

TERMS OF THE PRESENT PLACEMENT

The Bank is intending to raise an aggregate amount of Rs. 165 crores (through the issue of *Unsecured Non-Convertible Innovative Perpetual Debt Instruments in the nature of promissory notes for inclusion of Tier I capital* of face value of Rs. 10 lakh each for cash at par (hereinafter referred to as the Bonds') by way of private placement.

The Bonds being offered are subject, interalia to the terms of this Information Memorandum, the application form, the Memorandum and Articles of Association of the Bank, and the provisions of the Companies Act, 1956, State Bank of India (Subsidiary Banks) Act 1959 and The Banking Regulations Act, 1949. In addition, the bonds shall be subject to such other terms and conditions to be incorporated in the Bond Trust Deed / Letter of allotment and to the extent applicable, the provisions of the Depositories Act 1996, the relevant Statutory Guidelines and Regulations for allotment and listing of securities issued from time to time by the Government of India (GoI), SEBI and the Stock Exchanges concerned. This Information Memorandum does not, however, constitute an offer to sell or an invitation to subscribe to bonds offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

The Issue hereunder shall be made in India to Investors specified under clause "Who Can Apply" of this Information Memorandum, who shall be specifically approached by the bank/Arranger. This Information Memorandum does not constitute an offer to sell or an invitation to subscribe to Bonds offered hereby to any person to whom it is not specifically addressed.

OBJECTS

The Issue proceeds would be used to strengthen the Tier I capital funds position and the long term resources of the bank.

Instrument at a Glance:

Issue Size	Rs. 165 crores
Instrument	Fully paid-up, Unsecured, Non Convertible Innovative Perpetual Debt Instruments Bonds qualifying for inclusion in Tier I Capital in the nature of promissory notes.
Issuance Format	To be issued in dematerialized form with Central Depository Services (India) Limited/National Securities Depository Limited.
Credit Rating	<ul style="list-style-type: none">• AAA / Stable by CRISIL• AAA by CARE
Face Value/ Issue Price	Rs. 10,00,000/- per Bond
Minimum Application Size	One Bond and thereafter in multiples of one bond
Tenor	Perpetual
Redemption	These bonds shall be perpetual. However, in case the Bank exercises the call option, then <i>bulleted Redemption at par</i>

Coupon Rate	Fixed coupon @ 10.25% p.a. subject to TDS as applicable. If the Bank does not exercise Call Option, after 10 years from the Date of Allotment, fixed coupon of 10.75% p.a., (step-up coupon of 50 bps) is payable from 28.09.2017 till the next Call Option that may be exercised by the Bank, subject to TDS as applicable
Interest Payment	Annual
Interest on Application Money	Interest on application money will be paid to Investors at the Coupon Rate (subject to deduction of tax at source, as applicable) from the date of realisation of cheque(s)/demand draft(s)/RTGS realisation, upto but not including the Deemed Date of Allotment.
Put option	None
Call option	At par at the end of 10th year from the date of allotment and thereafter on each anniversary date (with prior approval of RBI)
Step-up Option	A step-up-option of 50 bps over and above the coupon rate of 10.25%, if the Call Option is not exercised by the Bank after 10 years from the Date of Allotment. That is, the Bonds carry a Coupon Rate of 10.75% after ten years till the next Call Option that may be exercised by the Bank.
Lock-in-clause	Bank shall not be liable to pay Interest if, the bank's CRAR is below the minimum regulatory requirement prescribed by RBI or the impact of such payment results in bank's CRAR falling below or remaining below the minimum regulatory requirement prescribed by RBI, at the material time.
Listing	Proposed listing at BSE
Depository	NSDL and CDSL
Issuance & Trading	Demat mode

**Subject to TDS as applicable. Investors are advised to read the Information Memorandum for more details.*

UNSECURED NON-CONVERTIBLE SUBORDINATED INNOVATIVE PERPETUAL DEBT INSTRUMENTS BONDS

Transferability

The Innovative Perpetual Debt Instrument Bonds will be negotiable instruments in the nature of Promissory Notes, transferable by endorsement and delivery.

Seniority of Claim

The Innovative Perpetual Bonds will constitute direct, unsecured and subordinated obligations of the Bank and the claims of the investors in innovative instruments shall be

- Superior to the claims of investors in equity shares and
- Subordinate to the claims of all other creditors.

KEY TERMS

Tenor

The Bonds are perpetual in nature from the Date of Allotment, unless the Bank exercises the Call Option.

Coupon

The investors will receive interest at 10.25% p.a. subject to TDS as applicable. If the Bank does not exercise Call Option, after 10 years from the Date of Allotment, fixed Coupon of 10.75% p.a., is payable from 28.09.2017 till the next Call Option that may be exercised by the Bank, at the time of the Annual Interest Payment Date and every year thereafter, subject to TDS as applicable.

Face Value per Bond

Each Bond has a face value of Rs.10, 00,000/- and is issued at par at Rs.10, 00,000/-.

Minimum Application Size

The minimum investment shall be 1 bond i.e. Rs.10, 00,000/- and in multiples of 1 (one) Bond i.e. Rs. 10, 00,000 thereafter.

Deemed Date of allotment

September 28, 2007 shall be the deemed date of allotment of the Bonds. All the benefits under the bonds will accrue to the investor from this date even though the actual allotment may take place on a date other than the specified deemed date of allotment.

Credit Rating

CRISIL Ltd. has assigned “**AAA/Stable**” (pronounced Triple A with stable outlook) rating to the captioned debt programme of the Bank. This rating indicates highest safety. It indicates fundamentally strong position. Risk factors are negligible. There may be circumstances adversely affecting the degree of safety, but such circumstances, as may be visualized, are not likely to affect the timely payment of principal and interest as per terms.

CARE Ltd has assigned a rating of “**AAA**” (pronounced triple A) to the captioned debt program of the bank. This rating indicates that the instrument is considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. This instrument carries minimal credit risk.

The rating is not recommended to buy, sell or hold Securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

Listing

Application shall be made to the Bombay Stock Exchange Ltd. to list the bonds of the Bank now being offered through this Information Memorandum and for permission to deal in such Bonds.

If the permissions to deal in and for an official quotation of the Bonds is not granted by BSE the Bank shall forthwith repay, without interest all such moneys received from the applicants in pursuance of this Information Memorandum. If such monies are not repaid within eight days after the Bank becomes liable to repay them (i.e. from the date of refusal or within 70 days from the date of the closing of the subscription list, whichever is earlier), then the Bank will be liable to repay the monies, with interest, as prescribed under Section 73 of the Companies Act, 1956.

Limits

The total amount raised by a bank through IPDI shall not exceed 15 percent of unimpaired non-innovative Tier-I Capital of the previous financial year. The eligible amount will be computed with

reference to the amount of Tier-I capital as on March 31 of the previous financial year, after deduction of goodwill and other intangible assets but before the deduction of investments.

Investment by FII in IPDI raised in Indian rupees shall be outside the ECB limit for rupee denominated corporate debt (currently USD 1.5 billion) fixed for investment by FIIs in corporate debt instruments.

Put Option

There is no Put Option available to the Bondholder(s) for redeeming the Bonds prior to maturity. The Bonds are free of any restrictive clause and shall not be redeemable at the initiative of the holder(s). Redemption of these Bonds shall be made only with the prior approval of the RBI.

Call Option

The Bank can exercise Call Option, if the Innovative Perpetual Debt Instrument Bonds have run for atleast 10 years i.e. after 10 years from the Date of Allotment and every year thereafter at the Annual Interest Payment Date, with the prior approval of RBI. For availing this facility, the Bank shall notify its intention to do so, through a notice sent by Registered Post/Courier to the sole/first named applicant or sole/first Beneficial Owner of the Bonds by virtue of sale/transfer, atleast 30 days prior to the due date.

Step-Up Option

The Innovative Perpetual Debt Instrument Bonds carry a Step-up Option of 50 bps over and above the coupon of 10.25% p.a., after 10 years from the Date of Allotment i.e. from 28.09.2017 till the next Call Option that may be exercised by the Bank, at the time of Annual Interest Payment Date and every year thereafter subject to TDS as applicable. The Step-up Option shall not in any way alter other characteristics of the instruments, except the coupon of the instruments.

Lock-in Clause

1. The present Innovative Perpetual Debt Instruments shall be subjected to a lock-in clause, in terms of which the Bank shall not be liable to pay either periodic interest on principal or even principal at maturity, if
 - a. the bank's CAR is below the minimum regulatory requirement prescribed by RBI; or
 - b. the impact of such payment results in bank's capital to risk assets ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by RBI
2. However, the bank may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss, provided the CRAR remains above the regulatory norm.
3. The interest amount due shall not be cumulative.
4. All instances of invocation of the lock-in clause should be notified by the bank to RBI.

However, this lock-in-clause will not proscribe the Bank from making payment of periodic interest/principal on the stipulated due date(s), as long as the Bank meets with the minimum regulatory CAR requirements.

Date of Redemption

The Bonds are perpetual, unless the Bank exercises Call Option after 10 years from the Date of Allotment or every year thereafter at the Annual Interest Payment Date. All the benefits under the Bonds will accrue to the investors upto the date of Call Option that may be exercised by the Bank.

Underwriting

The Bonds offer is not underwritten.

Interest on Application Money

Interest at the coupon rate (subject to deduction of tax at source) will be paid in respect of all valid applications including the refunds. Such interest shall be paid from the date of realisation of the cheques/demand drafts up to the date immediately preceding the Deemed Date of Allotment. Refund cheques/Warrants/Demand Drafts / RTGS realizations will be mailed within seven days of Deemed Date of Allotment. In case of an oversubscription, the excess mobilisation that would be eventually refunded will also be applicable for application money. However, in case of a rejected application, no interest would be paid on the application money.

The Interest Cheque(s)/ Demand Draft(s) for Interest on Application Money shall be dispatched by the Bank alongwith allotment advice/ Regret letter / Rejection letter, as the case may be, and will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

Interest on the Bonds

The Bonds will carry interest at the rate of 10.25% p.a. at fixed rate for the first 10 years from the Date of Allotment. If the Bank does not exercise Call Option, after 10 years from the Date of Allotment, fixed Coupon of 10.75% p.a., is payable from 28.09.2017 till the next Call Option that may be exercised by the Bank, at the time of the Annual Interest Payment Date and every year thereafter, subject to TDS as applicable. The interest will be paid from the Date of Allotment (subject to deduction of Tax at source at the rates prevailing from time to time under the Income Tax Act, 1961 or any other statutory modification or reenactment thereof) and is payable annually on April 1st each year for the previous year ended on March 31st during the tenure of the Bonds except for the last interest payment.

If any interest payment date falls on a day, which is not a business day in Indore, Madhya Pradesh ("Business Day" being a day on which Commercial Bank are open for business in Indore, Madhya Pradesh), then payment of interest will be made on the next business day but without liability for making payment of interest for the delayed period. The interest payable shall be calculated by multiplying the coupon rate by the principal amount, multiplying such product by actual number of days in the interest period concerned dividing by 365 (a leap year would be considered as 366 days for the purpose of interest calculation).

Interest Period

- a. The first interest period is defined as the actual number of days falling between the Deemed Date of Allotment to 31st March 2008 including both the first date and the last date. The first interest payment would be made on 1st April 2008.
- b. The second interest period is defined as the actual number of days between 1st April 2008 and 31st March 2009 including both the dates and so on.
- c. The last interest period is defined as the actual number of days falling between the Date of Redemption on account of Call Option exercised by the Bank and the previous interest Payment Date.

Payment of Interest

The interest payment would be made by Electronic Clearing System or by means of cheques/demand drafts/(Interest warrants payable at par at specified branches of the Bank) and will be mailed to the Bondholders. Payment of interest will be made to the holders of the Bonds whose names appear in the list of beneficiaries given by NSDL/CDSL to the Bank on Record Date.

Interest Deferral

In terms of the Lock-in clause for IPDI Bonds, the Bank cannot pay periodical interest on due dates, if the Bank's Capital Adequacy Ratio is below the Regulatory Minimum Ratio stipulated by RBI (which currently is 9%), on any Interest Payment Date. In such a case, the Bank may defer payment of Interest on the Bonds, until permitted by RBI.

Record Date

The Record Date will be 30 days prior to each Interest Payment Date or the Date of Redemption as the case may be.

Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. The investor(s) desirous of claiming exemption from deduction of income tax at source on the interest on application money are required to submit the necessary certificate(s), in duplicate, along with the application form in terms of Income Tax rules.

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, at the office of the Bank, at least 45 days before the payment becoming due.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investor is advised to consult his tax consultant.

Redemption

The face value of the Bond will be redeemed at par, on expiry of 180 months from the deemed date of allotment. However, if the call option is exercised by the bank, the bonds will be redeemed on expiry of 120 months. The Bond will not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds held in the Dematerialised Form shall be taken as discharged on payment of the redemption amount by the Bank on maturity to the registered Bondholders whose name appear in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders. On such payment being made, the Bank will inform NSDL/CDSL and accordingly the account of the Bondholders with NSDL/CDSL will be adjusted. The Bonds are negotiable instruments transferable by endorsement and delivery in the denomination of Rs. 10,00,000/- each. The bonds will not be redeemable at the initiative of the holder or without the consent of Reserve Bank of India. *Hence, the consent of Reserve Bank of India will be obtained before redemption of bonds on due date or before the date of Call Option to be exercised by the Bank, as required in terms of their guidelines addressed to all Commercial Banks vide RBI notification DBOD No.BP.BC.57/21.01.002/2005-2006 dated 25th January, 2006 and Master Circular – Prudential Norms on Capital Adequacy vide their notification DBOD No.BP.BC.13/21.01.002/2006-06 dated 1st July, 2006.*

Effect of Holidays

Should any of the dates defined above or elsewhere in the Information Memorandum, excepting the Deemed Date of Allotment, fall on a Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

In case any Interest Payment Date(s) and/or the Date of Redemption falls on a holiday, interest/ redemption will be paid on the next working day (i.e. a day on which scheduled commercial banks

are open for business). No additional interest will be paid as a result of the interest payment and/or Redemption being made on a day falling after the Interest Payment Date/ Date of Redemption under this condition.

Issue of Bonds in dematerialised form

The Bank will be issuing the Bonds in dematerialised form. The Bank will be opening the accounts with NSDL and CDSL for issuing these Bonds. Applicant should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted. Responsibility for correctness of applicant's demographic details given in the application form vis-a-vis his/her depository participant would rest with the applicant and the bank would not be liable with regard to the above in any manner whatsoever.

Depository Arrangement

The Bank has appointed Ankit Consultancy Pvt. Ltd., Indore as Registrars and Transfer Agents for Bond Issuance. The Bank has entered into depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the issue of the bonds.

Transfer of Bonds

The transfer of bonds in dematerialised form would be in accordance with the rules/procedures as prescribed by Depository/Depository Participant.

Terms of Payment

Applications should be for a minimum of 1 Bond. All cheques /drafts/RTGS remittance should be in favour of "State Bank of Indore A/c - SB Indore Tier I Perpetual Bond - Series I" and crossed Account Payee only. The entire amount of Rs. 10 lakhs (Rs. Ten Lakhs only) per bond is payable on application. Investors may also remit the application money through RTGS with instructions to credit the same to "State Bank of Indore A/c - SB Indore Tier I Perpetual Bond - Series I" to our RTGS, Centre, Mumbai (RTGS Code No. STIN0003351).

Procedure for Application and Mode of Payment

This being a Private Placement Offer, Investors who are established/Resident in India and who have been addressed through this Communication directly, only are eligible to apply.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein.

Applications complete in all respects (along with all necessary documents as detailed in the memorandum of information) must be submitted before the last date indicated in the issue time table or such extended time as decided by the Bank, at any of the designated collection centres, accompanied by the subscription amount by way of cheque(s)/draft(s) drawn on any bank including a co-operative bank which is situated at and is a member of the Bankers' clearing house located at a place where the application form is submitted.

Outstation cheque(s)/Bank draft(s) drawn on Bank(s) not participating in the clearing process at the designated clearing centres will not be accepted. Money orders/postal orders will also not be accepted. The Bank assumes no responsibility for any applications/cheques/ DDs lost in mail. All cheques /drafts should be in favour of "State Bank of Indore A/c - SB Indore Tier I Perpetual Bond - Series I" and crossed Account Payee only. The entire amount of Rs. 10 lakhs (Rs. Ten

Lakhs only) per bond is payable on application. Investors may also remit the application money through RTGS as mentioned above.

No separate receipt will be issued for the Application money. However, the Bank's designated collection branches or arrangers receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the Acknowledgment Slip at the bottom of the each Application Form.

As a matter of precaution against possible fraudulent encashment of Interest Warrants/Cheques due to loss/misplacement, the applicant should furnish the full particulars of his or her bank account (i.e. Account Number, name of the bank and branch) at the appropriate place in the Application Form. Interest warrants will then be made out in favour of the bank for credit to his/her account so specified and dispatched to the investors, who may deposit the same in the said bank.

Succession

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Bank will recognise the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Bank shall not be bound to recognise such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter.

The Bank may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognise such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity or on such other terms and conditions as acceptable to the Bank.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied with:

- i. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- ii. Proof that the NRI is an Indian national or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

Register of Bondholders

The Register of bondholders containing necessary particulars will be maintained by the Bank at such place(s) as it may decide.

Trustees to the Bondholders

The Bank has appointed IDBI Trusteeship Services Ltd. to act as Trustees for the Bondholders (hereinafter referred to as "The Trustees"). The Bank and the Trustees will enter into a Trustee Agreement specifying inter alia, the powers, authorities and obligations of the Trustees and the Bank.

By applying for the Bonds, the Bondholders shall without further action or deed, be deemed to have irrevocably given their consent to and authorised the Trustees or any of their agents or authorised officials to do inter alia all acts, deeds, matters and things in respect of or relating to the

Bonds. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Trustees without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against the Bank unless the Trustees, having become so bound to proceed, failed to do so. The Trustees will endeavour to protect the interest of the Bondholders in the event of default in regard to timely payment of interest and principal by the Bank.

Debenture Redemption Reserve

State Bank of Indore is a banking Company within the meaning of the Banking Regulation Act, 1949. The resources through the current issue of the Bank are being raised by the Bank for augmenting the Tier-I Capital for strengthening the Capital Adequacy and enhancing its long-term resources. Department of Company Affairs, Ministry of Law Justice and Company Affairs, Government of India has vide general clarification no.6/3/2001-CL.V dated 18/04/2002 clarified that Banks need not create Debenture Redemption Reserve as specified under section 117C of the Companies Act, 1956.

Bondholder not a Shareholder

The Bondholder will not be entitled to any of the rights and privileges available to the Shareholders. If, however, any resolution affecting the rights attached to the bonds is placed before the members of the Bank, such resolution will first be placed before the Bondholders for their consideration.

Rights of Bondholders

- a. The Bonds shall not, except as provided in the Act, confer upon the holders thereof any rights or privileges available to the members of the Bank including the right to receive Notices or Annual Reports of, or to attend and/or vote, at the General Meeting of the Bank. However, if any resolution affecting the rights attached to the Bonds is to be placed before the shareholders, the said resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Act, holders of Bonds shall be entitled to a copy of the Balance Sheet on a specific request made to the Bank.
- b. The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank, where such consent or resolution modifies or varies the terms and conditions governing the Bonds, if the same are not acceptable to the Bank.
- c. The registered Bondholder or in case of joint-holders, the one whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either in person or by proxy, at any meeting of the concerned Bondholders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him/her on every resolution placed before such meeting of the Bondholders. The quorum for such meetings shall be at least five Bondholders present in person.
- d. The Bonds are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles, the terms of this Information Memorandum and Application Form. Over and above such terms and conditions, the Bonds shall also be subject to other terms and conditions as may be incorporated in the Trustee Agreement/ Letters of Allotment/ Bond Certificates, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Bonds.
- e. Save as otherwise provided in this Prospectus, the provisions contained in Annexure C and/or Annexure D to the Companies (Central Government's) General Rules and Forms, 1956 as

- prevailing and to the extent applicable, will apply to any meeting of the Bondholders, in relation to matters not otherwise provided for in terms of the Issue of the Bonds.
- f. A register of Bondholders will be maintained in accordance with Section 152 of the Act and all interest and principal sums becoming due and payable in respect of the Bonds will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Bondholders.
 - g. The Bondholders will be entitled to their Bonds free from equities and/or cross claims by the Bank against the original or any intermediate holders thereof.
 - h. Bonds can be rolled over only with the positive consent of the Bondholders.

Modification of Rights

The rights, privileges, terms and conditions attached to the Bond may be varied, modified or abrogated with the consent, in writing, of those holders of the Bond who hold at least three fourth of the outstanding amount of the Bond or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank where such consent or resolution modifies or varies the terms and conditions of the Bond, if the same are not acceptable to the Bank.

Discount

The innovative instruments are not subjected to a progressive discount for capital adequacy purposes since these are perpetual.

Compliance with Reserve Requirements

The total amount raised by a bank through IPDIs shall not be reckoned as liability for calculation of net demand and time liability for the purpose of reserve requirements, and, as such will not attract CRR/SLR requirements.

Applications may be made by:

1. Provident/Superannuation/Gratuity/Pension Funds.
2. Commercial Banks, Financial Institutions and Insurance Companies, societies registered under the applicable laws in India and authorised to invest in bonds.
3. State/Central Co-operative Banks, Development Co-operative Banks, Land Development Banks, RRBs, Primary Co-operative Banks.
4. Mutual Funds, Companies, Bodies Corporate, Trusts and Association of Persons and Individuals.
5. Port Trusts.
6. NBFCs and Residuary NBFCs
7. Scientific and/or Industrial Research Organisations, authorised to invest in bonds.
8. Scientific and/or Industrial Research Organisations, authorised to invest in bonds. Other Government and Non-government agencies authorised to invest in these bonds as per present and relevant government guidelines.

Although above investors are eligible to apply, only those persons, who are individually addressed through direct communication by the Bank, are eligible to apply for the Bonds. No other person may apply. Posting of Information Memorandum on the Designated Stock Exchange website should not be construed as an offer to issue and has been posted only as it is stipulated by SEBI.

Investors should check about their eligibility before making any investment.

The investors are advised to check and satisfy themselves as regards their eligibility to apply before making any payment.

The Applications must be accompanied by certified true copies of (1) Memorandum and Articles of Association/constitution/Bye-laws (2) Resolution authorising investment and containing operating instructions (3) Specimen signatures of authorised signatories and (4) Necessary forms for claiming exemption from deduction of tax at source on the interest income / interest on application money, wherever applicable.

Application by Provident Funds, Superannuation Funds and Gratuity Funds

The Government of India has, vide its Gazette notification dated 06.03.2003, in partial modification of notification no. F.11 (3-PD/98) dated March 31, 1999 has permitted Provident, Superannuation and Gratuity Funds to invest up to 30% of incremental accretions in the bonds/securities of “public sector companies” as defined under Section 2 (36-A) of the Income Tax Act, 1961. Also, an additional amount of 30% of the incremental accretions, can be invested at the discretion of the Board of Trustees in any of the remaining three prescribed categories of investments. The Bank is a “public sector bank” within the meaning of the said section, and hence Provident Funds, Superannuation Funds and Gratuity Funds can invest in the Bonds.

The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen signatures of the authorised signatories. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

Applications by Commercial Banks

Investment by commercial banks in subordinated debt issues of other banks would attract 100% risk weights for the investing bank. The applications must be in conformity with extant RBI guidelines and accompanied by certified true copies of i) Board Resolution authorising investment, ii) Power of Attorney and iii) specimen signatures of authorised signatories.

Application by Regional Rural Banks

Reserve Bank of India, vide circular No.RPCDNB.BC.98/03.05.34/94/95 dated January 2, 1995 and amended vide Circular No. RPCD.RRB.BC.882/03.05.34/96-97 dated December 13, 1996 has permitted RRBs to invest their surplus non-SLR funds in Bonds of public sector undertakings. However, the investments are subject to the prudential and single exposure norms of RBI.

The applications must be accompanied by certified true copies of (i) Government Notification/Certificate of Incorporation/Articles and Memorandum of Association/Other deed governing the constitution, (ii) resolution authorising investment, (iii) Power of Attorney (iv) specimen signatures of authorised signatories and (v) income tax recognition certificate/Form 15 AA.

Application by Primary/District/State/Central Co-Operative Banks/Land Development Banks

Any State Co-operative Bank (SCB)/District Central Co-operative Bank (DCCB)/Primary Co-operative Bank (PCB)/Land Development Banks (LDBs) in any State would be eligible to invest in these Bonds with necessary approval. Reserve Bank of India vide notification NO. BR.CIR.72/16.20.00/93-94 dated 16th May 1994 have clarified that the primary co-operative banks can invest their surplus funds upto 10% of their deposits in Bonds of public sector undertakings, provided inter-alia that a provision exists for such investments in the respective state Co-operative Societies Act/Multi State Co-operative Societies Act and the Banks should take permission from the Registrar of Co-operative Societies of the State, for such investments. Further, Reserve Bank of India vide notification no. BR.12/16.20.00/95-96 dated Jan 6, 1996 has requested the Registrar

of Co-operative Societies of all States to grant general permission to the primary co-operative banks for such investments, subject to their complying with other conditions and safety measures laid down by Reserve Bank of India from time to time.

As per RBI circular no. PPF.ROC.9/07.02.03/98-99 dated June 23, 1999; Central/State Co-operative Banks can invest in PSU bonds an amount not exceeding 10% of their deposits and 5% of their average non-SLR surplus funds after obtaining requisite permission. The applications must be accompanied by certified true copies of i) Resolution authorising investment/Power of Attorney and ii) specimen signatures of authorised signatories.

Application by Trusts

Trusts, whose Trust Deeds provide for investment in Bonds may apply to this issue of bonds, subject to the approval of the Charity Commissioner or other appropriate authority as the case may be. The application must be accompanied by certified true copies of i) Trust Deed/Bye Laws, ii) Certificate of Registration, iii) Resolution authorising investment and containing operating instructions, iv) Specimen signatures of authorised signatories and v) Income exemption certificate (including interest on application money) / Form 15 AA (if applicable).

Applications by Corporate Bodies/Companies/FIs/Statutory Corporations

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/Constitution/Bye-laws, (ii) resolution authorising investment and containing operating instructions, (iii) specimen signatures of authorised signatories and (iv) Form 15 AA for claiming exemption from deduction of tax on the interest income (including interest on application money), if applicable.

Applications under Power of Attorney

In case of applications under Power of Attorney by limited companies or other bodies corporates or commercial banks or regional rural banks/primary/district/central co-operative banks or, individuals, a certified copy of Power of Attorney with a copy of the relevant authority/resolution (other than individuals) must be deposited along with the Application Form.

Application under Power of Attorney or by limited companies

In case of applications made under a Power of Attorney or by a Limited Company or a Body Corporate or Registered Society or Mutual Fund, and scientific and/or industrial research authorization or Trusts etc, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form and the Bank's branch where the application has been submitted, at the office of the Registrars to the Issue after submission of the Application Form to the bankers to the issue or any of the designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the Registrars to the Issue more than 10 days after closure of the subscription list may not be considered.

Individuals

Individuals are also entitled to apply to the bond issue subject to the application qualifying for the minimum application amount and are valid in all other respects. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit relevant declaration Form (as per I.T. Act 1961) along with the Application Form. For subsequent interest payments, such Forms have to be submitted periodically.

In the case of joint applications, the number of such applicants should not be more than three. All communications and cheques for interest/redemption will be addressed to the applicant whose name appears first, at the address stated in the application form/register of Bondholders

Payment Instructions

All Application Forms, duly completed, together with Cheque/Bank Drafts for the amount payable on application must be delivered before the closing of the issue list to the specified branches of State Bank of Indore named herein or to the Arrangers to the Issue.

Payment should be made in by Cheque / Bank Draft. Cheques/Bank Drafts should be drawn on any Bank (including Co-operative Bank) which is situated at and is a member or sub-member of the Banker's Clearing House located at the place where the application is submitted. Outstation Cheque or Bank Drafts will not be accepted. Applications accompanied by such Cheques, or Bank Drafts are liable to be rejected.

All Cheques or Bank Drafts must be made payable to "State Bank of Indore A/c - SB Indore Tier I Perpetual Bond - Series I" and should be crossed A/c payee only. In case of payment by Cheque or Bank Draft, a separate instrument must accompany each Application form. Investors may also remit the application money through RTGS with instructions to credit the same to "State Bank of Indore A/c - SB Indore Tier I Perpetual Bond - Series I" to our RTGS, Centre, Mumbai (RTGS Code No. STIN0003351). As an abundant precaution, the investors are advised to send by fax the particulars of the remittances made through STEPS/ RTGS [like i) Name of the Investor ii) Number of Bonds applied for iii) Amount of Application Money remitted iv) Date of the remittance v) Bank and Branch through which the remittance is made etc.] to any of the Advisors, on the fax number mentioned elsewhere in the Document/ Application Form. For further details, investors are advised to refer to the instructions given in the Application Form.

No receipt will be issued for the application money. However, the Bankers to the Issue and/or their branches receiving the application will acknowledge receipt by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form. For further instructions, please read the Application Form carefully.

It is mandatory for the applicant to fill in the relevant columns in the Application Forms giving the particulars of their savings/current bank account number, the name and address of the Bank with which such account is held to enable the issuer to print the said details in the Refund Orders in the name of the Payee. In case of Joint Applications, the first applicant must mention these details. Applications not containing these details are liable to be rejected.

PAN/GIR Number

All Applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle / Ward / District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

Signatures

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorised official of a Bank or by a Magistrate/Notary Public under his/her official seal.

Nomination Facility

As per Section 109 A of the Companies Act, 1956, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

Disposal of Applications and Application Money

The Bank reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within one week from the date of allotment of the bonds. No interest will be payable on the application money so refunded by way of a rejection. Refund will be made by cheques or demand drafts drawn in favour of the sole/first applicant (including the details of his savings/ current account number and the name of the bank with whom the account is held) and will be dispatched by registered post/courier. Such refund orders Demand Drafts/Cheques will be payable at par at specified centres. However, in case of refunding the excess amount mobilised (by way of an oversubscription)

The Bank has undertaken to make adequate funds available to the Registrar to the Offer for complying with the requirements of dispatch of Allotment Letters/Refund Orders by registered post/courier.

Disputes & Governing Law

The Bonds are governed by and shall be construed in accordance with the Indian Laws. The High Court of Madhya Pradesh, Indore Bench alone shall have the jurisdiction in connection with any matter arising under these precincts.

Trading of Bonds

The trading of privately placed Debt securities would be permitted in standard denomination of Rs. 10 lakhs in the anonymous, order driven system of the Stock Exchange in a separate trading segment. The marketable lot would be Rs. 10 lakhs. All class of investors would be permitted to trade subject to the standard denomination/marketable lot. The trades executed on spot basis shall be required to be reported to the Stock Exchange.

Notices

Notice required to be given by the Bank to the Bondholders shall be deemed to have been given if sent by ordinary post/courier to the First Bondholder or if published in one All India English daily newspaper and one regional language newspaper. Any notice required to be given by the Bondholders shall be sent by registered post/courier/by hand delivery to the Bank or to such persons at such address as may be notified by the Bank from time to time.

Future Borrowings

The Bank will be entitled to borrow/raise loans or avail finance in whatever form as also issue bonds / other securities in any manner having such ranking in priority, *pari passu* or otherwise and change the capital structure, including issue of shares of any class, on such terms and conditions as the Bank may think appropriate, without the consent of or intimation to the Bondholder(s) in this connection.

Miscellaneous

A Register of Bondholders shall be maintained at the Head Office of the Bank. Such Register shall be closed thirty (30) business days prior to each interest payment date.

In case of dissolution/bankruptcy/insolvency/winding up of Bondholders, the Bond certificates shall be transmittable to the Legal Representative(s)/Successor(s) or the Liquidator, in accordance with the law on such terms as may be deemed appropriate by the Bank.

Registrars

Ankit Consultancy Pvt. Ltd, 2nd Floor, Alankar Point, 4-A, Rajgarh Kothi, Geeta Bhawan Crossing, Indore are acting as Registrar and Transfer agents for the Bank.

Trustees

The Bank has appointed **IDBI Trusteeship Services Ltd**, 10th Floor, Nariman Bhavan, 227 Vinay K Shah Marg, Nariman Point, Mumbai – 400002 as Bond Trustees registered with SEBI, for the holders of the Bonds (hereinafter referred to as “Trustees”). The Bank will enter into a Trustee Agreement/Trust Deed, inter-alia, specifying the powers, authorities and obligations of the Bank and the Trustees in respect of the Bonds.

The Bondholders shall, without any further act or deed, be deemed to have irrevocably given their consent to and authorised the Trustees or any of their Agents or authorised officials to do, all incidental acts, deeds and things necessary in terms of this Memorandum of Private Placement. All rights and remedies under the Trust Deed/Trust Agreement and/or other security documents shall rest in and be exercised by the Trustees without having it referred to the Bondholders. Any payment made by the Bank to the Trustees on behalf of the Bondholder(s) shall discharge the Bank *pro tanto* to the Bondholder(s).

The Trustees will protect the interest of the Bondholders in the event of default by the Bank in regard to timely payment of interest and repayment of principal and they will take necessary action at the cost of the Bank. **The Trustees may appoint a nominee director on the Board of the Bank in consultation with other institutional Bondholders in the event of default.** The major events of default which happen and continue without being remedied for a period of 30 days after the dates on which the monies specified in (i) and (ii) below become due and will necessitate repayment before stated maturity are as follows:

- i. Default in payment of monies due in respect of interest/principal owing upon the Bonds;
- ii. Default in payment of any other monies including costs, charges and expenses incurred by the Trustees.

Other events of default are:

- i. Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/or the financial Covenants and Conditions (other than the obligation to pay principal and interest) and, except where the Trustees certify that such default is in their opinion incapable of remedy (in which case no notice shall be required), such default continues for 30 days after written notice has been given thereof by the Trustees to the Bank requiring the same to be remedied.
- ii. Any information given by the Bank in its applications to the Bondholders, in the reports and other information furnished by the Bank and the warranties given/deemed to have been given by it to the Bondholders/trustees is misleading or incorrect in any material respect.
- iii. The Bank is unable to or has admitted in writing its inability to pay its debt as they mature.
- iv. A Receiver or a Liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Bank and such appointment is not dismissed within 60 days of appointment.

- v. The Bank ceases to carry on its business.

Rights, Powers and Discretion of the Trustees

In addition to the other powers conferred on the Trustees and provisions for their protection and not by way of limitation or derogation of anything contained in this Agreement nor of any statute limiting the liability of the Trustees, it is expressly stated as follows:

- a. The Trustees shall not be bound to give notice to any person of the execution hereof or to see to the performance or observance of any of the obligations hereby imposed on the Bank or in any way to interfere with the conduct of the Bank's business unless and until the rights under the Bonds shall have become enforceable and the Trustees shall have determined to enforce the same;
- b. Save as herein otherwise expressly provided the Trustees shall, as regards all trusts, powers, authorities and discretions, have absolute and uncontrolled discretion as to the exercise thereof and to the mode and time of exercise thereof and in the absence of fraud shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the exercise or non-exercise thereof and in particular they shall not be bound to act at the request or direction of the Bondholders under any provisions of these presents unless sufficient monies shall have been provided or provision to the satisfaction of the Trustees made for providing the same and the Trustees are indemnified to their satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction;
- c. With a view to facilitate any dealing under any provision of these presents the Trustees shall have full power to consent (where such consent is required) to a specified transaction or class of transactions conditionally;
- d. The Trustees shall not be responsible for the monies paid by applicants for the Bonds;
- e. The Trustees shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Bondholders;
- f. The Trustees shall have full power to determine all questions and doubts arising in relation to any of the provisions hereof and every such determination bonafide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Trustees) shall be conclusive and binding upon all persons interested hereunder;
- g. The Trustees shall not be liable for anything whatsoever except a breach of trust knowingly and intentionally committed by the Trustees;
- h. The Trustees shall not be liable for any default, omission or delay in performing or exercising any of the powers or trusts herein expressed or contained or any of them or in enforcing the covenants herein contained or any of them or in giving notice to any person or persons of the execution hereof or in taking any other steps which may be necessary, expedient or desirable for any loss or injury which may be occasioned by reason thereof unless the Trustees shall have been previously requested by notice in writing to perform, exercise or do any of such steps as aforesaid by the holders representing not less than three-fourths of the nominal amount of the Bonds for the time being outstanding or by a Special Resolution duly passed at a meeting of the Bondholders and the Trustees shall not be bound to perform, exercise or do any such acts, powers or things or to take any such steps unless and until sufficient monies shall have been provided or provision to the satisfaction of the Trustees made for providing the same by or on behalf of the Bondholders or some of them in order to provide for any costs, charges and expenses which the Trustees may incur or may have to pay in connection

with the same and the Trustees are indemnified to their satisfaction against all further costs, charges, expenses and liabilities which may be incurred in complying with such request.

- i. Provided nevertheless that nothing contained in this clause shall exempt the Trustees from or indemnify them against any liability for breach of trust nor any liability which by virtue of any rule or law would otherwise attach to them in respect of any negligence, default or breach of trust which they may be guilty of in relation to their duties hereunder.

Utilisation of Offer Proceeds

The Bank undertakes that details of all monies utilized/unutilized out of the Offer shall be disclosed under an appropriate separate head in the Balance Sheet of the Bank.