

**TRANCHE 1 PROSPECTUS**

Dated February 14, 2011



**STATE BANK OF INDIA**

(Constituted under the State Bank of India Act, 1955)

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**PUBLIC ISSUE BY THE STATE BANK OF INDIA (“BANK” OR “ISSUER”) OF LOWER TIER II BONDS (THE “BONDS”) NOT EXCEEDING AN AGGREGATE AMOUNT OF RS. 100,000 MILLION (THE “SHELF LIMIT”) BY WAY OF ISSUANCE OF BONDS IN ONE OR MORE TRANCHE (EACH A “TRANCHE ISSUE”, AND TOGETHER ALL TRANCHE ISSUES UPTO THE SHELF LIMIT, THE “ISSUE”). THIS TRANCHE ISSUE BY THE ISSUER IS OF SERIES 3 LOWER TIER II BONDS AND SERIES 4 LOWER TIER II BONDS AGGREGATING TO RS. 10,000 MILLION WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO RS. 10,000 MILLION FOR ISSUANCE OF ADDITIONAL BONDS, IN AGGREGATE UP TO A TOTAL OF RS. 20,000 MILLION, WITH A RETAIL OVER-SUBSCRIPTION OPTION AS SET OUT BELOW (THE “TRANCHE 1 ISSUE”). THIS TRANCHE 1 ISSUE IS BEING OFFERED BY WAY OF THIS TRANCHE PROSPECTUS WHICH CONTAINS, INTER ALIA THE TERMS AND CONDITIONS OF THE TRANCHE 1 ISSUE (THE “TRANCHE 1 PROSPECTUS”), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED FEBRUARY 14, 2011 FILED WITH THE STOCK EXCHANGES AND SEBI (THE “SHELF PROSPECTUS”), THE SHELF PROSPECTUS TOGETHER WITH THIS TRANCHE 1 PROSPECTUS SHALL CONSTITUTE “THE PROSPECTUS”**

This Tranche 1 Issue is being made pursuant to the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the “SEBI Debt Regulations”) and SEBI letter IMD/DF1/OW/28586/2010 dated December 3, 2010.

**GENERAL RISKS**

Investors are advised to read the Risk Factors in the Prospectus carefully before taking an investment decision in relation to this Tranche 1 Issue. For taking an investment decision, Investors must rely on their own examination of the Bank and the Tranche 1 Issue including the risks involved. **Investors are advised to refer to section “Risk Factors” in the Shelf Prospectus and “Recent Developments” in this Tranche 1 Prospectus before making an investment in this Tranche 1 Issue.**

**THE SERIES OF BONDS ARE CAPITAL INSTRUMENTS AND NOT DEPOSITS OF THE BANK AND THEY CAN NOT BE USED AS COLLATERAL FOR ANY LOAN MADE BY THE BANK OR ANY OF ITS SUBSIDIARIES OR AFFILIATES. THE SERIES OF BONDS ARE DIFFERENT FROM FIXED DEPOSITS AND ARE NOT COVERED BY DEPOSIT INSURANCE. UNLIKE THE FIXED DEPOSITS WHERE DEPOSITS ARE REPAYED AT THE OPTION OF DEPOSIT HOLDER, THE SERIES OF BONDS ARE NOT REDEEMABLE AT THE OPTION OF THE SERIES BONDHOLDERS OR WITHOUT THE PRIOR CONSENT OF RBI.**

**ISSUER’S ABSOLUTE RESPONSIBILITY**

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Prospectus, contains all information with regard to the Issuer and this Tranche 1 Issue, which is material in the context of this Tranche 1 Issue, that the information contained in the Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

**CREDIT RATING**

The Bonds proposed to be issued by the Issuer have been assigned a rating of “CARE AAA” by CARE vide its letter dated January 27, 2011. The instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal risk. The Bonds proposed to be issued by the Issuer have been assigned a rating of “AAA/ Stable” by CRISIL vide its letter no. MS/FSR/SBI/2010-11/1583 dated January 27, 2011. This rating of the Bonds indicates highest degree of safety with regard to timely payment of interest and principal on the instrument. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. Please refer to section “General Information” of the Shelf Prospectus for rationale for the above ratings.

**PUBLIC COMMENTS**

The Draft Shelf Prospectus was filed with the Designated Stock Exchange pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for seven working days. However this Tranche 1 Prospectus will not be made available for public comments pursuant to the exemption granted to the Bank as set out in SEBI letter IMD/DF1/OW/28586/2010 dated December 3, 2010.

**LISTING**

The Bonds offered through the Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). Application for ‘in-principle’ listing approval has been made to NSE vide letter dated January 31, 2011 and to BSE vide letter dated January 31, 2011. For the purposes of the Issue, the Designated Stock Exchange shall be the BSE.

**OTHER**

Applicants should note that in the event of any conflict between the terms of the Shelf Prospectus and this Tranche 1 Prospectus, the terms as set out in this Tranche 1 Prospectus shall prevail.

LEAD MANAGERS TO THE ISSUE			REGISTRAR TO THE ISSUE
<b>Citigroup Global Markets India Private Limited</b> 12 <sup>th</sup> Floor, Bakhtawar Nariman Point Mumbai 400 021 Tel: (91 22) 6631 9999 Fax: (91 22) 6646 6056 E-mail: sbi.debtissue@citi.com Website: www.citibank.co.in Contact Person: S. Ashwin Investor Grievance ID: investors.cgmb@citi.com Compliance Officer: Mr. Vinod Patil SEBI Registration No. INM000010718	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, Bakhtawar 229, Nariman Point Mumbai 400 021 Tel.: (91 22) 6634 1100 Fax.: (91 22) 2284 0492 Email: sbi.debtissue@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole Investor Grievance ID: kmccredressal@kotak.com Compliance officer: Mr. Ajay Vaidya SEBI Registration No. INM000008704	<b>SBI Capital Markets Limited*</b> 202, Maker Tower ‘E’ Cuffe Parade Mumbai 400 005 Tel: (91 22) 22178300 Tel.: (91 22) 2218 8332 Email: sbi.debtpublicissue@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Ashish Sable Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration No. INM000003531 <small>*SBI Capital Markets Limited, being a subsidiary of the Issuer, shall only be involved in the marketing of the Issue</small>	<b>Datamatics Financial Services Limited</b> B 5, MIDC Part B Crosslane, Marol Andheri (East) Mumbai 400 093 Tel.: (91 22) 6671 2187 Fax.: (91 22) 6671 2204 Email: sbiretailbonds@dfssl.com Website: www.dfssl.com Contact Person: Mr. R.D Kumbhar (General Manager) Investor Grievance ID: sbi_eq@dfssl.com SEBI Registration No. INR000000874
ISSUE PROGRAMME			
<b>TRANCHE 1 ISSUE OPENS ON</b> <b>FEBRUARY 21, 2011</b>			<b>TRANCHE 1 ISSUE CLOSSES ON</b> <b>FEBRUARY 28, 2011</b>

The subscription for this Tranche 1 Issue shall remain open for subscription during the banking hours for the period indicated above.

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## DEFINITIONS AND ABBREVIATIONS

Definitions of certain capitalized terms used in this Tranche 1 Prospectus are set forth below:

### Bank Related Terms

Term	Description
“SBI”, “Issuer”, or “the Bank”	Unless the context otherwise requires refers to, the State Bank of India, constituted under the State Bank of India Act, 1955, having its central office at State Bank Bhavan, Madame Cama Road, Mumbai 400 021, Maharashtra
Associate Banks	The associate banks of the Bank as listed out in the section “ <i>Our Subsidiaries, Associate Banks and Joint Venture Companies</i> ”
Central Board	Central Board of Directors of the Bank
Central Office	Central office of the Bank located at State Bank Bhavan, Madame Cama Road, Mumbai 400 021, Maharashtra
Capital or Share Capital	Issued and paid up share capital of the Bank
Directors	The directors on the Central Board of the Bank
ECCB	Executive Committee of the Central Board of the Directors of the Bank
Joint Venture Companies	The joint venture companies of the Bank as listed out in the section “ <i>Our Subsidiaries, Associate Banks and Joint Venture Companies</i> ”
Subsidiaries	The subsidiaries of the Bank as listed out in the section “ <i>Our Subsidiaries, Associate Banks and Joint Venture Companies</i> ”
The Group	The Bank and its Subsidiaries, Associate Banks and other consolidated entities. References to specific data applicable to particular Subsidiaries, Associate Banks or other consolidated entities are made by reference to the name of that particular entity

### Issue related terms

Term	Description
Adviser and Lead Manager to the Issue	SBI Capital Markets Limited
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Tranche 1 Bonds to the successful Applicants pursuant to this Tranche 1 Issue
Allottee	A successful Applicant to whom the Tranche 1 Bonds are allotted pursuant to this Tranche 1 Issue
Applicant	Any person who applies for issuance of Tranche 1 Bonds pursuant to the terms of the Prospectus and Application Form for this Tranche 1 Issue
Application	Applicant’s offer to subscribe to the Tranche 1 Bonds and which will be considered as the application for issue of the Tranche 1 Bonds pursuant to the terms of the Prospectus for this Tranche 1 Issue
Application Amount	The aggregate value of the Tranche 1 Bonds indicated in the Application Form of this Tranche 1 Issue
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Tranche 1 Bonds and which will be considered as the application for issue of the Tranche 1 Bonds pursuant to the terms of the Prospectus for this Tranche 1 Issue
Auditor to the Tranche 1 Issue	Kalyaniwalla & Mistry
Bondholder(s)	Any person holding the Bonds and whose name appears on the beneficial owners list provided by the Depositories or whose name appears in the SBI Register
Bonds	All Lower Tier II Bonds issued or proposed to be issued by the Bank under a Tranche Issue pursuant to each Tranche Prospectus (read together with the Shelf Prospectus) with aggregate issuance not exceeding the Shelf Limit
Capital Adequacy Guidelines	Reserve Bank of India Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework dated July 1, 2010

<b>Term</b>	<b>Description</b>
Category	The category of Applicants and may be either Retail Category, HNI Category or Non-individual Category
CDSL Agreement	Tripartite agreement dated March 24, 2010 between the Bank, Datamatics Financial Services Limited and CDSL for offering depository option to the Series Bondholders
Consolidated Bondholder Certificate	In case of Series Bonds rematerialised by the Bondholder in physical form, a single certificate that will be issued to the Bondholder for the aggregate amount for each Series of Bonds allotted to him under one or more Tranche Issues.
Debenture Trust Deed	Trust Deed to be entered into between the Debenture Trustee and the Bank for this Tranche 1 Issue in relation to the Series Bonds
Debenture Trustee/Trustee	Trustees for the Series Bondholders in this case being IDBI Trusteeship Services Limited
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Central Board or the ECCB or any committee thereof approves the Allotment of the Series Bonds for this Tranche 1 Issue
Default	Defaults as listed in the section “ <i>Terms of the Tranche 1 Issue</i> ”
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	NSDL and the CDSL
Designated Stock Exchange/ DSE	BSE
DP/ Depository Participant	A depository participant as defined under the Depositories Act
Draft Shelf Prospectus	The draft shelf prospectus dated January 31, 2011 filed by the Bank with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations
Early Redemption Amount	Amount payable upon the occurrence of an event of default and shall be as detailed in the Debenture Trust Deed
Equity Share(s) or Share(s)	The equity share(s) of the Bank having a face value of Rs. 10 each unless otherwise specified in the context thereof
Equity Shareholder or Shareholder	A holder of the Equity Shares
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants will issue cheques or drafts in respect of the Application Amount when submitting an Application for this Tranche 1 Issue
Escrow Agreement	Agreement to be entered into by the Bank, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for this Tranche 1 Issue for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Escrow Collection Bank/ Banker to the Issue/Refund Bank	The banks which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened and refund will happen in this case being State Bank of India.
High Net-worth Individual/ HNI	Individual Applicants who have applied for the Series Bonds for an aggregate amount more than Rs. 500,000 in this Tranche 1 Issue (including HUFs applying through their Karta)
HNI Category	The category of Applicants consisting of HNI Applicants
Issue	Public issue of Lower Tier II Bonds up to the Shelf Limit by way of one or more Tranche Issues
Lead Managers	Citigroup Global Markets India Private Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited. SBI Capital Markets Limited, being a subsidiary of the Issuer, shall only be involved in the marketing of the Issue
Market Lot	One Bond
Non-allottee	An unsuccessful Applicant to whom the Series Bonds are not allotted pursuant to this Tranche 1 Issue
Non-Individual	NII, Corporate and QIB Applicants taken together
Non-Individual Category	The category of Applicants consisting of NII, Corporate and QIB Applicants

<b>Term</b>	<b>Description</b>
Non-Retail Applicants	All Applicants other than Retail Applicants which includes HNI, NII, Corporate and QIB Applicants
NSDL Agreement	Tripartite agreement dated September 19, 2003 between the Bank, Datamatics Financial Services Limited and NSDL has been executed for offering depository option to the Series Bondholders
Prospectus	The Shelf Prospectus read with this Tranche 1 Prospectus for this Tranche 1 Issue
Qualified Institutional Buyers/ QIBs	Includes public financial institutions, statutory corporations, commercial banks, cooperative banks and regional rural banks, provident, superannuation and gratuity funds, pension funds, mutual funds in India and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and does not include foreign institutional investors and overseas corporate bodies
Record Date	15 (fifteen) days prior to the Series 3 Interest Payment Date or the Series 4 Interest Payment Date or the Series Redemption Date or the Series Call Option Date or early redemption date or any other date on which interest and/ or principal is due and payable
Registrar MoU	Memorandum of understanding to be entered into between the Bank and the Registrar to the Issue
Registrar to the Issue or Registrar	Datamatics Financial Services Limited
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate of all previous Tranche Issues, if any, and the reservation for each Category
Retail Applicants	Individual Applicants who have applied for the Series Bonds for an aggregate amount not more than Rs. 500,000 in the Tranche Issue (including HUFs applying through their Karta)
Retail Applicant Category	The category of Applicants consisting of Retail Applicants
SBI Register	The register of Series Bondholders maintained by the Bank at its registered office (or such other place as permitted by law) containing the particulars of the legal owners of the relevant Series of Bonds issued by the Bank held in physical form
Series 3 Call Option	Call option of the Bank on the principal amount outstanding of the Series 3 Lower Tier II Bonds together with accrued interest after 5 (five) years following the Deemed Date of Allotment and with the prior approval by RBI
Series 3 Call Option Date	5 (five) years and one day after the Deemed Date of Allotment in relation to the Series 3 Lower Tier II Bonds.
Series 3 Interest Payment Date	April 2 each year (except for the last interest) when interest on Series 3 Lower Tier II Bonds becomes payable. The last interest payment will be made along with repayment of the principal amount on the relevant Redemption Date. In case of a non Working Day, it will be the next Working Day
Series 3 Lower Tier II Bonds	Rs. 10,000 face value Series of Bonds having a coupon rate of 9.75% p.a for Retail Applicants and 9.30% p.a. for Non-retail Applicants due 2021
Series 3 Redemption Date	In respect of the Series 3 Lower Tier II Bonds, the payment date falling 10 (ten) years after the Deemed Date of allotment when the Series 3 Lower Tier II Bonds will be redeemed at their principal amount outstanding together with accrued interest
Series 4 Call Option	Call option of the Bank on the principal amount outstanding of the Series 4 Lower Tier II Bonds together with accrued interest after 10 (ten) years following the Deemed Date of Allotment and with the prior approval by RBI
Series 4 Call Option Date	10 (ten) years and one day after the Deemed Date of Allotment in relation to the Series 4 Lower Tier II Bonds
Series 4 Interest Payment Date	April 2 each year (except for the last interest) when interest on Series 4 Lower Tier II Bonds becomes payable. The last interest payment will be made along with repayment of the principal amount on the relevant Redemption Date. In case of a non Working Day, it will be the next Working Day
Series 4 Lower Tier II Bonds	Rs. 10,000 face value Series of Bonds having a coupon rate of 9.95% p.a. for Retail Applicants and 9.45% p.a. for Non-retail Applicants due 2026.

<b>Term</b>	<b>Description</b>
Series 4 Redemption Date	In respect of the Series 4 Lower Tier II Bonds, the payment date falling 15 (fifteen) years after the Deemed Date of allotment when the Series 4 Lower Tier II Bonds will be redeemed at their principal amount outstanding together with accrued interest.
Series Bond Certificate(s)	Certificate issued to the Series Bondholder(s) pursuant to rematerialization of a Series of Bonds pursuant to this Tranche 1 Issue
Series Bondholder	A holder of Bonds of a specific Series issued under this Tranche 1 Issue
Series Call Option Date	Series 3 Call Option Date or Series 4 Call Option Date, whichever applicable
Series of Bonds/Series Bonds	Series 3 Lower Tier II Bonds and / or Series 4 Lower Tier II Bonds proposed to be issued by the Bank pursuant to this Tranche 1 Issue each of face value of Rs. 10,000 aggregating to the Tranche 1 Issue Amount.
Series Extraordinary Resolution	A resolution passed at a meeting of the Series Bondholders with the consent of the Series Bondholders holding in the aggregate more than 50% in nominal value of the Series Bonds held and outstanding under the respective schemes from those present and voting.
Series Redemption Date	Series 3 Redemption Date or Series 4 Redemption Date, whichever applicable
Shelf Limit	The total aggregate limit of the Issue being Rs. 100,000 million to be issued by way of one or more Tranche Issues
Shelf Prospectus	The shelf prospectus to be filed with the DSE after incorporation of the comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations
Stock Exchange(s)	The BSE and the NSE
Subordinated Indebtedness	All indebtedness of the Bank which by its terms is subordinated, in the event of the winding up of the Bank, in right of payment to the claims of unsubordinated creditors of the Bank and so that, for the purpose of this definition, indebtedness shall include all liabilities, whether actual or contingent, under guarantees or indemnities
Tranche 1 Bonds	Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds issued by the Bank pursuant to this Tranche 1 Issue each of face value of Rs. 10,000 each aggregating to the Tranche 1 Issue Amount
Tranche 1 Issue	Issue of the Tranche 1 Bonds pursuant to the Prospectus up to the Tranche 1 Issue Amount
Tranche 1 Issue Amount	Tranche 1 Bonds of Rs. 10,000 million, with an option to retain over-subscription upto Rs. 10,000 million for issuance of additional Bonds, aggregating to a total of upto Rs. 20,000 million. Over and above this, the Issuer has the option to retain all the over-subscription by Retail Applicants upto the Residual Shelf Limit for this Tranche 1 Issue
Tranche 1 Issue Closing Date	February 28, 2011
Tranche 1 Issue Opening Date	February 21, 2011
Tripartite Agreements	The NSDL Agreement together with the CDSL Agreement
Working Days	All days excluding Saturday and Sundays and bank holidays in Mumbai

## Technical and Industry related terms

Term	Description
ATMs	Automated Teller Machines
BIFR	Board for Industrial and Financial Reconstruction
BPR	Business Process Reengineering
Basel II	<p>The Basel II framework which was drafted by the Basel Committee on Banking Supervision, which is a committee of the Bank of International Settlements. It is the new risk-based capital framework to be followed by banks across countries and it has been designed to be risk-sensitive across various types of banking assets, including securitization exposure.</p> <p>Basel II is based on the following three mutually reinforcing pillars that allow banks and supervisors to evaluate properly the various risks that banks face:</p> <ul style="list-style-type: none"> <li>i minimum capital requirements, which seek to refine the present measurement framework;</li> <li>ii supervisory review of an institution's capital adequacy and internal assessment process; and</li> <li>iii market discipline through effective disclosure to encourage safe and sound banking practices.</li> </ul>
CDR	Corporate Debt Restructuring
CRAR	Capital to Risk Weighted Assets Ratio
CRR	Cash Reserve Ratio
DGCIS	Directorate General of Commercial Intelligence and Statistics
ECS	Electronic Clearing Services
IFSC	Indian Financial System Code
GIR Number	General Index Registry Number
LIBOR	London Inter Bank Offered Rate
MICR	Magnetic Ink Character Recognition
NPAs	Non-Performing Assets
PFRDA	Pension Fund Regulatory and Development Authority
RTGS	Real Time Gross Settlement
SAMG	Stressed Assets Management Group
SLR	Statutory Liquidity Ratio
SME	Small and Medium Enterprises
Tier I capital	The core capital of a bank, which provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and reserves consisting of any statutory reserves, free reserves and capital reserves as reduced by equity investments in subsidiaries, intangible assets, and losses in the current period and those brought forward from the previous periods, or any amendment thereto pursuant to RBI regulations from time to time
Tier II capital	The undisclosed reserves and cumulative perpetual preference shares, 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 (which combine certain features of both equity and debt securities), investment fluctuation reserves and subordinated debts, or any amendment thereto pursuant to RBI regulations from time to time

## General and Conventional terms and Abbreviations

Term	Description
AS	Indian Accounting Standard
Applicable Law	guidelines, rules, regulations, notifications and any statutory modifications or re-enactments relating to the issue of capital and listing of securities, or in relation to the Bank, issued from time to time by SEBI, the Government of India, RBI, NSE and/or other authorities

<b>Term</b>	<b>Description</b>
Act	The State Bank of India Act, 1955, as amended
BR Act	The Banking Regulation Act, 1949, as amended
BSE	Bombay Stock Exchange Limited
CARE	Credit Analysis and Research Limited
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended
Corporates	Companies incorporated under the Companies Act
CRISIL	CRISIL Limited
DIN	Director Identification Number
DP ID	Depository Participant's Identification
Depository/(s)	NSDL and CDSL
EPS	Earnings per share
ESPS - 2008	Employees Share Purchase Scheme, 2008
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEDAI	Foreign Exchange Dealers Association of India
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institutions
FII(s)	Foreign Institutional Investors as defined in and registered with SEBI under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
FY/ Fiscal Year	Financial year ending March 31
GDR	Global Depository Receipt of the Bank
GOI/ Government/ Central Government	Government of India
Income Tax Act	The Income Tax Act, 1961 as amended
Indian GAAP	Generally accepted accounting principles in India
IRDA	Insurance Regulatory and Development Authority
ISIN	International Securities Identification Number
IT	Information Technology
MAT	Minimum Alternate Tax
Mn	Million
MoU	Memorandum of Understanding
MoF	Ministry of Finance, Government of India
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NEFT	National Electronic Funds Transfer
NII(s)	Non Institutional Investor, being any investor other than a Corporate, QIB, Retail Applicant or HNI and includes partnership firms.
NR	Non-Resident
NRI/Non-Resident Indian	A Person resident outside India, as defined under FEMA, and who is a citizen of India or a Person of Indian Origin and such term as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies. 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 as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended. OCBs are not permitted to invest in this Issue
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before Tax



<b>Term</b>	<b>Description</b>
PFI	Public Financial Institution
PSU	Public Sector Undertaking
Rs./ Rupees	Indian Rupees
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RRB	Regional Rural Bank
RTGS	Real Time Gross Settlement
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
SEBI	Securities and Exchange Board of India
SBI Regulations	The State Bank of India General Regulations, 1955, as amended
SCB	Scheduled Commercial Banks
SCRA	The Securities Contract (Regulation) Act, 1956, as amended
SCRR	The Securities Contract (Regulation) Rules, 1957, as amended
SEBI Act, 1992	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
TDS	Tax Deduction at Source
USD	United States Dollar
WDM	Wholesale Debt Market

## **PRESENTATION OF INFORMATION AND FORWARD LOOKING STATEMENTS**

This section applies to the extent applicable to information which may be included in this Tranche 1 Prospectus. The Bank prepares its financial statements in Rupees in accordance with Indian GAAP. Industry and market share data in this Tranche 1 Prospectus are derived from data of the RBI or the DGCIS and calculated by the Bank where applicable. Indian economic data in this Tranche 1 Prospectus is derived from data of the RBI, the economic surveys of the Government of India and other sources. Certain financial and statistical figures have been rounded to the nearest tenth of a decimal place. Any market and industry data used in this Tranche 1 Prospectus, has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable and that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Bank believes that market data used in this Tranche 1 Prospectus is reliable, it has not been independently verified.

The Bank may included statements in this Tranche 1 Prospectus which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, “our judgment” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Bank’s expectations. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

## PREAMBLE

**Public issue by the State Bank of India (“Bank” or “Issuer”) of Lower Tier II bonds (the “Bonds”) not exceeding an aggregate amount of Rs. 100,000 million (the “Shelf Limit”) by way of issuance of Bonds in one or more tranches (each a “Tranche Issue” and together all Tranche Issues up to the Shelf Limit, the “Issue”).**

The Bank has filed a Shelf Prospectus for the Issue on February 14, 2011. Pursuant to the same, the following Tranche Issue(s) have been undertaken by the Issuer.

Tranche No.	Date of Tranche Issue	Oversubscription retained (Rs. million)	Oversubscription retained from Retail Applicants in previous Tranche Issues (Rs. million)	Tranche Issue Size (Rs. million)	Amount Remaining from Shelf Limit	Date of Allotment	Date of Listing
NA	NA	NA	NA	NA	NA	NA	NA

**Please Note: All details mentioned above are NA i.e. Not Applicable, since this is the first Tranche Issue under the Shelf Prospectus.**

## **RECENT DEVELOPMENTS**

Other than as set out below, there are no recent developments in relation to the Bank and the sections entitled “Risk Factors”, “Summary Financial information”, “Recent Developments”, “Summary of Business”, “Capital Structure”, “Our Business”, “Description of Assets and Liability Management and Risk Management of the bank”, “Our Management”, “Our Promoter”, “Our Subsidiaries, Associate Banks and Joint Venture Companies”, “Description of Certain Indebtedness”, “Outstanding Litigation and Defaults” and “Main Provisions of the State Bank of India Act and the State Bank of India Regulations” which would make them misleading in any material respect. All disclosures made in this Tranche 1 Prospectus, read together with the Shelf Prospectus as the “Prospectus” with respect to this Tranche 1 Issue are true, fair and adequate to enable the investors to make a well informed decision as to the investment in this proposed Tranche 1 Issue. The Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

## GENERAL INFORMATION

### State Bank of India

Constituted under the State Bank of India Act, 1955

### Central Office of the Bank

State Bank of India  
State Bank Bhavan, Madame Cama Road  
Mumbai 400 021  
Maharashtra

### Central Board of Directors of the Bank as on the date of this Tranche 1 Prospectus:

Name	Designation
Mr. O.P. Bhatt	Chairman
Mr. R. Sridharan	Managing Director
Dr. Ashok Jhunjhunwala	Director appointed under section 19(c) of the Act
Mr. Dileep C. Choksi	Director appointed under section 19(c) of the Act
Mr. S. Venkatachalam	Director appointed under section 19(c) of the Act
Mr. D. Sundaram	Director appointed under section 19(c) of the Act
Dr. Vasantha Bharucha	Director appointed under section 19(d) of the Act
Dr. Rajiv Kumar	Director appointed under section 19(d) of the Act
Ms. Shyamala Gopinath	Director appointed under section 19(f) of the Act
Mr. G D Nadaf	Director appointed under section 19(cb) of the Act

For further details on the Bank's Directors, see section "Our Management" in the Shelf Prospectus.

### Compliance Officer

#### Mr. Shyamal Sinha

General Manager, (Compliance)  
State Bank of India  
State Bank Bhavan, Madame Cama Road  
Mumbai 400 021  
Maharashtra, India  
Tel.: (91 22) 2274 1450/2202 1392  
Fax: (91 22) 2284 0090  
Email: gm.compliance@sbi.co.in

### Contact Person

#### Mr. M. M. Pathak

General Manager, (Shares & Bonds)  
State Bank of India, Shares & Bonds Department  
Corporate Centre, 3rd Floor, Varma Chambers  
11, Homji Street, Horniman Circle  
Fort, Mumbai 400 001  
Maharashtra  
Tel.: (91 22) 2263 3462/ 63/ 64/ 65/ 66  
Fax: (91 22) (91 22) 22633470/ 71  
Email: gm.snb@sbi.co.in

## **Lead Managers to the Issue**

### **Citigroup Global Markets India Private Limited**

12<sup>th</sup> Floor, Bakhtawar  
Nariman Point  
Mumbai 400 021  
Tel: (91 22) 6631 9999  
Fax: (91 22) 6646 6056  
E-mail: sbi.debtissue@citi.com  
Website: www.citibank.co.in  
Contact Person: S. Ashwin  
Compliance Officer: Vinod Patil  
SEBI Registration No. INM000010718

### **Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, Bakhtawar  
229 Nariman Point  
Mumbai 400 021  
Tel: (91 22) 6634 1100  
Fax: (91 22) 2284 0492  
Email: sbi.debtissue@kotak.com  
Website: www.kotak.com  
Contact Person: Mr. Chandrakant Bhole  
Compliance Officer: Mr. Ajay Vaidya  
SEBI Registration No. INM000008704

### **SBI Capital Markets Limited\***

202, Maker Tower 'E'  
Cuffe Parade  
Mumbai 400 005  
Tel: (91 22) 22178300  
Fax: (91 22) 2218 8332  
Email: sbi.debtpublicissue@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Ashish Sable  
Compliance Officer: Mr. Bhaskar Chakraborty  
SEBI Registration No. INM000003531

*\*SBI Capital Markets Limited, which is a subsidiary of the Issuer, shall only be involved in the marketing of the Issue*

## **Legal Advisors to the Issue**

Amarchand & Mangaldas & Suresh A. Shroff & Co.  
Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
Tel: (91 22) 6660 4455  
Fax: (91 22) 2496 3666

## **Debenture Trustee**

### **IDBI Trusteeship Services Limited**

Asian Building, Ground Floor  
17, R. Karnani Marg  
Ballard Estate  
Mumbai 400 001

Tel: (91 22) 4080 7000  
Fax: (91 22) 6631 1776/ 2262 5247  
Contact Person: Brinda Venkatraman/ Swati Borkar  
Email: itsl@idbitrustee.co.in

IDBI Trusteeship Services Limited by its letter dated January 24, 2011 has given its consent to act as Debenture Trustee to this Tranche 1 Issue and for its name to be included in this Tranche 1 Prospectus.

All the rights and remedies of the Series Bondholders under this Tranche 1 Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Tranche 1 Issue without having it referred to the Series Bondholders. All investors under this Tranche 1 Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by the Bank for this Tranche 1 Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Bank to the Series Bondholders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Bank *pro tanto* from any liability to the Series Bondholders. For further details, please see section "*Terms of the Tranche 1 Issue*".

#### **Auditors to this Tranche 1 Issue**

Kalyaniwalla & Mistry  
Kalpataru Heritage  
127 M G Road  
Mumbai 400 001

*For details of the Auditors to the Bank as on March 31, 2010, please refer to page 7 of the Annual Report of the Bank for Fiscal Year 2009-2010 available on the website of the Bank.*

#### **Registrar to the Issue**

**Datamatics Financial Services Limited**  
Plot No. B-5, MIDC Area, Part B, Cross Lane  
Andheri (East)  
Mumbai 400 093  
Tel.: (91 22) 6671 2187  
Fax.: (91 22) 6671 2204  
Email: sbiretailbonds@dfssl.com  
Website: www.dfssl.com  
Contact Person: Mr. R.D Kumbhar (General Manager)  
Investor Grievance ID: sbi\_eq@dfssl.com  
SEBI Registration No. INR000000874

#### **Banker to the Issue and Refund Bank**

State Bank of India,  
CMP Centre,  
31, Mahal Industrial Estate, Off Mahakali Caves Road,  
Andheri (East) Mumbai – 400093  
Tel.: (91 22) 26874800  
Fax.: (91 22) 26875060  
Email: sbi.04266@sbi.co.in

#### **Minimum Subscription**

If the Bank does not receive the minimum subscription of 75% of the base issue amount of this Tranche 1 Issue of Rs. 10,000 million, i.e. Rs. 7,500 million, on or before the closure of this Tranche 1 Issue, the entire subscription amount shall be refunded to the applicants within 15 days from the date of closure of this Tranche 1 Issue. If there is a delay in the refund of the subscription amount by more than 8 (eight) days after the Bank becomes liable to pay the

same, the Bank will pay interest for the period of delay, at rates prescribed under subsections (2) and (2A) of Section 73 of the Companies Act.

### **Credit Rating Agency**

#### ***CARE rating***

The Series Bonds proposed to be issued by the Bank have been assigned a rating of “CARE AAA” by CARE vide its letter dated January 27, 2011. The instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal risk. For rationale of the aforementioned credit ratings issued by CARE please see Annexure 1 of the Shelf Prospectus.

#### ***CARE Disclaimer:***

CARE’s ratings are opinions on credit quality and are not recommendations to buy sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most issuers of securities rated by CARE have paid a credit rating fee, based on the amount and type of securities issued.

#### ***CRISIL rating***

The Series Bonds proposed to be issued by the Bank have been assigned a rating of “AAA/ Stable” by CRISIL vide its letter no. MS/FSR/SBI/2010-11/1583 dated January 27, 2011. This rating of the Series Bonds indicates highest degree of safety with regard to timely payment of interest and principal on the instrument. For rationale of the aforementioned credit ratings issued by CARE please see Annexure 1 of the Shelf Prospectus.

#### ***CRISIL Disclaimer:***

A CRISIL rating reflects CRISIL’s current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy if the information on which the rating is based. A CRISIL rating is not a recommendation to buy/sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/users/transmitters/distributors of its ratings.

### **Issue Programme**

The subscription for this Tranche 1 Issue shall remain open for subscription during the banking hours for the period indicated below:

<b>TRANCHE 1 ISSUE OPENS ON</b>	<b>FEBRUARY 21, 2011</b>
<b>TRANCHE 1 ISSUE CLOSES ON</b>	<b>FEBRUARY 28, 2011</b>



## OBJECTS OF THIS TRANCHE 1 ISSUE

The Bank intends to deploy the Tranche 1 Issue proceeds to augment its capital base in line with its growth strategy.

The provisions of the Act enable the Bank to undertake existing activities and permit the utilization of funds proposed herein.

Further, in accordance with the SEBI Debt Regulations, the Bank will not utilize the proceeds of this Tranche 1 Issue for providing loans to or acquisition of shares of any person who is a part of the same group as the Bank or who is under the same management as the Bank.

### Utilization of the Issue Proceeds

The Bank is subject to the capital adequacy requirements of the RBI, which, based on the guidelines of the Basel Committee on Banking Regulations and Supervisory Practices, 1998, currently require the Bank to maintain a minimum ratio of capital to risk adjusted assets and off-balance sheet items as per applicable RBI guidelines.

The objects of this Tranche 1 Issue are to enhance the Bank's capital adequacy ratio in accordance with Applicable Laws.

The estimated Tranche 1 Issue expenses will be approximately Rs. 280.00 million.

<b>Particulars</b>	<i>(Rs. in million)</i>	<b>Percentage of total expenses of the Issue (in %)</b>
Fees payable to Registrar to the Issue	5.00	1.79
Fees to advisors including Lead Managers	0.30	0.11
Fees payable to Debenture Trustee	0.11	0.04
Others	274.59	98.07
<b>Total</b>	<b>280.00</b>	<b>100.00</b>

### Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Central Board of the Bank shall monitor the utilisation of the proceeds of this Tranche 1 Issue. Further, as this Tranche 1 Issue is being made with an objective to improve the capital adequacy ratio, to augment the long-term resources for increasing the business, no appraisal of the same is required and therefore no monitoring agency has been appointed.

No part of the Tranche 1 Issue proceeds will be paid by the Bank as consideration to the Directors or the Bank's key management personnel except in the usual course of business.

## SUMMARY OF THE TRANCHE 1 ISSUE

The following is a summary of the Tranche 1 Issue. The summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “*Terms of the Tranche 1 Issue*”.

### Common Terms of the Tranche 1 Bonds

<b>Issuing Bank</b>	State Bank of India
<b>Tranche 1 Issue</b>	Tranche Issue of Series 3 Lower Tier II Bonds of face value of Rs. 10,000 each and Series 4 Lower Tier II Bonds of face value of Rs. 10,000 each aggregating to Rs. 10,000 million, with an option to retain over-subscription upto Rs. 10,000 million for issuance of additional Bonds aggregating to a total of upto Rs. 20,000 million. Over and above this, the Issuer has the option to retain all the over-subscription by Retail Applicants upto the Residual Shelf Limit for this Tranche 1 Issue
<b>Stock Exchange proposed for listing of the Bonds</b>	BSE and NSE
<b>Issuance and Trading</b>	Compulsorily in dematerialized form
<b>Market Lot/Trading Lot</b>	One Bond
<b>Depositories</b>	NSDL and CDSL
<b>Security</b>	Unsecured
<b>Rating</b>	The Series of Bonds under this Tranche 1 Issue have been rated by CARE for an amount of upto Rs. 100,000 million vide their letter dated January 27, 2011 and by CRISIL for an amount of upto Rs. 100,000 million vide their letter dated January 27, 2011.
<b>Tranche 1 Issue Schedule *</b>	This Tranche 1 Issue shall be open from February 21, 2011 to February 28, 2011
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date on which the Central Board or the ECCB or or any committee thereof approves the Allotment of the Series of Bonds under this Tranche 1 Issue
<b>Terms of Payment</b>	Full Application Amount

\*The subscription for this Tranche 1 Issue shall remain open for subscription during the banking hours for the period indicated above.

The specific terms of each Series of Bonds under this Tranche 1 Issue are set out below:

Options	Series 3 Lower Tier II Bonds	Series 4 Lower Tier II Bonds
<b>Frequency of Interest Payment</b>	Annual	Annual
<b>Face Value (Rs./Bond)</b>	Rs. 10,000	Rs. 10,000
<b>Issue Price (Rs./Bond)</b>	Rs. 10,000	Rs. 10,000
<b>Mode of Interest Payment</b>	Through various modes available*	Through various modes available*
<b>Coupon (%) p.a.**</b>		
<b>1) For Retail Applicants</b>	9.75 % per annum	9.95 % per annum
<b>2) For Non Retail Applicants</b>	9.30 % per annum	9.45 % per annum
<b>Effective Yield (per annum)</b>		
<b>1) For Retail Applicants</b>	9.75 % per annum	9.95 % per annum
<b>2) For Non Retail Applicants</b>	9.30 % per annum	9.45 % per annum
<b>Put Option</b>	There is no ‘put’ option.	There is no ‘put’ option.
<b>Call Option</b>	The Bank has a “call option” in an amount of the principal amount outstanding of the Series 3 Lower Tier II Bonds after 5 (five) years following the Deemed Date of Allotment being the payment date falling 5 (five) years and one day after the Deemed Date of	The Bank has a “call option” in an amount of the principal amount outstanding of the Series 4 Lower Tier II Bonds after 10 (ten) years following the Deemed Date of Allotment being the payment date falling 10 (ten) years and one day after the Deemed Date of

Options	Series 3 Lower Tier II Bonds	Series 4 Lower Tier II Bonds
	Allotment of the Series 3 Lower Tier II Bonds, and subject to the prior approval of RBI.	Allotment of the Series 4 Lower Tier II Bonds, and subject to the prior approval of RBI.
<b>Step Up Coupon</b>	There is no 'step up' coupon.	There is no 'step up' coupon.
<b>Lock-in Clause for interest payments/principal payment</b>	Nil	Nil
<b>Tenor</b>	10 (ten) years	15 (fifteen) years
<b>Redemption Date</b>	10 (ten) years from the Deemed Date of Alloment  These Series Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI.	15 (fifteen) years from the Deemed Date of Alloment  These Series Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI.
<b>Redemption Amount (Rs./Bond)</b>	Rs. 10,000	Rs. 10,000
<b>Nature of Indebtedness and Ranking</b>	In terms of the Capital Adequacy Guidelines, to be eligible for inclusion as lower tier II, Series 3 Lower Tier II Bonds are fully paid up, unsecured, subordinated to the claims of all other creditors	In terms of the Capital Adequacy Guidelines, to be eligible for inclusion as lower tier II, Series 4 Lower Tier II Bonds are fully paid up, unsecured, subordinated to the claims of all other creditors
<b>Credit Rating</b>	CARE "AAA" by CARE and "AAA" Stable by CRISIL	CARE "AAA" by CARE and "AAA" Stable by CRISIL

\* For various modes of interest payment, please refer to the section "Terms of the Tranche 1 Issue"

\*\* As per the "Basis of Allotment" on page 20 of this Tranche 1 Prospectus, in the event, Series 3 Lower Tier II Bonds or Series 4 Lower Tier II Bonds are allocated to any Category beyond the reservation for such Category as mentioned below, the interest on such Series Bonds will be as per the interest rate specified for such Applicants.

#### Reservation and Application size for each Category

Particulars	Retail Applicant	HNI	NII, Corporate, QIB ("Non-individual")
Reservation for each Category (to be read with Basis of Allotment)	50% of Rs. 20,000 million. In addition the Bank has the option to retain all valid Applications from Retail Applicants upto the Residual Shelf Limit	25% of Rs. 20,000 million	25% of Rs. 20,000 million
Minimum Application	Rs. 10,000	Rs. 5,10,000	Rs. 10,000
In Multiples of	Rs. 10,000	Rs. 10,000	Rs. 10,000
Maximum Application	Rs. 500,000	Rs. 250,00,00,000	Rs. 250,00,00,000

Applicants should note that in the event of any conflict between the terms of the Shelf Prospectus and this Tranche 1 Prospectus, the terms as set out in this Tranche 1 Prospectus shall prevail.

## TERMS OF THE TRANCHE 1 ISSUE

The following are the terms and conditions of Series of Bonds being offered under this Tranche 1 Issue which will be incorporated into the Debenture Trust Deed and are subject to the provisions of the Act, the SBI Regulations, the Application Form and other terms and conditions as may be incorporated in the Debenture Trust Deed, letter(s) of Allotment and/or Series Bond Certificate(s). In addition, the Series Bonds shall be subject to Applicable Laws and other documents that may be executed in respect of the Series Bonds. Applicants should note that in the event of any conflict between the terms of the Shelf Prospectus and this Tranche 1 Prospectus, the terms as set out in the “Terms of the Tranche 1 Issue” section in the Tranche 1 Prospectus shall prevail.

The Series 3 Lower Tier II Bonds and the Series 4 Lower Tier II Bonds, in each case are constituted by the Debenture Trust Deed made between the Bank and the Debenture Trustee, which expression shall include its successor(s) as trustee for the Series Bondholders.

### 1. Authority for the Tranche 1 Issue

The ECCB has by its resolutions dated December 30, 2010 authorized this Tranche 1 Issue.

### 2. Reservation for each Category of Applicants

The maximum allotment for: (i) NII, Corporate, QIB Category will be 25% of Rs. 20,000 million, (ii) HNI Category will be 25% of Rs. 20,000 million and (iii) Retail Applicant Category will be 50% of Rs. 20,000 million and in addition to that the Bank has the option to retain all valid Applications from Retail Applicants upto the Residual Shelf Limit.

### 3. Application Size

As set out the table in the “Summary of the Tranche 1 Issue”

The minimum number of Bonds per Application Form will be calculated on the basis of the total number of Bonds applied for under each such Application Form and not any specific option.

Applicants can, subject to eligibility requirements as per Applicable Laws, apply for any or all of the two Series of Bonds offered through the Prospectus using the same Application Form.

### 4. Subscription and Related Payments

#### (a) Subscription

This Tranche 1 Issue will open for subscription at the commencement of banking hours and close at the close of banking hours on the dates indicated:

<b>Tranche 1 Issue Opens on</b>	February 21, 2011
<b>Tranche 1 Issue Closes on</b>	February 28, 2011

#### (b) Minimum Subscription for Tranche 1 Issue

If the Bank does not receive the minimum subscription of 75% of the base issue amount of this Tranche 1 Issue of Rs. 10,000 million, i.e. Rs. 7,500 million, on or before the closure of this Tranche 1 Issue, the entire subscription amount shall be refunded to the applicants within 15 days from the date of closure of this Tranche 1 Issue. If there is a delay in the refund of the subscription amount by more than 8 (eight) days after the Bank becomes liable to pay the same, the Bank will pay interest for the period of delay, at rates prescribed under subsections (2) and (2A) of Section 73 of the Companies Act.

#### (c) Interest on Refunds

Interest on any refund of subscription amount paid by an Applicant will be paid separately by the Bank @ 7% p.a. on the amount refunded to Allottees and @ 4% p.a. on the amount refunded to Non-allottees (“Refund Interest”). The Refund Interest shall be paid along with the refund of application money whether in case of total refund to Non-allottees or partial refund to Allottees, as the case may be. The interest shall be payable from the third working day following the date of receipt of the Application Form excluding the date of receipt of such Application Form and shall be payable until one day prior to the Deemed Date of Allotment.

(d) *Payment*

The payment of the Series Bonds i.e. the Application Amount will be required to be made in full with the Application.

Any payment made in excess of Application Amount on Application will be refunded to the applicant. No additional Series Bonds shall be issued for this excess of Application Amount, and the same shall be refunded along with issuance of other Refund Orders without any interest.

Further, in case of allotment of lesser number of Series Bonds than the number applied for, the excess amount paid on Application shall be non interest bearing and the same shall be refunded to the applicant in accordance with the terms of the Prospectus.

(e) *Interest on Application Money*

Interest on Application money will be paid @ 9.75 p.a. for Retail Applicants and @ 9.30% p.a. for Non-retail Applicants for Series 3 Lower Tier II Bonds and @ 9.95 p.a. for Retail Applicants and @ 9.45% p.a. for Non-retail Applicants for Series 4 Lower Tier II Bonds separately by the Bank to allottees and the same should not be deducted from the amount on application. The interest shall be payable from the third working day following the date of receipt of the Application Form excluding the date of receipt of such Application Form and shall be payable until one day prior to the Deemed Date of Allotment.

(f) *Tax Deduction at Source*

Interest on Application money together with Refund Interest shall be paid with respect to the value of Bonds Allotted, subject to deduction of income tax at source under the Income Tax Act, as applicable, if it exceeds the prescribed limit of Rs. 10,000, in any Fiscal Year to any Applicant. The interest warrant will be dispatched along with the letter(s) of Allotment at the sole risk of the Applicant, to the sole/first Applicant.

(c) *Deemed Date of Allotment*

All benefits relating to the Series Bonds, to the extent permitted by law, will be available to the investors from the Deemed Date of Allotment. The actual allotment may occur on a date other than the Deemed Date of Allotment.

## 5. **Methods of Payment**

*Series Bonds held in dematerialised form:* For payment of refunds, interest, or principal redemption, as the case may be, the bank details will be obtained from the Depositories for Series Bonds applied for/held in electronic form and from the Application Form for payment of refunds, interest or principal redemption as the case may be. Applicants who have applied for or are holding the Series Bonds in electronic form are advised to immediately update their bank account details held in the records of the Depository. Please note that a failure to do so could result in delays in credit of amounts to be paid to the Applicant, at the Applicant’s sole risk and neither the bank, the Lead Managers, the Depositories nor the Registrar shall have any responsibility or liability in respect thereof.

*Series Bonds held in physical bond form:* The bank details for the Series Bondholders will be obtained from the Registrar or the Bank for payments of interest, refunds or redemptions, as the case may be.

The mode of payments of refunds, interest or principal shall be undertaken in any of the following ways:

1. *Direct Credit:* Payment of refunds, interest or principal redemption to Applicants having their bank accounts with the Escrow Collection Bank shall be directly credited to their bank accounts with the Escrow Collection Bank.
2. *ECS:* Payment of refunds, interest or principal redemption to Applicants having an account at any of the following centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram, or any other centres permitted by RBI and SEBI, shall be undertaken through ECS. This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.
3. *NEFT:* Payment of refunds, interest or principal redemption shall be undertaken through NEFT wherever the Applicants' bank has been assigned the IFSC which can be linked to MICR, if any, available to that particular bank branch, and where the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the dematerialised account. The IFSC of that bank branch will be obtained from the RBI's website as on a date immediately prior to the date of payment of refund, and will be duly mapped with the MICR numbers.
4. *RTGS:* Applicants having a bank account at any of the abovementioned centres and whose payment of refunds, interest or principal redemption amounts exceeds Rs. 200,000 have the option to receive the due amounts through RTGS. Such eligible Applicants who indicate their preference to receive payment of refunds, interest or principal redemption through RTGS are required to provide the IFSC in the Application Form. In the event the same is not provided, payment of refunds, interest or principal redemption shall be made through ECS. Charges, if any, levied by the Escrow Collection Bank for the same would be borne by such Applicant opting for RTGS as a mode of payment of refunds, interest or principal redemption. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.
5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the interest payment/refund/redemption orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through speed/registered post for refund orders of above Rs. 1,500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicant.

We will not be responsible for any delay in payment of refunds, interest or principal redemption, provided that the process of such request has been initiated within reasonable time, as per the process detailed above.

## **6. Withdrawal of the Tranche 1 Issue**

The Bank will not withdraw this Tranche 1 Issue once it is open and where application money has already been collected. Investors are however, allowed to withdraw their Application any time prior to Allotment.

## **7. Basis of Allotment**

Allocation for the Series Bonds shall be made on a first come first served basis based on the date of Application in accordance with reservation for each Category as set out on page 17 of this Tranche 1 Prospectus. In case any Category is under subscribed, the unsubscribed portion of the reservation for such

Category will be allocated first to Retail Applicant Category, second to HNI Category and then to the Non-Individual Category, upto Rs. 20,000 million. In such an event of undersubscription, Series Bonds are allocated to another Category, interest on such Series Bonds will be as per the interest rate specified for such Applicants. In case of over subscription under the Retail Applicant Category, over-subscription will be retained upto the Residual Shelf Limit, at the option of the Bank. In case of over subscription under the Retail Applicant Category beyond the Residual Shelf Limit, the HNI Category and the Non-Individual Category, Applications received on the day of such over-subscription in respect of such Category, will be allotted on a pro rata basis, in consultation with the DSE / Lead Managers.

#### **8. Underwriting**

No underwriters have been appointed for this Tranche 1 Issue. This Tranche 1 Issue or any part thereof is not being underwritten by the Lead Manager to the Issue or by any of its associates and affiliates.

#### **9. Status and Ranking of the Series Bonds**

The Series Bonds are in the nature of debentures being a marketable security. The Series Bonds are fully paid up, direct, unsecured and subordinated obligations of the Bank. The Series Bonds are free of any restrictive clauses. In the event of the winding up of the Bank, the claims of the Series Bondholder pursuant to the Debenture Trust Deed shall be subordinated in right of payment to the claims of all other creditors (other than claims of holders of Subordinated Indebtedness ranking equal to or lower than the claims of the Series Bondholders) of the Bank in the manner and to the extent provided in the Debenture Trust Deed.

The Series Bonds rank *pari passu* among themselves.

For the avoidance of doubt, please note that the claims of Series Bondholders shall be senior to: (i) the claims of holders of Tier I capital (as defined in the Capital Adequacy Guidelines) of the Bank; and (ii) the claims of holders of upper tier II bonds (as defined in the Capital Adequacy Guidelines) of the Bank and any indebtedness classified as upper tier II capital by the Capital Adequacy Guidelines.

The Series Bonds are not redeemable at the option of the Series Bondholders or without the prior consent of RBI and subject to compliance with conditions as set out in the Capital Adequacy Guidelines.

**The Series of Bonds are capital instruments and not deposits of the Bank and they can not be used as collateral for any loan made by the Bank or any of its subsidiaries or affiliates. The Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds are different from fixed deposits and are not covered by deposit insurance.**

**Unlike the fixed deposits where deposits are repaid at the option of deposit holder, the Series of Bonds are not redeemable at the option of the Series Bondholders or without the prior consent of RBI.**

#### **10. Form, Market Lot and Trading Lot of the Series Bonds**

The Series Bonds being issued hereunder can be applied for in the dematerialised form only through a valid Application Form filled in by the applicant along with attachment, as applicable. The Series Bonds will be allotted only in dematerialised form and the Series Bondholders represented by a statement issued through electronic mode shall not receive any physical Bond certificates. The Series Bondholders will hold the Series Bonds in dematerialised form and deal with them in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

The Series Bonds will be issued in Indian Rupees only. The market lot will be one Series of Bond (“Market Lot”). Trading of the Series Bonds shall be compulsorily in dematerialised form in Market Lot. Allotment in this Tranche 1 Issue will be in electronic form in multiples of 1(one) Series Bond. Investors may note that the Series Bonds in dematerialised form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.

Subsequent to the issuance of the Series Bonds, a Series Bondholder may request the Depository/Bank to provide a physical Bond certificate. In case of any Series Bonds rematerialised by a Bondholder in physical form, a single certificate will be issued to the Series Bondholder for the aggregate amount (“Consolidated Bondholder Certificate”) for each option of Series Bonds allotted to him under this Tranche 1 Issue or previous Tranche Issues. The Applicant can also request for the issue of Series Bond Certificates in a Market Lot.

In respect of Consolidated Bondholder Certificates, we will, only upon receipt of a request from the Bondholder, split such Consolidated Bondholder Certificates into smaller denominations subject to the minimum of the Market Lot. No fees would be charged for splitting of Series Bond Certificates into Market Lots, but stamp duty payable, if any, would be borne by the Bondholder. The charge for splitting into lots other than Market Lot will be borne by the Bondholder subject to the maximum amount agreed upon by us with the Stock Exchange where the Series Bonds are proposed to be listed. The request for splitting is required to be accompanied by the original Series Bond Certificate(s) which would then be treated as cancelled by us.

#### **11. Face Value and Issue Price**

The Series 3 Lower Tier II Bonds and the Series 4 Lower Tier II Bonds will be denominated in an amount with a face value of Rs. 10,000 and issued at par.

No Series Bond will be issued in an amount less than the face value whether in dematerialised form or upon any subsequent rematerialisation.

#### **12. Tenor and Redemption**

##### *(a) Tenor and Redemption at Maturity*

The Series 3 Lower Tier II Bonds will be redeemed at their principal amount outstanding together with accrued interest on the payment date falling 10 (ten) years after the Deemed Date of Allotment, (the “Series 3 Redemption Date”). The Issuer has a call option which it may exercise once on the completion of the fifth anniversary of the Deemed Date of Allotment (i.e. 5 (five) years and one day) as further set out in paragraph 12(b) titled “*Series Call Option*”.

The Series 4 Lower Tier II Bonds will be redeemed at their principal amount outstanding together with accrued interest on the payment date falling 15 (fifteen) years after the Deemed Date of Allotment, (the “Series 4 Redemption Date”). The Issuer has a call option which it may exercise once on the completion the tenth anniversary of the Deemed Date of Allotment (i.e. 10 (ten) years and one day) as further set out in paragraph 12(b) titled “*Series Call Option*”.

The Series 3 Lower Tier II Bonds and the Series 4 Lower Tier II Bonds will not be redeemable at the option of the Bondholder and all redemptions shall be made by the Bank only with the prior approval of the RBI.

##### *(b) Series Call Option*

The Issuer can redeem at their option the Series 3 Lower Tier II Bonds by way of a “call option” the principal amount outstanding of the Series 3 Lower Tier II Bonds together with accrued interest after 5 (five) years following the Deemed Date of Allotment being the payment date falling 5 (five) years and one day after the Deemed Date of Allotment (“Series 3 Call Option”).



Date”) of the Series 3 Lower Tier II Bonds, Bank subject to the prior approval of RBI (the “Series 3 Call Option”). The Series 3 Call Option can only be and will only be exercisable once during the whole life of the instrument on the Series 3 Call Option Date.

The Issuer can redeem at their option the Series 4 Lower Tier II Bonds by way of a “call option” the principal amount outstanding of the Series 4 Lower Tier II Bonds together with accrued interest after 10 (ten) years following the Deemed Date of Allotment being the payment date falling 10 (ten) years and one day after the Deemed Date of Allotment (“Series 4 Call Option Date”) of the Series 4 Lower Tier II Bonds, Bank subject to the prior approval of RBI (the “Series 4 Call Option”). The Series 4 Call Option can only be and will only be exercisable once during the whole life of the instrument on the Series 4 Call Option Date.

In the event that such a “call option” is exercised by the Bank, the Bank shall ensure that notice of the same is provided to the Series Bondholders through newspaper advertisements at least 60 days prior to such call option date.

There shall be no ‘put option’ on the Series Bonds.

(c) *Procedure for Redemption*

The procedure for redemption is set out below:

*Series Bonds held in physical form:* No action is ordinarily required on the part of the Series Bondholder at the time of redemption. However, the Bank may require that the Series Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Series Bond Certificate(s)) to be surrendered for redemption on maturity and should be sent by the Series Bondholder(s) by registered post with acknowledgment due or by hand delivery to the Registrar / Company or to such persons at such addresses as may be notified by us from time to time. Series Bondholder(s) may be requested to surrender the Series Bond Certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the Series Redemption Date or the Series Call Option Date so as to facilitate timely payment. Also see the paragraph titled “*Payment on Redemption*” below.

Payment instructions in respect of the Series Bonds to be redeemed as per the process set forth below will be made on the Series Redemption Date or the Series Call Option Date or within a period of 30 days from the date of receipt of the duly discharged Series Bond Certificate, whichever is later.

*Series Bonds held in electronic form:* No action is required on the part of the Series Bondholder(s) at the time of redemption of the Series Bonds.

(d) *Payment on Redemption*

*Series Bonds held in dematerialised form:* For the Series Bonds held in dematerialised form, on the Series Redemption Date or the Series Call Option Date, redemption proceeds will be paid to those Series Bondholders whose names appear on the register of beneficial owners given by the Depositories to the Bank. These names will be in accordance with the Depositories’ records on the Record Date fixed for the purpose of redemption. These Series Bonds will be simultaneously extinguished through appropriate debit corporate action. No action is required on the part of Series Bondholder(s) at the time of redemption of the Series Bonds held in dematerialised form.

*Series Bonds held in physical form:* The redemption proceeds will be paid to those Series Bondholders whose names stand first in the SBI Register on the Series Redemption Date or the Series Call Option Date. Dispatch in respect of payment on redemption of the Series Bonds will be made only on the surrender of Series Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Series Bond Certificate(s)), sent by the Series

Bondholder(s) by registered post with acknowledgment due or by hand delivery to our registered office or to the office of the Registrar to the Issue or to such persons at such addresses as may be notified by us from time to time, not more than three months and not less than one month prior to the Series Redemption Date or the Series Call Option Date so as to facilitate timely payment. In case the above requirement is not satisfied, no claim or action shall lie against us, or the Registrar to the Issue.

We may at our discretion redeem the Bonds without the requirement of surrendering of the Series Bond Certificates by the Bondholder(s). In case we decide to do so, the Series Bondholders need not submit the Series Bond Certificates to us and the redemption proceeds would be paid to those Series Bondholders whose names stand in the register of Series Bondholders maintained by us on the Record Date. Hence, the transferees, if any, should ensure lodgement of the transfer documents before the Record Date. In case the transfer documents are not lodged with us before the Record Date and we despatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar.

The Bank's liability to Series Bondholders in respect of their rights including for payment or otherwise shall stand extinguished from the Series Redemption Date or the Series Call Option Date, as applicable, in all events and when the Bank dispatches the redemption amounts to the Series Bondholders. Further, the Bank will not be liable to pay any interest, income or compensation of any kind from the Series Redemption Date or the Series Call Option Date, as applicable.

If the Series Redemption Date or the Series Call Option Date falls on a Saturday, Sunday or public holiday in Mumbai or in any other payment centre notified in terms of the Negotiable Instruments Act, 1881, redemption proceeds would be paid on the next working day.

### **13. Interest**

*(a) Rate of Interest*

The Series 3 Lower Tier II Bonds bear interest at a fixed rate of 9.75% per annum for Retail Applicants and 9.30% per annum for Non-retail Applicants. The Series 4 Lower Tier II Bonds bear interest at a fixed rate of 9.95% per annum for Retail Applicants and 9.45% per annum for Non-retail Applicants.

*(b) Calculation of Interest*

For the purpose of calculation of interest on a per annum basis, the day count convention which will be used would be "Actual/ Actual" basis.

For the Fiscal Year ended March 31, 2011, the interest shall be calculated from the Deemed Date of Allotment to March 31, 2011, both days inclusive.

For the subsequent Fiscal Years (except the Fiscal Year in which the Redemption Date falls), the interest shall be calculated from April 1 to March 31, both days inclusive.

For the Fiscal Year in which the Redemption Date falls, the interest shall be calculated from April 1 of the Fiscal Year to one day prior to the Redemption Date, both days inclusive.

*(c) Step-up Coupon*

There is no 'step up' coupon for the Tranche 1 Bonds.

*(d) Interest Payments*

Interest amounts due will be payable on the principal amount outstanding of each of the Bonds from time to time on each Series 3 Interest Payment Date and Series 4 Interest Payment Date.

The interest will be credited/dispatched on April 2 of every year for each Series 3 Interest Payment Date and each Series 4 Interest Payment Date. The last interest payment will be made along with repayment of the principal amount on Series 3 Redemption Date and Series 4 Redemption Date.

In case for each of the Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds, the last interest payment will be due on the Series Redemption Date. If redemption of the Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds does not occur on the Series Redemption Date due to a lack of permission from the RBI, then the last interest payment for each of the Series Bonds shall be made on the date of maturity of the respective Series Bonds.

Payment of Interest will be made to the sole or first (in case of joint holders) Series Bondholders whose names appear in the register of Series Bondholders held with the Depository as on the Record Date.

In case of rematerialisation of Series Bond Certificates or transfer of Series Bond Certificates held in physical form, for payment of interest, Series Bondholders are advised to send the Series Bond Certificate(s) and the duly completed transfer deeds or other suitable instrument of transfer as may be prescribed by us for registration of transfer of the Series of Bond(s) to us or such other persons as may be notified by us from time to time, at least two days prior to the Record Date, failing which interest will be paid to the seller and not to the buyer. In such cases, claims in respect of interest, if any, shall be settled *inter se* amongst the parties and no claim or action shall lie against us, or the Registrar to the Issue.

If the date of interest payment falls on a Saturday, Sunday or public holiday in Mumbai or in any other payment centre notified in terms of the Negotiable Instruments Act, 1881, interest would be paid on the next working day.

(e) *Payment Deferral in relation to Series Bonds*

There is no deferral of payments or lock-in provisions in relation to Series 3 Lower Tier II Bonds or Series 3 Lower Tier II Bonds.

**14. Title**

In the case of any Series Bonds held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depository and (ii) physical form, the person for the time being appearing in the SBI Register (as defined below) shall be treated for all purposes by the Bank, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Series Bonds) and no person will be liable for so treating the holder. Title to the Series Bonds shall pass only by transfer and registration as described in para 28 below titled "*Transfer of the Series Bonds*".

**15. Nomination**

The sole Series Bondholder or first Series Bondholder, along with other joint Series Bondholders (being individual(s)) may nominate any one person (being individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the Bond. Where the nominee is a minor, the Bondholder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand

rescinded upon sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/Corporate Office/Registrar or such other person at such addresses as may be notified by us.

Bondholder(s) are advised to provide the specimen signature of the nominee to us/Registrar to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

Notwithstanding anything stated above, since the allotment of the Series Bonds in this Tranche 1 Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Bank. Nominations registered with the respective Depository Participant of the applicant would prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant.

**16. Succession**

Where a nomination has not been made or the nominee predeceases the Bondholder(s) the provisions of the following paragraphs will apply:

In the event of the demise of the sole holder of the Bond, or the last survivor in case of joint-holders, we will recognise the executor or administrator of the deceased Bondholder, or the holder of the succession certificate or other legal representative as having title to the Bond(s). We shall not be bound to recognise such executor, administrator or holder of the succession certificate or legal representative unless such executor or administrator or holder of the succession certificate or legal representative obtains Probate or letter of administration or is a holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. We at our absolute discretion, may in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

**17. Jurisdiction**

The Series Bonds, the Debenture Trust Deed, the Tripartite Agreement, the Registrar MoU and other relevant documents shall be governed by and construed in accordance with the laws of India. The Bank in the Debenture Trust Deed will agree, for the exclusive benefit of the Debenture Trustee and the Series Bondholders, that the courts of Mumbai are to have jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust Deed or the Series Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Debenture Trust Deed and the Series Bonds and that accordingly any suit, action or proceedings arising out of or in connection with the Debenture Trust Deed and the Series Bonds (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with these documents) may be brought in the courts of Mumbai.

**18. Restriction on Transfer of the Series Bonds**

There are no restrictions on transfers and transmission of Series Bonds and on their consolidation/ splitting except as per Applicable Laws.

**19. Debenture Trustee for the Series Bondholders**

The Bank has appointed the Debenture Trustee to act for the Series Bondholders. The Bank and the Debenture Trustee will enter into a Debenture Trust Deed specifying, *inter alia*, the powers, authorities and obligations of the Debenture Trustee and the Bank. All Series Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Series

Bonds as the Debenture Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Series Bondholders. Any payment made by us to the Debenture Trustee on behalf of the Series Bondholders shall discharge us *pro tanto* to the Series Bondholders.

The Debenture Trustee will protect the interest of the Series Bondholders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at the Bank's cost.

## **20. Security**

The Series Bonds are unsecured, which means that the Series Bonds are not secured against any of the Bank's assets.

## **21. Default, Events of Default**

The Debenture Trustee at its discretion may, and if so required in writing by the holders of not less than 50% in aggregate in principal amount of the relevant Series Bonds then outstanding shall (subject to being indemnified and/or secured holders to its satisfaction), give notice to the Bank that such relevant Series Bonds are, and they shall accordingly become immediately due and repayable at their Early Redemption Amount if any of the events listed below has occurred:

A "Default" occurs if default is made in the payment of any principal or interest due on the Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds, as the case may be, on the due date and such Default continues in the case of principal for a period of seven days and in the case of interest for a period of 30 days. For the avoidance of doubt, any such non-payment of principal or interest shall not be considered as a Default if such non-payment has resulted from non-receipt by the Bank of necessary approval from the RBI for redemption of the Series Bonds or for payment of interest or any other amounts. The Debenture Trustee may, at its discretion and without further notice, institute such proceedings against the Bank as it may think fit to enforce the obligations of the Bank under the Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds, as the case may be, or in each case the Debenture Trustee Deed and may institute proceedings for the winding up of the Bank provided that the Bank shall not, by virtue of the institution of any such proceedings other than proceedings for the winding up of the Bank, be obliged to pay any sums sooner than the same would otherwise have been payable by it. For the avoidance of doubt there may be an event of default under the Series 3 Lower Tier II Bonds and not the Series 4 Lower Tier II Bonds (and vice-versa), in which event this provision only applies to the Series Bonds in respect of which the event of default has occurred and is continuing.

*Pursuant to section 45 of the Act, Indian statutory provisions relating to winding up do not apply to the Bank, and it may only be placed in liquidation by order of the Government in such manner as it may direct.*

If any order of the Government of India is made for the winding up or liquidation of the Bank, save for the purposes of reorganisation on terms previously approved in writing by the Debenture Trustee or by an Extraordinary Resolution of the relevant Series Bonds, the Debenture Trustee may, and if so requested in writing by the holders of at least half in nominal amount of the Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds (as the case may be) then outstanding or if so directed by an Extraordinary Resolution of the Bondholders of the relevant Series Bonds above, shall (subject to being indemnified to its satisfaction) give notice to the Bank that the Series 3 Lower Tier II Bonds and Series 4 Lower Tier II Bonds (as the case may be) are, and they shall thereupon immediately become, due or repayable at the amount provided in, or calculated in accordance with, Early Redemption Amount, together with accrued interest as provided in the Debenture Trust Deed.

"Default" shall also include the occurrence of any of the events listed down below:

1. Default is committed by the Bank in the performance or observance of any covenant, condition or provision contained in the terms of the relevant Series Bonds specified in the Debenture Trust Deed or the Prospectus (other than the obligation to pay principal and interest) and such default

continues for 30 days after written notice has been given thereof by the Debenture Trustee to the Bank requiring the same to be remedied (except where the Debenture Trustee certifies that such default is in their opinion incapable of remedy, in which case no notice shall be required);

2. Any information contained in the Prospectus or any information provided to the Bondholders specifically for the purpose of this Tranche 1 Issue of the relevant Series Bonds or any of the warranties given/deemed to have been given by the Bank to the Series Bondholders/Debenture Trustee is misleading or incorrect in any material respect;
3. The Bank is unable to or have admitted in writing its inability to pay its debts as they mature;
4. A court receiver or a liquidator has been appointed in respect of all or a substantial part of the Bank's assets and such receiver or liquidator is not dismissed within 60 days of appointment; or
5. The Bank ceases to carry on its business.

“Early Redemption Amount” shall mean the amount payable upon the occurrence of an Event of Default and shall be as detailed in the Debenture Trust Deed.

“Series Extraordinary Resolution” shall mean a resolution passed at a meeting of the Series Bondholders with the consent of such Series Bondholders holding in the aggregate more than 50% in nominal value of the Series Bonds held and outstanding under the respective schemes from those present and voting.

The Debenture Trustee may at any time, at its discretion and without notice, take such proceedings against the Bank as it may think fit to enforce the provisions of the Debenture Trust Deed or the Series Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Debenture Trust Deed or the Series Bonds unless (i) it shall have been so directed by an Extraordinary Resolution of the Series Bonds or so requested in writing by the holders of at least 50% in nominal amount of the Series Bonds then outstanding and (ii) it shall have been indemnified to its satisfaction.

The holders of a majority in aggregate in principal amount of all the Series Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee or exercising any trust or power conferred on the Debenture Trustee, subject to the limitations specified in the Debenture Trust Deed. However, the Debenture Trustee may refuse to follow any direction that conflicts with law or the Debenture Trust Deed, that may involve the Debenture Trustee in personal liability, or that the Debenture Trustee determines in good faith may be unduly prejudicial to the rights of Series Bondholders not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from Series Bondholders.

The aforesaid provisions in relation to event of default are indicative. The detailed provisions pertaining to events of default and its consequences thereof shall be specified in the Debenture Trust Deed.

**22. Provision of Applicant's bank details at the time of rematerialisation of the Series Bonds or transfer of the Series Bond Certificates**

As a matter of precaution against possible fraudulent encashment of Series Bond Certificates due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided at the time of rematerialisation of the Series Bonds or transfer of the Series Bond Certificate. Applications without these details are liable to be rejected. However, in relation to Applications for dematerialised Series Bonds, these particulars will be taken directly from the Depositories. In case of Series Bonds held in physical form either on account of rematerialisation or transfer, the Series Bondholders are advised to submit their bank account details with the Registrar before the Record Date failing which the amounts will be dispatched to the postal address of the Bondholders as held in the records of the Bank.

**23. Joint-holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Act, the SBI regulations or laws from time to time.

**24. Loan against Series Bonds**

In accordance with the RBI guidelines applicable to the Bank, it shall not grant loans against the security of the Series Bonds.

**25. Lien**

The Bank shall have the right of set-off and lien, present as well as future, irrespective of any other lien or charge on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single or joint names, to the extent of all outstanding dues by the Bondholder to the Bank.

**26. Lien on Pledge of the Series Bonds**

The Bank, at its discretion, may note a lien on pledge of the Series Bonds if such pledge of Bond is accepted by any bank/institution for any loan provided to the Bondholder against pledge of such Series Bonds as part of the funding.

**27. Record Date**

The record date for payment of interest or repayment of principal shall be 15 (fifteen) days prior to the Series 3 Interest Payment Date or the Series 4 Interest Payment Date or the Series Redemption Date or the Series Call Option Date or early redemption date or any other date on which interest and/ or principal is due and payable.

**28. Transfer of the Series Bonds**

The Bank shall maintain at its registered office (or such other place as permitted by law) a register of Bondholders (the "SBI Register") containing the particulars of the legal owners of the Series Bonds issued by the Bank. In respect of the Series Bonds held in dematerialised form, the register of Series Bondholders maintained by the Depository under the Depositories Act shall be deemed to be a register of Series Bondholder for the purposes of this condition.

The Series Bonds shall be transferred or transmitted in accordance with Applicable Laws. A suitable instrument of transfer as may be prescribed by us may also be used to effect this.

*Transfer in relation to Series Bonds in physical form:* The Series Bonds are negotiable instruments and Series Bonds held in physical form may be transferred by endorsement and delivery by the Bondholder(s). All endorsements must be clear and vernacular endorsements must be translated into English immediately below the endorsement. However, buyers of the Series of Bonds are advised to send the Series Bond Certificate(s) to us or to such persons as may be notified by us from time to time, along with a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by us for registration of transfer of the Bond(s). No transfer will be valid unless and until entered on the SBI Register.

*Transfer in relation to the Series Bonds in electronic form:* The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of these Series Bonds held in electronic form. Transfers may be only effected through the Depository in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The seller is required to give delivery instructions containing details of the buyer's DP account to his depository participant. In case the transferee does not have a DP account, the seller can re-materialise the Series Bonds and thereby convert his dematerialised holding into physical holding. Thereafter the Series Bonds can be transferred in the manner as stated above. In case a holder of the Series Bonds in physical form wants to hold the Series

Bonds in dematerialised form, he can choose to dematerialise the securities through his Depository Participant.

In case of sale by or to companies, bodies corporate, societies registered under the Applicable Laws in India, trusts, provident funds, superannuation funds, gratuity funds, pension funds, scientific and/or industrial research organisations, commercial Banks, cooperative banks or regional rural banks, a certified true copy of the Power of Attorney or such other authority as may be acceptable to us, must be lodged separately at our Registered/Corporate Office or at the office of Registrar or such other person as may be notified by us for this purpose, at the time of registration of Series Bonds.

**29. Sharing of Information**

The Bank may, at its option, use on its own, as well as exchange, share or part with any financial or other information about the Series Bondholders available with it, our subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the bank nor its subsidiaries and affiliates nor their agents shall be liable for use of the such information.

**30. Notices**

All notices to the Series Bondholders required to be given by the Bank or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper each in Mumbai, Chennai, Delhi, Kolkata and Ahmedabad and/or, will be sent by post/courier to the registered Series Bondholders from time to time.

**31. Issue of Duplicate Series Bond Certificate(s)**

If any Series Bond Certificate is mutilated or defaced it may be replaced by the Bank against the surrender of such Series Bond Certificates, provided that where the Series Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Series Bond Certificate is destroyed, stolen or lost then upon production of proof thereof to the Bank's satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Series Bond Certificate (s) shall be issued.

**32. Future Borrowings**

We shall be entitled to make further issue of secured or unsecured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency without the consent of, or notification to or consultation with the Series Bondholders or the Debenture Trustee.

**33. Bondholder not a Shareholder**

The Series Bondholders will not be entitled to any of the rights and privileges available to the equity and preference shareholders of the Bank.

**34. Rights of Bondholders**

The rights of Series Bondholders will be as per the Debenture Trust Deed to be executed between the Bank and the Debenture Trustee.



## PROCEDURE FOR APPLICATION

The Prospectus and the Application Forms for this Tranche 1 Issue together with the Abridged Prospectus of this Tranche 1 Issue may be obtained from our Central Office and all our Designated Branches (a list of which is provided in the Application Form and which is also made available on [www.sebi.gov.in](http://www.sebi.gov.in)), as well as from the Lead Managers. In addition, Application Forms would also be made available to the Stock Exchange where listing of the Bonds is sought, and to brokers, being members of the Stock Exchange, upon their request. We will provide the Abridged Prospectus for this Tranche 1 Issue along with the Application Form for this Tranche 1 Issue.

All Applicants shall have the option of applying for the Series Bonds either through cheque/bank draft as advised in the section "*Payment Instructions for Applicants*".

### Application Form

Applicants are required to submit their Applications through the Bankers to Issue. Such Applicants shall only use the specified Application Form bearing the stamp of the Banker to the Issue or the Lead Managers for the purpose of making an Application in terms of the Prospectus. All Applicants shall have the option to apply for any of or all categories of Series Bonds in the Application Form.

### WHO CAN APPLY

The following categories of persons are eligible to apply in this Tranche 1 Issue:

- Public financial institutions, statutory corporations, commercial banks, cooperative banks and regional rural banks;
- Provident, superannuation and gratuity funds;
- Pension funds
- Mutual funds;
- The National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Resident Indian individuals - in their own names or in the names of their minor children as natural/legal guardians in single or joint names (but not exceeding three);
- Hindu Undivided Families through the Karta;
- Companies, bodies corporate and societies registered under the Applicable Laws in India and authorised to invest in the Bonds;
- Public/private trusts (charitable/religious or otherwise) authorised to invest in the Bonds;
- Scientific and/or industrial research organisations authorised to invest in the Bonds;
- Partnership firms through a Partner; and
- Associations of persons.

### **FII, NRIs and OCBs are not permitted to apply in this Tranche 1 Issue.**

The Lead Managers, their associates and affiliates are permitted to subscribe in this Tranche 1 Issue. However, this Tranche 1 Issue or any part thereof is not being underwritten by the Lead Managers to the Issue or by any of its

associates and affiliates.

It may be noted that participation by any investors in this Tranche 1 Issue, including the investment limits applicable to them, will be subject to necessary approvals and authorisations required under the laws applicable to them as well as any corporate authorisations applicable to them.

### **Applications by Mutual Funds**

In terms of the SEBI (Mutual Funds) Regulations, 1996, as amended, no mutual fund scheme is allowed to invest more than 15% of its net asset value (the “NAV”) in debt instruments issued by a single company, which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the board of trustees and the board of asset management company (the “AMC”).

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) Trust Deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, the Bank reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Applications by Provident, Superannuation and Gratuity Funds**

Pursuant to the Ministry of Finance and Company Affairs Notification No. 5(53)/2002-ECB&PR dated January 24, 2005 on Modified Investment Pattern for Investment of Incremental Accretions by Non-Government Provident Funds, non-government provident, superannuation and gratuity funds are permitted to invest up to 40% of their corpus in term deposit receipts up to three years issued by public sector banks provided that the instruments have an investment grade rating from at least two credit rating agencies.

### **Application by Pension Funds**

Pension funds under the PFRDA (Registration of Intermediaries) Regulations, 2005 may invest in (i) minimum 3 year debt securities issued by corporates, SCBs and PFIs, at least 75% of which should be invested in investment grade instruments; (ii) credit rated PFIs or PSU bonds; (iii) credit rated municipal bonds or infrastructure bonds; and (iv) State Government and Government securities.

### **Applications by Banks**

It may be noted that a bank’s investment in the Bonds will be reckoned along with the investment in other instruments eligible for capital status in the investee bank while computing compliance with the overall ceiling of 10% for cross holding of capital among banks/FIs prescribed vide circular DBOD.BP.BC.No.3/ 21.01.002/ 2004-05 dated July 6, 2004 and also subject to cross holding limits. Further, a bank's investments in the Bonds will attract a 100% risk weight for capital adequacy purposes.

### **Application by Scheduled Banks, Co-operative Banks and Regional Rural Banks**

Scheduled banks, co-operative banks and regional rural banks can apply in this Tranche 1 Issue based upon their own investment limits and approvals. The Application must be accompanied by certified true copies of (i) a board resolution authorising the Application; (ii) a letter of authorisation. Failing this, the Bank reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Application by Insurance Companies**

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development

Authority, a certified true copy of certificate of registration issued by Insurance Regulatory and Development Authority must be attached to the Application Form. Each Application must be accompanied by certified copies of (i) the Applicant's memorandum of association and articles of association; (ii) a power of attorney; (iii) a resolution authorising the Application and containing operating instructions; and (iv) specimen signatures of authorized signatories. Failing this, the Bank reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Application by Trusts or Societies**

In the case of Application by trusts or societies, the relevant trust or society must ensure that it is permitted to apply for and hold the Bonds in accordance with the laws and regulations applicable to it as well as its constitutional documents. The trustees of the trust or the management of the society, as the case may be, having made all reasonable inquiries, accepts responsibility for and confirms that it is permitted to apply for and hold the Bonds and the Issuer accepts no responsibility to verify the eligibility of the relevant trust or society to apply for or hold the Bonds.

### **Applications cannot be made by:**

- a) Minors without a guardian name;
- b) Non residents;
- c) NRIs;
- d) FIIs; and
- e) OCBs.

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Series Bonds pursuant to this Tranche 1 Issue.**

### **Impersonation/Fictitious Applications**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act, which is reproduced below:

Any person who –

- (a) makes, in a fictitious name, an Application to a body corporate for acquiring, or subscribing to, the Bonds, or
- (b) otherwise induces a body corporate to allot, or register any transfer of, bonds therein to them, or any other person in a fictitious name, shall be liable for legal consequences of such action.

### **Application Size**

The minimum application size for each Category is prescribed on page 17 of this Tranche 1 Prospectus for this Tranche 1 Issue.

### **Escrow Mechanism**

We shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the applicants shall make out the cheque or demand draft in respect of their Application. Cheques or demand drafts received for the Application Amount from investors would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein. Payments of refund to the applicants shall also be made from the Escrow Accounts / refund account(s) as per the terms of the Escrow Agreement and the Prospectus

### **HOW TO APPLY**

## General Instructions

1. Applications for the Bonds must be made in the prescribed form (“Application Form”).
2. The Application Forms are required to be completed in block letters in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so completed.
3. Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Applicant should specify that the Applicant is being made in the name of the HUF in the Application Form as follows: “Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Applications by HUFs would be considered at par with those from individuals. For HUFs, PAN of the HUF should be provided.
4. Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
5. Applications under Power of Attorney: Unless we specifically agree in writing, and subject to such terms and conditions as we may deem fit, in the case of Applications made under Power of Attorney or by limited companies, corporate bodies, trusts etc., a certified copy of the Power of Attorney and/or the relevant authority, as the case may be, and a certified copy of Memorandum and Articles of Association and/or bye-laws, where applicable, is required to be lodged separately, along with a copy of the Application Form at the office of the Registrar to the Issue simultaneously with the submission of the Application Form, indicating the name of the Applicant along with the address, Application number, date of submission of the Application Form, name of the bank and branch where it was deposited, Cheque/Demand Draft Number and the bank and branch on which the Cheque/Demand Draft was drawn.
6. Permanent Account Number: Each of the Applicants is required to mention his PAN allotted under the Income Tax Act in the Application Form. The PAN would be the sole identification number for participants transacting in the securities markets, irrespective of the amount of the transaction. Any Application Form without the PAN is liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
7. The Applicant must mention the DP ID in the Application Form
8. Joint Applications: Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.
9. Multiple Applications:
  - (a) In case of multiple applications, which is two or more Application Forms submitted by a single Applicant, the applications shall be aggregated based on the PAN of the Applicant.
  - (b) In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the mutual fund and such Applications will not be treated as multiple Applications provided that the Applications made clearly indicate the name of each scheme under which the Application has been made.
  - (c) The category of the Retail Applicants will change in the event the aggregate of multiple Applications received from a single Applicant is more than Rs. 500,000.
10. Applicants are requested to write their names and Application serial number on the reverse of the account payee cheque/ draft by which the payments are made.

11. Applicants should ensure to make payment of the Applicant Amount by way of single cheque and not multiple cheques for a single Application Form.
12. Tax Deduction at Source: Persons (other than companies and firms) resident in India claiming receipt of interest on Application money or refund in case of all resident Bondholders and interest on bonds without deduction of tax at source are required to submit Form 15G/Form 15H at the time of submitting the Application Form, in accordance with and subject to the provisions of the Income Tax Act. Other Applicants can submit a certificate under section 197 of the Income Tax Act. For availing the exemption from deduction of tax at source from interest on Bonds the Applicant is required to submit Form 15G/15H/certificate under section 197 of the Income Tax Act/valid proof of exemption, as the case may be along with the name of the sole/first Applicant, Bondholder number and the distinctive numbers of Bonds held to us/Datamatics Financial Services Limited) on confirmation of Allotment. Applicants are required to submit Form 15G/15H/certificate under section 197 of the Income Tax Act/valid proof of exemption each financial year.
13. Category: All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form.

For further instructions, please read the Application Form carefully.

**The applicants may note that in case the DP ID and PAN mentioned in the Application Form do not match with the DP ID and PAN available in the settlement depository database, the application is liable to be rejected.**

#### **Submission of Completed Application Forms and Payment Instructions for Applicants**

The entire issue price for the Bonds applied for is payable on Application. All Applications duly completed and accompanied by account payee cheques/drafts shall be submitted at the Designated Branches listed in the Application Form or as may be specified by us in the Application Form. Applications shall be deemed to have been received by us only when submitted to our Designated Branches or at our specified collection centres/agents as detailed herein and not otherwise.

All cheques/drafts must be made payable to SBI Bonds Public Issue 2011 (Tranche 1) – Escrow Account, crossed “A/C PAYEE ONLY” and payable locally where the Application is being submitted. Unless we specifically agree in writing with or without such terms or conditions as we may deem, a separate single cheque/draft must accompany each Application Form. All Application Forms received with outstation cheques, post-dated cheques, cheques/bank drafts drawn on banks not participating in the clearing process, money orders/postal orders/ stockinvest shall be rejected and we shall not be responsible for such rejections. Further, our Designated Branches/collection centres/agents will not accept payments made in cash. Payment through stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003.

No receipt would be issued by the Issuer for the Application money. However, our Designated Branch on receiving the applications will acknowledge receipt by stamping and returning the acknowledgment slip to the Applicant.

#### **Online Applications**

**The Bank is offering the Bonds only by way of physical Application Forms and there is no online Application facility being offered for the Bonds.**

#### **Rejection of Applications**

The Board of Directors/Committee of Directors 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 thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for is less than the minimum Application size;
- Applications exceeding the maximum Application size;
- Applications not duly signed by the sole/joint Applicants;
- Application amount paid not tallying with the number of Bonds paid for;
- Applications for a number of Bonds which is not in a multiple of one;
- Investor category not ticked;
- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, including a minor without a guardian name;
- In case of Applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. where relevant documents not submitted;
- Application by stockinvest;
- Applications accompanied by cash;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applicants by ineligible entities or individuals like non-residents, NRIS, FIIs and OCBs; and
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicant (including the order of names of joint holders), the DP ID and the beneficiary's account number.

The Bank shall not be responsible for rejection of the Application on any of the technical grounds mentioned above and no interest will be paid on the Application Amount.

Application Form received after the closure of the Tranche 1 Issue shall be rejected.

In the event, if any Bond(s) applied for is/are not allotted, the Application monies of such Bonds will be refunded. We shall pay interest at rates prescribed under subsections (2) and (2A) of Section 73 of the Companies Act if the refund orders have not been dispatched to the Applicants within 15 days from the date of the closure of the Tranche 1 Issue.

### **Depository Arrangement**

We have made depository arrangements with NSDL and CDSL for this Tranche 1 Issue and holding of the Bonds in dematerialised form.

As per the provisions of the Depositories Act, the Bonds can be held in a dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context:

- (i) Two tripartite agreements have been signed
  - Tripartite Agreement dated September 19, 2003 between us, Datamatics Financial Services

Limited and NSDL for offering depository option to the Bondholders.

- Tripartite Agreement dated March 24, 2010 between us, Datamatics Financial Services Limited and CDSL for offering depository option to the Bondholders.

We will apply to NSDL and CDSL respectively, for approval to admit these Bonds within 75 days from the date of issuance of the Bonds into their depository system. Bonds would be offered in dematerialised form subject to the receipt of approval from NSDL and CDSL.

- (ii) An Applicant shall seek the Allotment of Bonds only in electronic mode for the entire Bond; no partial Applications for physical mode for the Bonds shall be permitted and any such Applications are liable to be rejected.
- (iii) An Applicant is required to apply for Bonds in the electronic form and is required to have at least one beneficiary account with any of the Depository Participants (“DPs”) of NSDL or CDSL, prior to making the Application.
- (iv) An Applicant seeking Allotment of Bonds is required to fill in the details (including the beneficiary account number and DP ID) appearing in the Application Form.
- (v) Bonds allotted to an Applicant will be credited directly to the Applicant’s respective beneficiary account(s) with the DP.
- (vi) The names of the Applicants stated in the Application Forms are required to be identical to those appearing in the account details with the Depository. In case of joint holders, the names are required to be in the same sequence as they appear in the account details with the Depository.
- (vii) Non-transferable Allotment advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- (viii) In case of Allotment of Bonds, the address, nomination details and other details of the Applicant as registered with his DP shall be used for all correspondence with the Applicant. The Applicant is therefore responsible for the correctness of his demographic details given in the Application Form vis-à-vis those with his DP. In case the information is incorrect or insufficient, the Bank would not be liable for losses, if any.
- (ix) It may be noted that Bonds in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. NSE, where our Bonds are proposed to be listed has connectivity with NSDL and CDSL.
- (x) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

The trading of the Bonds shall be in dematerialised form only.

#### **Letters of Allotment/Bond Certificates/Refund Orders**

The Central Board/ECCB reserves, in its absolute and unqualified discretion and without assigning any reason thereof, the right to reject any Application in whole or in part. The unutilised portion of the Application money will be refunded to the Applicant by an A/c Payee cheque/demand draft. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.

We shall credit the allotted Bond to the respective beneficiary accounts/dispatch the letter(s) of Allotment or Bond Certificate(s)/letter(s) of regret/refund orders in excess of Rs. 1,500, as the case may be, by registered/speed post at the Applicant's sole risk, within 10 weeks from the date of closure of the Tranche 1 Issue. Refund orders up to Rs. 1,500 will be sent under certificate of posting. Further,

- a) as far as possible, Allotment of the Bonds shall be made within 30 days of the closure of the Tranche 1 Issue;
- b) credit to dematerialised accounts will be made within two Working Days from the date of Allotment;
- c) we shall pay interest at rates prescribed under subsections (2) and (2A) of Section 73 of the Companies Act if the Allotment has not been made and/or the refund orders have not been dispatched to the Applicants within 15 days from the date of the closure of the Tranche 1 Issue.

We will provide adequate funds to the Registrar to the Issue, for this purpose.

### **Allotment**

Letter(s) of Allotment will be dispatched at the sole risk of the Applicant, through registered/speed post, within 10 weeks from the date of closure of the Tranche 1 Issue, or such extended time as may be permitted under Applicable Laws.

### **Listing**

Application has been made for listing of the Bonds on the BSE and the NSE. We shall complete all formalities relating to the listing of the Bonds within 30 days from the date of closure of this Tranche 1 Issue. If the permissions to deal in and for an official quotation of bonds are not granted by the BSE and NSE, we shall forthwith repay, without interest, all such moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after we becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of closure of the Tranche 1 Issue, whichever is earlier), we will be liable to repay the application money, with interest, as prescribed under Applicable Laws.

### **Utilisation of Application Money**

The sums received in respect of the Tranche 1 Issue will be kept in the Escrow Account and we will have access to such funds as per Applicable Laws.

### **Undertaking by the Issuer**

We undertake that:

- a) the complaints received in respect of this Tranche 1 Issue shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the Bonds listed in the concerned Stock Exchange within the specified time;
- c) the funds required for dispatch of refund orders/Allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by us;
- d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the Bonds are outstanding;
- e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our auditors, to the Debenture Trustee at the end of each half year;



- f) we shall provide a compliance certificate to the Debenture Trustee on behalf of the Series Bond holders (on yearly basis) in respect of compliance of with the terms and conditions of issue of Bonds as contained in the Prospectus, duly certified by the Debenture Trustee.

### **Communications**

All future communications in connection with Applications made in this Tranche 1 Issue should be addressed to the Registrar to the Issue, quoting all relevant details regarding the Applicant/Application. Applicants may address our Compliance Officer as well as the contact persons of the Lead Managers and the Registrar to the Issue in case of any Tranche 1 Issue related problems such as non-receipt of letters of Allotment/credit of Bonds in the Depository's beneficiary account/refund orders, etc.

## **STATEMENT OF TAX BENEFITS**

There have been no changes to the section headed “Statement of Tax Benefits” as set out in the Shelf Prospectus which would make such section misleading in any material respect. All disclosures made in the the Shelf Prospectus with respect to the taxes in relation to the Tranche 1 Issue are true, fair and adequate to enable the investors to make a well informed decision as to the investment in this proposed Tranche 1 Issue.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Consents

Consents in writing of the Directors, the Auditor to the Issue, Lead Managers, Registrar to the Issue, Legal Advisors to the Issue, Credit Rating Agency and the Debenture Trustee to act in their respective capacities, have been obtained.

IDBI Trusteeship Services Limited has given their consent for their appointment as Debenture Trustees under regulation 4(4) of the SEBI Debt Regulations for this Tranche 1 Issue.

### Expert Opinion

Except the report of CARE and CRISIL in respect of the credit rating of the Issue, furnishing the rationale for its rating, the Bank has not obtained any expert opinions.

### Common form of Transfer

The Bank undertakes that there shall be a common form of transfer for the Series Bonds in physical form and all Applicable Laws shall be duly complied with in respect of all transfer of the Series Bonds and registration thereof.

### Minimum Subscription

If the Bank does not receive the minimum subscription of 75% of the base issue amount of this Tranche 1 Issue of Rs. 10,000 million, i.e. Rs. 7,500 million, on or before the closure of this Tranche 1 Issue, the entire subscription amount shall be refunded to the applicants within 15 days from the date of closure of this Tranche 1 Issue. If there is a delay in the refund of the subscription amount by more than 8 (eight) days after the Bank becomes liable to pay the same, the Bank will pay interest for the period of delay, at rates prescribed under subsections (2) and (2A) of Section 73 of the Companies Act.

### Previous Issues

The Bank has undertaken the rights issue in February 2008 whereby it issued 105,259,776 Equity Shares of Rs. 10 each and allotted 105,171,498, Equity Shares of Rs. 10 each at a premium of Rs. 1,580 per Equity Share aggregating to Rs. 167,360.94 million to the Equity Shareholders on rights basis in the ratio of one Equity Share for every five Equity Shares held on the record date (the "Rights Issue"). The issue opened on February 18, 2008 and closed on March 18, 2008. The date of allotment was March 29, 2008 and the date of refund was April 3, 2008.

The Bank had also undertaken a public issue of lower tier II bonds aggregating to Rs. 10,000 million in October 2010. The issue opened on October 18, 2010 and closed on October 23, 2010. The date of allotment was November 4, 2010, the date of refund was November 4, 2010 and the date of listing on the stock exchange was November 12, 2010.

**Except for the Rights Issue and the public issue of lower tier II bonds, the Bank or any of its other listed companies under the same management within the meaning of section 370(1B) of the Companies Act has not undertaken any public or rights issue during the last three years**

### Commission or brokerage on previous issues

The Bank paid an aggregate amount of Rs. 66.53 million on account of fees for commission and brokerage in relation to its public issue of lower tier II bonds.

### Change in auditors of the Bank during the last three years

The Government of India vide its letter F.No.1/14/2004-BOA dated November 21, 2008 all the public sector banks ("PSBs") to follow the 'Road Map for implementation of autonomy in the matter of appointment of statutory

auditors' (the "Road Map"). As per the Road Map, one audit firm is to be appointed as statutory circle auditor for each of the circle offices of the Bank. Presently, the Bank has 14 circle offices. The appointment of statutory central auditors is made on an annual basis, subject to their fulfilling the eligibility norms prescribed by RBI from time to time and also subject to their suitability.

Further, in terms of the Road Map, in order to protect the independence of the auditors/audit firms, the Bank makes the appointments of statutory central auditors for a continuous period of three years. The Bank does not have any authority to remove the audit firms during this period without the prior approval of the RBI.

*Fiscal Year 2008:*

M. Choudhary & Co. and Chaturvedi & Co. were replaced by V.K. Jindal & Co., A.K. Sabat and Co., Datta Sarkar & Co.

*Fiscal Year 2009:*

Khandelwal Jain & Co., Vinay Kumar & Co., M M Nissim & Co. and Laxminiwas & Jain were replaced by Jain Kapila Associates, Gupta & Shah, Guha Nandi & Co., A.R. Viswanathan & Co. and Chokshi & Chokshi.

*Fiscal Year 2010:*

D.P. Sen & Co., G.M. Kapadia & Co., R.G.N. Price & Co., S.K. Mittal & Co., Vardhaman & Co., Jain Kapila Associates, Datta Singla & Co., Guha Nandi & Co. A.R. Viswanathan & Co. and Chokshi & Chokshi were replaced by B. M. Chatrath & Co.; Kalyaniwalla & Mistry, Essveeyar, K. K. Soni & Co., Venugopal & Chenoy, K. G. Somani & Co., M. Verma & Associates, K. C. Mehta & Co., Dagliya & Co. and Krishnamoorthy & Krishnamoorthy.

### **Revaluation of assets**

The Bank has not revalued its assets in the last five years.

### **Prohibition by SEBI / Eligibility of the Bank to come out with this Tranche 1 Issue**

The Bank has not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

### **Utilisation of Proceeds**

Statement by the Board of Directors:

- (i) All monies received out of this Tranche 1 Issue of the Series Bonds to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of Companies Act;
- (ii) Details of all monies utilised out of this Tranche 1 Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies were utilised; and
- (iii) Details of all unutilised monies out of this Tranche 1 Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

### **Disclaimer clause of BSE**

**BOMBAY STOCK EXCHANGE (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED FEBRUARY 9, 2011, PERMISSION TO THIS BANK TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS BANK’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS BANK. THE EXCHANGE DOES NOT IN ANY MANNER:**

- (A) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- (B) WARRANT THAT THIS BANK’S SECURITIES WILL BE LISTED AND WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- (C) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS BANK, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS BANK,**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS BANK MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER**

#### **Disclaimer clause of NSE**

**AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/158222-4 DATED FEBRUARY 10, 2011 PERMISSION TO THE ISSUER TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THE ISSUER’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THE DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THE ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT ANY PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OF 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.**

#### **Listing**

The Series Bonds will be listed on the BSE and the NSE. We have applied to the BSE and NSE for an in-principle approval for listing. If permissions to deal in and for an official quotation of the respective Series Bonds are not granted by the BSE and/or the NSE as the case may be, the Bank will forthwith repay, without interest, all moneys received from the Applicants in terms of the Prospectus. The Bank expects to receive the in-principle approval for listing from the BSE and the NSE, as the case may be, prior to the filing of the Prospectus.

The Bank shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE and the NSE mentioned above are taken within seven working days from the date of Allotment.

### **Dividend**

The Central Board has been empowered to determine the rate of dividend under the Act. Under the SBI Regulations, the Central Board may from time to time declare and pay or authorize the payment of such interim dividends as appear to it to be justified.

The Bank has paid the following dividend on its equity shares in the last five years:

<b>Year</b>	<b>Dividend Paid</b> <i>(in Rs. per equity share)</i>
Fiscal Year 2010	30.00
Fiscal Year 2009	29.00
Fiscal Year 2008	21.50
Fiscal Year 2007	14.00
Fiscal Year 2006	14.00

### **Mechanism for redressal of investor grievances**

Datamatics Financial Services Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. All grievances relating to this Tranche 1 Issue should be addressed to the Registrar to the Issue giving full details of the applicant, number of Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

### **Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities**

As on the date of this Tranche 1 Prospectus, there has been no default in payment of principal or interest on any term loan and debt security issued by the Bank in the past.

The Bank is regular in servicing the debt obligations and has never defaulted / delayed payment of interest / redemption proceeds on due dates on term loans and other debt securities issued since inception.

### **Debt Equity Ratio**

The consolidated borrowings to equity ratio of the Bank prior to this Tranche 1 Issue is based on total outstanding borrowings of Rs. 1,220,745.72 million, and shareholders' funds amounting to Rs. 831,355.81 million which was 1.47 times as on March 31, 2010. The borrowings to equity ratio post this Tranche 1 Issue, assuming subscription of Rs. 20,000 million, is 1.49 times and, assuming subscription of Rs. 100,000 million, is 1.59 times, based on a total outstanding borrowings of Rs. 1,240,745.72 million and shareholders' fund of Rs. 831,355.81 million.

<b>Particulars</b>	<b>Prior to Tranche Issue 1</b> <i>(in Rs. million)</i>	<b>Post Tranche Issue 1</b> <b>(assuming subscription of Rs. 20,000 million)</b> <i>(in Rs. million)</i>	<b>Post Tranche Issue 1</b> <b>(assuming subscription of Rs. 100,000 million)</b> <i>(in Rs. million)</i>
Secured Borrowings	70,619.69	70,619.69	70,619.69
Unsecured Borrowings	1,150,126.03	1,170,126.03	1,250,126.03
Total Borrowings	1,220,745.72	1,240,745.72	1,320,745.72

Share Capital	6,348.83	6,348.83	6,348.83
Reserves and Surplus	825,006.99	825,006.99	825,006.99
Total Shareholders' Funds*	831,355.81	831,355.81	831,355.81
Borrowings to Equity Ratio	1.47	1.49	1.59

## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (along with material contracts for the Issue as provided in the Shelf Prospectus) (not being contracts entered into in the ordinary course of business carried on by the Bank or entered into more than two years before the date of this Tranche 1 Prospectus) which are or may be deemed material have been entered or are to be entered into by the Bank. These contracts and also the documents for inspection referred to hereunder, may be inspected at State Bank of India, Shares & Bonds Department, Corporate Centre, 3<sup>rd</sup> Floor, Varma Chambers, 11 Homji Street, Horniman Circle, Fort, Mumbai 400 001, Maharashtra, from 10.00 a.m. to 1.00 p.m., from the date of this Tranche 1 Prospectus until the date of closure of the Tranche 1 Issue.

### **MATERIAL CONTRACTS**

1. Debenture Trust Deed with the Debenture Trustee dated on or about the date of Allotment.

### **MATERIAL DOCUMENTS**

1. The Act and the SBI Regulations.
2. Copy of the ECCB resolutions dated December 30, 2010 approving the Tranche 1 Issue.
3. Consents of the Directors, Lead Managers to the Issue, Legal Advisor, Registrars to the Issue and the Debenture Trustee to include their names in the Prospectus to act in their respective capacities.
4. Application for the in-principle listing approval made to the NSE dated January 31, 2011.
5. The in-principle listing approval from the NSE dated February 10, 2011
6. Application for the in-principle listing approval made to the BSE dated January 31, 2011.
7. The in-principle listing approval from the BSE dated February 9, 2011
8. Due Diligence Certificate dated February 14, 2011 from Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited.
9. Due Diligence Certificate from the Debenture Trustee to be issued prior to the Tranche 1 Issue Opening.
10. Tripartite Agreement between the NSDL, the Bank and Registrar dated September 19, 2003 and Tripartite Agreement between the CDSL, the Bank and the Registrar dated March 24, 2010.

***Any of the contracts or documents mentioned above may be amended or modified any time without reference to the Series Bondholders in the interest of the Bank in compliance with the Applicable Laws.***



## DECLARATION

No statements made in this Tranche 1 Prospectus contravene any of the provisions of the Act or the rules or regulations made thereunder or any provisions of the SEBI Debt Regulations. All the legal requirements connected with the said Tranche 1 Issue as also the guidelines, instructions etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We confirm that this Tranche 1 Prospectus read with the Shelf Prospectus does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that no statements in this Tranche 1 Prospectus are false, untrue or misleading, and that this Tranche 1 Prospectus does not contain any mis-statements.

Mr. O.P. Bhatt  
**Chairman**

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Mr. R. Sridharan  
**Managing Director**

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Dr. Ashok Jhunjhunwala  
**Director**

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Mr. Dileep C. Choksi  
**Director**

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Mr. S. Venkatachalam  
**Director**

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Dr. (Mrs.) Vasantha Bharucha  
**Director**

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Dr. Rajiv Kumar  
**Director**

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Mr. D. Sundaram  
**Director**

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Ms. Shyamala Gopinath  
**Director**

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Mr. G D Nadaf  
**Director**

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Place: Mumbai  
Dated: February 14, 2011

**ANNEXURE**  
**SHELF PROSPECTUS DATED FEBRUARY 14, 2011**