

# **Punjab and Maharashtra Co-operative Bank Ltd.**

## **Multi-State Scheduled Bank**

**Registered Office:** 240, Shankar Sadan, Opp. Matalachmi Hospital, Sion (East), Mumbai-22.

**Corporate Address:** Office no. 4 & 5, 3<sup>rd</sup> Floor, Dreams Mall, Bhandup(w), Mumbai: 400078.

### **OFFER DOCUMENT**

#### **ISSUE OF LONG TERM (SUBORDINATED) DEPOSITS (LTD) 2017-18 (SERIES-IV) UNDER LOWER TIER – II CAPITAL.**

#### **1. PREAMBLE**

The Central Registrar of Co-operative Societies (CRCS), New Delhi have permitted Punjab & Maharashtra Co-operative Bank Ltd. (the Bank) to raise funds by way of issue of 60,000 Long Term (Subordinated) Deposits (LTD) of Rs. 25,000/- each. This amounts to Rs. 150 crore. These funds will be used for augmenting Tier II Capital of the Bank.

The CRCS has given permission vide letter No. R-11017/28/2013-L&M dated October 28,2016. The Reserve Bank of India (RBI) in terms of its Circular bearing reference No. RBI/2016-17/7, DCBR.BPD.Cir.No.21/09.18.201/2016-17 dated July 7, 2016 have permitted the Banks to issue LTD subject to the stipulation that they are satisfying certain norms laid down therein. The Bank has complied with all the norms laid down in the said Circular and hence it has not taken permission of RBI to issue LTD.

The Bank has successfully completed three tranches now it has been proposed to issue LTD tranche IV amounting to Rs. 25 crore.

#### **2. ABOUT THE BANK**

- Punjab & Maharashtra Co-operative Bank Ltd. was established in 1984 at Sion, Mumbai.
- The Bank became a Scheduled Bank in the Year 2000 and Multi State Co-operative Bank in the Year 2004.
- During the last 34 years, the Bank has spread its wings to the States of Maharashtra, Karnataka, New Delhi, Goa, Madhya Pradesh and Gujarat.
- The Bank has a network of 131 Branches.
- With the Bank's network spread over six States, it extends all types of banking services throughout 360 days in a year.
- In its attempt to give the best service, the Bank has adopted Finacle Core Banking Solution in all 131 Branches of the Bank. Hence, the customers can access their accounts and carry out their banking operations Anywhere at Any time.
- The Bank has license to deal with foreign exchange as Authorised Dealer Category I.
- The total business of the Bank as at 31.03.2017 was more than Rs. 15,450 crore.
- The Bank enjoys 'A' Audit Classification.
- The Bank has been growing at a pace more than 20% over the last 5 years. The rationale behind this big growth is well qualified and experienced professionals on the Board and competent Top Officials.
- The Bank has a team of more than 1700 dedicated and well trained employees rendering qualitative services to the customers.
- The Bank has introduced various value added products such as RTGS, NEFT, ATM, Visa/RuPay Debit Card, Internet Banking, Mobile Banking, etc.
- The Bank offers Insurance products (General & Life), Mutual Funds and Demat services to its customers.

The Key financial indicators as at the end of preceeding financial year ended 31<sup>st</sup> March, 2017 along with the relative position in the past two years is given below for information:

(Rs. in Crore)

Sr. No.	Particulars	31.03.2015	31.03.2016	31.03.2017
1.	Share Capital & Reserves*	715.62	879.77	1032.41
2.	Deposits	6870.32	7781.47	9012.00
3.	Deposits Growth (%)	20.80	13.26	15.81
4.	Advances	4879.09	5527.54	6438.23
5.	Advances Growth (%)	30.07	13.29	16.48
6.	Gross NPA (%)	1.07	1.39	1.74
7.	Net NPA (%)	0.45	0.70	0.96
8.	Net Profit after Tax	78.09	78.48	96.94
9.	CRAR (%)	12.43	12.20	12.32
10.	No. of Branches	103	114	125

\*Previous Year figures have been regrouped/re-arranged/reclassified wherever necessary to confirm to the presentation of the accounts of the current year.

The Bank is confident of further improving the Net profit & sustaining a consistently increasing trend in the net profit thereafter.

The foregoing analysis depicts:

- Healthy rise in Deposits, Advances & Net Profit.
- High quality of Credit Portfolio, as is evident from low levels of Gross & Net NPAs.
- Wide Coverage of branches across states in India.

Sr No	Particulars	Description
1.	Who can Apply	Individuals (single or jointly),Registered Organisation, Private or Public Limited Company, Partnership Firms, LLPs, Registered Public Trusts, HUF, Registered Co-op Societies and Association of Persons (AOP) can apply for LTD. The LTD can be issued to a member as well as non member of the Bank. <b><u>Urban Cooperative Banks are not permitted to invest under the LTD scheme. Minors are not eligible to invest in LTD.</u></b>
2.	Tenure	LTD will have maturity of 66 months from the date of issue.
3.	Issue Size	LTD of Rs. 25000/- or its multiples thereof amounting to Rs 25 crore. Issue and maturity amount is at par. LTD will be issued on "First come, first served basis."
4.	Transferability	LTD deposit receipt is not transferable by endorsement.
5.	Rate of Interest	Rate of Interest payable on LTD is 8.50% p.a. for Fourth tranche of Rs.25 crore payable quarterly on 30 <sup>th</sup> June, 30 <sup>th</sup> September, 31 <sup>st</sup> December & 31 <sup>st</sup> March of every year, till the maturity. The Bank shall not pay interest on unclaimed Matured LTD after the date of maturity.
6.	Loan against LTDs	No Advance shall be granted against security of LTD. The Bank shall not recognize any lien, charge or other encumbrance on such LTD. The LTD cannot be pledged anywhere.
7.	DICGC Cover	LTD will not be eligible for insurance cover from Deposit Insurance and Credit Guarantee Corporation (DICGC).

8.	Seniority of Claims	LTD will be subordinated to claims of depositors & other creditors, but would rank senior to claims of shareholders, including holders of Preference Shares (both Tier I & Tier II, if issued in future). Among investors of LTD included in lower Tier II, the claims shall rank pari-passu with each other.
9.	Repayment on Maturity	The Bank reserves the right to make payment of Deposit proceeds on the maturity without requirement of surrendering of the Deposit advice(s). Such repayment would be made with prior approval of Reserve Bank of India (Urban Banks Department, Central Office). In case the Bank decides to do so, the principal amount would be paid on the maturity by way of transfer to the Bank Account or mode specified in application form (electronic mode).
10.	Closure of Issue of LTD	LTD issue shall remain open till date of closure is notified by the Bank. The date of closure of LTD issue will be notified by the Bank on its website and on the notice board of the Bank's corporate and branch offices. Acceptance of LTD will be stopped by the Bank on receipt of the total amount of Rs.25 Crores (Rupees Twenty Five Crores only). However, the Bank reserves right to accept lesser amount of deposit without giving any reason.
11.	Premature closure/ withdrawal.	Premature withdrawal/closure for 'LTD' is not available.
12.	Apportionment of LTD proceeds on Maturity	The Bank reserves the right to apportion the proceeds of LTD to the overdue loan account of the customer, if any. No interest will be paid for Overdue period.
13.	Mode of Payment of Interest	In case of LTD depositor maintaining an account with our Bank, interest will be credited to the Saving/Current account of such LTD depositor. In case of depositor maintaining the account with other Bank, the interest will be paid by electronic mode only.
14.	Interest Payment /Principal Redemption	In case of Interest Payment Date(s) and /or Date(s) of Redemption falls on a Holiday, Sunday or any Public Holiday declared under Negotiable Instrument Act 1881, interest/ redemption of principal will be made on the next working day (i.e a day on which banks are open for business).
15.	Apportionment of LTD proceeds on maturity of Call Option	The Bank reserves the right of 'Call Option' which may be exercised after 5 years from the date of allotment with prior permission of the RBI. While considering any proposal received from the Bank for exercising the Call option, the Reserve Bank of India would among other things take into consideration the Bank's CRAR position, both at the time of the Call Option and after exercise of the Call Option.
16.	Communication Mode	The notice of communication for any reason will be sent on the address of the LTD holder/s registered with the Bank. The Bank will not be responsible for change in address not communicated to the Bank and all communications sent to the registered address shall be deemed to be served on the LTD holder/s.
17.	Nomination	Nomination Facility is available under the respective Co-operative Societies Act., as per prevailing rules. The LTD holder/s may be signing a Nomination form to nominate any person to receive the LTD from the Bank on the Death of sole LTD Holder/death of the last surviving holder as available under the respective provisions of Multi State Co-operative Societies Act 2002 and the Bye Laws of Punjab & Maharashtra Co-Operative Bank Ltd. Or if there is no person or persons so nominated, the bank shall transfer the said LTD to any such person or persons as may appear to the Board of Directors to be entitled to receive the same as heir/s or legal

		representative/s of the deceased LTD holder/s, a sum representing the value of such deposit as ascertained in accordance with the Bye-Laws of the bank on his/her executing a deed of indemnity to the Bank and the Bank shall thereupon be absolved from all liability in respect of such deposit.
18.	Classification in Balance Sheet	LTDs will be classified as 'Borrowing' and shown separately in Balance Sheet.
19.	CRR &SLR Reserve requirement	Total amount raised by the Bank through issue of LTD will be reckoned as liability for computation of Net Demand & Time Liabilities.
20.	Tax deducted at source (TDS)	Tax will be deducted at source from the interest paid as per the extant provisions of Income Tax Act.,1961.
21.	Voting Rights	LTD holders per se will not be eligible for Voting Rights.
22.	Other Terms and Conditions	<ul style="list-style-type: none"> <li>• The option of Cumulative interest is not available under LTD scheme.</li> <li>• Interest on deposits ceases to be payable from date of maturity of LTD.</li> <li>• LTD will be issued only in physical form.</li> </ul>
23.	Jurisdiction	All disputes/ transactions are subject to the jurisdiction of the courts of the city of Mumbai.

**GENERAL DISCLAIMER:**

This offer document is neither a prospectus nor a Statement in lieu of Prospectus and is prepared in accordance with the stipulation issued by the Dept. of Co-operative Bank Regulation, Reserve Bank of India vide Circular no. DCBR.BPD.(PCB)MC.No.10/09.18.201/2015-16 dated July 1, 2015. The Bank certifies that the disclosures made in this document are generally adequate and are in conformity with the Reserve Bank of India Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

**DISCLAIMER OF THE ISSUER:**

The Bank confirms that the information given in this Offer Document is true and correct and is not misleading in any material respect. All information considered adequate and relevant about the issue as well as the Bank, has been made available in this Offer Document for the use and perusal of the potential investors and no selective or additional information would be available for section of investors in any manner whatsoever. The Bank accepts no responsibility for the statements made otherwise than those mentioned in this Offer Document and anyone placing reliance on any other source of information would be doing so at his/her/their own risk. No person other than the Bank's Authorised employees has been authorised to give any information or to make any representations not confirmed in this offer document in connection with this offer. Any other information not mentioned in the Offer Document should not be relied upon until its authenticity is not confirmed by the Bank's officials.

This Offer Document explains the aspects about the LTD that a prospective investor ought to know before investing. Investors should carefully read the Offer Document before an investment decision. This Offer Document remains effective until a material change occurs. A copy of this Offer Document has been submitted to Reserve Bank of India, Dept. of Co-operative Bank Supervision and The Central Registrar of Co-operative Societies. The particulars of this Offer Document have been prepared in accordance with the stipulation of the Dept. of Co-operative Bank Regulation, Reserve Bank of India vide Circular no. DCBR.BPD.(PCB)MC.No.10/09.18.201/2015-16 dated July 1, 2015.

Sd/-  
Joy Thomas  
Managing Director