

**III. TERMS OF THE PRESENT ISSUE**

Bank of Maharashtra is seeking offer for subscription of 2,250 Unsecured Non-Convertible Subordinated Perpetual Bonds (Series I) in the nature of Promissory Notes of Rs 10, 00,000/- each for cash at par aggregating to Rs 225 crore.

The bonds are being issued in accordance with extant RBI guidelines vide its master circular no. DBOD No. BP.BC. 13 /21.01.002 / 2006-07 dated July 01, 2006 on prudential norms on capital adequacy covering norms for issue of Innovative Perpetual Debt Instruments for inclusion as Tier I Capital. In addition, the Bonds offered are subject to provisions of the Companies Act, 1956, Securities Contract Regulation Act, 1956, Memorandum and Articles of Association of the Bank, Terms of the Information Memorandum, Instructions contained in the Application Form and other terms and conditions as may be incorporated in the Trustee Agreement and Bond Trust Deed. Over and above such terms and conditions, the Bonds shall also be subject to the applicable provisions of the Depositories Act 1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment & issue of capital and listing of securities issued from time to time by the Government of India (GoI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange(s) or any other authorities and other documents that may be executed in respect of the Bonds.

NATURE & STATUS OF THE BONDS

The Bonds are to be issued in the form of Unsecured Non-Convertible Subordinated Perpetual Bonds in the nature of Promissory Notes for inclusion as Tier-I capital. As per RBI master circular no. DBOD No. BP.BC.13 /21.01.002/2006-07 dated July 01, 2006 on prudential norms on capital adequacy covering norms for issue of Innovative Perpetual Debt Instruments for inclusion as Tier I capital, these Bonds shall be fully paid-up, unsecured, and free of any restrictive clauses. Further the claims of the investors in these Bonds shall be (a) superior to the claims of investors in equity shares and (b) subordinated to the claims of all other creditors. The Bonds would constitute direct, unsecured and subordinated obligations of the Bank ranking pari passu without any preference among themselves.

INSTRUMENT AND ISSUE DETAILS AT A GLANCE

Issue Size	Rs. 225 crore
Issue objects	Augmenting the Tier-I capital for strengthening the capital adequacy and enhancing long term resources of the Bank
Nature of Instrument	Unsecured Non-Convertible Subordinated Perpetual Bonds (Series I) in the nature of Promissory Notes
Instrument form	In Dematerialised Form
Credit Rating	"AA/ Stable" by CRISIL & "CARE AA-" by CARE
Face Value	Rs. 10,00,000/- per Bond
Issue Price	At par at Rs. 10,00,000/- per Bond
Minimum Application	10 (Ten) Bonds (Rs 1,00,00,000/-) and in multiples of 1 Bond (Rs 10,00,000/-) thereafter
Tenor / Maturity	Perpetual
Coupon/ Interest Rate *	10.65% p.a. for the first 10 years and step up coupon rate of 11.15% p.a. for subsequent years if call option is not exercised by the Bank at the end of 10 th year from the Deemed Date of Allotment
Interest Payment	Annually (subject to RBI norms)
Put Option	None
Call Option	At par at the end of 10th Year from the Deemed Date of Allotment and thereafter on each anniversary date (with prior approval of RBI)
Redemption	Perpetual
Listing	Proposed on the Wholesale Debt Market (WDM) segment of the Bombay Stock Exchange Ltd. (BSE) & the National Stock Exchange of India Ltd (NSE)
Trustee	GDA Trustee & Consultancy Ltd, Pune
Interest on Application Money *	Interest on application money will be paid to investors at the coupon rate applicable for first 10 years (i.e. 10.65% p.a.) (subject to deduction of tax at source as applicable) from the date of realisation of cheque(s)/ Demand Draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment.

* subject to deduction of tax at source, as applicable.



BANK OF MAHARASHTRA

ISSUE SCHEDULE

The issue will open for subscription at the commencement of banking hours and close at the close of banking hours on the dates indicated below or earlier or on such extended date as may be decided by the Bank at its sole and absolute discretion without giving any reasons or prior notice. In such a case, investors will be intimated about the revised time schedules by the Bank. The Bank also reserves right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice.

ISSUE OPENS ON	MONDAY	JULY 23RD, 2007
ISSUE CLOSES ON	FRIDAY	JULY 27TH, 2007
DEEMED DATE OF ALLOTMENT	TUESDAY	JULY 31ST, 2007

Note: The Bank reserves right to change the issue time table in consultation with the Lead Arrangers and such change, if any, will be communicated to the investors by the Bank. Consequently, the Deemed Date of Allotment may also change.