Letter of Offer
November 27, 2017
For Eligible Shareholders, only
Not for distribution in the United States

THE LAKSHMI VILAS BANK LIMITED

Our Bank was incorporated on November 3, 1926 under the erstwhile Indian Companies Act, 1913. Our Bank was licensed under the Banking Regulation Act, 1949 on June 19, 1958 and became a scheduled commercial bank under the Second Schedule of the RBI Act on August 11, 1958. **Registered Office**: Salem Road, Kathaparai, Karur – 639 006, Tamil Nadu; **Contact Person**: N. Ramanathan, Company Secretary and Compliance Officer; **Tel**: +91 44 2220 5306; **Fax**: +91 44 2220 5317 **Email**: secretarial@lvbank.in
Website: www.lvbank.com; **Corporate Identity Number:** L65110TN1926PLC001377

FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF THE LAKSHMI VILAS BANK LIMITED (OUR "BANK" OR THE "ISSUER") ONLY

ISSUE OF 6,44,97,155 EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR BANK FOR CASH AT A PRICE OF ₹ 122 ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ 112 PER RIGHTS EQUITY SHARE AGGREGATING UP TO ₹ 786.87 CRORES ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR BANK IN THE RATIO OF ONE RIGHTS EQUITY SHARE FOR THREE FULLY PAID-UP EQUITY SHARES HELD BY SUCH ELIGIBLE SHAREHOLDER ON THE RECORD DATE, THAT IS, DECEMBER 6, 2017 ("ISSUE"). THE ISSUE PRICE OF THE RIGHTS EQUITY SHARES IS 12.2 TIMES THE FACE VALUE OF THE EQUITY SHARES.

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Bank and the Issue including the risks involved. The Rights 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 this Letter of Offer. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, ("**Securities Act**") and are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). Investors are advised to refer "***Risk Factors***" beginning on page 11 before investing in the Issue**.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Bank and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer 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 facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Bank has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares through their respective letters, dated November 22, 2017 and November 23, 2017 respectively. For the purposes of the Issue, the Designated Stock Exchange is NSE.

LEAD MANAGER TO THE ISSUE	CO-LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
CENTRUM	SPA THE FINANCIAL ADVISORS	Integrated Corporate Solutions Simplified
Centrum Capital Limited Centrum House C.S.T. Road, Vidyanagari Marg Kalina, Santacruz (East) Mumbai - 400 098 **Tel**: +91 22 4215 9000 **Fax**: +91 22 4215 9444 **Email:** lvb.rights@centrum.co.in **Investor Grievance Email**: igmbd@centrum.co.in **Website:** http://www.centrum.co.in/ **Contact Person**: Sugandha Kaushik **SEBI Registration Number**: INM000010445	**SPA Capital Advisors Limited** 25, C Block, Community Centre, Janak Puri, New Delhi - 110058 **Tel**: +91 11 2551 7371 / 4558 6600 **Fax**: +91 11 2557 2342 **Email:** vgautam@spacapital.com / anchal.lohia@spagroupindia.com **Investor Grievance Email**: grievances.mb@spagroupindia.com **Website:** www.spacapital.com **Contact Person**: Anchal Lohia **SEBI Registration Number**: INM000010825	**Integrated Registry Management Services Private Limited** II Floor, "Kences Towers" No.1, Ramakrishna Street North Usman Road T. Nagar, Chennai – 600 017 **Tel**: +91 44 2814 0801/802/803 **Fax**: +91 44 2814 2479 **Email**: lvb@integratedindia.in **Investor Grievance Email**: corpserv@integratedindia.in **Website**: www.integratedindia.in **Contact Person**: S. Sriram **SEBI Registration No.**: INR000000544

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
December 12, 2017	December 18, 2017	December 26, 2017

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

This Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act, regulation, guideline or policy will be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Letter of Offer.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to "the Bank", "our Bank" and "the Issuer" are references to The Lakshmi Vilas Bank Limited. References to "we", "us" and "our" are references to The Lakshmi Vilas Bank Limited. References to "you" are to the prospective investors in the Issue.

Company Related Terms

Term	Description
"Articles of Association"/ "Articles" / "AoA"	Articles of association of our Bank, as amended
"Board of Directors" / "Board"	Board of directors of our Bank or a duly constituted committee thereof, as the context may refer to
"Corporate Office"	The corporate office of our Bank, located at LVB House, No. 4, Sardar Patel Road, Guindy, Chennai – 600 032.
"Director(s)"	Any or all the directors on our Board, as may be appointed from time to time
"Equity Shares"	Equity shares of our Bank having a face value of ₹ 10 each
"Financial Statements"	The Reformatted Audited Financial Statements and Reformatted Reviewed Financial Statements
"Memorandum of Association"/ "Memorandum"/ "MoA"	Memorandum of association of our Bank, as amended
"Promoter Group"	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations.
"Promoters"	K. R. Pradeep, M. P. Shyam, S. G. Prabhakharan and N. Malayalaramamirtham
"Reformatted Audited Financial Statements"	The reformatted audited financial information of our Bank as at and for the financial year ended March 31, 2017
"Reformatted Reviewed Financial Statements"	The reformatted unaudited financial statements of our Bank as at and for the six months period ended September 30, 2017
"Registered Office"	Registered office of our Bank situated at Salem Road, Kathaparai, Karur – 639006, Tamil Nadu.
"Shareholders"	Equity shareholders of our Bank, from time to time
"Statutory Auditors"	Statutory auditors of our Bank, namely, R.K. Kumar & Co., Chartered Accountants.

Issue Related Terms

Term	Description
"Abridged Letter of Offer" / "ALOF"	Abridged letter of offer to be sent to the Eligible Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
"Allot" / "Allotment" / "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
"Allotment Date"	Date on which the Allotment is made
"Allottee(s)"	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
"Applicant"	Eligible Shareholder(s) and/or Renouncee who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Applicant

Term	Description
"Application Money"	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
"Application Supported by Blocked Amount" / "ASBA"	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB
"ASBA Account"	Account maintained with the SCSB and specified in the CAF or the plain paper application by the Applicant for blocking the amount mentioned in the CAF or the plain paper application
"ASBA Applicant" / "ASBA Investor"	Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who: 1. are holding the Equity Shares of our Bank in dematerialised form as on the Record Date and have applied for their Rights Entitlements and / or additional Rights Equity Shares in dematerialised form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs. All QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. All Renouncees shall apply in the Issue only through non-ASBA process. For further details, see "***Terms of the Issue***" on page 112.
"Banker to the Issue"	The Lakshmi Vilas Bank Limited, acting as the escrow collection bank and the refund bank to the Issue
"Co-Lead Manager" or "SPA Capital"	SPA Capital Advisors Limited
"Composite Application Form" / "CAF"	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
"Consolidated Certificate"	In case of holding of Equity Shares in physical form, the certificate that would be issued for the Rights Equity Shares Allotted to each folio
"Controlling Branches" / "Controlling Branches of the SCSBs"	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Co-Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Designated Branches"	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Designated Stock Exchange"	NSE
"Eligible Shareholders"	Holders of Equity Shares of our Bank as on the Record Date, that is, December 6, 2017
"Escrow Agreement"	Escrow agreement dated November 27, 2017 amongst our Bank, the Lead Manager, the Co-Lead Manager, the Registrar to the Issue and the Banker to the Issue.
"Investor(s)"	Eligible Shareholder(s) of our Bank on the Record Date, that is, December 6, 2017 and the Renouncee(s)
"Issue Agreement"	Issue agreement dated November 27, 2017 entered into between our Bank, the Lead Manager and the Co-Lead Manager.
"Issue Closing Date"	December 26, 2017
"Issue Opening Date"	December 12, 2017
"Issue Price"	₹ 122 per Rights Equity Share
"Issue Proceeds"	Gross proceeds of the Issue
"Issue" / "the Issue" / "this Issue"	Issue of 6,44,97,155 Equity Shares of face value ₹ 10 each of our Bank for cash at a price of ₹ 122 (including a premium of ₹ 112 per Rights Equity Share) aggregating

Term	Description
	up to ₹ 786.87 crores on a rights basis to the Eligible Shareholders in the ratio of one Rights Equity Share for three fully paid-up Equity Shares held by such Eligible Shareholder on the Record Date.
"Lead Manager" or "Centrum"	Centrum Capital Limited
"Letter of Offer"	This letter of offer dated November 27, 2017 filed with the Stock Exchanges and SEBI
"Listing Agreement(s)"	The uniform listing agreement entered into with NSE and BSE pursuant to the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the erstwhile equity listing agreements entered into between our Bank and the Stock Exchanges, as the context may refer to
"Net Proceeds"	Issue Proceeds less the Issue related expenses. For details, see "***Objects of the Issue – Requirement of Funds***" on page 73.
"Non-ASBA Investor"	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
"Non-Institutional Investors"	Investors including any company or body corporate, other than Retail Individual Investors and a QIBs
"Qualified Institutional Buyers"/ "QIBs"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
"Record Date"	Designated date for the purpose of determining the Eligible Shareholders eligible to apply for Rights Equity Shares in the Issue, that is, December 6, 2017
"Registrar to the Bank"	Integrated Registry Management Services Private Limited
"Registrar to the Issue" / "Registrar"	Integrated Registry Management Services Private Limited
"Renouncee(s)"	Person(s) who has / have acquired Rights Entitlement from the Eligible Shareholders
"Retail Individual Investor"	Individual Investors who have applied for Rights Equity Shares and whose Application Money is not more than ₹ 200,000 (including HUFs applying through their karta)
"Rights Entitlement"	One Rights Equity Share that an Eligible Shareholder is entitled to apply for in the Issue for every three fully paid-up Equity Shares held by such Eligible Shareholder on the Record Date
"Rights Equity Shares"	Equity Shares of our Bank to be Allotted pursuant to this Issue.
"SAF(s)"	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s)
"SCSB(s)"	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
"Stock Exchanges"	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
"Working Days"	All days other than 2nd and 4th Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business.

Industry Terms

Term	Description
"AFI"	Annual Financial Inspection
"ALCO"	Asset Liability Committee
"ATMs"	Automated Teller Machines
"Banking Regulation Act"	The Banking Regulation Act, 1949
"Basel II"	Recommendations of the Basel Committee on Banking Supervision dated June 2004
"Basel III"	Recommendations of the Basel Committee on Banking Supervision dated December 2010
"CAR"	Capital Adequacy Ratio
"CIBIL"	Credit Information Bureau of India Limited
"CRAR"	Capital to Risk Weighted Assets Ratio
"CRR"	Cash Reserve Ratio

Term	Description
"CASA"	Current Account and Saving Account
"DIN"	Director Identification Number
"DRT"	Debts Recovery Tribunal
"EPS"	Earnings Per Share
"FATCA"	Foreign Account Tax Compliance Act
"IT"	Information Technology
"KYC"	Know Your Customer Norms as stipulated by the Reserve Bank of India
"Large Corporate Account"	Any account with outstanding advance of more than ₹ 25 crores.
"NBFCs"	Non-Banking Financial Corporations
"NIM"	Net Interest Margin
"NOCs"	No Objection Certificates
"NPA"	Non-Performing Asset
"NRE"	Non-Resident (external)
"Negotiable Instruments Act"	Negotiable Instruments Act, 1881
"New Banks Licensing Guidelines"	Guidelines on Licensing of New Banks in the Private Sector issued by the RBI on February 22, 2013
"RBS"	Risk Based Supervision
"RBI Act or the Reserve Bank of India Act"	The Reserve Bank of India Act, 1934
"Repatriation"	"Investment on repatriation basis" means an investment the sale proceeds of which are, net of taxes, eligible to be repatriated out of India, and the expression 'Investment on non-repatriation basis', shall be construed accordingly.
"SARFAESI Act"	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
"MSMEs"	Micro Small and Medium Enterprises
"SLR"	Statutory Liquidity Ratio
"Tier I Capital"	The core capital of a bank, which provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and statutory reserves including other disclosed reserves, if any, capital reserves, innovative perpetual debt instruments, perpetual non-cumulative preference shares as reduced by equity investments in subsidiaries, intangible assets, and losses in the current period and those brought forward from the previous period
"Tier II Capital"	The revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.25% of risk-weighted assets), hybrid debt capital instruments, subordinated debt, Innovative perpetual debt instruments and perpetual non-cumulative preference shares.

Conventional and General Terms

Term /Abbreviation	Description / Full Form
"₹" / "Rs." / "Rupees" / "INR"	Indian Rupee
"AML"	Anti – money laundering
"AGM"	Annual general meeting
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
"AS"	Accounting standards as notified under the Companies (Accounts) Rules, 2014
"BSE"	BSE Limited
"BTI Regulations"	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
"CCI"	Competition Commission of India
"CDSL"	Central Depository Services (India) Limited
"Central Government"	Central Government of India
"CIN"	Corporate identity number
"Companies Act, 1956"	Companies Act, 1956, and the rules, regulations, modifications and clarifications

Term /Abbreviation	Description / Full Form
	made thereunder, as the context requires and to the extent not repealed
"Companies Act, 2013"	Companies Act, 2013 and the rules, regulations, modifications and clarifications thereunder, to the extent notified
"Companies Act"	Companies Act, 1956 to the extent in force, and/ or the Companies Act, 2013 to the extent notified
"Depositories Act"	Depositories Act, 1996
"Depository"	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
"DIN"	Director identification number
"DP ID"	Depository participant identity
"DP"/ "Depository Participant"	Depository participant as defined under the Depositories Act
"EPS"	Earnings per share
"FDI"	Foreign direct investment
"FEMA Regulations"	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
"FEMA"	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
"Financial Year" / "FY" / "Fiscal"	The period of 12 (twelve) months beginning April 1 and ending March 31 of that next year, unless otherwise stated
"FPI"	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
"GAAP"	Generally Accepted Accounting Principles
"Government"	Central Government and / or the State Government, as applicable
"GST"	Goods and service tax
"HUF"	Hindu undivided family
"ICAI"	Institute of Chartered Accountants of India
"Ind AS"	Indian Accounting Standards converged with IFRS, as notified by the Ministry of Corporate Affairs *vide* Companies (Indian Accounting Standards) Rules, 2015 in its general statutory rules dated February 16, 2015, as amended
"Indian GAAP"	Generally accepted accounting principles followed in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as applicable.
"ISIN"	International securities identification number allotted by the Depository
"IT Act"	Income Tax Act, 1961
"KYC"	Know your customer
"MCA"	Ministry of Corporate Affairs, Government of India
"MSME"	Micro, small and medium enterprises
"Mutual Fund"	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
"NACH"	National Automated Clearing House
"NCLT"	National Company Law Tribunal
"NEFT"	National electronic fund transfer
"NR"	Non-resident or person(s) resident outside India, as defined under the FEMA
"NRE Account"	Non-resident external account
"NRI"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
"NRO Account"	Non-resident ordinary account
"NSDL"	National Securities Depository Limited
"NSE"	National Stock Exchange of India Limited
"Net worth"	the aggregate value of the paid-up share capital and all reserves created out of the profits and share premium, after deducting the aggregate value of accumulated losses, deferred expenditure, deferred taxes (net), intangible assets and miscellaneous expenditure not written off, as per the audited / unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation

Term /Abbreviation	Description / Full Form
	of assets, write-back of depreciation and amalgamation.
"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
"PAN"	Permanent account number
"PAT"	Profit after tax
"PBT"	Profit before tax
"RBI"	Reserve Bank of India
"RoC"	Registrar of Companies, Block No.6, B Wing, 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai – 600034
"RTGS"	Real time gross settlement
"SCRA"	Securities Contracts (Regulation) Act, 1956
"SCRR"	Securities Contracts (Regulation) Rules, 1957
"SEBI Act"	The Securities and Exchange Board of India Act, 1992
"SEBI FPI Regulations"	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
"SEBI ICDR Regulations"	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
"SEBI"	The Securities and Exchange Board of India
"Securities Act"	United States Securities Act of 1933, as amended
"State Government"	Government of a State of India
"Takeover Regulations"	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
"Year" / "Calendar Year"	Unless context otherwise requires, shall refer to the twelve-month period ending December 31.

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

Notwithstanding the foregoing, terms in "***Tax Benefit Statement***" and "***Financial Statements***" on pages 75 and 84, respectively, shall have the meaning given to such terms in such sections.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer or CAF and issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Bank is making this Issue on a rights basis to the Eligible Shareholders and will dispatch this Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Shareholders who have a registered address in India or who have provided an Indian address to our Bank.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or the Abridged Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer and the Abridged Letter of Offer.

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

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("**United States**"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. Accordingly, this Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Bank nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Bank or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Bank is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer / Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Bank reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Bank believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Bank shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Rights Entitlements may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Our Bank publishes its financial statements in Indian Rupees. Our Bank prepares its financial statements in accordance with Indian Generally Accepted Accounting Principles ("**Indian GAAP**") and the Banking Regulation Act, 1949, and the circulars and guidelines issued by the RBI from time to time.

Our Financial Year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 month period ended on March 31 of that year. Our audited financial statements for the Financial Year ending March 31, 2017 that appear in this Letter of Offer has been prepared by our Bank in accordance with Indian GAAP. Our financial results for the six months period ended September 30, 2017, which appear in this Letter of Offer, have been subjected to a limited review in accordance with the Standard on Review Engagement ("SRE") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the ICAI.

The Reformatted Audited Financial Statements are also referred to as "**Financial Statements**". For further details of such financial statements, see "***Financial Statements***" on page 84. Unless the context otherwise requires, financial data in this Letter of Offer, with respect to our Bank, is derived from our Financial Statements.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. 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. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency of Presentation

Unless the context otherwise requires, all references to 'INR', '₹', 'Indian Rupees', 'Rs.' and 'Rupees' are to the legal currency of India; and any reference to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America.

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

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'anticipate', 'believe', 'continue', 'can', 'could', 'intend', 'may', 'shall' 'should', 'will', 'would', 'future', 'forecast', 'guideline' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statements contained in this Letter of Offer (whether made by our Bank or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Bank's expectations include, among others:

- volatility in interest rates and other market conditions;
- our inability to manage our loan exposures and non-performing assets;
- failure to sustain or achieve growth of our deposit base, including our current and savings account deposit base;
- cases of fraud involving our Bank from time to time;
- challenges in developing fee income business;
- concentration of loans to and deposits from certain customers;
- non-compliance with RBI directives and the procedural guidelines that govern our Bank;
- any inability to manage maturity and interest rate mismatches between our assets and liabilities;
- failure to maintain capital adequacy requirements;
- any increase in the CRR and the SLR;
- our inability to sustain growth of our retail banking business;
- changes in the regulatory environment, under which we operate, or our inability to comply with the regulations; and
- any change in the tax laws in India.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "***Risk Factors***" beginning on page 11. Whilst our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Bank undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prior to making an investment decision with respect to the Rights Equity Shares offered hereby, all prospective investors and purchasers should carefully consider all of the information contained in this Letter of Offer, including the risk factors set out below and the financial statements and related notes set out in "**Financial Statements**" on page 84. The risks disclosed below are not the only risks relevant to our Bank's business, operations or the Rights Equity Shares. Additional risks not presently known to our Bank or that it currently deems immaterial may also impair our Bank's business, operations, cash flows and financial condition. The occurrence of any of the following events could have a material adverse effect on our Bank's business, results of operations, cash flows, financial condition and future prospects and cause the market price of the Rights Equity Shares to fall significantly. The following factors have been considered for determining the materiality:*

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

The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Any potential investor in, and purchaser of, the Rights Equity Shares should pay particular attention to the fact that our Bank is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries.

Unless specified or quantified in the relevant risk factors detailed below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Internal Risk Factors

1. *Our results of operations largely depend on our net interest income and volatility in interest rates and other market conditions could adversely impact our business and results of operations.*

Our results of operations largely depend on our net interest income. Interest income constituted 84.99% (i.e., ₹ 2,846.66 crores) and 84.63% (i.e., ₹ 1,548.83 crores) while net interest income constituted 23.37% (i.e., ₹ 782.65 crores) and 24.61% (i.e., ₹ 450.47 crores), of our total income, for Fiscal 2017 and for the six months period ended September 30, 2017, respectively.

As of March 31, 2017 and the six months period ended September 30, 2017, of our average interest-earning assets, 88.60% (i.e., ₹ 27,447.90 crores) and 89.21% (i.e., ₹ 31,787.99 crores) have floating interest rates, while all of our interest-bearing liabilities have fixed interest rates. Any decrease in the interest rates applicable to our assets, without a corresponding decrease in the interest rates applicable to our liabilities, will result in a decline in our net interest income and may consequently reduce our NIM.

In the event of falling interest rates, our borrowers may not be willing to continue to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans if they are able to switch to more competitively priced loans offered by other banks. Although in the past, we have passed on the increase in the interest rates linked to our interest bearing-liabilities to our borrowers, we cannot assure you that we will continue to pass such increase in our costs to our borrowers.

An inability to retain customers as a result of changing interest rates may adversely impact our earnings in future periods.

2. *Any increase in our Bank's portfolio of NPAs or any increase in the defaults by our customers in addition to changes in the RBI mandated provisioning requirement may adversely affect our financial condition and results of operations.*

As at March 31, 2017 and the six months period ended September 30, 2017, our gross NPAs were ₹ 640.19 crores and ₹ 1,277.66 crores, representing 2.67% and 5.50% of our gross advances, respectively. As at March 31, 2017 and the six months period ended September 30, 2017, the NPAs net of provisions were ₹ 418.42 crores and ₹ 993.23 crores, representing 1.76% and 4.33% of our net advances, respectively. As at March 31, 2017 and for six months period ended September 30, 2017, our Bank provided for 59.51% and 46.27% of our total NPAs (including prudential write-offs) respectively pursuant to applicable regulatory guidelines and the quality of security available. If there is any deterioration in the quality of the Bank's security or further aging of the assets after being classified as non-performing, an increase in provisions will be required. If we are unable to make such requisite increase in provisions, there may be an adverse impact on our financial performance and affect the market price of the Equity Shares.

There can be no assurance that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

We restructure assets based upon a borrower's potential to restore its financial health. However, certain assets classified as restructured may subsequently be classified as delinquent or non-performing in the event a borrower fails to restore its financial viability and honour its loan servicing commitments to us. There can be no assurance that the debt restructuring criteria approved by us will be adequate or successful and that borrowers will honour these commitments or be able to meet their obligations under restructured loans. Any resulting increase in delinquency levels may adversely impact our financial performance and the market price of the Equity Shares. Our Bank has a policy of internal rating of the borrowing facilities wherein we categorise our borrowers into three categories, namely, high risk borrowers, moderate risk borrowers and low risk borrowers. The internal rating of the borrowers on the basis of obligor ratings ranges from LVB1 to LVB9 (safest to riskiest). However, we do not carry out internal rating for some of our borrowers such as loan against fixed deposits, agricultural loans, loans to employees etc.

The portfolio classified on the basis of high risk, medium risk and low risk for March 31, 2017 and September 30, 2017 is furnished below:

(₹ in crores)

			March 31, 2017		**September 30, 2017**	
Sr. No.	**Risk Intensity**	**Rating**	**Credit outstanding**	**% Gross Standard Advances**	**Credit outstanding**	**% of Gross Standard Advances**
1	Low Risk	LVB1, LVB2 and LVB3	6,862.78	29.43	7,434.42	33.89
2	Medium Risk	LVB4 and LVB5	6,568.77	28.17	7,568.48	34.50
3	High Risk	LVB6, LVB7, LVB8 and LVB9	1,432.53	6.14	2,091.32	9.53
4	Sub Total		14,864.08	63.74	17,094.21	77.92
5	Exempted from Rating		4,740.66	20.33	3,050.00	13.90
6	Products Withdrawn		0.00	0.00	0.00	0.00
7	Grand Total		19,604.74	84.07	20,144.21	91.82
8	Unrated (9-7)		3,713.53	15.93	1,794.01	8.18
9	Total Gross Standard Advances		23,318.26	100.00	21,938.22	100.00

Borrowers in the high risk category could be especially vulnerable if economic conditions worsen or economic growth is slow, which could adversely affect our business, results of operations and financial condition.

Our ability to reduce or contain the level of our NPAs may be affected by a number of factors that are beyond our control including, a sharp and sustained rise in interest rates, unemployment, slowdown in the Indian economy affecting our borrowers, movements in global commodity markets and exchange rates, global competition, adverse changes in government policies, laws or regulations and performance of various industries. In addition, the expansion of our business may also cause the level of our NPAs to increase as we may continue to lend without certainty of borrower being able to repay, whether as a result of our ability to implement our policies and procedures effectively. Although we constantly endeavour to improve our collections, we cannot assure you that we will be successful in our efforts or that the overall quality of our loan portfolio may not deteriorate in the future. In the event of the RBI effecting any changes to the prudential norms requiring banks to maintain higher provisioning norms for non-performing assets, such increase in provisioning requirement would adversely impact our profitability. If we are not able to control and reduce our NPAs, it could adversely affect our business, financial condition and results of operations.

3. ***A substantial portion of our NPAs are attributable to Large Corporate Accounts and any adverse performance by such Large Corporate Accounts could have a material adverse impact on our financial condition and results of operations.***

As at March 31, 2017 and the six months period ended September 30, 2017, our lending to Large Corporate Accounts constituted 47.78% (i.e., ₹ 11,459.27 crores) and 46.05% (i.e., ₹ 11,043.60 crores), respectively, of our adjusted net bank credit.

Further, as at March 31, 2017 and the six months period ended September 30, 2017, of our total Gross NPAs, 47.43% (i.e. ₹ 303.63 crores) and 57.14% (i.e., ₹ 730.02 crores), respectively attributed to Large Corporate Accounts. As on March 31, 2017, our total exposure for the top four NPA accounts is ₹ 258.76 crores, which would account 40.42% of the total NPA exposure. In the past, our results of operations have been impacted by provisioning for certain loans to Large Corporate Accounts which turned into NPAs. Any adverse performance by these Large Corporate Accounts could significantly increase our NPAs, which may materially and adversely affect our business, results of operations and financial condition.

Further, our results of operations have also been impacted by provisioning for certain loans to mid – corporate and retail loans accounts which have turned into NPAs, and as such any adverse performance by such accounts could also increase our NPAs, which may materially and adversely affect our business, results of operations and financial condition.

4. ***Our Bank has been, and may in the future, be penalized for not being in compliance with RBI directives and the procedural guidelines that govern our Bank which could materially and adversely affect our reputation and results of operations.***

We have been penalized for non-compliance of certain RBI circulars in the past. In July 2013 and October 2012, a penalty amounting to ₹ 2.50 crores and ₹ 7,000, respectively was imposed on our Bank for non-compliance with RBI directives. RBI had issued a warning to our Bank pursuant to the speaking order dated November 30, 2015 in relation to the show cause notice for offering higher rate of interest on incremental non-resident (external) deposits ("**NRE Deposit**") post March 1, 2014, in contravention of interest rate directive on NRE deposits by RBI. Further, *vide* its order dated January 6, 2017, the RBI has imposed a monetary penalty of ₹ 3.00 crores for contravention of certain instructions where in the following charges were levied on our Bank, namely (i) opening of current accounts without obtaining NOCs (ii) the extension of bill discounting facilities to non-constituents and walk-in customers, (iii) non-monitoring of end use and diversion of funds, (iv) transgressing discretionary powers, (v) non adherence of KYC norms; and (vi) delays in reporting of frauds etc. The penalty imposed by the RBI was for opening of current accounts without obtaining NOCs, the extension of bill discounting facilities to non-constituents and walk-in customers and non adherence of KYC norms. The RBI has also imposed a total penalty of ₹ 7,600 on account of counterfeit notes and other discrepancies being detected during examination of soiled notes received in remittance by the RBI from our Bank, pursuant to our currency chest transactions. Any failure to comply with RBI directives may adversely affect our business, financial condition and results of operations.

5. ***Our inability to improve the share of CASA deposits may result in higher cost of deposits and thereby affect the profitability of our Bank in future.***

In Fiscal 2017, we had total deposits of ₹ 30,553.35 crores. The share of CASA deposits amounted to 19.11% of total deposits in Fiscal 2017 vis-à-vis 17.36% in Fiscal 2016, and was one of the factors for lowering the cost of deposit to 7.28% in Fiscal 2017 from 8.17% in Fiscal 2016. As on September 30, 2017, we had total deposit of ₹ 29,171.11 crores. The share of CASA deposits amounted to 20.97% of the total deposits as on September 30, 2017. Failure by us to maintain the growth in CASA deposits at a rate proportionate to the growth of our business may affect our costs and thereby the profitability of our Bank.

6. ***We face significant risks and challenges in developing fee income business, which may affect our business and results of operations.***

As part of our growth strategy, we have been diversifying and expanding our para-banking activities to offer distribution of life insurance, general insurance and health insurance products, money transfer services through branch channels as well as through direct remittance, promotion of mutual fund schemes, depository services, services as a PAN Service Agent and ASBA services. Such new initiatives and products and services entail a number of risks and challenges, including but not limited to the following:

- Our inability to understand the preferences of our customers or potential customers and thereby provide customised solutions;
- inability to attract and retain personnel who are able to implement, supervise and conduct the new business;
- insufficient financial and other resources to support an expanded range of products and services;
- failure to obtain additional approvals and licences from regulators, including the RBI, the IRDAI, and SEBI;
- failure of counterparties to our para-banking related agreements in maintaining licenses / registrations or delays in informing us of such failure;
- competition from similar offerings or products and services by our competitors in the banking and non-banking financial services sectors;
- lower growth or profitability potential than we anticipate;
- failure to identify new segments and offer attractive new products and services in a timely fashion, putting us at a disadvantage to our competitors;
- changes in regulations or Government policies that may restrict or cap the interest rates or fees and commissions that we may charge customers in any of our new businesses or compel changes to our business models and viability of our businesses;
- any negative publicity arising due to regulatory or other actions against third parties with whom we are associated and over whom we have no control; and
- inability to respond promptly to new technology developments and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market.

If we are unable to successfully expand and diversify our products and services, our fee income from such products and services may be less than anticipated, which could have a material adverse effect on our business and financial results.

7. ***We have concentrations of loans to and deposits from certain customers, which expose us to risk of credit losses and premature withdrawal of deposits from these customers that could materially and adversely affect our business, results of operations and financial condition.***

As at March 31, 2017, and the six months period ended September 30, 2017, our total advances to the 20 largest borrowers were ₹ 2,966.50 crores and ₹ 3,169.37 crores, respectively. The percentage of advances to the 20 largest borrowers to total advances of our Bank accounted for approximately 11.34% and 12.11%, as of March 31, 2017, and the six months period ended September 30, 2017, respectively. We cannot assure you that these borrowers will continue to honour their commitments and there will be no defaults in future. We cannot assure you that there will not be any delay in payments of interest and/or principal from these borrowers.

As at March 31, 2017 and the six months period ended September 30, 2017, our total deposits of the 20 largest depositors were ₹ 5,430.12 crores and ₹ 5,194.12 crores, respectively. The percentage of deposits of the 20 largest depositors to total deposits of our Bank accounted for approximately 17.77% and 17.81%, as of March 31, 2017, and the six months period ended September 30, 2017, respectively. We cannot assure you that there will not be any premature withdrawal or non-renewal of deposits from these depositors.

In the event any of the above risk materialises, our business, results of operations and financial conditions may be adversely affected.

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

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

As of September 30, 2017, we had an asset liability mismatch. The bucket-wise negative mismatches are as under:

(*₹ in crores*)

Maturity period	Mismatch to outflow (in %)(a)(b)	Mismatch to outflow
Overdue to Day 1	809.27%	3,837.90
2-7 Days	21.39%	1,198.23
8-14 Days	-17.34%	1,084.89
15-30 Days*	10.52%	751.53
31 Days to 2 months*	6.03%	522.02
More than 2 months and up to 3 months*	8.26%	828.68
3-6 Months	1.32%	172.27
6 Months- 1 Year	-7.81%	-1,409.80
1-3 Years	5.48%	1,586.04
3-5 Years	9.34%	2,795.86
Over 5 Years	-0.18%	-67.36

(a) Minus sign indicates negative mismatch percentages
(b) Mismatch to outflow has been arrived at based on the formula: (Assets – Liabilities)/Liabilities*100
* Time brackets are changed as per new guidelines for September 30, 2017

Assumptions for calculating the asset liability mismatch are based on the RBI circular on structural liquidity.

Further, asset liability mismatch results in liquidity risk that reflects the possible mismatch of assets and liabilities in a particular bucket. The liquidity risk in a bank arises on account of unanticipated withdrawals of deposits, non-renewal of deposits and delay in anticipated repayment of advances.

We have constituted an Asset Liability Committee ("**ALCO**") to address the abovementioned risks. We cannot guarantee that ALCO will be able to effectively address asset and liability mismatch or that we be able to implement steps proposed by it.

However, if the abovementioned risks materialise, we may face liquidity problem, resulting in an asset liability mismatch. As a result, we may be required to pay higher rates to attract deposits, which may have an adverse impact on our business and results of operations.

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

9. *Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition.*

We are subject to regulations relating to capital adequacy of banks, which determines the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk asset ratio ("**CRAR**"). The RBI has prescribed conditions for the Basel III capital regulation framework in India, and on July 1, 2015, the RBI issued a master circular on Basel III capital regulations, consolidating all relevant guidelines on Basel III issued up to June 30, 2015 (together, the "**Basel III Guidelines**"). The Basel III Guidelines came into effect on April 1, 2013, and, subject to a series of transitional arrangements to be phased in over a period of time, will be fully implemented by March 31, 2019.

Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the procyclical amplification of these risks over time. These global regulatory and supervisory standards mainly seek to raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis, increase the risk coverage of the capital framework, introduce leverage ratio to serve as a backstop to the risk-based capital measure, raise the standards for the supervisory review process and public disclosures etc.

The Basel III Guidelines require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries, changes in the structure of non-equity instruments eligible for inclusion in Tier I capital and loss absorbency features for non-equity Tier I and Tier II capital. As of March 31, 2019, banks are required to maintain a common equity Tier I adequacy ratio of 5.5%, minimum Tier I capital of 7.0%, minimum total capital of 9.0% and a capital conservation buffer of 2.5%. However, the implementation of the capital conservation buffer commenced from March 31, 2016.

We are required by the RBI to maintain a minimum capital adequacy ratio of 10.25% (including capital conservation buffer) in relation to our total risk weighted assets from March 31, 2017. Due to increase of size of assets and accordingly the risk weighted assets, there is an impact on the CRAR under the Basel III standards. Although we have been maintaining a CRAR under the Basel III standards, which was 10.38% as of March 31, 2017 and 10.57% as of September 30, 2017 as compared to the regulatory minimum requirement of 9.00%, there can be no assurance that we will be able to maintain our CRAR within the regulatory requirements. Further, any adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, decline in the values of our investments or applicable risk weight for different asset classes. In case the CRAR falls below the regulatory minimum requirement of 9.00%, we may be constrained in further expanding our business.

With the implementation of the Basel III guidelines, we may be required to improve the quality, quantity and transparency of Tier I capital, which will now have to be predominantly equity shares. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs. Furthermore, with the implementation of Basel III guidelines, our ability to support and grow our business could be limited by a declining capital adequacy ratio, if we are unable to access or face difficulty in accessing the capital or have difficulty in obtaining capital in any other manner.

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

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

In addition, under the RBI regulations, our liabilities are subject to a SLR requirement, according to which 20% of our 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. As on September 30, 2017, we had invested 20.03% of our demand and time liabilities in Government securities, state government securities and such other securities. 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 and results of operations.

11. ***We have regional concentration in southern India, especially Tamil Nadu. Any adverse change in the economic condition of Tamil Nadu and other states in southern India and expansions into territories which we are not familiar with, can also have an adverse effect on our results of operations.***

As of September 30, 2017, out of our 511 branches, 445 branches were located in southern India (including 273 branches which were located in Tamil Nadu) constituting 87.08% of our total branch network. Our branches located in southern India received deposits of ₹ 22,800.09 crores as of September 30, 2017, including ₹ 14,518.02

crores received by branches located in Tamil Nadu, constituting 78.16% and 49.77%, respectively, of our total deposits as of September 30, 2017.

Our concentration in southern India, and specifically in Tamil Nadu, exposes us to any adverse economic or political circumstances in that region as compared to other public and private sector banks that have more diversified national presence. Any disruption, disturbance or sustained downturn in the economy of Tamil Nadu or other states in southern India where we have a presence, could adversely affect our business, financial condition and results of operations.

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

12. ***Foreign investment in the Equity Shares, and acquisitions or transfers of our Equity Shares resulting in an aggregate holding of 5% or more are subject to limits specified by the RBI. Further, in relation to our foreign investment, we are required to comply with the various provisions of the Foreign Exchange Management Act, 1999 ("FEMA").***

Under Indian laws, the aggregate permissible foreign investment, including FDI and investment by FPIs and NRIs in a private sector bank is limited to an aggregate of 49% of the paid up capital under the automatic route and up to 74% of the paid-up capital under the approval route. Further, the aggregate FPIs' and NRIs' holding, cannot exceed 24% and 10%, respectively, of the paid up capital. However, with the approval of the board of directors and the shareholders by way of a special resolution and other regulatory approvals, the aggregate FPIs and NRI holding in a bank can be increased up to 74% and 24%, respectively, subject to the overall limit of 74%, as indicated above.

Pursuant to the Banking Regulation Act read with 'Prior Approval for acquisition of shares or voting rights in Private Sector Banks: Directions, 2015' dated November 19, 2015, any acquisition or transfer of shares in a private bank which will take the aggregate holding of an individual or a group to 5% or more of the paid-up capital of a bank requires the prior approval of the RBI.

Our foreign shareholding is restricted to 49% of our paid up capital, with the aggregate shareholding of NRI not exceeding 24% and individual shareholding not exceeding 5%, of our paid up capital, pursuant to resolution passed by our shareholders in the annual general meeting held on September 26, 2014. For further details, see "***Capital Structure***" on page 45.

The aforementioned regulatory framework could adversely affect the liquidity, free transferability of the Equity Shares and in turn have an adverse effect on the price of the Equity Shares.

13. ***Non-availability of funding and increase in funding costs could adversely affect our business and our financial condition. In case our depositors do not roll over term deposits or if we fail to increase our term deposits, our liquidity position may be adversely affected and we may be required to pay higher cost to attract and/or retain further deposits.***

Currently our primary source of funding is deposits which include demand deposits, savings bank deposits and term deposits. Our other sources of funding include long-term Tier II debt and inter-bank borrowings. As of March 31, 2017 and the six months period ended September 30, 2017, 94.51% (i.e. ₹ 30,553.35 crores) and 85.12% (i.e., ₹ 29,171.11 crores), respectively, of our primary funding consisted of deposits. The cost of funds is sensitive to interest rate fluctuations. The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. In addition, attracting customer deposits in the Indian market 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 and some of these factors are beyond our control.

Our depositors may not roll over term deposits on maturity, which may force us to pay higher interest rates in order to attract and/or retain further deposits. If we fail to sustain or achieve the growth rate of our deposit base, including our current and savings account deposit base, our business, liquidity position and financial condition may be adversely affected.

14. ***We may be unable to sustain the growth rate of our retail banking business, which could adversely impact our growth prospects.***

As a part of our retail growth strategy, we have been expanding our presence through increase in our branch network to increase our current accounts and saving accounts deposits. Our gross advances declined in Fiscal 2017. Our gross advances under retail banking business as of March 31, 2017 was ₹ 2,195.30 crores showing a decline of 16.83% from March 31, 2016 to March 31, 2017. Our gross advances at September 30, 2017 were ₹ 23,215.88 crores. Further, our deposits under retail banking business, excluding deposits undertaken on differential rate of interest scheme as per RBI notifications, as of March 31, 2017 was ₹ 14,271.27 crores respectively with an increase of 10.95% from March 31, 2016 to March 31, 2017. Our deposits under retail banking business as of September 30, 2017 were ₹ 15,209.67 crores.

We intend to continue our focus on further growth in retail banking business by offering new products and services and by cross-selling to our customers through marketing. With the launch of the services of "LVB e-lounge" and "LVB Crown Services", we anticipate continued demand in the retail banking business. Growth of our retail portfolio is subject to various factors including geographic location of our proposed branches, availability of funding in such locations, competitiveness at such locations and approvals from RBI for opening certain branches. We cannot assure you that we will be able to grow at the rate we have experienced in the past, which could materially and adversely affect our business and future results of operations.

15. ***Our aggressive branch expansion plans may have an adverse effect on the capital outlay which in turn may adversely affect the financial condition and results of operations of our Bank.***

Pursuant to the RBI letter dated February 11, 2014, permission of the RBI is required for opening any branches in the Tier 1 centres. We have received approval from the Reserve Bank of India, to open 52 branches in Tier 1 to Tier 6 cities *vide* letter dated September 9, 2016 and since the date of this approval, we have opened 26 branches in Tier 1 cities and 25 in Tier 2 to Tier 6 cities as on September 30, 2017. Our aggressive branch expansion plans may have an adverse effect on the capital outlay which in turn may adversely affect the financial condition and results of operations of our Bank.

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

We require certain statutory and regulatory permits and approvals to operate our business. Under certain of our contractual arrangements, we are also required to hold all necessary and applicable approvals and licenses from authorities such as RBI, SEBI and the Insurance Regulatory and Development Authority. In the event that such approvals and licenses lapse or are revoked by the granting authorities, we may not be able to provide such services which could have an adverse effect on our business and financial condition. Further, we cannot assure you that we have obtained all the necessary licenses under the relevant state legislations, including those governing the registration of establishments of our branches particularly where specific exemptions have not been provided for scheduled commercial banks.

Failure by us to renew, maintain or obtain the required permits or approvals, including those set forth above, may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations.

17. ***The Indian banking industry is very competitive and our success will depend on our ability to compete effectively.***

We face competition from public and private sector Indian commercial banks and foreign commercial banks in all our products and services. Some of such banks are large institutions and may have much larger customer and deposit bases, larger branch networks and wider capital base extending all over India. Further, a few banks have experienced higher growth, achieved better profitability and increased their market shares relative to us. We also face competition in some or all of our products and services from NBFCs, mutual funds and other entities operating in the financial sector.

The RBI has liberalised the licensing regime for banks in India and intends to issue licenses on an ongoing basis. This could also lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely affect our competitive environment. The New Banks Licensing Guidelines were issued by the RBI in February 2013 specifying that, subject to meeting certain other criteria, select entities or groups in the private sector, entities in the public sector and non-banking financial companies with a successful track record of at least 10 years would be eligible to promote banks. Subsequently, in 2015 two new private sector banks i.e. IDFC Bank Limited and Bandhan Bank Limited have been added to Schedule II of RBI Act after getting an in-principle approval in 2014. On August 19, 2015 the RBI granted in-principle approval to 11 applicants to set up payment banks. In September 2015, the RBI granted in-principle licenses to 10 applicants for small finance banks, most of which are microfinance non-banking finance companies. The RBI has also released guidelines with respect to a continuous licensing policy for universal banks in the private sector in August 2016.

Further, *vide* its discussion paper dated April 7, 2017, the RBI has contemplated introducing wholesale and long-term finance banks. These banks will focus primarily on lending to infrastructure sector and small, medium and corporate businesses. These banks will also be able to provide refinancing to lending institutions. Such banks can also act like market makers in corporate bonds, credit derivatives and take out financing amongst others. We cannot assure you that we will not face competition from these banks in the segments that are common to their and our business.

In order to respond to the competitive environment in our industry, we constantly look for opportunities to venture into areas ancillary to banking business. Currently, we provide services such as money transfer services, mutual funds and portfolio management service, cross-selling of insurance products including life insurance and general insurance, PAN card services, depository participant services and new pension system pursuant to tie-ups with various independent third parties. While providing such services, we are required to enter into contractual arrangement with such third parties, typically acting as their agents and are thus dependent on their maintaining their registration. Salient terms and conditions of such contractual arrangement, *inter-alia*, include providing indemnity to the other party, which can be invoked in cases such as breach of any condition, representation or warranty given by either party. Typically, such indemnity clause operates in favour of us and the other party, however, in certain cases the obligation to indemnify is solely on us. In case we are required to indemnify the other party or are unable to collect under the indemnity we are owed, our business and financial condition may be adversely affected. In addition, some of these agreements are past their initial term and are currently under automatic renewal, unless terminated by such other party.

Our future success will depend in large part on our ability to respond in an effective and timely manner and our ability to compete effectively. Increased competitive pressure may have an adverse impact on our business, financial condition and results of operations.

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

We are involved in a number of civil, tax and recovery proceedings instituted by and against us before various judicial, regulatory, statutory and quasi-judicial authorities, including the debt recovery tribunals from time to time for recovery of overdue amounts from various borrowers.

Further, a member of our Promoter Group had purchased and sold equity shares of our Bank during the period of closure of our Bank's trading window, incurring a loss on the said transaction. In this regard, we have *suo moto* intimated SEBI about the said transaction.

For further details in relation to the material legal proceedings, see "***Outstanding Litigation and Defaults***" on page 90. As on March 31, 2017, the provisions in financial statements for taxation were made on the basis of the estimated tax liability with adjustment for deferred tax. For details see "***Financial Statements***" on page 84.

No assurances can be given as to whether these proceedings will be settled in our favour or against us. Such litigation could divert management time and attention, and consume financial resources in their defence or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, financial condition, reputation and results of operations could be adversely affected.

19. *We are subject to Risk Based Supervision ("RBS") by RBI. Non-compliance with the RBI observations issued during the RBS could adversely affect our business, financial condition or results of operations.*

We were subject to an annual financial inspection ("**AFI**") by RBI under the Banking Regulation Act and from last year RBI has substituted AFI with RBS. Inspection by the RBI is a regular exercise and is carried out periodically by the RBI for all banks and financial institutions. This includes both offsite review and onsite inspection. In the past, the RBI has made certain observations during the AFI *inter alia* regarding our business and operations, capital adequacy, asset quality, compliance with statutory and regulatory norms, credit administration, NPA analysis, quality of non-SLR portfolio, earnings appraisal, attrition, information technology systems, treasury funds and liquidity management, risk assessment and acquisition of retail portfolios. RBI has in the last RBS indicated certain observations and suggestions which we have taken note of and continue to implement to improve our operations. For instance, in terms of RBI notification no. RBI/2016-7/283.DBR.BP.BC.No.63/2016-17 dated April 18, 2017, banks are required to make suitable disclosures, wherever the additional provisioning requirements assessed by the RBI exceed 15% of the published net profits after tax for the reference period. RBI during its Risk Based Supervision, has identified additional provisioning to the extent of ₹ 90.03 crore which exceeds the stipulated 15% amount, which has been fully provided in the accounts for the period ended September 30, 2017.

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

20. *Deterioration in the performance of any of the industry sectors where we have significant exposure may adversely impact our business, results of operations and financial condition.*

Our total exposure to corporate borrowers is dispersed across various industry sectors, the most significant of which are infrastructure, basic metal and metal products and textiles which represented 8.77% (i.e., ₹ 2,252.90 crores), 5.03% (i.e., ₹ 1,293.91 crores) and 4.78% (i.e., ₹ 1,227.52 crores), respectively, of our outstanding fund and non-fund based exposures as of March 31, 2017. Further, as of the six months period ended September 30, 2017, our total exposure to above mentioned industries was 10.21% (i.e., ₹ 2,371.34 crores), 5.68% (i.e., ₹ 1,319.60 crores) and 5.18% (i.e. ₹ 1,202.21 crores), respectively, of our outstanding fund and non-fund based exposures.

Further, it has been our policy to diversify the exposure over different industry sectors. We have fixed exposure norms (sectoral cap) for major industry sectors. For example, our internal policies set out limit of our credit exposure to any particular industry depending upon the nature of that industry.

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

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

21. *We operate in a regulated industry and any changes in the regulations or enforcement initiatives may adversely affect our business, financial condition or results of operation.*

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, banks are generally subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. Since 2012, the RBI has made several changes in regulations applicable to banking companies, including:

- implementation of Basel III capital regulation;

- additional capital and provisions for unhedged foreign currency exposure;
- additional capital for credit value adjustments;
- guidelines on framework for domestic systemically important banks;
- guidelines on intra-group exposures;
- guidelines to calculate lending rates under marginal cost of funds;
- FATCA compliance guidelines;
- framework for revitalizing distressed assets; and
- amendment to the Banking Regulation Act, permitting the Central Government to authorise the RBI to issue directions to banks to initiate insolvency proceedings in respect of a default, in the manner set out under the Insolvency and Bankruptcy Code, 2016.

We are subject to a wide variety of banking and financial services laws and regulations and a large number of regulatory and enforcement authorities in each of the jurisdictions in which we operate. The laws and regulations or the regulatory or enforcement environment in any of those jurisdictions may change at any time and that may have an adverse effect on the products or services we offer, the value of our assets or our business in general. For instance, as per Section 10A(2) of the Banking Regulation Act, our Bank is required to have not less than two Directors on its Board who have special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry. The tenure of Prakash Mallya who was appointed as a Director of our Bank in this regard, ended w.e.f July 18, 2017. While our Bank has informed the RBI that a Director shall be appointed in the place of Prakash Mallya shortly, we cannot assure you that such Director shall be appointed in due time, and thus may not be in compliance with the requirements set out by the RBI in this regard.

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, securitisation, investments, ethical issues, money laundering, privacy, record keeping, marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. 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 12(2) of the Banking Regulation Act states that "no person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights on poll in excess of 10.00% of the total voting rights of all the shareholders of the banking company".
- Section 15(1) of the Banking Regulation Act states that "no banking company shall pay any dividend on its shares until all its capitalised 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%) of such profit before paying any dividend.
- Section 19 of the Banking Regulation Act restricts the forming of subsidiaries by banks except for limited purposes, 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 affect 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 part time chairman and other whole time directors. RBI has powers to remove managerial 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 the undertaking or any property of our Bank or any part thereof , thereby affecting leverage. The Banking Regulation Act also contains provisions regarding production of documents and availability of records for inspection.
- 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 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. Further, RBI can also apply for winding up of a banking company in certain circumstances and can also be appointed as the liquidator and the GoI could acquire the undertakings of banking companies in certain cases.

The forms of business in which we may engage are specified and regulated by the Banking Regulation Act. Pursuant to the provisions of section 8 of Banking Regulation Act, we cannot directly or indirectly deal in the buying, selling or bartering of goods, except in connection with the realisation of security given to us or held by us, or in connection with bills of exchange received for collection or negotiation, or in connection with the administration of estates as executor, trustee or otherwise, or in connection with any business covered under section 6(1)(o) of the Banking Regulation Act. Goods for this purpose means every kind of movable property, other than actionable claims, stocks, shares, money, bullion and specie and all instruments referred to in section 6(1)(a) of Banking Regulation Act. Unlike a company incorporated under the Companies Act, which may amend the objects clause of its Memorandum of Association to commence a new business activity, banking companies may only carry on business activities permitted by Section 6 of the Banking Regulation Act or specifically permitted by the Reserve Bank of India. This may restrict our ability to pursue profitable business opportunities as they arise.

22. *Our success depends, in large part, upon our management team and skilled personnel and our ability to attract and retain such persons. In the event we are not able to attract talented employees, or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.*

In the process of implementing our growth strategy, we have built a team of professionals with relevant experience, including credit evaluation, risk management, treasury, technology and marketing. Prior to joining us, the members of our senior management held key positions at leading Indian private/public sector and foreign banks. Our future success is highly dependent on our senior management to maintain our strategic direction, manage our current operations and risk profile and meet future business challenges, including our planned branch network expansion.

As banking business is service oriented, our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. We do not maintain key man insurance and the loss of, or inability to attract or retain, such persons could adversely affect our business and results of operations. Our employment agreements with these personnel do not obligate them to work for us for any specified period, and do not contain non-compete or non-solicitation clauses in the event of termination of employment. If one or more of key personnel are unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, and we may not be able to contain or limit any further attrition and further augment our management team appropriately as we add newer products and services and expand our business, either of which could have a material adverse effect on our business, operations and financial results. As we continue to expand our business and introduce new products including expanding our para-banking activities, experienced personnel are very critical to our business.

As of September 30, 2017, we had 5010 employees. With the increase in competition for qualified personnel, we continue to face challenge to recruit a sufficient number of suitably skilled personnel, particularly as we continue to grow. In the event we are not able to attract talented employees, or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

23. *There have been certain observations made by our auditors in their audit report for the year ended March 31, 2017 and in their review report on review of interim financial results for the six months period ended September 30, 2017.*

The reports of the auditors for the year ended March 31, 2017 and their review report on review of interim financial results for the six months period ended September 30, 2017, contain matters of emphasis relating to, *inter alia*, deferment of loss in respect of frauds in advances and deferment of loss on sale of advances to asset reconstruction companies, which are in line with the prevalent RBI guidelines.

The auditors have drawn attention to:

(i) Note No. 3 of the unaudited financial results of our Bank for the six months period ended September 30, 2017 regarding deferment of loss to the extent of ₹ 8.13 crores on sale of advances to asset reconstruction companies: In this regard, our Bank had opted to spread the net shortfall over a period of eight /four quarters and consequently ₹ 8.13 crores has been charged to the profit and loss account for the three months ended September 30, 2017 by corresponding reversal of the proportionate debit made earlier to revenue and 'other reserves'. The unamortised amount of ₹ 8.13 crores will be amortised in the subsequent quarters; and

(ii) Note No. 4 of the unaudited financial results of our Bank for the six months period ended September 30, 2017, regarding deferment of loss to the extent of ₹ 68.49 crores with respect to accounts reported as fraud: In this regard, our Bank has opted to spread the provision required for the outstanding balances in advance related fraud accounts over a period of four quarters and consequently ₹ 26.55 crores has been charged to the profit and loss account for the three months ended September 30, 2017. The unamortised amount of ₹ 68.49 crores will be amortised in the subsequent quarters and is debited to 'other reserves' and credited to 'other provisions'.

The Auditors opinion is not qualified in respect of these matters. There is no assurance that our audit reports for any future fiscal periods will not contain qualifications, matters of emphasis or other observations. For details on matters of emphasis for the financial year ended March 31, 2017, please refer to "***Financial Statements***" on page 84.

24. *We are subject to various operational and other risks associated with the financial industry which, if materialised, 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 or outsiders for reasons which not be attributable to us also;
- unauthorised transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities);
- unauthorised use of debit cards at ATMs;
- misplacing of confidential information by our customers;
- misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations;
- any breach of network security; and
- operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems.

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

In addition, we may also be exposed to other different types of risk during our operations, including but not limited to credit risk, counterparty risk, market risk, liquidity risk and operational risk.

In the past, various fraud cases were reported which have been noted and acted on by our Bank, based on our internal procedures. The total number of fraud cases as reported during Fiscal 2017 and during the six months period ending September 30, 2017 is 15 (involving 47 borrowers) and 51 (involving 53 borrowers) involving amount of ₹ 109.97 crores and ₹ 92.20 crores, respectively.

Further, we provide certain services such as, money transfer, counter payments collection and tax collection through other agencies. We are exposed to the risk that external vendors or service providers may be unable to fulfil 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. Although we maintain a system of controls designed to keep operational risk at appropriate levels, there can be no assurance that we will not suffer losses from operational risks in the future which can have an adverse effect on our business, results of operations, financial condition and the price of the Equity Shares.

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

Our principal activity is providing financing to borrowers, including individuals and MSMEs. The credit risk of our borrowers 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. 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 those of several countries with established market economies. Although India has a credit information bureau, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. CIBIL does not presently report information from retailers, utility companies and trade creditors and no other nationwide bureau of this nature presently exists. Further, in the event that the CIBIL report is not up-to-date, we may not be able to accurately assess the credit-worthiness of our borrower which may increase our risk of exposure to default by borrower. As our lending operations are primarily limited to India, we may be exposed to a greater potential for loss compared to banks with lending operations in more developed countries. Inadequate loan servicing histories for borrowers increase the risk of exposure and may lead to an increase in our NPAs which may adversely affect our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of our customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operation and cash flows of the customer.

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

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

26. ***We may be unable to foreclose on collateral or there may be decreases in the value of collateral which, if a borrower defaults, may result in failure to recover the expected value of the collateral, exposing us to a potential loss.***

As of March 31, 2017 and the six months period ended September 30, 2017, 98.25% (i.e., ₹ 23,314.60 crores) and 95.77% (i.e., ₹ 21,956.66 crores), respectively, of our total advances were secured by charges on tangible assets, mortgages on immovable property, bank/ government guarantees and stocks. In certain cases, we obtain security by way of pledge of shares and assignment of life insurance policies. Any decrease in the value of collateral at the time of recovery will have an adverse impact on the quantum of recovery.

In India, foreclosure on collateral generally requires a written petition to a court or tribunal. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. In addition to the debt recovery and security enforcement mechanisms available to lenders under Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and the SARFAESI Act, the RBI provides for various mechanisms that may be adopted by banks to deal with stressed assets. These include, the Scheme for Sustainable Structuring of Stressed Assets, corporate debt restructuring and Strategic Debt Restructuring Scheme. The GOI has also enacted the Insolvency and Bankruptcy Code, 2016 to provide a consolidated framework to address the concerns of lenders and to provide corporate debtors with an exit mechanism. Accordingly, the Banking Regulation Act has also been amended *vide* the Banking Regulation (Amendment) Act, 2017 effective from May 4, 2017, allowing the Central Government to authorise the RBI to issue directions to banks to initiate insolvency proceedings in respect of a default, in the manner set out under the Insolvency and Bankruptcy Code, 2016.

Accordingly, the RBI has instructed our Bank, along with other consortium banks, to initiate insolvency proceedings against nine identified corporate borrowers. The RBI has advised our Bank that the minimum provisions required to be maintained against these accounts should be the higher of (i) 50% for the secured portion of the outstanding balance plus 100% for the unsecured portion, or (ii) provisions required to be maintained under the extant classification norms. The additional provisions, as required in each case, should be proportionately spread over the remaining quarters of the current Fiscal (starting from the second quarter of this Fiscal), so that the required provisions are fully in place by March 2018. If the liquidation order is passed, it will attract 100 % provisions, on an immediate basis. Prior to the receipt of such instructions from the RBI, our Bank had restructured the loans of two borrowers and the account of one borrower had been classified as a NPA.

There can be no assurance that these regulatory measures will have a favourable impact on our efforts to recover NPAs. Any failure to recover the expected value of the collateral would expose us to potential losses. As a result of the foregoing factors, realisation of the full value of collateral may become difficult, which could have an adverse effect on our business and financial condition.

27. ***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 and results of operations.***

As of March 31, 2017 and the six months period ended September 30, 2017, our unsecured advances were 1.75% (i.e., ₹ 414.31 crores) and 4.23% (i.e., ₹ 969.83 crores), respectively, of our total advances.

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 successfully implement our lending policy and recover the interest and the principal advanced by us in a timely manner or at all. Any failure to recover the unsecured advances given to our customers would expose us to a potential loss which could adversely affect our business, financial condition and results of operations.

28. ***Non-compliance with mandatory AML and KYC policies in opening and/or operating the accounts could expose us to additional liability and harm our business and reputation.***

Banks are mandated to comply with applicable anti-money laundering ("AML") and know your client ("KYC") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities. For example, RBI directed our Bank to review its internal systems to ensure compliance with the KYC-AML guidelines issued by the RBI, and to fix staff accountability with respect to non-compliance of its directions *vide* speaking order dated February 24, 2016 in relation to the Show Cause Notice dated November 24, 2015 for contravention of KYC-AML guidelines with regard to the opening and subsequent monitoring of transactions of one of the current accounts. Further, in the past, the RBI had imposed a penalty of ₹ 2.50 crores on us for non-adherence with certain KYC policies and procedures for walk-in customers including for sale of third party products.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken necessary corrective measures, 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, including the FIU-IND. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

29. ***Certain of our branches and ATMs are located on premises that have been taken on lease. Further, some of the agreements we enter into for the said leases are inadequately stamped, not registered and may not be renewed in time. The termination of any of these leases or our inability to exercise our rights under the lease agreements may cause disruption in our operations.***

As of September 30, 2017, out of a total of our 511 branches, 494 branches were located at premises taken on a lease basis. Such lease agreements are generally for a fixed tenure and while we endeavor to renew the leases post their expiry, there may be delays in completing the process of renewal. Our business, financial condition, and operating results could be adversely affected if we are unable to negotiate favourable lease and renewal terms for our existing branches where our customers are located. In case of non-renewal of leases for our existing branches, we will be forced to procure alternative space for our existing branches. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all. Failure to identify such space can adversely affect our financial condition and results of operation. The location of our branches is also critical to our business as some of these locations maybe strategic and thereby generate business for our Bank.

Any breach of the terms and conditions of these lease agreements, could result in the termination of the lease agreements and force us to establish operations at another location, which may disrupt our operations temporarily. Additionally, some of our lease agreements may not be adequately stamped and some of our immoveable properties for our offices, which are taken on lease, may have one or more irregularities of title such as inadequate stamping and/ or non-registration of lease agreements and non-execution of such lease agreements. Any such irregularity may result in our inability to enforce our rights under such lease agreements which may disrupt our operations and adversely affect our business, financial condition and result of operations and may also result in loss of our customers.

Further**,** our ATMs are primarily located on leased premises. Any failure to renew lease agreements for these premises on terms and conditions favourable to our Bank may require it to shift the concerned ATMs to new premises. This might affect our business operations as these may not necessarily be at locations where our branches are also located.

30. ***As of March 31, 2017, we had certain contingent liabilities. If any of our contingent liabilities materialise, our liquidity, business, prospects, financial conditions and results of operations could be adversely affected.***

The contingent liabilities as of March 31, 2017 are as follows:

(*in ₹ crores*)

Contingent Liabilities	**March 31, 2017**
	Amount
Claims against us not acknowledged as debts	135.51
Liability on account of outstanding forward exchange contracts	838.04
Guarantees given on behalf of constituents	
- in India	948.97
- outside India	162.92
Acceptances, endorsements and other obligations	1,091.06
Other items for which the Bank is contingently liable	23.14
Total	3,199.65

The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by RBI. Our off-balance sheet liabilities consist of, among other things, liability on account of forward exchange and derivative contracts, guarantees and documentary credits given by us. If any of the contingent liabilities specified above materialises, our liquidity, business prospects, financial conditions and results of operations could be adversely affected.

31. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements inability to declare dividend or declare dividend at a rate lower than past trends may adversely affect the trading price of our Equity Shares.*

Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements, as detailed in our recently adopted dividend distribution policy and our ability to comply with the conditions prescribed by the RBI for declaration of dividends by banks. Our ability to pay dividends could also be restricted under certain financing arrangements that we enter into from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses, comply with the regulatory requirements and pay dividends to our shareholders.

In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in future. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness, capital expenditures and regulation. In the event we are unable to declare dividend, for any reason, including those set out above, or declare dividend at a rate lower than past trends, it may adversely affect the trading price of our Equity Shares.

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

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

33. *A reduction in the credit rating of our Unsecured Redeemable Non-Convertible Subordinated Lower Tier-II Bonds could materially and adversely affect its business, financial condition and results of operations.*

We have issued and have outstanding subordinated bonds under Basel II and Basel III norms, which have been assigned the rating of "CARE A–" by CARE in July 2017 and BWR A- by Brickwork in October 2017 (which is valid till October 2018). A downgrade in credit rating may negatively affect our Bank's ability to obtain funds and increase the financing costs by increasing the interest rates of its outstanding debt or the interest rates at which our Bank is able to refinance existing debt or incur new debt, which may adversely affect its business, financial condition and results of operations.

34. *Our risk management policies and procedures may not adequately address unanticipated risks. Inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.*

We have devoted significant resources to developing our risk management policies and procedures and expect to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective and/or implemented as originally expected. Some of our methods of managing risk are based upon the use of observed historical market behaviour. 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. Implementation and monitoring may prove particularly challenging with respect to businesses that we have recently initiated. Inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

35. ***The Government of India ("GoI") has in the past and may in the future direct us to implement certain schemes that are aimed at serving the interest of farmers and/or a cross section of the public. Such schemes may not necessarily be aimed at maximizing our profits and may adversely affect our business, financial condition and results of operations.***

As per the "Master Direction - Priority Sector Lending - Targets And classification" dated July 7, 2016, our Bank is required to lend 40.0% of their adjusted net bank credit ("**ANBC**") or the credit equivalent amount of off-balance sheet exposures ("**CEOBE**"), whichever is higher, as defined by the RBI, to certain eligible sectors categorised as priority sectors. In the event that our Bank fails to meet the minimum criteria as set out in the guidelines, in respect of priority sector lending, the shortfall in lending to priority sector shall be allocated for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD/NHB/SIDBI/ MUDRA Ltd., as decided by the RBI from time to time.

There may be instances where our Bank may not be able to achieve the required level of priority sector lending, targets and sub targets. For example, as of March 31, 2017 our Bank had a shortfall in lending to the micro enterprises sector, whereby our lending was 7.01% as compared to a target of 7.50% of our Adjusted Net Bank Credit (as defined under the Master Direction - Priority Sector Lending - Targets and Classification dated July 7, 2016). Considering that the priority sector lending entails a higher risk because there is lack of adequate infrastructure to monitor the cash flows of the relevant borrowers and that our Bank may face hurdles in the enforcement of the underlying security(ies), grant of such loans could have an adverse impact on our profitability. Further, 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.

Further, pursuant to an RBI circular dated August 4, 2016, an interest subvention scheme is made available to all public sector banks in respect of loans given by the rural and semi–urban branches of private sector Scheduled Commercial Banks, for short term crop loans up to ₹ 0.03 crores per farmer. Government of India grants interest subvention of 2% on such loans and the loans are to be granted at a fixed rate of 7%. Effectively the loans are granted at 9% which is below the base rate, hence grant of such loan will have an adverse impact on profits. In the event that the abovementioned scheme and such other schemes is made mandatory for implementation by private sector banks, including our Bank, our profits may be adversely affected for the reasons set out hereinabove.

36. ***We have third-party arrangements with various companies to facilitate para-banking services. We cannot assure you that these third parties will adhere to their contractual obligation and consequently have an adverse effect on our business.***

We have entered into agreements with third parties to offer a number of para-banking products and services which include distribution of life insurance, general insurance and health insurance products. We provide money transfer services through branch channels as well as through direct remittance. We have also tied up with a number of asset management companies for promotion of various mutual fund schemes. Our ability to offer such para banking services is dependent on such third parties being in compliance with the applicable regulations and having obtained valid registrations with the relevant regulatory authorities, as may be required. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may incur litigation costs. Such additional cost, in addition to the cost of entering into agreement with third parties in same industry will have an adverse effect on our business.

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

We are exposed to the risk of strikes and other industrial actions. As of September 30, 2017, we employed 5010 employees. Most of our employees are part of trade unions. We have also in the past had a few strikes and stoppages on account of our employees' unions participating in all India strikes. While we believe that we have a strong working relationship with the unions / associations, there can be no assurance that our Bank will continue to have such a relationship in the future. If the employees' union was to call for a work stoppage or other similar action, we may be forced to suspend all or part of our operations until the dispute is resolved. If any such work stoppage or disruption was to occur, possibly for a significant period of time, our business, financial condition or results of operation would be adversely affected.

38. ***New product/services offered by us may not be successful and we may not grow in any new business area which may have a material adverse effect on our business, financial condition or results of operation.***

We introduce new products/services to explore new business opportunities on a regular basis. We cannot assure you that all our new products/services will gain customer acceptance and this may result in our incurring pre-operative expenses and launch costs without any assurance that such products will be successful or may fail market penetration. Further, our inability to grow in any new business areas could adversely affect our business and financial performance.

39. ***Some of our corporate records relating to certain filings made with the Registrar of Companies in the past are not traceable and the records available with us may not be complete in all aspects.***

We are unable to trace copies of certain corporate records and filings in relation to equity shares issued and allotted by our Bank in the past. In particular, we have been unable to trace: (i) corporate resolutions and filings with the RoC in relation to changes in our authorised share capital from incorporation till September 9, 2005; (ii) resolutions for the issue and allotments of equity shares from its incorporation on November 3, 1926 till January 11, 1995; and (iii) filings with the RoC in relation to issue and allotment of Equity Shares from its incorporation on November 3, 1926 till June 27, 2002. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the RoC and have placed reliance on other documents, including board resolutions and their agenda for allotment of Equity Shares, annual reports and audited financial statements for corroborating the share capital history of our Bank. Further, in certain cases relating to the RoC filings made in the past and some of which are available with us, there could be certain discrepancies in relation to dates with respect to allotment of Equity Shares. We cannot assure you that these form filings and corporate records will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority.

40. ***Any future issuance of Equity Shares may dilute your shareholding, and sales of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by our Bank may lead to the dilution of the shareholdings in our Bank. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of this Issue, including by our major shareholders, or the perception that such issuance or sales may occur could adversely affect the trading price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Bank or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares. We may also issue Equity Shares pursuant to the LVB ESOS-2010 or the LVB ESOS-2017. Any issuance of Equity Shares to persons other than the existing equity shareholders will dilute your existing equity shareholding. Further, we may obtain funding from our Promoters through an equity infusion. This will also dilute your shareholding.

Additionally, as per Regulation 12 of the Banking Regulation Act, no banking company can carry on business in India unless the subscribed capital of our Bank is at least one half of its authorised share capital. Currently, we are not in compliance with this requirement and we have sought extensions from the RBI in the past to comply with this requirement. We have informed the RBI in May 2017 that we have completed the qualified institutional placement of our equity shares in January 2017 and therefore have sought an additional time period of one year for complying with the conditions prescribed in the Banking Regulation Act. The RBI has subsequently granted us an extension until June 9, 2018. Accordingly, upon the completion of this Issue we shall continue to evaluate suitable options to raise additional Tier I Capital by way of issue of Equity Shares to meet such regulatory requirement. Any such future fund raising plans initiated by our Bank will be subject to approval of the Board of Directors, Shareholders of our Bank and any regulatory authority including RBI, as applicable at such time.

Risks in relation to our Equity Shares

41. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

42. ***We cannot guarantee that our Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Rights Equity Shares have been issued and Allotted. Approval for listing and trading will require all relevant documents authorising the issuing of the Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of the Rights Equity Shares.

43. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Rights Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is exempted from capital gains tax in India if securities transaction tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. For further details, see "***Tax Benefit Statement***" on page 75.

44. ***Investors in the Rights Equity Shares may not be able to enforce a judgment of a foreign court against our Bank.***

Our Bank is a limited liability company incorporated under the laws of India. Our Directors and our senior management are residents of India and all the assets of our Bank 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 in jurisdictions outside India, or to directly enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

45. ***Our Bank's ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, our Bank is subject to foreign exchange management regulations that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Bank's financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that the required approvals will be granted on favourable terms or at all. Limitations on raising foreign debt may have an adverse effect on our Bank's business, financial condition and results of operations.

46. ***Foreign investors are subject to foreign investment restrictions under Indian law that limit our Bank's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.***

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) if they comply with the requirements specified by the RBI and other applicable governmental authorities. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI and other applicable governmental authorities 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 tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilising the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other applicable government authority can be obtained on any particular terms or at all.

47. *Conditions in the Stock Exchanges may affect the price and liquidity of the Equity Shares.*

Indian stock exchanges are smaller than stock markets in developed economies and have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary closure of the stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. Further, from time to time, disputes have occurred between listed companies and Indian stock exchanges and other securities regulatory bodies that, in some case, have had a negative effect on market sentiment. Similar problems could occur in the future, and may negatively affect the market price and liquidity of the Equity Shares.

48. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investor will be able to sell their shares at or above the Issue Price. Factors that could affect our share price, *inter alia*, include, (i) volatility in the Indian and global securities market; (ii) our operations and performance, (iii) adverse media reports on us or the Indian banking sector; (iv) changes in revenue or earnings estimates or publications of research reports by analysts; and (v) domestic and international economic, legal and regulatory factors unrelated to our performance.

49. *Investors will be subject to market risks until the Rights Equity Shares credited to the investor's demat account are listed and permitted to trade.*

Investors can start trading the Rights Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

External Risk Factors

50. *Change in global economic conditions or economic conditions in India could adversely affect our Bank's business and results of operation.*

The financial condition and results of operations of our Bank depend significantly on global economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which may in turn adversely affect the business, financial performance and operations of our Bank.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including, but not limited to, macroeconomic conditions in the United States, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability, whether or not linked to political events, may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our Bank's business, future financial condition and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

Risk management initiatives undertaken by other financial institutions in order to remedy the global economic slowdown could affect the availability of funds in the future or cause withdrawal of our Bank's existing deposits. Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our Bank's business. Economic conditions outside India, such as a slowdown or recession in the economic growth of other major countries, may also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Bank's business. Any downturn in the macroeconomic environment in India could also adversely affect the business, results of operations, financial condition of our Bank.

51. ***Changing laws, rules and regulations including policies related to tax applicable and legal uncertainties may adversely affect our Bank's business and financial performance.***

The business and financial performance of our Bank could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our Bank and our Bank's business. Our Bank cannot assure that the Central Government or State Governments in India will not implement new regulations and policies which may require our Bank to obtain additional approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on the operations of our Bank. Our Bank cannot predict the terms of any new policy, and cannot assure that such policies will not be onerous. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any changes to such laws may adversely affect our business, financial condition, results of operations and prospects.

52. ***The new taxation system could adversely affect our Bank's business.***

Three major reforms in Indian tax laws have recently been enacted, namely, central, state and interstate goods and services tax ("**GST**") laws, the general anti-avoidance rules ("**GAAR**") and safe harbour rules:

- The Government of India has introduced a comprehensive national GST regime that combines taxes and levies by the Central and state Governments into a unified rate structure. Given that this law has been introduced recently, we are unable to assess how GST will impact our results of operations.

- The provisions of the GAAR have come into effect from the beginning of Fiscal 2017. The GAAR provisions are intended to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Income Tax Act as 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 arms-length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (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. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assessee, that is, an arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. With the GAAR provisions coming into force, the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty.

- The Government of India has recently released safe harbor rules with respect to acceptance by the Indian tax authorities of declared transfer prices for certain types of international transactions (including intra-group loans and corporate guarantees and for the manufacture and export of core and non-core automotive components) between an eligible assessee and its associated enterprises, either or both of which are not Indian residents. The benefit, if any, that we may derive from the application of such rules in the future is unclear.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

53. ***Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as U.S. GAAP or IFRS, with which investors may be more familiar with and may consider material to their assessment of our conditions.***

Our financial statements are prepared in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in the related reports, and no attempt has been made to reconcile any of the information given in this Letter of Offer to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries such as U.S. GAAP and IFRS. The degree to which financial information in this Bank will provide meaningful information depends on your familiarity with Indian GAAP and the Companies Act and therefore, no undue reliance should be put by persons not familiar with Indian GAAP on the financial disclosures presented in this Bank.

54. ***The transition to the ICDS in India is very recent.***

The Ministry of Finance, GoI, through a notification dated March 31, 2015, required all income tax assessments in India to follow the Income Computation and Disclosure Standards (the "**ICDS**"). Subsequently, the Ministry of Finance, through press releases dated September 29, 2016, deferred the applicability of ICDS to Assessment Year 2017-2018. As a result, ICDS will have impact on computation of taxable income for Fiscals 2017 and 2018. ICDS are required to be applied in computing taxable income and payment of income taxes thereon and apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "*Profits and gains of business/profession*" and "*Income from other sources*." ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. This is the first time such specific standards have been issued for income taxes in India, and the impact of the ICDS on our tax incidence is uncertain. We cannot assure you that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

55. ***Our Bank's business and activities may be regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect its business, financial condition 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 which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services, or shares a market by way of geographical area or number of customers is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations, which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations, came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is still evolving and unclear and it is difficult to predict its impact on our Bank's growth and expansion strategies. The CCI has extra territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. If our Bank is 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 its business, results of operations, financial condition or prospects.

56. ***Acts of terrorism, civil disturbance, communal conflicts, regional conflicts and other similar threats to security could adversely affect our Bank's business, cash flows, results of operations and financial condition.***

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Bank operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder its ability to do business. Any escalation in these events or similar future events may disrupt our Bank's operations or those of its customers and suppliers.

Further, certain events that are beyond the control of our Bank, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Rights Equity Shares.

Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Bank's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

These events have had and may continue to have an adverse impact on the global economy and customer confidence, which could in turn adversely affect our Bank's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Bank.

57. ***Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where our Bank operates could disrupt its business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Bank's business, and the market price and liquidity of its securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

In recent years, India has been following a course of economic liberalisation and our Bank's business could be significantly influenced by economic policies followed by the Government. Further, our Bank's businesses are also impacted by regulation and conditions in the various states in India where it operates.

However, there can be no assurance that such policies will continue in the future. Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

58. ***Trade deficits could have a negative effect on our business.***

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.

59. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us. A rapid decrease in reserves would also create risk of higher interest rates and a consequent slowdown in growth.***

Flows to foreign exchange reserves can be volatile, and any past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations.

60. ***Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.***

In November 2016, Standard & Poor's, an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy debt burden as the most significant constraints on its rating, and recommended the implementation of reforms and containment of deficits. Standard & Poor's affirmed its outlook on India's sovereign debt rating to "stable", while reaffirming its "BBB-" rating. In May 2017, Fitch, another international rating agency, affirmed India's sovereign outlook to "stable" and affirmed its rating as "BBB-". Going forward, the sovereign ratings outlook will remain dependent on whether the government is able to transition the economy into a high growth environment, as well as exercise adequate fiscal restraint. 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. Further, any adverse revisions to India's credit ratings may adversely impact our Bank's ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our Bank's financial results and business prospects, its ability to obtain financing for capital expenditures and the price of its securities.

PROMINENT NOTES

1. Issue of 6,44,97,155 Rights Equity Shares for cash at a price of ₹ 122 (including a premium of ₹ 112 per Rights Equity Share) aggregating up to ₹ 786.87 crores on a rights basis to Eligible Shareholders in the ratio of one Rights Equity Share for every three fully paid-up Equity Share held on the Record Date.

2. As on March 31, 2017, the net worth of our Bank was ₹ 1,821.66 crores. Further, as on September 30, 2017, the net worth of our Bank was ₹ 1,876.58 crores.

3. Details of our transactions with related parties during the year ended March 31, 2017 and as on September 30, 2017, as per AS 18, the nature of such transactions and the cumulative value of such transactions are as follows:

Nature of Transaction	Name of the person	Transaction Amount (₹ in crore)
As on March 31, 2017		
Remuneration	Parthasarathi Mukherjee	0.63
	N. S. Venkatesh	0.38
	N. Ramanathan	0.25
	M. Palaniappan	0.44
As on September 30, 2017		
Remuneration	Parthasarathi Mukherjee	4.91
	N. S. Venkatesh	0.26
	N. Ramanathan	0.13

4. No selective or additional information will be available for a section of investors in any manner whatsoever.

5. There has been no financing arrangement whereby our Promoter, the Promoter Group, the Directors of our Bank or their relatives have financed the purchase by any other person of securities of our Bank other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

SECTION III: INTRODUCTION

SUMMARY FINANCIAL INFORMATION

The following tables set forth below indicates a summary financial information derived from our Reformatted Audited Financial Statements and the Reformatted Reviewed Financial Statements:

Reformatted Balance Sheet

(₹ in crores)

	As at March 31, 2017	As at March 31, 2016
I. Capital & Liabilities		
a. Capital	191.45	179.46
b. Reserves & surplus	1,944.89	1,584.13
c. Deposits	30,553.35	25,430.96
d. Borrowings	1,773.13	723.01
e. Other liabilities & provisions	781.90	752.92
Total	**35,244.72**	**28,670.48**
II. Assets		
a. Cash & Balances with Reserve Bank of India	1,454.81	1,286.50
b. Balances with banks and money at call & short notice	169.07	82.11
c. Investments	8,651.73	6,545.40
d. Advances	23,728.91	19,643.74
e. Fixed Assets	359.12	367.00
f. Other Assets	881.08	745.73
Total	**35,244.72**	**28,670.48**
Contingent Liabilities	3,199.65	3,687.01
Bills for collection	878.45	884.43

Reformatted Profit and loss account

(₹ in crores)

	Fiscal 2017	Fiscal 2016
I. Income		
a. Interest Earned	2,846.66	2,568.30
b. Other Income	502.76	304.53
Total	**3,349.42**	**2,872.83**
II. Expenditure		
a. Interest Expended	2,064.00	1,922.99
b. Operating Expenses	651.37	542.71
c. Provisions & Contingencies	377.98	226.89
Total	**3,093.35**	**2,692.59**
III. Net Profit for The Year	256.07	180.24
Profit brought forward	0.00	0.08
Transfer from Investment Reserve	0.00	0.73
Total	**256.07**	**181.04**
IV. Appropriations		
a. Transfer to Statutory Reserve	64.10	45.20
b. Transfer to Capital Reserve	77.16	6.04
c. Transfer to Other Reserves	46.55	50.00
d. Investment Reserve	0.00	-
e. Transfer to Special Reserve u/s 36(1)(viii) of the IT Act, 1961	6.00	15.00
f. Proposed Dividend	0.00	53.84
g. Tax on Proposed Dividend	0.00	10.96
h. Balance carried over to Balance Sheet	62.26	0.00
Total	**256.07**	**181.04**
Earnings Per Share - Basic (₹)	14.07	10.05
Earnings Per Share - Diluted (₹)	13.95	10.05

Reformatted Cash Flows

(₹ in crores)

	Fiscal 2017		Fiscal 2016	
Cash flow from operating activities				

	Fiscal 2017		Fiscal 2016	
Net profit as per profit & loss account	256.07		**180.24**	
Adjustments for:				
Provisions & Contingencies	377.98		**226.89**	
Depreciation	48.06		**37.76**	
Loss on sale of assets	(0.26)		**0.08**	
Income Tax / TDS paid	(125.00)		**(57.00)**	
Net cash flow before changes in working capital		**556.85**		**387.97**
Changes in working capital				
Liabilities: Increase/Decrease in				
Deposits	5,122.39		**3,466.75**	
Refinances	1,080.12		**224.81**	
Other Liabilities	(330.49)		**(170.70)**	
		5,872.02		**3,520.86**
Assets: Increase/Decrease in				
Investments	2,106.33		**494.25**	
Advances	4,085.17		**3,291.72**	
Other Assets	10.30		**12.29**	
		(6,201.80)		**(3,798.26)**
Net cash flow from operating activities		**227.07**		**110.57**
Cash flow from investing activities				
Purchase of Fixed Assets	(40.62)		**(67.81)**	
Sale of Fixed Assets	0.66		**0.33**	
Net cash flow from Investing activities		**(39.96)**		**(67.48)**
Cash flow from financing activities				
Share issue including share premium net of forfeited shares	162.61		**2.34**	
Proceeds received from Tier II Bonds	-		**140.10**	
Repayment of Tier II Bonds	(30.00)		**(100.00)**	
Dividends paid	(64.45)		(35.64)	
Net Cash Flow from financing activities		**68.16**		**6.80**
Cash flow for the year		**255.27**		**49.89**
Cash & Cash equivalents at the beginning of the year		**1,368.61**		**1,318.72**
Cash & Cash equivalents at the year end		**1,623.88**		**1,368.61**

Summary Profit and Loss Information for the six month period ended September 30, 2017

(₹ in crores)

Profit and Loss A/c	**Six month period ended September 30, 2017**	**Six month period ended September 30, 2016**
I. Income		
a. Interest Earned	1,548.83	1,384.06
b. Other Income	281.18	221.11
TOTAL	1,830.01	1,605.17
II. Expenditure		
a. Interest Expended	1,098.36	1,019.83
b. Operating Expenses	353.14	301.08
c. Provisions & Contingencies	301.89	158.73
TOTAL	1,753.39	1,479.64
III. Net Profit for The Year	76.62	125.53

Profit brought forward	0.00	0.00
TOTAL	**76.62**	**125.53**

Summary statement of Assets & liabilities for the six month period ended September 30, 2017

(₹ in crores)

	Six month period ended September 30, 2017	Six month period ended September 30, 2016
I. Capital & Liabilities		
a. Capital	191.81	179.46
b. Reserves & surplus	1,937.25	1,711.39
c. Deposits	29,171.11	26,680.14
d. Borrowings	5,097.84	668.20
e. Other liabilities & provisions	752.58	663.39
Total	**37,150.59**	**29,902.58**
II. Assets		
a. Cash & Balances with Reserve Bank of India	1,612.49	1,375.21
b. Balances with banks and money at call & short notice	64.07	200.40
c. Investments	11,215.13	7,226.20
d. Advances	22,926.49	20,069.16
e. Fixed Assets	401.36	372.59
f. Other Assets	931.05	659.02
Total	**37,150.59**	**29,902.58**

THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board on September 27, 2017 pursuant to Section 62 of the Companies Act, 2013. The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "***Terms of the Issue***" on page 112.

Rights Equity Shares being offered by our Bank	Up to 6,44,97,155 Rights Equity Shares aggregating up to ₹ 786.87 crores
Rights Entitlement	One Rights Equity Share for every three fully paid-up Equity Shares held on the Record Date
Record Date	December 6, 2017
Face value per Equity Share	₹ 10 each
Issue Price	₹ 122 per Rights Equity Share
Issue Size	Up to ₹ 786.87 crores
Voting Rights	
In case of show of hands	One vote per member
In case of poll / ballot	One vote per Equity Share
Equity Shares issued and outstanding prior to the Issue	19,35,15,124 Equity Shares
Equity Shares subscribed and paid up outstanding prior to the Issue	19,20,06,747 Equity Shares*
Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	25,80,12,279 Equity Shares
Equity Shares subscribed and paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	25,65,03,902 Equity Shares
Security Codes	ISIN: INE694C01018 BSE Code: 534690 NSE Code: LAKSHVILAS
Terms of the Issue	For details, see "***Terms of the Issue***" on page 112.
Use of Issue Proceeds	For details, see "***Objects of the Issue***" on page 73.

** The subscribed and paid up share capital of our Bank does not include 15,08,377 Equity Shares kept in abeyance, forfeited shares and lapsed shares.*

Terms of Payment

The full amount is payable on application.

Due Date	Amount
On the Issue application (i.e. along with the CAF)	₹ 122 per Rights Equity Share, which constitutes 100% of the Issue Price payable

GENERAL INFORMATION

Registered Office of our Bank

The Lakshmi Vilas Bank Limited
Salem Road, Kathaparai
Karur – 639 006
Tel: +91 4324 220 051
Fax: +91 4324 223 607
Website: www.lvbank.com
CIN: L65110TN1926PLC001377
Registration Number: 001377

Address of the RoC

Our Bank is registered with the RoC, which is situated at the following address:

Registrar of Companies, Chennai

Block No.6, B Wing, 2nd Floor
Shastri Bhawan 26, Haddows Road,
Chennai 600034

The Equity Shares of our Bank are listed on BSE and NSE.

Company Secretary and Compliance Officer

N. Ramanathan is the Company Secretary and Compliance Officer of our Bank. His contact details are as follows:

N. Ramanathan
Company Secretary and Compliance Officer
LVB House, No. 4, Sardar Patel Road, Guindy
Chennai – 600 032
Tel: +91 44 2220 5306
Fax: +91 44 2220 5317
Email: secretarial@lvbank.in

Investors may contact the Registrar to the Issue or the compliance officer in case of any pre-Issue or post-Issue related matters such as non-receipt of letter of Allotment, credit of shares, SAF or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper Application, as the case may be, was submitted by the ASBA Investor.

Lead Manager to the Issue

Centrum Capital Limited
Centrum House
C.S.T. Road, Vidyanagari Marg
Kalina, Santacruz (East)
Mumbai - 400 098
Tel: +91 22 4215 9000
Fax: +91 22 4215 9444
Email: lvb.rights@centrum.co.in
Investor Grievance Email: igmbd@centrum.co.in
Website: http://www.centrum.co.in/
Contact Person: Sugandha Kaushik
SEBI Registration Number: INM000010445

Co-Lead Manager to the Issue

SPA Capital Advisors Limited
25, C Block, Community Centre,
Janak Puri, New Delhi - 110058
Tel: +91 11 2551 7371 / 4558 6600
Fax: +91 11 2557 2342
Email: vgautam@spacapital.com / anchal.lohia@spagroupindia.com
Investor Grievance Email: grievances.mb@spagroupindia.com
Website: www.spacapital.com
Contact Person: Anchal Lohia
SEBI Registration Number: INM000010825

Banker to the Issue (Escrow Collection Bank and Refund Bank)

The Lakshmi Vilas Bank Limited
4, Sardar Patel Road, Guindy
Chennai 600 032
Tel: +91 44 2220 5108
Fa: +91 44 2220 5317
Website: www.lvbank.com
Email: gopalaswamy.muthuswamy@lvbank.in
Contact Person: M. Gopalaswamy

Legal Advisor to the Issue

Khaitan & Co
Ashoka Estate, 12th Floor
24 Barakhamba Road
New Delhi 110 001
Tel: +91 11 4151 5454
Facsimile +91 11 4151 5318

International Legal Counsel with Respect to Selling and Transfer Restrictions

Duane Morris & Selvam LLP
16 Collyer Quay, Floor 17
Singapore 049318
Tel: +65 6311 0030
Fax: +65 6311 0058

Statutory Auditor of our Bank

R.K. Kumar & Co
Room no. 101-106
2nd Floor, Congress Building
573, Anna Salai, Chennai 600 006
Tel: + 91 44 2434 9866 / 9867
Fax: +91 44 2434 9857
Firm Registration Number: 001595S

Registrar to the Issue

Integrated Registry Management Services Private Limited
II Floor, "Kences Towers"
No.1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai 600 017
Tel: +91 44 2814 0801/802/803
Fax: +91 44 2814 2479
Email: lvb@integratedindia.in
Investor Grievance Email: corpserv@integratedindia.in

Website: www.integratedindia.in
Contact Person: S. Sriram
SEBI Registration No.: INR000000544

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs under the BTI Regulations for the ASBA process in accordance with the SEBI ICDR Regulations is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time, or at such other website as may be prescribed by SEBI from time to time. Further, details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below.

Issue Opening Date	**:**	December 12, 2017
Last date for receiving requests for SAFs	**:**	December 18, 2017
Issue Closing Date	**:**	December 26, 2017

For further details on Issue Schedule, see "***Terms of Issue***" on page 112.

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Bank, the Lead Manager, the Co-Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 (thirty) days from the Issue Opening Date.

ASBA

For details on the ASBA process, refer to the details given in the CAF and see "***Terms of the Issue***" beginning on page 112.

Monitoring Agency

Our bank is not required to appoint a monitoring agency to monitor the utilisation of the Net Proceeds as per Regulation 16 of the SEBI Regulations as its not applicable on the issue of specified securities by the banks and public financial institutions.

Appraising Entity

The Net Proceeds are not proposed to be utilized for any project and hence our Bank has not obtained any appraisal of the use of proceeds of the Issue by any banks or financial institution or any other independent agency.

Debenture trustee

As this is an issue of Equity Shares, there is no requirement to appoint a debenture trustee for this Issue.

Underwriting

This Issue shall not be underwritten

Statement of responsibilities

The following table sets forth the *inter se* allocation of responsibilities for various activities among the Lead Manager and the Co-Lead Manager:

Sr. No.	Activity	Responsibility	Co-ordinating Lead manager
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	Centrum and SPA Capital	Centrum
2.	Due Diligence of the Bank, drafting and design of the offer document and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.	Centrum and SPA Capital	Centrum
3.	Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, monitoring agency, etc., as may be applicable.	Centrum and SPA Capital	Centrum
4.	Liaisoning with the Stock Exchanges and SEBI for pre-Issue activities, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.	Centrum and SPA Capital	Centrum
5.	Institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	Centrum and SPA Capital	Centrum
6.	Non-Institutional & Retail Marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies; • Preparation of publicity budget, finalising Media and PR strategy. • Finalising centres for holding conferences for brokers; • Finalising collection centres; and • Follow-up on distribution of publicity and Offer material including form, letter of offer and deciding on the quantum of the Offer material.	Centrum and SPA Capital	SPA Capital
7.	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 Bank 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.	Centrum and SPA Capital	Centrum

Credit Rating

As the Issue is a Rights issue of Equity Shares, there is no requirement of credit rating for this Issue.

Minimum Subscription

If our Bank does not receive the minimum subscription of 90% of the Issue, our Bank shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

Principal terms of loans and assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to these loans availed by our Bank, see "***Financial Statements***" on page 84.

CAPITAL STRUCTURE

The share capital of our Bank as on the date of this Letter of Offer is as set forth below:

(in ₹ crores, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
1	**AUTHORISED SHARE CAPITAL**		
	500,000,000 Equity Shares of ₹ 10 each	500.00	-
2	**ISSUED SHARE CAPITAL BEFORE THE ISSUE**		
	193,515,124 Equity Shares of ₹ 10 each	193.52	-
3	**SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**(1)		
	192,006,747 Equity Shares of ₹ 10 each	192.01	-
4	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**		
	6,44,97,155 Equity Shares (2)(3)	64.50	786.87
5	**ISSUED CAPITAL AFTER THE ISSUE**		
	25,80,12,279 Equity Shares(4)	258.01	3,147.75
6	**SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**(5)		
	25,65,03,902 Equity Shares	256.50	3,129.35
SECURITIES PREMIUM ACCOUNT		*(in ₹ crores)*	
Before the Issue		813.10	
After the Issue		1,535.47(6)	

(1) *The subscribed and paid up share capital of our Bank does not include 1,508,377 Equity Shares kept in abeyance or forfeited shares and lapsed Equity Shares. The details of the same are as set out hereinbelow:*

(a) 135 Equity Shares kept in abeyance in the bonus issue of Equity Shares during the year 1957, which subsequently lapsed.
(b) 6,225 Equity Shares kept in abeyance, in the rights issue of Equity Shares during the year 1993;
(c) 20,100 Equity Shares kept in abeyance, in the bonus issue of Equity Shares during the year 1995, of which 19,075 Equity Shares are outstanding;
(d) 50,650 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 1995, of which 42,050 Equity Shares are outstanding;
(e) 68,820 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2005, of which 66,300 Equity Shares are outstanding;
(f) 83,204 Equity Shares kept in abeyance in the bonus issue of Equity Shares during the year 2006, of which 81,251 Equity Shares are outstanding;
(g) 169,038 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2006, of which 162,501 Equity Shares are outstanding;
(h) 435,133 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2009, of which 410,814 Equity Shares are outstanding;
(i) 696,503 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2014;
(j) 9,379 Equity Shares forfeited in the rights issues of 2005; and
(k) 14,144 Equity Shares forfeited in the rights issues of 2006

(2) *The Issue has been authorised by a resolution of our Board passed at its meeting held on September 27, 2017, pursuant to Section 62 of the Companies Act, 2013.*

(3) *The present Issue of Equity Shares on a rights basis is in the ratio of one Equity Share for every three Equity Shares held by our existing equity shareholders on the Record Date.*

The rights entitlement for the following Equity Shares would be kept in abeyance in lieu of the rights entitlements:

In addition to the paid-up capital of 192,006,747 Equity Shares, 1,484,719 Equity Shares have been kept in abeyance on account of earlier issues are considered (after ignoring the 135 Equity Shares that lapsed and the Equity shares that have been forfeited). Details of the same are as set out hereinbelow:

a) 6,225 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 1993;
b) 19,075 Equity Shares kept in abeyance in the bonus issue of Equity Shares during the year 1995;
c) 42,050 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 1995;
d) 66,300 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2005;
e) 81,251 Equity Shares kept in abeyance in the bonus issue of Equity Shares during the year 2006;
f) 162,501 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2006;
g) 410,814 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2009; and
h) 696,503 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2014.

(4) *The post Issue equity share capital shall also include 1,484,789 Equity Shares to be kept in abeyance, as per the earlier rights issue and rights entitlement on those Equity Shares in the Issue.*

(5) *Assuming full subscription and Allotment in the Issue, excluding the Equity Shares that are kept in abeyance, or forfeited and lapsed, and excluding the impact of any further allotments of Equity Shares pursuant to the exercise of options granted under the LVB ESOS-2010 and LVB ESOS-2017.*

(6) *Assuming full subscription and Allotment in the Issue and not adjusting for the expenses of the Issue.*

Notes to the Capital Structure

1. Except as mentioned below, our Bank does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Letter of Offer, which would entitle the holders to acquire further Equity Shares. As on date of this Letter of Offer, there are no outstanding compulsory convertibles debt instruments in our Bank.

   The details of outstanding options as per the employee stock option schemes / employee stock purchase schemes of our Bank are as follows:

   (a) **Employee Stock Option Scheme – 2010 ("LVB ESOS-2010")**

   Our Bank instituted LVB ESOS-2010 pursuant to a special resolution dated August 4, 2010 passed by the shareholders of our Bank. Under LVB ESOS-2010, our Bank can grant employee stock options exercisable into not more than 5,000,000 Equity Shares. The eligibility and number of options to be granted to an employee is determined on the basis of criteria laid down in the LVB ESOS-2010 and is approved by the Compensation Committee of the Board of Directors. The options granted shall be capable of being exercised within a period of 5 years from the date of vesting of the respective options. The LVB ESOS-2010 shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the options available for issuance under the LVB ESOS-2010 have been issued and exercised, whichever is earlier.

   (b) **Employee Stock Option Scheme – 2017 ("LVB ESOS-2017")**

   Our Bank instituted LVB ESOS-2017 pursuant to a special resolution dated July 18, 2017 passed by the shareholders of our Bank. Under LVB ESOS-2017, our Bank can grant employee stock options exercisable into not more than 5,000,000 Equity Shares of ₹ 10 each. The eligibility and number of options to be granted to an employee is determined on the basis of criteria laid down in the LVB ESOS-2017 and is approved by the Nomination, Remuneration and Compensation Committee of the Board of Directors. The options granted shall be capable of being exercised within a period of five years from the date of vesting of the respective options. The LVB ESOS-2017 shall continue to be in force until (i) its termination by the Board or Nomination, Remuneration and Compensation Committee as per provisions of Applicable Laws, or (ii) the date on which all of the options available for issuance under the LVB ESOS-2017 have been issued and exercised, whichever is earlier. No options have been granted under LVB ESOS-2017, as on date.

A summary of options granted as on the date of this Letter of Offer is as follows:

Sr. No.	Description	Number of options (LVB ESOS-2010)
1.	Total number of options	5,000,000
2.	Options granted as on date	5,395,428
3.	Options vested and exercisable as on date	Nil
4.	Options exercised as on date	1,220,000
5.	Options unvested as on date	2,300,501
6.	Options lapsed or forfeited as on date	Nil
7.	Options cancelled as on date	1,874,927
8.	Total options outstanding as on date	1,479,499

Our Bank has not granted any options under LVB ESOS 2017, as on the date of filing of this Letter of Offer.

2. For details of the Equity Shares held by our Promoters, see "***Capital Structure - Shareholding Pattern of the Equity Shares of our Bank as per the last filing with the Stock Exchanges***" below. Except as set out under "***Capital Structure - Shareholding Pattern of the Equity Shares of our Bank as per the last filing with the Stock Exchanges***", none of the Equity Shares held by the members of our Promoter Group are locked-in, pledged or otherwise encumbered. The Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoter's contribution and lock-in are not applicable.

3. Except as stated below, there are Equity Shares that have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange, except as stated below:

Sr. No.	Name of Promoter / Promoter Group member	Total No. of Equity Shares	Consideration (₹ per Equity Share)	Nature of transaction	Date of Transaction
1.	M/s Sri Gayathri & Co	1,404	-	Off-market	September 11, 2017
2.	N. Saiprasad	500	151.50	Market purchase	September 25, 2017
		500	144.50		

For further details, please refer to "***Risk Factors – We are involved in certain legal proceedings which if determined against us, could affect our business and financial condition***" on page 19.

4. **Intention and extent of participation by Promoter and Promoter Group**

Our Promoter and Promoter Group (holding Equity Shares) have confirmed, *vide* letters dated November 20, 2017 that, they intend to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of Takeover Regulations.

5. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ 149.94.

9. **Shareholding Pattern of the Equity Shares of our Bank as per the last filing with the Stock Exchanges**

Pursuant to Regulation 31 of the SEBI Listing Regulations, the holding of specified securities is divided into the following three categories:

(a) Promoter and Promoter Group;
(b) Public; and
(c) Non-Promoter - Non-Public.

The following are the statements representing the shareholding pattern of our Bank, as on September 30, 2017:

Table I – Statement holding of specified securities

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights: Class eg: X	No. of Voting Rights: Class eg: y	No. of Voting Rights: Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	Promoter and Promoter Group	30	1,73,25,552	-	-	1,73,25,552	9.03	1,73,25,552	0	1,73,25,552	9.03	0	9.03	0	0	75,67,258	43.68	1,73,25,552
(B)	Public	80867	17,44,81,195	0	0	17,44,81,195	90.97	17,44,81,195	0	17,44,81,195	90.97	0	90.97	0	0	**NA**		16,51,81,556
(C)	Non Promoter - Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**NA**		0

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights: Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(C1)	Shares Underlying DRs	0	0	0	0	0	NA	0	0	0	0	0	0	0	0	NA		0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA		0
	Total	**80897**	**19,18,06,747**	**0**	**0**	**19,18,06,747**	**100.00**	**19,18,06,747**	**0**	**19,18,06,747**	**100.00**	**0**	**100.00**	**0**	**0**	**75,67,258**	**3.95**	**18,25,07,108**

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX) — No. of Voting Rights — Class X	Class y	Total	Total as a % of Total Voting Rights	No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII) — No. (a)	As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered (XIII) — No. (a)	As a % of total Shares held (b)	Number of equity shares held in dematerialized form (XIV)
(1)	**Indian**																	
a	Individual/Hindu Undivided Family	22	49,96,016			49,96,016	2.60	49,96,016		49,96,016	2.60		2.60			1,19,700	2.40	49,96,016
	Usha R Prabakaran		1,15,256			115,256	0.06	1,15,256		1,15,256	0.06		0.06			0	0.00	1,15,256
	G Sudhakara Gupta		2,000			2,000	0.00	2,000		2,000	0.00		0.00			0	0.00	2,000
	V N Jayaprakash		19,365			19,365	0.01	19,365		19,365	0.01		0.01			0	0.00	1,93,65
	S G Prabhakharan		4,004			4,004	0.00	4,004		4,004	0.00		0.00			0	0.00	4,004
	Anuradha Pradeep		6,216			6,216	0.00	6,216		6,216	0.00		0.00			0	0.00	6,216
	K R Pradeep		42,15,285			42,15,285	2.20	42,15,285		42,15,285	2.20		2.20			0	0.00	42,15,285

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Class y	Total								
	P Vasantha		17,930			17,930	0.01	17,930		17,930	0.01		0.01			0	0.00	17,930
	N Saiprasad		1,43,302			1,43,302	0.07	1,43,302		1,43,302	0.07		0.07			0	0.00	1,43,302
	N Sivakumar		56,985			56,985	0.03	56,985		56,985	0.03		0.03			10,700	18.78	56,985
	M K Panduranga Setty		2,071			2,071	0.00	2,071		2,071	0.00		0.00			0	0.00	2,071
	M. P. Vikram Setty		1,202			1,202	0.00	1,202		1,202	0.00		0.00			0	0.00	1,202
	M P Shyam		1,35,622			1,35,622	0.07	13,5622		1,35,622	0.07		0.07			0	0.00	1,35,622
	M Balasubramanian		6,531			6,531	0.00	6,531		6,531	0.00		0.00			2,000	30.62	6,531
	N Dwarakanathan		717			717	0.00	717		717	0.00		0.00			0	0.00	717

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Class y	Total								
	M S Nivedita		10,000			10,000	0.01	10,000		10,000	0.01		0.01			0	0.00	10,000
	M Geetha		19,142			19,142	0.01	19,142		19,142	0.01		0.01			8,000	41.79	19,142
	N Malayalaramamirtham		81,628			81,628	0.04	81,628		81,628	0.04		0.04			30,000	36.75	81,628
	M S Sharmila		1,19,870			1,19,870	0.06	1,19,870		1,19,870	0.06		0.06			69,000	57.56	1,19,870
	N Susila		11,965			11,965	0.01	11,965		11,965	0.01		0.01			0	0.00	11,965
	Sasikaladhevi M R		500			500	0.00	500		500	0.00		0.00			0	0.00	500
	G P Prajnesh		14,200			14,200	0.01	14,200		14,200	0.01		0.01			0	0.00	14,200
	M Shalini		12,225			12,225	0.01	12,225		12,225	0.01		0.01			0	0.00	12,225

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Class y	Total								
b	Central Government/ State Governments																	
	Name																	
c	Financial Institutions / Banks																	
	Name																	
d	Any other (Specify)	8	1,232,9536			12,329536	6.43	12,329,536		12,329536	6.43		6.43			7,447558	60.40	1,23,29,536
	Sri Gayathiri & Co		1,404			1,404	0.00	1,404		1,404	0.00						0.00	1,404
	Cauvery Motors Pvt Ltd		10,09,759			10,09,759	0.53	10,09,759		10,09,759	0.53		0.53			10,00,000	99.03	10,09,759
	XS Real Properties Private Limited		14,008			14,008	0.01	14,008		14,008	0.01		0.01			0	0.00	14,008

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights: Class X	Class y	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	Kare Electronics And Development Private Limited		12,59,569			12,59,569	0.66	12,59,569		12,59,569	0.66		0.66			0	0.00	12,59,569
	Advaith Motors Pvt Ltd		19,72,515			19,72,515	1.03	19,72,515		19,72,515	1.03		1.03			19,72,000	99.97	19,72,515
	Pranava Electronics P Ltd		34,12,464			34,12,464	1.78	34,12,464		34,12,464	1.78		1.78			0	0.00	34,12,464
	Ariston Capital Asset Holdings Private Limited		18,47,559			18,47,559	0.96	18,47,559		18,47,559	0.96		0.96			16,63,300	90.03	18,47,559
	Tangerine Capital Asset Holdings LLP		28,12,258			28,12,258	1.47	28,12,258		28,12,258	1.47		1.47			28,12,258	100.00	28,12,258
	Sub Total A(1)	**30**	**1,73,25,552**	**0**	**0**	**1,73,25,552**	**9.03**	**1,73,25,552**	**0**	**1,73,25,552**	**9.03**	**0**	**9.03**	**0**	**0**	**75,67,258**	**43.68**	**1,73,25,552**

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Class y	Total								
(2)	**Foreign**																	
a	Individual (Non resident Individuals / Foreign individuals)																	
	Name																	
b	Government																	
	Name																	
c	Institutions																	
	Name																	
d	Foreign Portfolio Investor																	
	Name																	
e	Any other (Specify)																	

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights Class X	Class y	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	Name																	
	Sub Total A(2)	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**
	Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2)	**30**	**1,73,25,552**	**0**	**0**	**1,73,25,552**	**9.03**	**1,73,25,552**	**0**	**1,73,25,552**	**9**	**0**	**9.03**	**0**	**0**	**75,67,258**	**43.68**	**1,73,25,552**

Table III - Statement showing shareholding pattern of public shareholders

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
																NA		
(1)	**Institutions**															NA		
a	Mutual Funds/UTI	2	5,02,637			5,02,637	0.26	5,02,637		5,02,637	0.26		0.26			NA		5,02,637
	Name															NA		
b	Venture capital Funds					0										NA		
	Name															NA		
c	Alternate Investment Funds					0										NA		
	Name															NA		
d	Foreign Venture					0										NA		

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Capital Investors																	
	Name															NA		
e	Foreign Portfolio Investors	41	1,52,98,698			1,52,98,698	7.98	1,52,98,698		1,52,98,698	7.98		7.98			NA		1,52,98,698
	Nomura Singapore Limited		33,44,412			33,44,412	1.74	33,44,412		33,44,412	1.74		1.74					33,44,412
	EQ Assets		43,32,038			43,32,038	2.26	43,32,038		43,32,038	2.26		2.26					43,32,038
f	Financial Institutions / Banks	8	72,19,584			72,19,584	3.76	72,19,584		72,19,584	3.76		3.76			NA		72,17,334
	Life Insurance		41,03,253			41,03,253	2.14	41,03,253		41,03,253	2.14		2.14					41,03,253

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Corporation Of India																	
g	Insurance Companies	3	4,62,678			4,62,678	0.24	4,62,678		4,62,678	0.24		0.24			NA		4,62,678
	Name															NA		
h	Provident Funds / Pension Funds					0										NA		
	Name															NA		
i	Any other (Specify) - Foreign Banks					0										NA		

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Name															NA		
	Sub Total B(1)	**54**	**2,34,83,597**	**0**	**0**	**2,34,83,597**	**12.24**	**2,34,83,597**	**0**	**2,34,83,597**	**12.24**	**0**	**12.24**	**0**	**0**	NA		**2,34,81,347**
(2)	**Central Government / State Government / President of India**					0										NA		
	Name						0.00									NA		
	Sub Total B(2)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA		0

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
(3)	**Non-Institutions**															NA		
a	Individuals															NA		
i	Individual Shareholders holding Nominal Share Capital upto Rs.2 Lakhs	79,188	5,44,52,380			5,44,52,380	28.39	5,44,52,380		5,44,52,380	28.39		28.39			NA		4,54,11,136
ii	Individual Sharehol	365	3,79,35,437			3,79,35,437	19.78	37,93,5437		3,79,35,437	19.78		19.78			NA		3,77,08,509

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	ders holding Nominal Share Capital in excess of Rs.2 Lakhs																	
	Mariannan Arokia Swamy		26,44,656			26,44,656	1.38	26,44,656		26,44,656	1.38		1.38					26,44,656
	Mukul Mahavirprasad Agrawal		20,00,000			20,00,000	1.04	20,00,000		20,00,000	1.04		1.04					20,00,000
	Shivanand Shankar		37,80,000			37,80,000	1.97	37,80,000		37,80,000	1.97		1.97					37,80,000

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Mankekar																	
	Maninder Singh		27,86,034			27,86,034	1.45	27,86,034		27,86,034	1.45		1.45					27,86,034
b	NBFCs Registered with RBI	7	36,298			36,298	0.02	36,298		36,298	0.02		0.02			NA		36,298
	Name															NA		
c	Employee Trusts					0										NA		
	Name															NA		
d	Overseas Depositories (holding					0										NA		

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	DRs) (balancing figure)																	
	Name															NA		
e	Any other ***	1253	58,57,3483			58,57,3483	30.54	58,57,3483		58,57,3483	30.54		30.54			NA		5,85,44,266
	Birla Sun Life Insurance Company Limited		57,10,657			57,10,657	2.98	57,10,657		57,10,657	2.98		2.98					57,10,657
	Aviva Life Insurance Company India Limited		20,00,905			20,00,905	1.04	20,00,905		20,00,905	1.04		1.04					20,00,905

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Jupiter Capital Private Limited		25,20,500			25,20,500	1.31	25,20,500		25,20,500	1.31		1.31					25,20,500
	M N Dastur and Co Private Limited		73,96,192			73,96,192	3.86	73,96,192		73,96,192	3.86		3.86					73,96,192
	DHFL Pramerica Life Insurance Co. Ltd		66,71,314			66,71,314	3.48	66,71,314		66,71,314	3.48		3.48					66,71,314
	Max Life Insurance Company Limited		84,13,919			84,13,919	4.39	84,13,919		84,13,919	4.39		4.39					84,13,919

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Plaza Agencies (P) Ltd		40,00,000			40,00,000	2.09	40,00,000		40,00,000	2.09		2.09					40,00,000
	Sivan Securities Private Limited		25,95,000			25,95,000	1.35	25,95,000		25,95,000	1.35		1.35					25,95,000
	Sub Total B(3)	**80,813**	**15,09,97,598**	**0**	**0**	**15,09,97,598**	**78.72**	**15,09,97,598**	**0**	**15,09,97,598**	**78.72**	**0**	**78.72**	**0**	**0**	**NA**		**14,17,00,209**
	Total Public Shareholding (B)= (B)(1)+(	**80867**	**17,44,81,195**	**0**	**0**	**17,44,81,195**	**90.97**	**17,44,81,195**	**0**	**17,44,81,195**	**90.97**	**0**	**90.97**	**0**	**0**	**NA**		**16,51,81,556**

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX) No. of Voting Rights: Class X	Class y	Total	Total as a % of Total Voting Rights	No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII) No. (a)	As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered (XIII) No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	Number of equity shares held in dematerialized form (XIV)
	B)(2) +(B)(3)																	
	***																	
	Clearing Member	84	2,43,247			2,43,247	0.13	2,43,247		2,43,247	0.13		0.13					2,43,247
	Domestic Body Corporate	921	5,55,99,281			5,55,99,281	28.99	5,55,99,281		5,55,99,281	28.99		28.99					5,55,80,914
	Domestic Body Corporate-LLP	9	37,175			37,175	0.02	37,175		37,175	0.02		0.02					37,175
	Foreign Institutional Investor	2	10,850			10,850	0.01	10,850		10,850	0.01		0.01					0

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Foreign Port Folio Investor - Corporate	1	4,24,710			4,24,710	0.22	4,24,710		4,24,710	0.22		0.22					4,24,710
	Limited Liability Partnership	18	7,51,153			7,51,153	0.39	7,51,153		7,51,153	0.39		0.39					7,51,153
	Margin Trading Account-Corporate	214	14,87,459			14,87,459	0.78	14,87,459		14,87,459	0.78		0.78					14,87,459
	Trust	4	19,608			19,608	0.01	19,608		19,608	0.01		0.01					19,608

Table IV - Statement showing shareholding pattern of the Non-Promoter – Non-Public shareholder

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % ocalculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No.(Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
(1)	**Custodian / DR Holder (c) (1)**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA		0
(a)	Name of DR Holder if available															NA		
																NA		
(2)	**Employee Benefit Trust (under SEBI(Share Based Employee Benefit)**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA		0

	Category and Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding % ocalculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No.(Not Applicable) (a)	As a % of total Shares held (Not Applicable) (b)	
								Class X	Class y	Total								
	Regulations, 2014) (c) (2)																	
	Name															NA		
	Total Non-Promoter - Non Public Shareholding (C)= (C) (1) +(C) (2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA		0

10. **Statement showing shareholders holding more than 1% of the paid-up capital of our Bank**

Pursuant to Schedule VIII, Part E - (5)VI (C)(8) SEBI ICDR Regulations, the following is a statement showing details of the shareholders holding more than 1% of the total number of Equity Shares of our Bank, as on September 30, 2017.

Sr. No.	Name of shareholder	No, of fully paid up Equity Shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialised form
					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
1	Max Life Insurance Company Limited	8,413,919	8,413,919	4.39	-	-	-	-	8,413,919
2	M N Dastur and Co Private Limited	7,396,192	7,396,192	3.86	-	-	-	-	7,396,192
3	DHFL Pramerica Life Insurance Co. Ltd	6,671,314	6,671,314	3.48	-	-	-	-	6,671,314
4	Birla Sun Life Insurance Company Limited	5,710,657	5,710,657	2.98	-	-	-	-	5,710,657
5	EQ Assets	4,332,038	4,332,038	2.26	-	-	-	-	4,332,038
6	K R Pradeep	4,215,285	4,215,285	2.20	-	-	-	-	4,215,285
7	Life Insurance Corporation of India	4,103,253	4,103,253	2.14	-	-	-	-	4,103,253
8	Plaza Agencies (P) Ltd	4,000,000	4,000,000	2.09	-	-	-	-	4,000,000
9	Shivanand Shankar Mankekar	3,780,000	3,780,000	1.97	-	-	-	-	3,780,000
10	Pranava Electronics P Ltd	3,412,464	3,412,464	1.78	-	-	-	-	3,412,464
11	Nomura Singapore Limited	3,344,412	3,344,412	1.74	-	-	-	-	3,344,412

Sr. No.	Name of shareholder	No, of fully paid up Equity Shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialised form
					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
12	Tangerine Capital Asset Holdings LLP	2,812,258	2,812,258	1.47	-	-	2,812,258	100.00	2,812,258
13	Maninder Singh	2,786,034	2,786,034	1.45	-	-	-	-	2,786,034
14	Mariannan Arokia Swamy	2,644,656	2,644,656	1.38	-	-	-	-	2,644,656
15	Sivan Securities Private Limited	2,595,000	2,595,000	1.35	-	-	-	-	2,595,000
16	Jupiter Capital Private Limited	2,520,500	2,520,500	1.31	-	-	-	-	2,520,500
17	Aviva Life Insurance Company India Limited	2,000,905	2,000,905	1.04	-	-	-	-	2,000,905
18	Mukul Mahavirprasad Agrawal	2,000,000	2,000,000	1.04	-	-	-	-	2,000,000
19	Advaith Motors Pvt Ltd	1,972,515	1,972,515	1.03	-	-	1,972,000	99.97	1,972,515

OBJECTS OF THE ISSUE

Our Bank proposes to utilise the Net Proceeds from the Issue, *inter alia*, towards augmenting our Bank's Tier I capital to meet our capital requirements which are expected to increase out of growth in our business and to ensure compliance with RBI regulations and guidelines, subject to compliance with applicable laws and regulations

The objects clause set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

Issue Proceeds

The details of the Issue Proceeds are set forth in the following table:

Particulars		Estimated amount (in ₹ crores)
Gross Proceeds to be raised from the Issue		786.87
Less:	Estimated Issue related expenses	19.51
Net Proceeds from the Issue after deducting the estimated Issue related expenses ("Net Proceeds")		**767.36**

Means of finance

Our Bank proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, our Bank confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised by any other banks or financial institutions.

Schedule of implementation and deployment of the Net Proceeds

Our Bank proposes to deploy the Net Proceeds in the aforesaid objects in the current Fiscal.

Requirement of funds

As prescribed by the RBI, our Bank has adopted Basel III norms starting from April 1, 2013. The minimum capital adequacy ratio ("**CRAR**") required to be maintained by our Bank for Fiscal 2017 is 10.25% (including capital conservation buffer ("**CCB**"). The capital requirement is progressively going up under the Basel III regulations prescribed by RBI. The minimum capital adequacy (including CCB) will increase from 10.25% as at March 2017 to 11.50% by March 31, 2019.

Basel III is being implemented by RBI from April 1, 2013, subject to a series of transitional arrangements to be phased in over a period of time and has to be fully implemented by March 31, 2019. The RBI has indicated that the capital requirements for the implementation of the Basel III Capital Regulations may be lower during the initial period and higher in later years. While our Bank has raised capital from time to time, with adoption of Basel III by our Bank and the ongoing implementation of BASEL III, the minimum capital requirements of our Bank will increase in a phased manner over the next few years. Accordingly, the objects of the 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 regulations.

As on March 31, 2017, our Bank's total CRAR and common equity tier-1 CRAR was at 10.38% and 8.75% respectively. However, considering the future growth plans and consequent increase in risk weighted assets, our Bank would require additional capital.

Accordingly, the objects of the Issue are to support our business expansion and augment our Bank's Tier-I capital to meet our Bank's future capital requirements and to conform to the provision of Section 12(1)(i) of the Banking Regulation Act i.e. to have subscribed capital of not less than one half of authorized capital and paid up capital of not less than one half of subscribed capital. Hence, our Bank is required to issue additional Equity Shares.

Bridge financing facilities and other financial arrangements

We have not raised any bridge loans against the Net Proceeds.

Issue related expenses

The total expenses of the Issue are estimated to be ₹ 19.51 crores. The break-up for the Issue expenses is as follows:

Sr. No.	Activity Expense	Estimated amount (in ₹ crores)[(1)]	Percentage of total estimated Issue expenditure (%) [(1)]	Percentage of Issue size (%) [(1)]
1.	Fees of the Lead Manager, Co-Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	17.10	87.64	2.17
2.	Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	1.17	6.00	0.15
3.	Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	1.24	6.36	0.16
Total estimated Issue expenditure		**19.51**	**100.00**	**2.48**

[(1)] *Assuming full subscription and Allotment in the Issue.*

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Bank intends to deposit the Net Proceeds with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, including The Lakshmi Vilas Bank. Our Bank confirms that pending utilisation of the Net Proceeds for the objects of the Issue, it shall not utilise the Net Proceeds for any investment in the equity markets, real estate or related products.

Monitoring of utilisation 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).

Other confirmations

No part of the proceeds of the Issue will be paid by our Bank to the Promoter, the Promoter Group, the Directors, or key management personnel.

SECTION IV: TAX BENEFIT STATEMENT

To

The Board of Directors
Lakshmi Vilas Bank Limited
Salem Road, Kathaparai,
Karur – 639 006, Tamil Nadu, India

Dear Sirs,

Sub: **Statement of special tax benefits ('the Statement') available to The Lakshmi Vilas Bank Limited (the "Bank") and its shareholders prepared in accordance with the requirements under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the 'Regulations') in connection with the proposed issue of equity shares of face value of ` 10 each of the Bank to the eligible shareholders of the Bank on rights basis including a reservation for the eligible employees of the Bank (the "Issue").**

We hereby report that the enclosed Annexure prepared by The Lakshmi Vilas Bank Limited (the 'Bank'), states the special tax benefits available to the Bank under the Income-tax Act, 1961 presently in force in India and to the shareholders of the Bank under the Income-tax Act, 1961. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Bank or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Bank may face in the future and accordingly, the Bank may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Bank and its shareholders and do not cover any general tax benefits available to the Bank and its shareholders. Further, the preparation of the enclosed statement and its contents is the responsibility of the management of the Bank. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and 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.

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

- The Bank or its shareholders will continue to obtain these benefits in future; or

- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

The enclosed annexure is intended solely for your information and for inclusion in the letter of offer or any other Issue related material in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For R. K. Kumar & Co.
Chartered Accountants

Firm Registration No.: 001595S

G Naganathan
Partner
Membership No.: 022456

Place: Chennai
Date: November 20, 2017

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE ISSUER BANK AND ITS SHAREHOLDERS

TO THE BANK

Special Tax Benefits

1. 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 8.5% 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.

2. 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 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.

3. 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 specified 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.

4. 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.

5. 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, other than in respect of dividend income which is exempt to the extent of ` 10 lakh for individuals under Section 10 (34) of the Act, and long term capital gains under Section 10(38) of the Act.

SECTION V: OUR MANAGEMENT

The composition of our Board is governed by the provisions of the Companies Act, the Listing Regulations, 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 Directors and not more than 15 Directors. The Directors appointed by RBI will not be counted for determining the maximum strength of our Board as per Section 36AB of the Banking Regulation Act and hence their number will be excluded for determining the maximum number of Directors on the Board and for the purposes of compliance with corporate governance requirements. We currently have 12 Directors on our Board, of which one Director is an Executive Director (Managing Director and Chief Executive Officer), three Directors are Non-Executive and Non-Independent Director, six Directors are Independent and Non-Executive. Further, two of our Directors have been nominated by the RBI.

Further, not less than 51% of the total number of Directors shall be persons who satisfy the conditions laid down in Section 10A of the Banking Regulation Act. 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, co-operation or small-scale industry. We are currently not in compliance with the aforesaid requirement of having the two Directors on the Board who have specialized knowledge or practical experience in agriculture and rural economy, co-operation or small-scale industry. For further details, see "***Risk Factors – We operate in a regulated industry and any changes in the regulations or enforcement initiatives may adversely affect our business, financial condition or results of operation.***" on page 20. Also, 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 Section 8 of the Companies Act, 2013) 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, or are any proprietors of any trading, commercial or industrial concern, not being a small scale industrial concern.

Under the Banking Regulation Act, the appointment or re-appointment of part-time Chairman and whole-time Directors requires the approval of the RBI. The RBI has also prescribed "fit and proper" criteria to be considered when appointing or re-appointing directors of banks, with the bank's directors being required to make declarations confirming their on-going compliance with such criteria. As on date of this Letter of Offer, the Board of Directors of our Bank is in compliance with the abovementioned conditions.

Our Board

The following table sets forth details of our Board as of the date of this Letter of Offer:

Sr. No.	Name, age, designation, address, occupation, term and DIN	Other Directorships
1.	B. K. Manjunath **Age:** 57 years **Designation:** Non-Executive Chairman and Independent Director **Address:** 1/20, 8th Cross, Kumarapark West Bengaluru 560020 **Term:** Three years from June 6, 2017 **Occupation:** Professional **DIN**: 00319891	• South Star Distilleries and Breweries Private Limited • Bhramaputra Power Private Limited
2.	Parthasarathi Mukherjee **Age:** 57 years **Designation:** Managing Director and Chief Executive Officer	-

Sr. No.	Name, age, designation, address, occupation, term and DIN	Other Directorships
	Address: “Isha Aara", Flat No.101, First Floor, No.1 Sri Labdhi Colony, Alwarpet, Chennai 600018 **Term:** Three years from January 25, 2016 **Occupation:** Service **DIN:** 02446180	
3.	N. Malayalaramamirtham **Age:** 68 years **Designation:** Non-Independent and Non-Executive Director **Address:** 48, Vasavi Nagar, LNS Post, Vadivel Nagar Erode Road, Karur – 639 002 **Term#:** Liable to retire by rotation (appointed on March 7, 2014) **Occupation:** Business **DIN:** 06846587	-
4.	Y N Lakshminarayana Murthy **Age**: 64 years **Designation:** Independent and Non-Executive Director **Address**: No 187, 12th Main, Nagendra Block Banashankari 3rd Stage, Bengaluru 560050 **Term#**: Three years from July 18, 2017 (originally appointed on June 10, 2016) **Occupation:** Retired **DIN:** 07534836	-
5.	Kusuma R Muniraju **Age**: 68 years **Designation:** Independent and Non-Executive Director **Address**: Kusuma Advocates, 101 Eden Park 20 Vittal Mallya Road, Bengaluru 560 001 **Term#**: Two years from July 18, 2017 (originally appointed on July 1, 2016) **Occupation:** Professional **DIN:** 02111974	• Kanya Investments Private Limited
6.	Anuradha Pradeep **Age**: 50 years	• Kare Investments Private Limited • Kare Electronics and Development Private Limited

Sr. No.	Name, age, designation, address, occupation, term and DIN	Other Directorships
	Designation: Non-Independent and Non-Executive Director **Address**: A4, Hulkul Residency 81, Lavelle Road, Bengaluru 560 001 **Term#**: Liable to retire by rotation (appointed on March 21, 2017) **Occupation:** Professional **DIN:** 00291763	• Pranava Electronics Private Limited
7.	Hemant Kaul **Age**: 61 years **Designation:** Independent and Non-Executive Director **Address**: A-105, ATR AY Path Shyam Nagar, Jaipur 302019 **Term#**: Three years from July 18, 2017 (originally appointed on April 26, 2017) **Occupation:** Consultant **DIN:** 00551588	• Egis Healthcare Services Private Limited • Medinfi Healthcare Private Limited • Aspire Home Finance Corporation Limited • Ashish Securities Private Ltd • Ashiana Housing Limited • TCI Finance Limited • Transcorp International Limited • Social Worth Technologies Private Limited
8.	G. Sudhakara Gupta **Age**: 59 years **Designation**: Non-Independent and Non-Executive Director **Address**: FG-2, CASA XS, NO.3/246, Manapakkam Main Road, Manapakkam, Chennai 600125 **Term**: Liable to retire by rotation (appointed on September 27, 2017) **Occupation**: Consultant **DIN**: 00005150	• Megapro Investments Private Limited • Cherry International Trading Private Limited • Holzwerk Interior Private Limited • Amaryllis Properties Private Limited • Magenta RE Asset Private Limited • Jacaranda Properties Private Limited • Pristine PropServices Private Limited
9.	E V. Sumithasri **Age**: 45 years **Designation**: Independent and Non-Executive Director **Address**: 27/8, Union Street Cross Cubbon Road, Bengaluru 560 001 **Term#**: Appointed on September 27, 2017 (for such term extending up to the next annual general meeting of the shareholders of our Bank, or as may be decided by the Board) **Occupation**: Nil	-

Sr. No.	Name, age, designation, address, occupation, term and DIN	Other Directorships
	DIN: 07087197	
10.	S. Dattathreyan **Age**: 55 years **Designation**: Independent and Non-Executive Director **Address**: No.49, Bharathi Ula Road, Race Course, Madurai 625 002 **Term#**: Appointed on September 27, 2017 (for such term extending up to the next annual general meeting of the shareholders of our Bank or for such period as prescribed by the extant regulations/circulars of RBI, whichever is earlier) **Occupation**: Business **DIN**: 00724456	-
11.	Suvendu Pati **Age**: 48 years **Designation**: RBI Nominee Director **Address**: Reserve Bank of India, Regional Office, 6-1-56 Secretariate Road, Saifabad, P.B.No.1, Hyderabad – 500 004 **Term##**: Appointed for a period of two years from February 12, 2016 to February 11, 2018, or till further orders whichever is earlier **Occupation:** Service **DIN:** 07452701	-
12.	Rajnish Kumar **Age**: 45 years **Designation:** RBI Nominee Director **Address**: Reserve Bank of India, Regional Office 10/3/8, Nrupthunga Road, Bengaluru – 560 001 **Term###**: Appointed for a period of two years with effect from May 17, 2017 to May 16, 2019 or till further orders, whichever is earlier **Occupation:** Service **DIN:** 07833241	-

 # Subject to Section 10A(2A) of the Banking Regulation Act pursuant to which no director of a banking company, other than its chairman or whole-time director, by whatever name called, shall hold office continuously for a period exceeding eight years

Appointed by RBI pursuant to its Order No. DBR. PSBD. No. 10152/16.05.013/2015-16 dated February 12, 2016 in exercise of the power conferred by sub-section (1) of Section 36AB of the Banking Regulation Act, in public interest for a period of two years from February 12, 2016 to February 11, 2018 or till further orders, whichever is earlier. As per sub-section (2) of Section 36AB and Section 36 AC of the Banking

Regulation Act, the appointment of such directors is effective notwithstanding anything contained in the Memorandum of Association and Articles of Association of our Bank.

Appointed by RBI pursuant to its Order No. DBR.PSBD No.13562/16.05.013/2016-17 dated May 17, 2017 in exercise of the power conferred by sub-section (1) of Section 36AB of the Banking Regulation Act, in public interest for a period of two years from May 17, 2017 to May 16, 2019 or till further orders, whichever is earlier. As per sub-section (2) of Section 36AB and Section 36 AC of the Banking Regulation Act, the appointment of such directors is effective notwithstanding anything contained in the Memorandum of Association and Articles of Association of our Bank.

Brief Biographies of the Directors

B. K. Manjunath is the Non-Executive Chairman and Independent Director of our Bank. He has been associated as Non-Executive Chairman with our Bank from June 6, 2017. He holds a Bachelor's degree in Commerce from Bangalore University. He is a member of Institute of Chartered Accountants of India. He has 27 years of experience in the field of audit, accountancy, taxation and finance. He had also served as an Independent Director of our Bank during the period from 2008 to 2015.

Parthasarathi Mukherjee is the Managing Director and Chief Executive Officer of our Bank. He has been associated in this capacity with our Bank since January 25, 2016. He holds a Bachelor's degree in Science from the University of Calcutta. He has 35 years of experience in the banking sector. Before joining our Bank, he was the group executive of corporate relationships group and international business at Axis Bank Limited.

N. Malayalaramamirtham is one of the promoter directors of our Bank and is a Non-Executive and Non-Independent Director on our Board. He holds a Bachelor degree in commerce from University of Madras. He has 40 years of experience in the textile industry. He had also served as a Non-Independent Director of our Bank during the period from 1983 to 1990 and 1998 to 2006. He has been associated with our Bank since March 7, 2014.

Dr. Y. N. Lakshminarayana Murthy is an Independent and Non – Executive Director on our Board. He has been associated with our Bank since June 10, 2016. He holds a Master degree in science (Agriculture) in soil science and a Ph.D. in soil science and agricultural chemistry from University of Agricultural Sciences, Bengaluru. He has 40 years of work experience in the University of Agriculture Science, Bengaluru.

Kusuma R. Muniraju is an Independent and Non-Executive director on our Board and has been so appointed with effect from July 1, 2016. He holds a Bachelor degree in science from University of Mysore and LL.B. degree from University of Bangalore. He has been enrolled as an advocate with Mysore State Bar Council since 1971. He had also served as an Independent Director of our Bank during the period from 1990 to 1998 and 2008 to 2013.

Anuradha Pradeep is one of the promoter directors of our Bank and is a Non-Executive and Non-Independent Director on our Board. She has been associated with our Bank since March 21, 2017. She holds a Bachelor degree in academic law from Bangalore University and is enrolled with Karnataka State Bar Council since 1991. She is an independent legal practitioner by profession practicing in the High Court of Karnataka since past 25 years.

Hemant Kaul is an Independent and Non-Executive Director on our Board. He has been associated with our Bank since April 26, 2017. He holds a Bachelor degree in science from Rajasthan University and Master degree in business administration from Rajasthan University. He served as an executive director at Axis Bank. He was the managing director and chief executive officer of Bajaj Allianz General Insurance Company Limited from December 2009 till March 2012.

G. Sudhakara Gupta is a Non-Independent and Non-Executive Director on our Board and has been so appointed with effect from September 27, 2017. He holds a Bachelor's degree in Commerce from the University of Madras. He has 30 years of experience in the real estate business. He had also served as a non-Independent Director of our Bank during the period from 2006 to 2009.

E.V. Sumithasri is an Independent and Non – Executive Director on our Board and has been appointed with effect from September 27, 2017. She holds a Bachelor's degree in computer science engineering from Bangalore University and a Master's degree in Computer Science and Engineering from the University of Connecticut. She has 22 years of experience in the field of IT architecture and executive communication, delivery management and business management. She had also served as an Independent Director of our Bank during the period from March 10, 2015 to September 9, 2017.

S. Dattathreyan is an Independent and Non-Executive Director on our Board and has been appointed with effect from September 27, 2017. He holds a Bachelor's degree in mechanical engineering from Bangalore University. He has 27 years of experience in fast moving consumer goods business. He had also served as an Independent Director of our Bank during the period from 1992 to 1994 and March 8, 2010 to September 25, 2017.

Suvendu Pati is the RBI nominee Director on our Board. He is a General Manager with the Reserve Bank of India at its Regional Office in Hyderabad. He holds a Bachelor's degree in science from Orissa University of Agriculture and Technology, Bhubaneswar, Master's degree in Finance and Financial Regulation from Aston University, UK and a Master's degree in business administration from IIFM. He is a certified Associate of the Indian Institute of Bankers. He has 21 years of work experience in Reserve Bank of India.

Rajnish Kumar is the RBI nominee Director on our Board. He is a General Manager with the Reserve Bank of India, Bengaluru. He holds a Bachelor's degree in science from Magadh University, a Master's degree in business administration from Birla Institute of Technology, Post Graduate Diploma in treasury and forex management from the ICFAI University and holds the designation of Financial Risk Manager (FRM) from Global Association of Risk Professionals, USA. He is a Certified Associate of the Indian Institute of Bankers. He has 19 years of work experience in Reserve Bank of India.

Confirmations

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 Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange in India.

Further, none of our Directors are associated with the securities market, in any manner and there is or has been no action taken by SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Relationship between the Directors

None of our Directors are related to each other.

Arrangement or understanding with major shareholders, customers, suppliers or others

As of the date of the Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we have appointed any of our Directors or members of senior management.

Details of service contracts entered with Directors

There are no service contracts entered between our Bank and our Directors which provide for benefits upon termination of employment.

SECTION VI: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in TEL. : 24349866, 24349867

REFORMATTED FINANCIAL STATEMENTS EXAMINATION REPORT

To

The Board of Directors
Lakshmi Vilas Bank
Salem Road, Kathaparai,
Karur – 639 006, Tamil Nadu, India

Dear sir,

1. We have examined the Reformatted Financial Statements (the **"Reformatted Financial Statements"**) of **The Lakshmi Vilas Bank Limited ("the Bank")** annexed to this report for the purpose of inclusion in the letter of offer (hereinafter referred to as the **"Offer document"**) prepared by the Bank in connection with the proposed Rights Issue of its equity shares in accordance with the provisions of Securities and Exchange Board of India (Issued of Capital & Disclosure Requirements) Regulations, 2009, as amended from time to time ("**the ICDR Regulations**"). The preparation of financial statements is responsibility of the Bank's management.

   Our responsibility is to report on such statements based on our procedure.

2. We have examined such statements taking into consideration:
   (i) the terms of reference dated October 12, 2017 received from the Bank, in connection with the Offer Documents being issued by the Bank for its proposed Rights Issue of its equity shares; and

   (ii) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

   We report that the figures disclosed in the Reformatted Financial Statements of the Bank have been extracted from the audited Financial Statements of the Bank for the year ended March 31, 2017 that had been approved by the Board of Directors of the Bank. The amounts reported in the reformatted statements and notes to accounts have been modified from thousand to crores rounded to two decimals in Indian Rupees. The reformatted statements are only a reproductions of the audited financial statements and are not reclassified. The accounting polies and notes to accounts have been reproduced as they were disclosed in the financial statements for the year. The financial statements of the Bank for the year ended March 31, 2017 have been audited by us and in respect of which we have issued audit report dated April 26, 2017 to the Bank. A copy of our Audit Report dated April 26, 2017 is attached as Annexure I to this report. In the presentation of the reformatted statements based on the audited financial statements as referred to in paragraphs above, no adjustments have been made for any events occurring subsequent to the date of the audit report specified herein. The Audited Financial Statements were prepared in accordance with Indian GAAP and as per Banking Regulation Act, 1949.

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in **TEL. : 24349866, 24349867**

3. As stated in our audit report referred to in paragraph 2 above, we conducted our audit in accordance with the Standards on Auditing issued by the institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends upon the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design the audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of the accounting estimates made by managements, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion. We have not audited any financial statements of the Bank for any period subsequent to March 31, 2017.

   Accordingly, we express no opinion on the financial position, results of the operation or cash flows of the Bank as of any date or for any period subsequent to March 31, 2017.

4. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit report issued by us nor should this report be construed as a new opinion on any financial statements referred to herein.

5. We have no responsibility to update our report for events and circumstances occurring after the date of our last audit report dated April 26, 2017

6. This report is intended solely for your information and for inclusion in the offering documents in connection with the proposed Rights Issue by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R. K. Kumar & Co.
Chartered Accountants
Firm Registration No.: 001595S

[G Naganathan]
Partner
Membership No.: 022456

Place: Chennai
Date: November 15, 2017

Annexure I

INDEPENDENT AUDITOR'S REPORT

To

The Members of The Lakshmi Vilas Bank Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of The Lakshmi Vilas Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns for the year ended on that date of 25 branches/offices audited by us and 474 branches audited by branch auditors.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act,2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Bank, as at 31st March 2017 and its profit and its cash flows for the year then ended.

Emphasis of Matter

9. We draw attention to

   (i) Note No.2.4.4.C of the financial statements, regarding deferment of charging off to Profit and Loss account, the loss of ₹.31.29 Crore on sale of advances to Asset Reconstruction Companies;

(ii) Note No. 4.27 of the financial statements, regarding deferment of charging off to Profit and Loss account, the loss of Rs.19.15 Crore relating to advance accounts reported as fraud;

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
11. As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
    (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
    (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
    (c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
12. Further, as required by Section 143(3) of the Act, we report that:
    (i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
    (iii) the reports on the accounts of the branches audited by branch auditors of the Bank under section 143(8) of the Companies Act, 2013 have been sent to us and have been properly dealt with by us in preparing this report;
    (iv) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
    (v) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
    (vi) on the basis of written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
    (vii) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
    (viii) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        a. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 18 - Note No. 6. (a) to the financial statements;
        b. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 18 - Note No. 3.12 to the financial statements;
        c. there has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank; and
        d. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company - Refer Schedule 18 - Note No. 6 (b) to the financial statements;

For **M//s. R. K. KUMAR & CO.**
Chartered Accountants
FRN - 001595S

(G. NAGANATHAN)
Partner
M.No. 022456

Place : Chennai
Date : 26th April, 2017

Annexure A to the independent auditor's report of even date on the standalone financial statements of The Lakshmi Vilas Bank Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of The Lakshmi Vilas Bank Limited ('the Bank') as at 31st March 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI')".

   These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), both issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that:
   (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
   (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the bank are being made only in accordance with authorizations of management and directors of the bank; and
   (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **M//s. R. K. KUMAR & CO.**
Chartered Accountants
FRN - 001595S

(G. NAGANATHAN)
Partner
M.No. 022456

Place : Chennai
Date : 26th April, 2017

THE LAKSHMI VILAS BANK LIMITED

BALANCE SHEET AS ON 31st MARCH 2017

(₹ in Crore)

	SCHEDULE	AS AT 31/03/2017	AS AT 31/03/2016
I. CAPITAL & LIABILITIES			
a. Capital	1	191.45	179.46
b. Reserves & Surplus	2	1944.89	1584.13
c. Deposits	3	30553.35	25430.96
d. Borrowings	4	1773.13	723.01
e. Other Liabilities & Provisions	5	781.90	752.92
TOTAL		**35244.72**	**28670.48**
II. ASSETS			
a. Cash & Balances with Reserve Bank of India	6	1454.81	1286.50
b. Balances with Banks and Money at call & Short Notice	7	169.07	82.11
c. Investments	8	8651.73	6545.40
d. Advances	9	23728.91	19643.74
e. Fixed Assets	10	359.12	367.00
f. Other Assets	11	881.08	745.73
TOTAL		**35244.72**	**28670.48**
Contingent Liabilities	12	3199.65	3687.01
Bills for collection		878.45	884.43

Schedules 1 to 12 form part of this Balance Sheet.

THE LAKSHMI VILAS BANK LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2017

(₹ in Crore)

	SCHEDULE	YEAR ENDED 31/03/2017	YEAR ENDED 31/03/2016
I. INCOME			
a. Interest Earned	13	2846.66	2568.30
b. Other Income	14	502.76	304.53
TOTAL		**3349.42**	**2872.83**
II. EXPENDITURE			
a.Interest Expended	15	2064.00	1922.99
b.Operating Expenses	16	651.37	542.71
c.Provisions & Contingencies		377.98	226.89
TOTAL		**3093.35**	**2692.59**
III. NET PROFIT FOR THE YEAR		256.07	180.24
Profit brought forward		0.00	0.08
Transfer from Investment Reserve		0.00	0.72
TOTAL		**256.07**	**181.04**
IV. APPROPRIATIONS			
a. Transfer to Statutory Reserve		64.10	45.20
b. Transfer to Capital Reserve		77.16	6.04
c. Transfer to Other Reserves		46.55	50.00
d. Investment Reserve		0.00	0.00
e. Transfer to Special Reserve u/s 36(1)(viii) of the IT Act, 1961		6.00	15.00
f. Proposed Dividend		0.00	53.84
g. Tax on Proposed Dividend		0.00	10.96
h. Balance carried over to Balance Sheet		62.26	0.00
TOTAL		**256.07**	**181.04**
Earnings Per Share - Basic (₹)		14.07	10.05
Earnings Per Share - Diluted (₹)		13.95	10.05
Schedules 13 to 16 form part of this Profit & Loss Account.			

THE LAKSHMI VILAS BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

				(₹ in Crore)
	31.03.2017		**31.03.2016**	
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit as per Profit & Loss Account	256.07		180.24	
ADJUSTMENTS FOR:				
Provisions & Contingencies	377.98		226.89	
Depreciation	48.06		37.76	
Loss on sale of assets	-0.26		0.08	
Income Tax / T D S paid	-125.00		-57.00	
Net cash flow before changes in Working Capital		**556.85**		**387.97**
CHANGES IN WORKING CAPITAL :				
LIABILITIES : Increase/Decrease in				
Deposits	5,122.39		3,466.75	
Refinances	1,080.12		224.81	
Other Liabilities	-330.49		-170.70	
		5,872.02		**3,520.86**
ASSETS : Increase/Decrease in				
Investments	2,106.33		494.25	
Advances	4,085.17		3,291.72	
Other Assets	10.30		12.29	
		-6,201.80		**-3,798.26**
Net Cash Flow from operating activities		**227.07**		**110.57**
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	-40.62		-67.81	
Sale of Fixed Assets	0.66		0.33	
Net Cash Flow from Investing activities		**-39.96**		**-67.48**
CASH FLOW FROM FINANCING ACTIVITIES:				
Share issue including share premium net of forfeited shares	162.61		2.34	
Proceeds received from Tier II Bonds	-		140.10	
Repayment of Tier II Bonds	-30.00		-100.00	
Dividends paid	-64.45		-35.64	
Net Cash Flow from financing activities		**68.16**		**6.80**
Cash flow for the year		**255.27**		**49.89**
Cash & Cash equivalents at the beginning of the year		**1,368.61**		**1,318.72**
Cash & Cash equivalents at the year end		**1,623.88**		**1,368.61**

SCHEDULE 1 - CAPITAL

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
AUTHORISED CAPITAL			
(50,00,00,000 equity shares of Rs.10/- each)	500.00		300.00
(Previous year 30,00,00,000 equity shares of Rs.10/ each)			
ISSUED CAPITAL			
(192,95,51,24 equity shares of Rs.10/- each			
(Previous year 18,09,69,986 equity shares of Rs.10/- each) of which 1,19,85,138 shares issued through QIP Issue)	192.96		180.97
Subscribed, Called-up and Paid Up Capital			
i) 19,14,46,747 equity shares of Rs.10/- each	191.45		179.46
(Previous year 17,94,61,609 shares of Rs.10/- each). (1,19,85,138 shares were allotted to QIB).			
ii) 1,26,42,131 Bonus Shares allotted (Previous year 1,26,42,131 shares)			
iii) Shares kept in abeyance 15,08,377,inclusive of Forfeited & lapsed shares.(Previous year 15,08,377 shares)			
iv)Shares Forfeited and lapsed 23,658 (Previous year 23,658 shares)			
	191.45		**179.46**

SCHEDULE 2 - RESERVES & SURPLUS

(Rs. in Crore)

		AS AT 31/03/2017		AS AT 31/03/2016
I. STATUTORY RESERVE				
Opening Balance	417.30		372.10	
Additions during the year	64.10	481.40	45.20	417.30
II. CAPITAL RESERVE				
Opening Balance	63.11		57.07	
Additions during the year	77.16	140.27	6.04	63.11
III. SHARE PREMIUM				
Opening Balance	657.36		659.63	
Additions during the year	155.80		2.05	
	813.16		661.68	
Deductions during the year	5.18	807.98	4.32	657.36
IV. REVENUE & OTHER RESERVES				
Opening Balance	218.18		167.47	
Additions during the year	48.79		50.71	
	266.97		218.18	
Deductions during the year	50.44	216.53		218.18
V. EMPLOYEE STOCK OPTION OUTSTANDING				
Opening Balance			2.03	
Additions during the year	4.51			
	4.51		2.03	
Deductions during the year			2.03	
Less: Transferred to General Reserve		4.51		
VI. SPECIAL RESERVE U/S 36(1)(VIII) OF IT ACT, 1961				
Opening Balance	56.45		41.45	
Additions during the year	6.00	62.45	15.00	56.45
VII. REVALUATION RESERVE				
Opening Balance	171.73		78.46	
Additions during the year			93.98	
	171.73		172.44	
Depreciation on Revalued Asset	2.24	169.49	0.71	171.73
VIII. INVESTMENT RESERVE				
Opening Balance			0.72	
Additions during the year				
			0.72	
Deductions during the year			0.72	
IX. BALANCE IN PROFIT & LOSS ACCOUNT		62.26		0.00
		1944.89		**1584.13**

SCHEDULE 3 - DEPOSITS

		AS AT 31/03/2017		AS AT 31/03/2016
				(Rs. in Crore)
A. I. DEMAND DEPOSITS				
1. From Banks	5.37		0.01	
2. From Others	1,839.37	1,844.74	1,636.45	1,636.46
II. SAVINGS BANK DEPOSITS		3,999.61		2,779.06
III. TERM DEPOSITS				
1. From Banks	2,141.82		1,166.36	
2. From Others	22,567.18	24,709.00	19,849.08	21,015.44
		30,553.35		**25,430.96**
B (I). DEPOSITS OF BRANCHES IN INDIA		30,553.35		25,430.96
(II). DEPOSITS OF BRANCHES OUTSIDE INDIA		NIL		NIL
		30,553.35		**25,430.96**

SCHEDULE 4 - BORROWINGS

		AS AT 31/03/2017		AS AT 31/03/2016
				(Rs. in Crore)
I. BORROWINGS IN INDIA				
1. Reserve Bank of India	65.00			
2. Other Banks	250.00			
3. Other Institutions & Agencies*	1,458.13	1,773.13	723.01	723.01
II. BORROWINGS OUTSIDE INDIA				
* Includes unsecured Tier II bonds of Rs. 468.20 Crs (PY Rs.498.20 Crs)		**1773.13**		**723.01**
SECURED BORROWINGS INCLUDED IN I & II ABOVE		**0.00**		**0.00**

SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS

	AS AT 31/03/2017		AS AT 31/03/2016
			(Rs. in Crore)
I. Bills payable	66.23		77.86
II. Inter-office adjustments (net)	48.07		4.40
III. Interest accrued	210.57		224.53
IV. (I) Others - (including Provisions)	369.63		373.90
(ii) Contingent Provisions against Standard Assets	87.40		72.23
(iii) Deferred Tax Liabilities			
	781.90		**752.92**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	AS AT 31/03/2017		AS AT 31/03/2016
			(Rs. in Crore)
Cash in Hand (including foreign Currency Notes)	341.27		315.91
Balances with Reserve Bank of India			
I) in current account	1,113.54		970.59
II) in other accounts			
	1454.81		**1286.50**

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

	AS AT 31/03/2017		AS AT 31/03/2016
			(Rs. in Crore)
I.IN INDIA			
[I] Balance with Banks			
a. in current accounts	19.78		20.13
b. in other deposit accounts	0.06		0.06
	19.84		20.20
[ii] Money at call and short notice			
a. with banks			
b. with other institutions	110.00		-
	129.84		20.20
II. OUTSIDE INDIA			
[I] Balance with Banks			
a. in current accounts	39.23		61.91
b. in other accounts			
	39.23		61.91
	169.07		**82.11**

SCHEDULE 8 - INVESTMENTS

			(Rs. in Crore)
	AS AT 31/03/2017		**AS AT 31/03/2016**
I. INVESTMENTS IN INDIA			
I. Government Securities [incl. treasury bills, & zero coupon bonds]	7,910.70		5,849.43
II. Other approved securities			
III. Shares	134.98		79.81
IV. Debentures & Bonds	282.33		355.24
V. Subsidiaries and Joint Ventures			
VI Others [including Commercial Paper, Mutual Funds,Security Receipt, Units, etc.]	323.72		260.92
	8651.73		**6545.40**
GROSS INVESTMENTS IN INDIA	8,703.13		6,594.44
LESS: DEPRECIATION	51.40		49.04
NET INVESTMENTS IN INDIA	**8651.73**		**6545.40**
II. INVESTMENTS OUTSIDE INDIA	NIL		NIL
	8651.73		**6545.40**

SCHEDULE 9 - ADVANCES

			(Rs. in Crore)
	AS AT 31/03/2017		**AS AT 31/03/2016**
A. I. Bills purchased & discounted	863.82		1,758.20
II. Cash credits, overdrafts & loans repayable on demand	12,796.50		10,678.34
III. Term loans	10,068.59		7,207.20
	23,728.91		**19,643.74**
B. PARTICULARS OF ADVANCES			
I. Secured by tangible assets [incl. advances against Book Debts]	23,314.60		18,878.60
II. Covered by Bank / Govt. Guarantees			
III. Unsecured	414.31		765.14
	23,728.91		**19,643.74**
C. SECTORAL CLASSIFICATION OF ADVANCES			
I. Priority Sector	8,195.07		7,296.42
II. Public Sector			
III. Banks			
IV. Others	15,533.84		12,347.32
	23,728.91		**19,643.74**

SCHEDULE 10 - FIXED ASSETS

				(Rs. in Crore)
		AS AT 31/03/2017		**AS AT 31/03/2016**
I. PREMISES				
At cost	64.86		63.88	
Addition due to Revaluvation	175.49		175.49	
Additions during the year	0.19		0.99	
	240.54		**240.36**	
Deductions during the year	0.00		0.00	
	240.54		**240.36**	
Depreciation to date	17.29	**223.25**	14.50	**225.86**
II. OTHER FIXED ASSETS (INCLUDING FURNITURE & FIXTURES)				
At Cost	369.02		303.72	
Additions during the year	40.43		66.82	
	409.45		**370.54**	
Deductions during the year	6.98		1.52	
	402.47		**369.02**	
Depreciation to date	266.60	**135.87**	227.88	**141.14**
		359.12		**367.00**

SCHEDULE 11 - OTHER ASSETS

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
I.Inter-Office Adjustments (net)	-		-
II. Interest Accrued	197.35		163.64
III. Tax Paid in Advance and Tax Deducted at Source (Net)	133.73		116.18
IV. Deferred Tax Asset / Liabilities (net)	65.22		52.22
V. Stationery & Stamps	2.56		2.42
VI. Non Banking Assets acquired in satisfaction of claims	78.26		75.86
VII. Others	403.96		335.41
	881.08		**745.73**

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs. in Crore)

	AS AT 31/03/2017		AS AT 31/03/2016
I. Claims against the Bank not acknowledged as debts	135.51		240.02
II. Liability for partly paid Investments			
III. Liability on account of outstanding forward exchange contracts	838.04		1,159.09
IV. Guarantees given on behalf of constituents			
In India	948.97		828.58
Outside India	162.92		189.23
V. Acceptances, Endorsements & Other Obligations	1,091.07		1,252.37
VI. Other items for which the Bank is contingently liable	23.14		17.72
	3199.65		**3687.01**

SCHEDULE 13 - INTEREST EARNED

(Rs. in Crore)

	YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Interest / discount on advances / bills	2,239.71		2,038.27
II. Income on Investments	577.60		519.40
III. Interest on balance with Reserve Bank of India & other inter-bank Funds	12.28		3.27
IV Others	17.07		7.36
	2846.66		**2568.30**

SCHEDULE 14 - OTHER INCOME

(Rs. in Crore)

		YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Commission, Exchange and Brokerage		134.07		147.14
II. Profit on sale of Investments	350.53		56.85	
Less: Loss on sale of Investments	90.57	259.96	3.49	53.36
III Profit on sale of land, Buildings & Other Assets	0.37		0.06	
Less: Loss on sale of land, Buildings & Other Assets	0.11	0.26	0.14	(0.08)
IV. Profit on Exchange Transactions	13.30		16.64	
Less: Loss on Exchange Transactions		13.30		16.64
V. Income earned by way of Dividends from Companies in India.	3.17	3.17	2.97	2.97
VI.Miscellaneous Income		92.00		84.50
		502.76		**304.53**

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in Crore)

	YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Interest on Deposits	1,938.16		1,833.29
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	125.84		89.70
T O T A L	**2064.00**		**1922.99**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in Crore)

	YEAR ENDED 31/03/2017		YEAR ENDED 31/03/2016
I. Payments to and Provision for Employees	334.71		275.35
II. Rent, Taxes & Lighting	63.50		58.35
III. Printing & Stationery	6.62		5.77
IV. Advertisement & Publicity	9.65		8.40
V. Depreciation on Bank's Property	48.06		37.76
VI. Director's fees, allowances	1.40		1.15
VII. Auditors' fees & Expenses (incl. Branch Auditors)	1.39		1.25
VIII. Law Charges	2.04		1.16
IX. Postage, Telegrams, Telephones, etc.,	12.80		13.36
X. Repairs & Maintenance	4.37		3.41
XI. Insurance	26.58		23.82
XII. Other Expenditure	140.25		112.93
TOTAL	**651.37**		**542.71**

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING:

The financial statements are prepared following the going concern concept, on historical cost basis unless otherwise stated and conform to the Generally Accepted Accounting Principles, (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing in the banking industry in India.

B. USE OF ESTIMATES:

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statements and the reported income and expenses during the reported period. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The differences, if any between estimates and actual will be dealt appropriately in future periods.

C. PRINCIPAL ACCOUNTING POLICIES

1. TRANSACTIONS INVOLVING FOREIGN EXCHANGE:

(a) Foreign Currency Assets and Liabilities are evaluated at the exchange rates prevailing at the close of the year as per the guidelines issued by FEDAI. The resultant profit or loss is accounted for.

(b) Income and Expenditure in foreign currency are translated at the exchange rates prevailing on the date of the respective transaction.

(c) Outstanding forward exchange contracts in each currency are revalued at the Balance Sheet date at the corresponding forward rates for the residual maturity of the contract, in accordance with the guidelines of FEDAI and the provisions of AS-11. The difference between revalued amount and the contracted amount is recognized as profit or loss, as the case may be.

(d) Contingent liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the rates prevailing on the Balance Sheet date.

2. INVESTMENTS:

(a) Investments are categorized under the heads 'Held to Maturity', Available for Sale, and 'Held for Trading' and are valued in accordance with the guidelines of the Reserve Bank of India

(b) Brokerage / commission etc, paid in connection with the acquisition of investments is charged to revenue and not included in cost.

(c) Broken period interest paid / received on debt instruments is treated as interest expense / income.

(d) Security receipts are valued at NAV as declared by Securitisation Companies

(e) The excess of acquisition cost over the face value of securities under "Held to Maturity" category is amortised over the remaining period to maturity.

(f) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the Weighted Average Rate method.

(g) Profit / loss on sale of investments in the 'Held to Maturity' category is recognized in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to capital reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.

(h) All Repo and Reverse Repo transactions are accounted for as borrowing and lending transactions respectively in accordance with the extant RBI guidelines.

3. ADVANCES:

3.1 In accordance with the prudential norms issued by RBI:

(a) Advances are classified into standard, sub-standard, doubtful and loss assets borrower-wise;

(b) Provisions are made for loan losses, and

(c) General provision for standard advances is made.

3.2 Advances disclosed are net of provisions made for non-performing assets, ECGC claims settled, part recovery towards NPA accounts receipts held under sundries, and provision made for sacrifice of interest / diminution in the value of restructured advances measured in present value terms as per RBI guidelines.

4. FIXED ASSETS AND DEPRECIATION:

(a) Fixed assets are accounted for at their historical cost except for Land and Building which are accounted at their revalued cost.

(b) Software is capitalised along with computer hardware and included under Other Fixed Assets.

(c) Depreciation on assets other than computers are provided on Straight Line Method after considering the useful life specified in Schedule II to the Companies Act, 2013 except for hand held communication devices(other than Tablets) which are depreciated in full considering the fast changing technology and obsolescence.

(d) Depreciation on computers and Software are provided for on straight-line method at the rate of 33.33% as per the guidelines issued by the Reserve Bank of India.

(e) Depreciation for premises, in which land cost and construction cost could not be ascertained separately, is provided on the total cost.

5. EMPLOYEE BENEFITS:

(a) Annual contributions to the approved Employees' Gratuity Fund, Approved Pension Fund and Provision for Leave Encashment benefits are made on actuarial basis and net actuarial gain/loss are recognised as per Accounting Standard 15. Contribution made by the bank to Provident Fund and Contributory Pension Scheme are charged to Profit & Loss account.

(b) The Bank follows the intrinsic value method to account for its employee compensation costs arising from grant of Employee Stock Options.

6. PROVISION FOR TAXATION:

Provision for taxation is made on the basis of the estimated tax liability, after due consideration of the judicial pronouncements and legal opinion, with adjustment for deferred tax in terms of the Accounting Standard 22 (Accounting for Taxes on Income).

7. REVENUE RECOGNITION:

(a) Income is accounted for on accrual basis.

(b) Interest income on non-performing advances/investments are recognized on realization basis, owing to the significant uncertainty in collection thereof:

(c) Interest on tax refund from Income Tax Department is accounted based on assessment orders received.

(d) Dividend Income on Investments is accounted based on declaration basis.

8. SEGMENT REPORTING:

(a) The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

(b) Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.

(c) Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branches.

9. EARNINGS PER SHARE:

Basic and Diluted earnings per equity share are reported in accordance with the Accounting Standard 20 "Earnings per share". Basic earnings per equity share are computed by dividing net profit by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

10. IMPAIRMENT OF ASSETS

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

11. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

(a) As per the Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets", the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

(b) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realised.

12. NET PROFIT:

The net profit as per the Profit & Loss account is arrived at after necessary provisions towards: -

a) Taxation.

b) Advances and other assets.

c) Shortfall in the value of investments

d) Staff Retirement benefits.

e) Other usual and necessary provisions.

13. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash in hand, Balance with RBI, Balance with other Banks and money at Call and Short Notice.

SCHEDULE 18

NOTES ON ACCOUNTS

1. The reconciliation of inter branch transactions has been completed up to 31.03.2017 and tallying of balances is ensured on an ongoing basis.

2. **DISCLOSURE REQUIREMENTS**

2.1 CAPITAL

(₹ in crore)

Items	2016-17	2015-16
i) Common Equity Tier 1 Capital Ratio (%) - (Basel-III)	8.75	8.69
ii) Tier 1 Capital Ratio (%)	8.75	8.69
iii) Tier 2 Capital Ratio (%)	1.63	1.98
iv) Total Capital Ratio (CRAR) (%)	10.38	10.67
v) Percentage of the shareholding of the Government of India in public sector bank	NA	NA
vi) Amount of equity capital raised	167.79	0.29
vii) Amount of Additional Tier 1 capital raised, of which		
PNCPS :		
PDI :	NIL	NIL
viii) Amount of Tier II Capital raised, of which		
Debt capital instruments	NIL	140.10
Preference Share Capital instruments	NIL	NIL

CAPITAL RAISED THROUGH QIP ISSUE

During the year 2016-17, the Bank has allotted 1,19,85,138 equity shares of face value of ₹ 10/- each at a premium of ₹ 130/ per share aggregating to ₹ 167.79 crore to Qualified Institutional Buyers.

2.1.1 In respect of securities held under HTM category, premium paid of ₹ 13.72 Crore (previous year ₹ 8.64 Crore) has been amortized during the year and debited under "Interest received on Investments".

2.2 INVESTMENTS

(₹ in crore)

Particulars	2016-17	2015-16
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	8,703.13	6,594.44
(b) Outside India	NIL	NIL
(ii) Provisions for Depreciation		
(a) In India	51.40	49.04
(b) Outside India	NIL	NIL
(iii) Net Value of Investments		
(a) In India	8,651.73	6,545.40
(b) Outside India.	NIL	NIL

2.2 INVESTMENTS (Contd.)

(₹ in crore)

Particulars	2016-17	2015-16
(2) Movement of provisions held towards Depreciation on investments.		
(i) Opening balance	**49.04**	41.69
(ii) Add: Provisions made during the year	**2.36**	8.65
(iii) Less: Write-off / write-back of excess provisions during the year	**0.00**	1.30
(iv) Closing Balance	**51.40**	49.04

2.2.1 Repo Transactions (in face value terms)

(₹ in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	**Outstanding As on March 31, 2017**
Securities sold under repo				
I. Government Securities	0.00 (10.40)	3085.69 (676.00)	521.86 (295.83)	**321.87** **(312.00)**
II. Corporate debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	**Nil** **(Nil)**
Securities purchased under reverse repo				
I. Government Securities	0.00 (10.40)	1580.80 (234.00)	175.62 (27.67)	**110.00** **(234.00)**
II. Corporate debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	**Nil** **(Nil)**

(Figures in bracket indicates in previous year)

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments:

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	27.14	25.67	0.00	0.00	0.00
2	FIs	51.82	6.00	0.00	0.00	0.00
3	Banks	40.95	28.00	0.00	0.00	0.00
4	Private Corporates	336.28	238.06	11.93	11.93	31.93
5	Subsidiaries/ Joint Ventures	0.00	0.00	0.00	0.00	0.00
6	Others	336.24	266.08	0.00	0.00	0.00
7	Less: Provision held towards depreciation	-51.40	–	–	–	–
	Total	**741.03**	**563.81**	**11.93**	**11.93**	**31.93**

Amounts reported under Columns 4, 5, 6 and 7 above may not be mutually exclusive.

ii) Non-performing Non-SLR investments : (₹ in crore)

Particulars	2016-17	2015-16
Opening balance	10.05	10.78
Additions during the year since 1st April	20.83	1.27
Reductions during the above period	3.12	2.00
Closing balance	27.76	10.05
Total Provisions held (*)	14.07	9.11

(*) An amount of ₹ 0.94 Crore (PY ₹ 0.94 Crore) received towards part settlement is parked under sundries account.

2.2.3 Sale and transfers to / from HTM category:

During the year the book value of securities sold under HTM category exceeds 5% of the book value of investments held in HTM category as at the beginning of the year. The details of HTM category as on 31.03.2017 are furnished hereunder:

(₹ in crore)

Market Value	5,118.61
Book value	5,139.53
Excess of book value over market value for which Provision is not made	20.92

2.3 Derivatives

2.3.1 Forward Rate Agreement / Interest Rate Swap: (₹ in crore)

Particulars	2016-17	2015-16
i) The notional principal of swap agreements	NIL	NIL
ii) Losses which would be incurred if counter parties failed to fulfill obligations under the agreements	NIL	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	NIL	NIL

2.3.2 Exchange Traded Interest Rate Derivatives: (₹ in crore)

S.No.	Particulars	2016-17	2015-16
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	NIL	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2017 (instrument-wise)	NIL	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL

2.3.3 Disclosures on risk exposure in derivatives

Qualitative Disclosure:

The only derivatives dealt by the bank in the foreign exchange market is Forward Contracts. Forward contracts are being used to hedge / cover the exposure in foreign exchange arising out of merchant transaction and trading positions.

To cover the risk arising out of the above derivatives, various limits like IGL, AGL and Stop Loss Limits have been prescribed in the Treasury Policy of the Bank, which are monitored by mid-office. The mark-to-market values are monitored on monthly basis for Foreign Exchange Forward Contracts. The operations are conducted in terms of the policy guidelines issued by RBI from time to time.

Quantitative Disclosures: (₹ in crore)

Sl. No.	Particular	Currency Derivatives		Interest rate Derivatives	
		2016-17	2015-16	2016-17	2015-16
(i)	Derivatives (Notional Principal Amount)	NA	NA	NA	NA
	a) For hedging	NA	NA	NA	NA
	b) For trading	NA	NA	NA	NA
(ii)	Marked to Market Positions	NA	NA	NA	NA
	a) Asset (+)	NA	NA	NA	NA
	b) Liability (-)	NA	NA	NA	NA
(iii)	Credit Exposure	NA	NA	NA	NA
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	NA	NA	NA	NA
	a) On hedging derivatives	NA	NA	NA	NA
	b) On trading derivatives	NA	NA	NA	NA
(v)	Maximum and Minimum of 100*PV01 observed during the year	NA	NA	NA	NA
	a) On hedging	NA	NA	NA	NA
	b) On trading	NA	NA	NA	NA

2.3.4 Shifting of securities:

For the year ended 31.03.2017, Bank has shifted securities amounting to ₹ 903 Crore (Face Value) (Previous year ₹ 639.28 Crore Face Value) from HTM to AFS category and no loss arose on such transfer (Previous year - no loss).

2.3.5 SLR Securities: (₹ in crore)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Book Value	Market Value	Book Value	Market Value
Government Securities SLR (CG, SG,TB)	7,910.70	7,891.67	5,849.43	5,877.23
Approved securities - SLR	0.00	0.00	0.00	0.00

2.4 Asset Quality

2.4.1 Non-Performing Assets: (₹ in crore)

Particulars		2016-17	2015-16
(i)	Net NPAs to Net Advances (%)	1.76%	1.18%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	391.25	454.62
	(b) Additions during the year	597.20	196.90
	(c) Reductions during the year	348.26	260.27
	(d) Closing balance	640.19	391.25
(iii)	Movement of Net NPAs		
	(a) Opening balance	231.64	302.49
	(b) Additions during the year	500.04	166.32
	(c) Reductions during the year	313.26	237.17
	(d) Closing balance	418.42	231.64
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	113.47	116.35
	(b) Provisions made during the year	194.55	94.95
	(c) Write-off/ write-back of excess provisions	137.59	97.83
	(d) Closing balance	170.43	113.47

2.4.2 Particulars of Accounts Restructured:

Disclosure of Restructured Accounts (₹ in crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1.	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	8	0	0	0	8	3	0	0	0	3	13	3	9	17	42	24	3	9	17	53
		Amount outstanding	428.63	0.00	0.00	0.00	428.63	3.83	0.00	0.00	0.00	3.83	228.05	97.02	88.78	56.13	469.98	660.51	97.02	88.78	56.13	902.47
		Provision thereon	10.04	0.00	0.00	0.00	10.04	0.03	0.00	0.00	0.00	0.03	0.35	1.30	0.09	0.00	1.74	10.42	1.30	0.09	0.00	11.81
2.	Fresh restructuring/ Additional facilities during the year *	No. of borrowers	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1
		Amount outstanding	25.90	0.00	0.00	0.00	25.90	0.12	0.00	0.00	0.00	0.12	25.34	0.00	0.00	0.00	25.34	51.36	0.00	0.00	0.00	51.36
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	1	0	0	0	1	0	0	0	0	0	3	0	0	0	3	4	0	0	0	4
		Amount outstanding	32.55	0.00	0.00	0.00	32.55	0.00	0.00	0.00	0.00	0.00	31.22	0.00	0.00	0.00	31.22	63.77	0.00	0.00	0.00	63.77
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.30	0.30	0.00	0.00	0.00	0.30

Disclosure of Restructured Accounts (Contd.) (₹ in crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification	Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
5.	Down gradations of restructured accounts during the FY	No. of borrowers	-1	0	1	0	0	-1	1	0	0	0	-3	1	2	0	0	-5	2	3	0	0
		Amount outstanding	-45.65	0.00	45.65	0.00	0.00	-0.97	0.97	0.00	0.00	0.00	-44.28	-36.96	81.24	0.00	0.00	-90.90	-35.99	126.89	0.00	0
		Provision thereon	-0.88	0.00	0.88	0.00	0.00	-0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.89	0.01	0.88	0.00	0
6.	Write-offs/ recovery of restructured accounts during the FY **	No. of borrowers	0	0	0	0	0	1	0	0	0	1	1	1	3	10	15	2	1	3	10	16
		Amount outstanding	48.33	0.00	0.00	0.00	48.33	2.28	0.01	0.00	0.00	2.29	10.38	15.77	39.62	0.02	65.8	60.99	15.78	39.62	0.02	116.41
7.	Restructured Accounts as on March 31 of the FY (closing figures***)	No. of borrowers	6	0	1	0	7	2	1	0	0	3	6	3	8	7	24	14	4	9	7	34
		Amount outstanding	328.00	0.00	45.65	0.00	373.65	0.70	0.96	0.00	0.00	1.66	167.55	44.28	130.40	56.11	398.34	496.25	45.24	176.05	56.11	773.65
		Provision thereon	3.50	0.00	0.88	0.00	4.38	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.86	0.00	0.86	3.50	0.01	1.74	0.00	5.25

Provision thereon does not include Standard Account additional provision of ₹ 19.26 crore (including investment under CDR package) and FITL provision of ₹ 33.25 crore.

* 2 accounts under SDR amounting to ₹ 88.77 crores has been excluded in opening balance and reported in a separate disclosure is furnished

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

** Out of ₹ 51.36 Crore, ₹ 0.12 Crore relates to 1 fresh restructured account and ₹ 51.24 crore relates to additional facilities /limits /increase to the existing restructured accounts during the year.

*** Out of ₹ 116.41 Crore, ₹ 63.72 Crore by way of recovery / sale of assets & write-offs (5 accounts by way of recovery / sale amounting to ₹ 63.70 crore & 11 accounts by way of write-offs amounting to ₹ 0.02 crore) and ₹ 52.69 crore relates to partial recovery in existing restructured accounts.

2.4.3 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction

(A) Details of Sales: (₹ in crore)

	Particulars	2016-17	2015-16
(i)	No. of accounts	1390	13
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	106.22	166.25
(iii)	Aggregate consideration	95.64	67.53
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	0.00	0.00
(v)	Aggregate profit / (loss) over net book value.	(10.58)	(98.72)

(B) NPA Assets Sold to ARC: (₹ in crore)

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	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Book value of investments in security Receipts as at 31st March	343.41	279.20	6.01	8.08	349.42	287.28

2.4.4 Details of non-performing financial assets purchased / sold:

A. Details of non-performing financial assets purchased: (₹ in crore)

		Particulars	2016-17	2015-16
1	(a)	No. of accounts purchased during the year	NIL	NIL
	(b)	Aggregate outstanding	NIL	NIL
2	(a)	Of these, number of accounts restructured during the year	NIL	NIL
	(b)	Aggregate outstanding	NIL	NIL

B. Details of non-performing financial assets sold: (₹ in crore)

Particulars	2016-17	2015-16
1. No. of accounts sold	NIL	NIL
2. Aggregate outstanding	NIL	NIL
3. Aggregate consideration received	NIL	NIL

C. Disclosure regarding amortization of Loss on sale of assets to ARCs

As permitted by RBI, the bank has opted to provide for the net shortfall on account of sale of assets to Reconstruction Companies over a period of eight / four quarters. Consequently, ₹ 74.90 Crore has been charged to the Profit & Loss account for the year ended 31st March 2017. The unamortised amount on this account as on 31st March 2017 is ₹ 31.29 crore and is debited to 'Other Reserves" and credited to 'Other Provisions', as per RBI guidelines vide no.DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016.

2.4.5 Provisions on Standard Assets:

(₹ in crore)

Particulars	2016-17	2015-16
Provisions towards Standard Assets	87.40	72.23

2.5 Business Ratios:

	Particulars	2016-17	2015-16
(i)	Interest Income as a percentage to Working Funds	9.17	9.89
(ii)	Non-interest income as a percentage to Working Funds	1.62	1.17
(iii)	Operating Profit as a percentage to Working Funds	2.04	1.57
(iv)	Return on Assets	0.83	0.69
(v)	Business (Deposits plus advances) per employee (₹ in crore)	11.46	10.99
(vi)	Profit per employee (₹ in crore)	0.06	0.04

2.6 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities (₹ in crore)

Items	1 Day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	314.08	993.81	1331.99	897.29	4265.39	2874.70	4143.65	9055.68	1256.40	5420.36	30553.35
	(280.17)	(525.09)	(793.08)	(579.69)	(2843.73)	(2342.24)	(4063.93)	(8252.73)	(1740.28)	(4010.02)	(25430.96)
Advances (Net)	333.26	478.90	973.86	495.46	3663.32	862.32	2128.78	10159.41	1416.15	3217.44	23728.91
	(230.48)	(461.11)	(262.48)	(629.64)	(1879.01)	(1195.63)	(3212.66)	(7465.78)	(1292.61)	(3014.34)	(19643.74)
Investments (Net)	80.66	130.62	0.13	0.00	116.91	109.40	116.10	310.64	426.28	7360.99	8651.73
	(82.71)	(68.81)	(74.61)	(74.50)	(100.07)	(30.01)	(14.59)	(482.57)	(519.14)	(5098.40)	(6545.41)
Borrowings	250.00	921.60	0.00	0.00	0.00	0.00	332.83	0.00	50.50	218.20	1773.13
	(0.00)	(24.81)	(0.00)	(0.00)	(30.00)	(0.00)	(0.00)	(399.50)	(0.00)	(268.70)	(723.01)
Foreign Currency Assets	59.42	0.85	6.43	10.60	22.68	7.30	6.61	0.00	0.00	0.00	113.89
	(90.57)	(0.13)	(5.41)	(7.24)	(26.25)	(16.41)	(11.41)	(0.00)	(0.00)	(0.00)	(157.42)
Foreign Currency Liabilities	23.69	1.37	0.11	0.28	1.94	3.39	6.54	20.64	21.95	0.00	79.89
	(31.27)	(0.00)	(0.00)	(0.10)	(6.94)	(6.63)	(13.17)	(12.96)	(25.09)	(0.00)	(96.16)

(Figures in brackets indicates in previous year).

The above data has been compiled by the management on the basis of the guidelines of RBI which have been relied upon by Auditors

2.7 Exposures

2.7.1 Exposure to Real Estate Sector: (₹ in crore)

Category	2016-17	2015-16
a) Direct exposure		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans eligible for inclusion in priority sector advances may be shown separately).	499.97	410.93
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1540.75	1476.78

2.7.1 Exposure to Real Estate Sector (Contd.)

(₹ in crore)

Category		2016-17	2015-16
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	(a) Residential	0.00	0.00
	(b) Commercial Real Estate	0.00	0.00
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	129.21	47.95
	Total Exposure to Real Estate Sector	2169.93	1935.66

2.7.2 Exposure to Capital Market:

(₹ in crore)

	Particulars	2016-17	2015-16
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	131.78	69.97
(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;	NIL	NIL
(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;	107.25	5.88
(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;	NIL	NIL
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	30.00	10.00
(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;	NIL	NIL
(vii)	Bridge loans to companies against expected equity flows / issues;	NIL	NIL
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	NIL	NIL
(ix)	Financing to stockbrokers for margin trading;	NIL	NIL
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
	Total Exposure to Capital Market	269.03	85.85

2.7.3 Risk Category wise Country Exposure: (₹ in crore)

Risk Category	Exposure (net) as at 31.3.2017	Provision held as at 31.3.2017	Exposure (net) as at 31.3.2016	Provision held as at 31.3.2016
Insignificant	79.73	NIL	140.87	NIL
Low	26.29	NIL	72.59	NIL
Moderate	12.06	NIL	3.52	NIL
High	0.00	NIL	0.00	NIL
Very High	0.00	NIL	0.00	NIL
Restricted	0.00	NIL	0.00	NIL
Off-credit	0.00	NIL	0.00	NIL
Total	118.08	NIL	216.98	NIL

As the bank's exposure for the year in respect of risk category wise country exposure (Foreign exchange transactions) is less than 1% of total assets of the bank, no provision is considered necessary.

2.7.4 Details of Single Borrower Limit (SBL)/ Group Borrower Limit (GBL) exceeded by the bank.

A. SBL exceeded by the Bank for the period 01/04/2016 to 31/03/2017 ----- NIL (PY NIL)

B. GBL exceeded by the Bank for the period 01/04/2016 to 31/03/2017 ----- NIL (PY NIL)

2.7.5 Unsecured Advances (Amount of Advances for which, intangible securities has been taken): (₹ in crore)

Particulars	As on 31-3-2017	As on 31-3-2016
The total amount of Advances for which intangible Securities such as charge over the rights, licenses, Authority etc. has been taken.	21.91	26.72
Estimated value of such intangible collaterals	66.80	81.47

2.8 Miscellaneous

2.8.1 Disclosure of Penalties imposed by RBI:

During the year, Reserve Bank of India has imposed a monetary penalty of ₹ 3.00 crore for contravention of instructions relating to extending bill discounting facilities to non constituents and walk in customers, opening and operation of current accounts and non adherence of KYC norms.

RBI has imposed a total penalty of ₹ 7600 on account of Counterfeit Notes detected in currency chest transactions.

3. Disclosure in terms of Accounting Standards:

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

There are no material prior period income and expenditure included in the Profit & Loss account, which requires a disclosure as per Accounting Standard 5

There has been no change in the Accounting policies followed by the bank during the year ended 31.03.2017 as compared to those in the preceding financial year ended 31.03.2016.

3.2 Accounting Standard 9: Revenue Recognition:

Bank is following accrual method of accounting and hence no disclosure is warranted under Accounting Standard 9

3.3 Disclosure in terms of AS 10 - Fixed Assets (Revaluation of Premises):

In accordance with banks stated policy, revaluation of the premises in its fixed assets portfolio was carried out during the years 2010-11 & 2015-16 by the bank using the services of Banks approved empanelled Independent valuers. Appreciation arising out of such revaluation was accounted with corresponding credit to Revaluation Reserves. The details are as under

(₹ in crore)

Original Cost of Premises	65.05
Incremental Value on account of revaluation made in 2011 - ₹ 81.51 Incremental Value on account of revaluation made in 2016 - ₹ 93.98	175.49
Depreciation on Original Cost - ₹ 11.29 Depreciation on Revalued Cost - ₹ 6.00	17.29
Written Down Value of such revalued assets	223.25

3.4 Accounting Standard 15 - Employee Benefits:

3.4.1 The bank is following Accounting Standard 15 (Revised 2005) "Employee Benefits" as under:

In respect of contributory plans viz.- Provident Fund and Contributory Pension Scheme, the bank pays fixed contribution at pre-determined rates to a separate entity, which invests in permitted securities. The obligation of the bank is limited to such fixed contribution.

In respect of Defined Benefit Plans, viz. Gratuity and pension as well as for leave encashment, provision has been made based on actuarial valuation as per the guidelines.

The summarized position of Post-employment benefits and long term employee benefits recognized in the profit and loss account and balance sheet as required in accordance with the **Accounting Standard -15 (Revised)** are as under:

I. Principal Actuarial Assumptions at the Balance Sheet Date:

(Expressed as weighted Averages)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Discount Rate	7.50%	7.50%	7.50%
Expected Rate of return on Plan Assets	8.84%	8.00%	NA

II. Change in the Present value of obligations: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Present Value of obligations as at the beginning of the year	66.02	269.68	41.65
Interest Cost	4.60	18.59	2.93
Current Service Cost	5.16	86.60	6.72
Past service cost (non-vested benefits)	0.00	0.00	0.00
Past service cost (vested benefits)	0.00	0.00	0.00
Benefits Paid	9.40	43.73	5.12
Actuarial loss/(gain) on obligation (balancing figure)	5.43	(36.29)	0.63
Present Value of obligations as at the year end	71.81	294.85	46.82

III. Change in Fair Value of Plan Asset: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Fair value of Plan Assets at the beginning of the year	70.66	243.82	0.00
Expected return on Plan Assets	6.25	19.51	0.00
Employer's Contribution	0.00	70.33	0.00
Benefits Paid	9.40	43.73	5.12
Actuarial loss / (gain) on plan assets (balancing figure)	(0.09)	(0.06)	0.00
Fair Value of Plan Asset at the end of the year	67.41	289.86	0.00

IV. Actual Return on Plan Assets: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Expected return on plan assets	6.25	19.51	0.00
Actuarial gain / (loss) on plan assets	(0.09)	(0.06)	0.00
Actual return on plan assets	6.15	19.44	0.00

V. Actuarial Gain / Loss recognized: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Actuarial gain / (loss) for the Period - Obligation	5.43	(36.29)	0.63
Actuarial gain / (loss) for the Period - Plan Assets	(0.09)	(0.06)	0.00
Total (gain) / loss for the period	5.33	(36.35)	0.63
Actuarial (gain) / loss recognized in the period	5.52	(36.23)	0.63
Unrecognized actuarial (gain) / loss at the end of the year	0.00	0.00	0.00

VI. Amount recognized in Balance Sheet: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Present value of the Obligation	71.81	294.85	46.82
Fair value of plan assets	67.41	289.86	–
Difference	(4.40)	(4.99)	46.82
Unrecognized Transitional liability	0.00	0.00	0.00
Unrecognized past service cost (non vested benefits)	0.00	0.00	0.00
Liability recognized in the Balance Sheet	(4.40)	(4.99)	46.82

VII. Expenses Recognized in Profit & Loss Account: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Current Service Cost	5.16	86.60	6.72
Interest Cost	4.60	18.59	2.93
Expected return on Plan assets	6.25	19.51	–
Net actuarial (gain)/loss recognised in the year	5.52	(36.23)	0.63
Transitional Liability recognized in the year	–	–	–
Past service cost (non-vested benefits)	–	–	–
Past service cost (vested benefits)	–	–	–
Expenses Recognized in Profit & Loss Account	9.04	49.45	10.29

VIII. Movements in the Liability Recognized in the balance Sheet (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Opening net Liability	(4.63)	25.86	41.65
Opening amount determined under para 55 of AS15R	–	–	–
Expense as Above	9.04	49.45	10.29
Contribution paid	–	70.33	–
Closing Net Liability	4.40	4.99	10.29

IX. Amount for the Current Period: (₹ in crore)

Particulars	Gratuity (Funded)	Pension (Funded)	Leave Encashment (Unfunded)
Present value of Obligation	71.81	294.85	46.82
Plan Assets	67.41	289.86	–
Surplus / (Deficit)	(4.40)	(4.99)	46.82
Experience adjustments on Plan Liabilities - (loss) / gain	0.00	0.00	0.00
Experience adjustments on Plan Assets - (loss) / gain	0.00	0.00	0.00

X. Major categories of Plan Assets: **(As % of Total Plan Assets)**

Particulars	Gratuity (Funded)	Pension (Funded)
Government of India Securities	64.71	34.91
High Quality Corporate Bonds	22.40	19.92
Equity Share of listed companies	0.00	0.00
Property	0.00	0.00
Special Deposit Scheme	1.43	0.00
Equity Mutual fund	0.65	0.00
Balance with Bank Account	3.26	0.56
Balance held at LIC India's Running account	0.00	23.58
Annuity under Return of Purchase Price	0.00	18.06
Amount Receivable from Bank	5.89	1.64
Others (Interest Receivables)	1.66	1.33
Total	100.00	100.00

XI. Enterprises Best Estimate: (₹ in crore)

Particulars	Gratuity	Pension	Leave Encashment
Enterprise’s Best Estimate of Contribution during next year	6.71	18.96	0.00

3.5 Employee Stock Option Scheme:

As on 31.03.2016, number of options in force are nil. The Compensation Committee of the Board of Directors has granted in aggregate 3210190 stock options on various dates to employees including top Executives of the Bank under the Lakshmi Vilas Bank Employees Stock Option Scheme 2010 - LVB ESOS 2010. As on 31st March, 2017, the options in force are 3099708. These options would vest over a period of 2 to 3 years and the Bank has provided a sum of ₹ 4.50 crore towards proportionate compensation expenses for the year ended 31st March 2017.

3.6 Accounting Standard 17 - Segment Reporting:

PART A : BUSINESS SEGMENTS (₹ in crore)

Particulars	Year ended 31-3-2017 (Audited)	Year ended 31-3-2016 (Audited)
1. **SEGMENT REVENUE** :		
a. Treasury operations	866.31	595.64
b. Corporate / wholesale banking operations	933.22	860.19
c. Retail banking operations	1522.62	1403.47
d. Other banking operations	27.27	13.53
TOTAL	3349.42	2872.83
2. **SEGMENT RESULTS** (Operating Profit):		
a. Treasury operations	310.42	101.89
b. Corporate / wholesale Banking operations	129.04	115.48
c. Retail banking operations	170.68	178.98
d. Other banking operations	23.92	10.77
TOTAL	634.06	407.12
OPERATING PROFIT	634.06	407.12
PROVISIONS OTHER THAN TAX	253.98	176.89
PROFIT BEFORE TAX	380.07	230.24
Less : Tax expenses	124.00	50.00
NET PROFIT	256.07	180.24
3. **CAPITAL EMPLOYED :**		
a. Treasury operations	103.31	534.61
b. Corporate/wholesale banking operations	315.47	217.09
c. Retail banking operations	1179.80	514.68
d. Unallocated Assets	537.76	497.21
TOTAL	2136.34	1763.59

PART B - GEOGRAPHICAL SEGMENTS : Since the Bank is having domestic operations only, no reporting is made under international segment.

Previous period's figures have been regrouped, wherever necessary to conform to the current period's classification.

3.7 Accounting Standard 18 - Related Party Disclosures:

Payment to and Provision for Employees includes remuneration paid to Key Managerial Persons of the Bank for the period from 01/04/2016 to 31/03/2017, as detailed below:

S. No.	Name	Designation
1	Mr. Parthasarathi Mukherjee	Managing Director
2	Mr. N.S. Venkatesh (from 01.07.2016 onwards)	Executive Director & CFO
3.	Mr. M. Palaniappan (01.04.2016 to 31.10.2016)	Chief Financial Officer
4	Mr. N. Ramanathan	Company Secretary

(₹ in crore)

Items / Related Party	Parent (as per ownership or control)	Subsidiaries	Associates / Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	NIL	NIL	NIL	NIL	NIL	NIL
Deposits	NIL	NIL	NIL	NIL	NIL	NIL
Placement of Deposits	NIL	NIL	NIL	NIL	NIL	NIL
Advances	NIL	NIL	NIL	NIL	NIL	NIL
Investments	NIL	NIL	NIL	NIL	NIL	NIL
Non-Funded Commitments	NIL	NIL	NIL	NIL	NIL	NIL
Leasing / HP arrangements provided	NIL	NIL	NIL	NIL	NIL	NIL
Leasing / HP arrangements availed	NIL	NIL	NIL	NIL	NIL	NIL
Purchase of Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL
Sale of Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL
Interest Paid	NIL	NIL	NIL	NIL	NIL	NIL
Interest Received	NIL	NIL	NIL	NIL	NIL	NIL
Rendering of Services	NIL	NIL	NIL	NIL	NIL	NIL
Receiving of Services	NIL	NIL	NIL	1.70	NIL	1.70
Management Contracts	NIL	NIL	NIL	NIL	NIL	NIL

3.8 Accounting Standard 20 - Earnings per Share (EPS):

EPS calculation in accordance with the AS-20 issued by the ICAI is as under:

Particulars	2016-17	2015-16
Net profit after Tax (₹ In Crore)	256.07	180.24
Weighted Average - No. of Equity shares	181,992,723	179,364,546
Weighted Average - No. of Diluted Equity shares	183,513,537	179,364,546
Earnings per share - Basic (₹)	14.07	10.05
Earnings per share - Diluted (₹)	13.95	10.05

3.9 Accounting Standard 22 - Accounting for Taxes on Income:

The bank has accounted for Income Tax in compliance with AS 22. Accordingly, Deferred Tax Assets & Liabilities are recognized. The major components of DTA / DTL are furnished as under:

(₹ in crore)

Particulars	Deferred Tax Assets		Deferred Tax Liabilities	
Deferred Tax Components	**2016-17**	2015-16	**2016-17**	2015-16
Provision for leave encashment	**16.20**	14.41	**0.00**	0.00
Depreciation on fixed assets	**0.00**	0.00	**7.72**	8.95
Provision for other assets	**24.23**	19.88	**0.00**	0.00
Provision for advances	**97.66**	79.02	**0.00**	0.00
Special Reserve u/s 36(i)(viii)	**0.00**	0.00	**21.61**	19.54
Depreciation in market value of investments	**0.00**	0.00	**33.49**	0.00
Others	**0.81**	0.59	**10.86**	33.19
CLOSING BALANCE	**138.90**	113.90	**73.68**	61.68
Net DTA	**65.22**	52.22		

3.10 Intangible Assets AS 26:

The Bank has followed AS 26 - Intangible asset issued by ICAI and the guidelines issued by the RBI in this regard.

3.11 Accounting Standard 28 - Impairment of Assets:

A substantial portion of the bank's assets comprises financial assets to which Accounting Standard 28 is not applicable. In the opinion of the bank management, there is no impairment of other assets as at 31st March 2017 requiring recognition in terms of the said standard.

3.12 Details of movement in provisions in accordance with Accounting Standard 29:

(₹ in Crore)

Particulars	Opening as on 01.04.2016	Provision made during the year	Provision reversed / adjusted	**Closing as on 31.03.2017**
Prov. for Standard Assets	72.23	15.17	0.00	**87.40**
Prov. for Bad and Doubtful debts	113.47	194.55	137.59	**170.43**
Prov. for Income Tax	233.85	137.00	0.00	**370.85**
Prov. for depreciation in market value of Investments	49.04	2.36	0.00	**51.40**
Prov. for Other assets	3.91	0.06	0.19	**3.78**
Counter cyclical buffer	14.71	0.00	0.00	**14.71**
Prov. for Interest Tax	0.10	0.00	0.00	**0.10**
Prov. for Fringe Benefit Tax	1.90	0.00	0.00	**1.90**
Prov. for Dividend (incl. Div. Tax)	64.80	0.00	64.80	**0.00**
Prov. for Restructured Advances & FITL	105.28	0.33	0.00	**105.61**
Provision for Foreign Currency Unhedged	1.70	0.57	0.00	**2.27**

4. Additional Disclosures:

4.1 Provisions and Contingencies: Break up of 'Provisions & Contingencies' shown under the head Expenditure in Profit & Loss Account

(₹ in crore)

Particulars	2016-17	2015-16
Provision towards Standard Asset	15.17	17.00
Provision towards NPA	235.49	176.76
Provision for MAT Credit	0.00	-19.00
Provision for depreciation in market value of Investments	2.36	8.65
Provision for Restructured Advances (Economic sacrifice) & FITL	0.33	-7.38
Provision for Foreign Currency Unhedged	0.57	0.40
Provision for Other Assets	0.06	0.46
Sub Total	253.98	176.89
Provision for Income Tax (Net of deferred tax)	124.00	50.00
Total	377.98	226.89

4.2 Movement of Counter Cyclical Provisioning Buffer: (₹ in crore)

Particulars		2016-17	2015-16
(a)	Opening balance in the account	14.71	14.71
(b)	Provision made in the accounting year	0.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the account	14.71	14.71

4.3 Draw Down from Reserves:

The QIP issue expenses of ₹ 5.18 crore have been amortized against share premium received. The net proceeds was utilized to lend, for general corporate purposes and to enhance bank's capital adequacy ratio.

The bank has transferred a sum of ₹ 2.24 Crore being the depreciation on revalued portion of premises directly to General Reserve.

A sum of ₹ 31.29 crore and ₹ 19.15 crore, being the unamortized amount of loss on sale of advances to asset reconstruction company and loss on frauds in advances account respectively, have been debited to other reserves as per RBI guideline vide no.DBR.NO.BP.BC.102/21.04.048/2015-16 dated 13.06.2016.

4.4 Disclosure of complaints (As compiled by Management):

A. Customer Complaints:

(a)	No. of complaints pending at the beginning of the year	2
(b)	No. of complaints received during the year	370
(c)	No. of complaints redressed during the year	372
(d)	No. of complaints pending at the end of the year	0

ATM complaints through Dispute Management Systems (DMS)- NPCI

(a)	No. of complaints pending at the beginning of the year	26
(b)	No. of complaints received during the year	1248
(c)	No. of complaints redressed during the year	1265
(d)	No. of complaints pending at the end of the year	9

B. Awards passed by the Banking Ombudsman:

(a)	No. of unimplemented Awards at the beginning of the year	0
(b)	No. of Awards Passed by the Banking Ombudsmen during the year	0
(c)	No. of Awards implemented during the year	0
(d)	No. of unimplemented Awards at the end of the year	0

4.5 Disclosure of Letters of Comfort (LOCs) issued by Banks: (₹ in crore)

Particulars	Amount
Letters of comfort issued in earlier years and outstanding as on 01-04-2016	16.94
Add; Letters of Comfort issued during FY 2016-17	0.00
Less: Letters of Comfort expired during FY 2016-17	5.37
Letters of Comfort Outstanding as on 31-03-2017	11.57

4.6 Provisioning Coverage ratio:

The provision coverage ratio of the Bank as on 31.03.2017 is 59.51%.

4.7 Bancassurance Business:

Fees, remuneration received from Bancassurance business:

For the year ended 31.03.2017, the bank received Gross Commission income of ₹ 9.77 Crore from Bancassurance business, of which ₹ 7.53 Crore from life insurance segment and ₹ 2.24 Crore from general insurance segment.

4.8 Concentration of Deposits, Advances, Exposures and NPAs:

4.8.1 Concentration of Deposits: (₹ in crore)

Total Deposits of twenty largest depositors	5,430.12
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	17.77%

4.8.2 Concentration of Advances: (₹ in crore)

Total Advances to twenty largest borrowers	2,966.50
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	11.34%

4.8.3 Concentration of Exposures: (₹ in crore)

Total Exposure to twenty largest borrowers/customers	3,155.31
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers /customers	11.71%

4.8.4 Concentration of NPAs: (₹ in crore)

Total Exposure to top four NPA accounts	258.76

4.9 Sector-wise Advances (As compiled by Management): (₹ in crore)

Sl. No.	Sector	2016-2017			2015-2016		
		O/s Total Advances	Gross NPA	% of Gross NPAs to Total Advances in that Sector	O/s Total Advances	Gross NPA	% of Gross NPAs to Total Advances in that Sector
(A)	**Priority Sector**						
1.	Agriculture and allied activities	3553.27	20.49	0.58%	3065.60	14.54	0.47%
2.	Industries	1347.69	67.01	4.97%	1440.65	35.62	2.47%
3.	Services	2707.25	60.65	2.24%	2368.40	31.82	1.34%
4.	Personal Loans	558.35	2.31	0.41%	448.08	8.85	1.98%
	Sub Total (A)	8166.56	150.46	1.84%	7322.73	90.83	1.24%
(B)	**Non Priority Sector**						
1.	Agriculture and allied activities	227.81	0.00	0.00	0.00	0.00	0.00
2.	Industries	4001.24	287.80	7.19%	3463.91	206.74	5.97%
3.	Services	4729.35	63.04	1.33%	4827.79	65.14	1.35%
4.	Personal Loans	3067.36	38.79	1.26%	2172.17	4.93	0.23%
5.	Others	3766.14	100.11	2.63%	2032.33	23.61	1.16%
	Sub Total (B)	15791.90	489.74	3.10%	12496.20	300.42	2.40%
	Total (A+B)	23958.46	640.19	2.67%	19818.93	391.25	1.97%

4.10 Movement of NPAs (As compiled by Management): (₹ in crore)

Particulars	2016-2017	2015-2016
Gross NPAs as on 1st April (Opening Balance)	391.25	454.62
Additions (Fresh NPAs) during the year	597.20	196.90
Sub-total (A)	988.45	651.52
Less:- (i) Upgradations	26.48	21.20
(ii) Recoveries (excluding recoveries made from upgraded accounts)	230.27	169.81
(iii) Technical / Prudential write offs	88.55	68.88
(iv) Write-offs other than those under (iii) above	2.95	0.38
Sub-total (B)	348.26	260.27
Gross NPAs as on 31st March (closing balance) (A-B)	640.19	391.25

4.10.1 Details of Technical write-offs and recoveries made: (₹ in crore)

Particulars	2016-2017	2015-2016
Opening balance of Technical / Prudential written off accounts as at 1st April	345.39	317.84
Add: Technical / Prudential write offs during the year	88.55	68.88
Sub Total (A)	433.94	386.72
Less: Recoveries / reduction made from previously technical / prudential written - off accounts during the year (B)	40.82	41.33
Closing balance as on 31st March (A-B)	393.12	345.39

4.11 REGROUPING OF REPO / REVERSE REPO TRANSACTIONS

Pursuant to RBI circular FMRD. DIRD. 10/14.03.002/2015-16 dated 19th May 2016, the bank, has with effect from 3rd October 2016, considered its Repo / Reverse Repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing facility (MSF) of RBI as borrowings / Lending, as the case may be. Consequently, interest expended on repo borrowing with RBI is included under "Interest Expended" and interest earned on reverse repo with RBI under "interest Earned - Interest on Balances with Reserve bank of India and other inter-bank funds". Hitherto, the repo/ reverse repo transactions were included under "Investments" and interest thereon was included under " Interest Earned - Income on Investments". Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The above regrouping/ reclassification has no impact on the profit of the bank for the quarter/ year ended 31st March 2017 or the previous periods.

4.12 Disclosures on Flexible Structuring of Existing Loans

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
2016-17	2	159.80	0.00	4.33 years	21.16 years
2015-16	Nil	Nil	Nil		

4.13 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period):

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date 31.03.2017		Amount outstandng as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstandng as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
5	283.03	0.00	Nil	Nil	283.03	0.0

4.14 Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period):

(₹ in crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting 31.03.2017		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Nil								

4.15 Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):

(₹ in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil			

4.16 Disclosures on the scheme for Sustainable Structuring of Stressed assets (S4A), as on 31.3.2017.

(₹ in crore)

No .of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		Part A	Part B	
Classified as Standard	25.47	13.81	11.66	5.09
Classified as NPA	Nil	Nil	Nil	Nil

4.17 Disclosure in the "Notes to Accounts" to the Financial Statements- Divergence in the asset classification and provisioning

The additional provisioning requirement due to divergence observed by RBI for the financial year 2015-16 in respect of bank's asset classification and provisioning under extant prudential norms on income recognition, asset classification and provisioning (IRACP), is within the limit of 15%. Hence, no disclosure is required to be made under DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017.

4.18 Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Spread Over of Shortfall on Sale of NPAs to SCs/RCs

As permitted by RBI, the bank has opted to provide for the net shortfall on account of sale of assets to Reconstruction Companies over a period of eight / four quarters. Consequently, ₹ 74.90 Crore has been charged to the Profit & Loss account for the year ended 31st March 2017. The unamortised amount on this account as on 31st March 2017 is ₹ 31.29 crore and is debited to 'Other Reserves' and credited to 'Other Provisions', as per RBI guidelines vide no.DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016

4.19 Overseas Assets, NPAs and Revenue

Particulars	(₹ in crore)
Total Assets	NIL
Total NPAs	NIL
Total Revenue	NIL

4.20 Off-balance Sheet SPVs sponsored :

Name of the SPV sponsored

Domestic	Overseas
NIL	NIL

4. 21 Disclosure on Remuneration:

a. Qualitative disclosures:

(a)	Information relating to the composition and mandate of the Remuneration Committee.	The members of the Nomination and Remuneration committee as on 31st March 2017 are 5.
(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	The latest amendment to the policy was approved by the HR Committee of the Board on 14th October 2015. Performance is evaluated based on Key Performance indicators as approved by the Board.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with level of remuneration.	
(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	
(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.	ESOS and Performance incentives are the components of variable remuneration

b. Quantitative disclosures:

	Particulars	2016-17	2015-16
(g)	Number of meeting held by the remuneration committee during the financial year and remuneration paid its members	Meeting of the Nomination, Remuneration and Compensation Committee of the Board (NRCCB) was held 6 times during FY 2016-17 and the total remuneration paid to the committee members in the form of sitting fees is ₹ 0.08 crore.	Meeting of the Nomination and Remuneration Committee of the Board (NRCB) was held 5 times during FY 2015-16 and the total remuneration paid to the committee members is ₹ 0.05 crore.

b. Quantitative disclosures: (Contd.)

	Particulars	2016-17	2015-16
(h)	(i) Number of employees having received a variable remuneration award during the financial year.	NIL	NIL
	(ii) Number and total amount sign-on awards made during the financial year.	NIL	NIL
	(iii) a) Details of guaranteed bonus, if any, paid as joining / Sign on bonus.	NIL	NIL
	b) Details of performance Bonus / Allowance	₹ 0.12 crore (1 person)	₹ 0.35 crore (2 persons)
	(iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and shares - linked instruments and other forms.	Grant of 3,10,000 shares to Executive Director & CFO and Company Secretary respectively under ESOS.	Grant of 12,00,000 shares to MD & CEO under ESOS subject to approval of RBI.
	(ii) Total amount of deferred remuneration paid out in the financial year.	NIL	₹ 1.22 Crore
(j)	Breakdown of amount remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	No Risk Takers were paid Variable Pay No deferred and Non-deferred remuneration	No Risk Takers were paid Variable Pay No deferred and Non-deferred remuneration
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments.	NIL	NIL
	(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	NIL	NIL
	(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	NIL	NIL

4.22 Disclosures relating to securitization: NA

4.23 Credit Default Swaps: NIL

4.24 Intra – Group Exposure: (₹ in crore)

	Particulars	FY 2016-17
(a)	Total amount of intra-group exposures	NIL
(b)	Total amount of top-20 intra-group exposures	
(c)	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	
(d)	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	

4.25 Transfer to Depositors Education and Awareness Fund (DEAF): (₹ in crore)

Particulars	FY 2016-17	FY 2015-16
Opening balance of amounts transferred to DEAF	17.72	10.10
Add: Amounts Transferred to DEAF during the year	5.53	7.66
Less: Amounts reimbursed by DEAF towards claims	0.11	0.04
Closing balance of amounts transferred to DEAF	23.14	17.72

4.26 Unhedged Foreign Currency Exposure:

Based on the declaration received from borrowers, the bank has estimated and provided towards the liability for Unhedged Foreign Currency Exposure (UFCE) of their constituents in terms of RBI Circular No. DBOD.NO.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and the total provision held as of 31st March 2017 is ₹ 2.28 Crore.

4.27 **Details of Frauds occurred and Provision made during the year:**

As per RBI Circular No.DBR. No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016 required details are furnished:

(a)	Number of Fraud cases reported during the year	15
(b)	Amount involved (₹ In Crore)	110.00
(c)	Quantum of Provision made, net of recoveries of ₹ 75.93 Crore	11.63
(d)	Quantum of unamortized Provision debited from 'Other Reserves' (₹ In Crore)	19.15

5.1 Liquidity Coverage Ratio: (₹ in Crore)

		2016-2017		2015-2016	
		Total Unweighted Value (Average)	**Total Weighted Value (Average)**	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets					
1.	Total High Quality Liquid Assets (HQLA)	–	1189.87	–	797.68
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	3097.65	258.07	949.94	81.59
(i)	Stable Deposits	1033.93	51.70	268.04	13.40
(ii)	Less stable Deposits	2063.72	206.37	681.90	68.19
3	Unsecured wholesale funding, of which:	1268.81	245.42	818.00	92.54
(i)	Operational deposits (all counterparties)	70.63	17.66	74.66	18.66
(ii)	Non-operational deposits (all counterparties)	1006.50	95.49	743.34	73.88
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	730.17	0.00	441.49	0.00
5	Additional requirements, of which	4300.31	433.04	3216.03	282.63
(i)	Outflows related to derivative exposures and other collateral requirements	10.22	10.22	7.66	7.66
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and Liquidity facilities	1775.90	152.98	1120.83	99.84
6	Other contractual funding obligations	185.15	185.15	82.22	82.22
7	Other contingent funding obligations	2309.37	69.28	2005.33	92.91
8	Total Cash Outflows	9396.93	936.53	5425.46	456.76
Cash Inflows					
9	Secured lending (e.g. reverse repos)	279.52	0.00	59.31	0.00
10	Inflows from fully performing exposures	4736.26	2368.13	2170.40	1085.20
11	Other cash inflows	312.47	112.47	83.21	66.54
12	Total Cash Inflows	5328.25	2480.60	2312.91	1151.74
			Total Adjusted 5 Value		Total Adjusted 5 Value
13	TOTAL HQLA	–	1189.87	–	797.68
14	Total Net Cash Outflows	–	369.68	–	114.19
15	Liquidity Coverage Ratio (%)	–	321.86	–	698.56

5.2 Qualitative disclosure around LCR:

Based on RBI guidelines issued during June, 2014 and also other circulars subsequently thereon, the Bank has been computing the Liquidity Coverage Ratio with effective from 01st January, 2015. As per these guidelines, the Bank has high quality liquid assets (HQLA) into Level 1 and Level 2A/2B. As on 31.03.2017, the Bank has ₹ 1253.53 Cr of HQLAs, of which, the main contribution is from Level - 1 type of assets with ₹ 1206.08 Cr. The Level-1 assets are in the form of surplus SLR investments / Excess CRR and Cash in Hand.

As on 31.03.2017, after applying the respective haircuts as mentioned by RBI guidelines on LCR, the Bank has total amount of ₹ 1533.72 Cr of cash outflows and ₹ 1189.34Cr of cash inflows over the next 30 days period. Of this total amount of ₹ 1533.72 Cr of cash outflows, the major component is in the form of unsecured wholesale funding and of the total ₹ 1189.34 Cr of cash inflows, the major cash inflows are in the form of amounts to be received from Non - Financial wholesale counterparties.

6. a) The disputed Income Tax demand outstanding as on 31.03.2017 amounts to ₹ 100.43 Crore (previous year ₹ 60.11 Crore) and is included under Item I of Schedule 12 (Contingent Liabilities). No provision is considered necessary in respect of the disputed liabilities in view of favorable decisions by various appellate authorities on similar issues.

b) The disclosure requirement on Specified Bank Notes (SBN) as envisaged notification no. GSR.308 (E) dated 30.03.2017 is not applicable to the bank since its financial statements are not presented as per schedule III of The Companies Act, 2013.

c) The Board of Directors has recommended a dividend of ₹ 2.70 per share (27%) for the year ended 31st March 2017 (previous year ₹ 3 Per share (30%)), subject to approval of the shareholders at the ensuing Annual General Meeting. In accordance with revised Accounting Standards (AS) 4-Contingencies & Events occurring after the balance sheet date notified by the MCA on March 30, 2016, the proposed dividend including corporate dividend tax amounting to ₹ 62.21 crore has not been shown as an appropriation from the profit & loss appropriation account as of March 31, 2017 and consequently not reported the same under Other liabilities and Provisions as of March 31, 2017. For computation of capital adequacy ratio as of March 31, 2017, Bank has adjusted the proposed dividend for determining capital funds.

7. Previous year's figures have been regrouped / reclassified wherever considered necessary to conform to the current year's classification.

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

Second Floor, Congress Building, 573, Anna Salai, Chennai – 600 006.

E-mail : rkkco@dataone.in **TEL. : 24349866, 24349867**

REFORMATTED FINANCIAL STATEMENTS EXAMINATION REPORT

To

The Board of Directors
Lakshmi Vilas Bank
Salem Road, Kathaparai,
Karur – 639 006, Tamil Nadu, India

Dear Sirs,

1. We are engaged to report on the financial statement (**"Financial Statements"**) of The Lakshmi Vilas Bank Limited (**"the Bank"**) for the half-year ended September 30, 2017 annexed to this report for the purpose of inclusion in the letter of offer (the **"Offer documents"**) prepared by the Bank in connection with the Rights Issue (**"Rights Issue"**) of its equity shares, in accordance with the provision of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("**the ICDR Regulations**") as amended to date

   Our responsibility is to report on such statements based on our procedure.

2. We have examined such statements taking into consideration:
   (i) the terms of reference dated October 12, 2017 received from the Bank in connection with the Offering Documents being issued by the Bank for its proposed Rights Issue of equity shares having face value of Rs.10/- each, under the applicable Regulations (**"Issue"**); and

   (ii) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

3. We report that the figures disclosed in the "Financial Statements" have been extracted by the management from the financial statements for the half-year ended September 30, 2017. The financial statements for the half-year ended September 30, 2017 have been reviewed by us and in respect of which we have issued an unqualified opinion dated October 11, 2017. A copy of our report dated October 11, 2017 is attached as Annexure 1 to this report.

4. For the purpose of this report we have not performed any additional audit procedure on the above unaudited/reviewed financial statements of the Bank for the half-year ended September 30, 2017, including evaluating the possible impact, if any, of subsequent events on the earlier audited financial statements of the Bank.

5. The "Financial Statements" annexed to this report are extracted from the unaudited/reviewed financial statements for the half-year ended September 30,2017. These "Financial Statements" have been prepared using the same set of accounting policies used for preparing the audited financial statements as at March 31, 2017.

6. At the Bank's request, we have also examined the following information proposed to be included in the Offering Documents prepared by the managements and annexed to this report;
   (i) Accounting Ratios; and
   (ii) Capitalization Statements.

7. In our opinion, the financial information contained in this report have been prepared in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 129 of the Companies Act 2013 and requirements of the Securities and Exchange Board of India (Issued of Capital & Disclosure Requirement) Regulations, 2009 as amended till date.

8. This report should not be in any way construed as a re-dating of any of the previous audit report issued by us nor should this report be construed as a new opinion on any financial statements referred to herein.

9. This report is intended solely for your information and for inclusion in the Offer Documents in connection with the proposed Rights Issue by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R. K. Kumar & Co.
Chartered Accountants
Firm Registration No.: 001595S

[G Naganathan]
Partner
Membership No.: 022456

Place: Chennai
Date: November 15, 2017

R.K. KUMAR & CO

CHARTERED ACCOUNTANTS

SECOND FLOOR, CONGRESS BUILDING, 573, MOUNT ROAD, CHENNAI – 600 006.

E-mail : rkkco@dataone.in FAX : 91-44-24349857

TEL. : 24349866, 24349867

Independent Auditor's Review Report on Review of Interim Financial Results

To The Board of Directors of The Lakshmi Vilas Bank Ltd

1. We have reviewed the accompanying statement of Unaudited Financial Results of **The Lakshmi Vilas Bank Limited** ("The Bank") for the quarter / six months ended 30th September 2017 ("the Statement"), excluding the Pilar 3 disclosures, leverage ratio and liquidity coverage ratio under Basel III Capital Regulations disclosed on the Bank's website and in respect of which a link has been provided in the Statement, being prepared and submitted by the Bank pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The preparation and fair presentation of the Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. It has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to Banking Companies, circulars and guidelines issued by the Reserve Bank of India from time to time and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Bank's Personnel and analytical procedures applied to financial data and thus provides less assurance than an Audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. In the conduct of our Review we have relied on the reports in respect of non-performing assets received from concurrent auditors of 103 branches. These reports cover 72.52 per cent of the advances portfolio of the Bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

R.K. KUMAR & CO
CHARTERED ACCOUNTANTS
SECOND FLOOR, CONGRESS BUILDING, 573, MOUNT ROAD, CHENNAI – 600 006.

E-mail : rkkco@dataone.in FAX : 91-44-24349857

TEL. : 24349866, 24349867

4. Without qualifying our report, we draw attention to:

   (i) Note No.3 of the unaudited financial statements regarding deferment of loss to the extent of Rs.8.13 Crore on sale of advances to Asset Reconstruction Companies and

   (ii) Note No.4 of the unaudited financial statements regarding deferment of loss to the extent of Rs.68.49 Crore in respect frauds.

5. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Accounting Standards along with the other accounting principles generally accepted in India in so far as they apply to the Banking companies and guidelines issued by Reserve Bank of India from time to time, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Place: Chennai

Date: 11th October, 2017

For R.K.Kumar & Co.
Chartered Accountants
Firm Regn.No.001595S

R.K. KUMAR & CO. CHENNAI Chartered Accountants

(G.Naganathan)
Partner
Membership No.022456

THE LAKSHMI VILAS BANK LIMITED

BALANCE SHEET AS ON 30th SEPTEMBER 2017

(₹ in Crore)

	SCHEDULE	AS AT 30/09/2017	AS AT 30/09/2016
I. CAPITAL & LIABILITIES			
a. Capital	1	191.81	179.46
b. Reserves & Surplus	2	1,937.25	1,711.39
c. Deposits	3	29,171.11	26,680.14
d. Borrowings	4	5,097.84	668.20
e. Other Liabilities & Provisions	5	752.58	663.39
TOTAL		**37,150.59**	**29,902.58**
II. ASSETS			
a. Cash & Balances with Reserve Bank of India	6	1,612.49	1,375.21
b. Balances with Banks and Money at call & Short Notice	7	64.07	200.40
c. Investments	8	11,215.13	7,226.20
d. Advances	9	22,926.49	20,069.16
e. Fixed Assets	10	401.36	372.59
f. Other Assets	11	931.05	659.02
TOTAL		**37150.59**	**29902.58**
Contingent Liabilities	12	3,363.03	4,071.08
Bills for collection		863.29	833.32

Schedules 1 to 12 form part of this Balance Sheet.

THE LAKSHMI VILAS BANK LIMITED
PROFIT & LOSS ACCOUNT FOR THE HALF-YEAR ENDED 30th SEPTEMBER 2017

(₹ in Crore)

	SCHEDULE	HALF YEAR ENDED 30/09/2017	HALF YEAR ENDED 30/09/2016
I. INCOME			
a. Interest Earned	13	1,548.83	1,384.06
b. Other Income	14	281.18	221.11
TOTAL		**1,830.01**	**1,605.17**
II. EXPENDITURE			
a.Interest Expended	15	1,098.36	1,019.83
b.Operating Expenses	16	353.14	301.08
c.Provisions & Contingencies		301.89	158.73
TOTAL		**1,753.39**	**1,479.64**
III. NET PROFIT FOR THE HALF-YEAR		76.62	125.53
Profit brought forward		-	0.00
Transfer from Investment Reserve		0.00	0.00
TOTAL		**76.62**	**125.53**
IV. APPROPRIATIONS			
a. Transfer to Statutory Reserve		-	-
b. Transfer to Capital Reserve		-	-
c. Transfer to Other Reserves		-	-
d. Investment Reserve		-	-
e. Transfer to Special Reserve u/s 36(1)(viii) of the IT Act, 1961		-	-
f. Proposed Dividend		-	-
g. Tax on Proposed Dividend		-	-
h. Balance carried over to Balance Sheet		-	-
TOTAL		**76.62**	**125.53**
Earnings Per Share - Basic (₹)		4.00	6.99
Earnings Per Share - Diluted (₹)		3.96	6.97
Schedules 13 to 16 form part of this Profit & Loss Account.			

THE LAKSHMI VILAS BANK LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30th September 2017

				(₹ in Crore)
	30.09.2017		**30.09.2016**	
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit as per Profit & Loss Account	76.62		125.53	
ADJUSTMENTS FOR:				
Provisions & Contingencies	301.89		158.73	
Depreciation	24.00		20.50	
Loss on sale of assets	0.07		-0.12	
Income Tax / T D S paid	-63.00		-54.00	
Net cash flow before changes in Working Capital		**339.58**		**250.64**
CHANGES IN WORKING CAPITAL :				
LIABILITIES : Increase/Decrease in				
Deposits	-1382.25		1249.18	
Refinances	3224.72		-24.81	
Other Liabilities	-357.27		-178.75	
		1485.20		**1045.62**
ASSETS : Increase/Decrease in				
Investments	2563.40		680.79	
Advances	-802.42		425.42	
Other Assets	-13.04		-137.07	
		-1747.94		**-969.14**
Net Cash Flow from operating activities		**76.84**		**327.12**
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	-66.41		-26.24	
Sale of Fixed Assets	0.10		0.27	
Net Cash Flow from Investing activities		**-66.31**		**-25.97**
CASH FLOW FROM FINANCING ACTIVITIES:				
Share issue including share premium net of forfeited shares	4.55		0.00	
Proceeds received from Tier II Bonds	100.00		0.00	
Repayment of Tier II Bonds	0.00		-30.00	
Dividends paid	-62.39		-64.14	
Net Cash Flow from financing activities		**42.16**		**-94.14**
Cash flow for the half year ended		**52.68**		**207.01**
Cash & Cash equivalents at the beginning of the year		**1623.88**		**1368.61**
Cash & Cash equivalents at the half year end		**1676.56**		**1575.62**

THE LAKSHMI VILAS BANK LTD.

SCHEDULE 1 - CAPITAL

	AS AT 30/09/2017		AS AT 30/09/2016
			(Rs.in Crore)
AUTHORISED CAPITAL			
(50,00,00,000 equity shares of Rs.10/- each)	500.00		300.00
ISSUED CAPITAL			
(19,33,15,124 equity shares of Rs.10/- each	193.31		180.97
Subscribed, Called-up and Paid Up Capital	191.81		179.46
i) 19,18,06,747 equity shares of Rs.10/- each			
	191.81		**179.46**

SCHEDULE 2 - RESERVES & SURPLUS (Rs.in Crore)

		AS AT 30/09/2017		AS AT 30/09/2016
I. STATUTORY RESERVE				
Opening Balance	481.40		417.30	
Additions during the year	-	481.40	-	417.30
II. CAPITAL RESERVE				
Opening Balance	140.27		63.11	
Additions during the year	-	140.27	-	63.11
III. SHARE PREMIUM				
Opening Balance	807.98		657.36	
Additions during the year	2.99		-	
	810.97		657.36	
Deductions during the year	-	810.97	-	657.36
IV. REVENUE & OTHER RESERVES				
Opening Balance	216.53		218.18	
Additions during the year	-		-	
	216.53		218.18	
Deductions during the year	26.19	190.34	-	218.18
V. EMPLOYEE STOCK OPTION OUTSTANDING				
Opening Balance	4.51		1.73	
Additions during the year	1.20		-	
	5.71		1.73	
Deductions during the year	-		-	
Less: Transferred to General Reserve		5.71		1.73
V. Special Reserve u/s 36(1)(viii) of IT Act, 1961				
Opening Balance	62.45		56.45	
Additions during the year	-	62.45	-	56.45
VI. REVALUATION RESERVE				
Opening Balance	169.49		171.73	
Additions during the year	-		-	
Depreciation on Revalued Asset	-	169.49	-	171.73
Deductions during the year				
VII. BALANCE IN PROFIT & LOSS ACCOUNT		76.62		125.53
		1,937.25		**1,711.39**

SCHEDULE 3 - DEPOSITS

				(Rs.in Crore)
		AS AT 30/09/2017		**AS AT 30/09/2016**
A. I. DEMAND DEPOSITS				
1. From Banks	1.56		0.21	
2. From Others	1,773.43	1,774.99	1,520.57	1,520.78
II. SAVINGS BANK DEPOSITS		4,344.51		3,098.52
III. TERM DEPOSITS				
1. From Banks	1,052.15		1,209.91	
2. From Others	21,999.46	23,051.61	20,850.93	22,060.84
		29,171.11		**26,680.14**
B (I). DEPOSITS OF BRANCHES IN INDIA		29,171.11		26,680.14
(II). DEPOSITS OF BRANCHES OUTSIDE INDIA		NIL		NIL
		29,171.11		**26,680.14**

SCHEDULE 4 - BORROWINGS

				(Rs.in Crore)
		AS AT 30/09/2017		**AS AT 30/09/2016**
I. BORROWINGS IN INDIA				
1. Reserve Bank of India	1,620.00		-	
2. Other Banks	495.00		-	
3. Other Institutions & Agencies*	2,982.84	5,097.84	668.20	668.20
II. BORROWINGS OUTSIDE INDIA		-		-
* Includes unsecured Tier II bonds of Rs.568.20 Crs (Previous year Rs.468.20 Crs)		**5,097.84**		**668.20**
SECURED BORROWINGS INCLUDED IN I & II ABOVE		0		0

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

			(Rs.in Crore)
	AS AT 30/09/2017		**AS AT 30/09/2016**
I. Bills payable	52.18		48.09
II. Inter-office adjustments (net)	28.50		28.00
III. Interest accrued	233.33		232.83
IV. (I) Others - (including Provisions)	355.16		280.72
(ii) Contingent Provisions against Standard Assets	83.41		73.75
(iii) Deferred Tax Liabilities	-		-
	752.58		**663.39**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

			(Rs.in Crore)
	AS AT 30/09/2017		**AS AT 30/09/2016**
Cash in Hand (including foreign Currency Notes)	351.28		309.37
Balances with Reserve Bank of India			
I) in current account	1,261.21		1,065.84
II) in other accounts	-		-
	1612.49		**1375.21**

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. IN INDIA			
[I] Balance with Banks			
a. in current accounts	50.07		48.43
b. in other deposit accounts	0.30		0.06
	50.37		48.49
[ii] Money at call and short notice			
a. with banks	-		100.00
b. with other institutions	-		-
	50.37		148.49
II. OUTSIDE INDIA			
[I] Balance with Banks			
a. in current accounts	13.70		51.91
b. in other accounts	-		-
	13.70		51.91
	64.07		**200.40**

SCHEDULE 8 - INVESTMENTS

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. INVESTMENTS IN INDIA			
I. Government Securities [incl. treasury bills, & zero coupon bonds]	10,405.33		6,577.25
II. Other approved securities	-		-
III. Shares	104.77		107.28
IV. Debentures & Bonds	365.85		208.63
V. Subsidiaries and Joint Ventures	-		-
VI Others [including Commercial Paper, Mutual Funds, NSC,Security Receipt, Units, etc.]	339.18		333.04
	11,215.13		**7,226.20**
GROSS INVESTMENTS IN INDIA	11,293.73		7,268.99
LESS: DEPRECIATION	78.60		42.79
NET INVESTMENTS IN INDIA	11,215.13		7,226.20
II. INVESTMENTS OUTSIDE INDIA	NIL		NIL
	11,215.13		**7,226.20**

SCHEDULE 9 - ADVANCES

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
A. I. Bills purchased & discounted	820.98		1,229.11
II. Cash credits, overdrafts & loans repayable on demand	11,405.20		11,179.62
III. Term loans	10,700.31		7,660.43
	22,926.49		**20,069.16**
B. PARTICULARS OF ADVANCES			
I. Secured by tangible assets [incl. advances against Book Debts	21,956.66		19,476.85
II. Covered by Bank / Govt. Guarantees	-		-
III. Unsecured	969.83		592.31
	22,926.49		**20,069.16**
C. SECTORAL CLASSIFICATION OF ADVANCES			
I. Priority Sector	8,219.73		7,710.24
II. Public Sector	-		-
III. Banks	-		-
IV. Others	14,706.76		12,358.92
	22,926.49		**20,069.16**

SCHEDULE 10 - FIXED ASSETS

	AS AT 30/09/2017		AS AT 30/09/2016
			(Rs.in Crore)
I. PREMISES			
(after depreciation)	223.25		226.04
II. OTHER FIXED ASSETS (INCLUDING) FURNITURE & FIXTURES)			
(after depreciation)	178.11		146.55
	401.36		**372.59**

SCHEDULE 11 - OTHER ASSETS

	AS AT 30/09/2017		AS AT 30/09/2016
			(Rs.in Crore)
I. Inter-Office Adjustments (net)	-		-
II. Interest Accrued	243.88		154.96
III. Tax Paid in Advance and Tax Deducted at Source	195.32		110.16
IV. Deferred Tax Asset	65.22		52.22
V. Stationery & Stamps	2.77		2.58
VI. Non Banking Assets acquired in satisfaction of claims	78.26		75.86
VII. Others	345.60		263.24
	931.05		**659.02**

SCHEDULE 12 - CONTINGENT LIABILITIES

	AS AT 30/09/2017		AS AT 30/09/2016
			(Rs.in Crore)
I. Claims against the Bank not acknowledged as debts	135.51		240.02
II. Liability for partly paid Investments	-		-
III. Liability on account of outstanding forward exchange contracts	838.86		1,461.77
IV. Guarantees given on behalf of constituents			
in India	1,044.67		998.49
outside India	162.99		191.20
V. Acceptances, Endorsements & Other Obligations	1,144.10		1,159.90
VI. Other items for which the Bank is contingently liable	36.90		19.70
	3363.03		**4071.08**

SCHEDULE 13 - INTEREST EARNED

	AS AT 30/09/2017		AS AT 30/09/2016
			(Rs.in Crore)
I. Interest / discount on advances / bills	1,225.92		1,123.30
II. Income on Investments	315.51		256.21
III. Interest on balance with Reserve Bank of India & other inter-bank Funds	5.48		3.69
IV. Others	1.92		0.86
	1548.83		**1384.06**

SCHEDULE 14 - OTHER INCOME

(Rs.in Crore)

		AS AT 30/09/2017		AS AT 30/09/2016
I. Commission, Exchange and Brokerage		57.42		69.55
II. Profit on sale of Investments	169.12		101.76	
Less: Loss on sale of Investments	32.79	136.33	0.09	101.67
III Profit on sale of land, Buildings & Other Assets	-		0.12	
Less: Loss on sale of land, Buildings & Other Assets	0.07	(0.07)	-	0.12
IV. Profit on Exchange Transactions	5.36		7.05	
Less: Loss on Exchange Transactions	-	5.36	-	7.05
V. Income earned by way of Dividends from Companies in India.	1.55	1.55		1.36
VI. Miscellaneous Income		80.59		41.36
		281.18		**221.11**

SCHEDULE 15 - INTEREST EXPENDED

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Interest on Deposits	986.12		974.38
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	112.24		45.45
T O T A L	**1,098.36**		**1,019.83**

SCHEDULE 16 - OPERATING EXPENSES

(Rs.in Crore)

	AS AT 30/09/2017		AS AT 30/09/2016
I. Payments to and Provision for Employees	176.57		158.08
II. Rent, Taxes & Lighting	36.58		31.17
III. Printing & Stationery	3.50		2.52
IV. Advertisement & Publicity	2.79		4.23
V. Depreciation on Bank's Property	24.00		20.50
VI. Director's fees, allowances	0.50		0.74
VII. Auditors' fees & Expenses (incl. Branch Auditors)	0.72		0.72
VIII. Law Charges	0.73		0.90
IX. Postage, Telegrams, Telephones, etc.,	6.10		6.27
X. Repairs & Maintenance	3.11		2.28
XI. Insurance	15.07		12.50
XII. Other Expenditure	83.47		61.17
T O T A L	**353.14**		**301.08**

MATERIAL DEVELOPMENTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and sub-item B of item X of Part E of the SEBI ICDR Regulations, information required to be disclosed for the period between the last date of the balance sheet and the profit and loss account provided to the shareholders (i.e. for Fiscal 2017) and up to the end of the last but one month preceding the date of the Letter of Offer is provided below.

Working results of our Bank

Our unaudited working results for the period from April 1, 2017 to September 30, 2017 are set out in the table below:

(in ₹ crores)

Sr. No.	Particulars	Amount
(i)	Interest income	1,548.83
(ii)	Other income	281.18
(iii)	**Total Income**	**1,830.01**
(iv)	Estimated gross profit (excluding depreciation and taxes)	103.12
(v)	Provision for depreciation	24.00
(vi)	Provision for taxes	2.50
(vii)	**Net profit**	**76.62**

Material changes and commitments

There are no material changes and commitments since March 31, 2017 till date of the Letter of Offer, except as disclosed below:

a) RBI had announced a list of companies that are to be referred to the NCLT and had, accordingly mandated specific norms for providing for such exposures. For further details, see "***Risk Factors – We may be unable to foreclose on collateral or there may be decreases in the value of collateral which, if a borrower defaults, may result in failure to recover the expected value of the collateral, exposing us to a potential loss.***". The impact for our Bank through this provisioning is ₹ 199.40 crores, of which ₹ 51.91 crores has been provided for during the quarter ended September 30, 2017.

b) Our Bank has classified certain commodity finance transactions amounting to ₹ 80.43 crores as a fraud. In terms of extant regulations, our Bank has the option to provide for this over four quarters of the relevant financial year. Accordingly, we have provided ₹ 20.01 crores quarter ended September 30, 2017.

c) Our former Executive Director and Chief Financial Officer, N. S. Venkatesh had resigned from the Board effective from October 21, 2017.

For our Bank's week-end prices for the last four weeks, current market price, and highest and lowest prices of Equity Shares during the relevant period, see "***Stock Market Data for Equity Shares of our Bank***" on page 86.

STOCK MARKET DATA FOR THE EQUITY SHARES OF OUR BANK

Our Equity Shares are currently listed on the BSE and NSE. Stated below is the stock market data for the Equity Shares for the periods indicated.

For the purpose of this section:

a) Year is a fiscal year;

b) Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;

c) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares for the year, or the month, as the case may be; and

d) In case of two days with the same high/low/closing price, the date with higher volume has been considered.

1. The high, low and average prices recorded on the BSE and NSE for years 2015, 2016 and 2017 and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

Fiscal Year	High (₹)	Date of High	Volume on the Date of High (No. of Shares)	Turnover on Date of High (₹)	Low (₹)	Date of Low	Volume on the Date of Low (No. of Shares)	Turnover on Date of Low (₹)	Average Price For the Year (₹)
BSE Data									
2017	170.85	March 7, 2017	250,353	42,124,029	77.95	May 4, 2016	16,118	1,288,730	130.18
2016	111.45	April 29, 2015	724,319	77,527,456	63.50	August 25, 2015	71,712	5,320,567	91.02
2015	114.90	July 17, 2014	356,415	38,967,605	68.70	April 1, 2014	22,273	1,563,701	88.48
NSE Data									
2017	170.90	March 7, 2017	799,644	134,835,183	75.05	May 20, 2016	439,960	34,083,213	130.22
2016	111.40	April 29, 2015	3,953,990	423,292,307	69.20	September 4, 2015	419,090	30,138,230	91.10
2015	113.90	July 23, 2014	546,660	60,754,562	60.95	September 16, 2014	583,762	42,452,979	88.55

Source: www.bseindia.com, www.nseindia.com

2. The high, low and average prices of Equity Shares traded on the respective dates on the BSE and NSE during the last six months is as follows:

Month (2017)	High (₹)	Date of High	Volume on the Date of High (No. of Shares)	Turnover on Date of High (₹)	Low (₹)	Date of Low	Volume on the Date of Low (No. of Shares)	Turnover on Date of Low (₹)	Average Price For the Month (₹)
BSE Data									
October	156.65	October 25, 2017	357,490	55,448,132	133.40	October 12, 2017	433,108	59,884,463	148.11
September	181.00	September 4, 2017	132,848	22,880,480	137.00	September 25, 2017	239,245	35,467,346	161.76
August	183.95	August 1, 2017	153,770	27,894,853	159.60	August 11, 2017	173,122	29,148,173	175.85
July	209.80	July 6, 2017	161,618	33,599,456	176.10	July 31, 2017	153,274	27,296,194	198.52
June	205.35	June 21, 2017	331,746	65,926,014	185.55	June 2, 2017	171,648	32,317,290	195.28
May	192.00	May 16, 2017	210,838	40,173,396	174.70	May 5, 2017	177,459	31,532,554	184.27
NSE Data									
October	157.00	October 27, 2017	439,393	67,225,199	132.85	October 12, 2017	2,487,183	342,359,374	148.09
September	175.80	September 1, 2017	353,144	61,668,549	138.25	September 25, 2017	1,133,044	167,847,180	161.68
August	183.90	August 1, 2017	695,474	126,144,087	163.10	August 11, 2017	864,875	145,847,626	175.93
July	210.00	July 6, 2017	620,158	127,904,555	176.00	July 31, 2017	614,320	109.297.325	198.66
June	205.00	June 22, 2017	1,290,201	259,862,769	185.20	June 2, 2017	608,299	114,285,379	195.34
May	192.15	May 16, 2017	509,172	97,014,763	174.50	May 5, 2017	636,915	113,380,494	184.33

Source: www.bseindia.com, www.nseindia.com

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

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
BSE Data					
November 24, 2017	179.95	187.95	November 24, 2017	164.50	November 20, 2017
November 17, 2017	167.70	169.00	November 17, 2017	150.65	November 16, 2017
November 10, 2017	157.35	161.25	November 6, 2017	153.75	November 8, 2017
November 3, 2017	160.10	170.80	November 3, 2017	150.00	October 31, 2017
NSE Data					
November 24, 2017	180.05	188.00	November 24, 2017	164.10	November 20, 2017
November 17, 2017	168.00	169.05	November 17, 2017	152.15	November 15, 2017
November 10, 2017	156.70	162.00	November 6, 2017	153.70	November 8, 2017
November 3, 2017	160.60	174.95	November 3, 2017	149.85	October 31, 2017

Source: www.bseindia.com, www.nseindia.com

4. The closing market price of the Equity Shares on the BSE and NSE as on November 24, 2017, the trading day immediately prior to the date of the Letter of Offer was ₹ 179.95 and ₹ 180.05, respectively. The closing price of our Equity Shares as on September 28, 2017 (the trading day immediately following the day on which the Board resolution was passed approving the Issue) was ₹ 147.30 on the BSE and ₹ 146.75 on the NSE.

5. The Issue Price of ₹ 122 has been arrived at by our Bank in consultation with the Lead Manager and the Co-Lead Manager.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following table presents certain accounting and other ratios derived from our Reformatted Audited Financial Statements and Reformatted Reviewed Financial Statements included in "***Financial Statements***" beginning on page 84.

This table should be read in conjunction with "***Financial Statements***" and "***Risk Factors***" appearing on pages 84 and 11, respectively.

Particulars	Six months period ending September 30, 2017	Year ended March 31, 2017
EPS		
(a) Basic EPS	4.00	14.07
(b) Diluted EPS	3.96	13.95
Return on Net Worth	4.14%	15.83%
Net Asset Value per share	97.84	95.15

Definitions of key terms:

- Basic EPS is computed by dividing Net Profit for the year excluding extra-ordinary items by the weighted average number of Equity Shares outstanding for the year/period. There were no extra ordinary items.
- Diluted earnings per share is computed by dividing Net Profit for the year excluding extra-ordinary items by the sum of weighted average number of Equity Shares and dilutive potential Equity Shares outstanding at the year/period end. Potential Equity Shares which are anti-dilutive in nature are ignored. There were no extra ordinary items.
- Return on net worth: Net Profit after tax/ Average Net worth i.e. (Opening + closing)/2
- Net asset value: Net worth divided by number of equity shares outstanding at the end of the period
- Net worth: the aggregate value of the paid-up share capital and all reserves created out of the profits and share premium, after deducting the aggregate value of accumulated losses, deferred expenditure, deferred taxes (net), intangible assets and miscellaneous expenditure not written off, as per the audited / unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Capitalization Statement

The following tables present the capitalisation statement as per the Reformatted Reviewed Financial Statements of our Bank as regards the pre-Issue numbers:

Amount (₹ in Crore)

Particulars	Pre Rights Issue As at September 30, 2017	Post Rights Issue(3)
Borrowings		
Long term borrowings	368.70	368.70
Short Term Borrowings(1)	4,462.98	4,462.98
Current Maturities of Long Term Borrowings(1)	266.17	266.17
Total Borrowings	**5,097.85**	**5,097.85**
Shareholder's Fund		
Equity Share Capital	191.81	256.31
Securities premium	810.97	1,533.34
Reserves and Surplus(2)	956.79	956.79
Total Shareholders' Fund	**1,959.57**	**2,746.44**

Debt/Equity (Total Borrowings/ Shareholder's Fund)	2.60	1.86
Long Term Borrowings / Shareholder's Fund	0.19	0.13

(1) Short Term Borrowings and Current Maturities of Long Term Borrowings are debts maturing within next one year from the date as per above table

(2) Reserves & Surplus excluding revaluation reserves and securities premium

(3) The figures for the respective financial statement line items under the post-Issue column are unaudited and derived after considering only the impact of the issue of 6,44,97,155 Equity Shares of ₹ 10/- each at a premium of ₹ 112/- per Equity Share (aggregating to ₹ 786.87 crore) through the Issue and not considering any other transactions or movements for such financial statement line items after September 30, 2017. These Equity Shares are yet to be allotted. In the post-Issue details, the reserves and surplus amount has not been adjusted for Issue-related expenses that will be deducted from the amount of share premium received from the Issue; and the debt amount has not been adjusted for any proceeds/repayment of loans post September 30, 2017. Also, effect has not been given for the equity shares issued and allotted by the Bank post September 30, 2017 and up to the date of this Rights Issue, pursuant to the exercise of options granted under its ESOS 2010.

The Issue Price of ₹ 122 per Equity Share has been decided by the Capital Raising Committee in consultation with the Lead Manager and the Co-Lead Manager.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as described below, our Bank is not involved in any legal proceeding which if determined adversely, may have a material adverse effect on the business, properties, financial condition or results of operations of our Bank. In this regard, please note the following:

(i) *In determining whether any outstanding litigation against our Bank, other than litigation involving issues of moral turpitude, or criminal liability on the part of our Bank, material violations of statutory regulations by our Bank or proceedings relating to economic offences against our Bank, would have a material adverse effect on our operations or financial position or impact our future revenues, the materiality threshold has been determined as per Clause XII (C) in Part E of Schedule VIII of the SEBI ICDR Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount involved in an individual litigation which may have an impact on our future revenues is likely to exceed ₹ 33.49 crores being 1% of the total revenue of our Bank or the aggregate amount involved in an individual litigation which may not have an impact on our future revenues is likely to exceed ₹ 18.22 crores being 1% of the net worth of our Bank, as per the last completed financial year i.e. Fiscal 2017; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed ₹ 33.49 crores being 1% of the total revenue of our Bank or ₹ 18.22 crores being 1% of the net worth of our Bank, as per the last completed financial year i.e. Fiscal 2017, if similar cases put together collectively exceed such threshold; and*

(ii) *Other than as disclosed in this section our Bank is not aware of any litigation involving issues of moral turpitude or criminal liability on the part of our Bank, material violations of statutory regulations by our Bank or proceedings relating to economic offences against our Bank, which are currently pending or have arisen in the last ten years.*

Our Bank, from time to time, has been and continues to be involved in certain legal proceedings in the ordinary course of its business. These legal proceedings are in the nature of civil as well as tax proceedings and our Bank believes that the number of proceedings in which it is involved is not unusual for a company of its size doing business in India.

It is clarified that for the purpose of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Bank or our Directors shall, unless otherwise decided by our Board, not be considered as litigation until such time that our Bank or our Directors, as the case may be is impleaded as defendant in the litigation proceeding before any financial forum.

All terms defined in a particular litigation are for that particular litigation only.

Notices received from SEBI

1. Our Bank had received a letter from SEBI bearing No. ID8/BM/RC/BCHRL/183044/2009 dated November 13, 2009 pertaining to investigation in the case of Blue Coast Hotels and Resorts Limited ("**Blue Coast**") wherein the required disclosures under Regulation 13 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 with respect to the transfer of 807,000 shares of Blue Coast were allegedly not made by our Bank. SEBI advised our Bank to be careful in future and avoid recurrence of such instances, failing which action would be initiated by SEBI. SEBI further directed our Bank to inform its Board of the matter. Our Board was informed about the matter on November 30, 2009.

Notice received from RBI

1. The RBI, had *vide* its order dated December 30, 2016, imposed a penalty of ₹ 3.00 crores on our Bank for violations in relation to opening of current accounts without obtaining no-objection certificate, extending bill discounting facilities to non-constituents and walk in customers and non adherence of KYC norms.

2. The RBI had *vide* its order dated July 15, 2013 imposed a penalty of ₹ 2.50 crores for, amongst others, non adherence of KYC norms and anti-money laundering guidelines, non-adherence to instructions on monitoring of transactions in customer accounts, non-adherence to instructions on the upper limit for remittances under the Liberalised Remittance Scheme, upper limit for repatriation of funds from non resident ordinary accounts and non-adherence to instructions on import of gold on consignment basis.

3. RBI has imposed penalties on our Bank aggregating to ₹ 23,900 on account of detection of counterfeit notes in currency chests submitted to the RBI.

Litigation against our Bank

Consumer cases

1. M/s Ponni Agro Industries Private Limited ("**Ponni Agro**") filed an application before the National Consumer Disputes Redressal Commission, New Delhi against Bajaj Allianz ("**Bajaj**"), a general insurance company and its officers, and also named our Bank as opposite party along with erstwhile Managing Director and CEO of our Bank. It is alleged by Ponni Agro that our Bank has an arrangement with Bajaj through which we offer Bajaj's general insurance policies to companies that have high turnovers. It is alleged that pursuant to this arrangement, Ponni Agro acquired a general insurance policy and a second policy with additional risk coverage under Standard Fire and Special Perils Policy. Also, our Bank had sanctioned term loan and cash credit advances to Ponni Agro who has hypothecated its machinery and building with our Bank's Dharmapuri branch.

   On February 10, 2010, there was a fire at Ponni Agro's mango pulp manufacturing premise, in which the entire godown, the office building, canteen was burnt. It is alleged that Ponni Agro informed our Bank's employees of the fire immediately. The state government officials as well as a surveyor hired by Bajaj inspected the site. Ponni Agro subsequently lodged a complaint at the Kaveripattnam police station and police investigation deduced that the fire was caused due to electricity leakage. Bajaj hired a surveyor cum loss assessor licensed by the IRDA. Ponni Agro alleges that the assessor has failed in his duty to make a proper assessment and has also made allegations of cheating, falsification, bad language, lack of knowledge and acting in accordance with the instructions of Bajaj against the assessor. It further alleged that it was our Bank's duty to get the damages from the insurance company, take necessary steps to safeguard the hypothecated property, and thereby, our Bank failed to render its services.

   Basis this, Ponni Agro sent a legal notice to Bajaj to which they replied denying all the allegations made by Ponni Agro and stated that Ponni Agro had in fact, not made complete disclosures. Ponni Agro has prayed a relief of sum of ₹ 140.07 crores. We have submitted that the allegations levelled against us are wrong and that we have taken utmost care and proper due diligence at all times and we should not be made a party to the present dispute. We have submitted that it is the duty of Bajaj to pay the claim and therefore, at the most, our Bank can be made a pro forma defendant. The matter is currently pending.

Tax matters

1. The Deputy Commissioner of Income Tax ("**DCIT**") passed an assessment order dated March 31, 2016 under Section 143(3) of the Income Tax Act ("**IT Act**") assessing the gross tax liability of our Bank to ₹ 45.62 crores, for the assessment year 2013-14 ("**AO Order**"). The DCIT, *vide* the AO order, *inter alia*, (i) disallowed depreciation of government securities, (ii) disallowed amortization expenditure to be claimed as a revenue expenditure, (iii) disallowed exemption to the tune of 2% under Section 14A of the IT Act, (iv) disallowed claim of bad debts; (v) levied payment of interest for non-performing assets under Section 43D of the IT Act, (vi) reduced claim of depreciation on ATMs to 15% as against 60% claimed by our Bank, and (vii) disallowed loss due to shifting of securities. Aggrieved by the AO order, our Bank filed an appeal dated April 30, 2016, before the Commissioner of Income Tax (Appeals), on the grounds that, *inter alia*, our Bank was entitled to a deduction under Section 36(1)(viia) of the IT Act, and relied on previous orders from the income tax tribunal wherein interest accrued on non-performing assets was allowed to be deducted. The matter is currently pending.

Litigation by our Bank

Matters pending before the Debt Recovery Tribunal

1. Our Bank filed an application before the Debt Recovery Tribunal, New Delhi against M/s Surya Vinayak Industries Limited ("**SVIL**") and two of its directors and a corporate guarantor in relation to non-payment of interest for the secured credit facilities and bill discounting facilities availed by SVIL through a consortium

of lenders led by Punjab National Bank. Our Bank alleged default on the repayment of the amount sanctioned to SVIL and has *inter alia* prayed for the recovery of a sum of ₹ 61.14 crores along with attachment and sale of mortgaged properties. Our Bank also filed a criminal complaint dated March 27, 2014 ("**Complaint**") alleging that the accused diverted the export loans to their individual accounts and accounts of certain overseas subsidiaries which amounts to criminal conspiracy, cheating, misappropriation and criminal breach of trust.

Pursuant to the investigation, the Directorate of Enforcement ("ED") issued a provisional attachment order dated March 31, 2016, under Prevention of Money Laundering Act, 2002, ("**PMLA Act**") attaching the properties of SVIL as "proceeds of crime" under PMLA Act, which were mortgaged to the consortium of secured creditors led by Punjab National Bank ("**Consortium**"). On May 10, 2016, the Adjudicating Authority under the PMLA Act (the "**Adjudicating Authority**"), served a show cause notice to our Bank under Section 8 read with Section 5(5) and 5(1) of PMLA Act, calling upon to show cause why the attached property should not be confirmed as "proceeds of crime". Our Bank has submitted the reply on August 22, 2016, before the Adjudicating Authority contending that the rights of the secured creditors to recover the outstanding amount would be prejudiced if the provisional attachment order in respect of the properties mortgaged was confirmed for attachment. The order dated September 22, 2016 ("**Attachment Order**") confirmed the provisional attachment of properties by the Deputy Director, Director of Enforcement, Delhi Zonal Office, Delhi. Pursuant to the Attachment Order, the ED issued three notices for taking possession of the provisionally attached immovable property, which shall be at the disposal of the ED till further orders. Punjab National Bank has thereafter filed an appeal before the Appellate Tribunal, Prevention of Money Laundering, New Delhi. Our Bank has declared SVIL and both directors as wilful defaulters and the same has been informed to credit rating agencies. The matter is still pending.

2. Our Bank, alongside 21 other lenders (collectively the "**Lenders**") had formed a consortium led by UCO Bank ("**UCO**") that extended credit facilities to M/s REI Agro Limited ("**RAL**") aggregating to ₹ 4,250.00 crores. Our Bank had granted RAL a sanction limit of ₹ 55.52 crores out of which an aggregate amount of ₹ 53.62 crores are outstanding under credit facility and various term loans. The accounts maintained by RAL with respective Lenders, including our Bank, have been declared NPAs due to failure to operate the account in conformity with the terms and conditions of the credit facilities granted to it. An original application was filed before the Debt Recovery Tribunal, Kolkata against RAL and others, wherein, our Bank has *inter alia* claimed for (i) the recovery of a sum of ₹ 53.62 crores inclusive of interest up to March 31, 2015, together with further interest at 19.80 % per annum from April 1, 2015 till realisation; and (ii) a certificate of sale relating to the hypothecated properties of RAL.

   Our Bank has additionally issued a notice dated February 10, 2015 to RAL under provisions of the SARFAESI Act, 2002, requiring repayment of dues arising from the credit facilities granted to RAL. Further, on October 26, 2015, UCO filed a case against RAL before the Bank Securities and Fraud Cell, Central Bureau of Investigation (the "**CBI**"), alleging that it had cheated 14 Lenders by a sum of ₹ 3,871.71 crores. Our Bank received a notice from the CBI on July 26, 2016, requiring that funds from FDR accounts of the directors of RAL not to be released. In this regard, the Directorate of Enforcement, Delhi Zonal Office II, has passed an order dated July 10, 2017 for the provisional attachment of certain immovable properties of RAL for a period of 180 days. Meanwhile, RAL has initiated proceedings before the Board for Industrial and Financial Reconstruction, seeking determination of the sickness of RAL and measures to be adopted for its rehabilitation. Our Bank has declared RAL and its directors as wilful defaulters and the same has been informed to credit rating agencies. Further, insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 have been initiated against RAL. The matters are currently pending.

3. Our Bank has filed an application before the Debt Recovery Tribunal, Bangalore against M/s Alupro Building Systems Private Limited ("**Alupro**") and the directors in relation to various secured credit facilities aggregating to ₹ 70.00 crores availed by Alupro. Our Bank has alleged default on the repayment of the outstanding amount to Alupro and prayed for the recovery of a sum of ₹ 26.52 crores with an interest thereto along with attachment and sale of the secured properties. Our Bank has also given a notice to Alupro, its directors and guarantors under the SARFAESI Act due to failure to comply with the terms of the loan, who have objected to the tenability of the notice under law. Our Bank has clarified *vide* its reply that there is no bar to issue the statutory notice under Section 13(2) of the SARFAESI Act. We have also filed a criminal complaint dated February 5, 2015 against Alupro and its directors, due to depletion in the value of stock and receivables of Alupro, indicating that Alupro may have realized/utilized/sold some of its current assets, routed

through other banks without the permission of our Bank, which amounts to fraud. The matter is currently pending.

4. Our Bank has filed an original application before the Debt Recovery Tribunal, Mumbai against Maa Shree Lakshmi Exim Private Limited ("**MSLEPL**") and guarantors including promoters and directors of MSLEPL in relation to outstanding payment of various facilities operating as bill discounting facilities, secured by guarantee and hypothecation. Our Bank has alleged that the 65 bills have remained outstanding despite extension in due dates. Our Bank has *inter alia* prayed for the recovery of a sum of ₹ 48.11 crores with further interest of 20.25% till realisation of all dues, along with invocation of the hypothecation and guarantee. Our Bank also filed a criminal complaint dated September 6, 2011 against MSLEPL accusing them of cheating our Bank by submitting false mortgage papers of the property, while the original title deeds are mortgaged with another bank. The final order dated February 23, 2016 ("**Final Order**") entitled our Bank to recover a sum of ₹ 48.11 crores and the demand notice was served to MSLEPL, and its promoters and directors. An application before the registrar enumerating the immovable properties of MSLEPL is to be filed by our Bank. A miscellaneous application has been filed by MSLEPL before the Debt Recovery Tribunal 1, Mumbai challenging the Final Order in the original application. Pursuant to the Final Order, our Bank filed two interim applications before the Debt Recovery Tribunal, Mumbai against MSLEPL and its guarantors, in respect of (i) disclosure of, and attachment of all personal assets of MSLEPL and its guarantors, as on the date of the Final Order, and (ii) restrain the guarantors of MSLEPL from leaving the country without prior permission of the Debt Recovery Tribunal, Mumbai. The matter is currently pending.

5. In June 2006, our Bank sanctioned a goods loan of ₹ 20 crores in favour of M/s RJ Agri Source ("**RJAS**"), a partnership firm, which was enhanced to ₹ 40 crores in November 2006. With the demise of the two partners of RJAS (collectively the "**Partners**") in December, 2006, the business of RJAS came to a standstill, and payments on the loan granted to it have ceased, with ₹ 37.75 crores remaining outstanding. Our Bank filed an original application before the Debts Recovery Tribunal, Bangalore ("**DRT**") against RJAS, the Partners and others, alleging default on the repayment of loans granted to it, *inter alia* claiming for (i) the recovery of a sum of ₹ 38.29 crores with further interest of 13% from the legal heirs of the Partners; and (ii) the sale of the properties offered as security for the loan. In terms of its order dated July 11, 2012, the DRT granted the reliefs sought by our Bank and issued a recovery certificate accordingly. The execution proceedings have been initiated.

   As security for the abovementioned loan, the Partners had provided warehouse receipts for procurement of food grains (the "**Receipts**"). On December 11, 2006, our Bank was however informed that there was no wheat in the relevant warehouses, and that the Receipts were forged. Our Bank hence filed a criminal complaint on January 4, 2007 against the Partners. Further, the suit filed by HMG Ambassador Property Management Private Limited ("**HMG**") against RJAS, the Partners and our Bank before the City Civil Judge, Bangalore, disputing the title of the Partners over the properties situated in Bangalore, which were offered as security, was decreed in favour of HMG. Additionally, Cargill India Private limited ("**Cargill**") has filed an inter-pleader suit before the City Civil Judge, Bangalore against our Bank and others seeking an order *inter alia* directing our Bank to inter-plead and establish rights in the money payable by Cargill. Our Bank's application filed for appropriating the amount deposited in the court by Cargill, against the loan account, has been dismissed. The matter is currently pending.

6. In the matter of fraud in bill discounting and default in payment of the bill amount on the due date by 16 entities, its partners and guarantors ("**Parties**"), aggregating to the amount of ₹ 75.14 crores, our Bank has filed complaints under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 before the Metropolitan Magistrate at Egmore against nine entities, who had presented additional security in the form of post-dated cheque which bounced, for the reason of "insufficient funds". Further, our Bank has lodged police complaints against all Parties on October 21, 2016 for commission for fraud, cheating, forgery, criminal breach of trust and falsification of records. Pursuant to the steps taken by our Bank, the entire amount including incidental amount, has been recovered from the Parties. The matter is still pending.

7. Our Bank, alongside 11 other applicants (collectively the "**Working Capital Lenders**") had formed a consortium led by State Bank of India ("**SBI**") that extended working capital facilities to M/s Shakti Bhog Foods Limited ("**SBFL**") aggregating to ₹ 2,450.00 crores wherein our Bank had granted SBFL a working capital limit of ₹ 25.00 crores. The accounts maintained by SBFL with respective Working Capital Lenders,

including our Bank, became irregular and were declared NPAs. The Working Capital Lenders filed an original application before the Debt Recovery Tribunal, Delhi against SBFL and others, wherein, our Bank *inter alia* claimed for the recovery of a sum of ₹ 30.86 crores together with *pendente lite* and future interest inclusive of penal interest till the date of realisation. In addition to the consortium loan for working capital facilities, a corporate loan was extended to SBFL aggregating to ₹ 377.00 crores by nine applicants ("**Corporate Loan Lenders**"), including our Bank, wherein our Bank had granted SBFL a corporate loan of ₹ 7.00 crores. The accounts maintained by SBFL with respective Corporate Loan Lenders, including our Bank, became irregular and were declared NPAs. In respect of the corporate loan, a separate original application has been filed before the Debt Recovery Tribunal, Delhi by Corporate Loan Lenders against SBFL and others, wherein, our Bank has *inter alia* claimed for the recovery of a sum of ₹ 7.47 crores together with *pendente lite* and future interest till the date of realisation. The matter is currently pending.

In addition to the above, our Bank had, in its own capacity, sanctioned the financing of the purchase of raw material by SBFL by discounting/ payment of bills/ invoices raised by various suppliers. Accordingly, SBFL raised request towards the payment of 37 bills raised by various suppliers amounting to a total of ₹ 29.33 crores, in respect of which SBFL issued 37 cheques in favour of our Bank, corresponding to each of the requests raised by them. Upon failure of SBFL to repay the amounts, our Bank presented the cheques issued by SBFL, which returned unpaid. Accordingly, our Bank filed an original application before the Debts Recovery Tribunal, Delhi against SBFL and others, wherein, our Bank has *inter alia* claimed for the recovery of a sum of ₹ 32.66 crores together with *pendente lite* and future interest inclusive of penal interest till the date of realisation. Our Bank has also filed a complaint under Section 138 to Section 142 of the Negotiable Instruments Act, 1881 before the Chief Metropolitan Magistrate at New Delhi against SBFL and others in respect of the cheques issued by SBFL, which returned unpaid when presented by our Bank. The matters are currently pending.

8. Our Bank has filed an application for recovery of amount before the Debt Recovery Tribunal, Coimbatore due of ₹ 23.86 crores, against M/s.Jawahar Enterprises. A loan of ₹ 23.50 crores was sanctioned to M/s Jawahar Enterprises. The matter is currently pending.

9. Our Bank has filed an application for recovery of the amount due of ₹ 27.28 crores together with future interest inclusive of penal interest till the date of realisation, under the consortium arrangement with the lead bank and other banks forming part of the consortium, against B. S. Limited. A loan of ₹ 35.00 crores was sanctioned by our Bank to B.S. Limited under the said consortium arrangement. Thereafter, the said account became a non performing asset on May 31, 2017. The matter is currently pending.

10. Our Bank has filed an application for recovery of the amount due of ₹ 107.08 crores under the consortium arrangement with the lead bank and other banks forming part of the consortium against M/s Agarwal Industries. A loan of ₹ 95.51 crores was sanctioned by our Bank under the said consortium arrangement to M/s Agarwal Industries. Thereafter, the said account became a non performing asset on February 1, 2017. The matter is currently pending.

11. Our Bank, alongside Union Bank of India ("**Applicants**") have filed an application for the recovery of debts before the Debt Recovery Tribunal, Mumbai against M/s. Srimauli Infrastructure Private Limited ("**Srimauli**") and others in relation to secured credit facilities extended by our Bank to Srimauli. Our Bank has alleged default in the payment of the outstanding instalments. The Applicants had formed a consortium that extended credit facilities to Srimauli for the purpose of meeting part of the construction cost of road projects. Union Bank of India extended credit facilities totalling ₹ 23.50 crores and our Bank extended credit facilities totaling ₹ 21.00 crores to Srimauli. Subsequently, the Applicants were informed that the contract with Srimauli for the road projects had been cancelled. Our Bank has *inter alia* prayed for the recovery of a sum of ₹ 22.35 crores along with the invocation of the hypothecation, which was granted through the recovery certificate dated May 14, 2013. The matter is currently pending.

12. Our Bank has filed an application before the Debt Recovery Tribunal, Mumbai against M/s K & K Jewellers ("**K & K**") and five others who are the guarantors in relation to secured credit facilities, aggregating to ₹ 20.00 crores extended by our Bank to K & K. Our Bank has alleged default on the repayment of the amount sanctioned and has *inter alia* prayed for the recovery of a sum of ₹ 18.83 crores along with invocation of the hypothecation and mortgage. Our Bank has also initiated recovery action under the SARFAESI Act due to

the failure to comply with the terms of the loan and default in repayment of the secured debt. Our Bank has also filed the application under Section 14(1) of the SARFAESI Act for obtaining physical possession.

13. Our Bank had granted several credit facilities aggregating to ₹ 105.00 crores to Shree Ganesh Jewellery House (I) Limited ("**Shree Ganesh**"). On May 25, 2013, 24 banks including our Bank executed a working capital consortium agreement led by the State Bank of India ("**SBI**") (collectively the "**Consortium**") that had provided credit to Shree Ganesh. The Consortium extended credit facilities aggregating to ₹ 1,899 crores to Shree Ganesh, of which, the share of our Bank was ₹ 62.00 crores, comprising ₹ 25.00 crores under a fund based limit, in the manner of a foreign bill discounting facility and ₹ 37.00 crores under a non-fund based limit. Subsequently, these limits were reviewed on May 14, 2014 to ₹ 16.30 crores under a fund based limit and ₹ 32.60 crores under a non-fund based limit. Subsequent to the formation of the consortium, the overall limit sanctioned by the consortium was enhanced to ₹ 3,724 crores. However, Shree Ganesh defaulted in its payments to several members of the Consortium. In a joint meeting of the Consortium held on March 13, 2015, it was decided that each of the banks shall separately take legal action against Shree Ganesh for their respective dues.

    On July 23, 2015, SBI lodged a complaint against Shree Ganesh before the Banking Security and Fraud Cell, Central Bureau of Investigation (the "**CBI**"). An audit report sanctioned by the Consortium had noted several irregularities in the trade of diamonds and gold bullion by Shree Ganesh. Relying on this, SBI alleged that Shree Ganesh had colluded with several overseas merchants to defraud lenders. The CBI accordingly filed a case against Shree Ganesh, and initiated investigations. The CBI approached our Bank, *vide* letter dated September 1, 2016, requesting several documents in this regard, which we have supplied in our communication dated September 14, 2016.

    At the request of Shree Ganesh, our Bank discounted certain foreign bills drawn by Shree Ganesh, aggregating to a total of ₹ 24.97 crores. The overseas buyers however failed to honour said bills, claiming that they had supplied certain items to Shree Ganesh and were to receive payments from them. As per terms of the sanction given to Shree Ganesh, it was to make payments to our Bank if payments were not made by the overseas buyers. However, Shree Ganesh failed to make the payments when called to do so. The post-dated cheque was dishonoured on July 5, 2014 for the reason of insufficient funds. Due to the non-payment of the discounted bills by overseas buyers, the fund based credit facility of Shree Ganesh was classified as a non-performing asset.

    Our Bank issued a demand notice on July 15, 2014 to Shree Ganesh and its directors under Section 138 of the Negotiable Instruments Act, 1881 (the "**NI Act**"), requiring the payment of a sum of ₹ 16.30 crores in lieu of the Cheque within the period of 15 days. No payment was received, and our Bank has hence filed a criminal case before the Chief Metropolitan Magistrate, Calcutta on August 14, 2014, seeking that Shree Ganesh and its directors are punished under Section 138 of the NI Act. Our Bank has filed an application on November 27, 2015 for before the DRT against Shree Ganesh and others, *inter alia* claiming for (i) the recovery of a sum of ₹ 20.88 crores with further interest thereto; (ii) the enforcement of securities for realisation of the outstanding amount; (iii) the appointment of a receiver to take inventory of the various properties of Shree Ganesh, and (iv) the sale of the properties of Shree Ganesh, including those hypothecated or mortgaged in favour of the Consortium, the proceeds of which shall be used for the recovery of dues of our Bank.

    Additionally, our Bank has filed an application before the DRT, claiming that the properties mortgaged and hypothecated in favour of our Bank are insufficient to discharge the dues owed to our Bank. Our Bank therefore seeks an order *inter alia* that in the interim (i) additional security is furnished against the debts due to our Bank, or in the alternative (ii) the uncharged properties of Shree Ganesh and its directors be placed at the disposal of the DRT and are attached; and (iii) the passports of the directors of Shree Ganesh are deposited with the registrar of the DRT. The matters are currently pending.

14. On January 18, 2012, our Bank granted certain credit facilities to M/s Adigear International ("**Adigear**"), aggregating to ₹ 30.00 crores, which were further renewed on February 12, 2014. However, the accounts of Adigear were running defectively, and it committed defaults in making remittance to the account repeatedly due to which several of its accounts became non-performing assets. On March 18, 2014, our Bank lodged a criminal complaint against Adigear and others, alleging criminal conspiracy, cheating and criminal breach of trust. It was alleged that Adigear colluded with its associate entities to defraud our Bank of a sum of ₹ 16.27 crores by depositing high value cheques, and immediately transferring the credited amount to the accounts of

the associate entities before such cheques are cleared, in contravention of bank norms. We have also filed a complaint under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 against one of the associate entities, M/s. Metaphor Exports Private Limited.

Further, our Bank filed an Original Application on December 12, 2014 before the Debts Recovery Tribunal, New Delhi (the "**DRT**") against Adigear and others, alleging default on the dues outstanding to our Bank, *inter alia* claiming for (i) the recovery of a sum of ₹ 22.17 crores and interest thereto; and (ii) the sale of properties given as security. Additionally, pursuant to the dues arising from a bank guarantee of ₹ 0.40 crores executed by Adigear, our Bank has filed a separate original application before the DRT for recovery of dues. In this regard, our Bank has declared Adigear as a 'wilful defaulter' and accordingly reported the same to the RBI. The matters are currently pending.

Criminal litigation involving our Bank

Certain criminal complaints have been filed against managers of certain branches of our Bank wherein it has been alleged that due processes and procedures required to be followed by the relevant personnel were not complied with in respect of the services being provided by our bank. Our Bank has not been named an accused in any of these criminal matters.

Material Fraud committed against our Bank

Our Bank has a Fraud Monitoring Committee which monitors and reviews all frauds against our Bank involving an amount of ₹ 1.00 crore or more. The terms of reference of Fraud Monitoring Committee includes effective detection of frauds and ensuring prompt reporting thereof to regulatory and enforcement agencies.

As on September 30, 2017, our Bank is involved in 68 instances of material frauds, i.e. the act of frauds detected involving an amount of ₹ 1.00 crore or more, against our Bank involving an aggregate amount of ₹ 629.54 crores.

GOVERNMENT AND OTHER APPROVALS

We have received the material consents, licenses, permissions and approvals from the Government of India, Reserve Bank of India and various governmental agencies required for our present business, and no further material approvals are required for carrying on our present activities.

In addition, as on the date of this Letter of Offer, there are no pending material regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the current business activities undertaken by us or in relation to the Issue.

Further, our Bank has obtained the following approvals for the Issue:

1. Board resolution dated September 27, 2017 authorising the Issue and other related matters.

2. In-principle listing approval dated November 23, 2017, from the NSE.

3. In-principle listing approval dated November 22, 2017, from the BSE.

4. RBI letter dated November 10, 2017, approving renunciation of rights entitlement by and to persons/entities resident outside India for the Issue.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on September 27, 2017 pursuant to Section 62 of the Companies Act, 2013. The Issue Price of ₹ 122 per Rights Equity Share has been determined by the Board and the Rights Entitlement is one Rights Equity Share for every three fully paid-up Equity Shares held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager and the Co-Lead Manager.

Our Bank has received in-principle approvals from the BSE and the NSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letters, dated November 22, 2017 and November 23, 2017, respectively.

Prohibition by RBI, SEBI or other governmental authorities

Our Bank, the Promoter, the members of the Promoter Group and the Directors have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoter, our Directors or the persons in control of our Bank are or were associated as promoters, directors or persons in control have not been debarred from accessing the capital market or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other regulatory or governmental authority.

None of our Directors are associated with the securities market in any manner. Further, SEBI has not initiated action against any entity with which the Directors are associated.

Neither our Bank, our Promoter, relatives of our Promoter, Group Companies nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI ICDR Regulations.

RBI Approval for Renunciation

Our Bank, *vide* letter dated September 28, 2017, has applied to the RBI for seeking approval for the following:

Rights entitlement renounced by a shareholder	Rights entitlement renounced in favour of
(a) resident in India	any person resident outside India (other than OCB)
(b) resident outside India	any person resident in India
(c) resident outside India	any resident outside India (other than OCB)

In all the above cases, our Bank will ensure that the equity shares allotted will be at the issue price as may be decided by our Bank in consultation with the Lead Manager and the Co-Lead Manager.

The RBI pursuant to letter dated November 10, 2017 conveyed its approval of Rights Entitlement renounced by and to, person / entities outside India / resident in India subject to adherence of Regulation 6 of the of FEMA20/2000 dated May 3, 2000, as amended from time to time.

This is also in compliance with the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2017 dated November 7, 2017.

Compliance with Part E of Schedule VIII of the SEBI ICDR Regulations

Our Bank is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI ICDR Regulations as explained below:

1. Our Bank has been filing periodic reports, statements and information with the Stock Exchanges in compliance with the Listing Agreements and/or the provisions of the SEBI Listing Regulations, as

applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

2. The reports, statements and information referred to in sub-clause (a) above are available on the websites of BSE and NSE or on a common e-filing platform specified by SEBI.

3. Our Bank has an investor grievance handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Bank satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI ICDR Regulations.

Eligibility for the Issue

The Equity Shares of our Bank are presently listed on the BSE and NSE. It is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Bank is in compliance with the conditions specified in Regulation 4(2), to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Bank undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Bank has chosen NSE as the Designated Stock Exchange for the Issue.

Compliance with Regulation 10 of the SEBI ICDR Regulations

Our Bank satisfies the following conditions specified in Regulation 10 and accordingly, our Bank is eligible to make this Issue by way of a ‘fast track issue’:

1. the Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of this Letter of Offer;

2. the average market capitalisation of the public shareholding of our Bank is more than ₹ 250.00 crores;

3. the annualised trading turnover of the Equity Shares during the six calendar months immediately preceding the month of date of this Letter of Offer with the Designated Stock Exchange has been at least two percent of the weighted average number of Equity Shares available as free float during such six months’ period;

4. our Bank has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of this Letter of Offer;

5. our Bank has been in compliance with the Listing Agreements and/or the provisions of the SEBI Listing Regulations, as applicable, for a period of at least three years immediately preceding the date of this Letter of Offer;

6. There are no auditor qualifications, reservations or adverse remarks made by out Statutory Auditors on the audited accounts of our Bank for Fiscal 2017 and limited review results for the six month period ended September 30, 2017

7. there is neither any show cause notice issued nor any prosecution proceedings initiated by SEBI or pending against our Bank or our Promoter or whole-time Directors as of the date of this Letter of Offer;

8. Our Bank or our Promoter or the members of the Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI in the three years immediately preceding the date of this Letter of Offer;

9. the entire shareholding of the Promoter Group is held in dematerialised form as on the date of this Letter of Offer;

10. the Promoter and members of the Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of any renunciation within the Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under Rule 19A of the SCRR;

11. the Equity Shares have not been suspended from trading as a disciplinary measure during the last three years immediately preceding the date of this Letter of Offer; and

12. the annualised delivery based trading turnover of the Equity Shares during the six calendar months immediately preceding the month of date of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the weighted average number of Equity Shares during such six months' period;

13. there is no conflict of interest between (i) the Lead Manager and our Bank or our group companies or associate company; and (ii) the Co-Lead Manager and our Bank or our group companies or associate company, in accordance with applicable regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, CENTRUM CAPITAL LIMITED AND THE CO-LEAD MANAGER, SPA CAPITAL ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER AND CO-LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CENTRUM CAPITAL LIMITED AND THE CO-LEAD MANAGER, SPA CAPITAL ADVISORS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 27, 2017 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE BANK, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE BANK, WE CONFIRM THAT:

(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE

CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELLINFORMED 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, 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 LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE. THE ISSUE IS NOT UNDERWRITTEN;

(5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE;

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE;

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITOR'S 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 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 BANK AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. THE MEMORANDUM OF ASSOCIATION OF THE BANK DOES NOT SEGREGATE BETWEEN THE 'MAIN OBJECTS' AND 'OTHER OBJECTS.' THE ACTIVITIES THAT ARE CARRIED OUT AND 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 HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE BANK SPECIFICALLY CONTAINS THIS CONDITION – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE BANK AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009;

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE - COMPLIED WITH;

(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 - COMPLIED WITH

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE BANK THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE BANK; AND

(b) AN UNDERTAKING FROM THE BANK THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE;

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. - COMPLIED WITH;

(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 LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - COMPLIED WITH;

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI – NOT APPLICABLE FOR A RIGHTS ISSUE;

(17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH

ACCOUNTING STANDARD 18, IN THE REFORMATTED AUDITED FINANCIAL STATEMENTS OF THE BANK INCLUDED IN THIS LETTER OF OFFER AND AS CERTIFIED BY THE STATUORY AUDITORS BY WAY OF A CERTIFICATE;

(18) WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - NOT APPLICABLE;

(19) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY - COMPLIED WITH;

(20) WE CONFIRM THAT THE BANK IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE BANK, HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER - COMPLIED WITH;

(21) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE BANK HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE BANK OR RELATING TO THE ISSUE, UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE;

(22) WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER PREPARED IN CONNECTION WITH THE ISSUE CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 - COMPLIED WITH;

(23) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE BANK DATED DECEMBER 20, 2000 BETWEEN THE BANK, REGISTRAR TO THE ISSUE AND CDSL AND DECEMBER 14, 2000, BETWEEN THE BANK, REGISTRAR TO THE ISSUE AND NSDL, RESPECTIVELY - COMPLIED WITH;

(24) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER – NOT APPLICABLE.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR BANK FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER AND THE CO-LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Bank, the Lead Manager and the Co-Lead Manager

Our Bank, the Lead Manager and the Co-Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Bank or by any other persons at the instance of our Bank and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Bank, the Lead Manager, the Co-Lead

Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Bank, the Lead Manager and the Co-Lead Manager shall make all information available to the Eligible Shareholders and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be NSE.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to the BSE. The disclaimer clause as intimated by the BSE to us is as under:

"BSE Limited ("the Exchange") has given, vide its letter dated November 22, 2017 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer 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:

(i) Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
(ii) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
(iii) 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 to be construed that this letter of offer 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 any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of the Letter of Offer was submitted to the NSE. The disclaimer clause as intimated by the NSE to us is as under:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/27012 dated November 23, 2017 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer 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 letter of offer 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 letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise 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."

Selling Restrictions

General

The distribution of this Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Bank is making this Issue on a rights basis to the Eligible Shareholders of our Bank and will dispatch this Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to our Bank, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI.

Accordingly, the Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, in whole or in part, to any other person or published, in whole or in part, for any purpose.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Rights Entitlements and Rights Equity Shares Offered and Sold in this Issue

Each subscriber of the Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer will be deemed to have made the following representations, warranties, acknowledgments and agreements:

- You are entitled to subscribe for and acquire the Rights Entitlements and Rights Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and have complied with all necessary formalities to enable you to subscribe for the Rights Entitlements and Rights Equity Shares; and

- You agree to indemnify and hold the Company harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings. You agree that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares.

Our Bank reserves the right to require a person in any jurisdiction not listed below to give it an opinion of legal counsel that the purchase of the Rights Entitlements and Rights Equity Shares by such person in accordance with the terms of this Letter of Offer Document was in accordance with the laws of such jurisdiction.

In the event you do not meet the criteria and requirements laid down under "-*Selling Restrictions*" and in the other terms of this Letter of Offer, you are not qualified to apply to subscribe for the Rights Entitlements or Rights Equity Shares.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Rights Entitlements and Rights Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Entitlements or Rights Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Rights Entitlements and Rights Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive ("**Qualified Investor**"). This Letter of Offer may not be issued, circulated or distributed to any person in a Relevant Member States unless that person is a Qualified Investor. Each person in a Relevant Member States subscribing for Rights Entitlements and Rights Equity Shares in the Issue will be deemed to represent and warrant that it is a Qualified Investor.

For the purposes of the above paragraph, the expression an "offer of Equity Shares to the public" in relation to any Rights Entitlements or Rights Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Entitlements and Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlements and Rights Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Our Bank, the Lead Manager and the Co-Lead Manager have not authorised, and they will not authorise, the making of any offer of Rights Equity Shares or Rights Entitlements through any financial intermediary on their behalf, other than offers made by our Bank, the Lead Manager or the Co-Lead Manager.

Hong Kong

The Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Letter of Offer has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorized by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Letter of Offer, they should obtain independent professional advice.

The Letter of Offer does not constitute an offer or invitation to the public in Hong Kong to acquire any Rights Entitlements or Rights Entitlements and Rights Equity Shares nor an advertisement of the Rights Entitlements and Rights Equity Shares in Hong Kong. The Letter of Offer must not be issued, circulated or distributed in Hong Kong other than to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"). Any person in Hong Kong subscribing for the Rights Entitlements and Rights Equity Shares in the Issue will deemed to represent and warrant it is a Professional Investor.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlements or Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Rights Entitlements and Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

No person who has received a copy of this Letter of Offer may issue, circulate or distribute this Letter of Offer in Hong Kong or make or give a copy of this Letter of Offer to any other person. No person allotted Rights Entitlements or Rights Equity Shares in the Issue may sell, or offer to sell, such Rights Entitlements or Rights Equity Shares to the public in Hong Kong within six months following the date of the issue of such Rights Entitlements or Rights Equity Shares.

Singapore

This Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). The offer of Rights Equity Shares to Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

The Rights Entitlements and Rights Equity Shares offered in the Issue may not be renounced to a person in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Rights Entitlements and Rights Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Rights Entitlements and Rights Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Rights Entitlements and Rights Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Letter of Offer does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Bank, the Rights Entitlements and Rights Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Letter of Offer has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Letter of Offer may only be issued, circulated or distributed to Eligible Equity Shareholders who are either institutional or sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Letter of Offer, you should consult an authorised financial adviser. This Letter of Offer is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Letter of Offer relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Letter of Offer is intended for distribution only to persons of a type specified in those rules and persons in the DFSA subscribing for Rights Entitlements and Rights Equity Shares in the Issue will deemed to represent and warrant that they are a type of person specified in those rules. This Letter of Offer must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Letter of Offer nor taken steps to verify the information set out in it, and has no responsibility for it. The Rights Entitlements and Rights Equity Shares to which this Letter of Offer relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Rights Entitlements and Rights Equity Shares offered in the Issue should conduct their own due diligence on the Rights Entitlements and Rights Equity Shares. If you do not understand the contents of this Letter of Offer, you should consult an authorised financial adviser.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Rights Entitlements and Rights Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Letter of Offer have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The Lead Manager and/or the Co-Lead Manager (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to our Bank; and (b) is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Rights Entitlements and Rights Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Rights Entitlements or Rights Entitlements and Rights Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Rights Entitlements and Rights Equity Shares in, from or otherwise involving, the United Kingdom.

United States of America

The Rights Entitlements and Rights Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in 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. The Rights Entitlements and Rights Equity Shares are not being offered or sold in the United States in the Issue. The Rights Entitlements and Rights Equity Shares are being offered and sold in the Issue only outside the United States in "offshore transactions" (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulation S. To help ensure that the offer and sale of the Rights Entitlements and Rights Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Rights Entitlements and Rights Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "***-Transfer Restrictions***" below.

Transfer Restrictions

Each purchaser of the Rights Entitlements and Rights Equity Shares in the Issue will be deemed to represent, warrant, acknowledge and agree that:

- it was outside the United States (within the meaning of Regulation S) at the time the offer of the Rights Entitlements and Rights Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Rights Entitlements and Rights Equity Shares was originated;

- it did not purchase the Rights Entitlements and Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S);

- the Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that it will not offer or sell the Rights Entitlements and Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- if it acquired any of the Rights Entitlements and/or Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;

- it shall indemnify and hold our Bank, the Lead Manager and the Co-Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares; and

- it acknowledges that our Bank, the Lead Manager, the Co-Lead Manager and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully in "***Notice to Overseas Shareholders***" on page 7 there are certain restrictions regarding the Rights Entitlements and Rights Equity Shares that affect certain Eligible Shareholders.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States (as defined in Regulation S) except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act.

In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

The Rights Entitlements and Rights Equity Shares are being offered and sold only to persons who are outside the United States (as defined in Regulation S), in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the Rights Entitlements or Rights Equity Shares are deemed to have made the representations included elsewhere in this Letter of Offer.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of Regulation 6(4) of the SEBI ICDR Regulations, our Bank will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, file a copy of this Letter of Offer with SEBI, through the Lead Manager and the Co-Lead Manager with the Corporation Finance Department of SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

Issue Related Expenses

The expenses of the Issue payable by our Bank include brokerage, fees and reimbursement to the Lead Manager, the Co-Lead Manager, Auditor, legal advisors, Registrar, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

The total expenses of the Issue are estimated to be 19.51 crore. The break-up for the Issue expenses is as follows:

Sr. No.	Activity Expense	Estimated amount (in ₹ crores)[(1)]	Percentage of total estimated Issue expenditure (%) [(1)]	Percentage of Issue size (%) [(1)]
1.	Fees of the Lead Manager, the Co-Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	17.10	87.64	2.17
2.	Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	1.17	6.00	0.15
3.	Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	1.24	6.36	0.16
Total estimated Issue expenditure		**19.51**	**100.00**	**2.48**

[(1)] *Assuming full subscription and Allotment in the Issue.*

Investor Grievances and Redressal System

Our Bank has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations.

Our Bank has a Stakeholders' Relationship Committee which currently comprises of Anuradha Pradeep, S. Dattathreyan, N. Malayalaramamirtham and E. V. Sumithasri. The broad terms of reference include redressal of investors' complaints pertaining to share / debenture transfers, non-receipt of annual reports, interest / dividend payments, issue of duplicate certificates etc. Our Bank has been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Bank.

The Investor complaints received by our Bank are generally disposed of within seven days from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Bank

As on the date of this Letter of Offer, there were no outstanding investor complaints in relation to our Bank.

Investor Grievances arising out of the Issue

Our Bank's investor grievances arising out of the Issue will be handled by Integrated Registry Management Services Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Bank and the Registrar provides for retention of records with the Registrar for a period of at least three years from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio number / demat account number, name and address, contact telephone / cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be 7 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Bank undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Integrated Registry Management Services Private Limited
II Floor, "Kences Towers"
No.1, Ramakrishna Street
North Usman Road
T. Nagar, Chennai – 600 017
Tel: +91 44 2814 0801/802/803
Facsimile: +91 44 2814 2479
Email: lvb@integratedindia.in
Investor Grievance Email: corpserv@integratedindia.in
Website: www.integratedindia.in
Contact Person: S. Sriram
SEBI Registration No.: INR000000544

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/ share certificates/ demat credit/ refund orders etc.

N. Ramanathan
Company Secretary and Compliance Officer
LVB House, No. 4, Sardar Patel Road, Guindy
Chennai – 600 032.
Tel: +91 44 2220 5306
Fax: +91 44 2220 5317
Email: secretarial@lvbank.in

SECTION VIII: ISSUE INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. Our Bank, the Lead Manager and the Co-Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer.

OVERVIEW

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Composite Application Form, the Split Application Form, the Memorandum of Association and Articles of Association of our Bank, and the provisions of the Companies Act, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any from the RBI or other regulatory authorities, the SEBI Listing Regulations and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non-Institutional Investors (including all companies or body corporates) and other Applicants whose application amount exceeds ₹ 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. Further, all QIBs and Non-Institutional Investors (including all companies and body corporates) are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 2,00,000. All Retail Individual Investors complying with the conditions prescribed under the SEBI Circular dated December 30, 2009, may optionally apply through the ASBA process, provided they are eligible ASBA investors. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. See "***Terms of the Issue – Procedure for Application***" on page 117.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Renouncees

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

This Issue to our Eligible Shareholders is being made pursuant to a resolution passed by Board of Directors on September 27, 2017.

Pursuant to an application made by our Bank, the RBI has issued a letter dated November 10, 2017 approving the renunciation of rights entitlement by and to persons/entities resident outside India. This is in compliance with the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2017 dated November 7, 2017.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Bank in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Shareholder of our Bank in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF.

The distribution of the Letter of Offer / Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Bank is making the issue of Equity Shares on a rights basis to the Eligible Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be in the United States and in any other restricted jurisdiction.

PRINCIPAL TERMS OF THE ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 10.

Issue Price

Each Equity Share is being offered at a price of ₹ 122 per Rights Equity Share (including a premium of ₹ 112 per Rights Equity Share).

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of one Rights Equity Share for every three fully paid-up Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ 122 per Rights Equity Share is payable on application.

The payment towards each Equity Share offered will be applied as under:

(a) ₹ 10 towards share capital; and

(b) ₹ 112 towards securities premium account.

Non -ASBA investors should ensure that all payments should be made by cheque/demand draft/pay order drawn on any bank, (including a cooperative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. A separate cheque/demand draft/pay order must accompany each application form. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 (fifteen) days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of one Rights Equity Share for every three fully paid-up Equity Shares held as on the Record Date. For Rights Equity Shares being offered in this Issue, if the shareholding of any of the Eligible Shareholders is less than three Equity Shares or not in the multiple of three fully paid-up Equity Shares, the fractional entitlement of such Eligible Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Shareholders whose fractional entitlements are being ignored as above would be given preference in the Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any.

Those Eligible Shareholders holding less than three Equity Shares, that is, holding up to two Equity Shares and therefore entitled to 'zero' Rights Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Eligible Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the Allotment of one additional Rights Equity Share if, such Eligible Shareholders have applied for the additional Rights Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Shareholder holds one or two Equity Shares, he will be entitled to zero Rights Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Rights Equity Share if he has applied for the same.

Ranking

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Bank shall pay dividend to the Eligible Shareholders as per the provisions of the Companies Act, the Banking Regulation Act and the provisions of our Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE and NSE under the ISIN INE694C01018. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing/ trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within seven Working Days of finalization of Basis of Allotment. Our Bank has received in-principle approval from BSE by way of a letter no. DCS/RIGHTS/AC/IP-RT/2372/2017-17 dated November 22, 2017 and from NSE by way of a letter no. NSE/LIST/27012 dated November 23, 2017.

Our Bank will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE and/or NSE, our Bank will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Bank becomes liable to repay it, that is, the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Bank and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

Rights of the Equity Shareholder

Subject to applicable laws, Equity Shareholders shall have the following rights:

1. Right to receive dividend, if declared;

2. Right to attend general meetings and exercise voting powers, unless prohibited by law;

3. Right to vote on a poll either in person or by proxy;

4. Right to receive offers for Rights Equity Shares and be allotted bonus shares, if announced;

5. Right to receive surplus on liquidation;

6. Right of free transferability of shares; and

7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Bank are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one (1) Equity Share. In case an Eligible Shareholder holds Rights Equity Shares in physical form, our Bank would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio ("**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Eligible Shareholder.

Joint Holders

Where two or more persons are registered as the holders of any Rights Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act. An Eligible Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Shareholders who are individuals, a sole Eligible Shareholder or the first named Eligible Shareholder, along with other joint Eligible Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Shareholder or all the joint Eligible Shareholders, as the case may be, shall become entitled to the Rights Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Shareholder. Where the nominee is a minor, the Eligible Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Shares, in the event of death of the said Eligible Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Rights Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Rights Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Corporate Office of our Bank or such other person at such addresses as may be notified by our Bank. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or

2. to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the Rights Equity Shares himself, he shall deliver to our Bank a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Rights Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Rights Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Bank, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Shareholder(s) required to be given by our Bank shall be published in one English language national daily newspaper with wide circulation, and one Hindi national daily newspaper with wide circulation will be sent by post to the registered address of the Eligible Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Offer to Non Resident Eligible Equity Shareholders/Investors

As per the FEMA Regulations, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional securities. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be *inter alia*, subject to the conditions imposed from time to time by the RBI in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.** If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Equity Shares are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities.

Procedure for Application

The CAF for the Rights Equity Shares offered as part of the Issue would be printed for all Eligible Shareholders. In case the original CAF is not received by the Eligible Shareholder or is misplaced by the Eligible Shareholder, the Eligible Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Shareholders does not match with the specimen registered with our Bank, the application is liable to be rejected.

Please note that neither our Bank nor the Lead Manager nor the Co-Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please note that QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s); and

Part D: Form for request for Split Application Forms.

Option available to the Eligible Shareholder

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Shareholder is entitled to.

The Eligible Shareholder can:

1. apply for his Rights Entitlement of Equity Shares in full;

2. apply for his Rights Entitlement of Equity Shares in part (without renouncing the other part);

3. apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Rights Equity Shares;

4. apply for his Rights Entitlement in full and apply for additional Rights Equity Shares; and

5. renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the Application Money payable to the Banker to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the collection branches of the Banker to the Issue can send their CAFs together with the cheque payable at par or a demand draft payable at Chennai to the Registrar to the Issue by registered post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Bank nor the Lead Manager nor the Co-Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "***Terms of the Issue – Mode of Payment for Resident Investors***" and "***Terms of the Issue – Mode of Payment for Non-Resident Investors***" on page 123.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "***Terms of the Issue – Basis of Allotment***" on page 134.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied in place provided for additional Equity Shares in Part C of CAF.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Bank shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors); (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, the Eligible Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

The RBI has, pursuant to its letter dated November 10, 2017, conveyed its approval for the renunciation of Rights Entitlement by, and to, persons resident in India and persons resident outside India in the Issue, subject to adherence of Regulation 6 of FEMA Regulations, as amended. This is in compliance with the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2017 dated November 7, 2017.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (OCBs) have been derecognised as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the Eligible Shareholders of our Bank who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of erstwhile OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that erstwhile OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities in terms of Regulation 5(1) of RBI Notification No. 20/ 2000-RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Equity Shareholders renouncing their rights in favour of erstwhile OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Corporate Office, the erstwhile OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Bank of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Eligible Shareholder in favour of one Renouncee

If you wish to renounce your Rights Entitlement indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either: (i) accept this offer in part and renounce the balance; or (ii) renounce your entire Rights Entitlement in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Bank/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the Application Money in full.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply	Fill in and sign Part A, including Block III relating

Sr. No.	Option Available	Action Required
	for additional Rights Equity Shares.	to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares *(All joint holders must sign in the same sequence)*
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D *(all joint holders must sign in the same sequence)* requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign in the same sequence)* indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(all joint Renouncees must sign)*
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

1. Options (3), (4) and (5) will not be available for Equity Shareholders applying through ASBA process.

2. Part ‘A’ of the CAF must not be used by any person(s) other than the Eligible Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.

3. Request for each SAF should be made for a minimum of one Rights Equity Share or, in each case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.

4. Request by the Investor for the SAFs should reach the Registrar to the Issue on or before December 18, 2017.

5. Only the Eligible Shareholder to whom the Letter of Offer/Abridged Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

6. SAFs will be sent to the Eligible Shareholders by post at the Applicant’s risk.

7. Eligible Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

8. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Equity Shares.

9. While applying for or renouncing their Rights Entitlement, all joint Eligible Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Bank/ Depositories.

10. *Non-Resident Eligible Shareholders:* Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares allotted as a part of this Issue shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of Share Certificates, etc. In case a Non-Resident or NRI Eligible Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

11. Applicants must write their CAF number at the back of the cheque / demand draft.

12. The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of either original CAF or both the applications. Our Bank or the Registrar to the Issue, the Lead Manager or the Co-Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper (Non-ASBA)

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque drawn on a bank payable at par, pay order/demand draft, net of bank and postal charges and the Investor should send the same by registered post directly to the Registrar to the Issue. See "***Terms of the Issue – Modes of Payment***" on page 123. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholder including joint holders, in the same order and as per specimen recorded with our Bank /Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of our Bank, being The Lakshmi Vilas Bank Limited;

2. Name and Indian address of the Eligible Shareholder including joint holders;

3. Registered Folio Number/ DP and Client ID No.;

4. Number of Equity Shares held as on Record Date;

5. Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;

6. Allotment option preferred - physical or demat form, if held in physical form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for;

9. Number of additional Rights Equity Shares applied for, if any;

10. Total number of Equity Shares applied for;

11. Total amount paid at the rate of ₹ 122 per Rights Equity Share;

12. Particulars of cheque/ demand draft;

13. Savings/ current account number and name and address of the bank where the Eligible Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialised form, the Registrar shall obtain the bank account details from the information available with the Depositories;

14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

15. If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;

16. Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Bank/Depositories); and

17. Additionally, all such Applicants are deemed to have accepted the following:

    "*I am/we are entitled to subscribe for and acquire the Rights Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Rights Equity Shares.*

    I was/we were outside the United States (within the meaning of Regulation S under the Securities Act, at the time the offer of the Rights Equity Shares was made to me/us and I was/we were was outside the United States when my/our buy order for the Rights Equity Shares was originated.

    I/we did not purchase the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

    The Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

    If I/we acquired any of the Rights Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

    I/we shall indemnify and hold Lakshmi Vilas Bank Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

    I/we acknowledge that Lakshmi Vilas Bank Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements."

    Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Shareholder violates such requirements, he/she shall face the risk of rejection of both the applications. Our Bank shall refund such application amount to the Eligible Shareholder without any interest thereon. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Bank, the Lead Manager, the Co-Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue.

Last date for Application

The last date for submission of the duly filled in CAF or the plain paper application is December 26, 2017. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF or the plain paper application together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer /Abridged Letter of Offer/ CAF shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose of the Equity Shares hereby offered, as provided under "***Terms of the Issue – Basis of Allotment***" on page 134.

Modes of Payment

Investors are advised to use CTS cheques to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected.

Mode of payment for Resident Investors

1. All cheques / demand drafts accompanying the CAF should be drawn in favour of "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – R***" crossed 'A/c Payee only' and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;

2. Investors residing at places other than places where the bank collection centres have been opened by our Bank for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank payable at par, pay order/demand draft for the full application amount, net of bank and postal charges drawn in favour of "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – R***", crossed 'A/c Payee only' and payable at par, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed "***LAKSHMI VILAS BANK – RIGHTS ISSUE***". Our Bank or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. The CAF along with the application money must not be sent to our Bank, the Lead Manager or the Co-Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the application by Non-Resident Investor, the following conditions shall apply:

1. Individual Non-Resident Indian Applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

   Registrar to the Issue

   Integrated Registry Management Services Private Limited
   II Floor, "Kences Towers"
   No.1, Ramakrishna Street,
   North Usman Road,
   T. Nagar, Chennai 600 017
   Tel: +91 44 2814 0801/802/803
   Fax: +91 44 2814 2479
   Email: lvb@integratedindia.in
   Investor Grievance Email: corpserv@integratedindia.in

Website: www.integratedindia.in
Contact Person: S. Sriram
SEBI Registration No.: INR000000544

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

2. Applications will not be accepted from Non-Resident Indian in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

3. All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue at its branch office located at 70, Cathedral Road, Cathedral Road branch, Chennai – 600 086 or to the Registrar to the Issue before the Issue Closing Date.

4. Non-Resident Investors applying from places other than places where the bank collection centres have been opened by our Bank for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE - R***", crossed 'A/c Payee only' payable at par, in case of non-resident shareholder applying on non-repatriable basis and in favour of "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – NR***", crossed 'A/c Payee only' payable at par, in case of non-resident shareholder applying on repatriable basis, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE***". Our Bank, the Registrar to the Issue, Lead Manager or the Co-Lead Manager will not be responsible for postal delays or loss of applications in transit, if any.

5. Payment by Non-Residents must be made by demand draft, pay order/cheque or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

1. By Indian Rupee drafts purchased from abroad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

2. By cheque/draft drawn on an NRE or FCNR Account; or

3. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at par;

4. FPIs registered with SEBI must utilise funds from special non-resident rupee account;

5. Non-Resident Investors with repatriation benefits should draw the cheques/ demand drafts in favour of "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – NR***", crossed 'A/c Payee only' for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue at its branch office located at 70, Cathedral Road, Cathedral Road branch, Chennai – 600 086 or to the Registrar to the Issue before Issue Closing Date;

6. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

1. As far as Non-Residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account or Rupee draft purchased out of NRO Account maintained elsewhere in India. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

2. Non-Resident Investors without repatriation benefits should draw the cheques/demand drafts in favour of "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – R***", crossed 'A/c Payee only' for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue at its branch office located at 70, Cathedral Road, Cathedral Road branch, Chennai – 600 086 or to the Registrar to the Issue before Issue Closing Date;

3. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

4. An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Bank, the Lead Manager and the Co-Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act.

- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the Banker to the Issue indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from Non-Residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Application by ASBA Investors

Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Bank, the Lead Manager and the Co-Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

Our Bank, the Lead Manager, the Co-Lead Manager its Directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012

within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to the Eligible Shareholders of our Bank on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Shareholders, as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue under the ASBA process

ASBA Investors may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAF sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or duly authorised committee of our Bank in this regard.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment under the ASBA process

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Bank for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Bank would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with eligibility conditions prescribed under the SEBI circular SEBI /CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor applying for a value of up to ₹ 2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

Options available to the Eligible Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAF received from Registrar:

	Option Available	**Action Required**
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares *(All joint holders must sign in the same sequence)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Additional Equity Shares

An Eligible Shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that such an Eligible Shareholder is entitled to, provided that the Eligible Shareholder is eligible to apply for the Equity Shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "***Terms of the Issue – Basis of Allotment***" on page 134. If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Application on Plain Paper under the ASBA process

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholders including joint holders, in the same order and as per the specimen recorded with our Bank /Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, being The Lakshmi Vilas Bank Limited;

2. Name and Indian address of the Eligible Shareholder including joint holders;

3. Registered Folio Number/ DP and Client ID No.;

4. Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;

5. Number of Equity Shares held as on Record Date;

6. Number of Rights Equity Shares entitled to;

7. Number of Rights Equity Shares applied for;

8. Number of additional Rights Equity Shares applied for, if any;

9. Total number of Rights Equity Shares applied for;

10. Total amount paid at the rate of ₹ 122 per Rights Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of Non-Resident Investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

14. Signature of the Eligible Shareholders to appear in the same sequence and order as they appear in our records; and

15. Additionally, all such Applicants are deemed to have accepted the following:

    "*I am/we are entitled to subscribe for and acquire the Rights Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Rights Equity Shares.*

    I was/we were outside the United States (within the meaning of Regulation S) under the Securities Act, at the time the offer of the Rights Equity Shares was made to me/us and I was/we were was outside the United States when my/our buy order for the Rights Equity Shares was originated.

I/we did not purchase the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

The Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

If I/we acquired any of the Rights Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

I/we shall indemnify and hold Lakshmi Vilas Bank Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

I/we acknowledge that Lakshmi Vilas Bank Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements."

In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Option to receive Equity Shares in Dematerialised Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

1. Please read the instructions printed on the respective CAF carefully.

2. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer or Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

3. The CAF/ plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue (assuming that such Banker to the Issue is not an SCSB), to our Bank, Lead Manager, Co-Lead Manager or Registrar to the Issue.

4. All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the Income Tax Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors**.

5. All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

6. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested

by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Bank /or Depositories.

7. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Bank / Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

8. All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

9. Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be eligible to participate under the ASBA process.

10. Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

11. Only the Eligible Shareholders holding shares in demat are eligible to participate through ASBA process.

12. Eligible Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

13. Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non- Institutional Investors (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

14. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

15. Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

16. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "***Terms of the Issue – Application on Plain Paper (non - ASBA)***" and *"**Terms of the Issue – Application on Plain Paper under the ASBA process**"* on pages 121 and 128 respectively.

Do's:

1. Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under "***Terms of the Issue – Application on Plain Paper under the ASBA process***" on page 128.

2. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.

3. Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

4. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

5. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

7. Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income Tax Act.

8. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

9. Ensure that the Demographic Details are updated, true and correct, in all respects.

10. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

2. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

3. Do not pay the amount payable on application in cash, by money order, pay order or postal order, cheque or demand drafts.

4. Do not send your physical CAFs to the Lead Manager / Co-Lead Manager / Registrar to the Issue / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Bank; instead submit the same to a Designated Branch of the SCSB only.

5. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

6. Do not apply if the ASBA Account has been used for five Applicants.

7. Do not apply through the ASBA Process if you are not an ASBA Investor.

8. Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "***Terms of the Issue - Grounds for Technical Rejections for non-ASBA Investors***" on page 140, applications under the ABSA Process are liable to be rejected on the following grounds:

1. Application on a SAF.

2. Application for Allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.

3. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

4. Sending an ASBA application on plain paper to a person other than a SCSB.

5. Sending CAF to Lead Manager / Co-Lead Manager / Registrar to the Issue / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of an SCSB which is not a Designated Branch of the SCSB / Bank.

6. Renouncee applying under the ASBA Process.

7. Submission of more than five CAFs per ASBA Account.

8. Insufficient funds are available with the SCSB for blocking the amount.

9. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

10. Account holder not signing the CAF or declaration mentioned therein.

11. CAFs that do not include the certification set out in the CAF to the effect that the subscriber and does not have a registered address (and is not otherwise located) in the United States (as defined in Regulation S) or any restricted jurisdiction and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.

12. CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction.

13. QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renouncee not applying through the ASBA process.

14. The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

15. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

16. Submitting the GIR instead of the PAN.

17. An Eligible Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

18. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

19. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

20. If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

21. Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident ASBA Applicants.

22. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

23. ASBA bids by SCSBs applying through the ASBA process on own account other than through an ASBA account in its own name with any other SCSBs.

Depository account and bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation (Demographic Details). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Bank, the SCSBs, the Lead Manager or the Co-Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

This Issue shall not be underwritten.

Issue Schedule

Issue Opening Date	**:**	December 12, 2017
Last date for receiving requests for SAFs	**:**	December 18, 2017
Issue Closing Date	**:**	December 26, 2017

The Board or a duly authorised committee thereof may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, CAF, the Articles of Association of our Bank and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.

2. Investors whose fractional entitlements are being ignored and Eligible Shareholders with Zero entitlement would be given preference in Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (1) above. If number of Rights Equity Shares required for Allotment under this head is more than the number of Rights Equity Shares available after Allotment under (1) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

3. Allotment to the Eligible Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to their Rights Entitlement, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

4. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

5. Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (1) to (4) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Subscription to the Issue by the Promoter and Promoter Group

Our Promoter and Promoter Group (holding Equity Shares) have confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Bank for the Issue, for each successful ASBA Investors;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Bank will issue and dispatch Allotment advice/ Share Certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Bank shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Bank issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Eligible Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of Non-Resident Shareholders or Investors who remit their application money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-Resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank and postal charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Bank will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Bank or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Bank.

4. RTGS - If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Bank. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad, refunds will be made in the Indian rupees based on the U.S. Dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. Dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Bank shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Bank will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Bank issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.

Option to receive Rights Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Bank has signed a tripartite agreement with NSDL on December 14, 2000 which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. Our Bank has also signed a tripartite agreement with CDSL on December 20, 2000 which enables the

Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a Depository Participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Bank holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialised form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR BANK CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any Depository Participant *(care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Bank. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Bank).* In case of Investors having various folios in our Bank with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*

2. For Eligible Shareholders already holding Equity Shares of our Bank in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Bank / Depositories.

3. The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-a-vis such information with the Investor's Depository Participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's Depository Participant.

4. If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.

5. The Rights Equity Shares allotted to Applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar to the Issue but the Applicant's Depository Participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

7. Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Bank as on the date of the book closure.

General instructions for non-ASBA Investors

1. Please read the instructions printed on the CAF carefully.

2. Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money is less than ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

3. Application should be made on the printed CAF, provided by our Bank except as mentioned under "***Terms of the Issue – Application on Plain Paper (non - ASBA)***" and *"**Terms of the Issue – Application on Plain Paper under the ASBA process**"* on page 121 and 128, respectively and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

4. The CAF together with the cheque/demand draft should be sent to the Banker to the Issue or to the Registrar to the Issue and not to our Bank, Lead Manager or the Co-Lead Manager. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Bank for collecting applications, will have to make payment by Demand Draft of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

   Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.

5. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

6. Investors holding Equity Shares in physical form are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details is liable to be rejected.

7. All payment should be made by cheque/demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

8. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF or the plain paper application as per the specimen signature recorded with our Bank.

9. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred

documents are already registered with our Bank, the same need not be furnished again. In case these papers are sent to any other entity, besides the Registrar to the Issue, or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.

10. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Bank /Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

11. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to FPIs, in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of Share Certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States (as defined in Regulation S), or in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

12. All communication in connection with application for the Rights Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Bank, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.

13. SAFs cannot be re-split.

14. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

15. Investors must write their CAF number at the back of the cheque /demand draft.

16. Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

17. A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be liable to be rejected. The Registrar will not accept payment against application if made in cash.

18. No receipt will be issued for application money received. The Banker to the Issue / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

19. The distribution of the Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.

20. Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors

1. Check if you are eligible to apply, that is, you are an Eligible Shareholder on the Record Date.

2. Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.

3. In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialised form only.

4. Ensure that your Indian address is available to our Bank and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the Depository Participant, in case you hold Equity Shares in dematerialised form.

5. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.

6. Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.

7. Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

8. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

9. Ensure that the demographic details are updated, true and correct, in all respects.

Don’ts for non-ASBA Investors

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

2. Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

3. Do not pay the amount payable on application in cash, by money order or by postal order.

4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

5. Do not submit Application accompanied with stockinvest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the Application Money payable.

2. Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or the Registrar and Transfer Agent (in the case of physical holdings).

3. Age of Investor(s) not given (in case of Renouncees).

4. Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.

5. In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.

6. If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.

7. CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Letter of Offer.

8. CAFs not duly signed by the sole/joint Investors.

9. CAFs/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in this Issue.

10. CAFs accompanied by stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand drafts.

11. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.

12. CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is authorised to acquire the Rights Entitlements and Rights Equity Shares in compliance with all applicable laws and regulations.

13. CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.

14. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided.

15. CAFs where our Bank believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.

16. In case the GIR number is submitted instead of the PAN.

17. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

18. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

19. Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, not through ASBA process.

20. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

21. If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

22. Non – ASBA applications made by QIBs and Non – Institutional Investors.

23. Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident non-ASBA Applicants.

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Procedure for Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Procedure for Application by FPIs

In terms of the 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 Bank's post-Issue equity share capital. 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 the Bank and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of the Bank. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions, which may be specified by the Government from time to time.

Procedure for Applications by AIFs, FVCIs and VCFs

The VCF Regulations and the FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs.

As per the VCF Regulations and FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Rights Equity Shares for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 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*".

Section 447 of the Companies Act provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Dematerialised dealing

Our Bank has entered into agreements dated December 14, 2000 and December 20, 2000 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE694C01018.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest Scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Bank. However, the Banker to the Issue / Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Bank shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the CAF carefully.

Undertakings by our Bank

Our Bank undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Bank expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Rights Equity Shares are to be listed will be taken within seven Working Days of finalisation of Basis of Allotment.

3. The 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.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

6. No further issue of securities affecting our Bank's Equity Share Capital shall be made till the securities issued/ offered through this Letter of Offer are listed or till the application money are refunded on account of non-listing, under-subscription etc.

7. Our Bank accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

8. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.

9. At any given time, there shall be only one denomination for the Equity Shares of our Bank.

10. Our Bank shall comply with such disclosure and accounting norms specified by SEBI from time to time.

11. Our Bank shall utilise the funds collected in the Issue only after finalisation of the Basis of Allotment.

Minimum Subscription

If our Bank does not receive the minimum subscription of 90% of the Issue, our Bank shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in "***Risk Factors***" on page 11.

2. All enquiries in connection with this Letter of Offer or CAF and requests for SAFs must be addressed quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Shareholder as mentioned on the CAF and superscribed "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – R***" or "***LAKSHMI VILAS BANK LIMITED - RIGHTS ISSUE – NR***", as applicable, on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

   Registrar to the Issue

   Integrated Registry Management Services Private Limited
   II Floor, "Kences Towers"
   No.1, Ramakrishna Street,
   North Usman Road,
   T. Nagar, Chennai – 600 017
   Tel: +91 44 2814 0801/802/803
   Fax: +91 44 2814 2479
   Email: lvb@integratedindia.in
   Investor Grievance Email: corpserv@integratedindia.in
   Website: www.integratedindia.in
   Contact Person: S. Sriram

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

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) which are or may be deemed material have been entered or are to be entered into by our Bank. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated November 27, 2017 between our Bank, the Lead Manager and the Co-Lead Manager.

2. Registrar Agreement dated November 10, 2017 between our Bank and the Registrar to the Issue.

3. Escrow Agreement dated November 27, 2017 amongst our Bank, the Lead Manager, the Co-Lead Manager, the Registrar to the Issue and the Banker to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Bank, as amended.

2. Certificate of incorporation of our Bank.

3. Resolution of our Board dated September 27, 2017 approving the Issue.

4. Resolution of the Capital Raising Committee dated November 24, 2017 finalising the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.

5. Letter of Offer dated July 29, 2014 issued by our Bank in relation to the issue of 81,957,422 Equity Shares on a rights basis.

6. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Co-Lead Manager, Banker to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.

7. The examinations reports dated November 15, 2017 on the Reformatted Audited Financial Statements and Reformatted Reviewed Financial Statements.

8. Annual Reports of our Bank for Fiscal 2017, 2016, 2015, 2014 and 2013.

9. Tripartite Agreement dated December 14, 2000 between our Bank, the Registrar to our Bank and NSDL.

10. Tripartite Agreement dated December 20, 2000 between our Bank, the Registrar to our Bank and CDSL.

11. Special tax benefits statement dated November 20, 2017 from the Statutory Auditor.

12. In-principle approvals dated November 22, 2017 and November 23, 2017 issued by BSE and NSE, respectively, under Regulation 28 of the SEBI Listing Regulations.

13. RBI approval letter for the renunciation of Rights Entitlement by, and to, persons resident in India and persons resident outside India, dated November 10, 2017.

14. Due diligence certificate dated November 27, 2017 addressed to SEBI from the Lead Manager and the Co-Lead Manager.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without reference to the Eligible Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Name	Signature
B. K. Manjunath *Non-Executive Chairman and Independent Director*	
Parthasarathi Mukherjee *Managing Director and Chief Executive Officer*	
N. Malayalaramamirtham *Non-Independent and Non-Executive Director*	
Y N Lakshminarayana Murthy *Independent and Non-Executive Director*	
Kusuma R Muniraju *Independent and Non-Executive Director*	
Anuradha Pradeep *Non-Independent and Non-Executive Director*	
Hemant Kaul *Independent and Non-Executive Director*	
G. Sudhakara Gupta *Non-Independent and* Non-Executive Director	
E V. Sumithasri *Independent and Non-Executive Director*	
S. Dattathreyan *Independent and Non-Executive Director*	
Suvendu Pati *RBI nominee Director*	
Rajnish Kumar *RBI nominee Director*	

Date: November 27, 2017
Place: Chennai

Head of finance of the Bank