

OFFER DOCUMENT

ISSUE OF LONG TERM (SUBORDINATED) BONDS- SERIES-II

PREAMBLE

The Reserve Bank of India (RBI) has permitted Bharat Co-operative Bank (Mumbai) Limited (the bank) to raise funds by issue of Long Term (Subordinated) Bonds (LTSB) amounting to ₹ 30.00 crore (Rupees Thirty Crore only) for augmenting Tier II Capital of the Bank. The permission by RBI has been obtained vide letter No. CO.DOS.SED.No.S7891/12-07-022/2024-25 dated February 07, 2025.

ABOUT THE BANK:

- Bharat Co-operative Bank (Mumbai) Limited, has commenced its Banking operations since 1978. The Reserve Bank of India has conferred scheduled status to the Bank in the year 1996 and the bank has been subsequently registered as Multi-State Scheduled Co-operative Bank in the year 1997.
- Due to confidence bestowed by the people at large, today the bank has a wide network of 101 branches, 3 Extension Counter spread across the states of Maharashtra, Karnataka **and Four districts of Gujarat i.e. Valsad, Surat, Baruch and Ahmedabad.**
- The Bank enjoys 'A' Audit Classification since 1985.
- The total business of the Bank stood at Rs. 18,826.81Crore as on 31st March 2024.
- The bank offers a wide range of banking and financial services to meet the diverse needs of its different customers through a variety of delivery channels such as ATM, RTGS, NEFT, UPI, UPI Lite, RuPay Debit Cards, Internet Banking, Mobile Banking etc.
- The Bank has a permanent license to deal in Foreign Exchange as Authorised Dealer Category 1 catering to all Foreign Exchange needs of its Customers.
- The Board of Directors with their wealth of experience in banking and financial services have immensely contributed towards the enormous growth of bank.

The Financial Parameters of the bank are mentioned herein below:

(Rs. In Crore)

Sr. No	Financial Year	As on 31.03.2023 (Audited)	As on 31.03.2024 (Audited)
1	Share Capital	235.65	203.44
2	Reserves & Surplus	1,340.03	1,483.52
3	Deposits	11,276.71	11,582.45
4	Loans & Advances	7,014.78	7,244.36
5	Working Capital	13,883.29	14,242.75
6	C. D. Ratio	62.21%	62.55%
7	CRAR	12.63%	13.70%

8	Net profit	(149.39)*	11.78
9	Gross NPA	9.04%	7.75%
10	Net NPA	5.05%	3.74%
11	Investment in G-Sec	2,518.51	2,694.96
12	Total Staff Strength	1401	1366
13	Net Worth	627.97	535.32
14	No of Branches	103**	104***
15	Audit Classification	A	A

(* As per the regulatory guidelines the Bank is required to make provision of ₹ 300.00 crore towards Security Receipts (SRs) pertaining to the assets assigned to ARCs. Thus, for the financial year 2022-23, the Net Loss (above the line) amounts to ₹ 149.39 crore. Further, as approved at the Annual General Meeting held on 9th September, 2022 and subsequent permission received from the Reserve Bank of India, the Building Fund (Free Reserve) and Special Reserve for Security Receipts (SRs) was transferred to Profit and Loss Account and Net Profit (below the line) amounting to ₹ 50.59 crore).

**Includes 1 extension counter.

***Includes 3 extension counter.

The above analysis depicts:

- Healthy CRAR maintained above 12% requirement.

Objective of the issue:

The proposed issue of Long Term (Subordinated) Bonds is being made for augmenting the Lower Tier II capital of the Bank to take care of growing business needs.

Issue Size:

Bharat Co-operative Bank (Mumbai) Limited proposes to raise ₹ 30.00 Crore through issue of Long Term (Subordinated) Bonds Series-II under Tier II Capital.

Seniority of Claims:

Long term (Subordinated) Bonds will be subordinated to the claims of depositors and other creditors but would rank senior to the claims of shareholders, including holders of preference shares (both Tier I and Tier II) if issued in future. Among investors of instruments included in Lower Tier II, the claims shall rank pari-passu with each other.

SALIENT FEATURES OF THE LONG TERM (SUBORDINATED) BONDS (LTSB) 2024-25 Series-II

- I. The minimum amount of deposit is Rs. 20,000/- and thereafter in the multiples of Rs. 10,000/. Bank reserves the right to accept/ reject Bonds in part or full as per application.
- II. The tenure of Long Term (Subordinated) Bonds will be 126 months from the date of issuance.
- III. LTSB Series-II will carry a fixed interest rate of 8.25% p.a. payable quarterly on 30th June, 30th September, 31st December and 31st March of every year, till the maturity or till the due date as per call option if exercised by the Bank whichever is earlier.
- IV. Any member of the bank or any other person residing within bank's area of operation can apply for LTSB Series-II.
- V. Urban Co-operative Banks are not permitted to invest in the Long Term (Subordinated) Bonds.
- VI. Acceptance of deposits under Long Term (Subordinated) Bonds 2024-25 will be stopped by the bank on receipt of the total amount of ₹ 30.00 crore, which is the maximum amount permitted by RBI. The Bank reserves the right to accept lesser amount of deposit, without assigning any reasons. The LTSB issue shall remain open till a date of closure is notified by the Bank. The date of closure of the LTSB issue will be notified by the bank on its website www.bharatbank.com and on the notice board of the Bank's offices.
- VII. Bonds placed under the "Long Term (Subordinated) Bonds" shall not be transferable.
- VIII. Interest income from Long Term (Subordinated) Bonds is subject to Tax deduction at Source (TDS) as per the Income Tax Act, 1961 as applicable from time to time.
- IX. **Facility of premature withdrawal/closure for these Long Term (Subordinated) Bonds (LTSB) is not available.**
- X. **No advances/overdrafts will be granted against the security of Long Term (Subordinated) Bonds (LTSB) issued by our Bank or any other Bank.**
- XI. **The Bank will not recognize any lien, charge or other encumbrance on the Long Term (Subordinated) Bonds (LTSB). Bonds placed under Long Term (Subordinated) Bond scheme cannot be pledged anywhere.**
- XII. **Bonds placed under "Long Term (Subordinated) Bonds" (LTSB) will not be eligible for insurance cover from the Deposit Insurance & Credit Guarantee Corporation (DICGC).**
- XIII. **LTSB issue shall not have a "Put Option" or a "Step up Option", however the Bank shall have a "Call option" after 10 years, which shall be exercised with prior permission of Reserve Bank of India. Reserve Bank of India before giving the permission would, among other things, take into consideration the Bank's CRAR position both at the time of exercise of the "Call Option" and after the exercise of the "Call Option".**
- XIV. LTSB is not a deposit and hence, nomination facility under section 45ZA of the Banking Regulation Act, 1949 (AACs) is not available. However, nomination facility

for LTSB is available under the respective provisions of Multi-State Co-operative Societies Act 2002. The Long term (Subordinated) Bond holder/s may by signing a Nomination Form nominate, any person or persons to receive the Long term (Subordinated) Bond from the Bank on the death of the sole Long term (Subordinated) Bond holder/death of the last surviving holder as available under the respective provisions of Multi State Co-operative Societies Act 2002 and the Bye Laws of Bharat Co-operative Bank (Mumbai) Ltd. Or if there is no person or persons so nominated, the Bank shall transfer the said Long term (Subordinated) Bond to any such person or persons as may appear to the Board of Directors to be entitled to receive the same as heir/s or legal representative/s of the deceased Long term (Subordinated) Bond holder/s, a sum representing the value of such bond as ascertained in accordance with the Bye-Laws of the Bank on his/her executing a deed of indemnity to the Bank and the Bank shall thereupon be absolved from all liability in respect of such bond.

- XV. **The option of “Cumulative” interest on bond is not available under Long Term (Subordinated) Bonds (LTSB).**
- XVI. Interest on LTSB ceases to be payable from date of maturity of Long Term (Subordinated) Bonds. Bank shall not pay interest on unclaimed Matured LTSB after the date of maturity or due date as per Call Option if exercised by the Bank, whichever is earlier.
- XVII. In case of LTSB holder maintaining an account with our Bank, interest will be credited to the Savings/ Current account of such LTSB holder. In case of holder maintaining an account with other bank, the interest will be paid by Electronic Mode only to the LTSB holder.
- XVIII. In case any Interest Payment Date(s) and / or Date (s) of Redemption falls on a Holiday, Sunday or any Public Holiday declared under Negotiable Instrument Act 1881, interest/ redemption of principal will be made on the next working day (i.e. a day on which banks are open for business).
- XIX. **LTSB is a part of Tier II capital and is not a normal deposit and would not mature for redemption before ten years.**
- XX. **Redemption of LTSB at maturity shall be made only with the prior approval of the DoR, RBI.**
- XXI. Repayment of principal amount of Long term (Subordinated) Bonds on maturity will be made by credit to the Savings / Current account of the LTSB account holders and by electronic mode in the case of non-account holders.
- XXII. The Bank reserves the right to apportion the proceeds of LTSB to the overdue loan account of the customer, if any.
- XXIII. The notice of communication for any reason will be sent on the address of the LTSB holder/s registered with the Bank. The Bank will not be responsible for change in address not communicated to the Bank and all communications sent to the registered address shall be deemed to be served on the LTSB holder/s.
- XXIV. Long term (Subordinated) Bonds Certificate will be issued only in physical form.

- XXV. Deposit made under Long term (Subordinated) Bonds will not confer voting rights to the depositors / investors.
- XXVI. The bond will be subjected to a progressive discount for capital adequacy purpose as under.

Remaining period of maturity	Rate of discount
Less than one year	100%
More than one year and less than two year	80%
More than two year and less than three year	60%
More than three year and less than four year	40%
More than four year and less than five year	20%

- XXVII. The LTSB Series-II will be classified as borrowings and shown separately in the Balance Sheet.
- XXVIII. Total amount raised through the LTSB Series-II will be reckoned as liability for the computation of net demand and time liability for the purpose of reserve requirements (CRR & SLR).
- XXIX. All disputes / transactions are subject to the jurisdiction with the competent courts in Mumbai, India.

HOW TO APPLY?

- Each applicant (including the joint applicants) should mention his/her PAN Number on the application form
- Cheque(s) / Demand Draft (s) should be drawn in favour of "Bharat Co-operative Bank (Mumbai) Limited (LTSB Series-II)" and crossed "Account Payee only" payable at any centre where the Bank's branches are located. The full value of the LTSB Series-II applied for is to be paid along with the said application form.
- Applicant should indicate the application number and name of first applicant on the reverse of Cheque(s) / Demand Draft(s) through which the payment is made.
- The Cheque(s)/Demand Draft (s) returned unpaid by other bank will not be relogged and the said LTSB application form will stand rejected.
- The Bank reserves the right to reject incomplete application form without assigning any reasons thereof.

DISCLAIMER:

GENERAL DISCLAIMER:

This Offer Document is neither a Prospectus nor a Statement in lieu of Prospectus and is prepared in accordance with the stipulation issued by the Department of Co-operative Banking Regulation, Reserve Bank of India vide Circular No. RBI/2024-25/09 DOR.CAR.REC.05/09.18.201/2024-25 dated April 01, 2024. The Bank certifies that the disclosures made in this document are generally

adequate and are in conformity with the Reserve Bank of India Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

DISCLAIMER OF THE ISSUER:

The Bank confirms that the information given in this Offer Document is true and correct and is not misleading in any material respect. All adequate and relevant information about the Issue as well as the Bank has been made available in this Offer Document for the use and perusal of the potential investors and no selective or additional information would be available for section of investors in any manner whatsoever. The Bank is not responsible for the statements made other than those mentioned in this Offer Document. Anyone placing reliance on any other source of information would be doing so at his/her/their own risk. No person other than the Bank's authorized officials has been authorized to give any information or to make any representations not confirmed in this Offer Document in connection with the LTSB offer. Any information or representations not contained herein must not be relied upon as having been authorized by the Bank.

This Offer Document clarifies the aspects about the LTSB Series-II that a prospective investor ought to know before investing. Investors should carefully read the Offer Document before investing in LTSB Series-II. This Offer Document remains effective until a material change occurs. As required, copy of this Offer Document has been submitted to the Reserve Bank of India, Department of Co-operative Bank Supervision and the Central Registrar of Co-operative Societies. The particulars of this Offer Document have been prepared in accordance with the stipulations of the Department of Co-operative Banking Regulation, Reserve Bank of India vide Circular No. RBI/2024-25/09 DOR.CAR.REC.05/09.18.201/2024-25 dated April 01, 2024.

Sd/-

Vidyanand S. Karkera
Managing Director & CEO