.00% including CB). These guidelines on Basel III are to be implemented in a phased manner. The minimum CAR required to be maintained by our Bank for the year-ended March 31, 2016 was 9.00% with minimum CET I of 5.50%. As on March 31, 2016, our total CAR was 12.94%, well above regulatory minimum requirement of 9.00%. Our Tier-I CAR was 11.10% and CET-I CAR was at 11.10%.

We have a comprehensive Internal Capital Adequacy Assessment Process (ICAAP), approved by the Board. Under ICAAP, we determine our risk appetite and the adequacy of capital to meet regulatory norms, current and future business needs, including stress scenarios. ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for risks identified under Pillar 1 (*i.e.*, credit, market and operational risk) as well as for risks identified under Pillar 2.

ICAAP enables us to ensure the adequacy of capital for future business growth and various other risks that we are exposed to, so that the minimum capital required is maintained on a continuous basis. We take into account both quantifiable and non-quantifiable risks while assessing capital requirements. Under ICAAP, we consider the following risks as material and have considered these, among others, while assessing the capital requirements:

- Credit risk;
- Market risk;
- Operational risk;
- Legal risk;
- Compliance risk; and
- Interest rate risk in banking book.

#### *Credit risk*

Credit risk is defined as the inability or unwillingness of the customer or counterparty to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions. Credit risk can also be defined as

the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. When a borrower fails in repaying on the due date, it gives rise to low quality of the assets which, in turn, leads to credit risk.

We have in place various policies viz. Lending Policy, Recovery Policy, Policy on Credit Mitigation Techniques and Collateral Management, which facilitate management of credit risk in the Bank. We assess the credit risk at customer, product, enterprise, geography and inter-bank levels. With these separate assessments of each area, sanctions or disbursements are made within the pre-approved parameters for small or large value. Based on the pre-evaluation methods and sanction from respective authorities, credit approvals and follow-ups are reported in time to respective authorities. The stringent credit framework helps us maintain lower NPA ratios. We also engage in NPA purchases. Our Special Assets Group and related policy seek to ensure that we maximize the overall profitability while reducing risks associated with such purchases.

We have separate credit origination and appraisal processes for wholesale and retail segments. For the wholesale segment, we adopt underwriting standards for different client segments based on internal risk ratings, availability of security and other risk parameters. The credit sanctions are provided by experienced credit professionals and / or credit committees with delegated approval authorities as per the credit policy approved by the Board and a detailed appraisal memorandum that takes into account business and financial risks of the proposals. The retail segment relies largely on standardized product programs for credit risk assessment and approvals.

We have put in place an internal credit rating for the wholesale segment which uses various models, depending on the size of a borrower as well as specialized models for NBFCs, micro-finance institutions (MFIs) and traders. The internal rating system is a step towards migration to the advanced approach for credit risk as per Basel III. The rating system is based on a two dimensional rating framework: borrower rating and facility rating. The borrower rating is determined first and is based on assessment of the industry risk, business risk, management risk and financial risk along with the project risk and conduct of account, if applicable. This rating is calibrated to the probability of default. The facility rating is based on the borrower rating, takes into account security structure and is a combination of probability of default and loss given default. In addition to the internal rating, we require all facilities above ₹50 million, to have an external rating.

For the identification, measurement, mitigation, monitoring and governance of credit risk, we have adopted various policies, including our Risk Management Policy, Commercial Credit Policy and Retail Assets Credit Policy. These policies define exposure norms, underwriting standards, a loan review mechanism, regulatory requirements, negative list and restricted exposures. The policies are reviewed annually or more frequently. Exhaustive credit risk manuals and guidelines detailing the mode of implementation of the policies have also been put into practice. The credit risk policies and manuals are periodically amended to incorporate changes in the environment / market and regulatory guidelines.

Our credit risk management structure consists of the RMCB, the BCC, the MCC, the ECC, the Credit Administration Department and special loan management group.

We actively monitor credit risk, both on and off balance sheet, in accordance with our policies and procedures. For wholesale credit exposures, management of risk is performed through target market definition, robust credit approval process and monitoring and remedial management procedures. Given the granularity of individual exposures, consumer finance credit risk is managed largely on a portfolio basis, across various products and customer segments. This is accomplished at frequent intervals not only to control the exposures but also to control/mitigate the risk to which we are being exposed (measured in terms of risk migration, asset classification, probability of default/exposure at default/loss given default ratios).

All consumer finance products are managed through a loan origination and repayment management system, which results in a significant improvement in the turnaround times for disbursements, Management Information System (MIS) reports and monitoring and quality of the portfolio.

A credit proposal would involve a rigorous credit appraisal process before it is recommended for approval. Assessment is made based on business and financial analysis and credit rating of the proposed borrower, needs analysis of the requested facilities and financial viability of the credit proposal. Once a credit is granted, proper follow-up and review is made on a frequent basis. All funded and non-funded facilities granted to a customer are

reviewed at least once a year or at earlier intervals, if considered appropriate. Branch or relationship managers or their designated officers would visit the customer and discuss relevant details of the account and the business reciprocity, including any clarifications on their financial statements if required. In addition, mid-term reviews are performed for accounts which are on the “watch list” or for provisioned accounts, and interim reviews are carried out as appropriate in the event that a borrower requires credit enhancement by way of additional security coverage.

### *Market risk*

Market risk is the risk of adverse deviations of the mark-to-market value of the trading portfolio due to market movements (interest rates, foreign exchange rates, equity prices and commodity prices). Market risk arises with respect to all market risk sensitive financial instruments (such as securities, foreign exchange contracts, equities and derivative instruments) as well as from balance sheet or structural positions.

We manage market risk in accordance with the Board-approved Investment Policy, Market Risk Management Policy, ALM Policy, Foreign Exchange Policy, and Derivatives Policy. These policies establish a well-defined organization structure for market risk management functions and processes whereby the market risks carried by our Bank are identified, measured, monitored and controlled within our stipulated risk appetite.

The RMCB devises policies and strategies for integrated risk management which includes market risk. At operational level, the ALCO monitors management of market risk. The ALCO’s functions also include balance sheet planning from a risk-return perspective, including the strategic management of interest rate risk and liquidity risk.

The market risk due to the market volatility variables is managed by active monitoring of the Board-approved limits. Market risk is primarily controlled by monitoring a series of limits which are used to align risk-taking activities based on our risk appetite. We periodically undertake stress tests to highlight our potential vulnerability to certain unlikely but plausible events or movements in financial variables and to provide an indication of the amount of capital required to absorb losses. We monitor and utilize several internal reports and research papers to identify major external risks, and ensure that the risk is identified, assessed, mitigated and reported on a timely basis.

### *Operational risk*

Operational risk is defined as the risk of loss resulting from inadequate or failed internal process, people and systems or external events. Operational risk may arise from a variety of factors, such as unauthorized transactions/decisions, improper documentation, non-adherence to operational and information security procedures, failure of computer system, software or equipment, perpetration of frauds, and execution errors. Operational risk includes legal risk but excludes strategic and reputational risk.

To mitigate operational risks, we have put in place extensive internal controls, including restricted access to our computer systems, appropriate segregation of front and back-office operations and strong audit trails.

We have also developed a comprehensive Operational Risk Management Policy aimed at developing a common understanding of operational risks across our Bank. This Policy covers assessment of exposure to operational risks and appropriate actions; techniques and methodologies of improvement of the management and mitigation of operational risks; education and dissemination of knowledge of operational risks among employees; creation of a healthy environment for mitigating operational risk and strengthening the internal control environment by reducing probability and potential impact of losses due to operational risks. The Policy is reviewed annually to make it more responsive to the changing environment.

Our vigilance system looks into and conducts investigation of acts of misconduct alleged against our employees, and recommends appropriate preventive measures.

For the effective management of operational risk, we have constituted the ORMC consisting of senior management personnel. The ORMC which supports the RMCB is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The main functions of the ORMC include monitoring and ensuring appropriateness of operational risk management and recommending suitable control measures for

mitigating the same. We have also outlined policies and processes in respect of Information Security; Outsourcing; Business Continuity Planning & IT Disaster Recovery; Records Management, Fraud Control and Customer Service.

We have a strong and robust information security management system with ISO/IEC 27001:2013 standards.

#### *Legal risk*

We face significant legal risks in our business due to the uncertainty of the enforceability of the obligations of our customers and counterparties. The legal risk that we may face is higher in new and undeveloped areas of business where the law is often untested by the courts, for instance, in the area of derivatives. We seek to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting internal/external legal advisors.

#### *Compliance risk*

The risks of legal or regulatory sanctions, which oversee the operational functionality of our Bank, fall under the compliance risk. Compliance is at the core of our culture and is a key component of risk management discipline. The various regulatory authorities provide a detailed blueprint that defines our roles and responsibilities. The independent compliance function takes care of the regulatory requirement, enabling smooth operations.

We have also adopted a code for prevention of insider trading, which is applicable to our Board members and certain employees as well as their dependent family members. Under supervision of our managing director and CEO, our Company Secretary is tasked with setting forth policies and procedures under and monitoring compliance with the rules related to disclosure of price sensitive information.

#### *Interest rate risk in banking book*

Interest rate risk in banking book represents our exposure to adverse movements in interest rates with regard to its non-trading exposures. Interest rate risk is measured by undertaking a gap analysis as well as a factor sensitivity analysis. We hold assets and liabilities with different maturities and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets. Interest rate risk is managed in accordance to the ALM Policy and the Investment Policy approved by the Board. The policies establish a well-defined organization structure for interest rate risk management functions and processes whereby the interest rate risks carried by us are identified, measured, monitored and controlled.

The RMCB develops policies and strategies for integrated risk management which includes an interest rate risk. At the operational level, the ALCO monitors management of interest rate risk. The main functions of the ALCO include balance sheet planning from a risk-return perspective including the strategic management of interest rates and liquidity risks.

#### *Stressed Assets management and NPA recovery*

We have a specialized Stressed Assets Group and Recovery Group responsible for monitoring distressed accounts as well as management and recovery of NPAs for different business segments. The Stressed Assets Group also considers proposals for re-structuring of the businesses which are viable, but require assistance, for example, in the form of amendment to re-payment terms. Restructured assets (defined as standard restructured assets) as a percentage of net advances stood at 0.09% as of March 31, 2016. MIS reports for stressed assets and restructured loans are circulated to our Senior Management, RMCB and the Board at regular intervals.

#### *Asset-liability management*

Asset and liability management (ALM) focuses on managing the risk in the balance sheet and deals with pricing of assets and liabilities to provide stable and growing earnings while efficiently managing liquidity and earnings risk generated in the banking book. The strategic objective of the ALM process is to ensure that financial products and services are delivered to customers on terms which enable the Bank to earn a growing net interest income at a stable net interest margin, whilst maintaining adequate liquidity, preserving solvency and the reputation of the institution.

We generally fund our customer assets with customer deposits and borrowings in the form of refinance or interbank credit. If the contracted inflows with respect to a particular time period are lower than the contracted outflows with respect to that time period or vice versa, we face an asset-liability mismatch. To manage our funding mismatches, we borrow in the short-term money market. We believe this offers the advantages of lower costs and stable long-term financing.

For statutory liquidity purposes, we maintain a substantial portfolio of liquid government securities. As of March 31, 2015 and 2016, our portfolio of government securities was ₹75,799.40 million and ₹102,819.96 million, respectively, which constituted 77.41% and 71.22%, respectively, of our investments. While the market for government securities generally provides adequate liquidity, the interest rates at which funds are available can sometimes be volatile. As of March 31, 2016, the average modified duration of our investment portfolio was approximately 2.65 years.

### ***Liquidity risk***

Liquidity risk arises out of maturity mismatch between our assets and liabilities. We have developed a comprehensive ALM Policy which incorporates RBI guidelines. Our policy, inter alia, provides for adoption of certain key liquidity ratios used by the RBI while undertaking liquidity appraisal for the purpose of supervisory rating of banks. Our liquidity risk is managed through traditional gap analysis based on the residual maturity / behavioural pattern of assets and liabilities as prescribed by the RBI. We also monitor mismatches using a duration gap analysis. We monitor prudential (tolerance) limits set for different residual maturity time buckets, large deposits and loans, various liquidity ratios for efficient ALM. We have also put in place a mechanism of short-term dynamic liquidity and contingency plan as a part of liquidity risk management. Liquidity and Contingency Plan, approved by the Board, sets forth a process of dealing with crisis situation in the event of liquidity crunch or a run on the Bank. A comprehensive set of early warning indicators as well as stress testing and scenario analysis have been designed to forewarn of impending liquidity stress.

For further information, please see the section titled “*Selected Statistical Information*” on page 419.

### **Internal Inspection and Audit**

Our internal audit department is an independent team responsible for independently evaluating adequacy of all internal controls. It is aimed at providing assurance to the Audit Committee on effectiveness of our internal control environment through examination and evaluation of adherence to processes, procedures and regulatory requirements. Our internal audit department recommends quality enhancement measures in operational processes to address process and control gaps based on audit findings. It also undertakes audits of our branches and business units in accordance with the risk-based audit approach, best practices and the audit plan approved by the Audit Committee. The internal audit group also has dedicated teams for conducting audits on various areas, including operations audit, continuous monitoring audit, credit audit and information systems audit. Audit resources are allocated based on an assessment of the various types of skills required for each audit.

In addition, in line with the RBI’s guidelines, we follow a risk-based internal audit approach, by which each branch is risk assessed, on the basis of which the frequency of audit is determined and audited. The methodology, the risk assessment matrices and the annual audit plan is reviewed and approved by the Audit Committee. Certain activities also get covered under the system of concurrent audit. As part of the internal audit, we also conduct revenue audits and short/surprise inspections. The results of these inspections/audits are also reviewed by the Audit Committee.

Apart from selected branches and credit inspections, concurrent audits are performed at certain branches and support functions such as centralized retail operations and general lending operations supporting wholesale banking, financial markets, trade finance, credit administration units etc. The scope of concurrent audits includes verification and reporting of any non-adherence to internal controls.

### ***Money Laundering Prevention Measure***

We have adopted a policy to manage our compliance with regulatory requirements in relation to “know-your-customer” and anti-money laundering measures. Our Compliance Officer is also responsible for ensuring compliance with the Prevention of Money Laundering Act, 2002 (the “**PML Act**”). We use anti-money laundering software to analyze and monitor transactions and report any suspicious transactions patterns or customer behavior to aid the compliance with the PML Act and related RBI guidelines.

Our employees must adhere to our code of conduct that provides guidance principles on the responsibilities and obligations of the employees and guides on how they should act when faced with an ethical dilemma or conflict of interest at work. We also have a staff accountability policy which is intended to enhance managerial effectiveness, healthy credit portfolio, and proper operation and to keep the morale of our employees high.

### ***Internal Vigilance***

Under the RBI’s guidelines on “Internal Vigilance set up in Private Sector and Foreign Banks” released in May 2011, we have appointed a chief vigilance officer to head our internal vigilance department responsible for collecting intelligence with respect to corrupt practices, investigation, referring matters to the Managing Director and chief executive officer and taking other preventive steps and measures. Our vigilance department is actively involved in both detective and preventive measures, which are essential for avoiding recurrence of frauds.

We also have a whistle blower policy which seeks to develop a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice or misconduct within the Bank.

### **Supervision and Reporting**

All banks are required to report to the RBI on various aspects of their business at various intervals. As with all scheduled commercial banks, the RBI annually conducts an on-site inspection which examines all matters addressing our banking operations, portfolio, risk management, internal controls, credit allocation and regulatory compliance. Based on the findings, we are required to take suitable measures to address any concerns in its operations. During the course of finalizing the inspection, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction, including, without limitation, requiring us to make provisions, impose internal limits on lending to certain sectors and tighten controls and compliance measures and restricting our lending and investment activities, and the payment of dividends by us. Furthermore, starting from Fiscal 2016, the Bank has been subjected to the risk-based supervision model which is being implemented by the RBI across the banking industry in a phased manner. While the Bank has fulfilled the requirements of risk-based supervision process in Fiscal 2016, we may be required to comply with additional requirements to improve various aspects of our operations.

The RBI charged us in July 2013 with a penalty of ₹5.00 million for non-compliance with the RBI’s KYC-AML guidelines and in July 2014 a penalty of ₹0.5 million for failure to share information among lenders. We had to pay ₹0.02 million as penal interest for default in maintenance of cash reserve ratio on May 28, 2013, during the fortnight ended May 31, 2013. We paid a penalty of ₹0.02 million imposed by the RBI for “SGL bouncing” on March 13, 2014.

### **Competition**

We face competition in all our business segments from large public sector banks as well as peer banks and FIs. Our primary competitors are public sector banks and private sector banks, including foreign banks, co-operative banks and for some products, even NBFCs, MFIs, mutual funds and insurance companies. Many of our competitors have, over time, built extensive branch networks, providing them with the advantage of a low cost deposit base, and enabling them to lend at competitive rates. In addition, the extensive geographic reach of many of these institutions enables product delivery in remote parts of the country.

Also, the RBI has liberalized its licensing regulations and intends to issue licenses on an on-going basis, subject to the RBI's qualification criteria. In 2014, the RBI granted licenses to two applicants to set up new full scale universal banks. Further, RBI has issued final guidelines for newer category of banks: small finance banks and payments banks. Small finance banks and payment banks are "niche" or "differentiated" banks with the common objective of furthering financial inclusion. In 2015, the RBI granted "in-principle" approval to 10 applicants for a small finance bank license and 11 applicants for a payment bank license. The "in-principle" approval granted is valid for a period of 18 months, during which the applicants have to comply with the requirements under the guidelines and fulfil the other conditions stipulated by the RBI in order to receive a license. The above measures are expected to make the banking landscape increasingly competitive. We expect to face increased competition from these types of banks, in particular in our DB&FI and AB segments.

Following our transformation over the last five years, we believe that our principal competitive advantage over our competitors lies in our ability to:

- define our client segments in a more precise manner;
- identify clients' current and future banking needs;
- build an integrated solution which allows the customers to do more business with the Bank;
- have a well-coordinated business team comprising relationship managers and product and service partners with the aligned objectives to generate higher income;
- use technology to deliver specialized services;
- leverage on strategic partnerships to expand our sphere of operations beyond our traditional branch network;
- make our AB and DB&FI businesses as one of our future scale drivers as we believe that in these segments the competition is not entrenched as in our other business segments;
- have a high degree of customer-orientation as we believe that the service philosophy and practice are the keys in building customer loyalty; and
- provide value added services, faster customer service response, quality of service, a growing inter-connected branch network and delivery capabilities based on enhanced technology.

We evaluate our competition vis-à-vis business segments. For instance, while other private sector banks also compete in the corporate banking market on the basis of pricing, efficiency, service delivery and technology, large public sector banks have traditionally been market leaders in this segment. On the other hand, our CB and BBB businesses witness significant competition from foreign banks, which have traditionally been active in providing trade finance, fee-based services and other short-term financing products to large Indian corporations.

Our BBB business is in a relatively early stage of development. We believe that this business will gain traction as per capita income levels continue to increase, creating opportunities for banks like us. However, we face competition from private sector banks, foreign banks, public sector banks and NBFCs in this segment. Mutual funds are another source of competition. Mutual funds offer tax advantages and have the capacity to earn competitive returns and have increasingly become a viable alternative to bank deposits. In mutual fund sales and other investment related products, our principal competitors are brokerage houses, foreign banks and private sector banks. We compete with banks, brokers, corporate agents and financial consultants and advisors with respect to sales of life and non-life insurance products.

We believe that our customer service focus and use of technology to provide a customer-friendly banking experience, our understanding of the client's needs and our ability to customize product offerings, as well as our competitive interest rates will help us to continue to remain competitive within an increasingly dynamic landscape.



## Employees

As of March 31, 2016, we had 3,871 employees. As of March 31, 2014, 2015 and 2016, business per employee (i.e. the sum of advances and deposits transacted by employee) amounted to ₹76.6 million, ₹91.05 million and ₹115.42 million, respectively.

Our employees include those with wide experience in the areas of risk management, credit analysis, treasury, relationship management, retail products, information technology as well as general banking professionals. In Fiscal 2016, approximately 490 of our employees and officers were members of the Ratnakar Bank Officers Organization and the Ratnakar Bank Employees Union. In Fiscal 2016, our employees who are members of either one of these two organizations participated in the nation-wide strike organized by the All India Bank Employees Association and All India Bank Officers Association on September 2, 2015 for a total of one day and our employees who are members of the Ratnakar Bank Employee Union participated in the nation-wide strike organized by the All India Bank Employees Association on January 8, 2016 for a total of one day.

Our shareholders have approved granting of stock options to our employees under one or several employee stock option plans and authorized our Board and the Human Resource Committee to formulate such plans and grant stock options within the limit of 12% of the aggregate number of the issued and paid up equity shares. The underlying philosophy of our employee stock option plans is to enable our employees to share the value that they help to create for the Bank over a period of time.

We have adopted an employee stock option program (the “**ESOP**”) which covered 67% of our employees as of March 31, 2016. We use the ESOP to attract and retain talent. We have also introduced a performance employee stock option program (the “**PESOP**”) to reward the performance and recognize the contribution of employees and a retention employee stock option program (the “**RESOP**”) and, together with the ESOP and the PESOP, the “**ESOP Schemes**”) to retain the critical employees of the Bank. The ESOP Schemes are used to incentivize and reward superior performance, aligning employee interests with our Bank, create long-term ownership and commitment.

The ESOP Schemes are the equity based plans pursuant to which the employees receive one equity share per stock option. The stock options granted to employees generally vest over a period of three years (apart from RESOPs which vest in two tranches, with 80% to be vested in one year from the Issue). Vested options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which our shares get listed on a recognized stock exchange, whichever is later.

We have also adopted an Annual Performance Linked Variable Compensation (the “**APLVC**”). The APLVC provides cash bonuses in short- to medium-term to employees. We use the APLVC to reward superior performance. The APLVC is paid as a percentage of cost-to-company (CTC) as defined in our Compensation Policy. In accordance with the RBI’s guidelines, APLVC is capped at 70% of CTC for full-time directors, the CEO and the senior executive team and 40% for risk management and compliance staff. Also, the APLVC can be paid in a staggered manner based on the quantum of the APLVC as a percentage of the CTC. The APLVC does not include the ESOP Schemes.

The ESOP Schemes and the APLVC contain claw-back and other clauses to protect us against misconduct, sub-optimal performance, decisions or actions by employees leading to adverse financial consequences.

We strongly believe in making investment in our employees’ development at all levels. “Bodhitree” is our umbrella academy for all our learning and organization development initiatives. Our aim is to enable each constituent of the Bank to achieve highest productivity standards by providing apt and real-time learning opportunity to the right person at the right time in a cost-efficient manner. This is done by facilitating change and desired outcome by diagnosing, designing, delivering and integrating people strategy with our business strategy, up-skill employees for their current roles and developing them for future role requirements through leadership development programs (such as the Graduate Trainee Program, the Management Trainee Program and the Young Leadership Development Program). In Fiscal 2017, we entered into a memorandum of understanding with an international provider of education services to offer a customized banking training program for trainee officers, successful completion of which is expected to be awarded by a post graduate diploma in banking foundation and an offer of employment as an assistant manager by the Bank.

## Insurance

We maintain ongoing insurance policies in respect of our branches, ATMs and property. These assets are insured against fire, lightning, explosion, riot, strike, flood, typhoon, storms, earthquakes and terrorism, among other perils. We have also taken bankers and stock broker indemnity insurance policies, credit/debit/ATM card package insurance policy and comprehensive general liability policy. We also have insurance for group personal accidents, deposit and a D&O liability insurance policy in place. We believe that we maintain all material insurance policies commonly required by a bank in India.

## Intellectual Property Rights

We own the trademarks to our erstwhile name, “Ratnakar Bank”, diamond logo and Ratnakar Bank logo in certain classes of goods and services and a number of related web domain names. Our applications for trademarks to our erstwhile name, “Ratnakar Bank” and Ratnakar Bank logo to certain other classes and the application for the registration of the word “cashpoint” are pending. We also applied for the registration of our new corporate logo “



and other trademarks, including words and logos in connection with our recent rebranding. Therefore, we do not yet own copyright, trademark, trade name or other intellectual property rights in or to some of our logos and names, including to our current corporate logo, and, accordingly, do not enjoy the statutory protections accorded to a registered trademark for such items. See the section “*Risk Factors–Risk Factors Relating To Our Business–We have not yet registered our rebranded corporate logo and have a number of applications to register trademarks and other intellectual property rights pending. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.*” For more information, please see the section titled “*Government and Other Approvals*” on page 468.

## Properties

Our registered office and corporate head office are located in Kolhapur, in owned and leased premises, respectively. As of March 31, 2016, 189 of our 197 branches were in leased premises and the remaining 9 branches were in owned premises. As of March 31, 2016, eight of our 362 interconnected ATMs were in the owned premises and the remaining 354 ATMs were in the leased premises.

## Corporate Social Responsibility (CSR)

Our philosophy is to undertake socially useful programs for welfare and sustainable development of the community at large. We believe in working for the benefit of different segments of society and, in particular, in taking care of deprived, underprivileged persons and persons with limited abilities. Our initiatives include those aimed at promoting education, preventive healthcare, women empowerment and sustainable livelihood.

We have a CSR Committee of the Board for spearheading our CSR efforts supported by an executive Steering Committee and the working committees. The key objectives of our CSR policy include operating our business in an economically, socially and environmentally sustainable manner by taking up projects that benefit communities at large and thus generate goodwill for our Bank as a positive and socially responsible corporate entity. Thrust areas of our CSR policy include promoting education, health (including preventive healthcare), gender equality, women empowerment and sustainable livelihood. We have entered into partnerships with various organizations for diverse CSR initiatives.

Some of our CSR initiatives include:

- In Fiscal 2013, we launched financial literacy program “Saksham” to educate women in low-income communities and supported a non-profit organization “Concern India Foundation” in its fund-raising initiatives.
- We adopted the UDAAN initiative to create corporate exposure to and train graduates and post-graduates from Jammu and Kashmir.

- We continue to support a public charitable trust supporting emotionally disturbed children and adults and providing care and training to improve mental health of patients.
- We collaborated with an external agency to help create awareness for gender diversity at the workplace.

More recently, we partnered with a non-government organization (NGO) working in the area of diabetic retinopathy that aims at spreading awareness of the disease and opportunities for screening among the urban population in Mumbai and has established an eye care center for the same. We also formed an association with a third party to raise awareness of retinoblastoma (eye cancer among children). We helped organized a blood donation drive to support children affected by thalassemia. In the area of education of young girls, our Bank supports the primary education program for 1,000 school girls in 30 select learning centers in Sheopur district of Madhya Pradesh and Mewat district of Haryana.

We support a university to contribute towards building greater expertise by way of better education and research. We also promote primary education of children in the rural areas of Bangalore and urban slums of Hyderabad.

We partnered with an NGO aimed at supporting farmers working in rural areas of Maharashtra and Gujarat.

We undertake the CSR initiatives to engage with our community and society at large as well as we believe that this provides a platform for our employees to contribute to and have a high degree of engagement with the Bank's activities.

#### **Policy on Certain Reporting and Operational Covenants**

The Board of Directors of the Bank approved on November 28, 2014, a 'Policy on Certain Reporting and Operational Covenants' which will be implemented upon listing and shall apply to the Bank as well as the subsidiaries of the Bank, if any. This policy, among other things, deals with matters that the Bank would report to its shareholders. It covers matters such as criminal or other litigation or investigations or proceedings involving the company, its directors, officers or employees which have or may reasonably be expected to have a material adverse effect on the Bank. Upon request by a shareholder, the Bank shall also make available, among other things, within a certain time period after the end of financial year, a report on social and environmental performance, development outcomes, compliance with the anti-money laundering and 'combating the financing of terrorism' policies, anti-bribery policies.

Under the policy, the Bank undertook to adopt operational covenants around social and environmental sustainability. As per these covenants, the Bank shall not engage in any sanctionable practices, including *inter alia* any corrupt or fraudulent practice, or engage with or take exposure to clients/customers involved in activities which are socially and environmentally not desirable such as production and/or trade of hazardous chemicals, wastes, ozone depleting substances, radio-active materials, endangered or protected wild life or wild life products, production or trade of arms etc.

## REGULATIONS AND POLICIES

*The following is an overview of certain sector-specific Indian laws and regulations which are relevant to our Bank's business. Taxation statutes such as the Income Tax Act, labour laws such as Contract Labour (Regulation and Abolition) Act, 1970 and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999, apply to us as they do to any other Indian company.*

*The description of laws and regulations set out below is not exhaustive, and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

The main legislation governing commercial banks in India is the Banking Regulation Act. Other important laws include the Reserve Bank of India Act, 1934, the Payment and Settlements Systems Act, 2007, the Negotiable Instruments Act, the PML Act, the SARFAESI Act, the Provincial Insolvency Act and the Banker's Books Evidence Act. Additionally, the RBI, from time to time, issues guidelines to be followed by banks. Banking companies are also subject to the purview of the Companies Act, to the extent applicable, and if such companies are listed on a stock exchange in India then various regulations of the SEBI would additionally apply to such companies, including the Listing Regulations.

### ***Reserve Bank of India Act, 1934***

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. Further, RBI may direct any banking company to submit returns for the collection of credit information and may also furnish such information to a banking company upon an application by such company. RBI has the power to impose penalties against any person for *inter-alia* failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

### ***Banking Regulation Act, 1949***

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions some of which include: (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital structure and earnings prospects; and (iv) that public interest will be served if such license is granted to the bank. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in public interest, or in the interest of the banking company, or in the interest of its depositors. It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities. No shareholder in a bank can exercise voting rights on poll in excess of 10% of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26% in a phased manner. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted, subject to the guidelines framed by the RBI, to issue perpetual, redeemable or ir-redeemable preference shares in addition to ordinary equity shares.

Further, the Banking Regulation Act, as amended, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the

RBI may, by passing an order, restrict any person holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not fit and proper by the RBI. Under the RBI (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, an existing shareholder who has already obtained prior approval of RBI for having a “major shareholding” in a private sector bank, need not obtain approval for an additional fresh acquisition resulting upto 10% aggregate shareholding in such bank. However, if the additional acquisition results in an aggregate shareholding that is in excess of 10%, the prior approval of RBI must be obtained. Further, persons with ‘major shareholding’ shall also periodically report to the concerned bank on continuing to be fit and proper.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Certain amendments also permit the RBI to establish a ‘Depositor Education and Awareness Fund’, which will take over the bank’s deposit accounts that have not been claimed or operated for a period of 10 years or more.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole-time director, manager, chief executive officer of a bank shall have effect only if it made with the previous approval of the RBI. Further, no amendment in relation to the remuneration of the chairman, managing director, whole-time director or any other director, manager, chief executive officer shall have effect unless approved by the RBI. RBI is also empowered to remove a chairman, managing director and whole-time directors from office on the grounds of public interest, interest of depositors, securing the proper management. Moreover, RBI may order meetings of the board of directors to discuss any matter in relation to the bank, appoint observers to such meetings, make such changes to the management as it may deem necessary, and may also order the convening of a general meeting of the bank’s shareholders to elect new directors.

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment. Banks are also required to disclose the penalty in their annual report.

### ***Provision of Financial Services***

Section 6 of the Banking Regulation Act allows a banking company to engage in any one or more of certain specified businesses like underwriting, mutual funds, portfolio management services and referral services, apart from the business of banking. In relation to the same, RBI issued the Reserve Bank of India (Financial Services Provided by Banks) dated May 26, 2016, which prescribes that the specified businesses may be undertaken by a bank either departmentally or through a separate subsidiary set up for the purpose.

### ***Regulatory reporting and examination procedures***

The RBI is empowered under the Banking Regulation Act to inspect a bank. The RBI monitors prudential parameters under a risk-based supervision approach at regular intervals. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects. The RBI conducts periodical on-site inspections on matters relating to the bank’s portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at regular intervals. Further, the RBI also conducts on-site supervision of selected branches with respect to their general operations and foreign exchange related transactions.

### ***Maintenance of records***

The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner and

file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to our Bank as in the case of any company. The ‘Master Direction - Know Your Customer (KYC) Direction, 2016’ issued by the RBI on February 25, 2016 also provides for transactional and identification records to be maintained for a minimum period of five years from the date of transaction and the cessation of the business relationship with the client, respectively.

### ***Regulations relating to the opening of branches***

Under Section 23 of the Banking Regulation Act, banks are required to obtain the prior approval of RBI to open new branches. Such permission is granted based on factors such as overall financial position of the bank, the history of the bank the general character of its management, the adequacy of its capital structure, its earning prospects and public interest.

As per the “Relaxations in Branch Authorization Policy” dated August 6, 2015 read with circulars dated September 19, 2013 and October 21, 2013, domestic scheduled commercial banks may open branches in Tier 1 to Tier 6 centres without prior permission from RBI. Such banks may also shift, merge or close all branches except rural branches and sole semi-urban branches, subject to certain conditions. Further, private sector banks are required to ensure that at least 25% of their total branches are in unbanked rural centres in Tier 5 and Tier 6 centres which do not have a brick and mortar structure of any scheduled commercial bank for customer based banking transactions. Furthermore, the total number of branches opened in Tier 1 centres during the financial year cannot exceed the total number of branches opened in Tier 2 to Tier 6 centres and all centres in the north eastern states and Sikkim.

Permission of the RBI is not required for installation of on-site ATMs. Since June 2009 the RBI has permitted installation of off-site ATMs at centres identified by scheduled commercial banks, without the need for permission from the RBI in each case, provided certain stipulated conditions, as applicable from time to time, are met. This is also subject to any direction which the RBI may issue, including for closure/shifting of any such off-site/ mobile ATMs, wherever so considered necessary by it. Banks are required to report full details of the off-site ATMs so installed.

### ***Capital adequacy requirements***

The RBI has set out the minimum capital adequacy standards for banks based on the guidelines of the Basel Committee on Banking Supervision. Under the “Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline- New Capital Adequacy Framework” dated July 1, 2015, a bank is required to maintain a minimum total Capital to Risk- Weighted Asset Ratio (“**CRAR**”) of 9.625% (including 0.625% of capital conservation buffer), with common equity Tier-I CRAR of 6.125% (including 0.625% of capital conservation buffer). RBI requires banks to maintain a capital conservation buffer of 2.50% in the form of tier-1 capital, which is to be achieved progressively, increasing at the rate of 0.625% each year starting in Fiscal 2016 through Fiscal 2019. Consequently, by Fiscal 2019, the minimum CRAR required to be maintained would be 11.50% and minimum Tier-I CRAR required to be maintained would be 8%.

With effect from the fiscal year ended March 31, 2015, banks are also required to quantify incurred credit valuation adjustment losses and standard credit valuation adjustment capital charge on their derivatives portfolio. Further, to the notification dated March 1, 2016, the Master Circular on Basel III Capital Regulations has been revised by the RBI to the effect that treatment of certain balance sheet items *viz.*, revaluation reserves, foreign currency translation reserve and deferred tax assets, have been aligned to some extent, with the conditions prescribed by the Basel Committee on Banking Supervision (BCBS) guidelines.

The transitional arrangements for the implementation of Basel III capital regulations in India began from April 1, 2013 and the guidelines will be fully implemented by March 31, 2019. In view of the gradual phase-in of regulatory adjustments to the common equity component of Tier I capital under Basel III, certain specific prescriptions of the Basel II capital adequacy framework (e.g. rules relating to deductions from regulatory capital, risk weighting of investments in other financial entities etc.) will also continue to apply until March 31, 2017 on the remainder of regulatory adjustments not treated in terms of Basel III rules.

### ***Liquidity coverage ratio***

The Basel III Framework on Liquidity Standards introduced two liquidity ratios i.e. Liquidity Coverage Ratio (“**LCR**”) and Net Stable Funding Ratio as well as liquidity risk monitoring tools. In June 2014, the RBI issued guidelines in relation to liquidity coverage ratio (“**LCR**”), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the ‘Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools’ in January 2013 and the ‘Liquidity Coverage Ratio Disclosure Standards’ in January 2014 by the Basel Committee On Banking Supervision. The objective of the LCR standard is to ensure that a bank maintains an adequate level of unencumbered high quality liquid assets (“**HQLA**”) that can be converted into cash to meet its liquidity needs for a 30 calendar day period under significantly severe liquidity stress. The LCR is defined under the guidelines as the stock of HQLAs, divided by the net cash outflows over the next 30 calendar days. Pursuant to the guidelines, banks are required to maintain an LCR of 60%, 70%, 80%, 90% and 100% with effect from January 1, 2015, January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019, respectively.

The Basel Committee on Banking Supervision issued the final rules on ‘Net Stable Funding Ratio’ in October 2014. RBI has issued draft guidelines on NFSR on May 28, 2015. RBI proposes to make NSFR applicable to banks in India from January 1, 2018.

### ***Prudential norms on income recognition, asset classification and provisioning pertaining to advances (“Prudential Norms”)***

The RBI, pursuant to its “Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances” (“**Prudential Norms**”) issued on July 1, 2015, classifies NPAs into (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. The Circular also specifies provisioning requirements specific to the classification of the assets.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. An asset must have been classified as non-performing for at least two years by the seller bank to be eligible for sale. In October 2007, the RBI issued guidelines regarding valuation of NPAs being put up for sale.

The RBI revised the “Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions” on May 30, 2013. Pursuant to the revised guidelines the provisioning requirement has been increased to 5% in respect of new restructured standard accounts (flow) with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as of March 31, 2013 as follows:

- (a) 3.50% with effect from March 31, 2014 (spread over the four quarters of 2013-2014);
- (b) 4.25% with effect from March 31, 2015 (spread over the four quarters of 2014-2015); and
- (c) 5% with effect from March 31, 2016 (spread over the four quarters of 2015-2016).

### ***Corporate debt restructuring mechanism (“CDR system”)***

The institutional mechanism for restructuring has been set up through establishment of the CDR system in 2001. It is a joint forum of all banks and financial institutions and operates as a non-judicial body. The CDR system operates on the principle of super-majority amongst the participating banks and financial institutions for a particular advance. The Prudential Norms as mentioned above equally apply to the accounts restructured under the CDR system.

### ***The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (“RDDBFI Act”)***

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹ 10 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal;

attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

### ***Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”)***

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The Act enables the enforcement of security interest created in favour of a secured creditor, without the intervention of court or tribunal. Further, a secured creditor may, under certain conditions, also take over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset. The Prudential Norms issued by the RBI describe the process to be followed for sale of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass-through-certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

Pursuant to the amendment of the SARFAESI Act in January 2013, means for recovery of assets available to banks and financial institutions have been strengthened. Further, banks and financial institutions have been empowered to accept immovable property in full or partial satisfaction of the bank’s claim against the defaulting borrower at times when they cannot find a buyer for the securities. The amendment also enables banks and financial institutions to enter into a settlement or compromise with the borrower and empowers DRTs to pass an order acknowledging any such settlement or compromise. Certain amendments have been proposed to the SARFAESI Act, *inter alia*, to streamline the recovery process for banks, to enable the sponsor of an asset reconstruction company to hold up to 100% stake in the company and permit non-institutional investors to invest in securitization receipts.

### ***Priority sector lending***

The Master Circular on Priority Sector Lending- Targets and Classification dated July 1, 2015 sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) MSE; (iii) education; (iv) housing, (v) social infrastructure; (vi) export credit; and (vii) renewable energy. Under the RBI guidelines, the priority sector lending targets are linked to Adjusted Net Bank Credit (“ANBC”) (outstanding bank credit minus bills rediscounted with RBI and other approved Financial Institutions plus permitted non SLR bonds/debentures under Held to Maturity category plus other investments eligible to be treated as part of priority sector lending (e.g. investments in securitised assets)) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on March 31 of the previous year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher.

### ***Exposure norms***

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). The RBI has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds. Relaxations are permitted in exceptional circumstances and if lending to the infrastructure sector. The total exposure to a single NBFC has been limited to 10% of the bank’s capital funds while exposure to non-banking asset finance company has been restricted to 15% of the bank’s capital funds. The limit may be increased to 15% and 20%, respectively, provided that the excess exposure is on account of funds lent by the NBFC to the infrastructure sector.



The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year.

#### ***Short-selling of Government securities***

As per the “Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks” dated July 1, 2015, banks and primary dealers are allowed to undertake short sale of government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the ‘when issued market’ or allotment in primary auction.

#### ***Regulations relating to interest rates on Rupee deposits held in domestic, Ordinary Non-Resident (“NRO”) and Non-Resident (External) (“NRE”) accounts***

The RBI has issued “Reserve Bank of India - Interest rate on Deposits Directions, 2016” dated March 3, 2016. Scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits), subject to certain conditions prescribed by the directions. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

#### ***Deposit insurance***

Demand and time deposits of up to ₹ 100,000 accepted by Indian banks (other than primary co-operative societies) have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer.

#### ***Prevention of Money Laundering Act, 2002***

In order to prevent money laundering activities the PMLA was enacted which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the PMLA.

#### ***Regulations relating to KYC and anti-money laundering***

The RBI issued the “Reserve Bank of India (Know Your Customer (KYC) Directions, 2016” on February 25, 2016 prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which shall include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker’s cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument.

#### ***Regulations relating to maintenance of statutory reserves***

A bank is required to maintain, on a daily basis, CRR, which is a specified percentage of its DTL, excluding interbank deposits, by way of a balance in a current account with the RBI. At present the required CRR is 4%. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and should not be below 90% of the required CRR on any day of the fortnight beginning April 16, 2016. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day. If the shortfall continues further the penal interest charged

shall be increased to a rate of 5% above the bank rate in respect of each subsequent day during which the default continues.

In addition to the CRR, a bank is required to maintain SLR, a specified percentage of its NDTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banks to maintain SLR of 21.5%. Further, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the marginal standing facility, against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 2% of their respective NDTL outstanding at the end of the second preceding fortnight.

### ***Regulations relating to authorised dealers for foreign exchange and cross-border business transactions***

The foreign exchange and cross border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. All branches should monitor all non-resident accounts to prevent money laundering. The RBI master direction on External Commercial Borrowings, dated January 1, 2016, states that no financial intermediary, other than certain eligible NBFCs, will be permitted to raise external commercial borrowings or provide guarantees in favour of overseas lenders for external commercial borrowings.

The RBI master circular on “Risk Management and Interbank Dealings”, dated July 1, 2015, states that all categories of overseas foreign currency borrowings of banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents, international/ multilateral financial institutions or any other entity as permitted by RBI and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or USD \$ 10 million (or its equivalent), whichever is higher. Overseas borrowings for the purpose of financing export credit, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital, capital funds raised/ augmented by the issue of innovative perpetual debt instruments and any other overseas borrowings with the specific approval of the RBI would continue to be outside the limit of 100%.

### ***Secrecy obligations***

A bank’s obligations relating to maintaining secrecy arise out of common law principles governing its relationship with its customers. Subject to certain exceptions, a bank cannot disclose any information to third parties. However, under the Prevention of Money Laundering Act, it is the obligation of every banking company to furnish information of transactions of a prescribed nature within the prescribed time and such banking company or its directors shall not be liable to any civil proceedings for furnishing such information. Further, the RBI may, in the public interest, publish the information obtained from the bank.

### ***Foreign ownership restrictions***

The total foreign ownership in an Indian private sector bank cannot exceed 74.00% (49.00% under the automatic route and beyond 49.00% and up to 74.00% under the approval route) of the paid-up capital subject to guidelines for setting up branches or subsidiaries of foreign banks issued by the RBI. The aggregate shareholding of all FIIs/ FPIs cannot exceed 24.00% of the paid-up capital of a bank unless approved by the board of directors as well as the bank’s shareholders by way of a special resolution. In November 2015, the DIPP issued a press note which allowed for full fungibility of foreign investments. Therefore, FPIs can invest up to the sectoral limit of 74%, including through the portfolio investment scheme. Similarly, the aggregate shareholding of NRIs can be increased beyond 10% of the paid-up capital of a bank (both on repatriation and non-repatriation basis) up to 24% if so approved by a special resolution of the shareholders of the banking company.

Investments in Indian companies can be made both by non-resident and resident Indian entities. While investment by a non-resident entity in an Indian company is considered a foreign investment, investment by resident Indian entities could also comprise a non-resident investment. If the Indian investing company is ‘owned’ or ‘controlled’ by non-resident entities, investments made by such an investing company into an Indian company may also be considered as a foreign investment.

The “Reserve Bank of India (Ownership in Private Sector Banks) Directions, 2016” (“Directions on Ownership”) dated May 12, 2016, envisages diversified shareholding in private sector banks by a single entity/corporate entity/group of related entities. Pursuant to the Directions on Ownership, ownership limits for all shareholders in private sector banks are now stipulated under two broad categories: (i) natural persons (individuals) and (ii) legal persons (entities/institutions). Further, separate limits are now stipulated for (i) non-financial and (ii) financial institutions; and among financial institutions, for diversified and non-diversified financial institutions. The voting rights are capped at 15 per cent or as may be notified by the RBI from time to time.

#### ***Guidelines for merger and amalgamation of private sector banks***

The Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 were issued on April 21, 2016. They relate to: (i) an amalgamation of two banking companies; and (ii) an amalgamation of a NBFC with a banking company. In the case of an amalgamation of two banking companies, the draft scheme of amalgamation must be approved by the board and a two-third majority of the shareholders of each of the banking companies. Additionally, such approved draft scheme must also be submitted to the RBI for sanction.

Where a NBFC is proposed to be amalgamated into a banking company, the banking company should obtain the approval of the board and the RBI before it is submitted to the relevant National Company Law Tribunal for approval.

#### ***Guidelines on management of intra-group transactions and exposures***

The RBI issued the “Guidelines on Management of Intra-Group Transactions and Exposures” on February 11, 2014. Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

#### ***Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure***

RBI issued a circular relating to “Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure” on January 15, 2014. Pursuant to these guidelines, RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks are required to calculate the incremental provisioning and capital requirements at least on a quarterly basis.

#### ***Framework for revitalising distressed assets in the economy***

RBI issued the framework for revitalising distressed assets in the economy on January 30, 2014 which lays down the corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. The salient features of this framework include, inter alia, (a) early formation of a lenders’ committee with timelines to agree to a plan for resolution, (b) incentives for lenders to agree collectively and quickly to a plan - better regulatory treatment of stressed assets if a resolution plan is underway, accelerated provisioning if no agreement can be reached, and (c) independent evaluation of large value restructurings mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors. This framework became fully effective on April 1, 2014.

Following the notification dated February 25, 2016, the prudential guidelines on revitalising stressed assets in the economy, have been partially revised in relation to *inter alia*, strategic debt restructuring scheme, joint lenders’ forum empowered group, restructuring of advances, structuring of project loans and sale of financial assets to securitisation company/ reconstruction company.

On June 13, 2016, RBI introduced the Scheme for Sustainable Structuring of Stressed Assets, specifically aimed at projects where the exposure of all institutional lenders is more than ₹ 5 billion. The Scheme was introduced to allow banks more time to write down the debt and make required provisions for resolution of such large accounts. Further,

the project should have commenced commercial operations and met the test of sustainability as laid out in the Scheme in order to be eligible under the Said Scheme.

### ***The Banking Ombudsman Scheme, 2006***

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On February 3, 2009, the said scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the scheme.

### ***Declaration of dividend by banks***

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalised expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, section 17(1) of the Banking Regulation Act read with the circular dated September 20, 2006, requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 25% of the net profit before appropriations to the reserve fund before declaring any dividend. Further, in May 2005, the RBI issued guidelines on “Declaration of Dividends by Banks”, which prescribed certain conditions for declaration of dividends by banks.

### ***Regulations relating to making loans***

The provisions of the Banking Regulation Act govern the making of loans by banks in India. In addition, the RBI also issues directions in relation to the loan activities of banks. Some of the major requirements that banks are to observe are as follows:

- The RBI has prescribed norms for banks lending to non-bank financial companies and the financing of public sector disinvestment.
- RBI introduced the ‘Base Rate’ in place of the ‘Benchmark Prime Lending Rate’ with effect from July 1, 2010. For loans sanctioned up to June 30, 2010, BPLR would be applicable. However, for those loans sanctioned up to June 30, 2010 which come up for renewal from July 1, 2010 onwards, Base Rate would be applicable.
- Further, with a view to providing banks greater operational flexibility, RBI has allowed banks to review the Base Rate methodology after three years from date of its finalization instead of the current periodicity of five years. Accordingly, banks may change their Base Rate methodology after completion of prescribed period with the approval of their board of directors/ALCO. Banks will, however, not be allowed to change their methodology during the review cycle.
- Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprise of: (a) marginal cost of funds; (b) negative carry on account of CRR; (c) operating costs and; (d) tenor premium. In terms of the notification, the board of directors of the banks are required to adopt a policy delineating the components of spread charged to a customer. Actual lending rates are to be determined by adding the components of spread to the MCLR. Further, no lending below the MCLR of a particular maturity for all loans linked to that benchmark is permitted. The aforementioned notification provides exemption to certain loans from being linked to MCLR as the benchmark for determining interest rate. Further, the aforementioned notification also provides for review of MCLR, reset of interest rates, treatment of interest rates linked to base rate charged to existing borrowers and mandates all the banks to move to the MCLR based pricing from April 1, 2016.
- Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them.
- Section 20 of the Banking Regulation Act provides that banks shall not grant loans on the security of their own shares. Further, banks cannot grant loans or advances to or on behalf of their directors.

### ***Classification and Reporting of Fraud Cases***

The RBI issued a master circular on July 1, 2015 in relation to the classification and reporting of fraud cases. The circular classifies fraud cases into: (i) misappropriation and criminal breach of trust; (ii) fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property; (iii) unauthorized credit facilities extended for reward or for illegal gratification; (iv) negligence and cash shortages; (v) cheating and forgery; (vi) irregularities in foreign exchange transactions and; (vii) any other type of fraud not coming under the specific heads as above. Information relating to frauds for the quarters ending June, September and December may be placed before the audit committee of the board of directors during the month following the quarter to which it pertains, irrespective of whether or not these are required to be placed before the board/management committee in terms of the calendar of reviews prescribed by the RBI. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The reviews for the year-ended March may be put up to the Board before the end of the next quarter i.e. for the quarter ended June 30 and such reviews need not be sent to RBI. These may be preserved for verification by the Reserve Bank's inspecting officers. Further, the circular requires all banks to constitute a special committee for monitoring and follow up of cases of frauds involving amounts of ₹10 million and above exclusively, while the audit committee may continue to monitor all cases of fraud in general. The special committee is required to review such fraud cases as and when they come to light. The special committee in case of private sector banks should consist of two members of the audit committee of the board and two members from the Board excluding the RBI nominee. Pursuant to the RBI notification dated January 21, 2016, the RBI, has *inter alia*, increased the limits in relation to flash reporting to RBI of fraud cases to ₹ 50 million as against the earlier limit of ₹ 10 million and above.

### ***Liquidity Adjustment Facility***

Liquidity Adjustment Facility (“LAF”) is a facility extended by RBI to scheduled commercial banks (excluding Regional Rural Banks) and primary dealers to avail of liquidity in case of requirement or park excess funds with the RBI in case of excess liquidity on an overnight basis against government securities as collateral. Therefore, LAF enables liquidity management on a day to day basis and enables RBI to transmit interest rate signals to the market. The operations of LAF are conducted by way of repurchase agreements with RBI being the counter-party to all the transactions. The interest rate in LAF is fixed by the RBI from time to time. LAF is an important tool of monetary policy.

### ***Collateralised Borrowing and Lending Obligation***

Collateralised Borrowing and Lending Obligation (“CBLO”) is a money market instrument operated by the Clearing Corporation of India Limited (“CCIL”), for entities that either have no access to inter-bank call money market or have restricted access due to ceilings on call borrowing and lending transactions. By participating in the CBLO market, CCIL members can borrow or lend funds against the collateral of eligible securities. Eligible securities include central government securities including treasury bills, and such other securities as specified by CCIL from time to time. Borrowers under CBLO have to deposit the required amount of eligible securities with the CCIL based on which CCIL fixes the borrowing limits. CCIL matches the borrowing and lending orders submitted by the members and notifies them. While the securities held as collateral are in custody of the CCIL, the beneficial interest of the lender on the securities is recognized through proper documentation.

### ***Moratorium, reconstruction and amalgamation of banks***

A high court may, upon the application by a banking company which is temporarily unable to meet its obligations, make an order staying the commencement or continuance of all actions and proceedings against a bank for a fixed period of time on such terms and conditions as it shall think fit and proper, and may from time to time extend it for a total moratorium period not exceeding six months. The said application is required to be accompanied by a report by the RBI that, in its opinion, the said banking company will be able to pay its debts if the application is granted. Further, the RBI may also make an application to the central government for an order of moratorium. During the said moratorium, the RBI may prepare a scheme for the reconstruction of a banking company or for the amalgamation of the banking company with any other banking institution if it is satisfied that it is necessary: a) in public interest, b) in interests of depositors, c) to secure the proper management of the banking company, d) in interests of the banking system of the country as a whole. The RBI may make modifications to the draft scheme

pursuant to receipt of suggestions and objections from the banking company, the transferee bank or any other banking company concerned in the amalgamation, and from any members, depositors or other creditors of each of the banks concerned. The central government may sanction the scheme with or without such modifications.

### ***Submission of credit information***

According to the Credit Information (Companies) Regulation Act, 2005 (“CICRA”), a “credit institution” means a banking company and every credit institution shall become a member of at least one Credit Information Company (“CIC”). A CIC, may, by notice in writing, require its members to furnish such credit information as it may deem necessary. Further, RBI, through its notification dated January 15, 2015, has directed that: a) all credit institutions shall become members of all CICs and submit data, including historical data, to them, b) credit institutions shall keep the credit information collected/ maintained by them, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the credit institution and the CIC under the CICRA.

### ***Implementation of Indian Accounting Standards (“Ind AS”)***

MCA notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, pursuant to which the banking companies were exempted from complying with Ind AS for preparation of financial statements with effect from April 1, 2016. However, in terms of the MCA press release dated January 18, 2016, the scheduled commercial banks are required to prepare Ind AS based financial statements on consolidated and standalone basis in relation to accounting period beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018 or thereafter and not even voluntarily before that. Further, pursuant to the notification dated February 11, 2016, RBI has advised scheduled commercial banks to inter alia, set up a Steering Committee to immediately initiate the Ind AS implementation process.

### ***Regulations relating to Prepaid Instruments***

Prepaid instruments are payment instruments that facilitate purchase of goods and services, including funds transfer, against the value stored on such instruments. The ‘Master Circular - Policy Guidelines on Issuance and Operation of Pre-paid Payment Instruments in India’ dated July 1, 2015 issued by the RBI provides a framework for the regulation and supervision of persons operating payment systems involved in the issuance of such instruments. While banks meeting the prescribed eligibility criteria are permitted to issue all categories of prepaid instruments, only those banks which have been specifically permitted to provide mobile banking transactions by the RBI shall be permitted to launch mobile based pre-paid payment instruments like mobile wallets & mobile accounts. Further, the RBI Guidelines on KYC applies to persons issuing prepaid instruments as well.

### ***Regulations relating to Merchant Banking activities***

In order to carry out activities related to issue management or to act as an advisor, consultant, manager, underwriter, or portfolio manager, banks are required to register with SEBI. Under the SEBI (Merchant Bankers) Regulations, 1992, banks are required to maintain records, make adequate disclosures and submit requisite reports. The Regulations also prescribe obligations and a code of conduct that banks are required to adhere to. Further, SEBI has the power to inspect banks and levy penalty in case of any default.

### ***Regulations relating to Bankers to Issue activities***

Banks are required to comply with the SEBI (Bankers to an Issue) Regulations, 1994 in order to carry out activities related to acceptance or refund of application monies, allotment or call monies, or payment of dividends. Banks are required to obtain a certificate of registration under these Regulations, which is to be renewed periodically. Further, they are required to comply with the obligations and responsibilities stated therein, failing which SEBI has the power to levy a penalty.

### ***Regulations relating to Corporate agency for Insurance distribution***

The IRDAI (Registration of Corporate Agents) Regulations, 2015 governs the registration of corporate agents for the purpose of soliciting, procuring and servicing of insurance business of life insurers, general insurers and health

insurers. In addition to the eligibility conditions like minimum capital requirements, the Regulations also stipulate a Code of Conduct for corporate agents. The registration under these Regulations is valid for a period of three years from the date of issue, unless suspended or cancelled.

### *Currency Chest*

In order to facilitate the distribution of banknotes and rupee coins, the RBI has authorized select branches of scheduled commercial banks to establish currency chests. These are storehouses where banknotes and rupee coins are stocked on behalf of the RBI. The currency chest branches are in turn expected to distribute banknotes and rupee coins to other bank branches in their area of operation. To open currency chests, banks are required to obtain approvals from the respective regional office of the RBI. Construction of the currency chests is required to strictly conform to the technical specifications under the RBI circular dated November 14, 2008.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief History of our Bank

Our Bank was incorporated under the Indian Companies Act, 1913 and was granted a certificate of incorporation on June 14, 1943 as 'The Ratnakar Bank Limited' and was granted a certificate of commencement of business, dated July 5, 1943, by the Registrar of Joint Stock Companies, Kolhapur State. Pursuant to a no-objection letter dated August 8, 2014 received from the RBI and a special resolution passed by the shareholders of our Bank on August 26, 2014, the name of our Bank was changed from 'The Ratnakar Bank Limited' to 'RBL Bank Limited' so as to refresh its brand to be more focussed on new age customers and stakeholders. A fresh certificate of incorporation, dated November 24, 2014, consequent to the change of name was granted by the Registrar of Companies, Pune to our Bank. The registration number of our Bank is 007308 and our CIN is U65191PN1943PLC007308.

We are a banking company recognized as a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

### Changes in our Registered Office

The Registered Office of our Bank is currently located at 1<sup>st</sup> Lane, Shahupuri, Kolhapur - 416001, Maharashtra, India. The Registered Office was shifted to its current location in the year 1969 for reasons of operational convenience.

### Major Events and Milestones

The following table illustrates the major events and milestones in the history of our Bank:

Calendar year	Key events, milestones and achievements
1943	Our Bank was incorporated as 'The Ratnakar Bank Limited' in Kolhapur State, India.
1959	Our Bank's name was entered in the Second Schedule to the Reserve Bank of India Act, 1934, by the Reserve Bank of India.
1970	Our Bank received a licence to carry on banking business in India from the Reserve Bank of India.
2011	Our Bank was granted a licence to operate as an authorised dealer category – I and deal in foreign exchange, by the RBI.
2014	Our Bank received a certificate of registration to act as a merchant banker from SEBI.

### *Strike and Lock-outs*

Other than strikes by our unionized employees on account of national labour strikes which affected the entire unionized banking sector, our Bank has not experienced any strikes, lock-outs and employee unrest in the last five years. During fiscal 2016, our employees have participated in strikes for a total of two days, and all of such strikes have been called by the All India Bank Officers' Association or the All India Bank Employees Association at an industrial level and involved members of the Ratnakar Bank Officers Organisation and Ratnakar Bank Employees' Union. In this regard, please also see the section titled "Risk Factors" on page 15.

### *Changes in activities of our Bank*

There have been no changes in the activities of our Bank during the last five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

### *Time/ cost overrun*

Our Bank has not executed any projects and therefore has not experienced any time and cost overruns in relation thereto.

### *Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by our Bank*



There are no defaults or rescheduling of borrowings with financial institutions or other banks and there have not been any conversion of loans into equity in relation to loans availed by our Bank in the last five years.

#### *Capital raising (Equity/ Debt)*

Our equity issuances in the past and details of our indebtedness as on March 31, 2016, have been provided in sections titled “*Capital Structure*” and “*Financial Indebtedness*” on pages 94 and 430, respectively.

#### **Awards and Accreditations**

Some of our key awards and accreditations are as below:

<b>Calendar year</b>	<b>Awards and Accreditations</b>
2016	“Best Corporate Payment Project” at The Asian Banker Technology Innovation Awards.
2016	“Innovation Award” for our Debit Card Program by Mastercard
2015	Business Today – KPMG study recognized our Bank as the “Best Overall Bank (Small)”, the “Best Bank (Growth)” and the “Best Bank (Quality of Assets)”.
2015	“The Fastest Growing Small Bank” by Business World & PWC Best Bank Study.
2015	Selected as “Best Private Sector Bank – Priority Sector Lending” at the Dun & Bradstreet Banking Awards, 2015.
2015	Received the “IDRBT Banking Technology Excellence Award” for the year 2014-2015 for “Use of Technology in Financial Inclusion” among small banks
2015	“Innovation Award” presented for our Bank’s Co Brand Program and Credit Card Program by MasterCard.
2014	“The Fastest Growing Small Bank” by Business World Magna Awards.
2014	Selected as a “World Economic Forum Global Growth Company, 2014” by the World Economic Forum.
2014	BSI Certificate of Registration affirming ISO/IEC 27001:2013 compliance by our Bank’s Information Security Management System.
2014	Selected as “Best Bank – Priority Sector Lending (Private Sector)” at the Dun & Bradstreet - Polaris Financial Technology Banking Awards, 2014, by Dun & Bradstreet India.
2013	Chosen as “India’s Best Bank – Growth (Mid-size bank)” by Business Today.
2013	ISO: 9001:2008 Quality Management System certification (certificate number FS 596786) for our centralized operations processes at our National Operating Centre. This certificate is valid till March 14, 2016.
2013	“The Best Indian Banker (Small-Sized)” by Sunday Standards Best Bankers’ Award.
2012	Business Today – KPMG study deemed our Bank the winner in “Growth (Mid-sized bank)” category.
2012	“Best Core Banking Project Award for India” by the Asian Banker Technology Implementation Awards.

For further details, please see the section titled “*Our Business*” on page 160.

#### **Our Main Objects**

Our main objects as contained in our Memorandum of Association are:

<b>Clause</b>	<b>Particulars</b>
1	To carry on the business of banking that is to say accept, for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.
2	In addition to the business of banking to carry on the business of –  (a) borrowing, raising or taking up of money; lending or advancing of money either upon or without security; drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and others instruments and securities whether transferable or negotiable or not; granting and issuing of letters of credits, travelers’ cheques and circulars notes; buying, selling and dealing in bullion and specie; buying and selling of and dealing in foreign exchange including foreign bank notes; acquiring holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations,

Clause	Particulars
	securities and investments of all kinds; purchasing and selling of bonds, scrips or other forms of securities on behalf of itself, its constituents or others; negotiating of loans and advances; receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise; providing of safe deposit vaults; collecting and transmitting of money and all kinds of securities; issuing credit cards, meal vouchers and extending any other credits;
	(b) carrying on any other business specified in clause (b) to clause (n) of sub-section (1) of section 6 the Banking Regulation Act, 1949 (10 of 1949), and such other forms of business which the Central Government has pursuant to clause (o) of subsection (1) of Section 6 of that Act or Reserve Bank of India specified or may from time to time specify as a form of business in which it would be lawful for a banking company to engage.
3	To carry on the business of merchant banking, investment banking, portfolio investment management and corporate consultants and advisors.
4	To carry on the business of mutual fund management, equipment leasing and hire purchase, manage investment pools, syndicate in shares and other securities and act as Share and Stock brokers.
5	To carry on the business of factoring by purchasing and selling debts receivables and claims including invoice discounting and rendering bill collection, debt collection and other factoring services.
6	To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Company both present and future wherever situate or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgage, charges, contracts, obligations and securities and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.
7	To solicit or procure insurance business as Corporate agents, to promote, organize, manage or undertake the activities of insurance intermediaries including insurance or reinsurance brokers, consultants, surveyors, loss assessors, loss control engineers, risk managers, actuarial analyst and to promote, organize, manage or undertake, marketing, trading, distribution or servicing of insurance and assurance products of all kinds, whether life or general; financial, investment or other products including (without limitation) securities, stocks, shares, debentures, bonds, units, certificates or services offered by the Company and/or by any persons, firm, company, body corporate, mutual fund, Government, State, public body or authority, supreme , municipal, local or otherwise, through the Company's branches or offices.

### Amendments in our Memorandum of Association

Since incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Details of Amendment
July 26, 1969	The authorised share capital of our Bank was revised to ₹ 2.01 million divided into 20,120 equity shares from ₹ 2.01 million divided into 20,000 equity shares of face value ₹ 100 each on the conversion of 120 Deferred Shares of our Bank into 120 equity shares of face value ₹ 100 each.
June 22, 1981	The authorized share capital of our Bank was increased to ₹ 4.02 million divided into 40,240 equity shares of face value ₹ 100 each from ₹ 2.01 million divided into 20,120 equity shares of face value ₹ 100 each.
September 11, 1989	The authorized share capital of our Bank was increased to ₹ 10 million divided into 100,000 equity shares from ₹ 4.02 million divided into 40,240 equity shares.
September 30, 1993	The authorised share capital of our Bank was increased to ₹ 15 million divided into 150,000 equity shares from ₹ 10 million divided into 100,000 equity shares.
September 6, 1994	The authorized share capital of our Bank was increased to ₹ 90 million divided into 900,000 equity shares from ₹ 15 million divided into 150,000 equity shares.
September 12, 1998	The authorized share capital of our Bank was increased to ₹ 250 million divided into 2,500,000 equity shares from ₹ 90 million divided into 900,000 equity shares.
August 23, 2005	The authorized share capital of our Bank was increased to ₹ 600 million divided into 6,000,000 equity shares from ₹ 250 million divided into 2,500,000 equity shares.
November 28, 2005	The authorized share capital of our Bank was increased to ₹ 3,000 million divided into 30,000,000 equity shares from ₹ 600 million divided into 6,000,000 equity shares.
September 9, 2006	Amendment of the memorandum to reclassify the equity share capital of our Bank from 30,000,000 equity shares of face value ₹ 100 each, to 300,000,000 Equity Shares of face value ₹ 10 each.
August 6, 2007	The authorized share capital of our Bank was reduced to ₹ 2,000 million divided into 200,000,000 Equity Shares from ₹ 3,000 million divided into 300,000,000 Equity Shares.

<b>Date of Amendment</b>	<b>Details of Amendment</b>
August 25, 2010	The authorized share capital of our Bank was increased to ₹ 4,000 million divided into 400,000,000 Equity Shares from ₹ 2,000 million divided into 200,000,000 Equity Shares.
August 25, 2010	The objects clause in the Memorandum of Association was amended with a view to diversify the activities of our Bank so as to enable our Bank to carry out businesses such as investment banking, portfolio investment, mutual fund management.
October 29, 2014	The Memorandum of Association was amended so to align it with the requirements under the Companies Act and the Banking Laws (Amendment) Act, 2012.

### **Shareholders**

As of August 19, 2016, the total number of holders of Equity Shares is 12,705. For more details on the shareholding of our Bank, please see the section titled “*Capital Structure*” on page 94.

### **Holding Company**

As on the date of this Prospectus, our Bank does not have a holding company.

### **Subsidiaries and Joint Ventures**

As on the date of this Prospectus, our Bank does not have any subsidiaries or joint ventures.

### **Injunction or Restraining Order**

Except as disclosed in the section titled “*Outstanding Litigation and Material Developments*” on page 438, our Bank is not operating under any injunction or restraining order.

### **Business and Management**

For details of our Bank’s corporate profile, business, products, marketing, the description of our activities, market segment, the growth of our Bank, standing of our Bank in relation to prominent competitors with reference to its services, technology, market, and geographical segment, please see the sections titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Bank*” on pages 160 and 390, respectively. For details of the management of our Bank and its managerial competence, please see the section titled “*Our Management*” on page 218.

### **Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation, Revaluation of Assets**

Other than the acquisition of the credit card business, mortgage portfolio business and business banking operations from RBS in fiscal 2014, our Bank has not acquired any business or undertaken any mergers, amalgamation, revaluation of assets in the last five years. For details relating to the acquisition from RBS, please see the sections titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Bank*” on pages 160 and 390, respectively.

### **Shareholders’ Agreement**

Other than as described below, our Bank has not entered into any shareholders agreement:

#### ***Policy Rights Agreement dated December 11, 2015 entered between our Bank and Asian Development Bank (“ADB Policy Rights Agreement”)***

Our Bank entered into the ADB Policy Rights Agreement with the Asian Development Bank (“**ADB**”) on December 11, 2015. Pursuant to this agreement, ADB subscribed to 14,350,000 Equity Shares at a subscription price of ₹ 195 per Equity Share. In terms of the agreement, our Bank has agreed to certain reporting and performance covenants, some of which are summarised below:

**Performance Covenants:** Our Bank has undertaken to include as part of its internal audit, an assessment of the bribery and financial crime risks faced by it, the systems, policies and procedures put in place for managing such risks and a review of the implementation and effectiveness of such policies and procedures.

As a part of the continuing performance covenants, our Bank has agreed to institute, maintain and comply with certain internal policies, procedures and controls consistent with its business and customer profile, for ensuring it does not enter into a corrupt practice.

**Policy Covenants:** Our Bank has, *inter alia*, undertaken not to engage in (i) money laundering or act in breach of any applicable law on money laundering; (ii) financing of terrorism. Our Bank has agreed to uphold high standards of business integrity and honesty, to appropriately record, report and review financial and tax information, to establish corporate governance practices appropriate to the size and nature of the business.

**Environmental and Social Covenants:** Our Bank has covenanted to ADB that it would, in its operations, comply with specifically agreed social and environmental obligations pertaining to labour practices, occupational and public health and safety, industrial relations and preservation of the environment. Our Bank has also undertaken to appoint an appropriately qualified and trained senior official for administering and overseeing the fulfilment of the social and environmental obligations assumed.

Our Bank is also required to ensure compliance of certain social and environmental obligations by its borrowers, investees or any other person financed by it and should such an entity carry out its operations in a manner inconsistent with such a requirement, our Bank would require it to take corrective measures. In the event that such entity did not implement corrective measures, our Bank is required to exercise its discretion for disposing on reasonable terms, our Bank's investment in such entity.

Similarly, our Bank is also required to review information available in the public domain regarding any incidents or adverse impact on local communities or the environment due to the commercial operations of its borrowers, investees or any other person financed by it. Further, our Bank has agreed to provide financing to or make investment in such an entity only upon the resolution of such adverse impact or where an impact mitigation or corrective plan has been agreed upon by such entity with our Bank.

**Reporting Covenants:** Our Bank is required to notify regarding *inter alia*, (i) on any litigation or proceedings, criminal investigation having a material adverse effect; (b) within 90 days of end of each financial year, social and environment performance report; and (c) within five days of becoming aware, notify ADB of any social, labour, health and safety, security or environmental incident. Further, ADB also has the right to visit our Bank's offices and branches and access books of accounts and records of our Bank.

All rights of ADB under the ADB Policy Rights Agreement stand lapsed upon listing of the Equity Shares. However, the provisions pertaining to use of proceeds received from ADB shall survive post listing of the Equity Shares.

***Policy Rights Agreement dated March 21, 2013 entered between our Bank and International Finance Corporation ("IFC Policy Rights Agreement")***

Our Bank entered into the IFC Policy Rights Agreement with the International Finance Corporation ("**IFC**") on March 21, 2013. Pursuant to this agreement, IFC subscribed to 11,400,000 Equity Shares at a subscription price of ₹ 105 per Equity Share. In terms of the agreement, our Bank agreed to certain reporting and performance covenants. Some of the principal performance and reporting covenants under IFC Policy Rights Agreement are summarised as under:

**Environmental and Social Covenants:** Our Bank has covenanted to IFC that it would in its operations, comply with specifically agreed social and environmental obligations, including refraining from certain practices, and implement a mechanism to help our Bank identify, assess and manage social and environmental risks that may accompany banking operations. Our Bank has also undertaken to appoint a senior official for administering and overseeing the fulfilment of the social and environmental obligations assumed.

Similarly, our Bank is also required to review information available in the public domain regarding any incidents or adverse impact on local communities or the environment due to the commercial operations of its borrowers, investees or any other person financed by it. By virtue of specific covenants in the IFC Policy Rights Agreement, our Bank is mandated to provide financing to or make investment in such an entity only upon the resolution of such adverse impact or where an impact mitigation or corrective plan had been agreed upon by such entity with our Bank.

**Negative Covenants:** Our Bank has covenanted that it shall not waive compliance with the social and environmental obligations or provide financing to or make investments in entities which are involved in certain socially or environmentally damaging activities like trade in or production of radioactive materials, weapons, tobacco, activities involving harmful or exploitative forms of forced/child labour and certain logging practices. Any investments already made or financing already extended to such entities, at the time of making such covenant, has been agreed to be suitably addressed by our Bank.

**Other Covenants:** Our Bank covenanted that it shall institute, maintain and comply with internal policies, procedures and controls consistent with its business and customer profile to ensure that it does not enter into any transaction with or for the benefit of any individuals or entities named by, or related to any activity prohibited by the United Nations Security Council pursuant to any resolution under Chapter VII of the United Nations Charter. Our Bank has also covenanted to operate in compliance with norms instituted on anti-money laundering and combating the financing of terrorism and obtain adequate insurance coverage based on prudential operational risk mitigation practices.

**Reporting Covenants:** Our Bank is required to notify IFC *inter alia*, (a) on any litigation or proceedings having a material adverse effect; (b) within 90 days of end of each financial year, of the social & environment performance report; and (c) within five days of becoming aware, notify IFC of any social, labour health, safety, security or environmental incident. Further, IFC also has the right to visit our Bank's offices and branches and access books of accounts and records of our Bank.

#### ***Termination agreement dated December 19, 2014 entered between our Bank and IFC***

Save for certain specified provisions pertaining to the rights of IFC and the reporting and performance covenants of our Bank ("**Residual IFC Rights**"), all other rights of IFC under the IFC Policy Rights Agreement stand lapsed upon listing of the Equity Shares. Accordingly, we have entered into a termination agreement dated December 19, 2014 with IFC. In terms of the termination agreement, the Residual IFC Rights also stand terminated upon listing of the Equity Shares on the Stock Exchanges pursuant to the Issue.

#### ***Policy Rights Agreement dated March 21, 2014 entered between our Bank and CDC Group PLC ("CDC Policy Rights Agreement")***

Our Bank entered into the CDC Policy Rights Agreement with CDC Group PLC ("**CDC**") on March 21, 2014. Pursuant to this, CDC subscribed to 13,543,175 Equity Shares at a subscription price of ₹ 128.10 per Equity Share. In terms of the agreement, our Bank agreed to certain reporting and performance covenants. Some of the principal performance and reporting covenants under CDC Policy Rights Agreement are summarised as under:

**Performance Covenants:** Our Bank has undertaken to include as part of its internal audit, an assessment of the bribery and financial crime risks faced by it, the systems, policies and procedures put in place for managing such risks and a review of the implementation and effectiveness of such policies and procedures.

As a part of the continuing performance covenants, our Bank has agreed to institute, maintain and comply with certain internal policies, procedures and controls consistent with its business and customer profile, for ensuring it does not enter into a corrupt practice. This involves the adoption and periodic review of a code of ethics comprising of a whistleblower policy, anti-bribery and corruption policy and other appropriate business integrity and legal compliance policies to ensure compliance with laws pertaining to corrupt practices, prohibiting our Bank's employees or its contractors from promising, receiving or making substantial gifts as improper inducement for conferring preferential treatment and conducting employee training programmes.

**Business Integrity Covenants:** Our Bank has agreed to uphold high standards of business integrity and honesty, to appropriately record, report and review financial and tax information, to establish corporate governance practices appropriate to the size and nature of the business. Our Bank has also covenanted to deal with regulators in an open and co-operative manner and use information obtained from our Bank's business partners only in the best interests of the business relationship and not for personal financial gain by any worker.

**Environmental and Social Covenants:** Our Bank has covenanted to CDC that it would, in its operations, comply with specifically agreed social and environmental obligations pertaining to labour practices, occupational and public health and safety, industrial relations and preservation of the environment and implement a mechanism to help our Bank identify, assess and manage social and environmental risks that may accompany banking operations. Our Bank has also undertaken to appoint an appropriately qualified and trained senior official for administering and overseeing the fulfilment of the social and environmental obligations assumed.

Our Bank is also required to ensure compliance of certain social and environmental obligations by its borrowers, investees or any other person financed by it and should such an entity carry out its operations in a manner inconsistent with such a requirement, our Bank would require it to take corrective measures. In the event that such entity did not implement corrective measures, our Bank is required to exercise its discretion for disposing on reasonable terms, our Bank's investment in such entity.

Similarly, our Bank is also required to review information available in the public domain regarding any incidents or adverse impact on local communities or the environment due to the commercial operations of its borrowers, investees or any other person financed by it. Further, our Bank has agreed to provide financing to or make investment in such an entity only upon the resolution of such adverse impact or where an impact mitigation or corrective plan has been agreed upon by such entity with our Bank.

**Negative Covenants:** Our Bank covenanted that it shall not waive compliance with the social and environmental obligations or provide financing to or make investments in entities which are involved in certain socially or environmentally damaging activities like trade in or production of hazardous chemicals, endangered wildlife, weapons and tobacco. Any investments already made or financing already extended to such entities, at the time of making such covenant, has been agreed to be suitably addressed by our Bank. Further, our Bank is required to specifically covenant in loan or facility documents, entered into after the execution of the CDC Policy Rights Agreement that such entity shall not engage in certain socially and environmentally harmful practices.

**Other Covenants:** Our Bank has also undertaken to institute, maintain and comply with internal policies, procedures and controls keeping in view its business and customer profile to ensure it does not enter into transaction with, or for the benefit of, any individuals or entities named by, or related to activities prohibited by, the United Nations Security Council, under Chapter VII of the United Nations Charter, the European Union and/or Her Majesty's Treasury of the United Kingdom. Consequently, our Bank has covenanted, for any loan or facility arrangement extended, that such borrowing entity should not be named, or carrying out the prohibited activities, as set out above. Our Bank has also covenanted to operate in compliance with norms instituted on anti-money laundering and combating the financing of terrorism and obtain adequate insurance coverage based on prudential operational risk mitigation practices.

**Reporting Covenants:** Our Bank is required to notify CDC regarding *inter alia*, (i) on any litigation or proceedings having a material adverse effect; (b) within 90 days of end of each financial year, social and environment performance report; and (c) within five days of becoming aware, notify CDC of any social, labour, health, safety, security or environmental incident. Further, CDC also has the right to visit our Bank's offices and branches and access books of accounts and records of our Bank.

#### **Termination agreement dated December 19, 2014 entered between our Bank with CDC**

Save for certain specified provisions pertaining to the rights of CDC and the reporting and performance covenants of our Bank ("**Residual CDC Rights**"), all other rights of CDC under the CDC Policy Rights Agreement stand lapsed upon listing of the Equity Shares. Accordingly, we have entered into a termination agreement dated December 19, 2014 with CDC. In terms of the termination agreement, the Residual CDC Rights also stand terminated upon listing of the Equity Shares on the Stock Exchanges pursuant to the Issue.

### ***Policy on Certain Reporting and Operational Covenants upon Listing***

Pursuant to a meeting of our board of directors dated November 28, 2014, our Bank has approved a ‘Policy on Certain Reporting and Operational Covenants upon Listing’. This policy shall come into effect upon listing of the Equity Shares and provides for certain reporting covenants to be made by our Bank to all its shareholders and also set out certain social and environment standards our Bank agreed to adopt. For further, details please see the section titled “*Our Business*” on page 160.

### **Material Agreements**

Our Bank has not entered into any material agreement in the last two years other than in the ordinary course of business.

### **Strategic and Financial partners**

Our Bank does not have any other strategic or financial partners within the meaning of the SEBI Regulations.

## OUR MANAGEMENT

The composition of our Board is governed by the provisions of the Companies Act, the Banking Regulation Act, and our Articles of Association. As per the provisions of our Articles of Association, our Board shall comprise of not less than three and not more than fifteen Directors. However, our Bank may appoint more than fifteen Directors if approved by our shareholders pursuant to a special resolution. A director appointed by RBI will not be counted for determining the maximum strength of the board as per Section 36AB of the Banking Regulation Act and hence will be excluded for determining the maximum number of Directors on our Board. We currently have eleven Directors on our Board, of which one Director is an executive Director, six Directors are Independent Directors, one Director is a non-Executive, non-Independent Director, two Directors are additional Directors appointed under Section 161 of the Companies Act and one Director is an additional director appointed by RBI.

The Banking Regulation Act requires that at least 51% of directors have specialized knowledge or practical experience in one or more of the following areas: accountancy, agriculture and rural economy, banking, cooperation, economics, finance, law, small-scale industry and any other matter as RBI may specify. Out of the aforesaid number of directors, not less than two directors are required to have specialized knowledge or practical experience in agriculture and rural economy, cooperation or small-scale industry. Further, in accordance with the Banking Regulation Act, not less than 51% of the directors, shall be persons who do not have substantial interest in, or be connected with, whether as an employee, manager or managing agent, of any company (not being a company registered under Section 25 of the Companies Act, 1956) or firm which carries on any trade, commerce or industry which is not a small scale industrial concern, or be proprietors of any trading, commercial or industrial concern which is not a small scale industrial concern. Further, under the Banking Regulation Act, the appointment or re-appointment of a part-time chairman and whole-time directors require the approval of RBI. RBI has also prescribed “fit and proper” criteria to be considered when appointing directors of banks, with our Directors being required to make declarations confirming their on-going compliance with such criteria. Except as stated below, as on date of this Prospectus, our Board is in compliance with the above mentioned conditions.

### Our Board

The following table sets forth details regarding members of our Board as of the date of filing of this Prospectus:

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
<p><b>Mr. Narayan Ramachandran</b></p> <p><i>Designation:</i> non-Executive, non-Independent Director, part- time Chairman<sup>#</sup></p> <p><i>Address:</i> D-51, Sobha Ivory 2, 7/1, St. John’s Road, Ulsoor, Bangalore - 560042, Karnataka, India</p> <p><i>Occupation:</i> Banking</p> <p><i>Nationality:</i> United States of America; registered as an ‘Overseas Citizen of India’.</p> <p><i>Term:</i> For a period until May 19, 2018<sup>#</sup></p> <p><i>DIN:</i> 01873080</p>	54	<ol style="list-style-type: none"> <li>1. Action Foundation for Social Services</li> <li>2. Beer Works Restaurants and Microbrewery Private Limited</li> <li>3. Caspian Impact Investments Private Limited (as a nominee director)</li> <li>4. FSN E-Commerce Venture Private Limited</li> <li>5. InKlude Labs Private Limited</li> <li>6. Janalakshmi Financial Services Limited</li> <li>7. Ocean Sparkle Limited</li> <li>8. Teamlease Services Limited</li> </ol>
<p><b>Mr. Vishwavir Ahuja</b></p> <p><i>Designation:</i> Executive Director, Managing Director &amp; CEO<sup>##</sup></p>	56	None



Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
<p><i>Address:</i> 191, Silver Arch, 66, Nepean Sea Road, Mumbai - 400006, Maharashtra, India</p> <p><i>Occupation:</i> Bank executive</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period of three years with effect from June 30, 2015<sup>##</sup></p> <p>DIN: 00074994</p>		
<p><b>Mr. Sivanandhan Dhanushkodi</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> B/1803, Ashok Towers, Dr. Babasaheb Ambedkar Road, Parel, Mumbai – 400012, Maharashtra, India.</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period of five years with effect from August 26, 2014</p> <p>DIN: 03607203</p>	65	<ol style="list-style-type: none"> <li>1. AGS Transact Technologies Limited</li> <li>2. Aquamall Water Solutions Limited</li> <li>3. Eureka Forbes Limited</li> <li>4. Forbes &amp; Company Limited</li> <li>5. Indostar Capital Finance Limited</li> <li>6. Maha Infotech Private Limited</li> <li>7. S.D. Fine Chem Limited</li> <li>8. Securus First Digital Services Private Limited</li> <li>9. Securus First India Private Limited</li> <li>10. Seventeen Events Private Limited</li> <li>11. United Spirits Limited</li> </ol>
<p><b>Mr. Girish Vasant Godbole</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> D1-203 Kunal Icon, Pimple Saudagar, Pune - 411027, Maharashtra, India</p> <p><i>Occupation:</i> Social Development Consultant</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period until February 22, 2018</p> <p>DIN: 02960113</p>	61	Ghatge Patil Industries Limited
<p><b>Mr. Jairaj Manohar Purandare</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Flat No. 1, Lalit, Sneha Mandal CHS Limited, 37, Nathalal Parekh Marg, (Wodehouse road), near Badhwar Park Colony, Mumbai - 400001, Maharashtra, India</p> <p><i>Occupation:</i> Practicing Chartered Accountant</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period of five years with effect from August 26, 2014</p>	57	<ol style="list-style-type: none"> <li>1. JMP Advisors Private Limited</li> <li>2. L &amp; T Mutual Fund Trustee Limited</li> <li>3. S.H. Kelkar and Company Limited</li> </ol>

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
<i>DIN:</i> 00159886		
<p><b>Mr. Palepu Sudhir Rao</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 14/2A, Number 5, Valiammai Achi Road, Kotturpuram, Chennai - 600085, Tamil Nadu, India</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period of five years with effect from August 26, 2014</p> <p><i>DIN:</i> 00018213</p>	55	<ol style="list-style-type: none"> <li>1. Aditya Birla Commodities Broking Limited</li> <li>2. Aditya Birla Money Limited</li> <li>3. Agile Parking Solutions Private Limited</li> <li>4. Art Links Learning Private Limited</li> <li>5. Axsys Health Tech Limited</li> <li>6. iEinstein Learning Foundation</li> <li>7. Indusage Advisors Limited</li> <li>8. Indusage Management Services Private Limited</li> <li>9. Market Simplified India Limited</li> <li>10. MusicUniv India Private Limited</li> <li>11. Radhakrishna Foodland Private Limited</li> <li>12. SA Air Works India Private Limited</li> <li>13. Ketto Online Ventures Private Limited</li> </ol>
<p><b>Ms. Rama Bijapurkar</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 8, C-D, Mona Apartments, 46F, Bhulabhai Desai Road, Mumbai - 400026, Maharashtra, India</p> <p><i>Occupation:</i> Independent Management Consultant</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period of five years with effect from August 26, 2014</p> <p><i>DIN:</i> 00001835</p>	59	<ol style="list-style-type: none"> <li>1. Ambit Corporate Finance Private Limited</li> <li>2. Emami Limited</li> <li>3. ICICI Prudential Life Insurance Company Limited</li> <li>4. Indian Council on Global Relations</li> <li>5. Mahindra &amp; Mahindra Financial Services Limited</li> <li>6. National Payments Corporation of India</li> <li>7. People Research on India's Consumer Economy</li> <li>8. Redington Gulf FZE</li> </ol>
<p><b>Mr. Vimal Bhandari</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Flat No. 164, 16<sup>th</sup> floor, Tower A, Kalpataru Horizon, S K Ahire Marg, Worli, Mumbai - 400018, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period until September 13, 2018</p> <p><i>DIN:</i> 00001318</p>	58	<ol style="list-style-type: none"> <li>1. Bayer CropScience Limited</li> <li>2. Bharat Forge Limited</li> <li>3. DCM Shriram Limited</li> <li>4. Indostar Asset Advisory Private Limited</li> <li>5. Indostar Capital Finance Limited</li> <li>6. Indostar Home Finance Private Limited</li> <li>7. JK Tyre &amp; Industries Limited</li> <li>8. Kalpataru Power Transmission Limited</li> <li>9. Piramal Glass Limited</li> </ol>
<p><b>Mr. Prakash Chandra</b></p> <p><i>Designation:</i> Additional Director<sup>###</sup></p> <p><i>Address:</i> B-53, Sector 39, Gautam Budh Nagar,</p>	65	JITF Urban Infrastructure Services Limited

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
<p>Noida- 201301, Uttar Pradesh, India</p> <p><i>Occupation:</i> Service (Retired)</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Upto the ensuing AGM</p> <p><i>DIN:</i> 02839303</p>		
<p><b>Mr. Ishan Raina</b></p> <p><i>Designation:</i> Additional Director<sup>###</sup></p> <p><i>Address:</i> Flat 7-A&amp;B, Naples, 9, Sobhani Road, Colaba, Mumbai - 400005, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Upto the ensuing AGM</p> <p><i>DIN:</i> 00151951</p>	58	<ol style="list-style-type: none"> <li>1. Advantage Leadership Solutions Private Limited</li> <li>2. Fulki Communications Private Limited</li> <li>3. RAINA Advisory Services Private Limited (Formerly, Focus Out-of-Home Media (India) Private Limited)</li> </ol>
<p><b>Mr. Rajesh Kumar</b></p> <p><i>Designation:</i> Additional Director - RBI</p> <p><i>Address:</i> 4, Bank House, Near Mantralaya, 156 Backbay Reclamation, Marine Lines, Mumbai - 400020, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> For a period of two years with effect from March 2, 2015 upto March 1, 2017 or until further orders from RBI, whichever is earlier</p> <p><i>DIN:</i> 07150687</p>	50	None

<sup>#</sup> Through a letter dated November 18, 2014, RBI approved the appointment of Mr. Narayan Ramachandran as non-executive part-time Chairman of our Bank for a period of two years with effect from July 22, 2014. Our Board through its resolution dated June 21, 2016 approved the extension in the term of Mr. Ramachandran as our Chairman till May 19, 2018. Our Bank has made an application dated July 14, 2016 to the RBI for the approval of the said extension.

<sup>###</sup> Through letter dated June 22, 2015, RBI approved the re-appointment of Mr. Vishwavir Ahuja as our Managing Director & CEO for a period of three years with effect from June 30, 2015 till June 29, 2018.

<sup>###</sup> Proposed to be appointed as an Independent Director of our Bank at the ensuing AGM.

Further, pursuant to a resolution dated March 10, 2016 passed by our Board, our Bank proposes to appoint Mr. Rajeev Ahuja, currently our Head – Strategy, Retail, Transaction Banking and Financial Inclusion, as an Executive Director of our Bank for a period of three years, subject to receipt of approval of our shareholders and RBI for such appointment. The said appointment shall take effect from the date of the said approval. Our Bank has made an application dated March 21, 2016 to RBI for its approval in this regard. Certain details of Mr. Rajeev Ahuja are provided below.

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
<p><b>Mr. Rajeev Ahuja</b></p> <p><i>Proposed Designation:</i> Additional Director*</p> <p><i>Address:</i> B-3501, 35<sup>th</sup> Floor, Lodha Bellissimo, N.M. Joshi Marg, Mahalaxmi, Mumbai-400005, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Proposed Term:</i> Up to the ensuing AGM*</p> <p><i>DIN:</i> 00003545</p>	52	Swadhaar FinServe Private Limited

\*Mr. Rajeev Ahuja is currently the Head - Strategy, Retail, Transaction Banking and Financial Inclusion of our Bank and has, pursuant to a resolution passed by the Board on March 10, 2016, been appointed as an additional director on the Board, subject to the approval of the RBI. We have made an application dated March 21, 2016 to RBI for approval of the appointment of Mr. Rajeev Ahuja as an Executive Director of our Bank for a period of three years with effect from the date of the said approval.

For a brief profile of Mr. Rajeev Ahuja, please see the sub-section titled- *Brief Profile of our Key Management Personnel*.

### **Brief Profile of the Directors**

**Mr. Narayan Ramachandran**, aged 54 years, is a non-Executive, non-Independent Director and the part-time Chairman of our Bank. He holds a bachelor's degree in technology from the Indian Institute of Technology, Mumbai, a management degree from the University of Michigan and is a certified financial analyst. He has wide experience in the field of finance and banking and until February, 2010, he was the country head and chief executive officer of Morgan Stanley India. Prior to that, he was the co-head of the emerging markets division of Morgan Stanley Investment Management. He has been a Director of our Bank since May 20, 2010, and other than being our part-time Chairman is, a member of the Risk Management Committee, Nomination Committee, the Human Resource and Remuneration Committee, Capital Raising Committee, Board Investment and Credit Committee, IT Strategy Committee of our Bank.

**Mr. Vishwavir Ahuja**, aged 56 years, is the Managing Director & CEO of our Bank. He holds a bachelor's degree in commerce (honours) from Shri Ram College of Commerce, New Delhi and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. Mr. Ahuja has about 35 years of experience in the banking and financial services sector. Previously Mr. Ahuja was the managing director and country executive officer of Bank of America for the Indian sub-continent. He was also awarded with the Rotary Foundation Educational Award for the year 1981-82 to pursue his study at Wayne State University, Michigan, USA.

Mr. Ahuja is also a member of the Young President's Organization, which is a global peer network of chief executives and business leaders, and was previously a member of the National Task Force on Financial Sector Reforms formed by the Confederation of Indian Industries during 2008-2009. Mr. Ahuja is currently a member of the board of governors of the Indian Institute of Management, Kashipur, Infinity Business School, Gurgaon, and a founder member of Ashoka University, Sonapat. Mr. Ahuja has been associated with our Bank as a Director since February 23, 2010 and has been our Managing Director & CEO since June 3, 2010. In addition to being the Managing Director & CEO of our Bank, Mr. Ahuja is, a member of Stakeholders' Relations Committee, Risk Management Committee, CSR Committee, Capital Raising Committee, Board Investment and Credit Committee, Anti-Fraud Committee, Customer Service, Branding and Marketing Committee and IT Strategy Committee of our Bank.

**Mr. Sivanandhan Dhanushkodi**, aged 65 years, is an Independent Director of our Bank. He holds a master's degree in economics from the University of Madras. He was previously the director general of police of the State of Maharashtra and is currently a part time security advisor to the Reserve Bank of India. Mr. Sivanandhan has been a Director of our Bank since December 18, 2012 and is a member of the Audit Committee, CSR Committee, Nomination Committee, Anti- Fraud Committee, Customer Service, Branding and Marketing Committee and IT Strategy Committee of our Bank.

**Mr. Girish Vasant Godbole**, aged 61 years, is an Independent Director of our Bank. He holds a bachelor's degree in science (agriculture) from Jawaharlal Nehru Krishi Vishwa Vidyalaya, Jabalpur, a master's degree in social work from the Tata Institute of Social Sciences and also completed a management education programme at the Indian Institute of Management, Ahmedabad. Mr. Godbole is a member of the governing board of the Institute of Livelihood Research and Training, a livelihood promotion institution, and was previously a member of a state-level committee to prepare a draft action plan for eliminating child labour in Maharashtra. He was also the country director, India field office, Save the Children, Canada. Mr. Godbole has been a Director of our Bank since February 23, 2010 and is a member of the Stakeholders' Relations Committee, CSR Committee, Anti-Fraud Committee and Customer Service, Branding and Marketing Committee of our Bank.

**Mr. Jairaj Manohar Purandare**, aged 57 years, is an Independent Director of our Bank. He holds a bachelor's degree in science from the University of Mumbai and is a chartered accountant. He has about 33 years of experience in the financial services and taxation. Mr. Purandare is the chairman of JMP Advisors Private Limited, a consulting and tax services provider. Previously, he was associated with Pricewaterhouse Coopers Private Limited as a regional managing partner, a member of the India leadership team, and markets and industries leader. Mr. Purandare was earlier chairman of Ernst & Young India and country head of tax and regulatory practice of Arthur Andersen and Co in India. Mr. Purandare has been a Director of our Bank since September 16, 2011 and is a member of the Audit Committee, Human Resource and Remuneration Committee, CSR Committee, Board Investment and Credit Committee and IT Strategy Committee of our Bank.

**Mr. Palepu Sudhir Rao**, aged 55 years, is an Independent Director of our Bank. Mr. Rao is a chartered accountant and has about 31 years of experience in the financial services sector. Mr. Rao is a founder of IndusAge Advisors Limited, an enterprise development advisory services organization. Mr. Rao was also one of the first directors of Karvy Investor Services Limited and was also a director on the board of Bank of Punjab Limited. Mr. Rao is currently associated with a number of corporates in India, including as a director on the board of Aditya Birla Money Limited and Radhakrishna Foodland Private Limited. Mr. Rao has been a Director of our Bank since January 30, 2012 and is a member of the Risk Management Committee, Human Resource and Remuneration Committee, Nomination Committee, Capital Raising Committee, Board Investment and Credit Committee and IT Strategy Committee of our Bank.

**Ms. Rama Bijapurkar**, aged 59 years, is an Independent Director of our Bank. She holds a bachelor's degree in physics (honours) from the Delhi University, and a post graduate diploma in management from Indian Institute of Management, Ahmedabad. Ms. Bijapurkar has wide experience in the field of market research, market strategy and management consulting and presently manages her own consultancy practice. She has been a director in several companies in the financial services sector and is also a member of the governing council of the Banking Codes and Standards Board of India, the Insurance Information Bureau of India, and a member of the eminent person advisory group of the Competition Commission of India. Ms. Bijapurkar is a visiting faculty at the Indian Institute of Management, Ahmedabad and a well known business author having authored books on India's consumer economy and business strategy. Ms. Bijapurkar has been a Director of our Bank since March 27, 2014 and is a member of the Nomination Committee and Stakeholders' Relations Committee of our Bank.

**Mr. Vimal Bhandari**, aged 58 years, is an Independent Director of our Bank. Mr. Bhandari is a qualified chartered accountant and has extensive experience in the financial services industry. He is currently the chief executive officer and managing director of IndoStar Capital Finance a wholesale credit institution. Mr. Bhandari was previously the country head of AEGON NV, a Dutch financial services entity. Mr. Bhandari has also been a member of the executive committee and the listing committee of NSE and is currently a member of the executive committee of FICCI. Mr. Bhandari has been a Director of our Bank since September 14, 2010 and is a member of the Audit Committee, Risk Management Committee, Human Resource and Remuneration Committee, Capital Raising Committee, and Board Investment and Credit Committee of our Bank.

**Mr. Prakash Chandra**, aged 65 years, is an Additional Director of our Bank. He holds a bachelor's degree in law from the University of Allahabad and a diploma in development policy from the University of Glasgow. He is currently practising as a lawyer with focus on taxation matters and is a member of the Supreme Court Bar Association. Mr. Chandra was previously a member of the Indian Revenue Service and retired as member/chairman of the Central Board of Direct Taxes ("CBDT") on July 31, 2011. Mr. Chandra has over 40 years of experience in the field of taxation. Mr. Chandra has been a Director of our Bank since January 25, 2016 and is a member of the Audit Committee, Stakeholders' Relations Committee, Anti-Fraud Committee and Customer Service, Branding and Marketing Committee of our Bank.

**Mr. Ishan Raina**, aged 58 years, is an Additional Director of our Bank. He holds a bachelor's degree in commerce (honours) from the University of Delhi, a diploma in international law and diplomacy from the Indian Academy of International Law and Diplomacy and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He is currently an advanced leadership fellow at Harvard University, Cambridge, USA. . He was associated with Out-of-Home Media (India) Private Limited as its managing director and chief executive officer as well as with Euro RSCG Advertising Private Limited as its managing director. Mr. Raina started his advertising career as an executive with Lintas India Limited and was subsequently Executive Director of Contract Advertising (India) Limited. Mr. Raina has over three decades of experience in the field of advertising, branding, and media. Mr. Raina has been a Director of our Bank since April 30, 2016 and a member of the Customer Service, Branding and Marketing Committee, Human Resource and Remuneration Committee and the CSR Committee of our Bank.

**Mr. Rajesh Kumar**, aged 50 years, is an additional Director appointed on our Board by RBI. He has about 25 years of experience working with the RBI. He holds a bachelors degree in arts and is a certified associate of the Indian Institute of Banking and Finance. He is currently the general manager of the human resources management department at the central office of RBI, and in the past has held diverse portfolios at RBI including banking ombudsman and was also on deputation with the Economic Offences Wing of the Central Bureau of Investigation. Mr. Kumar has been a Director of our Bank since March 2, 2015 and is a member of the Audit Committee of our Bank.

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

None of our Directors are related to each other.

#### **Details of directorships in companies suspended or delisted from any stock exchange**

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE. Further, except as stated below, none of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange(s).

Mr. Vimal Bhandari is a director of Piramal Glass Limited, which was voluntarily delisted from the NSE and the BSE in accordance with the SEBI (Delisting) Regulations. In this regard, the relevant details are as below:

- Name of the company: Piramal Glass Limited
- Listed on: BSE and NSE
- Date of delisting on the Stock Exchanges: July 28, 2014
- Compulsory or voluntary delisting: Voluntary delisting
- Reasons for delisting: To give flexibility to the promoter group of the company by providing the desired financial support to the company including modifying the existing capital structure, infusing additional capital and adequately supporting the company's strategic growth initiatives.
- Whether relisted: No
- Term (along with relevant dates) of directorship in the above company: Mr. Vimal Bhandari was appointed on the board of the company on March 9, 2011 and his current term is until March 31, 2019.

#### **Remuneration of our Directors**

### **Remuneration of our Managing Director & CEO**

In fiscal 2016, Mr. Vishwavir Ahuja was paid a total remuneration of ₹ 16.58 million, which includes salary, taxable allowances, leave travel allowances, value of perquisites incurred by our Bank as per the Income Tax Rules, 1962, our Bank's contribution to provident fund and superannuation fund, and the annual performance linked variable compensation.

Our Board in its meeting dated June 11, 2015 and our shareholders in the AGM dated July 9, 2015, have approved the increase in salary payable to Mr. Vishwavir Ahuja to ₹ 9 million per annum, along with the revised terms and conditions of his remuneration. In this regard, the RBI pursuant to its letter dated June 22, 2015, has approved a total cash compensation of ₹ 9.75 million per annum, which is a sum of salary (₹ 9 million) and cash allowance, as well as other terms of the remuneration and benefits payable to him. The details of the remuneration and benefits paid and payable to Mr. Vishwavir Ahuja, as approved by the Board and the RBI, are as below:

<b>S. No</b>	<b>Remuneration and Benefits</b>	<b>With effect from July 1, 2014</b>	<b>With effect from June 30, 2015</b>
1.	Salary	₹ 7.50 million per annum	₹ 9 million per annum
2.	Cash allowance/ medical benefits	As decided by our Board from time to time, including reimbursement of medical bills up to ₹ 0.70 million per annum	₹ 0.75 million per annum
3.	House rent allowance/ free furnished house	Free furnished accommodation in south mid-town Mumbai	Free furnished accommodation in south/ mid-town Mumbai or house rent allowance of up to 60% of salary
4.	Dearness allowance	N.A.	N.A.
5.	Use of the Bank car	Free use of Bank's car with driver for official purpose and private use.	Free use of Bank's car with driver for official purpose and private use.
6.	Entertainment allowance	Reimbursement of actual expenses on production of bills of which ₹500 per entertainment to be reimbursed on the Managing Director & CEO's own certificate. Entertainment expenses inclusive of entrance fees/ subscription to two clubs.	Same as for the previous period.
7.	Travelling & halting allowances	As per Bank's policy	As per Bank's policy
8.	Provident fund/ gratuity/ pension	As per Bank's policy	As per Bank's policy
9.	Sitting fees	Not Eligible	Not Eligible
10.	Bonus	Performance-related as approved by the Board after obtaining specific approval of RBI, as per the compensation policy of our Bank based on RBI Guidelines on the Compensation of Whole Time Directors/ Chief Executive Officers vide circular ref. RBI/2011-12/349 dated January 13, 2012. Our Managing Director & CEO is eligible for a maximum incentive of 70% of fixed pay as per Bank's policy.	Same as for the previous period.
11.	Insurance cover	As per Bank's policy	For journey by road, rail or air for official purpose.
12.	Leave fare concession	As per eligibility of other officers of our Bank.	As per eligibility of other officers of our Bank. The facility of encashment of privilege leave (if allowed under our Bank's rule) can be availed of by the Managing Director & CEO on his demitting office.
13.	Loan Eligibility	Maximum limit of ₹ 10 million. To include housing, vehicle and general purpose clean loan. Margin and interest	RBI approved the sanction of the said loan through a letter dated May 6, 2014.

	rates as applicable to senior executives as per Bank's policy.	
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Further, the Human Resource and Remuneration Committee of our Bank, pursuant to its resolution dated June 21, 2016, has, *inter alia*, approved the revised terms of the remuneration and benefit payable to Mr. Vishwvir Ahuja, the same is subject to approval of our shareholders as well as RBI. In this regard, our Bank has also made an application dated June 30, 2016 to the RBI, *inter alia*, to approve the revised terms of the remuneration and benefits payable to him. The approval of the RBI is awaited.

#### ***Remuneration of our Additional Directors***

Pursuant to a resolution of our Board in its meeting held on April 29, 2016, our Additional Directors are entitled to sitting fees of ₹ 0.05 million and ₹ 0.03 million for attending each meeting of our Board and each meeting of the committees of our Board, respectively.

Mr. Prakash Chandra was paid sitting fees of ₹ 0.04 million in fiscal 2016. Mr. Ishan Raina has been appointed in fiscal 2017 and hence, was not paid any sitting fees for fiscal 2016.

#### ***Remuneration of our Non-Executive Directors***

##### Our Non-Independent, Part-time Chairman

Pursuant to a resolution of our Board in its meeting held on April 29, 2016, Mr. Narayan Ramachandran, our non-Executive, non-Independent Director and part-time Chairman is entitled to sitting fees of ₹ 0.05 million for attending each meeting of our Board and ₹ 0.03 million for attending each meeting of the committees of our Board.

In addition to the sitting fees payable as aforesaid, Mr. Ramachandran is also entitled to a remuneration of ₹ 1.5 million per annum with effect from September 1, 2015. The payment of the aforesaid remuneration has been approved by the RBI through its letter dated November 10, 2015. Mr. Ramachandran was paid a total remuneration of ₹ 1.98 million in fiscal 2016.

##### Our Independent Directors

Pursuant to a resolution of our Board in its meeting held on April 29, 2016, our Independent Directors are entitled to sitting fees of ₹ 0.05 million for attending each meeting of our Board and ₹ 0.03 million for attending each of the meetings of the committees of our Board.

Our Bank does not pay sitting fees to the RBI additional director. Our Independent Directors do not receive any other remuneration, other than reimbursement of expenses for attending meetings of our Board or of the committees of our Board.

Provided below are details of sitting fees paid to our Independent Directors for fiscal 2016:

		<i>(₹ in million)</i>
Name of Director	Sitting fees	
Mr. Sivanandhan Dhanushkodi		0.67
Mr. Girish Vasant Godbole		0.48
Mr. Jairaj Manohar Purandare		0.65
Mr. Palepu Sudhir Rao		0.68
Ms. Rama Bijapurkar		0.27
Mr. Vimal Bhandari		0.38

#### ***Remuneration paid or payable from subsidiaries and associate companies***

Our Bank does not have any subsidiaries, and consequently, no remuneration has been paid or is payable to the directors of our Bank by subsidiaries. As of this date, no remuneration has been paid or is payable by SFPL or



SIMS, our associate companies, to any of the Directors on our Board or Mr. Rajeev Ahuja. Our Bank did not have any associate companies as of March 31, 2016.

### **Appointment of relatives to an office or place of profit**

None of the relatives of our Directors have been appointed to a place or office of profit in our Bank.

### **Service Contracts**

There are no service contracts entered into by our Bank with any of the Directors for provision of any benefits or payments upon termination of employment.

### **Shareholding of Directors**

Pursuant to Article 106 of the Articles of Association, except an additional Director, a co-opted Director, the chairman and chief executive officer or any Director appointed by the RBI, our Directors are required to hold qualification shares of at least 500 Equity Shares. For details of shareholding of our Directors in our Bank, please see the section titled “*Capital Structure*” on page 94.

Our Bank does not have any subsidiaries and consequently, none of our Directors hold any shares in subsidiaries. Further, none of our Directors nor Mr. Rajeev Ahuja hold any shares in SFPL or SIMS, our associates.

### **Borrowing Powers of Board**

In accordance with the Articles of Association and subject to the provisions of the Companies Act, our Board is authorized, at its discretion, to borrow any sum upon such terms and conditions and with or without security as our Board may in its discretion think fit, notwithstanding that the money or monies to be borrowed by our Bank (apart from the temporary loans obtained or to be obtained from time to time from the bankers of our Bank in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the paid-up share capital of our Bank and its free reserves, i.e. reserves not set apart for any specific purposes(s), provided however that the money or monies to be borrowed by our Bank together with the money already borrowed shall not at any time exceed ₹ 60,000 million.

### **Corporate Governance**

The provisions of the Listing Regulations, with respect to corporate governance, will become applicable to our Bank immediately upon the listing of the Equity Shares with the Stock Exchanges. Our Bank has complied with the corporate governance code under the Listing Regulations and the Companies Act, in relation to appointment of Independent Directors to our Board and constitution of an audit committee, a stakeholders’ relationship committee, a nomination and remuneration committees and a risk management committee. Our Bank undertakes to take all necessary steps to comply with all the requirements of the Listing Agreements to be entered into with the Stock Exchanges, the Listing Regulations and the Companies Act, as applicable.

Currently our Board has 11 Directors, of which the part- time Chairman of the Board is a non-Executive, non-Independent Director, and in compliance with the requirements of the Banking Regulation Act, Listing Regulations and the Companies Act, 2013, our Bank has one executive Directors, six Independent Directors, two additional Directors appointed under Section 161 of the Companies Act and an additional Director appointed on our Board by RBI.

#### *Committees of our Board*

In addition to the Listing Regulations and the Companies Act, our Bank has also constituted other committees in accordance with the applicable RBI directions and guidelines, including: (i) Audit Committee; (ii) Stakeholders’ Relations Committee (iii) Board Investment and Credit Committee; (iv) Anti-Fraud Committee; (v) Customer Service, Branding and Marketing Committee; (vi) Nomination Committee; (vii) Risk Management Committee; (viii)

Human Resource and Remuneration Committee; (ix) Capital Raising Committee; (x) CSR Committee; (xi) IT Strategy Committee.

The details of the committees required to be constituted by our Bank under the Listing Regulations and the Companies Act are as below:

#### Audit Committee

The Audit Committee was constituted by the Board pursuant to a meeting held on October 27, 1995. The powers, scope and function of the Audit Committee and its terms of reference include the following:

The role of the Audit Committee includes:

- (i) providing direction as also overseeing the operation of the entire audit function of our Bank, including the organization, operationalization and quality control of internal audit and inspection within our Bank, financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, and follow-up on the statutory / external audit of our Bank and inspections of RBI; to also review of adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; discussion with the internal auditors of any significant findings and follow-up thereon;
- (ii) reviewing the internal audit plan for the year and tracking its progress;
- (iii) reviewing the inspection reports of specialized and extra-large branches and of all branches with unsatisfactory ratings;
- (iv) reviewing the position of various inspection and audit reports and compliances namely, concurrent audit, internal inspection, information system audit of the data centre, treasury and derivatives, management audit, service branches, currency chest, FEMA audit of branches etc., as may be applicable from time to time as well as the latest position of compliance with RBI Inspection;
- (v) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3) of the Companies Act, 2013, as applicable; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major account entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings; (e) compliance with listing and other legal requirements relating to financial statements, as applicable; (f) disclosure of any related party transactions; and (g) modified opinion(s) in the draft audit report;
- (vi) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (vii) following up on: inter-branch adjustment accounts, non reconciled long outstanding entries in inter-bank accounts and nostro accounts, open items in balancing of books at various branches, periodical review of frauds, revenue leakages, status of implementation of Ghosh & Jilani committee recommendations, all other major areas of housekeeping, KYC/AML measures, violations by various functionaries, long form audit report ("LFAR") and compliance thereof, exposure to sensitive sectors – capital market and real estate, financial and risk management policies of our Bank, review of information security audit policy, loss assets classified for more than six months and where the outstanding balances are above ₹ 0.5 million and no legal action has been initiated;
- (viii) evaluation of internal financial controls and risk management systems;
- (ix) valuation of undertakings or assets of the company, where necessary;
- (x) scrutiny of inter-corporate loans and investments, as applicable;
- (xi) obtaining and reviewing half-yearly reports from the compliance officers; reviewing, with the management, the quarterly and half yearly financial statements before submission to the board for approval.
- (xii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (xiii) reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), if applicable, the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice, if applicable and the report submitted by the

- monitoring agency monitoring the utilization of proceeds of a public or rights issue, if applicable, and making appropriate recommendations to the Board to take up steps in this matter;
- (xiv) in relation to statutory audits, following up on all issues raised in the LFAR as well as interacting with the external auditors before the finalization of the annual / semi-annual financial accounts and reports and presentation to the Board;
  - (xv) reviewing any change in accounting policy and practices which may have significant bearing on financial statements and confirming that the accounting policies followed and systems used by our Bank are in compliance with accounting standards, RBI guidelines and would ensure true and fair position of accounts;
  - (xvi) reviewing capital adequacy;
  - (xvii) reviewing transactions with related parties; approval or any subsequent modification of transactions with related parties;
  - (xviii) recommending for appointment, remuneration and terms of appointment of statutory auditors and other auditors of the Bank and reviewing their performance.
  - (xix) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - (xx) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - (xxi) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - (xxii) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - (xxiii) to look into the reasons for substantial defaults in the payment to the depositors, if any, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - (xxiv) to review the functioning of the whistle blower mechanism;
  - (xxv) approval of appointment of the chief financial officer ( i.e., the whole time finance director or any other person heading the finance function of discharging that function) after assessing the qualifications, experience and background etc. of the candidate; and
  - (xxvi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The following is to be reviewed by the Audit Committee:

- (i) management discussion and analysis of financial conditions and results of operations;
- (ii) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (iii) management letters/letters of internal control weakness issued by the statutory auditors;
- (iv) internal audit reports relating to internal control weaknesses; and
- (v) the appointment, removal and terms of remuneration of the chief internal auditor, shall be subject to review by the Audit Committee;
- (vi) statement of deviations:
  - (a) quarterly statement of deviation(s) submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations;
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

The composition of the Audit Committee is as follows:

1. Mr. Jairaj Manohar Purandare, chairman
2. Mr. Vimal Bhandari, alternate chairman
3. Mr. Sivanandhan Dhanushkodi
4. Mr. Rajesh Kumar
5. Mr. Prakash Chandra

#### Human Resource and Remuneration Committee

The Human Resource Committee was originally constituted by the Board pursuant to a meeting held on May 14, 2009 and later renamed and reconstituted as the Human Resource and Remuneration Committee pursuant to a

meeting of the Board on March 9, 2012. The scope and functions of the Human Resource and Remuneration Committee and its terms of reference include the following:

- (i) to assist and advise the MD& CEO in planning for senior management build-up of our Bank so as to ensure appropriate leadership is in place for our Bank's transformation strategy, including identifying persons who may be appointed as senior management in accordance with the laid down criteria, and recommend to the Board their appointment or removal, as applicable;
- (ii) to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the key managerial personnel and other employees;
- (iii) to evaluate and approve HR policies of our Bank;
- (iv) to evaluate and approve various employee stock ownerships schemes that may be required from time to time to ensure that our Bank gets the rights talent and it able to retain high-performing employees etc;
- (v) to award employee stock options to employees, whether at the time of joining or in terms of performance, including deciding the level/grade of employees for review and award;
- (vi) to oversee the framing, review and implementation of compensation policy of our Bank on behalf of our Board;
- (vii) to work in close co-ordination with the Risk Management Committee of our Bank, in order to achieve effective alignment between remuneration and risks;
- (viii) to ensure that the cost/income ratio of our Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio;
- (ix) to appoint/discontinue trustees on the board of trustees of 'The Ratnakar Bank Limited Employees Provident Fund, 'The Ratnakar Bank Limited Employees Gratuity Fund' and 'The Ratnakar Bank Limited Employees Pension Fund' and to approve operational changes in the related trust deeds and/or decide on related matters;
- (x) to decide on grating of mandate to the Indian Bank Association for negotiating industry level wage settlements for workmen employee.

The composition of the Human Resource and Remuneration Committee is as follows:

1. Mr. Palepu Sudhir Rao, chairman
2. Mr. Narayan Ramachandran
3. Mr. Vimal Bhandari
4. Mr. Jairaj Manohar Purandare
5. Mr. Ishan Raina

#### Stakeholders' Relations Committee

The Stakeholders' Relations Committee was constituted by the Board pursuant to a meeting held on April 25, 2005. The scope and function of the committee and its terms of reference include the following:

- (i) to approve shares transfer / transmission;
- (ii) to authorise / issue of original / duplicate share certificates and other relevant matters pertaining to transfer of shares of our Bank;
- (iii) to allot the shares under the vested employee stock options; and
- (iv) to consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The composition of the Stakeholders' Relations Committee is as follows:

1. Mr. Girish Vasant Godbole, chairman
2. Mr. Vishwavir Ahuja
3. Mr. Prakash Chandra
4. Ms. Rama Bijapurkar

#### Nomination Committee

The Nomination Committee was constituted by the Board pursuant to a meeting held on December 30, 2004. The scope and function of the Nomination Committee and its terms of reference include the following:

- (i) pursuant to RBI circular dated June 25, 2004, accepting and scrutinizing the declarations received from the Directors regarding 'Fit & Proper' criteria for the directors of banking companies, and making references where considered necessary to the appropriate authority/persons to ensure their compliance with the requirements, including identifying persons who are qualified to become Directors and accordingly recommend to the board their appointment or removal; and
- (ii) formulation of criteria in accordance with applicable regulatory requirements for determining qualifications, positive attributes and independence of a Director, as applicable, and recommend to the Board a policy, relating to the remuneration of the Directors;
- (iii) identifying persons who are qualified to become Directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (iv) formulation of criteria for evaluation of performance of Independent Directors and the Board
- (v) devising a policy on diversity of the Board;
- (vi) deciding whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

The composition of the Nomination Committee is as follows:

1. Mr. Palepu Sudhir Rao, chairman
2. Mr. Sivanandhan Dhanushkodi
3. Mr. Narayan Ramachandran
4. Ms. Rama Bijapurkar

#### Risk Management Committee

The Risk Management Committee was constituted by the Board pursuant to a meeting held on June 16, 2006. The scope and function of the Risk Management Committee and its terms of reference include the following:

A. In relation to the credit risk policy and strategy matters:

- issuing and modifying the guidelines for credit risk management system and prudential exposure/concentration limits (borrower/ group borrower, industries, sectors etc.) in our Bank with the Board's approval;
- updating the Board at periodic intervals with our Bank's credit risk exposure profiles - concentration risk (borrower groups/ industries/ location/ sectors), risk rating of the obligors, along with the corrective measures taken or recommended;
- recommending changes/ modifications in the credit policies and procedures of our Bank and ensuring that they remain in tune with the changing business conditions, regulatory requirements or guidelines, our Bank's structure needs, and risk appetite;
- ensuring that the credit risk activities are managed in compliance with the credit policy of our Bank;
- delegating the broad risk monitoring responsibility to the credit department and reviewing the risk analysis reports from the credit department;
- monitoring the adherence of various risk parameters by operating departments and holding the line management more accountable for the risks under their control and the performance of our Bank in that area;
- verifying the models used for pricing complex products, reviewing risk models as development takes place in the markets and also identifying new risks;
- designing stress scenarios to measure the impact of unusual market conditions and monitoring variance between the actual volatility of portfolio value and that predicted by the risk measures; and
- providing a summary of its discussions to the Board.

B. In relation to the market risk policy and strategy matters:

- setting policies and guidelines for market risk measurement, management and reporting;
  - ensuring that market risk management processes (including people, systems, operations, limits and controls) satisfy our Bank's policy;
  - reviewing and approving market risk limits, including triggers or stop-losses for traded and accrual portfolios;
  - ensuring robustness of financial models and the effectiveness of all systems used to calculate market risk;
  - appointing qualified and competent staff and ensuring posting of qualified and competent staff and of independent market risk manager(s), etc;
- C. Reviewing the internal capital adequacy assessment process including the operational risk position, market risk, and compliance, legal, franchise and other strategic risks.
- D. Reviewing and recommending the risk management process/ systems/models/internal control system.
- E. Reviewing exceptions /critical items highlighted by the Credit Risk Management Committee, the Asset Liability Committee (ALCO) and other risk committees of our Bank, if any.

The composition of the Risk Management Committee is as follows:

1. Mr. Vishwavir Ahuja, chairman
2. Mr. Palepu Sudhir Rao
3. Mr. Vimal Bhandari
4. Mr. Narayan Ramachandran

#### CSR Committee

The CSR Committee was constituted by the Board pursuant to a meeting held on October 28, 2013. The scope and function of the CSR Committee and its terms of reference include the following:

- (i) reviewing, agreeing and establishing our Bank's CSR strategy and its implementation and ensuring that our Bank's social, environmental and economic activities are aligned together;
- (ii) developing and recommending for acceptance by the Board, policies on all aspects of CSR including CSR issues relating to employment, health and safety, human rights, workforce diversity and inclusion, the environment, community and social investment, compliance with ethical trading and business practices and other -related matters as may be determined by the committee from time to time;
- (iii) receiving reports and review activities from executive and specialist groups managing CSR matters across our Bank's operations;
- (iv) monitoring compliance with CSR policies and reviewing performance against agreed targets;
- (v) recommending the amount to be incurred in relation to CSR activities in accordance with the policy/strategy;
- (vi) reviewing the integration of CSR processes with our Bank's broader business risk management programme and reputation management priorities; and
- (vii) to consider other topics as referred to it by the Board.

The composition of the CSR Committee is as follows:

1. Mr. Sivanandhan Dhanushkodi, chairman
2. Mr. Jairaj Manohar Purandare
3. Mr. Girish Vasant Godbole
4. Mr. Vishwavir Ahuja
5. Mr. Ishan Raina

In addition, the details of the Capital Raising Committee are as below:

The Capital Raising Committee was constituted by the Board pursuant to a meeting held on August 6, 2010. The scope and function of the Capital Raising Committee and its terms of reference include, assisting and advising our Board of Directors from time to time on the state of capital markets, avenues for raising additional capital and steps that need to be taken to do the same.

The composition of the Capital Raising Committee is as follows:

1. Mr. Narayan Ramachandran, Chairman
2. Mr. Vishwavir Ahuja
3. Mr. Vimal Bhandari
4. Mr. Palepu Sudhir Rao

### **Interest of Directors**

Our Directors may be deemed to be interested to the extent of reimbursement of expenses and sitting fees, if any, payable to them for attending meeting of Board and committees, to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Bank, and to the extent of loans availed by them from our Bank.

Our Directors may also be regarded as interested in Equity Shares, if any, held by them or their relatives or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares, held by them, if any. For details of the shareholding of our directors in our Bank, please see the section titled “*Capital Structure*” on page 94.

Our Directors may also be regarded as interested to the extent of stock options granted to them under the ESOP schemes, if any. For details of the stock options granted to our Directors under the ESOP Schemes, please see the section titled “*Capital Structure*” on page 94.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of the Company.

#### *Interest in promotion of our Bank*

None of our Directors are interested in the promotion of our Bank.

#### *Interest in the property of our Bank*

Our Directors do not have any interest in any property acquired by or proposed to be acquired by our Bank in the two years prior to filing of this Prospectus.

#### *Interest in transactions involving acquisition of land*

Our Directors are not interested in any transaction with our Bank involving acquisition of land, construction of building or supply of any machinery.

#### *Interest in the business of our Bank*

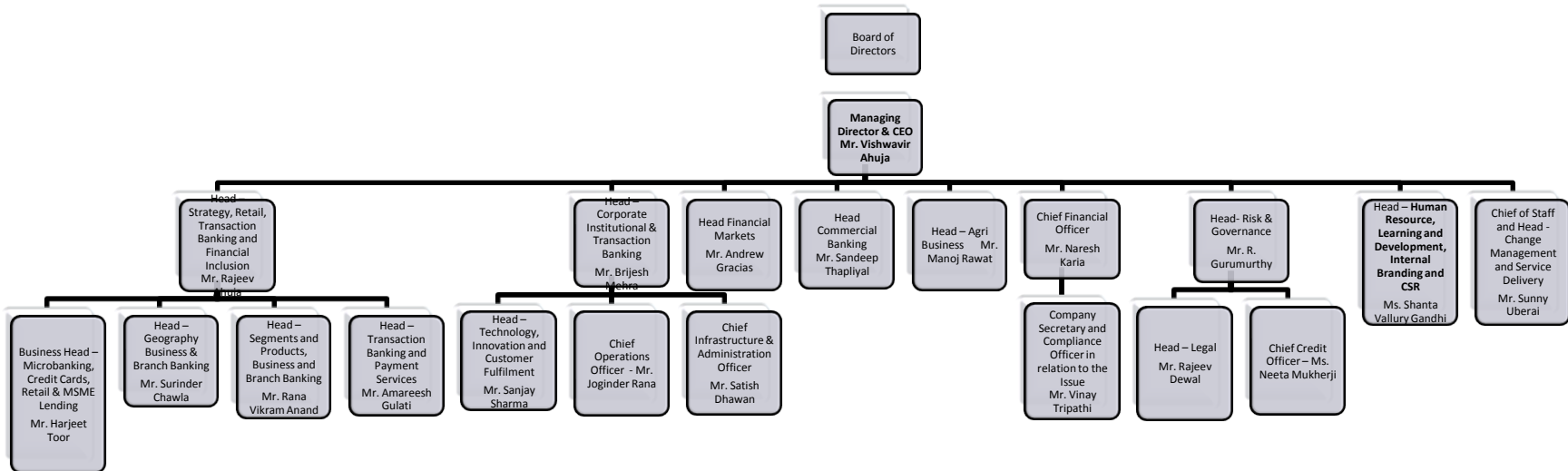
Except as stated above, our Directors do not have any other interest in the business of our Bank.

### **Changes in the Board of Directors in the last three years**

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
Mr. Ishan Raina	April 30, 2016		Appointment
Mr. Prakash Chandra	January 25, 2016		Appointment
Mr. Kiran Jaykumar Patil		September 27, 2015	Retirement (by operation of law)
Mr. Rajesh Kumar (Additional Director- RBI)	March 2, 2015	-	Appointment
Mr. Ajay Michyari (Additional Director- RBI)	-	March 2, 2015	Nomination withdrawn
Mr. B.D. Arwade	-	September 8, 2014	Retirement (by operation of law)
Mr. S.G. Kutte	-	June 30, 2014	Retirement (by operation of law)
Ms. Rama Bijapurkar	March 27, 2014	-	Appointment



## Management Organization Chart



## Our Key Management Personnel

The following table sets forth the details of the Key Management Personnel:

S. No	Name of the Key Management Personnel	Designation
1.	Mr. Vishwavir Ahuja	Managing Director & CEO
2.	Mr. Rajeev Ahuja	Additional Director- Executive and Head- Strategy, Retail, Transaction Banking and Financial Inclusion
3.	Mr. Amareesh Gulati	Head- Transaction Banking and Payment Services
4.	Mr. Andrew Gracias	Head- Financial Markets
5.	Mr. Bhavtaran Singh (Sunny) Uberai	Chief of Staff and Head- Change Management and Service Delivery
6.	Mr. Brijesh Mehra	Head- Corporate and Institutional Banking and Transaction Banking
7.	Mr. R. Gurumurthy	Head – Risk & Governance
8.	Mr. Harjeet Toor	Business Head- Microbanking, Credit Cards, Retail & MSME Lending
9.	Mr. Joginder Singh Rana	Chief Operations Officer
10.	Mr. Manoj Rawat	Head- Agri Business
11.	Mr. Naresh Karia	Chief Financial Officer
12.	Ms. Neeta Mukerji	Chief Credit Officer
13.	Mr. Rajeev Dewal	Head- Legal
14.	Mr. Rana Vikram Anand	Head- Segments and Products, Business and Branch Banking
15.	Mr. Sandeep Thapliyal	Head- Commercial Banking
16.	Mr. Sanjay Sharma	Head - Technology, Innovation & Customer Fulfillment
17.	Mr. Satish Dhawan	Chief Infrastructure and Administration Officer
18.	Ms. Shanta Vallury	Head- Human Resources, Learning and Development, Internal branding and CSR
19.	Mr. Surinder Chawla	Head- Geography, Business and Branch Banking
20.	Mr. Vinay Tripathi	Company Secretary and Compliance Officer in relation to the Issue

Further, among our Key Management Personnel, Mr. Vishwavir Ahuja, Mr. Naresh Karia and Mr. Vinay Tripathi are also identified by our Bank as ‘key managerial personnel’ within the meaning of Section 2(51) of the Companies Act, 2013. All our Key Management Personnel are permanent employees of our Bank.

### Brief Profile of our Key Management Personnel

For brief profiles of Mr. Vishwavir Ahuja, our Managing Director & CEO, please see the sub section titled- *Brief Profile of the Directors* on page 222. The brief profiles of our other Key Management Personnel are as below:

**Mr. Rajeev Ahuja**, aged 52 years, is the Head – Strategy, Retail, Transaction Banking and Financial Inclusion, of our Bank. He holds a bachelor’s degree in commerce from the Delhi University and a postgraduate diploma in management from the Indian Institute of Management, Ahmedabad. Mr. Ahuja has about 30 years of experience in investment banking and financial markets. Prior to joining our Bank, he was associated with Citibank India, Bank of America, India and the capital markets and investment banking divisions of the Bankers Trust Company, Hong Kong and Deutsche Bank, Singapore. Mr. Ahuja has been associated with our Bank since June 1, 2010. He was paid a remuneration of ₹ 15.93 million in fiscal 2016.

**Mr. Amareesh Gulati**, aged 52 years, is our Head- Transaction Banking and Payment Services. He holds a bachelor’s degree in mechanical engineering from Delhi University and a post graduate diploma in management from the Indian Institute of Management, Bangalore. Previously, he was associated with DCM Toyota Limited and ANZ Grindlays Bank. He has been associated with our Bank since December 30, 2014 and is responsible for building business in the areas of cash, trade and payments including coverage and products. He was paid a remuneration of ₹ 9.61 million in fiscal 2016.

**Mr. Andrew Gracias**, aged 44 years, is our Head - Financial Markets. He holds a bachelor’s degree in commerce from the Mumbai University and is a chartered accountant. He has about 19 years of experience in the banking field and was previously associated with Bank of America and UBS. He has been associated with our Bank since June 1, 2012. As our Head – Financial Markets, Mr. Gracias is responsible for our financial markets business which

includes fixed income trading, foreign exchange trading, asset liability management, debt capital markets and loan syndications. He was paid a remuneration of ₹ 13.50 million in fiscal 2016.

**Mr. Bhavtaran Singh (Sunny) Uberai**, aged 58 years, is our Chief of Staff and Head- Change Management and Service Delivery. He holds a bachelor's degree in commerce from Shri Ram College of Commerce, New Delhi. He is a chartered accountant. He has wide experience in the banking sector. He was previously associated with ABN Amro Bank and Arete Financial Partners, Singapore. He has been with our Bank since June 2, 2014. He is responsible for building a service strategy to enhance client focus and driving our change management agenda. He was paid a remuneration of ₹ 7.88 million in fiscal 2016.

**Mr. Brijesh Mehra**, aged 52 years, is our Head - Corporate and Institutional Banking and Transaction Banking. He holds a bachelor's degree in commerce from the Delhi University and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has more than three decades of experience in the banking sector in India. He was previously associated with the Royal Bank of Scotland N.V. (formerly, ABN Amro N.V.) as well as with Grindlays Bank Public Limited Company. He has been associated with our Bank since June 20, 2016. As the Head - Corporate and Institutional and Transaction Banking, he leads the group that provides relationship coverage for large corporates, public sector undertakings and financial institutions. He was not paid any remuneration in fiscal 2016.

**Mr. R. Gurumurthy**, aged 53 years, is our Head- Risk & Governance. He holds a bachelor's degree in commerce from the Delhi University and is a certified associate of the Indian Institute of Bankers. He has about 30 years of experience in the banking sector and was previously associated with Standard Chartered Bank, Bank of America, Credit Lyonnais and State Bank of India. He has been associated with our Bank since July 16, 2011. As the Head-Risk & Governance of our Bank, he is responsible for managing the quality of our Bank's credit portfolio, market risks, operational risks and ensuring the implementation of our Bank's risk framework. He was paid a remuneration of ₹ 12.39 million in fiscal 2016.

**Mr. Harjeet Toor**, aged 47 years, is our Business Head - Retail Assets, MSME, Credit Cards and Micro Banking. He holds a bachelor's degree in mechanical engineering from Thapar Institute of Engineering and Technology, Patiala and a master's degree in business administration from the University of Delhi. He has about 21 years of experience in the banking & financial sector and was previously associated with Bank of America, ABN AMRO Bank and Fullerton India Credit Company Limited. Till 2012, Mr. Toor was also the executive director and promoter of FAB Advisors and Mentors Private Limited. He has been associated with our Bank since December 5, 2013. Mr. Toor is responsible for establishing a client acquisition programme by addressing the financial needs of both the business and individual segments, and building a stable and profitable asset portfolio with attractive returns. He was paid a remuneration of ₹ 10.77 million in fiscal 2016.

**Mr. Joginder Singh Rana**, aged 50 years, is our Chief Operations Officer. He is a chartered accountant, a member of the Institute of Company Secretaries of India and Institute of Cost and Works Accountant of India. He is also a fraud examiner certified by the Association of Certified Fraud Examiners. Mr. Rana has about 26 years of experience in the Indian as well as overseas banking sector. He was previously Citibank Asia's head- enterprise risk management for consumer bank division. He was also a director of Citigroup Wealth Advisors India Private Limited. He was earlier involved with e-Serve International Limited, the BPO set up of Citigroup. Mr. Rana has been associated with our Bank since February 1, 2012. As the Chief Operations Officer of our Bank, he is responsible for managing our Bank's operations across business segments. He was paid a remuneration of ₹ 10 million in fiscal 2016.

**Mr. Manoj Rawat**, aged 47 years, is our Head - Agri Business. He holds a bachelor's degree in technology (civil engineering) from the Govind Ballabh Pant University of Agriculture & Technology, Pantnagar, a master's degree in engineering from Punjab University, Chandigarh, a master's degree in business administration from Indira Gandhi National Open University, and is a certified associate of the Indian Institute of Banking and Finance. He has wide experience in rural business development, agriculture banking, financial inclusion and priority sector lending. Previously, he was associated with the National Bank for Agriculture and Rural Development (NABARD) and with Fullerton India. He has been associated with our Bank since July 9, 2012. Mr. Rawat is responsible for agricultural banking which includes managing retail agriculture finance, farmer finance, corporate and value chain finance, and

warehouse, cold chain, renewable energy and commodity finance. He was paid a remuneration of ₹ 7.73 million in fiscal 2016.

**Mr. Naresh Karia**, aged 41 years, is our Chief Financial Officer. He holds a bachelor's degree in commerce from the Mumbai University and is also an associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Further, Mr. Karia has passed the final examination conducted by the Institute of Cost and Works Accountant of India. He has over 15 years of experience in the banking and financial services sector and was previously associated with Citigroup for over 10 years, where he, *inter alia*, held the designation of director. Mr. Karia's last designation at Citigroup was as country controller, Citibank N.A. Further, he was also previously associated with International Bestfoods Limited (formerly, Corn Products Company India Limited). He has been associated with our Bank since November 23, 2010, and is *inter alia* responsible for finance and secretarial functions including accounting, management reporting, taxation, regulatory reporting, asset-liability management and capital planning. He was paid a remuneration of ₹ 10.90 million in fiscal 2016.

**Ms. Neeta Mukerji**, aged 50 years, is our Chief Credit Officer. She holds a bachelors degree (honours) in Economics from Lady Shri Ram College, Delhi University and a post graduate diploma in management from the Indian Institute of Management, Kolkata. She has more than 25 years of experience in the banking and financial services sector and has previously worked with GE Capital Services India, Asset Reconstruction Company (India) Limited and ICICI Bank Limited. Ms. Mukerji has been associated with our Bank since September 23, 2015. As our Chief Credit Officer, she is responsible for managing the quality of the Bank's credit portfolio and the recovery and management of the stressed assets portfolio. She was paid a remuneration of ₹ 4.61 million in fiscal 2016.

**Mr. Rajeev Dewal**, aged 56 years, is our Head - Legal. He holds bachelor's degrees in science and law from the University of Bombay. He is also a certified associate of the Indian Institute of Bankers. He has been associated with our Bank since October 18, 2014 and is responsible for overseeing the legal affairs of our Bank. He was paid a remuneration of ₹ 6.01 million in fiscal 2016.

**Mr. Rana Vikram Anand**, aged 49 years, is our Head – Segments and Products, Business and Branch Banking. He holds a bachelor's degree in economics (honours) from the Delhi University and a master's degree in management studies from the Mumbai University. He has wide experience in the banking field and was previously associated with Royal Bank of Scotland. He has been associated with our Bank since March 3, 2014 and is *inter alia*, responsible for managing segments and products for branch and business banking. The scope of his responsibilities include liabilities and fee based products and services, third party products including bancassurance wealth, digital and direct channels strategy and initiatives, our Bank's high net worth client program ('Insignia'), analytics & campaign management, product and sales support for delivery of trade, and foreign exchange and cash management services for the client segment. He was paid a remuneration of ₹ 9.52 million in fiscal 2016.

**Mr. Sandeep Thapliyal**, aged 46 years, is our Head – Commercial Banking. Mr. Thapliyal holds a bachelor's degree in business studies from Delhi University and a postgraduate program in management from the Management Development Institute, Gurgaon. He has wide experience in commercial banking and investment banking. Prior to joining our Bank, he was associated with Citibank's commercial banking division for over 10 years. Immediately prior to joining our Bank, he was also associated with Religare Capital Market Limited as the managing director of its investment banking division. He has been associated with our Bank since April 22, 2013. As the Head – Commercial Banking of our Bank, Mr. Thapliyal is responsible for the coverage of the Bank's commercial banking business, including undertaking credit evaluation of our commercial banking clients. He was paid a remuneration of ₹ 9.93 million in fiscal 2016.

**Mr. Sanjay Sharma**, aged 50 years, is our Head - Technology, Innovation & Customer Fulfillment. He holds a bachelor's degree in science from Bhopal University, a master's degree in applied physics from the Devi Ahilya Vishwavidyalaya, Indore. He has experience in technology in the banking field and was previously associated with IDBI Intech, a technology company operating in the banking and finance sector as its managing director & chief executive officer. Mr. Sharma was also a member of a working group of the RBI to draft guidelines pertaining to information security, electronic banking, technology risk management and cyber fraud. He was also instrumental in the conceptualization of the 'RuPay card'. Mr. Sharma was awarded the 'outstanding achiever of the year 2007' award by the Indian Bankers Association for his achievements in banking technology. He has been associated with our Bank since July 2, 2013, and is responsible for developing a technology strategy and an information technology

vision in accordance with our business strategy by driving innovation across channels and products. He was paid a remuneration of ₹ 6.86 million in fiscal 2016.

**Mr. Satish Dhawan**, aged 56 years, is our Chief Infrastructure and Administration Officer. He holds a bachelor's degree in commerce from Delhi University. He has about 12 years of experience, *inter alia*, in real estate infrastructure and was previously associated with DCM Estates as its CEO. He has been associated with our Bank since August 16, 2012, and is responsible for bank security, vendor management, real estate construction and management of our Bank. He was paid a remuneration of ₹ 8.38 million in fiscal 2016.

**Ms. Shanta Vallury**, aged 49 years, is currently our Head- Human resources, Learning and Development, Internal Branding and CSR. Ms. Vallury holds a master's degree in economics from the Mumbai University and a master's degree in marketing management from the Jamnalal Institute of Management Studies. She has experience in financial services. Prior to joining our Bank, Ms. Vallury was also the vice president of the acquisitions and partnerships division of American Express Bank Limited (Gurgaon). Ms. Vallury has been associated with our Bank since September 15, 2010. She joined our Bank in the position of a senior leader in our branch banking and retail assets department and subsequently, in May, 2015, became our Head- Human Resources, Learning and Development, Internal Branding and CSR and is responsible for the human capital of our Bank. She was paid a remuneration of ₹ 9.92 million in fiscal 2016.

**Mr. Surinder Chawla**, aged 47 years, is our Head – Geography, Business and Branch Banking. He holds a bachelor's degree in commerce from University of Delhi and is a chartered accountant and has wide experience in the financial sector. He was previously associated with Standard Chartered Bank, ABN Amro Bank and HDFC Bank. He has been associated with our Bank since May 28, 2013, and is responsible for building a strong retail franchise which includes developing distribution networks, building the liabilities book with a specific focus on increasing the CASA base, and increasing our Bank's market share. He is also responsible for wealth management. He was paid a remuneration of ₹ 10.50 million in fiscal 2016.

**Mr. Vinay Tripathi**, aged 34 years, is our Company Secretary and Compliance Officer in relation to the Issue. He holds a bachelor's degree in commerce from the University of Lucknow and is an associate member of the Institute of Company Secretaries of India. He has wide experience working for banking and financial companies and was previously associated with L&T Finance Limited, Yes Bank Limited and CMC Limited. Mr. Tripathi has been associated with our Bank since November 27, 2013, and is responsible for secretarial functions as well as for redressing investor grievances. He was paid a remuneration of ₹ 2.39 million in fiscal 2016.

#### **Relationships among Key Management Personnel**

None of our Key Management Personnel are related to each other.

#### **Service Contracts**

Our Bank has not entered into any service contract with any of the Key Management Personnel or senior management personnel for provision of benefits or payments of any amount upon termination of employment.

#### **Shareholding of Key Management Personnel**

For details of shareholding of our Key Management Personnel in our Bank, as well as the stock options held by them pursuant to the ESOP Schemes, please see the section titled "*Capital Structure*" on page 94.

#### **Bonus or profit sharing plan of the key management personnel**

None of our Key Management Personnel is party to any bonus or profit sharing plan of our Bank other than the performance linked incentives given to each of our Key Management Personnel.

#### **Interests of key management personnel**

The Key Management Personnel of our Bank do not have any interest in our Bank other than to the extent of loans

availed from our Bank, the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. Our key management personnel and senior management personnel may also be regarded as interested in the Equity Shares held by them or stock options granted to them under the ESOP Schemes. Other than the above, none of the Key Management Personnel has been paid any consideration or benefit of any nature from our Bank.

### **Changes in the key management personnel**

Changes in our Key Management Personnel in the last three years are as follows:

<b>Name</b>	<b>Date of change</b>	<b>Reason</b>
Mr. Sunil Gulati	June 30, 2016	Resignation
Mr. Brijesh Mehra	June 20, 2016	Appointment
Mr. R. Gurumurthy	April 20, 2016	Change in designation
Ms. Neeta Mukerji	September 23, 2015	Appointment
Mr. Suhas Sahakari	April 30, 2015	Resignation
Mr. Tajinder Kumar	April 10, 2015	Resignation
Mr. Amareesh Gulati	December 30, 2014	Appointment
Mr. Rajeev Dewal	October 18, 2014	Appointment
Mr. Nitin Chopra	October 15, 2014	Resignation
Mr. Aseem Gandhi	August 31, 2014	Resignation
Mr. Bhavtaran Singh (Sunny) Uberai	June 2, 2014	Appointment
Mr. Rana Vikram Anand	March 3, 2014	Appointment
Mr. Harjeet Toor	December 5, 2013	Appointment
Mr. Vinay Tripathi	November 27, 2013	Appointment
Mr. Sanjay Sharma	July 2, 2013	Appointment

### **Employee Stock Options Scheme**

For details of our ESOP Schemes, please see the section titled “*Capital Structure*” on page 94.

### **Arrangements and Understanding with Major Shareholders**

None of our Directors and Key Management Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

### **Payment of Benefit to Officers of our Company (Non-Salary Related)**

No amount of benefit has been paid or given to any officer of our Bank within the two preceding years from the date of filing of this Prospectus or is intended to be paid, other than in the ordinary course of their employment, except for the stock options granted under the ESOP Schemes.

Except statutory benefits upon termination of their employment in our Bank or superannuation, no officer of our Bank is entitled to any benefit upon termination of such officer’s employment in our Bank or superannuation.

## OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

Our Bank is a professionally managed company and does not have an identifiable promoter in terms of the SEBI Regulations and the Companies Act, 2013. Consequently, it has no 'promoter group' in terms of SEBI Regulations.

In terms of the SEBI Regulations, there were no companies covered under Accounting Standard 18 in our restated financial statements for Fiscal 2016. However, from April 1, 2016 till date, Swadhaar FinServe Private Limited and its wholly owned subsidiary, Swadhaar Information Management Services Private Limited have become our 'associate companies' and hence transactions with these companies will be covered under Accounting Standard 18 and may require disclosure as 'related parties' in consolidated financial statements of the Bank after March 31, 2016. Further, the Board, in its meeting held on June 21, 2016 noted that since the Bank does not have a promoter, there would be no other companies which may be 'material' for determining the Group Companies of our Bank.

Based on the above, the details of our Group Companies are as follows:

### 1. *Swadhaar FinServe Private Limited ("SFPL")*

SFPL was incorporated on October 19, 2007 under the Companies Act, 1956. Its CIN is U65990MH2007PTC175181. The registered office of SFPL is situated at D/401, Lotus Corporate Park, CTS NO.185/A, Graham Firth Steel Compound, Western Express Highway, Goregoan (East), Mumbai 400 0063.

SFPL is engaged, *inter alia*, in the business of being a business correspondent or business facilitator as permitted under applicable laws and regulations for banks, financial institutions, and NBFCs and other financial services providers. SFPL was registered with the RBI as an NBFC. It voluntarily surrendered its registration and pursuant to an order of the RBI, the registration was cancelled.

#### *Interest of promoters in SFPL*

Our Bank does not have a promoter. Our Bank directly holds 30.00% of the paid-up equity share capital of SFPL.

#### *Financial Performance*

The financial results derived from the audited financial statement of SFPL for the fiscal years 2016, 2015 and 2014 are set forth below:

Particulars	<i>(in ₹ million, unless otherwise stated)</i>		
	Fiscal 2016	Fiscal 2015	Fiscal 2014
Sales and other income	11.16	178.24	377.86
Profit after tax	10.48	10.33	13.42
Equity capital	497.60	497.60	497.60
Reserves and Surplus (excluding revaluation reserves)	60.42	60.42	58.35
Earnings/ (Loss) per share (basic) (₹)	0.21	0.21	0.28
Earnings/ (Loss) per share (diluted) (₹)	0.19	0.19	0.25
Net asset value per share (₹)	10.14	9.93	9.72

*\*Excludes debit balance in profit & loss account*

#### *Significant Notes of auditors of SFPL for the last three fiscals*

For Fiscal 2016, the auditors of SFPL have included the following matters of emphasis:

1. SFPL made an application to the RBI for voluntary surrender of its registration as an NBFC. RBI cancelled the registration and SFPL ceased to be an NBFC. Accordingly, SFPL transferred an amount of ₹ 8.39 million from its statutory reserve to general reserve. Further, it has not made any disclosure applicable to an NBFC, which otherwise would have been made had it continued as an NBFC.

For Fiscal 2015, the auditors have included the following matters of emphasis:

1. In Fiscal 2015, SFPL sold a substantial portion of its loan portfolio to a bank on a true sale basis and profit arising on such sale forms part of exceptional items.
2. As a result of the sale mentioned in (1), SFPL did not meet certain criteria specified in regulations issued by the RBI, so as to continue to qualify under the category of a NBFC-MFI and NBFC. The auditors have not modified their opinion in this regard.

## 2. **Swadhaar Information and Management Services Private Limited (“SIMS”)**

SIMS was incorporated on April 30, 2013 under the Companies Act, 1956. Its CIN is U74999MH2013PTC242681. The registered office of SIMS is situated at No. 603, 6th floor, 517, Shree Prasad House, 35th Road, TPS III, Bandra (West) Mumbai 400 050.

SIMS is engaged, *inter alia*, in the business of being a business correspondent or business facilitator for banks, financial institutions and other service providers.

SIMS, a wholly owned subsidiary of SFPL, has submitted an application with Bombay High Court for the merger of SIMS into SFPL. For further details, see section titled “*Outstanding Litigation and Material Developments*” on page 438.

### *Interest of promoters in SIMS*

Our Bank does not have a promoter. Our Bank directly holds 30.00% of the paid-up equity share capital of SFPL. SIMS is a wholly owned subsidiary of SFPL.

### *Financial Performance*

The financial results derived from the audited financial statements of SIMS for the fiscals 2016, 2015 and 2014\* are set forth below:

*(in ₹ million, unless otherwise stated)*

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Sales and other income	254.22	129.36	3.31
Profit after tax	2.75	1.35	0.08
Equity capital	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves)	4.18	1.44	0.08
Earnings/ (Loss) per share (basic) (₹)	275.00	135.00	9.90
Earnings/ (Loss) per share (diluted) (₹)	275.00	135.00	9.90
Net asset value per equity share (₹)	427.76	153.63	18.28

\*Note:

1. SIMS has become a subsidiary of SFPL from August 5, 2014.
2. Financials for SIMS for Fiscal 2013-2014 are from April 30, 2013 which is its date of incorporation.

### *Significant Notes of auditors of SIMS for the last three fiscals*

For Fiscal 2016, the auditors of SIMS have included the following matters of emphasis:

1. The auditors have drawn attention to the note on recognition of revenue transaction. As a business correspondent for scheduled commercial banks, SIMS makes collections on behalf of banks for both, principal and interest on loans advanced by banks. It receives a fee at an agreed percentage of the amounts collected as interest for the banks. The calculations for principal and interest components and the fee income of SIMS, thereon, as done in the core banking system of the Bank, are accepted by it. This is also the basis for demand made on the borrowers towards repayment. Further, it verifies on monthly basis the



break-up of principal and interest amount collected from the data received from the relevant bank on test check basis. The auditors have drawn attention to this recognition of revenue transaction. The auditors have not modified their opinion in this regard

### **Defunct Group Companies**

There are no Group Companies, which had remained defunct or for which an application was made to the registrar of companies for striking off its name, during the five years preceding the date of this Prospectus

### **Other Confirmations**

None of our Group Companies have been become sick companies under the meaning of the SICA or are under winding up.

None of our Group Companies have incurred a loss in the last fiscal.

None of the securities of our Group Companies are listed on any stock exchange and none of our Group Companies have made any public or rights issue of securities in the preceding three years

None of the Group Companies have been debarred from accessing the capital markets for any reasons by SEBI or any other authorities.

None of the Group Companies have been identified as “wilful defaulters” as defined under the SEBI Regulations.

### **Group Companies with negative net worth**

None of our Group Companies had negative net worth in Fiscal 2016.

### **Common pursuits of our Group Companies**

There are no common pursuits among our Bank and our Group Companies.

### **Related Party Transactions**

Except for transactions with our Group Companies, wherein they provide services as business correspondent to our Bank, our Bank has not entered into related party transactions with our Group Companies. These transactions are not significant to the financial performance of our Bank.

### **Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Bank**

There are no sales or purchases between Group Companies exceeding 10% in aggregate in value of the total sales or purchases of our Bank.

### **Interest of Group Companies in promotion of our Bank**

None of our Group Companies have any interest in the promotion of our Bank.

### **Interest of our Group Companies in the property of our Bank**

None of our Group Companies have any interest in any property acquired by our Bank within two years of the date of this Prospectus or proposed to be acquired by our Bank.

### **Interest of Group Companies in any transaction by our Bank**

None of our Group Companies were interested in any transaction by our Bank involving acquisition of land, construction of building or supply of any machinery.

**Business interests of our Group Companies in our Bank**

Except for transactions with SFPL and SIMS, wherein SFPL and SIMS provide services as business correspondents to our Bank and as a customer to our Bank, there are no business interests of our Group Companies in our Bank.

**Shareholding of our Group Companies in our Bank**

None of our Group Companies hold any Equity Shares.

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during the last five financial years, as per the requirements under Accounting Standard 18 ‘Related Party Disclosures’, please see the section titled “*Financial Statements – Annexure VII– Restated Statement of Related Party Transactions*” on page 378.

## DIVIDEND POLICY

Our Bank does not have a formal dividend policy. The declaration and payment of dividends are governed by the applicable provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the Articles of Association. Additionally, pursuant to a circular dated May 4, 2005 the RBI has prescribed a cap on dividend payout ratio based on capital adequacy ratio and level of net NPAs, upto which banks can declare dividend without prior approval of the RBI. The amount of dividend declared by the Bank will depend on a number of factors apart from the above, including the results of operations, financial condition, capital adequacy ratio, need to apply the profits into the operations of the Bank and other factors considered relevant by our Board.

The restated dividends declared by our Bank on the Equity Shares in each of the fiscals 2012, 2013, 2014, 2015 and 2016 as per our restated financial statements are given below.

*(In ₹ million, unless stated otherwise)*

Particulars	Financial Performance (For the Fiscal )				
	2012	2013	2014	2015	2016
Face value per share (in ₹)	10	10	10	10	10
Dividend	64.48	151.87	245.82	366.75	487.58
Dividend per share (in ₹)	0.30	0.60	0.90	1.20	1.50
Rate of dividend(%)	3	6	9	12	15
Dividend Tax (%)	16.23	16.23	17.00	20.36	20.36

The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amount, if any, in the future.

**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

<b>Description</b>	<b>Page No.</b>
Report of auditors on the Restated Financial Information of RBL Bank Limited as at March 31, 2016, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2016, 2015, 2014, 2013 and 2012	248
Restated Financial Information of RBL Bank Limited as at March 31, 2016, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2016, 2015, 2014, 2013, 2012	252

**Report of auditors on the Restated Financial Information of RBL Bank Limited as at March 31, 2016, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2016, 2015, 2014, 2013 and 2012**

The Board of Directors  
RBL Bank Limited  
One Indiabulls Centre, Tower 2B, 6th Floor,  
841, Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai 400013.

Dear Sirs,

1. We have examined the attached Restated Financial Information of RBL Bank Limited (the “Bank”) as at March 31, 2016, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2016, 2015, 2014, 2013 and 2012 prepared by the Bank for the purpose of inclusion in the offer document (“Restated Financial Information”), in connection with its proposed Initial Public Offer (“IPO”). Such financial information has been approved by the Board of Directors and prepared by the Bank in accordance with the requirements of:
  - a) Companies Act 2013, including sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act 2013 (the “Act”) read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014; and
  - b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “Regulations”) issued by the Securities and Exchange Board of India (“SEBI”) on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
2. We have examined such Restated Financial Information taking into consideration:
  - a) the terms of our engagement agreed with you vide our engagement letter dated June 15, 2016 requesting us to carry out work on such financial information, proposed to be included in the offer document of the Bank in connection with its proposed IPO; and
  - b) the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
3. The Bank proposes to make an IPO which comprises of a fresh issue of equity shares of Rs. 10 each as well as an offer for sale by certain shareholders’ existing equity shares of Rs. 10 each, at such premium, arrived at by book building process (referred to as the “Issue”), as may be decided by the Board of Directors of the Bank.

#### **Restated Financial Information as per audited financial statements:**

4. The Restated Financial Information has been compiled by the management from:
  - a. the audited financial statements of the Bank as at and for each of the years ended March 31, 2016, 2015, 2014 and 2013, which have been approved by the Bank in its board meetings held on April 29, 2016, April 28, 2015, May 19, 2014 and June 19, 2013 respectively, which have been audited by us; and
  - b. the audited financial statements of the Bank as at and for the year ended March 31, 2012 prepared in accordance with accounting principles generally accepted in India as applicable to banks at the relevant time and originally approved by the Bank in its board meeting held on June 20, 2012, have been audited by the Bank's previous auditor, M/s P.G. Bhagwat & Co., and other financial and other records of the Bank, to the extent considered necessary, for the presentation of the restated summary statements.
5. In accordance with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Act read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Regulations and terms of our engagement agreed with you, we report that, read with paragraph 4 above, we have examined the Restated Financial Information as at March 31, 2016, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2016, 2015, 2014, 2013 and 2012 as set out in Annexures I to III.
6. Based on our examination and the reliance placed on the reports of the auditors as referred to in Paragraph 4(c) above to the extent applicable, we report that:
  - i. The Restated Profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure V to this report;
  - ii. The impact arising on account of changes in accounting policies adopted by the Bank as at and for the year ended March 31, 2016, is applied with retrospective effect in the Restated Financial Information;
  - iii. Adjustments for the material amounts in the respective financial years to which they relate have been adjusted in the Restated Financial Information;
  - iv. There are no extraordinary items which need to be disclosed separately in the Restated Financial Information;
  - v. There are no qualifications in the auditors' reports on the Financial Statements of the Bank as at and for the years then ended March 31, 2016, 2015, 2014, 2013 and 2012 which require any adjustments to the Restated Financial Information;
  - vi. The auditors' report on the Financial Statements as at and for the year ended March 31, 2013 included an Emphasis of Matter paragraph, that does not require any corrective adjustment in the financial information, as follows:

We draw reference to note 5 of Schedule 17 to the financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of Rs. 65.7 million pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter DBOD.No.BP.BC 15896/21.04.018/2010-11 to the Bank dated 08 April 2011 regarding re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment. Our opinion is not qualified in respect of this matter.

Extract of Note 5 of Schedule 17 to the financial statements read as follows:

Consequent to the re-opening of pension option pursuant to the agreement between Indian Bank Association and United Forum of Bank Unions, RBI had permitted the Bank to amortise the enhanced expenditure resulting there from over five years starting from financial year ended on March 31, 2011 except for pension cost pertaining to the retired/separated employees which was to be charged off entirely in the year ending on March 31, 2011.

Accordingly, pension cost pertaining to the retired/separated employees had been charged to the Profit and Loss account in the year ended on March 31, 2011. Pension cost pertaining to the existing employees is being amortised over three financial years (as against five financial years permitted by RBI) from financial year ended on March 31, 2011 to financial year ended on March 31, 2013 at Rs. 65.7 million per financial year.

7. We have not audited any financial statements of the Bank as of any date or for any period subsequent to March 31, 2016. 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 March 31, 2016.

**Other Financial Information:**

8. At the Bank's request, we have also examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Bank and annexed to this report relating to the Bank as at and for each of the years ended March 31, 2016, 2015, 2014, 2013 and 2012:
  - a. Restated Statement of Related Party Transactions –As per accounting standard 18 Related party Disclosures, enclosed as Annexure VII
  - b. Restated Statement of Segment information, enclosed as Annexure VIII
  - c. Restated Statement of Advances (net), enclosed as Annexure IX
  - d. Restated Statement of Investments (net), enclosed as Annexure X
  - e. Restated Statement of Rates and Amount of Proposed Dividends, enclosed as Annexure XI
  - f. Restated Statement of Accounting Ratios, enclosed as Annexure XII
  - g. Capitalisation Statement, as appearing in Annexure XIII
  - h. Statement of Tax Shelter, enclosed as Annexure XIV
  - i. Restated Statement of Borrowings, enclosed as Annexure XV
  - j. Restated Statement of Other Income which exceeds 20% of Net profit before tax, enclosed as Annexure XVI
9. In our opinion, the financial information as disclosed in the Annexures to this report, read with the significant accounting policies and respective notes disclosed in Annexure IV, and after making adjustments and regroupings as considered appropriate and disclosed in Annexures V, have been prepared in accordance with the relevant provisions of the Act and the Regulations.
10. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.



12. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co. LLP  
Firm Registration No.: 301003E/E300005  
Chartered Accountants

per Viren H. Mehta  
Partner  
Membership no. 048749

Mumbai  
Date: 06 July 2016

**ANNEXURE I - SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED**

*(₹ in million)*

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
<b>A.</b>	<b>ASSETS</b>					
1	Cash in Hand	326.14	546.38	1,140.25	1,594.17	1,360.91
2	Balance with RBI	2,306.89	2,362.02	8,667.09	12,962.61	12,036.55
3	Balances with Banks	528.53	2,327.43	2,115.16	5,148.41	11,101.75
	In India	513.54	2,140.62	1,539.08	4,640.15	10,128.64
	Outside India	14.99	186.81	576.08	508.26	973.11
4	Money at Call & Short Notice	2,699.63	1,650.00	0.00	1,998.14	0.00
5	Investments	22,647.20	55,160.47	64,769.95	97,922.96	144,360.34
	In India Gross Investment	22,670.10	55,162.58	64,791.70	97,947.26	144,516.19
	Less: Provision for NPI	22.90	0.00	0.00	23.30	38.75
	Less: Depreciation on Investments	0.00	2.11	21.75	1.0	117.10
	In India Net Investment	22,647.20	55,160.47	64,769.95	97,922.96	144,360.34
	Outside India	0.00	0.00	0.00	0.00	0.00
6	Advances	41,322.69	63,762.12	98,350.47	144,498.26	212,290.83
	In India	41,322.69	63,762.12	98,350.47	144,498.26	212,290.83
	Outside India	0.00	0.00	0.00	0.00	0.00
7	Fixed Assets	588.95	942.62	1,343.48	1,644.39	1,772.97
	Less: Revaluation Reserve	11.23	10.88	10.55	10.24	9.95
	<b>Net Fixed Assets</b>	<b>577.72</b>	<b>931.74</b>	<b>1,332.93</b>	<b>1,634.14</b>	<b>1,763.02</b>
8	Other Assets	1,663.87	2,882.58	5,594.92	5,277.79	8,687.51
	<b>TOTAL (A)</b>	<b>72,072.67</b>	<b>129,622.74</b>	<b>181,970.77</b>	<b>271,036.48</b>	<b>391,600.91</b>
<b>B</b>	<b>LIABILITIES</b>					
1	<b>DEPOSITS</b>	<b>47,393.31</b>	<b>83,405.19</b>	<b>115,986.02</b>	<b>170,992.51</b>	<b>243,486.51</b>
1.1	Demand Deposit	5,869.73	11,098.95	16,914.55	21,998.06	27,796.35
	From Banks	44.72	182.50	284.59	361.42	1,052.71
	From Others	5,825.01	10,916.45	16,629.96	21,636.64	26,743.64
1.2	Saving Deposits	4,323.18	5,344.67	6,782.36	9,575.68	17,582.12
1.3	Term Deposits from Banks	8,326.27	9,779.18	19,069.07	29,853.09	30,892.74
1.4	Term Deposits from Others	28,874.13	57,182.39	73,220.04	109,565.68	167,215.30
2	<b>BORROWINGS</b>	<b>11,985.52</b>	<b>27,373.49</b>	<b>38,955.44</b>	<b>69,626.97</b>	<b>105,362.24</b>
	In India	11,852.67	26,144.80	35,620.29	61,974.35	98,130.00
	Outside India	132.85	1,228.69	3,335.15	7,652.62	3,232.24
	Subordinated Debts (Tier II Bonds)	0.00	0.00	0.00	0.00	4,000.00
3	Other Liabilities & Provisions	1,271.73	2,787.48	6,892.27	8,122.97	12,869.78
	<b>TOTAL (B)</b>	<b>60,650.56</b>	<b>113,566.16</b>	<b>161,833.73</b>	<b>248,742.45</b>	<b>361,718.53</b>
<b>C.</b>	<b>NET WORTH (A - B)</b>	<b>11,422.11</b>	<b>16,056.58</b>	<b>20,137.04</b>	<b>22,294.03</b>	<b>29,882.38</b>
<b>D.</b>	<b>Share Capital</b>	<b>2,149.47</b>	<b>2,529.25</b>	<b>2,720.40</b>	<b>2,934.50</b>	<b>3,247.28</b>
D1	Share Application money	0.00	0.00	1,295.02	0.00	0.00
<b>E</b>	<b>RESERVES &amp; SURPLUS</b>					
1	Statutory Reserve	556.50	796.50	1,036.50	1,554.50	2,286.50
2	Capital Reserve	82.01	102.45	120.97	145.57	155.57
3	Revaluation Reserve	11.23	10.88	10.55	10.24	9.95
4	Share Premium	7,884.13	11,387.94	13,343.13	14,947.73	19,885.30
5	Revenue & Other Reserve	741.55	1,226.55	1,596.55	2,646.55	4,246.55
6	Investment Reserve	11.71	11.71	11.71	22.01	22.01
7	Balance of Profit & Loss A/c.	(3.26)	2.18	12.76	43.17	39.17
	<b>TOTAL RESERVES</b>	<b>9,283.87</b>	<b>13,538.21</b>	<b>16,132.17</b>	<b>19,369.77</b>	<b>26,645.05</b>
	Less : Revaluation Reserve	11.23	10.88	10.55	10.24	9.95
	<b>TOTAL (E)</b>	<b>9,272.64</b>	<b>13,527.33</b>	<b>16,121.62</b>	<b>19,359.53</b>	<b>26,635.10</b>
	<b>NETWORTH (D + E)</b>	<b>11,422.11</b>	<b>16,056.58</b>	<b>20,137.04</b>	<b>22,294.03</b>	<b>29,882.38</b>
<b>F</b>	<b>CONTINGENT LIABILITIES</b>					

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
	Claims against the bank not acknowledged as debts	5.46	5.46	18.96	43.39	97.88
	Liability for Partly Paid Investment	42.35	21.36	8.50	76.00	313.05
	Liability on Account of Outstanding forward Exchange contracts	102.94	42,774.77	94,135.70	169,260.51	230,527.48
	Guarantees given on behalf of constituents					
	In India	3,684.69	6,391.82	9,401.91	20,637.97	32,469.28
	Outside India	11.99	9,958.06	7,572.30	16,304.32	17,186.46
	Acceptances, Endorsements and other Obligations	699.94	2,851.55	6,249.59	13,100.26	12,948.15
	Other items for which the bank is contingently liable	1,201.68	1,478.66	3,361.51	279.63	3,639.90
	<b>TOTAL (F)</b>	<b>5,749.05</b>	<b>63,481.68</b>	<b>120,748.47</b>	<b>219,702.08</b>	<b>297,182.20</b>
G	<b>Bills for collection</b>	<b>168.64</b>	<b>14.91</b>	<b>2,004.24</b>	<b>5,135.07</b>	<b>7,723.23</b>

Note: The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and Annexure V.

**ANNEXURE II - SUMMARY STATEMENT OF PROFITS & LOSSES AS RESTATED**

*(₹ in million)*

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
<b>A.</b>	<b>INCOME</b>					
<b>1.0</b>	<b>Interest Earned</b>	<b>4,650.83</b>	<b>8,793.22</b>	<b>13,516.16</b>	<b>19,530.87</b>	<b>27,443.07</b>
1.1	Interest / Discount on Advances / bills	3,474.03	6,165.29	9,263.77	14,135.70	19,528.03
1.2	Income on Investments	1,060.16	2,527.01	4,115.30	5,179.08	7,453.79
	Interest on balance with RBI and	71.67	42.06	50.13	99.55	398.37
1.3	Other Inter-bank funds					
1.4	Others	44.96	58.87	86.96	116.54	62.88
<b>2.0</b>	<b>Other Income</b>	<b>671.33</b>	<b>1,264.39</b>	<b>2,609.72</b>	<b>4,034.07</b>	<b>4,905.43</b>
2.1	Commission, Exchange and Brokerage	541.03	812.56	1,858.02	2,607.14	3,440.26
2.2	Profit on sale of Investments (Net)	43.16	273.93	421.49	577.26	598.60
2.3	Profit / (Loss) on sale of land, building and other assets (Net)	20.98	16.02	17.03	49.64	8.15
2.4	Profit on exchange transactions (Net)	1.92	86.68	310.68	689.88	797.67
2.5	Miscellaneous Income	64.24	75.20	2.50	110.15	60.75
	<b>TOTAL INCOME</b>	<b>5,322.16</b>	<b>10,057.61</b>	<b>16,125.88</b>	<b>23,564.94</b>	<b>32,348.50</b>
<b>B.</b>	<b>EXPENDITURE</b>					
<b>1.0</b>	<b>Interest Expended</b>	<b>2,782.92</b>	<b>6,217.74</b>	<b>10,099.90</b>	<b>13,967.22</b>	<b>19,251.00</b>
1.1	Interest on Deposits	2,458.28	4,840.29	7,713.82	10,865.72	15,070.89
1.2	Interest on Reserve Bank of India / Inter-Bank Borrowings	157.05	367.99	610.98	647.67	1,228.41
1.3	Others	167.59	1,009.46	1,775.10	2,453.83	2,951.70
<b>2.0</b>	<b>Operating Expenses</b>	<b>1,399.89</b>	<b>2,243.73</b>	<b>4,239.03</b>	<b>5,996.51</b>	<b>7,673.37</b>
2.1	Payments to and provisions for employees	841.67	1,240.66	1,849.28	3,008.70	3,699.21
2.2	Rent, taxes and lighting	182.12	305.05	442.11	723.58	828.77
2.3	Printing and stationery	12.61	16.60	30.14	45.09	58.55
2.4	Advertisement and publicity	3.32	3.29	3.78	29.00	69.79
2.5	Depreciation on banks property	77.89	132.43	209.43	332.08	483.57
2.6	Director's fees Allowances and expenses	2.16	2.77	2.76	2.97	5.57
2.7	Auditors' fees and expenses (Including branch auditor's fees and expenses)	1.70	4.49	4.84	6.62	7.67
		0.00	0.00	0.00	0.00	0.00
2.8	Law Charges	2.48	5.76	15.28	14.54	48.99
2.9	Postage, Telegrams, Telephones, etc.	13.10	25.50	43.98	92.53	95.39
2.10	Repairs and maintenance	17.83	24.09	29.68	68.25	65.04
2.11	Insurance	33.24	50.92	103.05	154.69	209.12
2.12	Other Expenditure (Refer Note 6 of Annexure IV- Notes to restated Financial Statements for the year ended March 31,2014)	211.77	432.17	1,504.70	1,518.46	2,101.70
	<b>TOTAL EXPENDITURE</b>	<b>4,182.81</b>	<b>8,461.47</b>	<b>14,338.93</b>	<b>19,963.73</b>	<b>26,924.37</b>
	<b>Operating Profit (before Extra Ordinary Items and Provision &amp; Contingencies)</b>	<b>1,139.35</b>	<b>1,596.14</b>	<b>1,786.95</b>	<b>3,601.21</b>	<b>5,424.13</b>
<b>C.</b>	<b>Add / (less) : Extra Ordinary Items net of taxes</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Less: Provisions & Contingencies (other than Provision for Tax)	186.65	226.09	461.79	601.80	1,144.07
<b>D.</b>	<b>Profit Before Tax</b>	<b>952.70</b>	<b>1,370.05</b>	<b>1,325.16</b>	<b>2,999.41</b>	<b>4,280.06</b>

S. NO.	PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
		2012	2013	2014	2015	2016
	Provision for Income Tax & Wealth Tax	376.18	412.10	253.48	1,025.30	1,575.39
	Provision for Deferred Tax	(74.46)	29.41	144.98	(97.64)	(220.18)
	<b>Total Tax provision</b>	<b>301.72</b>	<b>441.51</b>	<b>398.46</b>	<b>927.66</b>	<b>1,355.21</b>
E.	<b>Net Profit after tax</b>	<b>650.98</b>	<b>928.54</b>	<b>926.70</b>	<b>2,071.75</b>	<b>2,924.85</b>
	Adjustment for Profit / Loss brought forward	6.45	(3.26)	2.18	12.76	43.17
	<b>Total Profit &amp; Loss Account Profit available for</b>	<b>657.43</b>	<b>925.28</b>	<b>928.88</b>	<b>2,084.51</b>	<b>2,968.02</b>
F.	<b>appropriation</b>					
	Statutory Reserve	165.00	240.00	240.00	518.00	732.00
	Capital Reserve	14.41	20.44	18.52	24.60	10.00
	Revenue & Other Reserve	405.00	485.00	370.00	1,050.00	1,600.00
	Interim, Proposed dividend & Tax on Dividend	74.78	177.66	287.60	438.44	586.84
	Investment Reserve	1.50	0.00	0.00	10.30	0.00
	Balance of Profit & Loss A/c.	(3.26)	2.18	12.76	43.17	39.18
	<b>Total</b>	<b>657.43</b>	<b>925.28</b>	<b>928.88</b>	<b>2,084.51</b>	<b>2,968.02</b>

Note: The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and Annexure V.

**ANNEXURE III - STATEMENT OF CASH FLOWS AS RESTATED**

*(₹ in million)*

S. NO.	PARTICULARS	For the Financial Year Ending March 31,				
		2012	2013	2014	2015	2016
I	<b><u>Cash Flow from Operating Activities</u></b>					
	Net Profit for the Year (before taxes)	952.70	1,370.05	1,325.16	2,999.41	4,280.06
	Adjustments for:-					
	Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(20.98)	(16.02)	(17.03)	(49.64)	(8.15)
	Add : Non-Cash Expenditure					
	Depreciation	77.89	132.43	209.43	332.08	483.57
	Provision / write-off of non performing advances	100.69	121.37	301.04	351.19	800.36
	Provision for standard advances	87.20	100.10	149.01	242.42	238.38
	Provision for investments	(2.97)	3.18	19.64	2.54	131.55
	Other provisions	1.73	1.44	(7.90)	5.65	(26.22)
	<b>Cash Flow before Changes in Working Capital</b>	<b>1,196.26</b>	<b>1,712.55</b>	<b>1,979.35</b>	<b>3,883.65</b>	<b>5,899.55</b>
	Adjustments for working capital changes:-					
	Deposits	26,971.75	36,011.88	32,580.83	55,006.50	72,494.01
	Other Liabilities	189.26	1,311.33	3,851.06	927.43	4,534.66
	Deposits placed having original maturity greater than 3 months	834.15	(10.94)	(4.92)	(2,212.85)	(6,843.42)
	Investments	(14,468.34)	(32,516.45)	(9,629.12)	(33,412.89)	(46,568.94)
	Advances	(22,371.71)	(22,560.79)	(34,886.72)	(46,443.77)	(68,592.93)
	Other Assets	(499.77)	(1,247.04)	(2,712.34)	636.79	(3,254.95)
	Direct Taxes paid	(304.34)	(418.42)	(398.46)	(990.00)	(1,510.00)
	<b>Cash generated from Operating Activities</b>	<b>(8,452.74)</b>	<b>(17,717.88)</b>	<b>(9,220.32)</b>	<b>(22,605.14)</b>	<b>(43,842.02)</b>
II	<b><u>Cash Flow from Investing Activities</u></b>					
	Addition to Fixed Assets	(234.13)	(519.70)	(486.87)	(802.67)	(538.95)
	Addition to Capital Work in Progress	(8.19)	22.02	(129.58)	130.08	(89.66)
	Sale of Fixed Assets	30.08	27.24	22.86	88.94	24.32
	<b>Cash generated from Investing Activities</b>	<b>(212.24)</b>	<b>(470.44)</b>	<b>(593.59)</b>	<b>(583.65)</b>	<b>(604.29)</b>
III	<b><u>Cash Flow from Financing Activities</u></b>					
	Proceeds of share issue	0.00	3,883.58	3,445.04	523.67	5,250.35
	Reduction from Reserves	0.00	5.25	0.00	0.00	0.00
	Reduction from Share Premium	0.00	0.00	(3.68)	0.00	0.00
	Net Proceeds / (Repayments) from Borrowings	11,908.60	15,387.97	11,581.95	30,671.54	35,735.26
	Dividend and Dividend distribution tax	(50.13)	(74.78)	(177.66)	(438.44)	(586.84)
	<b>Cash generated from financing Activities</b>	<b>11,858.47</b>	<b>19,202.02</b>	<b>14,845.65</b>	<b>30,756.77</b>	<b>40,398.77</b>
IV	<b>Increase/Decrease during the Year</b>	<b>3,193.49</b>	<b>1,013.70</b>	<b>5,031.74</b>	<b>7,567.98</b>	<b>(4,047.54)</b>
V	<b>Opening Cash and Cash Equivalents</b>	<b>2,551.75</b>	<b>5,745.24</b>	<b>6,758.94</b>	<b>11,790.68</b>	<b>19,358.66</b>
VI	<b>Closing Cash and Cash Equivalents</b>	<b>5,745.24</b>	<b>6,758.94</b>	<b>11,790.68</b>	<b>19,358.66</b>	<b>15,311.12</b>

Notes to cash Flow Statement:

**Cash and Cash Equivalents include the following:**

<b>PARTICULARS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Cash and Balances with Reserve Bank of India</b>	2,633.03	2,908.40	9,807.34	14,556.78	13,397.46
<b>Balances with Banks in Current Accounts</b>	412.58	2,200.54	1,983.34	2,803.74	1,913.66
<b>Money at Call and Short Notice</b>	2,699.63	1,650.00	-	1,998.14	-
<b>Total of Cash &amp; Cash Equivalents</b>	<b>5,745.24</b>	<b>6,758.94</b>	<b>11,790.68</b>	<b>19,358.66</b>	<b>15,311.12</b>

Note: The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and Annexure V.

**ANNEXURE IV**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012, 2013, 2014, 2015 AND 2016**

**Background:**

RBL Bank Limited (formerly The Ratnakar Bank Limited), incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with the Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance and financial inclusion, treasury operations and other banking related activities.

**Basis of preparation:**

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, (and comply with the requirements prescribed under the Third Schedule (Form A and Form B)) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

**Use of estimates:**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

**Significant Accounting Policies:**

The accounting policies have been consistently applied by the bank and are consistent with those used in the preparation of financial statement for the year ended 31 March 2016.

**1. Advances**

Advances are stated net of provisions made in respect of non-performing advances. Premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and Non-Performing Assets ('NPA') based on the relevant RBI guidelines. Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time. In case of restructured accounts provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines. The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines in this regard. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account as credit to Miscellaneous Income under the head 'Other Income' or provision for non-performing assets, respectively.



## 2. Investments

Classification and valuation of Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

### a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to similar income recognition and provisioning norms as are prescribed by RBI for non performing advances.

### b) Valuation

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India ("PDAI") jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) declared by the FIMMDA in consultation with PDAI are used.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹1 as per the RBI guidelines.

Quoted Mutual Fund units are valued as per Stock Exchange quotations and un-quoted Mutual Fund units are valued at last available re-purchase price or Net Asset Value (where re-purchase price is not available).

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at Re. 1 per VCF.

Security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by RBI. Accordingly, Security receipts are valued as per the Net Asset Value provided by the issuing Asset Reconstruction Company.

c) *Transfer between categories*

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

d) *Repurchase transactions*

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

e) *Broken period interest, brokerage etc.*

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

### 3. Foreign currency and Rupee Derivative transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the profit and loss account.

In accordance with RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and Accounting Standard -11, the effect of change in foreign exchange rates, foreign exchange trading positions including spot and forward contracts are revalued at each month end at market rates published by FEDAI and then discounted (PV) using appropriate curves. Long term foreign exchange contracts (original maturities of over 12 months) where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resulting gains and losses are recorded in the profit and loss account except in case of swaps entered into for hedging an on-balance sheet foreign currency exposure which are accounted for on an accrual basis. The unrealised gain and losses on swaps outstanding at year-end are included in "Other assets" and "Other liabilities", respectively. The notional values of these contracts are recorded as contingent liability at the closing exchange rates.

Swap cost arising on account of foreign currency swap contracts to convert rupee assets/liabilities into foreign currency assets/liabilities or vice versa is charged to profit and loss account as interest cost by amortising over the tenor of the swap.

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates as applicable. The profit or loss on revaluation is recorded in the profit and loss account and is included in “Other assets” or “Other liabilities”. The notional value of these swaps is recorded as Contingent Liability.

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under “Other assets” or “Other liabilities”, as the case may be. Premium received and premium paid is recognized in the profit and loss account upon expiry or exercise of the options. The notional value of these options is recorded as a Contingent liability.

Provisioning of overdue customer receivable on interest rate and foreign exchange derivative transactions, if any, is made as per RBI guidelines.

With respect to credit exposures to counterparties arising on account of the interest rate and foreign exchange derivative transactions, which are computed as per the current mark to market value of the contract, a provision is made as is applicable to the loan assets in the 'standard' category.

#### 4. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to ‘Premises Revaluation Reserve’ Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the enhanced value is transferred from Premises Revaluation Reserve to the credit of depreciation in the profit and loss account.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the profit and loss account up to the date of sale. If the management’s estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management’s estimate of the useful life/remaining useful life.

The depreciation rates applied on fixed assets are not higher or lower than the rates prescribed in Schedule II of the Companies Act, 2013 however in case of exceptions it is duly supported by technical advice and item costing less than ₹ 5,000.

The rates of depreciation are as follows:

Category	Depreciation rate
Premises	2%
Desktop computers and printers, Laptops	33.33%
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	20%
Purchased and developed Software	20%
Vehicles	20%
Office equipment, Locker cabinets, Strong room	15%
ATMs	14.29%
Furniture, fittings and work of art	10%
Items costing less than ₹ 5,000	100%

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

## **5. Retirement and other employee benefits**

Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the profit and loss account. Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the balance sheet date as per the Projected Unit Credit Method as computed by an independent actuary.

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

The accounting for Employee Stock Option Plans ('ESOP') is done as per the ICAI Guidance note on ESOP. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and not deferred.

## **6. Revenue Recognition**

- a) Interest income is recognised in the profit and loss account on accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation, as per the income recognition and asset classification norms of RBI.
- b) Recoveries in respect of past due loan accounts classified as sub-standard are appropriated towards overdue principal and thereafter towards interest and charges
- c) Commission, Exchange, Brokerage and Locker Rent is accounted for as income on realisation basis except for commission earned in excess of ₹1,00,000 for issue of guarantees which is amortised on a straight-line basis.
- d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- f) Loan processing fee is accounted for upfront when it becomes due.
- g) All other fees are accounted for as and when they become due.

## **7. Accounting for leases**

### *Operating leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any Finance leases.

## **8. Taxation**

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence) of realization of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

## **9. Provisions and contingencies**

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## **10. Provision for reward points on credit cards**

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point.

## **11. Earnings per share (EPS)**

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

## **12. Cash and Cash Equivalents**

Cash and Cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 1. Investments

In terms of guidelines of Reserve Bank of India, amortisation of premium of ₹16.0 million relating to investments in 'Held to Maturity' category has been netted off against 'Income on Investments' under Schedule - 13. There are no transactions of transfer / sale of securities from Held to Maturity category of investments during the year.

### 2. Employee Stock Option Plan (“ESOP”)

The shareholders of the Bank had approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) on August 25, 2010, enabling the Board and / or the Human Resource Committee to grant such number of Options of the Bank not exceeding 10% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. Vested Options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank get listed on a recognized stock exchange, whichever is later.

Under Intrinsic Value method, since exercise price of the stock options granted under the ESOP is more than the underlying value of the shares, it has not resulted in any charge to the statement of Profit and Loss for the year. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2012, would have increased by ₹64.8 million (previous year ₹8.0 million) and the profit before tax would have been lower correspondingly. Accordingly, diluted earnings per share would be ₹2.81.

Stock option activity under the scheme during the year:	2011-12
Outstanding at the beginning of the year	79,92,500
Granted during the year	48,23,800
Forfeited during the year	60,000
Exercised during the year	-
Expired during the year	-
Outstanding at the end of the year	1,27,56,300
Options exercisable at the end of the year	26,64,067

Options granted during the year carry an exercise price of ₹46.50. During the year corresponding value of the shares for these grants at the time of respective grant was ₹41.44, ₹42.31 and ₹46.26.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2011-12
Average dividend yield	1.12%
Expected volatility	42.25%
Risk free interest rates	8.18%-8.80%
Expected life of options (across each tranche)	2.58 - 3.41
Expected forfeiture	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the last three years.

### 3. Accounting Standards

#### 3.1 Disclosures under AS -15 on employee benefits

##### Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

		<i>(₹ in million)</i>
Particulars	2011-12	
Provident Fund		15.7
Pension Scheme (employees joining after 01.04.2010)		0.2

##### Defined Benefit Plans

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

##### Change in the present value of the defined benefit obligation

		<i>(₹ in million)</i>	
Particulars	2011-12		
	Pension	Gratuity	
Opening defined benefit obligation at 1st April	506.1	109.8	
Current Service cost	22.3	-	
Interest cost	37.9	9.1	
Actuarial losses/ (gains)	84.6	17.8	
Past Service Cost (Amortised)	-	-	
Liability Transfer in	2.2	-	
Benefits paid	(138.8)	(27.9)	
Closing defined benefit obligation at 31st March	514.3	108.8	

##### Change in the plan assets

		<i>(₹ in million)</i>	
Particulars	2011-12		
	Pension	Gratuity	
Opening fair value of plan assets at 1st April	217.5	88.3	
Expected return on plan assets	36.4	7.1	
Contributions	306.4	41.6	
Transfer from other Trust	2.2	-	
Benefit paid	(138.8)	(27.9)	
Actuarial (gains) / loss on obligations	(19.6)	(0.3)	
Closing fair value of plan assets at 31st March	404.1	108.8	

##### Reconciliation of Present value of the obligations and fair value of the plan assets

		<i>(₹ in million)</i>	
Particulars	2011-12		
	Pension	Gratuity	
Present value of funded obligation at 31st March	514.3	108.8	
Fair value of plan assets at 31st March	404.1	108.8	
Deficit / (Surplus)	110.2	-	
Unrecognised past service cost	65.7	-	
Net Liability / (Asset)	44.5	-	



### Net cost recognized in the Profit & Loss Account

(₹ in million)

Particulars	2011-12	
	Pension	Gratuity
Current Service cost	22.3	-
Interest cost	37.9	9.1
Expected return on plan assets	(36.4)	(7.1)
Past Service Cost (Vested Benefit) recognised	65.7	-
Net Actuarial losses / (gains) recognised during the year	104.2	18.2
Total cost of defined benefit plans included in Schedule 16	193.7	20.2
Payments to and provisions for employees		

### Reconciliation of Expected return and actual return on planned assets

(₹ in million)

Particulars	2011-12	
	Pension	Gratuity
Expected return on plan assets	36.4	7.1
Actuarial gain / (loss) on plan assets	(19.6)	(0.3)
Actual return on plan assets	16.8	6.8

### Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in million)

Particulars	2011-12	
	Pension	Gratuity
Opening net liability as at 1st April	157.2	21.4
Expenses as recognised in Profit & Loss Account	193.7	20.2
Employers contribution	(306.4)	(41.6)
Net liability / (asset) recognised in balance sheet	44.5	-

### Investments under Plan Assets of Gratuity fund and Pension fund as on 31.03.2012 are as follows:

(₹ in million)

Category of Assets	2011-12	
	Pension (%)	Gratuity (%)
Central Government securities	6.98	10.84
State Government securities	16.17	20.23
Corporate Bonds	17.58	28.08
Special Deposit Schemes	-	19.41
Funds with LIC	31.43	-
Others	27.84	21.44
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Principal Actuarial Assumptions

Particulars	Pension and Gratuity Plans	
	2011-12	
Discount rate		8.50%
Expected rate of return on Plan Asset		8.60%
Salary Escalation		5.00%
Attrition rate		2.00%

### 3.2 Segment Reporting (AS-17): Information about business segments

In terms of the AS-17 Segment Reporting issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBOD.BP.BC No.16/21.04.018/2011-12 dated July 1, 2011 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet Management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth, the business segment results for the period ended 31<sup>st</sup> March 2012:

Particulars	(₹ in million)				
	Corporate / Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	3,794.8	2,686.6	3,664.8	22.5	10,168.7
Unallocated Revenue	-	-	-	-	23.0
Total Revenue	-	-	-	-	10,191.7
Inter Segment Revenue / (Expense)				-	4,869.5
Net Total Revenue (Total Revenue – Inter Segment Revenue/ Expense)					5,322.2
Results	414.0	(66.1)	565.9	17.7	954.5
Unallocated Expenses	-	-	-	-	1.8
Operating Profit/ PBT	-	-	-	-	952.7
Income Tax (Net of Deferred Tax)	-	-	-	-	301.7
Net Profit	-	-	-	-	651.0
<i>Other Information</i>					
Segment Assets	35,257.4	6,088.0	29,014.6	-	70,360.0
Unallocated Assets	-	-	-	-	1712.7
Total Assets	-	-	-	-	72,072.7
Segment Liabilities	19,817.9	22,813.2	17,674.9	1.2	60,307.2
Unallocated Liabilities	-	-	-	-	11,765.5
Total Liabilities	-	-	-	-	72,072.7

Notes:

1. The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.

2. Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
3. Unallocated items include Fixed Assets, related depreciation expenses, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, Bills payable, share capital and reserves, and operating expenses which cannot be identified or allocated to segments.

### 3.3. Related Party Transactions (AS -18)

As per AS 18 “Related Party Disclosures” prescribed by the Companies (Accounting Standard) Rules 2006, the Bank’s related parties for the year ended March 31, 2012 are disclosed below:

#### Key Management Personnel (‘KMP’)

Mr. Vishwavir Ahuja, Managing Director & CEO

In financial year 2011-12, there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 “Guidance on compliance with the accounting standards by banks”.

### 3.4 Operational Leases (AS – 19)

Disclosure as per Accounting Standard-19 on Leases as per Companies (Accounting Standard) Rules, 2006.

The company has taken certain premises on operating lease. The Agreements entered into provide for renewal and rent escalation clause.

Particular of future minimum lease payments in respect of the same are as mentioned below:

<i>(₹ in million)</i>	
Period	2011-12
Not later than one year	175.2
Later than one year and not later than five years	733.3
Later than five years	110.1
Total	1,018.6
Lease payment recognized in Profit & Loss Account for the year	143.1

### 3.5 Earnings Per Share (AS -20)

<i>(₹ in million)</i>	
Particulars	2011-12
<b>Basic</b>	
Weighted Average Number of equity shares	21,49,47,396
Net Profit after tax available for equity share holders (₹)	65,09,79,409
Basic Earnings Per Share (F V ₹10/-)	3.03
<b>Diluted</b>	
Weighted Average Number of equity shares (including dilutive potential equity shares)	21,61,21,203
Net Profit after tax available for equity share holders (₹)	65,09,79,409
Diluted Earnings Per Share (F V ₹10/-)	3.01

The dilutive impact is due to options granted to employees by the Bank.

### 3.6 Taxes on Income (AS -22)

Surplus arising due to Net Deferred Taxation computed for the year ended 31-03-2012 amounting to ₹74.5 million is credited to Profit and Loss Account.

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on 31-03-2012 are as under:-

Particulars	(₹ in million)		
	Deferred Tax Assets 2011-12	Deferred Tax Liabilities 2011-12	Net Deferred Tax Asset 2011-12
Provision for Assets	65.6	-	-
Provision for retirements of employees	38.0	-	-
Others	48.8	-	-
Depreciation on Fixed Assets	-	25.2	-
Profit on sale of Fixed Assets	-	5.0	-
<b>Total</b>	<b>152.4</b>	<b>30.2</b>	<b>122.2</b>

### 3.7 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

Particulars	(₹ in million)
	2011-12
At cost at the beginning of the year	44.1
Additions during the year	55.1
Deductions during the year	3.1
Accumulated depreciation as at 31 March	(31.4)
Closing balance as at 31 March	64.7
Depreciation charge for the year	11.4

### 3.8 Impairment of Assets (AS -28)

There is no material impairment of fixed assets and as such no provision is required as per AS - 28.

### Provisions, Contingent Liabilities and Contingent Assets (AS-29)

Details of Balance in Provisions for Contingent Liability:

Particulars	(₹ in million)
	2011-12
Opening balance	2.1
Additions during the year	0.9
Amounts used during the year	-
Unused amounts reversed during the year	-
<b>Closing Balance</b>	<b>3.0</b>

- i) Provision for Contingent Liabilities comprises of ₹0.5 million against case pending in respect of guarantee invoked, ₹1.6 million for claims acknowledged as debts and ₹0.9 million on account of municipal tax paid under dispute.
- ii) In the opinion of the Management, there is remote possibility of any outflow in respect of other Contingent Liabilities disclosed in Schedule 12, hence no provision is made.

### 4. Small & Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding for more than the specified period, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

**5. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year 2011-12**

<b>A)</b>	<b>Customer Complaints</b>	<b>2011-12</b>
a)	No. of complaints pending at the beginning of the year	-
b)	No. of complaints received during the year	19
c)	No. of complaints redressed during the year	19
d)	No. of complaints pending at the end of the year	-
<b>B)</b>	<b>Awards passed by the Banking Ombudsman</b>	<b>2011-12</b>
a)	No. of unimplemented awards at the beginning of the year	Nil
b)	No. of awards passed by the Banking Ombudsman during the year	Nil
c)	No. of awards implemented during the year	Nil
d)	No. of unimplemented awards at the end of the year	Nil

**In terms of RBI guidelines, the following additional disclosures have been made:**

**6. Capital Adequacy:**

- i. The Bank has complied with Capital Adequacy Norms prescribed by the Reserve Bank of India. The details are as under:

	<b>Particulars</b>	<b>31.03.2012</b>
i)	CRAR (%) (Basel - I)	NA
ii)	CRAR - Tier I capital (%) (Basel - I)	NA
iii)	CRAR - Tier II capital (%) (Basel - I)	NA
iv)	CRAR (%) (Basel - II)	23.14%
v)	CRAR - Tier I capital (%) (Basel - II)	22.78%
vi)	CRAR - Tier II capital (%) (Basel - II)	0.36%
vii)	Amount of subordinated debt raised as Tier-II capital (₹million)	-

**7. Investments:**

**i) Movement of Investments:**

	<b>Particulars</b>	<b>(₹ in million)</b> <b>31.03.2012</b>
(1)	Value of Investments	
	(i) Gross Value of Investments	
	(a) In India	22,670.1
	(b) Outside India	-
	(ii) Provisions for Depreciation (including provision for NPI)	
	(a) In India	22.9
	(b) Outside India	-
	(iii) Net Value of Investments	
	(a) In India	22,647.2
	(b) Outside India	-
(2)	Movement of provisions held towards depreciation of investments (including provision for NPAs)	
	(i) Opening balance	25.9
	(ii) Add: Provisions made during the year	52.4
	(iii) Less: Write-off / write back of excess / provisions (including provision for NPAs) during the year	55.4
	(iv) Closing balance	22.9

**ii) Repo / Reverse Repo Transactions:**

During the year, the Bank has not under taken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

**iii) Issuer Composition of Non-SLR investments as on 31.03.2012:**

Issuer composition as at 31 March, 2012 of non-SLR investments

(₹ in million)

Sr. No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	199.3	99.3	-	-	-
2	FIs	95.0	85.0	-	-	-
3	Banks	3,041.1	13.0	-	-	-
4	Private Corporates	4,939.1	263.8	-	1.0	261.4
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	87.6	-	-	-	-
7	Provisions held towards depreciation	(22.9)	-	-	-	-
	<b>Total</b>	<b>8,339.2</b>	<b>461.1</b>	<b>-</b>	<b>1.0</b>	<b>261.4</b>

The Bank has not sold or transferred any securities from the HTM category.

**iv) Non Performing Non-SLR investment:**

(₹ in million)

Sr. No	Particulars	31.03.2012
1	Opening Balance	22.9
2	Additions during the year	-
3	Reductions during the year	-
4	Closing Balance	22.9
5	Total provisions held	22.9

**8. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:**

The bank has not undertaken any forward rate agreement, interest rate swaps and Exchange Traded Interest Rate Derivatives during the year.

**9. Restructured / Rescheduled / Renegotiated - Investments during the year:**

(₹ in million)

Particulars	31.03.2012
Standard assets subjected to restructuring etc.	NIL
Sub - standard assets subjected to restructuring etc.	NIL
Doubtful assets subjected to restructuring etc.	NIL

**10. Asset Quality:**

**i) Non – Performing Asset:**

(₹ in million)

Sr. No.	Particulars	31.03.2012
(i)	Net NPAs to Net Advances (%)	0.20%
(ii)	Provisioning Coverage Ratio (PCR) (%)	79.90%
(iii)	Movement of NPAs (Gross)	
	(a) Opening balance	215.1
	(b) Additions during the year	181.3
	(c) Reductions during the year	65.3
	(d) Closing balance	331.1

Sr. No.	Particulars	31.03.2012
(iv)	Movement of Net NPAs	
	(a) Opening balance	68.9
	(b) Additions during the year	62.0
	(c) Reductions during the year	47.0
	(d) Closing balance	83.9
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)	
	(a) Opening balance	146.2
	(b) Provisions made during the year	120.8
	(c) Write-off / write back of excess provisions during the year	19.8
	(d) Closing balance	247.2

## ii) Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year ending 31 March, 2012 are given below:

(₹ in million)

Particulars	31 March, 2012				
	CDR Mechanism	SME Debt Restructuring	Others	Total	
Standard Advances	No. of borrowers	-	4	1	5
Restructured	Amount Outstanding	-	29.5	204.5	234.0
	Sacrifice (diminution in the fair value)	-	-	-	-
Sub - standard Advances	No. of borrowers	-	-	-	-
Restructured	Amount Outstanding	-	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-	-
Doubtful Advances	No. of borrowers	-	1	-	1
Restructured	Amount Outstanding	-	47.3	-	47.3
	Sacrifice (diminution in the fair value)	-	-	-	-
Total	No. of borrowers	-	5	1	6
	Amount Outstanding	-	76.8	204.5	281.3
	Sacrifice (diminution in the fair value)	-	-	-	0

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

(₹ in million)

Sr. No.	Particulars	31.03.2012
(i)	No. of accounts	NIL
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	NIL
(iii)	Aggregate consideration	NIL
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	NIL
(v)	Aggregate gain / loss over net book value	NIL

## iv) Details of non-performing financial assets purchased / sold:

The Bank has neither purchased nor sold any non-performing financial assets during the current year or previous year.

## v) Provisions on Standard Asset:

(₹ in million)

Sr. No.	Particulars	31.03.2012
(i)	Provision towards Standard Assets	163.5

## 11. Business Ratios:

Sr. No.	Particulars	31.03.2012
(i)	Interest income as % to Working funds	9.78%
(ii)	Non-Interest income as % to Working funds	1.41%
(iii)	Operating profit as % to Working funds	2.40%
(iv)	Return on Assets	1.37%
(v)	Business (Deposit + Advance) per employee (₹. in million)	60.7
(vi)	Profit per employee (₹. in million)	0.5
(vii)	Cost of interest bearing funds	9.06%
(viii)	Return on Equity	5.85%

## 12. Maturity Pattern:

A maturity pattern of certain items of assets and liabilities at 31 March, 2012 is given below:

*(₹ in million)*

Particulars	31 March, 2012					
	Loans & Advances	Investments	Deposits	Borrowings	Foreign currency Assets	Foreign currency Liabilities
1 day	885.7	1,050.0	452.6	-	15.0	-
2 to 7 days	772.0	1,918.9	3,396.1	3,899.7	-	-
8 to 14 days	959.1	199.4	4,782.5	500.0	-	-
15 to 28 days	1,121.6	248.3	2,968.5	-	-	-
29 days to 3 months	5,449.9	5,366.5	8,063.8	1,760.0	132.9	132.9
Over 3 months to 6 months	2,631.0	872.4	4,403.8	894.8	-	-
Over 6 months to 1 year	5,701.3	315.8	9,661.0	1,404.9	-	-
Over 1 year to 3 years	12,605.8	2,277.1	13,210.0	1,619.8	-	-
Over 3 years to 5 years	4,009.5	2,237.6	371.4	1,573.4	-	-
Over 5 years	7,053.9	8,161.2	83.6	200.0	-	-
<b>Total</b>	<b>41,189.8</b>	<b>22,647.2</b>	<b>47,393.3</b>	<b>11,852.6</b>	<b>147.9</b>	<b>132.9</b>

## 13. Lending to Sensitive Sector:

### i) Exposure to Real Estate Sector:

*(₹ in million)*

Sr. No.	Particulars	31.03.2012
<b>1)</b>	<b>Direct exposure</b>	
(a)	Residential Mortgages -	492.2
	Out of which Individual housing loans eligible for inclusion in priority sector advances	329.9
(b)	Commercial Real Estate	1,039.7
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures	
i.	Residential Mortgages	-
ii.	Commercial Real Estate	-
<b>2)</b>	<b>Indirect Exposure</b>	
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000.0
	<b>Total Exposure to Real Estate Sector</b>	<b>2,531.9</b>

### ii) Exposure to Capital Market:

*(₹ in million)*

Sr. No.	Particulars	31.03.2012
(i)	Direct investments made 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;	1.4
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to	10.5



<b>Sr. No.</b>	<b>Particulars</b>	<b>31.03.2012</b>
	individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	
(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	356.5
(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	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-
(vii)	Bridge loans to companies against expected equity flows/issues	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-
(ix)	Financing to stockbrokers for margin trading	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	87.6
	<b>Total Exposure to Capital Market</b>	<b>456.0</b>

### iii) Risk Category wise Country Exposure:

As the Bank is not engaged in foreign exchange business, there is no exposure to country risk.

### 14. Details of Single / Group Borrower limit exceeded by the Bank:

During the year ended 31.03.2012 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers.

### 15. Amount of Provisions made for Income-tax during the year:

		<i>(₹ in million)</i>
<b>Sr. No.</b>	<b>Particulars</b>	<b>31.03.2012</b>
i)	Provision for Income tax / Wealth tax	376.2
ii)	Provision for deferred tax	(74.5)

### 16. Unsecured Advances against Intangible Collaterals:

		<i>(₹ in million)</i>
<b>Sr. No.</b>	<b>Particulars</b>	<b>31.03.2012</b>
i)	Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL
ii)	Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL

### 17. Penalties imposed by RBI:

During the year no penalty has been imposed by RBI on the Bank.

### 18. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:

		<i>(₹ in million)</i>
<b>Sr. No.</b>	<b>Particulars</b>	<b>31.03.2012</b>
i)	Fee / Remuneration from Life Insurance Business	17.4
ii)	Fee / Remuneration from General Insurance Business	4.9

**19. Break up of Provisions and Contingencies debited to Profit & Loss Account:**

		<i>(₹ in million)</i>
Sr. No.	Particulars	31.03.2012
i)	Provision made towards NPAs / Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines	
	a) For Advance	100.7
	b) For Investments	-
	c) For Lease Assets	-
ii)	Provisions towards Standard Advance	87.2
iii)	Provisions towards Income tax / Wealth tax	376.2
iv)	Provision towards deferred tax (net)	(74.5)
v)	Provision for others	1.7
vi)	Provision for depreciation on investments	(3.0)
	<b>Total</b>	<b>488.3</b>

**20. Drawdown from Reserves:**

There has been no draw down from reserves during the year ended March 31, 2012 .

**21. Floating Provisions:**

The Bank has not made any floating provisions.

**22. Market risk in trading book:**

**Quantitative Disclosure (Basel I):**

		<i>(₹ in million)</i>
Sr. No.	Particulars	31.03.2012
	Capital requirements for:	
a)	interest rate risk	572.1
b)	equity position risk	222.4
c)	foreign exchange risk	20.2

**23. Concentration of Deposits, Advances, Exposures and NPAs:**

**i) Concentration of Deposits:**

		<i>(₹ in million)</i>
Particulars		31.03.2012
Total Deposits of twenty largest depositors		14,809.3
Percentage of Deposits of twenty largest depositors to Total Deposits		31.48%

**ii) Concentration of Advances:**

		<i>(₹ in million)</i>
Particulars		31.03.2012
Total Advances to twenty largest borrowers		13,774.1
Percentage of Advances to twenty largest borrowers to Total Advances		33.13%

**iii) Concentration of Exposures:**

		<i>(₹ in million)</i>
Particulars		31.03.2012
Total Exposure to twenty largest borrowers / customers		15,702.0
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers		27.84%

**iv) Concentration of NPA's:**

		<i>(₹ in million)</i>
<b>Particulars</b>		<b>31.03.2012</b>
Total Exposure to top four NPA Accounts		204.8

**v) Sector wise NPA:**

Sr. No.	Particulars	NPA % to Total Advances to that sector	
		31.03.2012	
1	Agricultural & allied activities	0.34	
2	Industry (Micro & Small, Medium and Large)	6.27	
3	Services	2.26	
4	Personal Loans	17.83	

**vi) Movement of NPA:**

		<i>(₹ in million)</i>
<b>Particulars</b>		<b>31.03.2012</b>
Gross NPAs as on 1st April (Opening Balance)		215.1
Additions (Fresh NPAs) during the year		181.3
<b>Sub-total ( A )</b>		396.4
Less: (i) Up - gradations		1.6
(ii) Recoveries (excluding recoveries made from up-graded accounts)		62.3
(iii) Write - offs		1.4
<b>Sub-total ( B )</b>		65.3
<b>Gross NPAs as on 31st March (closing balance)( A - B )</b>		331.1

**vii) Overseas Assets, NPAs and Revenue:**

		<i>(₹ in million)</i>
Sr.No.	Particulars	31.03.2012
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

**vii) Off- Balance Sheet SPVs sponsored:**

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

**24. Description of nature of contingent liabilities is set out below:****i) Claims against the Bank not acknowledged as debts:**

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

**ii) Liability for partly paid investments:**

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

**iii) Liability on account of forward exchange contracts:**

The Bank enters into foreign exchange contracts as well as currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

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

v) Acceptances, endorsements and other obligations:

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi) Other contingent items:

These include:

- a. Commitments for settlement date accounting;
- b. Amount of bills rediscounted by the Bank;
- c. Demands raised by income tax and other statutory authorities, disputed by the Bank.

**25. Bank has not issued any letter of comforts during the year.**

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 1. Investments

In terms of guidelines of Reserve Bank of India, amortisation of premium of ₹17.7 million (previous year ₹ 16.0 million) relating to investments in 'Held to Maturity' category has been netted off against 'Income on Investments' under Schedule - 13. During financial year ended March 31, 2013, there has been no sale / transfer from HTM categories in excess of 5% of the book value of investments held in HTM category at the beginning of the year.

### 2. Employee Stock Option Plan (“ESOP”)

The shareholders of the Bank had approved granting of stock options to employees under one or more Employee Stock Option Plans (‘ESOP’) on August 25, 2010, enabling the Board and / or the Human Resource & Remuneration Committee to grant such number of stock options of the Bank not exceeding 10% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. Vested Options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank get listed on a recognized stock exchange, whichever is later.

Under Intrinsic Value method, since exercise price of the stock options granted under the ESOP is more than the underlying value of the shares, it has not resulted in any charge to the statement of Profit and Loss for the year. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2013 would have increased by ₹56.4 million (previous year ₹64.8 million) and the profit before tax would have been lower correspondingly. Accordingly, on a proforma basis, basic and diluted earnings per share would have been ₹4.04 and ₹4.00, respectively.

Stock option activity under the scheme during the year:	2012-13	2011-12
Outstanding at the beginning of the year	1,27,56,300	79,92,500
Granted during the year	56,89,800	48,23,800
Forfeited during the year	1,92,601	60,000
Exercised during the year	28,07,711	-
Expired during the year	-	-
Outstanding at the end of the year	1,54,45,788	1,27,56,300
Options exercisable at the end of the year	41,07,783	26,64,067

Options granted during the year carry an exercise price of ₹46.50 and ₹52.00. During the year corresponding value of the shares for these grants at the time of respective grant was ₹43.95 and ₹49.76 respectively.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2012-13	2011-12
Average dividend yield	1.10%	1.12%
Expected volatility	26.72%	42.25%
Risk free interest rates	7.85% - 8.25%	8.18% - 8.80%
Expected life of options (across each tranche)	1.50 – 3.00	2.58 - 3.41
Expected forfeiture	Nil	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the last three years.

### 3. disclosures as per accounting standards

#### 3.1 Disclosures under AS -15 on employee benefits

##### Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

Particulars	(₹ in million)	
	2012-13	2011-12
Provident Fund	27.8	15.7
Pension Scheme (employees joining after 01.04.2010)	0.2	0.2

##### Defined Benefit Plans

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

Change in the present value of the defined benefit obligation

Particulars	(₹ in million)			
	2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	514.3	108.8	506.1	109.8
Current Service cost	30.4	10.6	22.3	-
Interest cost	42.0	9.2	37.9	9.1
Actuarial losses/ (gains)	88.3	13.7	84.6	17.8
Past Service Cost (Amortised)	-	-	-	-
Liability Transfer in	-	-	2.2	-
Benefits paid	(101.9)	(13.5)	(138.8)	(27.9)
Closing defined benefit obligation at 31st March	573.1	128.8	514.3	108.8

##### Change in the plan assets

Particulars	(₹ in million)			
	2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	404.1	108.8	217.5	88.3
Expected return on plan assets	48.0	9.4	36.4	7.1
Contributions	205.0	10.0	306.4	41.6
Transfer from other Trust	-	-	2.2	-
Benefit paid	(101.9)	(13.5)	(138.8)	(27.9)
Actuarial gains / (loss) on plan assets	(11.0)	(0.2)	(19.6)	(0.3)
Closing fair value of plan assets at 31st March	544.2	114.5	404.1	108.8

##### Reconciliation of Present value of the obligations and fair value of the plan assets

Particulars	(₹ in million)			
	2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	573.1	128.8	514.3	108.8
Fair value of plan assets at 31st March	544.2	114.5	404.1	108.8
Deficit / (Surplus)	28.9	14.3	110.2	-
Unrecognised past service cost	-	-	65.7	-
Net Liability / (Asset)	28.9	14.3	44.5	-

### Net cost recognized in the Profit & Loss Account

(₹ in million)

Particulars	2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	30.4	10.6	22.3	-
Interest cost	42.0	9.2	37.9	9.1
Expected return on plan assets	(48.0)	(9.4)	(36.4)	(7.1)
Past Service Cost (Vested Benefit) Recognised	65.7	-	65.7	-
Net Actuarial losses / (gains) recognised during the year	99.3	13.9	104.2	18.2
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	189.4	24.3	193.7	20.2

### Reconciliation of Expected return and actual return on planned assets

(₹ in million)

Particulars	2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	48.0	9.4	36.4	7.1
Actuarial gain / (loss) on plan assets	(11.0)	(0.2)	(19.6)	(0.3)
Actual return on plan assets	37.0	9.2	16.8	6.8

### Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in million)

Particulars	2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	44.5	-	157.2	21.4
Expenses as recognised in Profit & Loss Account	189.4	24.3	193.7	20.2
Employers contribution	(205.0)	(10.0)	(306.4)	(41.6)
Net liability / (asset) recognised in balance sheet	28.9	14.3	44.5	-

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund as on 31.03.2013 is as follows:

Category of Assets	2012-13		2011-12	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	7.54	10.29	6.98	10.84
State Government securities	21.61	24.91	16.17	20.23
Corporate Bonds	5.86	16.20	17.58	28.08
Special Deposit Schemes	-	18.45	-	19.41
Funds with LIC	13.55	-	31.43	-
Fixed deposits and bank balances	51.44	30.15	27.84	21.44
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Key Actuarial Assumptions

Particulars	Pension and Gratuity Plans	
	2012-13	2011-12
Discount rate	8.25%	8.50%
Expected rate of return on Plan Asset	8.70%	8.60%
Salary Escalation	5.00%	5.00%
Attrition rate	2.00%	2.00%

### 3.2 Segment Reporting (AS-17): Information about business segments

In terms of the AS-17 Segment Reporting issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBOD.BP.BC No.14/21.04.018/2012-13 dated July 2, 2012 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** Includes investments, all financial market activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilization from other Banks and Financial Institutions. Inter-segment earnings of Balance Sheet Management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.



The following table sets forth the business segment results:

(₹ in million)

Particulars	2012-13					2011-12				
	Corporate / Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	7,303.2	3,805.1	7,373.2	29.1	18,510.6	3,794.8	2,686.6	3,664.8	22.5	10,168.7
Unallocated Revenue	-	-	-	-	18.9	-	-	-	-	23.0
Less: Inter Segment Revenue	-	-	-	-	8,471.9	-	-	-	-	4,869.5
<b>Total Revenue</b>	-	-	-	-	10,057.6	-	-	-	-	5,322.2
Segment Results	500.9	134.8	709.2	25.1	1370.0	414.0	-66.1	565.9	17.7	954.5
Unallocated expenses	-	-	-	-	0.0	-	-	-	-	1.8
Income Tax expense (including deferred tax)	-	-	-	-	441.5	-	-	-	-	301.7
<b>Net Profit</b>	-	-	-	-	928.5	-	-	-	-	651.0
Segment Assets	56,411.9	8,811.4	61,545.6	-	126,768.9	35,257.4	6,088.0	29,014.6	-	70,360.0
Unallocated Assets	-	-	-	-	2,853.8	-	-	-	-	1,712.7
<b>Total Assets</b>	-	-	-	-	129,622.7	-	-	-	-	72,072.7
Segment Liabilities	28,507.7	33,305.7	50,990.8	0.6	112,804.8	19,817.9	22,813.2	17,674.9	1.2	60,307.2
Unallocated Liabilities	-	-	-	-	16,817.9	-	-	-	-	11,765.5
<b>Total Liabilities</b>	-	-	-	-	129,622.7	-	-	-	-	72,072.7

Notes:

1. The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
2. Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
3. Unallocated items include fixed Assets, related depreciation expenses, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, bills payable, share capital and reserves, and operating expenses which cannot be identified or allocated to segments.

### 3.3. Related Party Transactions (AS -18)

As per AS 18 “Related Party Disclosures” prescribed by the Companies (Accounting Standard) Rules 2006, the Bank’s related parties for the year ended March 31, 2013 are disclosed below:

#### Key Management Personnel (‘KMP’)

Mr. Vishwavir Ahuja, Managing Director & CEO

In financial years 2012-13 and 2011-12, there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by RBI on March 29, 2003 “Guidance on compliance with the accounting standards by banks”.

### 3.4 Operational Leases (AS – 19)

Disclosure as per Accounting Standard-19 on Leases as per Companies (Accounting Standard) Rules, 2006.

The company has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

Period	₹ in million	
	2012-13	2011-12
Not later than one year	242.7	175.2
Later than one year and not later than five years	746.2	733.3
Later than five years	263.7	110.1
Total	1,252.6	1,018.6
Lease payment recognized in Profit & Loss Account for the year	267.1	143.1

### 3.5 Earnings Per Share (AS -20)

Particulars	2012-13	2011-12
<b>Basic</b>		
Weighted Average Number of equity shares	22,06,31,857	21,49,47,396
Net Profit after tax available for equity share holders (₹)	928,535,896	65,09,79,409
Basic Earnings Per Share (F V ₹10/-)	4.21	3.03
<b>Diluted</b>		
Weighted Average Number of equity shares (including dilutive potential equity shares)	22,24,88,488	21,61,21,203
Net Profit after tax available for equity share holders (₹)	928,535,896	65,09,79,409
Diluted Earnings Per Share (F V ₹10/-)	4.17	3.01

The dilutive impact is due to options granted to employees of the Bank.

### 3.6 Taxes on Income (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2013 are as under:-

Particulars	₹ in million	
	2012-13	2011-12
Provision for non-performing assets	100.1	49.7
Employee benefits	33.8	38.0
Others	10.6	64.7
Fixed Assets depreciation ( Net of Profit on sale of Fixed assets)	(51.6)	(30.2)
Total	92.9	122.2

### 3.7 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

Particulars	(₹ in million)	
	2012-13	2011-12
At cost at the beginning of the year	96.1	44.1
Additions during the year	222.3	55.1
Deductions during the year	3.0	3.1
Accumulated depreciation as at 31 March	(59.7)	(31.4)
Closing balance as at 31 March	255.7	64.7
Depreciation charge for the year	28.3	11.4

### 4. Small & Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding for more than the specified period, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

### 5. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year 2012-13

A)	Customer Complaints	2012-13	2011-12
a)	No. of complaints pending at the beginning of the year	-	-
b)	No. of complaints received during the year	584	19
c)	No. of complaints redressed during the year	569	19
d)	No. of complaints pending at the end of the year	15	-
B)	Awards passed by the Banking Ombudsman	2012-13	2011-12
a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
b)	No. of awards passed by the Banking Ombudsman during the year	Nil	Nil
c)	No. of awards implemented during the year	Nil	Nil
d)	No. of unimplemented awards at the end of the year	Nil	Nil

In terms of RBI guidelines, the following additional disclosures have been made

### 6. Capital Adequacy:

The Bank has complied with Capital Adequacy Norms prescribed by the Reserve Bank of India. The details are as under:

	Particulars	2012-13	2011-12
i)	CRAR (%) (Basel - I)	NA	NA
ii)	CRAR - Tier I capital (%) (Basel - I)	NA	NA
iii)	CRAR - Tier II capital (%) (Basel - I)	NA	NA
iv)	CRAR (%) (Basel - II)	17.11%	23.14%
v)	CRAR - Tier I capital (%) (Basel - II)	16.82%	22.78%
vi)	CRAR - Tier II capital (%) (Basel - II)	0.29%	0.36%
vii)	Amount of subordinated debt raised as Tier-II capital (₹ in million)	-	-

### 7. Investments:

#### i) Movement of Investments:

	Particulars	(₹ in million)	
		2012-13	2011-12
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	55,162.5	22,670.1
	(b) Outside India	-	-
	(ii) Provisions for Depreciation (including provision for NPI)		
	(a) In India	2.1	22.9

	Particulars	2012-13	2011-12
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	55,160.4	23,647.2
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation of investments (including provision for NPIs)		
	(i) Opening balance	22.9	25.9
	(ii) Add: Provisions made during the year	55.0	52.4
	(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	75.8	55.4
	(iv) Closing balance	2.1	22.9

## ii) Repo / Reverse Repo Transactions:

During the year, the Bank has not under taken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

## iii) Issuer Composition of Non-SLR investments :

Issuer composition as at March 31, 2013 of non-SLR investments

<i>(₹ in million)</i>						
Sr. No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	1,794.7	826.0	-	-	-
2	FIs	350.0	350.0	-	-	-
3	Banks	4,589.4	-	-	-	-
4	Private Corporates	1,501.0	1,501.0	-	-	501.0
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	14,330.6*	12,906.8	-	-	46.2
7	Provisions held towards depreciation	(2.1)	-	-	-	-
	<b>Total</b>	<b>22,563.6*</b>	<b>15,583.8</b>	<b>-</b>	<b>-</b>	<b>547.2</b>

\*included Government securities of ₹29.3 million which does not qualify as SLR securities.

Issuer composition as at March 31, 2012 of non-SLR investments

<i>(₹ in million)</i>						
Sr. No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	199.3	99.3	-	-	-
2	FIs	95.0	85.0	-	-	-
3	Banks	3,041.1	13.0	-	-	-
4	Private Corporates	4,939.1	263.8	-	1.0	261.4
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	87.6	-	-	-	-
7	Provisions held towards depreciation	(22.9)	-	-	-	-
	<b>Total</b>	<b>8,339.2</b>	<b>461.1</b>	<b>-</b>	<b>1.0</b>	<b>261.4</b>

## iv) Non Performing Non-SLR investment:

<i>(₹ in million)</i>			
No	Particulars	2012-13	2011-12
1	Opening Balance	22.9	22.9
2	Additions during the year	-	-

3	Reductions during the year	22.9	-
4	Closing Balance	-	22.9
5	Total provisions held	-	22.9

#### 8. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:

Particulars	(₹ in million)	
	2012-13	2011-12
i) The notional principal of swap agreements	250.0	NIL
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	0.0	NIL
iii) Collateral required by the bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	NIL	NIL
v) The fair value of the swap book	0.1	NIL

The nature and terms of Interest Rate Swaps (IRS) as on March 31, 2013 are set out below:

Nature	Nos.	Notional Principal (₹million)	Benchmark	Terms
IRS	1	250	NSE MIBOR	Rec FIXED and Pay Floating

Bank has not undertaken any Exchange Traded Interest Rate Derivatives during the year.

#### Risk Exposure in Derivatives-

##### Qualitative disclosures:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank is currently dealing in Interest Rate and Foreign Exchange (FX) Derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

##### a. The structure and organization for management of risk in derivatives trading.

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. Treasury Middle Office and Market Risk Group are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.

##### b. The scope and nature of risk measurement, risk reporting and risk monitoring systems.

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy, and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case

to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

**c. Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants,**

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. However, the Bank has not entered in to any hedge transaction as of March 31, 2013.

**d. Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.**

The Bank has undertaken derivative transactions for market making and trading purposes. The Bank revalues its trading positions on a daily basis and records the same in the books of accounts. The receivable and payable on marking the contracts to market are shown under “Other Assets” and “Other Liabilities” in the balance sheet.

Derivatives other than FX forward transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under ‘Other Income’. The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under ‘Other Income’.

**Quantitative disclosure on risk exposure in derivatives as at March 31, 2013 –**

*(₹ in million)*

Sl. No.	Particular	2012-13				2011-12			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
	a) For hedging	1,182.7#	NIL	NIL	NIL	64.9#	NIL	NIL	NIL
	b) For trading	34,648.2	4,772.6	NIL	250.0	25.4	NIL	NIL	NIL
(ii)	Marked to Market Positions [1]								
	a) Asset (+)	296.2	24.4	NIL	0.1	0.1	NIL	NIL	NIL
	b) Liability (-)	258.2	24.4	NIL	NIL	-	NIL	NIL	NIL
(iii)	Credit Exposure [2]	989.2	34.1	NIL	1.4	0.6	NIL	NIL	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
	a) on hedging derivatives	3.2#	NIL	NIL	NIL	0.3#	NIL	NIL	NIL
	b) on trading derivatives	3.7	NIL	NIL	0.1	-	NIL	NIL	NIL

Sl. No.	Particular	2012-13				2011-12			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(v)	Maximum and Minimum of 100*PV01 observed during the year								
	a) on hedging	Max – 3.2# Min - 0.1#	NIL	NIL	NIL	Max- 0.6# Min- 0.3#	NIL	NIL	NIL
	b) on trading	Max – 8.8 Min - 0.3	NIL	NIL	Max - 0.3 Min - 0.1	Max - 0.0 Min - 0.0	NIL	NIL	NIL

# represents funding swaps undertaken by the Bank.

- (1) As per recommendatory provisions of AS-31, Financial Instrument: Presentation, mark to market position is reported on gross basis.
- (2) The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.
- (3) Mark to Market position for interest rate derivative does not include Interest accrued on the swap.
- (4) The Notional principal of Forward Exchange Contract does not include notional for Tom and Spot Foreign Exchange Contract.
- (5) The notional principal amounts of derivatives reflect the volume of transactions outstanding at balance sheet date and do not represent the amount of risk.

#### 9. Restructured / Rescheduled / Renegotiated - Investments during the year is Nil (Previous year : Nil)

#### 10. Asset Quality:

##### i) Non – Performing Asset:

		(₹ in million)	
	Particulars	2012-13	2011-12
(i)	Net NPAs to Net Advances (%)	0.11%	0.20%
(ii)	Provisioning Coverage Ratio (PCR) (%)	83.51%	79.90%
(iii)	Movement of NPAs (Gross)		
	(a) Opening balance	331.1	215.1
	(b) Additions during the year	408.5	181.3
	(c) Reductions during the year	480.6	65.3
	(d) Closing balance	259.0	331.1
(iv)	Movement of Net NPAs		
	(a) Opening balance	83.9	68.9
	(b) Additions during the year	351.0	62.0
	(c) Reductions during the year	366.1	47.0
	(d) Closing balance	68.8	83.9
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	247.2	146.2
	(b) Provisions made during the year	103.5	120.8
	(c) Write-off / write back of excess provisions during the year	(160.5)	(19.8)
	(d) Closing balance	190.2	247.2

##### ii) Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

### Restructured Advances as of March 31, 2013

(₹ in million)

Type of restructuring Asset Classification Details	Under CDR					Under SME					Others					Total
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	29.5	-	47.3	-	76.8	204.5	-	-	-	204.5	281.3
	C	-	-	-	-	-	-	19.8	-	19.8	4.1	-	-	-	4.1	23.9
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Upgradations to restructured standard during the FY *	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	6.3	-	30.8	-	37.1	(4.7)	-	-	-	(4.7)	32.4
	C	-	-	-	-	-	-	3.3	-	3.3	(1.7)	-	-	-	(1.7)	1.6
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of Restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	23.2	-	16.5	-	39.7	209.2	-	-	-	209.2	248.9
	C	-	-	-	-	-	-	16.5	-	16.5	5.8	-	-	-	5.8	22.3

### Restructured Advances as of March 31, 2012

(₹ in million)

Type of restructuring Asset Classification Details	Under CDR					Under SME					Others					Total
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	12	-	1	-	13	-	-	-	-	-	13
	B	-	-	-	-	72.8	-	48.1	-	120.9	-	-	-	-	-	120.9
	C	-	-	-	-	-	-	24.0	-	24.0	-	-	-	-	-	24.0
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	1	-	-	-	1	1
	B	-	-	-	-	-	-	-	-	-	204.5	-	-	-	204.5	204.5
	C	-	-	-	-	-	-	-	-	-	4.1	-	-	-	4.1	4.1
Upgradations to restructured standard during the FY *	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	6.6	-	0.8	-	7.4	-	-	-	-	-	7.4
	C	-	-	-	-	-	-	4.2	-	4.2	-	-	-	-	-	4.2
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	8	-	-	-	8	-	-	-	-	-	8
	B	-	-	-	-	36.7	-	-	-	36.7	-	-	-	-	-	36.7
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of Restructured	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Type of restructuring Asset Classification		Under CDR					Under SME					Others					Total
		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
<b>Details</b>																	
accounts during the FY	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	-	29.5	-	47.3	-	76.8	204.5	-	-	-	204.5	281.3
	C	-	-	-	-	-	-	-	19.8	-	19.8	4.1	-	-	-	4.1	23.9

\* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the financial year

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

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

		(₹ in million)	
	Particulars	2012-13	2011-12
(i)	No. of accounts	1	NIL
(ii)	Aggregate value (net of provisions ) of accounts sold to SC / RC	298.6	NIL
(iii)	Aggregate consideration	250.0	NIL
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	NIL
(v)	Aggregate loss over net book value	48.6	NIL

### iv) Details of non-performing financial assets purchased / sold:

During the years ended March 31, 2013 and March 31, 2012, there were no non-performing financial assets that were purchased by the Bank.

During the years ended March 31, 2013 and March 31, 2012 there were no non-performing financial assets sold, excluding those sold to SC / RC.

## 11. Business Ratios:

	Particulars	2012-13	2011-12
(i)	Interest income as % to Working funds	10.04%	9.78%
(ii)	Non-Interest income as % to Working funds	1.44%	1.41%
(iii)	Operating profit as % to Working funds	1.82%	2.40%
(iv)	Return on Assets	1.06%	1.37%
(v)	Business (Deposit + Advance) per employee (₹. in million)	73.9	60.7
(vi)	Profit per employee (₹. in million)	0.5	0.5

Working funds represents the average of total assets as reported in Monthly DSB Returns to RBI under Section 27 of the Banking Regulation Act, 1949.

## 12. Maturity Pattern:

Maturity pattern of certain items of assets and liabilities is given below:

Particulars	(₹ in million)					
	March 31, 2013					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	1,540.5	1,100.0	595.8	-	238.9	-
2 to 7 days	1,231.1	499.7	5,639.1	13,505.9	24.9	-
8 to 14 days	556.8	-	2,447.1	-	35.9	-
15 to 28 days	1,799.7	248.6	4,089.8	1,000.0	179.0	-

Particulars	March 31, 2013					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
29 days to 3 months	6,068.3	11,457.6	23,555.4	1,000.0	313.3	708.5
Over 3 months to 6 months	3,399.4	8,702.1	8,705.0	2,015.0	288.3	520.2
Over 6 months to 1 year	6,663.1	2,322.8	16,392.1	3,002.0	192.9	-
Over 1 year to 3 years	20,662.2	7,134.9	21,485.2	3,999.7	410.7	-
Over 3 years to 5 years	13,224.4	8,039.7	303.9	1,452.6	-	-
Over 5 years	7,119.5	15,655.0	191.7	169.6	69.2	-
<b>Total</b>	<b>62,265.0</b>	<b>55,160.4</b>	<b>83,405.1</b>	<b>26,144.8</b>	<b>1,753.1</b>	<b>1,228.7</b>

(₹ in million)

Particulars	March 31, 2012					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	885.7	1,050.0	452.6	-	15.0	-
2 to 7 days	772.0	1,918.9	3,396.1	3,899.7	-	-
8 to 14 days	959.1	199.4	4,782.5	500.0	-	-
15 to 28 days	1,121.6	248.3	2,968.5	-	-	-
29 days to 3 months	5,449.9	5,366.5	8,063.8	1,760.0	132.9	132.9
Over 3 months to 6 months	2,631.0	872.4	4,403.8	894.8	-	-
Over 6 months to 1 year	5,701.3	315.8	9,661.0	1,404.9	-	-
Over 1 year to 3 years	12,605.8	2,277.1	13,210.0	1,619.8	-	-
Over 3 years to 5 years	4,009.5	2,237.6	371.4	1,573.4	-	-
Over 5 years	7,053.9	8,161.2	83.6	200.0	-	-
<b>Total</b>	<b>41,189.8</b>	<b>22,647.2</b>	<b>47,393.3</b>	<b>11,852.6</b>	<b>147.9</b>	<b>132.9</b>

### 13. Lending to Sensitive Sector:

#### i) Exposure to Real Estate Sector:

(₹ in million)

Particulars	2012-13	2011-12
<b>1) Direct exposure</b>		
(a) Residential Mortgages -	673.2	492.2
Out of which Individual housing loans eligible for inclusion in priority sector advances	337.6	329.9
(b) Commercial Real Estate	3,349.6	1,039.7
(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
i. Residential Mortgages	-	-
ii. Commercial Real Estate	-	-
<b>2) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,652.7	1,000.0
<b>Total Exposure to Real Estate Sector</b>	<b>5,675.5</b>	<b>2,531.9</b>

#### ii) Exposure to Capital Market:

(₹ in million)

Particulars	2012-13	2011-12
(i) Direct investments made 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;	1.0	1.4
(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	4.6	10.5
(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	396.9	356.5
(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 /	-	-

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances		
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	1,000.0	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	99.5	87.6
	<b>Total Exposure to Capital Market</b>	<b>1,502.0</b>	<b>456.0</b>

**iii) Risk Category wise Country Exposure:**

*(₹ in million)*

<b>Risk Category</b>	<b>Exposure (net) as at March 31, 2013</b>	<b>Provision held as at March 31, 2013</b>	<b>Exposure (net) as at March 31, 2012</b>	<b>Provision held as at March 31, 2012</b>
Insignificant	190.7	-	15.0	-
Low	-	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	190.7	-	15.0	-

**14. Details of Single / Group Borrower limit exceeded by the Bank:**

During the year ended March 31, 2013 and March 31, 2012 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers.

**15. Amount of Provisions made for Income-tax during the year:**

*(₹ in million)*

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
i)	Provision for Income tax / Wealth tax	412.1	376.2
ii)	Provision for deferred tax	29.4	(74.5)

**16. Unsecured Advances against Intangible Collaterals:**

*(₹ in million)*

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
	Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

**17. Penalties imposed by RBI:**

During the year no penalty has been imposed by RBI on the Bank.

**18. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:**

*(₹ in million)*

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
--	--------------------	----------------	----------------

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
i)	Fee / Remuneration from Life Insurance Business	21.7	17.4
ii)	Fee / Remuneration from General Insurance Business	7.4	4.9

#### 19. Break up of Provisions and Contingencies debited to Profit & Loss Account:

<i>(₹ in million)</i>			
	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
i)	Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
	a) For Advance	121.4	100.7
	b) For Investments	-	-
	c) For Lease Assets	-	-
ii)	Provisions towards Standard Advances	100.1	87.2
iii)	Provisions towards Income tax / Wealth tax	412.1	376.2
iv)	Provision towards deferred tax (net)	29.4	(74.5)
v)	Provision for others	1.4	1.7
vi)	Provision for depreciation on investments	3.2	(3.0)
	<b>Total</b>	<b>667.6</b>	<b>488.3</b>

#### 20. Drawdown from Reserves:

There has been no draw down from reserves during the year ended March 31, 2013 (for previous year ending March 31, 2012 drawdown from reserves were NIL)

#### 21. Floating Provisions:

The Bank has not made any floating provisions.

#### 22. Market risk in trading book:

##### Quantitative Disclosure (Basel I):

<i>(₹ in million)</i>			
	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	Capital requirements for:		
a)	interest rate risk	2,038.5	572.1
b)	equity position risk	267.2	222.4
c)	foreign exchange risk	20.2	20.2

#### 23. Concentration of Deposits, Advances, Exposures and NPAs:

##### i) Concentration of Deposits:

<i>(₹ in million)</i>			
	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	Total Deposits of twenty largest depositors	29,679.6	14,809.3
	Percentage of Deposits of twenty largest depositors to Total Deposits	35.58%	31.48%

##### ii) Concentration of Advances:

<i>(₹ in million)</i>			
	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	Total Advances to twenty largest borrowers	22,307.6	13,774.1
	Percentage of Advances to twenty largest borrowers to Total Advances	26.49%	33.13%

##### iii) Concentration of Exposures:

<i>(₹ in million)</i>			
	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	Total Exposure to twenty largest borrowers / customers	22,595.9	15,702.0
	Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	22.38%	27.84%

iv) Concentration of NPA's:

Particulars	(₹ in million)	
	2012-13	2011-12
Total Exposure to top four NPA Accounts	165.9	204.8

v) Sector wise NPA:

	Particulars	NPA % to Total Advances to that sector	
		2012-13	2011-12
1	Agricultural & allied activities	0.21	0.34
2	Industry (Micro & Small, Medium and Large)	0.26	6.27
3	Services	0.72	2.26
4	Personal Loans	2.50	17.83

vi) Movement of NPA:

Particulars	(₹ in million)	
	2012-13	2011-12
Gross NPAs as on 1st April (Opening Balance)	331.1	215.1
Additions (Fresh NPAs) during the year	408.5	181.3
<b>Sub-total ( A )</b>	<b>739.6</b>	<b>396.4</b>
Less: (i) Up - gradations	-	1.6
(ii) Recoveries (excluding recoveries made from up-graded accounts)	302.6	62.3
(iii) Write - offs	178.0	1.4
<b>Sub-total ( B )</b>	<b>480.6</b>	<b>65.3</b>
<b>Gross NPAs as on 31st March (closing balance)( A - B )</b>	<b>259.0</b>	<b>331.1</b>

vii) Overseas Assets, NPAs and Revenue:

Particulars	(₹ in million)	
	2012-13	2011-12
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue	NIL	NIL

viii) Off- Balance Sheet SPVs sponsored:

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

24. Disclosure on Remuneration

Qualitative Disclosure

A. Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. S. G. Kutte
3. Mr. Vishwvir Ahuja
4. Mr. Vimal Bhandari
5. Mr. Jairaj Purandare

Majority of the members of the HR&RC are independent directors. Mr. Sudhir Rao and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board.

Following are the terms of Reference of Human Resources and Remuneration Committee:

- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
- To evaluate and approve HR policies of the Bank
- To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
- To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
- To oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board.
- To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- Any other related aspect to the above.

- B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The remuneration is divided into following components:

**Fixed Remuneration:**

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

**Employee Stock Options:**

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Performance ESOPs are given after periodic evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

### **Annual Performance Linked Variable Compensation (APLVC):**

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs.

- C. Description of the ways in which current and future risks are taken into account in the remuneration processes.

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- a) In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- b) Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.
- c) Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.
- d) Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.

Both ESOP as well as APLVC provide long term remuneration benefits to employees. The ESOP/PESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. Similarly, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

- D. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

The Bank has a performance management system in place. The Performance management system has goals on four perspectives namely Financial, Customer, Process and People. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APVLC as well as PESOPs.

- E. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

- F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit. ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

### Quantitative Disclosure

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

		<i>(₹ in million)</i>
Sr. No.	Particulars	2012-13
1(i)	Number of meetings held by the Remuneration Committee during the financial year.	7
1(ii)	Remuneration paid to its members during the financial year	0.3
2(i)	Number of employees having received a variable remuneration award during the financial year.	21
2(ii)	Number and total amount of sign-on awards made during the financial year.	-
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-
3(ii)	Total amount of deferred remuneration paid out in the financial year.	-
4	Breakdown of amount of remuneration awards for the financial:	
	Fixed	146.3
	Variable	11.8
	Deferred	-
	Non-deferred	11.8
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-
5(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments.	-
5(iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments	-

### 25. Description of nature of contingent liabilities is set out below

- i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

- ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

- iii) Liability on account of forward exchange contracts:



The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

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

v) Acceptances, endorsements and other obligations:

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi) Other contingent items:

These include:

- a. Commitments for settlement date accounting for securities transactions;
- b. Amount of bills rediscounted by the Bank;
- c. Demands raised by income tax and other statutory authorities and disputed by the Bank.

**26. Bank has not issued any letter of comforts during the year.**

**27. Figures for the previous year have been regrouped / rearranged wherever necessary.**

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. Investments

In terms of guidelines of Reserve Bank of India, amortisation of premium of ₹30.1 million (previous year ₹17.7 million) relating to investments in 'Held to Maturity' category has been netted off against 'Income on Investments' under Schedule - 13. During financial year ended March 31, 2014, there has been no sale / transfer from HTM categories in excess of 5% of the book value of investments held in HTM category at the beginning of the year.

### 2. Employee Stock Option Plan (“ESOP”)

The shareholders of the Bank have approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) on, enabling the Board and / or the Human Resource Committee to grant such number of Options of the Bank not exceeding 12% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, in either equal proportion or 40:40:20 or 30:30:40 each year. Vested Options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank get listed on a recognized stock exchange, whichever is later.

Under Intrinsic Value method, since exercise price of the stock options granted under the ESOP is more than the underlying value of the shares, it has not resulted in any charge to the statement of Profit and Loss for the year. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2014, would have increased by ₹ 63.7 million (previous year ₹ 56.4 million) and the profit before tax would have been lower correspondingly. Accordingly, on a proforma basis, basic and diluted earnings per share would have been ₹3.47 and ₹3.45, respectively.

Stock option activity under the scheme during the year	2013-14	2012-13
Outstanding at the beginning of the year	1,54,45,788	1,27,56,300
Granted during the year	1,03,36,070	56,89,800
Forfeited during the year	7,37,824	1,92,601
Exercised during the year	35,75,062	28,07,711
Expired during the year	-	-
Outstanding at the end of the year	2,14,68,972	1,54,45,788
Options exercisable at the end of the year	62,44,212	41,07,783

Options granted during the year carry an exercise price of ₹52.00 and ₹55.00. During the year corresponding value of the shares for these grants at the time of respective grant was ₹49.76 and ₹50.05 respectively.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2013-14	2012-13
Average dividend yield	1.0%	1.10%
Expected volatility	29.83%	26.72%
Risk free interest rates	7.45% - 9.45%	7.85% - 8.25%
Expected life of options (across each tranche)	1.3 - 3.0	1.50 - 3.00
Expected forfeiture	Nil	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

### 3. Disclosures As Per Accounting Standards

#### 3.1 Disclosures under AS -15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in million)

Particulars	2013-14	2012-13
Provident Fund	46.7	27.8
Pension Scheme (employees joining after 01.04.2010)	0.2	0.2

#### Defined Benefit Plans

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

Change in the present value of the defined benefit obligation

(₹ in million)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	573.1	128.8	514.3	108.8
Current Service cost	34.8	15.0	30.4	10.6
Interest cost	44.4	10.6	42.0	9.2
Actuarial losses/ (gains)	199.4	5.4	88.3	13.7
Past Service Cost (Amortised)	-	-	-	-
Liability Transfer in	-	-	-	-
Benefits paid	(140.2)	(18.9)	(101.9)	(13.5)
Closing defined benefit obligation at 31st March	711.5	140.9	573.1	128.8

#### Change in the plan assets

(₹ in million)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	544.2	114.5	404.1	108.8
Expected return on plan assets	45.0	9.9	48.0	9.4
Employers Contributions	43.4	14.3	205.0	10.0
Benefit paid	(140.2)	(18.9)	(101.9)	(13.5)
Actuarial gains / (loss) on plan assets	0.8	(0.1)	(11.0)	(0.2)
Closing fair value of plan assets at 31st March	493.2	119.7	544.2	114.5

#### Reconciliation of Present value of the obligations and fair value of the plan assets

(₹ in million)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	711.5	140.9	573.1	128.8
Fair value of plan assets at 31st March	493.2	119.7	544.2	114.5
Deficit / (Surplus)	218.3	21.2	28.9	14.3
Net Liability / (Asset)	218.3	21.2	28.9	14.3

#### Net cost recognized in the Profit & Loss Account

(₹ in million)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	34.8	15.0	30.4	10.6
Interest cost	44.4	10.6	42.0	9.2
Expected return on plan assets	(45.0)	(9.9)	(48.0)	(9.4)
Past Service Cost (Vested Benefit) Recognised	-	-	65.7	-
Net Actuarial losses / (gains) recognised during the year	198.6	5.5	99.3	13.9

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	232.8	21.2	189.4	24.3

### Reconciliation of Expected return and actual return on planned assets

(₹ in million)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	45.0	9.9	48.0	9.4
Actuarial gain / (loss) on plan assets	0.8	(0.1)	(11.0)	(0.2)
Actual return on plan assets	45.8	9.8	37.0	9.2

### Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in million)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	28.9	14.3	44.5	-
Expenses as recognised in Profit & Loss Account	232.8	21.2	189.4	24.3
Employers contribution	(43.4)	(14.3)	(205.0)	(10.0)
Net liability / (asset) recognised in balance sheet	218.3	21.2	28.9	14.3

### A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2013-14		2012-13	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	7.81	8.65	7.54	10.29
State Government securities	42.06	39.90	21.61	24.91
Corporate Bonds	4.81	13.80	5.86	16.20
Special Deposit Schemes	-	17.63	-	18.45
Funds with LIC	18.82	-	13.55	-
Fixed deposits and bank balances	26.50	20.02	51.44	30.15
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Key Actuarial Assumptions

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Discount rate	9.27%	9.14%	8.25%	8.25%
Expected rate of return on Plan Asset	8.83%	8.44%	8.70%	8.70%
Salary Escalation	5.60%	5.60% (IBA) 8.00% (Others)	5.00%	5.00%
Attrition rate	2.00%	2.00% (IBA) 20.00% (Others)	2.00%	2.00%

3.2 During the year, an amount of ₹ 3.7 million was charged to share premium account towards expenses pertaining to the issue of equity shares.

### 3.3 Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBOD.No. BP.BC.7/21.04.018/2013-14 dated July 1, 2013 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.

- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet Management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth the business segment results:

Particulars	2013-14					2012-13				
	Corporate Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/Wholesale Banking	Retail Banking	Treasury	Other Banking Operation	Total
Gross Revenue	11,527.6	6,347.1	12,371.2	224.7	30,470.6	7,303.2	3,805.1	7,373.2	29.1	18,510.6
Unallocated Revenue					17.0	-	-	-	-	18.9
Less: Inter Segment Revenue					14,361.7	-	-	-	-	8,471.9
<b>Total Revenue</b>					16,125.9	-	-	-	-	10,057.6
Segment Results	701.1	245.1	948.0	33.3	1,944.5	500.9	134.8	709.2	25.1	1,370.0
Unallocated expenses					619.3	-	-	-	-	-
Income Tax expense (including deferred tax)					398.5	-	-	-	-	441.5
<b>Net Profit</b>					926.7	-	-	-	-	928.5
Segment Assets	75,255.3	25,389.7	74,882.5	1,480.6	1,77,008.1	56,411.9	8,811.4	61,545.6	-	126,768.9
Unallocated Assets					4,962.7	-	-	-	-	2,853.8
<b>Total Assets</b>					1,81,970.8	-	-	-	-	129,622.7
Segment Liabilities	38,235.4	63,459.2	59,354.7	72.6	1,61,121.9	28,507.7	33,305.7	50,990.8	0.6	112,804.8
Unallocated Liabilities					20,848.9	-	-	-	-	16,817.9
<b>Total Liabilities</b>					181,970.8	-	-	-	-	129,622.7

**Notes:**

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, Bills payable, share capital and reserves. Unallocated expenses include a charge in respect of acquisition of portfolio during the year as explained in note 6 in the notes to accounts below.
- Figures of previous year have been regrouped so as to align with the current year.

### 3.4 Related Party Transactions

As per AS 18 “Related Party Disclosures” prescribed by the Companies (Accounting Standard) Rules 2006, the Bank’s related parties for the year ended March 31, 2014 are disclosed below:

#### Key Management Personnel (‘KMP’)

Mr. Vishwavir Ahuja, Managing Director & CEO

In financial years 2013-14 and 2012-13, there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by RBI on March 29, 2003 “Guidance on compliance with the accounting standards by banks”.

### 3.5 Operational Leases

Disclosure as per Accounting Standard 19 on Leases as per Companies (Accounting Standard) Rules, 2006.

The company has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

Period	(₹ in million)	
	2013-14	2012-13
Not later than one year	366.6	242.7
Later than one year and not later than five years	1,012.9	746.2
Later than five years	403.1	263.7
Total	1,782.6	1,252.6
Lease payment recognized in Profit & Loss Account for the year	356.9	267.1

### 3.6 Earnings Per Share

Particulars	2013-14	2012-13
<b>Basic</b>		
Weighted Average Number of equity shares	25,51,12,571	22,06,31,857
Net Profit after tax available for equity share holders (₹)	92,66,98,374	928,535,896
Basic Earnings Per Share (F V ₹10/-)	3.63	4.21
<b>Diluted</b>		
Weighted Average Number of equity shares (including dilutive potential equity shares)	25,66,03,856	22,24,88,488
Net Profit after tax available for equity share holders (₹)	92,66,98,374	928,535,896
Diluted Earnings Per Share (F V ₹10/-)	3.61	4.17

The dilutive impact is due to options granted to employees of the Bank.

### 3.7 Taxes on Income (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2014 are as under:-

Particulars	(₹ in million)	
	Deferred Tax Assets/(Liabilities)	
	2013-14	2012-13
<b>Deferred tax assets:</b>		
Provision for loans and advances	213.6	100.1
Employee benefits	110.5	33.8
Others	17.5	10.6
<b>Deferred tax liabilities:</b>		
Charge related to acquisition	(310.3)	-
Fixed Assets depreciation	(83.4)	(51.6)

	<b>Deferred Tax Assets/(Liabilities)</b>	
<b>Total</b>	(52.1)	92.9

### 3.8 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

<b>Particulars</b>	<b>(₹ in million)</b>	
	<b>2013-14</b>	<b>2012-13</b>
At cost at the beginning of the year	315.4	96.1
Additions during the year	175.4	222.3
Deductions during the year	0.6	3.0
Accumulated depreciation as at 31 March	130.5	59.7
Closing balance as at 31 March	359.7	255.7
Depreciation charge for the year	70.8	28.3

### 4. Small & Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding for more than the specified period, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

### 5. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year 2013-14 and 2012-13

<b>A)</b>	<b>Customer Complaints</b>	<b>2013-14</b>	<b>2012-13</b>
a)	No. of complaints pending at the beginning of the year	28	2
b)	No. of complaints received during the year*	3,552	1,071
c)	No. of complaints redressed during the year	3,547	1,045
d)	No. of complaints pending at the end of the year	33	28
<b>B)</b>	<b>Awards passed by the Banking Ombudsman</b>	<b>2013-14</b>	<b>2012-13</b>
a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
b)	No. of awards passed by the Banking Ombudsman during the year	Nil	Nil
c)	No. of awards implemented during the year	Nil	Nil
d)	No. of unimplemented awards at the end of the year	Nil	Nil

\* includes 544 complaints (previous year – 339) relating acquiring bank

6. During the quarter ended December 31, 2013, the Bank purchased the business banking assets and liabilities and credit card and mortgage loan portfolios from the Indian branches of Royal Bank of Scotland. The asset portfolios purchased have been recorded in the Bank's books at the respective acquisition cost. ₹619.4 million (including amortization of premium paid on asset portfolios) was charged to Profit and loss account for the year under the head 'Other Expenditure' in schedule 16 - Operating Expenses in respect of the above acquisition.

**In terms of RBI guidelines, the following additional disclosures have been made**

### 7. Capital Adequacy:

The Bank has complied with Capital Adequacy Norms prescribed by the Reserve Bank of India. The details are as under:

	<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
i)	CRAR (%) (Basel - II)	NA	17.11%
ii)	CRAR - Tier I capital (%) (Basel -II)	NA	16.82%
iii)	CRAR - Tier II capital (%) (Basel - II)	NA	0.29%
iv)	CRAR (%) (Basel - III)	14.64%	NA
v)	CRAR - Tier I capital (%) (Basel - III)	14.33%	NA

	Particulars	2013-14	2012-13
vi)	CRAR - Tier II capital (%) (Basel - III)	0.31%	NA
vii)	Amount of subordinated debt raised as Tier-II capital (₹ in million)	-	-

## 8. Investments:

### i) Movement of Investments:

		(₹ in million)	
	Particulars	2013-14	2012-13
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	64,791.7	55,162.5
	(b) Outside India	-	-
	(ii) Provisions for Depreciation (including provision for NPI)		
	(a) In India	21.8	2.1
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	64,769.9	55,160.4
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation of investments (including provision for NPIs)		
	(i) Opening balance	2.1	22.9
	(ii) Add: Provisions made during the year	920.2	55.0
	(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	900.5	75.8
	(iv) Closing balance	21.8	2.1

### ii) Repo / Reverse Repo Transactions:

During the year, the Bank has not under taken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

### iii) Issuer Composition of Non-SLR investments :

Issuer composition as at March 31, 2014 of non-SLR investments

(₹ in million)						
No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	1,749.2	1,400.0	-	-	-
2	FIs	180.2	180.2	-	-	-
3	Banks	4,436.5	-	-	-	-
4	Private Corporates	7,148.9	5,534.2	-	-	251.0
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	11,276.7*	7,400.9	-	-	-
7	Provisions held towards depreciation	(21.8)	-	-	-	-
	<b>Total</b>	<b>24,769.7*</b>	<b>1,4515.3</b>	<b>-</b>	<b>-</b>	<b>251.0</b>

\* includes Government securities of ₹29.3 million which does not qualify as SLR securities.

### Issuer composition as at March 31, 2013 of non-SLR investments

(₹ in million)						
No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	1,794.7	826.0	-	-	-
2	FIs	350.0	350.0	-	-	-
3	Banks	4,589.4	-	-	-	-
4	Private Corporates	1,501.0	1,501.0	-	-	501.0
5	Subsidiaries/ Joint	-	-	-	-	-



No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
	ventures					
6	Others	14,330.6*	12,906.8	-	-	46.2
7	Provisions held towards depreciation	(2.1)	-	-	-	-
	<b>Total</b>	<b>22,563.6*</b>	<b>15,583.8</b>	<b>-</b>	<b>-</b>	<b>547.2</b>

\* includes Government securities of ₹29.3 million which does not qualify as SLR securities.

iv) **Non Performing Non-SLR investment:**

<i>(₹ in million)</i>			
No	Particulars	2013-14	2012-13
1	Opening Balance	-	22.9
2	Additions during the year	-	-
3	Reductions during the year	-	22.9
4	Closing Balance	-	-
5	Total provisions held	-	-

**9. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:**

<i>(₹ in million)</i>		
Particulars	2013-14	2012-13
i) The notional principal of swap agreements	30,000	250
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	193.5	0.1
iii) Collateral required by the bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	84.5	0.1
v) The fair value of the swap book	(24.4) <sup>#</sup>	0.1

# fair value of the swap book is inclusive of interest accrual.

**The nature and terms of Interest Rate Swaps (IRS) as on March 31, 2014 are set out below –**

Nature	Nos.	Notional Principal (₹million)	Benchmark	Terms
OIS	24	15000	OIS	Rec Fixed and Pay Floating
OIS	25	15000	OIS	Pay Fixed and Rec Floating

**The nature and terms of Interest Rate Swaps (IRS) as on March 31, 2013 are set out below:**

Nature	Nos.	Notional Principal (₹million)	Benchmark	Terms
IRS	1	250	NSE MIBOR	Rec Fixed and Pay Floating

Bank has not undertaken any Exchange Traded Interest Rate Derivatives during the year.

**Risk Exposure in Derivatives-**

**Qualitative disclosures:**

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank is currently dealing in Interest Rate and Foreign Exchange (FX) Derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

**a. The structure and organization for management of risk in derivatives trading.**

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. Treasury Middle Office and Market Risk Group are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.

**b. The scope and nature of risk measurement, risk reporting and risk monitoring systems.**

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

**c. Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants.**

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. The Bank has not entered into any interest rate swaps for hedging purposes as of March 31, 2014.

**d. Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.**

The Bank has undertaken derivative transactions for market making and trading purposes. The Bank revalues its trading positions on a daily basis and records the same in the books of accounts. The receivable and payable on marking the contracts to market are shown under "Other Assets" and "Other Liabilities" in the balance sheet.

Derivatives other than FX forward transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under 'Other Income'. The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'.

**Quantitative disclosure on risk exposure in derivatives as at March 31, 2014**

(₹ in million)

Sl. No.	Particular	2013-14				2012-13			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	

Sl. No.	Particular	2013-14				2012-13			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
	a) For hedging	4345.3 <sup>#</sup>	NIL	NIL	NIL	1182.7 <sup>#</sup>	NIL	NIL	NIL
	b) For trading	43,749.4	9,256.7	747.5	30,000.0	34,648.2	4,772.6	NIL	250.0
(ii)	Marked to Market Positions [1]								
	a) Asset (+)	1,026.3	29.7	20.3	107.2	296.2	24.4	NIL	0.1
	b) Liability (-)	820.7	29.7	3.7	98.8	258.2	24.4	NIL	NIL
(iii)	Credit Exposure [2]	2,197.7	91.5	95.0	381.0	989.2	34.1	NIL	1.4
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
	a) on hedging derivatives	0.0 <sup>#</sup>	NIL	NIL	NIL	3.2 <sup>#</sup>	NIL	NIL	NIL
	b) on trading derivatives	52.1	NIL	-	-	3.7	NIL	NIL	0.1
(v)	Maximum and Minimum of 100*PV01 observed during the year								
	a) on hedging								
		Max	70.1 <sup>#</sup>	NIL	NIL	NIL	3.2 <sup>#</sup>	NIL	NIL
		Min	0.1 <sup>#</sup>	NIL	NIL	NIL	0.1 <sup>#</sup>	NIL	NIL
	b) on trading								
		Max	11.4	NIL	-	51.4	8.8	NIL	NIL
		Min	-	NIL	-	-	0.3	NIL	NIL

# represents funding swaps undertaken by the Bank.

As per recommendatory provisions of AS-31, Financial Instrument: Presentation, mark to market position is reported on gross basis.

The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.

Mark to Market position for interest rate derivative does not include Interest accrued on the swap.

The Notional principal of Forward Exchange Contract does not include notional for Tom and Spot Foreign Exchange Contract.

The notional principal amounts of derivatives reflect the volume of transactions outstanding at balance sheet date and does not represent the amount of risk.

## 10. Restructured / Rescheduled / Renegotiated - Investments during the year is Nil (Previous year: Nil)

### 11. Asset Quality:

#### i) Non – Performing Asset:

		(₹ in million)	
	Particulars	2013-14	2012-13
(i)	Net NPAs to Net Advances (%)	0.31%	0.11%
(ii)	Provisioning Coverage Ratio (PCR) (%)	65.73%	83.51%
(iii)	Movement of NPAs (Gross)		
	(a) Opening balance	259.0	331.1
	(b) Additions during the year	639.9	408.5
	(c) Reductions during the year	121.4	480.6
	(d) Closing balance	777.5	259.0
(iv)	Movement of Net NPAs		
	(a) Opening balance	68.8	83.9
	(b) Additions during the year	368.3	351.0
	(c) Reductions during the year	132.0	366.1
	(d) Closing balance	305.1	68.8
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)		

	Particulars	2013-14	2012-13
	(a) Opening balance	190.2	247.2
	(b) Provisions made during the year	330.6	103.5
	(c) Write-off / write back of excess provisions during the year	(48.4)	(160.5)
	(d) Closing balance	472.4	190.2

## ii) Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as of March 31, 2014

(₹ in million)

Type of restructuring Asset Classification	Details	Under CDR					Under SME					Others					Total
		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	-	23.2	-	16.5	-	39.7	209.2	-	-	-	209.2	248.9
	C	-	-	-	-	-	-	-	16.5	-	16.5	5.8	-	-	-	5.8	22.3
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	4	-	-	-	4	4
	B	-	-	-	-	-	-	-	-	-	183.2	-	-	-	183.2	183.2	
	C	-	-	-	-	-	-	-	-	-	12.9	-	-	-	12.9	12.9	
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(2.0)	-	-	(2.0)	(48.7)	-	-	-	(48.7)	(50.7)	
	C	-	-	-	-	-	-	-	-	-	(0.4)	-	-	-	(0.4)	(0.4)	
Upgradations to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	3	-	1	4	2	-	-	-	2	6	
	B	-	-	-	-	-	10.7	-	16.5	27.2	168.9	-	-	-	168.9	196.1	
	C	-	-	-	-	-	-	-	16.5	16.5	8.9	-	-	-	8.9	25.4	
Downgradations of Restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	-	1	-	-	1	3	-	-	-	3	4	
	B	-	-	-	-	-	10.5	-	-	10.5	174.8	-	-	-	174.8	185.3	
	C	-	-	-	-	-	-	-	-	-	9.4	-	-	-	9.4	9.4	

Restructured Advances as of March 31, 2013

(₹ in million)

Type of restructuring Asset Classification	Details	Under CDR					Under SME					Others					Total
		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	-	29.5	-	47.3	76.8	204.5	-	-	-	204.5	281.3	
	C	-	-	-	-	-	-	-	19.8	19.8	4.1	-	-	-	4.1	23.9	
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in outstanding of Restructured	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(6.3)	-	(30.8)	(37.1)	4.7	-	-	-	4.7	(32.4)	
	C	-	-	-	-	-	-	-	(3.3)	(3.3)	1.7	-	-	-	1.7	(1.6)	

Type of restructuring Asset Classification Details	Under CDR					Under SME					Others					Total
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
cases																
Upgradations to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of Restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	23.2	-	16.5	-	39.7	209.2	-	-	-	209.2	248.9
	C	-	-	-	-	-	-	16.5	-	16.5	5.8	-	-	-	5.8	22.3

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

**iii) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

(₹ in million)

Particulars		2013-14	2012-13
(i)	No. of accounts	1	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	* -	298.6
(iii)	Aggregate consideration	02.2	250.0
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate loss over net book value	-	48.6

\* The account sold was a technically written – off account

**iv) Details of non-performing financial assets purchased / sold:**

**Non- performing financial assets purchased**

(₹ in million)

Particulars		2013-14	2012-13
1 (a)	No. of accounts purchased during the year	2*	-
(b)	Aggregate Outstanding	210.4	-
2 (a)	Of these, number of accounts restructured during the year	-	-
(b)	Aggregate Outstanding	-	-

\* Purchase of portfolio of non-performing retail loans is treated as a single asset purchase

During the year ended March 31, 2014 and March 31, 2013, other than the assets sold to SC/RC (covered above) there were no non-performing financial assets sold.

**12. The Bank has not done any securitizations during the year ended March 31, 2014 and March 31, 2013.**

**13. Business Ratios:**

No.	Particulars	2013-14	2012-13
(i)	Interest income as % to Working funds	9.75%	10.04%
(ii)	Non-Interest income as % to Working funds	1.88%	1.44%
(iii)	Operating profit as % to Working funds	1.29%	1.82%
(iv)	Return on Assets	0.67%	1.06%
(v)	Business (Deposit + Advance) per employee (₹ in million)	69.7	73.9
(vi)	Profit per employee (₹ in million)	0.3	0.5

Working funds represents the average of total assets as reported in Monthly DSB Returns to RBI under Section 27 of the Banking Regulation Act, 1949.

#### 14. Maturity Pattern:

Maturity pattern of certain items of assets and liabilities is given below:

(₹ in million)

Particulars	as at March 31, 2014					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	2,737.6	1,616.2	1,302.6	10.3	587.1	16.9
2 to 7 days	1,213.2	12,134.1	7,486.6	11,535.0	178.3	29.7
8 to 14 days	1,290.9	1,133.6	3,742.5	1,690.0	33.5	21.2
15 to 28 days	3,413.5	4,283.5	7,470.9	3,000.0	85.7	29.7
29 days to 3 months	5,364.4	21,692.8	29,054.8	-	203.2	1,837.3
Over 3 months to 6 months	6,666.9	7,772.9	12,436.4	3,381.1	46.3	299.6
Over 6 months to 1 year	26,106.5	7,077.8	23,470.6	6,926.0	2,046.8	3.0
Over 1 year to 3 years	33,049.9	4,798.2	27,956.3	6,558.7	405.7	2,078.6
Over 3 years to 5 years	8,255.2	569.2	685.5	1,225.7	-	-
Over 5 years	7,241.9	3,691.6	200.7	1,293.5	136.8	1,227.7
<b>Total</b>	<b>95,340.0</b>	<b>64,769.9</b>	<b>113,806.9</b>	<b>35,620.3</b>	<b>3,723.4</b>	<b>5,543.7</b>

(₹ in million)

Particulars	as at March 31, 2013					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	1,540.5	1,100.0	595.8	-	238.9	-
2 to 7 days	1,231.1	499.7	5,639.1	13,505.9	24.9	-
8 to 14 days	556.8	-	2,447.1	-	35.9	-
15 to 28 days	1,799.7	248.6	4,089.8	1,000.0	179.0	-
29 days to 3 months	6,068.3	11,457.6	23,555.4	1,000.0	313.3	708.5
Over 3 months to 6 months	3,399.4	8,702.1	8,705.0	2,015.0	288.3	520.2
Over 6 months to 1 year	6,663.1	2,322.8	16,392.1	3,002.0	192.9	-
Over 1 year to 3 years	20,662.2	7,134.9	21,485.2	3,999.7	410.7	-
Over 3 years to 5 years	13,224.4	8,039.7	303.9	1,452.6	-	-
Over 5 years	7,119.5	15,655.0	191.7	169.6	69.2	-
<b>Total</b>	<b>62,265.0</b>	<b>55,160.4</b>	<b>83,405.1</b>	<b>26,144.8</b>	<b>1,753.1</b>	<b>1,228.7</b>

#### 15. Lending to Sensitive Sector:

##### i) Exposure to Real Estate Sector:

(₹ in million)

	Particulars	2013-14	2012-13
<b>1)</b>	<b>Direct exposure</b>		
(a)	Residential Mortgages -	3,458.1	673.2
	Out of which Individual housing loans eligible for inclusion in priority sector advances	1,056.1	337.6
(b)	Commercial Real Estate	10,937.1	3,349.6
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
i.	Residential Mortgages	-	-

	Particulars	2013-14	2012-13
ii.	Commercial Real Estate	-	-
2)	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,169.9	1,652.7
	<b>Total Exposure to Real Estate Sector</b>	15,565.1	5,675.5

**ii) Exposure to Capital Market:**

		(₹ in million)	
	Particulars	2013-14	2012-13
(i)	Direct investments made 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;	1.0	1.0
(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	2.0	4.6
(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	2,780.3	396.9
(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	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	800.0	1,000.0
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	112.5	99.5
	<b>Total Exposure to Capital Market</b>	3,695.8	1,502.0

**iii) Risk Category wise Country Exposure:**

		(₹ in million)		
Risk Category	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013
Insignificant	642.1	-	190.7	-
Low	24.5	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	666.6	-	190.7	-

**16. Details of Single / Group Borrower limit exceeded by the Bank:**

During the year ended March 31, 2014 and March 31, 2013 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers.

**17. Amount of Provisions made for Income-tax during the year:**

		(₹ in million)	
	Particulars	2013-14	2012-13
i)	Provision for Income tax / Wealth tax	253.5	412.1
ii)	Provision for deferred tax	145.0	29.4

#### 18. Unsecured Advances against Intangible Collaterals:

		(₹ in million)	
	Particulars	2013-14	2012-13
	Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
	Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

#### 19. Penalties imposed by RBI:

Based on a scrutiny conducted by RBI on banks during the financial year as part of a thematic study, a penalty was imposed by RBI on several banks for non-compliance of KYC-AML guidelines. The Bank was charged a penalty of ₹ 50,00,000 on this account. In addition, the Bank has paid ₹ 18,125 as penal interest for default in maintenance of Cash Reserve Ratio on one day, i.e. May 28, 2013, during the fortnight ended May 31, 2013. The Bank has also paid a penalty of ₹ 20,000 imposed by RBI for 'SGL bouncing' on March 13, 2014. There was no penalty levied by RBI during the previous year.

#### 20. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:

		(₹ in million)	
	Particulars	2013-14	2012-13
i)	Fee / Remuneration from Life Insurance Business	64.90	21.70
ii)	Fee / Remuneration from General Insurance Business	12.40	7.40

#### 21. Break up of Provisions and Contingencies debited to Profit & Loss Account:

		(₹ in million)	
	Particulars	2013-14	2012-13
i)	Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
	a) For Advance	301.1	121.4
	b) For Investments	-	-
	c) For Lease Assets	-	-
ii)	Provisions towards Standard Advances	149.0	100.1
iii)	Provision for depreciation on investments	19.6	3.2
iv)	Provision for credit card reward points	(10.9)	-
v)	Provision for others	3.0	1.4
vi)	Provisions towards Income tax / Wealth tax	253.5	412.1
vii)	Provision towards deferred tax (net)	145.0	29.4
	<b>Total</b>	<b>860.3</b>	<b>667.6</b>

#### 22. Drawdown from Reserves:

There has been no draw down from reserves during the year ended March 31, 2014 (for previous year ending March 31, 2013 drawdown from reserves were NIL).

#### 23. Floating Provisions:

The Bank has not made any floating provisions.

#### 24. Market risk in trading book:

##### Quantitative Disclosure :

(₹ in million)



	Particulars	2013-14	2012-13
		Basel III	Basel II
	Capital requirements for:		
a)	interest rate risk	1,206.8	1,349.2
b)	equity position risk	361.7	267.2
c)	foreign exchange risk	40.5	20.2

## 25. Concentration of Deposits, Advances, Exposures and NPAs:

### i) Concentration of Deposits:

		(₹ in million)	
	Particulars	2013-14	2012-13
	Total Deposits of twenty largest depositors	27,623.3	29,679.6
	Percentage of Deposits of twenty largest depositors to Total Deposits	23.82%	35.58%

### ii) Concentration of Advances:

		(₹ in million)	
	Particulars	2013-14	2012-13
	Total Advances to twenty largest borrowers*	25,222.2	22,307.6
	Percentage of Advances to twenty largest borrowers to Total Advances	15.75%	21.81%

### iii) Concentration of Exposures:

		(₹ in million)	
	Particulars	2013-14	2012-13
	Total Exposure to twenty largest borrowers / customers *	26,286.3	22,595.9
	Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	14.28%	18.98%

\* Credit Exposure excludes the exposures which are 100% cash backed

### iv) Concentration of NPA's:

		(₹ in million)	
	Particulars	2013-14	2012-13
	Total Exposure to top four NPA Accounts	649.6	165.9

### v) Sector wise NPA:

	Particulars	Gross NPA % to Total Advances to that sector	
		2013-14	2012-13
1	Agricultural & allied activities	0.19	0.21
2	Industry (Micro & Small, Medium and Large)	0.48	0.26
3	Services	1.97	0.72
4	Personal Loans	2.26	2.50

### vi) Movement of NPA:

		(₹ in million)	
	Particulars	2013-14	2012-13
	Gross NPAs as on 1st April (Opening Balance)	259.0	331.1
	Additions (Fresh NPAs) during the year	639.9	408.5
	<b>Sub-total ( A )</b>	<b>898.9</b>	<b>739.6</b>
Less:	(i) Up - gradations	19.8	-
	(ii) Recoveries (excluding recoveries made from up-graded accounts)	95.0	302.6
	(iii) Write - offs	6.6	178.0
	<b>Sub-total ( B )</b>	<b>121.4</b>	<b>480.6</b>
	<b>Gross NPAs as on 31st March (closing balance)( A - B )</b>	<b>777.5</b>	<b>259.0</b>

### vii) Overseas Assets, NPAs and Revenue:

(₹ in million)

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue	NIL	NIL

**viii) Off- Balance Sheet SPVs sponsored:**

<b>Name of the SPV sponsored</b>	
Domestic	Overseas
NIL	NIL

**26. Disclosure on Remuneration**

**Qualitative Disclosure**

**A. Information relating to the composition and mandate of the Remuneration Committee.**

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. S. G. Kutte
3. Mr. Vishwavir Ahuja
4. Mr. Vimal Bhandari
5. Mr. Jairaj Purandare

Majority of the members of the HR&RC are independent directors. Mr. Sudhir Rao and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board.

Following are the terms of Reference of Human Resources and Remuneration Committee:

- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
- To evaluate and approve HR policies of the Bank
- To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
- To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
- To oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board.
- To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- Any other related aspect to the above.

**B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.**

The remuneration is divided into following components:

**Fixed Remuneration:**

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

### **Employee Stock Options:**

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Performance ESOPs are given after periodic evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

### **Annual Performance Linked Variable Compensation (APLVC):**

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs.

- C. Description of the ways in which current and future risks are taken into account in the remuneration processes.

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- i. In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- ii. Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.
- iii. Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.

- iv. Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.
- v. Both ESOP as well as APLVC provide long term remuneration benefits to employees. The ESOP/PESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. Similarly, as per the guidelines issued by RBI, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

D. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

The Bank has a performance management system in place. The Performance management system has goals on four perspectives namely Financial, Customer, Process and People. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APVLC as well as PESOPs.

E. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit.

ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

### Quantitative Disclosure

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

		<i>(₹ in million)</i>	
Sr. No.	Particulars	2013-14	2012-13
1(i)	Number of meetings held by the Remuneration Committee during the financial year.	6	7
1(ii)	Remuneration paid to its members during the financial year	0.2	0.3

Sr. No.	Particulars	2013-14	2012-13
2(i)	Number of employees having received a variable remuneration award during the financial year.	67	21
2(ii)	Number and total amount of sign-on awards made during the financial year.	-	-
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-	-
3(ii)	Total amount of deferred remuneration paid out in the financial year.	-	-
4	Breakdown of amount of remuneration awards for the financial:		
	Fixed	263.9	146.3
	Variable	22.9	11.8
	Deferred	-	-
	Non-deferred	22.9	11.8
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
5(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments.	-	-
5(iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments	-	-

**27. Description of nature of contingent liabilities is set out below:**

- i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

- ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

- iii) Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

- iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

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

- v) Acceptances, endorsements and other obligations:

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

- vi) Other contingent items:

These include:

- a. Commitments for settlement date accounting for securities transactions;
- b. Amount of bills rediscounted by the Bank;

c. Demands raised by income tax and other statutory authorities and disputed by the Bank.

**28. Bank has not issued any letter of comforts during the year.**

**29. Figures for the previous year have been regrouped / rearranged wherever necessary.**

**NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR  
ENDED MARCH 31, 2015**

**1. Investments**

In terms of guidelines of Reserve Bank of India, amortisation of premium of ₹ 41.0 million (previous year ₹ 30.1 million) relating to investments in 'Held to Maturity' category has been netted off against 'Income on Investments' under Schedule - 13. During the year ended March 31, 2015 and March 31, 2014, there has been no sale / transfer from HTM categories in excess of 5% of the book value of investments held in HTM category at the beginning of the year.

**2. Employee Stock Option Plan (“ESOP”)**

The shareholders of the Bank have approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) enabling the Board and / or the Human Resource Committee to grant such number of Options of the Bank not exceeding 12% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years or two years as the case may be, in either equal proportion or 40:30:30 or 20:80 each year. Vested Options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank may get listed on a recognized stock exchange, whichever is later.

Under Intrinsic Value method, since exercise price of the stock options granted under the ESOP is more than the underlying value of the shares, it has not resulted in any charge to the profit and loss account for the year. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2015, would have increased by ₹155.4 million (previous financial year ₹63.7 million) and the profit before tax would have been lower correspondingly. Accordingly, on a proforma basis, basic and diluted earnings per share for the year ended March 31, 2015 would have been ₹6.87 and ₹ 6.66, respectively (Previous year ₹ 3.47 and ₹ 3.45 respectively).

FY 2014-15				
Stock option activity under the scheme	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Wtd. avg remaining contractual life years
Outstanding at the beginning of the year	21,403,696	40.00 - 55.00	48.84	3.7
Granted during the year	18,077,350	55.00 - 100.00	73.80	
Forfeited during the year	2,065,622	40.00 - 80.00	54.52	
Exercised during the year	11,299,957	40.00 - 55.00	46.34	
Expired during the year	-			
Outstanding at the end of the year	26,115,467	46.50 - 100.00	66.75	4.15
Options exercisable at the end of the year	1,245,239	46.50 - 55.00	50.20	2.58

\*Options granted during the year carry an exercise price of ₹55.00, ₹76.00, ₹80.00 and ₹ 100.00. During the year corresponding value of the shares for these grants at the time of respective grant was ₹50.05, ₹73.50, ₹ 75.76 and ₹ 92.22 respectively.

FY 2013-14				
Stock option activity under the scheme	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Wtd. avg remaining contractual life years
Outstanding at the beginning of the year	15,449,088	40.00 - 52.00	44.38	3.94
Granted during the year	10,527,570	52.00 - 55.00	53.75	
Forfeited during the year	997,900	40.00 - 55.00	47.28	
Exercised during the year	3,575,062	40.00 - 46.50	44.50	
Expired during the year	-			
Outstanding at the end of the year	21,403,696	40.00 - 55.00	48.84	3.70

Options exercisable at the end of the year	6,258,202	40.00 - 52.00	42.45	2.60
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The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	FY 2014-15	FY 2013-14
Average dividend yield	0.52% -0.95%	1.0%
Expected volatility	32.71%~48.22%	29.83%
Risk free interest rates	7.87%-8.61%	7.45%-9.45%
Expected life of options in years (across each tranche)	1.0- 3.0	1.3 - 3.0
Expected forfeiture	Nil	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

### 3. Appropriation to Reserves

For the year ended March 31, 2015, Bank has appropriated ₹ 518.0 million (previous year : ₹ 240.0 million) towards Statutory Reserves. For the year ended March 31, 2015, Bank has appropriated ₹ 10.3 million (previous year : NIL) towards Investment Reserves Account.

### 4. Disclosures as per Accounting Standards

#### 4.1 Disclosures under AS -15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

Particulars	(₹ in million)	
	2014-15	2013-14
Provident Fund	80.0	46.7
Pension Scheme (employees joining after 01.04.2010)	0.2	0.2

#### Defined Benefit Plans

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

#### Change in the present value of the defined benefit obligation

Particulars	(₹ in million)			
	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	711.5	140.9	573.1	128.8
Current Service cost	37.1	19.0	34.8	15.0
Interest cost	66.0	12.9	44.4	10.6
Actuarial losses/ (gains)	172.3	27.2	199.4	5.4
Past Service Cost (Amortised)	-	-	-	-
Liability Transfer in	-	-	-	-
Benefits paid	(80.4)	(11.8)	(140.2)	(18.9)
Closing defined benefit obligation at 31st March	906.5	188.2	711.5	140.9

#### Change in the plan assets

Particulars	(₹ in million)			
	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	493.2	119.7	544.2	114.5



Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	43.5	10.1	45.0	9.9
Employers Contributions	228.5	21.1	43.4	14.3
Benefit paid	(80.4)	(11.8)	(140.2)	(18.9)
Actuarial gains / (losses) on plan assets	6.4	1.2	0.8	(0.1)
Closing fair value of plan assets at 31 <sup>st</sup> March	691.2	140.3	493.2	119.7

#### Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in million)

Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31 <sup>st</sup> March	906.5	188.2	711.5	140.9
Fair value of plan assets at 31 <sup>st</sup> March	691.2	140.3	493.2	119.7
Deficit / (Surplus)	215.3	47.9	218.3	21.2
Net Liability / (Asset)	215.3	47.9	218.3	21.2

#### Net cost recognized in the profit and loss account

(₹ in million)

Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	37.1	19.0	34.8	15.0
Interest cost	66.0	12.9	44.4	10.6
Expected return on plan assets	(43.5)	(10.1)	(45.0)	(9.9)
Past Service Cost (Vested Benefit) Recognised	-	-	-	-
Net actuarial losses / (gains) recognised during the year	165.9	26.1	198.6	5.5
Total cost of defined benefit plans included in Schedule 16	225.5	47.9	232.8	21.2
Payments to and provisions for employees				

#### Reconciliation of Expected return and actual return on planned assets

(₹ in million)

Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	43.5	10.1	45.0	9.9
Actuarial gain / (loss) on plan assets	6.4	1.2	0.8	(0.1)
Actual return on plan assets	49.9	11.3	45.8	9.8

#### Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in million)

Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	218.3	21.2	28.9	14.3
Expenses as recognised in profit & Loss account	225.5	47.9	232.8	21.2
Employers contribution	(228.5)	(21.2)	(43.4)	(14.3)
Net liability / (asset) recognised in balance sheet	215.3	47.9	218.3	21.2

#### Experience Adjustment

(₹ in million)

Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
On Plan Liabilities (gains) / losses	172.3	27.2	232.1	9.7
On Plan Assets (losses) / gains	6.4	1.2	0.8	(0.1)

**A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:**

Category of Assets	2014-15		2013-14	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	17.12	15.55	7.81	8.65
State Government securities	32.10	32.80	42.06	39.90
Corporate Bonds	2.46	9.99	4.81	13.80
Special Deposit Schemes	0	16.40	-	17.63
Funds with LIC	17.06	-	18.82	-
Fixed deposits and bank balances	31.26	25.26	26.50	20.02
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### **Key Actuarial Assumptions**

Particulars	2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.92%	8.04%	9.27%	9.14%
Expected rate of return on Plan Asset	7.92%	8.04%	8.83%	8.44%
Salary Escalation	6.00%	6.00% (IBA) 8.00% (Others)	5.60%	5.60% (IBA) 8.00% (Others)
Attrition rate	2.00%	2.00% (IBA) 20.00% (Others)	2.00%	2.00% (IBA) 20.00% (Others)

#### **4.2 Segment Reporting: Information about business segments**

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with 8/21.04.018/2014-15 dated July 1, 2014 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
  - **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
  - **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet Management function are included in the Treasury segment.
  - **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.
- Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth the business segment results:

(₹ in million)

Particulars	2014-15					2013-14				
	Corporate /Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	15,970.6	11,453.0	17,947.9	502.5	45,874.0	11,527.6	6,347.1	12,371.2	224.7	30,470.6
Unallocated Revenue	-	-	-	-	49.6					17.0
Less: Inter Segment Revenue	-	-	-	-	22,358.6					14,361.7
<b>Total Revenue</b>	-	-	-	-	23,565.0					16,125.9
Segment Results	1,115.2	468.6	1,274.4	141.2	2,999.4	701.1	245.1	948.0	33.3	1,944.5
Unallocated expenses	-	-	-	-	-					619.3
Operating Profit	-	-	-	-	2,999.4					1,325.2
Income Tax expense (including deferred tax)	-	-	-	-	927.7					398.5
<b>Net Profit</b>	-	-	-	-	2,071.7					926.7
Segment Assets	105,842.9	38,596.6	118,273.5	1,883.1	264,596.1	75,255.3	25,389.7	74,882.5	1,480.6	1,77,008.1
Unallocated Assets	-	-	-	-	6,450.6					4,973.2
<b>Total Assets</b>	-	-	-	-	271,046.7					1,81,981.3
Segment Liabilities	71,347.7	83,951.6	92,898.1	60.7	248,258.1	38,235.4	63,459.2	59,354.7	72.6	1,61,121.9
Unallocated Liabilities	-	-	-	-	22,788.6					20,859.4
<b>Total Liabilities</b>	-	-	-	-	271,046.7					1,81,981.3

**Notes:**

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

### 4.3 Related Party Transactions

As per AS 18 “Related Party Disclosures”, the Bank’s related parties for the year ended March 31, 2015 are disclosed below:

#### Key Management Personnel (‘KMP’) as defined under AS 18:

Mr. Vishwavir Ahuja, Managing Director & CEO

In the financial year 2014-15 and 2013-14, there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by RBI on March 29, 2003 “Guidance on compliance with the accounting standards by banks”.

### 4.4 Operational Leases

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

Period	(₹ in million)	
	2014-15	2013-14
Not later than one year	540.7	366.6
Later than one year and not later than five years	1,494.5	1,012.9
Later than five years	621.4	403.1
Total	2,656.6	1,782.6
Lease payment recognized in profit and loss account for the year	583.3	356.9

### 4.5 Earnings Per Share

Particulars	(₹ in million)	
	2014-15	2013-14
<b>Basic</b>		
Weighted Average Number of equity shares	286,474,108	255,112,571
Net Profit after tax available for equity share holders (₹)	2,071.7	926.7
Basic Earnings Per Share (F V ₹10/-)	7.23	3.63
<b>Diluted</b>		
Weighted Average Number of equity shares (including dilutive potential equity shares)	295,832,947	256,603,856
Net Profit after tax available for equity share holders (₹)	2,071.7	926.7
Diluted Earnings Per Share (F V ₹10/-)	7.00	3.61
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to options granted to employees of the Bank.

### 4.6 Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2015 are as under:-

Particulars	(₹ in million)	
	2014-15	2013-14
<b>Deferred tax assets:</b>		
Provision for Assets	306.5	213.6
Employee benefits	62.6	110.5
Others	30.4	17.5
<b>Deferred tax liabilities:</b>		
Charge related to acquisition	(243.2)	(310.3)

Particulars	Deferred Tax Assets/(Liabilities)	
	2014-15	2013-14
Fixed Assets depreciation	(132.6)	(83.4)
<b>Total</b>	<b>23.7</b>	<b>(52.1)</b>

#### 4.7 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

Particulars	(₹ in million)	
	2014-15	2013-14
At cost at the beginning of the year	490.2	315.4
Additions during the year	326.9	175.4
Deductions during the year	4.2	0.6
Accumulated depreciation at 31 <sup>st</sup> March	259.4	130.5
Closing balance at 31 <sup>st</sup> March	553.5	359.7
Depreciation charge for the year	129.0	70.8

#### 4.8 Notes to the Cashflow statement:

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money-market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Particulars	(₹ in million)	
	FY 2014-15	FY 2013-14
Cash in hand	1,594.2	1,140.2
Balance with RBI	12,962.6	8,667.1
Balance with other banks	2,803.7	1,983.3
Money at short and call notice	1,998.1	-
<b>Cash and cash equivalents as restated</b>	<b>19,358.6</b>	<b>11,790.6</b>

#### 5. Small and Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding for more than the specified year, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

#### 6. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended March 31, 2015

A)	Customer Complaints	2014-15	2013-14
a)	No. of complaints pending at the beginning of the year	33	28
b)	No. of complaints received during the year*	3,346	3,552
c)	No. of complaints redressed during the year	3,293	3,547
d)	No. of complaints pending at the end of the year	86	33
B)	Awards passed by the Banking Ombudsman	2014-15	2013-14
a)	No. of unimplemented awards at the beginning of the year	-	Nil
b)	No. of awards passed by the Banking Ombudsman during the year	1	Nil
c)	No. of awards implemented during the year	1	Nil
d)	No. of unimplemented awards at the end of the year	-	Nil

\*Includes 456 ATM Complaints of Bank's customers using other bank ATMs

## 7. Capital Adequacy:

The Bank has complied with Capital Adequacy Norms prescribed by RBI. The details are as under:

	Particulars	2014-15	2013-14
i)	Common Equity Tier 1 capital ratio (%)	12.74%	14.33%
ii)	Tier I capital ratio (%)	12.74%	14.33%
iii)	Tier II capital ratio (%)	0.39%	0.31%
iv)	Total capital ratio (CRAR) (%)	<b>13.13%</b>	14.64%
v)	Percentage of the shareholding of the Government of India in Public Sector banks	NA	NA
vi)	Amount of Equity capital raised (₹ in million)	1,818.6	1,652.9
vii)	Amount of Additional Tier 1 capital raised	NIL	NIL
viii)	Amount of Tier 2 capital raised	NIL	NIL

## 8. Investments:

### i) Movement of Investments:

		(₹ in million)	
	Particulars	2014-15	2013-14
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	97,947.2	64,791.7
	(b) Outside India		-
	(ii) Provisions for Depreciation (including provision for NPI)		
	(a) In India	24.3	21.8
	(b) Outside India		-
	(iii) Net Value of Investments		
	(a) In India	97,922.9	64,769.9
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation of investments (including provision for NPIs)		
	(i) Opening balance	21.8	2.1
	(ii) Add: Provisions made during the year	96.2	920.2
	(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	93.7	900.5
	(iv) Closing balance	24.3	21.8

### ii) Repo / Reverse Repo Transactions:

During the year, the Bank has not under taken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

### iii) Issuer Composition of Non-SLR investments :

Issuer composition as at March 31, 2015 of non-SLR investments

		(₹ in million)				
No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	400.0	400.0	-	-	-
2	FIs	500.0	500.0	-	-	-
3	Banks	2,967.4	-	-	-	-
4	Private Corporates	6,505.4	4,992.1	-	-	1.0
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	11,775.1*	8,580.6	-	-	-
7	Provisions held	<b>(24.3)</b>	(24.3)	-	-	-

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
	towards depreciation					
	<b>Total</b>	<b>22,123.6</b>	<b>14,448.4</b>	-	-	<b>1.0</b>

\* includes Government securities of ₹29.3 million which does not qualify as SLR securities.

iv) Issuer composition as at March 31, 2014 of non-SLR investments

(₹ in million)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	1,749.2	1,400.0	-	-	-
2	FIs	180.2	180.2	-	-	-
3	Banks	4,436.5	-	-	-	-
4	Private Corporates	7,148.9	5,534.2	-	-	251.0
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	11,276.7*	7,400.9	-	-	-
7	Provisions held towards depreciation	(21.8)	-	-	-	-
	<b>Total</b>	<b>24,769.7</b>	<b>14,515.3</b>	-	-	<b>251.0</b>

\* includes Government securities of ₹29.3 million which does not qualify as SLR securities.

v) Non Performing Non-SLR investment:

(₹ in million)

No	Particulars	2014-15	2013-14
1	Opening Balance	-	-
2	Additions during the year	155.0	-
3	Reductions during the year	-	-
4	Closing Balance	155.0	-
5	Total provisions held for NPI	23.3	-

vi) Security Receipts

Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company for the year ended March 31, 2015 are as follows-

(₹ in million)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Book value of investments in security receipts	-	-	-	-	-	-

9. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:

(₹ in million)

Particulars	2014-15	2013-14
i) The notional principal of swap agreements	58,210.1	30,000.0
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	222.1	193.5

Particulars	2014-15	2013-14
iii) Collateral required by the bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	324.1	84.5
v) The fair value of the swap book	20.1#	(24.4)#

# fair value of the swap book is inclusive of interest accrual.

The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2015 are set out below –

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
FCY IRS	2	230.1	LIBOR	Receive Fix and Pay Floating
FCY IRS	2	230.1	LIBOR	Pay Fix and Receive Floating

There were no FCY IRS outstanding as of March 31, 2014.

The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2015 are set out below –

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
OIS	46	29,500.0	OIS	Receive Fixed and Pay Floating
OIS	49	28,250.0	OIS	Pay Fixed and Receive Floating

The nature and terms of Interest Rate Swaps (IRS) as on March 31, 2014 are set out below –

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
OIS	24	15,000.0	OIS	Receive Fixed and Pay Floating
OIS	25	15,000.0	OIS	Pay Fixed and Receive Floating

Bank has not undertaken any Exchange Traded Interest Rate Derivatives during the year ended March 31, 2015 and March 31, 2014.

#### Risk Exposure in Derivatives-

##### Qualitative disclosures:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank is currently dealing in Interest Rate and Foreign Exchange (FX) Derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

##### a) The structure and organization for management of risk in derivatives trading.

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. Treasury Middle Office and Market Risk Group are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.



**b) The scope and nature of risk measurement, risk reporting and risk monitoring systems.**

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

**c) Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants,**

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. However, the Bank has not entered in to any hedge transactions as of March 31, 2015.

**d) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.**

The Bank has undertaken derivative transactions for market making and trading purposes. The Bank revalues its trading positions on a daily basis and records the same in the books of accounts. The receivable and payable on marking the contracts to market are shown under "Other Assets" and "Other Liabilities" in the balance sheet.

Derivatives other than FX forward transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under 'Other Income'. The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'.

**Quantitative disclosure on risk exposure in derivatives as at March 31, 2015**

(₹ in million)

Sl. No.	Particular	2014-15				2013-14			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivative
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
	a) For hedging	5,456.5#	NIL	NIL	NIL	4,345.3#	NIL	NIL	NIL
	b) For trading	61,424.5	25,934.9	2,153.7	58,210.1	43,749.4	9,256.7	747.5	30,000.0
(ii)	Marked to								

Sl. No.	Particular	2014-15				2013-14			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivative
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
	Market Positions [1]								
	a) Asset (+)	716.1	41.9	34.1	222.1	1,026.3	29.7	20.3	107.2
	b) Liability (-)	626.1	41.9	13.1	202.0	820.7	29.7	3.7	98.8
(iii)	Credit Exposure [2]	2,588.4	227.0	249.4	643.0	2,197.7	91.5	95.0	381.0
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
	a) on hedging derivatives	50.1#	NIL	NIL	NIL	0.0#	NIL	NIL	NIL
	b) on trading derivatives	12.2	NIL	0.0	8.1	52.1	NIL	0.0	0.0
(v)	Maximum and Minimum of 100*PV01 observed during the year								
	a) on hedging								
	Max	51.1#	NIL	NIL	NIL	70.1#	NIL	NIL	NIL
	Min	33.8#	NIL	NIL	NIL	0.1#	NIL	NIL	NIL
	b) on trading								
	Max	21.1	NIL	0.0	17.2	11.4	NIL	0.00	51.4
	Min	1.1	NIL	0.0	1.1	0.0	NIL	0.0	0.0

# represents funding swaps undertaken by the Bank.

- (1) As per recommendatory provisions of AS-31, Financial Instrument: Presentation, mark to market position is reported on gross basis.
- (2) The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.
- (3) Mark to Market position for Currency Swap & Interest Rate Derivative does not include Interest accrued on the swap.
- (4) The Notional principal of Forward Exchange Contract does not include notional for Tom and Spot Foreign Exchange Contract.
- (5) The notional principal amounts of derivatives reflect the volume of transactions outstanding at balance sheet date and do not represent the amount of risk.

## 10. Restructured / Rescheduled / Renegotiated - Investments during the year is Nil (Previous year: Nil)

### 11. Asset Quality:

#### i) Non – Performing Asset:

		(₹ in million)	
	Particulars	2014-15	2013-14
(i)	Net NPAs to Net Advances (%)	0.27%	0.31%
(ii)	Provisioning Coverage Ratio (PCR) (%)	68.28%	65.73%
(iii)	Movement of NPAs (Gross)		
	(a) Opening balance	777.5	259.0
	(b) Additions during the year	476.3	639.9
	(c) Reductions during the year	141.5	121.4
	(d) Closing balance	1,112.3	777.5
(iv)	Movement of Net NPAs		

Particulars		2014-15	2013-14
(a)	Opening balance	305.1	68.8
(b)	Additions during the year	285.5	368.3
(c)	Reductions during the year	204.7	132.0
(d)	Closing balance	385.9	305.1
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	472.4	190.2
(b)	Provisions made during the year	320.3	330.6
(c)	Write-off / write back of excess provisions during the year	66.3	48.4
(d)	Closing balance	726.4	472.4

## ii) Technical Write-off

(₹ in million)

Particulars	2014-15	2013-14
Opening balance of Technical / Prudential written-off accounts as at April 1	112.6	157.9
Add : Technical / Prudential write-offs during the year	0.0	0.0
Sub-total (A)	112.6	157.9
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	8.2	45.3
Closing balance as at March 31 (A-B)	104.4	112.6

## iii) Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as at March 31, 2015

(₹ in million)

Type of restructuring Asset Classification Details	Under CDR					Under SME					Others					Total
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	1	-	-	-	1	3	-	-	-	3	4
	B	-	-	-	-	10.5	-	-	-	10.5	174.8	-	-	-	174.8	185.3
	C	-	-	-	-	-	-	-	-	-	9.4	-	-	-	9.4	9.4
Fresh Restructuring during the year	A	1	-	-	-	1	-	-	-	1	1	-	-	-	1	3
	B	522.0	-	-	-	522.0	190.7	-	-	190.7	52.0	-	-	-	52.0	764.7
	C	77.7	-	-	-	77.7	28.9	-	-	28.9	5.4	-	-	-	5.4	112.0
Increase / (Decrease) in outstanding of restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(3.8)	-	-	(3.8)	3.9	-	-	-	3.9	0.1
	C	-	-	-	-	-	-	-	-	-	0.5	-	-	-	0.5	0.5
Upgradations to restructured standard during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	(161.0)	171.4	-	-	10.4	10.4
	C	-	-	-	-	-	-	-	-	-	(6.0)	36.6	-	-	30.6	30.6
Write-offs of	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Type of restructuring Asset Classification Details	Under CDR					Under SME					Others					Total	
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total		
restructured accounts	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restructured accounts as on 31 March (Closing)	A	1	-	-	-	1	2	-	-	-	2	3	1	-	-	4	7
	B	522.0	-	-	-	522.0	197.4	-	-	-	197.4	69.7	171.4	-	-	241.1	960.5
	C	77.7	-	-	-	77.7	28.9	-	-	-	28.9	9.3	36.6	-	-	45.9	152.5

\* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the year  
**A-** No. of borrowers, **B-** Amt. outstanding, **C-** Provision thereon

#### Restructured Advances as at March 31, 2014

(₹ in million)

Type of restructuring Asset Classification Details	Under CDR					Under SME					Others					Total
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	23.2	-	16.5	-	39.7	209.2	-	-	-	209.2	248.9
	C	-	-	-	-	-	-	16.5	-	16.5	5.8	-	-	-	5.8	22.3
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	4	-	-	-	4	4
	B	-	-	-	-	-	-	-	-	-	183.2	-	-	-	183.2	183.2
	C	-	-	-	-	-	-	-	-	-	12.9	-	-	-	12.9	12.9
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	(2.0)	-	-	-	(2.0)	(48.7)	-	-	-	(48.7)	(50.7)
	C	-	-	-	-	-	-	-	-	-	(0.4)	-	-	-	(0.4)	(0.4)
Upgradations to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	3	-	1	-	4	2	-	-	-	2	6
	B	-	-	-	-	10.7	-	16.5	-	27.2	168.9	-	-	-	168.9	196.1
	C	-	-	-	-	-	-	16.5	-	16.5	8.9	-	-	-	8.9	25.4
Downgradations of restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	1	-	-	-	1	3	-	-	-	3	4
	B	-	-	-	-	10.5	-	-	-	10.5	174.8	-	-	-	174.8	185.3
	C	-	-	-	-	-	-	-	-	-	9.4	-	-	-	9.4	9.4

\* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the year  
**A-** No. of borrowers, **B-** Amt. outstanding, **C-** Provision thereon

#### iv) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:

(₹ in million)

Particulars		2014-15	2013-14
(i)	No. of accounts	1	1

	Particulars	2014-15	2013-14
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	422.9	* -
(iii)	Aggregate consideration	422.9	2.2
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	NIL	-
(v)	Aggregate loss over net book value	NIL	-

\* The account sold was a technically written – off account

**v) Details of non-performing financial assets purchased / sold:**

**Non- performing financial assets purchased**

Particulars	₹ in million	
	2014-15	2013-14
1 (a) No. of accounts purchased during the year	2	2*
(b) Aggregate Outstanding	121.5	210.4
2 (a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate Outstanding	-	-

\* Purchase of portfolio of non-performing retail loans is treated as a single asset purchase

During the year ended March 31, 2015 and March 31, 2014, other than the assets sold to SC/RC (covered above) there were no non-performing financial assets sold.

**vi) Securitisation**

There are no securitization transactions undertaken by the Bank during the year ended 31 March 2015 (Previous Year – Nil)

12. The Bank has not done any securitizations during the year ended March 31, 2015 and March 31, 2014.

**13. Business Ratios:**

	Particulars	2014-15	2013-14
(i)	Interest income as % to Working funds	9.65%	9.75%
(ii)	Non-Interest income as % to Working funds	1.99%	1.88%
(iii)	Operating profit as % to Working funds	1.78%	1.29%
(iv)	Return on Assets	1.02%	0.67%
(v)	Business (Deposit plus Advance) per employee (₹ in million)	82.3	69.7
(vi)	Profit per employee (₹ in million)	0.6	0.3

Working funds represents the average of total assets as reported in Monthly Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

**14. Maturity Pattern:**

Maturity pattern of certain items of assets and liabilities is given below:

Particulars	₹ in million					
	as at March 31, 2015					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	1,910.7	2,043.4	1,244.3	-	798.4	32.1
2 to 7 days	2,460.4	22,268.4	12,322.3	31,818.3	288.4	115.8
8 to 14 days	1,582.2	6,263.5	6,487.8	6,990.0	263.7	40.0
15 to 28 days	2,701.5	3,755.1	10,284.5	3,000.0	555.5	54.9
29 days to 3 months	13,332.0	27,226.5	32,802.6	-	1,386.9	893.8
Over 3 months to 6 months	10,965.3	15,760.6	27,104.8	5,089.6	227.4	633.4
Over 6 months to 1 year	39,366.9	8,948.6	31,797.2	4,865.7	2,300.0	3,344.3

Particulars	as at March 31, 2015					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
Over 1 year to 3 years	41,304.7	8,270.3	43,346.9	7,467.0	2,028.6	2,747.6
Over 3 years to 5 years	8,740.1	1,625.4	2,237.0	1,743.6	408.4	1,284.8
Over 5 years	14,470.2	1,761.1	694.1	1,000.1	142.2	1,250.0
<b>Total</b>	<b>136,834.0</b>	<b>97,922.9</b>	<b>168,321.5</b>	<b>61,974.3</b>	<b>8,399.5</b>	<b>10,396.7</b>

(₹ in million)

Particulars	as at March 31, 2014					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	2,737.6	1,616.2	1,302.6	10.3	587.1	16.9
2 to 7 days	1,213.2	12,134.1	7,486.6	11,535.0	178.3	29.7
8 to 14 days	1,290.9	1,133.6	3,742.5	1,690.0	33.5	21.2
15 to 28 days	3,413.5	4,283.5	7,470.9	3,000.0	85.7	29.7
29 days to 3 months	5,364.4	21,692.8	29,054.8	-	203.2	1,837.3
Over 3 months to 6 months	6,666.9	7,772.9	12,436.4	3,381.1	46.3	299.6
Over 6 months to 1 year	26,106.5	7,077.8	23,470.6	6,926.0	2,046.8	3.0
Over 1 year to 3 years	33,049.9	4,798.2	27,956.3	6,558.7	405.7	2,078.6
Over 3 years to 5 years	8,255.2	569.2	685.5	1,225.7	-	-
Over 5 years	7,241.9	3,691.6	200.7	1,293.5	136.8	1,227.7
<b>Total</b>	<b>95,340.0</b>	<b>64,769.9</b>	<b>113,806.9</b>	<b>35,620.3</b>	<b>3,723.4</b>	<b>5,543.7</b>

Classification of assets and liabilities under the different maturity buckets for both current and previous financial years is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of assets and liabilities excludes off balance sheet items.

## 15. Lending to Sensitive Sector:

### i) Exposure to Real Estate Sector:

		(₹ in million)	
Particulars		2014-15	2013-14
<b>1)</b>	<b>Direct exposure</b>		
(a)	Residential Mortgages -	<b>3,108.2</b>	3,458.1
	Out of which Individual housing loans eligible for inclusion in priority sector advances	980.5	1,056.1
(b)	Commercial Real Estate	11,698.4	10,937.1
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
i.	Residential Mortgages	-	-
ii.	Commercial Real Estate	-	-
<b>2)</b>	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	<b>1,910.7</b>	1,169.9
	<b>Total Exposure to Real Estate Sector</b>	<b>16,717.3</b>	<b>15,565.1</b>

### ii) Exposure to Capital Market:

		(₹ in million)	
Particulars		2014-15	2013-14
(i)	Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is	1.0	1.0

	<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
	not exclusively invested in corporate debt;		
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	2.0
(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	2,959.1	2,780.3
(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	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	800.0	800.0
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	187.9	112.5
	<b>Total Exposure to Capital Market</b>	<b>3,948.0</b>	<b>3,695.8</b>

### iii) Risk Category wise Country Exposure:

<b>Risk Category</b>	<b>(₹ in million)</b>			
	<b>Exposure (net) as at March 31, 2015</b>	<b>Provision held as at March 31, 2015</b>	<b>Exposure (net) as at March 31, 2014</b>	<b>Provision held as at March 31, 2014</b>
Insignificant	725.6	-	642.1	-
Low	48.6	-	24.5	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
<b>Total</b>	<b>774.2</b>	<b>-</b>	<b>666.6</b>	<b>-</b>

### 16. Details of Single / Group Borrower limit exceeded by the Bank:

During the year ended March 31, 2015 and March 31, 2014 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers.

### 17. Amount of Provisions made for Income-tax during the year:

	<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
i)	Provision for Income tax / Wealth tax	1,025.3	253.5
ii)	Provision for deferred tax	(97.6)	145.0

## 18. Unsecured Advances against Intangible Collaterals:

Particulars	₹ in million	
	2014-15	2013-14
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

## 19. Penalties imposed by RBI:

The Reserve Bank had carried out a scrutiny of the loan and current accounts of M/s. Deccan Chronicle holdings Ltd., in various banks in late 2013. RBI has issued guidelines to ensure that banks are protected while lending to companies that do not provide full disclosure. As per RBI assessment, the Bank had not complied with the extant guidelines requiring banks to exchange information among lending banks on borrowers on a periodic basis and accordingly levied a penalty of ₹ 500,000, during the current financial year ending March 31, 2015.

During the previous year ended March 31, 2014, the Bank was levied penalty based on a scrutiny conducted by RBI on banks during the financial year as part of a thematic study, a penalty was imposed by RBI on several banks for non-compliance of KYC-AML guidelines. The Bank was charged a penalty of ₹ 50,00,000 on this account. In addition, the Bank had paid ₹18,125 as penal interest for default in maintenance of Cash Reserve Ratio on one day, i.e. May 28, 2013, during the fortnight ended May 31, 2013. The Bank had also paid a penalty of ₹ 20,000 imposed by RBI for 'SGL bouncing' on March 13, 2014.

## 20. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:

	Particulars	₹ in million	
		2014-15	2013-14
i)	Fee / Remuneration from Life Insurance Business	67.2	64.9
ii)	Fee / Remuneration from General Insurance Business	16.9	12.4

## 21. Break up of Provisions and Contingencies debited to Profit & Loss Account:

	Particulars	₹ in million	
		2014-15	2013-14
i)	Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
	a) For Advance	351.1	301.1
	b) For Investments	23.3	-
	c) For Lease Assets	-	-
ii)	Provisions towards Standard Advances	242.4	149.0
iii)	Provision for depreciation on investments	(20.7)	19.6
iv)	Provision / (Writeback) for credit card reward points	0.3	(10.9)
v)	Provision for others	5.4	3.0
vi)	Provisions towards Income tax / Wealth tax	1,025.3	253.5
vii)	Provision towards deferred tax (net)	(97.6)	145.0
	<b>Total</b>	<b>1,529.5</b>	<b>860.3</b>

## 22. Drawdown from Reserves:

There has been no draw down from reserves during the year ended March 31, 2015 and March 31, 2014

## 23. Floating Provisions:

The Bank has not made any floating provisions.



## 24. Market risk in trading book:

Quantitative Disclosure :

		(₹ in million)	
	Particulars	2014-15	2013-14
		Basel III	Basel III
	Capital requirements for:		
a)	interest rate risk	1,464.1	1,206.8
b)	equity position risk	98.7	361.7
c)	foreign exchange risk	40.5	40.5

## 25. Concentration of Deposits, Advances, Exposures and NPAs:

### i) Concentration of Deposits:

		(₹ in million)	
	Particulars	2014-15	2013-14
	Total Deposits of twenty largest depositors	46,707.8	27,623.3
	Percentage of Deposits of twenty largest depositors to Total Deposits	27.32%	23.82%

### ii) Concentration of Advances:

		(₹ in million)	
	Particulars	2014-15	2013-14
	Total Advances to twenty largest borrowers*	34,115.1	25,222.2
	Percentage of Advances to twenty largest borrowers to Total Advances	13.65%	15.75%

\* Credit Exposure excludes the exposures which are 100% cash backed

### iii) Concentration of Exposures:

		(₹ in million)	
	Particulars	2014-15	2013-14
	Total Exposure to twenty largest borrowers / customers *	34,558.1	26,286.3
	Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	12.75%	14.28%

\*Credit Exposure excludes the exposures which are 100% cash backed

### iv) Concentration of NPA's:

		(₹ in million)	
	Particulars	2014-15	2013-14
	Total Exposure to top four NPA Accounts	782.7	649.6

### v) Sector Wise Advances:

(Amounts in ₹ million)							
Sl. No.	Sector	Current year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector

<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	17,917.4	61.5	0.34	12,539.3	23.6	0.19
2	Advances to industries sector eligible as priority sector lending	4,358.1	17.8	0.41	1,394.0	6.7	0.48
3	Services	11,242.0	47.4	0.42	4,849.5	25.1	0.52
4	Personal loans	10,947.8	15.4	0.14	6,847.6	10.7	0.16
	Sub-total (A)	44,465.3	142.1	0.32	25,630.4	66.1	0.26
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied activities	16.1	0.0	0.0	0.0	0.0	0.0
2	Industry	45,383.1	176.3	0.39	29,013.8	140.0	0.48
3	Services	46,551.1	679.3	1.46	36,019.7	383.8	1.07
4	Personal loans	8,888.5	114.6	1.29	8,159.0	187.6	2.30
	Sub-total (B)	1,00,838.8	970.2	0.96	73,192.5	711.4	0.97
	Total (A+B)	1,45,304.1	1,112.3	0.77	98,822.9	777.5	0.79

**vi) Movement of NPA:**

Particulars	(₹ in million)	
	2014-15	2013-14
Gross NPAs as on 1st April (Opening Balance)	777.5	259.0
Additions (Fresh NPAs) during the year	476.3	639.9
<b>Sub-total ( A )</b>	<b>1,253.8</b>	<b>898.9</b>
Less: (i) Up - gradations	3.1	19.8
(ii) Recoveries (excluding recoveries made from up-graded accounts)	86.5	95.0
(iii) Write - offs	51.9	6.6
<b>Sub-total ( B )</b>	<b>141.5</b>	<b>121.4</b>
<b>Gross NPAs as on 31st March 2015 (closing balance) ( A - B )</b>	<b>1,112.3</b>	<b>777.5</b>

**vii) Overseas Assets, NPAs and Revenue:**

Particulars	(₹ in million)	
	2014-15	2013-14
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue	NIL	NIL

**viii) Off- Balance Sheet SPVs sponsored:**

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

**26. Disclosure on Remuneration**

**Qualitative Disclosure**

A. Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. Narayan Ramachandran
3. Mr. Vimal Bhandari
4. Mr. Jairaj Purandare

All members of the HR&RC are independent directors. Mr. Sudhir Rao and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board.

A. Following are the terms of Reference of Human Resources and Remuneration Committee:

- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
- To evaluate and approve HR policies of the Bank
- To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
- To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
- To oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board.
- To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- Any other related aspect to the above.

B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The remuneration is divided into following components:

**Fixed Remuneration:**

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

### **Employee Stock Options:**

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program. The Bank has also introduced a Employee Retention Stock option program with the objective of retaining a very select group of highly valued middle and senior management as well as employees in key leadership roles.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Performance ESOPs are given after periodic evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY 2011-12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

### **Annual Performance Linked Variable Compensation (APLVC):**

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

#### **C. Description of the ways in which current and future risks are taken into account in the remuneration processes.**

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- i. In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- ii. Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.
- iii. Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.
- iv. Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.
- v. Both ESOP as well as APLVC provide long term remuneration benefits to employees. The ESOP/PESOP / RESOP are equity settled where the employees will receive one equity share per option. The ESOPs and PESOPs granted to employees vest over a period of three years, in either equal proportion or 40:30:30 or 30:30:40 each year whereas RESOPs vest over a period of two years in a proportion of 20:80 each year.

Second vesting of RESOP is linked with listing of the shares. Similarly, as per the guidelines issued by RBI, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

- D. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

The Bank has a performance management system in place. The Performance management system has goals on four perspectives namely Financial, Customer, Process and People. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APLVC as well as PESOPs.

- E. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

- F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit.

ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of time as explained above. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

#### Quantitative Disclosure-

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

Sr. No.	Particulars	2014-15 (₹ in million)	2013-14 (₹ in million)
1(i)	Number of meetings held by the Remuneration Committee during the year.	7	6
1(ii)	Remuneration paid to its members during the year	0.3	0.2
2(i)	Number of employees having received a variable remuneration award during the year	85	67
2(ii)	Number and total amount of sign-on awards made during the year	-	-

Sr. No.	Particulars	2014-15 (₹ in million)	2013-14 (₹ in million)
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-	-
3(ii)	Total amount of deferred remuneration paid out in the year	-	-
4	Breakdown of amount of remuneration awards for the financial:		
	Fixed	430.9	263.9
	Variable	40.9	22.9
	Deferred	-	-
	Non-deferred	40.9	22.9
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
5(ii)	Total amount of reductions during the year due to ex- post explicit adjustments.	-	-
5(iii)	Total amount of reductions during the year due to ex- post implicit adjustments	-	-

**27. Description of nature of contingent liabilities is set out below:**

i. Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

ii. Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

iii. Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

iv. Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

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

v. Acceptances, endorsements and other obligations:

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi. Other contingent items:

These include:

- a. Commitments for settlement date accounting for securities transactions;
- b. Amount of bills rediscounted by the Bank;
- c. Demands raised by income tax and other statutory authorities and disputed by the Bank.

Refer schedule 12 for amounts relating to contingent liabilities.

**28. Bank has not issued any letters of comfort during the year.**

**29. Liquidity Coverage Ratio (LCR):**

		(₹ in million)	
		2014-15	
		Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>			
1	Total High Quality Liquid Assets (HQLA)		25,901.5
<b>Cash Outflows</b>			
2	Retail deposits and deposits from small business customers, of which:	54,376.9	5,378.6
(i)	Stable deposits	1,182.0	59.1
(ii)	Less stable deposits	53,194.9	5,319.5
3	Unsecured wholesale funding, of which:	66,167.8	36,589.9
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	66,167.8	36,589.9
(iii)	Unsecured debt	-	-
4	Secured wholesale funding		-
5	Additional requirements, of which	1,544.3	1,544.3
(i)	Outflows related to derivative exposures and other collateral requirements	27.6	27.6
(ii)	Outflows related to loss of funding on debt products		
(iii)	Credit and liquidity facilities		
	Other contractual funding obligations		
7	Other contingent funding obligations	48,591.1	2,429.6
<b>8</b>	<b>Total Cash Outflows</b>		<b>45,942.4</b>
<b>Cash Inflows</b>			
9	Secured lending (e.g. reverse repos)	1,159.9	1,159.9
10	Inflows from fully performing exposures	7,344.1	3,672.0
11	Other cash inflows	4,377.2	4,896.3
<b>12</b>	<b>Total Cash Inflows</b>	<b>12,881.2</b>	<b>9,728.2</b>
			<b>Total Adjusted Value</b>
<b>21</b>	<b>TOTAL HQLA</b>		<b>25,901.5</b>
<b>22</b>	<b>Total Net Cash Outflows</b>		<b>36,214.1</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>71.52</b>

#### Qualitative disclosure around LCR

The Bank measures and monitors LCR in line with the guidance and regulations issued by RBI vide circular dated June 09, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" and subsequent amendments thereon. The LCR guidelines became binding on Banks from 1 Jan 2015. The LCR guidelines aim to ensure that a bank maintains adequate level of unencumbered High Quality Liquid Assets (HQLAs) to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

With a view to provide a transition time for banks, the LCR requirements are set as minimum 60% for the calendar year 2015 i.e. with effect from January 1, 2015, and rise in equal steps of 10% to reach the minimum required level of 100% on January 1, 2019.

LCR of the Bank both for the year end period and on the quarterly average basis is above the minimum set by RBI of 60% for calendar year 2015. This has been on account of robust liquidity management framework put in by the bank to meet various liquidity ratios /stipulations put in by the RBI from time to time. The adequacy in the LCR maintenance for both the year end and quarterly average basis is on account increase in excess SLR balance and increase in retail deposits.

Bank holds High Quality Liquidity Assets “HQLA” in two categories:

- Level 1 Assets comprising of Excess CRR balance with RBI, Excess SLR balance and regulatory dispensation allowing 7% of NDTL in the form of borrowing limit under Marginal Standing Facility ‘MSF’
- Level 2 Assets comprise of Corporate Bonds, debentures, Commercial Papers issued by non-financial institutions

The HQLAs in the bank portfolio in the form of SLR and corporate bonds are well diversified across instruments and maturity to provide bank with adequate and timely liquidity.

Bank has diverse sources of funding from Retail deposits, Small business customer, wholesale bank and other institutional deposits. Bank has seen continuing growth in deposit accounts both from retail and wholesale deposits.

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the strategy, policies and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance/limits. The Board has constituted Risk Management Committee, which reports to the Board, and consisting of Chief Executive Officer (CEO)/Chairman and certain other Board members. The committee is responsible for evaluating the overall risks faced by the bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee.

At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the bank in line with bank’s risk management objectives and risk tolerance.

Bank’s liability in any foreign currency is less than 5% of its total liabilities and hence not required to separately maintain LCR in foreign currency. The LCR is currently monitored and managed at overall level (all currencies taken together).

Other inflows and outflows in the LCR calculation that are not captured in the LCR common template are negligible in the Bank’s portfolio and do not have any material impact in the LCR numbers.

### **30. Intra-Group Exposures**

The Bank does not have any subsidiaries or associated entities. As such, the Bank does not have any “Intra Group” exposures as defined under the RBI circular issued in this regard.

### **31. Transfers to Depositor Education and Awareness Fund (DEAF)**

Below mentioned are details of funds transferred to Depositor Education and Awareness Fund during financial year ended March 31, 2015 (Previous year : Not applicable).



<i>(₹ in million)</i>	
<b>Year ended March 31, 2015.</b>	
Opening balance of amounts transferred to DEAF	-
Add: Amounts transferred to DEAF during the year	80.0
Less: Amounts reimbursed by DEAF towards claims	-
Closing balance of amounts transferred to DEAF	80.0

**32. Unhedge Foreign Currency Exposure of Bank's Customer**

The Bank has maintained additional provision of ₹38.0 million on account of Unhedged Foreign Currency Exposure of the customer. Further, the bank had maintained additional capital of ₹ 127.5 million towards Unhedged Foreign Currency Exposure of the customer.

31. The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

32. Figures for the previous year have been regrouped/rearranged wherever necessary

**NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**1. Investments**

- 1.1 In terms of guidelines of Reserve Bank of India, amortisation of premium of ₹ 70.2 million (previous year ₹41.0 million) relating to investments in 'Held to Maturity' category has been netted off against 'Income on Investments' under Schedule - 13. During the year ended March 31, 2016, the Bank transferred/ sale securities from HTM category to totaling to ₹ 10,336.4 million which was 28.36% of the book value of investments held in HTM category at the beginning of the year with the prior approval of Board of Directors. During the year ended March 31, 2015, there has been no sale / transfer from *HTM* categories in excess of 5% of the book value of investments held in HTM category at the beginning of the year.
- 1.2 During the year, with the permission of RBI, the Bank has, in an effort to realise its dues, acquired shares of a company (investee Company) by exercise of a pledge of investee company's shares in its favor by one of the defaulting borrowers of the Bank. The Bank's shareholding in the said investee company is 24.56% as on March 31, 2016. Investments in the shares of the investee company have been acquired and held exclusively with a view to its subsequent disposal in the near future and accordingly has not been accounted for as an associate under the purview of AS-23 - Accounting for Investments in Associates in Consolidated Financial Statements. These equity shares have been classified under AFS category and have been valued as per the extant guidelines of the Reserve Bank of India for valuation of investments. Accordingly, these exposures have not been considered as intra-group exposures.

**2. Employee Stock Option Plan ("ESOP")**

The shareholders of the Bank have approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) enabling the Board and / or the Human Resource Committee to grant such number of Options of the Bank not exceeding 12% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years or two years as the case may be, in either equal proportion or 40:30:30 or 20:80 each year. Vested Options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank may get listed on a recognized stock exchange, whichever is later.

Under Intrinsic Value method, since exercise price of the stock options granted under the ESOP is more than the underlying value of the shares, it has not resulted in any charge to the profit and loss account for the year. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2016, would have increased by ₹226.2 million (previous financial year ₹155.4 million) and the profit before tax would have been lower correspondingly. Accordingly, on a proforma basis, basic and diluted earnings per share for the year ended March 31, 2016 would have been ₹9.11 and ₹8.95, respectively (Previous year ₹ 6.87 and ₹ 6.66, respectively).

FY 2015-16				
Stock option activity under the scheme	No of Shares	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	26,115,467	46.50 - 100.00	66.75	4.15
Granted during the year	16,432,050	100.00 - 120.00	119.25	
Forfeited during the year	2,454,261	46.50 - 120.00	74.98	
Exercised during the year	6,278,500	46.50 - 100.00	59.78	

FY 2015-16				
Stock option activity under the scheme	No of Shares	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Expired during the year	-			
Outstanding at the end of the year	33,814,756	46.50 - 120.00	92.95	3.86
Options exercisable at the end of the year	4,965,295	46.50 - 100.00	68.90	2.56

\* Options granted during the year carry an exercise price of ₹100.00 and ₹120.00. During the year corresponding value of the shares for these grants at the time of respective grant was ₹85.34, ₹96.30, ₹ 94.92 and ₹ 90.38 respectively.

FY 2014-15				
Stock option activity under the scheme	No of Shares	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	21,403,696	40.00 - 55.00	48.84	3.7
Granted during the year	18,077,350	55.00 -100.00	73.80	
Forfeited during the year	2,065,622	40.00 - 80.00	54.52	
Exercised during the year	11,299,957	40.00 - 55.00	46.34	
Expired during the year	-			
Outstanding at the end of the year	26,115,467	46.50 -100.00	66.75	4.15
Options exercisable at the end of the year	1,245,239	46.50 - 55.00	50.20	2.58

\* Options granted during the previous year carry an exercise price of ₹55.00, ₹76.00, ₹80.00 and ₹100.00. During the previous year, the corresponding value of the shares for these grants at the time of respective grant was ₹50.05, ₹73.50, ₹75.76 and ₹ 92.22 respectively.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	FY 2015-16	FY 2014-15
Average dividend yield	0.75% -0.90%	0.52% -0.95%
Expected volatility	44.66%~47.27%	32.71%~48.22%
Risk free interest rates	7.29%-8.07%	7.87%-8.61%
Expected life of options in years (across each tranche)	1.0- 3.0	1.0- 3.0
Expected forfeiture	Nil	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

### 3. Appropriation to Reserves

For the year ended March 31, 2016, Bank has appropriated ₹ 732.0 million (previous year : ₹ 518.0 million) towards Statutory Reserves. ₹ 10.0 million (previous year : ₹ 24.6 million) towards capital Reserves. ₹1600.0 million (previous year : ₹ 1050.0 million) towards Revenue & other Reserves. ₹Nil (previous year : ₹ 10.3 million) towards Investment Reserves Account.

#### 4. Disclosures as per accounting standards

##### 4.1 Disclosures under AS -15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

Particulars	(₹ in million)	
	2015-16	2014-15
Provident Fund	100.8	80.0
Pension Scheme (employees joining after 01.04.2010)	0.2	0.2

##### Defined Benefit Plans

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

Change in the present value of the defined benefit obligation

Particulars	(₹ in million)			
	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	906.5	188.2	711.5	140.9
Current Service cost	51.4	28.9	37.1	19.0
Interest cost	71.8	15.1	66.0	12.9
Actuarial losses/ (gains)	177.1	18.5	172.3	27.2
Benefits paid	(128.0)	(17.3)	(80.4)	(11.8)
Closing defined benefit obligation at 31 <sup>st</sup> March	1078.8	233.4	906.5	188.2

##### Change in the plan assets

Particulars	(₹ in million)			
	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	691.2	140.3	493.2	119.7
Expected return on plan assets	54.7	11.3	43.5	10.1
Employers Contributions	247.8	47.9	228.5	21.1
Benefit paid	(128.0)	(17.3)	(80.4)	(11.8)
Actuarial gains / (losses) on plan assets	10.1	2.4	6.4	1.2
Closing fair value of plan assets at 31 <sup>st</sup> March	875.8	184.6	691.2	140.3

##### Reconciliation of present value of the obligations and fair value of the plan assets

Particulars	(₹ in million)			
	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31 <sup>st</sup> March	1,078.8	233.4	906.5	188.2
Fair value of plan assets at 31 <sup>st</sup> March	875.8	184.6	691.2	140.3
Deficit / (Surplus)	203.0	48.8	215.3	47.9
Net Liability / (Asset)	203.0	48.8	215.3	47.9

##### Net cost recognized in the profit and loss account

Particulars	(₹ in million)			
	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	51.4	28.9	37.1	19.0
Interest cost	71.8	15.1	66.0	12.9
Expected return on plan assets	(54.7)	(11.3)	(43.5)	(10.1)
Net actuarial losses / (gains) recognised during the year	167.0	16.1	165.9	26.1

Particulars	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	235.5	48.8	225.5	47.9

#### Reconciliation of Expected return and actual return on planned assets

(₹ in million)

Particulars	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	54.7	11.3	43.5	10.1
Actuarial gain / (loss) on plan assets	10.1	2.4	6.4	1.2
Actual return on plan assets	64.8	13.7	49.9	11.3

#### Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in million)

Particulars	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	215.3	47.9	218.3	21.2
Expenses as recognised in profit & Loss account	235.5	48.8	225.5	47.9
Employers contribution	(247.8)	(47.9)	(228.5)	(21.2)
Net liability / (asset) recognised in balance sheet	203.0	48.8	215.3	47.9

#### Experience Adjustment

(₹ in million)

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
On Plan Liabilities (gains) / losses	184.6	13.5	100.0	10.7	232.1	9.7	81.3	11.5	90.5	19.6
On Plan Assets (losses) / gains	10.1	2.4	6.4	1.2	0.8	(0.1)	(11)	(0.2)	(19.6)	(0.4)

#### Other Details

(₹ in million)

Particulars	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Expected Contribution on Plan assets	63.5	85.3	57.5	76.8

#### A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2015-16		2014-15	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	23.32	14.75	17.12	15.55
State Government securities	25.17	35.21	32.10	32.80
Corporate Bonds	8.16	18.37	2.46	9.99
Special Deposit Schemes	-	-	-	16.40
Funds with LIC	-	12.46	17.06	-
Fixed deposits and bank balances	43.35	19.21	31.26	25.26
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Key Actuarial Assumptions

Particulars	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.96%	7.72%	7.92%	8.04%
Expected rate of return on Plan Asset	7.96%	7.72%	7.92%	8.04%
Salary Escalation	6.00%	6.00% (IBA)	6.00%	6.00% (IBA)

Particulars	2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity
Attrition rate	2.00%	8.00% (Others) 2.00% (IBA) 20.00% (Others)	2.00%	8.00% (Others) 2.00% (IBA) 20.00% (Others)

#### 4.2 Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:]

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet Management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth the business segment results:

(₹ in million)

Particulars	2015-16					2014-15				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operation	Total	Corporate/Wholesale Banking	Retail Banking	Treasury	Other Banking Operation	Total
Gross Revenue	21,002.8	15,697.6	24,087.7	1,011.2	61,799.3	15,970.6	11,453.0	17,947.9	502.5	45,874.0
Unallocated Revenue	-	-	-	-	8.2	-	-	-	-	49.6
Less: Inter Segment Revenue	-	-	-	-	29,459.0	-	-	-	-	22,358.6
<b>Total Revenue</b>	-	-	-	-	32,348.5	-	-	-	-	23,565.0
Segment Results	1,561.9	985.9	1,389.2	349.9	4,286.9	1,115.2	468.6	1,274.4	141.2	2,999.4
Unallocated expenses	-	-	-	-	6.9	-	-	-	-	-
Operating Profit	-	-	-	-	4,280.0	-	-	-	-	2,999.4
Income Tax expense (including deferred tax)	-	-	-	-	1,355.2	-	-	-	-	927.7
<b>Net Profit</b>	-	-	-	-	2,924.8	-	-	-	-	2,071.7
Segment Assets	150,553.2	59,634.6	171,199.2	4,454.8	385,841.8	105,842.9	38,596.6	118,273.5	1,883.1	264,596.1
Unallocated Assets	-	-	-	-	5,769.0	-	-	-	-	6,450.6
<b>Total Assets</b>	-	-	-	-	391,610.8	-	-	-	-	271,046.7
Segment Liabilities	79,464.4	116,688.2	165,291.3	153.1	361,597.0	71,347.7	83,951.6	92,898.1	60.7	248,258.1
Unallocated Liabilities	-	-	-	-	30,013.8	-	-	-	-	22,788.6
<b>Total</b>	-	-	-	-	391,610.8	-	-	-	-	271,046.7

Liabilities									
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**Notes:**

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

**4.3 Related Party Transactions**

As per AS 18 “Related Party Disclosures”, the Bank’s related parties for the year ended March 31, 2016 are disclosed below:

**Key Management Personnel (‘KMP’) as defined under AS 18:**

Mr. Vishwavir Ahuja, Managing Director & CEO

In the financial year 2015-16 and 2014-15, there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by RBI on March 29, 2003 “Guidance on compliance with the accounting standards by banks”.

**4.4 Operational Leases**

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

Period	(₹ in million)	
	2015-16	2014-15
Not later than one year	545.9	540.7
Later than one year and not later than five years	1,609.6	1,494.5
Later than five years	482.4	621.4
Total	2,637.9	2,656.6
Lease payment recognized in profit and loss account for the year	664.1	583.3

**4.5 Earnings Per Share**

Particulars	(₹ in million)	
	2015-16	2014-15
<b>Basic</b>		
Weighted Average Number of equity shares	304,710,179	286,474,108
Net Profit after tax available for equity share holders (₹)	2,924.8	2,071.7
Basic Earnings Per Share (F V ₹10/-)	9.60	7.23
<b>Diluted</b>		
Weighted Average Number of equity shares (including dilutive potential equity shares)	310,217,652	295,832,947
Net Profit after tax available for equity share holders (₹)	2,924.8	2,071.7
Diluted Earnings Per Share (F V ₹10/-)	9.43	7.00
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to options granted to employees of the Bank.

**4.6 Deferred Tax (AS -22)**

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31,2016 are as under:-

**(₹ in million)**

Particulars	Deferred Tax Assets/(Liabilities)	
	2015-16	2014-15
<b>Deferred tax assets:</b>		
Provision for Assets	513.0	306.5
Employee benefits	106.7	62.6
Others	56.5	30.4
<b>Deferred tax liabilities:</b>		
Charge related to acquisition	(178.1)	(243.2)
Fixed Assets	(120.1)	(132.6)
MTM Gain on Derivatives	(134.2)	-
<b>Total</b>	<b>243.8</b>	<b>23.7</b>

#### 4.7 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

**(₹ in million)**

Particulars	2015-16	2014-15
At cost at the beginning of the year	812.8	490.2
Additions during the year	204.2	326.9
Deductions during the year	0.2	4.2
Accumulated depreciation at 31 <sup>st</sup> March	446.9	259.4
Closing balance at 31 <sup>st</sup> March	569.9	553.5
Depreciation charge for the year	187.7	129.0

#### 5. Small and Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding for more than the specified year, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

#### 6. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended March 31, 2016

A)	Customer Complaints	2015-16	2014-15
a)	No. of complaints pending at the beginning of the year	86	33
b)	No. of complaints received during the year*	5,358	3,346
c)	No. of complaints redressed during the year	4,991	3,293
d)	No. of complaints pending at the end of the year	453	86

\*Includes 612 (previous Year: 456) ATM Complaints of Bank's customers using other bank ATMs

B)	Awards passed by the Banking Ombudsman	2015-16	2014-15
a)	No. of unimplemented awards at the beginning of the year	-	-
b)	No. of awards passed by the Banking Ombudsman during the year	-	1
c)	No. of awards implemented during the year	-	1
d)	No. of unimplemented awards at the end of the year	-	-

#### 7. Capital Adequacy:

a) Capital Adequacy Ratio as per RBI guidelines (Basel III Capital Regulations dated July 1, 2015) as at March 31, 2016 is given below:

	Particulars	2015-16	2014-15
i)	Common Equity Tier 1 capital ratio (%)	11.10%	12.74%
ii)	Tier I capital ratio (%)	11.10%	12.74%
iii)	Tier II capital ratio (%)	1.84%	0.39%



iv)	Total capital ratio (CRAR) (%)	<b>12.94%</b>	<b>13.13%</b>
v)	Percentage of the shareholding of the Government of India in Public Sector banks	NA	NA
vi)	Amount of Equity capital raised	5,250.3	1,818.6
vii)	Amount of Additional Tier 1 capital raised	NIL	NIL
viii)	Amount of Tier 2 capital raised	4,000.0	NIL

#### b) Tier II Capital

During Financial Year 2015-16, the Bank has raised Tier II capital through issuance of Basel III compliant debt capital instruments amounting to ₹ 4000.0 million. Details are as follows:

*(₹ in million)*

Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount
Redeemable, Unsecured, Non Convertible	Debentures	16 February 2016	10.25%	Six years and 3 Months	2000.0
Redeemable, Unsecured, Non Convertible	Debentures	31 March 2016	10.25%	Six years and 3 Months	2000.0

During Financial Year 2014-15, the Bank had not raised any Tier II capital through issuance of Tier II Debt capital instruments.

### 8. Investments:

#### i) Movement of Investments:

*(₹ in million)*

	Particulars	2015-16	2014-15
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	144,514.4	97,947.2
	(b) Outside India	1.8	-
	(ii) Provisions for Depreciation (including provision for NPI)	-	-
	(a) In India	155.9	24.3
	(b) Outside India	-	-
	(iii) Net Value of Investments	-	-
	(a) In India	144,358.5	97,922.9
	(b) Outside India	1.8	-
(2)	Movement of provisions held towards depreciation of investments (including provision for NPIs)	-	-
	(i) Opening balance	24.3	21.8
	(ii) Add: Provisions made during the year	271.0	96.2
	(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	139.4	93.7
	(iv) Closing balance	155.9	24.3

#### ii) Repo / Reverse Repo Transactions:

During the year, the Bank has not under taken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

#### iii) Issuer Composition of Non-SLR investments (investments not qualifying for the purpose of Statutory Liquidity Ratio (SLR) prescribed by RBI):

Issuer composition as at March 31, 2016 of non-SLR investments

(₹ in million)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	411.5	411.5	Nil	Nil	Nil
2	FIs	1,969.4	1,969.4	Nil	Nil	Nil
3	Banks	1,983.2	5.0	Nil	Nil	Nil
4	Private Corporates	10,519.5	9,416.2	Nil	Nil	Nil
5	Subsidiaries/ Joint ventures	Nil	Nil	Nil	Nil	Nil
6	Others	26,812.6*	21,080.8	Nil	Nil	802.4
7	Provisions held towards depreciation	(155.9)				
	<b>Total</b>	<b>41,540.3</b>	<b>32,882.9</b>	<b>Nil</b>	<b>Nil</b>	<b>802.4</b>

\* includes Government securities of ₹ 29.3 million which does not qualify as SLR securities.

Issuer composition as at March 31, 2015 of non-SLR investments

(₹ in million)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	400.0	400.0	-	-	-
2	FIs	500.0	500.0	-	-	-
3	Banks	2,967.4	-	-	-	-
4	Private Corporates	6,505.4	4,992.1	-	-	1.0
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	11,775.1*	8,580.6	-	-	-
7	Provisions held towards depreciation	(24.3)	(24.3)	-	-	-
	<b>Total</b>	<b>22,123.6</b>	<b>14,448.4</b>	<b>-</b>	<b>-</b>	<b>1.0</b>

\* includes Government securities of ₹29.3 million which does not qualify as SLR securities.

iv) Non Performing Non-SLR investment:

(₹ in million)

No	Particulars	2015-16	2014-15
1	Opening Balance	155.0	-
2	Additions during the year	-	155.0
3	Reductions during the year	-	-
4	Closing Balance	155.0	155.0
5	Total provisions held for NPI	38.7	23.3

v) Security Receipts

Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company for the year ended March 31, 2016 are as follows-

(₹ in million)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Book value of investments in security receipts	-	-	-	-	-	-

**9. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:**

*(₹ in million)*

Particulars	2015-16	2014-15
i) The notional principal of swap agreements	71,504.80	58,210.10
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	442.1	222.1
iii) Collateral required by the Bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	481.3	324.1
v) The fair value of the swap book	17.3#	20.1#

# fair value of the swap book is inclusive of interest accrual.

**The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2016 are set out below –**

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
FCY IRS	6	1,002.4	LIBOR	Receive Fixed and Pay Floating
FCY IRS	6	1,002.4	LIBOR	Pay Fixed and Receive Floating

**The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2015 are set out below –**

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
FCY IRS	2	230.1	LIBOR	Receive Fix and Pay Floating
FCY IRS	2	230.1	LIBOR	Pay Fix and Receive Floating

**The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2016 are set out below –**

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
OIS	75	35,500.0	OIS	Receive Fixed and Pay Floating
OIS	70	34,000.0	OIS	Pay Fixed and Receive Floating

**The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2015 are set out below –**

Nature	Nos.	Notional Principal (₹ million)	Benchmark	Terms
OIS	46	29,500.0	OIS	Receive Fixed and Pay Floating
OIS	49	28,250.0	OIS	Pay Fixed and Receive Floating

**Exchange Traded Interest Rate Derivatives**

Exchange Traded Interest Rate Derivatives is set out below.

*(₹ in million)*

S.No.	Particulars	2015-16	2014-15
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :		Nil
	759GS2026-FUTIRC 28-Jan-16	4.0	
	772GS2025-FUTIRC 26-Nov-15	0.40	

S.No.	Particulars	2015-16	2014-15
	772GS2025-FUTIRC 31-Dec-15	560.8	
	772GS2025-FUTIRC 28-Jan-16	52.3	
	772GS2025-FUTIRC 25-Feb-16	128.5	
	772GS2025-FUTIRC 31-Mar-16	3,050.8	
	788GS2030-FUTIRC 26-Nov-15	0.40	
	788GS2030-FUTIRC 31-Dec-15	19.9	
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2016.	Nil	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not “highly effective” as on March 31, 2016	N.A.	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not “highly effective” as on March 31, 2016.	N.A.	N.A.

### **Risk Exposure in Derivatives-**

#### **Qualitative disclosures:**

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank is currently dealing in Interest Rate and Foreign Exchange (FX) Derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

#### **The structure and organization for management of risk in derivatives trading.**

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank’s policy and the RBI guidelines. Treasury Middle Office and Market Risk Group are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.

#### **The scope and nature of risk measurement, risk reporting and risk monitoring systems.**

Derivative transactions are governed by the Bank’s Derivative Policy, Commercial Credit Policy, Market Risk Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank’s Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

**Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants,**

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose.

**Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.**

The Bank has undertaken derivative transactions for market making and trading purposes. The Bank revalues its trading positions on a daily basis and records the same in the books of accounts. The receivable and payable on marking the contracts to market are shown under “Other Assets” and “Other Liabilities” in the balance sheet.

Derivatives other than FX forward transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under ‘Other Income’. The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under ‘Other Income’.

**Quantitative disclosure on risk exposure in derivatives as at March 31, 2016**

(₹ in million)

S. No.	Particular	2015-16				2014-15			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivative
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
	a) For hedging	6,448.6#	NIL	NIL	1750	5,456.5#	NIL	NIL	NIL
	b) For trading	61,918.7	48,065.5	17,980.1	69,754.8	61,424.5	25,934.9	2153.7	58,210.1
(ii)	Marked to Market Positions [1]								
	a) Asset (+)	1,062.8	389.3	381.7	442.1	654.6	141.8	34.1	222.1
	b) Liability (-)	(731.5)	(402.5)	(283.8)	(424.8)	(613.3)	(132.8)	(13.1)	(202)
(iii)	Credit Exposure [2]	2,651.7	1,118.4	1,930	987.1	2,588.4	227.0	249.4	643.0
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
	a) on hedging derivatives	37.3#	NIL	NIL	46.4	50.1#	NIL	NIL	NIL
	b) on trading derivatives	24.1	NIL	-	0.4	12.2	NIL	0	8.1
(v)	Maximum and Minimum of 100*PV01 observed during the year								
	a) on hedging	Max	50.1#	NIL	NIL	46.4	51.1#	NIL	NIL
		Min	31.6#	NIL	NIL	0	33.8#	NIL	NIL
	b) on trading	Max	24.1	NIL	-	8.0	21.1	NIL	0
		Min	0.9	NIL	-	0.2	1.1	NIL	0

# represents funding swaps undertaken by the Bank.

- (1) As per recommendatory provisions of AS-31, Financial Instrument: Presentation, mark to market position is reported on gross basis. Marked to Market positions are reported only for trading portfolio.
- (2) The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.
- (3) Mark to Market position for Currency Swap & Interest Rate Derivative includes Interest accrued on the swap.
- (4) The Notional principal of Forward Exchange Contract does not include notional for Tom and Spot Foreign Exchange Contract.
- (5) The notional principal amounts of derivatives reflect the volume of transactions outstanding at balance sheet date and do not represent the amount of risk.

**10. Restructured / Rescheduled / Renegotiated - Investments during the year is Nil (Previous year: Nil)**

**11. Asset Quality:**

**i) Non – Performing Asset:**

		<i>(₹ in million)</i>	
	<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
(i)	Net NPAs to Net Advances (%)	0.59%	0.27%
(ii)	Provisioning Coverage Ratio (PCR) (%)	55.87%	68.28%
(iii)	Movement of NPAs (Gross)		
	(a)Opening balance	1112.3	777.5
	(b)Additions during the year	1,996.9	476.3
	(c) Reductions during the year	1,028.7	141.5
	(d)Closing balance	2,080.5	1,112.3
(iv)	Movement of Net NPAs		
	(a)Opening balance	385.9	305.1
	(b)Additions during the year	1,456.7	285.5
	(c) Reductions during the year	598.2	204.7
	(d)Closing balance	1,244.4	385.9
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a)Opening balance	726.4	472.4
	(b)Provisions made during the year	813.8	320.3
	(c)Write-off / write back of excess provisions during the year	704.1	66.3
	(d)Closing balance	836.1	726.4

**ii) Technical Write-off:**

		<i>(₹ in million)</i>	
	<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
	Opening balance of Technical / Prudential written-off accounts as at April 1	104.4	112.6
	Add : Technical / Prudential write-offs during the year	641.9	-
	Sub-total (A)	746.3	112.6
	Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	7.3	8.2
	Closing balance as at March 31 (A-B)	739.0	104.4

**iii) Particulars of Restructured Accounts:**

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as at March 31, 2016

(₹ in million)

Type of restructuring	Under CDR					Under SME					Others					Total	
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total		
Asset Classification																	
Details																	
Restructured accounts as on 1 April of the FY	A	1	-	-	-	1	2	-	-	-	2	3	1	-	-	4	7
	B	522.0	-	-	-	522.0	197.4	-	-	-	197.4	69.7	171.4	-	-	241.1	960.5
	C	77.7	-	-	-	77.7	28.9	-	-	-	28.9	9.2	36.6	-	-	45.8	152.4
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	(116.0)	-	-	-	(116.0)	8.3	-	-	-	8.3	77.7	-	-	-	77.7	(30.0)
	C	123.7	-	-	-	123.7	15.1	-	-	-	15.1	53.6	72.6	-	-	126.2	265.0
Upgradation to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	(1)	-	-	-	(1)	-	-	-	-	-	(1)
	B	-	-	-	-	-	(6.7)	-	-	-	(6.7)	-	-	-	-	-	(6.7)
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down gradations of restructured accounts during the FY	A	(1)	1	-	-	-	-	-	-	-	(3)	2	1	-	-	-	-
	B	(406.0)	406.0	-	-	-	-	-	-	-	(147.3)	(24.1)	171.4	-	-	-	-
	C	(201.4)	201.4	-	-	-	-	-	-	-	(62.9)	(46.3)	109.2	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	-	1	-	-	1	1	-	-	-	1	-	3	1	-	4	6
	B	-	406.0	-	-	406.0	199.0	-	-	-	199.0	-	147.3	171.4	-	318.8	923.8
	C	-	201.4	-	-	201.4	44.0	-	-	-	44.0	-	62.9	109.2	-	172.1	417.5

\* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the year

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

Restructured Advances as at March 31, 2015

(₹ in million)

Type of restructuring	Under CDR					Under SME					Others					Total	
	S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total		
Asset Classification																	
Details																	
Restructured accounts as on 1 April of the FY	A	-	-	-	-	-	1	-	-	-	1	3	-	-	-	3	4
	B	-	-	-	-	-	10.5	-	-	-	10.5	174.8	-	-	-	174.8	185.3
	C	-	-	-	-	-	-	-	-	-	-	9.4	-	-	-	9.4	9.4
Fresh Restructuring during the year	A	1	-	-	-	1	1	-	-	-	1	1	-	-	-	1	3
	B	522.0	-	-	-	522.0	190.7	-	-	-	190.7	52.0	-	-	-	52.0	764.7
	C	77.7	-	-	-	77.7	28.9	-	-	-	28.9	5.4	-	-	-	5.4	112.0
Increase / (Decrease) in outstanding of restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(3.8)	-	-	-	(3.8)	3.9	-	-	-	3.9	0.1
	C	-	-	-	-	-	-	-	-	-	-	0.5	-	-	-	0.5	0.5
Upgradations to restructured standard during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

advances at the beginning of the next FY																		
Downgradations of restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-(161.0)	171.4	-	-	10.4	10.4	-
	C	-	-	-	-	-	-	-	-	-	-	(6.0)	36.6	-	-	30.6	30.6	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on 31 March (Closing)	A	1	-	-	-	1	2	-	-	-	2	3	1	-	-	4	7	-
	B	522.0	-	-	-	522.0	197.4	-	-	-	197.4	69.7	171.4	-	-	241.1	960.5	-
	C	77.7	-	-	-	77.7	28.9	-	-	-	28.9	9.3	36.6	-	-	45.9	152.5	-

\* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the year

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

**iv) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:**

		(₹ in million)	
Particulars		2015-16	2014-15
(i)	No. of accounts	-	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	422.9
(iii)	Aggregate consideration	-	422.9
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	NIL
(v)	Aggregate loss over net book value	-	NIL

**v) Details of non-performing financial assets purchased / sold:**

Non- performing financial assets purchased (₹in million)

Particulars		2015-16	2014-15
1 (a)	No. of accounts purchased during the year	-	2
(b)	Aggregate Outstanding	-	121.5
2 (a)	Of these, number of accounts restructured during the year	-	-
(b)	Aggregate Outstanding	-	-

Non- performing financial assets Sold

Particulars		2015-16	2014-15
1	No. of accounts sold during the year	1	-
2	Aggregate Outstanding	41.5	-
3	Aggregate Consideration Received	80.0	-

**vi) Securitisation**

There are no securitization transactions undertaken by the Bank during the year ended 31 March 2016 (Previous Year – Nil)

**12. The Bank has not done any securitizations during the year ended March 31, 2016 and March 31, 2015.**

**13. Business Ratios:**

Particulars		2015-16	2014-15
(i)	Interest income as % to Working funds	9.31%	9.65%
(ii)	Non-Interest income as % to Working funds	1.66%	1.99%
(iii)	Operating profit as % to Working funds	1.84%	1.78%
(iv)	Return on Assets (Working funds)	0.99%	1.02%
(v)	Business (Deposit plus Advance) per employee (₹ in million)	109.5	82.3



(vi)	Profit per employee (₹ in million)	0.8	0.6
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Working funds represents the average of total assets as reported in Monthly Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

#### 14. Maturity Pattern:

Maturity pattern of certain items of assets and liabilities is given below:

*(₹ in million)*

Particulars	as at March 31, 2016					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	2,122.8	44,433.3	1,420.0	67.9	2,105.8	65.5
2 to 7 days	3,058.2	3,258.8	10,970.4	31,365.3	505.4	173.5
8 to 14 days	5,608.1	3,489.3	8,861.9	18,000.0	344.8	81.7
15 to 28 days	4,768.1	5,448.6	12,991.8	-	525.7	190.7
29 days to 3 months	23,186.5	28,768.2	72,583.6	5,450.0	2,098.6	1,001.5
Over 3 months to 6 months	16,243.2	9,655.8	27,033.0	7,432.6	1,101.8	6,178.7
Over 6 months to 1 year	52,596.3	15,302.3	35,939.5	5,554.5	5,792.4	4,620.2
Over 1 year to 3 years	54,432.1	21,423.7	64,145.5	12,147.1	5,427.5	2,638.2
Over 3 years to 5 years	15,590.3	6,631.8	3,660.5	1,834.8	1,166.5	6,773.0
Over 5 years	15,887.6	5,946.7	1,703.7	4,728.0	902.1	1,337.5
<b>Total</b>	<b>193,493.2</b>	<b>144,358.5</b>	<b>239,309.9</b>	<b>86,580.2</b>	<b>19,970.6</b>	<b>23,060.5</b>

*(₹ in million)*

Particulars	as at March 31, 2015					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign currency Assets	Foreign currency Liabilities
1 day	1,910.7	2,043.4	1,244.3	-	798.4	32.1
2 to 7 days	2,460.4	22,268.4	12,322.3	31,818.3	288.4	115.8
8 to 14 days	1,582.2	6,263.5	6,487.8	6,990.0	263.7	40.0
15 to 28 days	2,701.5	3,755.1	10,284.5	3,000.0	555.5	54.9
29 days to 3 months	13,332.0	27,226.5	32,802.6	-	1,386.9	893.8
Over 3 months to 6 months	10,965.3	15,760.6	27,104.8	5,089.6	227.4	633.4
Over 6 months to 1 year	39,366.9	8,948.6	31,797.2	4,865.7	2,300.0	3,344.3
Over 1 year to 3 years	41,304.7	8,270.3	43,346.9	7,467.0	2,028.6	2,747.6
Over 3 years to 5 years	8,740.1	1,625.4	2,237.0	1,743.6	408.4	1,284.8
Over 5 years	14,470.2	1,761.1	694.1	1,000.1	142.2	1,250.0
<b>Total</b>	<b>136,834.0</b>	<b>97,922.9</b>	<b>168,321.5</b>	<b>61,974.3</b>	<b>8,399.5</b>	<b>10,396.7</b>

Classification of assets and liabilities under the different maturity buckets for both current and previous financial years is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of assets and liabilities excludes off balance sheet items.

#### 15. Lending to Sensitive Sector:

##### i) Exposure to Real Estate Sector:

*(₹ in million)*

Particulars		2015-16	2014-15
1)	<b>Direct exposure</b>		
(a)	Residential Mortgages -	2,656.4	3,108.2
	Out of which Individual housing loans eligible for inclusion in priority sector advances	982.9	980.5

(b)	Commercial Real Estate	14,652.2	11,698.4
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures	-	-
i.	Residential Mortgages	-	-
ii.	Commercial Real Estate	-	-
<b>2)</b>	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	5,171.6	1,910.7
	<b>Total Exposure to Real Estate Sector</b>	<b>22,480.2</b>	<b>16,717.3</b>

ii) **Exposure to Capital Market:**

		<i>(₹ in million)</i>	
	<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
(i)	Direct investments made 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;	195.2	1.0
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	2,804.9	2,959.1
(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	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	800.0	800.0
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	685.6	187.9
	<b>Total Exposure to Capital Market</b>	<b>4,485.7</b>	<b>3,948.0</b>

iii) **Risk Category wise Country Exposure:**

					<i>(₹ in million)</i>	
<b>Risk Category</b>	<b>Exposure (net) as at March 31, 2016</b>	<b>Provision held as at March 31, 2016</b>	<b>Exposure (net) as at March 31, 2015</b>	<b>Provision held as at March 31, 2015</b>		
Insignificant	1,523.7	-	725.6	-		
Low	76.2	-	48.6	-		
Moderate	7.2	-	-	-		
High	-	-	-	-		
Very High	-	-	-	-		
Restricted	1.2	-	-	-		
Off-credit	-	-	-	-		
<b>Total</b>	<b>1,608.3</b>	<b>-</b>	<b>774.2</b>	<b>-</b>		

**16. Details of Single / Group Borrower limit exceeded by the Bank:**

During the year ended March 31, 2016 and March 31, 2015, the Bank has complied with the applicable RBI guidelines with regard to exposure to a single borrower and a group of the borrower. As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds. Accordingly, during the year ended March 31, 2016, with the prior approval of the Board of Directors, the Bank sanctioned enhancement in single borrower limit for Gujarat State Petronet Limited (infrastructure company within the definition of RBI exposure norms) from 20% of Capital Funds to 25% of Capital Funds.

**17. Amount of Provisions made for Income-tax during the year:**

		<i>(₹ in million)</i>	
<b>Particulars</b>		<b>2015-16</b>	<b>2014-15</b>
i)	Provision for Income tax / Wealth tax	1,575.4	1,025.3
ii)	Provision for deferred tax	(220.2)	(97.6)

**18. Unsecured Advances against Intangible Collaterals:**

		<i>(₹ in million)</i>	
<b>Particulars</b>		<b>2015-16</b>	<b>2014-15</b>
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.		NIL	NIL
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.		NIL	NIL

**19. Penalties imposed by RBI:**

During the current year, RBI has not imposed any penalty on the Bank.

During the previous year ended March 31, 2015, the Reserve Bank had carried out a scrutiny of the loan and current accounts of M/s. Deccan Chronicle holdings Ltd., in various banks in late 2013. As per RBI's assessment, the Bank had not complied with the extant guidelines designed to protect the banks while lending to companies that do not provide full disclosure, requiring banks to exchange information among lending banks on borrowers on a periodic basis and accordingly levied a penalty of ₹ 0.5 million.

**20. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:**

		<i>(₹ in million)</i>	
<b>Particulars</b>		<b>2015-16</b>	<b>2014-15</b>
i)	Fee / Remuneration from Life Insurance Business	86.7	67.2
ii)	Fee / Remuneration from General Insurance Business	21.1	16.9

**21. Break up of Provisions and Contingencies debited to Profit & Loss Account:**

		<i>(₹ in million)</i>	
<b>Particulars</b>		<b>2015-16</b>	<b>2014-15</b>
i)	Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
	a) For Advance	800.4	351.1
	b) For Investments	15.5	23.3
	c) For Lease Assets	-	-
ii)	Provisions towards Standard Advances	238.2	242.4
iii)	Provision for depreciation on investments	116.1	(20.7)
iv)	Provision / (Write-back) for credit card reward points	(34.6)	0.3
v)	Provision for others	8.4	5.4
vi)	Provisions towards Income tax / Wealth tax	1,575.4	1,025.3

vii)	Provision towards deferred tax (net)	(220.2)	(97.6)
	<b>Total</b>	<b>2,499.2</b>	<b>1,529.5</b>

## 22. Drawdown from Reserves:

There has been no draw down from reserves during the year ended March 31, 2016 and March 31, 2015

## 23. Floating Provisions:

The Bank has not made any floating provisions.

## 24. Market risk in trading book:

Quantitative Disclosure :

		<i>(₹ in million)</i>	
	Particulars	2015-16	2014-15
		Basel III	Basel III
	Capital requirements for:		
a)	interest rate risk	2,909.6	1,464.1
b)	equity position risk	199.1	98.7
c)	foreign exchange risk	117.0	40.5

## 25. Concentration of Deposits, Advances, Exposures and NPAs:

### i) Concentration of Deposits:

		<i>(₹ in million)</i>	
	Particulars	2015-16	2014-15
	Total Deposits of twenty largest depositors	55,721.3	46,707.8
	Percentage of Deposits of twenty largest depositors to Total Deposits	22.88%	27.32%

### ii) Concentration of Advances:

		<i>(₹ in million)</i>	
	Particulars	2015-16	2014-15
	Total Advances to twenty largest borrowers*	46,352.9	34,115.1
	Percentage of Advances to twenty largest borrowers to Total Advances	14.00%	13.65%

\* Credit Exposure excludes the exposures which are 100% cash backed

### iii) Concentration of Exposures:

		<i>(₹ in million)</i>	
	Particulars	2015-16	2014-15
	Total Exposure to twenty largest borrowers / customers *	50,036.9	34,558.1
	Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	13.42%	12.75%

\* Credit Exposure excludes the exposures which are 100% cash backed

### iv) Concentration of NPA's:

		<i>(₹ in million)</i>	
	Particulars	2015-16	2014-15
	Total Exposure to top four NPA Accounts	851.2	782.7

v) Sector Wise Advances:

(₹ in million)

S. No.	Sector	Current year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	25,395.4	79.4	0.31	17,917.4	61.5	0.34
2	Advances to industries sector eligible as priority sector lending	8,738.1	33.8	0.39	4,358.1	17.8	0.41
3	Services	18,497.2	134.8	0.73	11,242.0	47.4	0.42
4	Personal loans	16,057.5	25.4	0.16	10,947.8	15.4	0.14
	Sub-total (A)	<b>68,688.2</b>	<b>273.4</b>	<b>0.40</b>	<b>44,465.3</b>	<b>142.1</b>	<b>0.32</b>
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied activities	192.1	-	-	16.1	-	-
2	Industry	60,731.5	687.4	1.13	45,383.1	176.3	0.39
3	Services	50,237.9	772.7	1.54	46,551.1	679.3	1.46
4	Personal loans	33,312.1	347.0	1.04	8,888.5	114.6	1.29
	Sub-total (B)	<b>144,473.6</b>	<b>1,807.1</b>	<b>1.25</b>	<b>100,838.8</b>	<b>970.2</b>	<b>0.96</b>
		-	-	-	-	-	-
	<b>Total (A+B)</b>	<b>213,161.8</b>	<b>2,080.5</b>	<b>0.98</b>	<b>145,304.1</b>	<b>1,112.3</b>	<b>0.77</b>

vi) Movement of NPA:

(₹ in million)

Particulars	2015-16	2014-15
Gross NPAs as on 1st April (Opening Balance)	1,112.3	777.5
Additions (Fresh NPAs) during the year	1,996.9	476.3
<b>Sub-total ( A )</b>	<b>3,109.2</b>	<b>1,253.8</b>
Less: (i) Up - gradations	114.0	3.1
(ii) Recoveries (excluding recoveries made from up-graded accounts)	186.2	86.5
(iii) Write - offs	728.5	51.9
<b>Sub-total ( B )</b>	<b>1,028.7</b>	<b>141.5</b>
<b>Gross NPAs as on 31st March (closing balance) ( A - B )</b>	<b>2,080.5</b>	<b>1,112.3</b>

vii) Overseas Assets, NPAs and Revenue:

viii)

(₹ in million)

Particulars	2015-16	2014-15
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue	NIL	NIL

ix) Off- Balance Sheet SPVs sponsored:

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

## 26. Disclosure on Remuneration

### Qualitative Disclosure

#### B. Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. Narayan Ramachandran
3. Mr. Vimal Bhandari
4. Mr. Jairaj Purandare

All members of the HR&RC are independent directors. Mr. Sudhir Rao, Mr. Narayan Ramachandran and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board. Mr. Vishwavir Ahuja is a permanent attendee.

Following are the terms of Reference of Human Resources and Remuneration Committee:

- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
- To evaluate and approve HR policies of the Bank
- To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
- To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
- To oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board.
- To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- Any other related aspect to the above.

#### C. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The remuneration is divided into following components:

##### **Fixed Remuneration:**

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of

compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

### **Employee Stock Options:**

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program. The Bank has also introduced a Employee Retention Stock option program with the objective of retaining a very select group of highly valued middle and senior management as well as employees in key leadership roles.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Performance ESOPs are given after periodic evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

### **Annual Performance Linked Variable Compensation (APLVC):**

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs.

#### **D. Description of the ways in which current and future risks are taken into account in the remuneration processes.**

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- i. In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- ii. Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.
- iii. Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.
- iv. Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.

- v. Both ESOP as well as APLVC provides long term remuneration benefits to employees. The ESOP/PESOP / RESOP are equity settled where the employees will receive one equity share per option. The ESOPs and PESOPs granted to employees vest over a period of three years, in either equal proportion or 40:30:30 each year whereas RESOPs vest over a period of two years in a proportion of 20:80 each year. Second vesting of RESOP is linked with IPO. Similarly, as per the guidelines issued by RBI, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

- E. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

The Bank has a performance management system in place. The Performance management system has goals on four perspectives namely Financial, Customer, Process and People. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APLVC as well as PESOPs.

- F. A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

- G. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit.

ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

#### Quantitative Disclosure-

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

Sr. No.	Particulars	2015-16 (₹ in million)	2014-15 (₹ in million)
1(i)	Number of meetings held by the Remuneration Committee during the year.	5	7



Sr. No.	Particulars	2015-16 (₹ in million)	2014-15 (₹ in million)
1(ii)	Remuneration paid to its members during the year	3.7	1.8
2(i)	Number of employees having received a variable remuneration award during the year	93	85
2(ii)	Number and total amount of sign-on awards made during the year	-	-
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-	-
3(ii)	Total amount of deferred remuneration paid out in the year	-	-
4	Breakdown of amount of remuneration awards for the financial:		
	Fixed	569.6	430.9
	Variable	62.4	40.9
	Deferred	-	-
	Non-deferred	62.4	40.9
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
5(ii)	Total amount of reductions during the year due to ex- post explicit adjustments.	-	-
5(iii)	Total amount of reductions during the year due to ex- post implicit adjustments	-	-

**27. Description of nature of contingent liabilities is set out below:**

- i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

- ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

- iii) Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

- iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

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

- v) Acceptances, endorsements and other obligations:

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi) Other contingent items:

These include:

- a. Commitments for settlement date accounting for securities transactions;
- b. Amount of bills rediscounted by the Bank;
- c. Demands raised by income tax and other statutory authorities and disputed by the Bank.

Refer schedule 12 for amounts relating to contingent liabilities.

28. Bank has not issued any letters of comfort during the year.

29. Liquidity Coverage Ratio (LCR):

		<i>(₹ in million)</i>									
		Q1 2015-16		Q2 2015-16		Q3 2015-16		Q4 2015-16		2014-15	
		Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)
<b>High Quality Liquid Assets</b>											
1	Total High Quality Liquid Assets (HQLA)		25,602.3		27,588.3		29,447.7		33,425.4		25,901.5
<b>Cash Outflows</b>											
2	Retail deposits and deposits from small business customers, of which:	43,002.0	4,252.0	46,129.1	4,560.2	50,654.2	5,007.9	55,616.8	5,505.0	54,376.9	5,378.6
(i)	Stable deposits	962.9	48.1	1,053.9	52.7	1,151.7	57.6	1,132.4	56.6	1,182.0	59.1
(ii)	Less stable deposits	42,039.1	4,203.9	45,075.2	4,507.5	49,502.5	4,950.3	54,484.4	5,448.4	53,194.9	5,319.5
3	Unsecured wholesale funding, of which:	70,420.0	38,663.0	79,560.9	43,930.0	77,313.2	42,322.5	83,718.9	47,237.3	66,167.8	36,589.9
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	70,420.0	38,663.0	79,560.9	43,930.0	77,313.2	42,322.5	83,718.9	47,237.3	66,167.8	36,589.9
(iii)	Unsecured debt	-	-	-	-	-	-	-	-	-	-
4	Secured wholesale funding										
5	Additional requirements, of which	956.9	956.9	1,285.4	1,285.4	1,164.1	1,164.1	1,109.5	1,109.5	1,544.3	1,544.3
(i)	Outflows related to derivative exposures and other collateral requirements	53.8	53.8	220.0	220.0	2.0	2.0	69.8	69.8	27.6	27.6
(ii)	Outflows related to loss of funding on debt products										
(iii)	Credit and liquidity facilities										
6	Other contractual funding obligations	-	-	-	-	-	-	-	-	-	-
7	Other contingent	54,777.6	2,738.9	57,424.3	2,871.2	56,231.1	2,811.6	60,883.2	2,230.3	48,591.1	2,429.6

		Q1 2015-16		Q2 2015-16		Q3 2015-16		Q4 2015-16		2014-15	
		Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)	Total Unwtd. Value (Avg)	Total Wtd. Value (Avg)
funding obligations											
8	<b>Total Cash Outflows</b>		46,610.8		52,646.8		51,306.1		56,082.1		45,942.4
<b>Cash Inflows</b>											
9	Secured lending (e.g. reverse repos)	-	-	1,433.3	1,433.3	1,206.9	1,206.9	781.5	781.5	1,159.9	1,159.9
10	Inflows from fully performing exposures	8,371.6	4,185.8	11,672.5	5,836.3	14,324.5	7,162.2	14,403.8	7,201.9	7,344.1	3,672.0
11	Other cash inflows	5,367.5	5,149.4	4,111.6	3,919.2	5,552.1	5,311.6	6,439.8	6,180.3	5,125.7	4,896.3
12	<b>Total Cash Inflows</b>	13,739.1	9,335.2	17,222.4	11,188.8	21,083.5	13,680.7	21,625.1	14,163.7	13,629.7	9,728.2
			<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
21	<b>TOTAL HQLA</b>		25,602.3		27,588.3		29,447.7		33,425.4		25,901.5
22	<b>Total Net Cash Outflows</b>		37,275.7		41,458.0		37,625.2		41,918.5		36,214.1
23	<b>Liquidity Coverage Ratio (%)</b>		68.68		66.55		78.27		79.74		71.52

### 30. Qualitative disclosure around LCR

The Bank measures and monitors the LCR in line with guidelines issued by RBI on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" dated June 09, 2014 and subsequent amendments thereon. The LCR guidelines issued by RBI became binding on Banks from January 1, 2015. The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted to cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the Bank to survive a liquidity stress scenario for at least 30 days, by which time it is assumed that appropriate corrective actions can be taken.

Banks were required to maintain HQLA of a minimum of 60% of its Net Cash Outflows in the calendar year 2015. This minimum requirement has been increased to 70% for the current calendar year 2016 and will increase in the steps of 10% each year to 100% by January 1, 2019.

The Bank follows the criteria laid down in RBI guidelines from time to time, for month-end calculations of HQLA, gross outflows and inflows within the next 30- day period. LCR for the Bank for both the year end period as well on quarterly average basis is above the minimum threshold set by RBI of 60% for calendar year 2015 and 70% for calendar year 2016 (till March 31, 2016) respectively. This has been on account of robust liquidity management framework put in place by the Bank to meet various liquidity ratios / stipulations prescribed by RBI from time to time. The LCR has been maintained for both the year *end* as well as quarterly average basis is on account increase in excess SLR balance and increase in retail deposits.

The Bank holds High Quality Liquidity Assets "HQLA" in two categories:

- Level 1 Assets comprising of excess Cash Reserve Ratio (CRR) balance with RBI, excess SLR balance (comprising of eligible central government and state government securities) and regulatory dispensation Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) allowing 10% (7% till February 2016) of NDTL in the form of borrowing limit under Marginal Standing Facility (MSF).
- A relatively smaller part of HQLA is accounted as Level 2 Assets comprising of corporate bonds, debentures, commercial papers issued by non-financial institutions which are rated AA- and above and rated BBB- to A+, as Level 2A and Level 2B, respectively.

The HQLAs in the Bank’s portfolio in the form of SLR and corporate bonds are well diversified across instruments and maturity to provide the Bank with adequate and timely liquidity.

The Bank has diverse sources of funding from retail deposits, small business customers, wholesale bank and other institutional deposits. Bank has seen continuing growth in deposit accounts both from retail and wholesale deposits.

The Bank monitors the concentration of funding sources from significant counterparties, Top depositors as part of the Asset Liability Management (ALM) framework. The Bank adheres to regulatory and internal limits on Inter-bank liability and borrowings in Money Markets like Call Money, CBLO borrowings, Borrowings from RBI under LAF & MSF. These form part of the Bank’s ALM policy.

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the liquidity risk tolerance/limits and accordingly decides the strategy, policies and procedures of the Bank for managing liquidity risk. The Board has constituted Risk Management Committee (RMC), which reports to the Board, and consisting of Chief Executive Officer (CEO)/Chairman and certain other Board members. The committee is responsible for evaluating the overall risks faced by the Bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee.

At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Bank in line with Bank’s risk management objectives and risk tolerance. There is a dedicated desk within Treasury function of the Bank which is responsible for the day-to-day/intra-day liquidity management.

The LCR is currently monitored and managed at overall level (all currencies taken together) as the level of exposure for individual foreign currencies is not very significant.

Other inflows and outflows in the LCR calculation that are not captured in the LCR common template are negligible in the Bank’s portfolio and do not have any material impact in the LCR numbers.

### 31. Intra-Group Exposures

The Bank does not have any subsidiaries or associated entities. As such, the Bank does not have any “Intra Group” exposures as defined under the RBI circular issued in this regard.

### 32. Transfers to Depositor Education and Awareness Fund (DEAF)

Below mentioned are the details of funds transferred to Depositor Education and Awareness Fund during financial year ended March 31, 2016.

	<i>(₹ in million)</i>	
	Year ended March 31, 2016	Year ended March 31, 2015
Opening balance of amounts transferred to DEAF	80.0	-
Add: Amounts transferred to DEAF during the year	17.6	80.0
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	97.6	80.0

### 33. Credit Default Swap

Bank has not entered into Credit Default Swap during the financial year 2015-16 and 2014-15.

**34. Unhedged Foreign Currency Exposure of Bank's Customer**

The Bank has maintained additional provision of ₹46.7 million (previous year - ₹ 38.0 million) on account of Unhedged Foreign Currency Exposure of the customer. Further, the Bank had maintained additional capital of ₹84.5 million (previous year ₹ 127.5 million) towards Unhedged Foreign Currency Exposure of the customer.

35. The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements

36. Figures for the previous year have been regrouped / rearranged wherever necessary.

**ANNEXURE V**  
**STATEMENT OF ADJUSTMENTS CARRIED OUT IN THE PROFIT & LOSS ACCOUNT AND**  
**BALANCE SHEET**

The summary of results of restatement made in the audited financial statements for the respective years and its impact on the profit / (loss) of the Bank is as follows:

(₹ in million)

Particulars	For the year ended				
	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
<b>(A) Net Profit/(loss) as per audited financial statements</b>	<b>657.29</b>	<b>924.69</b>	<b>926.70</b>	<b>2,071.75</b>	<b>2,924.85</b>
<b>Adjustments due to changes in accounting policies</b>					
<b>Other Adjustments</b>					
Provision for Sick leave. (Refer Note 1 of Annexure VI)	(0.18)	9.96	0.00	0.00	0.00
Lease rent adjustment, for straight lining of leases as required by AS-19 - Accounting for Leases. (Refer Note 2 of Annexure VI)	(8.76)	19.28	0.00	0.00	0.00
<b>(B) Total Adjustments</b>	<b>(8.94)</b>	<b>29.24</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>(C) Tax (under-provisions)/over-provisions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>(D) Deferred tax impact of adjustments</b> (Refer Note 3 of Annexure VI)	<b>2.63</b>	<b>(25.39)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Restated Profit (A + B + C + D)</b>	<b>650.98</b>	<b>928.54</b>	<b>926.70</b>	<b>2,071.75</b>	<b>2,924.85</b>

Notes:

- 1) The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure I,II and III.

**ANNEXURE VI:  
NOTES TO ADJUSTMENTS CARRIED OUT IN THE PROFIT & LOSS ACCOUNT AND BALANCE  
SHEET**

**1. Provision for Sick Leave:**

The Bank started providing for compensated absences (sick leave) on the basis of actuarial valuation from the Fiscal 2013. The financial statements of the previous Fiscal Years 2012 and 2013 have been restated by adjusting the staff related expenses in the respective years based on actuarial valuations. The Summary Profit & Loss Accounts and Balance Sheets, as restated has been adjusted for respective years in respect of provision for compensated absences made during the Fiscal 2013. Effect of provision for compensated absences for Fiscal Years prior to April 1, 2012 has been adjusted in the opening balance of the Reserves and Surplus and Other Liabilities.

**2. Rent Equalisation Expense:**

The Bank started straight lining of leases (rent equalisation) as per Accounting Standard 19 from the Fiscal 2013. The financial statements of the previous Fiscal 2012 and 2013 have been restated accordingly by adjusting the rent expense in the respective years. The Summary Profit & Loss Accounts and Balance Sheets, as restated has been adjusted for respective years in respect of rent equalization expense made during the Fiscal 2013. Effect of the rent equalisation in financial years prior to April 1, 2012 has been adjusted in the opening balance of Reserves and Surplus and Other Liabilities.

**3. Changes in Deferred tax provision:**

- a) With effect from the Fiscal 2012 the bank created Deferred Tax Asset on provision for Standard Assets.
- b) For the Fiscal 2014, the Bank has made provision for Minimum Alternate Tax and has created corresponding Deferred Tax.
- c) The Provision for income tax including Deferred Tax Asset/Deferred Tax Liability has also been restated on account of changes referred to in para 1 and 2 above.
- d) The impact of the above changes on the Provision for taxes up to the Fiscal 2012 has been adjusted from the opening balance of Reserves and Surplus.

## ANNEXURE VII

### Summary of Significant Transaction with Related Parties (AS-18)

As per Accounting Standard 18 “Related Party Disclosures”, the Bank’s related parties for the respective financial years/periods are disclosed below:

#### Key Management Personnel (‘KMP’)

##### Fiscal 2012 to Fiscal 2016

Name	Designation
Vishwavir Ahuja	Managing Director & Chief Executive Officer

For Fiscal 2012, Fiscal 2013, Fiscal 2014, Fiscal 2015 and Fiscal 2016, there was only one related party at any point of time, in the said category of Key Management Personnel, hence the Bank is not required to disclose the details of transactions in accordance with circular issued by RBI “Guidance on compliance with the accounting standards by banks”.



**ANNEXURE VIII  
SEGMENT INFORMATION**

**PART A: BUSINESS SEGMENT**

(₹ in million)

PARTICULARS	FINANCIAL YEAR ENDING MARCH 31,				
	2012	2013	2014	2015	2016
<b>Gross Revenue</b>	<b>10,168.70</b>	<b>18,510.60</b>	<b>30,470.60</b>	<b>45,874.00</b>	<b>61,799.30</b>
- Corporate/Wholesale Banking	3,794.80	7,303.20	11,527.60	15,970.600	21,002.80
- Retail Banking	2,686.60	3,805.10	6,347.10	11,453.00	15,697.60
- Treasury	3,664.80	7,373.20	12,371.20	17,947.90	24,087.70
- Other Banking Operations	22.50	29.10	224.70	502.50	1,011.20
<b>Unallocated Revenue</b>	<b>22.96</b>	<b>18.91</b>	<b>16.98</b>	<b>49.54</b>	<b>8.20</b>
<b>Less: Inter Segment Revenue</b>	<b>4,869.50</b>	<b>8,471.90</b>	<b>14,361.70</b>	<b>22,358.60</b>	<b>29,459.00</b>
<b>Total Revenue</b>	<b>5,322.16</b>	<b>10,057.61</b>	<b>16,125.88</b>	<b>23,564.94</b>	<b>32,348.50</b>
<b>Segment Results</b>	<b>954.49</b>	<b>1,370.05</b>	<b>1,944.48</b>	<b>2,999.41</b>	<b>4,286.95</b>
- Corporate/Wholesale Banking	413.97	500.94	701.10	1,115.37	1,561.95
- Retail Banking	(66.05)	115.90	245.10	418.90	977.70
- Treasury	565.91	709.20	948.00	1,274.40	1,389.20
- Other Banking Operations	17.70	25.10	33.30	141.20	349.90
<b>Unallocated Revenue</b>	<b>22.96</b>	<b>18.91</b>	<b>16.98</b>	<b>49.54</b>	<b>8.20</b>
<b>Unallocated expenses</b>	<b>1.79</b>	<b>0.00</b>	<b>619.32</b>	<b>0.00</b>	<b>6.89</b>
Income Tax expense (including deferred tax)	301.72	441.51	398.46	927.66	1,355.21
<b>Net Profit</b>	<b>650.98</b>	<b>928.54</b>	<b>926.70</b>	<b>2,071.75</b>	<b>2,924.85</b>
<b>Segment Assets</b>	<b>70,360.00</b>	<b>126,768.90</b>	<b>177,008.10</b>	<b>264,596.00</b>	<b>385,841.80</b>
- Corporate/Wholesale Banking	35,257.40	56,411.90	75,255.30	105,842.90	150,553.20
- Retail Banking	6,088.00	8,811.40	25,389.70	38,596.50	59,634.60
- Treasury	29,014.60	61,545.60	74,882.50	118,273.50	171,199.20
- Other Banking Operations	0.00	0.00	1,480.60	1,883.10	4,454.80
<b>Unallocated Assets</b>	<b>1,712.67</b>	<b>2,853.84</b>	<b>4,962.67</b>	<b>6,440.48</b>	<b>5,759.11</b>
<b>Total Assets</b>	<b>72,072.67</b>	<b>129,622.74</b>	<b>181,970.77</b>	<b>271,036.48</b>	<b>391,600.91</b>
<b>Segment Liabilities</b>	<b>60,307.16</b>	<b>112,804.80</b>	<b>161,121.90</b>	<b>248,258.10</b>	<b>361,597.00</b>
- Corporate/Wholesale Banking	19,817.91	28,507.70	38,235.40	71,347.70	79,464.40
- Retail Banking	22,813.15	33,305.70	63,459.20	83,951.60	116,688.20
- Treasury	17,674.87	50,990.80	59,354.70	92,898.10	165,291.30
- Other Banking Operations	1.23	0.60	72.60	60.70	153.10
<b>Unallocated Liabilities</b>	<b>11,765.51</b>	<b>16,817.94</b>	<b>20,848.87</b>	<b>22,778.38</b>	<b>30,003.91</b>
<b>Total Liabilities</b>	<b>72,072.67</b>	<b>129,622.74</b>	<b>181,970.77</b>	<b>271,036.48</b>	<b>391,600.91</b>

**PART B: Geographical Segment: Not Applicable**

**ANNEXURE IX**  
**STATEMENT OF ADVANCE (Net of Provisions)**

*(₹ in million)*

Particulars	Year ended 31 March				
	2012	2013	2014	2015	2016
Cash credits, overdrafts and loans repayable on demand	8,270.54	11,950.04	25,855.76	36,634.77	54,601.14
Term loans	29,485.65	49,469.85	70,873.55	104,557.95	151,223.88
Bills purchased and discounted	3,566.50	2,342.23	1,621.16	3,305.54	6,465.81
<b>Total</b>	<b>41,322.69</b>	<b>63,762.12</b>	<b>98,350.47</b>	<b>144,498.26</b>	<b>212,290.83</b>

**ANNEXURE X**  
**SUMMARY OF INVESTMENT (NET)**

*(₹ in million)*

Particulars	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
SLR					
Government Securities	14,308.05	32,626.21	40,017.99	75,799.40	102,819.96
Other Approved Securities	-	-	-	-	-
<b>Sub total</b>	<b>14,308.05</b>	<b>32,626.21</b>	<b>40,017.99</b>	<b>75,799.40</b>	<b>102,819.96</b>
Non-SLR					
Subsidiaries and Joint Ventures	-	-	-	-	-
Debentures and Bonds	4,226.34	12,031.57	12,175.66	10,521.77	16,914.54
Shares	47.20	47.20	1.04	1.04	171.25
Others	4,065.61	10,455.49	12,575.26	11,600.75	24,454.59
<b>Sub total</b>	<b>8,339.15</b>	<b>22,534.26</b>	<b>24,751.96</b>	<b>22,123.56</b>	<b>41,540.38</b>
<b>Total</b>	<b>22,647.20</b>	<b>55,160.47</b>	<b>64,769.95</b>	<b>97,922.96</b>	<b>144,360.34</b>

**Note:** The above numbers are shown on Net basis after deducting Provision for Credit Loss and Depreciation in value of investments.

**ANNEXURE XI**  
**STATEMENT OF DIVIDENDS DECLARED BY THE BANK ON EQUITY CAPITAL AND PERPETUAL**  
**NON-CUMULATIVE PREFERENCE SHARES**

**On Equity Capital:**

Bank has declared following dividend in last five years of equity shares of Face Value ₹ 10/-

<b>Financial Year Ended</b>	<b>Rate of Dividend</b>	<b>Amount of proposed dividend (₹ in million)</b>
March 31, 2012	3.00%	64.48
March 31, 2013	6.00%	151.87
March 31, 2014	9.00%	245.82
March 31, 2015	12.00%	366.75
March 31, 2016	15.00% <sup>#</sup>	487.58

Bank does not have any other class of shares on which dividend is payable.

<sup>#</sup> Interim dividend

**ANNEXURE XII**  
**Summary of Accounting Ratios**

Particulars	Financial Year Ended March 31				
	2012	2013	2014	2015	2016
Earning per share ( Basic ) (₹)	3.03	4.21	3.63	7.23	9.60
Earning per share ( Diluted ) (₹)	3.01	4.17	3.61	7.00	9.43
Return on net worth %	5.70	5.78	4.60	9.29	9.79
Net asset value per equity share (₹)	53.14	63.48	74.02	75.97	92.02
Weighted average number of equity shares outstanding during the year / period ( in million)	214.95	220.63	255.11	286.47	304.71
Total number of shares outstanding at the end of the year / period ( in million)	214.95	252.92	272.04	293.45	324.73

**Note**

- The ratios have been computed as below:

**Earnings per share (₹)** = Net profit available to equity shareholders (after extra-ordinary items) / Weighted average number of equity shares outstanding during the year (or period).

Earnings per share calculations are done in accordance with Accounting Standard 20 —Earnings per Share notified under —Companies (Accounting Standards) Rules, 2006

**Return on net worth (%)** = Net profit after tax (after extra- ordinary items) / Net worth excluding revaluation reserve at the end of the year (or period)

**Net asset value per equity share (₹)** = Net worth excluding revaluation reserve as at the end of the year (or period) / Number of equity shares outstanding at the end of the year (or period)

- The paid up Share capital of the Bank has been considered to comprise of corresponding number of outstanding equity shares at the face value of ₹ 10 each at each year/period end.

**ANNEXURE XIII  
CAPITALISATION STATEMENT**

Position of Debt and Shareholder's funds as at March 31, 2016 as below

Particulars	<i>(₹ in million)</i>	
	Pre Issue	Post Issue
Short Term Debt	68,791.36	[•]
Long Term Debt <sup>\$</sup>	36,570.88	[•]
<b>Total Debt</b>	<b>105,362.24</b>	<b>[•]</b>
<b>Share Holder's Funds</b>		
Share Capital	3,247.28	[•]
Reserves & Surplus <sup>#</sup>	26,635.10	[•]
<b>Total Share Holder's Funds</b>	<b>29,882.38</b>	<b>[•]</b>
Long Term Debt / Shareholder's Funds	1.22	[•]
Total Debt / Shareholder's Funds	3.53	[•]

Note: The above figures are based on the restated figures. The issue price and number of shares are being finalised and hence the post-issue capitalisation statement cannot be presented

<sup>\$</sup>Borrowings with original contractual maturity of more than 1 year are classified as Long Term, per RBI Regulations. All other borrowings have been classified as Short Term

<sup>#</sup> Reserves & Surplus are arrived at after excluding the Revaluation Reserve

**ANNEXURE XIV  
STATEMENT OF TAX SHELTER**

**As per Restated Tax Shelter Statement**

*(₹ in million)*

Particulars	Financial Year Ended March 31				
	2012	2013	2014	2015	2016
<b>Net Profit before Tax as per Restated Summary Statements (A)</b>	<b>952.7</b>	<b>1,370.05</b>	<b>1,325.20</b>	<b>2,999.41</b>	<b>4,280.06</b>
Normal Applicable Tax Rates (%)	32.45	32.45	33.99	33.99	34.61
Minimum Alternative Tax (MAT) applicable rates u/s 115JB (%)	20.01	20.01	20.96	20.96	21.34
Income Tax as per Income Tax Returns (B)	322.59	464.40	320.63	1,086.71	1,507.74 <sup>#</sup>
<b>Adjustments</b>					
<b>Permanent Difference</b>					
Dividend Income exempt u/s. 10	2.40	1.92	2.00	0.00	23.90
Other income exempt u/s. 10	1.35	1.35	259.50	172.12	405.70
Disallowance u/s. 14A	(4.30)	(4.50)	0.00	0.00	0.00
Others	(1.40)	(1.00)	(6.50)	(16.70)	(21.50)
Provision for others	(1.70)	0.00	(0.20)	0.00	0.00
<b>Sub-Total (C)</b>	<b>(3.65)</b>	<b>(2.23)</b>	<b>254.80</b>	<b>155.42</b>	<b>408.10</b>
<b>Timing Difference</b>					
Provision for Wage arrears	0.00	(14.70)	(34.80)	0.00	49.50
Disallowable under section 43B and 40(a)(ia) of the Income Tax Act	19.02	(10.84)	(229.10)	(27.50)	(21.60)
Expenses allowable u/s 40(a)(ia) which was disallowed in previous year	0.00	0.00	0.00	0.13	(8.05)
Difference between Tax and Book Depreciation	26.70	69.80	80.80	106.90	(44.50)
Provision for Bad and doubtful debts in excess of Deduction claimed u/s 36(1)(viiia) of the Income Tax Act	0.00	0.00	(160.70)	36.80	(269.70)
Profit / Loss on sale of fixed assets	21.00	16.00	17.00	49.60	8.15
Charge related to acquisition	0.00	0.00	892.10	(197.30)	(180.10)
Provision for rent straight lining	(8.76)	(13.72)	(19.00)	(37.80)	(33.60)
Provision for other assets	0.00	(1.40)	(3.00)	(28.65)	(118.85)
Provision for Standard Advance	(87.20)	(100.10)	(149.00)	(242.42)	(238.40)
De-recognition of MTM Gain as per ICDS	0.00	0.00	0.00	0.00	387.80
<b>Sub-Total (D)</b>	<b>(29.24)</b>	<b>(54.96)</b>	<b>394.30</b>	<b>(340.24)</b>	<b>(469.35)</b>
<b>Net Adjustment (C+D)</b>	<b>(32.89)</b>	<b>(57.19)</b>	<b>649.10</b>	<b>(184.82)</b>	<b>(61.25)</b>
<b>Tax Saving/(Expense) (Net Adjustment * Tax rate )</b>	<b>(10.67)</b>	<b>(18.56)</b>	<b>220.63</b>	<b>(62.82)</b>	<b>(21.20)</b>
<b>Total E=A-(C+D)</b>	<b>985.59</b>	<b>1,427.24</b>	<b>676.10</b>	<b>3,184.23</b>	<b>4,341.31</b>
Capital Gain	5.50	0.00	0.00	9.80	15.30
Deduction u/s. 80G	0.20	0.20	0.00	0.03	0.00
<b>Taxable Income before brought forward loss/unabsorbed depreciation (F)</b>	<b>990.89</b>	<b>1,427.04</b>	<b>676.10</b>	<b>3,194.00</b>	<b>4,356.61</b>
Brought Forward Loss / Unabsorbed Depreciation adjusted as per Return - (G)	0.00	0.00	0.00	0.00	0.00
Total Taxable Income [H=(F-G)]	<b>990.89</b>	<b>1,427.04</b>	<b>676.10</b>	<b>3,194.00</b>	<b>4,356.61</b>
Tax including surcharge and education cess as per normal provisions – I	321.49	463.00	229.81	1,085.64	1,507.74
Book Profit / Loss as per MAT Provisions – Jas per Income Tax Return	1,058.20	1,340.80	1,529.70	3,397.50	4,926.84
<b>Tax including surcharge and education cess per MAT provisions – K</b>	<b>211.72</b>	<b>268.26</b>	<b>320.63</b>	<b>712.13</b>	<b>1,051.47</b>
<b>Tax as per Return -Higher of I and K (L)</b>	<b>321.49</b>	<b>463.00</b>	<b>320.63</b>	<b>1,085.64</b>	<b>1,507.74</b>
Interest u/s 234B and 234C – M	1.10	1.40	0.00	1.07	0.00
<b>Total Tax Expense (including interest) - (L+M)</b>	<b>322.59</b>	<b>464.40</b>	<b>320.63</b>	<b>1,086.71</b>	<b>1,507.74</b>

Particulars	Financial Year Ended March 31				
	2012	2013	2014	2015	2016
Carried Forward capital losses	0.00	0.00	0.00	0.00	0.00
Short Term	0.00	0.00	0.00	0.00	0.00
Long Term	0.00	0.00	0.00	0.00	0.00
Carried Forward Business losses	0.00	0.00	0.00	0.00	0.00
Carried Forward Unabsorbed Depreciation	0.00	0.00	0.00	0.00	0.00
Total Carried Forward loss and unabsorbed depreciation as per Return	0.00	0.00	0.00	0.00	0.00

#Based on restated summary statements as the income tax return for the year has not been filed

**Notes:**

1. The aforesaid Statement of Tax Shelter has been prepared as per the restated summary statement of profits and losses of the Bank as appearing in Annexure II
2. The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.



**ANNEXURE XV  
STATEMENT OF BORROWINGS**

*(₹ in million)*

Particulars	Financial Year Ended March 31,				
	2012	2013	2014	2015	2016
Refinance	6,953.00	11,648.90	18,591.64	20,233.94	28,764.94
Borrowings from Banks / Others	1,132.85	2,228.69	9,335.20	12,142.62	23,232.00
Money Market Borrowings*	3,899.67	13,495.90	11,028.60	37,250.41	49,365.30
Subordinated Debts	-	-	-	-	4,000.00
<b>Total</b>	<b>11,985.52</b>	<b>27,373.49</b>	<b>38,955.44</b>	<b>69,626.97</b>	<b>105,362.24</b>

\*Money market Borrowings include Call money borrowings from banks.

**ANNEXURE XVI**  
**DETAILS OF OTHER INCOME WHICH EXCEEDS 20% OF NET PROFIT BEFORE TAX**

*(₹ in million)*

Particulars	For the Period Ended March 31				
	2012	2013	2014	2015	2016
Other Income	671.33	1,264.39	2,609.72	4,034.07	4,905.43
Net Profit before Tax, as restated	952.70	1,370.05	1,325.16	2,999.41	4,280.06
<b>Other Income as % to NPBT</b>	<b>70.47</b>	<b>92.29</b>	<b>196.94</b>	<b>134.50</b>	<b>114.61</b>
<b>Source of Other income</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Commission Exchange and Brokerage	541.03	812.56	1,858.02	2,607.14	3,440.26
Profit on sale of investments (net)	43.16	273.93	421.49	577.26	598.60
Profit on sale of land, building & other assets (Net)	20.98	16.02	17.03	49.64	8.15
Profit on exchange transaction (Net)	1.92	86.68	310.68	689.88	797.67
Miscellaneous Income	64.24	75.20	2.50	110.15	60.75
<b>Total of Other Income</b>	<b>671.33</b>	<b>1,264.39</b>	<b>2,609.72</b>	<b>4,034.07</b>	<b>4,905.43</b>

Note: Items listed here are of a recurring nature and are related to business activity

**END OF FINANCIAL STATEMENTS**

## CAPITALISATION STATEMENT AS ADJUSTED FOR THE ISSUE

### Capitalisation Statement

We have set out below the post-Issue details of the Capitalisation Statement in relation to Annexure XIII of the Restated Financial Information on page 384 (which was to be calculated upon conclusion of the Book Building Process):

(₹ in million)

Class of Shares		Pre-Issue as at March 31, 2016	Post-Issue position after adjustments
<b>Borrowings:</b>			
Short Term Debt		68,791.36	68,791.36
Long Term Debt <sup>2</sup>	(i)	36,570.88	36,570.88
<b>Total Debt</b>	<b>(ii)</b>	<b>105,362.24</b>	<b>105,362.24</b>
<b>Shareholders' Funds:</b>			
Share Capital		3,247.28	3,617.28
Reserves and Surplus <sup>3</sup>		26,635.10	34,590.10
<b>Total Shareholders' Funds</b>	<b>(iii)</b>	<b>29,882.38</b>	<b>38,207.38</b>
<b>Long Term Debt/Shareholders' Funds</b>	<b>(i) / ( iii)</b>	<b>1.22</b>	<b>0.96</b>
<b>Total Debt / Shareholders' Funds</b>	<b>(ii) / ( iii)</b>	<b>3.53</b>	<b>2.76</b>

#### Notes:

- The above figures are based on the restated figures.
- Borrowings with original contractual maturity of more than 1 year are classified as Long Term, per RBI Regulations. All other borrowings have been classified as Short Term.
- Reserves & Surplus are arrived at after excluding the Revaluation Reserve.
- The figures for the respective financial statements line items under Post Issue column are unaudited and derived after considering the impact of issue of 37,000,000 equity shares of ₹ 10 each at a premium of ₹ 215 per equity share (aggregate premium of ₹ 7,955 million) through the initial public offering and not considering any other transactions or movements for such financial statements line items after March 31, 2016. These shares are yet to be allotted. From April 1, 2016 till the filing of the Prospectus the Bank has also issued 8,080,846 Equity Shares pursuant to exercise of options granted under the ESOP Schemes, which have not been considered in the above table.

In the post Issue details, the reserves and surplus amount has not been adjusted for share issue expenses on account of the initial public offering that will be deducted from the amount of share premium received from the issue.

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR BANK

*You should read the following discussion and analysis of the Bank’s financial condition and results of operations together with our restated financial statements, including the notes and schedules thereto included in the Financial Information chapter of this Prospectus. You should also read the section entitled “Risk Factors” on page 15, which discusses a number of factors and contingencies that could impact our financial condition and results of operations, and the sections entitled “Our Business” and “Selected Statistical Information” on pages 160 and 419, respectively, which present important statistical and other information about the Bank’s business.*

*This discussion contains forward-looking statements and reflects the current views of the Bank with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections entitled “Forward-Looking Statements” and “Risk Factors” on pages 14 and 15, respectively. In this section, references to “we” and “our” are to the Bank.*

*Our restated financial statements have been derived from our audited financial statements prepared in accordance with Indian GAAP and restated in accordance with the SEBI Regulations and are included under the section “Financial Statements” on page 247. Indian GAAP differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Accordingly, the degree to which the Restated Financial Statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP, the Companies Act and the SEBI Regulations. The following discussion is based on our audited financial information as restated under SEBI Regulations as of and for the fiscal years ended March 31, 2014, 2015 and 2016. The Bank does not have any subsidiaries or affiliates and hence there is no separate consolidated financial information.*

*Our fiscal year ends on March 31 of each year, so all references to a particular “fiscal year” and “Fiscal” are to the 12-month period ended March 31 of that fiscal year.*

### **Overview**

We are one of India’s fastest growing private sector banks in the last six years. Our bank has a customer-centric culture where we use customer specific and industry domain knowledge, experience and technology with the goal of satisfying each customer’s complete banking needs. We offer our customers a comprehensive range of banking products and services customized to cater to the needs of large corporations, small and medium enterprises, micro-, small and medium enterprises, agricultural customers, retail customers and development banking (lower income) customers. We have been expanding our presence across India through a growing network of branches and ATMs and boosting our traditional delivery channels with modern alternate technology enabled delivery channels like phone banking, internet banking and mobile banking.

As of March 31, 2016, we had 197 interconnected branches and 362 interconnected ATMs spread across 13 Indian states and union territories serving over 1.90 million customers.

The table below sets forth certain key operational and financial information and data about the Bank for the years ended March 31, 2014, 2015 and 2016:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Number of branches / extension counters	172	183	197
Total advances (Net)	98,350.47	144,498.26	212,290.83
Total assets	181,970.77	271,036.49	391,600.91
Total deposits	115,986.02	170,992.51	243,486.51
CASA Ratio (%) <sup>(1)</sup>	20.43	18.46	18.64
Net Interest Margin (%)	2.68	3.01	2.96
Capital Adequacy Ratio (CAR) % <sup>(2)</sup>	14.64	13.13	12.94
Cost to Income Ratio% <sup>(3)</sup>	70.35	62.48	58.59

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Net profit	926.70	2,071.75	2,924.85
Gross NPA% (as% of Gross advances)	0.79	0.77	0.98
Net NPA% (as % of Net advances)	0.31	0.27	0.59
Return on Asset% <sup>(4)</sup>	0.66	1.02	0.98
Provision coverage%	65.73	68.28	55.87

<sup>(1)</sup> CASA ratio is determined as the sum of demand deposits and saving deposits divided by total deposits.

<sup>(2)</sup> CAR for Fiscal 2014, 2015 and 2016 is computed as per Basel III framework.

<sup>(3)</sup> Cost to Income Ratio is computed as the percentage of operating expenses to net total income which is defined as the sum of interest income and other income less interest expense.

<sup>(4)</sup> Return on Asset is arrived as a percentage of Net profit to Average Total Assets (from Average Balance Sheet).

### Factors affecting our Financial Results

The majority of our income comprises of interest earned on loans and credit facilities to clients, interest earned on investments and fee income. Our major expenses comprise interest expense on deposits, borrowings and loans from banks and financial institutions, operating expenses and provisions and contingencies.

Our financial results are influenced by macroeconomic factors, including growth and inflation in the Indian economy. We are also vulnerable to interest rate volatility, credit quality of the loan and investment book and changes in banking regulation and fiscal policy. Our results will also depend on our ability to attract new customers and additional business volumes from existing and new customers. Our business is subject to various other risks and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 15.

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our liquidity, capital resources and results of operations.

#### *Our transformation and managing our growth*

Our bank has a 73-year operating history but we have undertaken a transformational journey in the past five years of reshaping a traditional bank into a “New Age” bank while retaining our heritage, relationships with customers and domain strength. Our transformation commenced in 2010 during a difficult period after the global financial crisis as well as the economic slowdown that followed, in India. As part of our transformation, we have invested substantially in:

- strengthening our board and management team;
- developing our business lines including acquisition of new customers;
- developing our distribution network including growing our branch and ATM network as well as internet and mobile banking;
- introducing several new products and services;
- integrating the new businesses acquired from RBS (see below);
- development of human resource capabilities;
- developing IT systems and operational capabilities to manage our business and growth; and
- developing capital base including our shareholder base and other funding sources.

During this period, our total income has grown substantially from ₹ 5,322.16 million in Fiscal 2012 to ₹ 32,348.50 million in Fiscal 2016, which represents a compound annual growth rate (CAGR) of 57.02% for the past four fiscal years. Our interest expense has increased from ₹ 2,782.92 million in Fiscal 2012 to ₹ 19,251.00 million in Fiscal 2016 which represents a CAGR of 62.18% during the past four fiscal years. While our business has grown, our operating expenses have also increased from ₹ 1,399.89 million in Fiscal 2012 to ₹ 7,673.37 million in Fiscal 2016, which represents a CAGR of 53.01% during the past four fiscal years. Managing our growth has required, and will continue to require, substantial demands on our management, operational and other resources. The future success of our bank will depend greatly on our ability to continue to effectively implement our business and growth strategies, including our ability to continuously develop and improve our operational, financial and risk management controls, none of which can be assured. Any failure on our part to scale up our business operations in line with our business strategy could be detrimental to our long-term business outlook.

In addition, this period has involved substantial investment and significant growth in income and expenses as well as significant balance sheet growth, it may be too early in our development to determine trends in revenue growth or expenses or in the strength of our balance sheet. Accordingly, our results of operations and financial condition for any prior periods may not be an indication of our future financial performance and condition. The business and future prospects of our bank should be considered in light of the risks, uncertainties and challenges that we may face as we develop into a modern bank operating in a fast growing and competitive financial services industry in India.

#### ***Our acquisition of certain businesses from RBS in India***

In Fiscal 2014, we acquired three businesses (business banking, credit card and mortgage portfolio) from the Royal Bank of Scotland in India, which enabled us to expand our scale of operations. This acquisition occurred around December 2013 and was consolidated in our financial statements for Fiscal 2014. Our ability to replicate the business model across the Bank will also be of importance from a long-term profitability perspective.

#### ***The Indian economy and the credit environment***

As a bank with businesses operating principally in the domestic Indian market, our financial condition and results of operations are influenced by the general economic conditions prevailing in India. A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. India's real GDP growth improved marginally from 6.9% in 2013 to 7.3% in 2014 and is expected to be around 7.3%, 7.8%, 7.9% and 7.9% in 2015, 2016, 2017 and 2018, respectively, according to the World Bank.

Since the year 2009-2010, RBI has assumed anti-inflationary monetary policy stances. According to the Monthly Economic Reports prepared by the Department of Economic Affairs of the Ministry of Finance, the average Wholesale Price Index inflation for Fiscal 2015 was 2% as compared to 6% during Fiscal 2014; the headline Wholesale Price Index inflation remained negative since November 2014 and stood at minus 0.9% in March 2016, but increased to 0.3% in April 2016. In the few years prior to Fiscal 2015, India's economy experienced a slowdown in economic growth and high inflation due to a variety of factors, including unsustainably high current account deficits, capital outflows and consequent exchange rate pressures. Therefore, despite the recent signs of an economic turnaround in the Indian economy, there is no assurance that growth will not slow down again or that inflation will not further increase in the future. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on the overall interest rates which may adversely affect our net interest income.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the pace 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, which could adversely impact our business.

As India imports a substantial portion of its crude oil requirement, any sharp increases or volatility in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian

economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. Continued high oil prices or further increases in oil prices could affect the Indian economy and the Indian banking and financial system.

Various factors beyond our control, like a rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio.

### *Changes in interest rates*

Our results of operations depend to a great extent on our net interest income. Net interest income represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest-bearing customer deposits and borrowings. Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. In the event of rising interest rates, borrowers may be unwilling to pay us correspondingly higher interest rates on their borrowings. A fall in interest rates would have the opposite impact. Interest rate sensitivity also depends on the duration of the assets and liabilities run by the Bank and depending on movement of interest rates our net interest earnings could get adversely impacted. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, any or all of which may change favorably or unfavorably.

In addition, yields on government and other approved investments, as well as yields on our other interest earning assets, are dependent on interest rates. In case of a sharp and sustained increase in interest rates, we could be adversely affected by the decline in the market value of our government securities portfolio and other fixed income securities. A fall in interest rates, on the other hand, would enhance the market value of our government securities portfolio and other fixed income securities.

If the interest rates that we must pay to our depositors and lenders rise faster relative to the interest rates we charge to our borrowers, our net interest income may decrease. Changes in interest rates could also lead to the risk of an adverse impact on the financial performance of the Bank if there is a resultant increase in non-performing assets due to increased interest burden or there could be large scale pre-payment of loans or pre-mature withdrawal of deposits.

The following table sets forth the bank rate, the reverse repo rate and the repo rate as of the dates set forth in the table.

	<b>Bank Rate</b>	<b>Reverse Repo Rate</b>	<b>Repo Rate</b>
As of March 31, 2014	9.00%	7.00%	8.00%
As of March 31, 2015	8.50%	6.50%	7.50%
As of March 31, 2016	7.75%	5.75%	6.75%

*Source: Reserve Bank of India*

**Repo Rate:** Repo rate is the rate at which Reserve Bank of India lends money to commercial banks and other eligible money market participants in the event of any shortfall of funds. Repo rate is used by monetary authorities for transmission of monetary actions into the economy.

**Reverse Repo Rate:** Reverse repo rate is the rate at which Reserve Bank of India borrows money from commercial banks and other eligible money market participants within the country.

### *Ability to grow our non-interest income*

Our ability to improve profitability will depend, among other factors, on our success in increasing fee income from existing and new customers. In order to grow non-interest income, we provide foreign exchange and trade and transaction services; distribute third-party investment products, such as insurance products and mutual funds. We have entered into agreements with certain insurance companies to distribute life and general insurance policies. We also market mutual fund products. Our integrated branch and electronic banking network and our increasingly

diversified product and service portfolio have enabled us to develop our fee- and commission-based business. We intend to improve our non-fund-based portfolio, including letters of credit and bank guarantees and to improve our foreign exchange-related products and services as well as transaction services. Our income from commission, exchange and brokerage constituted 30.83%, 27.16% and 26.27% of our net total income (defined as the sum of interest income and other income less interest expense) for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

We intend to continue to introduce simple products to the market and improve cross-selling efforts in order to enhance non-interest income. To do so, we will need to hire or train a dedicated sales force and to create incentives for customers to purchase products from which we derive fee- and commission-based income. However, the increasing sophistication of our customers, offerings of similar products and services by our competitors and changes in the regulatory environment could adversely impact our ability to grow our non-interest income.

### ***Our ability to control costs***

In the past five years, we have concentrated on growing from a narrow- and regional- focused bank to a modern, diversified bank with much wider presence and products services suite. Now our focus is on delivering the benefits of this expansion as we scale up our business operations and our ability to control and optimize costs is paramount to improving the profitability of the Bank. We have created a business, technology and operations infrastructure for a larger sized bank and therefore expect to leverage the same with growing scale of business so as to improve the profitability of the Bank.

As interest expenditure is one of the main costs, we have formulated strategies to improve our CASA balances and are making continuous efforts to reduce our cost of deposits and cost of borrowings by reviewing the asset liability mismatches through our Asset Liability Management Committee (ALCO) by suitably adjusting the interest rates where possible.

We also continually seek to improve our operating efficiencies. Streamlining manpower is an important driver of our cost control strategy as it brings in operational efficiency, improves the level of control and reduces overall costs relative to income. Simplifying reporting lines, consolidation of roles centralization of operations and core processes and higher productivity has allowed us to grow the business with greater efficiency in manpower utilization. We also seek to use other methods to reduce operational costs, such as rationalizing and consolidating our property portfolio, renegotiating and rationalizing rates with vendors and service providers, and rationalizing and streamlining of the workforce as well as re-engineering the processes to avoid multiplicity and duplications. In addition, as a part of our cost optimization initiatives, we continue to improve automation of our services, leverage technology to optimize the cost, reducing number of hand-offs and increasing digital banking.

We continue, however, to face many challenges in controlling our costs as we continue to increase our distribution network, add new products/services and increase our business volumes. Our ability to leverage the infrastructure created over the last five years is key to improving profitability of the Bank in future. Our employee costs for the unionized work force, although forming a small proportion of the total work force now as compared to March 2010, are linked to industry level wage negotiations and certain elements of costs are linked to inflation rates in the country. These costs could increase at a faster pace causing an adverse impact on our profitability. Our results of operations, accordingly, will depend largely on our success of cost control efforts as our bank continues to grow.

### ***Availability of cost-effective funding sources***

Our ability to meet demand for new loans and lower our cost of funding will depend on our ability to continue to broaden our deposit profile, grow our low-cost deposit book, attract and retain new customers, our continued access to term deposits from the retail, corporate and inter-bank market, our continued access to various refinance facilities from refinance institutions and ability to arrange foreign currency funding for various customer needs. Our debt service costs and cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that will impact our cost of funds include changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly through our retail focused banking branches.



### ***Ability to manage credit, market and operational risk***

The credit quality of our loan portfolio is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Our net NPAs were ₹ 305.10 million, ₹ 385.90 million and ₹ 1,244.40 million as of March 31, 2014, 2015 and 2016, respectively, while our gross NPAs were ₹ 777.50 million, ₹ 1,112.30 million and ₹ 2,080.50 million, respectively, as of the same dates. Our net NPA ratio was 0.31%, 0.27% and 0.59% as of March 31, 2014, 2015 and 2016, respectively, while our gross NPA ratio was 0.79%, 0.77% and 0.98% as of the same dates. Our standard restructured advances were ₹ 185.30 million, ₹ 789.10 million and ₹ 199.00 million as of March 31, 2014, 2015 and 2016, respectively.

Various factors, such as changes in the economic conditions of the Indian and global economy, changes in the interest rate environment, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies, rise or fall in unemployment may affect our ability to continue to effectively manage the level of our NPAs and have an impact on the quality of our loan portfolio. The inability of the borrowers to repay loans may translate into mounting NPAs. In addition to the above, under the directed lending norms of RBI, we are required to extend 40 % of our adjusted net bank credit as at the end of previous fiscal year to certain eligible sectors, which are categorized as 'priority sector lending' which could expose the Bank to higher credit risks. In addition, in consortium lending with other banks, we are dependent on others to manage credit risk and the levels of NPAs associated therewith.

Our ability to manage market risk could have an impact on our profitability. The Bank defines Market Risk as the risk of losses in trading book due to movements in market variables such as interest rates, credit spreads, foreign exchange rates, commodity prices and equity prices. The Bank's exposure to market risk arises from investment in trading book (AFS & HFT category), the foreign exchange positions, and other derivative positions. Under market risk management, liquidity risk, interest rate risk, equity price risk and foreign exchange risk are monitored and managed. Market risk carried by the Bank is identified, measured, monitored and controlled within the stipulated risk appetite of the Bank. Similarly, the Bank runs interest rate risk on banking book as well which is monitored and controlled through limits. Large market movements, however, could lead to a significant adverse impact on the profitability of the Bank.

Further, our ability to manage operational risk could also have an impact on the profitability of the Bank. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk. The Bank faces Operational Risk due to its exposure to potential errors, frauds, or unforeseen catastrophes resulting in unexpected losses in the course of business activities. Our Operational Risk Management process is driven by operating procedures, internal control processes, internal reporting and contingency planning. However, any occurrence of large operational risk event could lead to significant adverse impact on our profitability.

### ***Laws, Rules, Regulations, Guidelines and Norms Applicable to the Banking Industry***

Our operations are regulated and subject to detailed supervision by the RBI. Accordingly, we are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles relevant to the banking industry. Any changes in the laws, rules, regulations, guidelines or norms applicable to the banking industry, whether favorable or unfavorable to us, could materially impact our business, results of operations and financial condition.

For instance, changes in reserve requirements (which are designed to strengthen the Indian banking sector but also has the effect of reducing liquidity and availability of credit), evolving requirements to lend to certain priority sectors, pricing and capital adequacy requirements would affect how we conduct business and have a material effect on the composition of our asset portfolio and our profitability. Please see the section titled "*Regulations and Policies*" on page 198 for details on recent changes in the laws and regulations applicable to the banking industry.

Similarly, change in regulations by other regulators could have impact on the revenue potential of the Bank. For instance, change in fee/commission structure on selling insurance products or distribution of mutual fund by the regulators could impact the revenue potential of the Bank.

### ***Priority sector lending requirements.***

The RBI has revised guidelines on priority sector lending requirements recently. The guidelines have done away with the distinction between direct and indirect agriculture finance but it has introduced a requirement for lending to small and marginal farmers as well as micro enterprises. Bank loans to food and agro processing units have been classified as Agriculture lending. Further, lending to Medium Enterprises, Social Infrastructure and Renewable Energy have been made an eligible part of priority sector, in addition to the existing categories. Earlier in Fiscal 2014, RBI had revised the guidelines had prescribed lending by banks to individuals and reduce lending activity through intermediaries like non-banking finance companies and housing finance companies. The guidelines also stipulate that investments by banks in securitized assets, outright purchases of loans and assignments would be eligible for classification under priority sector if the underlying assets themselves qualified for such treatment. Further, the interest rates charged to ultimate borrowers by the originating entities in such transactions have also been capped in order for such transactions to be classified as priority sector lending. While we currently meet priority sector lending requirements, the recently announced guidelines will require banks to reorganize their businesses. These and any future changes by the RBI in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively more risky segments, which may result in an increase in NPAs.

### ***Capital adequacy requirements.***

The RBI has issued guidelines for implementation of Basel III from April 1, 2013 in a phased manner wherein banks are required to improve the quality and consistency of their capital base, enhance risk coverage and supplement the risk-based capital requirement with a leverage ratio. We are exposed to the risk of the RBI increasing the applicable risk weightage for different asset classes from time to time. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from or curtail some of our current business operations. Implementation of Basel III in a phased manner or other capital adequacy requirements imposed by RBI may result in incurrence of substantial compliance and monitoring costs and there can be no assurance that we will be able to comply fully with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation or our business operations and financial conditions. Although we currently meet or exceed the applicable capital adequacy requirements, certain adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, declines in the values of our investments and regulatory changes in the prescribed risk weights, capital deductions or 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 accessing the capital markets or have difficulty obtaining capital in any other manner.

### ***Liquidity requirements.***

RBI has, as part of Basel III Liquidity framework, issued and will be issuing guidelines on liquidity management applicable to banks. Additionally, there are guidelines on liquidity, ALM and interest rate sensitivity from RBI. The various liquidity requirements deal with Liquidity Coverage Ratio (LCR), Liquidity Monitoring tools, Stress Testing, and other Liquidity Ratios.

LCR became effective on September 30, 2014, and Intra Day Liquidity Monitoring became effective on January 1, 2015, whereas the Net Stability Funding Ratio (NSFR), with respect to which draft guidelines have been issued by the RBI, will become applicable from January 1, 2018. In Fiscal 2016, we reported LCR of 68.68% for the first quarter, 66.55% for second quarter and 78.27% for the third quarter (based on month-end averages) against the minimum requirement of 60%. For the fourth quarter of Fiscal 2016, we reported LCR of 79.74% against the minimum requirement of 70%.

### ***Components of Income and Expenditure***

#### ***Income***

Our income consists of interest earned and other income.

Interest earned includes interest and discounts on advances/bills, income on investments, interest on balances with the RBI and other inter-bank counterparties and other interest income. Our investment portfolio consists primarily of dated central government and state government securities, treasury bills, corporate debentures, bonds, commercial papers, security receipts, pass-through certificates, equity shares and mutual fund units. We meet our SLR requirements through investments in dated central government, treasury bills and other approved securities. Our interest income is affected by fluctuations in interest rates as well as the volume of activity. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, the RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Our other income consists principally of fee-based income, net profit or losses on sale of investments, net profits or losses on foreign exchange transactions, hedging and trading in derivatives, net profits or losses on the sale of land, buildings and other assets and miscellaneous income, which includes recovery from written-off accounts, income from customer account transactions, ATM usage fees and other service fees, debt syndication fees, locker rent, cards revenue and incidental charges. Fee-based income includes fees and charges for services such as remittance services, documentary credits, letters of credit and issuance of guarantees and service charges and processing fees on customer advances. Fee-based income also includes income from commissions on sale of third party products, such as insurance and mutual funds. We also earn fee-based income from foreign exchange transactions for customers as well as brokerage income.

### ***Expenditure***

Our expenditure consists of interest expended, operating expenses and provisions and contingencies.

Our interest expended consists of the interest paid on deposits and borrowings, including borrowings from the RBI and other inter-bank counterparties/financial institutions. Our interest expended is affected by fluctuations in interest rates, our deposit mix, proportion of borrowings and business volumes. Our non-interest expenditure consists principally of operating expenses, which includes payments to and provisions for employees, rent, taxes and lighting, printing and stationery, depreciation on fixed assets, directors' and auditors' fees, law charges, repairs and maintenance, insurance, postage and telecommunications, advertising and publicity, and other expenses. Provisioning for standard (performing) assets, non-performing assets, depreciation on investments, and credit card reward points are included in provisions and contingencies. We separately account for provision for tax, which includes provision for (current) income tax and wealth tax and provision for deferred tax.

### ***Financial Performance Indicators***

Besides our financial statements, we use a variety of indicators to measure our financial performance. These indicators are presented in tables in the section "*Selected Statistical Information*" on page 419. Our net interest income represents interest income over interest expense. Net interest margin for any given period represents the ratio of net interest income to the average of interest-earning assets. We calculate (1) the yield on average of interest earning assets, (2) the cost of funds and (3) the spread. Our yield on interest earning asset is interest income divided by average interest earning assets. Our cost of funds is interest expended divided by average interest bearing liabilities, expressed as a percentage. Our spread is yield on average of interest earning assets less cost of funds.

### ***Significant Accounting Policies***

Our financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India. These audited financial statements form the basis of preparation of the restated financial statements which are included in the Prospectus.

The presentation of financial statements in conformity with Indian GAAP which form the basis of preparation of the restated financial statements which are included in the Prospectus requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported results of operations during the years ended on the date of the financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

No changes have been made to the accounting policies of the Bank in last three fiscal years.

Our significant accounting policies are fully described under the notes to our financial statements in the section "*Financial Statements*" on page 247.

Our significant accounting policies are summarized below. For a full description of our significant accounting policies adopted in the preparation of the restated financial statements, see the Financial Information chapter of this Prospectus.

### **Basis of preparation:**

Our financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

### ***Use of estimates:***

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ("GAAP") requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

### **Significant Accounting Policies:**

#### **1. Advances**

Advances are stated net of provisions made in respect of non-performing advances. Premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and Non-Performing Assets ("NPA") based on the relevant RBI guidelines. Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time. In case of restructured accounts provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines. The Bank also maintains provision on standard assets to cover potential credit losses that are inherent in any loan portfolio in accordance with RBI guidelines in this regard. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account as credit to Miscellaneous Income under the head 'Other Income' or provision for non-performing assets, respectively.

#### **2. Investments**

Classification and valuation of the Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

**a) Classification**

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to similar income recognition and provisioning norms as are prescribed by RBI for non performing advances.

**b) Valuation**

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying the constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India ("PDAI") jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) declared by the FIMMDA in consultation with PDAI are used.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1 as per the RBI guidelines.

Quoted Mutual Fund units are valued as per Stock Exchange quotations and un-quoted Mutual Fund units are valued at last available re-purchase price or Net Asset Value (where re-purchase price is not available).

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by RBI. Accordingly, Security receipts are valued as per the Net Asset Value provided by the issuing Asset Reconstruction Company.

**c) *Transfer between categories***

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

**d) *Repurchase transactions***

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

**e) *Broken period interest, brokerage etc.***

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

**3. Foreign currency and Rupee Derivative transactions**

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at rates of exchange notified by the Foreign Exchange Dealers Association of India ('FEDAI') and the resultant exchange differences are recognized in the profit and loss account.

In accordance with RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and Accounting Standard-11, the effect of change in foreign exchange rates, foreign exchange trading positions including spot and forward contracts are revalued at each month end at market rates published by FEDAI and then discounted (PV) using appropriate curves. Long term foreign exchange contracts (original maturities of over 12 months) where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resulting gains and losses are recorded in the profit and loss account except in case of swaps entered into for hedging an on-balance sheet foreign currency exposure which are accounted for on an accrual basis. The unrealised gain and losses on swaps outstanding at year-end are included in "Other assets" and "Other liabilities", respectively. The notional values of these contracts are recorded as contingent liability at the closing exchange rates.

Swap cost arising on account of foreign currency swap contracts to convert rupee assets/liabilities into foreign currency assets/liabilities or vice versa is charged to profit and loss account as interest cost by amortising over the tenor of the swap.

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates as applicable. The profit or loss on revaluation is recorded in the profit and loss account and is included in “Other assets” or “Other liabilities”. The notional value of these swaps is recorded as Contingent Liability.

Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under “Other assets” or “Other liabilities”, as the case may be. Margin money deposited with the exchange is included in “Other assets”. The notional value of outstanding futures contract is recorded as Contingent liability.

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under “Other assets” or “Other liabilities”, as the case may be. Premium received and premium paid is recognized in the profit and loss account upon expiry or exercise of the options. The notional value of these options is recorded as a contingent liability.

Provisioning of overdue customer receivable on interest rate and foreign exchange derivative transactions, if any, is made as per RBI guidelines.

With respect to credit exposures to counterparties arising on account of the interest rate and foreign exchange derivative transactions, which are computed as per the current mark to market value of the contract, a provision is made as is applicable to the loan assets in the 'standard' category.

#### 4. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to ‘Premises Revaluation Reserve’ Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the enhanced value is transferred from Premises Revaluation Reserve to the credit of depreciation in the profit and loss account.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the profit and loss account up to the date of sale. If the management’s estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management’s estimate of the useful life/remaining useful life.

The depreciation rates applied on fixed assets are not higher or lower than the rates prescribed in Schedule II of the Companies Act, 2013, however in case of exceptions, it is duly supported by technical advice and item costing less than ₹ 5,000.

The rates of depreciation are as follows:

Category	Depreciation rate
Premises	2%
Desktop computers and printers, Laptops	33.33%
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	20%
Purchased and developed Software	20%
Vehicles	20%
Office equipment, Locker cabinets, Strong room	15%
ATMs	14.29%
Furniture, fittings and work of art	10%
Items costing less than ₹ 5,000	100%

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

## **5. Retirement and other employee benefits**

The Bank's contribution towards the Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the profit and loss account. Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the balance sheet date as per the Projected Unit Credit Method as computed by an independent actuary.

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

The accounting for Employee Stock Option Plans is done as per the ICAI Guidance note on ESOP. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and not deferred.

## **6. Revenue Recognition**

- a) Interest income is recognised in the profit and loss account on accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation, as per the income recognition and asset classification norms of RBI.
- b) Recoveries in respect of past due loan accounts classified as sub-standard are appropriated towards overdue principal and thereafter towards interest and charges
- c) Commission, Exchange, Brokerage and Locker Rent is accounted for as income on realisation basis except for commission earned in excess of ₹ 100,000 for issue of guarantees which is amortised on a straight-line basis.
- d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- f) Loan processing fee is accounted for upfront when it becomes due.
- g) All other fees are accounted for as and when they become due.

## **7. Accounting for leases**

Operating leases



Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any Finance leases.

## **8. Taxation**

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence) of realization of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

## **9. Provisions and contingencies**

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## **10. Provision for reward points on credit cards**

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point.

## **11. Earnings per share (EPS)**

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

## 12. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

### Summary of Our Financial Results

We use a variety of indicators to measure our performance. These indicators are presented in the tables in the section titled “*Selected Statistical Information*” on page 419. Our net interest income represents interest income over interest expense. Net interest margin for any given period represents the ratio of net interest income to the average of interest-earning assets. We calculate (1) the yield on average of interest earning assets, (2) the cost of funds and (3) the spread. Our yield on interest earning asset is interest income divided by average interest earning assets. Our cost of funds is interest expended divided by average interest bearing liabilities, expressed as a percentage. Our spread is the yield on average of interest earning assets less cost of funds.

### Results of Operations

The table below sets forth a summary of our financial results containing significant items of our income and expenditure for Fiscal 2014, 2015 and 2016.

*(₹ in millions, except percentages)*

Particulars	Fiscal 2014		Fiscal 2015		Fiscal 2016	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Income						
Interest Earned	13,516.16	83.82	19,530.87	82.88	27,443.07	84.84
Other Income	2,609.72	16.18	4,034.07	17.12	4,905.43	15.16
Total Income	16,125.88	100.00	23,564.94	100.00	32,348.50	100.00
Expenditure						
Interest Expended	10,099.90	62.63	13,967.22	59.27	19,251.00	59.51
Operating Expenses	4,239.03	26.29	5,996.51	25.45	7,673.37	23.72
Total Expenditure	14,338.93	88.92	19,963.73	84.72	26,924.37	83.23
Provisions and Contingencies (other than provision for tax)	461.79	2.86	601.80	2.55	1,144.07	3.54
Provision for Tax	398.46	2.47	927.66	3.94	1,355.21	4.19
Net Profit/(Loss)	926.70	5.75	2,071.75	8.79	2,924.85	9.04

### Results for Fiscal 2016 compared with Fiscal 2015

#### Income

Our total income increased by 37.27% from ₹ 23,564.94 million in Fiscal 2015 to ₹ 32,348.50 million in Fiscal 2016. This was mainly due to an increase in interest from advances from ₹ 14,135.70 million in Fiscal 2015 to ₹ 19,528.03 million in Fiscal 2016, an increase in interest income on investments from ₹ 5,179.08 million in Fiscal 2015 to ₹ 7,453.79 million in Fiscal 2016 and an increase in other income (which includes fee income) from ₹ 4,034.07 million in Fiscal 2015 to ₹ 4,905.43 million in Fiscal 2016. The most significant item of our income in Fiscal 2016 and Fiscal 2015 was interest earned from advances.

Average advances of the Bank increased by 46.36% from ₹ 118,016.27 million in Fiscal 2015 to ₹ 172,730.33 million in Fiscal 2016. Average investments increased by 52.66% from ₹ 64,251.98 million in Fiscal 2015 to ₹ 98,083.89 million in Fiscal 2016.

**Net Interest Income:**

The following table sets forth the main components of the Bank's net interest income for the periods indicated.

<i>(₹ in millions, except percentages)</i>			
<b>Particulars</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>	<b>% Change</b>
Interest/discount on advances/bills	14,135.70	19,528.03	38.15
Income on investments	5,179.08	7,453.79	43.92
Interest on balance with RBI and other interbank funds	99.55	398.37	300.15
Others	116.54	62.88	(46.04)
<b>Interest income</b>	<b>19,530.87</b>	<b>27,443.07</b>	<b>40.51</b>
Interest on deposits	10,865.72	15,070.89	38.70
Interest on RBI/inter-bank borrowings	647.67	1,228.41	89.67
Others	2,453.83	2,951.70	20.29
Interest expense	13,967.22	19,251.00	37.83
<b>Net interest income</b>	<b>5,563.65</b>	<b>8,192.07</b>	<b>47.24</b>

Average assets (monthly average of total interest and non-interest bearing assets) of the Bank increased by 46.58% from ₹ 202,841.32 million in Fiscal 2015 to ₹ 297,331.26 million in Fiscal 2016. Average interest earning assets increased by 49.96% from ₹ 184,705.30 million in Fiscal 2015 to ₹ 276,981.64 million in Fiscal 2016.

Net interest income increased by 47.24% from ₹ 5,563.65 million in Fiscal 2015 to ₹ 8,192.07 million in Fiscal 2016. The net interest margin decreased from 3.01% in Fiscal 2015 to 2.96% in Fiscal 2016.

*Interest Income:*

Our interest income increased by 40.51% from ₹ 19,530.87 million in Fiscal 2015 to ₹ 27,443.07 million in Fiscal 2016.

Our interest income from advances increased by 38.15% from ₹ 14,135.70 million in Fiscal 2015 to ₹ 19,528.03 million in Fiscal 2016. This was mainly due to an increase of 46.36% in average advances from ₹ 118,016.27 million in Fiscal 2015 to ₹ 172,730.33 million in Fiscal 2016. Our yield on advances decreased from 11.98% in Fiscal 2015 to 11.31% in Fiscal 2016. This was primarily due to reduction in yield on advances in the C&IB and CB business segments, largely reflecting the reduction in the interest rate environment.

Our income on investments increased by 43.92% from ₹ 5,179.08 million in Fiscal 2015 to ₹ 7,453.79 million in Fiscal 2016. This was primarily due to an increase in average investments by 52.66% from ₹ 64,251.98 million in Fiscal 2015 to ₹ 98,083.89 million in Fiscal 2016. Our yield on investments decreased marginally from 8.06% in Fiscal 2015 to 7.60% in Fiscal 2016, reflecting the reduction in the interest rate environment.

Our interest on balances with RBI and other inter-bank funds increased by 300.15% from ₹ 99.55 million in Fiscal 2015 to ₹ 398.37 million in Fiscal 2016. This increase was primarily due to increase in money market lending and inter-bank deposits in Fiscal 2016.

Other interest income decreased by 46.04% from ₹ 116.54 million in Fiscal 2015 to ₹ 62.88 million in Fiscal 2016.

*Interest Expense:*

Our interest expense increased by 37.83% from ₹ 13,967.22 million in Fiscal 2015 to ₹ 19,251.00 million in Fiscal 2016. The increase in interest expense was primarily due to an increase of 53.91% in average interest bearing liabilities from ₹ 156,428.24 million in Fiscal 2015 to ₹ 240,752.78 million in Fiscal 2016 while average cost of funds decreased from 8.93% in Fiscal 2015 to 8.00% in Fiscal 2016.

Our interest on deposits increased by 38.70% from ₹ 10,865.72 million in Fiscal 2015 to ₹ 15,070.89 million in Fiscal 2016. This was primarily due to an increase in average deposits (excluding current account) from ₹ 118,487.47 million to ₹ 179,013.92 million. The cost of interest bearing deposits decreased from 9.17% in Fiscal 2015 to 8.42% in Fiscal 2016.

Interest on the RBI and inter-bank borrowings increased by 89.67% from ₹ 647.67 million in Fiscal 2015 to ₹ 1,228.41 million in Fiscal 2016. Further, other interest expenditure increased by 20.29% from ₹ 2,453.83 million in Fiscal 2015 to ₹ 2,951.70 million in Fiscal 2016. This was primarily due to increase in total average borrowings by 62.72% from ₹ 37,940.77 million to ₹ 61,738.86 million.

For the reasons described above, our net interest income increased by 47.24% from ₹ 5,563.65 million in Fiscal 2015 to ₹ 8192.07 million in Fiscal 2016.

*Other Income:*

Our other income increased by 21.60% from ₹ 4,034.07 million in Fiscal 2015 to ₹ 4,905.43 million in Fiscal 2016.

The following table sets forth the components of our non-interest income for the periods indicated:

<i>(₹ in millions, except percentages)</i>			
<b>Particulars</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>	<b>% Change</b>
Commission, exchange and brokerage	2,607.14	3,440.26	31.96
Profit/(Loss) on sale of investments (net)	577.26	598.60	3.70
Profit (Loss) on sale of land, buildings and other assets (net)	49.64	8.15	(83.58)
Profit/(Loss) on exchange transactions (net)	689.88	797.67	15.62
Miscellaneous income	110.15	60.75	(44.85)
<b>Total Other income</b>	<b>4,034.07</b>	<b>4,905.43</b>	<b>21.60</b>

Our commission, exchange and brokerage income in Fiscal 2016 increased by 31.96% from ₹ 2,607.14 million in Fiscal 2015 to ₹ 3,440.26 million in Fiscal 2016. This was primarily due to increase in income from loan processing fees, on letters of credit, guarantees, bills and fees on remittances.

Our profit on sales of investments in Fiscal 2016 increased by 3.70% from ₹ 577.26 million in Fiscal 2015 to ₹ 598.60 million in Fiscal 2016. This was primarily due to better performance of the securities trading desk compared to previous year on a higher scale of business.

Our profit on exchange transactions in Fiscal 2016 increased by 15.62% from ₹ 689.88 million in Fiscal 2015 to ₹ 797.67 million in Fiscal 2016. This was primarily due to an increase in forex turnover mainly driven by growth in forex sales.

Other miscellaneous income decreased by 44.85% from ₹ 110.15 million in Fiscal 2015 to ₹ 60.75 million in Fiscal 2016. This was due to decrease in recoveries from written-off accounts.

*Operating expenses:*

The following table sets forth the main components of the operating expenses for the periods indicated:

<i>(₹ in millions, except percentages)</i>			
<b>Particulars</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>	<b>% Change</b>

Payments to and provisions for employees	3,008.70	3,699.21	22.95
Rent, taxes and lighting	723.58	828.77	14.54
Printing and stationery	45.09	58.55	29.85
Advertisement and publicity	29.00	69.79	140.66
Depreciation on banks property	332.08	483.57	45.62
Directors' fees, allowances and expenses	2.97	5.57	87.54
Auditors' fees and expenses (including branch auditors' fees and expenses)	6.62	7.67	15.86
Law charges	14.54	48.99	236.93
Postage, telegrams, telephones, etc.	92.53	95.39	3.09
Repairs and maintenance	68.25	65.04	(4.70)
Insurance	154.69	209.12	35.19
Other operating expenditure	1,518.46	2,101.70	38.41
Total Operating Expenses	5,996.51	7,673.37	27.96

Our operating expenses increased by 27.96% from ₹ 5,996.51 million in Fiscal 2015 to ₹ 7,673.37 million in Fiscal 2016. This was mainly due to an increase in employee costs, an increase in depreciation, advertisement and publicity, other operating expenditure (which includes expenses such as outsourcing expenses, commission expenses, professional fees, travel expenses) and insurance costs.

There was a 22.95% increase in expenses related to payments and provisions for employees from ₹ 3,008.70 million in Fiscal 2015 to ₹ 3,699.21 million in Fiscal 2016. This was mainly due to an increase in number of employees by 407 (11.75% growth over Fiscal 2015) and salary revisions of employees.

Rent, taxes and lighting increased by 14.54% from ₹ 723.58 million in Fiscal 2015 to ₹ 828.77 million in Fiscal 2016. Our expenses on printing and stationery increased by 29.85% from ₹ 45.09 million in Fiscal 2015 to ₹ 58.55 million in Fiscal 2016. These increases were mainly due to the full cost of branches opened in Fiscal 2015 and opening of new branches and administrative offices during Fiscal 2016.

Depreciation increased by 45.62% from ₹ 332.08 million in Fiscal 2015 to ₹ 483.57 million in Fiscal 2016. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems.

Our expenses on law charges decreased by 236.93% from ₹ 14.54 million in Fiscal 2015 to ₹ 48.99 million in Fiscal 2016. This was mainly due to higher legal costs on credit and recovery matters.

Postage, telegrams, telephones expenses increased by 3.09% from ₹ 92.53 million in Fiscal 2015 to ₹ 95.39 million in Fiscal 2016.

Repairs and maintenance expenses decreased by 4.70% from ₹ 68.25 million in Fiscal 2015 to ₹ 65.04 million in Fiscal 2016.

Insurance related expenses increased by 35.19% from ₹ 154.69 million in Fiscal 2015 to ₹ 209.12 million in Fiscal 2016. This was mainly due to increase in deposit insurance in line with increase in deposits and employee insurance mainly because of increase in a number of employees.

Other operating expenditure increased by 38.41% from ₹ 1,518.46 million in Fiscal 2015 to ₹ 2,101.70 million in Fiscal 2016. This was due to the increase in commission expense, outsourcing expenses, professional fees and travel expenses as a result of the increased scale of business.

*Provisions and contingencies (other than provision for tax):*

Provisions and contingencies (other than provision for tax) increased by 90.11% from ₹ 601.80 million in Fiscal 2015 to ₹ 1,144.07 million in Fiscal 2016. This was mainly due to increase in provision for non performing advances by ₹ 800.40 million including technical write-off, standard assets provision ₹ 238.20

million and provision for non-performing investments ₹ 15.50 million. Our provision coverage ratio was maintained at 55.87%. Our gross NPA ratio increased from 0.77% as at March 31, 2015 to 0.98% as at March 31, 2016, and our net NPA ratio increased from 0.27% as at March 31, 2015 to 0.59% as at March 31, 2016.

*Provision for tax (including deferred tax):*

Provision for tax increased by 46.09% from ₹ 927.66 million in Fiscal 2015 to ₹ 1,355.21 million in Fiscal 2016. This was mainly due to higher profit before tax.

**Net profit**

As a result of the factors mentioned above, our net profits increased by 41.18% from ₹ 2,071.75 million in Fiscal 2015 to ₹ 2,924.85 million in Fiscal 2016.

**Results for Fiscal 2015 compared with Fiscal 2014**

**Income**

Our total income increased by 46.13% from ₹ 16,125.88 million in Fiscal 2014 to ₹ 23,564.94 million in Fiscal 2015. This was mainly due to an increase in interest from advances from ₹ 9,263.77 million in Fiscal 2014 to ₹ 14,135.70 million in Fiscal 2015, an increase in interest income on investments from ₹ 4,115.30 million in Fiscal 2014 to ₹ 5,179.08 million in Fiscal 2015 and an increase in other income (which includes fee income) from ₹ 2,609.72 million in Fiscal 2014 to ₹ 4,034.07 million in Fiscal 2015. The most significant item of our income in Fiscal 2015 and Fiscal 2014 was interest earned from advances.

Average advances of the Bank increased by 56.78% from ₹ 75,273.24 million in Fiscal 2014 to ₹ 118,016.27 million in Fiscal 2015. Average investments increased by 27.86% from ₹ 50,251.73 million in Fiscal 2014 to ₹ 64,251.98 million in Fiscal 2015.

*Net Interest Income:*

The following table sets forth the main components of the Bank's net interest income for the periods indicated.

*(₹ in millions, except percentages)*

<b>Particulars</b>	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>% Change</b>
Interest/discount on advances/bills	9,263.77	14,135.70	52.59
Income on investments	4,115.30	5,179.08	25.85
Interest on balance with RBI and other interbank funds	50.13	99.55	98.61
Others	86.96	116.54	34.01
<b>Interest income</b>	<b>13,516.16</b>	<b>19,530.87</b>	<b>44.50</b>
Interest on deposits	7,713.82	10,865.72	40.86
Interest on RBI/inter-bank borrowings	610.98	647.67	6.01
Others	1,775.10	2,453.83	38.24
Interest expense	10,099.90	13,967.22	38.29
<b>Net interest income</b>	<b>3,416.26</b>	<b>5,563.65</b>	<b>62.86</b>

Average assets (monthly average of total interest and non-interest bearing assets) of the Bank increased by 43.96% from ₹ 140,904.38 million in Fiscal 2014 to ₹ 202,841.32 million in Fiscal 2015. Average interest earning assets increased by 44.92% from ₹ 127,457.18 million in Fiscal 2014 to ₹ 184,705.30 million in Fiscal 2015.

Net interest income increased by 62.86% from ₹ 3,416.26 million in Fiscal 2014 to ₹ 5,563.65 million in Fiscal 2015. The net interest margin increased from 2.68% in Fiscal 2014 to 3.01% in Fiscal 2015.

#### *Interest Income:*

Our interest income increased by 44.50% from ₹ 13,516.16 million in Fiscal 2014 to ₹ 19,530.87 million in Fiscal 2015.

Our interest income from advances increased by 52.59% from ₹ 9,263.77 million in Fiscal 2014 to ₹ 14,135.70 million in Fiscal 2015. This was due to an increase of 56.78 % in average advances from ₹ 75,273.24 million in Fiscal 2014 to ₹ 118,016.27 million in Fiscal 2015. Our yield on advances decreased from 12.31% in Fiscal 2014 to 11.98% in Fiscal 2015. This was primarily due to reduction in yield on advances in the C&IB and CB segment.

Our income on investments increased by 25.85% from ₹ 4,115.30 million in Fiscal 2014 to ₹ 5,179.08 million in Fiscal 2015. This was primarily due to an increase in average investments by 27.86 % from ₹ 50,251.73 million in Fiscal 2014 to ₹ 64,251.98 million in Fiscal 2015. Our yield on investments decreased marginally from 8.19% in Fiscal 2014 to 8.06% in Fiscal 2015, reflecting the reduction in the interest rates in the market.

Our interest on balances with RBI and other inter-bank funds increased by 98.61% from ₹ 50.13 million in Fiscal 2014 to ₹ 99.55 million in Fiscal 2015. This increase was primarily due to increase in money market lending and inter-bank deposits during the relevant years.

Other interest income increased by 34.01% from ₹ 86.96 million in Fiscal 2014 to ₹ 116.54 million in Fiscal 2015.

#### *Interest Expense:*

Our interest expense increased by 38.29% from ₹ 10,099.90 million in Fiscal 2014 to ₹ 13,967.22 million in Fiscal 2015. The increase in interest expense was primarily due to an increase of 42.49% in average interest bearing liabilities from ₹ 109,779.05 million in Fiscal 2014 to ₹ 156,428.24 million in Fiscal 2015 while average cost of funds decreased from 9.20% in Fiscal 2014 to 8.93% in Fiscal 2015.

Our interest on deposits increased by 40.86% from ₹ 7,713.82 million in Fiscal 2014 to ₹ 10,865.72 million in Fiscal 2015. This was primarily due to an increase in average deposits (excluding current account) from ₹ 82,047.36 million to ₹ 118,487.47 million. The cost of interest bearing deposits decreased from 9.40% in Fiscal 2014 to 9.17% in Fiscal 2015.

Interest on the RBI and inter-bank borrowings increased by 6.01% from ₹ 610.98 million in Fiscal 2014 to ₹ 647.67 million in Fiscal 2015. Further, other interest expenditure increased by 38.24% from ₹ 1,775.10 million in Fiscal 2014 to ₹ 2,453.83 million in Fiscal 2015. This was primarily due to increase in total average borrowings by 36.81% from ₹ 27,731.69 million to ₹ 37,940.77 million.

For the reasons described above, our net interest income increased by 62.86% from ₹ 3,416.26 million in Fiscal 2014 to ₹ 5,563.65 million in Fiscal 2015.

#### *Other Income:*

Our other income increased by 54.58% from ₹ 2,609.72 million in Fiscal 2014 to ₹ 4,034.07 million in Fiscal 2015.

The following table sets forth the components of our non-interest income for the periods indicated:

*(₹ in millions, except percentages)*

Particulars	Fiscal 2014	Fiscal 2015	% Change
Commission, exchange and brokerage	1,858.02	2,607.14	40.32
Profit/(Loss) on sale of investments (net)	421.49	577.26	36.96

Particulars	Fiscal 2014	Fiscal 2015	% Change
Profit (Loss) on sale of land, buildings and other assets (net)	17.03	49.64	191.49
Profit/(Loss) on exchange transactions (net)	310.68	689.88	122.05
Miscellaneous income	2.50	110.15	4,313.14
Total Other income	2,609.72	4,034.07	54.58

Our commission, exchange and brokerage income in Fiscal 2015 increased by 40.32% from ₹ 1,858.02 million in Fiscal 2014 to ₹ 2,607.14 million in Fiscal 2015. This was primarily due to increase in income on letters of credit, guarantees, bills and fees on remittances.

Our profit on sales of investments in Fiscal 2015 increased by 36.96% from ₹ 421.49 million in Fiscal 2014 to ₹ 577.26 million in Fiscal 2015. This was primarily due to better performance of the securities trading desk compared to previous year on a higher scale of business.

Our profit on exchange transactions in Fiscal 2015 increased by 122.05% from ₹ 310.68 million in Fiscal 2014 to ₹ 689.88 million in Fiscal 2015. This was primarily due to an increase in forex turnover mainly driven by growth in forex sales.

Other miscellaneous income increased from ₹ 2.50 million in Fiscal 2014 to ₹ 110.15 million in Fiscal 2015. This was due to increase in recoveries from written-off accounts.

#### *Operating expenses:*

The following table sets forth the main components of the operating expenses for the periods indicated:

<i>(₹ million, except percentages)</i>			
Particulars	Fiscal 2014	Fiscal 2015	% Change
Payments to and provisions for employees	1,849.28	3,008.70	62.70
Rent, taxes and lighting	442.11	723.58	63.67
Printing and stationery	30.14	45.09	49.60
Advertisement and publicity	3.78	29.00	667.20
Depreciation on banks property	209.43	332.08	58.56
Directors' fees, allowances and expenses	2.76	2.97	7.61
Auditors' fees and expenses (including branch auditors' fees and expenses)	4.84	6.62	36.78
Law charges	15.28	14.54	(4.84)
Postage, telegrams, telephones, etc.	43.98	92.53	110.39
Repairs and maintenance	29.68	68.25	129.95
Insurance	103.05	154.69	50.11
Other operating expenditure	1,504.70 <sup>(1)</sup>	1,518.46	0.91
Total Operating Expenses	4,239.03	5,996.51	41.46

(1) Includes a one-off pre-tax charge of ₹ 619.40 million relating to acquisition of certain businesses from Royal Bank of Scotland in India.

Our operating expenses increased by 41.46% (65.67% excluding the one-off charge mentioned above) from ₹ 4,239.03 million in Fiscal 2014 to ₹ 5,996.51 million in Fiscal 2015. This was mainly due to an increase in employee costs, opening of new branches in Fiscal 2015, full year costs of branches opened in the last quarter of Fiscal 2014, an increase in depreciation, technology and communication, and insurance costs.

There was a 62.70% increase in expenses related to payments and provisions for employees from ₹ 1,849.28 million in Fiscal 2014 to ₹ 3,008.70 million in Fiscal 2015. This was mainly due to an increase in number of employees by 667 (23.84% growth over Fiscal 2014) and salary revisions of employees including provision for impending bi-partite settlement with regard to unionized workforce.



Rent, taxes and lighting increased by 63.67% from ₹ 442.11 million in Fiscal 2014 to ₹ 723.58 million in Fiscal 2015. Our expenses on printing and stationery increased by 49.60% from ₹ 30.14 million in Fiscal 2014 to ₹ 45.09 million in Fiscal 2015. These increases were mainly due to the opening of new branches, administrative offices and ATMs during Fiscal 2015 and the full year cost of branches opened in the last quarter of Fiscal 2014.

Depreciation increased by 58.56% from ₹ 209.43 million in Fiscal 2014 to ₹ 332.08 million in Fiscal 2015. This was mainly due to capitalization of fixed assets in several new premises as well as information technology systems.

Our expenses on law charges decreased by 4.84% from ₹ 15.28 million in Fiscal 2014 to ₹ 14.54 million in Fiscal 2015. This was mainly due to lower legal costs on credit and recovery matters.

Postage, telegrams, telephones expenses increased by 110.39% from ₹ 43.98 million in Fiscal 2014 to ₹ 92.53 million in Fiscal 2015.

Repairs and maintenance expenses increased by 129.95% from ₹ 29.68 million in Fiscal 2014 to ₹ 68.25 million in Fiscal 2015. This was mainly due to maintenance expenses on branches opened during the year.

Insurance related expenses increased by 50.11% from ₹ 103.05 million in Fiscal 2014 to ₹ 154.69 million in Fiscal 2015. This was mainly due to increase in deposit insurance in line with increase in deposits.

Other operating expenditure increased by 0.91% from ₹ 1,504.70 million in Fiscal 2014 to ₹ 1,518.46 million in Fiscal 2015. Excluding the one-time write-off of ₹ 619.40 million, other operating expenditure increased 71.52% from ₹ 885.30 million in Fiscal 2014 to ₹ 1,518.46 million in Fiscal 2015. This was due to the increased scale of business.

*Provisions and contingencies (other than provision for tax):*

Provisions and contingencies (other than provision for tax) increased by 30.32% from ₹ 461.79 million in Fiscal 2014 to ₹ 601.80 million in Fiscal 2015. This was mainly due to increase in provision for non-performing advances by ₹ 351.19 million, Standard Assets provision ₹ 242.42 million and provision for non-performing investments ₹ 23.25 million. Our provision coverage ratio was maintained at 68.28%. Our gross NPA ratio decreased from 0.79% as at March 31, 2014 to 0.77% as at March 31, 2015, and our net NPA ratio decreased from 0.31% as at March 31, 2014 to 0.27% as at March 31, 2015.

*Provision for tax (including deferred tax):*

Provision for tax increased by 132.81% from ₹ 398.46 million in Fiscal 2014 to ₹ 927.66 million in Fiscal 2015. This was mainly due to higher profit before tax.

*Net profit*

As a result of the factors mentioned above, our net profits increased by 123.56% from ₹ 926.70 million in Fiscal 2014 to ₹ 2,071.75 million in Fiscal 2015.

**Financial Condition**

Our net worth (excluding revaluation reserves) increased from ₹ 22,294.03 million as of March 31, 2015 to ₹ 29,882.38 million as of March 31, 2016.

*Assets*

The following table sets forth the principal components of the assets as of March 31, 2014, 2015 and 2016:

*(₹ in millions, except percentages)*

Particulars	As of March 31, 2014	% Change	As of March 31, 2015	% Change	As of March 31, 2016
Cash and balances with RBI	9,807.34	48.43	14,556.78	(7.96)	13,397.46
Balance with banks and money at call and short notice	2,115.16	237.87	7,146.55	55.34	11,101.75
Investments	64,769.95	51.19	97,922.96	47.42	144,360.34
Advances	98,350.47	46.92	144,498.26	46.92	212,290.83
Fixed assets	1,332.93	22.60	1,634.14	7.89	1,763.02
Other assets	5,594.92	(5.67)	5,277.79	64.61	8,687.51
<b>Total Assets</b>	<b>181,970.77</b>	<b>48.95</b>	<b>271,036.48</b>	<b>44.48</b>	<b>391,600.91</b>

The following table sets forth, as of the dates indicated, a breakdown of our investment portfolio (at Net after reducing provision for credit loss and depreciation on investments).

*(₹ in millions)*

Particulars	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Government Securities	40,017.99	75,799.40	102,819.96
Shares	1.04	1.04	171.25
Debentures and Bonds	12,175.66	10,521.77	16,914.54
Others	12,575.26	11,600.75	24,454.60
<b>TOTAL</b>	<b>64,769.95</b>	<b>97,922.96</b>	<b>144,360.35</b>

Total assets increased by 44.48% from ₹ 271,036.49 million as of March 31, 2015 to ₹ 391,600.91 million as of March 31, 2016. This was primarily due to an increase in advances, cash and bank balance with RBI, balances with banks and money at call and short notice, and fixed assets and offset by marginal decrease in other assets. Our advances increased by 46.92% from ₹ 144,498.26 million as of March 31, 2015 to ₹ 212,290.83 million as of March 31, 2016. Our investments increased by 47.42% from ₹ 97,922.96 million as of March 31, 2015 to ₹ 144,360.34 million as of March 31, 2016. Our fixed assets increased by 7.89% from ₹ 1,634.14 million as of March 31, 2015 to ₹ 1,763.02 million as of March 31, 2016. This was mainly due to the increased scale of business. Other assets increased by 64.61% from ₹ 5,277.79 million as of March 31, 2015 to ₹ 8,687.51 million as of March 31, 2016. Our cash and balances with RBI marginally decreased by 7.96% from ₹ 14,556.78 million as of March 31, 2015 to ₹ 13,397.46 million as of March 31, 2016. Our balances with other banks and money at call and short notice increased by 55.34% from ₹ 7,146.55 million as of March 31, 2015 to ₹ 11,101.75 million as of March 31, 2016. This was primarily due to higher placements with banks as of March 31, 2015.

Total assets increased by 48.95% from ₹ 181,970.77 million as of March 31, 2014 to ₹ 271,036.48 million as of March 31, 2015. This was primarily due to an increase in advances, cash and bank balance with RBI, balances with banks and money at call and short notice, and fixed assets and offset by marginal decrease in other assets. Our advances increased by 46.92% from ₹ 98,350.47 million as of March 31, 2014 to ₹ 144,498.26 million as of March 31, 2015. Our investments increased by 51.19% from ₹ 64,769.95 million as of March 31, 2014 to ₹ 97,922.96 million as of March 31, 2015. Our fixed assets increased by 22.60% from ₹ 1,332.93 million as of March 31, 2014 to ₹ 1,634.14 million as of March 31, 2015. This was mainly due to the addition of new branches and administrative offices as well as IT systems. Other assets marginally decreased by 5.67% from ₹ 5,594.92 million as of March 31, 2014 to ₹ 5,277.79 million as of March 31, 2015. Our cash and balances with RBI increased by 48.43% from ₹ 9,807.34 million as of March 31, 2014 to ₹ 14,556.78 million as of March 31, 2015. This was primarily due to an increase in balances with RBI for CRR maintenance. Our balances with other banks and money at call and short notice increased by 237.87% from ₹ 2,115.16 million as of March 31, 2014 to ₹ 7,146.55 million as of March 31, 2015. This was primarily due to higher placements with banks as of March 31, 2015.

### Capital and Liabilities

The following table sets forth the principal components of capital and liability as of March 31, 2014, 2015 and 2016:

*(₹ in millions, except percentages)*

Particulars	As of March 31, 2014	% Change	As of March 31, 2015	% Change	As of March 31, 2016
Share capital (A)	2,720.40	7.87	2,934.50	10.66	3,247.28
Reserves and surplus (B)(1)	16,121.62	20.08	19,359.53	37.58	26,635.10
Share Application Money (C)	1,295.02	0.00	0.00	0.00	0.00
Shareholders' funds (A+B+C)	20,137.04	10.71	22,294.03	34.04	29,882.38
Deposits	115,986.02	47.43	170,992.51	42.40	243,486.51
Borrowings	38,955.44	78.73	69,626.97	51.32	105,362.24
Other liabilities and provisions	6,892.27	17.86	8,122.97	58.44	12,869.78
Total liabilities and shareholders' funds	181,970.77	48.95	271,036.48	44.48	391,600.91

(1) Reserves and Surplus excludes revaluation reserves

Total shareholders' funds increased by 34.04% from ₹ 22,294.03 million as of March 31, 2015 to ₹ 29,882.38 million as of March 31, 2016. This was mainly due to new capital infusion of ₹ 4,875 million and profit accruals in Fiscal 2016.

Deposits increased by 42.40% from ₹ 170,992.51 million as of March 31, 2015 to ₹ 243,486.51 million as of March 31, 2016. This was mainly due to a general increase in our business volumes.

Borrowings increased by 51.32% from ₹ 69,626.97 million as of March 31, 2015 to ₹ 105,362.24 million as of March 31, 2016. This was mainly due to an increase of 42.16% in the refinances from refinance institutions from ₹ 20,233.94 million as of March 31, 2015 to ₹ 28,764.94 million as of March 31, 2016, an increase of 91.33% in inter-bank borrowings from ₹ 12,142.62 million as of March 31, 2015 to ₹ 23,232.00 million as of March 31, 2016 and an increase of 32.52% in money market borrowings (primarily CBLOs) from ₹ 37,250.41 million as of March 31, 2015 to ₹ 49,365.30 million as of March 31, 2016 and new issuance of Basel III compliant debt capital instruments of ₹ 4,000.00 million during the Fiscal 2016.

Total shareholders' funds increased by 10.71% from ₹ 20,137.04 million as of March 31, 2014 to ₹ 22,294.03 million as of March 31, 2015. This was mainly due to profit accruals in Fiscal 2015.

Deposits increased by 47.43% from ₹ 115,986.02 million as of March 31, 2014 to ₹ 170,992.51 million as of March 31, 2015.

Borrowings increased by 78.73% from ₹ 38,955.44 million as of March 31, 2014 to ₹ 69,626.97 million as of March 31, 2015.

### Liquidity and Capital Resources

#### Cash Flows

*(₹ in millions)*

S. NO. (1)	PARTICULARS	For the Financial Year Ending March 31,		
		2014	2015	2016
I	Cash Flow from Operating Activities			
	Net Profit for the Year (before taxes)	1,325.16	2,999.41	4,280.06
	Adjustments for:-			

S. NO. (1)	PARTICULARS	For the Financial Year Ending March 31,		
		2014	2015	2016
	Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(17.03)	(49.64)	(8.15)
	Add : Non-Cash Expenditure			
	Depreciation	209.43	332.08	483.57
	Provision / write-off of non performing advances	301.04	351.19	800.36
	Provision for standard advances	149.01	242.42	238.38
	Provision for investments	19.64	2.54	131.55
	Other provisions	(7.90)	5.65	(26.22)
	Cash Flow before Changes in Working Capital	<b>1,979.35</b>	<b>3,883.65</b>	<b>5,899.55</b>
	Adjustments for working capital changes:-			
	Deposits	32,580.83	55,006.50	72,494.01
	Other Liabilities	3,851.06	927.43	4,534.66
	Deposits placed having original maturity greater than 3 months	(4.92)	(2,212.85)	(6,843.42)
	Investments	(9,629.12)	(33,412.89)	(46,568.94)
	Advances	(34,886.72)	(46,443.77)	(68,592.93)
	Other Assets	(2,712.34)	636.79	(3,254.95)
	Direct Taxes paid	(398.46)	(990.00)	(1,510.00)
	Cash generated from Operating Activities	<b>(9,220.32)</b>	<b>(22,605.14)</b>	<b>(43,842.02)</b>
II	Cash Flow from Investing Activities			
	Addition to Fixed Assets	(486.87)	(802.67)	(538.95)
	Addition to Capital Work in Progress	(129.58)	130.08	(89.66)
	Sale of Fixed Assets	22.86	88.94	24.32
	Cash generated from Investing Activities	<b>(593.59)</b>	<b>(583.65)</b>	<b>(604.29)</b>
III	Cash Flow from Financing Activities			
	Proceeds of share issue	3,445.04	523.67	5,250.35
	Reduction from Share Premium	(3.68)	0.00	0.00
	Net Proceeds / (Repayments) from Borrowings	11,581.95	30,671.54	35,735.26
	Dividend and Dividend distribution tax	(177.66)	(438.44)	(586.84)
	Cash generated from financing Activities	14,845.65	30,756.77	40,398.77
IV	Increase/Decrease during the Year	5,031.74	7,567.98	(4,047.54)
V	Opening Cash and Cash Equivalents	6,758.94	11,790.68	19,358.66
VI	Closing Cash and Cash Equivalents	11,790.68	19,358.66	15,311.12

We need cash primarily to finance lending to new and existing borrowers and to meet working capital requirements. We fund these requirements through a variety of sources, including deposits, short-term borrowings and long-term borrowings, such as refinancing from financial institutions and banks and equity issuances.

#### *Operating Activities*

In Fiscal 2014, 2015 and 2016, we had net cash used from operating activities of ₹ 9,220.32 million, ₹ 22,605.14 million and ₹ 43,842.02 million, respectively. This was primarily due to cash used in funding of investments and disbursement of loans to customers. We derive our cash inflows from operating activities principally from net proceeds from deposits and borrowings from RBI and other banks, the receipt of interest income and other income, including fee income, sale of investments, as well as profit from exchange transactions and miscellaneous income. Our cash outflow from operating activities principally comprises of the disbursement of loans to customers, the funding of investments, placements with the RBI, the payment of interest on deposits and borrowings and general operating expenses.

#### *Investing Activities*

We used net cash from investing activities of ₹ 593.59 million, ₹ 583.65 million and ₹ 604.29 million in Fiscal 2014, 2015 and 2016, respectively. We increased the amount of fixed asset purchases in the Fiscal 2014, 2015 and 2016 in the ordinary course of our business in connection with set up of our Corporate Office at Mumbai, National Operating Centre at Mumbai, various zonal offices and branches.

## *Financing Activities*

We had net cash generated from financing activities of ₹ 14,845.65 million in Fiscal 2014, ₹ 30,756.77 million in Fiscal 2015 and ₹ 40,398.77 million in Fiscal 2016. The main use of cash for financing activities during the three Fiscals was for payment of dividends to shareholders. In Fiscal 2014, Fiscal 2015 and Fiscal 2016, our financing activities included raising share capital at a premium mainly through preferential issues, borrowings and refinancing from banks and other institutions and allotment to employees on exercise of employee stock options.

## **Liquidity**

We regularly monitor our funding levels to ensure we are able to satisfy the requirements of our loan disbursements and those that would arise upon maturity of our liabilities. Further, since we are regulated by RBI, we need to comply with various liquidity guidelines and ratios as prescribed by RBI from time to time. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by deposits and borrowings from banks and financial institutions, deposits from customers and retained earnings. Surplus funds, if any, are invested in accordance with our Investment Policy.

In addition, we monitor and manage our asset-liability gap with respect to our maturing assets and liabilities. As of March 31, 2016, our liabilities in the nature of deposits, borrowing and foreign currency liabilities maturing within 28 days exceeded our assets in the nature of advances, investments (based on contractual residual maturity\*) and foreign currency assets maturing within the same period by ₹ 8,519.80 million. Our liabilities maturing between 29 days to one year exceeded our assets maturing in the same period by ₹ 11,048.50 million. Our assets maturing between one and three years exceeded our liabilities maturing during the same period by ₹ 2,352.50 million. Our assets maturing between three and five years exceeded our liabilities maturing during the same period by ₹ 11,120.30 million. Our assets maturing over five years exceeded our liabilities maturing within the same period by ₹ 14,967.20 million

*\* For the purpose of liquidity management, investments in dated securities are generally bucketed as per respective maturity, except for the minimum required SLR investments which are bucketed as per the Demand and Time Liabilities profile in various time buckets and excess SLR investments are bucketed on the next day. Bucketing of other investments also follows the RBI guidelines in this regard.*

For further information, please see the section titled “*Selected Statistical Information*” on page 419.

## **Qualitative Disclosure about Risk and Risk Management**

### *Interest Rate Risk*

Since we have a substantial portion of floating rate Rupee assets and fixed-rate liabilities, movements in domestic interest rates constitute the main source of interest rate risk. Similarly, concentration of deposits and low average maturity of deposits pose interest rate and liquidity risks. We assess and manage the interest rate risk on our balance sheet through the process of asset-liability management. An asset liability management policy, which has been approved and adopted by our Asset Liability Management Committee, sets forth the broad guidelines for asset liability management activities. The asset liability management function categorizes all rate sensitive assets and liabilities into various time period categories according to interest rate sensitivity. We follow RBI guidelines for managing our asset and liability position. Our cost of borrowings has been and will be negatively impacted by an increase in interest rates. Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity profile of our assets and liabilities. An interest rate sensitivity report is prepared by classifying all assets and liabilities into various categories according to interest rate sensitivity for reporting on a monthly basis to the Asset Liability Management Committee, our Board of Directors and the RBI. The difference between the amounts of assets and liabilities maturing in any maturity category provides a measure of the extent to which we are exposed to the risk of potential changes in the margins on assets and liabilities. RBI has also prescribed other approaches and

ratios to monitor interest rate risk like Market Value of Equity 'MVE', Stress Tests, Duration Gap approach, Interest Rate Risk on banking book, etc., with which we comply.

Our Asset Liability Management Committee meets at least once every month and reviews the interest rate and liquidity gap positions on the book, formulates a view on interest rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, in light of the then-current and expected business environment.

#### *Liquidity Risk*

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying deposits and borrowings. This could be due to our inability to raise adequate resources at an appropriate price. This risk is minimized through a mix of strategies, including increasing current account and savings deposits and following a forward-looking borrowing program based on projected loans and maturing obligations.

We monitor liquidity risk through our asset liability management function aided by liquidity gap reports. This involves the categorization of all assets and liabilities in different maturity profiles, and evaluating them for any mismatches in any particular maturities, especially in the short term. The asset liability management policy is based on RBI guidelines and our Asset Liability Management Committee's guidelines and establishes the maximum allowed mismatches in the various maturities. We also comply with various other guidelines on liquidity risk issued by RBI from time to time.

#### *Exchange Rate Risk*

The majority of our assets are financed in Rupees and, therefore, we do not have any significant exchange rate risk on our asset portfolio. We have some borrowings in foreign currency, mainly in U.S. Dollars. Generally we do not directly hedge exposures individually, though we manage our foreign currency positions on a portfolio basis. As a financial intermediary, we are exposed to exchange rate risk on our merchant and proprietary transactions, which we manage through methods such as maintaining limits on uncovered positions specified by our board of directors. Some of these transactions also result in credit exposure on counterparties, which is managed through our credit risk management processes. Notwithstanding the above, changes in exchange rates, including between the Rupee and the U.S. Dollar or any other foreign currency, can affect the general economy, which could have an adverse impact on our business.

#### *Credit Ratings*

Rating agency ICRA Limited has rated the Bank's certificates of deposits program, short term fixed deposit program at A1+, which stands for the lowest short term credit risk, the Bank's Basel III compliant Tier II bond programme at A+(hyb) with a stable outlook, which stands for the adequate degree of safety regarding timely servicing of financial obligations and low credit risk, and the Bank's fixed (term) deposits at MAA- with a stable outlook, which stands for low credit risk in the medium term. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due.

#### **Off Balance Sheet Arrangements and Financial Instruments**

Please see Annexure IV of our restated Financial Statements for details of off balance sheet arrangements and financial instruments.

#### **Related Party Transactions**

The Bank has only one key management personnel, the Managing Director and Chief Executive Officer of the Bank, for the purposes of disclosure of related party transactions in accordance with Accounting Standard 18 as issued by the Institute of Chartered Accountants of India as appropriately modified by the RBI guidelines in this

regard. Therefore, the Bank is exempted from making disclosure about any transactions with such related party pursuant to the RBI guidelines in this regard.

### Capital Adequacy

We are subject to the capital adequacy requirements of the RBI. As per capital adequacy guidelines under Basel III framework, by March 31, 2019, we are required to maintain a minimum capital adequacy ratio of 11.50% (including 2.50% of Capital Conservation Buffer (CB)), with minimum Common Equity Tier I (CET I) CAR of 5.50% (8.00% including CB). These guidelines on Basel III framework are to be implemented in a phased manner. The minimum CAR required to be maintained by the Bank in Fiscal 2016 was 9.625% with minimum CET I of 6.125%.

Our capital adequacy ratios are as follows:

	<i>(₹ in millions, except percentages)</i>		
	As of March 31,		
	2014	2015	2016
(Basel III)			
Common Equity Tier I (CET I)	19,979.90	22,047.49	29,714.99
Tier I capital	19,979.90	22,047.49	29,714.99
Tier II capital	429.10	681.63	4,915.43
Total capital (TC = Tier 1 + Tier 2)	20,409.00	22,729.12	34,630.42
Total RWA	139,430.28	173,113.63	267,607.27
Capital to risk assets ratios ("CRAR")			
Capital adequacy ratio ("CAR")(%)	14.64%	13.13%	12.94%
CAR – Tier I capital (%)	14.33%	12.74%	11.10%
CAR – Tier II capital (%)	0.31%	0.39%	1.84%

Basel III capital regulations have been implemented by the RBI from April 1, 2013 in India in phases, with the full implementation by March 31, 2019. See "Industry Overview – Recent Developments – Implementation of the Basel III Capital Regulations" for details on the required minimum capital ratios for scheduled commercial banks as stipulated by the Basel III Capital Regulations. The data for Fiscal 2014, 2015 and 2016 in the above table is in accordance with Base III framework.

As of March 31, 2016 our capital adequacy ratio was 12.94% as per Basel III comprising of Common Equity Tier I capital of ₹ 29,714.99 million (CRAR – CET I capital of 11.10%) and Tier II capital of ₹ 4,915.43 million (CRAR – Tier II capital of 1.84%). As of March 31, 2015 our capital adequacy ratio was 13.13% as per Basel III comprising of Common Equity Tier I capital of ₹ 22,047.49 million (CRAR – CET I capital of 12.74%) and Tier II capital of ₹ 681.63 million (CRAR – Tier II capital of 0.39%). As of March 31, 2014 our capital adequacy ratio was 14.64% as per Basel II comprising of Tier I capital of ₹ 19,979.90 million (CRAR – Tier I capital of 14.33%) and Tier II capital of ₹ 429.10 million (CRAR – Tier II capital of 0.31%).

### Material Developments

In the opinion of our board of directors, other than as described in this Prospectus, there has not arisen, since the date of the last restated Financial Statements included in this Prospectus, any circumstances that materially and adversely affect the profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

Except as stated elsewhere in this Prospectus, there are no subsequent developments after March 31, 2016, that we believe are expected to have material impact on our reserves, profits, earnings per share or book value.

### Qualifications, Reservations and Adverse Remarks

The Bank's statutory auditors have highlighted a matter of emphasis in relation to the audited financial statements of our Bank as at and for the fiscal year ended March 31, 2013. Please see the section titled "Risk

*Factors – Our auditors have highlighted a matter of emphasis in relation to the audited financial statements of our Bank as at and for the fiscal year ended March 31, 2013” on page 20.*

### **Recent Developments**

Since the end of Fiscal 2016, our business (both deposits and advances) have continued to grow at modest levels, in line with customary industry trends for the first quarter of any fiscal year. We continue to maintain our asset quality although we have seen a modest increase in gross and net non-performing assets levels. Our investment book has been reduced since the end of Fiscal 2016 as we pared down our SLR and non-SLR investments portfolio.

Our quarterly Total Income and Net Profit continued to show reasonable growth in the quarter ended June 30, 2016 when compared with simple quarterly average for Fiscal 2016. Our cost to income ratio continues to decline during the quarter ended June 30, 2016 as compared to Fiscal 2016. Our provisions for non-performing advances has also increased during this quarter generally in line with increase in non-performing assets during the quarter as well as additional provisions on previously identified non-performing loans. Our other income as a percentage of total income continues to be stable supported by higher securities trading and foreign exchange income for the quarter ended June 30, 2016.

Since the end of Fiscal 2016, our net interest margin (net interest income divided by average interest earning assets which is defined as the average of all asset items on which interest income is earned based on month end balances) declined because of a higher cost of deposits sourced in late Fiscal 2016 as well as lower yields and a larger investment portfolio carried as part of our treasury and financial markets operations. Our net interest margin has now improved as we have addressed each of these factors.

Our return on assets percentage (which is defined as net profit as an annualised percentage of average total assets) and return on equity (which is defined as net profit as an annualised percentage of average shareholders equity) have seen modest improvement since the end of Fiscal 2016.



## SELECTED STATISTICAL INFORMATION

The following information should be read together with our restated financial statements included in this Prospectus as well as the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank*” beginning on page 390. The amounts presented in this section are based on our internally generated statistical data.

### AVERAGE BALANCE SHEET AND NET INTEREST MARGIN

*₹ in millions*

	Year ended March 31,								
	2014			2015			2016		
	Average Balance <sup>(1)</sup>	Interest Income / Expense	Average Yield / Cost (%)	Average Balance <sup>(1)</sup>	Interest Income / Expense	Average Yield / Cost (%)	Average Balance <sup>(1)</sup>	Interest Income / Expense	Average Yield / Cost (%)
Interest Earning Assets									
Advances	75,273.24	9,263.77	12.31	118,016.27	14,135.70	11.98	172,730.33	19,528.03	11.31
Investments	50,251.73	4,115.30	8.19	64,251.98	5,179.08	8.06	98,083.89	7,453.79	7.60
Others	1,932.21	137.09	7.09	2,437.05	216.09	8.87	6,167.42	461.25	7.48
Total Interest Earning Assets	127,457.18	13,516.16	10.60	184,705.30	19,530.87	10.57	276,981.64	27,443.07	9.91
Non-interest earning Assets									
Fixed Assets	1,108.47	0.00	0.00	1,586.15	0.00	0.00	1,683.82	0.00	0.00
Other Assets (OA, Cash, CA with banks and non-interest bearing investments)	12,338.73	0.00	0.00	16,549.87	0.00	0.00	18,665.80	0.00	0.00
Total Non-interest earning Assets	13,447.20	0.00	0.00	18,136.02	0.00	0.00	20,349.62	0.00	0.00
Total Assets	140,904.38	13,516.16	9.59	202,841.32	19,530.87	9.63	297,331.26	27,443.07	9.23
Interest bearing Liabilities									
Deposits (excluding CA)	82,047.36	7,713.82	9.40	118,487.47	10,865.72	9.17	179,013.92	15,070.89	8.42
Borrowings (including BRDS)	27,731.69	2,386.08	8.60	37,940.77	3,101.50	8.17	61,738.86	4,180.11	6.77
Total Interest bearing Liabilities	109,779.05	10,099.90	9.20	156,428.24	13,967.22	8.93	240,752.78	19,251.00	8.00
Non-interest bearing Liabilities									
Capital & Reserves	17,047.64	0.00	0.00	21,623.69	0.00	0.00	25,845.11	0.00	0.00
Other Liabilities (including CA)	14,077.69	0.00	0.00	24,789.39	0.00	0.00	30,733.37	0.00	0.00
Total Non-Interest bearing Liabilities	31,125.33	0.00	0.00	46,413.08	0.00	0.00	56,578.48	0.00	0.00
Total Liabilities	140,904.38	10,099.90	7.17	202,841.32	13,967.22	6.89	297,331.26	19,251.00	6.47
Interest spread <sup>(2)</sup>		3,416.26	1.40		5,563.65	1.65		8,192.07	1.91
NIM (NII / Average Interest Earning Assets) in %			2.68			3.01			2.96

(1) Average Balances are defined as the average monthly balances for the items listed in the table.

(2) “Interest spread” means difference between average yield on total interest earnings assets and average cost of total interest bearing liabilities.

## ANALYSIS OF CHANGES IN INTEREST INCOME & INTEREST EXPENSE VOLUME AND RATE ANALYSIS

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between average volume and changes in average rates. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

₹ in millions

	Year ended March 31, 2015 vs Year ended March 31, 2014			Year ended March 31, 2016 vs Year ended March 31, 2015		
	Net changes in interest	Change in average volume	Change in average rate	Net changes in interest	Change in average volume	Change in average rate
Interest Income						
Advances	4,871.93	5,261.67	(389.74)	5,392.33	6,554.74	(1,162.41)
Investments	1,063.78	1,146.62	(82.84)	2,274.71	2,726.85	(452.14)
Others	79.00	35.79	43.21	245.16	330.88	(85.72)
Total Interest Income	6,014.71	6,444.08	(429.37)	7,912.20	9,612.48	(1,700.28)
Interest Expense						
Deposits	3,151.90	3,425.37	(273.47)	4,205.17	5,550.28	(1,345.11)
Borrowings	715.42	877.98	(162.56)	1,078.61	1,944.30	(865.69)
Total Interest Expense	3,867.32	4,303.35	(436.03)	5,283.78	7,494.58	(2,210.80)
Net Interest Income	2,147.39	2,140.73	6.66	2,628.42	2,117.90	510.52

## YIELDS, SPREADS AND MARGINS

₹ in millions

Particulars	Year ended March 31,		
	2014	2015	2016
Average interest-earning assets	127,457.18	184,705.30	276,981.64
Average interest-bearing liabilities	109,779.05	156,428.24	240,752.78
Average total assets or average total liabilities	140,904.38	202,841.32	297,331.26
Average interest-earning assets as a percentage of average total assets (%)	90.46	91.06	93.16
Average interest-bearing liabilities as a percentage of average total assets (%)	77.91	77.12	80.97
Average interest-earning assets as a percentage of average total liabilities (%)	90.46	91.06	93.16
Yield on average interest earning assets (%)	10.60	10.57	9.91
Cost of funds (%)	9.20	8.93	8.00
Spread (%)	1.40	1.65	1.91
Net Interest Margin (NII / Average Interest Earning Assets)	2.68	3.01	2.96

Note: Averages are computed based on monthly balances

## RETURN ON EQUITY & ASSETS

₹ in millions

	Year ended March 31,		
	2014	2015	2016
Net profit	926.70	2,071.75	2,924.85
Average total assets	140,904.38	202,841.32	297,331.26
Average shareholders' equity #	17,047.64	21,623.69	25,845.11
Return on equity (net profit to average shareholders' equity) (%)	5.44	9.58	11.32
Return on assets (net profit to average assets) (%)	0.66	1.02	0.98
Average shareholders' equity as a percentage of average total assets (%)	12.10	10.66	8.69
Dividend payout ratio (Excluding Corporate Dividend Tax) (%)	26.53%	17.70%	16.67%

# Average shareholder's equity referred to in the above table defined as average of month end balances of share capital and reserves.

## FUNDING

Our funding operations are designed to optimize the cost of funding and effective liquidity management. The primary source of funding is deposits accepted from our customers.

## DEPOSITS

Particulars	<i>₹ in millions</i>		
	Year ended March 31,		
	2014	2015	2016
Period end balance	115,986.02	170,992.51	243,486.51
Average balance during the period	82,047.36	118,487.47	179,013.92
Interest expense during the year	7,713.82	10,865.72	15,070.89
Average interest rate during the period (%) #	9.40	9.17	8.42
Average interest rate at period end (%) §	6.65	6.35	6.19

# Average interest rate computed as a % of the average of the month end balances

§ Average interest rate computed as a % of the period end balance

The average cost (interest expense divided by average of monthly balances) of deposits was, 9.40% in Fiscal 2014, 9.17% in Fiscal 2015 and 8.42% in Fiscal 2016.

Demand deposits do not bear interest, and are therefore carried at zero cost. The following table sets forth, as at the dates indicated our outstanding deposits and the percentage composition by each category of deposits.

	<i>₹ in millions</i>					
	As of March 31,					
	2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total
Demand deposits	16,914.55	14.58	21,998.06	12.86	27,796.35	11.42
Savings deposits	6,782.36	5.85	9,575.68	5.60	17,582.12	7.22
Term deposits	92,289.11	79.57	139,418.77	81.54	198,108.04	81.36
Total	115,986.02	100.00	170,992.51	100.00	243,486.51	100.00

## BORROWINGS

	<i>₹ in millions</i>		
	Year ended March 31,		
	2014	2015	2016
Period end balance	38,955.44	69,626.97	105,362.24
Average balance during the period	27,731.69	37,940.77	61,738.86
Interest expense during the year	2,386.08	3,101.50	4,180.11
Average interest rate during the period (%) #	8.60	8.17	6.77
Average interest rate at period end (%) §	6.13	4.45	3.97

# Average interest rate computed as a % of the average of the month end balances

§ Average interest rate computed as a % of the period end balance

## Interest Coverage Ratio

PARTICULARS	<i>₹ in millions</i>		
	Year ended March 31,		
	2014	2015	2016
(i) Net Profit	926.70	2,071.75	2,924.85
(ii) Depreciation on the Bank's property	209.43	332.08	483.57
(iii) Interest expended	10,099.90	13,967.22	19,251.00

PARTICULARS	Year ended March 31,		
	2014	2015	2016
(iv) Total [(i) + (ii) + (iii)]	11,236.03	16,371.05	22,659.42
Interest coverage ratio [(iv) / (iii)]	1.11	1.17	1.18

### CLASSIFICATION OF ASSETS

**Standard Assets:** Assets that do not disclose any problems or which do not carry more than the normal risk attached to the business of the borrower.

**Sub-standard Assets:** Assets that are non-performing for a period not exceeding 12 months.

**Doubtful Assets:** Assets those are non-performing for more than 12 months.

**Loss Assets:** Assets (i) with identified losses or (ii) that are considered uncollectible.

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank.

A non-performing asset (NPA) is a loan or an advance where:

- i) Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.
- ii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;
- iii) Installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, and one crop season for long duration crops;
- iv) The account remains 'out of order' in respect of an Overdraft/ Cash Credit (OD/CC). An account is treated as 'out of order' if:
  - a. the outstanding balance remains continuously in excess of the sanctioned limit / drawing power for more than 90 days; or
  - b. where outstanding balance in principal operating account is less than sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover interest debited during the same period;
- v) The regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date / date of ad-hoc sanction;
- vi) Drawings have been permitted in working capital account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than 3 months old, even though the unit may be working or the borrower's financial position is satisfactory;
- vii) Bank Guarantees/ Letters of Credits devolved on the Bank which are not reimbursed by the customer within 90 days from the date of payment;
- viii) A loan for an infrastructure / non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset';
- ix) A loan for an infrastructure (/ non-infrastructure) project will be classified as NPA if it fails to commence commercial operations within 2 years (/ 6 months) from original date of commencement of commercial

operations, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset'.

- x) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of RBI guidelines on securitization;
- xi) In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

The following table provides a breakdown of our gross advances as at the dates indicated

**BREAK UP OF GROSS ADVANCES:**

Asset Classification	<i>₹ in millions</i>									
	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014		As of March 31, 2015		As of March 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Standard Assets	41,238.79	99.20	63,693.32	99.60	98,045.37	99.21	144,191.84	99.23	211,081.33	99.02
NPA Of which-										
Sub Standard	163.80	0.40	44.30	0.07	438.40	0.44	326.00	0.23	1,660.30	0.79
Doubtful	111.90	0.27	207.80	0.32	186.30	0.19	554.50	0.38	283.60	0.13
Loss	55.40	0.13	6.90	0.01	152.80	0.16	231.80	0.16	136.60	0.06
Total Gross NPA	<b>331.10</b>	<b>0.80</b>	<b>259.00</b>	<b>0.40</b>	<b>777.50</b>	<b>0.79</b>	<b>1,112.30</b>	<b>0.77</b>	<b>2,080.50</b>	<b>0.98</b>
Net NPA to Net Advances (%)		<b>0.20</b>		<b>0.11</b>		<b>0.31</b>		<b>0.27</b>		<b>0.59</b>

**NON PERFORMING ASSETS:**

As at March 31, 2014, 2015 and 2016 our gross non-performing assets as a percentage of gross advances were 0.79%, 0.77% and 0.98% and our net non-performing assets as a percentage of net advances was 0.31%, 0.27% and 0.59% respectively.

We define net NPAs as gross NPAs less our loan loss provision, Deposit Insurance and Credit Guarantee Corporation/Export Credit Guarantee Corporation (DICGC/ECGC) claims received and held and any partial payments received and held. The following table set forth, as at the dates indicated, information about our non-performing loan portfolio.

Once loan accounts are identified as non-performing, interest and other fees charged in the account, if uncollected, are suspended. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative provision and interest suspended in our financial statements. In accordance with the RBI guidelines, interest income from advances for NPAs is recognized upon realization, rather than on an accrual basis as with all other assets. Recovery in respect of non-performing advances is allocated first toward Principal and thereafter against Interest.

For recovery of NPA the Bank has own recovery policies prevalent at different times and reviewed by the Board every year which are most balanced and pragmatic as framed in accordance with the RBI guidelines.

Particulars	<i>₹ in millions</i>				
	Year ended March 31,				
	2012	2013	2014	2015	2016
Opening balance of gross NPAs at the beginning of the period	215.10	331.10	259.00	777.50	1,112.30
Additions during the period	181.30	408.50	639.90	476.30	1,996.80
Less: Reductions during the period on account of recovery and write-offs	65.30	480.60	121.40	141.50	1,028.60
Gross NPAs at the close of the period	331.10	259.00	777.50	1,112.30	2,080.50
Gross NPAs	331.10	259.00	777.50	1,112.30	2,080.50

Particulars	Year ended March 31,				
	2012	2013	2014	2015	2016
Net NPAs	83.90	68.80	305.10	385.90	1,244.40
Gross NPAs/gross advances (%)	0.80	0.40	0.79	0.77	0.98
Net NPAs/net advances (%)	0.20	0.11	0.31	0.27	0.59
Provision	247.20	190.20	472.40	726.40	836.10
Gross Advance	41,569.89	63,952.32	98,822.87	145,304.14	213,161.83
Net Advance	41,322.69	63,762.12	98,350.47	144,498.26	212,290.83

### NPA – Classification wise Break-up

₹ in millions

Particulars	As of March 31,				
	2012	2013	2014	2015	2016
Sub-standard advances:					
Amount	163.80	44.30	438.40	326.00	1,660.30
As a percentage of total Gross NPAs (%)	49.47	17.10	56.39	29.31	79.80
Doubtful advances:					
Amount	111.90	207.80	186.30	554.50	283.60
As a percentage of total Gross NPAs (%)	33.80	80.24	23.96	49.85	13.63
Loss advances:					
Amount	55.40	6.90	152.80	231.80	136.60
As a percentage of total Gross NPAs (%)	16.73	2.66	19.65	20.84	6.57
Gross NPAs	331.10	259.00	777.50	1,112.30	2,080.50

\* Percentages may not add to 100% due to rounding.

### Analysis of Gross Non-Performing Advances by Industry Sector

₹ in millions

Particulars	As of March									
	2012		2013		2014		2015		2016	
	Gross NPA	Provision	Gross NPA	Provision	Gross NPA	Provision	Gross NPA	Provision	Gross NPA	Provision
Agriculture	14.46	6.32	17.74	8.44	23.62	10.73	61.50	44.90	79.40	19.30
Micro and small enterprises	106.60	94.97	50.74	33.72	31.71	18.17	65.20	26.80	168.50	41.10
Other priority sector	6.44	3.10	4.98	3.05	10.73	3.51	15.40	7.50	25.40	5.60
Export trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBFC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	203.60	142.80	185.54	144.99	711.44	439.99	970.20	647.20	1,807.20	770.10
Total	331.10	247.20	259.00	190.20	777.50	472.40	1,112.30	726.40	2,080.50	836.10

### Movement in Our Provision for Non-Performing Advances

₹ in millions

Particulars	Year ended March 31,				
	2012	2013	2014	2015	2016
	(₹ in million)				
Opening balance at the beginning of the year	146.20	247.20	190.20	472.40	726.40
Addition during the period	120.80	103.50	330.60	320.30	813.80
Less reductions during the period on account of recovery and write-offs	19.80	160.50	48.40	66.30	704.10
Provision at the close of the period	247.20	190.20	472.40	726.40	836.10

## RESTRUCTURED ASSETS

The RBI has issued guidelines for restructuring of assets. A fully secured standard asset can be restructured by rescheduling the principal or interest payments, but must be separately disclosed as a restructured asset. The amount of sacrifice if any, in the element of interest, measured in present value terms is either written off or provided for to the extent of the sacrifice involved. Similar guidelines apply to sub-standard assets. Sub-standard assets which have been restructured, whether in respect of principal or interest payments, are eligible to be upgraded to the —Standard Assets|| category only after a specified period, which is one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period. In order to create an institutional mechanism for the restructuring of corporate debt, the RBI has also created a CDR system. The objective of this framework is to provide a more timely and transparent mechanism for the restructuring of corporate debts of viable entities facing financial difficulties. This system has led to the approval of restructuring program for a large number of companies, which has resulted in an increase in the level of restructured assets in the Indian financial system.

The following table sets forth our restructured assets outstanding as of the period ended:

Particulars		As of March 31, 2014				As of March 31, 2015				As of March 31, 2016			
		CDR Mechanism	SME Debt Restructuring	Other	Total	CDR Mechanism	SME Debt Restructuring	Other	Total	CDR Mechanism	SME Debt Restructuring	Other	Total
Standard Advances Restructured	No. of borrowers	0	1	3	4	1	2	3	6	0	1	0	1
	Amount Outstanding	0.0	10.5	174.8	185.3	522.0	197.4	69.7	789.1	0.0	199.0	0.0	199.0
	Sacrifice (diminution in the fair value)	0.0	0.0	9.4	9.4	77.7	28.9	9.3	115.9	0.0	44.0	0.0	44.0
Sub standard Advances Restructured	No. of borrowers	0	0	0	0	-	-	1	1	1	0	3	4
	Amount Outstanding	0.0	0.0	0.0	0.0	-	-	171.4	171.4	406.0	0.0	147.3	553.3
	Sacrifice (diminution in the fair value)	0.0	0.0	0.0	0.0	-	-	36.6	36.6	201.4	0.0	62.9	264.3
Doubtful Advances Restructured	No. of borrowers	0	0	0	0	-	-	-	-	0	0	1	1
	Amount Outstanding	0.0	0.0	0.0	0.0	-	-	-	-	0	0	171.5	171.5
	Sacrifice (diminution in the fair value)	0.0	0.0	0.0	0.0	-	-	-	-	0	0	109.2	109.2
Total	No. of borrowers	0	1	3	4	1	2	4	7	1	1	4	6
	Amount Outstanding	0.0	10.5	174.8	185.3	522	197.4	241.1	960.5	406.0	199.0	318.8	923.8
	Sacrifice (diminution in the fair value)	0.0	0.0	9.4	9.4	77.7	28.9	45.9	152.5	201.4	44.0	172.1	417.5

## LOAN PORTFOLIO

As at March 31, 2016, our total outstanding loan portfolio (Net Advances) was ₹ 212,290.83 million. The following table sets forth, as of the dates indicated, our loan portfolio classified by product group.

₹ in millions

Particulars	As of March 31,				
	2012	2013	2014	2015	2016
Cash credits, overdrafts and loans repayable on demand	8,270.54	11,950.04	25,855.76	36,634.77	54,601.14
Term loans	29,485.65	49,469.85	70,873.55	104,557.95	151,223.88
Bills purchased and discounted	3,566.50	2,342.23	1,621.16	3,305.54	6,465.81
Total Net Advances	41,322.69	63,762.12	98,350.47	144,498.26	212,290.83

## Interest Rate Sensitivity of Advances

### Maturity and Interest Rate Sensitivity of Advances as of March 31, 2016

₹ in millions

Interest rate classification of advances by maturity	Due in one year or less	Due in one year to five years	Due after five years	Total
Variable rates	75,632.04	51,581.04	30,124.71	157,337.78
Fixed rates	17,614.50	32,490.21	3,638.87	53,743.57
Total of Standard Advances	93,246.53	84,071.25	33,763.57	211,081.36
NPA				2,080.48
Total Gross Advances	93,246.53	84,071.25	33,763.57	213,161.83

### Maturity and Interest Rate Sensitivity of Advances as of March 31, 2015

₹ in millions

Interest rate classification of advances by maturity	Due in one year or less	Due in one year to five years	Due after five years	Total
Variable rates	56,959.60	38,985.30	18,308.70	114,253.60
Fixed rates	13,438.54	15,214.80	1,284.90	29,938.24
Total of Standard Advances	70,398.14	54,200.10	19,593.60	144,191.84
NPA				1,112.30
Total Gross Advances	70,398.14	54,200.10	19,593.60	145,304.14

### Business wise Break-up of Net Advances

₹ in millions

Particulars	As of March 31,		
	2014	2015	2016
CIB	35,802.75	52,316.28	81,859.63
CB	26,834.64	34,420.43	45,132.46
BBB	16,328.73	23,615.37	36,408.17
AB	6,247.18	13,352.26	17,556.74
DB&FI	13,137.17	20,793.92	31,333.83
Total Net Advances	98,350.47	144,498.26	212,290.83

### Priority Sector Advances Break-up

₹ in millions

Particulars	As of March 31,									
	2012		2013		2014		2015		2016	
	Advances	% of total	Advances	% of total	Advances	% of total	Advances	% of total	Advances	% of total
Agriculture advances	4,308.70	50.43	7,061.20	53.47	12,333.70	48.12	17,917.40	40.30	25,376.24	36.98
Small-scale industry (MSME)	2,640.30	30.90	1,904.00	14.42	6,243.50	24.36	15,600.10	35.08	27,194.14	39.63
Others	1,595.30	18.67	4,240.70	32.11	7,053.20	27.52	10,947.80	24.62	16,051.84	23.39
Total priority Sector (GROSS)	8,544.30	100.00	13,205.90	100.00	25,630.40	100.00	44,465.30	100.00	68,622.22	100.00

# The above table only provides break-up of advances which can be included in our priority sector lending achievement of the Bank. Priority sector achievement as monitored and reported under priority sector lending (PSL) guidelines include other components like investments, etc., which are not considered in the above table.



## INDUSTRYWISE LOAN AND ADVANCES (GROSS) OUTSTANDING

<i>₹ in millions</i>						
Industry Name	As of March 31, 2014	% of Total Outstanding	As of March 31, 2015	% of Total Outstanding	As of March 31, 2016	% of Total Outstanding
A. Mining and Quarrying (A.1 + A.2)	199.03	0.20	268.53	0.18	2,154.96	1.01
A.1 Coal	199.03	0.20	268.53	0.18	1,647.44	0.77
A.2 Others	0.00	0.00	0.00	0.00	507.52	0.24
B. Food Processing (Sum of B.1 to B.5)	9,100.55	9.21	6,900.78	4.75	14,103.20	6.61
B.1 Sugar	2,148.37	2.17	1,734.46	1.19	3,389.90	1.59
B.2 Edible Oils and Vanaspati	2,017.82	2.04	366.59	0.25	1,026.72	0.48
B.3 Tea	0.00	0.00	0.00	0.00	0.00	0.00
B.4 Coffee	1,766.76	1.79	1,958.48	1.35	2,204.49	1.03
B.5 Others	3,167.60	3.21	2,841.25	1.96	7,482.09	3.51
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	1,100.86	1.11	1,749.76	1.20	1,491.78	0.70
C.1 Tobacco and tobacco products	0.00	0.00	2.42	0.00	1.16	0.00
C.2 Others	1,100.86	1.11	1,747.34	1.20	1,490.62	0.70
D. Textiles (Sum of D.1 to D.6)	3,163.09	3.20	3,521.74	2.42	5,543.45	2.60
D.1 Cotton	1,808.65	1.83	2,251.63	1.55	3,979.48	1.87
D.2 Jute	0.00	0.00	0.00	0.00	0.00	0.00
D.3 Handicraft/ Khadi (Non Priority)	0.00	0.00	0.00	0.00	0.00	0.00
D.4 Silk	0.00	0.00	0.00	0.00	0.00	0.00
D.5 Woolen	0.00	0.00	0.00	0.00	0.00	0.00
D.6 Others	1,354.44	1.37	1,270.11	0.87	1,563.97	0.73
Out of D (i.e. Total Textiles) to Spinning Mills	500.00	0.51	0.00	0.00	1,091.68	0.51
E. Leather and Leather Products	0.00	0.00	155.51	0.11	206.86	0.10
F. Wood and Wood products	130.29	0.13	64.67	0.04	0.33	0.00
G. Paper and Paper Products	916.37	0.93	922.77	0.64	1,722.64	0.81
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	218.70	0.22	1,186.04	0.82	2,284.21	1.07
I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	5,207.90	5.27	9,647.02	6.64	16,360.68	7.68
I.1 Fertilisers	246.22	0.25	249.78	0.17	3,102.53	1.46
I.2 Drugs and Pharmaceuticals	2,947.79	2.98	6,535.11	4.50	10,358.39	4.86
I.3 Petro-chemicals (excluding under Infrastructure)	598.36	0.61	141.71	0.10	345.58	0.16
I.4 Others	1,415.53	1.43	2,720.42	1.87	2,554.18	1.20
J. Rubber, Plastic and their products	657.03	0.66	2,649.59	1.82	1,622.61	0.76
K. Glass & Glassware	0.00	0.00	123.17	0.08	112.37	0.05
L. Cement and Cement Products	844.11	0.85	1,412.69	0.97	1,141.76	0.54

Industry Name	As of March 31, 2014	% of Total Outstanding	As of March 31, 2015	% of Total Outstanding	As of March 31, 2016	% of Total Outstanding
M. Basic Metal and Metal Products (M.1 & M.2)	2,212.32	2.24	3,262.42	2.25	2,877.36	1.35
M.1 Iron and Steel	1,598.73	1.62	2,497.83	1.72	2,559.11	1.20
M.2 Other Metal and Metal Products	613.59	0.62	764.59	0.53	318.25	0.15
N. All Engineering (N.1 & N.2)	1,785.72	1.81	3,462.86	2.39	5,558.27	2.61
N.1 Electronics	79.43	0.08	329.51	0.23	1,104.88	0.52
N.2 Others	1,706.29	1.73	3,133.35	2.16	4,453.39	2.09
O. Vehicles, Vehicle Parts and Transport Equipment	709.47	0.72	967.56	0.67	2,105.61	0.99
P. Gems and Jewelry	593.12	0.60	1,732.07	1.19	4,438.91	2.08
Q. Construction	5,133.58	5.19	7,956.63	5.48	11,028.74	5.17
R. Infrastructure (Sum R.1 to R.4)	5,260.84	5.32	7,969.12	5.48	9,357.91	4.39
R.1 Transport( Sum of R.1.1 to R.1.5)	750.00	0.76	750.00	0.52	914.28	0.43
R.1.1. Railways	0.00	0.00	0.00	0.00	4.28	0.00
R.1.2 Roadways	750.00	0.76	750.00	0.52	750.00	0.35
R.1.3 Aviation	0.00	0.00	0.00	0.00	0.00	0.00
R.1.4 Waterways	0.00	0.00	0.00	0.00	0.00	0.00
R.1.5 Others	0.00	0.00	0.00	0.00	160.00	0.08
R.2 Energy	4,004.76	4.05	5,135.84	3.53	6,133.15	3.97
R.3 Telecommunication	0.00	0.00	1,530.00	1.05	1,937.40	0.91
R.4 Others	506.08	0.51	553.28	0.38	373.08	0.18
R.4.1 Water sanitation	0.00	0.00	0.00	0.00	0.00	0.00
R.4.2 Social & Commercial Infrastructure	0.00	0.00	53.54	0.04	373.08	0.18
R.4.3 Others	506.08	0.51	499.74	0.34	0.00	0.00
S. Other Industries	5,684.02	5.75	12,620.52	8.69	14,359.79	6.74
All Industries (Sum of A to S)	42,917.00	43.43	66,573.46	45.82	96,471.44	45.26
Residuary Other Advances (totally with gross advances)	55,905.87	56.57	78,730.69	54.18	116,690.39	54.74
a. Education Loan	13.73	0.01	115.68	0.08	134.74	0.06
b. Aviation Sector	749.15	0.76	1,570.00	1.08	400.08	0.19
c. Other residuary Advances	55,142.99	55.80	77,045.01	53.02	116,155.57	54.49
Total Loans and Advances (Gross)	98,822.87	100.00	145,304.14	100.00	213,161.83	100.00

## ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of assets and liabilities for various years given below:

### Asset Liability Gap position as of March 31, 2014

Particulars	<i>₹ in millions</i>							
	1-28 days	29-90 days	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	20,002.6	29,054.8	12,436.4	23,470.6	27,956.3	685.5	200.7	113,806.9
Advances (INR)	8,655.2	5,364.4	6,666.9	26,106.5	33,049.9	8,255.2	7,241.9	95,340.0
Investments	19,167.4	21,692.8	7,772.9	7,077.8	4,798.2	569.2	3,691.6	64,769.9
Borrowings	16,235.3	-	3,381.1	6,926.0	6,558.7	1,225.7	1,293.5	35,620.3
Foreign Currency Assets	884.6	203.2	46.3	2,046.8	405.7	-	136.8	3,723.4
Foreign Currency	97.5	1,837.3	299.6	3.0	2,078.6	-	1,227.7	5,543.7

Particulars	1-28 days	29-90 days	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Liabilities								

#### Asset Liability Gap position as of March 31, 2015

₹ in millions

Particulars	1-28 days	29-90 days	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	30,338.9	32,802.6	27,104.8	31,797.2	43,346.9	2,237.0	694.1	168,321.5
Advances (INR)	8,654.8	13,332.0	10,965.3	39,366.9	41,304.7	8,740.1	14,470.2	136,834.0
Investments	34,330.4	27,226.5	15,760.6	8,948.6	8,270.3	1,625.4	1,761.1	97,922.9
Borrowings	41,808.3	-	5,089.6	4,865.7	7,467.0	1,743.6	1,000.1	61,974.3
Foreign Currency Assets	1,906.0	1,386.9	227.4	2,300.0	2,028.6	408.4	142.2	8,399.5
Foreign Currency Liabilities	242.8	893.8	633.4	3,344.3	2,747.6	1,284.8	1,250.0	10,396.7

#### Asset Liability Gap position as of March 31, 2016

₹ in millions

Particulars	1-28 days	29-90 days	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	34,244.1	72,583.6	27,033.0	35,939.5	64,145.5	3,660.5	1,703.7	239,309.9
Advances (INR)	15,557.2	23,186.5	16,243.2	52,596.3	54,432.1	15,590.3	15,887.6	193,493.2
Investments	56,630.0	28,768.2	9,655.8	15,302.3	21,423.7	6,631.8	5,946.7	144,358.5
Borrowings	49,433.2	5,450.0	7,432.6	5,554.5	12,147.1	1,834.8	4,728.0	86,580.2
Foreign Currency Assets	3,481.7	2,098.6	1,101.8	5,792.4	5,427.5	1,166.5	902.1	19,970.6
Foreign Currency Liabilities	511.4	1,001.5	6,178.7	4,620.2	2,638.2	6,773.0	1,337.5	23,060.5

#### Financial Indebtedness

The total outstanding amount as on March 31, 2016, with respect to the borrowings of our Bank was ₹ 105,362.24 million.

## FINANCIAL INDEBTEDNESS

As on March 31, 2016 our Bank has secured and unsecured fund-based borrowings, including money market, refinance and foreign currency facilities amounting to ₹ 105,362.24 million. Set forth below is a brief summary of our outstanding financial indebtedness as on March 31, 2016.

### A. Money market borrowings of our Bank

As on March 31, 2016, our Bank has outstanding borrowings on the money market aggregating to ₹49,365.30 million. Set out hereunder is a breakdown of our money market borrowings (excluding any credit balance maintained by our Bank) as on March 31, 2016:

Sl. No.	Nature of borrowing	Dates of maturity	Amount outstanding as on March 31, 2016 (in ₹ million)	Coupon range	Security
1.	Collateralized borrowing and lending obligations	April 4, 2016	11,994.62	7.10% - 7.75%	Central Government securities and treasury bills are encumbered
2.	Repo	April 4, 2016 April 5, 2016 April 7, 2016 April 11, 2016 April 12, 2016 and April 13, 2016	34,170.00	6.75% - 7.25%	Central Government securities, State government securities and treasury bills are encumbered
3.	Call/ notice money	April 4, 2016	3,200.00	9.00% - 11.50%	-

### B. Refinance

Our Bank has availed of refinancing facilities from Small Industries Bank of India (“SIDBI”), National Bank for Agriculture and Rural Development (“NABARD”), Export – Import Bank of India (“EXIM”) and National Housing Bank (“NHB”), aggregating to ₹ 28,764.94 million. Set forth below are the salient particulars of such refinancing facilities as on March 31, 2016:

Sl. No.	Refinancing agency and nature of lending	Date of sanction letter / agreement	Sanctioned amount (in ₹ million)	Interest rate p.a.(as on March 31, 2016)	Amount outstanding as on March 31, 2016	Key terms of the refinancing
1.	SIDBI	August 13, 2015	2,300.00	8.30%	2,300.00	(i) <u>Repayment</u> – To be repaid on bullet repayment basis on expiry of the tenor of one year from date of first disbursement with interest.  (ii) <u>Prepayment</u> – No prepayment is permitted.

Sl. No.	Refinancing agency and nature of lending	Date of sanction letter / agreement	Sanctioned amount (in ₹ million)	Interest rate p.a.(as on March 31, 2016)	Amount outstanding as on March 31, 2016	Key terms of the refinancing
						(iii) <u>Tenor</u> – One year
	SIDBI	November 5, 2015	1,300.00	7.87%	1,300.00	(i) <u>Repayment</u> – To be repaid in lump sum at the end of 18 months from date of first disbursement with interest. (ii) <u>Prepayment</u> – No prepayment is permitted. (iii) <u>Tenor</u> – 18 Months
	SIDBI	March 29, 2016	2,000.00	8.35%	2,000.00	(i) <u>Repayment</u> – To be repaid on bullet repayment basis on expiry of the tenor of 18 months from date of first disbursement with interest. (ii) <u>Prepayment</u> – No prepayment is permitted. (iii) <u>Tenor</u> – 18 Months
2.	NABARD	Multiple facilities obtained since 2012	10,824.90	8.25 % – 10.50%	10,824.90	(i) <u>Repayment</u> – In equal half yearly installments on January 31 and July 31 of each year, along with interest due there on. (ii) <u>Prepayment</u> – As applicable (iii) <u>Tenor</u> – From three to five years.
	NABARD	December 14, 2015	2,850.00	7.87%	2,375.00	(i) <u>Repayment</u> – In equal half yearly installments on January 31 and July 31 of each year, and interest payable monthly. (ii) <u>Prepayment</u> – As applicable (iii) <u>Tenor</u> – Three years.

Sl. No.	Refinancing agency and nature of lending	Date of sanction letter / agreement	Sanctioned amount (in ₹ million)	Interest rate p.a.(as on March 31, 2016)	Amount outstanding as on March 31, 2016	Key terms of the refinancing
	NABARD	February 29, 2016	3,43.00	8.94%	3,430.00	(i) <u>Repayment</u> – In three half yearly installments starting on January 31, 2017 and July 31 of each year, and interest payable monthly.  (ii) <u>Prepayment</u> – As applicable  (iii) <u>Tenor</u> – Two years.
3.	EXIM					
	- Refinance of working capital and term loans extended to export oriented units	December 14, 2015	1,500.00	8.45%	1,500.00	(i) <u>Repayment</u> – To be repaid in bullet at the end of one year from the date of relative disbursement.  (ii) <u>Prepayment</u> – No prepayment premium is applicable.  (iii) <u>Tenor</u> - One year
	- Refinance of working capital and term loans extended to export oriented units	September 28, 2015	750.00	8.65%	750.00	(i) <u>Repayment</u> – To be repaid at the end of one year from the date of disbursement.  (ii) <u>Prepayment</u> - No prepayment premium is applicable.  (iii) <u>Tenor</u> - One year
	- Refinance of working capital loan extended to export oriented units	September 18, 2015	450.00	8.85%	450.00	(i) <u>Repayment</u> – To be repaid at the end of one year from the date of disbursement.  (ii) <u>Prepayment</u> – No prepayment premium is applicable.  (iii) <u>Tenor</u> - One year
	- Refinance of working capital term loans to	August 28, 2015	750.00	8.75%	750.00	(i) <u>Repayment</u> - To be repaid at the end of one year from the date of disbursement.

Sl. No.	Refinancing agency and nature of lending	Date of sanction letter / agreement	Sanctioned amount (in ₹ million)	Interest rate p.a.(as on March 31, 2016)	Amount outstanding as on March 31, 2016	Key terms of the refinancing
	export oriented units					(ii) <u>Prepayment</u> – No prepayment premium is applicable. (iii) <u>Tenor</u> – One year
	- Refinance of term loans to export oriented units	May 15, 2015	1,000.00	9.65%	1,000.00	(i) <u>Repayment</u> - To be repaid in bullet installment at the end of one year from the date of disbursement. (ii) <u>Prepayment</u> – No prepayment premium is applicable. (iii) <u>Tenor</u> - One year
4.	NHB					
	- Refinance assistance under the liberalised refinance scheme	March 23, 2012	400.00	8.85%	245.50	(i) <u>Repayment</u> – To be repaid in 10 years, in equal quarterly installments. (ii) <u>Prepayment</u> – Not applicable (iii) <u>Tenor</u> – 10 years
	- Refinance assistance under the liberalised refinance scheme	December 17, 2013	250.00	Floating rate of interest, i.e., 9.70% linked to NHB's PLR, i.e, 9.25%	198.64	(i) <u>Repayment</u> – To be repaid in 10 years, in equal quarterly installments. (ii) <u>Prepayment</u> – Not applicable (iii) <u>Tenor</u> – 10 years
	- Refinance assistance under the liberalised refinance scheme	March 25, 2014	498.50	Floating rate of interest, i.e., 9.50% linked to NHB's PLR, i.e, 9.25%	408.90	(i) <u>Repayment</u> – To be repaid in 10 years, in equal quarterly installments. (ii) <u>Prepayment</u> – Applicable premium to be paid on prepayment, on giving two months prior notice. (iii) <u>Tenor</u> – 10 years

Sl. No.	Refinancing agency and nature of lending	Date of sanction letter / agreement	Sanctioned amount (in ₹ million)	Interest rate p.a.(as on March 31, 2016)	Amount outstanding as on March 31, 2016	Key terms of the refinancing
-	Refinance assistance under liberalised refinance scheme	March 25, 2014	1,501.50	Floating rate of interest, i.e., 9.70% linked to NHB's PLR, i.e, 9.25%	1,232.00	(i) <u>Repayment</u> – To be repaid in 10 years, in equal quarterly installments.  (ii) <u>Prepayment</u> – Applicable premium to be paid on prepayment, on giving two months prior notice.  (iii) <u>Tenor</u> – 10 years

Some of the other key terms of the refinancing facilities availed by our Bank are as follows:

- (i) The interest rate may be reset by the refinancing agency at such periods prescribed in the respective refinancing agreements;
- (ii) Our Bank may be liable to pay penal interest to certain lenders, at the rates prescribed, in the event the principal and/or interest due is not repaid on the respective due dates; and
- (iii) The securities created in favour of our Bank by its borrowers under the respective classes of loans refinanced are held by the Bank in trust for the concerned refinancing agency.

### C. Borrowings from Banks/ Other Lenders

Our Bank had obtained lending amounting to ₹ 23,232.00 million from other banks and institutions, as on March 31, 2016. Of this, our Bank's foreign currency loans stood at ₹ 18,782.01 million. (US\$ 278.77 million, converted at ₹ 66.2550 for 1 USD, GBP 3.13 Million, converted at ₹ 95.4725 for 1 GBP and AUD 0.26 million, converted at ₹ 50.98 for 1 AUD, each converted as on March 31, 2016).

Set forth below are the details of the key terms of foreign currency borrowings as on March 31, 2016:

Sl. No.	Lender	Date of Agreement	Amount (in ₹ million)	Interest as on March 31, 2016	Amount outstanding as on March 31, 2016 (in ₹ million)	Key terms of the borrowing
1.	Deutsche Bank AG <sup>#</sup>	December 24, 2013	1,656.38 (Sanctioned)  1,325.10 (Availed)	Aggregate of LIBOR and a margin of 2.75%, currently 3.58%	1,325.10	(i) <u>Repayment</u> - 10 years from the date of disbursement.  (ii) <u>Prepayment</u> – Voluntary prepayment after three years from date of disbursement, in accordance with the



Sl. No.	Lender	Date of Agreement	Amount (in ₹ million)	Interest as on March 31, 2016	Amount outstanding as on March 31, 2016 (in ₹ million)	Key terms of the borrowing
						conditions prescribed and a prepayment fee of one per cent to be paid.  (iii) <u>Events of default</u> – In addition to non payment of any amount payable on the due date, other events of default include (a) cross default on other borrowings; (b) non compliance with financial covenants; (c) initiation of criminal investigation against our Bank; and (d) material adverse change.
2.	Other foreign currency loans	December 24, 2014 – March 31, 2016	17,456.91	0.64% - 3.06% p.a.	17,456.90 <sup>##</sup>	Not applicable

<sup>#</sup> - Sanctioned amount and amount outstanding for this facility converted at ₹ 66.25 for USD 1, as on March 31, 2016.

<sup>##</sup> - Sanctioned amount and amount outstanding for this facility converted at ₹ 68.98 for JPY 100, as on March 31, 2016.

As on March 31, 2016, our Bank had availed of funded short-term borrowings from banks, aggregating to ₹ 4,450 million. Set forth below is a breakdown of our aggregate unsecured borrowings as on March 31, 2016:

Sl. No.	Lender & nature of borrowing	Date of sanction letter / agreement	Amount Sanctioned (in ₹ million)	Amount outstanding as on March 31, 2016	Interest and other charges (as on March 31, 2016)	Key terms of the borrowing
1.	Punjab & Sind Bank  Line of Credit	May 30, 2015	3,000.00	3,000.00	Base rate, i.e., 10.25% p.a.	(i) <u>Repayment</u> – On demand.  (ii) <u>Prepayment</u> – No prepayment premium is applicable.  (iii) <u>Tenor</u> – 12 months from the date of sanction.

Sl. No.	Lender & nature of borrowing	Date of sanction letter / agreement	Amount Sanctioned (in ₹ million)	Amount outstanding as on March 31, 2016	Interest and other charges (as on March 31, 2016)	Key terms of the borrowing
	Sub-limit - Performance and financial bank guarantee limit**				Commission of 0.50% p.a. on per day usage basis	(i) <i>Security for the bank guarantee</i> – Counter guarantee by the Bank. ** (ii) <i>Tenor</i> : Not to exceed 10 years.
2.	Dena Bank - Line of credit	May 5, 2014	1,000.00	1,000.00	To be decided at the time of each drawal depending on prevailing market conditions.	(i) <i>Repayment</i> - Bullet repayment at the end of each drawl. (ii) <i>Tenor</i> – One year from the date of sanction.
3.	Vijaya Bank - Line of credit	March 30, 2016	1,250.00	450.00*	Base rate i.e., 9.65%, at present	(i) <i>Repayment</i> – <i>Line of Credit</i> - One year from the date of present sanction. <i>Bank Guarantee</i> – Facility for 12 months and bank guarantee tenor not to exceed 36 months.
	- <i>Sub-limit</i> - Bank guarantee*			-	Bank guarantee commission, i.e., 0.60% p.a.	<i>Letter of Credit</i> – Maximum usance period of 12 months for import of raw materials. Maximum usance period of 36 months for import of capital goods.
	- <i>Sub-limit</i> - Letter of credit			Nil	Letter of credit commission: 0.60% p.a.	(ii) <i>Tenor</i> – One year from the date of first drawdown.

\* - This facility is a non-funded exposure

\*\* Sub-limit of ₹ 2,000.00 million of the bank guarantee was not availed

Some of the other key terms of the borrowings from other banks availed by our Bank are as follows:

- (i) For certain standby letters of credit and bank guarantee, our Bank may be required to share a proportion of commission received from its clients, with the lender entity; and
- (ii) Our Bank may be liable to pay penal interest at the rate prescribed in the event the amount due is not repaid on the respective due dates.

**D. SUBORDINATED DEBT**

Particulars	Nature of Security	Date of allotment	Coupon Rate %	Tenure	Amount outstanding as on March 31, 2016 (in ₹ million)
Redeemable, unsecured, non convertible	Debentures	February 16, 2016	10.25%	Six years and three months	2,000.00
Redeemable, unsecured, non convertible	Debentures	March 31, 2016	10.25%	Six years and three months	2,000.00

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below (i) there are no winding up petitions, outstanding litigation, suits, criminal proceedings, civil proceedings, statutory or legal proceedings, including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Bank, Directors, or against any other company whose outcome could have a materially adverse effect on the business, operations or financial position of our Bank, and (ii) there are no legal proceedings initiated by our Bank, involving a monetary claim of an amount greater than or equal to ₹ 29.24 million (being 1% of our Bank's PAT for fiscal 2016), (iii) there are no defaults including non-payment or overdue of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions or rollover or rescheduling of loans or any other liability, defaults in dues payable to holders of any debenture, bonds and fixed deposits or arrears on cumulative preference shares issued by our Bank, defaults in creation of full security as per the terms of issue or other liabilities, proceedings initiated for economic, civil or any other offences other than unclaimed liabilities of our Bank, (iv) no penalties have been imposed against our Bank in the five years preceding the date of this Prospectus, (v) no disciplinary action has been taken by SEBI or any stock exchange against our Bank, our Directors, or our Group Companies and (vi) there are no pending criminal proceedings, actions by statutory or regulatory authorities or taxation proceedings or other litigation involving an amount exceeding ₹ 29.24 million (being 1% of our Bank's PAT for fiscal 2016) involving our Group Companies.

Our Board has, pursuant to its resolution dated June 21, 2016, approved the threshold of 1% of PAT for disclosure of litigation initiated by the Bank and litigation involving the Group Companies, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015.

Further, (i) neither our Bank, our Directors, nor our Group Companies have been categorized as “wilful defaulters” as defined under the SEBI Regulations, (ii) there are no violations of securities laws committed by them or penalties imposed on them thereunder in the past or pending against them, and no adverse findings regarding compliance with securities laws, except as stated in the section titled “*Risk Factors – Our Bank has, in certain instances in the past, allotted equity shares that were not in compliance with the then-applicable laws relating to a public offering of securities, which may subject our Bank to, among other things, further regulatory consequences.*” on page 15.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

#### **I. Litigation involving our Bank**

##### **A. Outstanding Litigation involving our Bank**

###### ***Cases against our Bank***

###### Civil cases

1. ASREC (India) Limited (“ASREC”) filed a miscellaneous petition dated July 15, 2013 before the DRT-III, Mumbai against Elicon India Private Limited, our Bank and another alleging that our Bank sold security property which was the subject matter of recovery proceedings before the said DRT and in relation to which a recovery certificate had been issued by the recovery officer, and seeking that the tribunal declare the said sale by our Bank null and void. Against the same, our Bank filed a miscellaneous application dated April 4, 2014 for the modification, exclusion and release of the first floor of the said property from the decree dated December 15, 2008 passed by the DRT and from the recovery certificate issued by the recovery officer. Further, our Bank prayed for an interim relief to stay all proceedings in relation to the petition preferred by ASREC till the disposal of the application dated April 4, 2014. Thereafter, the recovery officer passed an order dated August 22, 2014 directing our Bank to deposit the entire sale proceeds amounting to ₹ 13.50 million from the said sale transaction. Against the same, our Bank filed a miscellaneous application dated September 10, 2014 before the DRT-II, Mumbai praying that the said order be set aside and that recovery proceedings initiated by ASREC be stayed. The matter is currently

pending.

2. M/s Asian Computers & Electronics and others filed a suit dated June 9, 2014 before the Civil Judge, Senior Division, Solapur against our Bank, our Managing Director & CEO, and the manager of our branch at Solapur in relation to a one-time settlement scheme under a loan sanctioned to the plaintiffs by our Bank. The plaintiffs have prayed for: a) declaration that our Bank had wrongly calculated the amount outstanding under the said scheme and illegally recovered an amount of ₹ 0.06 million, b) a direction to our Bank to refund the said excess amount with payment of damages at the rate of 18% p.a. on the said amount and future interest of 18% p.a., c) declaration that the other plaintiffs who were sureties to the said loan, are discharged as sureties due to full payment. Our Bank filed a written statement dated January 20, 2015 denying the said allegations and seeking an award of costs of the proceedings. The matter is currently pending.
3. Mr. Manohar Jani, a surety to the loan above-described, filed a suit dated June 9, 2014 before the Civil Judge, Senior Division, Solapur against our Bank for: a) declaration that our Bank had no legal right of lien on his savings account with our Bank as the loan was sanctioned against the hypothecation of the material stock of Asian Computers, and that our Bank had illegally frozen his savings account since September 23, 2010 till date; b) direction to our Bank to pay a sum of ₹ 0.24 million with future interest of 18%. Our Bank filed a written statement dated January 20, 2015 denying the said allegations and seeking an award of costs of the proceedings. The matter is currently pending.
4. Mr. Navin Manohar Jani filed a suit dated June 9, 2014 before the Civil Judge, Senior Division, Solapur, against our Bank for illegally withholding a no-objection-certificate for sale of his car even though he had allegedly paid the dues under the loan availed to buy the car. The said car loan was granted by our Bank to Mr. Jani against the hypothecation of the car so purchased. Mr. Jani filed the present suit for a declaration that our Bank had illegally withheld the certificate and for a direction to our Bank to pay ₹ 0.98 million with future interest of 18% and costs of the suit. Our Bank filed a written statement dated January 20, 2015 denying the said allegations and seeking an award of costs of the proceedings. The matter is currently pending.
5. Mr. Samuel Williams George filed a complaint in October, 2014 against Royal Bank of Scotland N.V. and our Bank before the District Consumer Disputes Redressal Forum, Chennai. The matter relates to the claim that the respondent-banks' claim for payment of money in relation to three credit card transactions aggregating to ₹ 0.06 million that the plaintiff, allegedly, had neither carried out nor authorized. Our Bank is in the process of filing a reply to the said complaint.
6. Ms. Ranjani Ashok Satpute filed a civil suit in 2015 (suit number 8000054/ 2015) before the Assistant Civil Judge, Tasgaon against Mr. Sadashiv Ashok Satpute, Mr. Nanda Desai, our Bank and others for the partition of the suit properties situated at Chinchni village, Tasgaon Taluk, Sangli. The plaintiff alleged that our Bank had granted a loan against the security of the said suit properties without obtaining the consent of the plaintiff as the joint owner of the suit properties. The plaintiff has also filed an interim application for grant of temporary injunction restraining the defendants from obtaining any loan, encumbering, selling, transferring, disposing of, or occupying the suit properties. Our Bank is in the process of filing a reply to the said suit.
7. Mr. Jitendra Angara filed a suit dated November 18, 2013 against our Bank through the Chief Manager of our Elphinstone road branch, and others before the Civil Judge, Senior Division, Sanchore seeking a permanent and mandatory injunction against interruptions with his use, occupation and possession of the suit property. The matter relates to the suit property that was mortgaged to our Bank by the other defendants. The said suit was filed when our Bank had allegedly asked Mr. Angara to vacate the suit property. Further, Mr. Angara filed an interim application dated November 18, 2013 for temporary injunction against interruptions in respect of use, occupation and possession of the suit property, to maintain status quo with respect to the suit property, and against the suit property being seized or auctioned under the guise of mortgage. Our Bank has filed a written statement dated September 18, 2015 against the suit and the interim application, requesting the dismissal of the suit and the rejection of the interim application. The matter is currently pending.

8. Pursuant to a complaint filed by Mr. Deshbhusan Bhupal Magdoo against our Bank through the branch manager of our Jaysinpur branch and the general manager of our head office, the District Consumer Disputes Redressal Forum, Kolhapur passed an order dated August 23, 2000 directing our Bank to pay: a) ₹ 0.04 million with interest of 12% p.a. from March 23, 1999 and, b) ₹ 500 towards expenses in relation to the complaint. The matter relates to the alleged default committed by our Bank in not renewing the insurance for the tractor that was hypothecated by Mr. Magdoo. Pursuant to the said order, our Bank filed an appeal dated July 29, 2002 before the State Consumer Disputes Redressal Commission, Mumbai, challenging the order of the District Forum, and stating *inter-alia* that it was not our Bank's responsibility to renew the insurance policy. Further, our Bank also prayed that the court set aside the said order dated August 23, 2000 and dismiss the complaint filed by Mr. Magdoo. The court passed an order dated August 6, 2002 granting the interim stay against the operation of the said order. The matter is currently pending.
9. M/s. Shri Gajanan Distributors filed a consumer complaint dated October 5, 2000 against our Bank and another bank, before the District Consumer Disputes Redressal Forum, Sangli ("**District Forum**"), alleging the rendering of faulty services. The matter relates to a cheque in favour of the complainant for a sum of ₹ 0.16 million that was allegedly sent to our Bank for clearance and misplaced thereafter. The court passed an order dated August 23, 2001, directing that the respondent-banks jointly and severally pay: a) ₹ 0.16 million, being the amount of the cheque that was misplaced, b) interest of 18% p.a. on the said amount from June 9, 2000, c) ₹ 0.01 million towards mental harassment caused to the complainant, d) ₹ 0.001 million towards expenses of filing the complaint. The court further ordered that the aforesaid amounts shall be paid within 30 days from the date of order, failing which interest of 12% p.a. shall be paid to the complainant. Pursuant to the said order, our Bank filed an appeal before the Maharashtra State Consumer Disputes Redressal Commission praying that the said order dated August 23, 2001 be quashed and set aside and the complaint be dismissed. The State Commission through an order dated October 17, 2002 granted an interim stay against the said order. The matter is currently pending.
10. Syndicate Bank filed a suit against our Bank and others on June 25, 1993 before the Civil Judge, Senior Division, Kolhapur, alleging that our Bank had acted negligently in clearing forged instruments that had been drawn on the plaintiff- bank as a result of which it was defrauded of an amount of ₹ 0.47 million. The plaintiff prayed that the defendants be jointly and severally liable to pay ₹ 0.73 million plus 21% interest till the date of payment. Our Bank filed an application dated September 21, 1994 requesting the court to take on record the written statement dated September 21, 1994 filed by it and set aside the order holding that no written statement had been filed by our Bank. Our Bank in its written statement dated September 21, 1994 denied the allegation of the plaintiff and stated that the fraud occurred owing to the plaintiff-bank's own negligence. Our Bank has also claimed a sum of ₹ 0.01 million as compensatory costs as the said suit was unnecessarily filed against it. The court through an order dated December 7, 1994 passed an order allowing our Bank to file the written statement upon the payment of costs of ₹ 500. The said written statement was registered on January 16, 1995. The matter is currently pending.
11. The Resigned Bank Employees Welfare Association ("**RBEWA**") has filed a writ petition (W.P. (C) 7413/2011) before the Delhi High Court against the Ministry of Finance, Indian Bank's Association, our Bank and 30 others, alleging the violation of Articles 14 and 21 of the Constitution of India. The petitioner contended that bank employees existing as on October 29, 1993 were forced to opt for provident fund over pension as the Bank Employees' Pension Regulations, 1995 ("**Pension Regulations**") contained a clause forfeiting pension benefits from employees participating in strikes. In relation to the settlement dated April 27, 2010 that was entered into between the Indian Banks Association and the United Forum of Bank Employee's Union, the petitioner further contended that the fresh right of option that was extended to employees in service as on September 27, 1995 and those who ceased to be in service owing to voluntary retirement, was not extended to employees who resigned after September 27, 1995 and therefore, the petitioner's rights had been violated under Article 14 of the Constitution of India. Our Bank in its counter-affidavit has denied such violation on the ground that under the Pension Regulations resigning employees would forfeit their pensionary benefits. Thereafter, RBEWA filed an amended writ petition before the Delhi High Court, after impleading further parties as respondents. Against the same, our Bank filed a counter-affidavit dated August 12, 2015, denying the claims of the petitioner and seeking dismissal of the petition. The matter is currently pending.

12. Mr. Kuber Anna Soude, an ex-employee of our Bank, filed a suit for declaration and mandatory injunction in January, 2010 against our Bank in the court of the Civil Judge, Senior Division, Pune, on the ground that our Bank's action of freezing his investments vide its letter-cum-order dated June 6, 2009 was void-ab-initio and illegal. Mr. Soude also filed an interim application for the grant of a temporary injunction and directing our Bank to release the money so invested by Mr. Soude. Our Bank in its written statement dated June 27, 2011 has submitted that Mr. Soude was involved in fraud and misappropriation of our Bank's money while he was an employee and therefore, the Bank was exercising its right of lien over his invested money. The total liability involved is ₹ 0.50 million plus costs as may be applicable. The matter is currently pending.
13. Mr. Mahavir Patil filed a suit dated July 18, 1996 before the Civil Judge, Senior Division, Jaysingpur, against our Bank and others for the unauthorized possession of a truck belonging to him for the period between August, 1995 and July, 1996, and for the recovery of a sum of ₹ 0.40 million towards compensation and damages. The matter relates to a truck that was hypothecated to our Bank as security for a loan that was granted by our Bank. The court through an order dated November 29, 2011 dismissed the said suit holding that: a) our Bank had lawful possession of the truck for the above-mentioned period, b) our Bank had lawfully, and in compliance with a court order, transferred the possession of the truck to the plaintiff's brother, and c) the plaintiff had failed to prove the ownership of the truck. Aggrieved by the same, Mr. Patil filed an appeal dated January 31, 2012 challenging the order passed by the Civil Judge, Senior Division on the ground of alleged illegality of the attachment and praying that the said order be set aside.
14. Mr. Abhijit Shelar filed a consumer complaint dated April 24, 2014 before the District Consumer Disputes Redressal Forum, Sangli against our Bank through the chief manager of our Sangli branch. The said complaint was filed under Section 12, Consumer Protection Act, 1986 for the alleged faulty services rendered by our Bank and for the recovery of a) ₹ 3,000 that was allegedly wrongly debited by our Bank from the complainant's account, b) interest on the said amount from February 4, 2014, being the date on which the alleged default occurred, till the date of payment, c) ₹ 0.03 million on account of the mental torture suffered by the complainant, d) payment of ₹ 100 per day from the date of wrong debit till the date of payment of ₹ 3,000 in accordance with rules framed by the RBI. Our Bank filed a written statement dated September 24, 2014 denying the above-mentioned allegation as the said ATM machine was operated by a third party, and praying that the complaint be dismissed with costs. The matter is currently pending.
15. State Bank of India ("SBI") filed an original application dated January 29, 2014 under Section 19 of the RDDBFI Act against Rural Education Development and Welfare Society ("REDWS"), our Bank and six others before the DRT, Jaipur. The said recovery application was filed in relation to the alleged fraud committed against the applicant through forgery of three cheques. The applicant prayed for: a) recovery of ₹ 39.84 million with interest at 18.25% p.a. with monthly rests from January 29, 2014 against the defendants jointly and severally, or in the alternative, for recovery of ₹ 3.13 million with interest at 18.25% p.a. with monthly rests against the defendants if an amount of ₹ 36.71 million was paid, b) recovery from the defendants personally, and by sale of personal moveable and immoveable properties, c) award of costs. The applicant alleged that our Bank collected the cheques and made over payment to REDWS even though it requested to stop payment, and that our Bank allegedly violated KYC norms. Our Bank has filed a written statement dated February 1, 2016, denying the claims of SBI and seeking the dismissal of the original application. Our Bank also filed an interim application (I.A. No. 47/2015) for a direction by the court to produce the documents and interrogatories, which was dismissed through an order dated December 10, 2015. Further, upon the written submission dated February 25, 2013 by SBI to the Superintendent of Police, FIRs have been registered on March 15, 2013, against Rural, unknown officials of our Bank and others for offences punishable under Section 120B read with 420, 467, 468 and 471. The matters are currently pending.
16. ICICI Bank Limited filed an original application dated October 28, 2013 under Section 19 of the RDDBFI Act against Amar Remedies Limited ("ARL"), Official Liquidator of the Bombay High Court who was appointed as provisional liquidator in a winding up petition filed by the creditors of ARL, and 12 others in their capacity as creditors of ARL. The said application was filed for the recovery of a sum that was

borrowed by ARL from ICICI Bank. Our Bank is a party to the said application in its capacity as a creditor of ARL. The said application was filed for the recovery of: a) ₹ 33.30 million with interest at applicant's base rate plus 5.5% p.a. from October 1, 2013 till realization, and b) ₹ 8.39 million towards penal interest with interest at 9% p.a. from October 1, 2013 till realization, aggregating to ₹ 41.69 million. The applicant prayed for a) declaration and enforcement of hypothecation of moveable and current assets, b) specific performance of obligations under facility agreements, c) appointment of a receiver or commissioner to take possession of the security property, d) order for the sale and the payment of the proceeds therefrom to the applicant, e) payment of insurance charges. The matter is currently pending. However, our Bank has received the outstanding dues under the loan account of ARL and has closed the said account.

17. Sanghi Polyesters Limited (“SPL”) filed a money suit dated June 9, 1997 against our Bank and six others who were the then- directors of our Bank for the recovery of: a) sum of ₹ 3.81 million (₹ 2 million being the principal sum due, ₹ 1.81 million towards interest from June 1, 1994 till June 8, 1997), b) future interest of 30% p.a. from June 9, 1997 till realization. SPL prayed for a judgment and decree in its favour against the said defendants and their property jointly or severally, or in the alternative, against Mr. A.S. Chougale, the first defendant to the suit, and to whose account the amount was allegedly paid by SPL. Mr. Chougale filed a written statement in October, 1998 claiming ₹ 1.63 million and future interest at 30% p.a. and costs, for facilitating purchase of 11,758 shares in our Bank for SPL. Our Bank along with the other defendants filed a written statement denying the said loan transaction and stating that the money received by it was not towards a loan granted by SPL but towards consideration for shares of our Bank allotted to SPL by our Bank. Thereafter, SPL filed a rejoinder dated August 16, 2001 stating that a total sum of ₹ 7 million disbursed was towards loan to our Bank and not as consideration for shares allotted by our Bank. The matter is currently pending.
18. Sanghi Polyesters Limited (“SPL”) filed a money suit (O.S. No. 1137 of 1997) against our Bank and the- then directors of the Bank alleging that the Bank and its directors had failed to repay a sum of ₹ 2 million even after a demand was made for its repayment. A written statement was filed on behalf of our Bank, Mr. S.D. Menere, Mr. A.S. Chopade, and Mr. Anil Patil, denying all the claims of the plaintiff, including the fact that such loan was advanced, and claiming that the present suit was being filed due to the cancellation of the shares allotted, which is the subject matter of another suit instituted by the Sanghi family members. The total liability involved is ₹ 3.69 million, plus future interest of 30% p.a. and costs as applicable. The matter is currently pending.
19. Mr. Ravi Sanghi filed a suit (O.S. No. 439 of 1998) against our Bank before the City Civil Court, Hyderabad alleging that the Bank's action of cancelling the transfer, under which he was allotted 1076 shares of Rs. 100 of face value of Rs. 100, was bad in law, and praying that the court grant a decree of declaration that he is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. Our Bank in its reply dated June 30, 1999 has stated that the cancelation of the said share transfer was made in order to comply with certain RBI circulars and therefore, that the suit be dismissed. The matter is currently pending.
20. Ms. Usha Sanghi filed a suit (O.S. No. 437 of 1998), registered on April 30, 1998, against our Bank before the City Civil Court, Hyderabad alleging that our Bank's action of cancelling the transfer, under which she was allotted 1047 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that she is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares.
21. Ms. Anjana Sanghi filed a suit, registered on April 30, 1998, against our Bank before the City Civil Court, Hyderabad alleging that our Bank's action of cancelling the transfer, under which she was allotted 1301 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that she is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. Our Bank in its reply dated April 16, 1999 has stated that the cancelation of the said share transfer was made in order to comply with certain RBI circulars and therefore, that the suit be dismissed. The matter is currently pending.
22. Ms. Kamala Rani Sanghi filed a suit (O.S. No. 441 of 1998), against our Bank before the City Civil Court,



- Hyderabad, alleging that our Bank's action of cancelling the transfer, under which she was allotted 1306 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that she is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. The matter is currently pending.
23. Ms. Alka Sanghi filed a suit (O.S. No. 442 of 1998), registered on April 30, 1998, against our Bank before the City Civil Court, Hyderabad alleging that the Bank's action of cancelling the transfer, under which she was allotted 1273 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that she is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. Our Bank in its reply dated July 15, 1999 has stated that the cancellation of the said share transfer was made in order to comply with certain RBI circulars and therefore, that the suit be dismissed. The matter is currently pending.
24. Ms. Girish Sanghi filed a suit (O.S. No. 444 of 1998) against our Bank before the City Civil Court, Hyderabad alleging that the Bank's action of cancelling the transfer, under which he was allotted 1299 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that he is the lawful owner of those shares. Further, the plaintiff also praying that our Bank be restrained from dealing in the said shares. Our Bank in its reply dated June 9, 1999 has stated that the cancellation of the said share transfer was made in order to comply with certain RBI circulars and therefore, that the suit be dismissed. The matter is currently pending.
25. Ms. Sudhir Sanghi filed a suit (O.S. No. 445 of 1998), against our Bank before the City Civil Court, Hyderabad alleging that the Bank's action of cancelling the transfer, under which he was allotted 1324 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that he is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. Our Bank in its reply dated July 4, 1999 stated that the cancellation of the said share transfer was made in order to comply with certain RBI circulars and therefore, that the suit be dismissed. The matter is currently pending.
26. Ms. Anand Prakash Sanghi filed a suit (O.S. No. 1706 of 2001) against our Bank before the City Civil Court, Hyderabad alleging that the Bank's action of cancelling the transfer, under which he was allotted 993 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that he is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. Our Bank in its reply dated July 6, 1999 has stated that the cancellation of the said share transfer was made in order to comply with certain RBI circulars and therefore, that the suit be dismissed.
27. Mr. Ram Sharan Sanghi filed a suit (O.S. No. 1707 of 2001) against our Bank before the City Civil Court, Hyderabad alleging that the Bank's action of cancelling the transfer, under which he was allotted 862 shares of ₹ 100 of face value of ₹ 100, was bad in law, and praying that the court grant a decree of declaration that he is the lawful owner of those shares. Further, the plaintiff also prayed that our Bank be restrained from dealing in the said shares. Upon the death of the plaintiff, an amended plaint was filed on March 18, 2009 by his legal representatives, Mr. Sudhir Sanghi, Mr. Anand Prakash Sanghi, Mr. Ravi Sanghi, and Mr. Girish Sanghi. The matter is currently pending.
28. Ms. Meena Shaha filed a consumer complaint dated December 23, 2014 against our Bank and HDFC Standard Life Insurance Company Limited ("HDFC") before the District Consumer Disputes Redressal Forum, Belgaum. Our Bank acted as the agent of HDFC in selling insurance policies of HDFC. The matter relates to the alleged deficiency in service committed by the respondents in selling a policy with a lower assured sum of ₹ 0.16 million for a term of 10 years rather than a life insurance policy with sum assured of ₹ 0.25 million. Ms. Shaha prayed for: a) direction to the respondents to refund ₹ 0.025 million along with interest, b) award of future interest till the realization of the aforementioned amount, c) compensatory costs of ₹ 0.05 million, d) costs of the complaint. Our Bank filed a reply dated May 19, 2015 denying the said allegations and seeking the rejection of the said complaint. The matter is currently pending.
29. Mr. Tapan Saha filed a suit for declaration and permanent injunction in November, 2014 against our Bank

before the City Civil Court, Calcutta. The matter relates to a credit card account maintained by the plaintiff with our Bank and in relation to which our Bank had allegedly demanded a sum of ₹ 0.05 million. The plaintiff alleged that our Bank charged excessive interest on the said credit card account and that it had failed to reverse the excess amount that had been paid by the plaintiff and that our Bank used coercive means to recover the outstanding amount. The plaintiff prayed for *inter-alia* a) declaration that our Bank was not entitled to any amount in respect of the said credit card, and that it had no right to send its agents to his residence or threaten him in his office, b) a permanent injunction restraining our Bank's men and agents from disturbing the peaceful possession of his residence and office, c) costs, d) discovery. Our Bank has filed a written statement, denying the claims of the plaintiff and praying for the dismissal of the suit with costs. The matter is currently pending.

30. Mr. Anuj Roy filed a suit for declaration and permanent injunction in December, 2014 against our Bank before the City Civil Court, Calcutta. The matter relates to a credit card account maintained by the plaintiff with our Bank and in relation to which our Bank had allegedly demanded a sum of ₹ 0.02 million. The plaintiff alleged that our Bank had arbitrarily suspended the facilities under the said card and that he was compelled to stop further payments as he did not receive regular account statements from our Bank. It was further alleged that our Bank used coercive means to recover the outstanding amount. The plaintiff prayed for *inter-alia* a) declaration that our Bank was bound to furnish the full statement of account, that it was not entitled to any amount in respect of the said credit card, and that it had no right to send its agents to the residence or office of the plaintiff, b) a permanent injunction restraining our Bank's men and agents from disturbing the peaceful possession of his residence, c) costs, d) discovery. The matter is currently pending.
31. Mr. Jagjeet Singh filed a consumer complaint dated September 25, 2013 against Royal Bank of Scotland N.V. ("RBS") before the District Consumer Dispute Redressal Forum, New Delhi alleging that RBS had demanded the payment of a sum of ₹ 0.05 million in relation to his credit card, which was in excess of what was due to our Bank. The complainant prayed that the court direct the production of a true statement of account, refund the amount that was paid in excess to our Bank, and the payment of compensation along with costs. Our Bank in its reply dated April 25, 2014, denied the said allegations and prayed that the court dismiss the complaint with exemplary costs. The matter is currently pending.
32. Mr. Ajay Vershney and Ms. Pravesh Varshney instituted a suit on April 5, 2014 against our Bank in the Court of the City Civil Judge, Bangalore for a permanent injunction restraining our Bank and its agents from interfering with their peaceful possession and enjoyment of the suit property. Our Bank in its reply dated December 17, 2014 stated that the plaintiffs were malafide purchasers of the suit property that had been validly mortgaged to the Bank. The matter is currently pending.
33. Mr. K.T. Lukose and Mr. Mariamma Lukose filed a consumer complaint (consumer complaint number 1914/ 2014) against our Bank and Royal Bank of Scotland N.V. before the District Consumer Disputes Redressal Forum, Bangalore in relation to a loan that had been initially disbursed to them by ABN Amro Bank. The complainants alleged that the respondent-banks had collected an excess sum of money amounting to ₹ 0.51 million towards excess interest, and others charges including delayed payment charges, late fee, miscellaneous fee, prepayment charges. The complainant prayed *inter-alia*, for: a) reduction in the rate of interest to match the contracted rate of interest, b) refund of sum of ₹ 0.51 million, c) compensation of ₹ 0.50 million for mental agony, harassment and financial loss caused to them, d) and costs. Our Bank in its reply denied the said allegations and prayed that the court dismiss the complaint with exemplary costs. The matter is currently pending.
34. Mr. Sunil Prakash Kamalkar, a junior engineer of Maharashtra State Electricity Board filed a criminal complaint against Mr. Nilesh Kumbhar Kasar, in his capacity as employee of our Bank, for the contravention of provisions of the Maharashtra Prevention of Defacement of Property Act and Prevention of Damage to Public Property Act. The said complaint relates to the placement of certain hoardings by our Bank without obtaining the permission of Maharashtra State Electricity Distribution Company Limited, Kalyan and the municipal corporation. The Assistant Superintendent, Magistrate (first class), Kalyan has also recommended judicial custody of the accused for fourteen days. Further, an application dated July 4, 2015 was preferred by the some of the accused parties, including our Bank, praying for proclamation for the appearance of accused no. 6 as well as the separation of the trial as against the said person, which was

granted through an order dated June 14, 2016. The matter is currently pending.

35. Mr. R. Vijayakumar, treasurer of Indian Evangelical Lutheran Church (“**IELC**”), filed a suit dated June 30, 2015, against our Bank and seven other persons before the City Civil Court, Chennai. The plaintiff claimed, *inter alia*, that our Bank, while acting on the representation of the other defendants, had illegally disallowed him from operating the FCRA account of IELC. Therefore, the plaintiff prayed *inter alia*: a) that the letter dated June 25, 2015 issued by our Bank, freezing the said account, be declared null and void, b) for a permanent injunction restraining the defendants, including our Bank, from interfering with the plaintiff’s operation of the said account, and c) costs of the suit. The court passed an interim order dated January 6, 2016, granting temporary injunction and restraining the defendants from interfering with the plaintiff’s operation of the bank account. Against the said interim order, the aforementioned seven persons filed an appeal (CMA No. 3 of 2016) before the City Civil Judge, Chennai, and praying that the said interim order be set aside. Further, in relation to the same order, our Bank has filed a petition dated July 15, 2015 under Section 151 of the CPC, requesting a clarification about the directive to be followed by the Bank. The matter is currently pending.
36. Mr. Ritesh Katyal filed a complaint (CC No. 69/2015) against RBS, our Bank and others before the District Consumer Disputes Redressal Forum, Moradabad alleging deficiency in service even though a sum of ₹ 0.46 million had been paid towards opening of a current account with RBS and certain other charges. The complainant prayed for the repayment of the aforesaid sum along with interest at the 12% from July, 2015 till repayment, ₹ 0.5 million towards mental and economic harassment, and ₹ 5,000 towards costs. Against the same, our Bank filed a written statement in September, 2015, on the ground that Mr. Katyal was not a “consumer” under the Consumer Protection Act, 1986 as he had not availed any service from our Bank. Our Bank prayed that the complaint as against our Bank be dismissed with costs. The matter is currently pending.
37. Alfa Chemicals (“**Alfa**”) filed a consumer complaint dated July 9, 2013 against RBS and our Bank before the District Consumer Redressal Forum, Barasat. The complainant alleged that even though RBS had sanctioned a cash credit facility to the tune of ₹ 10 million to Alfa, the same was not disbursed and that a processing fee of ₹ 0.22 million was illegally debited from Alfa’s account. The complainant prayed for the refund of the said ₹ 0.22 million and the payment of a sum of ₹ 0.05 million towards harassment. Through an order dated January 2, 2015, the court dismissed the complaint on the ground of want of pecuniary jurisdiction while also finding that Alfa was not a “consumer” under the Consumer Protection Act, 1986. Against the said order, Alfa Chemicals filed an appeal (no. 113 Of 2015) before the State Consumer Disputes Redressal Commission, West Bengal, requesting the court *inter alia* to call for the records of the complaint. The matter is currently pending.
38. Kasba Development Private Limited (“**KDPL**”) filed a money suit (no. 33 of 2013) against RBS and our Bank before the Civil Judge, Senior Division, Alipore, in relation to the alleged blocking of the current account of maintained with RBS. KDPL prayed for a decree directing payment of ₹ 0.69 million along with interest at 10% p.a. till realization, attachment as well as the costs of the suit. Our Bank filed a written statement in March, 2016, for the dismissal of the suit as against our Bank on the ground that there was no relationship between our Bank and KDPL as it had not availed any services from our Bank. The matter is currently pending.
39. Ms. Shobha Ishapure and her minor daughter filed a second appeal dated February 23, 2012 before the Bombay High Court against Mr. Akkatai Patil, Mr. Suresh Kapase and others, including our Bank, challenging the order dated September 30, 2011 passed by the Sangli Civil Court. The appeal pertains to certain fixed deposit facilities maintained with certain banks, including our Bank. The appellants have alleged that the lower court had erred in awarding shares in the money under the said facilities to the respondents. The matter is currently pending.
40. Ms. Prabhavati Patil filed a special civil suit in December, 2015 against Mr. Bhujgonda Patil, our Bank and others before the Civil Judge, Senior Division, Sangli, for possession and partition of her share in the suit properties, and for permanent injunction restraining the defendants from interfering with the occupation of the said properties and from making any alteration. Our Bank became a party to the suit by virtue of the

loan availed by the plaintiff's mother. The loan was availed against the said properties as collateral. Our Bank filed a written statement dated April 18, 2016, stating that no amount was outstanding under the loan (with the said suit properties as collateral) taken by the plaintiff's mother. The matter is currently pending.

41. Mr. Damodar Singh filed a consumer complaint dated September 16, 2015 against Axis Bank Limited ("Axis"), our Bank and others before the Consumer District Redressal Forum, Alwar in relation to the illegal debit of ₹ 0.01 million from his account maintained with Axis even though no cash was disbursed from the ATM of Axis. The complainant further claimed that he had only withdrawn a sum of ₹ 3,000 from an ATM of our Bank. The complainant prayed for *inter alia*: a) refund of ₹ 0.01 million that was allegedly illegally debited by Axis, b) compensation of ₹ 0.1 million for harassment, mental pain and agony and interest at the rate of 18% p.a. from all the respondents, c) ₹ 0.01 million towards litigation expenses. The matter is currently pending.
42. Ms. Meena Thakur filed a consumer complaint on February 11, 2016 against our Bank before the District Consumer Disputes Redressal Forum, Bhopal, claiming deficiency in service for the alleged failure of our Bank to provide her with the Kisan Credit Card to undertake farming in her land. The complainant has claimed a sum of ₹ 1.32 million as compensation from our Bank. Our Bank is yet to file reply. The matter is currently pending.
43. Mr. Pandurang Motisingh Rajput filed a consumer complaint dated October 15, 2015 against Max Bupa Health Insurance Company Limited ("Max Bupa") and our Bank, before Consumer Disputes Redressal Forum, Kolhapur, claiming an amount of ₹ 0.54 million, in relation to the health insurance policy he had purchased from Max Bupa through our Bank, acting as corporate agent. He alleged deficiency in service as his claim for insurance money was rejected without justification. The matter is currently pending.
44. Mr. Baban Bhosle filed a suit dated August 15, 2014 in the court of the Civil Judge, Junior Division, Jat against Mr. Tukaram Bhosle, our Bank and others, claiming an undivided share in the suit property that was sold by Mr. Tukaram Bhosale to one of the other defendants, and for a permanent injunction restraining the defendants from alienating or encumbering the suit property. Our Bank filed its written statement dated March 31, 2016, requesting for its exclusion from the suit and stating that the charge of the Bank over the suit property would subsist till the repayment of the loan that was taken by one of the defendants. The matter is currently pending.
45. Mr. James Immanuel and Mr. Sudhakar Tivade filed an application dated January 7, 2016 under Section 41 of the Bombay Public Trust Act, 1950 against Mr. Shashikant Krisnaji, our Bank and 23 others before the Charity Joint Commissioner, Kolhapur, in relation to the illegal sale of property belonging to Sir William Wonless Chest Hospital. Our Bank has been made a party to the said suit as the plaintiffs alleged that loans were granted by our Bank against the land so purchased on the basis of illegal purchase deeds. Our Bank is in the process of filing a reply to the same. The matter is currently pending.
46. Ms. Tahera Shaikh and another filed a suit dated September 11, 2015 against Mr. Wasim Shaik, our Bank and 37 others before the Solapur Civil Court, claiming an undivided share in the suit properties. Particularly, in relation to the parcel of land that was mortgaged to our Bank pursuant to a loan of ₹ 100 million, the plaintiffs claimed that the said mortgage was not binding on them. Our Bank filed a written statement filed in February, 2016 stating *inter alia* that the plaintiffs have no interest in the said properties and that their suit is liable to be dismissed with costs. Our Bank also claimed ₹ 0.03 million as compensation. The matter is currently pending.
47. Ms. Pushpalatha filed a suit dated August 23, 2014 before the District Judge, Tiruppur against Mr. R. Shanmugavel Gounder, Mr. S. Jothivel (a customer of our Bank) and others, claiming an equal share in the suit properties and the cancellation of the deed of partition dated December 12, 2013. Pursuant to an application filed by the plaintiff, our Bank was made a party to the said suit, on the ground that the suit properties were mortgaged to our Bank by Mr. Jothivel. Against the same, our Bank has filed a written statement in April, 2016, requesting the dismissal of the suit and the award of costs. The matter is currently pending.

48. Mr. Subrata Mallick filed a suit dated December 4, 2015 against our Bank before the City Civil Court, Calcutta in relation to the alleged demand made by our Bank for repayment of dues under the credit card account maintained with our Bank. Further, the plaintiff has prayed for certain reliefs including a) declaration that our Bank is not entitled to any payment in respect of the said credit card account, b) permanent injunction restraining our Bank from interfering with the peaceful possession of the plaintiff's house and office, and c) award of costs. The matter is currently pending.
49. Mr. B.T. Eranna filed a suit (O.S. No. 213/16) against our Bank and 13 others before the court of the Principal Civil Judge, Bengaluru. The matter relates to the repayment of the various business loans amounting to ₹ 17.90 million that the plaintiff had availed from the defendants, including our Bank. The plaintiff prayed for a relief of permanent injunction restraining the defendants, including our Bank, from interfering with the peaceful possession of his business premises, from claiming repayment through cheques bearing the plaintiff's signature, and the award of costs of the suit. The plaintiff also filed an interim application for an ex-parte order restraining the defendants from interfering with his business affairs, from misusing the blank cheques and stamp papers issued by the plaintiff during the pendency of the suit. The matter is currently pending.
50. Mr. Madhusudhan Rao filed a petition dated January 1, 2016 under the Provincial Insolvency Act, 1920 before the City Civil Judge, Bangalore, involving 101 parties as respondents, including our Bank, for a declaration that he may be adjudged insolvent and for a permanent injunction restraining the defendants from interfering with his life and liberty, and a temporary injunction restraining the respondents from interfering with his affairs or the possession of his house, pending the disposal of the petition. The matter is currently pending.
51. Mr. R. Ravichandran filed a suit (O.S. No. 1051 of 2016) against our Bank before the City Civil Judge, Chennai on February 23, 2016, in relation to the alleged demand of dues of ₹ 0.15 million under the credit card account maintained with our Bank. The plaintiff has prayed for permanent injunction restraining our Bank from unlawfully interfering with the peaceful possession and enjoyment of his residence, and award of costs of the suit. The matter is currently pending.
52. Mr. Ram Pukar Ray and Ms. Anita Ray filed a suit (1273/ 2015) before the Court of the Civil Judge (Senior Division), Barasat against Mr. Dhaneshwar Roy, Ms. Tapati Roy, our Bank and others, in relation to the sale deed entered into among the plaintiffs and Mr. Dhaneshwar Roy and Ms. Tapati Roy ("**Defendants 1 & 2**"). The plaintiffs sought specific performance of the contract as against Defendants 1 & 2 through registration of the said deed, a permanent injunction restraining the defendants from transferring and forcefully dispossessing the plaintiffs of the suit properties, compensation for ₹ 1,000, and in the alternative, refund of earnest money deposit of ₹ 0.72 million, and costs of the suit. The matter is currently pending.
53. Mr. Praveen Saigal filed a petition on June 29, 2015 before the court of the Senior Civil Judge, Kakardooma Courts, Delhi for declaration of insolvency. Our Bank is one of the respondents to the said petition. In relation to our Bank, the petitioner stated that a sum of ₹ 0.31 million was due towards our Bank. The matter is currently pending.
54. Mr. Ayyub Khan filed a complaint dated February 5, 2016 under the Public Utility Services Act, 1987, against Max Bupa Health Insurance Company Limited ("**Max Bupa**") and our Bank before the Permanent Lok Adalat (Public Utility Services), Nuh. The matter relates to the unlawful decline of payment of insurance sum as claimed by the complainant. The complainant had allegedly availed insurance through our Bank, acting as agent to Max Bupa. The complainant has sought the payment of a sum of ₹ 0.26 million from Max Bupa and our Bank along with interest and costs. The matter is currently pending.
55. Mrs. Rajmati Magdum and others filed two applications (5/13 and 3/15) against Mr. Vijay Magdum, our Bank and others before the Joint Charity Commissioner, Kolhapur in relation to the administration of the property belonging to J.J. Magdum Trust. The trust property also includes the current accounts maintained with our Bank. Our Bank filed an affidavit in reply in December, 2015 stating that it had frozen the said accounts and it shall comply with orders as may be passed by the Charity Commissioner. Thereafter, an

application was filed under Rule 36(iii) of the Maharashtra Public Trust Rules, 1951 for transfer of proceedings to another forum, which was rejected through an order dated February 2, 2016 by the Charity Commissioner, Mumbai. The matter is currently pending.

56. Mr. Adarsh Augustine and Ms. Suja Mary Jose filed a suit (O.S. No. 9859 of 2014) against N.D. Developers Private Limited (“**NDPL**”) and our Bank before the Additional City Civil and Sessions Judge, Bangalore, in relation to the suit property that they allegedly purchased from NDPL. The plaintiffs stated that our Bank claimed that the said property had been mortgaged against loan of ₹ 1.75 million granted to one Mr. Vijaya Reddy Edla. The plaintiffs prayed for permanent injunction restraining the defendants from interfering with the peaceful possession and enjoyment of the said property. The plaintiffs also prayed for an interim order granting temporary injunction, restraining our Bank from disposing of or creating any third party interest in the said property. Our Bank is yet to file to reply.
57. Mr. Rajeev Sinha has filed a consumer complaint (CC/ 251/16) against our Bank before the District Consumer Disputes Redressal Forum, New Delhi in relation to which our Bank has received a summons. Our Bank is yet to receive a copy of the complaint.
58. Mr. Tansukh D. Sanghvi and another filed a consumer complaint (consumer grievance number 248/16) against our Bank before the District Consumer Disputes Redressal Forum, Nashik, for failure to return the original documents pertaining to a mortgaged property against which our Bank had extended loan to the complainants. The complainants have prayed for an order directing our Bank to return the said documents. The matter is currently pending.
59. Kotak Mahindra Bank Limited (“**Kotak**”) filed an original application dated September 28, 2015 against DBM Geotechnics and Constructions Private Limited (“**DBM**”), the guarantors of the consortium and adhoc facilities availed by DBM (“**Defendants 1-5**”), and others before the DRT, Mumbai. Our Bank was made a party to the application since it had also advanced facilities to DBM as part of the consortium facility and had claimed right, title and interest in the assets of DBM. Kotak has prayed for, inter alia, a) direction that Defendants 1-5 jointly and severally pay the outstanding dues under the said facilities along with further interest, b) direction allowing the recovery of dues by proceeding against the mortgaged and hypothecated properties, and c) certain interim reliefs including restraining Defendants 1-5 from alienating or disposing of the security property. The total claim under the application is for a sum of ₹ 145.05 million. Our bank is yet to file a reply to the application.
60. Ms. Geeta Warang and others filed a suit and notice of motion on December 23, 2015 against our Bank, Mr. Indrakumar Jha and another before the City Civil Court, Mumbai, alleging that our Bank was trying to take possession of the suit properties. The plaintiff prayed for, *inter alia*, a declaration that the property documents in the possession of our Bank are forged, permanent and temporary (pending disposal of the suit) injunction restraining the defendants or their agents from interfering with the peaceful possession of the properties, a direction that the defendants deposit the relevant documents with the Registrar of the court pending the disposal of the suit, and costs. The matter is currently pending.
61. Mr. Abhijit Chatterjee and Ms. Tanima Chatterjee filed a writ petition (no. 6551/2016) before the Calcutta High Court, against the Banking Ombudsman, RBI, CIBIL, our Bank and others, in relation to a home loan of ₹ 0.7 million initially availed by the plaintiffs from ABN Amro Bank and that was later transferred to certain other financial intermediaries. The plaintiffs alleged that despite the payment of dues, their account was classified as an irregular account and was appearing on the website of CIBIL. The plaintiffs prayed for modification of the CIBIL records to classify his account as a regular account and challenged the order dated August 26, 2015 passed by the Ombudsman in this regard. Our Bank is yet to file its reply in this matter.
62. Mr. Gulam Ali Gheewala, managing partner of M/s G. Gheewalla, a partnership firm and others filed a suit (512 of 2016) and a notice of motion dated May 11, 2016 before the Bombay High Court against Mr. Mohammed Ali Gheewala, Mr. Mehmood Gheewala, M/s M. Gheewala Global HR Consultants (“**Defendants 1-3**”) and others, including our Bank. The said suit relates to *inter alia* alleged poaching and diversion of the business of the aforesaid partnership by Defendants 1-3. The plaintiffs have prayed that the

court direct the defendants to jointly and severally pay a sum of ₹ 300 million along with interest. Particularly, as against our Bank, the plaintiffs have prayed that the court direct our Bank to allow the operation of the said partnership's account maintained with our Bank Through the said notice of motion, the applicants have claimed various ad-interim reliefs including restraining the defendants from entering the office of the said partnership. The matter is currently pending.

63. Vardhaman Builders, a partnership firm, filed a consumer complaint dated January 27, 2010 against our Bank, our Chairman and the branch manager of a Pune branch of our Bank, before the Additional District Consumer Disputes Redressal Forum, Pune ("**District Forum**"), for alleged deficiency in service and contravention of its instructions regarding transfer of money from the partnership's account to certain other persons. The complainant prayed for a direction to our Bank to pay a sum of ₹ 1.37 million. The District Forum dismissed the complaint through an order dated July 15, 2014. The complainant has challenged the said order through an appeal dated January 6, 2015 filed before the Maharashtra Consumer Disputes Redressal Commissioner, in addition to filing an application for condonation of delay in filing the appeal. The matter is currently pending.
64. Mr. Vijay Kiran Malhan filed a consumer complaint dated June 13, 2016 against our Bank before the District Consumer Disputes Redressal Forum, Bangalore, in relation to an allegedly fraudulent online transaction of ₹ 5,000 that was carried out through his credit card account maintained with our Bank. The complainant prayed for the waiver of payment of the aforesaid amount and a minimum compensation of ₹ 0.05 million towards harassment. Our Bank is yet to file a reply to the complaint.
65. Ms. Jyoti Kochhar filed an original miscellaneous petition dated April 23, 2016 before the District Judge, New Delhi, challenging the ex-parte arbitration award dated January 18, 2016 passed by the sole arbitrator, directing the petitioner to repay sums owed to our Bank under a credit card account maintained with our Bank. The petitioner stated that the said award directed her to pay ₹ 0.11 million with interest at 3.5% per month from August 2, 2015, and ₹ 3,750 as costs of the proceedings, to our Bank. The petitioner also filed an application for stay of the execution of the arbitration award. Our Bank is yet to file its reply in the matter.

#### Labour Proceedings

1. Mr. D.B. Chougale, an ex-employee of our Bank filed a complaint dated April 3, 1986 before the Labour Court, Kolhapur against the general manager of our head office and our then- chairman, challenging our Bank's order dated October 30, 1984 dismissing him from service, and alleging that our Bank engaged in unfair labour practice under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971. He further prayed for a direction to our Bank to reinstate him in service with full back wages and continuity in service from the date of his dismissal, and the award of costs. Through an order dated August 7, 1997, the Labour Court, Kolhapur partly allowed the complaint by holding that our Bank had engaged in unfair labour practices, and directing our Bank to reinstate the complainant with continuity of service and consequential benefits and one-third of back wages, within one month from date of the order. Against the said order of the Labour Court, our Bank filed a revision application before the Industrial Court, Kolhapur. The Industrial Court through an order dated July 31, 2001 allowed the revision application of our Bank and dismissed the complaint of Mr. Chougale. Pursuant to the same, our Bank filed an application dated August 3, 2001 before Industrial Court for refund of, amount of ₹ 0.76 million that had partly been paid to Mr. Chougale and partly deposited into the Industrial Court. Aggrieved by the order dated July 31, 2001 of the Industrial Court, Mr. Chougale preferred a writ petition dated September 25, 2001 before the Bombay High Court against our Bank, our then- Chairman, and the general manager of our Bank, and prayed for the following reliefs: a) the court issue rule nisi and call for the record of proceedings, b) order dated July 31 2001 of the Industrial Court be quashed, and pending disposal of the writ petition, an interim stay be granted against the said order, c) respondents be restrained by temporary injunction from recovering ₹ 0.21 million paid and the balance amount already deposited into court. Our Bank filed a caveat application dated August 4, 2001 before the High Court praying that no order be passed on this matter without due notice to it. The Industrial Court through order dated October 23, 2001 allowed the refund in relation to amount deposited into court but disallowed our claim for refund from Mr. Chougale. Thereafter, the High Court through an order dated June 14, 2002 directed that if the amount deposited into

the Industrial Court had not been withdrawn by our Bank, it be invested in a fixed deposit of a nationalized bank initially for a period of 3 years and be renewed thereafter during the pendency of the writ petition. Thereafter, upon the death of Mr. Chougule, his legal heirs have filed an application dated February 2, 2016, to be brought on record and praying that they may be allowed costs of the application. The matter is currently pending before the High Court.

2. Pursuant to a suit filed by Mr. A.S. Khotlande, an ex-employee of our Bank, against our Bank before the Court of the Third Joint Civil Judge, Junior Division, Kolhapur, the court passed an order dated April 25, 1990 declaring that the order of dismissal of Mr. Khotlande from the services of our Bank was illegal and that he was entitled to recover back wages. Against the said order, our Bank filed an appeal before the Additional District Judge, Kolhapur who through an order dated December 10, 1997 set aside the said order and dismissed the suit. Against the same, the legal heirs of Mr. A.S. Khotlande filed a civil application for restoration before the Bombay HC praying that the order dated December 10, 1997 passed in second appeal be set aside and it be restored to the file of the Additional District Judge, and praying that the delay in filing the said application be condoned by the court. The appeal was admitted by the High Court through order dated September 11, 2009 and is currently pending for adjudication.
3. Pursuant to an enquiry conducted by the enquiry officer of our Bank, the disciplinary authority of our Bank passed an order dated August 5, 2013 terminating the services of Mr. A.P. Ghorpade with immediate effect. Against the same, Mr. Ghorpade issued a demand notice dated January 10, 2014 under Section 2A of the Industrial Disputes Act, 1947 for his reinstatement in the Bank. Thereafter, Mr. Ghorpade filed a justification statement dated September 17, 2014 before the Regional Labour Commissioner (Central), Pune (“RLC”) for referring the dispute for adjudication. The RLC, thereafter, directed our Bank to attend conciliation proceedings on October 29, 2014. Thereafter, the RLC sent the failure report to the appropriate government which referred the dispute to the labour court for adjudication. Mr. Ghorpade filed a statement of claim before the First Labour Court, Kolhapur for: a) declaration that the order of dismissal passed by our Bank was illegal, arbitrary and resulted in unfair labour practice, b) reinstatement to his original post with continuity of service, full back wages, all consequential benefits and privileges for the intervening period, c) award of costs. Our Bank filed its reply dated June 9, 2015, seeking the dismissal of the said statement of claim with costs, and requesting that the court not pass an order of reinstatement as the misconduct of Mr. Ghorpade was allegedly grave and serious. The matter is currently pending.
4. Pursuant to the order dated December 7, 2009 passed by the central government referring the dispute to the First Industrial Tribunal, Kolhapur, Mr. Ravindra S. Shinde filed a statement of claim dated January 15, 2010 before the said tribunal against our Bank, challenging the order dated July 27, 2006 passed by our disciplinary authority dismissing him from our Bank, and praying for a direction to our Bank to reinstate him to his original post with continuity of service and payment of full back wages and consequential benefits, and for award of costs of reference of the dispute. Mr. Shinde also filed an interim application dated January 15, 2010 for a direction to our Bank to allow him to join duty and pay wages during the pendency of the reference. Our Bank filed a written statement dated April 13, 2010 before the Tribunal for: a) dismissal of the statement of claim filed by Mr. Shinde with award of costs. The matter is currently pending.
5. Pursuant to an inspection conducted at our branch office in Davangere, the Labour Enforcement Officer (Central) filed a complaint before the Judicial Magistrate First Class-II, Davangere against our Bank and Mr. R.B. Patil, the manager at our Davangere branch, for failure to maintain records required under Section 6 of the Equal Remuneration Act. Thereafter, our Bank filed a petition under Section 482 of the CrPC before the High Court for an order quashing the said complaint. The High Court through an order dated September 22, 2010 allowed the petition in so far as Mr. Patil was concerned but dismissed the petition in so far as our Bank was concerned. Against the same, our Bank filed an appeal dated February 10, 2011 against the State through the Labour Enforcement Officer (Central) and another, challenging the order dated September 22, 2010 passed by the Karnataka High Court. The Supreme Court through an order dated July 15, 2015 dismissed the appeal preferred by our Bank. The matter is currently pending admission.
6. Upon the failure of conciliation proceedings before the Labour Enforcement Officer (Central) between Mr. Sudhakar B. Sutar and our Bank, a reference was made to the Central Government Industrial Tribunal



("CGIT") to adjudicate the dispute. The CGIT passed an award dated April 24, 2003 holding that our Bank illegally terminated the service of Mr. Sutar, deeming that he shall have been in service from November 6, 1993 till the date of his death (July 1, 2011), and directing our Bank to pay back wages at the rate of ₹ 20 per day for the said period. Against the said award, our Bank filed a writ petition dated December 16, 2004 before the Bombay High Court against the legal heirs of Mr. Sutar, for a writ of certiorari calling for the record of proceedings of the CGIT, and setting aside the award dated April 24, 2003. Thereafter, the court passed an interim order dated January 15, 2009 staying the operation of the order subject to our Bank depositing back wages at the rate of ₹ 20 per day from November 6, 1993 up to July 1, 2001 within a period of four weeks from the date of the order. Our Bank has deposited the said amount towards back wages. The matter is currently pending.

#### Proceedings before the Banking Ombudsman

Except as disclosed below there are no proceedings against our Bank that are currently pending before the Banking Ombudsman:

1. Mr. Ramesh Kumar Pandey filed a complaint dated May 31, 2016 against our Bank with the Banking Ombudsman in relation to the fraudulent transactions allegedly carried out under his credit card account. Our Bank has responded to the Banking Ombudsman through an email dated June 9, 2016, confirming that no sum is outstanding under the said credit card account. The matter is currently pending.
2. Mr. Purushotam Naidu registered a complaint against our Bank with the Banking Ombudsman, Hyderabad in relation to the unwanted sales calls being received from our Bank for offering a credit card. Our Bank responded to the Ombudsman through an email dated July 15, 2016, stating that the calls were made in relation to a credit card application received from the complainant and that corrective action in this regard had been initiated.
3. Mr. Satish Chandra Jha filed an email complaint dated July 3, 2016 against our Bank with the Banking Ombudsman, in relation to *inter alia*, the credit limit and the levy of membership fees on the credit card issued by our Bank. Our Bank, in its email dated July 14, 2016, stated that it has requested the complainant to contact our Bank after nine months, when our Bank may reconsider an increase in the credit limit. Our Bank also stated that, pursuant to a telephonic conversation, it is corresponding with the complainant for the issuance of another credit card. The matter is currently pending.
4. Mr. G. Vathirajan filed an email complaint dated July 8, 2016 against our Bank with the Banking Ombudsman, stating that our Bank had allegedly charged annual fees on the credit card issued to him, despite the expiration/ non-renewal of the said card. Our Bank responded to the Ombudsman through an email dated July 28, 2016 stating, *inter alia*, that a new credit card had been dispatched to the complainant. Subsequently, pursuant to certain enquiries from the Banking Ombudsman, our Bank in an email dated August 4, 2016 to the Ombudsman, stated that the credit card had not been delivered to the complainant for lack of necessary identification documents with the consignee and that the Bank has contacted the complainant to arrange for the re-dispatch of the said card. Thereafter, our Bank was in receipt of another email complaint dated July 4, 2016 from the complainant in relation to the same matter. Our Bank has responded to the Ombudsman through an email dated August 22, 2016, reiterating its responses in its earlier email dated August 4, 2016 to the Ombudsman. The matter is currently pending.
5. Mr. Sharad Kumar Soni filed a complaint against our Bank with the Banking Ombudsman, alleging that our Bank had violated the RBI circular dated May 7, 2014 by levying a prepayment penalty of ₹ 0.08 million (in addition to service tax) for the foreclosure of his loan account. Our Bank received the complaint from the Banking Ombudsman, Bhopal on July 25, 2016 and in its response dated July 28, 2016 has stated that the said penalty was levied for the premature closure of the overdraft facility and therefore, had not violated the said circular. The matter is currently pending.
6. Mr. Pardeep Kumar filed an email complaint dated May 29, 2016 with the Banking Ombudsman, alleging, *inter alia*, that our Bank had cancelled his credit card without his authorization and failed to return the card joining fees paid by him. Our Bank received the complaint from the Banking Ombudsman, New Delhi on

July 29, 2016 and has responded to the Banking Ombudsman by way of a letter dated August 2, 2016, stating *inter alia* that the credit card account was reinstated with effect from July 6, 2016, a new credit card was issued based on the request of the complainant, and that the complainant has, by way of his email dated August 1, 2016, expressed satisfaction towards the resolution provided by our Bank.

7. Mr. B.N. Chandrasekar filed an email complaint dated June 12, 2016 with the Banking Ombudsman, alleging that our Bank failed to send monthly statements in relation to his credit card account for the past six months. Our Bank received the complaint from the Banking Ombudsman, Bengaluru on July 26, 2016 and responded to the same through an email dated August 3, 2016. Our Bank has responded to the complainant by way of an email dated August 2, 2016. Further, our Bank confirmed that it has been sending the hard copies of the statements as well as the e-statements to the complainant. Our Bank has also, as a service gesture, reversed the late fee of ₹ 1,150 charged to the complainant.
8. Mr. Srinivasan filed an email complaint dated June 30, 2016 against our Bank with the Banking Ombudsman, Bengaluru, alleging that our Bank failed to facilitate alternative methods of repayment of sums due under a loan account maintained with our Bank. Our Bank has, through an email dated August 9, 2016, replied to the Banking Ombudsman, stating *inter alia* that the loan was not rescheduled since the complainant was unable to provide any evidence for the decrease in income of the account holder. The matter is currently pending.
9. Ms. Rupinder Monga registered a complaint against our Bank with the Banking Ombudsman, New Delhi on July 7, 2016, in relation to the alleged failure by our Bank to open a fixed deposit account. Our Bank, through an email dated August 17, 2016 to the Banking Ombudsman, stated that the complainant has confirmed her satisfaction to the resolution provided by our Bank. The matter is currently pending.
10. Mr. Vikas Somaiyya filed an email complaint dated August 1, 2016 against our Bank with the Banking Ombudsman, New Delhi, in relation to the status of a credit card application filed by him with our Bank. Our Bank responded to the Banking Ombudsman through an email dated August 13, 2016, stating *inter alia* that it had dispatched the credit card which was delivered to the complainant on August 10, 2016. Our Bank also stated that the complainant had confirmed that all issues relating to his credit card application had been resolved. The matter is currently pending.
11. Mr. Mohammed Siddiq filed two email complaints dated June 3, 2016 with the Banking Ombudsman, Bangalore in relation to the alleged rejection of his credit card application on untrue grounds. Our Bank has, through emails dated August 5, 2016 and August 8, 2016 to the Banking Ombudsman, stated *inter alia* that the complainant's credit card account was opened with effect from June 6, 2016 and that the complainant expressed his satisfaction to the resolution provided by our Bank. The matter is currently pending.
12. Mr. Chodiseti Bnagav Prasad registered a complaint against our Bank with the Banking Ombudsman on August 20, 2016, in relation to the alleged rejection of his application for an add-on card on grounds of invalid documentary proof. Our Bank is yet to file a reply to the complaint.

## Tax Proceedings

### *Income tax proceedings*

1. Our Bank has filed an appeal dated June 4, 2009 before the ITAT, Pune against the order passed by the CIT (Appeals), Kolhapur, disallowing deduction of ₹ 5.96 million in respect of interest expenditure in proportion to tax-free income for the assessment year 2005-06. The matter is currently pending.
2. The CIT – II, Kolhapur filed an appeal on July 29, 2013 before the High Court of Bombay against the order dated February 8, 2013 passed by the ITAT, Pune allowing our Bank to claim a deduction of ₹ 31.91 million towards amortization of premium on investments in the assessment year 2006-07. The High Court through an order dated September 15, 2015 found that the ITAT was justified in allowing the said deduction and restored the matter to the assessing officer for factual determination. The estimated tax

liability in this matter is ₹ 10.74 million. The matter is currently pending.

3. The CIT- II, Kolhapur has filed an appeal dated April 17, 2014 before the High Court of Bombay against the order dated September 11, 2013 passed by the ITAT, Pune, allowing our Bank to claim a deduction of ₹ 31.91 million made towards amortization of premium on investments in the assessment year 2007-08. The estimated tax liability in this matter is ₹ 10.85 million. The matter is currently pending.
4. Our Bank filed an appeal in May, 2012 before the ITAT, Pune against the order passed by the CIT (Appeals), Kolhapur in relation to the following disallowances for assessment year 2008-09: a) ₹ 25.11 million towards proportionate expenditure under Section 14A of the Income Tax Act, b) ₹ 36.90 million towards excess provision towards pension fund. The matter is currently pending.
5. The CIT-II, Kolhapur has filed an appeal dated May 12, 2014 before the High Court of Bombay against the order dated November 29, 2013 passed by the ITAT, Pune allowing our Bank to claim a deduction of ₹ 40.27 million towards amortization of premium on investments, in the assessment year 2008-09. The estimated tax liability in this matter is ₹ 13.29 million. The matter is currently pending.
6. The CIT-II has filed an appeal on May 12, 2014 before the High court of Bombay against the order dated November 29, 2013 passed by the ITAT, Pune allowing our Bank to claim a deduction of ₹ 31.73 million towards on depreciation on value of investments, in the assessment year 2009-10. The estimated tax liability in this matter is ₹ 10.47 million. The matter is currently pending.
7. The CIT (Appeals), Kolhapur passed an order dated February 18, 2015 disallowing the following deductions in relation to assessment year 2010-11: a) ₹ 20.70 million as interest paid to cooperative societies without the deduction of applicable TDS; b) ₹ 1.26 million towards provision for bad debts, c) ₹ 0.92 million towards loss caused due to fraud, d) ₹ 4.18 million towards contribution to pension fund. Thereafter, our Bank filed an appeal dated April 13, 2015 before the ITAT, Pune against the said order. The matter is currently pending.
8. The CIT (Appeals), Kolhapur passed an order dated February 18, 2015 in relation to assessment year 2011-12, disallowing deduction of ₹ 33.30 million towards interest paid to cooperative societies on the ground of failure to deduct applicable TDS. Against the same, our Bank filed an appeal dated April 13, 2015 before the ITAT, Pune. The matter is currently pending.
9. The ACIT, Circle-1, Kolhapur passed an assessment order dated March 23, 2015 for the assessment year 2012-13, disallowing deduction of ₹ 46.58 million claimed by our Bank towards interest paid to our cooperative societies. The ACIT disallowed the said deduction on the ground of failure to deduct tax at source on the said payment of interest. The estimated tax liability is ₹ 15.11 million. Against the same, our Bank filed an appeal before the CIT (Appeals), Kolhapur. The CIT (Appeals) upheld the disallowance of the ACIT through an order dated February 22, 2016. Against the said disallowance, our Bank has filed an appeal dated April 4, 2016 before the ITAT, Pune. The matter is currently pending.
10. Pursuant to appeals filed by our Bank and the tax department, the ITAT passed an order dated January 10, 2001 in relation to assessment years 1989-90, 1990-91 and 1991-92. Through the said order, the ITAT passed an order: a) allowing deduction of ₹ 0.92 million towards interest accrued on suit filed and suit decreed accounts for all assessment years, b) setting aside the order of the CIT (A), Kolhapur disallowing aggregate deduction of ₹ 2.16 million for bad debts written off under Section 36(1)(vii) of the Income Tax Act and restoring the matter for fresh adjudication, c) disallowing deduction of ₹ 0.025 million under Section 37(2A) of the Income Tax Act, d) allowing ₹ 0.01 and disallowing ₹ 0.015 million towards entertainment expenses under Section 37(2A) of the Income Tax Act for assessment year 1989-90, e) confirming the order of the CIT (A), Kolhapur deleting the addition of interest on the aforesaid amount of bad debts written off. The tax department is yet to give effect to the said order of the ITAT.
11. Our Bank filed an appeal before the ITAT, Pune in relation to: a) disallowance of interest of ₹ 3.38 million on account of proportionate expenditure relating to tax free investments for assessment years 2002-03 and 2003-04, b) order to pay 100% penalty under Section 271(c) of the Income Tax Act in respect of the

aforementioned disallowance for the said assessment years. The ITAT, through an order dated November 19, 2010, set aside the orders passed by the authorities below and restored the issue to the file of the assessing officer for *de novo* assessment. The said order is yet to be given effect. Furthermore, pursuant to an order dated June 26, 2006 passed by the Central Board of Direct Taxes, our Bank has filed a petition dated March 30, 2007 for waiver of interest of ₹ 2.46 million charged under Section 234 C of the Income Tax Act for assessment year 2002-03. The said petition is also pending.

12. The Income Tax Officer (TDS), Ward-1, Belgaum passed an order dated February 23, 2015 under Sections 201(1) and 201(1A) of the Income Tax Act for the alleged default in not deducting tax on interest paid in relation to term deposits for assessment years 2011-12, 2012-13 and 2013-14. Against the same, our Bank filed an appeal before the CIT (Appeals), which was dismissed through an order on June 15, 2015. Pursuant to an appeal filed by our Bank, the ITAT through an order dated November 24, 2015 ordered that the issue be set aside for verification of additional evidence by the assessing officer and fresh adjudication. The estimated liability is ₹ 0.83 million. The matter is currently pending.
13. The ACIT, Circle-1, Kolhapur passed an assessment order and a demand notice dated March 17, 2016, directing our Bank to pay a sum of ₹ 9.97 million in relation to assessment year 2013-14. Under the said assessment order, the ACIT disallowed ₹ 28.52 million towards interest paid to cooperative societies. Against the same, our Bank has filed an appeal dated April 13, 2016 before the CIT (Appeals). The matter is currently pending.

#### *Service tax proceedings*

1. The Deputy Commissioner of Central Excise and Customs, Kolhapur (“**DCCE**”) issued a notice dated March 11, 2014 in relation to the period between January 2013 and December 2013, directing the reversal of cenvat credit of ₹ 0.34 million availed by our Bank, on the ground that lodging, boarding and laundry services availed for personal use or consumption of our employees were not eligible as input services. Our Bank was also directed to reverse cenvat credit of ₹ 0.32 million on the ground that it had taken credit of service tax paid on telephones/mobiles registered in the name of individual employees, who were reimbursed by our Bank. The DCCE has also demanded the payment of interest and penalty on the said amounts. Our Bank through a letter dated February 18, 2015 denied its liability. Thereafter, the Joint Commissioner of Central Excise and Customs, Kolhapur issued another show cause-cum-demand notice in March, 2015 directing our Bank to show cause as to why: a) inadmissible service tax credit of ₹ 0.66 million availed should not be recovered under Rule 14, Cenvat Credit Rules, 2004 read with proviso Section 73(1), Finance Act, 1994, b) interest should not be recovered on the above-mentioned amount under Rule 14 of the Cenvat Credit Rules read with Section 75 of the Finance Act, c) penalty should not be imposed under Rule 15(3) of Cenvat Credit Rules read with Section 78 of the Finance Act, for the period between January, 2013 and December, 2013. The notice further directed our Bank to show cause within the 30 days of receipt. Our Bank in its reply dated March 13, 2015 has denied its liability. Thereafter, the Joint Commissioner of Central Excise and Service Tax, Kolhapur passed an order dated March 31, 2016, confirming demand of ₹ 0.66 million availed as cenvat credit, interest at the statutory rate on the said sum, and penalty of ₹ 0.66 million, which may be restricted to 25% of the said penalty if all the said payments were made within 30 days of the order. Against the said order dated March 31, 2016, our Bank has filed an appeal before the Commissioner of Central Excise and Service Tax (Appeals), Kolhapur. The matter is currently pending.
2. Our Bank has received a show cause- cum- demand notice dated October 8, 2015 in relation to cenvat credit availed for the period between January, 2014 and September, 2014 directing our Bank to show cause as to why: a) service tax credit of ₹ 0.34 million availed for the aforesaid period should not be recovered, b) interest under Rule 14, Cenvat Credit Rules, 2004 read with proviso Section 73(1), Finance Act, 1994 should not be recovered, c) penalties should not be imposed under Rule 15(3) of Cenvat Credit Rules read with Section 78 of the Finance Act. Our Bank is yet to file a reply.
3. Our Bank has received a show cause- cum- demand notice dated January 12, 2016 directing our Bank to as to why: a) service tax credit of ₹ 0.30 million availed for the aforesaid period should not be recovered, b) interest under Rule 14, Cenvat Credit Rules, 2004 read with proviso Section 75, Finance Act, 1994 should

not be recovered, c) penalties should not be imposed under Rule 15(3) of the aforesaid Rules read with Section 78 of the Finance Act. Our Bank is yet to file a reply.

### ***Cases filed by our Bank as on August 19, 2016***

#### **Cases under Section 138, Negotiable Instruments Act**

In the ordinary course of banking business we are routinely involved in litigation involving dishonour of cheques as governed under Section 138, of the Negotiable Instruments Act, 1881, as amended.

Our Bank has filed 515 complaints under Section 138 of the Negotiable Instruments Act as on August 19, 2016. The aggregate amount involved in such proceedings is ₹ 979.34 million. Out of the above complaints, eight complaints involve an amount equal to or more than ₹ 29.24 million, which are described hereinbelow.

1. Our Bank filed a criminal complaint dated January 3, 2013 under Section 138 of the Negotiable Instruments Act against Deccan Chronicle Holdings Limited (“**DCHL**”) and others before the Court of the Metropolitan Magistrate, Dadar. The matter relates to the cheque of ₹ 200 million drawn in favour of our Bank and that was later dishonoured. Against the same, Mr. Narasimhan Krishnan, one of the respondents filed a revision petition dated June 27, 2013 before the Sessions Court, Mumbai, stating that he ceased to be a director of DCHL at the time the cause of action arose. It was further prayed that the court call for the records of the case and set aside the order of the Metropolitan Magistrate issuing process against him, and stay all proceedings against the applicant during the pendency of the petition. The said revision application was allowed through an order dated July 4, 2015 passed by the Additional Sessions Judge, CBI Special Court. The matter is currently pending in respect of the other accused.
2. Our Bank filed a criminal complaint dated February 4, 2013 under Section 138 of the Negotiable Instruments Act against Deccan Chronicle Holdings Limited (“**DCHL**”) and others before the Court of the Metropolitan Magistrate, Dadar. The matter relates to a cheque of ₹150 million drawn in our Bank’s favour and that was later dishonoured. Our Bank also filed a miscellaneous application dated February 4, 2013 for condonation of delay in filing the said complaint. The matter is currently pending.
3. Our Bank filed a criminal complaint dated January 31, 2015 under Section 138 of the Negotiable Instruments Act against Mr. Nitin Kumar Arora, proprietor of M/s Shri Radhey Shyam Trading Company, before the Chief Metropolitan Magistrate, Kakardooma courts, Delhi. The matter relates to a cheque of ₹ 50 million drawn in our favour and that was later dishonoured. Our Bank has prayed that the respondent be directed to pay compensation under Section 357 of the CrPC and additional amounts towards costs, accrued interest and legal charges. Further, pursuant to a complaint by our Bank, the Barkahamba Road police station registered a first information report dated May 20, 2015 (“**FIR**”) against Mr. Nitin Arora, Ms. Ishma Arora and other unknown persons for offences committed under Sections 420, 467, 468, 471 and 120B of the IPC. Thereafter, the accused filed an application under Section 210 of the CrPC, requesting that the complaint and the matter arising out of the FIR be tried together. The matters are currently pending.
4. Our Bank filed a criminal complaint (CC No. 243 of 2016) under Section 138 of the Negotiable Instruments Act against M/s Suvijay Corporation and others before the Court of the Metropolitan Magistrate, Ahmedabad. The matter relates to a cheque of ₹ 30 million that was issued in our Bank’s favour and that was later dishonoured. The matter is currently pending.
5. Our Bank filed a criminal complaint dated May 13, 2016 under Section 138 of the Negotiable Instruments Act against Swami Automobiles Private Limited (“**SAPL**”) and its guarantors before the court of the Chief Metropolitan Magistrate, Patialia House Courts, New Delhi. The matter relates a cheque of ₹ 35.71 million issued in favour of our Bank towards repayment of certain credit facilities and that was later dishonoured owing to insufficiency of funds. Our Bank has also prayed for a direction to the accused to pay twice the amount of the aforesaid monetary value. The matter is currently pending. Our Bank has also initiated a debt recovery proceeding against SAPL and its guarantors. For further details, see section titled sub-section titled “*Litigation Involving our Bank – A. Outstanding Litigation involving our Bank- Debt Recovery Litigation initiated by our Bank*”.

6. Our Bank filed a criminal complaint dated December 19, 2015 under Section 138 of the Negotiable Instruments Act against Gratolite India Private Limited (“**GIPL**”) and others before the court of the Chief Metropolitan Magistrate, Patialia House Courts, New Delhi. The matter relates a cheque of ₹ 47.50 million issued in favour of our Bank towards repayment of certain credit facilities and that was later dishonoured owing to insufficiency of funds. The matter is currently pending. Our Bank has also initiated a debt recovery proceeding against the aforesaid accused. For further details, see section titled sub-section titled “*Litigation Involving our Bank – A. Outstanding Litigation involving our Bank- Debt Recovery Litigation initiated by our Bank*”.
7. Our Bank filed two criminal complaints (9174/SS/2015 and 5628/SS/2015) under Section 138 of the Negotiable Instruments Act against Sri Balmukund Polyplast Private Limited, Mr. Ajay Kuma Agarwala and Vikash Kumar Agarwala before the Court of the Metropolitan Magistrate, Mumbai. The matter relates to 14 cheques amounting to ₹ 70 million, issued in favour of our Bank, that were dishonoured. Our Bank has also prayed for payment of compensation under Section 141 of the Negotiable Instruments Act. The matters are currently pending.

#### Debt recovery litigation initiated by our Bank

As on August 19, 2016, our Bank has filed 297 proceedings (excluding demand notices issued under the SARFAESI Act which are not before any court or tribunal) for recovery of debts due to it before various courts and tribunals in India. Such proceedings are at various stages of adjudication, and partial recovery has been effectuated in certain proceedings. The aggregate claim in these matters is ₹ 1,692.46 million.

Out of the above, thirteen proceedings involve an amount greater than ₹ 29.24 million, details of which are as follows:

1. Our Bank filed an original application dated before the DRT-III, Mumbai against Goa Capacitors Private Limited (“**Borrower**”) and others praying for the recovery of a sum of ₹ 32.86 million, in relation to certain credit facilities granted to the Borrower. The DRT passed an order dated June 5, 2009 holding that our Bank was entitled to receive a sum of ₹ 32.86 million with interest at 13.5% p.a. from the date of the original application till the date of realization, and costs. The DRT directed Eleconic to pay ₹ 31.30 million along with the other defendants. The DRT further ordered that since our Bank had not proved second charge on the immovable property hypothecated to us, our Bank could only proceed against the moveable properties hypothecated to it. Thereafter, a demand notice dated September 7, 2010 was issued by the Recovery Officer, DRT-III against the Borrower and the guarantors for a sum of ₹ 33.03 million with interest and costs. The matter is pending for recovery.
2. Our Bank filed an original application in April, 2012 against BBIPL Infrastructure (India) Private Limited and others before the DRT, Bangalore for the recovery of a sum of ₹ 162.72 million, being the outstanding amount as of March 31, 2012, with pendent lite interest at 18.25% per annum with monthly rests till realization. Our Bank prayed *inter alia* for: a) sale of the moveable and immovable property hypothecated to our Bank and to permit the proceeds therefrom to be appropriated towards satisfaction of the sum aforementioned, b) appointment of a receiver, c) direction to the defendants to disclose their properties and an order attaching them, d) award of costs. Our Bank also filed an interim application *inter alia* for: a) restraining the agents and servants of the defendants from transferring, alienating, encumbering or otherwise parting with the title or possession of the movable and immovable properties, b) direction to the defendants to furnish a security for the entire amount of the debt due. Pursuant to an order dated September 29, 2015 passed by the DRT, a recovery certificate dated April 12, 2016 was issued in favour of our Bank for the recovery of ₹ 162.72 million from BBIPL along with costs, expenses, future interest at 18.25% p.a. with monthly rests till the full realization, failing which the security property would be proceeded against. The matter is currently pending for recovery.
3. Our Bank filed two original applications dated July 14, 2014 and March 10, 2015 against Arihant Chemicals & Resins India Private Limited (“**Arihant**”) and others before the DRT-II, Mumbai for the recovery of: a) ₹ 74.87 million with 18% p.a. interest with effect from January 13, 2014, and b) ₹ 75.92

million with 18% p.a. interest with effect from January 22, 2014, respectively. Our Bank entered into consent terms with Arihant on March 30, 2015. The said terms were taken on record by the DRT-II, Mumbai which noted that a sum of ₹ 2.50 million had already been paid to our Bank. The matter is currently pending.

4. Our Bank is a party to the liquidation proceedings of Nucor Wires Limited (“**Nucor**”) before the High Court of Karnataka. The loan account of Nucor was assigned to our Bank by Industrial Development Bank of India Limited (“**IDBI**”). The amount which was payable by Nucor to IDBI was ₹ 252.15 million along with costs and interest, determined pursuant to an order dated February 27, 2009 passed by the DRT Bangalore, against Nucor and others. In relation to the aforementioned liquidation proceedings, our Bank filed a company application before the High Court of Karnataka stating that a sum of ₹ 2769.80 million was due from Nucor as on January 1, 2015 and for an order: a) directing the official liquidator to value the assets of Nucor through the valuer appointed by the court and permit our Bank to sell the assets in association with the official liquidator, b) awarding costs of the application. The said application was disposed through an order dated June 16, 2015 with the appointment of a valuer by the court. Thereafter, on November 24, 2015, pursuant to bids received in respect of the security property, the court ordered that a sum of ₹ 130 million be deposited into court for payment to Karnataka Industrial Area Development Board, one of the respondents to the said application. The matter is currently pending.
5. Our Bank issued a demand notice dated April 20, 2015 under the SARFAESI Act against Duo Associates (Private) Limited (“**Duo**”) for the payment of ₹ 174.96 million with compound interest, in relation to a loan account of Duo assigned to our Bank by IDBI. Our Bank has also filed a substitution petition dated April 13, 2015 in relation to the original application filed by IDBI before the DRT, Bangalore for the recovery of ₹ 119.29 million. Through a letter dated August 5, 2015, our Bank had entered into a settlement with Duo. Under the said letter, Duo was required to pay a sum of ₹ 110 million in two instalments, of which a sum of ₹ 60 million is outstanding and to be paid before September 30, 2016. The matter is currently pending before the DRT till the receipt of full settlement amount.
6. Pursuant to a demand notice dated December 19, 2015 issued under the SARFAESI Act, our Bank filed two miscellaneous petitions against M/s Meerut Steel and certain guarantors before the courts of the District Magistrates of Meerut and Ghaziabad, respectively, under Section 14 of the said Act. Through the said petitions, our Bank has prayed for police assistance in taking possession of the security properties located in Meerut and Ghaziabad. Our Bank had stated that a sum of ₹ 107.94 million was due from the respondent as on September 30, 2015. Thereafter, Ms. Renu Kansal and another, through an application dated May 31, 2016 to the Additional District Magistrate, Meerut, claimed tenancy with respect to one of the suit property located at Meerut and prayed that the Bank be restrained from evicting the applicants from the said property. The matters are currently pending.
7. Our Bank filed an original application dated May 13, 2016 against Swami Automobiles Private Limited (“**SAPL**”) and its guarantors before the DRT, Chandigarh in relation to the default in the repayment of certain credit facilities extended to SAPL. Our Bank has prayed for: a) a direction to the defendants to jointly and severally pay a sum of ₹ 35.71 million with pendente lite interest and future interest at the rate of 11.65% p.a. from February, 2016 till the realization of the loan amount, sale of the hypothecated goods towards payment of the due amount, permanent and temporary injunction restraining the defendants from parting with the possession of the security property and from creating any third party interest therein. The matter is currently pending.
8. Our Bank issued a demand notice dated August 24, 2015, a notice dated October 14, 2015 under Section 13(2) of the SARFAESI Act and a pre-possession notice dated December 23, 2015 against Mr. Divij Garg, proprietor of DMT Traders (“**DMT**”), and others for the payment of a sum of ₹ 80.41 million along with interest, failing which our Bank would proceed against the security property. Thereafter, our Bank filed an original application dated October 28, 2015 against M/s DMT Traders (“**DMT**”) and others before the DRT, New Delhi for the non-payment of sums borrowed under certain facilities extended to DMT. Our Bank has prayed for *inter alia*: a) direction for the issuance of a recovery certificate for a sum of ₹ 35.13 million with pendent-lite interest and future interest from October 1, 2015 till realization, b) order for attachment and sale of the mortgaged immovable and hypothecated moveable properties, c) recovery from

the personal property of the defendants where the aforesaid properties are insufficient for recovery of the entire sum, and d) costs. Further, our Bank has also prayed for interim reliefs restraining the defendants from transferring, alienating or creating third party interests in the mortgaged or hypothecated property. Thereafter, Grapolite India Private Limited (“GIPL”), in its capacity as a tenant of the security property situated located at Vishnu Garden, Delhi filed a securitization application dated December 29, 2015, before the DRT, New Delhi for setting aside the aforesaid demand notice and possession notice served by our Bank, restraining our Bank from proceeding against the security property (including through an interim relief) and for the award of costs. The said securitization application was dismissed in favour of the Bank. Thereafter, our Bank filed a petition in January, 2016 before the Chief Metropolitan Magistrate, Tis Hazari Court, Delhi for the appointment of a court receiver to take possession of secured assets located at New Delhi and hand over the possession of the same to our Bank. The Chief Metropolitan Magistrate, Delhi passed an order dated January 19, 2016 allowing the claim of our Bank to take possession of the said security property. Thereafter, GIPL filed an application dated February 11, 2016 under Section 340(1) of the CrPC, for a direction restraining our Bank from acting upon the order dated January 19, 2015. The matter is currently pending.

9. Our Bank filed an original application in September, 2015 against Immortal Infrastructure Private Limited (“IPL”) and others before the DRT, Mumbai for the non-payment of sums borrowed under a business loan availed from our Bank. Our Bank prayed for *inter alia*: a) declaration that IPL be liable to pay a sum of ₹ 36.49 million as of January 31, 2015 along with further interest at 2% per month till actual realization, b) recovery certificate to be issued for the said amount, c) that the defendant be directed to disclose on oath the assets and receivables due to him for the payment of the outstanding amount, and d) costs of application. Our Bank has also prayed for an interim order for the protection of the Bank’s interest and the appointment of a commissioner to take inventory of the moveable and immoveable properties of the defendant, pending disposal of the application. The matter is currently pending.
10. Our Bank issued a demand notice dated August 24, 2015, a notice dated October 14, 2015 under Section 13(2) of the SARFAESI Act and a pre-possession notice dated December 23, 2015 against Grapolite India Private Limited (“GIPL”) and others for the payment of a sum of ₹ 80.41 million along with interest, failing which our Bank would proceed against the security property. Our Bank also filed an original application dated October 19, 2015 against GIPL and others before the DRT, New Delhi for the non-payment of the aforesaid sum and prayed for issuance of a recovery certificate for payment of ₹ 80.41 million with pendent-lite interest and future interest, order for attachment and sale of mortgaged and hypothecated property as well as the personal property of the respondent and costs of the application. In addition, our Bank also prayed for an ex-parte interim order restraining the defendants from alienating the property so mortgaged or hypothecated and directing them to disclose on oath the details of other properties owned by them. GIPL filed a securitization application dated December 28, 2015 before the DRT, Chandigarh, for setting aside the aforesaid demand notices and possession notice served by our Bank, restraining our Bank from proceeding against the security property (including through an interim relief) and for the award of costs. Thereafter, our Bank filed a petition in January, 2016 before the court of the District Magistrate, Jhajjar for the appointment of a court receiver to take possession of secured assets located at Jhajjar and hand over the possession of the same to our Bank. The District Magistrate, Jhajjar passed an order dated February 10, 2016, allowing the claim of our Bank to take possession of the property situated at Jhajjar. Pursuant to the aforementioned order dated February 10, 2016, our Bank has issued a possession notice dated April 12, 2016, in respect of the property situated at Jhajjar. The matter is currently pending.
11. The State Bank of India (“SBI”) and our Bank have filed an original application in March, 2016 against Balmukund Polyplast Private Limited and 11 others before the DRT, Kolkata for the payment of sum of ₹ 739.34 million borrowed under credit facilities extended by SBI and our Bank to the respondents. Our Bank has prayed for the payment of a sum of ₹155.38 million and interest, failing which the hypothecated and mortgaged properties be proceeded against for recovery of the outstanding amount. SBI and our Bank have also prayed for an interim order for *inter alia* attachment of the properties of the respondents before judgment, appointment of a commissioner and receiver in respect of the security property. The matter is currently pending.



12. Our Bank has filed an original application dated January 20, 2016 against DBM Geotechnics and Constructions Private Limited (“**DBM**”) before the DRT, Mumbai for the recovery of a sum of ₹ 85.32 million with interest, a declaration that our Bank shall be entitled to receive any money to be paid by Indian Oil Corporation Limited (“**IOC**”) for work done by DBM, and costs of the application. Our Bank also prayed for interim orders for *inter alia* restraining DBM and its agents from encumbering, alienating or disposing of the security property, appointment of a receiver in respect of such property and a direction for deposit of the outstanding amount into the DRT. The court through an order dated February 4, 2016 directed that DBM shall not part with the possession of certain security property, that IOC shall not release any further money as payment to DBM till further orders, and to disclose on oath the moveable and immoveable properties belonging to DBM. Pursuant to an interim application filed by our Bank, the DRT through an order dated April 6, 2016, directed Bank of Maharashtra to not allow withdrawals by DBM from the current account maintained with it. Our Bank filed two miscellaneous applications in June, 2016 for: a) amendment of the original application in order to implead another party and for an order declaring the sale of one of the security properties through registered deed dated March 11, 2016 as null and void, and b) *inter alia*, a declaration that all officers responsible and in charge of DBM have wilfully disobeyed the order dated January 4, 2016 and an order awarding punishment and/or fine. The matter is currently pending.
13. Our Bank issued a demand notice dated December 23, 2015 under the SARFAESI Act to Mudraksh Investfin Private Limited (“**Mudraksh**”), Mr. Anuj Goyal, Mr. Ramesh Goyal and others, for the payment of a sum of ₹ 32.53 million due as of December 15, 2015, in relation to credit facilities extended by our Bank. Against the said notice, Mudraksh and four others filed a securitization application dated July 29, 2016, before the DRT, New Delhi, praying for *inter alia* a) an order setting aside the actions taken/ to be taken by our Bank under the SARFAESI Act in respect of the property situated at Punjabi Bagh, New Delhi (the “**Security Property**”), b) directions to our Bank to receive balance amount of ₹ 6 million due in respect of the said facility in view of the one time settlement allegedly entered into by our Bank and to hand over the original title deeds relating to the Security Property, and c) grant of compensation to the applicants. The applicants also prayed for an interim order for *inter alia* restraining our Bank from a) taking any measures including physical possession of the Security Property, and b) selling or disposing of the Security Property. The matter is currently pending.

#### Arbitration Proceedings by our Bank

As on August 19, 2016, our Bank has commenced 315 arbitration proceedings for recovery of dues under credit card accounts maintained with our Bank. The aggregate claim in these matters is ₹ 39.02 million. None of the aforesaid proceedings involve an amount greater than ₹ 29.24 million.

#### **B. Material frauds committed against our Bank**

Our Bank has an anti-fraud committee which monitors and reviews all frauds against our Bank involving an amount of ₹ 10 million or more, in accordance with RBI master circular on ‘Frauds – Classification and Reporting’ dated July 1, 2015. For further details, please see the section titled “*Regulations and Policies - Classification and Reporting of Fraud Cases*” on page 207.

Except as stated below and in the subsection titled “*Cases Filed by our Bank as on August 19, 2016*” beginning on page 455, there have been no acts of material frauds, i.e. the act of frauds involving an amount of ₹ 10 million or more, against our Bank in the last five years:

S. No.	Details of Fraud	Year	Amount Involved (in ₹ million)	Actions taken by our Bank
1.	Cheating and forgery committed by Arihant Chemicals and Resins India Private Limited in relation to the letters of credit issued by HDFC Bank and	2013	147.06	<ol style="list-style-type: none"> <li>Our Bank reported the matter to the police pursuant to a letter dated November 8, 2013.</li> <li>Our Bank reported the case to the RBI and the Reports on Actual and Suspected Frauds</li> </ol>

S. No.	Details of Fraud	Year	Amount Involved (in ₹ million)	Actions taken by our Bank
	discounted by our Bank.			<p>dated November 8, 2013 and December 21, 2013 were filed for an aggregate amount of 147.06 million.</p> <ol style="list-style-type: none"> <li>3. Our Bank reported the case to the SFIO through a letter dated November 22, 2013.</li> <li>4. Our Bank has filed an insurance claim dated November 14, 2013 with the insurance company for ₹ 146.90 million.</li> <li>5. Our Bank has conducted an internal investigation and a departmental enquiry.</li> <li>6. Our Bank suspended the cluster head- small and medium enterprises with effect from October 31, 2013 pending further investigations. Thereafter, our Bank terminated the employment of the said cluster head.</li> <li>7. Our Bank has filed a Suspicious Transaction Report with the Financial Intelligence Unit-India.</li> <li>8. Our Bank issued a legal notice dated November 1, 2013 to HDFC Bank, Byculla branch, Mumbai for evading payment under the letter of credit even after confirmation about the genuineness of the instrument.</li> </ol>
2.	Fraud by employees of Star Agriwarehousing and Collateral Management Limited, employees of M/s Singh Cold Storage, and employees of our Bank by creation of fake security documents and removal of security goods in relation to loans disbursed by our Bank to certain farmers.	2014	32.54	<ol style="list-style-type: none"> <li>1. Our Bank reported the matter to the police pursuant to a letter dated November 30, 2014.</li> <li>2. Our Bank reported the case to the RBI and the Report on Actual and Suspected Frauds was filed by our Bank on January 9, 2015.</li> <li>3. Our Bank had filed a civil suit (suit number 147 of 2015) against Star Agriwarehousing and Collateral Management Limited and 8 others, which was later withdrawn upon settlement.</li> </ol>
3.	Fraudulent representation and impersonation by directors of Delta Industrial Supplies Private Limited (“Delta”) in relation to the collateral for the cash credit advances availed from the Bank	2014	25	<ol style="list-style-type: none"> <li>1. Our Bank reported the fraud to the RBI and the Report on Actual and Suspected Frauds dated September 30, 2015 was filed.</li> <li>2. Our Bank has lodged two criminal complaints dated October 1, 2015 and February 4, 2016 against Delta, Ms. Indrakumar Jha, Ms. Kasturi Jha and Mr. Arvind Gawde with the Borivali and Swargate police stations, respectively, in relation</li> </ol>

S. No.	Details of Fraud	Year	Amount Involved (in ₹ million)	Actions taken by our Bank
				to the said fraud. 3. Our Bank filed an original application dated March 15, 2016 before the DRT, Pune against Delta, Ms. Indra Jha, Ms. Kasturi Jha and Mr. Arvind Gawde for the recovery of ₹ 26.97 million as well as for interim reliefs including an order restraining the defendants and agents from parting with the possession of the secured properties. 4. Our Bank filed a section 138 complaint dated December 2, 2015 against Ms. Indra Jha, the Managing Director and Promoter of Delta before the Court of the Judicial Magistrate First Class, Pune in relation to dishonour of a cheque of ₹ 15 million. 5. Our Bank issued a legal notice dated December 20, 2015 to Delta, Ms. Indra Jha, Ms. Kasturi Jha and Mr. Arvind Gawde, requiring the payment of a sum of ₹ 26.28 million.

**C. Proceedings initiated against our Bank for economic offences or civil offences**

Except as stated in the sub-sections titled “*Litigation Involving our Bank – A. Outstanding Litigation involving our Bank – Cases against our Bank*” and “*Litigation Involving our Bank – E. Pending Notices against our Bank*”, there are no proceedings initiated against our Bank for any economic or civil offences.

**D. Past penalties imposed on our Bank**

Except as disclosed below and in the sub-section titled “*Litigation Involving our Bank – J. Adverse findings against our Bank and any persons or entities connected with our Bank as regards non compliance with securities laws*”, no penalty has been imposed on our Bank in the last five years:

1. Our Bank paid a penalty of ₹ 5 million to RBI in 2014 for the following violations of directives of KYC norms contained in RBI circular: a) lack of a provision to identify beneficial owners, b) instances of incorrect risk categorization.
2. Pursuant to a show-cause notice dated March 21, 2014 issued to our Bank by RBI and a personal hearing provided by the committee of executive directors of RBI (“Committee”) on June 20, 2014, a penalty of ₹ 0.50 million was imposed on our Bank for violation of clause 2(ii) of multiple banking guidelines in relation to disbursement of loan to Deccan Chronicles Holdings Limited (“borrower”). The violation involved a failure to exchange information about the conduct of the borrower’s account with other banks at quarterly intervals after the loan disbursement. Our Bank has paid the said penalty.
3. Pursuant to a letter dated July 19, 2013 issued by the Deputy General Manager of RBI, our Bank paid a penal interest of ₹ 0.02 million for failure to maintain the required CRR percentage on May 28, 2013.
4. Pursuant to a letter dated March 24, 2014 issued by the manager of RBI, our Bank paid a penalty of ₹ 0.02 million for shortfall in security in the subsidiary general ledger deal executed by our Bank.

5. Pursuant to an order dated July 15, 2016, RBI imposed a penalty of ₹ 10 million against our Bank for lapses in adhering to certain RBI guidelines on import of goods and services and provisions of the Master Circular on KYC/ AML with respect to ongoing monitoring of certain customer transactions, diligence of beneficiaries of foreign exchange remittances and filing of suspicious transaction reports with the FIU.

**E. Pending Notices against our Bank**

Except as stated in the sub-section titled “*Litigation Involving our Bank – A. Outstanding Litigation involving our Bank*”, there are no notices currently pending against our Bank as on the date of this Prospectus.

**F. Material developments since the last balance sheet date**

Except as disclosed in the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Bank*” beginning on page 390, in the opinion of our Board, there have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its assets or its ability to pay its material liabilities within the next 12 months.

**G. Outstanding dues to small scale undertaking(s) or any other creditors**

There are no outstanding dues above ₹ 0.1 million to small scale undertaking(s) or any other creditors by our Bank, for more than 30 days as on the date of this Prospectus.

Provided below are the details of the amounts owed by our Bank to small scale undertakings and other creditors as of March 31, 2016.

Creditors	Total Number	Total Dues (in ₹ million)
Small scale undertakings	5	1.05
Other creditors	857	738.23

As per the requirements of SEBI Regulations, our Bank has, pursuant to a resolution of our Board dated June 21, 2016, considered creditors to whom the amount due exceeds ₹ 36.96 million, being 5% of consolidated trade payables of our Bank as per our restated financial statements for Fiscal 2016, for the purpose of identification of ‘material’ creditors (“**Material Creditors**”). As on March 31, 2016, our Bank had four Material Creditors to whom an aggregate sum of ₹ 212.02 million was outstanding.

The details pertaining to net outstanding dues owed to our creditors are available on the website of our Bank at <http://www.rblbank.com/pdfs/Investor-Relations/outstanding-dues-to-creditors.pdf>. It is clarified that such details on our website do not form part of this Prospectus. Anyone placing reliance on such details, would be doing so at their own risk.

**H. Outstanding litigation against other companies whose outcome could have an adverse effect on our Bank**

There is no outstanding litigation against our Bank, our Directors, our Group Companies or other persons whose outcome could have an adverse effect on our Bank.

**I. Adverse findings against our Bank and any persons or entities connected with our Bank as regards non compliance with securities laws**

Except as stated below, there have been no adverse findings against our Bank or any other persons or entities connected with our Bank as regards non compliance with securities laws.

Pursuant to disclosures in the DRHP about certain past violations of the applicable laws, our Bank received a notice dated November 6, 2015 from SEBI (“SCN”) requiring our Bank and certain present and past directors of our Bank to show cause as to why directions under Sections 11(4) and 11B of the SEBI Act, read with Regulation 107 of the SEBI Regulations should not be issued by SEBI for alleged violation of Sections 56, 60 and 73 of the Companies Act, 1956 and certain provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the SEBI Regulations, in respect of certain preferential and rights issues made by our Bank after December 13, 2000.

Our Bank filed an application for settlement of the violations set out in the SCN in accordance with the terms of the SEBI Settlement Regulations, vide letter dated November 23, 2015 and February 5, 2016. Pursuant to this application, the proceedings were considered in the interest of the investors and the development of, and regulation of, the securities market and, in accordance with the SEBI Settlement Regulations, terms of settlement were agreed with the internal committee of SEBI and were approved by the high power advisory committee constituted under the SEBI Settlement Regulations (“HPAC”) and the panel of whole time members of SEBI. By way of a letter dated March 17, 2016, SEBI communicated its in-principle acceptance of the settlement terms proposed by our Bank, which was followed by a settlement order dated May 30, 2016 (“Settlement Order”), disposing of the proceedings initiated under the SCN.

As per the Settlement Order, the HPAC noted as follows:

- the Bank is regulated by RBI and there were no outstanding regulatory concerns from the RBI in this regard;
- the alleged violations occurred due to the relevant equity share allotments which were made by the Bank to comply with the minimum capital/net worth requirements of the RBI;
- the Bank had disclosed the violations voluntarily to SEBI;
- there was no complaint from the regulators or from any investor (even after the disclosure of the alleged violations in the DRHP), unlike in other cases;
- the investors were identifiable; and
- the Bank was willing to grant an exit opportunity to the investors.

The terms of settlement set out in the Settlement Order and implemented by our Bank are as follows:

- (a) our Bank paid settlement charges of ₹4.76 million to SEBI;
- (b) our Bank provided, through a merchant banker, an exit option to all investors who participated in rights issues where there was a right of renunciation or where allotments were made to the public (other than shareholders) (“**Stated Allotments**”), on the terms provided therein; and
- (c) our Bank applied to the RoC for compounding of violations of provisions under the Companies Act in respect of the Stated Allotments, following which the Company Law Board, Mumbai, passed an order dated May 18, 2016, compounding the violations and levying a compounding fee of ₹1 million, which has been paid. Out of this amount, ₹0.5 million was levied on our Bank and ₹0.2 million and ₹0.3 million was levied on Mr. S.G. Kutte, our former managing director and Mr. Vishwavir Ahuja, our Managing Director & CEO, respectively. In order to complete the compounding process, the amount pertaining to Mr. Vishwavir Ahuja was paid without prejudice to a pending confirmation of possible non-violation of the Companies Act, 1956 during his tenure. For more information, see the sub-section titled “*Outstanding Litigation and Material Developments – Prosecutions, fines or compounding of offences by our Bank under the Companies Act*” below.

The Settlement Order notes that our Bank complied with the terms of the settlement stated therein and received no response from the investors.

## **J. Disciplinary action taken by SEBI or stock exchanges against our Bank**

Except as stated above, there have been no disciplinary actions taken by SEBI or other stock exchanges against our Bank.

**K. Litigations or defaults, etc. pertaining to matters likely to affect the operations and finances of our Bank**

There is no litigation or defaults, etc. pertaining to matters likely to affect the operations and finances of our Bank.

**L. Inquiries, Inspections or Investigations initiated with respect to our Bank**

There has been no inquiry, inspection or investigation initiated or conducted under the Companies Act or any previous companies law in the case of our Bank in the last five years.

**M. Prosecutions, fines or compounding of offences by our Bank under the Companies Act**

Except as stated below, there have been no prosecutions filed, fines imposed or offences compounded under the Companies Act, involving our Bank in the last five years.

Pursuant to an application dated April 7, 2016 with the Registrar of Companies for compounding of alleged violations of applicable provisions of the Companies Act, 1956 relating to public offering of securities in respect of the Stated Allotments, the Company Law Board, Mumbai, passed an order dated May 18, 2016 (“**Compounding Order**”), compounding the violations and levying a fee of ₹1 million, which has been paid. Out of this amount, ₹0.5 million was levied on our Bank and ₹0.2 million and ₹0.3 million was levied on Mr. S.G. Kutte, our former managing director and Mr. Vishwavir Ahuja, our Managing Director & CEO, respectively. Subsequently, upon constitution of NCLT, a prayer was made that the amount levied on Mr. Vishwavir Ahuja be set aside on the grounds that there was no violation of the provisions of the Companies Act, 1956 during his tenure as the Managing Director & CEO of our Bank. The NCLT, Mumbai has, pursuant to an order dated July 28, 2016 permitted Mr. Vishwavir Ahuja to pay the compounding fee without prejudice to his rights and contentions in the prayer. Accordingly, in order to complete the compounding process, the amount pertaining to Mr. Vishwavir Ahuja was paid pending confirmation of possible non-violation of the Companies Act, 1956 during his tenure.

**II. Litigation involving the Directors of our Bank**

**A. Outstanding Litigation against our Directors**

Except as stated in the sub-section titled “*Litigation Involving our Bank – A. Outstanding Litigation involving our Bank – Cases against our Bank*”, and as disclosed below, there is no outstanding litigation against our Directors. Further, there is no outstanding litigation against Mr. Rajeev Ahuja.

Mr. Palepu Sudhir Rao

There are fourteen proceedings initiated against Primus Retail Private Limited in which Mr. Palepu Sudhir Rao has been made a party in his capacity as a non-executive director. These cases involve an allegation of dishonor of cheques under Section 138, Negotiable Instruments Act. The cumulative amount involved in these proceedings is ₹ 49.96 million. As on date, Mr. Rao is no longer a director on the board of directors of Primus Retail Private Limited.

Mr. Girish Vasant Godbole

1. Ms. Shobha Ajit Kirloskar, a shareholder of Ghatge Patil Industries Limited (“GPIL”), along with three others, filed a company petition dated November 20, 2014 before the Company Law Board, Mumbai (“**CLB**”) under Sections 397, 398 read with Section 402 of the Companies Act, 1956 against GPIL, the directors of GPIL, including Mr. Godbole, and others, alleging inter-alia: a) that Mr. Godbole had, along with the other directors of GPIL, indulged in oppression of the minority shareholders of GPIL and mismanagement of the affairs of GPIL, b) that Mr. Godbole colluded with the other directors of GPIL to dilute the shareholding of the petitioners. GPIL filed a reply denying the

said allegations. Thereafter, the petitioners filed an application dated May 14, 2015 before the CLB challenging the rights-based allotment by the directors of GPIL in 2014, pursuant to which Mr. Kiran Jaykumar Patil was allotted certain equity shares of GPIL. The aforesaid petition and application are currently pending before the CLB.

2. Mr. Nitin Jaykumar Patil and others filed a special civil suit (261 of 2015) before the Court of the Civil Judge, Senior Division, Kolhapur, against Ghatge Patil Industries Limited (“GPIL”), its directors, including Mr. Godbole, and others, alleging that 9,464,544 shares in GPIL, allegedly belonging to the deceased father of the plaintiffs, had been fraudulently transferred to Mr. Kiran Jaykumar Patil, another director of GPIL. The plaintiffs prayed for *inter alia*: a) declaration that they are the owners of the aforesaid shares as well as the shares accumulated by way of subsequent rights issues, b) payment of ₹ 14.20 million towards dividend, and c) payment of sums amounting to ₹ 13.63 million that the deceased father of the plaintiffs was allegedly entitled to. The plaintiffs also prayed for a temporary injunction restraining the defendants from encumbering the aforesaid shares and to direct the defendants to deposit dividend and other benefits accrued on the said shares to the plaintiffs, apart from other interim reliefs like appointment of a receiver and attachment before judgment. The said interim application was rejected through an order dated May 20, 2016. The matter is currently pending.
3. Mr. Sanjay Bapusaheb Patil and others filed a company petition before the Company Law Board, Mumbai (“CLB”) against Ghatge Patil Industries Limited (“GPIL”), its directors including Mr. Girish Godbole and others, alleging that 32,609 shares belonging to him had been fraudulently transferred to other persons. The plaintiffs prayed for rectification of the register of members as well as the register of the share transfers so as to reinstate the name of the plaintiff as the owner of the aforesaid shares in GPIL. The plaintiffs have also sought interim reliefs in the nature of a direction to GPIL to not cause any change in its shareholding pattern, deposit of dividend accrued and suspension of voting rights on the said shares. The matter is currently pending.

#### Mr. Vimal Bhandari

SEBI issued a show-cause notice dated January 13, 2014 (“SCN”) to *inter alia*, Mr. Vimal Bhandari, in his capacity as a director of Investmart India Limited (“IIL”) (now known as HSBC InvestDirect Securities (India) Limited, pursuant to an acquisition by HSBC group in 2008) for the alleged non-compliance with the code of conduct for stock brokers under Schedule II of the SEBI (Stock Broker and Sub-Broker) Regulations, 1992 and certain provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 in connection with certain sale transactions executed by IIL, as a broker on behalf of certain clients, in the scrip of Adani Exports Limited in December 2000. Mr. Bhandari has by way of a response dated January 11, 2016, denied all the allegations raised in the SCN and has clarified that he was a non-executive director of IIL. He has also clarified *inter alia*, that he was made aware of the SCN only on December 21, 2015, since he had not been residing at the address mentioned in the notice since 2003. Mr. Bhandari has also filed a settlement application dated February 12, 2016 with SEBI in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 in respect of the SCN. The matter is currently pending.

#### **B. Outstanding Litigation initiated by our Directors**

There is no outstanding litigation initiated by our Directors. Further, there is no outstanding litigation initiated by Mr. Rajeev Ahuja.

#### **C. Past penalties imposed on our Directors**

There have been no past penalties imposed on our Directors or on Mr. Rajeev Ahuja, except as stated in the sub-section titled “*Litigation Involving our Bank- Prosecutions, fines or compounding of offences by our Bank under the Companies Act*”.

#### **D. Proceedings outstanding against our Directors for economic offences**

Except as disclosed in the sub-section titled “*Litigation Involving the Directors of our Bank – A. Outstanding Litigation against our Directors*”, there are no proceedings outstanding against our Directors for economic offences. Further, there are no outstanding proceedings against Mr. Rajeev Ahuja for economic offences.

#### E. Tax proceedings outstanding against our Directors

There are no tax proceedings outstanding against our Directors or Mr. Rajeev Ahuja.

### III. Litigation involving our Group Companies

#### Swadhaar FinServe Private Limited

##### *Direct Tax Proceedings against SFPL*

Type of Direct Tax	Number of Cases	Total Dues (In ₹ million)
Income Tax	3*	0.15
Total	3	0.15

\*Includes notices received by SFPL

##### *Cases by SFPL*

- SFPL lodged a criminal complaint dated April 16, 2010 against Mr. Amit Kolcha, an ex-employee of SFPL, with the Dakor police station. The complaint relates to the alleged failure to deposit a sum of ₹ 2 million that had been recovered pursuant to foreclosure conducted on behalf of SFPL. Pursuant to the said complaint, a FIR was registered by the said police and a chargesheet was filed. The matter is currently pending before the Metropolitan Magistrate Court, Nadiad.
- Pursuant to a complaint dated May 8, 2012 lodged by SFPL, the Thane police registered a FIR dated May 12, 2012 against Mr. Vivek Wagh, Mr. Kaushik Amberkar and Mr. Suryabhadur. The matter relates to, *inter alia*, misappropriation of sums amounting to ₹ 0.36 million receivable by SFPL and failure to disburse loans to clients of SFPL. A chargesheet has been filed in this regard and the matter is currently pending.
- SFPL lodged a complaint dated April 11, 2012 with the Panchavati police station against Mr. Narendar Shirshat and five others. The matter relates to, *inter alia*, misappropriation of sums amounting to ₹ 1.70 million receivable by SFPL and failure to disburse loans to clients of SFPL.
- Pursuant to a complaint dated August 10, 2013 lodged by SFPL, the Kalyan police registered a FIR (FIR number 1/307) against Mr. Mahadev Gaikwad and three others. The matter relates to, *inter alia*, misappropriation of sums amounting to ₹ 0.34 million receivable by SFPL and failure to disburse loans to clients of SFPL.
- Pursuant to three separate complaints dated February 17, 2014, April 7, 2015 and June 6, 2015 lodged with police stations at Mumbai, Kota and Visnagar, three FIRs dated February 18, 2014, April 7, 2015 and June 6, 2015 have been registered against unknown persons in relation to incidents that involved the snatching of bag containing money from the loan officers of SFPL. The aggregate amount involved in these incidents is ₹ 0.49 million. No chargesheet have been filed as of date in these matters.
- SFPL has registered five separate complaints (S/703664/2014 to S/703668/2014) against Ms. Joyeeta Ezekiel, Mr. Sanjay Lakade, Mr. Vishal Sonawane, Mr. Rupchand Vahanmore and Mr. Sachin Sawat before the Metropolitan Magistrate Court, Mumbai under Section 138 of the Negotiable Instruments Act. The aggregate monetary claim involved in the said complaints is ₹ 0.08 million. Summons have been issued against Ms. Ezekiel and Mr. Sonawane and undelivered as against the other persons.



Swadhaar Information and Management Services Private Limited

*Cases by SIMS*

1. SIMS has filed a company application before the Bombay High Court on June 28, 2016 under Section 391- 394 of the Companies Act for a scheme of amalgamation of SIMS with SFPL. The application is pending.
2. Pursuant to a complaint lodged by SIMS against Ms. Manisha Vathkar and Mr. Naresh Mahajan, the Bhandup police registered an FIR (no. 428/15) in relation to: a) the fraudulent removal of cash of ₹ 0.5 million from the safe of SIMS by the said persons, and b) failure to deposit sum of ₹ 0.16 million collected as EMI from the clients of SIMS. No chargesheet has been filed in court in this regard.
3. SIMS lodged a complaint dated March 31, 2016 with the Maninagar police station against Ms. Nirvi Shedge for failure to deposit a sum of ₹ 0.20 million, being cash received at the branch office of SIMS. On further investigation, it was found the fraud committed amounted to ₹ 1.1 million. Thereafter, SIMS lodged a complaint before the Metropolitan Magistrate, Ahmedabad under Section 190 of the CrPC. The court through an order directed the Maninagar police station to investigate the matter and produce the report on investigation in accordance with the CrPC.
4. SIMS lodged a complaint dated October 30, 2015 against Mr. Sagar Patil with the Pandesara police station for failure to deposit sum of ₹ 0.29 million collected as EMIs on behalf of SIMS. SIMS has recovered a sum of ₹ 0.03 million from Mr. Patil. The FIR has not yet been registered.
5. SIMS lodged a complaint dated July 22, 2015 against Mr. Santosh Pure with a police station in Nashik for failure to deposit sum of ₹ 0.12 million collected as EMIs on behalf of SIMS. The FIR has not yet been registered.
6. SIMS lodged a complaint dated July 20, 2016 against Mr. Rajesh Khatai with the Pandesara police station for failure to deposit a sum of ₹ 0.41 million collected as EMI from the clients of SIMS. The matter is currently pending.
7. Pursuant to a complaint lodged by SIMS, the Bhandup police registered a FIR (336/16) against unknown persons for theft of cash of ₹ 1.56 million from a safe of SIMS. The matter is currently pending.

## GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Bank can undertake this Issue and its current business activities and no further material approvals from any Government authority/RBI or any other entity are required to undertake the Issue or continue its current business activities. Unless otherwise stated, the disclosed approvals are valid as on the date of the Prospectus. Certain approvals have lapsed or may lapse in their normal course and the Bank has either already made an application to the appropriate authorities for renewal of such licences and/or approvals or is in the process of making such applications. For further details in connection with the regulatory and legal framework within which we operate, see section titled “*Regulations and Policies*” on page 198.

### Approvals for the Issue

#### *Corporate Approvals*

1. Our Board has, pursuant to its resolution passed at a meeting held on August 26, 2014, approved the Issue.
2. Our shareholders have, pursuant to a resolution passed at an EGM held on June 8, 2016 read with the resolutions passed by our shareholders at the general meetings held on October 29, 2014 and July 9, 2015, approved the Issue.
3. The Category I Selling Shareholders have approved the offer for sale of Equity Shares offered by them, pursuant to the Category I Consent Letters.
4. Beacon has approved the offer for sale of up to 9,505,558 Equity Shares, further to a resolution passed by its board of directors on November 3, 2014.
5. GPE has approved the offer for sale of up to 3,525,000 Equity Shares pursuant to a resolution passed by its board of directors on November 4, 2014.
6. Our Capital Raising Committee has approved the Red Herring Prospectus and this Prospectus pursuant to its resolutions dated August 4, 2016 and August 24, 2016, respectively.
7. In-principle approval from the NSE dated August 5, 2015; and
8. In-principle approval from the BSE dated August 6, 2015.

#### *Regulatory Approvals*

1. The RBI has, through its letter (DBOD.PSBD.No.4840/16.01.072/2014-15), dated September 26, 2014, granted its approval for the Fresh Issue, subject to the compliance with applicable laws.
2. The RBI has, through its e-mail dated May 2, 2016 noted the escrow mechanism in relation to the Offer for Sale and advised the Bank to keep the RBI apprised of the Offer for Sale and the Issue, on a monthly basis.
3. The FIPB has, through its letter (No. FC.II 108(2012)/200(2012)), dated December 28, 2012, granted its approval for increase in foreign equity participation to 55% of the share capital of our Bank.
4. The FIPB has, through its letter (No. FC.II.108(2012)/ 200(2012)), dated January 14, 2015, conveyed the approval to our Bank for an initial public offer of its equity shares to residents, non-residents including foreign portfolio investors, foreign institutional investors, foreign venture capital investors, and thereby increased the aggregate foreign investment from the approved 55% to 74% subject to condition that the amount of FDI shall not exceed ₹1,150 crore.

### **Material Approvals received and applied for, in relation to our Business**

1. The RBI has, through its letter (DBO.No. 50/Incl./C.102-59), dated August 8, 1959 included our Bank in the Second Schedule to the Reserve Bank of India Act, 1934. The inclusion was notified in the Gazette of India on August 29, 1959.
2. The RBI has, through its letter (DBOD. (Bom.) No. 2357/Ins.17(R)-70), dated March 16, 1970 granted licence number Bom.29, dated March 16, 1970, authorising our Bank to carry on banking business in India. This licence was granted to our Bank under Section 22 of the Banking Regulation Act.
3. The RBI has, through its letter (DBOD.PSBD. NO. 2227/16.01.072/2014-15), dated August 8, 2014, conveyed its no-objection for change in Bank's name from The Ratnakar Bank Limited to RBL Bank Limited.
4. The Registrar of Companies has granted the change of name of our Bank from The Ratnakar Bank Limited to RBL Bank Limited. This change of name was effected from November 24, 2014.
5. The RBI has, through its letter (DBR.PSBD.No.8497/16.01.072/2014-15), dated December 8, 2014, granted license number Mum-106, dated December 8, 2014, to carry on banking business in India, in lieu of bank license no. Bom. 29, dated March 16, 1970, consequent to the change of name of our Bank. This license was granted under Section 22 of the Banking Regulation Act.
6. The RBI has granted to our Bank, under the Foreign Exchange Management Act, 1999, license number AD-Cat –I – 13/2011 on June 20, 2011, to deal in foreign exchange subject to conditions prescribed from time to time. This license was valid for one year, up to June 19, 2012. This license was renewed on July 25, 2012 with a validity of one year, up to June 19, 2013. The license was renewed again on May 15, 2013 with a validity of three years, up to June 19, 2016. The license was renewed again on August 4, 2016 on a permanent basis or co-terminus with that of license issued by the Department of Banking Supervision of the RBI.
7. The RBI has, through its email dated February 10, 2014, took on record the enhancement of our Bank's aggregate gap limit of US\$ 500 million for our Bank.
8. The RBI, through its letter DCM (CC) No. 2714/03.06.35/2014-15, dated December 9, 2014, authorized our Bank to have a cash holding limit at ₹750 million for its currency chest.
9. The RBI, through its letter DPSS.CO.AD/1053/02.23.003/2011-12, dated December 15, 2011, authorized our Bank to offer mobile banking services to its customers.
10. The RBI, by notification DBR.PSBD.No.8931/16.01.072/2014-15 dated December 15, 2014 published in the Gazette of India, Issue No.3 (Part III Section 4) dated January 17 - 23 January, 2015 read with the corrigendum published in The Gazette of India, Issue No. 20 (Part III Section 4) dated May 16 - May 22, 2015 has notified 'The Ratnakar Bank Limited' be substituted with 'RBL Bank Limited' in the Second Schedule to the Reserve Bank of India Act, 1934 as intimated to us and other scheduled commercial banks by RBI, through its letter DBR.No.Ret.BC 29/12.06.47A/2015-16 dated July 16, 2015.
11. The RBI, through its letter DBR.IBD.129051/23.67.002/2014-15, dated March 3, 2015, granted our Bank an authorization for import of gold and silver, subject to extant conditions of the foreign trade policy and restrictions on importing and dealing in bullion and specie. This authorization was valid till December 31, 2015. The licence was renewed on December 31, 2015 and again on April 1, 2016 with validity of up to June 30, 2016. The license was renewed again on June 27, 2016 with validity up to March 31, 2017.
12. The RBI, through its letter DPSS.CO.AD.No.2015/02.27.004/2015-16, dated February 29, 2016, has granted an in-principle approval to the Bank to operate as operate as a 'Bharat Bill Payment Operating

Unit' under the 'Bharat Bill Payment System'. The approval is valid for a period of six months from the date of issue.

13. The RBI, through its letter DBR.No.BAPD.14876/22.03.043/2014-15 dated April 7, 2015, has granted our Bank an authorization to our Bank to offer cash withdrawal facility at the point of sale.
14. The RBI, through its letter DBR.CO.FSD.No.5141/24.01.002/2015-16 dated October 9, 2015, has granted our Bank an approval to acquire 16,403,974 equity shares in Swadhaar FinServe Private Limited, at a price of not more than ₹ 12.5 per equity share, aggregating to 30.00% of its paid-up capital, subject to certain conditions, including SFPL surrendering its certificate of registration as a non-banking financial institution with the RBI. Subsequent to this letter, SFPL made an application dated October 19, 2015 to the RBI, requesting cancellation of its certificate of registration. The RBI, pursuant to an order dated January 21, 2016 cancelled the registration of SFPL as an NBFC.

### **Taxation Approvals**

1. Permanent account number AABCT3335M has been issued by the Department of Income Tax, Ministry of Finance, Government of India.
2. Tax Deduction Account Number KLPT01924G has been issued by the Department of Income Tax, Ministry of Finance, Government of India.
3. Tax Deduction Account Number KLPT01797F has been issued by the Department of Income Tax, Ministry of Finance, Government of India.
4. Service Tax Code Number AABCT3335MST030 was issued by the Central Excise Commissionerate, Pune – II.

### **Registration with SEBI**

1. Our Bank has obtained a permanent registration (Registration No. IN-DP-10-2015) on January 20, 2015, to act as a 'depository participant' in terms of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. This registration is valid unless suspended or canceled by SEBI.
2. SEBI granted our Bank a certificate of registration to act as a 'merchant banker' (Registration Code MB/INM000012136) on March 4, 2014, in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. The license has been granted for a period of five years up to March 3, 2019.
3. SEBI granted our Bank initial registration as a 'bankers to an issue' (Registration Code INBI00001123) on June 18, 2015, in terms of the Securities and Exchange Board of India (Banker to Issue) (Amendment) Regulations, 2011. This registration is valid for a period of five years up to June 17, 2020.

### **Registration with AMFI**

The Association of Mutual Funds of India ("AMFI") granted our Bank AMFI Registration Number ("ARN") ARN – 82357 for the purpose of distributing third-party mutual fund products. The registration was valid for a period of three years commencing from April 8, 2011 to April 7, 2014. This registration was renewed for a period of three years up to April 7, 2017.

### **Approval granted by the IRDAI**

Our Bank was granted License No.CA0116 by the IRDAI, to act as a corporate agent (composite) and in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. The license is valid for a period of three years commencing from April 1, 2015 up to March 31, 2019.

Our Bank was granted registration no. IRDA/IR1/2016/090 dated July 25, 2016 as an ‘approved person’ under the Insurance Regulatory and Development Authority of India (Guidelines on Insurance Repositories and Electronic Issuance of Insurance Policies).\*

\* Received by our Bank on August 18, 2016

### Branch Licenses

Pursuant to RBI Circular No. DBOD.No.BAPD.BC.54/22.01.001/2013-14 dated September 19, 2013, domestic scheduled commercial banks (other than regional rural banks) are permitted to open branches in Tier 2 to Tier 6 centres and in the rural, semi-urban and urban centres in north-eastern states and Sikkim, without any permission from RBI in each case, subject to certain conditions. The general permission has been extended to branches in Tier 1 centres as well, subject to fulfilment of criteria laid down under the circular.

Details of the key licenses obtained by our top 20 branches, identified on the basis of total business (advances and deposits) as on March 31, 2016, are as given below:

Sl. No.	Approval/ License	Issuing authority	Reference no.	Date of issuance/ intimation	Validity
<i>Connaught Place, New Delhi</i>					
1.	Registration under Shops and Establishment Legislation	Department of Labour, Government of NCT of Delhi	2014051830	November 26, 2014	One time
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD No. BL/22.03.043/ 2011-12	November 30, 2011	One time
<i>Lower Parel, Mumbai</i>					
1.	Registration under Shops and Establishment Legislation	Inspector under Maharashtra Shops & Establishments Act, 1948	760411068/ Commercial II	August 25, 2014	December 31, 2016
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD. No. BI. 10254/22.03.043/ 2007-08	February 6, 2008	One time
<i>Fort, Mumbai</i>					
1.	Registration under Shops and Establishment Legislation	Inspector under Maharashtra Shops & Establishments Act, 1948	AO22249/ Commercial II	January 28, 2000	December 31, 2016
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	BL.M. 832	February 22, 1999	-
<i>Brabourne Road, Kolkata</i>					
1.	Registration under Shops and Establishment Legislation	Registering authority, Shops and Establishments, Government of West Bengal	Kol/Heu/P-II/52688	January 31, 2014	January 30, 2017
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD. No. BAPD. 13937/ 22.03.043/ 2012-13	April 1, 2013	One time
<i>Chennai</i>					
1.	Registration under Shops and	Assistant Inspector of Labour, 21 <sup>st</sup>	RDSS.ND.520/ 13	December 23, 2013	One time

Sl. No.	Approval/ License	Issuing authority	Reference no.	Date of issuance/ intimation	Validity
	Establishment Legislation	circle, Chennai			
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOB.No. BL. 9140/ 22. 03. 043/2011-2012	December 21, 2011	One time
<i>Hyderabad</i>					
1.	Registration under Shops and Establishment Legislation	-	Not applicable	-	-
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD No. BL. 12140/ 22/03.044/ 2011-12	February 13, 2012	One time
<i>Naupada, Thane (W)</i>					
1.	Registration under Shops and Establishment Legislation	Inspector under Bombay Shops and Establishments Act, 1948.	1510200310063914	January 16, 2016	Renewed for the year 2016-2017.
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD No. BL.2718/22.03.043/ 2010-11	August 13, 2010	One time
<i>Koramangala, Bangalore</i>					
1.	Registration under Shops and Establishment Legislation	-	Not applicable	-	-
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD No. BL 2718/22.03.043	August 13, 2010	One time
<i>Ellisbridge, Ahmedabad</i>					
1.	Registration under Shops and Establishment Legislation	-	Not applicable	-	-
2.	Registration under Section 23 of the Banking Regulation Act	-	HO/ Infra & Admin/ 2014	January 13, 2014 <sup>^</sup>	One time
<i>Noida</i>					
1.	Registration under Shops and Establishment Legislation	Inspector, Uttar Pradesh Shop and Commercial Establishments	35/12854	September 28, 2011	March, 2017
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD.No.BL. 9140/22.03.043/ 2011-12	December 21, 2011	One time
<i>Gandhinagar, Bangalore</i>					
1.	Registration under Shops and Establishment Legislation	-	Not applicable	-	-
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	BL.Ba 233/87	December 23, 1987	One time

Sl. No.	Approval/ License	Issuing authority	Reference no.	Date of issuance/ intimation	Validity
	Banking Regulation Act				
<i>Prestige Tower, Bangalore</i>					
1.	Registration under Shops and Establishment Legislation	-	Not applicable	-	-
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD. No. BAPD.3431/22.03.043	September 4, 2013	One time
<i>Gurgaon</i>					
1.	Registration under Shops and Establishment Legislation	Inspector, Shops and Establishments, GGN-4-11 Circle	PSA/REG/GGN/LI-GGN-1-2/0154134	April 1, 2016	March 31, 2019
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD.No.BL. 9140/22.03.043/ 2011-12	December 21, 2011	One time
<i>Bhopal</i>					
1.	Registration under Shops and Establishment Legislation	District Labour Office, Bhopal	C/133526	December 30, 2014	December 31, 2018
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD.No. BAPD.13937/22.03.043/2012-13	April 1, 2013	One time
<i>Vartak Nagar, Thane</i>					
1.	Registration under Shops and Establishment Legislation	Inspector under Maharashtra Shops & Establishments Act, 1948	PV/VPS/131/1979	December 2, 2014	December 31, 2017
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	BL.B. 104	October 16, 1992	One time
<i>Borivali (W), Mumbai</i>					
1.	Registration under Shops and Establishment Legislation	Inspector under Maharashtra Shops & Establishments Act, 1948	RCOO4582/ Commercial II	February 1, 2000	December 31, 2016
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	BL.B. 389	October 20, 1995	One time
<i>Jawaharlal Nehru Road, Kolkata</i>					
1.	Registration under Shops and Establishment Legislation	Department of Shops and Establishments, Government of West Bengal	Kol/S.S./P-II/53365	September 16, 2014	-
2.	Registration under Section 23 of the Banking Regulation Act	-	-	April 28, 2014 <sup>^</sup>	
<i>Shahibaug - Ahmedabad</i>					

Sl. No.	Approval/ License	Issuing authority	Reference no.	Date issuance/ intimation	of	Validity
1.	Registration under Shops and Establishment Legislation	-	Not applicable	-		-
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	BL. (AH) 279/03 02 24/96-97	February 19, 1997		One time
<i>Shahupuri, Kolhapur</i>						
1.	Registration under Shops and Establishment Legislation	Inspector under the Bombay Shops and Establishment Act, 1948	502(2) E	October 10, 1949		2019
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD. No. BL. 18351/22.01.001/ 2010-11	May 27, 2010*		One time
<i>Nariman Point, Mumbai</i>						
1.	Registration under Shops and Establishment Legislation	Inspector under Maharashtra Shops and Establishments Act, 1948	760364181/ Commercial II	January 8, 2014		December 31, 2016
2.	Registration under Section 23 of the Banking Regulation Act	Reserve Bank of India	DBOD.No. BAPD.13937/ 22.03.043/ 2012-13	April 1, 2013		One time

^ - Our Bank intimated RBI of opening of these branches through its letters dated January 13, 2014 and April 28, 2014, in accordance with 'RBI Master Circular on Branch Authorisation', dated July 1, 2013 and RBI Circular on 'Section 23 of the Banking Regulation Act, 1949 – Relaxations in Branch Authorisation Policy', dated October 21, 2013.

\* RBI, through its letter dated May 27, 2010 has acknowledged that the branch was opened on August 8, 1943.

### Other Memberships and Registrations

1. Our Bank is a member of Foreign Exchange Dealers Association of India (“**FEDAI**”).
2. Our Bank is a member of the RBI NEFT and RTGS systems.
3. Our Bank is a member of the RBI Negotiated Dealing System.
4. Our Bank is a member of the Society for Worldwide Interbank Financial Telecommunication (“**SWIFT**”) with Bank identifier code RATNINBB.
5. Our Bank is a member of the Fixed Income Money Market and Derivatives Association of India (“**FIMMDA**”).
6. Our Bank is a member of the Immediate Payment Service (“**IMPS**”) operated by National Payments Corporation of India.
7. Our Bank is registered with Central Depository Services Limited and National Securities Depository Limited as a depository participant.
8. Our Bank is a member of the Guaranteed Settlement Segment of the Rupees Derivative Segment and the Guaranteed Settlement Segment of interest rate swaps/forward rate agreements trades of the Clearing Corporation of India.





## Material Employee and Labour Approvals


1. The Commissioner of Income Tax, Kolhapur, through its letter No. KOP/HQ-IV/ASF (25)/96-97/1163, dated June 26, 1996 granted approval to The Ratnakar Bank Employees' Pension Fund, Kolhapur. The approval received was with effect from April 1, 1996.
2. The Commissioner of Income Tax, Poona, through its letter No. GF/124/1975-76, dated March 23, 1976, granted its approval to Ratnakar Bank Limited, Shahupuri, Kolhapur, Employee's Group Gratuity cum Life Assurance Scheme. The approval received was with effect from December 30, 1975.
3. The Commissioner of Income Tax, Kolhapur, through its letter No. KOP/CIT-II/DCIT (HQ-II)/PF/TRBL/2010-11/1653, dated November 23, 2010, granted approval to The Ratnakar Bank Limited Employees' Provident Fund, Kolhapur. The approval received was with effect from February 28, 2009.'
4. Our Bank is registered with the Pension Fund Regulatory and Development Authority (Registration No. POP 45022016) as a 'point of presence' under the National Pension Scheme. This registration is valid unless suspended or cancelled by the authority.




## Intellectual Property

Our Bank had applied to the Trade Marks Registry, Mumbai on November 24, 2011, for registration of the word mark "RATNAKAR BANK" under classes 16, 35 and 36 of the Trademark Rules, 2002, issued under the Trade Marks Act, 1999. The registrations of the word mark under class 16 and 36 are currently pending. Our Bank obtained registration for the word mark under class 35 and this is valid till November 24, 2021.

Our Bank had filed nine applications on December 7, 2011 with the Registrar of Trade Marks, Office of the Trade Marks Registry, Mumbai in respect of three marks relating to our erstwhile name and logo, each under classes 16, 35 and 36 of the Trademark Rules, 2002, issued under the Trade Marks Act, 1999. We have obtained registrations for some marks under classes 16, 35 and 36 and one registration is currently pending.

Our Bank had applied to the Trade Marks Registry, Mumbai, on November 19, 2013, for registration of the two marks " RBLBANK" and " RBLBANK" under classes 36 and 42 of the Trademark Rules, 2002, issued under the Trade Marks Act, 1999. The registrations are currently pending.

Our Bank had filed an application, on March 21, 2013, to the Office of the Registrar of Trade Marks, Trade Marks Registry, Mumbai for registering the logo " " under class 36 of the Trademark Rules, 2002, issued under the Trade Marks Act, 1999. The registration is currently pending.

Our Bank had applied to the Trade Marks Registry, Mumbai on May 26, 2015, for registration of four marks: " RBLBANK", " RBLBANK apno ka bank", " RBLBANK apno ka bank" and "*apno ka bank*" under class 36 of the Trademark Rules, 2002, issued under the Trade Marks Act, 1999. The registration is currently pending.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Issue

- Our Board has, pursuant to its resolution dated August 26, 2014, authorised the Fresh Issue, subject to the approval by the shareholders of our Bank under Section 62(1)(c) of the Companies Act, 2013.
- The shareholders of our Bank have authorised the Fresh Issue by a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the EGM held on October 29, 2014, read with the resolutions passed on July 9, 2015 and June 8, 2016 and authorised the Board to take decisions in relation to this Issue.
- Further, our Capital Raising Committee has taken on record the approval of the Offer for Sale by the Selling Shareholders and has approved the Red Herring Prospectus and this Prospectus pursuant to its resolutions dated August 4, 2016 and August 24, 2016, respectively.

### Declaration as 'Wilful Defaulter'

None of our Bank, the Selling Shareholders, our Directors nor our Group Companies have been declared as "wilful defaulters" as defined under the SEBI Regulations.

### Prohibition by SEBI or governmental authorities

We confirm that our Bank, the Selling Shareholders, the Directors or the Group Companies have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Other than pursuant to their directorship in our Bank, none of our Directors are associated with the securities market in any manner, including securities market related business, except as follows:

- Mr. Jairaj Purandare is a director of L&T Mutual Fund Trustee Limited, registered with SEBI as a mutual fund. SEBI passed a consent order dated December 16, 2010 pursuant to which L&T Investment Management Limited, being the asset management company of L&T Mutual Fund Trustee Limited, paid a sum of ₹ 1 million for violation of Regulations 25(2), 25(3), 68(h) of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996. The matter related to the failure to exercise due diligence and care by not taking adequate measures to ensure non-leakage of information pertaining to its trading strategy to others; and
- Mr. Palepu Sudhir Rao is a director on the board of Aditya Birla Money Limited.
- Ms. Rama Bijapurkar is a director on the board of Ambit Corporate Finance Private Limited.

### Eligibility for this Issue

Our Bank is an unlisted company, complying with the conditions specified in Regulation 26(1) of the SEBI Regulations in the following manner:

- Our Bank has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Bank has a minimum average pre-tax operating profit of ₹ 150 million, calculated on restated and consolidated basis during the three most profitable years out of the immediately preceding five years;
- Our Bank has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of our Bank; and

- Our Bank has not changed its name in the last one year.

Our Bank's, net worth, net tangible assets and monetary assets derived from the restated financial statements included in this Prospectus, as at and for the fiscal 2014, 2015 and 2016, are as given below:

<i>(In ₹ million)</i>			
Particulars	Fiscal 2014	Fiscal 2015	Fiscal 2016
Net Worth <sup>(1)</sup> as restated	20,137.04	22,294.03	29,882.38
Net Tangible assets <sup>(2)</sup> as restated	181,961.90	271,023.07	391,588.18
Monetary assets <sup>(3)</sup> as restated	7,676.88	11,693.06	14,432.83
Monetary assets as a percentage of net tangible assets <sup>(3)/(2)</sup>	4.22%	4.31%	3.69%

- 'Net worth' has been defined as the aggregate of the paid up share capital, securities premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of the miscellaneous expenditure (to the extent not adjusted or written-off) and the debit balance of the profit and loss account.*
- 'Net tangible assets' means the sum of all net assets of our Bank excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India and does not include Deferred tax asset as an intangible asset.*
- Monetary assets represents cash in hand, balance with bank, money at call and short notice and certificate of deposits. For this purpose, balance with the RBI is not considered.*

Our Bank's average pre-tax operating profit derived from the restated financial statements included in this Prospectus, for the fiscals 2014, 2015 and 2016, are as given below:

<i>(In ₹ million)</i>			
Particulars	Fiscal 2014	Fiscal 2015	Fiscal 2016
Pre-Tax Operating Profit <sup>(1)</sup>	1,786.95	3,601.21	5,424.13
Average pre-tax operating profit is ₹3,604.10 million			

- 'Pre-tax operating profit' has been calculated as net profit before the aggregate of tax, extra-ordinary items and provisions and contingencies.*

In accordance with Regulation 26(4) of the SEBI Regulations, our Bank shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000; otherwise the entire application money will be refunded. In case of delay, if any, in refund, our Bank and Selling Shareholders shall pay interest on the application money at the rate of 15% per annum for the period of delay.

This Issue is being made for at least 10% of the fully diluted post-Issue capital, pursuant to Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI Regulations. Our Bank is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations. Further, this Issue is being made through the Book Building Process wherein 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Bank has, in consultation with the GCBRLMs and the BRLMs, allocated upto 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third was made available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. For further details, see section titled "Issue Procedure" beginning on page 508.

Our Bank is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

- Our Bank, the Selling Shareholders, our Directors and the companies with which our Directors are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;

- (b) Our Bank has applied to the BSE and the NSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated August 6, 2015 and August 5, 2015, respectively. For the purposes of this Issue, NSE shall be the Designated Stock Exchange;
- (c) Our Bank has entered into agreements dated May 12, 2010 and May 5, 2008 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;
- (d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Prospectus.

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue, and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Regulation 4(2)(g) read with Clause VII C (1) of Part A of Schedule VIII of the SEBI Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. For further details in this regard, please see section titled “*Objects of the Issue*” beginning on page 117.

#### **Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 RED HERRING PROSPECTUS. THE GCBRLMS AND THE BRLMS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK AND THE CATEGORY II SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE GCBRLMS AND THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE GCBRLMS AND THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 23, 2015, WHICH READS AS FOLLOWS:**

**WE, THE GCBRLMS AND BRLMS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM 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 THIS DRAFT RED HERRING PROSPECTUS (“DRHP”) PERTAINING TO THE SAID ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, 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 ISSUER;**

**WE CONFIRM THAT:**

- (A) THE DRAFT RED HERRING PROSPECTUS 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 RED HERRING PROSPECTUS 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, THE COMPANIES ACT, 2013, THE 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 RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER 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 PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. - 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 RED HERRING PROSPECTUS. - 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 BANK 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 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956\* AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE, THE ISSUER AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE\*\*
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 RED HERRING PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD 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.
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, PROMOTER'S EXPERIENCE, ETC. -REFER TO PART A.
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 RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.REFER TO PART B

16. **WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)’, AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.**
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 TRANSACTIONS OF THE BANK, IN ACCORDANCE WITH ACCOUNTING STANDARD 18 AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS**

*\*Section 40(3) of the Companies Act, 2013 has been notified by the Ministry of Corporate Affairs, Government of India.*

*\*\* Section 29 of the Companies Act, 2013 provides, inter alia, that every company making public offers shall issue securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.*

**The filing of this Prospectus does not, however, absolve any person who has authorised the issue of this Prospectus from any liabilities under Section 34 and Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or 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 GCBRLMs and BRLMs, any irregularities or lapses in this Prospectus.**

**All legal requirements pertaining to this Issue were complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to this Issue have been complied with at the time of registration of this Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.**

#### **Disclaimer Clause of the NSE**

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/36716dated August 5, 2015 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which the Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter 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 offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; 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 acquire 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 the BSE**

“BSE Limited (“the Exchange”) has given vide its letter dated August 6, 2015, permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- (b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or

- (c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company 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.”

**Price information of past issues handled by the Managers**

The price information of past issues handled by the GCBRLMs and BRLMs during the current fiscal and two fiscal years preceding the current fiscal is as follows:

*[Remainder of this page intentionally left blank]*



*Kotak Mahindra Capital Company Limited:*

a. Price information of past issues by Kotak Mahindra Capital Company Limited

Sr. No.	Issue Name	Issue Size (Rs. Cr.)	Issue Price (Rs.)	Listing Date	Opening Price on listing date (Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Larsen & Toubro Infotech Limited <sup>(1)</sup>	1236.38	710	21-Jul-16	667	-	-	-
2.	Mahanagar Gas Limited <sup>(2)</sup>	1038.88	421	1-Jul-16	540	+20.86% [+3.72%]	-	-
3.	Parag Milk Foods Limited <sup>(3)</sup>	750.54	215	19-May-16	217.50	+17.07% [+4.97%]	+48.67% [+11.04%]	-
4.	Ujjivan Financial Services Limited	882.50	210	10-May-16	231.90	+72.38% [+4.88%]	+120.90% [+10.08%]	-
5.	Healthcare Global Enterprises Limited	649.64	218	30-Mar-16	210.20	-15.32% [+1.45%]	-19.98% [+4.65%]	-
6.	Dr. Lal PathLabs Limited <sup>(4)</sup>	631.91	550	23-Dec-15	720.00	+32.54% [-7.49%]	+66.95% [-2.06%]	+63.13% [+3.87%]
7.	S H Kelkar and Company Limited	508.17	180	16-Nov-15	223.70	+21.69% [-1.35%]	+20.78% [-10.58%]	+24.97% [+0.11%]
8.	Interglobe Aviation Limited <sup>(5)</sup>	3,008.50	765	10-Nov-15	855.80	+32.39% [-2.20%]	+7.76% [-5.09%]	+40.59% [-0.64%]
9.	Coffee Day Enterprises Limited	1,150.00	328	2-Nov-15	317.00	-21.42% [-1.19%]	-19.73% [-6.05%]	-20.98% [-2.50%]
10.	Sadbhav Infrastructure Project Limited	491.66	103	16-Sep-15	111.00	-2.28% [+3.55%]	-5.63% [-3.15%]	-12.67% [-4.92%]
11.	Power Mech Projects Limited	273.22	640	26-Aug-15	600.00	-9.36% [+0.98%]	-4.63% [+0.74%]	-10.65% [-7.15%]
12.	Manpasand Beverages Limited	400.00	320	9-Jul-15	300.00	+23.20% [+2.83%]	+36.53% [-2.11%]	+58.34% [-6.45%]
13.	Adlabs Entertainment Limited <sup>(6)</sup>	374.59	180	6-Apr-15	162.20	-18.36% [-3.87%]	-12.08% [-2.02%]	-38.39% [-8.19%]
14.	Ortel Communications Limited	173.65	181	19-Mar-15	160.05	-3.67% [-0.33%]	-5.91% [-6.80%]	+12.21% [-8.83%]

Source: www.nseindia.com

Notes:

- In Larsen & Toubro Infotech Limited, the issue price to retail individual investor was ₹ 700 per equity share after a discount of ₹ 10 per equity share. The Anchor Investor Issue price was ₹ 710 per equity share.
- In Mahanagar Gas Limited, the issue price to employees was ₹ 383 per equity share after a discount of ₹ 38 per equity share. The Anchor Investor Issue price was ₹ 421 per equity share.
- In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹ 203 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 227 per equity share.
- In Dr. Lal PathLabs Limited, the issue price to retail individual investor was ₹ 535 per equity share after a discount of ₹ 15 per equity share. The Anchor Investor Issue price was ₹ 550 per equity share.
- In Interglobe Aviation Limited, the issue price to employees was ₹ 688.50 per equity share after a discount of ₹ 76.5 per equity share. The Anchor Investor Issue price was ₹ 765 per equity share.
- In Adlabs Entertainment Limited, the issue price to retail individual investor was ₹ 168 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 221 per equity share.
- In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
- Nifty is considered as the benchmark index.

b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by Kotak Mahindra Capital Company Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount - 30th calendar days from listing	No. of IPOs trading at premium - 30th calendar days from listing	No. of IPOs trading at discount - 180th calendar days from listing	No. of IPOs trading at premium - 180th calendar days from listing
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			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-2017*	4	3908.3	-	-	-	1	-	2	-	-	-	-	-	-
2015-2016	9	7487.69	-	-	5	-	2	2	-	1	3	2	1	1
2014-2015	1	173.65	-	-	1	-	-	-	-	-	-	-	-	1

\*The information is as on the date of this Prospectus

### Axis Capital Limited

#### a. Price information of past issues by Axis Capital Limited\*

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Dilip Buildcon Limited	6,539.77	219	11-Aug-16	240.00	-	-	-
2	Advanced Enzyme Technologies Limited	4,114.88	896 <sup>3</sup>	01-Aug-16	1,210.00	-	-	-
3	Qess Corp Limited	4,000.00	317	12-July-16	500.00	+73.60%, [+0.64%]	-	-
4	Ujjivan Financial Services Limited	8,824.96 <sup>1</sup>	210	10-May-16	231.90	+72.38%, [+4.88%]	+115.38%, [+10.44%]	-
5	Equitas Holdings Limited	21,766.85	110	21-Apr-16	145.10	+34.64%, [-2.05%]	+57.91%, [+7.79%]	-
6	Narayana Hrudayalaya Limited	6,130.82	250	06-Jan-16	291.00	+28.76%, [-4.35%]	+15.86%, [+0.23%]	+25.56%, [+8.13%]
7	Alkem Laboratories Limited <sup>2</sup>	13,477.64	1050	23-Dec-15	1380.00	+30.34%, [-7.49%]	+28.60%, [-2.06%]	+31.91%, [4.74%]
8	Coffee Day Enterprises Ltd	11,500.00	328	02-Nov-15	317.00	-21.42%, [-1.19%]	-20.76%, [-6.15%]	-20.98%, [-2.50%]
9	Pennar Engineered Building Systems Limited	1561.90	178	10-Sept-15	177.95	-5.93%, [+5.16%]	-11.26%, [-1.11%]	-17.39%, [-3.89%]
10	Navkar Corporation Limited	6,000.00	155	9-Sept-15	152.00	+0.97%, [+3.97%]	+26.00%, [-0.68%]	+6.29%, [-4.26%]

Source: www.nseindia.com

<sup>1</sup>Company has undertaken a Pre-Ipo Placement aggregating to ₹2,918.39 Million. The size of the fresh issue as disclosed in the draft red herring prospectus dated December 31, 2015, being ₹6,500 Million, has been reduced accordingly.

<sup>2</sup>Price for eligible employees was ₹ 950.00 per equity share

<sup>3</sup>Price for eligible employees was ₹ 810.00 per equity share

Notes:

- The CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

#### b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017*	5	45,246.46	-	-	-	2	1	-	-	-	-	-	-	-
2015-2016	8	60,375.66	0	0	3	0	4	1	0	0	3	1	2	2
2014-2015	1	3,504.30	0	1	0	0	0	0	0	0	1	0	0	0

\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

### Citigroup Global Markets Private Limited

#### a. Price information of past issues by Citigroup Global Markets Private Limited

Sr. No.	Issue Name	Issue Size (Rs. Cr.)	Issue Price (Rs.)	Listing Date	Opening Price on listing date	+/-% change in closing price, [+/-% change in closing benchmark]-30th calendar days from listing	+/-% change in closing price, [+/-% change in closing benchmark]-90th calendar days from listing	+/-% change in closing price, [+/-% change in closing benchmark]-180th calendar days from listing
1.	UFO Moviez India Ltd.	600.00	625.00	May 14, 2015	600.00	(-)11.68% [(-)2.93 %]	(-) 5.54% [+1.52%]	(-) 18.27% [(-)3.76%]
2.	Coffee Day Enterprise Limited	1,150.00	328.00	November 2, 2015	317.00	(-) 21.42% [(-)1.19%]	-19.73% [(-)6.05%]	-20.98% [(-)2.50%]
3.	InterGlobe Aviation Limited	3,008.50	765.00	November 10, 2015	855.80	+32.39% [(-)2.20%]	+7.76% [(-)5.09%]	+40.59% [-0.64%]
4.	Dr. Lal Pathlabs Limited	631.91	550.00	December 23, 2015	720.00	+32.54% [(-)7.49%]	+66.95% [(-)2.06%]	+63.13% [(+)3.87%]
5.	Mahanagar Gas Ltd. <sup>(3)</sup>	1,038.88	421.00	July 1, 2016	540.00	+20.86% [+3.72%]	N/A	N/A
6.	L&T Infotech Ltd <sup>(4)</sup>	1,236.38	710.00	July 21, 2016	667.00	(-)6.39% [+1.84%]	N/A	N/A

Source: www.nseindia.com

#### Notes:

1. Nifty is considered as the benchmark index.
2. In case 30th/ 90th/180th day is not a trading day, closing price on the BSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered
3. Since the listing date of Mahanagar Gas Ltd. was July 1, 2016, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available
4. Since the listing date of L&T Infotech Ltd. was July 21, 2016, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available

#### b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by Citigroup Global Markets Private Limited

Financial Year	Total no. of IPOs	Total amount of funds raised	No. of IPOs trading at discount-30th calendar days from listing	No. of IPOs trading at premium-30th calendar days from listing	No. of IPOs trading at discount-180th calendar days from listing	No. of IPOs trading at premium-180th calendar days from listing
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		(INR Cr.)	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17	2	2,275.26	-	-	1	-	-	1	-	-	-	-	-	-
2015-16	4	5,390.41	-	-	2	-	2	-	-	-	2	1	1	-
2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Since the listing date of Mahanagar Gas Ltd. was July 1, 2016, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available

2. Since the listing date of L&T Infotech Ltd. was July 21, 2016, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available

### Morgan Stanley India Company Private Limited

#### a. Price information of past issues by Morgan Stanley India Company Private Limited

Sr. No.	Issue name	Issue size (₹ in Million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	% Change in closing price, (% change in closing benchmark) - 30 <sup>th</sup> calendar day from listing	% Change in closing price, (% change in closing benchmark) - 90 <sup>th</sup> calendar day from listing	% Change in closing price, (% change in closing benchmark) - 180 <sup>th</sup> calendar day from listing
1.	Just Dial Limited <sup>(2)</sup>	9,191	530.00	05/06/2013	590.00	23.4% (-0.9%)	28.3% (-9.8%)	129.3% (5.0%)
2.	Coffee Day Enterprises Limited	11,500	328.00	02/11/2015	317.00	(-) 21.5% (-1.5%)	(-) 19.7% (6.1%)	(-) 21.0% (-2.5%)
3.	InterGlobe Aviation Limited <sup>(3)</sup>	30,171	765.00	10/11/2015	855.80	32.4% (-2.2%)	7.76% (-5.1%)	40.6% (-0.6%)

1) Source: SEBI, NSE

2) A discount of INR 47 per equity share was offered to Retail Individual Bidders in the IPO

3) A discount of INR 76.5 per equity share was offered to Employee Bidders in the IPO

4) NIFTY has been considered as the benchmark Index

5) In case 30th/ 90th/ 180th day is not a trading day, closing price on the NSE of a trading day immediately prior to the 30th/ 90th/ 180th day, is considered

6) For NIFTY performance has been compared as of close of 1 day prior to the listing date, while for the company's performance has been compared to the listing price

#### b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by Morgan Stanley India Company Private Limited

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-2016	2	41,671	-	-	1	-	1	-	-	-	1	-	1	-
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Source: SEBI, NSE

2) Performance has been calculated based on the issue price not adjusted for discount available for any category of investors

### HDFC Bank Limited

a. Price information of past issues by HDFC Bank Limited

Sr. No.	Issue Name	Issue size (million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Precision Camshafts Limited	4,101.90	186	February 8, 2016	165	-14.57%[+1.33%]	-20.32%[+6.48%]	-20.11%[+17.54%]
2.	Snowman Logistics Limited	1,974.00	47	September 12, 2014	76	+79.36%[-2.73%]	+117.66%[+3.09%]	+79.79%[+7.48%]

Source: www.nseindia.com for price information and prospectus for issue details

1. Opening Price information as disclosed on the website of NSE

2. Change in closing price over the issue/offer price as disclosed on NSE

3. Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50

4. In case of reporting dates falling on a trading holiday, values for the trading day immediately after the trading holiday have been considered.

5. 30<sup>th</sup> calendar day has been taken as listing date plus 29 calendar days; 90<sup>th</sup> calendar day has been taken as listing date plus 89 calendar days; 180<sup>th</sup> calendar day has been taken as listing date plus 179 calendar days.

b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by HDFC Bank Limited

Financial Year	Total No. of IPO's	Total Funds Raised (in million)	No. of IPOs trading at discount - 30th calendar day from listing			No. of IPOs trading at premium - 30th calendar day from listing			No. of IPOs trading at discount - 180th calendar day from listing			No. of IPOs trading at premium - 180th calendar day from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	1	4,101.90	-	-	1	-	-	-	-	1	-	-	-	-
2014-15	1	1,974.00	-	-	-	1	-	-	-	-	-	1	-	-

ICICI Securities Limited

a. Price information of past issues by ICICI Securities Limited

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Wonderla Holidays Limited	1,812.50	125.00	09-May-14	160.00	+72.92%, [+11.60%]	+78.96%, [+11.86%]	+162.32%, [+21.57%]
2	Shemaroo Entertainment Limited	1,200.00	170.00 <sup>(1)</sup>	01-Oct-14	180.00	-5.74%, [+2.81%]	-5.88%, [+3.79%]	+5.85%, [+6.88%]
3	VRL Logistics Limited	4,678.78	205.00	30-Apr-15	288.00	+50.90%, [+3.08%]	+85.49%, [+1.90%]	+100.90%, [+0.97%]
4	PNC Infratech Limited	4,884.41	378.00	26-May-15	387.00	+0.32%, [+0.26%]	+14.66%, [-6.36%]	+42.72%, [-5.88%]
5	Manpasand Beverages Limited	4,000.00	320.00	09-Jul-15	300.00	+23.20%, [+2.83%]	+36.53%, [-2.11%]	+58.34%, [-6.45%]
6	Sadbhav Infrastructure Project Limited	4,916.57	103.00	16-Sep-15	111.00	-2.28%, [+3.55%]	-5.63%, [-3.15%]	-14.56%, [-4.56%]
7	Teamlease Services Limited	4,236.77	850.00	12-Feb-16	860.00	+15.34%, [+7.99%]	+5.38%, [+12.43%]	+35.35%, [24.31%]
8	Quick Heal Technologies Limited	4,512.53	321.00	18-Feb-16	305.00	-31.56%, [+5.74%]	-20.05%, [+9.72%]	-24.21%, [20.17%]
9	Equitas Holdings Limited	21,766.85	110.00	21-Apr-16	145.10	+34.95%, [-1.63%]	+57.91%, [+7.79%]	-
10	Thyrocare Technologies Limited	4,792.14	446.00	09-May-16	665.00	+36.85%, [+5.09%]	+22.57%, [10.75%]	-
11	Ujjivan Financial Services Limited	8,824.96	210.00	10-May-16	231.90	+72.38%, [+4.88%]	115.38%, [10.44%]	-
12	Quess Corp Limited	4,000.00	317.00	12-Jul-16	500.00	+73.60%, [+0.64%]	-	-
13	Larsen & Toubro Infotech Limited	12,363.75	710.00 <sup>(2)</sup>	21-Jul-16	667.00	-6.39%, [+1.84%]	-	-

14	Advanced Enzyme Technologies Limited	4,114.88	896.00 <sup>(3)</sup>	01-Aug-16	1,210.00	-	-	-
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- (1) Discount of Rs. 17 per equity share offered to retail investors. All calculations are based on Issue Price of Rs. 170.00 per equity share.  
(2) Discount of Rs. 10 per equity share offered to retail investors. All calculations are based on Issue Price of Rs. 710.00 per equity share.  
(3) Discount of Rs. 86 per equity share offered to Eligible Employees. All calculations are based on Issue Price of Rs. 896.00 per equity share.

**Notes:**

1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY
3. 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the next trading day

- b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by ICICI Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17	6	55,862.58	-	-	1	2	2	-	-	-	-	-	-	-
2015-16	6	27,229.06	-	1	1	1	-	3	-	-	2	2	2	-
2014-15	2	3,012.50	-	-	1	1	-	-	-	-	-	1	-	1

**IDFC Securities Limited:**

- a. Price information of past issues during current financial year and two financial years preceding the current financial year handled by IDFC Securities Limited:

Sr. No.	Issuer Name	Issue Size (Rs. Million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (Rs.)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar day from listing
1.	Parag Milk Foods Limited	7,505.37	215.00	May 19, 2016	215.70	+17.19% [+4.83%]	+48.30% [+10.49%]	Not available
2.	HealthCare Global Enterprises Limited	6,496.40	218.00	March 30, 2016	210.20	-15.32% [+1.45%]	-19.98% [+4.65%]	Not available
3.	TeamLease Services Limited	4,236.77	850.00	February 12, 2016	860.00	+15.34% [+7.99%]	+5.38% [+12.43%]	+35.35% [+24.31%]
4.	Narayana Hrudayalaya Limited	6,130.82	250.00	January 6, 2016	291.00	+27.28% [-4.20%]	+15.16% [-0.03%]	+25.12% [+7.37%]
5.	PNC Infratech Limited	4,884.41	378.00	May 26, 2015	387.00	+0.32% [+0.26%]	+14.66% [-6.36%]	+42.72% [-5.88%]
6.	MEP Infrastructure Developers Limited	3,240.00	63.00	May 6, 2015	65.00	-15.71% [+0.42%]	-8.57% [+5.51%]	-13.49% [-0.57%]
7.	Sharda Cropchem Limited	3,518.60	156.00	September 23, 2014	260.00	+61.06% [-0.27%]	+63.56% [+3.82%]	+91.35% [+6.65%]

**Notes:**

- i. Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) for the price information and prospectus/finalised basis of allotment for issue details.
- ii. In case of reporting dates falling on a trading holiday, values for the trading day immediately following the trading holiday have been considered.
- iii. BSE was the designated stock exchange for the issue listed as item 1 and 4 in the above table therefore price information and benchmark index values have been/will be shown only for designated stock exchange. SENSEX has been used as the benchmark index.

- iv. NSE was the designated stock exchange for the issues listed as item 2, 3, 5, 6 and 7 in the above table therefore price information and benchmark index values have been/ will be shown only for designated stock exchange. NIFTY has been used as the benchmark index.
- v. Since 180 calendar days from listing date has not elapsed for Parag Milk Foods Limited, data for the same is not available.
- vi. In case of Parag Milk Foods Limited, issue price per equity share for anchor investors was Rs. 227.00 and for eligible employees and retail individual investors was Rs. 203.00 (After discount of Rs. 12.00 per equity share on issue price).
- vii. Since 180 calendar days from listing date has not elapsed for HealthCare Global Enterprises Limited, data for the same is not available.
- viii. In case of MEP Infrastructure Developers Limited, issue price per equity share for anchor investors was Rs. 65.00 per equity share.

b. Summary statement of disclosure Price information of past issues during current financial year and two financial years preceding the current financial year handled by IDFC Securities Limited:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017*	1	7,505.37	-	-	-	-	-	1	-	-	-	-	-	-
2015-2016	5	24,988.40	-	-	2	-	1	2	-	-	1	-	3	-
2014-2015	1	3,518.60	-	-	-	1	-	-	-	-	-	1	-	-

\*As on date of Prospectus

Notes:

- i. Date of listing of equity shares has been considered for calculating total no. of IPOs in a particular financial year.
- ii. The discount/premium has been calculated based on the closing stock price.
- iii. Since 180 calendar days from listing date has not elapsed for Parag Milk Foods Limited, data for the same is not available. Hence the same is not considered while calculating no. of IPOs trading at discount/premium on 180<sup>th</sup> calendar day from listing.
- iv. Since 180 calendar days from listing date has not elapsed for HealthCare Global Enterprises Limited, data for the same is not available. Hence the same is not considered while calculating no. of IPOs trading at discount/premium on 180<sup>th</sup> calendar day from listing.

**IIFL Holdings Limited**

a. Price information of past issues by IIFL Holdings Limited

Sr No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]-180th calendar days from listing
1	Manpasand Beverages Limited	4,000.00	320.00	July 9, 2015	300.00	+23.2%, [+2.4%]	+31.5%, [-2.2%]	+58.6%, [-6.9%]
2	Power Mech Projects Limited	2,732.16	640.00	August 26, 2015	600.00	-9.4%, [-0.2%]	-2.8%, [-0.6%]	-10.6%, [-8.2%]
3	Precision Camshafts Limited	4,101.90	186.00	February 8, 2016	165.00	-15.0%, [+0.6%]	-20.8%, [+3.3%]	-20.1%, [+15.9%]
4	Healthcare Global Enterprises Limited	6,496.40	218.00	March 30, 2016	210.20	-15.9%, [+3.3%]	-17.4%, [+7.0%]	NA
5	Ujjivan Financial Services Limited	8,824.96	210.00	May 10, 2016	231.90	+74.1%, [+4.3%]	+115.4%, [+10.7%]	NA
6	Quess Corp Limited	4,000.00	317.00	July 12, 2016	500.00	+67.9%, [+1.5%]	NA	NA
7	Dilip Buildcon Limited	6,539.77	219.00	August 11, 2016	240.00	NA	NA	NA

Source: www.nseindia.com

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by IIFL Holdings Limited

Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2014-15	NA	NA	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	4	17,330.46	-	-	3	-	-	1	-	-	2	1	-	-
2016-17	3	19,364.73	-	-	-	2	-	-	-	-	-	-	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

*SBI Capital Markets Limited*

a. Price information of past issues by SBI Capital Markets Limited

Sr. No.	Issue Name	Issue size (₹million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Monte Carlo Fashions Limited	3,504.30	645.00	December 19, 2014	585.00	-26.53% [+3.25%]	-23.37% [+4.57%]	-21.01% [-2.50%]
2.	Navkar Corporation Limited	6,000.00	155.00	September 9, 2015	152.00	+0.71% [+4.38%]	+25.81% [-0.74%]	+6.13% [-4.12%]
3.	Prabhat Dairy Limited	3,561.88	115.00	September 21, 2015	115.00	+11.78% [+3.57%]	+30.83% [-1.79%]	-5.48% [-4.67%]
4.	Precision Camshafts Limited	4,101.90	186.00	February 8, 2016	163.10	-14.68% [+1.53%]	-20.43% [+5.77%]	NA
5.	Infibeam Incorporation Limited	4,500.00	432.00	April 4, 2016	458.00	+20.37% [-0.67%]	+61.31% [+7.40%]	NA

Source: www.nseindia.com, www.bseindia.com

Notes:

- The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.
- The designated exchange for the issue has been considered for the price, benchmark index and other details.

b. Summary statement of price information of past issues (during fiscal and two fiscal years preceding the current fiscal) handled by SBI Capital Markets Limited



Fiscal Year	Total No. of IPOs	Total amount of funds raised (₹million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	4	18,163.78	-	-	1	-	-	3	-	-	1	-	-	1
2014-15	1	3,504.30	-	1	-	-	-	-	-	-	1	-	-	-

### Track record of past issues handled by the GCBRLMs and BRLMs

For details regarding the track record of the GCBRLMs and the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to their websites, as set forth in the table below:

Sr. No	Name of the Manager	Website
1.	Kotak Mahindra Capital Company Limited	<a href="http://www.investmentbank.kotak.com">http://www.investmentbank.kotak.com</a>
2.	Axis Capital Limited	<a href="http://www.axiscapital.co.in">http://www.axiscapital.co.in</a>
3.	Citigroup Global Markets Private Limited	<a href="http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm">http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm</a>
4.	Morgan Stanley India Company Private Limited	<a href="http://www.morganstanley.com/about-us/global-offices/india">http://www.morganstanley.com/about-us/global-offices/india</a>
5.	HDFC Bank Limited	<a href="http://www.hdfcbank.com/wholesale/info-as-per-SEBI-circular.htm">http://www.hdfcbank.com/wholesale/info-as-per-SEBI-circular.htm</a>
6.	ICICI Securities Limited	<a href="http://www.icicisecurities.com">http://www.icicisecurities.com</a>
7.	IDFC Securities Limited	<a href="http://www.idfc.com/capital/investment-banking/track-record.aspx">http://www.idfc.com/capital/investment-banking/track-record.aspx</a>
8.	IIFL Holdings Limited	<a href="http://www.iiflcap.com/">http://www.iiflcap.com/</a>
9.	SBI Capital Markets Limited	<a href="http://www.sbicaps.com">http://www.sbicaps.com</a>

### Disclaimer from our Bank, the Selling Shareholders, our Directors, and the GCBRLMs and BRLMs

Our Bank, the Selling Shareholders, our Directors and the GCBRLMs and BRLMs accept no responsibility for statements made otherwise than those contained in this Prospectus or in any advertisements or any other material issued by or at our Bank's instance. It is clarified that each Selling Shareholder is providing information in this Prospectus only about and in relation to itself and the Equity Shares offered by it under Offer for Sale and is not responsible or liable for any other statement or information contained in this Prospectus. Anyone placing reliance on any other source of information, including our Bank's website, [www.rblbank.com](http://www.rblbank.com) would be doing so at his or her own risk.

### Caution

The GCBRLMs and BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Bank and the Selling Shareholders.

All information shall be made available by our Bank and the GCBRLMs and BRLMs to the public and investors at large and no selective or additional information will be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at Syndicate Bidding Centres or elsewhere.

Neither our Bank, nor the Selling Shareholders, nor any member of the Syndicate shall be liable to Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Bank, the Selling Shareholders and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The GCBRLMs and BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Bank or the Selling Shareholders in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Bank or the Selling Shareholders, for which they have received, and may in the future receive, compensation.

## **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India, including Indian national residents in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and permitted Non-Residents including FPIs and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Bank from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only (i) outside the United States in reliance on Regulation S under the Securities Act; (ii) within the United States, only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from, or not subject to, the registration requirements of the Securities Act.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

## **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 were delivered for registration to the Registrar of Companies and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with Registrar of Companies at the office of the Registrar of Companies:

**The Registrar of Companies, Maharashtra**

PMT Building  
Pune Stock Exchange  
3<sup>rd</sup> Floor, Deccan Gymkhana  
Pune – 411 004  
Phone: +91 20 2552 1376  
Facsimile: +91 20 2553 0042

**Listing**

The Equity Shares issued through this Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications will be made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. NSE will be the Designated Stock Exchange with which the 'Basis of Allotment' will be finalised.

If permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Bank and the Selling Shareholders, to the extent required by applicable law, will forthwith repay, in accordance with applicable law, all moneys received from the applicants in pursuance of the Red Herring Prospectus. Our Bank and shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days of the Bid Closing Date. If Equity Shares pursuant to the Offer are not Allotted within six Working Days from the Bid Closing Date or within such timeline as prescribed by SEBI, our Bank and the Selling Shareholders shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% p.a or such rate as may be prescribed under law for the delayed period. The Selling Shareholders shall provide reasonable assistance to the Bank, the GCBRLMs and the BRLMs in the taking of all steps as may be required for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges.

**Consents**

Consents in writing of our Directors, our Company Secretary and Compliance Officer to the Issue, the GCBRLMs and BRLMs, the Selling Shareholders, the lenders to our Bank (to the extent required), the legal counsels and the Registrar to the Issue, the Syndicate Members, the Escrow Collection Bank, the Public Issue Account Bank and the Refund Bank, to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the Registrar of Companies as required under Sections 26 and 32 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Our Bank has received written consent from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, Chartered Accountants to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "Expert" defined under Section 2(38) of the Companies Act, 2013 in respect of the report of the Auditors dated July 6, 2016 on the Restated Financial Statements, and the statement of tax benefits dated July 6, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

**Expert Opinion**

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, Chartered Accountants to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "Expert" defined under Section 2(38) of the Companies Act, 2013 in respect of the report of the Auditors dated July 6, 2016 on the restated financial statements, and the statement of tax benefits dated July 6, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

**Issue Expenses**

The total expenses of the Issue are estimated to be approximately ₹ 682.51 million. The Issue expenses shall be shared between our Bank and the Selling Shareholders, in the proportion to the number of Equity Shares offered by our Bank and the Selling Shareholders in the Fresh Issue and the Offer for Sale, respectively. The break-down for the Issue expenses is as follows:

S. No.	Activity Expense	Amount (₹ in million)	Percentage of Total Estimated Issue Expenses	Percentage of Issue Size
1.	Fees of the GCBRLMs and BRLMs, underwriting commission, brokerage and selling commission	303.09	44.41%	2.50%
2.	Commission/processing fee to the SCSBs for processing ASBA Forms procured by the Designated Intermediaries (other than the SCSBs themselves) and submitted to SCSBs <sup>(1)</sup>			
3.	Brokerage and selling commission for Non Syndicate Registered Brokers <sup>(2)</sup> , CDPs, RTAs and SCSBs <sup>(3)</sup>			
4.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	172.53	25.28%	1.42%
5.	Fees to the Registrar to the Issue	18.32	2.68%	0.15%
6.	Fees of other advisors to the Issue	82.91	12.15%	0.68%
7.	Listing fees and other regulatory expenses	51.19	7.50%	0.42%
8.	Miscellaneous	54.46	7.98%	0.45%
	<b>Total Estimated Issue Expenses</b>	<b>682.51</b>	<b>100.00%</b>	<b>5.63%</b>

<sup>(1)</sup> SCSBs shall be entitled to a processing fees of ₹ 10 per valid ASBA Form for processing the ASBA Forms procured by the Designated Intermediaries (other than the SCSBs themselves) and submitted to the SCSBs

<sup>(2)</sup> Non Syndicate Registered Brokers shall be entitled to a commission of ₹ 10 per valid ASBA Form uploaded by them on the electronic bidding system of the Stock Exchanges

<sup>(3)</sup> The RTAs, CDPs and SCSBs (for the ASBA Forms directly submitted to them) will be entitled to the selling commission below: 0.35% of the Amount Allotted (plus applicable taxes) in respect of the Retail Portion and 0.20% of the Amount Allotted in respect of the Non-Institutional Portion. Amount Allotted shall mean the product of the number of Equity Shares Allotted and the Issue Price. The members of the Syndicate (including their Sub-Syndicate members), RTAs and CDPs shall also be entitled to bidding charges of ₹ 10 per valid ASBA Form procured by them and submitted to the SCSB for blocking.

### **Fees, Brokerage and Selling Commission Payable to the GCBRLMs and the BRLMs and the Syndicate Members**

The total fees payable to the GCBRLMs, BRLMs and the Syndicate Members (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expense) will be as stated in the engagement letters among our Bank and the GCBRLMs and BRLMs, copies of which were made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

### **Fees Payable to the Registrar to the Issue**

The fees payable by our Bank and the Selling Shareholders to the Registrar to the Issue for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated June 22, 2015 entered into, among our Bank, the Selling Shareholders and the Registrar to the Issue, as amended pursuant to the amendment agreement dated August 4, 2016, copies of which are available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send such refund in any of the modes described in the Red Herring Prospectus or Allotment Advice by registered post/speed post/ordinary post.

### Public or Rights Issues during the last five years

Our Bank has not made any previous public issue during the five years preceding the date of this Prospectus. Except as disclosed under the subsection titled “*Performance vis-a-vis objects*” below, our Bank has not made any rights issue during the five years preceding the date of this Prospectus.

### Previous issues of securities otherwise than for cash

Except as disclosed under the section titled “*Capital Structure – Share Capital History*” on page 95, our Bank has not issued any securities for consideration other than cash since Fiscal 2000.

### Capital issuances in the preceding three years

Except as disclosed in the section titled “*Capital Structure*” on page 94, our Bank has not made any capital issues during the three years preceding the date of this Prospectus.

### Performance vis-à-vis objects

Except as stated in “*Risk Factors – Our Bank has, in certain instances in the past, allotted equity shares that were not in compliance with the then-applicable laws relating to a public offering of securities, which may subject our Bank to, among other things, further regulatory consequences*” on page 15, our Bank has not made any public issue in the 10 years immediately preceding the date of this Prospectus.

Our Bank has made the following rights issues in the 10 years immediately preceding the date of this Prospectus:

Sl. No.	Issue Period	Number of equity shares offered	Number of equity shares allotted*	Issue price (₹)	Objects
1.	January 5, 2007 to February 3, 2007	1,375,731 equity shares of face value ₹ 100.00 each	1,095,984	100.00	To strengthen the capital base of the Bank
2.	February 23, 2007 to March 24, 2007	5,502,925 equity shares of face value ₹ 100.00 each	1,541,260	450.00	To strengthen the capital base of the Bank
3.	November 29, 2010 to December 20, 2010	110,058,500 Equity Shares	75,812,652	67.00	To strengthen the capital base of the Bank

\*Excluding subsequent allotment of unsubscribed portion

The above mentioned objects were met by our Bank.

### Underwriting commission, brokerage and selling commission on previous issues

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Bank’s inception.

### Outstanding debentures or bond issues or preference shares

Except the employee stock options granted under the ESOP Schemes, our Bank has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of this Prospectus.

### Stock Market Data of the Equity Shares

This being an initial public offer of our Bank, the Equity Shares are not listed on any stock exchange.

### Other Disclosures

Except as disclosed in the section titled “*Capital Structure*” beginning on page 94, none of our Directors have purchased or sold any securities of our Bank, during a period of six months preceding the date of filing this Prospectus with SEBI.

Except as disclosed in the section titled “*Other Regulatory and Statutory Disclosures - Prohibition by SEBI or governmental authorities*”, on page 476, SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Bank and the Selling Shareholders dated June 22, 2015, as amended on August 4, 2016 provides for retention of records, including refund orders despatched to the Bidders, with the Registrar to the Issue for a period of at least three years from the date of commencement of trading of the Equity Shares, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the ASBA process must be addressed to the Registrar to the Issue with a copy to the concerned Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name and address of the sole or first Bidder, ASBA Form number, date of the ASBA Form, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number, Bidders’ DP ID, Client ID, PAN and the name and address of the Designated Intermediary where the ASBA Form was submitted, and enclosing a copy of the Acknowledgment Slip received from the Designated Intermediary at the time of submission of the ASBA Form.

All grievances of the Anchor Investors must be addressed to the Registrar to the Issue with a copy to the concerned Designated Intermediary with whom the Anchor Investor Application Form was submitted, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Designated Intermediary where the Anchor Investor Application Form was submitted by the Anchor Investor and enclosing a copy of the Acknowledgment Slip received from the Designated Intermediary at the time of submission of the Anchor Investor Application Form.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Bank, the GCBRLMs, BRLMs and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI Regulations.

### **Disposal of Investor Grievances by our Bank**

Our Bank estimates that the average time required by our Bank or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Bank will seek to redress these complaints as expeditiously as possible.

Our Bank has appointed a stakeholders’ relations committee. For further details, see section titled “*Our Management*” beginning on page 218.

Our Bank has appointed Mr. Vinay Tripathi as our Company Secretary and Compliance Officer in relation to the Issue and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Vinay Tripathi  
Company Secretary and Compliance Officer in relation to the Issue  
One Indiabulls Centre, Tower 2B,  
6<sup>th</sup>Floor, 841, Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai – 400 013

Telephone: +91 22 4302 0600  
Facsimile: +91 22 4302 0520  
E-mail: ipo@rblbank.com

**Disposal of investor grievances by our Bank and listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956**

There are no pending investor grievances against our Bank. Our Bank received 36, 38, 42 and 7 investor grievances in fiscals 2014, 2015, 2016 and in the quarter ended June 30, 2017 respectively, which have been disposed of.

We do not have any listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

**Change in Auditors**

There have been no changes in the auditors of our Bank during the three years preceding the date of this Prospectus.

**Capitalisation of Reserves or Profits**

Our Bank has not capitalised its reserves or profits at any time since Fiscal 2000.

**Revaluation of Assets**

Our Bank has not revalued its assets since Fiscal 2000.



## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued or being transferred pursuant to the Issue are subject to the provisions of the Companies Act, the SEBI Regulations, our Memorandum and Articles, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, Allotment Advice, Anchor Investor Allocation Notice, the Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the Registrar of Companies, the RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable or such other conditions as may be prescribed by them in relation to the Issue.

#### Authority for the Issue

Our Board has, pursuant to its resolution dated August 26, 2014, authorised the Fresh Issue, subject to the approval by the shareholders of our Bank under Section 62(1)(c) of the Companies Act, 2013.

The shareholders of our Bank have authorised the Fresh Issue by special resolutions dated October 29, 2014, July 9, 2015 and June 8, 2016 passed pursuant to Section 62(1)(c) of the Companies Act, 2013 and authorised the Board to take decisions in relation to this Issue.

The Offer for Sale has been approved by the Category I Selling Shareholders pursuant to the Category I Consent Letters. Beacon and GPE have approved the offer for sale of up to 9,505,558 and 3,525,000 Equity Shares respectively, pursuant to resolutions passed by their respective board of directors on November 3, 2014 and November 4, 2014 respectively.

Our Capital Raising Committee has taken on record the approval of the Offer for Sale by the Selling Shareholders and approved the Red Herring Prospectus and this Prospectus pursuant to its resolutions dated August 4, 2016 and August 24, 2016, respectively.

Our Bank has obtained in-principle listing approvals dated August 6, 2015 and August 5, 2015 from the BSE and the NSE, respectively.

#### Ranking of Equity Shares

The Equity Shares being Allotted in the Issue shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of right to receive dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Bank after the date of Allotment. See section titled “*Main Provisions of the Articles of Association*” beginning on page 552 for a description of significant provisions of our Articles.

#### Mode of Payment of Dividends

Our Bank shall pay dividends, if declared, to shareholders of our Bank as per the provisions of the Companies Act, 2013, the Banking Regulation Act and the Articles of Association.

#### Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each. The Anchor Investor Issue Price is ₹ 225 per Equity Share. The Issue Price is ₹ 225 per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

The Price Band and the minimum Bid Lot were decided by our Bank, in consultation with the GCBRLMs and BRLMs, including the relevant financial ratios computed for both the Cap Price and the Floor Price, and were published in the Business Standard(English and Hindi), a national newspaper and the Kolhapur edition of Pudhari, a regional language newspaper where the Registered Office of our Bank is situated, each with wide circulation, being the newspapers in which the pre-Issue advertisements were published, at least five Working Days prior to the Bid Opening Date.

### **Compliance with Regulations issued by SEBI**

Our Bank shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, the equity shareholders of our Bank shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or e-voting (subject to applicable caps prescribed under the Banking Regulation Act);
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares subject to applicable law, including rules and regulations of RBI; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, the Companies Act, 2013, the Listing Regulations, and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles, including those relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see section titled “*Main Provisions of the Articles of Association*” beginning on page 552.

### **Market Lot, Trading Lot and Option to receive Equity Shares in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus could be applied for in the dematerialised form only. Our Bank has entered into agreements dated May 12, 2010 and May 5, 2008 with NSDL and CDSL respectively, for dematerialisation of the Equity Shares.

Further, as per the provisions of the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of 65 Equity Shares.

### **Joint Holders**

Subject to provisions contained in our Articles of Association, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

### **Jurisdiction**

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and**

**applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only (i) outside the United States in reliance on Regulation S under the Securities Act; (ii) within the United States, only to persons reasonably believed to be “qualified institutional buyers (as defined in Rule 144A under the Securities Act) in transactions exempt from, or not subject to, the registration requirements of the Securities Act.**

### **Nomination facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to all the rights in the Equity Shares of the holder, or of all the joint holders, as the case may be, unless such nomination is varied or cancelled in the manner prescribed. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue and transfer agents of our Bank.

In accordance with Section 72 of the Companies Act, 2013, any person who becomes a nominee as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Bank. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors require change to their nomination, they are requested to inform their respective Depository Participant.

### **Minimum Subscription**

Our Bank is required to receive a minimum subscription of 90% of the Fresh Issue. If our Bank does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Issue equivalent to the minimum number of securities as required to comply with Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, our Bank shall forthwith refund the entire subscription amount. If there is a delay beyond the prescribed time, our Bank shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the Equity Shares in the Offer for Sale.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Bank shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

### **Arrangements for disposal of odd lots**

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

### **Restriction on transfer and transmission of shares**

Except for the lock-in of the pre-Issue Equity Shares and Allotment made to Anchor Investor pursuant to the Issue, as detailed in the section titled “*Capital Structure*” beginning on page 94, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting except as provided in our Articles of Association. See section titled “*Main Provisions of the Articles of Association*” beginning on page 552.

### **Withdrawal of the Issue**

In accordance with the SEBI Regulations, the Bank, in consultation with GCBRLMs and the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid Opening Date. Provided if the Bank withdraws the Issue after the Bid Closing Date, it will give reasons thereof within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre- Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the GCBRLMs and the BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the ASBA Accounts within one Working Day from the date of receipt of such notification.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment, and the final RoC approval of the Prospectus.

In the event the Bank, in consultation with the GCBRLMs and the BRLMs, withdraws the Issue after the Bid Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with the Issue.

## ISSUE STRUCTURE

Public issue of 53,909,628 Equity Shares aggregating to ₹12,129.67 million consisting of a Fresh Issue of 37,000,000 Equity Shares aggregating to ₹8,325.00 million by our Bank and an Offer for Sale of 16,909,628 Equity Shares aggregating to ₹3,804.67 million by the Selling Shareholders, subject to finalisation of Basis of Allotment. The Issue shall constitute upto approximately 14.58 % of the fully diluted post-Issue paid-up capital of our Bank, subject to finalisation of Basis of Allotment.

Our Bank has made a Pre-IPO Placement of 25,000,000 Equity Shares for cash consideration to certain investors, aggregating to ₹4,875.00 million. For more information, see the section titled “Capital Structure”, on page 94.

The Issue is being made through the Book Building Process.

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	26,954,813 Equity Shares.	Not less than 8,086,445 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 18,868,370 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Issue available for Allotment/Allocation	50% of the Issue shall be allocated to QIB Bidders.  However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment if respective category is oversubscribed	Proportionate as follows:  (a) 539,097 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and  (b) 10,242,829 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.  Our Bank may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only.	Proportionate.	In the event, the Bids received from Retail Individual Bidders exceeds 18,868,370 Equity Shares, then the maximum number of Retail Individual Bidders who can be allocated/Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for allocation/Allotment to Retail Individual Bidders by the minimum Bid Lot (“ <b>Maximum RII Allottees</b> ”). The allocation/Allotment to Retail Individual Bidders will then be made in the following manner:  <ul style="list-style-type: none"> <li>• In the event the number of Retail Individual Bidders</li> </ul>

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
			<p>who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) Retail Individual Bidders shall be Allotted the minimum Bid lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to the Retail Individual Bidders who have received Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid lot).</p> <p>In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the Retail Individual Bidders (in that category) who will then be allocated/ Allotted minimum Bid Lot shall be determined on draw of lots basis.</p>
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹200,000.	Such number of Equity Shares so that the Bid Amount exceeds ₹200,000.	65 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	65 Equity Shares and in multiples thereof.	65 Equity Shares and in multiples thereof.	65 Equity Shares and in multiples thereof.
Allotment Lot	A minimum of 65 Equity Shares and thereafter in multiples of one Equity Share.	A minimum of 65 Equity Shares and thereafter in multiples of one Equity Share.	A minimum of 65 Equity Shares and thereafter in multiples of one Equity Share.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply**	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, state industrial development corporation, insurance company registered with	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, Sub-Accounts which are foreign corporate or foreign individuals and Eligible FIIs and RFPIs.	Resident Indian individuals (including HUFs in the name of the Karta) and Eligible NRIs.

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
	IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.		
Terms of Payment	The entire Bid Amount shall be payable by Anchor Investors at the time of submission of Bid cum Application Form. In the case of ASBA Bidders, the entire Bid Amount shall be blocked in the ASBA Account mentioned in the ASBA Form.		

*Information above is subject to finalisation of Basis of Allotment.*

\*Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the Book Building Process wherein 50% of the Issue shall be allocated to QIB Bidders on a proportionate basis. Our Bank, in consultation with the GCBRLMs and BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third was made available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price.

Non-Resident Bidders should further note that the aggregate value of Equity Shares Allotted to all categories of Non-Residents in the Issue, calculated at the Issue Price shall not exceed ₹6,625 million.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank in consultation with the GCBRLMs and BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by the Anchor Investor Pay-in Date.

\*\* In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form.

### **Letters of Allotment, refund orders or instructions to SCSBs**

Our Bank shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within one Working Day from the date of the Allotment to all successful Allottees, including ASBA Bidders which shall be done within six Working Days from the Bid Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs within six Working Days from the Bid Closing Date.

### **Interest in case of delay in dispatch of refund orders or instructions to SCSBs**

In accordance with the Companies Act, 2013, the requirements of the Stock Exchanges and SEBI Regulations, our Bank undertakes that:

- Allotment shall be made only in dematerialised form within six Working Days from the Bid Closing Date;
- Refunds, if any, to Anchor Investors, and instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful Bids shall be made within six Working Days from the Bid Closing Date.
- It shall pay interest at 15% p.a. if the Allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 Working Days from the Bid Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 15 Working Days of the Bid Closing Date.

Our Bank will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue. All Issue related expenses shall be shared by our Bank and the Selling Shareholders in proportion to the number of Equity Shares offered by way of the Fresh Issue and the Offer for Sale, respectively.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

### **Bid/Issue Programme**

Bid Opening Date	August 19, 2016*
Bid Closing Date	August 23, 2016
QIB Bid Closing Date	August 23, 2016
Bid Closing Date (for Retail Individual Bidders and Non-Institutional Bidders)	August 23, 2016
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about August 26, 2016
Initiation of Refunds	On or about August 29, 2016
Credit of Equity Shares to demat accounts of Allotees	On or about August 30, 2016
Commencement of trading of Equity Shares on the Stock Exchanges	On or about August 31, 2016

\*Anchor Investor Bidding Period was one day before Bid Opening Date, i.e. August 18, 2016.

The above timetable is indicative and does not constitute any obligation on our Bank or the Selling Shareholders or the GCBRLMs or the BRLMs. Whilst the Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid Closing Date, the timetable may change due to various factors, such as extension of the Bidding Period by the Bank, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend all reasonable co-operation required by the Bank and the GCBRLMs and BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each such Selling Shareholders in the Issue) at all the Stock Exchanges within six Working Days from the Bid Closing Date.

Except in relation to Bids received from Anchor Investors, the Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. IST during the Bidding Period as mentioned above and should be made with the same Designated Intermediary with whom the original Bid was submitted. On the Bid Closing Date, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. IST and uploaded until (i) 4.00 p.m. IST, in case of Bids by QIBs (Bidding under the Net QIB Portion) and Non-Institutional Investors, or such extended time as permitted by the Stock Exchanges, and (ii) 5.00 p.m. IST in case of Bids by Retail Individual Bidders, or such extended time as permitted by the Stock Exchanges. It is clarified that Bids not uploaded would be rejected. Bids by ASBA Bidders shall be uploaded in the electronic system to be provided by the Stock Exchanges by the Designated Intermediary with which the Bid was submitted.

Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is



typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Investors please note that as per letter No. List/smd/sm/2006 dated July 3, 2006 and letter No. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchanges. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded in the electronic system to be provided by the Stock Exchanges by the Designated Intermediary with which the Bid was submitted. Neither our Bank, the Selling Shareholders nor any Syndicate/Sub-Syndicate are liable for any failure in uploading or downloading the Bids due to faults in any software/hardware system or otherwise.

On the Bid Closing Date, extensions of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the GCBRLMs and BRLMs to the Stock Exchange within half an hour of such closure.

## ISSUE PROCEDURE

*All Bidders should review the 'General Information Document for Investing in Public Issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below under sub-section titled "– Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to enactments and regulations and amendments thereto, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the GCBRLMs and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

*Our Bank, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modifications or change in applicable law, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.*

*Please note that all Bidders (other than Anchor Investors) applying in the Issue can participate in the Issue only through the ASBA process. Bidders should carefully read the provisions applicable before making their application through the ASBA process. Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.*

### PART A

#### **Book Building Procedure**

The Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Bank, in consultation with the GCBRLMs and the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third was made available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Issue Price.

In the event of under-subscription in the Retail Portion or the Non-Institutional Portion in the Issue, the unsubscribed portion would be allowed to be met with spill over from over subscription from any other category or a combination of categories at the sole discretion of our Bank, in consultation with the GCBRLMs and the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

#### **Restrictions on ownership of equity shares in banking companies**

The Banking Regulation Act requires any person to seek prior approval of the RBI, to acquire or agree to acquire, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert

with him) results in aggregate shareholding of such person to be five percent or more of the paid up capital of a bank or entitles him to exercise five percent or more of the voting rights in a bank.

In response to certain clarifications sought by our Bank from the RBI, by way of a letter dated August 5, 2016, in relation to the implementation of the bidding process for the Issue, given the provisions of Section 12B of the Banking Regulation Act, the RBI has responded by way of a letter dated August 8, 2016, providing its clarifications. As per its letter, the RBI may consider granting a ‘no-objection’ (“**NOC**”) to Bidders seeking to acquire five percent or more of the post-Issue paid-up share capital of the Bank, as provided above, pending a ‘fit and proper’ assessment under applicable laws. However, if any adverse information in respect of a Bidder comes to the knowledge of the RBI during its due diligence process, the RBI may impose additional conditions, as deemed fit, on the investments of such Bidder in our Bank.

Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (either directly or indirectly, by himself or acting in concert with other persons and including existing shareholding, if any) exceeding the limits prescribed under the Banking Regulation Act, such Bidder is required to submit the NOC obtained from the RBI with the Registrar, **at least one Working Day prior** to the finalization of the Basis of Allotment. The Basis of Allotment is expected to be finalised on or around August 26, 2016. In case of failure by such Bidder to submit the NOC within the above time period, our Bank may Allot maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Issue, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of the Bidder (either directly or indirectly, by itself or acting in concert with other persons and including existing shareholding, if any) to less than five percent of the post-Issue paid-up equity share capital of our Bank.

A clearly legible copy of the NOC together with the application submitted by such Bidder with the RBI for obtaining such NOC must be submitted by the Bidders along with a copy of the Bid cum Application Form, with the Registrar at any time prior to the date falling one Working Day before the date for finalisation of the Basis of Allotment as stated above. The NOC should clearly mention the name(s) of the entities which propose to Bid in the Issue, the aggregate shareholding of the Bidder in the pre-Issue paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by such Bidder, in accordance with the above requirements.

**Bid cum Application Form**

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Issue. Copies of ASBA Forms and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centers and at our Registered Office. An electronic copy of the ASBA Form will also be made available at the websites of the Stock Exchanges, SCSBs and broker terminals of the Stock Exchanges, atleast one day prior to the Bid Opening Date. All Bidders (other than Anchor Investors) may submit their physical/ electronic ASBA Forms to the Designated Intermediaries.

Anchor Investors shall bid by means of Anchor Investor Application Forms, which shall be available with the GCBRLMs and BRLMs.

All Bidders should note that the Bid cum Application Form shall bear the stamp of the relevant Designated Intermediary. On receipt of the Bid cum Application Forms, the Designated Intermediary shall provide an acknowledgment of such receipt to the Bidder.

ASBA Bidders are required to provide the details of the ASBA Account maintained with the SCSB and authorize the blocking of funds in the relevant space provided in the ASBA Form, failing which the Bids shall be rejected.

The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA)**	White
Non-Residents including Eligible NRIs, FVCIs and FIIs and FPIs applying on a repatriation basis (ASBA)**	Blue
Anchor Investors***	White

\* Excluding electronic Bid cum Application Forms.

\*\* Bid cum Application forms will also be available on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)). Same Bid cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs or other Designated Intermediaries.

\*\*\* Bid cum Application Forms for Anchor Investors shall be available at the offices of the GCBRLMs and the BRLMs.

## **Who can Bid?**

In addition to the category of Bidders set forth in the sub-section titled “– Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue” on page 522, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion
- Scientific and/or industrial research organizations in India, which are authorized to invest in equity shares; and
- Any other persons eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and polices applicable to them.

## **Participation by associates and affiliates of the GCBRLMs and the BRLMs and the Syndicate Members**

The GCBRLMs and the BRLMs and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the GCBRLMs and the BRLMs and the Syndicate Members may subscribe to or purchase Equity Shares in the Issue, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of GCBRLMs and the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The GCBRLMs and the BRLMs, the Syndicate Members, and any persons related to them (other than the Mutual Funds sponsored by entities related to either the GCBRLMs or the BRLMs) cannot apply in the Issue under the Anchor Investor Portion.

## **Bids by Mutual Funds**

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Bank reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

## **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Forms from the Designated Intermediaries.

Eligible NRIs applying on a repatriation basis should authorise their SCSBs to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) accounts, and eligible NRI Bidders bidding on a non-repatriation basis should authorise their SCSBs to block their Non-Resident Ordinary (“NRO”) accounts the full Bid amount, at the time of submission of the Bid cum Application Form. NRIs Bidding on non-repatriation basis

are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

### **Bids by FIIs and FPIs**

On January 7, 2014, SEBI notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (“**SEBI FPI Regulations**”) pursuant to which the existing classes of portfolio investors namely FIIs and QFIs will be subsumed under a new category namely ‘foreign portfolio investors’ or ‘FPIs’. Furthermore, RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FPI Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of the post-Issue equity share capital of our Bank. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of our Bank and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of our Bank. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Bank and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The shareholders of our Bank, pursuant to a resolution passed on August 30, 2011, have *inter alia*, approved the cap on investment by FIIs/NRIs to 49% and 24%, as applicable. Our Bank made an application to the FIPB for increase in foreign shareholding from all non residents, including FPIs, FIIs, FVCIs and NRIs to 74% of its paid-up share capital. The FIPB has, pursuant to its letter dated January 14, 2015, conveyed the approval to our Bank for an initial public offer of its equity shares to residents, non-residents including foreign portfolio investors, foreign institutional investors, foreign venture capital investors, and thereby increased the aggregate foreign investment from the approved 55% to 74% subject to condition that the amount of FDI shall not exceed ₹1,150 crore. For details, see the section titled “*Government and Other Approvals*” on page 468.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the GoI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI 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 recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

### **Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, *inter alia* prescribe the investment restrictions on VCFs and FVCIs, respectively, registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

All Non-Resident Bidders including Eligible NRIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, FIIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Non-Resident Bidders should further note that the aggregate value of Equity Shares Allotted to all categories of Non-Residents in the Issue, calculated at the Issue Price shall not exceed ₹6,625 million.

Further, according to the SEBI Regulations, the shareholding of VCFs, category I AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft red herring prospectus with SEBI.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Bank reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Bank reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as amended are set forth below:

- a) equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Bank reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids by Banking Companies**

The investment limit for banking companies in financial services companies, not being subsidiaries, as per the Banking Regulation Act, 1949, and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10 per cent of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, 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.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged with the Bid cum Application Form. Failing this, our Bank reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Bank, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney with the Bid cum Application Form, subject to such terms and conditions that our Bank and the GCBRLMs and the BRLMs deem fit, without assigning any reasons therefore.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 our Bank, after registering the Red Herring Prospectus with the RoC, published a pre-Issue advertisement, in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper where the Registered Office of our Bank is situated, each with wide circulation. In the pre-Issue advertisement, we stated the Bid Opening Date, the Bid Closing Date and the QIB Bid Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, was in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

### **Information for Bidders**

In addition to the instructions provided to Bidders set forth in the sub-section titled “– Part B – General Information Document for Investing in Public Issues” on page 519, Bidders are requested to note the following additional information in relation to the Issue.

1. Our Bank has dispatched the Red Herring Prospectus and other Issue material including Bid cum Application Forms, to the Stock Exchanges and the Designated Intermediaries in advance.
2. The Price Band and the minimum Bid Lot for the Issue were decided by our Bank, in consultation with the GCBRLMs and the BRLMs, and advertised in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper where the Registered Office of our Bank is situated, each with wide circulation at least five Working Days prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price.
3. After accepting the ASBA Forms, the Designated Intermediaries shall provide an Acknowledgement Slip to the Bidder and capture and upload the relevant details in the electronic bidding system as specified by the Stock Exchanges. Thereafter, the SCSBs shall begin blocking funds available in the ASBA Account, to the extent of the Bid Amount specified in the ASBA Form submitted to them by the ASBA Bidders. On receipt of ASBA Forms, the Syndicate Members, Registered Brokers, Collecting DP and Collecting RTA shall forward a schedule in the format provided in the SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 to the designated branches of the SCSBs for blocking of funds.
4. Our Bank, in consultation with the GCBRLMs and the BRLMs, finalised the Issue Price within the Price Band, without the prior approval of or intimation to the Bidders.
5. In relation to electronic registration of bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Bank, the Selling Shareholders and/or the GCBRLMs and the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Bank, the Selling Shareholders, the management or any scheme or project of our Bank; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
6. In case of an upward revision in the Price Band, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted by the ASBA Bidders to the relevant Designated Intermediary to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.
7. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be unblocked from the ASBA Account of such Bidder.
8. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional Bid Amount. In case of Bids by Anchor Investors, the GCBRLMs or the BRLMs, shall collect the payment to be paid on account of the upward revision of the Bid at the time of one or more revisions.
9. Allocation to Non-Residents, including Eligible NRIs FIIs, and FPIs will be subject to applicable law, rules, regulations, guidelines and approvals.



10. The Allotment and trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

### **Signing of the Underwriting Agreement and the RoC Filing**

The Bank, the Selling Shareholders and the Underwriters have entered into an Underwriting Agreement on August 24, 2016. Our Bank will file this Prospectus with the RoC. This Prospectus contains details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

### **GENERAL INSTRUCTIONS**

In addition to the general instructions provided in the sub-section titled “*Part B – General Information Document for Investing in Public Issues*” on page 519, Bidders are requested to note the additional instructions provided below.

1. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
2. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms, or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
3. If you are a Non Institutional Bidder or QIB Bidder, do not submit your Bid after 4.00 p.m. on the Bid Closing Date;
4. Do not send your physical Bid cum Application Form by post. Instead submit the same with a Designated Intermediary;
5. All Investors (other than Anchor Investors) should submit their Bids through the ASBA process only; and
6. Anchor Investors should not Bid through the ASBA process.

### **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

In addition to the instructions for completing the Bid cum Application Form provided in the sub-section titled “*Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Instructions for filing the Bid cum Application Form/ Application Form*” on page 523, Bidders are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
2. Bids through ASBA must be made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the Bid cum Application Form.
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs and FPIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

### **Escrow mechanism for Anchor Investors**

Anchor Investors are requested to note the following.

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of resident Anchor Investors: “Escrow Account – RBL IPO – Escrow R”; and
  - In case of Non-Resident Anchor Investors: “Escrow Account – RBL IPO – Escrow NR”.

2. **Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Bank, the Selling Shareholders, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Anchor Investors.**

### **Grounds for Technical Rejections**

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 539, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid/Applications from ASBA Bidders which are accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB;
2. Bid submitted by Anchor Investors without payment of the entire Bid Amount;
3. Bids submitted by Retail Individual Bidders which do not contain details of the Bid Amount in the Bid cum Application Form;
4. Bids submitted on a plain paper;
5. Bids by HUFs not mentioned correctly as given in the sub-section titled "*– Who can Bid?*" on page 510;
6. Bid cum Application Form submitted to a Designated Intermediary does not bear the stamp of such Designated Intermediary;
7. Signature of First/sole Bidder missing;
8. With respect to ASBA Bids, the Bid cum Application Form not being signed by the account holders, if the account holder is different from the Bidder;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are 'suspended for credit' in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000;
12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Bids accompanied by stockinvest/money order/postal order/cash;
14. Bids by any of the Selling Shareholders;
15. Bids by persons in the United States excluding "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act;
16. Bids by U.S. Persons, as defined under Regulation S of the U.S. Securities Act, outside the United States; and
17. Bids uploaded by QIBs after 4.00 pm on the QIB Bid Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid Closing Date, unless extended by the Stock Exchanges.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements had been signed among our Bank, the respective Depositories and the Registrar to the Issue:

- Agreement dated May 12, 2010 among NSDL, our Bank and the Registrar to the Issue.
- Agreement dated May 5, 2008 among CDSL, our Bank and Registrar to the Issue.

### **UNDERTAKINGS BY OUR BANK**

Our Bank undertakes the following:

- That if our Bank does not proceed with the Issue after the Bid Closing Date, the reason thereof shall be given

as a public notice within two days of the Bid Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

- That if the Bank withdraws the Issue after the Bid Closing Date, our Bank shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Bank subsequently decides to proceed with the Issue;
- That the complaints received in respect of the Issue shall be attended to by our Bank expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Bank;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- That except any allotment of Equity Shares pursuant to the ESOP Schemes, no further Issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;
- That adequate arrangement shall be made to collect all Bid cum Application Forms; and
- Our Bank shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, have or will be taken by our Bank, in consultation with the GCBRLMs and the BRLMs.

#### **UNDERTAKINGS BY THE SELLING SHAREHOLDERS**

Each Selling Shareholder severally represents and undertakes that:

- the Equity Shares being sold by it pursuant to the Offer for Sale, have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI and are in dematerialised form;
- it is the legal and beneficial holder of, and holds clear and marketable title to the Equity Shares proposed to be sold pursuant to the Offer for Sale, and such Equity Shares are fully paid-up, free from any pre-emptive rights, options, warrant, put, call, right of first refusal, commitment of sale, right to acquire or subscribe or other right to acquire or purchase any such Equity Shares, lien, trust, charges, pledges and encumbrances of any kind whatsoever;
- it shall provide all reasonable co-operation as requested by our Bank, the GCBRLMs and the BRLMs in relation to the taking of all steps as may be required for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges, in relation to the Offer for Sale, including in respect of the dispatch of refund orders or allotment advice or communications to Bidders in relation to electronic refunds;
- it shall not further transfer the Equity Shares offered in the Offer for Sale except in the Issue, during the period commencing from submission of this Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Issue and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Issue.

#### **Utilisation of Issue proceeds**

Our Bank declares that all monies received out of this Issue shall be transferred to a separate bank account other

than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

### **Withdrawal of the Issue**

In accordance with the SEBI Regulations, the Bank, in consultation with GCBRLMs and the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid Opening Date. Provided if the Bank withdraws the Issue after the Bid Closing Date, it will give reasons thereof within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre- Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the GCBRLMs and the BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the ASBA Accounts within one Working Day from the date of receipt of such notification.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment, and the final RoC approval of the Prospectus.

In the event the Bank, in consultation with the GCBRLMs and the BRLMs, withdraws the Issue after the Bid Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with the Issue.

## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the GCBRLMs and BRLMs to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

### **2.3 Other Eligibility Requirements:**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 ("**Companies Act**"), the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above, Bidders/Applicants may refer to the RHP/Prospectus.

### **2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.5 ISSUE PERIOD**

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

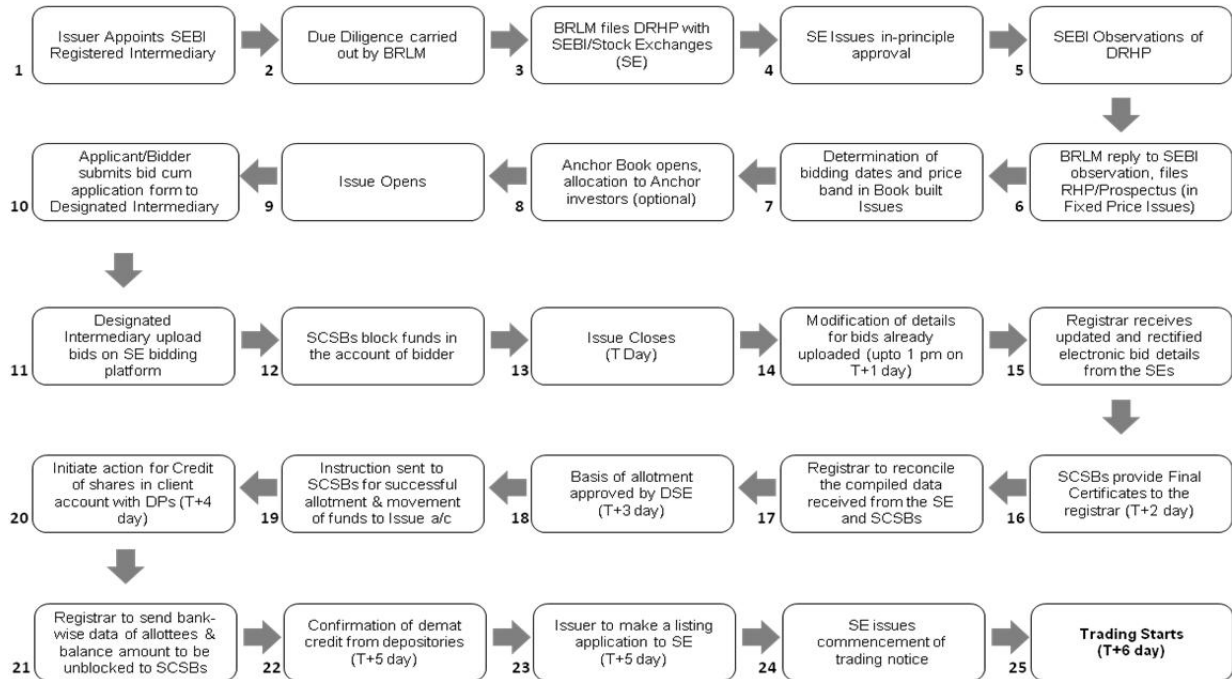
In case of revision of the Floor Price or Price Band in Book Built Issues the Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the advertisement in the newspaper(s) issued in this regard.

### **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (i) Step 7 : Determination of Issue Date and Price
  - (ii) Step 10: Applicant submits ASBA Form with Designated Intermediary.

(iii) Step 11: Designated Intermediary uploads ASBA Application details in the electronic bidding system of Stock Exchanges



### **SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE**

*Each Bidder/Applicant should check whether it is eligible to apply under applicable law.*

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- FPIs (other than Category III FPIs) bidding in the QIBs category;
- Category III FPIs bidding in the Non Institutional Bidders category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

### **SECTION 4: APPLYING IN THE ISSUE**



**Book Built Issue:** Bidders should only use the specified Bid cum Application Form either bearing the stamp of a Designated Intermediary as available, or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified cum Application Form either bearing the stamp of the relevant Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, QFIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	As specified by the Issuer
Eligible Employees	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### 4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM / APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form are provided below.

The sample of the Bid cum Application Form for resident Bidders is reproduced below:

TEAR HERE

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT OIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS</b>
	Address : .....	Contact Details: .....
	CIN No .....	

<b>LOGO</b> TO, <b>THE BOARD OF DIRECTORS</b> <b>XYZ LIMITED</b>	<b>BOOK BUILT ISSUE</b> ISIN : .....	<b>Bid cum Application Form No.</b>
---	---	-------------------------------------

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr. / Ms. _____
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	Address _____
		Email _____
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	Tel. No (with STD code) / Mobile _____
		<b>2. PAN OF SOLE / FIRST BIDDER</b>
		_____

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	<b>6. INVESTOR STATUS</b>																																																															
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID	<input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH																																																															
<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>	<b>5. CATEGORY</b>																																																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th colspan="8">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> <th rowspan="2">"Cut-off" (Please tick)</th> </tr> <tr> <th>8</th><th>7</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th> <th>Bid Price</th><th>Retail Discount</th><th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			"Cut-off" (Please tick)	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	Option 1												<input type="checkbox"/>	(OR) Option 2												<input type="checkbox"/>	(OR) Option 3												<input type="checkbox"/>	<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB
Bid Options		No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)				"Cut-off" (Please tick)																																																		
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(OR) Option 2												<input type="checkbox"/>																																																				
(OR) Option 3												<input type="checkbox"/>																																																				

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : FULL PAYMENT</b> <input type="checkbox"/> <b>PART PAYMENT</b> <input type="checkbox"/>
Amount paid (₹ in figures) _____ (₹ in words) _____	
ASBA Bank A/c No. _____	
Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE/ FIRST BIDDER</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
Date : _____	I/We authorize the SCSB to do all acts as are necessary to make the Application in the name 1) _____ 2) _____ 3) _____	

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<b>LOGO</b>	<b>XYZ LIMITED</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	<b>Bid cum Application Form No.</b>
	<b>INITIAL PUBLIC ISSUE - R</b>		
DPID / CLID _____			<b>PAN of Sole / First Bidder</b>
			_____
Amount paid (₹ in figures) _____	Rank & Branch _____	<b>Stamp &amp; Signature of SCSB Branch</b>	
ASBA Bank A/c No. _____			
Received from Mr./Ms. _____			
Telephone / Mobile _____	Email _____		

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<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Amount Paid (₹)				<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>	<b>Name of Sole / First Bidder</b>
	Option 1	Option 2	Option 3																
No. of Equity Shares																			
Bid Price																			
Amount Paid (₹)																			
	ASBA Bank A/c No. _____																		
	Bank & Branch _____																		
			<b>Acknowledgement Slip for Bidder</b>																
			<b>Bid cum Application Form No.</b>																

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#### 4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communication (including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/ Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediary and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/ Applicant and may be dispatched to his or her address as per the demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) 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*
- (c) 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.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

#### 4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Please note that refunds, on account of our Bank not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was received.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

#### 4.1.4 **FIELD NUMBER 4: BID OPTIONS**

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.  
  
In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.
- (b) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise or withdraw their bids till closure of the bidding period. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the

Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - (i) Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category
  - (ii) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - (iii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - (i) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - (ii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - (iii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### 4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Upto 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision/Application Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### 4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked on the basis of the authorization in the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked accordingly for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) All Investors (except Anchor Investors) shall participate in the Issue only through the ASBA mechanism.
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

##### 4.1.7.1 **Instructions for Anchor Investors:**

- (a) Anchor Investors may submit Bids with the GCBRLMs and BRLMs only;
- (b) Payment should be made by Anchor Investors either by direct credit, NEFT or RTGS;
- (c) The Escrow Collection Bank shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

#### 4.1.7.2 Payment instructions for ASBA Bidders

- (a) ASBA Bidders may submit the ASBA Form either
  - (i) in physical mode to any Designated Intermediary, or
  - (ii) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the ASBA Form.
- (b) ASBA Bidders shall specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, shall not be accepted.
- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) **ASBA Bidders bidding through a Designated Intermediary, other than a SCSB**, should ensure that the Bid cum Application Form is submitted to a Designated Intermediary only at the Bidding Centres. ASBA Bidders should also note that Bid cum Application Forms submitted to such Designated Intermediary at the Bidding Centres may not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
- (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
  - (i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
  - (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
  - (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
  - (l) Upon submission of a completed Bid cum Application Form, each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB



to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### 4.1.7.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (iv) above may be transferred to the Public Issue Account, and (v) details of rejected ASBA Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Issue Closing Date.

#### 4.1.7.3 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### 4.1.7.4 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### 4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the relevant Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids/Applications made in the Issue should be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/ Applicant, Bid cum Application Form number, Bidders'/ Applicants' DP ID, Client ID and PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

#### 4.2 **INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise or withdraw their bids till closure of the bidding period.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:

LOGO TO, THE BOARD OF DIRECTORS  
XYZ LIMITED BOOK BUILT ISSUE  
ISIN : ..... Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
		Mr./Ms. _____	
		Address _____	
		Tel. No (with STD code) / Mobile _____ Email _____	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE	2. PAN OF SOLE / FIRST BIDDER	
		_____	
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	
		For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID	

**PLEASE CHANGE MY BID**

4. FROM (AS PER LAST BID OR REVISION)												
Bid Options	No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)			
	(In Figures)								(In Figures)			
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
Option 1											<input type="checkbox"/>	
(OR) Option 2											<input type="checkbox"/>	
(OR) Option 3											<input type="checkbox"/>	

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")												
Bid Options	No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)			
	(In Figures)								(In Figures)			
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
Option 1											<input type="checkbox"/>	
(OR) Option 2											<input type="checkbox"/>	
(OR) Option 3											<input type="checkbox"/>	

6. PAYMENT DETAILS										PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
Additional Amount Paid (₹ in figures) _____ (₹ in words) _____											
ASBA Bank A/c No. _____											
Bank Name & Branch _____											

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE / FIRST BIDDER  Date : _____	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue 1) _____ 2) _____ 3) _____	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
--	--	---

TEAR HERE

LOGO **XYZ LIMITED** Acknowledgement Slip for Broker/SCSB/DP/RTA Bid cum Application Form No.

DPID / CLID	_____	PAN of Sole / First Bidder
Additional Amount Paid (₹)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.	_____	
Received from Mr./Ms.	_____	
Telephone / Mobile	Email	

TEAR HERE

<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>		Option 1	Option 2	Option 3	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder	
	No. of Equity Shares						
	Bid Price						
	Additional Amount Paid (₹)	_____				<b>Acknowledgement Slip for Bidder</b>	
	ASBA Bank A/c No.	_____				Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	
Bank & Branch	_____						

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 AND 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders after the allotment is finalized.

**4.2.3 FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorize the blocking of ASBA Account to the extent of the full Bid Amount (less Discount (if applicable)). In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (c) Bids submitted by ASBA Bidder/Applicant may be revised by issuing instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable)) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid, to enable the relevant SCSB to block the additional Bid Amount, if

any.

- (d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.
- (e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (f) In case of a downward revision in the Price Band, ASBA Bidders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants after the finalization of allotment.

#### 4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

#### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

##### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

##### 4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT**

- (a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the GCBRLMS and BRLMs to the Issue may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to another Designated Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
  - (ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - (i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
  - (ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - (iii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants, other than Anchor Investors, are required to make use of ASBA for applying in the Issue.

- (b) RIIs bidding in the Retail Portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").
- (c) Application Amount cannot be paid in cash, through money order, cheque, demand draft, postal order or through stock invest.

**4.3.5.1 Payment Instructions for Applicants:**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

**4.3.5.2 Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

**4.3.5.3 Discount (if applicable)**

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

**4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

**4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM**

**4.4.1 Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investor Application Form	To the GCBRLMS and BRLMs at the locations mentioned in the Anchor Investor Application Form
ASBA Form	To the Designated Intermediaries at the Bidding Centres

- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary, through which such Bidder/Applicant had placed the original Bid.
- (b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum Application Form will be considered as the application form.

**SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

**5.1 SUBMISSION OF BIDS**

- (a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the GCBRLMs and BRLMs to the Issue, to register their Bid.
- (b) In case of Bidders/ Applicants (other than NIIs and QIBs) Bidding at Cut-off Price, the Bidders/ Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

## **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. Such Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the RHP.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for further processing.

## **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the GCBRLMs and BRLMs at the end of the Bid/Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding Centres during the Bid/Issue Period.

## **5.4 WITHDRAWAL OF BIDS**

- (a) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date upon or after finalization of basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

## **5.5 REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - (i) the Bids accepted by the Designated Intermediaries,



- (ii) the Bids uploaded by the Designated Intermediaries,
  - (iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- (b) The GCBRLMs and BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
  - (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
  - (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the Syndicate Bidding Centres) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
  - (e) All bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

#### 5.5.1 **GROUND FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs; and
- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum Application Form/Application Form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (j) Bids/Applications for lower number of Equity Shares than the minimum specified for that

category of investors;

- (k) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;
- (l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (m) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (o) Submission of more than five Bid cum Application Forms/Application Forms as per ASBA Account;
- (p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (s) Bids not uploaded on the bidding system of Stock Exchanges;
- (t) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form at the time of blocking such Bid/Application Amount in the ASBA account;
- (u) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;
- (v) In case of Anchor Investors, Bids where sufficient funds are not available in the Escrow Accounts as per final certificate from the Escrow Collection Bank;
- (w) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (x) Bids/Applications submitted to the Designated Intermediaries at locations other than the Bidding Centres or to the Registrar to the Issue;
- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## **5.6 BASIS OF ALLOCATION**

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the GCBRLMs and BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.

- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a price band of ₹20 to ₹24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The issuer in consultation with the book running lead managers may finalise the issue price at or below such cut-off price, i.e., at or below ₹22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### **7.2 ALLOTMENT TO NIIs**

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

#### **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer in consultation with the BRLMs, subject to compliance with the following requirements:
  - (i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;
  - (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹100million;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100million and up to ₹2,500million, subject to minimum allotment of ₹50million per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of upto ₹2,500, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum allotment of ₹50million per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the GCBRLMs and BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN

within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

- (d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS) AND NIIs IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account

- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING**

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit of Equity Shares to the beneficiary account with Depositories within six Working Days of the Bid/Issue Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus. If such money is not refunded within the prescribed time after the Issuer becomes liable to refund it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

#### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received and repay, without Interest, Bid Amounts received from Anchor Investors within such period as prescribed under Regulation 14 the SEBI ICDR Regulations. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Issue to QIBs, in such case full subscription money is to be refunded.

### **8.3 MODE OF REFUND**

- (a) **In case of ASBA Bids/Applications:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account for unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Non-ASBA Bid/Applications:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories the Anchor Investors' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds, on account of our Bank not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow CollectionBank.
- (d) In the case of Bids from Eligible NRIs, FIIs andFPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

#### **8.3.1 Mode of making refunds to (i) Anchor Investors, and (ii) refunds to all Bidders in the event of non-receipt of listing permission from Stock Exchanges**

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centres specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;
- (b) **NEFT**— Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be



obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

- (c) **Direct Credit**— Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (d) **RTGS**— Anchor Investors having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank. For details of levy of charges, if any, Anchor Investors may refer to RHP/Prospectus.

#### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% p.a. if Allotment is not been and refund instructions have not been given to the clearing system in the disclosed manner or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

### SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application by Blocked (ASBA)/ASBA	Supported Amount/ An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to the Issue and

<b>Term</b>	<b>Description</b>
	as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centers	Broker Centers notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLMs/ Book Running Lead Managers/Lead Managers/ LMs	The Book Running Lead Managers to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Managers should be construed to mean the Lead Managers or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Category III FPI	FPIs who are registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

<b>Term</b>	<b>Description</b>
Companies Act	Companies Act, 2013, to the extent notified and the rules thereunder and the Companies Act, 1956, to the extent in force
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Managers, which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Anchor Escrow Bank for the purposes of deposit of Bid Amounts by Anchor Investors
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Managers, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank	The bank which shall accept deposit of Bid Amounts remitted by Anchor Investors
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPI(s)	Foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale
Issuer/ Bank / Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Managers

<b>Term</b>	<b>Description</b>
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and Category III FPIs that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs, FIIs and FVCIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the selling shareholders
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Managers and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Managers, finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to

<b>Term</b>	<b>Description</b>
	the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Managers and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Managers and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business, provided however with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, on which the commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI Regulations the main provisions of our Articles relating to, inter alia, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

<b>Capital</b>		
<b>3</b>		The Authorised Capital of the Company will be as stated in Clause 5 of the Memorandum of Association from time to time with power to increase or reduce the said Capital and to issue any part of its Capital original or increased with or without any priority or special privilege subject to the restrictions, if any, under the Banking Regulation Act, 1949 or subject to any postponement of rights or to any conditions or restrictions so that unless the conditions of issue otherwise prescribe such issue shall be subject to the provisions herein contained.
<b><i>Un-allotted shares under the control of Directors</i></b>		
<b>4</b>		Subject to the provisions of the Act and these Articles, the shares in the capital of the Bank for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose-off the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or, subject to the compliance with the provision of the Act, issue Sweat Equity Shares at a discount and at such time as they may from time to time think fit and with sanction of the members in general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold or transferred or for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting.
<b><i>Power to increase Capital</i></b>		
<b>5</b>		After following the procedure under the Act the Directors may, from time to time increase the capital by the creation of new ordinary shares of such amount as may be deemed expedient.
<b><i>Power to alter Capital</i></b>		
<b>6</b>		Subject to the provisions of Section 61, the Company may, by ordinary resolution- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
<b><i>Conversion of Shares into Stock</i></b>		
<b>7</b>		Where shares are converted into stock- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose. (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

		(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
<b><i>Restriction on purchase by company or loans by company for purchase of its own or its holding company’s shares</i></b>		
<b>8</b>		None of the funds of the Bank shall be applied in the purchase of any shares of the Bank, and it shall not give any financial assistance for or in connection with the purchase or subscription of any share of the Bank or in its holding company save as provided under the Act.
<b><i>Buy back of Shares</i></b>		
<b>9</b>		Notwithstanding anything contained in these articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
<b><i>Board may make Private Placement, Preferential issue, Fully Convertible Debentures, Partly Convertible Debentures</i></b>		
<b>10</b>		The Board of Directors of the Company shall be entitled to make Private Placement and Preferential issue of Equity Shares, fully Convertible Debentures, Partly Convertible Debentures, any other financial instrument which would be convertible or exchanged with Equity Shares, at a later date or such other securities as may be permissible to be issued by the Bank under any law from time to time.
<b><i>How far new shares to rank with shares in original capital</i></b>		
<b>11</b>		Except so far as otherwise provided by the conditions of issue, or by these presents any capital raised by the creation of new shares shall be considered part of the original ordinary capital, and shall be subject to the provisions herein contained with reference to the payment of call and installments, transfer and transmission, forfeiture, lien, voting and otherwise.
<b><i>Reduction of capital etc.</i></b>		
<b>12</b>		The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,— (a) its share capital; (b) any capital redemption reserve account; or (c) any share premium account.
<b><i>Commission for placing shares</i></b>		
<b>13</b>		The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or other securities of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or other securities of the Company but so that if the commission in respect of the shares, debentures or other securities shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed by the Act and the Banking Regulation Act, 1949. The commission may be paid or satisfied in cash or in shares, debentures or other securities of the Company or partly in one way and partly in the other. The Company may also, on any issue of Shares, Debentures or other securities pay such brokerage as may be lawful. The Company may exercise the power of paying commission conferred by sub-section (6) of Section 40, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the section and rules made thereunder.
<b><i>Capitalisation of Profit</i></b>		
<b>14</b>		(a) The Company in general meeting may, upon the recommendation of the Board, resolve – (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts or to the credit of the profit and loss account, or otherwise available for distribution, and (ii) that such sum be accordingly set free for distribution in the manner specified in sub-clause (b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.  (b) The same aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause sub (c) either in or towards - (i) Paying up any amounts for the time being unpaid on any shares held by such members respectively. (ii) Paying up in full, unissued shares of the company to be allotted and distributed,

		<p>credited as fully paid-up to and amongst such members in the proportions aforesaid, or</p> <p>(iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>(c) A Securities premium account and any other free Reserves and balance of undistributed profit may, for the purpose of this regulation, only be applied in paying up of unissued shares to be issued to members of the company as fully paid bonus shares.</p> <p>(d) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.</p>
<b>Shares</b>		
<b><i>Deposit etc. to be paid immediately</i></b>		
15		The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall, immediately after such allotment, become a debt due to, and recoverable by the Company from the allottee thereof and shall be paid by him accordingly and if he fails to do so it will remain in the discretion of the Directors either to refuse or allow such person to be registered as a Shareholder. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.
<b><i>Liability of Members for installments due</i></b>		
16		Every member, his heirs or successors, executors or administrators shall pay to the Company the proportion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Directors shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.
<b><i>Shares may be issued subject to different condition as to calls, etc.</i></b>		
17		The Company may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payments of such calls.
<b><i>Installment on shares to be duly paid</i></b>		
18		If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof, shall be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being shall be the registered holder of the share.
<b><i>Joint Shareholders</i></b>		
19		If two or more persons be registered as joint holders of any share, any one of them may give effectual receipts for any dividend payable in respect of such share.
<b><i>Trust or partial interest in shares not recognised</i></b>		
20		The Company shall not be bound to recognise any trusts, or any equitable, contingent future or partial interest in any shares or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles. In the person or persons, from time to time, registered as the holder or holders thereof.
<b><i>Rights of Members</i></b>		
21		No persons shall exercise any rights or privileges of a shareholder until he shall have paid all calls and all other moneys for the time being due on every share held by him singly or jointly with others by him or due on any account or in any manner whatsoever to the Company.
<b><i>Notice of change of name or address or of marriage of female members</i></b>		
22		No member, who shall change his name, or who being a female shall marry, shall be entitled to receive any dividend or to vote in the name other than the one registered with the Company, until notice of the change of name or of marriage as the case may be is given to the Company in order that the same be registered after production of satisfactory evidence.
<b><i>Register of members, debentures holders, Beneficial owner, Index of member, debenture holders &amp; Beneficial owner</i></b>		
23		The Register and Index of Members shall be maintained in accordance with the Act, with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including in any form of electronics media. The register and index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be



		<p>deemed to be the Register and Index of Members and Register and Index of Debentures Holders, as the case may be, for the purpose of the Act.</p> <p>The Company may exercise the powers conferred on it under the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.</p>
<b><i>Nomination of Securities</i></b>		
24		<p>(a) Subject to provision of any law, every holder of shares in or holder of debentures of, a Company may, at any time nominate, in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death.</p> <p>(b) Where the shares in or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.</p> <p>(c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company or as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.</p>
<b>Share Jointly Held</b>		
<b><i>Provisions as to joint holder of shares</i></b>		
25		<p>In the case of shares registered in the names of two or more holders jointly, the following provisions shall have effect:</p> <p>(a) The Company shall not except as otherwise expressly provided in these Articles, be bound to issue more than one certificate.</p> <p>(b) The delivery of the certificate or (if additional certificates are required) all the certificates to any one of the joint holders shall be sufficient delivery to all of them.</p> <p>(c) The joint holders shall be jointly and severally liable to pay all calls and other sums of any nature due in respect of the shares held by them.</p> <p>(d) Any one of such Joint holders may give effectual receipts and discharges for any dividend or other sum or benefit (including any return of capital) in respect of the shares held jointly or any of them.</p> <p>(e) Any notice or document shall be deemed to be sufficiently given to or served upon all the joint holders if given to or served upon the one whose name stands first on the Register in respect of the share or shares held jointly by them.</p> <p>(f) Upon the death of any joint holder, the survivors or survivor of them shall be the only persons or person recognised by the Company as having any title to the shares and the Directors may require such proof to be given of the death as they shall consider fit and follow the procedure prescribed under the Act or any other law for time being in force.</p> <p>(g) Any one of the two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such shares.</p> <p>(h) (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (ii) For this purpose, seniority shall be determined by the order in which the names</p>

		stand in the register of members.
<b>Share Certificate</b>		
<b><i>Members' right to Share Certificate</i></b>		
26		<p>Every member that shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve, upon paying twenty rupees, to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one months of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.</p> <p>Every certificate of the shares shall be under seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.</p>
<b><i>Issue of new Certificate in place of one defaced, lost or damaged</i></b>		
27		<p>If any certificate be worn out, defaced, damaged, mutilated or torn or if there is no space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Bank, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Directors deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.</p> <p>Every certificate under this Article shall be issued on payment of such sum not exceeding twenty rupees. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer, Provided that notwithstanding the aforesaid provisions, the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or Rules made under Securities Contracts (Regulation) Act, 1956 or any other Act or Rules applicable in this behalf.</p>
28		The provisions of clauses 26 & 27 shall mutatis mutandis apply to debentures of the Bank to the extent otherwise provided under the Act.
<b><i>To which of joint holders certificate to be issued</i></b>		
29		The certificate of shares registered in the names of two or more persons shall, unless otherwise directed by them, be delivered to the person 1st named on the register.
<b>Calls</b>		
<b><i>Board may make further calls in respect of amount unpaid</i></b>		
30		<p>Directors may, from time to time, subject to conditions herein-after make such further calls upon the members in respect of all moneys for the time being unpaid on their shares (whether on account of nominal value of shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times as the Directors may think fit and every member shall be liable to pay the amount of every call to the persons and at time and place appointed by the Directors provided that at least fourteen days' notice shall be given by the Company for the payment of these calls . A call may be made payable by installments.</p> <p>A call may be revoked or postponed at the discretion of the Board.</p>
<b><i>Calls, when made</i></b>		
31		A call shall be deemed to have been made at the time when the Directors pass a resolution authorising such call.
<b><i>When interest on call or installment payable</i></b>		
32		<p>If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the holder from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten percent per annum or at such lower rate, if any, as the Board may determine.</p> <p>The Board shall be at liberty to waive payment of any such interest wholly or in part.</p>
<b><i>Evidence in action for call</i></b>		

33		On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that name of the member sued is entered in the register of holder or one of the holders, of the shares in respect of which some debt accrued; that the resolution making the call is duly recorded in the minute book; and that the notice of such call was duly given to the member sued, in pursuance of These Presents; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
<b><i>Extension of time for payment of calls</i></b>		
34		The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call as to all or any members who from residence at a distance or from other cause, the Directors may deem fairly entitled to such extension. But no member shall be entitled to any such extension except as a matter of grace and favour.
<b><i>Partial payment not to preclude forfeiture</i></b>		
35		Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as hereafter provided.
<b><i>Deemed Call</i></b>		
36		(a) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.  (b) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
<b><i>Money due to members from the Company</i></b>		
37		Any money due to a member from the Company may, without the consent of such member, be applied by the Company in or towards payment of any money due from him to the Company for calls or otherwise.
<b><i>Payment of call in advance</i></b>		
38		The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.  Provided money paid in advance of calls shall not confer a right to participate in profits or dividend. The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. These provisions shall mutatis mutandis apply to the call on debentures of the Bank.
<b>Forfeiture and Lien</b>		
<b><i>Notice for calls unpaid</i></b>		
39		If any member fails to pay any money due from him in respect of any call, or any installment of a call, on or before the day appointed for payment of the same or any interest in respect of such call or any expenses incurred thereon by the Company by reason of such non-payment, the Directors or any person authorised by them for that purpose may, at any time thereafter or during such time as the money remains unpaid, give notice to such member or to his legal representative either by advertisement or by writing sent to his registered address, requiring payment of the money payable in respect of such share, call or interest together with any interest that may have accrued and expenses incurred thereon.
<b><i>Form of notice</i></b>		
40		The notice shall name a day (not being less than fourteen days from the date of the notice), and a place or places at which such call and such interest and expenses aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed the shares in respect of which the call was made will be liable to be forfeited.

<b><i>If notice not complied with, shares may be forfeited</i></b>		
41		If the requisitions of such notice be not complied with every share in respect of which the notice has been given may, at any time thereafter, be forfeited by a resolution of the Directors to that effect without any further notice to such members. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
<b><i>Forfeited shares to be property of the Company</i></b>		
42		Any share so forfeited shall be deemed to be property of the Company and the Directors may sell, re-allot or otherwise dispose-off the same in such manner as they think fit.
<b><i>Power to annual forfeiture</i></b>		
43		The Directors may, at any time before any shares so forfeited shall have been sold, re-allotted, or otherwise disposed-off, annul the forfeiture thereof upon such conditions as they may think fit.
<b><i>Arrears to be paid notwithstanding forfeiture</i></b>		
44		(a) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares. (b) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
<b><i>Forfeiture involves extinction</i></b>		
45		The forfeiture of the share shall involve extinction at the time of the forfeiture of all interest in and also of all claims and demands against the Company in respect of the share and all dividends and bonus due and payable in respect thereof and also all other rights incident to the share.
<b><i>Evidence of forfeiture</i></b>		
46		A certificate in writing under the hand of two Directors that the call in respect of a share or shares was made and notice thereof given, and that default in payment of the call was made and that the forfeiture of the share was made by a resolution of the Directors to that effect, shall be sufficient evidence of the facts stated therein as against all persons entitled to such share.
<b><i>Company lien on shares</i></b>		
47		(a) The company shall have a first and paramount lien- (i) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (ii) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company: Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. (b) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares. The Company shall have no lien on its fully paid up shares.
<b><i>Enforcement of lien</i></b>		
48		The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made- (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
<b><i>Application of proceeds of sale</i></b>		
49		The net proceeds of any such sale shall be applied in or towards satisfaction of the said debts, liabilities or engagements and the residue (if any) paid to such member, his heirs, executors, administrators or assignees.
<b><i>Validity of sale</i></b>		
50		Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers

		herein before given the Company may receive the consideration, if any, the Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
<b><i>Application of proceeds</i></b>		
51		(a) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.  (b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
<b><i>Application of forfeiture provisions</i></b>		
52		The provision of these Articles as to forfeiture shall apply in the case of nonpayment of any sum which by the terms of the issue of a share, becomes payable at fixed time whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
<b>Transfer and Transmission</b>		
<b><i>Transfer Register</i></b>		
53		The Company shall keep a book to be called "Register of Transfer" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share in the Company.  The register and index of Beneficial Owners maintained by a Depository under Section 11 of Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Register and Index of Debentures Holders, as the case may be, for the purpose of the Act.
<b><i>Instrument of Transfer</i></b>		
54		The instrument of transfer of any share shall be signed both by the transferor and transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect thereof.
<b><i>Execution of Transfer etc.</i></b>		
55		The Instrument of transfer, of any share shall be in writing and shall be in such form as may be prescribed under the Act and a common form of transfer shall be used.  The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and  The instrument of transfer is in respect of only one class of shares.
<b><i>Directors may decline to register transfer</i></b>		
56		Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contract (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a Member) or any transfer of shares on which the Company has lien. But in such cases it shall, within one month from the date on which the instrument was lodged with the Bank, send to the transferee and the transferor notice of refusal to register such transfer. Without the generality of the provisions of the Act, the Board may refuse to register transfer of shares listed on any recognized stock exchange in the name of the Transferee on any one or more of the following grounds namely:  (a) That the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the share has not been delivered to the Bank or that any other requirement under the law relating to registration of such transfer has not been complied with. (b) That the transfer of shares is in contravention of any law. (c) That the transfer of shares is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the Bank or to the

		public interest. (d) That the transfer of share is prohibited by the order of any Court, Tribunal or other Authority under any law for the time being in force.
<b><i>Transfer of shares subject to RBI approval</i></b>		
57		No person shall except with the previous approval of the Reserve Bank, on an application being made, acquire or agree to acquire, directly or indirectly, by himself or acting in concert with any other person, shares or voting rights therein, which acquisition taken together with shares and voting rights, if any, held by him or his relative or associate enterprise or person acting in concert with him, makes the applicant to hold five per cent or more of the paid-up share capital of the Bank or entitles him to exercise five per cent or more of the voting rights in the Bank.  For the purpose of this clause Associate enterprise, Relative, Persons and Joint venture shall have same meaning as defined under Section 12B of The Banking Regulation Act, 1949.
<b><i>Registration of transfer not to be refused on the ground of indebtedness</i></b>		
58		Registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.
<b><i>No transfer to infant etc.</i></b>		
59		No transfer shall be made to an infant or a person of unsound mind.
<b><i>Transfer to be presented with the evidence of title</i></b>		
60		Every instrument of transfer shall be left at the office of the Company for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transfer or of his right to transfer the shares; and all instruments of transfer which shall be registered shall be retained by the Company but any instruments of transfer which the Directors may decline to register, shall be returned to the person depositing the same.
<b><i>When Transfer Book and Register may be closed</i></b>		
61		The Transfer Book and the Register of Members may be closed after complying with the requirements of the Act.
<b><i>Title to shares of deceased members</i></b>		
62		The executors or administrators of a deceased share-holder (whether European, Parsee, Hindu, Mohamedan or otherwise) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member, except in the cases of joint-holders; in which case the surviving holders or holder or the executor or administrator of the last surviving holder shall be the only person entitled to be so recognised; but nothing herein contained shall release the estate of a deceased joint-holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognise such executor or administrator unless he shall have first obtained Probate or Letters of Administration, or other legal representation, as the case may be, from a duly constituted court provided never-the-less that in special cases and in such only it shall be lawful for the Directors to dispense with the production of Probate or Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.
<b><i>As to transfer of shares of deceased or bankrupt members, Transmission clause</i></b>		
63		Any person becoming entitled to shares in consequence of the death or bankruptcy of any member, upon producing such evidence that he sustains the character in respect of which he proposed to act under this clause or of his title, as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give) be registered as a member in respect of such shares, or may, subject to the regulation to transfers herein before contained transfer such shares as the deceased or insolvent member could have made. This clause is hereinafter referred to as "The Transmission Clause".
<b><i>Condition for registration of transmission</i></b>		
64		(a) Every transmission of a share shall be verified in such manner as the directors may require and the Company may refuse any such transmission until the same be so verified. (b) The Directors shall have the same rights to refuse without assigning any reason to register a person entitled to any share by transmission as if such person were a transferee named in an ordinary transfer presented for registration and they shall, at no time be bound to disclose the grounds for the refusal.

		(c) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company, provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
<b><i>The Company not liable for disregard of any notice prohibiting transfer</i></b>		
65		The Company shall incur no liability or responsibility whatsoever in consequence of registering or giving effect to any transfer of share made or purporting to be made, by an apparent legal owner thereof to the prejudice of persons having or claiming any equitable right, title or interest to, or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to attend or give effect to any notice which may be given to them of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so.
66		The provision of this clause shall apply mutatis mutandis to the transfer of debenture and other securities of the Company or transmission thereof by operation of law.
<b>Sub-Division and Consolidation of Shares</b>		
<b><i>Sub-division and consolidation of shares</i></b>		
67		The Directors may after following the prescribed procedure under the Act sub-divide & / or consolidate all or any of its shares (and share certificates), convert all or any of its fully paid up shares into Stock and re convert that stock into fully paid up shares or cancel share which have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the shares so cancelled.
<b><i>Shares to be numbered progressively</i></b>		
68		The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein mentioned no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
<b><i>Dematerialization of securities</i></b>		
69		<p>(a) <b>Dematerialization of securities:</b> Either the Bank or the investor may exercise the option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereof or re-enactment thereof.</p> <p>(b) Notwithstanding anything contained in these Articles, the Bank shall be entitled to dematerialize its existing securities, rematerialize the securities held in the Depository and/ or offer fresh securities in the dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any.</p> <p>(c) <b>Option for Investors:</b> Every person subscribing to or holding securities of the company shall have the option to receive the security certificate or to hold the security with a Depository. The Bank shall intimate such Depository about the details of allotment of the security and on receipt of the information; the Depository shall enter in its record the name of the allottee and the Beneficial Owner of the security.</p> <p>(d) <b>Securities in Depositories to be in fungible form:</b> All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Section 89 of the Act shall apply to a Depository in respect of securities held by it on behalf of the Beneficial Owners.</p>

	<p>(e) <b>Rights of Depositories and Beneficial Owners :</b></p> <p>(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.</p> <p>(ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>(iii) Every person holding securities of the Bank and whose name entered as Beneficial Owner in the records of the Depository shall be deemed to be the member of the Bank. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by the Depository.</p> <p>(f) <b>Bank not bound to recognize any interest in shares other than that of registered holder :</b> Except as ordered by a Court of Competent Jurisdiction or as required by law, the Bank shall be entitled to treat the person whose name appears on the register of members as holders of any share or where the name appears as Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any Benami trust or equitable, contingent, future or partial interest in any share, or (except otherwise expressly provided by these Articles) any right in respect of a share other than an absolute right thereto in accordance with these Articles, (on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at its sole discretion to register any share /security in the joint names of any two or more persons or the survivors or survivors of them.)</p> <p>(g) <b>Transfer of securities:</b> Nothing contained in Section 56 of the Act, to the extent applicable, or these Articles shall apply to a transfer of securities effected by transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p> <p>(h) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Bank shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.</p> <p>(i) <b>Rematerialization of Securities:</b> If a Beneficial Owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Bank. The Bank shall, within 30 (Thirty) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of Securities to the Beneficial Owner or the transferee as the case may be.</p> <p>(j) <b>Service of Documents:</b> Notwithstanding anything contained in the Act or these Articles to the contrary, the records of the beneficial ownership may be served by such Depository to the Bank by means of electronic mode or by delivery of floppies or discs.</p> <p>(k) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on securities, forfeiture of securities and transfer and transmission of securities shall be applicable to shares held in Depository so far as they apply to securities held in physical form subject to the provisions of Depositories Act, 1996.</p> <p>(l) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Bank shall intimate the details thereof to the Depository immediately on allotment of such securities.</p>
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<b>Share Warrants</b>	
<i>Power to issue share warrants</i>	The Company may issue share warrants subject to and in accordance with the provisions of



		the Act and Banking Regulation Act 1949, to the extent applicable and permissible; and accordingly the Board may in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
<b><i>Deposit of share warrants</i></b>		
71		<p>(a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the share warrant.</p> <p>(c) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.</p>
<b><i>Privileges and disabilities of the holders of share warrant</i></b>		
72		<p>(a) Subject as herein otherwise expressly provided, no persons shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notices from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respect to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant, and he shall be a member of the Company.</p>
<b><i>Issue of new share warrant or coupon</i></b>		
73		The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.
<b>Modification of Rights</b>		
<b><i>Power to modify rights</i></b>		
74		<p>(a) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.</p> <p>(b) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question. Provided there is only single shareholder of such class, then separate meeting may not be necessary and his consent may be secured by written letter from such shareholder.</p>
<b><i>Issue of pari-passu shares shall not be treated as variation of rights</i></b>		
75		The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
<b><i>Issue of Preference Shares</i></b>		
76		Subject to the provisions of Section 55 and Rules made under the Act and relevant provisions of the Banking Regulation Act, 1949, The Company may issue preference shares on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may determine. Preference shares may be issued with the option of conversion of the same in Equity to shares.
<b>Borrowing Powers</b>		
<b><i>Power to borrow</i></b>		

77		The Directors may, from time to time, at their discretion, raise or borrow or secure payment of any sum or sums of money for the purposes of the Company.
<b>Conditions on which money may be borrowed</b>		
78		The Directors, may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the issue of bonds, debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future).
<b>Securities are assignable free from equities</b>		
79		Debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
<b>General Meetings</b>		
<b>Extraordinary General Meeting</b>		
80		All general meetings of the Company other than the Annual general Meeting shall be called Extraordinary General Meetings.
<b>Extraordinary General Meeting, when called</b>		
81		(a) The Board may, whenever it thinks fit, call an extraordinary general meeting.  (b) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
<b>No business without a quorum</b>		
82		(a) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.  (b) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in Section 103.
<b>Chairman of General Meeting</b>		
83		The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, or if he shall be unable or unwilling to take the chair, then the directors present may choose one of their members to be the Chairman of the meeting. If no director be present or if all directors present decline to take the chair, then Members present shall elect one of their members to be a Chairman.  No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.
<b>Conduct of business when poll is demanded</b>		
84		Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
<b>Casting Vote</b>		
85		In the case of an equality of votes, whether on a show of hands, or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote, in addition to the vote or votes to which he may be entitled as a member.
<b>Power to adjourn General Meeting</b>		
86		(a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.  (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.  (c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.  (d) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
<b>Chairman's decision conclusive</b>		

87		The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
<b>Scrutineers at poll</b>		
88		<p>(a) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.</p> <p>(b) Any person entitled under Article to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.</p>
<b>Votes of Members</b>		
<b>Votes of Members</b>		
89		<p>(a) On a show of hands, every member present in person shall have one vote; and</p> <p>(b) On a poll, the voting rights of Members shall be as provided in the Act and rules framed thereunder but will be subject to the ceiling of ten per cent of the total voting rights or such other percentage as may be stipulated under the relevant provisions of the Banking Regulation Act, 1949.</p>
<b>E-Voting</b>		
90		A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once on one resolution.
<b>Votes in respect of deceased and bankrupt members</b>		
91		Any person entitled under the transmission clause to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that seventy two hours at least before the time of holding the meeting or adjourned meetings the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
<b>No member entitled to vote etc. while call due to the company</b>		
92		No member shall be entitled to be present or to vote on any question, either personally or by proxy, or as proxy for another member, at any general meeting, or be reckoned in a quorum whilst any call or other sum in respect of any of the shares of such member or any other moneys on any account whatever either solely or jointly with any other person shall be due and payable to the Company.
<b>Proxies permitted</b>		
93		Votes may be given either personally or by proxy.
<b>Votes of joint holders</b>		
95		Where there are joint registered holders of any share any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands, shall for the purposes of this clause, be deemed joint holders thereof and their seniority be determined by the order in which their names are entered in the register.
<b>Instrument of proxy</b>		
96		The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

<b><i>When vote by proxy valid though authority revoked</i></b>		
97		A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:  Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
<b><i>Form of proxy</i></b>		
98		An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105.
<b><i>Time for objection to vote</i></b>		
99		No objection shall be made to the validity of any vote, except at the meeting or Poll at which such vote is tendered, and every vote whether given personally or by proxy, not disallowed at any such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.
<b><i>Resolution in writing of Directors in certain cases to be equivalent to resolution of general meeting</i></b>		
100		Any resolution passed by the Directors, notice whereof shall be given to the members in the manner in which notices are hereinafter directed to be given, and which shall within one month after it shall have been so passed be ratified and confirmed in writing by members entitled at a poll to three-fifths of the votes, shall be as valid and effectual as a resolution of a general meeting, but this clause shall not apply to a resolution for winding up the Company, or to a resolution passed in respect of any matter which by the Statutes or These Presents ought to be dealt with by special or extra-ordinary resolution.
<b><i>A person not entitled as a proxy</i></b>		
101		No person shall be entitled to appear and vote as a proxy who is not a member of the Company qualified to vote. It shall however, not be necessary that he should be such member, at the time of his appointment.
<b>Directors</b>		
<b><i>Number of Directors</i></b>		
102		The number of Directors of the Company will not be less than 3 and not more than 15. The Company may appoint directors more than 15 by passing a special resolution.
<b><i>Power to appoint additional Directors</i></b>		
104		(a) Subject to the provisions of Section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.  (b) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
<b><i>Power to appoint Directors in casual vacancy and alternate director</i></b>		
105		(a) Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.  (b) Subject to provisions of the Act, the Board may appoint a person, not being a person holding any alternate directorship for any other director in the company, to act as an alternate director for a director during his absence for a period of not less than three months from India.
<b><i>Qualification of Directors</i></b>		
106		The qualification of a Director except an additional Director, a Co-opted Director, Chairman and Chief Executive Officer or any Director appointed by the Reserve Bank of India, shall be the holding of at least 500 shares of Rs. 10/- each in the company of the nominal value of Rs. 5,000/-.
<b><i>Remuneration of Directors</i></b>		
108		The sitting fees payable to a Director for attending a meeting of Board or Committees thereof shall be decided/ fixed by the Board of Directors from time to time, within the limits as may be prescribed by the Act

<b>Reimbursement of expenses</b>		
109		In addition to the sitting fees, the Directors shall be reimbursed such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses incurred by him in attending and returning from the meetings of the Board of Directors or any Committee thereof or General Meetings of the Company.
<b>The Directors may act notwithstanding vacancy</b>		
110		The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Directors shall not except for the purpose of filling up vacancies act so long as the number is below the minimum.
<b>Resignation of Director</b>		
111		A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of the company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company, and thereupon his office shall be vacated.
<b>Chairman and Chief Executive Officer / Part - time Chairman / Managing Director &amp; Chief Executive Officer</b>		
<b>Power to appoint Chairman and Chief Executive Officer, Part-time Chairman / Managing Director &amp; Chief Executive Officer</b>		
112		Subject to the provisions of the Act and the Banking Regulation Act, 1949, the Directors may from time to time, appoint one of their body to be the Chairman on a whole time or part - time basis and Managing Director & Chief Executive Officer on full time basis. Where a Chairman is appointed on part - time basis, the management of the whole of the affairs of the Bank shall be entrusted to a Managing Director & Chief Executive Officer who shall exercise his powers subject to the superintendence, control and direction of the Board. Chairman and Chief Executive Officer or Managing Director & Chief Executive Officer when appointed on whole time basis shall be in the employment of the Bank and shall hold office for such period not exceeding five years at any one time as the Board may fix but shall subject to the statutory provisions be eligible for re-appointment. The Managing Director shall be the Key Managerial Personnel of the Bank.
<b>Whole-time Director</b>		
112A		In addition to the Chairman and/or Managing Director &CEO, the Bank may also appoint one or more Whole-time Directors by whatever designation/name it may think fit. The management of whole of the affairs of the Bank shall be entrusted to the Chairman and/ or Managing Director &CEO as the case may be; and the Whole-time director(s) so appointed shall function under the supervision and control of the Managing Director & CEO.
<b>Part-Time Chairman not liable to retire by rotation</b>		
113		The part time Chairman shall not, while he continues to hold that office be subject to retirement by rotation, but if he ceases to hold the office of director for any reason whatsoever, he shall ipso facto and immediately, cease to be the part - time chairman of the Board of Directors.
<b>Remuneration of Chairman and Chief Executive Officer, Part-time Chairman / Managing Director &amp; Chief Executive Officer</b>		
114		The remuneration of whole time/part - time Chairman or Managing Director & Chief Executive Officer by whatever name called shall, be fixed in accordance with the provisions of the Act and the provisions of the Banking Regulation Act, 1949.
<b>Delegation of powers to Chairman and Chief Executive Officer, Part time Chairman / Managing Director &amp; Chief Executive Officer</b>		
115		(a) The whole time Chairman or Managing Director & Chief Executive Officer by whatever name called shall be entrusted with the Management of the whole of the affairs of the Bank.  (b) Without prejudice to the generality of sub-clause (a) above the directors may from time to time entrust to and confer upon whole time Chairman or Managing Director & Chief Executive Officer for the time being such of the powers exercisable under these presents by the Directors as they think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.
<b>Proceeding of Directors</b>		
<b>Meeting of Directors</b>		

116		The Directors may meet together for the disposal of business at any place which they may from time to time consider appropriate or convenient, adjourn and otherwise regulate their meeting and proceedings as they think fit and determine the quorum for its transaction of business. The quorum for its meeting is 1/3rd of their total strength of its Board of Directors, or two (2) whichever is higher. The quorum shall questions at any meeting shall be decided by a majority of votes. In case of equality of votes the Chairman shall have a second or casting vote. A director interested is to be counted in a quorum notwithstanding his interest. A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
<b><i>Resolution without Board meeting valid</i></b>		
117		A resolution in writing after being circulated to all the members of the Board and the same being signed by majority of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted unless at least three Directors desire that the proposal be considered in a regular meeting.
<b><i>Chairman</i></b>		
118		(a) The Chairman of the Board/Committees of the Board of Directors shall be elected as per the norms prescribed by the Statutory / Regulatory Authorities from time to time;  (b) If the Chairman is not present at the time of the meeting of the Board/Committee, the Directors present shall choose one of their members to be the Chairman of the meeting.
<b><i>Powers of quorum</i></b>		
119		A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally.
<b><i>Number of Directors below quorum</i></b>		
120		The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
<b><i>Power to appoint Committees and to delegate</i></b>		
121		The Directors may delegate any of their powers to the Manager or other officers or to committee consisting of such member or members of their body and at such remuneration as they think fit and for such time as they think proper. The manager and other officers and any committee so formed, shall in exercise of the powers so delegated to him confirm to all such regulations as may be prescribed by the Directors; all acts done by the Managers and such officers or any such Committee in conformity with any such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board themselves.
<b><i>Any one member of the committees has power to delegate in emergent cases</i></b>		
122		Any member of the Committee shall have power in cases of emergency to delegate his duties as such members of the Committee to any Director who is not a member of the Committee.
<b><i>Validity of acts of Board or committees</i></b>		
123		The acts of the Board or of any Committee appointed by the Board shall, notwithstanding any vacancy in the Board or Committee or any defect in the appointment or qualification of any Director or of any member of the Committee be as valid as if no such vacancy or defect had existed as if every such person had been duly appointed provided the same be done before the discovery of the defect by the acting parties.
<b><i>Prior act of the Board</i></b>		
124		Subject to the provisions of the Act, the Board may exercise all such powers of the Company and subject to the Articles, to the provisions of the Act, or any other Law and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
<b><i>Meetings and proceedings of committees</i></b>		
125		The Meetings and proceeding of such Committees shall be governed by the provisions herein contained for regulating the meetings and proceedings of Directors so far as the

		same are applicable thereto and are not superseded by the express terms of the appointment of any such committee respectively or any regulations imposed by the Board.
<b>Remuneration for extra service</b>		
126		If any Director, being willing, shall be called upon to perform extra services which expression shall include work done by a Director as a member of any Committee (formed by the Directors or in relation to signing share certificates) or to make any special exertions in going or residing in or out of the Head Office town or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by fixed sum or by a percentage of profits, or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration above provided.
<b>Powers of Directors</b>		
<b>General powers of Company vested in Directors</b>		
127		The control of the Company shall be vested in the Board, which shall be entitled to exercise all such acts and things as the Company is authorized to exercise and do and which are not exercisable by the Company in General Meeting under the Act or under the Memorandum of Association or under these Articles. The Board shall, however, exercise its power subject to the provisions of the Act, the Memorandum of Association of the Company and these Articles and any regulations made by the Company in General Meeting and which are not inconsistent with these Articles. No regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
<b>Express powers of the Directors</b>		
128		The Board of Directors shall have all the powers conferred upon it under the provisions of the Act, including the following:
	1) To pay expenses	To pay the preliminary expenses incurred in the promotion and registration of the Company.
	2) To acquire property	To purchase or otherwise acquire for the Company property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.
	3) To pay for property	At their discretion, to pay for any property, rights or privileges acquired by or services rendered to, the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds debentures or other securities may be either specifically charged upon all or any part of the property of the company or not so charged.
	4) To authorise Manager	To authorise or empower the Manager or the other officers for the time being of the Company to exercise and perform all or any of the powers, authorities and duties conferred upon the Directors by the Memorandum and Articles of Association subject to such restrictions and conditions, if any, as the Board may think proper.
	5) To appoint and to remove servants	To appoint and at their discretion remove or suspend such managers; secretaries, agents, officers, clerks and servants, for permanent, temporary or special services, as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amount as they think fit.
	6) To raise funds	To raise or borrow money from time to time by bonds, debentures, or promissory notes, or by opening current or other accounts or by receiving deposits and/or advances with or without security, or by mortgaging any lands, buildings, machinery, goods or other property of the Company or by such other means as the Directors may deem expedient.
	7) Business of Commission Agent	To carry on business as commission agents.
	8) To draw etc.	To draw, accept, endorse, negotiate and sell bills of exchange and other negotiable instruments with or without security.

9) To make advances	To make advances and loans on such security as they deem proper.
10) To carry on all deposit banking	To establish and carry on the business, among others of a saving bank, to receive money on fixed, current and any other kind of deposit accounts and generally to do all sorts of banking business.
11) Power to make payment etc.	To undertake on behalf of the Company the payment of all rent and performance of all covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company.
12) To purchase reversions in land	To purchase to reversion or reversions and otherwise to acquire the freeholder free simple of all or any of the lands of the Company for the time being held under lease or for an estate less than a freehold estate by the Company.
13) May insure property of the Company	To insure or keep insured, upon such terms as they deem fit all or any of the buildings, goods stores, or other property or any securities of the Company, and to repair, improve or rebuild the same and to spend such sums of money towards that purpose as the Directors shall think fit and to sell, assign surrender or discontinue any policies of insurance effected in pursuance of this power.
14) May compromise debts	To compromise any debt or claim or to give time to any debtor for the payment of his debt or to refer any matter of dispute to arbitration.
15) To bring and defend actions etc.	To commence, institute, prosecute and defend all such actions and suits as the Directors may think necessary or proper to bring or defend on the part of the Company or its officers or otherwise concerning the affairs of the Company and to compromise or abandon or submit to arbitration the same actions and suits as they think fit.
16) To refer to arbitration	refer any claims or demands by or against the Company to arbitration, observe and perform the awards.
17) To secure contracts by mortgage	secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company or in such other manner as they may think fit.
18) To accept surrender of shares	accept from any member on such terms and conditions as shall be agreed a surrender of his shares or any part thereof.
19) To appoint trustees	appoint any person or persons, (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes, and to execute and do all such things and deeds as may be requisite in relation to any such trust, and provide for the remuneration of such trustee or trustees.
20) To give receipts	make and give receipts, releases and other discharges for money payable to the Company, and for the claims and demands of the company.
21) To authorise acceptances etc.	determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents.
22) To appoint attorneys	from time to time to provide for the management of the affairs of the Company outside Head Office town in such manner as they think fit and in particular to appoint any person in or outside the Head Office town to be the attorneys or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit.
23) To invest moneys	To invest and deal with any of the moneys of the Company not immediately required for the purposes thereof in such securities (not being shares in this Company) and in such manner as they may think fit and from time to time vary or realise such investments;



		subject to the provisions of the Banking Regulations Act, 1949.
	24) To give security by way of indemnity	To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
	25) To give remuneration	To give any person employed by the Company any remuneration for any particular business or transaction as they deem fit and such remuneration shall be treated as part of the working expenses of the Company.
	26) To establish Reserve Fund	Before recommending any dividend, to set aside out of the profits of the Company a sum sufficient to comply with the provision of sec. 17 of the Banking Regulation Act 1949 & such further sums as they think proper as a Reserve Fund.
	27) May make Byelaws	From time to time to make, vary and repeal Byelaws for the regulation of the business of the Company, its officers and servants.
	28) May make Contracts	To enter into all such negotiations and contracts and rescind and vary all such contracts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
	29) Delegation of powers	The Directors from time to time, and at any time may delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Director, and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein, and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms and subject to such conditions as the Director may think fit, and the Directors may at any time remove any person so appointed and may annul or vary such delegation.
	30) Powers of Attorney	The directors may at any time, and from time to time by power of attorney under the seal, appoint any persons to be the attorneys of the Company for such purposes and with such power, authorities, and descriptions (not exceeding those vested in or exercisable by the Directors under These Presents), and for such period and subject to such conditions as the Directors may from time to time think fit; and any such appointment may (if the Directors think fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favor of any company or of the members directors, nominees or managers of any company or firm, or otherwise in favor of any fluctuating body of persons whether nominated directly or indirectly by the Directors; and any such power of attorney may contain, such provisions for the protection or convenience of persons dealing with such attorneys as the Directors think fit.
	31) Sub-delegation of Powers	Any such delegates or attorneys as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them. The company may exercise the powers conferred on under the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of applicable provisions) make and vary such regulations as it may think fit respecting the keeping of any such register.
	32) Powers to keep Foreign / Branch Register	And generally to do sanction and authorise all such matters and things as may be necessary to be done authorised or sanctioned or about the general business and affairs of the Company or in or about the execution of all or any of the powers herein before conferred the Directors.
<b><i>Appointment and removal of Managers</i></b>		
129		The Directors may from time to time appoint any person or persons to be Manager or Managers of the business of the Company and may remove and discharge any such person and the Directors may, if they think fit, take such security for the good conduct of any such person as they shall deem expedient.
<b><i>Delegation of power to Manager</i></b>		

130		The Directors may at their discretion delegate to any Manager or other officer such of their powers as they are not expressly prohibited from delegating for such time and subject to such conditions and restrictions as they think expedient and may at any time revoke or vary any of such delegated powers.
<b>Manager to confirm to regulations</b>		
131		Every Manager and other officer shall confirm to any regulations which may be imposed upon him by the Directors and shall whenever required by the Directors render to them an account of all transactions, matters and things relating to the Company or its affairs over which such manager may have control or of which he may have cognizance.
<b>Collateral powers</b>		
132		In the absence of any regulation to the contrary where similar powers are capable of being exercised by Directors and the Managers either party may exercise the same but if the Directors at any time, prohibit the exercise of any such powers by the Manager then the Manager shall unless otherwise resolved by a General Meeting thereupon cease to exercise or refrain from exercising the same.
<b>Local Management</b>		
133		The following provisions shall have effect :
	(a) Local Management	The Directors may from time to time provide for the management of the affairs of the Company abroad or in any special locality in India in such manner as they think fit, and the provisions contained in the following paragraphs shall be without prejudice to general powers conferred by this paragraphs.
	(b) Local Board	The Directors, from time to time and at any time may, establish or abolish any local boards or agencies for managing any of the affairs of the Company abroad or in any specified locality in India and may appoint any person or persons to be members of such local boards or any managers, or agents, and may fix their remuneration.
	(c) Local laws	The Directors may comply with the requirement of any local law which in their opinion it shall in the interests of the Company by necessary or expedient to comply with.
<b>Distribution of Profits</b>		
<b>Dividend</b>		
136		The Directors may subject to the provisions of the Banking Regulation Act, 1949 and with the sanction of the Company in General Meeting from time to time declare dividend to be paid to the members in proportion to the amount paid up on the shares. The Board is empowered to declare and pay interim dividend in compliance with Section 123 of the Act.
<b>Dividend how payable</b>		
137		Dividend shall always be paid out of the net profits after setting apart there from such sums as the Directors may be deem necessary to be carried to Reserve Fund, Dividend Equalization Fund, Depreciation Fund, Bad Debts Fund and other funds.
<b>Members not entitled to dividends until all dues paid</b>		
138		No member shall be entitled to receive to payment of any dividend in respect of his share or shares until all monies due or owing from him to the Company in respect of such share or shares or on any other account whatsoever shall have been paid.
<b>Capital paid up in advance</b>		
139		Where capital is paid in advanced of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.
<b>Declaration of dividends</b>		
140		The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits, and may fix the time for payment.
<b>Restriction on amount of dividend</b>		
141		No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
<b>Dividend out of profits only and not to carry interest</b>		
142		No dividend shall be payable except out of the profits of the Company and no dividend shall carry interest as against the Company.
<b>Declaration of net profits by Directors</b>		
143		The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

<b><i>Interim dividend</i></b>		
144		The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.
<b><i>Debts may be deducted</i></b>		
145		The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
<b><i>Dividend and call together</i></b>		
146		Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend, if so arranged between the Company and the member, be set off against the call. The making of a call under this clause shall be deemed ordinary business of an ordinary general meeting which declares a dividend.
<b><i>Dividend in specific</i></b>		
147		Any general meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares, debentures or the debenture stock of the Company, or paid-up share, debentures and debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to distribution, they may settle the same as they think expedient and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets, in trustees upon such trusts for the persons entitled to the & dividend as may seem expedient to the Directors, where requisite a proper contract shall be filed in accordance with the Companies Act, 1956, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.
<b><i>Effect of transfer</i></b>		
148		A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
<b><i>Retention in certain cases</i></b>		
149		The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member, or which any person under that clause, is entitled to transfer, until such person shall become a member in respect thereof shall duly transfer the same.
<b><i>Dividend to joint holders</i></b>		
150		Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.
<b><i>Payment by post</i></b>		
151		Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or in case of joint holders, to the registered address of that one whose name stands first on the register in respect of the joint holding; and every cheque or warrant so sent shall be made payable to the order of person to whom it is sent.
<b><i>Notice of dividend</i></b>		
152		Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in manner hereinafter provided.
<b><i>Unclaimed dividends</i></b>		
153		Where the Dividend declared by the bank has not been paid or claimed within 30 days from the date of declaration, the Bank shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Bank in that behalf with any scheduled bank, to be called "Unpaid Dividend Account". Any amount transferred to the unpaid dividend account of the Bank which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Bank to the Fund known as Investor Education and Protection Fund established under the Act. Further, no unclaimed or unpaid dividend shall be forfeited by the Board, before the claim becomes barred by law.
<b><i>Production of share certificate</i></b>		

154		The directors may, if they think fit, call upon the members when applying for dividends to produce their certificates to the Manager or to any other person appointed by them in that behalf.
<b>Accounts</b>		
<i>Inspection by members</i>		
155		<p>(a) The Directors shall from time to time determine whether and to what extent, and at what time and places, and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of the members (not being Directors), and no member (not being a Director) shall have any rights of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Director or by the Company in General Meeting.</p> <p>(b) The Board may by passing resolution delegate the authority of keeping the accounts of the Company either to any committee or to any key managerial personnel.</p>
<b>Winding Up</b>		
<i>Distribution of assets</i>		
159		If the company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid-up, or which ought to have been paid-up at the commencement of the winding-up, on the shares held by them respectively. And if in a winding-up the assets-available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid-up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of the shares issued upon special terms and conditions.
<i>Distribution of assets in specie</i>		
160		<p>Subject to the provisions of Chapter XX of the Act and rules made thereunder and also to the Banking Regulation Act or such other enactment, circular, notification as the Central Government or Reserve Bank of India or any other Authority empowered in this behalf-</p> <p>(a) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</p> <p>(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Bank or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Bank. These contracts, copies of which were attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, were made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

#### *Material Contracts to the Issue*

1. Issue Agreement among our Bank, the Category II Selling Shareholders and the GCBRLMs and BRLMs dated June 23, 2015, read with the addendum and amendment agreement dated August 4, 2016 entered into among the Bank, the Selling Shareholders and the GCBRLMs and the BRLMs.
2. Agreement among our Bank, the Category II Selling Shareholders and Registrar to the Issue dated June 22, 2015, read with amendment agreement dated August 4, 2016 entered into among the Bank, the Selling Shareholders and the Registrar to the Issue.
3. Escrow Agreement dated August 12, 2016 among our Bank, the Selling Shareholders, the GCBRLMs, the BRLMs, the Escrow Collection Bank, the Public Issue Account Bank, the Refund Bank and the Registrar to the Issue.
4. Share Escrow Agreement dated August 4, 2016 among our Bank, the Selling Shareholders, the GCBRLMs, the BRLMs and the Registrar to the Issue.
5. Syndicate Agreement dated August 12, 2016 among our Bank, the Selling Shareholders, the GCBRLMs, the BRLMs and the Syndicate Members.
6. Underwriting Agreement dated August 24, 2016 among our Bank, the Selling Shareholders and the Underwriters.
7. Agreement dated May 12, 2010, among NSDL, our Bank and the Registrar to the Issue.
8. Agreement dated May 5, 2008, among CDSL, our Bank and the Registrar to the Issue.

#### *Material Documents*

1. Our Memorandum and Articles of Association, as amended from time to time.
2. Our certification of incorporation dated June 14, 1943, fresh certificate of incorporation dated November 24, 2014.
3. Our certificate of commencement of business dated July 5, 1943.
4. Policy Rights Agreement dated March 21, 2013 entered between our Bank and International Finance Corporation.
5. Termination agreement dated December 19, 2014 entered between our Bank and International Finance Corporation.
6. Policy Rights Agreement dated March 21, 2014 entered between our Bank and CDC Group PLC.
7. Termination agreement dated December 19, 2014 entered between our Bank and CDC Group PLC.

8. Policy rights agreement dated December 11, 2015, entered between our Bank and Asian Development Bank.
9. Resolution of the Board of Directors dated August 26, 2014, authorising the Fresh Issue.
10. Resolutions of the Shareholders passed on October 29, 2014, July 9, 2015 and June 8, 2016 under section 62(1)(c) of the Companies Act, 2013 authorising the Fresh Issue.
11. Resolution of our Board dated June 18, 2015, approving the Draft Red Herring Prospectus and taking on record the Offer for Sale (as defined in the DRHP) by the Selling Shareholders (as defined in the DRHP).
12. Resolution of our Capital Raising Committee dated August 4, 2016, approving the Red Herring Prospectus and taking on record the Offer for Sale by the Selling Shareholders.
13. Resolution of our Capital Raising Committee dated August 24, 2016, approving the Prospectus and taking on record the Offer for Sale by the Selling Shareholders.
14. Resolution of the board of directors of Beacon dated November 3, 2014, approving the offer for sale of up to 9,505,558 Equity Shares by it, as part of the Offer for Sale and consent letter dated November 6, 2014.
15. Resolution of the board of directors of GPE dated November 4, 2014, approving the offer for sale of up to 3,525,000 Equity Shares by it, as part of the Offer for Sale and consent letter dated November 4, 2014.
16. Report of the Auditors dated July 6, 2016 on the restated financial statements appearing on page 248.
17. Statement of Tax Benefits from S.R. Batliboi & Co. LLP, Chartered Accounts, dated July 6, 2016.
18. Copies of annual reports of our Bank for fiscals 2014, 2015 and 2016.
19. Consent of S.R. Batliboi & Co. LLP, Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the report of the Auditor on the restated financial information as of and for the fiscal years ended March 31, 2012, 2013, 2014, 2015 and 2016, dated July 6, 2016 and statement of tax benefits dated July 6, 2016 but not construing to be “Experts” as defined under the US Securities Act of 1933.
20. Consents of the GCBRLMs, the BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank, the Public Issue Account Bank, the Refund Bank, Directors of our Bank, Company Secretary and Compliance Officer to the Issue, legal counsels, as referred to, in their respective capacities.
21. In-principle listing approvals dated August 5, 2015 and August 6, 2015 received from the NSE and the BSE, respectively.
22. Due diligence certificate dated June 23, 2015 to SEBI from the GCBRLMs and BRLMs.
23. Settlement order dated May 30, 2016 passed by SEBI under the SEBI Settlement Regulations.
24. Compounding order dated May 18, 2016 passed by the Company Law Board, Mumbai.
25. Final observation letter no. CFD/DIL-III/NR/AEA/OW/2016/21103 dated July 27, 2016 received from SEBI in respect of the Issue.
26. Letter dated August 5, 2016 from our Bank to the RBI seeking certain clarifications in relation to the bidding process in the Issue.
27. Letter dated August 8, 2016 from the RBI to our Bank providing certain clarifications in relation to the bidding process in the Issue.

Any of the contracts or documents mentioned in this Prospectus 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 provisions contained in the Companies Act, 2013 and other relevant statutes.

## DECLARATION

### 1. DECLARATION BY OUR BANK

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities Contract (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR BANK

<b>Mr. Narayan Ramachandran</b>	<b>Mr. Vishwavir Ahuja</b>
<b>Mr. Sivanandhan Dhanushkodi</b>	<b>Mr. Girish Vasant Godbole</b>
<b>Mr. Jairaj Manohar Purandare</b>	<b>Mr. Palepu Sudhir Rao</b>
<b>Ms. Rama Bijapurkar</b>	<b>Mr. Vimal Bhandari</b>
<b>Mr. Rajesh Kumar</b>	<b>Mr. Prakash Chandra</b>
<b>Mr. Ishan Raina</b>	

Date: August 24, 2016

Place: Mumbai

### SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR BANK

**Mr. Naresh Karia**  
(Chief Financial Officer)

Date: August 24, 2016

Place: Mumbai



**2. DECLARATION BY BEACON INDIA PRIVATE EQUITY FUND**

Beacon India Private Equity Fund certifies that all statements and undertakings made by it in this Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided, however, that Beacon India Private Equity Fund assumes no responsibility for any other statements, by or relating to the Bank or its business, included in this Prospectus.

**SIGNED ON BEHALF OF BEACON INDIA PRIVATE EQUITY FUND**

Name: Yashin Foolah  
Designation: Director

Date : August 24, 2016

**3. DECLARATION BY GPE (INDIA) LTD.**

GPE (India) Ltd. certifies that all statements and undertakings made by it in this Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided, however, that GPE (India) Ltd. assumes no responsibility for any other statements, by or relating to the Bank or its business, included in this Prospectus.

**SIGNED ON BEHALF OF GPE (INDIA) LTD.**

Name: Deven Cooposamy  
Designation: Director

Date : August 24, 2016

#### **4. DECLARATION BY THE CATEGORY I SELLING SHAREHOLDERS**

Each Category I Selling Shareholder, severally and not jointly, certifies that all statements and undertakings made by it in this Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided, however, that such Category I Selling Shareholder assumes no responsibility for any other statements, by or relating to the Bank or its business, included in this Prospectus.

#### **SIGNED ON BEHALF OF THE CATEGORY I SELLING SHAREHOLDERS**

Name: Vimal Bhandari

Designation: Independent Director, authorised signatory of RBL Bank Limited, the duly constituted power of attorney holder of the Category I Selling Shareholders

Date : August 24, 2016

**ANNEXURE A - LIST OF CATEGORY I SELLING SHAREHOLDERS**

<b>Sl. No.</b>	<b>Name</b>	<b>Number of Equity Shares offered</b>
1.	Elephant India Finance Private Limited	2,131,280
2.	Suresh Manohar Patravali	60,000
3.	Ramesh Mahadev Aundhe	1,000
4.	Capvent India Private Equity Fund Limited	330,000
5.	Suresh Shripal Daragshetti	9,560
6.	Shree Prithvi Estates India Pvt Limited	13,340
7.	Jyotishkumar Ambalal Shah	13,330
8.	Shilpa Piyush Dedhia	10,000
9.	Bhumi Piyush Dedhia	10,000
10.	Kusum Joseph Rodrigues	5,330
11.	Hiren Zaverchand Gala	15,000
12.	Aman Hiren Gala	5,000
13.	Harshali Hiren Gala	10,000
14.	Priti Gala	10,000
15.	Jiten Zaverchand Gala	38,670
16.	Tanvi Jiten Gala	5,000
17.	Ramesh Bhawarlal Nahar	20,000
18.	Sushila Ramesh Nahar	20,000
19.	Nikita Ramesh Nahar	13,330
20.	Deepak Bhawarlal Nahar	26,670
21.	Shlok Ashok Nahar	13,330
22.	Sudarshan Vinayak Kothawale	1,000
23.	Suvarna Sanjay Patil	1,000
24.	Sarojini Virgonda Patil	3,000
25.	Supriya Dadasaheb Patil	500
26.	Dadasaheb Shyamgonda Patil	500
27.	Sarika Marwaha	1,370
28.	Bharatkumar Surendra Dugge	20,000
29.	Prashant Ramesh Deshinge	1,000
30.	Ramesh Baburao Deshinge	2,160
31.	Madhukar Baburao Deshinge	5,140
32.	Vikas Annasaheb Langare	5,000
33.	Baban Bapu Desai	1,470
34.	Raosaheb Bhau Patil	1,000
35.	Vanita Shivaji Patil	2,340
36.	Bhimgonda Malgonda Patil	2,500
37.	Anjana Vikas Langare	1,330
38.	Dhananjay Dadasaheb Pomaje	20,000
39.	Jayshree Dhananjay Pomaje	20,000
40.	Shrikant Keshavrao Nibandhe	10,000
41.	Suhas Savantha Duge	2,400
42.	Vishnu Jayawant Patil	1,000
43.	Bhupal Bhauso Galatage	5,000
44.	Rote Deepak Subhash	1,000
45.	Rote Subhash Sahantappa	1,000
46.	Sheetal Raosaheb Patil	14,860
47.	Ashok Darigouda Patil (HUF)	18,660
48.	Gaja Trustee Company Private Limited (on behalf of Gaja Capital India Fund I)	975,000