INE457A08035

(T) TERM SHEET: **ISSUE DETAILS**

1	Security Name	9.20 % BOM Basel III Tier II Bond 2026 Sr. I
2	Issuer	Bank of Maharashtra (BOM)
3	Instrument	Unsecured, Non-Convertible, Redeemable Tier II Bond which will qualify as Tier II Capital under BASEL III (the "Bonds").
4	Issue Size	Rs 500.00 crore
5	Objects of the Issue / Details of the utilization of the proceeds	Augmenting Tier II Capital (as the term is defined in the Basel III Guidelines) and overall capital of the Issuer for strengthening its capital adequacy and for enhancing its long-term resources. The Issuer will utilize the proceeds of the Issue for its regular business activities.
6	Nature and status of Bonds And Seniority of Claim	Unsecured, Non-Convertible, Tier II Bond (as the term is defined in the Basel III Guidelines under pertinent RBI Circular, to the extent applicable.) The claims of the investors in instruments shall be (1) senior to the claims of investors in instruments eligible for inclusion in Tier 1 capital; (2) subordinate to the claims of all depositors and general creditors of the bank; and (3) is neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors. (4) paripassu without preference amongst themselves and other debt instruments classifying as Tier II Capital in terms of Basel III Guidelines;
7	Listing	Proposed on the Wholesale Debt Market (WDM) Segment of NSE & BSE
8	Tenor	10 years & 3 months
9	Redemption Date	10 years & 3 months from the deemed date of allotment
10	Convertibility	Non-Convertible
11	Face Value/ Issue Price	Rs. 10, 00,000/- (Rupees Ten Lakh) per Bond.
12	Rating of the Instrument	"**[ICRA] AA hyb with stable outlook**" by ICRA Ltd. and "**CARE AA**" by CARE Ltd
13	Mode of Issue	Private Placement
14	Security	Unsecured
15	Coupon	9.20% p.a. payable annually
16	Coupon Reset	Not Applicable
17	Coupon Type	Fixed
18	Coupon Payment Frequency	Annual
19	Coupon Payment Dates	On the Anniversary of Deemed Date of Allotment
20	Interest on application money	Interest at the Coupon Rate (subject to deduction of Income-tax under the provisions of the Income-Tax Act, 1961, or any statutory modification or re-enactment as applicable) will be paid to all the applicants on the application money for the Bonds. Such interest shall be paid from the date of realization of cheque (s)/demand draft (s) and in case of RTGS/other means of electronic transfer interest shall be paid from the date of receipt of funds to one day prior to the Deemed Date of Allotment. The Interest on application money will be computed as per Actual/Actual Day count convention. Such interest would be paid on all the valid applications including the refunds. For the application amount that has been refunded, the Interest on application money will be paid along with the refund orders and for the application amount against which Bonds have been allotted, the Interest on application money will be paid within ten working days from the Deemed Date of Allotment. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money. Income Tax at Source (TDS) will be deducted at the applicable rate on Interest on application money.
21	Record Date	Reference date for payment of coupon shall be the date falling **15 calendar days** prior to the relevant Coupon Payment Date, Issuer Call Date, Tax Call Date or Regulatory Call Date (each as defined later) on which interest is due and payable.

			In the event the Record Date for Coupon Payment date falls on a day which is not a business day, the next business day will be considered as the Record Date.
22	Computation of Interest		Actual/ Actual as per SEBI guidelines
23	Put Option		Not Applicable
24	Call Option	i) Issuer Call in normal course	NA
		ii) Tax Call or Variation	If a Tax Event (as described below) has occurred and continuing, then the Issuer may, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Tax Call or Variation (which notice shall specify the date fixed for exercise of the Tax Call or Variation "Tax Call Date"), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification. A Tax Event has occurred if, as a result of any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated there under) of India or any change in the official application of such laws, regulations or rulings the Issuer will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds. The exercise of Tax Call by the Issuer is subject to requirements set out in the Applicable RBI Guidelines (as defined below). RBI will permit the Issuer to exercise the Tax Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Tax Event at the time of issuance of the Bonds
		iii) Regulatory Call or Variation	If a Regulatory Event (as described below) has occurred and continuing, then the Issuer may, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Regulatory Call or Variation (which notice shall specify the date fixed for exercise of the Regulatory Call or Variation (the "Regulatory Call Date")), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification. A Regulatory Event is deemed to have occurred if there is a downgrade of the Bonds in regulatory classification i.e. Bonds is excluded from the consolidated capital of the Issuer. The exercise of Regulatory Call by the Issuer is subject to requirements set out in the Applicable RBI Guidelines (as defined below). RBI will permit the Issuer to exercise the Regulatory Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Event at the time of issuance of the Bonds.
25	Call Option Price *(in case of point 24 ii & iii mentioned above)*		Rs. 10, 00,000/- (Rupees Ten Lakh) per Bond.
26	Call Notification Time *(in case of point 24 ii & iii mentioned above)*		**10** calendar days prior to the date of exercise of Call
27	Depository		National Securities Depository Limited and Central Depository Services (India) Limited
28	Cross Default		Not Applicable
29	Issuance		Only in dematerialized form
30	Trading		Only in dematerialized form
	Issue Schedule		
31	Issue Opening Date		June 27, 2016
32	Issue Closing Date		June 27, 2016
33	Pay-In-Date		June 27, 2016
34	Deemed Date of Allotment		June 27, 2016
35	Minimum Application and in multiples of Debt securities thereafter		10 Bonds and in multiples of 1 bond thereafter
36	Settlement		Payment of interest shall be made by way of credit through direct credit/RTGS/ NEFT/DD mechanism.

37	Loss Absorption feature (PONV Trigger)	The Bonds shall be subject to loss absorbency features applicable for non-equity capital instruments vide Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III Capital Regulations covering terms and conditions for issue of Debt Capital Instruments for inclusion as Tier II Capital (Annex 5 of the RBI Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the RBI Master Circular) to the extent applicable to Tier II Bonds. If a PONV Trigger Event (as described below) occurs, the Issuer shall: (i) notify the Trustee; (ii) cancel any coupon which is accrued and unpaid on the Bonds as on the write-down date; and (iii) Without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("PONV Write Down Amount") and subject as is otherwise required by the RBI at the relevant time. The Issuer will affect a write-down within thirty days of the PONV Write-Down Amount being determined and agreed with the RBI. Once the principal of the Bonds have been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue. PONV Trigger Event, in respect of the Issuer [or its group], means the earlier of: a) a decision that the conversion or permanent write off, without which the Bank would become nonviable, is necessary, as determined by the Reserve Bank of India; and b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the RBI. However, any capital infusion by Government of India into the Issuer as the promoter of the Issuer in the normal course of business may not be construed as a PONV trigger. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. As such, there will not be any residual claims on the issuer which are senior to ordinary shares of the bank, following a trigger event and when conversion or write-off is undertaken. For the purpose of these guidelines, a non-viable bank will be a bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include conversion or permanent write-off of non-equity regulatory capital, fully or partially, with or without other measures as considered appropriate by the Reserve Bank. In rare situations, a bank may also become non-viable due to non-financial problems, such as conduct of affairs of the bank in a manner which is detrimental to the interest of depositors, serious corporate governance issues, etc. In such

situations raising capital is not considered a part of the solution and therefore, may not attract provisions of this framework.

A bank facing financial difficulties and approaching PONV will be deemed to achieve viability if within a reasonable time in the opinion of Reserve Bank of India; it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including conversion or write-off / public sector injection of funds are likely to:

a) Restore depositors'/investors' confidence;

b) Improve rating/creditworthiness of the bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and

c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

The amount of Bonds to be written-off shall be determined by RBI.

I. **Treatment of Bonds in the event of winding-up, amalgamation, acquisition, reconstitution etc. of the Bank :**

a) If the Bank goes into liquidation before the Bonds have been written-off, the Bonds will absorb losses in accordance with the order of seniority and as per usual legal provisions governing priority of charges.

b) If the Bank goes into liquidation after the Bonds have been written-off, the holders of the Bonds shall have no claim on the proceeds of liquidation.

II. **Amalgamation of a banking company (Section 44 A of BR Act, 1949):**

a) If the Bank is amalgamated with any other bank before the Bonds have been written-off, the Bonds shall become part of the corresponding categories of regulatory capital of the new bank emerging after the merger.

b) If the Bank is amalgamated with any other bank after the Bonds have been written-off, the Bonds cannot be written-up by the amalgamated entity.

III. **Scheme of reconstitution or amalgamation of a banking company (Section 45 of BR Act, 1949):**

If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for conversion/write-down of Bonds shall be activated. Accordingly, the Bonds shall be written-off before amalgamation/ reconstitution in accordance with these rules.

IV**. Order of conversion/ write-down of various types of capital instruments**

The capital instruments shall be converted/ written-off in order in which they would absorb losses in a gone concern situation. The capital instruments shall absorb losses in accordance with the order of seniority and as per usual legal provisions governing priority of charges.

V. **Criteria to Determine the PONV:**

The above framework will be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, but in the views of RBI:

a) there is a possibility that a timely intervention in form of capital support, with or without other supporting interventions, is likely to rescue the Bank; and

		b) if left unattended, the weaknesses would inflict financial losses on the Bank and, thus, cause decline in its common equity level. The purpose of conversion/write-off of the Bonds shall be to shore up the capital level of the Bank. RBI would follow a two-stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non viability and, therefore, a closer examination of the Bank's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is about to become non-viable. These criteria would be evaluated together and not in isolation. Once the PONV is confirmed, the next step would be to decide whether rescue of the Bank would be through conversion/write-off alone or write-off in conjunction with public sector injection of funds. The trigger at PONV shall be evaluated both at consolidated and solo level and breach at either level shall trigger conversion/write-off. As the capital adequacy is applicable both at solo and consolidated levels, the minority interests in respect of capital instruments issued by subsidiaries of the Banks including overseas subsidiaries can be included in the consolidated capital of the banking group only if these instruments have pre-specified triggers/loss absorbency at the PONV. The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated as per AS-21. So, in case of wholly-owned subsidiaries, it would not matter whether or not it has same characteristics as the Bank's capital. However, in the case of less than wholly owned subsidiaries, minority interests constitute additional capital for the banking group over and above what is counted at solo level; therefore, it should be admitted only when it (and consequently the entire capital in that category) has the same characteristics as the Bank's capital. In addition, if the Bank wishes the instrument issued by its subsidiary to be included in the consolidated group's capital, the terms and conditions of that instrument must specify an additional trigger event. The additional trigger event is the earlier of: a) a decision that conversion or write-off of the Bonds, without which the Bank or the subsidiary would become non-viable, is necessary, as determined by the Reserve Bank of India; and b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank or the subsidiary would have become non-viable, as determined by the Reserve Bank of India. Such a decision would invariably imply that the conversion/write-off of the Bonds consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. In such cases, the subsidiary should obtain its regulator's approval/no-objection for allowing the capital instrument to be converted/written-off at the additional trigger point referred above. Any common stock paid as compensation to the holders of the Bonds must be common stock of either the issuing subsidiary or the Bank (including any successor in resolution).

38	Treatment in Bankruptcy/ Liquidation	The Bondholders must have no rights to accelerate the repayment of future scheduled payments (coupon or principal) of the Bonds except in case of bankruptcy and liquidation of the Bank.
39	Transaction Documents	The Issuer shall execute the documents including but not limited to the following in connection with the issue: (i) Letter appointing Trustees to the Bond Holders. (ii) Bond trustee agreement; (iii) Bond trustee deed (iv) Rating agreement with Rating agency; (v) Letter appointing Registrar and agreement entered into between the Issuer and the Registrar. (vi) Listing Agreement with NSE & BSE Limited in terms of SEBI (LODR), Regulations, 2015. (vii) Disclosure Document
40	Conditions precedent to subscription of Bonds	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: (i) Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date; (ii) Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); (iii) Letter to NSE & BSE for seeking its In-principle approval for listing and trading of Bonds
41	Conditions subsequent to subscription of Bonds	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned below: (i) Credit of Demat account(s) of the Allottee(s) by number of Bonds allotted within 2-3 working days from the Deemed Date of Allotment (ii) Making listing application to NSE & BSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations; (In the event of a delay in listing of the Bonds beyond 20 days of the Deemed Date of Allotment, the Issuer will pay to the investor penal interest of 1% per annum over the Coupon Rate commencing on the expiry of 30 days from the Deemed Date of Allotment until the listing of the Bonds.)
42	Business Day Convention	Should any of the dates, other than the Coupon Payment Date including the Deemed Date of Allotment, Tax Call Date or Regulatory Call Date as defined herein, fall on day which is not a business day, the immediately preceding business day shall be considered as the effective date. Should the Coupon Payment Date, as defined herein, fall on day which is not a business day, the immediately next business day shall be considered as the effective date. 'Business Day' being a day on which Commercial Banks are open for Business in Pune, Maharashtra)
43	Eligible Investors	Insurance Companies, Mutual Funds, Public Financial Institutions as defined under section 2(72) of the Companies Act, 2013, Scheduled Commercial Banks, Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds, Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures, Companies and Bodies Corporate authorized to invest in bonds/ debentures, Trusts authorized to invest in bonds/ debentures, Statutory Corporations/ Undertakings established by Central / State legislature authorized to invest in bonds/ debentures, Resident Indian Individuals, Partnership Firms formed under applicable laws in India in the name of the partners. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue. All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in the issue of Bonds as per the norms approved