



Canara Bank Officers' Union[Regd.]

[AFFILIATED TO ALL INDIA BANK OFFICERS' ASSOCIATION]

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REF: CBOU/24/2020-GS

DATE : 06-06-2020

To

**THE MANAGING DIRECTOR & CEO
CANARA BANK, HR WING
HEAD OFFICE
112 J C ROAD
BANGALORE 560 001**

Dear Sir

SUB :: EMPLOYEE STOCK PURCHASE SCHEME (ESPS) & LOAN FACILITY REG. eSYNDICATE BANK

REF :: Circular.No.088-2019-BC-INRC-01 Dtd: 27-02-2019 & 091-2019-BC-RB & MSME-16 Dtd: 28-02-2019 of eSYNDICATE BANK

The, EMPLOYEE STOCK PURCHASE SCHEME (ESPS) is a system followed by almost all good companies as a process, in order to

1. Recognize and reward the contributions made by the employees of the Bank and align the interests of the employees with the long-term interests of the Bank;
2. Provide incentive to the employees to stimulate their efforts towards better performance and to contribute to the improved performance of the Bank; and
3. Enhance the equity ownership of the Bank and the sense of belongingness and ownership amongst the employees

The same was exercised by eSyndicate bank too, in the month of March 2019 (Issue Opening Date Tuesday, March 05, 2019 (10:00 AM) & Issue Closing Date Monday, March 25, 2019 (05:00 PM))

As envisaged in the circular referred to objectives of ESPS was

* To give ownership interest to their employees. It is a cost-effective method to achieve sustained growth and to create Shareholder Value by aligning the interests of the Employees with the long-term interests of the organization.

* To enhance sense of belongingness and to motivate the Bank's Employees.

* To meet the growing demands for long term resources and shore the Bank's Capital Adequacy in line with the BASEL-III requirements.

It was also instructed that Heads of Branches / Department Heads should mobilize maximum no. of applications from all the eligible employees within the maximum limit of shares under the Scheme to ensure that the issue is oversubscribed on the opening day of the issue. A total Number of about 30,00,00,000 Equity Shares was issued under the Scheme, with an Issue Price per Equity Share @ Rs.33.67 per share, Face Value of which is Rs.10/- each. A clean personal loan facility was also extended through Indian Bank. The Scheme Features of which are as detailed hereunder;

The scheme targets in extending Term Loan facility to confirmed employees of the Bank, with a minimum loan amount of Rs. 0.50 lakhs and maximum loan amount of Rs. 5.00 lacs or Rs. 7.50 lacs (as per designation & scale) or 12 months gross salary, whichever is less. The scheme was valid up to 31.03.2019.

Eligible - Maximum 12 months Gross Salary

Loan amount - Minimum Rs. 50000/- , Maximum - For Award Staff and Officers up to Scale III Rs. 5.00 lakhs & For Officers in Scale IV and above up to Scale VII Rs. 7.50 lakhs

25% NTHP to be maintained after deduction of proposed Loan EMI However, if the Net Take Home Pay after proposed EMI is more than Rs. 20000/-, 25% NTHP norms need not be insisted.

ROI :: One year MCLR with year reset (Was 8.65% during March 2019), Repayment :: Max 60 months

The shares were offered (Exercise Price) at Rs. 25.25 to Rs 25.59 per share (24-25% discount over Fair Market Value on that time). Sir, almost all employees of the bank were a part of the exercise and had supported the Capital need of the eSyndicate Bank.

It may be noted that, when the exercise Price at which you purchase the shares is lesser than their Fair Market Value (FMV) on allotment date. Since you pay a lower purchase price, the difference between the FMV and the EP is considered as an income and therefore, is taxable. The percentage of tax applicable would correspond to your income tax slab. Hence almost all the employees had to shell out money towards tax too.

Also we are aware, the Union Cabinet on 4th March 2020 announced Consolidation of ten Public Sector banks into four big banks and merger took place effective 1st April 2020. Consequent to merging of Syndicate Bank to Canara Bank the Share prices of eSyndicate Bank has dropped heavily and almost reaching Face Value. The Share Swap ratio announced is 158 Equity Shares of Canara Bank for every 1000 equity shares of Syndicate Bank (presently Rs. 14.60)

Sir, now as detailed above, all employees who have subscribed to the shares under ESPS, with a motto to save their Bank, has lost a huge money in the following manner ;

1. Loss due to depreciation of Share Values due to amalgamation
2. Loss incurred on account of Income Tax paid for the Premium value
3. Loss incurred in respect of Interest on Loan availed for subscribing to ESPS
4. Loss in share value due to share swapping

Further elaborated in the referred circular were,

(a) Upon allotment of shares, the applicant Employees shall become shareholders of the Bank and shall be entitled to all the rights of a shareholder. The said new Equity Shares to be issued and allotted shall be subject to the Syndicate Bank (Shares and Meetings) Regulations, 1998, as amended and shall rank in all respects pari passu with the existing equity shares of the Bank and shall be entitled to dividend declared, if any, in accordance with the statutory guidelines that are in force at the time of such declaration.

(b) In case of corporate actions such as issue of bonus shares, stock splits, consolidation or other re-organization of capital structure of the Bank, whilst ESPS Scheme is valid, the Bank may, if necessary make a corresponding fair and reasonable adjustment in accordance with the Applicable Law.

Sir, we should be aware of how personal financial difficulty is affecting performance at work, and ultimately, the bottom line. Employees who are stressed because of their finances are less able to focus on career and personal goals, are less able to communicate effectively and request more time off to attend to many other works. Financial stress can affect employees at any income level. Sir, the union requests your good office to consider the following

1. To Permit interest subsidy @ 5% for such loans taken from Indian Bank by our eSyndicate bank Colleagues
2. To permit enhancement in OD limit @ Lower and Simple rate of Interest, to such extent as required to clear the liabilities with Indian Bank.

We cannot compensate the financial loss incurred by our employees, but we can have an effective alternative and be Empathetic for their loss. By extending timely assistance an employer can reap the benefit of increased productivity as the employees are less distracted and are better able to stay focussed on corporate objectives.

Union is hopeful that the above suggestions will be positively considered in the best interest of the left over category of employees. Hope neccessary advisory will be issued at the earliest and oblige.

Thanking you

Yours faithfully



H VINOD KUMAR
GENERAL SECRETARY