DCB BANK

Ref. No.CO:CS:HVB:2017-18:070 June 2, 2017

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 023.

National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sirs,

Sub: Annual Report for FY 2016-17

BSE Scrip Code No.: 532772 **NSE SYMBOL: DCBBANK**

Pursuant to the requirement under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the Listing Regulations] , we are pleased to submit herewith Annual Report for FY 2016-17 of the Bank as approved and adopted in the 22nd Annual General Meeting of the Bank held on June 1, 2017.

You are requested to take the same on your record and disseminate on your website.

Thanking you,

Yours faithfully,
For DCB Bank Limited

H. V. Barve
Company Secretary &
Compliance Officer

Encl.: As above

DCB BANK LIMITED CS Dept. MUMBAI

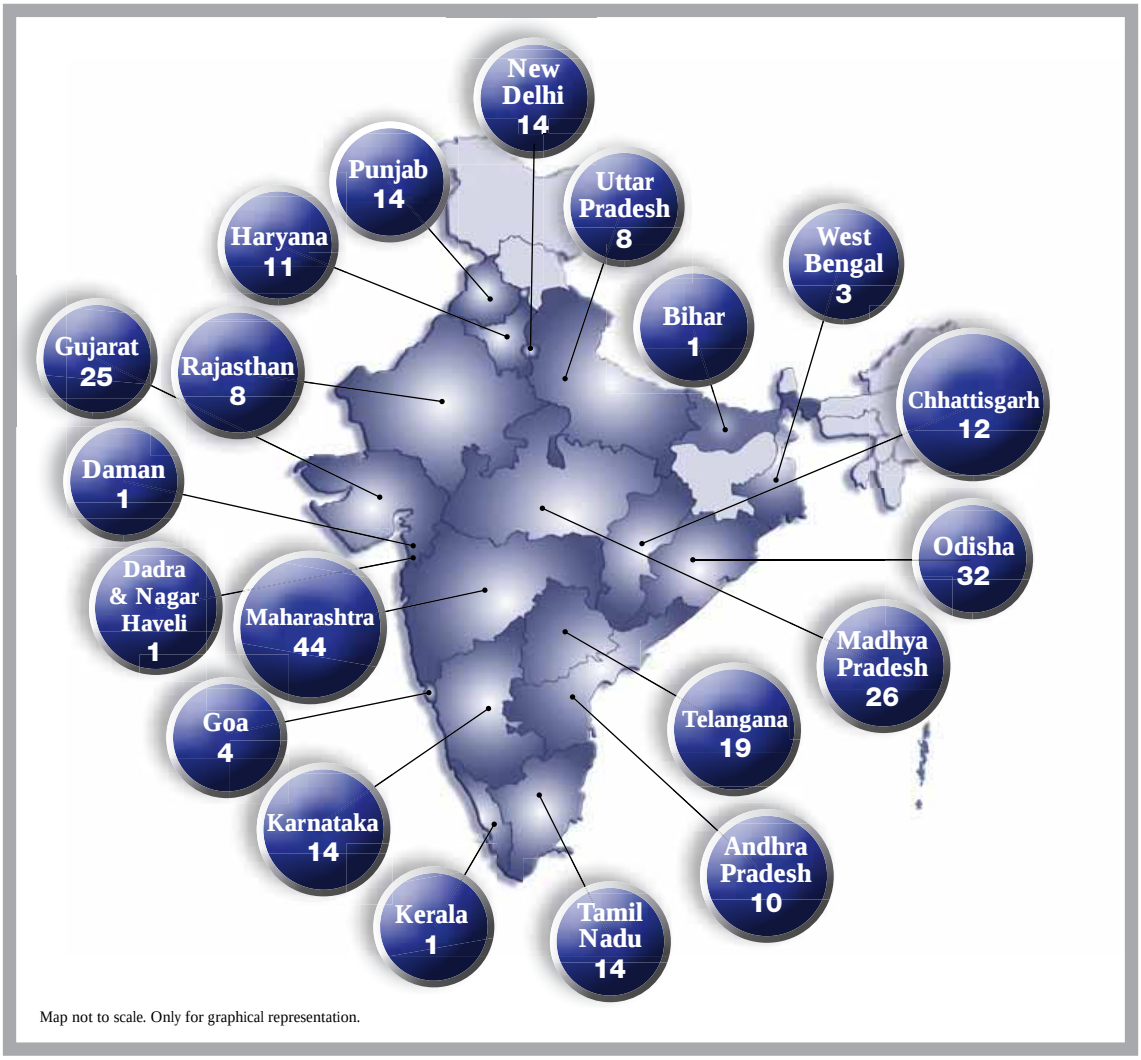
DCB Bank Limited Annual Report 2016-17

The Idea of EXPANSION



DCB BANK

DCB Bank reaches out to customers across 262 branches in India



DCB Bank has added 64 branches, in FY 2016 - 17

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DCB Bank Vision

Our vision is to be the most innovative and responsive neighbourhood Bank in India serving entrepreneurs, individuals and businesses.

DCB Bank Values

Treat Everyone with Dignity – Respect
Do What is Right – Ethical
Be Open & Transparent – Fair
Sense of Urgency, Passion & Energy – Dynamic
Go the Extra Mile, Find Solutions – Stretch
Improve Continuously – Excellence
Play as a Team, To Win – Teamwork
Support the Society – Contribute

The Idea of Expansion



The essence of successful expansion in an enterprise is a function of its readiness and its timing. Two years ago we embarked on a phase of rapid branch expansion in full knowledge of the capability and capacity of the management team for its implementation. Many thought it premature. As events have indicated, the process has been successful in its execution and results. The broader geographical reach is likely to embed retail growth into the future growth prospects of DCB Bank without which our 'steady state' growth path would have been severely impacted.

DCB Bank is now assured of continuous and steady growth in the years ahead.

COMPANY INFORMATION

Board of Directors

Mr. Nasser Munjee
Chairman

Mr. Murali M. Natrajan
MD & CEO

Mr. Altaf Jiwani

Mr. Amin Manekia

Mr. Imran Contractor

Mr. Jamal Pradhan

Mr. Keki Elavia

Mr. Nalin Shah

Mr. C. Narasimhan

Ms. Rupa Devi Singh

Mr. Shaffiq Dharmshi

Mr. S. Sridhar

Mr. Suhail Nathani
(upto January 28 , 2017)

Senior Management Team

Mr. Abhijit Bose,
Head – Chief Credit Officer

Mr. Aditya Prasad,
Head - Processes & Projects

Mr. Ajay Mathur,
Head – Collections & Commercial Vehicles

Mr. Bharat Sampat,
Chief Financial Officer

Mr. Damodar Agarwal,
Head – Alternate Channels

Mr. Gaurav Mehta,
Head – Marketing, Investor Relations & PR

Ms. Hamsaz Vasunia,
Head – Human Resources

Mr. J. K. Vishwanath,
Head – Corporate Banking

Mr. K. K. Pandey,
Head – Channel Sales & Emerging Markets

Mr. Krishna Ramasankaran,
Head Credit – Retail Assets & SME

Mr. Manoj Joshi,
Head – Trade Finance

Ms. Meghana Rao,
Head – Branch Operations

Mr. Narendranath Mishra,
Head – Agri & Inclusive Banking

Mr. N. C. Kaushal,
Head – SME & MSME Banking

Mr. Pankaj Sood,
Head – Retail Liabilities, TCB, TPD

Mr. Praveen Kutty,
Head – Retail & SME Banking

Mr. R. Venkattesh,
Head – Operations Technology & Human Resources

Mr. Rajesh Verma,
Head – Treasury, Correspondent Banking & Trade Finance

Mr. Sachin Patange,
Chief Compliance Officer

Mr. Sridhar Seshadri,
Financial Controller & Chief Risk Officer

Mr. Sukesh Bhowal,
Head – Mortgages & Gold Loans

Ms. T. P. Anuradha,
Chief Internal Auditor & Chief of Internal Vigilance

Company Secretary

Mr. H. V. Barve

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365w)

Registered Office

DCB Bank Limited
601 & 602, Peninsula Business Park,
6th Floor, Tower A,
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013

CHAIRMAN'S STATEMENT FY 2017

This year has seen the major expansion of the Bank branch network according to the strategy we had set forth in October, 2015. I am happy to report that this has been successfully executed so far and our geographical expansion has begun to pay dividends. Returns from these branches will be more fully realised in the years ahead. Given this approach, this year's theme for the annual report is "The Idea of Expansion". The essence of a successful expansion in an enterprise is a function of its readiness and its timing. I do feel that we have got both right.

Given two successful years of adequate profitability, we are announcing our first dividend in thirteen years. This reflects a long and arduous task of rebuilding the Bank from first principles and developing a culture that is unique to ourselves. Last year's annual report described this culture in substantial depth. DCB Bank is on a path of profitable growth, with its NPA's under control and adequate provisioning. On almost all ratios, the Bank demonstrates sound banking practices and we are determined to ensure that this continues year by year into the future.

I am happy to report that DCB Bank's annual results for FY 2017 demonstrated the efficacy of our strategy. We have continued to grow as per plan in all parameters. Operating Profit was up 20% at ` 418 crore; PBT up 17% at ` 307 crore and PAT up at ` 200 crore. Our effective tax rate in FY 2017 was 34.90%. Our Balance Sheet grew by 26% to ` 24,046 crore and our NIMs improved to 4.04%. Our Gross NPAs increased by 29% to ` 254 crore and Net NPAs by 28% to ` 124 crore. The Net NPA ratio was 0.79% while our Provision Coverage Ratio was 73.80%. This is an impressive outcome despite a very difficult year for the economy and especially the banking sector. It illustrates that DCB Bank's retail strategy is paying dividends and despite stormy seas the Bank is holding its course.

This year has not been an easy one. Industry saw muted growth and this reflected itself on the SME and MSME businesses which are our major area of concentration. Most companies were expecting a much more robust second half as the monsoons were evenly distributed and this suggested that consumer demand would return across industry classes. Unfortunately the demonetisation hit the economy in the short run. Of course in the long term it can benefit the country. DCB Bank was also impacted despite which it turned out results which were creditable. I was particularly proud that the unique culture that I spoke about was witnessed in action. The dedication of our staff to our clients was exemplary; not a single DCB Bank branch was closed even though cash was in such short supply. We tried our utmost to ensure that cash was distributed as evenly as possible. The many letters we received from our customers is a proud testament to our handling of this crisis.

The year also saw a number of achievements which were recognised. We won the Best Data Centre Design award for the Bank's Data Centre in the 2016 Data Centre Summit; the BSFI Digital Innovation Award for the Innovative usage of Emerging Technology and the Finnovity Award for the first Aadhaar based ATM. The culture and human resource areas also were recognised. During the year we conducted over 1,100 workshops

that covered 90% of our employees with 73% of employees participating in on line learning. DCB Bank has been certified as a Great Place to Work for building High Trust and High Performance Culture.

This all adds up to a process of continuous improvement which is a journey that will continue into the future. In a difficult year for the banking industry, DCB Bank as the small private sector bank has been able to avoid the pitfalls presented by the environment and to grow steadily maintaining a quality portfolio while enhancing its profitability. The Balance Sheet grew by 26% and is currently ` 24,046 crore. CASA did particularly well partly as a result of demonetisation but we intend to sustain its momentum in the coming year.

As we look to the future we face an environment that imposes challenges across industry. We need to be mindful of the role of technology and the service support that our clients will expect in the months and years ahead. We are determined that DCB Bank will be ahead of the curve that this opportunity presents through the creativity culture that we have built up over the years and our constant emphasis on innovation. Simplicity is a major driver of innovation. Simplifying both internal processes and the customer interface combined with a problem solving capability which customers in the future will demand. Get things done quickly and efficiently will be the mantra of the future. The DCB Bank team is fully dedicated to this process and we hope to shape the possibilities that the future will bring.

Nasser Munjee

Chairman New Delhi, April 14, 2017

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of DCB BANK LIMITED ("the Bank") will be held at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 on Thursday, June 1, 2017 at 2.30 p.m. to transact the following:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017 and the Audited Profit and Loss Account of the Bank for the financial year ended on that date and the Reports of the Directors and Auditor's thereon.

2. To declare dividend on Equity Shares.

3. To appoint a Director in place of Mr. Amin Manekia (DIN-00053745), who changed his status from Independent Director with effect from October 14, 2016 and continued as Non Executive Director, retires at this meeting and being eligible has offered himself for re-appointment and in respect of whom the Bank has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for being appointed as a Director liable to retire by rotation.

4. To ratify the appointment of M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No. 117365W), as approved by Members at the Twenty-first Annual General Meeting, as the Statutory Auditors of the Bank to hold office till the Twenty Third Annual General Meeting and authorize the Board of Directors of the Bank to fix their remuneration for the Financial Year ending March 31, 2018 and in that connection to consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT subject to approval of the Reserve Bank of India ("RBI") and Section 139 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force, the appointment of M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No. 117365W) as approved by Members at the Twenty-first Annual General Meeting, as the Statutory Auditors of the Bank to hold office till the Twenty Third Annual General Meeting, be and is hereby ratified and the Board of Directors of the Bank is authorized to fix their remuneration and other terms and condition for the Financial Year ending March 31, 2018 ."

Special Business:

5. Raising of Funds by issue of bonds/ debentures/ securities on Private Placement basis

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 42 and other applicable provisions, if any, of the Companies Act, 2013, as amended, and the rules made there under, Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 including any amendment, the applicable provisions of the Banking Regulation Act, 1949, as amended, and the rules, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) and all other relevant provisions of applicable law(s), the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies) including RBI, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as "Board" and which term shall be deemed to include any Committee of the Board or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013) for borrowing/raising of funds in Indian/foreign currency by issue of debt securities including but not limited to refinance from term lending institutions and non-convertible debentures, bonds (including bonds forming part of Tier I capital/Tier II Capital in accordance with and subject to the terms and conditions specified in the Basel III Capital Regulations prescribed by RBI, long terms infrastructure bonds or such other bonds as may be permitted by RBI from time to time) in domestic and/or overseas market, on a private placement basis and /or for making offers and /or invitations therefor and /or issue(s)/ issuances therefor, on private placement basis, for a period of one year from the date hereof, in one or more tranches and /or series and under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board , as per the structure and within the limits permitted by RBI, of an amount not exceeding ` 450 crore (Rupees four hundred fifty crore), in aggregate for additional Tier I and Tier II capital within the overall borrowing limits of the Bank, as approved by the Members from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Bank or any Committee of the Board or such other persons as may be authorized by the Board or Committee of the Board as authorised by the Board, be and are hereby authorized to negotiate, modify and finalize the terms and conditions of the debt securities and sign the relevant documents/agreements in connection with the private placement of the debt securities,

including without limitation, the private placement offer letter (along with the application form), information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required, in connection with the offering(s), issuance(s) and/or allotment(s) on private placement of debt securities by the Bank and to further delegate the above powers to any Committee of Directors or any personnel of the Bank to act on their behalf as they may deem fit and to do all such other acts and things and to execute all such documents as may be necessary for giving effect to this resolution".

6. Increase in borrowing powers

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the Members of the Bank on March 21, 2016 through a postal ballot and pursuant to Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time and the rules notified thereunder along with the Articles of Association of the Bank, the consent of the Bank be and is hereby accorded to the Board for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Bank (apart from deposits accepted in the ordinary course of business, temporary loans repayable on demand or within six months from the date of the loan or temporary loans, if any, obtained from the Bank's bankers) may exceed the aggregate of the paid-up capital of the Bank and its free reserves, provided that the total outstanding amount so borrowed by the Bank shall not at any time exceed ` 2,200 crore (Rupees two thousand two hundred crore) or the aggregate of the paid up capital and free reserves, whichever is higher.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution".

7. Ratification of Bonus paid to the Managing Director & Chief Executive Officer for FY 2015-16 and enabling approval for an ongoing annual increase in the remuneration, including bonus, up to 15%

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other applicable rules, applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee of the Board at its meeting held on April 14, 2016 and approved by the Board of Directors at their meeting held on April 15, 2016 and approval of the Reserve Bank of India vide letter DBR.Appt. No.4080/29.03.001/2016-2017 dated October 5, 2016 in this regard and taken on record by the Board at their meeting held on October 14, 2016, the payment of ` 1,15,00,000/- (Rupees One Crore Fifteen Lakh only) made to Managing Director & Chief Executive Officer Mr. Murali M. Natrajan, as Bonus for the Financial Year 2015-16, be and is hereby ratified.

RESOLVED FURTHER THAT pursuant to Section 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and any other applicable rules, applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to approval from the Reserve Bank of India in this regard, approval of the members be and is hereby given, to authorize the Nomination and Remuneration Committee of the Board to recommend and the Board of Directors of the Bank to decide on the annual increase in the remuneration, including bonus, up to 15% of the previous year's annual remuneration inclusive of the Bonus paid, if any, during the year.

Place: New Delhi
Date: April 14, 2017
CIN:L99999MH1995PLC089008

By Order of the Board of Directors
DCB Bank Limited

Registered Office:
Peninsula Business Park,
6th floor, 601 & 602, Tower A,
Senapati Bapat Marg,
Lower Parel, Mumbai 400 013.
Website: www.dcbbank.com
e-mail: investorgrievance@dcbbank.com

H. V. Barve
Company Secretary

NOTES:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE BANK.

   A person shall not act as Proxy for more than Fifty (50) members and holding in the aggregate not more than ten percent of the total share capital of the Bank carrying voting rights. A person holding more than 10 percent of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

2) The instrument appointing the proxy (as per the format provided hereinafter), in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Bank not less than 48 hours before the commencement of the meeting.

3) MEMBER / PROXY/AUTHORISED REPRESENTATIVES SHOULD BRING THE ATTENDANCE SLIP SENT HEREWITH, DULY FILLED IN, FOR ATTENDING THE MEETING AND THE IDENTIFICATION FORMS DULY FILLED IN ALONG WITH THEIR COPIES OF ANNUAL REPORT AND ACCOUNTS.

4) An Explanatory Statement required under Section 102(1) of the Companies Act, 2013 in respect of the businesses at item nos. 3 and 5 to 7 of the Notice is annexed hereto.

5) The Register of Members and Share Transfer Books of the Bank will remain closed from Friday, May 26, 2017 to Thursday, June 1, 2017 (both days inclusive). Dividend will be paid to Members whose names appear on the record of Depositories (NSDL and CDSL) on Thursday May 25, 2017 (for shares held in demat mode) and in the Register of Members of the Bank (for shares held in physical mode) updated as on the Book Closure Dates. The dividend will be paid to the Members from June 6, 2017 onwards.

6) Members holding shares in physical form are requested to address all their bank details, correspondence including change of address, mandates etc. to the Registrar and Transfer Agents (RTA) viz. M/s. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, and Members holding shares in dematerialized form should approach their respective Depository Participants for the same.

7) Since shares of the Bank are traded on the stock exchanges compulsorily in demat mode, shareholders holding shares in physical mode are strongly advised to get their shares dematerialised.

8) The shareholders who are holding shares in demat form and have not yet registered their e-mail IDs, are requested to register their e-mail IDs with their Depository Participant at the earliest, to enable the Bank to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly provide their e-mail IDs to the RTA sending an e-mail at dcbbankgogreen@linkintime.co.in or to the Bank at investorgrievance@dcbbank.com. The Annual Report of the Bank and other documents proposed to be sent through e-mail would also be made available on the Bank's website as under: http://www.dcbbank.com/cms/showpage/page/about-us-key-financials

9) E-Voting:

The Bank has provided 'remote e-voting' (e-voting from a place other than venue of the AGM) facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Bank to enable them to cast their votes electronically, on the resolutions mentioned in the notice of the 22nd Annual General Meeting (AGM) of the Bank, dated April 14, 2017 (the AGM Notice).

The facility for voting shall also be made available at the venue of the 22nd AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM. The Bank has appointed Mr. S N Ananthasubramanian (FCS 4206 & COP 1774) and failing him Ms. Aparna Gadgil (ACS 14713 & COP 8430) of M/s S. N. S N Ananthasubramanian & Co., Company Secretaries, Thane as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional.

In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Bank has fixed Thursday, May 25, 2017 as the 'Cut-off Date'. The remote e-voting /voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date only.

INSTRUCTION FOR REMOTE E-VOTING

The Bank is pleased to offer Remote E-voting facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

I. The Remote E-voting period begins on Monday, May 29, 2017 at 10.00 a.m. (IST) and ends on Wednesday, May 31, 2017 at 05.00 p. m. (IST). During this period, Members of the Bank holding shares either in physical form or in dematerialized form as on the cut-off date i.e. Thursday, May 25, 2017, may cast their votes electronically. The Remote E-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on Wednesday, May 31, 2017.

II. The Members should log on to the Remote E-voting website: www.evotingindia.com.

III. Click on the tab 'Shareholders/Members'.

IV. Now Enter your User ID:

a. For CDSL: 16 digits beneficiary ID

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID

c. Members holding shares in Physical Form should enter Folio Number registered with the Bank

V. Next, enter the Image Verification as displayed and Click on Login.

VI. If you are holding shares in demat form and have earlier logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password should be used.

VII. If you are a first time user follow the steps given overleaf:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number, printed on Attendance Slip, in the PAN Field.
Dividend Bank Details OR Date of Birth (DOB) #	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. #There are 2 fields provided. Any one detail to be entered. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

VIII. After entering these details appropriately, click on "SUBMIT" tab.

IX. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for Remote E-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

X. For Members holding shares in physical form, the details can be used only for Remote E-voting on the resolutions contained in this Notice.

XI. Click on the Electronic Voting Sequence Number (EVSN) of "DCB Bank Limited".

XII. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

XIII. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

XIV. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

XV. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

XVI. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

XVII. If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

XVIII. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

XIX. Note for Non – Individual Shareholders and Custodians

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts; they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

XX. In case you have any queries or issues regarding Remote E-voting, you may contact Mr. Rakesh Dalvi, Dy. Manager, CDSL, or Helpdesk: 18002005533 or refer the Frequently Asked Questions (FAQs) and Remote E-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

10) Details of Director seeking appointment / re-appointment in the Annual General Meeting scheduled on Thursday, June 1, 2017 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), are as below:

Name of Director	Mr. Amin H. Manekia (DIN 00053745)
Date of Birth	June 16, 1961
Date of the original Appointment	January 12, 2012
Date of the last re-appointment	June 5, 2013
Expertise in Specific Functional area	Marketing, finance, health, co-operation and banking
Qualification	MBA, Babson College, USA, B.Com.
Board Membership of other Public Limited companies as on March 31, 2017	2
Chairman/ Member of the Committee of the Board of Directors of the Bank as on March 31, 2017	As chairman- 1 As member- 3
Chairman/ member of the Committee of Directors of the other Companies in which he is a Director as on March 31, 2017.	
a. Audit Committee	Chairman-1
b. Stakeholders' Relationship Committee	Nil
c. Other Committees	Chairman-1
Number of equity Shares held in the Bank as on March 31, 2017	17,303

Explanatory Statement as required under Section 102(1) and any other applicable provisions of the Companies Act, 2013 annexed to and forming part of the Notice dated April 14, 2017:

ITEM NO.3

Mr. Amin Manekia was appointed as an Independent Director in the Annual General Meeting held on June 6, 2014. In the month of October, 2016, he has informed the change in his status from Independent Director to Non-independent Director and would thus be liable to retire by rotation. The Board has recommended that he be re-appointed as a director, liable to retire by rotation. Post change in status by Mr. Manekia, the Bank continues to comfortably meet the criteria set under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 for number of Independent Directors on the Board of the Bank.

The Bank has received a letter from a shareholder signifying his consent to propose Mr. Manekia as Director of the Bank along with a requisite deposit. Necessary details of Mr. Manekia are given in a separate annexure to the Notice.

None of the Directors except Mr. Manekia, or Key Managerial Personnel or their respective relatives are, directly or indirectly, concerned or interested financially or otherwise in the passing of the Resolution at Item No.3.

ITEM NO. 5

Raising of Funds by issue of bonds/ debentures/ securities on private placement basis

The Bank has been borrowing funds to meet the business requirements within the limits approved by the Members by way of issuance of various debt securities (bonds/debentures) as permitted by the Reserve Bank of India ("RBI") and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable laws, from time to time.

In terms of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, the Bank is permitted to make a private placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe securities has been previously approved by the Members of the Bank, by a special resolution, for each of the offers or invitations/ subscriptions. In case of offer or invitation for subscription of non-convertible debentures, it shall be sufficient if the Bank passes a special resolution only once in a year for all the offers or invitation for subscription of such debentures during the year. While the shareholders had passed a special resolution in the last Annual General Meeting (AGM) held on June 1, 2016, it has validity of 1 year i.e. upto May 31 ,2017. In case the Bank needs to or gets an opportunity to raise such funds post such validity, it will require shareholders' fresh approval at that time which could be time consuming. Hence it is proposed to seek approval of the members once again in this financial year so that the validity could be extended upto May 31, 2018.

Further, considering the features of the revised guidelines issued by RBI on issue of long term bonds/ Basel III Tier I /Tier II bonds and the fact that these bonds will also assist the Bank in reducing asset-liability mismatches, the Board of Directors has proposed to obtain the consent of the members of the Bank for borrowing/ raising funds in Indian/ foreign currency by issue of debt securities pursuant to the relevant provisions of the applicable circulars or guidelines issued by RBI, up to ` 450 crore (Rupees four hundred fifty crore only) in aggregate, for additional Tier I and Tier II capital, in one or more tranches in domestic and /or overseas market, as per the structure and within the limits permitted by RBI and other regulatory authorities, to eligible investors on private placement basis, on such terms and conditions as the Board of Directors or any Committee(s) thereof or such other persons as may be authorized by the Board, from time to time, determine and consider proper and appropriate for the Bank. This would form part of the overall borrowing limits under Section 180(1)(c) of the Companies Act, 2013. The Resolution under Section 42 of Companies Act, 2013 shall be valid for a period of one year from the date of passing of this resolution.

The pricing of the debt securities referred above depends primarily

upon the rates prevailing for risk free instruments, rates on other competing instruments of similar rating and tenor in the domestic or overseas markets, investor appetite for such instruments and investor regulations, which enable investments in such instruments.

Further, debt securities would be issued for cash either at par or premium or at discount to the face value depending upon the prevailing market conditions, as permitted under the Laws.

Accordingly, the approval of Members is being sought by way of special resolution as set out at in Item No.5 of this Notice for borrowing/raising funds in Indian/ foreign currency by issue of debt securities on private placement basis.

Your Board recommends the special resolution, as set forth in Item No.5 of this Notice for approval by the Members of the Bank.

None of the Directors or Key Managerial Personnel or their respective relatives are, directly or indirectly, concerned or interested financially or otherwise in the passing of the Special Resolution at Item No.5.

ITEM NO. 6

Increase in borrowing powers

In terms of Section 180(1)(c) of the Companies Act, 2013, borrowings by the Bank (apart from the deposits accepted in the ordinary course of business by the Bank, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the Bank's bankers, other than loans raised for the purpose of financing expenditure of a capital nature), in excess of the paid-up capital of the Company and its free reserves, require the approval of the Members by way of special resolution.

Under Section 180 of the Act, the aforementioned powers of the Board can be exercised only with the prior consent of the Members of the Bank by a Special Resolution. Such an approval from the members was last secured through Postal Ballot on March 21, 2016.

Considering the growth in business and operations of the Bank, opportunity to raise attractive borrowings as per the recent guidelines of the RBI on Issue of Long Term Bonds by Banks for financing including that of Infrastructure and Affordable Housing, relaxation in Basel III guidelines on limit of Additional Tier I and /or Tier II capital to be considered for Capital Fund purpose as well as opportunity to obtain refinance from term lending institutions, your approval is being sought to increase the borrowing limits to ` 2,200 crore (Rupees two thousand two hundred Crore).

Your Board recommends the resolution at Item No. 6 of the accompanying Notice for the approval of the Members of the Bank by way of Special Resolution.

None of the Directors or Key Managerial Personnel of the Bank or their respective relatives is concerned or interested in the passing of the Special Resolution at Item No.6.

ITEM NO.7

Ratification of Bonus paid to the Managing Director & Chief Executive Officer (MD & CEO) for FY 2015-16 and authorizing the Board to decide on increase in his remuneration inclusive of Bonus on an ongoing basis

The Reserve Bank of India vide letter dated October 5, 2016 has based on the recommendation of the Bank, approved the payment of bonus of ` 1.15 crore to Managing Director & CEO of the Bank for the Financial Year 2015-16.

At the Annual General Meeting (AGM) held on June 1, 2015, the shareholders of the Bank, subject to approval from the Reserve Bank of India, had authorized the Board of Directors of the Bank (as per recommendation of the Nomination and Remuneration Committee of the Board) to decide on the increase in remuneration payable to Mr. Murali M. Natrajan, Managing Director & CEO (MD & CEO) of the Bank, during his tenure from April 29, 2015 to April 28, 2018 up to15% per annum. Accordingly, the revision in remuneration for the FY 2016-17 was approved by the Board in its meeting held on April 15, 2016 which was within the aforesaid cap of 15% and paid to the MD & CEO during the year as detailed under 'Corporate Governance' section. However payment of bonus was not covered in the aforesaid approval of the shareholders and therefore the same has been recommended for shareholders' approval.

The Board now also wishes to obtain an enabling approval of the shareholders, authorizing it to decide on the annual increase in the remuneration of the MD & CEO and payment of bonus, subject to approval of Reserve Bank of India, up to 15% of the previous year's annual remuneration inclusive of the Bonus paid, if any, during the previous year

Your Board therefore, recommends passing of the Resolution as set out in Item No. 7 of the Notice ratifying payment of bonus to MD & CEO of the Bank for the FY 2015-16 and authorising the Board for consideration and payment of bonus for subsequent financial years, subject to necessary approvals being in place.

None of the Directors or Key Managerial Personnel other than Mr Murali M. Natrajan, or their respective relatives are, directly or indirectly, concerned or interested financially or otherwise in the passing of the Resolution at Item No.7.

Place: New Delhi
Date: April 14, 2017
CIN:L99999MH1995PLC089008

By Order of the Board of Directors
DCB Bank Limited

Registered Office:
Peninsula Business Park,
6th floor, 601 & 602, Tower A,
Senapati Bapat Marg,
Lower Parel, Mumbai 400 013.
Website: www.dcbbank.com
e-mail: investorgrievance@dcbbank.com

H. V. Barve
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report of DCB Bank Ltd (hereinafter referred to as the Bank / Your Bank / DCB Bank) together with the audited accounts for FY 2017.

In FY 2017, the Bank has posted an Operating Profit of ` 418.21 crore (FY 2016 ` 349.03 crore) and a Net Profit of ` 199.68 crore (FY 2016 ` 194.52 crore).

Total Assets have increased by ` 4,927.86 crore and reached ` 24,046.38 crore as on March 31, 2017 (` 19,118.52 crore as on March 31, 2016).

Customer Deposits have increased by ` 3,141.13 crore and Advances have increased by ` 2,896.24 crore. The Bank has achieved the overall Priority Sector Lending (PSL) target as required by the Reserve Bank of India (RBI).

The Net Interest Margin (NIM) has improved to 4.04% in FY 2017 from 3.94% in FY 2016 and the Current and Savings Accounts (CASA) ratio stood at 24.3% as on March 31, 2017 (23.4% as on March 31, 2016).

Cost to Income Ratio has increased to 60.0% in FY 2017 from 58.4% in FY 2016. The Bank's Operating Cost increased mainly due to increase in number of branches, increase in number of staff and higher business volumes.

Total Branch network stood at 262 as on March 31, 2017 (198 as on March 31, 2016) and ATM network increased to 515 as on March 31, 2017 (410 as on March 31, 2016).

Provisions Other Than Tax have increased to ` 111.49 crore in FY 2017 from ` 87.91 crore in FY 2016. The increase was mainly due to provision for existing and fresh NPA slippages, higher Floating provision and Provision against Standard Assets.

Gross NPAs have increased to ` 254.20 crore as on March 31, 2017 from ` 197.38 crore as on March 31, 2016. The overall NPA Provision Coverage Ratio as on March 31, 2017 was 73.80%. Net NPAs have increased to ` 124.41 crore as on March 31, 2017 as against ` 97.46 crore as on March 31, 2016.

Capital Adequacy Ratio (CAR) under Basel III as on March 31, 2017 stood at 13.76% (14.11% under Basel III as on March 31, 2016).

In November 2016, the Bank issued Basel III compliant Tier II Bonds and raised Tier II capital of ` 150 crore.

FINANCIAL SUMMARY

(` in crore)

	As at March 31, 2017	As at March 31, 2016	Increase / (Decrease)
Balance Sheet			
Customer Deposits	15,943.02	12,801.89	3,141.13
Inter Bank Deposits	3,346.19	2,124.10	1,222.09
Total Deposits	19,289.21	14,925.99	4,363.22
[Including Total CASA]	[4,689.18]	[3,489.87]	[1,199.31]
Advances	15,817.63	12,921.39	2,896.24
Gross – NPA	254.20	197.38	56.82
Net – NPA	124.41	97.46	26.95
Provision for Standard Assets (including provision for unhedged foreign currency exposure)	85.05	63.38	21.67
Total Assets	**24,046.38**	**19,118.52**	**4,927.86**
	For the year ended March 31, 2017	For the year ended March 31, 2016	Increase / (Decrease)
Profit & Loss			
Net Interest Income	797.09	619.50	177.59
Non Interest Income	249.45	220.46	28.99
Total Operating Income	1,046.54	839.96	206.58
Operating Cost	628.33	490.93	137.40
Operating Profit	418.21	349.03	69.18
Provisions	111.49	87.91	23.58
Net Profit Before Tax	306.72	261.12	45.60
Tax	107.04	66.60	40.44
Net Profit After Tax	**199.68**	**194.52**	**5.16**

DIVIDEND

Your Board is pleased to recommend a dividend of ` 0.50 per equity share of ` 10.00 each in respect of the financial year ended March 31, 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Vision

The Bank's vision is to be the most innovative and responsive neighbourhood bank in India serving entrepreneurs, individuals and businesses. In line with our vision, we began implementing a new strategy in FY 2010 which has now completed 7 years. The Bank continues to make steady progress and improvements are clearly visible in most areas of its business. In order to accelerate the business

momentum further, in October 2015, the Bank announced its plan to increase its network by 150 more branches in 24 months.

Target Market

Keeping in view its inherent strengths, branch network and expertise, the Bank's target market is mainly small business owners /self-employed / small business segment (traders, shop keepers, business owners, MSMEs and SMEs). The Bank has chosen to have limited presence in the salaried segment. The MSME / SME sector plays a very important role in the growth of the Indian economy.

MSME sector plays a pivotal role in the economic and social development of the country. Some important information on MSME sector is given below:

- Number of Working Enterprises – 49 million, Employment – 111 million
- Urban – 45%, Rural – 55%
- Manufacturing – 32%, Service – 68%
- Sole Proprietor – 94%
- Market value of Fixed Assets – INR 13,637 billion

(Source: Annual Report 2014-15 Government of India, Ministry of Micro, Small and Medium Enterprise)

Also, as per DNA survey, June 2013, the Indian workforce consists of 51% self-employed.

DCB Bank Customers

Your Bank deals with several types of business owners, self-employed / small businesses for example - Trader, Commodity, Gold Trader, Vegetable Trader, Commission Agent, Retailer, Restaurant Owner, Caterer, Baker, Vending Machine Supplier, Consultant, Doctor, Contractor, Interior Decorator, Software Designer, Salon, Beauty Parlour, Printer, Electrical Engineer, Saw Mill, Flour Mill, Rice Mill, Grocery Store, Brick Maker, Builder, Fabricator, Artist, Writer, Auto Repair, Ship Repair, Pharmacy, Computer Specialist, Furniture Maker, Uniform Maker, Garment Shop, Fashion Tailor, Hardware Shop, Agri Processor, Pesticide Dealer, Auto Dealer, Scrap Dealer, Stationery Supplier, FMCG Dealer, Tool Maker, Agri Input Dealer, Tractor Dealer, Plastic Manufacturer, Mattress Manufacturer, Water Supplier, Computer Classes, Internet Café, Coaching Classes, Tour Operator, Hotel Owner, Transporter, Ticketing Agent, C&F Agent etc. The list of Self Employed occupation is endless. The target market is essentially Micro, Small and Medium Enterprises both in Manufacturing and Services. (Please refer to MSMED Act, 2006). Majority of lending to MSME sector qualifies for Priority Sector Lending. It is estimated that over 80% of CASA accounts and 80% of Mortgage loans are in the self-employed segment for the Bank.

Credit Rating

The Bank continues to enjoy ICRA A+ (hyb)/(stable) rating for Long Term – Subordinated Debt, ICRA A1+ rating for Short Term Fixed Deposits, CRISIL A1+ rating for both Certificate of Deposits and Short Term - Fixed Deposits.

Awards

Your Bank received a number of awards and recognition in FY 2017:

- Best Data Center Design – Data Center Summit 2016
- Indian Express Award for Innovation – Aadhaar Based ATM
- BFSI Digital Innovators Award – Innovative Usage of Emerging Technology
- Finnoviti Innovation Award – Aadhaar Based ATM
- Best Prepaid Program – Drivers of Digital Awards 2016

Branch Expansion / ATMs

In October 2015, the Bank announced its intention to increase the number of branches by 150 in 24 months. Accordingly, in FY 2017, your Bank increased its branch network by 64 branches – 30 in Retail and 34 in Agri and Inclusive Banking (AIB). The year ended with 262 branches (150 in Retail and 112 in AIB) in 18 states and 2 union territories. Approximately 22 percent of the branches are in rural areas and 25 percent in semi-urban areas. Your Bank has created fair degree of standardization in terms of "look and feel" of the branches across India. Based on the business model adopted by the Bank, new branches generally "break even" between 18 to 22 months from the date of operation. Over time the Bank has been able to make step by step improvements in the execution of business model. The Bank believes in hiring suitable talent and ensuring proper grooming / mentoring through in-house training programs. In order to improve the overall performance, controls and customer service, the Bank strengthened the organisation structure of managing branch network. The concept of Cluster Services Operations Managers (CSOM) independent of the sales team was introduced in the previous year. The entire network is grouped into manageable clusters for closer supervision. One of the key focus areas for the Branch Operations team is to simplify the existing processes in order to provide better service to customers. Accordingly, the Branch Operations team simplified 42 processes in FY 2017. Simultaneously risk management and monitoring aspects were also strengthened. The Bank has increased its ATMs from 410 in FY 2016 to 515 in FY 2017. Unfortunately, during demonetisation there was not enough cash available and therefore, a large number of ATMs could not be operated. This resulted in customer inconvenience and loss of business to the Bank. While all ATMs have been re-calibrated and become operational, they will become fully functional in the coming months as cash availability is steadily improving.

RETAIL BANKING

Retail Banking offers comprehensive range of Deposits and Advances products. At the end of FY 2017, Retail Banking has 150 branches and has a multi-product approach with focus on productivity and service excellence. In the deposit side a number of new products were introduced to address the needs of institutions as well as individuals. A large part of the retail banking responsibility is to steadily increase CASA and Term Deposits in order to provide cost effective and stable funding for Advances. In FY 2017, CA balances grew by 30 percent and SA balances grew by 36 percent. Some part of the CASA growth was due to demonetisation that resulted in cash deposits into both existing and new accounts. CASA ratio was 24 percent at the end of FY 2017. Overall Term Deposits registered 29 percent growth. One of the highlights of FY 2017 is the launch of DCB Suraksha Deposit – a unique product where customers get insurance cover at zero cost if they opt for longer tenor term deposit (subject to conditions).

Mortgage and Micro Mortgage

Mortgage is the lead product of the Bank addressing primarily the self-employed segment offering tailor made solutions. It contributes approximately 43 percent of Advances of the Bank. Both home loans and business loans are offered. Almost all retail branches offer Mortgage / Micro Mortgage loans. In order to support business growth, dedicated sales teams are present in 76 locations across India. Micro or small ticket mortgage loans are most useful for customers in the Tier 2 to Tier 6 locations. Many in the rural and semi-urban areas are deriving incomes from unorganized sector. At times it becomes difficult to get proof of their capacity to repay. Therefore, the Bank needs to have the ability to assess the household income in order to determine eligibility. Personal discussion with the customer is an essential part of the credit assessment. The purpose of the loan, inter alia, may include home construction, home purchase, home repairs, business enhancement, marriage and education. In FY 2017, the retail Mortgages grew by approximately 22 percent as compared to the previous year.

Construction Finance (CF)

Construction of flats and providing housing is a critical part of a growing economy. India has a huge population which does not own flat / house. For banks, financing construction is a good opportunity. However, there are numerous risks that need to be taken into consideration. Demonetisation has impacted construction business. Therefore, the Bank needs to be very cautious in CF portfolio. The focus is on reputed builders with a strong track record who are targeting the end users with reasonably priced homes catering mainly to middle and lower incomes. The positive side effect of CF is growth in CA balances and providing home loans to home buyers. Real Estate (Regulation and Development) Act 2016 (RERA) is likely to bring about major changes in the Construction Business and consequently financing.

Commercial Vehicle (CV)

CV financing was restarted in FY 2013 and is now offered in 108 locations. The main objective behind re-entering the business was to improve the Bank's ability to achieve PSL. More than 85 percent of CV portfolio falls under PSL. Although economic conditions were weak, so far the portfolio quality has been maintained at an acceptable level. CV industry is an essential part of the Indian economy and in the coming years the Bank has a good opportunity to build a large CV portfolio. Overall CV business achieved growth of 54 percent in FY 2017 as compared to the previous year.

Loan against Gold

Loan against Gold is offered in almost all branches (Retail and AIB). In FY 2017, as part of process improvement initiatives the Bank further expanded "One hour loan approval / disbursal process" in many more branches. The Loan against Gold business slowed down during demonetisation. With the increase in branches your Bank hopes to steadily build a large Loan against Gold portfolio to provide further diversity to the overall business.

Debit Cards

In FY 2017, as compared to the previous year, Cards in Force (CIF) increased by 107 percent. The number of Point of Sale (POS) transactions increased by 149 percent in comparison to the previous year. The number of e-commerce transactions increased by 60 percent in comparison to the previous year. The demonetisation initiative has been one of the key factors in rapid increase in digital transactions.

DCB Payless Cards

This is a unique product offered by the Bank and is a preferred card for those self-employed segment that are unable to provide sufficient income proof or do not have an acceptable credit track record. In FY 2017, as compared to the previous year, CIF increased by 32 percent, the number of transactions on POS increased by 45 percent and the number of e-commerce transactions increased by 46 percent.

DCB Janajeevan Prepaid Card

The Bank launched India's first co-branded prepaid card for disbursal of small loans by Janalakshmi Microfinance in FY 2014. The product is administered in association with Jana Urban Foundation. The program aims to provide cashless disbursal which has a major positive impact on financial inclusion. In FY 2017, the total cards issued crossed 57 lakhs. As mentioned in the earlier year report the program also won two prestigious awards – (a) "The Best Prepaid Product of the Year" at the 5th IAMAI Digital Awards (b) "The Most Innovative Prepaid Card" at the Finnoviti 2015.

Distribution of Mutual Funds and Insurance

The Bank distributes Mutual Funds, Life Insurance and General Insurance products to new and existing customers. This helps in deepening relationship with Deposit and Advances customers.

Traditional Community Banking

With a vision of strengthening neighbourhood banking, the Bank set up a separate vertical in FY 2010 with the aim of providing personalized attention to the community customers and winning back lost relationships. In FY 2017, as compared to the previous year, Traditional Community Banking Deposits grew by 12 percent and Advances increased by 22 percent.

Non-Resident Indian (NRI) business

In FY 2017, NRI deposits contributed 8 percent of the Total Deposits. During the year approximately 1,683 new customers were acquired. The Bank has customers across 128 countries. The NRI deposits achieved growth of 16 percent in FY 2017 as compared to the previous year.

Collections

Collections is an important function for the Bank. It helps to provide timely reminders to customers and also ensure portfolio quality. The Bank's in-house Collections team is a common utility for all products and is present in 179 locations pan India. In the previous year, in order to assist field collections, the Bank introduced m-Collect, a smart phone based application that helps in providing system generated receipts on the field. The application also instantly provides real time updates to the loan system helping improve efficiency and provide customer convenience. Collections and recovery process was impacted by demonetisation. The Bank made extra efforts to ensure portfolio quality.

Strategic Alliances

One of the key strategies of the Bank is to look for alliances with

entities that may have similar business objectives. The idea is to improve the product benefits to customers that helps to improve fee income and loyalty.

- Aditya Birla Health Insurance – *Corporate Agency – Health Insurance*
- Birla Sunlife Insurance – *Corporate Agency - Life Insurance*
- HDFC Standard Life Insurance – *Corporate Agency - Life Insurance*
- ICICI Lombard GIC – *Corporate Agency - General Insurance*
- Annapurna Microfinance, Lok Management Services, New Opportunity Consultancy, Pahal Financial Services, People's Forum, Taraashna Services - *Business Correspondents for sourcing Small Savings Accounts, Deposit Accounts and providing Micro Loans to JLG, SHG, individuals and micro-enterprises.*
- Western Union Business Solutions (USA) – *Technology Services - Foreign Exchange Remittances*
- Weizmann Forex – *Referral Agent Trade Related Outward Remittances*
- Paul Merchants, Thomas Cook – *Referral Agent Trade Related Outward Remittances*
- TVS Credit Services –*Car Loan Business*
- Janalakshmi Financial Services – *Co-branded Prepaid Card*
- Madura Microfinance – *Prepaid Card*
- Belstar Microfinance – *Prepaid Card*
- India Infoline (IIFL) – *Co-branded Prepaid Card*
- Muthoot Finance & Muthoot Forex – *Co-branded Prepaid Card*
- Midland Microfinance – *Prepaid Card*
- Fullerton India Credit Company (FICC) – *Co-branded Prepaid Card*
- Satin Creditcare Network, Utkarsh Microfinance, Annapurna Microfinance, Swaabhimaan Microfinance, SV Creditline, Taraashna Services, Namra Finance, Svatantra Microfin, Fusion Microfinance, Kamal FinCap, Saarthi Credit Co-Op Society, CashPor Micro Credit - *Bajaj Allianz Death Claim Settlement on Prepaid Card*
- Slonkit – *Co-branded Prepaid Card cum Wallet*
- Euronet – *ATM and switching services provider*
- ATOS Worldwide – *POS deployment service provider*
- M2P – *Prepaid program manager*
- India Infoline Ltd. (IIFL) – *Partner for offering security trading accounts to customers*
- Transcorp – *Money transfer services*
- Thomas Cook - *Prepaid Alliance*
- Cinqo - *Prepaid Alliance*
- Sabpaisa - *Payment Collection Solution*

The Bank is also working with many "Fintech" companies to introduce new products and or unique way of acquiring / servicing customers. The Bank has partnered with Niyopay to launch a unique salary account solution. In addition the Bank has partnered with Seynse technologies and Zest Money for digital lending solutions. DCB Bank is also amongst the first few banks to have gone live on Bharat QR code solution. The Bank also launched its own wallet during the year named as "Cippy".

MSME and SME

The importance of MSME and SME to India's economy and the Bank's strategy of targeting this segment have already been mentioned earlier in this discussion. The Bank has created robust sales, underwriting and portfolio monitoring capability for growing the MSME/SME business, offering a wide range of products and personalized services including Foreign Exchange, Cash Management, Trade Finance and Internet Banking. The aim is to become the business partner of this vibrant entrepreneurial segment of the economy. The Bank targets largely small ticket size MSME / SME customers. In FY 2017, MSME/SME Advances grew by approximately 18 percent as compared to the previous year. Competition is intense and therefore the Bank put in place a special unit to ensure that quality customers are retained through constant relationship efforts. MSME / SME segment needs to embrace the digitisation agenda of the country. They also need to make appropriate adjustments to their business models to take advantage of Goods and Service Tax (GST) which is likely to be implemented in the coming months.

CORPORATE BANKING

Corporate Banking is present across India with regional offices in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, and Mumbai. The business objective is to provide a complete range of commercial banking solutions including Foreign Exchange, Trade Finance and Cash Management. In FY 2017, the Bank added 36 new relationships in Corporate Banking. The Bank has a robust underwriting and credit systems to address the inherent risks in Corporate Banking exposure. The emphasis is on building a secured advances portfolio and building long term relationships with high quality large and mid-corporate houses. Regular review of the existing exposure is done with the aim of initiating timely action in case of any emerging risks. In FY 2017, we had some slippages into NPA primarily on account of economic stress in some sectors. As a result of the early warning systems in place and timely management of risky exposures, Corporate Banking portfolio quality remained stable.

AGRI AND INCLUSIVE BANKING (AIB)

AIB is a separate business unit formed to achieve financial inclusion. At the end of FY 2017, this unit had 112 branches in 10 states. There are many opportunities to offer simple yet innovative products backed by superior technology in the rural and semi-urban areas of India. Many of the new branches are located in Tier 2 to Tier 6 locations. There is a constant endeavour to cater to under and unbanked population of the country through a wide range of products, for example, zero balance savings accounts, small recurring deposit account, small loans to match the income and cash flow cycle. AIB also coordinates the entire PSL efforts for the Bank and is primarily responsible for achieving the financial inclusion targets. In FY 2017, AIB Advances grew by approximately 25 percent as compared to the previous year.

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

In FY 2017, your Bank actively participated in PMJDY and opened 26,306 PMJDY accounts as on March 31, 2017. The Bank has enabled Rupay Debit Cards for PMJDY account holders.

Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY)

The Bank successfully reached out to unbanked and economically

weaker population through PMSBY, PMJJBY and APY programs that are designed to bring social security. Your Bank had 7,597 customers under PMSBY, 10,952 customers under PMJJBY and 1,331 customers in APY as on March 31, 2017.

Basic Savings Bank Deposit Account (BSBDA)

BSBDA has replaced "No frills account". This is a wonderful product for achieving financial inclusion especially those who have limited transaction needs in the low income group and may not have proper identity, address, date of birth or signature proofs. Bank had 57,967 BSBDA accounts as on March 31, 2017.

Kisan Mitra

"Kisan Mitra" as the name suggests, is a liability product which fulfils the requirement and enhances the saving habit in rural areas. It is a product specially designed for members of co-operative institutions (example dairy co-operative, sugar co-operative). It is a modified Savings Account with zero account opening amount and no Average Quarterly Balance maintenance charges. Co-operative institution payments are routed through this account.

Warehouse Construction Loan

There is a huge need in the country to provide farmers with scientific storage so that wastage and stock deterioration can be reduced. Also, proper warehousing helps famers to retain their produce and obtain fair pricing for their produce instead of selling in distress.

Retail Agriculture Loan and Kisan Credit Card

In order to meet the credit needs of the farmers, the Bank has several retail agri products namely Crop loans (example purchasing seeds, fertilizers, pesticides, manures, irrigation), Animal Husbandry loans, and loans for investment purpose like land improvement, irrigation and hi-tech agriculture.

Tractor Loans

Tractors form an integral part of the total agricultural equipment sector and is an indirect indicator of growth in the agricultural sector. The Bank has slowly built its business across Tier 2 to Tier 6 branches. Providing tractor loans helps the Bank to partly meet PSL targets for agriculture set by the RBI.

Microfinance Institutions (MFI) and Business Correspondents (BCs)

The Bank lends directly to MFIs who in turn lend to end borrowers. Over time, the Bank has created a strong network of MFI relationships across India. The Bank is also providing unsecured loans through BCs in a few states of the country. The loans are given to members of SHGs and JLGs for livelihood activities thereby enabling them to avail small loans from banking sector instead of high cost borrowing from informal channels. These loans are primarily provided to small farmers and weaker sections mainly in rural areas. In order to support the volume growth, your Bank introduced new software system for managing BC Loans. This software helps maintain adequate information about the borrowers under SHG, JLG and Microenterprises categories. It provides a common platform to both Bank and BC for smooth processing of loans and has added immense value by reducing the loan disbursal cycle time. In recent months there is some stress being faced by the entire industry in the MFI / BC business. The Bank has always adopted a cautious approach towards this sector and it is taking measured steps to maintain portfolio quality.

Commodity Based Finance (CBF)

The Bank is engaged in lending to farmers and agri processors against agricultural produce stored in the designated warehouses. The Bank has a list of approved commodities against which the loans are given. Given the volatile market conditions the Bank has chosen to be cautious in pursuing CBF opportunities.

TREASURY, MONEY MARKET AND FOREIGN EXCHANGE

Treasury

Treasury actively manages liquidity, Fixed Income Securities Trading, Investment in Equity through Initial Public Offers (IPOs), FX Trading and Customer Sales. Treasury ensures compliance with regulatory requirements such as CRR and SLR. As the Bank's performance continues to improve, many reputed Financial Institutions (FIs) have started subscribing to Certificate of Deposits (CDs) issued by the Bank. In FY 2017, the Bank made cautious gains by utilizing the trading opportunities in G-Sec presented by declining interest rates. The Bank invested in a number of Equity IPOs and booked moderate listing gains. The Bank also invested in medium term AAA Corporate bonds, short term Commercial Papers and Certificate of Deposits of other banks in order to earn interest income on liquidity mismatches.

Money Market

The country reported Gross Domestic Product (GDP) growth of 7.1% in FY 2017. The Index of Industrial Production (IIP) growth was low mainly due to contraction in manufacturing because of decline in demand for Capital Goods. The Consumer Price Index (CPI) inflation declined to 3.81% in March, 2017 from a high of 6.07% in July, 2016 primarily driven by food and fuel prices. RBI conducted variable rate REPO and OMO in the market to maintain sufficient liquidity. Decline in global commodity prices and expectation of rate cuts by RBI led to softening of 10 year G-SEC yields. Demonetisation created excess liquidity and markets remained somewhat uncertain. The Monetary Policy Committee has targeted inflation at 4% and is likely to act accordingly with respect to monetary policy in the coming months.

Foreign Exchange

There were a few geo-political events in FY 2017 that affected the global and Indian markets. The two main events were Presidential Election in USA and Brexit in UK. Both British Pound vs US Dollars and Euro vs US Dollars were impacted by these massive events. In anticipation of large contracted outflow of FCNR funds, INR depreciated. However, sentiments improved towards later part of the year due the ruling party winning some crucial state assembly elections. This resulted in strengthening of INR vs US Dollars. Oil price remained range bound. Both domestic and foreign flows helped to liven up the Sensex.

TRANSACTION BANKING

Cash Management Services (CMS)

The Bank provides Corporates, MSME / SMEs and Retail customers sophisticated and cost effective CMS. This helps customer to manage

their payment logistics in a hassle free manner. In the last few years, the Bank has steadily increased CMS customers. At the end of FY 2017, the Bank had 4,379 active customers using the CMS facility.

Business Internet Banking (BIB)

The Bank offers state-of-the-art BIB features especially designed for MSME / SME customers. At the end of FY 2017, BIB facility was availed by 19,772 users. The BIB software is likely to be upgraded in FY 2018.

Credit Risk

The Credit Risk unit ensures alignment with the objectives of achieving growth while maintaining portfolio quality by making appropriate risk / reward trade-offs. The idea is to ensure long term sustainable performance across business cycles. Regular efforts are made to improve risk assessment and control processes. Credit Risk unit over time has developed capabilities to assess the risks associated with various products and business segments. As far as possible, efforts are made to standardize the entire process pan India while taking into account geographic nuances. The Bank has implemented a rating model that takes into account both quantitative and qualitative factors and produces a rating that becomes one of the key inputs to credit decisions. In FY 2017, the Credit Risk unit ably supported the business / branch expansion agenda of the Bank. One of the main focus areas for the Credit function was improving productivity and customer experience. In order to continuously improve the quality of the portfolio, the Credit Risk unit invested in SAS analytics and created several insightful analysis/models which helped in refining the product offering and collections/recoveries. Key processes in credit underwriting were examined and duplication was reduced to improve speed of processing and costs. Periodic portfolio reviews were conducted with business units which helped to improve customer targeting and profitability.

Concentration Risk

Concentration risk is monitored and managed both at the customer level and at the aggregate level. The Bank continuously monitors portfolio concentrations by segment, ratings, borrower, group, sensitive sectors, unsecured exposures, industry and geography. The Bank adopts a conservative approach within the regulatory prudential exposure norms.

Market Risk

Besides the usual monitoring of Structural Liquidity, Interest Rate Sensitive Gap limits and Absolute Holding limits, the Bank also monitors interest rate risks using Value at Risk limits. Exposures to Foreign Exchange and Capital Markets are monitored within pre-set exposure limits, margin requirements and stop-loss limits.

Country Exposure Risk

The Bank has established specific country exposure limits which is capped at 1.5% of Total Assets. The limit also depends upon rating of individual countries. The Bank uses the mitigant of insurance cover available through the Export Credit and Guarantee Corporation (ECGC), where appropriate.

Liquidity Risk

As part of the liquidity management and contingency planning, the Bank assesses potential trends, demands, events and uncertainties that could result in adverse liquidity conditions. The Bank's Asset Liability Management (ALM) policy defines the gap limits for the structural liquidity and the liquidity profile is analysed on both static and dynamic basis by tracking cash inflow and outflow in the maturity ladder based on the expected occurrence of cash flow. The Bank undertakes behavioural analysis of the non-maturity products, namely CASA, Cash Credit and Overdraft accounts on a periodic basis to ascertain the volatility of balances in these accounts. The renewal pattern and premature withdrawals of Term Deposits and drawdowns of un-availed credit limits are also captured through behavioural studies. The liquidity profile is estimated on an active basis by considering the growth in Deposits, Advances and investment obligations. The concentration of large deposits is monitored on a periodic basis. Emphasis has been placed on growing Retail deposits and avoid as far as possible bulk deposits. The Bank periodically conducts liquidity stress testing.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or external events. The Bank's operational risk management framework is defined in the Operational Risk Management Policy approved by the Board of Directors. While the policy provides a broad framework, Operational Risk Management Committee (ORCO) oversees the operational risk management in the Bank. The policy specifies the composition, roles and responsibilities of the ORCO. The framework comprises identification, assessment, management and mitigation of risks through advanced tools and analysis.

New products or services introduced are subject to a risk review and sign-off process so that relevant risks are identified and assessed independently from the unit proposing the product. There is a separate Management Committee for Approval of Process (MCAP) constituted to approve and review various processes in the Bank. The said committee consists of experienced bankers and subject matter experts. Internal Audit also reviews the processes that are implemented as part of the audit function.

Reputational Risk

The Bank pays attention to issues that may create a Reputational risk. Events that can negatively impact the Bank's position are handled cautiously ensuring utmost compliance and in line with the values of the Bank.

Implementation of Basel III guidelines

In accordance with RBI guidelines, the Bank has migrated to Basel III capital adequacy disclosures with effect from Q1 FY 2014. The Bank continues to review and improve on its risk management systems and practices to align them with international best practices. The Bank has successfully implemented Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk.

INFORMATION TECHNOLOGY (IT)

The Bank has been making good progress towards "digitisation". The demonetisation initiative has been a major impetus in moving

India rapidly towards a "less cash" economy. Smart phone is steadily becoming ubiquitous and customers want everything on their mobile phone. The Bank is on transformational journey to stay ahead of competition. Last year the Bank launched India's first Aadhaar based ATM and has installed close to 91 Aadhaar based ATMs pan India. The Bank's IT strategy has four pillars – 1) Core Applications – continuously upgrade to support digital transformation, 2) Mobile/ Tab – create customer convenience by optimum use of mobile devices, 3) Payments – offer innovative solutions that are dynamic, secure and fast, 4) Infrastructure – modernize to support business growth in a cost effective and secure manner. In FY 2017, the Bank implemented many new applications/upgrades for example - a) Aadhaar IRIS based tab banking solution for instant verification of KYC, b) DCB Delight (Instakit) instant account opening for Savings Account customers, c) Online Foreign Exchange platform for retail customers, d) Loans on the Go mobility application for providing information on loans e) Automated trade finance inward remittances process through seamless integration of SWIFT and NEFT f) Successful migration to and certification of Information Security Management based on ISO 27001:2013 standard, g) Online Mutual Funds module for ease of buying and redeeming mutual funds. The Bank also participated in a two day event "Digi Dhan Mela" organized by Ministry of Electronics and Information Technology.

OPERATIONS

The Bank's focus is on creating a cost effective scalable Operations unit that can deliver superior customer experience. The Bank intends to achieve optimum centralization of activities to National Processing Center (NPC) Chennai with the idea of creating a centre of excellence. The NPC faced enormous volume pressures during demonetisation period (November and December 2016). In FY 2017, Cheque Truncation System process was in-housed resulting in cost savings and reduction in potential errors. On a pilot basis, the printing of debit cards and PIN was also in-housed at NPC, Chennai.

INTERNAL AUDIT (IA)

IA has a team of professionals, experienced bankers, domain experts and new comers with audit and finance background. The Audit Committee of the Board (ACB) provides direction and monitors the effectiveness of the IA function. IA forms the third line of defence in the overall risk management framework of the Bank. IA is independent and continuously evaluates and tests the internal controls to identify gaps, inadequacies and residual risks. The IA function incorporates RBI guidelines, aims to embrace the best practices from the industry, professional bodies and strives to follow high standards. IA has put in a detailed risk assessment and audit planning process in place. IA approaches each audit with adequate preparation relying on analytics to help identify areas of focus. In FY 2017, IA conducted 216 branch audits, 12 periodic audits, 7 compliance audits, 7 information system audits and 8 snap audits. IA also undertook a special audit after the demonetisation exercise was completed. IA continues to appraise the Board, the ACB and the Management teams in terms of newer emerging control issues and recommend appropriate mitigating measures.

HUMAN RESOURCES

Your Bank has a dynamic and creative HR unit. In FY 2017, the HR unit continued people agenda of developing, caring, engaging and building a culture that supports performance and growth. The Bank's headcount went up from 4,248 in FY 2016 to 4,979 in FY 2017. More than 90% of the new employees were covered by the HR induction program. The HR unit has a special focus on "new generation" employees. This is necessary in order to build a pipeline of supervisors and leaders for the future. In order to improve the quality of supervision and supervisors, an internal survey titled "Speak" was administered in which 96% of the employee strength participated giving feedback on 7 key dimensions of people management. The survey generated 557 supervisor scorecards. As part of the talent development initiative, ACE program was launched especially for staff identified as "Hi-potential" and "Critical". The Bank improved its Great Place to Work score from 73% in FY 2016 to 75% in FY 2017. New program called Wizcom covering four "Cs" of communication was introduced in order to improve the skills of employees. Fun elements were added to Wizcom by introduction of informal "DCB Toasstmasters Club" and "Adarsh" mascot. The Bank already has several signature development programs that have been in existence for more than 5 years namely Budding Branch Manager, ASPIRE, LEAP and RISE. DCB Allympics (staff sports event) which was introduced in FY 2016 became much bigger and more exciting. All major locations in India where the Bank has its offices / branches conducted DCB Allympics in FY 2017. In order to explain the employee benefits in a creative manner a unique concept called DCB Chaupal was organised in many locations providing an opportunity to directly connect with the staff and explain the employment benefits in the Bank.

STAFF PARTICIPATION IN CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank has a unique concept whereby each employee is allowed 2 days paid leave every year for participating in the Bank's CSR thrust areas. Over 300 employees participated in various activities across Bengaluru, Bhopal, Delhi, Hyderabad, Mumbai and Pune. For example the Bank staff organised delivery of water tankers for 25 days to severely drought affected Saarul (population of approximately 2,000) situated in Maharashtra. The village has only one well which had dried up. In Dongri area of Mumbai, the Bank staff joined hands with the local seniors and school children who went door to door to deliver garbage bins while conveying message of cleanliness. The event was attended by local MLA and senior BMC staff. A large contingent of the Bank staff visited Sanjay Gandhi National Park in Mumbai to learn about waste segregation and manure creation process. In Bengaluru, the Bank staff volunteered in de-weeding of Putenahalli lake. The Bank helped the Border Security Force at Wagah Border in providing visitor friendly facilities such as wheel chairs and garbage bins.

CUSTOMER SERVICE

Ensuring customer delight in every interaction remains the Bank's core desire for growth and success. Customer complaints and satisfaction levels are monitored by the MD & CEO and Senior Management team. An independent Service Excellence team analyses

customer complaints, identifies the root cause, makes suggestions for process improvements and follows up with the respective units for rectification. The Bank has a "Centralised Complaint Management" system to ensure that customer queries and complaints are not missed out. Customer queries and complaints are followed up to ensure timely resolution and quality standards are imposed on the Bank's staff. The Bank continues to make steady progress on the concept of Power of Three - Empathy, Speed and Quality (ESQ) initiative launched 5 years ago. During demonetisation most of the branches dealt with huge walk-ins (existing and new customers). The Bank staff "lived ESQ" under volume pressure and many positive comments were received on Facebook, Twitter and media for the services rendered during demonetisation. The Bank is continuously working on the six pillars of Service Excellence – Voice of Customer, Service Recovery, Attrition Calling, Process Simplification, Service Culture and Measures & Metrics. The Service Excellence team regularly conducts customer complaint meetings, review of progress on six pillars with key stakeholders, weekly calls with frontline staff to obtain feedback, make surprise visits to branches, conduct customer meetings, focus groups with branch staff and mystery shopping to understand frontline service culture and competence. The progress on Service Excellence is regularly monitored by the Customer Service Committee (CSC) of the Board. In FY 2017, 105 individuals and 2 teams were recognised through ESQuire (in-house newsletter to celebrate ESQ). A special edition of ESQuire was issued to recognise 21 branches, 20 individuals and 2 teams for the hard work done during demonetisation period.

Non-Branch Channels

Your Bank provides customers the choice of accessing DCB 24 hour Customer Care Phone Banking, ATMs, Internet and Mobile Banking for completing their banking needs. The Bank strives to provide best-in-class technology and service platform and hence introduced the Missed Call Facility which enables customers to complete their basic banking by simply giving a missed call. The Bank's mobile banking platform "DCB on the Go" is periodically upgraded. The Bank provides instant fund transfer facility through Inter Bank Mobile Payment System (IMPS). In FY 2017, DCB Bank was amongst the first banks to offer Unified Payment Interface (UPI) a truly seamless and modern payment option on mobile phone. In FY 2017, the Bank's Customer Care Associates attended to almost 10.87 lakh calls. At DCB Bank's 24 Hour Toll Free Customer Care, customers directly get connected with the Bank officer (Customer Care Associate) without going through the pain of IVR. Thus, customers receive personal care. The Bank offers Phone Banking services in 9 languages of India (Hindi, English, Marathi, Gujarati, Tamil, Telugu, Odiya, Kannada and Punjabi) making it one of the best in the industry.

Marketing / Brand Awareness

Marketing unit works very closely with all the business units. The approach is on creating brand awareness in a cost effective manner across our footprint. Continuous micro marketing activities are conducted in almost every branch location throughout the year. This has helped achieve brand visibility, goodwill and new business. The Bank was the official partner - SunRisers Hyderabad (SRH) in IPL 2016. DCB Bank logo was prominent on the lead arm of the official jersey of all the players throughout the 2 month long tournament. It was wonderful to witness SRH win the IPL 2016 tournament. On the eve of World Environment Day, the Bank was the title sponsor for "Ahmedabad Go Green Marathon 2016". The Bank's signature customer event "Ek Mulaquat Kuch Baatein" was conducted in a few locations. Large number of customers attended and the Bank Chairman, Directors and Senior Management were able to freely exchange ideas in the meetings. As part of encouraging "start-ups", the Bank once again tied up with BITS Pilani and presented "Conquest 2016", a prestigious competition where young new age entrepreneurs compete to show case their products / business. At Ajmer, the Bank sponsored the "Bikers" group of Royal Enfield (North) for propagating the message of safe driving and cleanliness. At Bengaluru, the Bank organised "Captain's Tankard Golf Tournament" at the prestigious Karnataka Golf Association. This event received overwhelming response from the club members. At Chennai, the Bank sponsored "TN Finance Conclave". The theme was "Gearing up for a changing environment". This event was attended by leaders from the finance function from various industries. The Bank was proud to be associated for the second time with the Indian Navy PSO Cup Golf Tournament at Ambience Golf Greens, Gurgaon. This was a unique night golf event graced by the Chief of Naval Staff and senior Navy Officers. The golf event was followed by gala dinner with music and singing by enthusiastic Navy and the Bank staff. An international boxing event at New Delhi called "Night of the Champions" was sponsored by the Bank. The match was live telecast in Star Sports and Hotstar. Your Bank was one of the sponsors for a wonderful event called "Jubilee Games" in Dubai. It was an extravagant show attended by the global community. More than 10,000 spectators and 2,500 athletes participated. Your Bank was also associated with musical events at Bengaluru, Surat, Vejalpur and Jaipur. A high profile seven day night cricket tournament in partnership with Jain Social Foundation was sponsored by the Bank at Jodhpur, Rajasthan.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK.

Not applicable being a banking company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties are in the ordinary course of business and on arm's length basis; and there are no 'material' contracts or arrangement or transactions at arm's length basis and thus disclosure in from AOC-2 is not required.

POLICY ON RELATED PARTY TRANSACTIONS OF THE BANK

The Bank has a policy on Related Party Transaction and the same has been displayed on the Bank's website:
http://www.dcbbank.com/pdfs/Policy_on_Related_Party_Transactions_2017-18.pdf

BUSINESS RESPONSIBILITY REPORT:

In terms of Regulation 34(2)(f) of the SEBI LODR Regulations, the Bank's Business Responsibility Report describing the initiatives taken by the Bank from an environmental, social and governance perspective forms part of this Report and has been hosted on the website of the Bank, www.dcbbank.com.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

A Board level committee for CSR has already been in place as stated in the section on Corporate Governance. The report on CSR is given below:
Report on Corporate Social Responsibility (CSR) Activities during the FY 2016-17:

Sr. No.	Description	Particulars / Details
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Outline: CSR Activities shall mean all the Corporate Social Responsibility activities / programs / initiatives of the company, either ongoing or new, dealing with the activities mentioned in thrust areas. The activities shall conform to those specified in Schedule VII to the Act (as amended from time to time) and as recommended by the CSR Committee and approved by the Board. The Bank's thrust area is also in keeping with the Government of India's Swachh Bharat initiative. Thrust areas or activities ascribed to them are defined in the Policy, as amended by the Board, from time to time. Projects/ Programmes to be undertaken: CSR Thrust Areas for DCB Bank Thrust areas shall mean and include any one or more of the following CSR activities: a) Conservation of water / water storage / water usage / protecting water bodies b) Waste Management c) Recycling Project/s supported: The availability of water and the stress on the water resources across cities and villages is acute as well as alarming. Sustainable methods for preservation of water bodies and resources is a dire need not only for the current generation but for all times to come. The Water situation is a grave one despite the availability of technical knowhow on rain water harvesting, water recharging structures which can give small and marginal farmers a better quality of life and livelihood. DCB Bank's CSR Projects are at Kishangarh and Udaipur in Rajasthan; at Nuh in Haryana, in Amritsar district in Punjab, and Ratnagiri in Maharashtra. Additionally employee volunteer projects were completed in across locations such as Bhopal, Delhi, Chennai, Gurgaon/ Sohna, Hyderabad & Pune. Adherence to the Bank's CSR main thrust area of Water, the FY 2016-17 projects are: a. Conservation of forests in the western ghats to enable rejuvenation of rivers, streams and natural water springs. Conservation of top soil through forestry. b. Ground water resources development in semi-arid villages. c. Rainwater harvesting structures in village schools as well as colleges. Creation of self sustaining water conservation structures for village schools in areas with prevalence of brackish water. Website link for DCB Bank CSR policy: http://www.dcbbank.com/pdfs/DCB-Bank-CSR-Policy.pdf
2.	The Composition of the CSR Committee.	The members of the CSR Committee are Mr. Nasser Munjee (Chairman), Mr. Keki Elavia, Mr. S. Sridhar, Ms. Rupa Devi Singh and MD & CEO Mr. Murali M. Natrajan. Majority of the members are Independent Directors.
3.	Average net profit of the company for last three financial years (after adjusting for brought forward accumulated losses)	` 143.33 crore
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	` 2.87 crore
5.	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year; b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed on the following page	 ` 0.98 crore ` 1.89 crore -See the table on the following page-

Manner in which the amount spent during the financial year 2016-17

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the Projects or programs Sub-heads: (l)Direct expenditure on projects or programs. (2) Overheads:	Cumulative expend-iture up to the reporting period	Amount spent Direct or through implementing agency *
1	Provision of water storage facility for farming, community use and recharge ground water and underground reservoirs	Water resource management & sustainable livelihood for tribal farmers	(1) Project located in other area. (2) Project site is in the State of Rajasthan, Udaipur District.	` 50,16,311	(1) Direct expenditure ` 43,63,051 (2) Overheads ` 6,53,260	Complete amount disbursed to the project	CSR project amount is spent through implementing agency Concern India Foundation
2	Conservation of forests in the western ghats to enable rejuvenation of rivers, streams and natural water springs. Conservation of top soil through forestry.	Prevention of degradation of pristine tropical forests. To arrest topsoil runoff and prevent loss of freshwater streams, springs and natural habitat	(2) Project is in the State of Maharashtra, Ratnagiri District.	` 10,39,500	(1) Direct expenditure ` 8,14,100 (2) Overheads ` 2,25,400	Complete amount disbursed to the project	CSR project amount is spent through implementing agency Applied Environmental Research Foundation (AERF)
3	Rainwater harvesting structures in village schools.	Creation of self sustaining water conservation structures for village schools in areas with prevalence of brackish water	Project is in the State of Haryana, in Nuh District	` 33,05,620	(1) Direct expenditure ` 32,09,760 (2) Overheads ` 95,860	Complete amount disbursed to the project	CSR project amount spent through implementation agency SM Sehgal Foundation
4	Installation of waterless urinals in water stressed areas to reduce usage of a scarce resource	Installed waterless urinals in areas having severely depleted underground water availability. Reducing sewerage discharge issues	Project is in the State of Punjab, in Amritsar District	` 1,36,806	Direct expenditure ` 1,36,806	Complete amount disbursed to the project	CSR project amount spent through implementation agency Ekam Ecosolutions
5	CSR impact projects with DCB Bank CSR Employee volunteers	Various activities in line with the Bank's CSR thrust areas: Waste management, recycling, protection of water bodies & composting	Projects in Mumbai, Navi Mumbai, Pune, Hyderabad, Delhi, Chennai, Bhopal, Bengaluru & Sohna	` 3,38,345	Expenditure ` 3,38,345	Complete amount disbursed to the projects	Implemented directly as well as with agencies Concern India Foundation, United Way of Mumbai, Putenahalli Lake Trust, Gurgaon Mahila Sewa Samti.
	TOTAL	-	-	` 98,36,582	` 98,36,582	-	-

** Details of implementing agency to be given*

6. Reason for not spending the two per cent of the average net profit of the last three financial years or any part thereof:
The Bank's approach has been measured and nuanced to build the CSR project pipeline. The resources deployed, the amount spent and locations coverd has shown a remarkable increase over the previous Financial Year. The Bank will continue to assess fresh projects and explore new geographies.

7. Responsibility Statement:
The CSR Committee of the Bank hereby states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Bank.

Sd/- (Chief Executive Officer or Managing Director or Director) Sd/- (Chairman- CSR Committee)

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Board shall have minimum 3 and maximum 15 directors, unless otherwise approved. No person of age less than 21 years shall be appointed as a director on the Board. The Bank shall have such person on the Board who complies with the requirements of the Companies Act, 2013, the Banking Regulation Act, 1949, Provisions of the Listing Regulations, the 'Fit & Proper' criteria prescribed by the Reserve Bank of India (RBI), Memorandum of Association and Articles of Association of the Bank and all other statutory provisions and guidelines as may be applicable from time to time. Composition of the Board shall be in compliance with the requirements of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). Majority of the Directors as required under BR Act, shall have specialised knowledge/experience in the areas like Agriculture, Banking, SSI, Legal, Risk Management, Accountancy, Finance etc. Except for the Chairman and the MD & CEO, no other directors are paid remuneration, but are paid only sitting fees. The Chairman and the MD & CEO are paid remuneration as approved by RBI and other applicable authorities, but are not paid sitting fees. MD & CEO, Company Secretary and Chief Financial Officer shall be the Key Managerial Personnel (KMPs) of the Bank. All persons who are Directors / KMPs, members of Senior Management and all other employees shall abide by the Code of Conduct. Independent Directors are not entitled for ESOPs. Directors/KMPs shall not acquire any disqualification and shall be persons of sound integrity and honesty, apart from knowledge, experience etc. in their respective fields.

PARTICULARS OF EMPLOYEES

The Bank had 4979 employees as on March 31, 2017. 7 employees employed throughout the year were in receipt of remuneration of more than ` 1.02 Crore per annum. The details of such employees in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended separately (Annexure-I) and form part of this Report. The Report and Accounts are being sent to the shareholders excluding these particulars and any shareholder interested in obtaining the said details may write to the Company Secretary at the Registered Office of the Bank.

EMPLOYEE STOCK OPTIONS

The information pertaining to the Employee Stock Options is given in ANNEXURE-II to this Report.

PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES:

a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year ended March 31, 2017 and such other details as prescribed are as given below:

Name	Ratio
Mr. Nasser Munjee (Chairman)	5 : 1
Mr. Murali M Natrajan (Managing Director & CEO)	148 : 1

b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Mr. Nasser Munjee – (Chairman):	0 %
Mr. Murali M Natrajan – (Managing Director & CEO):	8 %
Mr. Bharat Laxmidas Sampat – (Chief Financial Officer):	7 %
Mr. Hemant Vinayak Barve – (Company Secretary):	10 %

c) The percentage increase in the median remuneration of employees in the financial year : 7 %

d) The number of permanent employees on the rolls of Bank: 4928

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year ended March 31, 2017 and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration: Average increase in remuneration is 11 % for Employees other than Managerial Personnel & 9 % for Managerial Personnel (KMP and Senior Management). There are no exceptional circumstances for increase in the managerial remuneration.

f) If remuneration is as per the remuneration policy of the Bank: Yes

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(3)(m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Bank. However, as mentioned in earlier part of the Report, the Bank has been continuously and extensively using technology in its operations. Foreign Exchange earnings and outgo are part of the normal banking business of the Bank.

ESTABLISHMENT OF VIGIL MECHANISM

The Bank has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been in vogue for the last several years. The policy was last reviewed in FY2015-16.This Policy inter alia provides a direct access to a Whistle Blower to the Chairman of ACB on his dedicated email-ID cacb@dcbbank.com. The Whistler Blower Policy covering all employees and directors is hosted on the Bank's website at "http://www.dcbbank.com/cms/showpage/page/whistle-blower-policy".

None of the Bank's personnel have been denied access to the Audit Committee

THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Bank has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134 (5) (e) IFC of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Bank has sound IFC commensurate with the nature and size of its business operations wherein controls are in place and operating effectively and no material weaknesses exist. The Bank has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Bank's operation.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Bank, the work performed by the internal, statutory and secretarial auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee of the Board, the Board is of the opinion that the Bank's internal financial controls were adequate and effective during the year ended March 31, 2017. Accordingly, pursuant to Section 134 (5) of the Companies Act, 2013, based on the above and the representation received from the Operating Management, the Board of Directors, to the best of their knowledge and ability confirms that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departure there from;

(ii) they have , in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2017 and of the profit of the Bank for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively during the year ended March 31, 2017; and

(vi) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2017.

EXTRACT OF THE ANNUAL RETURN

An extract of the Annual Return as of March 31, 2017 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 and forming part of the report is attached separately as ANNEXURE-III to this report..

CORPORATE GOVERNANCE

The Bank has been continuously observing the best corporate governance practices and benchmarks itself against each such practice. A separate section on Corporate Governance and a Certificate from the Statutory Auditors M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No. 117365W) regarding compliance of the conditions of Corporate Governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

DIRECTORS

During FY 2017, Mr. Suhail Nathani, an Independent Director of the Bank, has ceased to be a Director of the Bank on January 28, 2017 after completing the term of eight consecutive years [the maximum permissible] as per the provisions of the Banking Regulation Act, 1949. The Board of Directors places on record its deep sense of appreciation of the valuable contributions made by Mr. Suhail Nathani during his association of 8 years as an Independent Director of the Bank.

A brief resume relating to Mr. Manekia who is to be re-appointed as Director is furnished in the notice of the 22nd AGM as well as in the report on Corporate Governance. Based on the Disclosures provided by him, Mr. Manekia is not disqualified from being appointed as a Director as specified in terms of Section 164 of the Companies Act, 2013.

None of the Directors of the Bank is related to each other per se.

A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS;

1. The Chairman of the Nomination and Remuneration Committee of the Board sent draft parameterized feedback forms for evaluation of the Board, the Independent Directors and the Chairman.
2. Independent Directors at a meeting without anyone from the non-independent directors and management, considered/evaluated the Board's performance, performance of the Chairman and other non-independent Directors.
3. The Board subsequently evaluated performance of the Board, the Committees and Independent as well as Non-Independent Directors (without participation of the relevant director)

The members of the Board and committees evaluated the respective entity. Every individual Director evaluated every other Director. The results were collated and the Chairman informed that the performance of the Board as a whole and its Committees was satisfactory.

The Chairman also commented that individual performance of the Directors was also satisfactory.

THE DETAILS OF FAMILIARISATION PROGRAMME ARRANGED FOR INDEPENDENT DIRECTORS HAVE BEEN DISCLOSED ON WEBSITE OF THE BANK AND ARE AVAILABLE AT THE FOLLOWING LINK:

http://www.dcbbank.com/pdfs/Familarisation_Programme_for_Independent_Directors.pdf

STATUTORY AUDITORS

M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No. 117365W) were appointed as Statutory Auditors at the last Annual General Meeting. They are eligible for re-appointment for the FY 2017-18. Section 139 of the Companies Act, 2013 and the Rules made there under provide that a company can appoint a firm as auditor for maximum two terms of five consecutive years. In other words, company can make appointment of auditor for five years at a time. However the Bank is also governed by the provisions of Banking Regulation Act, 1949 and the circulars/notification/guidelines issued by Reserve Bank of India (RBI) from time to time. As per the extant provisions, RBI gives permission for appointment of auditor on year to year basis. Further as per RBI's directive, it is mandatory to rotate the Auditor after completion of four years. M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No. 117365W) has already completed term of one year. Taking this into consideration, ratification of the appointment of the auditors has been recommended for financial year 2017-18.,which is also subject to prior approval of RBI. The Reserve Bank of India has been approached for their re-appointment. Your Board recommends ratification of their appointment as Statutory Auditors at the ensuing Annual General Meeting, subject to RBI approval.

SECRETARIAL AUDIT REPORT

Pursuant to the requirements of the Companies Act, 2013, the Bank has appointed M/s Ananthasubramanian & Co., Practicing Company Secretaries (COP 1774) as the Secretarial Auditor for FY 2017 and their report of April 7, 2017 is attached separately to this report.

ACKNOWLEDGEMENTS

Your Board wishes to thank the principal shareholder and promoters, the Aga Khan Fund for Economic Development S.A. (AKFED), and all the other shareholders for the confidence and trust they have reposed in the Bank. Your Board also acknowledges with appreciation the Reserve Bank of India (RBI) for its valuable guidance and support to the Bank. Your Board similarly expresses gratitude for the assistance and co-operation extended by SEBI, BSE, NSE, NSDL, CDSL,NPCIL, Central Government and the Governments of various States, Union Territories and the National Capital Region of Delhi where the Bank has its branches.

Your Board acknowledges with appreciation, the invaluable support provided by the Bank's auditors, lawyers, business partners and investors. Your Board is also thankful for the continued co-operation of various financial institutions and correspondents in India and abroad.

Your Board wishes to sincerely thank all its customers for their patronage. Your Board records with sincere appreciation the valuable contribution made by employees at all levels and looks forward to their continued commitment to achieve further growth and take up more challenges that the Bank has set for the future.

On behalf of the Board of Directors

Place: New Delhi
April 14, 2017

Nasser Munjee
Chairman

Annexure-II to Directors' Report

[Details of the Employee Stock Option Scheme (ESOS) as of March 31, 2017 pursuant to the requirements under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

- The Bank has only one ESOS viz. DCB Bank Ltd. –Employee Stock Option Plan consisting of Sub- Plan I (MANCO) and Sub-Plan II (Non-MANCO).
- During the year under review, the Bank has not changed any term of the ESOS.
- The ESOS is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The following details, have been disclosed on the Bank's website at http://www.dcbbank.com/cms/showpage/page/disclosures

a. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

b. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Details related to ESOS:

(i) The Bank had in existence only one ESOS during the year viz. DCB Bank Ltd. –Employee Stock Option Plan consisting of Sub- Plan I (MANCO) and Sub-Plan II (Non-MANCO). The general terms and conditions of the same are as given below:

Description	**Sub- Plans I (MANCO)**	**Sub-Plan II (Non-MANCO)**
(a) Date of shareholders' approval	December 15, 2006	December 15, 2006
(b) Total number of options approved under ESOS	4% of the Issued Capital of the Bank on an ongoing basis.	3% of the Issued Capital of the Bank on an ongoing basis.
(c) Vesting requirements	30%, 30%, 20% and 20% at end of 2nd, 3rd, 4th and 5th year respectively from the date of grant subject to the conditions of vesting for death, permanent disability or retirement of an employee.	30%, 30%, 20% and 20% at end of 2nd, 3rd, 4th and 5th year respectively from the date of grant subject to the conditions of vesting for death, permanent disability or retirement of an employee.
(d) Exercise price or pricing formula	The Exercise price of the Option shall be at a price related to the Market Price as decided by the Board/ Nomination Committee.	The Exercise price of the Option shall be at a price related to the Market Price as decided by the Board/ Nomination Committee.
(e) Maximum term of options granted	Vesting would be within 5 years from the date of grant and shall be exercised within 8 years from the date of vesting subject to conditions of vesting and exercise for death, permanent disability or retirement of an employee.	Vesting would be within 5 years from the date of grant and shall be exercised within 8 years from the date of vesting subject to conditions of vesting and exercise for death, permanent disability or retirement of an employee
(f) Source of shares (primary, secondary or combination)	Primary	Primary
(g) Variation in terms of options	No variation in terms of option during the year 2016-17	No variation in terms of option during the year 2016-17

(ii) Method used to account for ESOS - Intrinsic value.

(iii) Where the Bank opts for expensing of the options using the intrinsic value of the options:

The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options The impact of this difference on profits and on EPS of the Bank	Had the Bank followed fair value method for accounting the stock options, compensation expense would have been higher by ` 4.49 crore. Consequently profit after tax would have been lower by that extent. The basic EPS of the Bank would have been ` 6.85 per share and the Diluted EPS would have been ` 6.72 per share.

(iv) Option movement during the year :

Particulars	Details
Number of options outstanding at the beginning of the period	8,717,825
Number of options granted during the year	2,982,000
Number of options forfeited / lapsed during the year	392,550
Number of options vested during the year	964,950
Number of options exercised during the year	928,280
Number of shares arising as a result of exercise of options	928,280
Money realized by exercise of options (INR){ if scheme is implemented directly by the Bank)	40,082,088.00
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	10,378,995
Number of options exercisable at the end of the year	5,353,695

(v) The Weighted-average exercise price of the Options granted during the year is ` 83.45 and the weighted-average fair value is ` 30.96

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:

a) senior managerial personnel	Name	Designation	Options granted during the year	Exercise Price (Rs.) per option
	Mr. R Venkattesh	President	80,000	83.45
	Mr. Praveen Kutty	President	80,000	83.45
	Mr. Bharat Sampat	President	80,000	83.45
	Mr. Abhijit Bose	EVP	80,000	83.45
	Mr. Jayaramn Vishwanath	EVP	80,000	83.45
b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None			
c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.	None			

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a) the weighted-average value of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	(i) weighted-average value of share price- ` 83.45 (ii) weighted-average exercise price- ` 83.45 (iii) expected volatility- 53 % (iv) expected option life- 6 years (v) expected dividends- 5.00 % (vi) risk-free interest rate- 7.60 %
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	The method recognizes that employees' exercise behavior is correlated with the price of the underlying share. Pricing model assumes that option holder voluntarily exercises early if the stock price is greater than the exercise price. To incorporate the effects of expected early exercise, assumptions also include employee exit rate pre-vesting and employee exit rate post-vesting.
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Expected volatility was determined based on historical volatility data; historical volatility includes data since listing.
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	As aforesaid, various features were incorporated into the measurement of fair value.

Disclosures in respect of grants made in three years prior to IPO under the ESOS: All the Options granted in the three years prior to the IPO have either been exercised or have lapsed.

Annexure -III

EXTRACT OF ANNUAL RETURN (In Form MGT.9) as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L99999MH1995PLC089008
ii) Registration Date	May 31, 1995
iii) Name of the Company	DCB Bank Limited
iv) Category / Sub-Category of the Company	Public Company
v) Address of the Registered office and contact details	601 & 602, Peninsula Business Park, 6th floor,, Tower A, Senapati Bapat Marg, Lower Parel, Mumbai - 400013. Maharashtra, INDIA Tel.: 022-66187000 Fax: 022-66589970; E-mail: investorgrievance@dcbbank.com; website: www.dcbbank.com
vi) Whether listed company Yes/ No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt.Ltd. CIN:U67190MH1999PTC118368 C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083 Tel No: +91 22 49186000 (Board Line) 49186270 (Investor Helpdesk) Fax: +91 22 49186060 E-mail:mumbai@linkintime.co.in; Website:www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	BANKING	65191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
Not Applicable					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2017

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	24,50,182	0	24,50,182	0.86	24,50,182	0	24,50,182	0.86	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	24,50,182	0	24,50,182	0.86	24,50,182	0	24,50,182	0.86	0.00
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	4,37,50,052		4,37,50,052	15.38	4,37,50,052		4,37,50,052	15.33	(0.05)
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	4,37,50,052		4,37,50,052	15.38	4,37,50,052		4,37,50,052	15.33	(0.05)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**4,62,00,234**	**0**	**4,62,00,234**	**16.24**	**4,62,00,234**	**0**	**4,62,00,234**	**16.19**	**(0.05)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4,52,07,403	0	4,52,07,403	15.89	4,26,27,344	0	4,26,27,344	14.94	(0.95)
b) Banks / FI	11,29,751	0	11,29,751	0.40	21,50,321	0	21,50,321	0.75	0.35
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	79,12,355	0	79,12,355	2.78	0	0	0	0.00	(2.78)
f) Insurance Companies	43,87,398	0	43,87,398	1.54	39,10,971	0	39,10,971	1.37	(0.17)
g) FIIs and QFI	2,77,30,561	0	2,77,30,561	9.75	9,83,820	0	9,83,820	0.34	(9.41)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others :	0	0	0	0	0	0	0	0	0.00
a) Foreign Portfolio Investor	1,86,52,011	0	1,86,52,011	6.56	6,62,18,587	0	6,62,18,587	23.20	16.64
b) Trusts	58,602	1,035	59,637	0.02	15,320	1,035	16,355	0.01	(0.01)
Sub-total (B)(1):-	**10,50,78,081**	**1,035**	**10,50,79,116**	**36.94**	**11,59,06,363**	**1,035**	**11,59,07,398**	**40.62**	**3.67**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,44,16,285	2,58,932	2,46,75,217	8.68	2,59,44,034	2,55,172	2,61,99,206	9.18	0.50
ii) Overseas	59,72,484	0	59,72,484	2.10	40,22,484	0	40,22,484	1.41	(0.69)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	5,80,65,398	77,54,301	6,58,19,699	23.14	2,32,64,762	3,42,906	2,36,07,668	8.27	(14.87)
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	2,44,73,536	11,000	2,44,84,536	8.61	5,25,83,704	71,92,053	5,97,75,757	20.95	12.34
c) Others (specify)									
(c-i) Clearing Members	15,47,103	0	15,47,103	0.54	24,36,052	0	24,36,052	0.85	0.31
(c-ii) NRI-Rep	63,52,254	0	63,52,254	2.23	28,04,315	0	28,04,315	0.98	(1.25)
(c-iii) NRI-Non Rep.	21,41,794	1,000	21,42,794	0.75	20,00,053	1,000	20,01,053	0.70	(0.05)
(c-iv) Foreign Nationals	2,450	0	2,450	0.00	0	0	0	0.00	0.00
(c-v) Directors & Relatives	21,09,960	50,226	21,60,186	0.76	23,59,960	50,226	24,10,186	0.84	0.08
Sub-total (B)(2):-	**12,50,81,264**	**80,75,459**	**13,31,56,723**	**46.81**	**11,54,15,364**	**78,41,357**	**12,32,56,721**	**43.19**	**(3.62)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**23,01,59,345**	**80,76,494**	**23,82,35,839**	**83.76**	**23,13,21,727**	**78,42,392**	**23,91,64,119**	**83.81**	**0.05**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	**27,63,59,579**	**80,76,494**	**28,44,36,073**	**100.00**	**27,75,21,961**	**78,42,392**	**28,53,64,353**	**100.00**	**(0.00)**

(ii) Shareholding of Promoters as of March 31, 2017

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	AGA KHAN FUND FOR ECONOMIC DEVELOPMENT S.A.	43,750,052	15.38	0	43,750,052	15.33	0	(0.05)
2.	PLATINUM JUBILEE INVESTMENTS LTD.	2,450,182	0.86	0	2,450,182	0.86	0	0
	Total	**46,200,234**	**16.24**	**0**	**46,200,234**	**16.19**	**0**	**(0.05)**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	46,200,234	16.24	46,200,234	16.24
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	**There is no change in the absolute shareholding of the Promoters during the year.**			
	At the end of the year	46,200,234	16.19	46,200,234	16.19

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	TANO MAURITIUS INDIA FVCI II		13,142,285	4.62	13,142,285	4.62
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	13,142,285	4.61
2	MATTHEWS INDIA FUND		NIL	N.A.	NIL	N.A.
Add	22-07-2016	Market Purchase	1,511,091	0.53	1,511,091	0.53
Add	29-07-2016	Market Purchase	746,090	0.26	2,257,181	0.79
Add	05-08-2016	Market Purchase	454,319	0.16	2,711,500	0.95
Add	19-08-2016	Market Purchase	236,731	0.09	2,948,231	1.04
Add	26-08-2016	Market Purchase	51,717	0.01	2,999,948	1.05
Add	02-09-2016	Market Purchase	246,918	0.09	3,246,866	1.14
Add	09-09-2016	Market Purchase	1,012,370	0.36	4,259,236	1.50
Add	30-09-2016	Market Purchase	908,571	0.31	5,167,807	1.81
Add	07-10-2016	Market Purchase	769,941	0.28	5,937,748	2.09
Add	14-10-2016	Market Purchase	3,402,306	1.19	9,340,054	3.28
Add	21-10-2016	Market Purchase	155,409	0.05	9,495,463	3.33
Add	28-10-2016	Market Purchase	26,543	0.01	9,522,006	3.34
Add	04-11-2016	Market Purchase	518,048	0.19	10,040,054	3.53
Add	11-11-2016	Market Purchase	300,000	0.10	10,340,054	3.63
Add	03-02-2017	Market Purchase	203,045	0.07	10,543,099	3.70
Add	10-02-2017	Market Purchase	1,533,283	0.54	12,076,382	4.24
Add	24-02-2017	Market Purchase	63,464	0.02	12,139,846	4.26
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	12,139,846	4.25
3	DSP BLACKROCK MICRO CAP FUND		6,177,751	2.17	6,177,751	2.17
Add	08-04-2016	Market Purchase	877,977	0.31	7,055,728	2.48
Add	17-06-2016	Market Purchase	389,097	0.14	7,444,825	2.62
Add	30-06-2016	Market Purchase	63,991	0.02	7,508,816	2.64
Add	21-10-2016	Market Purchase	791,491	0.27	8,300,307	2.91
Add	28-10-2016	Market Purchase	801,574	0.29	9,101,881	3.20
Add	11-11-2016	Market Purchase	52,655	0.01	9,154,536	3.21
Add	13-01-2017	Market Purchase	150,000	0.05	9,304,536	3.26
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	9,304,536	3.26
4	PRAZIM TRADING AND INVESTMENT CO. PVT. LTD.		NIL	N.A.	NIL	N.A.
Add	31-12-2016	Market Purchase	1,023,979	0.36	1,023,979	0.36
Add	24-03-2017	Market Purchase	7,912,355	2.77	8,936,334	3.13
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	8,936,334	3.13

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	AMBIT CAPITAL PRIVATE LIMITED		1,190,000	0.42	1,190,000	0.42
Less	08-04-2016	Market Sale	(7,000)	(0.00)	1,183,000	0.42
Less	15-04-2016	Market Sale	(20,000)	(0.01)	1,163,000	0.41
Add	22-04-2016	Market Purchase	65,000	0.02	1,228,000	0.43
Less	29-04-2016	Market Sale	(45,000)	(0.01)	1,183,000	0.42
Add	06-05-2016	Market Purchase	500	0.00	1,183,500	0.42
Add	13-05-2016	Market Purchase	56,631	0.02	1,240,131	0.44
Less	20-05-2016	Market Sale	(52,130)	(0.02)	1,188,001	0.42
Less	03-06-2016	Market Sale	(1)	(0.00)	1,188,000	0.42
Add	10-06-2016	Market Purchase	500	0.00	1,188,500	0.42
Less	17-06-2016	Market Sale	(20,000)	(0.01)	1,168,500	0.41
Add	30-06-2016	Market Purchase	8,725	0.00	1,177,225	0.41
Less	08-07-2016	Market Sale	(7,500)	(0.00)	1,169,725	0.41
Add	15-07-2016	Market Purchase	1,000	0.00	1,170,725	0.41
Less	22-07-2016	Market Sale	(5,000)	(0.00)	1,165,725	0.41
Add	29-07-2016	Market Purchase	150	0.00	1,165,875	0.41
Less	05-08-2016	Market Sale	(132)	(0.00)	1,165,743	0.41
Add	19-08-2016	Market Purchase	2,630	0.00	1,168,373	0.41
Less	26-08-2016	Market Sale	(2630)	(0.00)	1,165,743	0.41
Less	02-09-2016	Market Sale	(5,000)	(0.00)	1,160,743	0.41
Add	16-09-2016	Market Purchase	1,258	0.00	1,162,001	0.41
Add	23-09-2016	Market Purchase	1,242	0.00	1,163,243	0.41
Add	30-09-2016	Market Purchase	958	0.00	1,164,201	0.41
Less	28-10-2016	Market Sale	(3,960)	(0.00)	1,160,241	0.41
Add	11-11-2016	Market Purchase	102,104	0.03	1,262,345	0.44
Less	18-11-2016	Market Sale	(102,105)	(0.03)	1,160,240	0.41
Less	25-11-2016	Market Sale	(8)	(0.00)	1,160,232	0.41
Add	02-12-2016	Market Purchase	1,000	0.00	1,161,232	0.41
Add	09-12-2016	Market Purchase	1,399	0.00	1,162,631	0.41
Less	16-12-2016	Market Sale	(1,400)	(0.00)	1,161,231	0.41
Less	23-12-2016	Market Sale	(1,000)	(0.00)	1,160,231	0.41
Less	31-12-2016	Market Sale	(2,225)	(0.00)	1,158,006	0.41
Add	13-01-2017	Market Purchase	7,000	0.00	1,165,006	0.41
Less	20-01-2017	Market Sale	(7,006)	(0.00)	1,158,000	0.41
Add	17-02-2017	Market Purchase	50	0.00	1,158,050	0.41
Less	24-02-2017	Market Sale	(50)	(0.00)	1,158,000	0.41
Add	03-03-2017	Market Purchase	10,000	0.00	1,168,000	0.41
Less	10-03-2017	Market Sale	(7,575)	(0.00)	1,160,425	0.41
Less	17-03-2017	Market Sale	(102,425)	(0.04)	1,058,000	0.37
Add	24-03-2017	Market Purchase	4,168,000	1.46	5,226,000	1.83
Add	31-03-2017	Market Purchase	243	0.00	5,226,243	1.83
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	5,226,243	1.83

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP		5,099,779	1.79	5,099,779	1.79
Less	22-07-2016	Market Sale	(435,000)	(0.15)	4,664,779	1.64
Less	29-07-2016	Market Sale	(4,779)	(0.00)	4,660,000	1.64
Less	09-09-2016	Market Sale	(25,000)	(0.01)	4,635,000	1.63
Less	16-09-2016	Market Sale	(140,308)	(0.05)	4,494,692	1.58
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	4,494,692	1.58
7	STEINBERG INDIA EMERGING OPPORTUNITIES FUND LIMITED		4,800,000	1.69	4,800,000	1.69
Less	05-08-2016	Market Sale	(235,127)	(0.09)	4,564,873	1.60
Less	19-08-2016	Market Sale	(114,873)	(0.04)	4,450,000	1.56
Less	10-03-2017	Market Sale	(150,000)	(0.05)	4,300,000	1.51
Less	17-03-2017	Market Sale	(150,000)	(0.05)	4,150,000	1.46
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	4,150,000	1.45
8	WCP HOLDINGS III		5,972,484	2.10	5,972,484	2.10
Less	20-01-2017	Market Sale	(490,000)	(0.18)	5,482,484	1.92
Less	27-01-2017	Market Sale	(460,000)	(0.16)	5,022,484	1.76
Less	10-03-2017	Market Sale	(1,000,000)	(0.35)	4,022,484	1.41
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	4,022,484	1.41
9	TATA BALANCED FUND		4,000,000	1.41	4,000,000	1.41
Less	17-02-2017	Market Sale	(300,000)	(0.11)	3,700,000	1.30
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	3,700,000	1.30
10	MORGAN STANLEY INVESTMENT MANAGEMENT, INC A/C MORGAN STANLEY INDIA INVESTMENT FUND, INC.		NIL	N.A.	NIL	N.A.
Add	22-07-2016	Market Purchase	581,564	0.20	581,564	0.20
Add	29-07-2016	Market Purchase	2,139,151	0.76	2,720,715	0.96
Add	11-11-2016	Market Purchase	654,898	0.23	3,375,613	1.19
Add	02-12-2016	Market Purchase	132,243	0.04	3,507,856	1.23
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	3,507,856	1.23

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel		Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	AMIN HASANALI MANEKIA		17,303	0.01	17,303	0.01
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	17,303	0.01
2	IMRAN SHAUKAT CONTRACTOR		4,575	0.00	4,575	0.00
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	4,575	0.00
3	NASSER MUNJEE		4,401	0.00	4,401	0.00
	At the End of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	4,401	0.00
4	JAMAL JUSABALI PRADHAN		4,718	0.00	4,718	0.00
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	4,718	0.00
5	MURALI M. NATRAJAN		1,700,000	0.60	1,700,000	0.60
Add	02.04.2016	Esop Allotment	100,000	0.03	1,800,000	0.63
Add	24.11.2016	Esop Allotment	150,000	0.05	1,950,000	0.68
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	1,950,000	0.68
6	BHARAT LAXMIDAS SAMPAT		83,000	0.03	83,000	0.03
Less	22-07-2016	Market Sale	(53,000)	(0.02)	30,000	0.01
Less	18-10-2016	Market Sale	(30,000)	(0.01)	NIL	N.A.
Add	24.11.2016	Esop Allotment	30,000	0.01	30,000	0.01
Less	02-12-2016	Market Sale	(30,000)	(0.01)	NIL	N.A.
Add	20.02.2017	Esop Allotment	52,000	0.02	52,000	0.02
Less	23-02-2017	Market Sale	(52,000)	(0.02)	NIL	N.A.
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	NIL	N.A.
7	HEMANT VINAYAK BARVE		42,000	0.01	42,000	0.01
Less	17-08-2016	Market Sale	(12,000)	(0.00)	30,000	0.01
Less	24-02-2017	Market Sale	(5,000)	(0.00)	25,000	0.01
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2017)		N.A.	N.A.	25,000	0.01

V. INDEBTEDNESS

Since deposits accepted and borrowings taken are in the ordinary course of banking business, the disclosure is not applicable to the Bank.

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

Sr. No.	Particulars of Remuneration	Name of MD & CEO Mr. Murali M. Natrajan	Total Amount
1.	Gross salary	(`)	(`)
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	54,303,049	54,303,049
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1,630,054	1,630,054
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Options	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify…	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	* 55,933,103	*55,933,103
	Ceiling as per the Act	DCB Bank being a Banking Company is regulated by RBI and the relevant provisions of the Companies Act, 2013 are not applicable.	

* The above figures include bonus of ` 1,15,00,000/- paid for financial year 2015-16 and employers contribution towards Provident fund but excludes perquisite value of ESOPs exercised during the financial year 2016-17.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount (`)
1.	Independent Directors		
	• Fee for attending Board / Committee meetings	Mr. Altaf Jiwani	490,000
		Mr. Imran Contractor	1,310,000
		Mr. Jamal Pradhan	300,000
		Mr. Keki Elavia	650,000
		Mr. Nalin Shah	740,000
		Mr. C. Narasimhan	1,170,000
		Ms. Rupa Devi Singh	1,090,000
		Mr. S. Sridhar	1,250,000
		Mr. Suhail Nathani (upto January 28, 2017)	140,000
	Non-Independent Directors		
	• Fee for attending Board / Committee meetings	Mr. Amin Manekia	830,000
		Mr. Shaffiq Dharamshi	NIL
	• Commission		NIL
	• Others, please specify		NIL
	Total (1)		7,970,000
2.	Other Non-Executive Directors		
	• Fee for attending board / committee meetings		NIL
	• Commission		NIL
	• Others, please specify	Honorarium paid to Mr. Nasser Munjee - Non-executive Part time Chairman	1,800,000
	Total (2)		1,800,000
	Total (B)=(1+2)		9,770,000
	Total Managerial Remuneration	A + B	65,703,103
	Overall Ceiling as per the Act	DCB Bank being a banking company is regulated by RBI and as such relevant provisions of the Companies Act, 2013 are not applicable	

There are no Whole time Directors or Manager in the Bank.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary	(`)	(`)	(`)
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,017,214	19,192,528	25,209,742
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	NIL	39,600
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option (Nos.)	NIL	80,000	80,000
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total	* 6,056,814	* 19,192,528	* 25,249,342

* The above figures includes bonus paid for financial year 2015-16 and employers contribution towards Provident fund but excludes perquisite value of ESOPs exercised during the financial year 2016-17.

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

CORPORATE GOVERNANCE

Report on Corporate Governance pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and forming Part of the Directors' Report for the year ended March 31, 2017.

The Bank has complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank on an ongoing basis continues to believe strongly in adopting and adhering to the best corporate governance practices and benchmarking itself against the industry's best practices. It is the Bank's ongoing endeavour to achieve the highest levels of governance as a part of its responsibility towards the shareholders and other stakeholders. Transparency and integrity continue to be the cornerstones for good governance, and the Bank is strongly committed to these principles for enhancing the stakeholders' value.

BOARD OF DIRECTORS

The Bank, as on date of this Report, has a non-executive part-time Chairman, a Managing Director & Chief Executive Officer (MD & CEO), and ten (10) other directors on its Board. Except for the Chairman Mr. Nasser Munjee, Directors Mr.Amin Manekia, Mr. Shaffiq Dharamshi and the MD & CEO Mr. Murali M. Natrajan, who are 'Non-Independent' Directors, all the other 8 Directors are 'Independent'. As against the requirement of the Listing Regulations, for the number of Independent Directors to be more than 1/3rd of the total number of Directors, your Board has approx. 66.67 % of its directors in the 'Independent' category which also includes a 'Woman Director'. The day-to-day management of the Bank is entrusted to the senior managerial personnel under the leadership of the MD & CEO who operates under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the management periodically for enhancing the stakeholders' value.

All the Directors of the Bank and their relatives together hold total 2,410,186 equity shares of the Bank (0.84 % of Capital) i.e. less than 2% of the Equity Share Capital of the Bank as on March 31, 2017.

COMPOSITION OF THE BOARD OF DIRECTORS

Mr. Nasser Munjee has been a non-executive director since June 2005 and the Bank's non-executive Chairman since August 2005. He is also the Chairman of the Executive Committee, the Capital Raising Committee and the Corporate Social Responsibility Committee of the Board. Mr. Munjee began his career in 1977 as one of the first employees of HDFC, India's first housing finance company, where for over two decades, he rose to be an executive director on its board with wide responsibilities. Then in 1997, upon the request of the Finance Minister of India to set up an infrastructure finance company, Mr. Munjee was instrumental in establishing Infrastructure Development Finance Company Limited ("IDFC"). Mr. Munjee is presently a director on the boards of other 9 public companies in India, including Tata Motors, Tata Chemicals, Britannia Industries, Cummins India, ABB India Limited and Ambuja Cements Limited and Chairman of Tata Motor Finance Limited. He is also the Chairman of one of the Aga Khan Development Network (AKDN) institutions in India – the Aga Khan Rural Support Programme (AKRSP). He has served as the President of the Bombay Chamber of Commerce and Industry and on several government task forces on housing and urban development. Mr. Munjee has a Masters degree from the London School of Economics, UK and was earlier educated at the Leys School in Cambridge.

Mr. Munjee holds 4,401 equity shares in the Bank as on March 31, 2017.

Mr. Shaffiq Dharamshi has been a non-executive director of the Bank since 13th January, 2015. He is a professional banker with over twenty two years of senior management experience in the Middle East and Africa. He is Head of Banking for Aga Khan Fund for Economic Development (AKFED), and responsible for providing oversight on operations of financial institutions in the AKFED portfolio across Asia and Africa. Prior to taking this position, Mr. Dharamshi was Senior Vice President, Wholesale Credit Risk Management at Mashreq Bank in Dubai. Before joining Mashreq Bank, Mr. Dharamshi spent 17 years with Citibank in a wide range of positions across different areas of the bank in Africa and the Middle East. His last position with Citibank was Country Risk Head for Kuwait and Levant. Mr. Dharamshi holds a BSc. in Economics from Trent University, Ontario Canada and a MSc. in Economics/Information Systems from the London School of Economics. Mr. Dharamshi also serves on the Boards of Diamond Trust Bank Limited, Tanzania, Diamond Trust Bank Limited, Uganda, Diamond Trust Bank Limited, Kenya, Kyrgyz Investment and Credit Bank, Kyrgyzstan, First Microfinance Bank, Tajikistan and Habib Bank Limited, Pakistan.

Mr. Dharamshi does not hold any equity shares in the Bank as on March 31, 2017.

Mr. Altaf Jiwani has been a non-executive, independent director of the Bank since January 2012. He has approximately 26 years of experience in corporate finance in the automobile, electrical and textile industries and expertise in foreign exchange risk management and trade finance. He has been recipient of the "Outstanding Achiever" award in the RPSG Group. Mr. Jiwani obtained B.E. (Production) degree from V.J.T.I, Mumbai, and M.M.S. (Finance) degree from Welingkar Institute of Management, Mumbai. He is presently CFO of Welspun India Ltd which is a global leader in home textiles. He is Director on the boards of Welspun Flooring Limited, Welspun Zucchi Textiles Limited, TILT Textiles Inc., Aga Khan Health Services India and Prince Aly Khan Hospital. He is also a Trustee of Welspun Foundation for Health & Knowledge.

Mr. Jiwani does not hold any equity shares in the Bank as on March 31, 2017.

Mr. Amin Manekia has been a non-executive director of the Bank since January 12, 2012. He has over 33 years of experience in the fields of marketing, finance, health, co-operation and banking. He has worked for more than 26 years in various capacities in different institutions of the Aga Khan Development Network and on the Boards of various listed financial institutions, local and global, for over a decade. Mr. Manekia is also the Chairman of Prince Aly Khan Hospital in South Mumbai and Platinum Jubilee Investments Limited. He has obtained his M.B.A. degree from Babson College in United States of America, and a B.Com. degree from University of Mumbai.

Mr. Manekia holds 17,303 equity shares in the Bank as on March 31, 2017

Mr. Imran Contractor has been a non-executive independent director of the Bank since October 2012. He is B.Com and a qualified Chartered Accountant (placed in the merit lists) and a Cost Accountant. He also holds a Certificate in Software Technology from the National Centre for Software Technology. Currently, Mr. Contractor manages his own investments. His previous experience of 17 years include association with W. I. Carr (Far East) Limited and Stratcap Securities India Private Limited as head of research, advisor to several corporate managements and high net worth individuals on investment strategy and a consultant with Reliance Mutual Fund.

Mr. Contractor holds 4,575 equity shares in the Bank as on March 31, 2017.

Mr. Keki Elavia has been a non-executive independent director of the Bank since October 2012. He is a B.Com and a Fellow Member of the Institute of Chartered Accountants of India. He has more than 40 years of experience as a Chartered Accountant. He was associated with M/s. Kalyaniwala & Mistry, a Chartered Accountancy firm for a period of 41 years and was a partner thereof for 35 years. Presently, he is the sole proprietor of a Chartered Accountancy firm. He is on the boards of several listed and unlisted companies. He is also on the Board of Trustees of various public charitable trusts.

Mr. Elavia does not hold any equity shares in the Bank as on March 31, 2017.

Mr. C. Narasimhan has been a non-executive independent director of the Bank since October 2012. He was previously with the State Bank of India (SBI). He has over 39 years of rich banking experience in corporate treasury, corporate strategy, private equity, new business conceptualization and roll out, investments (stocks, mutual funds and fixed income securities), credit appraisal and administration, branch management, forex operations, IT operations and client relationship management. He has been involved in the conceptualization and implementation of several new businesses, including general insurance, debit cards, merchant acquiring, custodial services, mobile banking, payment systems group, private equity and venture capital funds of the SBI Group. He has obtained B.Sc degree from University of Kerala and MBA from University of Madras.

Mr. Narasimhan does not hold any equity shares in the Bank as on March 31, 2017.

Mr. Nalin Shah is B.Sc. (Bus. Admin., USA) and a Fellow member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of India and has been a non-executive independent director of the Bank since October 2012. He is a retired partner of M/s. Deloitte Haskins & Sells, Chartered Accountants and M/s. S.B. Billimoria & Co., Chartered Accountants. He is a member of the Expert Advisory Committee of the Institute of Chartered Accountants of India and was a member of its Accounting Standards Board. He was a member of the Company Law Committee of the Bombay Chamber of Commerce & Industry. Mr. Shah is a Gold Medalist at University of San Francisco (1969). He is on the board of several listed companies and was a member of the Governing Council of Banking Codes & Standards Board of India.

Mr. Shah does not hold any equity shares in the Bank as on March 31, 2017.

Mr. S. Sridhar has been a non-executive independent director of the Bank since October 2012. He retired as Chairman and Managing Director of Central Bank of India (CBI), which is amongst India's oldest and largest public sector banks. During his tenure, CBI recorded historic highs in business, profit and profitability, return on assets, asset quality, technology adoption, brand building and human capital development. Mr. Sridhar was also the Chairman and Managing Director of National Housing Bank (NHB), the regulator of housing finance companies. Seminal initiatives launched during his tenure include NHB Residex, India's first official residential property index, central electronic registry of mortgages, reverse mortgage for senior citizens and rural housing fund. Earlier Mr. Sridhar was the Executive Director of EXIM Bank. He started his career with State Bank of India. Mr. Sridhar is M.Sc., CAIIB and a Diploma Holder in Systems Management. He is also a Fellow of the Indian Institute of Banking and Finance and an elected Fellow of the Royal Institute of Chartered Surveyors, London.

Mr. Sridhar does not hold any equity shares in the Bank as on March 31, 2017.

Mr. Jamal Pradhan has been a non-executive independent director of the Bank since January 2013. He is a Commerce Graduate and has specialized in the areas of exports and small scale industry. He is a promoter director of Pradhan Mercantile Private Limited and has experience of over two decades in export and small & medium manufacturing industry.

Mr. Pradhan holds 4,718 equity shares in the Bank as on March 31, 2017.

Ms. Rupa Devi Singh has been a non-executive independent director of the Bank since January, 2015. She was the founder M D & CEO of Power Exchange India Ltd (PXIL), a nation-wide Exchange for

electricity trading, promoted by NSE & NCDEX. She set up PXIL from scratch in 2008 and led it for five years until March 2013.Prior to PXIL she worked as a Director with CRISIL Infrastructure Advisory for 4 years and SBI Capital Markets for 5 years. She began her career in 1978 as a Probationary Officer with State Bank of India (SBI); and served SBI for 26 years holding various senior positions across the country. Her repertoire of experience includes 15 years in commercial banking (Retail and Corporate), 5 years in the office of Chairman SBI, 6 years in Investment Banking (SBI Caps), 4 years in Strategic Consulting & Overseas Marketing (with CRISIL) and 5 years as CEO of a Spot Commodity Exchange (PXIL) Ms. Singh is a graduate in science, a post-graduate in law from the University of Delhi and holds CAIIB.

Ms. Singh does not hold any equity shares in the Bank as on March 31, 2017.

Mr. Murali M. Natrajan, FCA, Managing Director & Chief Executive Officer of the Bank since April, 2009 has 33 years global experience in financial services. This includes Branch Banking, Mortgages, Credit Cards, Personal Loans, Wealth Management, SME, MSME, Corporate Banking, Agri, Operations, Technology, Credit Risk, Re-engineering, Finance, Marketing and Product Management. He has had successful international stints in Singapore, Hong Kong, South Korea and Indonesia. Prior to joining the Bank, Mr. Natrajan worked as Global Head of SME Banking, Standard Chartered Bank and was reporting to the CEO Global Consumer Banking. He was managing 27 countries and in collaboration with country teams was, inter alia, responsible for strategy, product creation, franchise development and portfolio quality. From November, 2004 to June, 2008, he was the Head of Consumer Banking (including SME Banking), India & Nepal, Standard Chartered Bank. He was responsible for Strategy, Business, Credit, Finance, Human Resources, Sales, Service, Operations, Distribution, Marketing, Business Analytics and Projects. In Standard Chartered Bank, he was a member of Global Executive Forum.

In 1984, he started his career in India with American Express, Travel Related Services where he worked for five years. He gained experience in Business Planning, Finance and Operations. He was posted in Hong Kong / Singapore from August, 1987 to February, 1989. In October 1989, he joined Citibank consumer division where he spent 14 years in various departments (Operations, Credit, Finance, Product, Marketing and Business). Globally, this was the time when consumer banking was taking shape. As Business Manager of Cards, he launched several innovative products – Times Card, Women's Card, Indian Oil Card, Loan-on-phone and Jet Airways Co-Brand. He was responsible for the turnaround of Credit Cards business.

In the year 2000, Citibank promoted him as Cards Business Director of Hong Kong. Later in July, 2002, he moved to Citibank Indonesia where he managed Cards Business and Consumer Finance. For a brief period in 2002, he worked in South Korea as part of a team looking at inorganic opportunities.

Mr. Murali M. Natrajan holds 1,950,000 equity shares in the Bank as on March 31, 2017.

Composition of Board of Directors as on March 31, 2017

Name of Director	Executive / Non-Executive Director	Independent / Non-Independent Director
Chairman (Part-time)		
Mr. Nasser Munjee	Non-Executive	Non-Independent
Managing Director		
Mr. Murali M. Natrajan	Executive	Non-Independent
Directors		
Mr. Altaf Jiwani	Non-Executive	Independent
Mr. Imran Contractor	Non-Executive	Independent
Mr. Keki Elavia	Non-Executive	Independent
Mr. C. Narasimhan	Non-Executive	Independent
Mr. Nalin Shah	Non-Executive	Independent
Mr. S. Sridhar	Non-Executive	Independent
Mr. Jamal Pradhan	Non-Executive	Independent
Ms. Rupa Devi Singh	Non-Executive	Independent / Woman
Mr. Amin Manekia	Non-Executive	Non-Independent
Mr. Shaffiq Dharamshi	Non-Executive	Non-Independent

BOARD MEETINGS

During the year ended March 31, 2017, Nine (9) Board Meetings were held on April 2, 2016, April 15, 2016, June 1, 2016, July 14, 2016, September 27, 2016, October 14, 2016, January 14, 2017, March 3, 2017 and March 7, 2017. Details of attendance at the Bank's Board Meetings, Directorship, Membership and Chairmanship in other companies for each director of the Bank are as follows:

Name of Director	Attendance at the Bank's Board Meetings	Directorship of other Indian public limited Companies	Directorship of other Companies	Membership of other Companies' Committees	Chairmanship of other Companies' Committees
Mr. Nasser Munjee	6	9	3	1	5
Mr. Murali M. Natrajan	7	0	0	0	0
Mr. Altaf Jiwani	5	2	3	0	0
Mr. Amin Manekia	7	2	3	0	1
Mr. Suhail Nathani (Till January 28, 2017)	4	N.A.	N.A	N.A	N.A
Mr. Imran Contractor	9	0	0	0	0
Mr. Keki Elavia	8	9	3	4	4
Mr. C. Narasimhan	8	0	0	0	0
Mr. Nalin Shah	9	8	1	4	4
Mr. S. Sridhar	8	9	5	2	5
Mr. Jamal Pradhan	6	0	3	0	0
Mr. Shaffiq Dharamshi	3	0	0	0	0
Ms. Rupa Devi Singh	8	0	0	0	0

Disclosure of Chairmanship & Membership includes only two committees viz. Audit Committee and Stakeholders' Relationship Committee.
All Directors then on the Board of the Bank, except Mr. Altaf Jiwani and Mr. Suhail Nathani attended the last Annual General Meeting held on June 1, 2016.

COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS

Various Committees of Directors have been appointed by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. The Board's Committees are as follows:

AUDIT COMMITTEE OF BOARD (ACB)

Mr. Keki Elavia chairs the Audit Committee of Board (ACB) of the Bank. The other members of ACB are Mr. Nalin Shah, Mr. Altaf Jiwani and Mr. Shaffiq Dharamshi. Out of Four (4), Three (3) members are Independent Directors (IDs) except Mr. Shaffiq Dharamshi as against the requirement of 2/3rd IDs under the Companies Act, 2013. Mr. Amin Manekia who was a member of ACB till March 22, 2017, had resigned from the ACB on March 22, 2017 and ceased to be a member of ACB after the closure of business hours on March 22, 2017. The Company Secretary acts as the Secretary to ACB. The terms of reference of ACB are in accordance with Section 177 of the Companies Act, 2013, terms prescribed by the RBI and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (The Listing Regulations), inter-alia, include the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees, and confirm their independence.
3. Approval of payment to statutory auditors for any other services rendered, if authorised by the Board.
4. Review with the management, the quarterly financial statements before submission to the Board for approval and secure the

Certificate from CFO in terms of the requirements under the Listing Regulations.

5. Evaluate internal financial controls and risk management systems
6. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems
7. Any other terms of reference as may be included from time to time in the Listing Regulations.

During the year ACB met on seven (7) occasions.

EXECUTIVE COMMITTEE OF BOARD (ECB)

The Executive Committee of Board (ECB) comprises Mr. Nasser Munjee (Chairman), Mr. Suhail Nathani (upto January 28, 2017), Mr. Imran Contractor and Mr. Altaf Jiwani. ECB, inter-alia, considers matters relating to properties, insurance, business performance and P&L etc. During the year, ECB met on two (2) occasions. Mr. Suhail Nathani ceased to member of the Board and ECB w.e.f. January 28, 2017.

CREDIT COMMITTEE OF BOARD (CCB)

The Credit Committee of Board (CCB) comprises Mr. S. Sridhar (Chairman), Mr. Imran Contractor, Mr. C. Narasimhan and Ms. Rupa Devi Singh. CCB, inter-alia, looks after sanctioning of loans and advances, approving of One Time Settlements (OTS), etc.

During the year CCB met on twenty seven (27) occasions.

RISK MANAGEMENT COMMITTEE OF BOARD (RMC)

Mr. Keki Elavia chairs the Risk Management Committee of Board (RMC). Other members of RMC are Mr. Amin Manekia, Mr. C. Narasimhan, Mr. Nalin Shah and Mr. Murali M. Natrajan. RMC, the apex body of the Bank's risk management architecture, is responsible for aligning various risk policies of the Bank with the risk appetite and risk philosophy articulated by the Board. It approves specific risk policies, including the Credit Policy, Investment Policy, Asset Liability Management Policy, Outsourcing Policy, Operational Risk Management Policy, KYC Standards and Anti-Money Laundering measures, etc. The Terms of Reference of RMC also include Management of the Committees of Executives viz. Operational Risk Management Committee (ORCO), Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), through the review of their minutes and any issues that require the attention of the RMC, and manage effectively the risk profile of the Bank.

During the year, RMC met on four (4) occasions.

NOMINATION & REMUNERATION COMMITTEE OF BOARD (NRC)

Mr. S. Sridhar chairs NRC (from October 14, 2016). Other members are Mr. Keki Elavia, Mr. Nasser Munjee and Mr. Amin Manekia. Except Mr. Munjee and Mr. Manekia, all other members are Independent Directors and hence the necessary compliance is ensured. NRC, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors, evaluation of performance of Directors, remuneration, ESOPs, etc. to MD & CEO and other key managerial personnel of the Bank, monitoring of the compensation policy of the Bank, etc. The Committee was last re-constituted on October 14, 2016 and Mr. S. Sridhar was appointed as a Chairman of NRC in place of Mr. Amin Manekia who however continues as a member of NRC.

During the year, NRC met on four (4) occasions.

STAKEHOLDERS' RELATIONSHIP COMMITTEE OF BOARD (SRC)

Mr. Imran Contractor (w.e.f. July 14, 2016) chairs the Stakeholders' Relationship Committee of Board (SRC). The other members are Mr. Amin Manekia and Mr. Altaf Jiwani. The Committee was last re-constituted on July 14, 2016 and Mr. Imran Contractor was appointed as a Chairman of SRC in place of Mr. Nalin Shah who ceased to be Chairman as well as Member of SRC from that date.

SRC monitors redressal of complaints received from shareholders/investors with respect to transfer of shares, non-receipt of dividend, non-receipt of Annual Reports, interest payment on Bonds etc. SRC also takes note of number of transfers processed, issue of fresh share certificates, top shareholders, pattern of shareholding, etc. During the FY 2017, 8 (Eight) complaints were received and resolved. There was no complaint outstanding as on March 31, 2017. Also, no instruments of transfer were pending as on March 31, 2017. The Company Secretary acts as the Secretary and has been appointed as the Compliance Officer of SRC.

During the year, SRC met on four (4) occasions.

FRAUD REPORTING & MONITORING COMMITTEE OF BOARD (FRMC)

Pursuant to the directives of the RBI to all commercial banks, the Bank has constituted a Fraud Reporting and Monitoring Committee of Board (FRMC) for monitoring cases of fraud involving amounts of Rs. 1 crore or more. FRMC has Mr. Nalin Shah as its Chairman, Mr. Keki Elavia, Mr. C. Narasimhan, Mr. Amin Manekia (till October 14, 2016), Mr. Jamal Pradhan (w.e.f. October 14, 2016) and Mr. Murali M. Natrajan as other members. The Committee was last re-constituted on October 14, 2016.

No meeting of the Committee was required to be held during the year under review.

CUSTOMER SERVICE COMMITTEE OF BOARD (CSC)

The members of the Customer Service Committee of Board (CSC) are Mr. Amin Manekia (Chairman), Mr. S. Sridhar, Mr. Jamal Pradhan, Mr.Altaf Jiwani, Ms. Rupa Devi Singh and Mr. Murali M. Natrajan. CSC monitors enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times.

It also oversees the functioning of Standing Committee of Executives on Customer Service.

CSC met on four (4) occasions during the year.

CAPITAL RAISING COMMITTEE OF BOARD (CRC)

The members of the Capital Raising Committee of Board (CRC) are Mr. Nasser Munjee (Chairman), Mr. Suhail Nathani (till January 28, 2017) , Mr. S. Sridhar, Mr. Imran Contractor , Mr. Altaf Jiwani and Mr. Murali M. Natrajan. CRC has been formed to, inter alia, formulate capital raising plans of the Bank to raise resources through various alternative channels and to expedite the process of preparation and approval of offer documents/information memorandum, fixing of terms and conditions including pricing, engaging of intermediaries etc. for various kinds of securities, at opportune times.

CRC met on two (2) occasions during the year.

INFORMATION TECHNOLOGY STRATEGY COMMITTEE OF BOARD (ITSC)

The members of the Information Technology Strategy Committee of Board (ITSC) are Mr. C. Narasimhan (Chairman), Mr. Nalin Shah, Mr. Imran Contractor and Mr. Jamal Pradhan. Mr. R. Venkattesh, Head – Ops., Tech & HR is also a member of the ITSC as a Management Representative. ITSC, inter alia, approves IT related strategy, Road-map for initiatives, Budget and investments to support Bank's growth strategies in accordance with the Business Plan.

ITSC met on five (5) occasions during the year.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF BOARD (CSR)

The members of the CSR are Mr. Nasser Munjee (Chairman), Mr. Keki Elavia, Mr. S. Sridhar, Ms. Rupa Devi Singh and MD & CEO Mr. Murali M. Natrajan.

CSR met once during the year.

WILFUL DEFAULTERS REVIEW COMMITTEE OF BOARD (WDRC)

The members of the Wilful Defaulters – Review Committee are MD & CEO Mr. Murali M. Natrajan – Chairman and any two Independent Directors out of the following, depending upon their availability, as its members viz. Mr. Altaf Jiwani, Mr. Amin Manekia (till October 14, 2016), Mr. Imran Contractor, Mr. Keki Elavia, Mr. Nalin Shah, Mr. S. Sridhar, Mr. Suhail Nathani (January 28, 2017) and Ms. Rupa Devi Singh. . The Committee was last re-constituted on October 14, 2016.

WDRC met once during the year.

SUMMARY OF ATTENDANCE OF DIRECTORS FOR FY 2017

Sr. No.	Name of Director	Appointed On	BM	ACB	CCB	ECB	CRC	RMC	FRMC	NRC	SRC	CSC	ITSC	CSR	WDRC
	No. of Meetings held		9#	7	27	2	2	4	0	4	4	4	5	1	1
1	Nasser Munjee	June 29, 2005	6	N.M.	N.M.	2	0	N.M.	N.M.	4	N.M.	N.M.	N.M.	0	N.M.
2	Suhail Nathani (Till January 28, 2017)	January 29, 2009	4	N.M.	N.M.	1	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
3	Murali M. Natrajan	April 29,2009	7	N.M.	N.M.	N.M.	2	2	0	N.M.	N.M.	3	N.M.	1	1
4	Amin Manekia	January 12, 2012	7	7	N.M.	N.M.	N.M.	3	N.M.	4	4	4	N.M.	N.M.	N.M.
5	Altaf Jiwani	January 12, 2012	5	6	N.M.	2	1	N.M.	N.M.	N.M.	2	2	N.M.	N.M.	0
6	C. Narasimhan	October 12, 2012	8	N.M.	23	N.M.	N.M.	3	0	N.M.	N.M.	N.M.	5	N.M.	N.M.
7	S. Sridhar	October 12, 2012	8	N.M.	24	N.M.	2	N.M.	N.M.	3	N.M.	4	N.M.	1	1
8	Imran Contractor	October 12, 2012	9	N.M.	25	2	2	N.M.	N.M.	N.M.	3	N.M.	5	N.M.	0.
9	Keki Elavia	October 12, 2012	8	6	N.M.	N.M.	N.M.	3	0	4	N.M.	N.M.	N.M.	1	0
10	Nalin Shah	October 12, 2012	9	7	N.M.	N.M.	N.M.	3	0	N.M.	1	0	5	N.M.	0
11	Jamal Pradhan	January 15, 2013	6	N.M.	N.M.	N.M.	N.M.	N.M.	0	N.M.	N.M.	1	3	N.M.	N.M.
12	Shaffiq Dharamshi	January 13, 2015	3	2	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
13	Rupa Devi Singh	January 22, 2015	8	N.M.	23	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	4	N.M.	1	1

N.M. = Not Member # It includes one meeting of Independent Directors

REMUNERATION OF DIRECTORS

Honorarium to Chairman

Honorarium of ` 18 lac has been paid to the non-executive Chairman Mr.Nasser Munjee as per RBI approval vide its letter No.DBOD.Appt No. 3269 /29.03.001/2014-15 dated September 1 , 2014 .

He is not paid any sitting fees for attending the meetings of Board / Committees.

Remuneration to MD & CEO

Mr. Murali M. Natrajan is the Managing Director & Chief Executive Officer (MD & CEO) of the Bank. The details of the remuneration paid to him during FY 2017 are as follows:

Particulars	**Amount** (`) *
Basic	20,400,000
Allowances and Perquisite value	21,585,103
Bonus (F.Y.) 2015-16	11,500,000
Contribution to Provident Fund	2,448,000
No. of Employee Stock Options granted during the year (2016-17)	NIL
No. of Employee Stock Options granted during the year (2015-16)	500,000

Perquisites (evaluated as per Income Tax Rules wherever applicable and at actual cost to the Bank otherwise) such as benefit of the Bank's furnished accommodation, gas, electricity, water and furnishing, club fees, personal accident insurance, use of car; and telephone at residence, medical reimbursement, leave and leave travel concession were provided in accordance with the rules of the Bank in this regard. The above figures exclude perquisite value of ESOPs exercised during the Financial Year 2016-17. No sitting fees were paid to him for attending the meetings of the Board and Committees thereof.

RBI vide letter no. DBR.Appt.No.4080/29.03.001/2016-2017 dated October 5, 2016 has approved the revision in remuneration of Mr. Murali M. Natrajan - MD & CEO of the Bank with effect from April 1, 2016 as well as payment of bonus of ` 11,500,000/- for the financial year 2015-16. The Board of Directors has noted the aforesaid approvals of RBI on October 14, 2016. Relevant amounts are provided for in the accounts for FY2016-17 and included in the figures marked.

Mr. Murali M. Natrajan, MD & CEO has not been granted any Employee Stock Options during the year under review in terms of the ESOPs scheme of the Bank. 250,000 shares have been allotted to him during the year against exercise of Stock Options.

Other than the Honorarium paid to the Chairman, only Sitting fees are paid to the non-executive Directors during the year as under:

Name of Director	**Sitting Fees** (`)
Mr. Altaf Jiwani	490,000
Mr. Amin Manekia	830,000
Mr. Imran Contractor	1,310,000
Mr. Jamal Pradhan	300,000
Mr. Keki Elavia	650,000
Mr. Nalin Shah	740,000
Mr. C. Narasimhan	1,170,000
Ms. Rupa Devi Singh	1,090,000
Mr. S. Sridhar	1,250,000
Mr. Suhail Nathani (Till January 28, 2017)	140,000
Mr. Shaffiq Dharamshi	NIL
Total	**7,970,000**

DETAILS OF DIRECTOR SEEKING APPOINTMENT AS DIRECTOR AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of the Director	**Mr. Amin Manekia**
Date of Birth	June 16, 1961
Date of Re-Appointment to the Board	June 6, 2014
Expertise in specific functional area	Co-operation, Finance, Marketing & Banking
Qualifications	MBA, Babson College, USA, B.Com.
Directorship in Public Limited Companies	2
Membership of Committees in Public Limited Companies	Chairman: IVP Ltd Member: NIL
Shareholding of Director in the Bank	17,303
Relationship with other Directors of Bank	N.A.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS

All the Independent Directors have given the necessary declarations to the Bank as required under sub section (6) of Section 149 of the Companies Act, 2013.

GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

	Date	Venue	Special Resolution passed
21st AGM at 2.30 p.m.	June 1,.2016	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	Raising of Funds by issue of bonds / debentures / securities on Private Placement basis
20th AGM at 2.30 p.m.	June 1,.2015	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	NIL
19th AGM at 2.30 p.m.	June 6,.2014	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	1) Amendments in Articles of Association 2) Issue of Securities/shares, including issue of Securties shares to Qualified Institutional Buyers

Postal Ballot: During the last year ended March 31, 2016, the Bank had sought approval of the members for (i) Raising of Funds by issue of bonds/ debentures/ securities on private placement basis and (ii) Increase in borrowing powers by passing Special Resolutions by way of a Postal Ballot as contained in the Postal Ballot Notice dated February 15, 2016, The same were passed with requisite majority as per the voting details given below:

Sr. No.	Description of Resolution	No. of votes in Favour	No. of votes Against
1.	(i) Raising of Funds by issue of bonds/ debentures/ securities on private placement basis	10,82,53,341	18,458
2.	(ii) Increase in borrowing powers	10,80,52,971	1,93,652

Mr. S. N. Ananthasubramanian (C.P. No.1774), Practicing Company Secretary was appointed as the Scrutinizer for the purpose who conducted the Postal Ballot Exercise. The shareholders were provided with remote e-voting facility by the Bank to cast their votes in addition to the physical Ballot Forms.

During the year under review the Bank has sought approval of the members through Postal Ballot for (i) Issue of Equity shares to Qualified Institutional Buyers through Qualified Institutions Placement and (ii) Change in place of keeping and inspection of registers, returns etc, prescribed under section 88 of the Companies Act, 2013, by passing Special Resolutions by way of a Postal Ballot as contained in the Postal Ballot Notice dated March 7, 2017 despatched to the shareholders on March 14, 2017. The voting period would be ending on April 15, 2017 and the results thereof would be declared on April 17, 2017.

No Resolution in the notice of the proposed Twenty Second Annual General Meeting is proposed to be passed by Postal Ballot.

GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar- For each calendar quarter, the financial results are reviewed and taken on record by the Board around the 2nd or 3rd week of the month subsequent to the quarter ending. The audited annual accounts as at March 31, are approved by the Board, after a review thereof by the Audit Committee of the Board. The Annual General Meeting to consider such annual accounts is generally held in the first quarter of the immediately succeeding financial year.

Shareholders holding 1% and above shares in the Bank as on March 31, 2017

Sr. No	Name	No. of Shares	% to Capital
1	AGA KHAN FUND FOR ECONOMIC DEVELOPMENTSA	43,750,052	15.3313
2	TANO MAURITIUS INDIA FVCI II	13,142,285	4.6054
3	MATTHEWS INDIA FUND	12,139,846	4.2542
4	DSP BLACKROCK MICRO CAP FUND	9,304,536	3.2606
5	PRAZIM TRADING AND INVESTMENT CO. PVT. LTD.	8,936,334	3.1316
6	AMBIT CAPITAL PRIVATE LIMITED	5,226,243	1.8314
7	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	4,494,692	1.5751
8	STEINBERG INDIA EMERGING OPPORTUNITIES FUND LIMITED	4,150,000	1.4543
9	WCP HOLDINGS III	4,022,484	1.4096
10	TATA BALANCED FUND	3,700,000	1.2966
11	MORGAN STANLEY INVESTMENT MANAGEMENT, INC A/C MORGAN STANLEY INDIA INVESTMENT FUND, INC.	3,507,856	1.2293
12	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-ENAM ASSET MANAGEMENT	3,250,000	1.1389
13	ICICI PRUDENTIAL BANKING AND FINANCIAL SERVICES FUND	3,168,778	1.1104
14	MOTILAL OSWAL MOST FOCUSED MIDCAP 30 FUND	3,117,991	1.0926
	Total	**121,911,097**	**42.7212**

Distribution of Shareholding as on March 31, 2017

Number of Equity shares held	Folio		Shares	
	Numbers	% to total holders	Numbers	% to total Shares
upto 500	150,301	84.0417	20,340,782	7.1280
501 to 1000	13,704	7.6627	10,830,061	3.7952
1001 to 2000	7,289	4.0757	10,730,546	3.7603
2001 to 3000	3,273	1.8301	7,961,355	2.7899
3001 to 4000	1,086	0.6072	3,867,501	1.3553
4001 to 5000	849	0.4747	3,946,352	1.3829
5001 to 10000	1,215	0.6794	8,913,967	3.1237
10001 & Above	1,124	0.6285	218,773,789	76.6647
Total	**178,841**	**100.0000**	**285,364,353**	**100.0000**

Out of the above 178,841 folios, 136,912 folios comprise 277,521,961 shares forming 97.25 % of the issued share capital, which are in dematerialised mode. Another 41,929 folios comprise 7,842,392 shares constituting 2.75 % of the share capital that are held in physical mode. Promoters' entire share holding is in dematerialised mode.

DCB Bank Limited - Shareholding Patten as on March 31, 2017

Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Number of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	3	46200234	0	0	46200234	16.1899	46200234	0	46200234	16.1899	0	16.1899	0	0.0000	0	0.0000	46200234
(B)	Public	178838	239164119	0	0	239164119	83.8101	239164119	0	239164119	83.8101	0	83.8101	0	0.0000	NA	NA	231321727
(C)	Non Promoter - Non Public				0				0			0			0.0000	NA	NA	
(C1)	Shares Underlying DRs	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Total	**178841**	**285364353**	**0**	**0**	**285364353**	**100.0000**	**285364353**	**0**	**285364353**	**100.0000**	**0**	**100.0000**	**0**	**0.0000**	**0**	**0.0000**	**277521961**

DCB Bank Limited

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category and name of shareholder	PAN	Number of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Indian																		
(a)	Individuals / Hindu Undivided Family		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(b)	Central Government / State Government(s)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(c)	Financial Institutions / Banks		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(d)	Any Other (Specify)		1	2450182	0	0	2450182	0.8586	2450182	0	2450182	0.8586	0	0.8586	0	0.0000	0	0.0000	2450182
	Bodies Corporate		1	2450182	0	0	2450182	0.8586	2450182	0	2450182	0.8586	0	0.8586	0	0.0000	0	0.0000	2450182
	Platinum Jubilee Investments Ltd.		1	2450182	0	0	2450182	0.8586	2450182	0	2450182	0.8586	0	0.8586	0	0.0000	0	0.0000	2450182
	Sub Total (A)(1)		1	2450182	0	0	2450182	0.8586	2450182	0	2450182	0.8586	0	0.8586	0	0.0000	0	0.0000	2450182
2	Foreign																		
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(b)	Government		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(c)	Institutions		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(e)	Any Other (Specify)		2	43750052	0	0	43750052	15.3313	43750052	0	43750052	15.3313	0	15.3313	0	0.0000	0	0.0000	43750052
	Bodies Corporate		2	43750052	0	0	43750052	15.3313	43750052	0	43750052	15.3313	0	15.3313	0	0.0000	0	0.0000	43750052
	Aga Khan Fund For Economic Development SA		2	43750052	0	0	43750052	15.3313	43750052	0	43750052	15.3313	0	15.3313	0	0.0000	0	0.0000	43750052
	Sub Total (A)(2)		2	43750052	0	0	43750052	15.3313	43750052	0	43750052	15.3313	0	15.3313	0	0.0000	0	0.0000	43750052
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		**3**	**46200234**	**0**	**0**	**46200234**	**16.1899**	**46200234**	**0**	**46200234**	**16.1899**	**0**	**16.1899**	**0**	**0.0000**	**0**	**0.0000**	**46200234**

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.: **NIL**

Note:

(1) PAN would not be displayed on website of Stock Exchange(s)

(2) The term 'Encumbrance' has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

DCB Bank Limited

Table III - Statement showing shareholding pattern of the Public shareholder

	Category and name of shareholder	PAN	Number of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Institutions																		
(a)	Mutual Fund		51	42627344	0	0	42627344	14.9379	42627344	0	42627344	14.9379	0	14.9379	0	0.0000	NA	NA	42627344
	DSP Blackrock Micro Cap Fund			9304536	0	0	9304536	3.2606	9304536	0	9304536	3.2606	0	3.2606	0	0.0000	NA	NA	9304536
	Sundaram Mutual Fund A/C Sundaram Select Midcap			4494692	0	0	4494692	1.5751	4494692	0	4494692	1.5751	0	1.5751	0	0.0000	NA	NA	4494692
	Tata Balanced Fund			3700000	0	0	3700000	1.2966	3700000	0	3700000	1.2966	0	1.2966	0	0.0000	NA	NA	3700000
	ICICI Prudential Banking And Financial Services Fund			3168778	0	0	3168778	1.1104	3168778	0	3168778	1.1104	0	1.1104	0	0.0000	NA	NA	3168778
	Motilal Oswal Most Focused Midcap 30 Fund			3117991	0	0	3117991	1.0926	3117991	0	3117991	1.0926	0	1.0926	0	0.0000	NA	NA	3117991
(b)	Venture Capital Funds		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(c)	Alternate Investment Funds		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(e)	Foreign Portfolio Investor		95	67190307	0	0	67190307	23.5454	67190307	0	67190307	23.5454	0	23.5454	0	0.0000	NA	NA	67190307
	Tano Mauritius India FVCI II			13142285	0	0	13142285	4.6054	13142285	0	13142285	4.6054	0	4.6054	0	0.0000	NA	NA	13142285
	Matthews India Fund			12139846	0	0	12139846	4.2542	12139846	0	12139846	4.2542	0	4.2542	0	0.0000	NA	NA	12139846
	Steinberg India Emerging Opportunities Fund Limited			4150000	0	0	4150000	1.4543	4150000	0	4150000	1.4543	0	1.4543	0	0.0000	NA	NA	4150000
	Morgan Stanley Investment Management, Inc A/C Morgan Stanley India Investment Fund, Inc.			3507856	0	0	3507856	1.2293	3507856	0	3507856	1.2293	0	1.2293	0	0.0000	NA	NA	3507856
	Caisse De Depot Et Placement Du Quebec-Enam Asset Management			3250000	0	0	3250000	1.1389	3250000	0	3250000	1.1389	0	1.1389	0	0.0000	NA	NA	3250000
(f)	Financial Institutions / Banks		4	2150321	0	0	2150321	0.7535	2150321	0	2150321	0.7535	0	0.7535	0	0.0000	NA	NA	2150321
(g)	Insurance Companies		3	3910971	0	0	3910971	1.3705	3910971	0	3910971	1.3705	0	1.3705	0	0.0000	NA	NA	3910971
(h)	Provident Funds/ Pension Funds		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(i)	Any Other (Specify)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Sub Total (B)(1)		**153**	**115878943**	**0**	**0**	**115878943**	**40.6074**	**115878943**	**0**	**115878943**	**40.6074**	**0**	**40.6074**	**0**	**0.0000**	**NA**	**NA**	**115878943**
2	Central Government/ State Government(s)/ President of India																		
	Sub Total (B)(2)		**0**	**0**	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**	**0.0000**	**0**	**0.0000**	**NA**	**NA**	**0**

	Category and name of shareholder	PAN	Number of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
3	Non-Institutions																		
(a)	Individuals		174176	82137182			82137182	28.7833	82137182		82137182	28.7833		28.7833		0.0000			74637299
i	Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		173919	66619034	0	0	66619034	23.3453	66619034	0	66619034	23.3453	0	23.3453	0	0.0000	NA	NA	59119151
ii	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		257	15518148	0	0	15518148	5.4380	15518148	0	15518148	5.4380	0	5.4380	0	0.0000	NA	NA	15518148
(b)	NBFCs registered with RBI		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(c)	Employee Trusts		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(d)	Overseas Depositories(holding DRs) (balancing figure)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(e)	Any Other (Specify)		4509	41147994	0	0	41147994	14.4152	41147994	0	41147994	14.4152	0	14.4195	0	0.0000	NA	NA	40805485
	Trusts		10	16355	0	0	16355	0.0057	16355	0	16355	0.0057	0	0.0057	0	0.0000	NA	NA	15320
	Foreign Nationals		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Foreign Companies		1	4022484	0	0	4022484	1.4096	4022484	0	4022484	1.4096	0	1.4096	0	0.0000	NA	NA	4022484
	WCP Holdings III			4022484	0	0	4022484	1.4096	4022484	0	4022484	1.4096	0	1.4096	0	0.0000	NA	NA	4022484
	Directors/ Relative of Directors		25	2410186	0	0	2410186	0.8446	2410186	0	2410186	0.8446	0	0.8446	0	0	NA	NA	2359960
	Employee		263	1246120	0	0	1246120	0.4367	1246120	0	1246120	0.4367	0	0.4367	0	0	NA	NA	1211167
	Non Resident Indians (Non Repat)		619	2001053	0	0	2001053	0.7012	2001053	0	2001053	0.7012	0	0.7012	0	0.0000	NA	NA	2000053
	Non Resident Indians (Repat)		1597	2804315	0	0	2804315	0.9827	2804315	0	2804315	0.9827	0	0.9827	0	0.0000	NA	NA	2804315
	Foreign Portfolio Investor (Individual)		1	12100	0	0	12100	0.0042	12100	0	12100	0.0042	0	0.0042	0	0.0000	NA	NA	12100
	Clearing Member		383	2436052	0	0	2436052	0.8537	2436052	0	2436052	0.8537	0	0.8537	0	0.0000	NA	NA	2436052
	Enemy Property		26	123	0	0	123	0.0000	123	0	123	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Bodies Corporate		1584	26199206	0	0	26199206	9.1810	26199206	0	26199206	9.1810	0	9.1810	0	0.0000	NA	NA	25944034
	Prazim Trading And Investment Co. Pvt. Ltd.			8936334	0	0	8936334	3.1316	8936334	0	8936334	3.1316	0	3.1316	0	0.0000	NA	NA	8936334
	Ambit Capital Private Limited			5226243	0	0	5226243	1.8314	5226243	0	5226243	1.8314	0	1.8314	0	0.0000	NA	NA	5226243
	Sub Total (B)(3)		**178685**	**123285176**	**0**	**0**	**123285176**	**43.1985**	**123285176**	**0**	**123285176**	**43.1985**	**0**	**43.2027**	**0**	**0.0000**	**NA**	**NA**	**115442784**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		**178838**	**239164119**	**0**	**0**	**239164119**	**83.8058**	**239164119**	**0**	**239164119**	**83.8058**	**0**	**83.8101**	**0**	**0.0000**	**NA**	**NA**	**231321727**

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %): **NIL**

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

No. of shareholders	No. of Shares
NIL	NIL

OUTSTANDING WARRANTS/ADRS/GDRS/ CONVERTIBLE INSTRUMENTS

NOT APPLICABLE

DATE OF THE BOARD MEETING AT WHICH THE FINAL ACCOUNTS AND THE QUARTERLY RESULTS WERE APPROVED: April 14, 2017.

FINANCIAL YEAR

Starting on April 1 and ending on March 31 every year.

DATE OF BOOK CLOSURE:

The Register of Members and Share Transfer Books of the Bank will remain closed from Thursday, May 26,, 2017 to Thursday, June 1, 2017 (both days inclusive).

DATE, TIME AND VENUE OF THE ANNUAL GENERAL MEETING (AGM):

The Twenty Second Annual General Meeting of the Bank will be held at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 on Thursday, June 1, 2017 at 2.30 p.m

LAST DATE OF RECEIPT OF PROXY FORMS:

The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Bank not less than 48 hours before the commencement of the meeting.

DIVIDEND:

Your Board is pleased to recommend a dividend of ` 0.50 per equity share of ` 10/- each in respect of this financial year ended March 31, 2017. Your Bank has a Dividend Distribution Policy as approved by the Board and is hosted on the website of the Bank at the link: http://www.dcbbank.com/pdfs/Dividend_Distribution_Policy.pdf

BRANCHES

The Bank has 262 branches and 515 ATM centres (both onsite and offsite) as at 31 March 31, 2017.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a Code for the prevention of insider trading in the shares of the Bank known as "DCB Bank - Code of Conduct for Prohibition of Insider Trading". The Code, inter-alia, prohibits purchase/sale of shares of the Bank by employees while in possession of unpublished price sensitive information relating to the Bank.

DISCLOSURES:

1. The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its promoters, directors, management and/ or their relatives, etc. other than the transactions carried out in the normal course of business.
2. During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and /or SEBI and/or any other statutory authorities on matters relating to capital market activities.
3. There are no relationships between the Directors of the Bank, inter-se.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with the mandatory and most of the non- mandatory requirements under the Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMPLIANCE WITH DISCRETIONARY REQUIREMENTS AS STIPULATED UNDER PART E OF SCHEDULE II OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Bank has complied with four out of the five discretionary requirements as stated below:

1. THE BOARD

An office of the Chairman is maintained at the Bank's expense and reimbursement of expenses incurred by the Chairman in performance of his duties is allowed. None of the Directors of the Bank, other than its Chairman and/or whole time director, can hold office continuously for a period exceeding eight years.

2. MODIFIED OPINION(S) IN AUDIT REPORT

There are no audit qualifications in the Bank's financial statements or qualification or adverse remark by the Company Secretary in Practice in his Secretarial Audit Report for FY 2017.The Bank wishes to continue in the regime of unqualified financial statements as well as Secretarial Audit Report.

3. SEPARATE POSTS OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The Bank already has separate posts for the Chairman and the MD & CEO.

4. REPORTING OF INTERNAL AUDITOR

The Chief Internal Auditor reports directly to the Audit Committee of the Board.

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

All the Directors and Senior Management personnel have affirmed

compliance with the Code of Conduct as approved and adopted by the Board of Directors.

LISTING ON STOCK EXCHANGES

In order to impart liquidity and convenience for trading, the equity shares of the Bank are listed at the following Stock Exchanges. The annual fees for 2016-17 have been paid to all the Stock Exchanges where the shares are listed.

Sr. No.	Name & Address of the Stock Exchanges	Stock Code
1.	BSE Ltd. Phiroze Jeejebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	532772
2.	The National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	DCB BANK
3	Tier II Bonds issued on March 31, 2016 have been listed on NSE under WDM segment	DCB26
4	Tier II Bonds issued on November 18, 2016 have been listed on NSE under WDM segment	DCB26

Names of Depositories in India for dematerialisation of equity shares (ISIN No. INE503A01015) and Tier II Bonds (ISIN: INE503A08010 and INE503A08028)

National Securities Depository Ltd. (NSDL)

Central Depository Services (India) Ltd. (CDSL)

The Bank's shares are traded compulsorily in dematerialised (Demat) mode. The dematerialized shares are transferable through the depository system. Transfer/transmission of Shares in physical mode are processed by the Registrars and Share Transfer Agents, Link Intime India Pvt. Ltd., and approved by the Share Transfer Committee of the Bank. Link Intime India Pvt. Ltd. processes the share transfers within a period of 15 days from the date of receipt of the transfer documents.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management Discussion and Analysis Report is included in the Directors' Report, and forms a part of Corporate Governance.

MEANS OF COMMUNICATION TO SHAREHOLDERS

Financial results and all materially important communications are promptly shared with the Stock Exchanges. Bank's results are also published in newspapers pursuant to applicable regulatory provisions and hosted on its website at www.dcbbank.com. The quarterly and half yearly declaration of financial performance including summary of the significant events is not being sent to every shareholder as the Bank's quarterly results are published in a national English daily newspaper (Business Standard) and a local Marathi daily newspaper (Pudhari) having a wide circulation in Mumbai. Also the same have been hosted on the website of the Bank. The Bank also makes presentations to Institutional Investors and/or to the analysts and/or hosts the same on the website of the Bank and/or makes press releases from time to time.

INVESTOR HELPDESK

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank's Registrars and Transfer Agents (RTAs).

For lodgement of transfer deeds and any other documents or for any grievances/complaints, kindly contact the RTAs at the following address:

LINK INTIME INDIA PRIVATE LTD.,

Registrars and Transfer Agents.
Unit: DCB BANK LIMITED
Link Intime India Pvt.Ltd.
CIN: U67190MH1999PTC118368
C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083
Tel No: +91 22 49186000 (Board Line) 49186270 (Investor Helpdesk)
Fax: +91 22 49186060
E-mail id: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Counter Timing: 10 a.m. to 4 p.m. Monday to Friday (except National Holidays)

Shareholders/Investors can also send their queries through e-mail to the Bank at investorgrievance@dcbbank.com. This designated e-mail has also been displayed on the Bank's website www.dcbbank.com under the section 'Investor Relations'.

Name of the Compliance Officer of the Bank

Mr. H. V. Barve - Company Secretary

Telephone: 020 6618 7013 • Fax: 022 66589970

Email id: barve@dcbbank.com

ADDRESS OF THE REGISTERED & CORPORATE OFFICE OF THE BANK:

601 & 602, Peninsula Business Park,
Tower A, 6th floor, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013
Telephone: 6618 7000 • Fax: 66589970
Date of Incorporation: 31-05-1995
Registration No.11-89008 of 1995
CIN : L99999MH1995PLC089008
Website: www.dcbbank.com
e-mail ID: investorgrievance@dcbbank.com

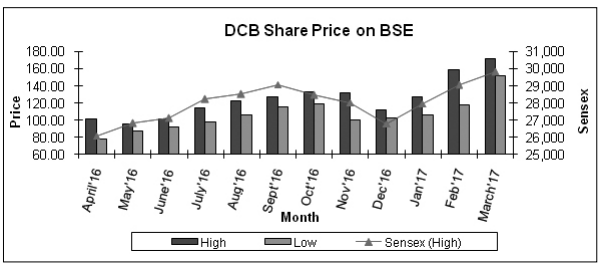
DCB BANK SHARE PRICE & VOLUME OF SHARES TRADED

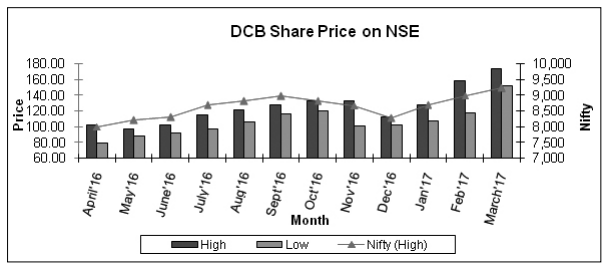
The monthly high and low quotation and volume of shares traded on the BSE Ltd. (BSE)

Month	Highest (`)	Lowest (`)	Volume of shares traded during the Month	Sensex (High)
April'16	101.90	78.10	49,42,757	26,100.54
May'16	96.20	87.40	34,78,513	26,837.20
June'16	101.25	91.95	34,17,120	27,105.41
July'16	114.30	97.40	75,16,328	28,240.20
Aug'16	122.40	106.00	36,91,902	28,532.25
Sept'16	126.80	115.00	38,55,783	29,077.28
Oct'16	132.70	119.50	47,89,023	28,477.65
Nov'16	132.00	100.00	85,48,029	28,029.80
Dec'16	112.25	102.50	18,04,858	26,803.76
Jan'17	127.00	106.65	46,03,561	27,980.39
Feb'17	158.40	117.50	58,57,222	29,065.31
March'17	172.20	152.00	58,78,759	29,824.62

The monthly high and low quotation and volume of shares traded on the National Stock Exchange (NSE)

Month	Highest (`)	Lowest (`)	Volume of shares traded during the Month	Nifty (High)
April'16	101.80	78.50	375,15,775	7,992.00
May'16	97.00	87.60	211,81,064	8,213.60
June'16	101.40	91.65	191,04,967	8,308.15
July'16	114.40	97.20	360,12,475	8,674.70
Aug'16	121.00	105.60	243,18,875	8,819.20
Sept'16	126.90	115.50	253,60,824	8,968.70
Oct'16	132.90	119.75	284,71,979	8,806.95
Nov'16	132.00	100.20	418,77,629	8,669.60
Dec'16	112.75	102.55	159,53,541	8,274.95
Jan'17	127.50	106.50	302,20,243	8,672.70
Feb'17	158.55	117.50	561,28,014	8,982.15
March'17	172.85	151.70	593,11,200	9,218.40





I confirm that for the year under review, all Directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

Murali M. Natrajan

Managing Director & CEO

Date: April 14, 2017

TO THE MEMBERS OF DCB BANK LIMITED

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. KJM/931 dated 16 June, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of DCB Bank Limited (the "Bank"), have examined the compliance of conditions of Corporate Governance by the Bank, for the year ended on 31 March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditors' Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Bank for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Bank.
6. We have carried out an examination of the relevant records of the Bank in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Kalpesh J. Mehta
(Membership No. 48791)

New Delhi, 14 April, 2017

A SECRETARIAL AUDIT REPORT, GIVEN BY A COMPANY SECRETARY IN PRACTICE,

IN A PRESCRIBED FORM NO.MR.3.

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

DCB Bank Limited

CIN No L99999MH1995PLC089008

601&602, Peninsula Business Park, Tower A,

Senapati Bapat Marg, Lower Parel,

Mumbai - 400013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DCB Bank Ltd** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment ,Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable as the Company has not issued further capital under the Regulations during the financial year under review;**

   d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted / proposes to delist its equity shares from any stock exchange during the financial year under review and**

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not applicable as the Company has not bought back / proposes to buy-back any of its securities during the financial year under review.**

vi. The Company has identified and confirmed the following laws as being specifically applicable to the Company:

   1. Bankers' Books Evidence Act, 1891;

   2. Banking Ombudsman Scheme, 2006;

   3. Banking Regulation Act, 1949 & Banking Companies Rules, 1949 (as amended from time to time);

   4. The Banking Companies (Period of Preservation of Records) Rules, 1985;

5. FEMA Rules, Regulations and notifications issued from time to time;
6. Prevention of Money-Laundering Act (PMLA), 2002 and The Prevention of Money- Laundering (Maintenance of Records, etc.,) Rules, 2005;
7. Reserve Bank of India (Amendment and Misc. Provisions) Act, 1953
8. Reserve Bank of India (RBI) Act, 1935;
9. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) Listing agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that: –

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors - Non-Executive Directors including Independent Directors and a woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors pertaining to the schedule of the Board/Committee Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance before the meeting. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.
- All decisions of the Board and Committee meetings were carried with requisite majority.

We further report that based on the review of the Compliance mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:-

- as informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period

- pursuant to a special resolution passed by the Members through a Postal Ballot on 21st March, 2016, the Company has issued and allotted 866 Non-Convertible, Redeemable, Unsecured, Basel III Compliant Tier 2 Bonds of Rs 10 lac each at par aggregating to Rs. 86.60 crore on 2nd April, 2016.
- pursuant to a special resolution passed at the 21st Annual General Meeting held on 1st June 2016, the Company has issued and allotted 15000 Non- Convertible, Redeemable, Unsecured Basel III compliant Tier 2 Bonds of Rs 1 lac each at par, aggregating to Rs 150 crore on 19th November 2016 .

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries

Firm Registration No.P1991MH040400

S. N. Ananthasubramanian

Partner

C.P No: 1774

Date: 7th April, 2017

Place: Thane

To,

The Members,

DCB Bank Limited

CIN No L99999MH1995PLC089008

601 & 602, Peninsula Business Park, Tower A,

Senapati Bapat Marg, Lower Parel,

Mumbai - 400013.

Our Secretarial Audit Report for the Financial Year ended 31st March, 2017 of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

6 We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries

Firm Registration No.P1991MH040400

S. N. ANANTHASUBRAMANIAN

PARTNER

C.P No: 1774

Date: 7th April, 2017

Place: Thane

Deloitte
Haskins & Sells

Chartered Accountants
19th floor, Shapath - V,
S G Highway,
Ahmedabad - 380 015
Gujarat, India

Tel: + 91 79 6682 7300
Fax: + 91 79 6682 7400

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DCB BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **DCB BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at 31 March, 2017, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, in so far as applicable to banks, and the guidelines issued by the Reserve Bank of India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March, 2017, and its profit and its cash flows for the year ended on that date.

Other Matter

The audit of the financial statements of the Bank for the year ended 31 March, 2016 was carried out by the previous auditors of the Bank. Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act and Section 30 of the Banking Regulation Act, 1949, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.
   b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.
   c) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.
   d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
   e) The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable to banks.
   g) On the basis of the written representations received from the directors as at 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as at 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.
   i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements;
      ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
      iii. There were no amounts which were required to be transferred, by the Bank to the Investor Education and Protection Fund.
2. We report that during the course of our audit we have visited and performed select relevant procedures at 28 branches. Since the Bank's key operations are automated, with the key applications largely integrated to the core banking systems, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at the Head Office and Central Processing Units based on the necessary records and data required for the purposes of the audit being made available to us.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

New Delhi, 14 April, 2017

Annexure "A" To The Independent Auditors' Report

(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' section of the auditors' report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of **DCB BANK LIMITED** (the "Bank") as at 31 March, 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and other applicable regulations. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Bank are being made only in accordance with authorisations of Management and Directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Kalpesh J. Mehta
Partner
New Delhi, 14 April, 2017 (Membership No. 48791)

BALANCE SHEET AS AT MARCH 31, 2017

	Schedule	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
CAPITAL & LIABILITIES			
Capital	1	**2,853,644**	2,844,361
Employee Stock Options			
(Grants outstanding net of deferred cost)		**15,846**	15,322
Reserves and Surplus	2	**19,179,350**	15,062,035
Capital and Reserves		**22,048,840**	**17,921,718**
Deposits	3	**192,892,114**	149,259,858
Borrowings	4	**12,758,073**	11,478,960
Other Liabilities and Provisions	5	**12,764,759**	12,524,695
TOTAL CAPITAL & LIABILITIES		**240,463,786**	**191,185,231**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**8,583,021**	7,033,689
Balances with Banks and Money at Call and Short Notice	7	**3,341,601**	1,881,955
Investments	8	**58,179,442**	43,333,307
Advances	9	**158,176,325**	129,213,868
Fixed Assets	10	**4,885,678**	2,480,208
Other Assets	11	**7,297,719**	7,242,204
TOTAL ASSETS		**240,463,786**	**191,185,231**
Contingent Liabilities	12	**26,297,367**	20,094,555
Bills for Collection		**4,345,293**	4,552,615
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.
The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm Registration Number: 117365W

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

For and on behalf of the Board of Directors

Nasser Munjee Chairman
Murali M. Natrajan MD & CEO
Keki Elavia Director

Bharat Sampat Chief Financial Officer
H.V. Barve Company Secretary

Place : New Delhi
Date : April 14, 2017

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

	Schedule	Year Ended 31.03.2017 (` in 000's)	Year Ended 31.03.2016 (` in 000's)
I. INCOME			
Interest Earned	13	**20,761,459**	16,984,635
Other Income	14	**2,494,538**	2,204,585
TOTAL INCOME		**23,255,997**	**19,189,220**
II. EXPENDITURE			
Interest Expended	15	**12,790,592**	10,789,627
Operating Expenses	16	**6,283,339**	4,909,314
Provisions and Contingencies	18 (12.1)	**2,185,314**	1,545,042
TOTAL EXPENDITURE		**21,259,245**	**17,243,983**
III. PROFIT / (LOSS)			
Net Profit for the Year Ended		**1,996,752**	1,945,237
Balance Brought Forward		**1,365,104**	(42,262)
TOTAL PROFIT/(LOSS)		**3,361,856**	**1,902,975**
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		**499,188**	486,310
Transfer to Special Reserve		**121,003**	64,869
Transfer to Capital Reserve		**18,030**	6,803
Transfer to Investment Reserve		**7,054**	3,607
Transfer from Revaluation Reserve		**(24,122)**	(23,718)
Balance carried over to Balance sheet		**2,740,703**	1,365,104
TOTAL		**3,361,856**	**1,902,975**
Earnings per share	17 (16)		
(i) Basic (`)	18 (11.2)	7.01	6.86
(ii) Diluted (`)	18 (11.2)	6.87	6.77
Face Value per share (`)		10.00	10.00
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Profit & Loss Account.
The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm Registration Number: 117365W

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

For and on behalf of the Board of Directors

Nasser Munjee Chairman
Murali M. Natrajan MD & CEO
Keki Elavia Director

Bharat Sampat Chief Financial Officer
H.V. Barve Company Secretary

Place : New Delhi
Date : April 14, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		Year ended 31.03.2017 (` in 000's)	Year ended 31.03.2016 (` in 000's)
Cash Flow from Operating Activities			
Net Profit after tax for the year (Refer Profit and Loss account)		**1,996,752**	1,945,237
Add: Provision for income tax net of MAT credit (Refer schedule 18 (12.1))		**1,070,426**	665,933
Net Profit before tax for the year		**3,067,178**	2,611,170
Adjustments for:			
Provisions for Advances		**865,305**	636,672
Provisions for Restructured Advances		**1,529**	(1,366)
Provision for Investments		**(1,340)**	36,119
Provision for Standard Assets		**216,727**	123,416
Provision for Other Assets and Contingencies		**30,843**	(1,254)
Depreciation / Amortisation on Fixed Assets		**390,349**	302,840
Loss on Sale of Fixed Assets		**2,113**	4,156
Amortisation of Premium on Held-to-Maturity (HTM) Investment		**117,485**	77,225
Amortisation of Premium on Acquired Assets		**19,226**	30,811
ESOP Compensation		**3,379**	6,295
Cash Flow from Operating Activities before adjustments		**4,712,794**	3,826,084
Adjustments for:			
Increase/(Decrease) in Deposits		**43,632,256**	23,168,586
Increase/(Decrease) in Other Liabilities & Provisions		**20,482**	4,670,442
(Increase)/Decrease in Investments		**(14,962,280)**	(3,824,959)
(Increase)/Decrease in Advances		**(29,848,518)**	(25,229,386)
(Increase)/Decrease in Other Assets		**33,061**	420,971
Refund/(Payment) of direct taxes (Including Tax Deducted at Source)		**(1,189,845)**	(835,585)
Net Cash Flow from / (used in) Operating activities	**A**	**2,397,950**	**2,196,153**
Cash flow from Investing activities			
Purchase of Fixed assets		**(715,880)**	(419,268)
Proceeds from sale of Fixed Assets		**4,856**	10,677
Net Cash Flow from / (used in) Investing activities	**B**	**(711,024)**	**(408,591)**
Cash flow from Financing activities			
Proceeds from Issue of Capital (including ESOPs)		**42,939**	95,541
Issue of Subordinated Debt		**1,500,000**	866,000
Repayment of Subordinated Debt		**-**	(650,000)
Proceeds from Borrowings		**446,817,335**	232,954,514
Repayment of Borrowings		**(447,038,222)**	(233,329,512)
Net Cash Flow from / (used in) Financing activities	**C**	**1,322,052**	**(63,457)**
Net Increase/(Decrease) in Cash & Cash Equivalent	**A+B+C**	**3,008,978**	**1,724,105**
Cash and cash equivalent at the beginning of the year		**8,915,644**	7,191,539
Cash and cash equivalent at the end of the year		**11,924,622**	8,915,644
Notes to the cash flow statement			
Cash and cash equivalent includes the following:			
Cash and balances with Reserve Bank of India (Refer Schedule 6)		**8,583,021**	7,033,689
Balances with Banks and Money at Call and Short notice (Refer Schedule 7)		**3,341,601**	1,881,955
Cash and Cash equivalent at the end of the year		**11,924,622**	**8,915,644**

As per our report of even date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm Registration Number: 117365W

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

For and on behalf of the Board of Directors

Nasser Munjee Chairman
Murali M. Natrajan MD & CEO
Keki Elavia Director

Bharat Sampat Chief Financial Officer
H.V. Barve Company Secretary

Place : New Delhi
Date : April 14, 2017

SCHEDULE 1 – CAPITAL

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
Authorised Capital		
500,000,000 (Previous year 500,000,000) Equity Shares of ` 10/- each	**5,000,000**	5,000,000
Issued, Subscribed and Paid up Capital		
285,364,353 (as at March 31, 2016: 284,436,073) Equity Shares of ` 10/- each	**2,853,644**	2,844,361
TOTAL	**2,853,644**	**2,844,361**

(During the year, 928,280 (Previous year: 2,423,800) equity shares have been issued against exercise of options purchased under the Employees' Stock Option Plan)

SCHEDULE 2 – RESERVES & SURPLUS

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Statutory Reserve		
Opening balance	**2,712,347**	2,226,037
Additions during the year	**499,188**	486,310
TOTAL(I)	**3,211,535**	**2,712,347**
II. Special Reserve		
Opening balance	**116,094**	51,225
Additions during the year	**121,003**	64,869
Deductions during the year	**-**	-
TOTAL(II)	**237,097**	**116,094**
III. Capital Reserve		
a) Revaluation Reserve		
Opening balance	**502,234**	514,093
Additions during the year*	**2,086,908**	11,859
Deductions during the year (transferred to Balance in Profit & Loss Account)	**(24,122)**	(23,718)
TOTAL(a)	**2,565,020**	**502,234**
b) Other Capital Reserve		
Opening balance	**384,721**	377,918
Additions during the year	**18,030**	6,803
Deductions during the year	**-**	-
TOTAL(b)	**402,751**	**384,721**
TOTAL (a + b) (III)	**2,967,771**	**886,955**
IV. Securities Premium		
Opening balance	**9,938,831**	9,867,528
Additions during the year	**33,655**	71,303
Deductions during the year	-	-
TOTAL(IV)	**9,972,486**	**9,938,831**
V. Revenue and Other Reserves		
Investment Reserve		
Opening balance	**42,704**	39,097
Additions during the year	**7,054**	3,607
Deductions during the year	-	-
TOTAL(V)	**49,758**	**42,704**
VI. Balance in Profit and Loss Account	**2,740,703**	**1,365,104**
TOTAL (I to VI)	**19,179,350**	**15,062,035**

*Refer Note 18 (11.8) (Revaluation of Fixed Assets)

SCHEDULE 3 – DEPOSITS

		As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
A	**I. Demand Deposits**		
	(i) From Banks	**587,102**	574,064
	(ii) From Others	**14,759,913**	11,197,327
	TOTAL (I)	**15,347,015**	**11,771,391**
	II. Savings Bank Deposits	**31,544,821**	23,127,290
	TOTAL (II)	**31,544,821**	**23,127,290**
	III. Term Deposits		
	(i) From Banks	**32,874,811**	20,666,910
	(ii) From Others	**113,125,467**	93,694,267
	TOTAL (III)	**146,000,278**	**114,361,177**
	TOTAL (I, II and III)	**192,892,114**	**149,259,858**
B	**I. Deposits of branches in India**	**192,892,114**	149,259,858
	II. Deposits of branches outside India	-	-
	TOTAL	**192,892,114**	**149,259,858**

SCHEDULE 4 – BORROWINGS

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Borrowings in India		
(i) Reserve Bank of India	**-**	3,080,000
(ii) Other Banks	**2,000,000**	-
(iii) Other Institutions and Agencies	**8,392,073**	7,532,960
(iv) Sub-Ordinated Debts	**2,366,000**	866,000
TOTAL (I)	**12,758,073**	**11,478,960**
II. Borrowings outside India	**-**	-
TOTAL (I & II)	**12,758,073**	**11,478,960**
Secured Borrowings included in I & II above	**-**	3,080,000

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Bills Payable	**4,866,224**	3,933,963
II. Inter Office Adjustments (Net)	**-**	-
III. Interest Accrued (Net of TDS recoverable)	**2,480,214**	2,138,774
IV. Others		
(i) Provision for Standard Assets *	**850,517**	633,790
(ii) Other Liabilities (including provisions)**	**4,567,804**	5,818,168
TOTAL	**12,764,759**	**12,524,695**

* includes provision for unhedged foreign currency exposure and provision on specific standard assets
Refer Schedule 18 (5.16) (Provisions on Standard Assets)
** Refer Schedule 18 (11.1) (Employee Benefits)

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Cash in hand	**1,833,002**	1,453,978
(including foreign currency notes:- ` Nil {Previous Year ` Nil})		
II. Balances with Reserve Bank of India		
(i) In Current Accounts	6,750,019	5,579,711
(ii) In Other Accounts	-	-
TOTAL (II)	**6,750,019**	**5,579,711**
TOTAL (I & II)	**8,583,021**	**7,033,689**

SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. In India		
i. Balance with Banks		
(a) In Current Accounts*	**170,133**	641,145
(b) In Other Deposit Accounts	**101,575**	1,395
* includes funds in transit amounting to ` Nil (` 2.31 crores as on March 31, 2016)		
TOTAL	**271,708**	**642,540**
ii. **Money at Call and Short Notice**		
(a) With Banks	**2,250,000**	-
(b) With Other Institutions	-	-
TOTAL	**2,250,000**	-
TOTAL (I)	**2,521,708**	**642,540**
II. Outside India		
(i) In Current Accounts	**183,066**	238,965
(ii) In Other Deposit Accounts	**636,827**	1,000,450
(iii) Money at Call and Short Notice	-	-
TOTAL (II)	**819,893**	**1,239,415**
TOTAL (I & II)	**3,341,601**	**1,881,955**

SCHEDULE 8 – INVESTMENTS

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Investments in India		
Net Investments in :-		
(i) Government Securities	**47,711,322**	39,854,771
(ii) Other Approved Securities	-	-
(iii) Shares	**93,812**	77,418
(iv) Debentures and Bonds	**303,300**	514,950
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Other Investments :		
(a) Ceritificate of Deposits/Commercial Paper	-	1,575,422
(b) Units of Mutual Funds	-	-
(c) Pass Through Certificates	**9,377,467**	1,004,098
(d) Security Receipts*	**693,541**	306,648
TOTAL (I)	**58,179,442**	**43,333,307**
II. Investments in India		
i. Gross Value	**58,220,677**	43,375,882
ii. Provision for Depreciation	**(41,235)**	(42,575)
TOTAL (II)	**58,179,442**	**43,333,307**
III. Investments outside India		
(i) Government Securities	-	-
(ii) Subsidiaries and/or Joint Ventures	-	-
(iii) Other Investments	-	-
TOTAL (III)	**-**	**-**

* Refer Schedule 18 (5.13 and 5.14) (Details of financial assets (including written off accounts) sold to Securitisation/ Reconstruction Company for Asset Reconstruction and Details of investment in security receipts (SRs))

SCHEDULE 9 – ADVANCES

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. (i) Bills Purchased and Discounted	**1,399,744**	1,607,403
(ii) Cash credits, Overdrafts and Loans repayable on demand	**33,958,668**	27,107,294
(iii) Term Loans	**122,817,913**	100,499,171
TOTAL (I)	**158,176,325**	**129,213,868**
II. (i) Secured by tangible assets*	**152,260,761**	124,516,266
(ii) Covered by Bank / Government Guarantees	-	-
(iii) Unsecured	**5,915,564**	4,697,602
*includes Advances against Book Debts		
TOTAL (II)	**158,176,325**	**129,213,868**
III.(a) Advances in India		
(i) Priority Sectors	**65,089,136**	55,055,234
(ii) Public Sector	**79,403**	29,970
(iii) Banks	-	626
(iv) Others	**93,007,786**	74,128,038
TOTAL	**158,176,325**	**129,213,868**
III. (b) Advances outside India	-	-
TOTAL (III)	**158,176,325**	**129,213,868**

Advances are net of provisions

SCHEDULE 10 – FIXED ASSETS

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Premises (Gross Block including Revaluation)		
(i) As at 31 March of the preceding year	**2,266,366**	2,138,876
(ii) Additions during the year	**2,246,582**	130,647
(iii) Deductions during the year	**(3,350)**	(3,157)
Total	**4,509,598**	**2,266,366**
Depreciation to date (including on Revaluation)		
(i) As at 31 March of the preceding year	**308,139**	261,979
(ii) Charge for the year	**68,438**	49,070
(iii) On deductions during the year	**(1,814)**	(2,910)
Total	**374,763**	**308,139**
Net Block	**4,134,835**	**1,958,227**
II. Other Fixed Assets (Gross Block including Furniture & Fixtures)*		
(i) As at 31 March of the preceding year	**1,874,522**	1,630,591
(ii) Additions during the year	**556,206**	288,621
(iii) Deductions during the year	**(22,031)**	(44,690)
Total	**2,408,697**	**1,874,522**
Depreciation to date		
(i) As at 31 March of the preceding year	**1,352,541**	1,140,735
(ii) Charge for the year	**321,911**	241,911
(iii) On deductions during the year	**(16,598)**	(30,105)
Total	**1,657,854**	**1,352,541**
Net Block	**750,843**	**521,981**
TOTAL (I+II)	**4,885,678**	**2,480,208**

* Refer Schedule 18 (7) (Other Fixed Assets (including furniture and fixtures))

SCHEDULE 11 – OTHER ASSETS

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Inter-Office Adjustments (Net)	-	-
II. Interest accrued	**960,246**	777,532
III. Tax paid in Advance/Tax deducted at Source (Net of provision)	**453,879**	184,849
IV. Stationery and Stamps	**4,946**	5,325
V. Non-Banking Assets acquired in satisfaction of claims (Net)	-	-
VI. Deferred Tax Assets (Net)*	**511,097**	424,316
VII. Others**	**5,367,551**	5,850,182
TOTAL	**7,297,719**	**7,242,204**

* Refer Schedule 18 (11.6) (Deferred Tax)
** Refer Schedule 18 (11.1) (Employee Benefits)

SCHEDULE 12 – CONTINGENT LIABILITIES

	As on 31.03.2017 (` in 000's)	As on 31.03.2016 (` in 000's)
I. Claims against the Bank not acknowledged as debts	**447,787**	446,921
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts		
(a) Forward Contracts	**11,258,470**	7,288,449
(b) Interest Rate Swaps and Currency Swaps	-	-
(c) Foreign Currency Options	-	-
IV. Guarantees given on behalf of constituents		
(a) In India	**8,560,124**	7,857,505
(b) Outside India	**1,647,304**	2,101,776
V. Acceptances, Endorsements and other obligations	**2,217,351**	2,019,030
VI. Other items for which the Bank is contingently liable*	**2,166,331**	380,874
TOTAL	**26,297,367**	**20,094,555**

* includes ` 26.03 crores (` 22.49 crores as on March 31, 2016) being amount transferred to DEAF Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14. Refer Schedule 18 (12.4) (Depositor Education and Awareness Fund (DEAF)) and ` 175 crores of lending under RBI Liqiuity Adjustment Facility outstanding as at March 31, 2017 (Previous Year : Nil) as per RBI circular FMRD.DIRD. 10/14.03.002/2015-16.

SCHEDULE 13 – INTEREST EARNED

	Year Ended 31.03.2017 (` in 000's)	Year Ended 31.03.2016 (` in 000's)
I. Interest/Discount on Advances/Bills	**16,479,484**	13,541,075
II. Income on Investments	**3,935,244**	3,077,763
III. Interest on Balance with Reserve Bank of India and other Inter Bank Funds	**57,751**	37,690
IV. Others*	**288,980**	328,107
TOTAL	**20,761,459**	**16,984,635**

* includes an amount of ` 4.83 crores (Previous year: ` 5.20 crores) being interest on income tax refunds.

SCHEDULE 14 – OTHER INCOME

	Year Ended 31.03.2017 (` in 000's)	Year Ended 31.03.2016 (` in 000's)
I. Commission, Exchange and Brokerage	**1,656,783**	1,405,142
II. Profit/(Loss) on sale of Investments (Net)	**454,296**	423,054
III. Profit/(Loss) on revaluation of Investments (Net)	-	-
IV. Profit/(Loss) on sale of Land, Buildings and Other Assets (Net)	**(2,113)**	(4,156)
V. Profit/(Loss) on Exchange Transactions (Net)	**103,620**	144,879
VI. Income earned by way of Dividends, etc. from Subsidiaries, Companies and/or Joint Ventures abroad/in India	-	-
VII. Miscellaneous Income (Includes recoveries from bad debts written off in earlier years)	**281,952**	235,666
TOTAL	**2,494,538**	**2,204,585**

SCHEDULE 15 – INTEREST EXPENDED

		Year Ended 31.03.2017 (` in 000's)	Year Ended 31.03.2016 (` in 000's)
I.	Interest on Deposits	**11,781,164**	10,095,964
II.	Interest on Reserve Bank of India / Inter-Bank Borrowings	**278,037**	131,434
III.	Other Interest	**731,391**	562,229
	TOTAL	**12,790,592**	**10,789,627**

SCHEDULE 16 – OPERATING EXPENSES

			Year Ended 31.03.2017 (` in 000's)		Year Ended 31.03.2016 (` in 000's)
I.	Payments to and Provisions for Employees		**3,080,302**		2,450,916
II.	Rent, Taxes and Lighting		**658,265**		512,416
III.	Printing and Stationery		**74,838**		57,741
IV.	Advertisement and Publicity		**25,114**		19,184
V.	Depreciation on Bank's property	**390,349**		290,981	
	Add: Transfer to Revaluation Reserve	-	**390,349**	11,859	302,840
VI.	Directors' Fees, Allowances and Expenses		**8,702**		8,554
VII.	Auditors' Fees and Expenses		**7,533**		7,999
VIII.	Law Charges		**69,653**		50,254
IX.	Postages,Telegrams,Telephones, etc.		**128,562**		99,907
X.	Repairs and Maintenance		**125,527**		116,855
XI.	Insurance		**153,994**		124,953
XII.	Other Expenditure*		**1,560,500**		1,157,695
	TOTAL		**6,283,339**		**4,909,314**

* includes an amount of ` 0.98 crores (Previous year : ` 0.41 crores) being Corporate Social Responsibility Expenditure as per requirement of the Companies Act, 2013 (Refer Note 18 (13.2) (Corporate Social Responsibility)).

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

DCB Bank Limited ("DCB" or "the Bank"), incorporated in Mumbai, India is a publicly held banking company engaged in providing banking and financial services and governed by the Banking Regulation Act, 1949.

2. BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting unless otherwise stated, and comply with the Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (the "RBI") from time to time and the notified Accounting Standards prescribed under Section 133 of the Companies Act 2013, to the extent applicable and the current practices prevailing within the banking industry in India.

3. USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

4. INVESTMENTS

4.1 Classification:

The investment portfolio comprising approved securities (predominantly Government Securities) and other securities (Shares, Debentures and Bonds, etc.) is classified at the time of acquisition in accordance with the RBI guidelines under three categories viz. 'Held to Maturity' ('HTM'), 'Available for Sale' ('AFS') and 'Held for Trading' ('HFT'). For the purposes of disclosure in the Balance Sheet, they are classified under six groups viz. Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries and/or joint ventures and Other Investments.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions.

4.2 Basis of Classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date.

Investments which the Bank intends to hold till maturity are classified as HTM securities.

Investments which are not classified in the above categories are classified as AFS securities.

4.3 Transfer of Securities between Categories:

The transfer/shifting of securities between categories of investments is accounted as per the RBI guidelines.

4.4 Acquisition Cost:

Cost including brokerage, commission pertaining to investments, paid at the time of acquisition, is charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

4.5 Valuation:

Held for Trading and Available for Sale categories:

Investments classified under HFT and AFS are marked to market as per the RBI guidelines. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category within each group is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

Traded investments are valued based on the trades / quotes from the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures, Pass through Certificates) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities with similar maturity profile published by FIMMDA. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ` 1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund. Treasury bills, commercial papers and certificate of deposits, being discounted instruments, are valued at carrying cost.

In the event provisions recognised on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, such excess is recognised in the Profit and Loss Account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve Account in accordance with the RBI guidelines after adjusting for income tax and appropriation to Statutory Reserve.

Held to Maturity:

These are carried at their acquisition cost and are not marked to market. Any premium on acquisition is amortised over the remaining maturity

period of the security on a straight-line basis. Provision is recognised for diminution other than temporary in the value of such investments for each investment individually.

Non-performing investments are identified and provision is recognised as per the RBI guidelines.

4.6 Security Receipts (SR)

Security receipts issued by the Asset Reconstruction Companies ('ARC') are valued at the net asset value declared by ARC and valued in accordance with the guidelines applicable to such instruments, prescribed by the RBI from time to time.

4.7 Disposal of Investments:

Profit/Loss on sale of investment under the aforesaid three categories is recognised in the Profit and Loss Account. The profit on sale of investment in HTM category, net of taxes and transfer to Statutory Reserve, is appropriated to Capital Reserve.

4.8 Repo and reverse repo transactions under Liquidity Adjustment Facility ('LAF'):

Repo transactions under LAF with RBI are accounted for as secured borrowing/ lending transactions. Borrowing cost on repo transactions is treated as interest expense and income on reverse repo transactions is treated as interest income.

5. ADVANCES

5.1 In pursuance of guidelines issued by the RBI, advances are classified as Standard, Sub-Standard, Doubtful and Loss Assets and are stated net of specific provisions made towards NPAs and floating provisions.

5.2 Advances are net of bills rediscounted, Inter-bank participation with risk, claims realised from Export Credit Guarantee Corporation ('ECGC'), provisions for non- performing advances, floating provisions, unrealised fees and unrealised interest held in suspense account.

5.3 Credit facility/investment, where interest and/or installment of principal has remained overdue for more than 90 days, is classified as non-performing asset. However, in respect of Equated Monthly Instalment ('EMI') based advances, those accounts where more than 3 EMIs are overdue are classified as NPAs.

5.4 In case of NPAs other than retail EMI loans, recoveries effected are first adjusted towards the principal amount. In case of retail EMI loans, recoveries effected are adjusted towards the EMI and within the EMI first towards the principal amount.

5.5 Provision for non-performing advances ('NPAs') comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. NPAs are identified by periodic appraisals of the loan portfolio by the management. In respect of identified NPAs in Retail portfolio, provision is recognised on the homogeneous retail loans and advances assessed at borrower level on the basis of ageing of loans in the non-performing category and in respect of identified NPAs in other cases, provision is recognised account by account. The provisioning done is at or higher than the minimum rate prescribed under the RBI guidelines.

5.6 In case of restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which require the diminution in the fair value of the assets to be provided in the Profit and Loss Account at the time of restructuring.

5.7 In addition to the above, the Bank, on a prudent basis, recognises provisions on advances or exposures which are performing assets as per the IRAC norms, but has reasons to believe on the basis of the extant environment impacting a specific exposure or any specific information, the possible deterioration of a specific advance or a group of advances or exposures or potential exposures. These provisions are recognised as per Board approved policy and are classified as Provision for Specific Standard Assets, included under Provision for Standard Assets and reported under Other Liabilities. These provisions are not reversed to the Profit and Loss Account but are transferred as provision on the same specific advance / exposure in case the asset slips into non-performing asset, except in case of full repayment of the exposure when such provision will be reversed and recognised in the Profit and Loss Account.

5.8 The Bank maintains general provision for Standard Assets, including credit exposures computed as per the current marked to market values of foreign exchange forward contracts, at levels stipulated by the RBI from time to time. These provisions on Standard Assets are included under Other Liabilities.

5.9 The Bank estimates the inherent risk of the unhedged foreign currency exposures of its borrowers as per the regulatory guidelines stipulated by the RBI from time to time and recognises incremental provisions on exposures to such entities as per methodology prescribed. These provisions are included in Provision for Standard Assets and reported under Other Liabilities.

5.10 The RBI guidelines further permit banks to create floating provisions on Advances up to levels as per a Board approved policy over and above the regulatory provisions required on standard assets. These floating provisions are netted from Advances. These provisions are not reversed by credit to the Profit and Loss Account without prior approvals of the Board and the RBI under specific circumstances.

6. FIXED ASSETS

Premises and other fixed assets are stated at historical cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

7. REVALUATION OF FIXED ASSETS

Portfolio of immovable properties is revalued periodically by an independent valuer to reflect current market valuation. All land and building owned by the Bank and used as branches or offices or godowns are grouped under "Office Premises" in the fixed assets category. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Profit and Loss Account i.e. revenue reserves.

8. DEPRECIATION & AMORTISATION

Depreciation on fixed assets, including amortisation of software, is charged over the estimated useful life of the fixed assets on a straight-line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except as mentioned below. The useful life of an asset is the period over which an asset is expected to be available for use to the Bank.

- Computer Hardware and Servers - 33.33% p.a.
- Air conditioners – 11.11% p.a.
- Application Software and System Development Expenditure - 33.33% p.a.
- Improvements (Civil) to Leased Premises and Fixed Furniture in Leased Premises such as work-stations, etc. – over the contracted period of the lease
- Vehicles – 19% p.a. over 5 years with 5% residual value.
- Cash safe and Safe Deposit Vaults – 4.75% p.a.

Assets purchased/sold during the year are depreciated on a pro-rata basis, based on the actual number of days the assets have been put to use.

Assets individually costing upto ` 5,000/- are depreciated fully over a period of one year from the date of purchase.

9. IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over remaining useful life.

10. RECOGNITION OF INCOME AND EXPENDITURE

10.1 Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Bank and the revenue can be reliably measured.

10.2 Items of income and expenditure are generally accounted on accrual basis.

10.3 Interest income is recognised in the Profit and Loss Account on accrual basis, except in the case of non-performing assets where it is recognised on receipt basis as per the RBI and Accounting Standard norms.

10.4 Interest income on investments in Pass Through Certificates (PTC) is recognised at the coupon rate, net of tax on distributed income.

10.5 Interest income on loans bought out through the direct assignment route is recognised at the effective interest rate i.e. after amortising premium, if any, on the bought out portfolio as per Guidelines on Securitised Transactions issued by the RBI.

10.6 Processing fees on loans are recognised as income, however processing overheads on loans are expensed at the inception of the loan.

10.7 Overdue rent on safe deposit lockers is accounted for when there is certainty of receipts.

10.8 Guarantee commission, annual safe deposit locker rent fees are recognised on a straight-line basis over the period of contract. Letters of credit ('LC') are generally issued for a shorter tenor, typically of 90 days. The commission on such LC is recognised when due.

11. FOREIGN CURRENCYTRANSACTIONS

11.1 Initial recognition:

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency on the date of the transaction.

11.2 Conversion:

Foreign currency monetary items are reported using the closing rate notified by Foreign Exchange Dealers' Association of India ('FEDAI') at the Balance Sheet date and the resulting profit or loss is recognised in the Profit and Loss Account, as per the guidelines issued by the RBI.

11.3 Exchange differences:

Exchange difference arising on settlement of monetary items is recognised as income or as expense in the year in which it arises. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuations denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign exchange forward contracts not intended for trading that are entered into to establish the amount of reporting currency required or available at the settlement date of transactions, which are outstanding at the Balance Sheet date are effectively valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

11.4 Outstanding forward exchange contracts are revalued at the Balance Sheet date at the rates notified by FEDAI and at interpolated rates for contracts of interim maturities. The resultant gain/loss on revaluation is recognised in the Profit and Loss Account in accordance with the RBI/FEDAI guidelines.

11.5 Contingent liabilities denominated in foreign currencies are disclosed in the Balance Sheet at the rates notified by FEDAI.

11.6 Forward exchange contracts and other derivative contracts which have overdue receivables remaining unpaid over 90 days or more are classified as non-performing assets and provided for as per the extant master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning issued by the RBI.

12. EMPLOYEE BENEFITS

12.1 Defined Benefit Plan

Provision in respect of future liability for payment of gratuity is made on the basis of actuarial valuation on projected unit credit method made

at the end of the year. Gratuity is funded with the Gratuity Trust duly registered under the provisions of Income tax Act, 1961. Actuarial gains/losses are recognised immediately in the Profit and Loss Account and are not deferred.

12.2 Defined Contribution Scheme

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There is no other obligation other than the contribution payable to the fund.

13. TAXES ON INCOME

13.1 Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income Tax reflects the impact of current year timing differences between the taxable income and the accounting income for the year and reversal of timing differences of earlier years.

13.2 Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to taxes levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

13.3 At each Balance Sheet date, the Bank re-assesses unrecognised deferred tax assets and recognises deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made of the amount required to settle the obligation.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Bank, or where there is a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements.

15. EMPLOYEE SHARE BASED PAYMENTS

Measurement and disclosure of employee share-based employment plans is done in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 / Guidance Note on Accounting for the Employee Share-based Payments issued by The Institute of Chartered Accountants ('ICAI') of India. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Deferred compensation expense is amortised over the vesting period of the option.

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of dilutive potential equity shares.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and ATMs, balances with the Reserve Bank of India, balances with other banks and money at call and short notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

18. LEASES

Leases where the Lessor effectively retains substantially all risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

19. SEGMENT REPORTING

As per the RBI guidelines on Segment Reporting, the Bank has classified its activity into Treasury Operations, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations.

Treasury Operations includes all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.

Corporate/Wholesale Banking includes lending, deposit taking and other services offered to corporate customers.

Retail Banking includes lending, deposit taking and other services offered to retail customers.

Other Banking Operations includes para banking activities like third party product distribution, merchant banking, etc.

SCHEDULE 18 – NOTES TO ACCOUNTS

1 CAPITAL

1.1 Capital to Risk-weighted Assets Ratio (CRAR)

(` in crore)

Particulars	As per Basel III framework	
	As at March 31, 2017	As at March 31, 2016
i. Tier 1 Capital	**2,052.04**	1,718.17
ii. Tier 2 Capital	**326.63**	176.85
iii. Total Capital	**2,378.67**	1,895.02
iv. Total Risk Weighted Assets	**17,283.19**	13,429.87
v. Common Equity Tier 1 Capital Ratio (%)	**11.87%**	12.79%
vi. Tier 1 Capital Ratio (%)	**11.87%**	12.79%
vii. Tier 2 Capital Ratio (%)	**1.89%**	1.32%
viii. Total Capital Ratio (CRAR) (%)	**13.76%**	14.11%
ix. Percentage of shareholding of the Government of India in public sector banks	**N.A**	N.A
x. Amount of equity capital raised-		
Share Capital:	**0.93**	2.42
Securities Premium:	**3.37**	7.13
xi. Amount of Additional Tier 1 capital raised; of which-		
PNCPS:	–	–
PDI:	–	–
xii. Amount of Tier 2 capital raised; of which-		
Debt capital instrument:	**150.00**	86.60
Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	–	–

2 SUB-ORDINATED DEBT THROUGH PRIVATE PLACEMENT OF BONDS

During the year the Bank raised ` 150.00 crore (Previous year: ` 86.60 crore) of subordinated debt. The subordinated debts raised through private placement of bonds are Unsecured Redeemable Non-Convertible Basel III Compliant Subordinated Tier II bonds in the nature of Debenture to augment capital adequacy.

The detail of total outstanding subordinated debt is given below:

(` in crore)

Deemed Date of Allotment	**Coupon Rate (% p.a.)**	**Tenure (in months)**	**Equivalent Amount as on March 31, 2017**	Equivalent Amount as on March 31, 2016
March 31, 2016	10.25	121	**86.60**	86.60
November 18, 2016	09.85	120	**150.00**	–
			236.60	86.60

3 INVESTMENTS

3.1 Particulars of investments and movement in provision held towards depreciation on investments

(` in crore)

Particulars	March 31, 2017	March 31, 2016
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India	**5,822.06**	4,337.59
b. Outside India	–	–
(ii) Provisions for Depreciation		
a. In India	**4.12**	4.26
b. Outside India	–	–
(iii) Net Value of Investments		
a. In India	**5,817.94**	4,333.33
b. Outside India	–	–
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance	**4.26**	0.65
(ii) Add: Provision made during the year	**16.43**	8.80
(iii) Less: Write-off / write-back of excess provision during the year (including depreciation utilised on sale of securities)	**16.57**	5.19
(iv) Closing balance	**4.12**	4.26

3.2 The net book value of investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) is as under:-

Category	As at March 31, 2017		As at March 31, 2016	
	` in crore	%	` in crore	%
Held to Maturity	**4,028.60**	**69.25**	3,058.04	70.57
Held for Trading	**5.37**	**0.09**	197.11	4.55
Available for Sale	**1,783.97**	**30.66**	1,078.18	24.88
Total	**5,817.94**	**100.00**	4,333.33	100.00

3.3 Repo Transactions

Financial Year 2016-17

(` in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2017
Securities Sold under Repos *	–	420.00	49.95	–
(i) Government Securities	–	420.00	49.95	–
(ii) Corporate debt Securities	–	–	–	–
Securities purchased under Reverse Repos *	–	772.00	27.13	175.00
(i) Government Securities	–	772.00	27.13	175.00
(ii) Corporate debt Securities	–	–	–	–

* consist of RBI LAF disclosed at face value.

Financial Year 2015-16

(` in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2016
Securities Sold under Repos *	–	395.20	113.87	320.32
(i) Government Securities	–	395.20	113.87	320.32
(ii) Corporate debt Securities	–	–	–	–
Securities purchased under Reverse Repos *	–	153.92	12.19	–
(i) Government Securities	–	153.92	12.19	–
(ii) Corporate debt Securities	–	–	–	–

* consist of RBI LAF disclosed at face value.

3.4 **Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments**

Balances as at March 31, 2017

(` in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement*#	Extent of below Investment Grade Securities#	Extent of Unrated Securities#	Extent of Unlisted Securities*#
1.	PSUs	10.08	–	–	–	–
2.	FIs	30.25	10.00	–	–	10.00
3.	Banks	–	–	–	–	–
4.	Private Corporates	2.19	2.00	–	–	2.19@
5.	Subsidiaries / Joint Ventures	–	–	–	–	–
6.	Others**	1,007.84	–	–	–	–
7.	Provision held towards Depreciation	(3.55)	–	–	–	–
	Total	**1,046.81**	**12.00**	–	–	**12.19**

* excludes investment in pass through certificates and security receipts.

** includes investments in pass through certificates and security receipts.

Amounts reported under these columns above are not mutually exclusive.

@ includes shares acquired under initial public offer and awaiting listing.

Balances as at March 31, 2016

(` in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement*#	Extent of below Investment Grade Securities#	Extent of Unrated Securities#	Extent of Unlisted Securities*#
1.	PSUs	45.29	–	–	–	–
2.	FIs	26.11	10.00	–	–	10.00
3.	Banks	147.64	–	–	–	–
4.	Private Corporates	2.00	2.00	–	–	2.00
5.	Subsidiaries / Joint Ventures	–	–	–	–	–
6.	Others**	131.07	–	–	–	–
7.	Provision held towards Depreciation	(4.26)	–	–	–	–
	Total	**347.85**	**12.00**	–	–	**12.00**

* excludes investment in pass through certificates and security receipts.

** includes investments in pass through certificates and security receipts.

Amounts reported under these columns above are not mutually exclusive.

3.5 **Non-Performing Non-SLR Investments**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Opening Balance	–	–
Additions during the year	–	–
Reductions during the year	–	–
Closing Balance	–	–
Total provisions held	–	–

3.6 **Sale and Transfers to / from HTM Category**

During the years ended March 31, 2017 and March 31, 2016, the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per the extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

4 DERIVATIVES

4.1 **Forward Rate Agreements / Interest Rate Swaps**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
i. The notional principal of swap agreements	**NIL**	NIL
ii. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**NIL**	NIL
iii. Collateral required by the bank upon entering into swaps	**NIL**	NIL
iv. Concentration of credit risk arising from the swaps	**NIL**	NIL
v. The fair value of the swap book	**NIL**	NIL

4.2 **Exchange Traded Interest Rate Derivatives**

(` in crore)

Sr. No.	**Particulars**	**March 31, 2017**	March 31, 2016
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	**NIL**	NIL
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	**NIL**	NIL
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	**NIL**	NIL
iv.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	**NIL**	NIL

4.3 **Disclosures on risk exposure in derivatives:**

a) Qualitative Disclosures

Management of Risk in Derivatives Trading

The Bank's market risk unit plays a key role in setting up of the limits and laying down of the risk assessment and monitoring methods. The policies of the Bank include setting limits upon the notional principal value of product specific gaps, maximum tenor, overall outstanding and the setting-up of counter party-wise, tenor-wise limits.

All limits are monitored on a daily basis by the Bank's Treasury Back Office and Mid Office. Exposure reports are submitted to the Treasurer as well as the Head-Market Risk and any limit excesses are brought to the notice of the management immediately for further action.

Policies for Hedging Risk

All transactions undertaken by the Bank for trading purposes are classified under the Trading Book. All other transactions are classified as a part of the Banking Book. The Banking Book includes transactions concluded for the purpose of providing structures to customers on a back-to-back basis. It also consists of transactions in the nature of hedges based on identification of supporting trades, with appropriate linkages done for matching amounts and tenor within the approved tolerance limits.

The accounting for all derivative trades is done for the notional amount on the trade date. The valuation of all outstanding trades is done category wise. The valuation for outstanding trades under the Trading portfolio is done on a daily basis and the net marked to market ('MTM') is accounted in the Profit and Loss Account. The valuation for outstanding trades under the hedged portfolio is done on a monthly basis and the residual MTM, if any, is accounted in the Profit and Loss Account on a monthly basis. Valuation of the outstanding hedged Forex Options is done on a monthly basis and the net MTM is zero as all customer trades are hedged on identical basis with counter party banks.

The MTM position on all outstanding trades of individual corporate customers is reported on a monthly basis to Credit Risk department for exposure monitoring.

b) Quantitative Disclosures

(` in crore)

Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2017	**March 31, 2017**	March 31, 2016	March 31, 2016
1.	Derivatives (notional Principal Amount)				
	(a) For hedging	**NIL**	**NIL**	NIL	NIL
	(b) For trading	**NIL**	**NIL**	NIL	NIL
2.	Marked to Market position				
	(a) Asset (+)	**NIL**	**NIL**	NIL	NIL
	(b) Liability (-)	**NIL**	**NIL**	NIL	NIL
3.	Credit Exposure	**NIL**	**NIL**	NIL	NIL
4.	Likely impact of one percentage change in Interest Rate (100*PV01)				
`	(a) On hedging derivatives	**NIL**	**NIL**	NIL	NIL
	(b) On trading derivatives	**NIL**	**NIL**	NIL	NIL
5.	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging				
	Maximum	**NIL**	**NIL**	NIL	NIL
	Minimum	**NIL**	**NIL**	NIL	NIL
	(b) On trading				
	Maximum	**NIL**	**NIL**	NIL	NIL
	Minimum	**NIL**	**NIL**	NIL	NIL

Notes:

1 Foreign exchange forward contracts have not been included in the above disclosure.

2 The notional principal amount of forward exchange contracts classified as Hedging and Trading amounted to ` 1,125.85 crore (Previous year: ` 728.84 crore).

5 ASSET QUALITY

5.1 Non-Performing Assets (NPAs)

(` in crore)

Particulars	March 31, 2017	March 31, 2016
(i) Net NPAs to Net Advances (%)	**0.79%**	0.75%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**197.38**	186.07
(b) Additions during the year	**261.97**	225.49
(c) Reductions during the year	**205.15**	214.18
(d) Closing balance	**254.20**	197.38
(iii) Movement of Net NPAs		
(a) Opening balance	**97.46**	105.70
(b) Additions during the year[1,2]	**162.78**	136.03
(c) Reductions during the year[3]	**135.83**	144.27
(d) Closing balance	**124.41**	97.46
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)[4]		
(a) Opening balance	**96.91**	77.36
(b) Provisions made during the year	**99.19**	88.23
(c) Write-off / write-back of excess provisions	**69.07**	68.68
(d) Closing balance	**127.03**	96.91

Notes:

1. Includes interest capitalisation of ` NIL crore (Previous year: ` 1.23 crore).
2. Includes addition to NPAs net off provisions on such NPAs and additional provision on existing NPAs.
3. Includes interest capitalisation of ` 0.25 crore (Previous year: ` 1.23 crore).
4. Includes floating provision of ` 13.75 crore (Previous year: ` 10.85 crore).

5.2 Movement of Gross NPAs

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Opening balance of Gross NPAs	**197.38**	186.07
Additions during the year[1]	**261.97**	225.49
Sub-total (A)	**459.35**	411.56
Less:		
i. Upgradations	**40.91**	53.87
ii. Recoveries (excluding recoveries made from upgraded accounts)[2]	**119.89**	100.51
iii. Technical / Prudential Write-offs	**8.81**	17.63
iv. Write-offs other than those under (iii) above	**35.54**	42.17
Sub-total (B)	**205.15**	214.18
Closing balance of Gross NPAs (A-B)	**254.20**	197.38

1. Includes fresh NPAs during the year.
2. Includes recoveries of ` 52 crore (Previous year: ` 20 crore) from NPAs sold to asset reconstruction company.

5.3 Movement of Technical / Prudential write-offs

Technical / Prudential write-offs is the amount of non-performing loans which are outstanding in the books of the branches, but have been written-off (fully or partially) at the Head Office level.

Movement in Technical / Prudential write-offs is set out below:

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Opening balance of Technical / Prudential Written off accounts	**236.69**	231.04
Add : Technical / Prudential write-offs during the year	**8.81**	17.63
Sub-total (A)	**245.50**	248.67
Less: Recovery / Sacrifice made from previously technical / prudential written-off accounts during the year (B)	**24.81**	11.98
Closing balance of Technical / Prudential Written off accounts (A-B)	**220.69**	236.69

5.4 **Concentration of NPAs**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Total Exposure to top four NPA accounts *	**67.76**	61.12

* NPAs are taken on net basis.

Exposure includes funded and non-funded exposures identified as NPAs.

5.5 **Intra Group Exposure**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Total amount of intra-group exposure	**NIL**	NIL
Total amount of top-20 intra-group exposure	**NIL**	NIL
Percentage of intra group exposure to total exposure of the Bank on borrower / customer	**NIL**	NIL
Details of breach of limit on intra group exposure and regulatory action thereon, if any	**NIL**	NIL

5.6 **Sector-wise Advances**

Financial Year 2016-17

(` in crore)

Sr. No.	**Sector**	**March 31, 2017**		
		Outstanding Total Advances	**Gross NPAs**	**Percentage of Gross NPAs to Total Advances in that sector**
A	**Priority Sector**			
1	Agriculture and allied activities	1,301.23	34.55	2.65%
2	Industry of which-	1,367.61	8.69	0.64%
	Textiles	204.58	1.22	0.60%
	Engineering	220.58	2.35	1.07%
	Food Processing	180.94	0.76	0.42%
3	Services of which-	3,265.20	42.00	1.29%
	Wholesale Trade	1,132.04	10.20	0.90%
	Retail Trade	535.97	9.25	1.73%
	Transport Operators	633.69	16.97	2.68%
4	Personal loans of which –	625.17	9.06	1.45%
	Housing Loans	594.46	8.31	1.40%
	Sub-total (A) (1+2+3+4)	**6,559.21**	**94.30**	**1.44%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	128.72	0.01	0.01%
2	Industry of which –	2,439.52	91.35	3.74%
	Constructions	1,035.75	2.00	0.19%
	Engineering	286.24	65.44	22.86%
3	Services of which –	5,383.96	48.88	0.91%
	Wholesale Trade	1,185.21	8.70	0.73%
	NBFC	931.86	–	–
	Retail Trade	618.79	9.75	1.57%
4	Personal loans	1,447.25	19.66	1.36%
	Housing Loans	1,015.46	11.56	1.14%
	Auto Loans	155.54	1.50	0.96%
	Sub-total (B) (1+2+3+4)	**9,399.45**	**159.90**	**1.70%**
	Total (A+B)	**15,958.66**	**254.20**	**1.59%**

- Classification into sectors as above has been done based on the Bank's internal norms which have been relied upon by the auditors.

Financial Year 2015-16

(` in crore)

Sr. No.	Sector	March 31, 2016		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	921.34	14.13	1.53%
2	Industry of which-	1,252.47	20.80	1.66%
	Textiles	178.17	1.62	0.91%
	Engineering	217.27	0.26	0.12%
	Food Processing	186.62	4.69	2.51%
3	Services of which-	2,817.25	20.97	0.74%
	Wholesale Trade	950.65	5.24	0.55%
	NBFC	469.43	–	–
	Retail Trade	372.98	3.65	0.98%
	Transport Operators	398.75	7.62	1.91%
4	Personal loans of which-	537.72	3.93	0.73%
	Housing Loans	494.88	3.40	0.69%
	Sub-total (A) (1+2+3+4)	**5,528.78**	**59.83**	**1.08%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	87.54	–	–
2	Industry of which –	2,075.58	86.67	4.18%
	Constructions	831.50	1.39	0.17%
	Engineering	282.51	65.41	23.15%
3	Services of which-	3,990.42	34.94	0.88%
	Wholesale Trade	912.58	19.75	2.16%
	NBFC	484.86	–	–
	Retail Trade	412.86	6.33	1.53%
4	Personal loans	1,350.65	15.94	1.18%
	Housing Loans	783.49	13.63	1.74%
	Auto Loans	181.63	0.52	0.28%
	Personal Loans	153.60	0.12	0.08%
	Sub-total (B) (1+2+3+4)	**7,504.19**	**137.55**	**1.83%**
	Total (A+B)	**13,032.97**	**197.38**	**1.51%**

- Classification into sectors as above has been done based on the Bank's internal norms which have been relied upon by the auditors.

5.7 RESTRUCTURED ACCOUNTS

Details of restructured accounts as of March 31, 2017

(` in crore)

Sr. No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured Accounts as on April 01, 2016	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	-	3	-	8	5	-	3	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	44.92	-	74.02	-	118.94	44.92	-	74.02	-	118.94
		Provision thereon	-	-	-	-	-	-	-	-	-	-	12.68	-	27.27	-	39.95	12.68	-	27.27	-	39.95
2	Fresh restructuring during the FY[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	-	-	-	2	2	-	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	25.43	-	-	-	25.43	25.43	-	-	-	25.43
		Provision thereon	-	-	-	-	-	-	-	-	-	-	4.36	0.02	9.36	-	13.74	4.36	0.02	9.36	-	13.74
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-				-	-				-	1				1	1				1
		Amount outstanding	-				-	-				-	0.05				0.05	0.05				0.05
		Provision thereon	-				-	-				-	0.00				0.00	0.00				0.00
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(3)	3	-	-	-	(3)	3	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(10.48)	10.48	-	-	-	(10.48)	10.48	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(2.15)	2.15	-	-	-	(2.15)	2.15	-	-	-
6	Write-offs of restructured accounts during the FY[2,3]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.02	8.81	-	8.83	-	0.02	8.81	-	8.83
7	Restructured Accounts as on March 31, 2017	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	3	2	-	8	3	3	2	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	59.82	10.46	65.21	-	135.49	59.82	10.46	65.21	-	135.49
		Provision thereon	-	-	-	-	-	-	-	-	-	-	14.90	2.17	32.43	-	49.50	14.90	2.17	32.43	-	49.50

1. Includes ` 15.03 crores due to increase in outstanding balance in respect of 3 accounts and increase in provisions amounting to ` 11.60 crores in respect of 4 accounts.
2. Includes ` 0.02 crores due to reduction in outstanding balance in respect of 2 accounts.
3. Includes assets sold to asset reconstruction company amounting to ` 8.81 crores in respect of 1 account

Details of restructured accounts as of March 31, 2016

(` in crore)

Sr. No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured Accounts as on April 01, 2015	No. of borrowers	-	-	-	-	-	-	-	-	-	-	8	2	6	1	17	8	2	6	1	17
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	70.25	65.26	9.99	0.07	145.57	70.25	65.26	9.99	0.07	145.57
		Provision thereon	-	-	-	-	-	-	-	-	-	-	11.79	16.94	5.40	0.07	34.20	11.79	16.94	5.40	0.07	34.20
2	Fresh restructuring during the FY[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03	-	-	0.03	-	0.03
		Provision thereon	-	-	-	-	-	-	-	-	-	-	4.14	-	6.11	-	10.25	4.14	-	6.11	-	10.25
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	(1)	-	-	-	1	(1)	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.08	(0.08)	-	-	-	0.08	(0.08)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-				-	-				-	1				1	1				1.00
		Amount outstanding	-				-	-				-	3.11				3.11	3.11				3.11
		Provision thereon	-				-	-				-	0.30				0.30	0.30				0.30
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(3)	2	1	-	-	(3)	2	1	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(22.29)	(42.88)	65.17	-	-	(22.29)	(42.88)	65.17	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(2.94)	(13.98)	16.92	-	-	(2.94)	(13.98)	16.92	-	-
6	Write-offs of restructured accounts during the FY[2,3]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	3	4	1	8	-	3	4	1	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	22.31	1.16	0.07	23.54	-	22.31	1.16	0.07	23.54
7	Restructured Accounts as on March 31, 2016	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	-	3	-	8	5	-	3	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	44.92	-	74.02	-	118.94	44.92	-	74.02	-	118.94
		Provision thereon	-	-	-	-	-	-	-	-	-	-	12.68	-	27.27	-	39.95	12.68	-	27.27	-	39.95

1. Includes ` 0.03 crores due to increase in outstanding balance in respect of 1 accounts and increase in provisions amounting to ` 10.25 crores in respect of 4 accounts.
2. Includes ` 3.21 crores due to reduction in outstanding balance in respect of 5 accounts.
3. Includes assets sold to asset reconstruction companyamounting to ` 19.10 crores in respect of 3 accounts.

5.8 **Disclosures on the scheme for sustainable Structuring of Stressed Assets (S4A), as at 31st March, 2017**

There were no accounts during the year where S4A has been applied.

5.9 **Disclosures on Flexible Structuring of Existing Loans**

There were no borrowers taken up for flexibility structuring during the year.

5.10 **Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)**

There were no accounts during the year where SDR has been invoked.

5.11 **Disclosures on change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)**

There were no accounts during the year where Bank has decided to effect change in ownership.

5.12 **Disclosures on change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)**

There were no project loan accounts during the year where Bank has decided to effect change in ownership.

5.13 **Details of financial assets (including written off accounts) sold to Securitisation / Reconstruction Company for Asset Reconstruction**

The Bank has sold certain assets to an asset reconstruction company (ARC) in terms of the guidelines issued by the RBI. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARC, the security receipts are valued at their respective NAVs as advised by the ARC. The details of the assets sold are given in the table below:

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
(i) No. of accounts	**91**	37
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	**52.00**	33.89
(iii) Aggregate consideration	**52.00**	20.00
(iv) Additional consideration realised in respect of accounts transferred in earlier years	**–**	–
(v) Aggregate gain/(loss) over net book value	**0.00**	(13.89)

The Bank is amortising the aggregate loss of previous years over a period of two years in line with the RBI guidelines. The unamortised amount as on March 31, 2017 is ` 5.21 crore (Previous year: ` 17.97 crore).

5.14 **Details of investment in security receipts (SRs)**

Details of investment in security receipts as at March 31, 2017 are set out below:

(` in crore)

Particulars	**SRs issued within past 5 years**	**SRs issued within 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**
(i) Book value of SRs backed by NPAs sold by the bank as underlying	70.09	–	–
Provision held against (i)	0.74	–	–
(ii) Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	–	–	–
Provision held against (ii)	–	–	–
Total (i + ii)	**70.09**	–	–

Details of investment in security receipts as at March 31, 2016 are set out below:

(` in crore)

Particulars	SRs issued within past 5 years	SRs issued within 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	30.66	–	–
Provision held against (i)	–	–	–
(ii) Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	–	–	–
Provision held against (ii)	–	–	–
Total (i + ii)	**30.66**	–	–

5.15 **a) Details of non-performing financial assets purchased from other banks**

(` in crore)

Particulars	March 31, 2017	March 31, 2016
1. (a) No. of accounts purchased during the year	**NIL**	NIL
(b) Aggregate outstanding	**NIL**	NIL
2. (a) Of these, number of accounts restructured during the year	**NIL**	NIL
(b) Aggregate outstanding	**NIL**	NIL

b) Details of non-performing financial assets sold to other banks

(` in crore)

Particulars	March 31, 2017	March 31, 2016
1. No. of accounts sold during the year	**NIL**	NIL
2. Aggregate outstanding	**NIL**	NIL
3. Aggregate consideration received	**NIL**	NIL

5.16 **Provisions on Standard Assets**

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Provision for Standard Assets	**62.84**	51.68
Provision for Unhedged Foreign Currency Exposure of borrowers	**2.75**	2.45
Provision for Specific Standard Assets	**19.46**	9.25
Total (Refer Schedule 5-IV(i) – Other Liabilities and Provisions)	**85.05**	63.38

6 BUSINESS RATIOS

Particulars	March 31, 2017	March 31, 2016
Interest Income as a percentage to Working Funds (%)[1]	**9.66**	9.97
Non-Interest Income as a percentage to Working Funds (%)[1]	**1.16**	1.29
Operating Profit as a percentage to Working Funds (%)[1,2]	**1.95**	2.05
Return on Assets (%)[3]	**0.93**	1.14
Business per employee (` in crore)[4, 5]	**6.85**	6.78
Profit after tax per employee (` in crore)[4]	**0.04**	0.05

1. Working funds have been considered as the average of total monthly assets (excluding accumulated losses, if any) as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949 during the financial year.
2. For the purpose of this ratio, Operating Profit is net profit for the year before provisions and contingencies.
3. Assets have been considered as the average of total monthly assets (excluding accumulated losses, if any) as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
4. For the purpose of this ratio, employees have been considered as the average of the total employees at the end of each month of the year.
5. For the purpose of this ratio, business per employee has been recorded as deposits plus advances (excluding interbank deposits).

7 OTHER FIXED ASSETS (including furniture and fixtures)

The movement in fixed assets capitalised as software is given below:

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Cost		
As at March 31 of the preceding year	**45.07**	37.19
Additions during the year	**8.98**	7.88
Deductions during the year	**–**	–
Total (a)	**54.05**	45.07
Depreciation		
As at March 31 of the preceding year	**35.47**	31.09
Charge for the year	**6.39**	4.38
On deductions during the year	**–**	–
Total (b)	**41.86**	35.47
Net value as at March 31 of the current year (a-b)	**12.19**	9.60

8 Liquidity Coverage Ratio (LCR)

(A) Quantitative Disclosures

Financial Year 2016-17

(` in crore)

		Q1 2016-17		Q2 2016-17		Q3 2016-17		Q4 2016-17	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		2,146.4		2,646.7		3,273.0		3,195.4
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	8,279.4	776.5	8,598.1	807.1	9,471.2	879.4	9,716.9	900.2
(i)	Stable Deposits	1,028.6	51.4	1,053.3	52.6	1,355.1	67.8	1,429.0	71.4
(ii)	Less Stable Deposits	7,250.8	725.1	7,544.8	754.5	8,116.1	811.6	8,287.9	828.8
3	Unsecured wholesale funding, of which:	914.1	733.0	953.5	732.7	1,065.3	815.5	1,248.6	856.5
(i)	Operational deposits (all counterparties)	0.1	0.0	0.2	0.0	0.1	0.0	176.2	44.1
(ii)	Non-operational deposits (all counterparties)	301.8	120.8	367.8	147.2	416.2	166.5	433.3	173.3
(iii)	Unsecured debt	612.2	612.2	585.5	585.5	649.0	649.0	639.1	639.1
4	Secured wholesale funding		0.0		0.0		0.0		0.0
5	Additional requirements, of which	4,585.5	2,118.8	3,745.3	1,216.5	4,403.6	1,646.7	4,572.8	1,836.3
(i)	Outflows related to derivative exposures and other collateral requirements	1,908.2	1,908.2	1,003.2	1,003.3	1,416.4	1,416.4	1,609.4	1,609.4
(ii)	Outflows related to loss of funding on debt products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(iii)	Credit and liquidity facilities	2,677.3	210.6	2,742.1	213.2	2,987.2	230.3	2,963.4	226.9
6	Other contractual funding obligations	36.5	36.5	132.7	132.7	144.4	144.4	67.8	67.8
7	Other contingent funding obligations	1,303.8	40.8	1,287.9	40.3	1,386.4	44.6	1,403.0	44.5
8	**TOTAL CASH OUTFLOWS**		3,705.6		2,929.3		3,530.6		3,705.3
Cash Inflows									
9	Secured lending (e.g. reverse repos)	21.7	0.0	31.7	0.0	78.3	0.0	46.5	0.0
10	Inflows from fully performing exposures	566.6	467.2	585.1	456.8	573.3	416.4	521.7	406.8
11	Other cash inflows	2,169.6	1,919.6	1,258.4	1,011.7	1,647.6	1,407.6	1,866.0	1,616.8
12	TOTAL CASH INFLOWS	2,757.9	2,386.8	1,875.2	1,468.5	2,299.2	1,824.0	2,434.2	2,023.6
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
	TOTAL HQLA		2,146.4		2,646.7		3,273.0		3,195.4
	Total Net Cash Outflows		1,318.8		1,460.8		1,706.5		1,681.7
	Liquidity Coverage Ratio (%)		162.76%		181.19%		191.79%		190.01%

In computing the above information, certain estimates/assumptions have been made by the Bank's management which have been relied upon by the auditors.

Financial Year 2015-16

		Q1 2015-16		Q2 2015-16		Q3 2015-16		Q4 2015-16	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		1,699.36		1,766.61		1,541.14		1,980.05
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	7,173.24	670.70	7,513.43	703.81	7,687.64	720.16	7,933.15	742.98
(i)	Stable Deposits	932.48	46.62	950.63	47.53	972.08	48.60	1,006.62	50.33
(ii)	Less Stable Deposits	6,240.76	624.08	6,562.80	656.28	6,715.56	671.56	6,926.53	692.65
3	Unsecured wholesale funding, of which:	692.17	550.58	735.71	531.18	732.12	592.48	854.50	703.17
(i)	Operational deposits (all counterparties)	0.02	0.01	0.14	0.03	0.20	0.04	0.11	0.02
(ii)	Non-operational deposits (all counterparties)	235.96	94.38	340.70	136.28	232.48	93.00	252.07	100.83
(iii)	Unsecured debt	456.19	456.19	394.87	394.87	499.44	499.44	602.32	602.32
4	Secured wholesale funding		11.67		0.00		0.00		0.00
5	Additional requirements, of which	3,459.97	1,244.50	4,056.50	1,512.48	4,679.94	1,972.61	3,971.13	1,352.94
(i)	Outflows related to derivative exposures and other collateral requirements	1,056.16	1,056.16	1,289.33	1,289.33	1,734.23	1,734.23	1,123.32	1,123.32
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	2,403.81	188.34	2,767.17	223.15	2,945.71	238.38	2,847.81	229.62
6	Other contractual funding obligations	0.00	0.00	30.00	30.00	15.01	15.00	0.00	0.00
7	Other contingent funding obligations	1,339.88	66.99	1,322.79	66.14	1,327.78	66.39	1,309.98	57.51
8	**TOTAL CASH OUTFLOWS**		2,544.44		2,843.61		3,366.64		2,856.60
Cash Inflows									
9	Secured lending (e.g. reverse repos)	26.67	0.00	57.67	0.00	16.67	0.00	71.64	0.00
10	Inflows from fully performing exposures	288.70	201.42	381.19	277.90	407.35	309.28	480.10	381.35
11	Other cash inflows	1,412.69	1,162.69	1,506.33	1,323.00	1,911.23	1,761.23	1,358.85	1,142.18
12	TOTAL CASH INFLOWS	1,728.06	1,364.11	1,945.19	1,600.90	2,335.25	2,070.51	1,910.59	1,523.53
21	**TOTAL HQLA**		1,699.36		1,766.61		1,541.14		1,980.05
22	**Total Net Cash Outflows**		1,180.33		1,242.70		1,296.13		1,333.07
23	**Liquidity Coverage Ratio (%)**		143.97%		142.16%		118.90%		148.53%

In computing the above information, certain estimates/assumptions have been made by the Bank's management which have been relied upon by the auditors.

(B) Qualitative Disclosures

The Bank maintains Liquidity Coverage Ratio (LCR) which is a ratio of High Quality Liquid Assets (HQLA) to expected net cash outflow over the next 30 calendar days, as per the RBI guidelines. The requirements start with minimum LCR of 60% with effect from January 1, 2015, reaching the minimum required level of 100% by January 1, 2019. The LCR requirement effective January 1, 2017 is 80%.

The objective of the LCR is to ensure that the Bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. Further at a minimum, the stock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The numerator, High Quality Liquid Assets comprises mainly of excess SLR securities, cash, excess CRR balances, Marginal Standing Facility ('MSF') to the extent of 2 per cent of Net Demand and Time Liabilities ('NDTL') and government securities up to another 9 per cent of NDTL while the denominator i.e. cash outflow over next 30 days comprises mainly of the deposit maturities in next 30 day period and other cash outflows net of the cash inflows in next 30 day period. As a part of its strategy to manage the liquidity requirements, the Bank has been consistently investing in SLR securities of about 2% to 4% of its NDTL, over and above the regulatory SLR requirement.

In compliance with the RBI guidelines, the Bank has started computing LCR from January 2015 onwards. The aforementioned table provides the quarterly LCR computation for the four quarters of the Financial Year 2016-17. The LCR is being monitored on daily basis effective January 01, 2017. Accordingly, daily average figures are reported for the last quarter of the FY 2016-17 while for the first three quarters, the monthly average figures are reported.

HQLA of the Bank comprises of mainly level 1 assets as per the RBI guidelines i.e. government securities apart from cash and excess CRR.

The major source of funding for the Bank is deposits from customers. The Bank does not rely significantly on interbank borrowings. However, refinance from NABARD and NHB is occasionally availed against the eligible assets. Further, the Bank has committed lines of credit from a few public sector banks.

The Bank does not have any derivative exposure other than the forward contracts entered by the Bank which does not affect LCR of the Bank significantly.

Apart from computing the LCR in the domestic currency, the Bank is also required to compute LCR in the currency in which aggregate liabilities denominated in that currency amount to 5 per cent or more of the Bank's total liabilities. To comply with the said requirement, the Bank computes the LCR in USD as the dollar denominated liabilities are more than 5% of the Bank's total liabilities. During the financial year 2016-17, the cash inflows in next 30 days denominated in the USD were usually higher than the cash outflows in next 30 days denominated in USD.

The liquidity management of the Bank is centralised at Treasury. Treasury Front Office shall, depending upon the expected outflows and inflows for the day, decide to borrow or lend to maintain optimal liquidity. Treasury Back Office monitors the expected inflows and outflows by way of maintaining a register which records the expected outflows and inflows that are informed in advance by the branches as well as by Treasury Front Office before making any investment. For this purpose, branches are required to inform the Treasury Back Office in advance of any expected large flows above ` 5 crore. Also, Treasury Back Office takes into account the deposits that are scheduled to mature in order to arrive at the expected cash outflows for that particular day. As a part of effective liquidity management, Bank always maintains excess SLR securities which can be pledged to meet the shortfall in the intraday liquidity, if any.

9 ASSET LIABILITY MANAGEMENT

9.1 Maturity pattern of certain items of assets and liabilities as at March 31, 2017

(` in crore)

Maturity Buckets	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets@	Foreign Currency Liabilities
Day 1	281.22	672.78	525.58	–	39.59	39.00
2 to 7 days	164.24	0.19	517.97	200.00	65.58	1.80
8 to 14 days	156.70	2.54	558.13	–	2.03	2.14
15 to 30 days	172.99	71.35	630.62	–	5.19	1.21
31 days to 2 months	245.76	71.39	1,182.33	–	5.90	4.10
Over 2 months & upto 3 months	462.17	65.92	844.84	–	22.13	3.60
Over 3 months & upto 6 months	656.93	167.91	2,563.99	54.68	33.35	23.89
Over 6 months & upto 1 year	1,295.31	248.63	3,687.64	449.94	–	41.58
Over 1 year & upto 3 years	5,885.55	748.20	7,947.69	292.39	47.77	88.24
Over 3 year & upto 5 years	1,785.97	787.03	656.07	278.80	8.67	10.44
Over 5 years	4,710.79	2,982.00	174.35	–	6.32	–
Total	**15,817.63**	**5,817.94**	**19,289.21**	**1,275.81**	**236.53**	**216.00**

@ excludes foreign currency bills discounted as they are booked in Indian Rupees.

9.2 Maturity pattern of certain items of assets and liabilities as at March 31, 2016

(` in crore)

Maturity Buckets	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets@	Foreign Currency Liabilities
Day 1	49.38	711.59	414.54	–	44.58	19.65
2 to 7 days	142.13	–	270.90	233.00	80.98	0.57
8 to 14 days	134.63	–	374.30	75.00	1.73	0.54
15 to 30 days	162.26	9.61	505.28	–	6.10	0.35
31 days to 2 months	217.20	19.88	819.59	–	21.65	1.79
Over 2 months & upto 3 months	438.62	156.93	583.14	–	8.55	1.35
Over 3 months & upto 6 months	533.18	175.81	1,752.25	39.41	16.70	7.30
Over 6 months & upto 1 year	1,210.36	99.66	3,404.05	39.41	1.44	39.98
Over 1 year & upto 3 years	4,687.13	210.91	6,357.51	640.18	41.36	69.56
Over 3 year & upto 5 years	1,417.54	593.41	324.15	34.30	–	36.11
Over 5 years	3,928.96	2,355.53	120.28	86.60	6.46	–
Total	12,921.39	4,333.33	14,925.99	1,147.90	229.55	177.20

@ excludes foreign currency bills discounted as they are booked in Indian Rupees.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

9.3 Concentration of Deposits

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Total deposits of twenty largest depositors*	**2,657.41**	2,088.16
Percentage of deposits of twenty largest depositors to total deposits of the Bank	**13.78%**	13.99%

*Excludes holders of Certificates of Deposits.

9.4 **Concentration of Advances**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Total advances to twenty largest borrowers	**1,397.34**	1,376.26
Percentage of Advances to twenty largest borrowers to total advances of the bank	**7.10%**	8.55%

Note: Advances reported above include both funded and non-funded loan exposure with limits or outstanding whichever is higher, for other than fully drawn term loans and NPAs. In case of fully drawn term loans and NPAs, the outstanding amount has been considered for this purpose. The Advances figure above also includes non-inter bank credit exposure on derivatives including forward exchange contracts.

9.5 **Concentration of Exposures**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Total Exposures to twenty largest borrowers / customers	**1,746.45**	1,386.16
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the bank on borrowers / Customers	**8.42%**	8.43%

Note: Exposures reported above include both funded and non-funded exposures [including advances and investments (other than SLR Investments)] with limits or outstanding whichever is higher, for other than fully drawn term loans and NPAs. In case of fully drawn term loan and NPAs, the outstanding amount has been considered for this purpose. The exposure figure above also includes non-inter bank credit exposure on derivatives.

9.6 **Overseas Assets, NPAs and Revenue**

(` in crore)

Particulars	**March 31, 2017**	March 31 ,2016
Total Assets	**NIL**	NIL
Total NPAs	**NIL**	NIL
Total Revenue for the year	**NIL**	NIL

9.7 **Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as on March 31, 2017 and March 31, 2016**

Name of the SPV sponsored	
Domestic	**Overseas**
NIL	NIL

9.8 **Credit Default Swaps**

The Bank has not transacted in credit default swaps during the year ended March 31, 2017 (Previous year: NIL).

10 EXPOSURES

10.1 Exposure to the Real Estate Sector

(` in crore)

Category	March 31, 2017	March 31, 2016
a) Direct Exposure		
(i) Residential Mortgages(*)	**1,617.34**	1,264.99
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
(*) Includes Individual housing loans eligible for inclusion in priority sector advances – ` 599.72 crore (Previous year: ` 497.83 crore)		
(ii) Commercial Real Estate	**1,674.65**	1,107.21
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.)		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
(a) Residential	**–**	–
(b) Commercial Real Estate	**–**	–
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**302.22**	183.15
Total Exposure to the Real Estate Sector	**3,594.21**	2,555.35

10.2 Exposure to the Capital Market

(` in crore)

Particulars	March 31, 2017	March 31, 2016
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**10.19**	10.00
ii. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**5.71**	5.51
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**0.24**	0.40
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures units of equity oriented mutual funds does not fully cover the advances;	**36.91**	1.09
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;(see * below)	**287.94**	290.09
vi. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**–**	–
vii. Bridge loans to companies against expected equity flows/issues;	**10.03**	–
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	–	–
ix. Financing to stockbrokers for margin trading;	–	–
x. All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total Exposure to the Capital Market	**351.02**	307.09

* Includes Advances to Stock Brokers ` 55.44 crore (Previous year: ` 56.09 crore) and Financial Guarantees issued on their behalf to Stock Exchanges ` 232.50 crore (Previous year: ` 234.00 crore).

10.3 **Risk category-wise country exposure**

(` in crore)

Risk Category	**Exposure (net) as at March 31, 2017**	**Provision held as at March 31, 2017**	Exposure (net) as at March 31, 2016	Provision held as at March 31, 2016
Insignificant	**109.15**	–	91.38	–
Low	**31.06**	–	64.67	–
Moderate Low	**3.29**	–	33.53	–
Moderate	**2.38**	–	5.32	–
Moderate High	–	–	–	–
High	–	–	–	–
Very High	–	–	–	–
Restricted	–	–	–	–
Total	**145.88**	–	194.90	–

10.4 **Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank**

As per regulatory guidelines, the Bank should restrict its exposure to 15% of its capital funds to any Single Borrower, defined as Single Borrower Limit and 40% as Group Borrower Limit. Additionally, the Bank can lend 5% to infrastructure projects and a further 5% with the specific approval of its Board.

During the years ended March 31, 2017 and March 31, 2016, the Bank has not exceeded the prudential exposure limits as laid down by the RBI guidelines for the Single Borrower Limit (SBL) and Group Borrower Limit (GBL).

10.5 **Unsecured Advances**

Details of advances included in Schedule 9 where intangibles like rights, licenses, authorisations, etc. are charged to the Bank as collateral:

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Total amount of advances against intangible collateral	**NIL**	NIL
Estimated value of intangible collateral	**NIL**	NIL

As per directions from the RBI, these advances are treated as Unsecured Advances in Schedule 9.

11 COMPLIANCE WITH ACCOUNTING STANDARDS, READ WITH THE RBI GUIDELINES

11.1 **Employee Benefits (Accounting Standard 15)**

The contribution to employees Provident Fund included under Payments to and Provisions for Employees in Schedule 16 amounted to ` 9.24 crore for the year ended March 31, 2017 (Previous year ` 7.08 crore).

The Bank has a gratuity trust approved by Income Tax Department namely "DCB Bank Limited Staff Gratuity Fund". Every employee who has completed 5 years or more of service gets gratuity on separation at half month's last drawn salary for each completed year of service, subject to a cap of ` 10.00 lakhs for employees who joined after April 1, 2006 and without any such limit for other employees.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Balance Sheet – Details of provision for Gratuity		
Defined benefit obligation	**13.93**	11.27
Fair value of plan Assets	**13.38**	10.20
Net Assets/(Liabilities)	**(0.55)**	(1.07)
Amounts in Balance Sheet		
Assets (included in Schedule 11 – Other Assets)	**–**	–
Liabilities (included in Schedule 5 – Other Liabilities and Provisions)	**0.55**	1.07
Change in Defined Benefit Obligations		
Obligations at the beginning of the year	**11.27**	9.50
Interest Cost	**0.71**	0.69
Current Service Cost	**2.16**	2.24
Past Service Cost	**–**	–
Benefits paid	**(1.04)**	(1.20)
Actuarial (gain)/loss on Obligation	**0.83**	0.04
Present value of obligation at the end of the year	**13.93**	11.27
Change in the Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	**10.20**	8.24
Expected Return on plan assets	**0.88**	0.74
Contributions	**2.90**	2.00
Benefits paid	**(1.04)**	(1.20)
Actuarial gain/(Loss) on plan assets	**0.44**	0.42
Fair value of plan assets at the end of the year	**13.38**	10.20
Cost for the year		
Current service cost	**2.16**	2.24
Interest cost	**0.71**	0.69
Expected return on plan assets	**(0.88)**	(0.74)
Net Actuarial (gain)/loss recognised in the year	**0.39**	(0.38)
Past service cost	**–**	–
Expense recognised in "Payments to and Provision for Employees" [Refer Schedule-16 (I)]	**2.38**	1.81
Actual return on plan assets	**1.32**	1.16
Experience Adjustments		
On obligation	**(0.33)**	(0.00)
On plan assets	**0.38**	0.42
Assumptions		
Discount rate	**6.66% p.a.**	7.69% p.a.
Expected return on plan assets	**7.50% p.a.**	8.00% p.a.
Mortality	**Indian Assured Lives Mortality (2006-08) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
Future salary increases	**5.00% p.a.**	5.00% p.a.

Experience adjustments

(` in crore)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Plan assets	**13.38**	10.20	8.24	8.56	8.52
Defined benefit obligation	**13.93**	11.27	9.50	8.10	7.37
Surplus / (Deficit)	**(0.55)**	(1.07)	(1.26)	0.46	1.15
Experience adjustment gain/ (loss) on plan assets	**0.38**	0.42	0.01	0.17	0.29
Experience adjustment (gain) /loss on plan liabilities	**(0.33)**	(0.00)	(0.62)	(0.49)	(0.43)

All the plan assets are invested by the gratuity trust namely "DCB Bank Limited Staff Gratuity Fund" in Government securities (CY about 52%, PY about 50%), high rated corporate bonds (CY about 31%, PY about 24%), units of mutual funds / insurance companies (CY about 13%, PY about 13%) and others (CY about 4%, PY about 13%) set up as dedicated funds for management of gratuity funds.

Estimated rate of return on plan assets is based on the Bank's expectation of the average long–term rate of return expected on investments of the Fund during the estimated term of the obligations.

The contribution expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ` 5.91 crore (Previous year: ` 4.74 crore) .

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In computing the above information, certain estimates have been made by the Bank's management which have been relied upon by the auditors.

11.2 **Earnings Per Share ('EPS')**

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings per Share". The dilutive impact is due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:-

Particulars	March 31, 2017	March 31, 2016
Basic		
Net Profit (` in crore)	**199.68**	194.52
Weighted average number of equity shares outstanding	**284,810,708**	283,368,146
Basic Earnings per share (`)	**7.01**	6.86
Diluted		
Net Profit (` in crore)	**199.68**	194.52
Weighted average number of equity shares outstanding	**290,472,574**	287,504,472
Diluted Earnings per share (`)	**6.87**	6.77
Face value per share (`)	**10.00**	10.00

Dilution of equity is on account of 5,661,866 (Previous year 4,136,326) stock options.

11.3 **Employees' Stock Option Plan**

The Shareholders of the Bank had approved an ESOP plan Phase I in November 2005, enabling the Board and /or the Nomination Committee to grant such number of equity shares and/or equity linked instruments, including options of the Bank not exceeding 4% of the Issued Capital or 60,00,000 Equity Shares of the Bank. The Shareholders, at the Annual General Meeting held on September 11, 2006 had approved an additional 3% of the Issued Capital, aggregating the total Equity Share Capital reserved for all ESOPs to 7% of the Issued Capital from time to time. As the shares of the Bank were subsequently listed, confirmation of shareholders was obtained at the Extraordinary General Meeting held on December 15, 2006 in line with the guidelines of the Securities & Exchange Board of India. Pursuant thereto, during the year the Nomination and Remuneration Committee of the Board granted the following options.

Date	Price	Sub Plan 1	Sub Plan 2
April 14, 2016	83.45	400,000	2,582,000

Under the Employees' Stock Options Plan, options vest in a graded manner over a 5 year period from the date of grant, the details of which are set out below:

End of the Year	For Sub Plan 1		For Sub Plan 2
	Till August 16, 2010	From August 17, 2010	
2nd	–	30%	30%
3rd	40%	30%	30%
4th	30%	20%	20%
5th	30%	20%	20%

Any Option granted pursuant to the Plan shall become exercisable in full upon the retirement of the employee.

Method used for accounting for ESOP

The Bank has applied the intrinsic value method to account for the compensation cost of ESOP to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the options.

Activity in options outstanding under Employees Stock Option Plan

Particulars	March 31, 2017		March 31, 2016	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Options outstanding at the beginning of the year	**8,717,825**	**54.96**	11,035,040	47.29
Granted during the year	**2,982,000**	**83.45**	500,000	114.95
Exercised during the year	**928,280**	**43.18**	2,423,800	29.22
Forfeited/Lapsed during the year	**392,550**	**72.37**	393,415	74.80
Options outstanding at the end of the year*	**10,378,995**	**63.54**	8,717,825	54.96
Options exercisable	**5,353,695**	**52.88**	53,17,025	52.29

*Includes 46,200 (Previous year: 113,250) employee stock options exercised, pending for allotment.

The weighted average share price in respect of options exercised and allotted during the year ended 31 March, 2017 is ` 121.32 (Previous year ` 109.55).

Summary of stock options outstanding as on March 31, 2017 is given below:

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (`)	Weighted average remaining contractual life (Number of years)
` 17.00 – ` 24.00	**64,600**	**23.50**	**4.52**
` 25.00 – ` 109.00	**9,609,850**	**60.03**	**7.30**
` 110.00 – ` 200.00	**704,545**	**115.13**	**7.46**

There were 928,280 stock options exercised during the year ended March 31, 2017.

Summary of stock options outstanding as on March 31, 2016 is given below:

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (`)	Weighted average remaining contractual life (Number of years)
` 17.00 – ` 24.00	146,600	23.58	5.24
` 25.00 – ` 109.00	7,856,880	50.07	7.09
` 110.00 – ` 200.00	714,345	115.13	8.38

There were 2,423,800 stock options exercised during the year ended March 31, 2016.

Fair value Methodology

The fair value of options used to compute proforma net income and earnings per equity share have been estimated using the binomial option-pricing model. The Bank estimated the volatility based on the historical share prices.

The various assumptions considered in the pricing model for ESOPs granted during the year ended March 31, 2017 and March 31, 2016 were:

Particular	March 31, 2017	March 31, 2016
Dividend Yield	-	-
Expected Volatility	53%	53%
Risk Free Interest Rate	7.60%	7.75%
Expected life of options	6 years	6 years

The expected volatility was determined based on historical volatility data; historical volatility includes data since listing.

The weighted average fair value of options granted during the year ended 31 March, 2017 is ` 30.96 (Previous year ` 47.04).

In computing the above information, certain estimates/assumptions have been made by the Bank's management which have been relied upon by the auditors.

Impact of Fair Value Method on Net Profit and EPS

Had the compensation cost for the Bank's stock option plans outstanding been determined based on the fair value approach, the Bank's net profit and earnings per share would have been as per the proforma amounts indicated below:

(` in crore)

Particular	March 31, 2017	March 31, 2016
Net Profit (as reported)	199.68	194.52
Add: Stock based compensation expense accounted	0.34	0.63
	200.02	195.15
Less: Stock based compensation expense determined under fair value based method (proforma)	4.83	2.93
Net Profit (proforma)	195.19	192.22

Particular	March 31, 2017	March 31, 2016
Basic earnings per share (as reported)	7.01	6.86
Basic earnings per share (proforma)	6.85	6.78
Diluted earnings per share (as reported)	6.87	6.77
Diluted earnings per share (proforma)	6.72	6.69

11.4 **Segment Information**

Part A: Business Segments

(` in crore)

Business Segments	Treasury Operations		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	**FY 2016-17**	**FY 2015-16**	**FY 2016-17**	**FY 2015-16**	**FY 2016-17**	**FY 2015-16**	**FY 2016-17**	**FY 2015-16**	**FY 2016-17**	**FY 2015-16**
Revenue	650.00	655.92	362.00	362.19	1,884.32	1,563.92	19.58	10.94	2,915.90	2,592.97
Unallocated Revenue									4.83	5.20
Total Revenue[1]									**2,920.73**	**2,598.17**
Result	56.88	54.63	36.91	39.78	207.25	166.90	17.24	7.89	318.28	269.20
Unallocated Result									(11.56)	(8.08)
Total									306.72	261.12
Unallocated expenses										
Operating profit									418.21	349.03
Income taxes									(107.04)	(66.60)
Extraordinary profit / loss	–	–	–	–	–	–	–	–	–	–
Net profit									**199.68**	**194.52**
Other Information										
Segment assets	7,384.00	5,547.39	3,479.48	3,171.12	13,016.42	10,273.24	0.13	0.27	23,880.03	18,992.02
Unallocated assets									166.35	126.50
Total assets									**24,046.38**	**19,118.52**
Segment liabilities	4,804.97	3,397.86	1,088.51	1,037.68	15,939.95	12,884.43	1.21	1.18	21,834.64	17,321.15
Unallocated liabilities[2]									2,211.74	1,797.37
Total liabilities									**24,046.38**	**19,118.52**
Capital Expenditure	0.25	0.15	2.01	0.82	65.13	38.35	1.34	0.94	68.73	40.26
Unallocable									2.86	1.67
Total Capital Expenditure									**71.59**	**41.93**
Depreciation	0.92	0.78	0.58	0.57	36.51	27.97	–	–	38.01	29.32
Unallocable									1.02	0.96
Total Depreciation									**39.03**	**30.28**
Non Cash Expenses[3]	(0.13)	3.61	32.30	21.98	65.57	51.47	–	–	97.74	77.06
Unallocable									13.75	10.85
Total Non Cash Expenses									**111.49**	**87.91**

1. Revenue i.e. Total Revenue includes inter-segment revenue of ` 595.13 crore (Previous year ` 679.25 crore). Inter-segment revenue represents the transfer price received from and paid to the treasury unit respectively. Excluding this, the revenue for the Bank is ` 2,325.60 crore (Previous year: ` 1,918.92 crore).
2. Includes Capital and Reserves.
3. Excluding depreciation and provision for taxes.
4. Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
5. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

Part B: Geographic Segments

The Bank does not have overseas branches and the operations are entirely domestic. Therefore, no separate reporting is done based on geographic segments.

11.5 **Related Party Transactions**

Related Parties in terms of AS-18 on "Related Party Disclosures" are disclosed below:

Mr. Murali M. Natrajan : Key Management Personnel

The details of transactions entered into with the Key Management Personnel of the Bank are as under:

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Mr. Murali M. Natrajan: Managing Director		
Managerial Remuneration	**5.59**	4.94

Managerial Remuneration excludes perquisite value of employee stock options exercised during FY 2016-17 and FY 2015-16.

11.6 **Deferred Tax**

a. At each Balance Sheet date, the Bank re-assesses unrecognised Deferred Tax Assets. The Bank recognises previously unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

b. The composition of Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) is as under:

(` in crore)

Sr. No.	**Particulars**	**As at March 31, 2017**	As at March 31, 2016
A.	DTA :		
(i)	Provision for Loan Losses (minus deduction u/s 36(1)(viia) of the Income Tax Act, 1961)	**72.19**	62.93
(ii)	Others	**3.09**	3.23
	Total DTA [A]	**75.28**	66.16
B.	DTL :		
(i)	Depreciation	**14.18**	13.49
(ii)	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**8.19**	4.02
(iii)	Others	**1.80**	6.22
	Total DTL [B]	**24.17**	23.73
C.	**NET DTA [A – B]**	**51.11**	42.43

11.7 **Assets Taken Under Operating Leases**

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Minimum Lease Rent payable		
Payable not later than 1 year	**34.90**	21.92
Payable later than 1 year but not later than 5 years	**129.80**	75.25
Payable later than 5 years	**177.70**	40.39
Total	**342.40**	137.56
The total of lease payments recognised in the Profit and Loss Account for the year	**35.60**	25.05

The lease rents are paid by the Bank for premises leased for its business operations. The above contingent rents have been determined based on terms of individual lease agreements over the lease period. The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

11.8 **Revaluation of Fixed Assets**

The Bank revalued its owned premises as at December 31, 2016 which resulted in a revaluation gain of ` 208.69 crore which has been credited to Revaluation Reserve as at that date. The Bank computes depreciation on such revalued premises over its estimated remaining useful life.

During the financial year 2016-17 an amount of ` 2.41 crore (Previous year: ` 2.37 crore) has been charged to Profit and Loss Account in line with requirements of the Guidance Note on Accounting for Depreciation in Companies in the Context of Schedule II to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India and this amount has been transferred from Revaluation Reserve to "Balance in Profit and Loss Account".

11.9 **Contingent Liabilities**

Description of Contingent Liabilities:

Sr. No.	Contingent Liability (*)	Brief Description
1.	Claim against the Bank not acknowledged as Debts	An amount of ` 44.78 crore (Previous year: ` 44.69 crore) is outstanding as at March 31, 2017, as claims against the Bank not acknowledged as Debts, including ` 30.00 crore (Previous year: ` 30.00 crore) being in the nature of a contingent liability on account of proceedings pending with Income Tax authorities. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. (Also refer note 17 on pending litigation cases)
2.	Liability on account of outstanding forward exchange and derivative contracts	An amount of ` 1,125.85 crore (Previous year: ` 728.84 crore) is outstanding as at March 31, 2017. The Bank enters into foreign exchange contracts on its own account and for customers and currency options / swaps on a pure hedge basis. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3.	Guarantees given on behalf of constituents, Acceptances, Endorsements and Others	An amount of ` 1,242.48 crore (Previous year: ` 1,197.83 crore) is outstanding as at March 31, 2017. As part of its commercial banking activity, the Bank issues Letters of Credit and Guarantees on behalf of its customers.
4.	Other items for which the Bank is contingently liable.	An amount of ` 216.63 crore (Previous year: ` 38.09 crore) is outstanding as at March 31, 2017. These include liability on account of credit enhancement relating to the sale of mortgage loan portfolio undertaken by the Bank, reverse repo transaction with the RBI and the unclaimed liabilities where amount due has been transferred to Depositor Education and Awareness Fund (DEAF) with RBI.

*Also refer Schedule – 12.

12 Additional Disclosures

12.1 **Details of "Provisions & Contingencies" debited to the Profit and Loss Account**

(` in 000's)

Particulars	March 31, 2017	March 31, 2016
Provision for Income Tax		
– Current	**1,157,207**	992,246
– Deferred (Refer note 11.6)	**(86,781)**	(326,313)
Depreciation on Investments	**(1,340)**	36,119
Provision / write-off towards non-performing assets	**727,759**	528,171
Floating Provision	**137,546**	108,501
Provision for Standard Assets*	**216,727**	123,416
Sacrifice in One Time Settlement	**1,824**	85,522
Provision for Other Assets and Contingencies	**30,843**	(1,254)
Provisions for Restructured Advances**	**1,529**	(1,366)
Total	**2,185,314**	1,545,042

* includes provision for UFCE and provision for specific standard assets.

**Provision for restructured advances includes NPV provision on standard advances of ` (0.43) crore. (Previous year: ` (0.53) crore)

12.2 **Floating Provisions**

The Bank has put in place a Board approved Floating Provision policy in accordance with the RBI guidelines.
Movement in floating provision is set out below:

(` in crore)

Particulars	March 31, 2017	March 31, 2016
Opening balance at the beginning of the year	**26.17**	15.32
Provision made during the year	**13.75**	10.85
Draw down made during the year	–	–
Closing balance at the end of the year	**39.92**	26.17

12.3 **Provisioning Coverage Ratio**

In accordance with the RBI guidelines, the Bank's Provision Coverage Ratio at March 31, 2017 is 73.80% (Previous year: 77.55%).

12.4 **Depositor Education and Awareness Fund (DEAF)**

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEAF.

Details of amounts transferred to DEAF are set out below:

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Opening balance of amounts transferred to DEAF	**22.55**	19.75
Add : Amounts transferred to DEAF during the year	**4.07**	3.20
Less : Amounts reimbursed by DEAF towards claims	**0.52**	0.40
Closing balance of amounts transferred to DEAF	**26.10**	22.55

12.5 **Unhedged Foreign Currency Exposure(UFCE)**

In accordance with the RBI guidelines on banks' exposures to entities with Unhedged Foreign Currency Exposure ('UFCE'), the Bank has put in place a mechanism to seek information from its borrowers and to evaluate the currency induced credit risk. In the case of listed entities, the Bank obtains information relating to unhedged positions based on the latest available audited / reviewed financial statements; whilst in the case of unlisted / private companies, the Bank obtains the aforesaid information based on the latest available audited financial statements (not exceeding a financial year)so as to estimate the extent of likely loss and to provide for incremental capital or to recognise incremental provision in accordance with the aforesaid guidelines. Further, as per the above-mentioned guidelines, the Bank obtains audited and certified UFCE information from the statutory auditors of the borrowers on an annual basis. In the case of smaller entities i.e. entities with exposure to banking industry of less than ` 25 crore and as identified by the Bank as having any foreign exchange exposure, the Bank recognises an incremental provision at 10 basis points on all such exposures.

The incremental provisions and capital held by the Bank towards this risk, included in the Bank's financials are as under:

(` in crore)

Particulars	**March 31, 2017**	March 31, 2016
Provisioning Requirement for UFCE	**2.75**	2.45
Risk weight on account of UFCE	**53.19**	27.03
Capital Requirement at 9%	**4.79**	2.43

12.6 **Customer Complaints**

(A) Customer Complaints other than complaints pertaining to ATM cards issued by the Bank+

	Particulars	**As at March 31, 2017**	As at March 31, 2016
(a)	No. of complaints pending at the beginning of the year	**10**	6
(b)	No. of complaints received during the year	**800**	451
(c)	No. of complaints redressed during the year	**801**	447
(d)	No. of complaints pending at the end of the year*	**9**	10

* Out of 9 (Previous year: 10) pending complaints, there were no complaint (Previous year: nil) pertaining to CDRF (Consumer Disputes Redressal Forum) cases.

+ As compiled by the Management and relied upon by the auditors.

(B) Customer Complaints pertaining to ATM Cards issued by the Bank+

	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	No. of complaints pending at the beginning of the year	**49**	35
(b)	No. of complaints received during the year	**2,724**	2,586
(c)	No. of complaints redressed during the year	**2,699**	2,572
(d)	No. of complaints pending at the end of the year	**74**	49

+ As compiled by the Management and relied upon by the auditors

12.7 **Awards passed by the Banking Ombudsman+**

	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	No. of unimplemented Awards at the beginning of the year	–	–
(b)	No. of Awards passed by Banking Ombudsman during the year	–	–
(c)	No. of Awards implemented during the year	–	–
(d)	No. of unimplemented Awards pending at the end of the year	–	–

+ As compiled by the Management and relied upon by the auditors.

12.8 **Letters of Comfort**

The Bank has issued letters of comfort to other banks. Outstanding letters of comfort as on March 31, 2017 aggregate ` 102.31 crore (Previous year: ` 76.28 crore). In the Bank's assessment, no financial impact is likely to arise.

12.9 **Small and Micro Industries**

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

12.10 **Priority Sector Lending Certificates ('PSLCs')(Category-wise) sold and purchased during the year.**

(` in crore)

Particulars	As at March 31, 2017
PSLC purchased during the year	
(i) PSLC – Agriculture	**100.00**
(ii) PSLC – SF/MF	–
(iii) PSLC – Micro Enterprises	–
(iv) PSLC – General	–
Total	**100.00**
PSLC sold during the year	
(i) PSLC – Agriculture	–
(ii) PSLC – SF/MF	–
(iii) PSLC – Micro Enterprises	**140.00**
(iv) PSLC – General	**900.00**
Total	**1,040.00**

12.11 **Number of Frauds reported, amount involved in such frauds, quantum of provisions made during the year and quantum of unamortized provision debited from 'other reserves' as at the end of the year.**

(` in crore)

	Particulars	As at March 31, 2017
(a)	Number of frauds reported during the year	**11**
(b)	Amount involved	**0.66**
(c)	Provisions made during the year	**0.66**
(d)	Quantum of unamotised provision debited from 'other reserves' at the end of the year	**NIL**

13 OTHER MATTERS

13.1 **Disclosure of penalties imposed by RBI**

No penalties have been imposed by the RBI on the Bank during the year ended March 31, 2017 (Previous year: NIL).

13.2 **Corporate Social Responsibility (CSR)**

The Bank was required to spend ` 2.87 crore (Previous year: ` 1.01 crore) during the financial year 2016-17 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent an amount of ` 0.98 crore (Previous year: ` 0.41 crore) in respect of its CSR activities which focused on Water and protection of water sources. The activities namely were: rain water harvesting and usage of natural bio water filters in village schools in water starved areas. Another initiative is the creation of water reservoirs, trenches and ponds in water starved locations in tribal villages.

None of the CSR expenditure incurred by the Bank is to entities controlled by related parties identified by the Bank as per Accounting Standard 18, Related Party Disclosures.

The details of amount spent during the year towards CSR are as under:

(` in crore)

Particulars	In cash	Yet to be paid in cash	Total
1) Construction/acquisition of any assets			
2) For purposes other than (1) above:	0.98	–	0.98

13.3 **Remuneration**

a) Qualitative disclosures

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board consists of Independent Directors with one member from the Risk Management Committee of the Board.

The main objectives of the Nomination & Remuneration Committee of the Board are:

- Deciding the size and composition of the Board and appointment of persons for the same.
- Recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Evaluation of every director's performance and making recommendations for remuneration for Non-Executive Directors and the Key Managerial Personnel.
- Approving the ESOP and creation, subscription and allotment of shares to the eligible employees under this approved ESOP.
- Review appointments, promotions, demotions, terminations and review performance appraisals of CEO and direct reports.
- Review and approve succession plans for CEO, CFO and Company Secretary and CEO's direct senior management reportees.

Objectives of Compensation Policy

The Bank has put in place a Board approved Compensation Policy.

An important objective of the Compensation Policy is to provide all relevant internal and external parties with appropriate information and transparency thereby promoting a thorough understanding of the Bank's compensation practices.

The Bank's objective is to maintain a Compensation Policy that:-

- Is able to attract, retain talent and motivate them to perform at high standards.
- Facilitates a performance culture in the Bank by balancing a mix of fixed pay with variable pay.
- Supports the Bank's risk management practices and takes into account long-term performance of the Bank.
- Is compliant with regulatory requirements and is approved by the Board's Nomination and Remuneration Committee.

The Nomination and Remuneration Committee of the Board works in close coordination with the Risk Management Committee of the Board to ensure effective alignment of remuneration and risks.

Risk adjustments in remuneration

The methodologies for adjusting remuneration to risk and performance are consistent with the general risk management and corporate governance framework. Risk adjustments take into account the nature of the risks involved and the time horizons over which they could emerge. The Bank is adhering to the guidelines mentioned in the Basel Committee on Banking Supervision report on Range of Methodologies for Risk and Performance Alignment of Remuneration and Financial Stability Board (FSB) Implementation standards on sound compensation practices.

The Bank shall ensure that there is proper risk alignment with the compensation of MD & CEO and other Whole Time Directors such that no undue risks are being taken against the interest of the Bank. In general, the review of Risk Management framework shall be the integral part of the annual performance review.

The Risk Management Unit of the Bank shall independently provide inputs for assessment under these areas.

Performance linked variable compensation

The variable compensation offered is linked to the Bank's performance and could be even zero during a year of poor performance.

Variable compensation of all Whole Time Directors ('WTD') / Chief Executive Officer ('CEO') will not be more than 70% of the fixed compensation. Any variable compensation above 50% of the Fixed Compensation is to be deferred over a period of 3 years. The same will vest at 40%, 30% and 30% at the end of 1st, 2nd and 3rd year. The Bank reserves the right to prevent any deferred variable compensation from vesting in a year of negative performance. The deferred variable compensation shall lapse if the employment is terminated prior to vesting.

The Bank utilises performance payout / bonus as the form of variable remuneration. The Bank shall give performance payouts to promote a healthy financial performance by its staff.

b) Quantitative disclosures

(` in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	Number of meetings held by the Nomination and Remuneration Committee during the financial year	**4**	3
(b)	Remuneration paid to the members of the Nomination and Remuneration Committee	**0.03**	0.02
(c)	Number of employees having received a variable remuneration award during the financial year (as per compensation policy)	**2**	2
(d)	Number and total amount of sign-on awards made during the financial year	**NIL**	NIL
(e)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	**NIL**	NIL
(f)	Details of severance pay, in addition to accrued benefits, if any	**NIL**	NIL
(g)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	**Cash 0.005**	Cash- 0.01
(h)	Total amount of deferred remuneration paid out in the financial year	**0.005**	0.01
(i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred[1,2]	**Fixed- 5.38** **Variable- 1.58**	Fixed- 4.91 Variable- 1.42
(j)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustment	**0.005**	0.01
(k)	Total amount of reductions during the financial year due to ex-post explicit adjustments	**NIL**	NIL
(l)	Total amount of reductions during the financial year due to ex-post implicit adjustment	**NIL**	NIL

1. Excludes ESOP granted during the year.
2. Includes Perquisites and Contribution to Provident Fund.

13.4 **Disclosure on remuneration to Non-Executive Directors**

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its committees. An amount of ` 0.80 crore (Previous year: ` 0.74 crore) was paid as sitting fees to the Non-Executive Directors during the year.

14 INCOME FROM BANCASSURANCE BUSINESS

(` in crore)

Sr. No.	Nature of Income	March 31, 2017	March 31, 2016
1.	For selling life insurance policies	**10.90**	5.05
2.	For selling non-life insurance policies	**5.97**	4.68
3.	For selling mutual fund products	**2.72**	1.22
4.	Others	–	–
	Total	**19.59**	10.95

15 DRAW DOWN FROM RESERVES

The Bank has not undertaken any draw down of reserves during the year ended March 31, 2017 and in the previous year.

16 Net overnight open position outstanding as on March 31, 2017 was ` (5.50) crore (Previous year: ` 13.59 crore).

17 The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Management believes that the possibility of an outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, a contingent liability has been disclosed with respect to these cases. Refer note 11.9 for details on contingent liabilities.

18 The Bank has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year-end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of account.

19 The Board of Directors have recommended a dividend of ` 0.50 per share (5.00%) for the year ended March 31, 2017 (Previous year: NIL) subject to approval of the members in the ensuing Annual General Meeting.

20 Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

21 These are the notes appended to and forming part of the financial statements for the year ended March 31, 2017.

As per our report of even date.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm Registration Number: 117365W

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

For and on behalf of the Board of Directors

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Keki Elavia
Director

Bharat Sampat
Chief Financial Officer

H.V. Barve
Company Secretary

Place : New Delhi
Date : April 14, 2017

PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK

(BASEL III)

1. SCOPE OF APPLICATION

DCB Bank Ltd. is a scheduled commercial bank which was incorporated on May 31, 1995. The Bank has no subsidiaries.

As on March 31, 2017, the Bank does not have investment in any insurance entity.

2. CAPITAL STRUCTURE

Capital funds are classified into Tier I and Tier II capital under the capital adequacy framework.

Tier I Capital

The Bank's Tier I capital will consist of Common Equity Tier I and Additional Tier I capital. Common Equity Tier I (CET1) capital must be at least 5.5% of risk-weighted assets (RWAs) i.e. for credit risk + market risk + operational risk on an ongoing basis and Additional Tier I capital can be a maximum of 1.5%, thus making total Tier I capital to be at least 7%.

In addition to the minimum Common Equity Tier I capital of 5.5% of RWAs, banks are also required to maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier I capital. In terms of the RBI guidelines dated March 27, 2014 the implementation of CCB will begin as on March 31, 2016. Consequently, BASEL III Capital Regulations will be fully implemented as on March 31, 2019.

Tier I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, special reserve, revaluation reserve other disclosed free reserves and balance in Profit and Loss account. Profits in current financial year may be included in Tier I based on fulfilment of certain conditions regarding incremental provisions for non-performing assets.

Equity Capital

The Bank has authorised share capital of ` 5.00 billion comprising 500,000,000 equity shares of ` 10/- each. As on March 31, 2017 the Bank has issued subscribed and paid-up capital of ` 2.85 billion, constituting 285,364,353 shares of ` 10/- each. The provisions of the Companies Act, 2013 and other applicable laws and regulations govern the rights and obligations of the equity share capital of the Bank.

Tier II Capital

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialise, will qualify for inclusion within Tier II capital. Tier II capital will also include debt capital instruments issued by banks and their premium, if any.

The Bank's Tier II capital includes investment reserve, general provision for standard assets and subordinated debt instruments (lower Tier II bonds) eligible for inclusion in Tier II capital.

Subordinated Debt (Lower Tier II bonds)

As on March 31, 2017 the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible Bonds) aggregating ` 2,366 million, the details of which are stated below:

(` million)

Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as on March 31, 2017
31 Mar 2016	10.25%	121	866.0
18 Nov 2016	9.85%	120	1,500.0
Total			**2,366.0**

Composition of Capital – Tier I and Tier II

(` million)

Particulars		As on March 31, 2017
1.	**Tier I capital**	
1.1	Paid-up share capital	2,853.6
1.2	Reserves	17,718.9
1.3	Gross Tier I capital (1.1 + 1.2)	20,572.5
1.4	Deductions	(52.1)
1.5	**Total Tier I capital (1.3 - 1.4)**	**20,520.4**
2.	**Tier II capital**	
2.1	Subordinated Debt (Lower Tier II bonds)	2,366.0
2.2	General Provisions/IRA and Revaluation Reserves	900.3
2.3	Gross Tier II capital (2.1 + 2.2)	3,266.3
2.4	Deductions	–
2.5	**Total Tier II capital (2.3 - 2.4)**	**3,266.3**
3.	**Debt capital instruments eligible for inclusion in Upper Tier II capital**	
3.1	Total amount outstanding	–
3.2	Of which amount raised during the current year	–
3.3	Amount eligible to be reckoned as capital funds	–
4.	**Subordinated debt eligible for inclusion in Lower Tier II capital**	
4.1	Total amount outstanding	2,366.0
4.2	Of which amount raised during the current year	1,500.0
4.3	Amount eligible to be reckoned as capital funds	2,366.0
5.	**Other deductions from capital**	
5.1	Other deductions from capital	–
6.	**Total eligible capital**	
6.1	**Total eligible capital (1.5 + 2.5)**	**23,786.7**

3. CAPITAL ADEQUACY

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through robust risk management framework, control mechanism and an elaborate process for capital calculation and planning.

The Bank has formalised and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the capital management policy of the Bank and also sets the process for assessment of the adequacy of capital to support current and future projections / risks.

The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have an adverse material impact on its financial position. The Bank considers the following risks as material risks it is exposed to in the normal course of its business and therefore, factors these while assessing/planning capital:

- Credit Risk
- Concentration Risk
- Market Risk
- Operational Risk
- Interest Rate Risk in the Banking Book
- Liquidity Risk
- Strategy Risk
- Reputational Risk
- Residual Risk
- Economy risk

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on a quarterly basis on the Bank's on and off balance sheet exposures to test the impact of Credit, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board on a quarterly basis, for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. The Bank has also implemented a Board approved separate Stress Testing Policy / Model for its Securitized portfolio.

In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013. The Bank has continued parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR) on a monthly basis. In accordance with the RBI's requirement, the Bank has continued to adopt Standardised Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on March 31, 2017. Besides this, the Bank continues to apply the Standardised Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 9% with regard to credit risk, market risk and operational risk on an ongoing basis. The total Capital to Risk weighted Assets Ratio (CRAR) as per Basel III guidelines works to 13.76% as on March 31, 2017 (as against minimum regulatory requirement of 10.25%). The Tier I CRAR stands at 11.87% as against RBI's prescription of 7.00%. The Bank has followed the RBI guidelines in force, to arrive at the eligible capital, risk weighted assets and CRAR.

Capital requirements for Credit Risk, Market Risk and Operational Risk: (` million)

Particulars	As on March 31, 2017
1. Capital requirement for Credit Risk	**13,608.0**
• Portfolio subject to Standardised Approach	12,925.8
• Securitization Exposures	682.2
2. Capital requirement for Market Risk	**720.3**
• Standardised Duration Approach	
o Interest Rate Risk	553.7
o Foreign Exchange Risk (Including gold)	54.0
o Equity Risk	112.6
3. Capital requirement for Operational Risk	**1,010.3**
• Basic Indicator Approach	1,010.3
Total capital requirements at 9% (1 + 2 + 3)	**15,338.6**
Total capital	**23,786.7**
CRAR %	**13.76%**
Tier-I CRAR %	**11.87%**

4. RISK MANAGEMENT FRAMEWORK

The Bank is exposed to various types of risk such as Credit, Market, Operation, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk measurement systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon

risk management issues. The RMC reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORCO) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees in turn provide inputs for review by the Risk Management Committee (RMC).

4.1 Risk Management Committee (RMC) of the Board:

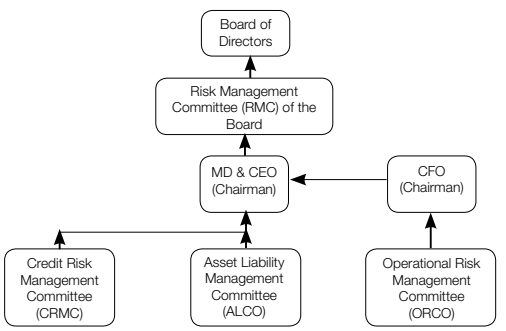
The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits, etc. The RMC oversees the functioning of Executive Level Committees for risk management. For this purpose, the minutes of the meetings of the Executive Level Committees are placed before RMC regularly. Matters relating to Credit risk are routed through the Credit Committee of Board (CCB) which also approves individual credit exposure in excess of executive delegated lending authority.

4.2 Executive Level Committees:

At Executive Management level, the organisational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

Sr. No.	Executive Level Committee	Focus Area	Chairman
1	Asset Liability Management Committee (ALCO)	All aspects of Market Risk management, monitoring & control	Managing Director & Chief Executive Officer (MD & CEO)
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk management, monitoring & control	Managing Director & Chief Executive Officer (MD & CEO)
3	Operational Risk Management Committee (ORCO)	All aspects of Operational Risk management, monitoring & control	Chief Financial Officer (CFO)

All the Executive Level Committees meet at least once in a month. ALCO however meets more frequently depending upon market conditions.



Note: Information Security team reports to Operational Risk Management Committee (ORCO)

5. CREDIT RISK

5 (a) Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms (vide RBI Master Circular dated December 28, 2016).

5.a.i Credit Risk Management:

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top level functional committee for managing credit risk. The committee is responsible for implementation of Credit Risk Management policy approved by the Bank's Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank's Board. The committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenant, rating standards and benchmarks. The committee also oversees compliance with Pillar 2 requirements under Basel III such as ICAAP and Stress Test.

The Bank has successfully implemented RAM rating model of CRISIL which is being used to assess the credit rating of all business loans exceeding ` 10 million. The rating serves as a single point indicator of the diverse counterparty risk for taking credit decision. The rating migration is monitored on regular interval.

The Bank has a well-developed credit monitoring system to monitor the health of the loan accounts and to detect the delinquencies at the initial stage. A separate department independent of the business units is monitoring the transactions in all the Corporate, Agri and Inclusive Banking (AIB), SME and MSME exposures with credit limits exceeding ` 10 million with a view to detect any early warning signals.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls.

Though the Bank has implemented the Standardized approach for regulatory capital measurement for credit risk, the necessary steps for implementing Internal Rating Based Approach have been initiated.

5.a.ii Credit Strategy and Risk Profile:

The Bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to best optimise the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments
- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all economic and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management.

5.a.iii Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk management policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimise the legal risk
- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact
- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions.

There is a clear separation in functional responsibilities between:

- Origination and sales
- Credit assessment and approvals
- Post- sanction loan administration and
- Credit Risk Management.

The Bank relies upon formal and conventional risk assessment, viz.:

- The ability and willingness of borrowers to repay
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision
- Documentation of all assessment, rationale and decisions.

Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

The Bank's selection of personnel and systems of rewarding performance is aligned to meet the Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

5 (b) Total gross credit risk exposure as on March 31, 2017:

(` million)

Category	Exposure
Fund based[1]	179,815.5
Non fund based[2]	17,060.9
Total	**196,876.4**

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, deposits placed NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of terms loans and NPAs, the outstanding amount has been considered for this purpose.

5 (c) Geographical distribution of exposures as on March 31, 2017:

(` million)

Category	Domestic	Overseas
Fund based	179,815.5	–
Non fund based	17,060.9	–
Total	**196,876.4**	–

5 (d) Industry type distribution of exposures as on March 31, 2017:

(` million)

Industry	Fund Based	Non fund Based
Agriculture	16,781.7	48.8
All Engineering	5,963.5	2,021.0
Basic Metal & Metal Products	2,904.8	917.6
Beverages (Excl. Tea & Coffee) and Tobacco	293.1	-
Capital Market (including Brokers)	607.9	3,025.0
Cement & Cement Products	490.4	19.1
Chemical & Chemical Products	2,989.1	314.4
Construction	15,379.5	2,944.3
Finance (Others)	759.6	334.3
Food Processing	5,170.7	461.1
Gems & Jewellery	2,047.0	251.0
Glass & Glassware	110.8	-
Infrastructure (Including Energy, Telecommunications, Water & Sanitation and Social & Commercial Infra)	1,274.1	1,382.5
IT & related	1,372.1	119.7
Leather & Leather Products	339.2	4.7
Logistics (includes Commercial Vehicle loans)	12,105.9	826.2
Mining & Quarrying	224.2	100.0
Miscellaneous Services	12,575.6	680.4
NBFC	15,088.3	32.5
Other Manufacturing	1,599.1	33.0
Paper & Paper Products	627.2	202.9
Petroleum, Coal Products & Nuclear fuels	167.7	232.1
Real Estate Activities	3,340.8	265.9
Renting of equipments	740.7	47.8
Rubber, Plastic & their Products	1,234.2	136.1
Textiles	4,900.4	93.9
Trade (Retail + Wholesale)	39,461.5	1,452.1
Travels & Tourism	2,932.6	445.7
Vehicles, Vehicle Parts & Transport Equipments	1,129.1	41.1
Wood & Wood Products	675.3	1.3
Residual	5,510.7	620.5
Retail Loans	21,018.7	6.0
Housing Loans	16,211.4	–
Auto Loans	1,577.5	–
Personal Loan	40.0	–
Other Loans	2,980.7	6.0
Staff Loans	209.1	–
Grand Total	**179,815.5**	**17,060.9**

5 (e) Residual contractual maturity breakdown of assets as on March 31, 2017

(` million)

Assets	Next Day	2-7 Days	8-14 Days	15-30 Days	31 Days - 2 Months	2 Months - 3 Months	3 Months - 6 Months	6 Months - 1 Year	1-3 Years	3-5 Years	Above 5 Years	TOTAL
Cash	1,833.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,833.0
Balance with RBI	277.8	287.5	207.2	139.3	220.8	367.8	698.0	1,266.7	2,838.4	374.6	71.9	6,750.0
Balances with Other Banks	276.6	2,986.8	0.0	0.0	0.0	0.0	0.0	1.4	76.6	0.0	0.1	3,341.6
Investments	0.0	1.9	25.4	713.5	961.8	2,480.0	3,047.9	4,894.5	8,312.3	7,870.3	29,871.9	58,179.4
Advances (Excl NPA provn)	2,812.2	1,642.4	1,567.0	1,729.9	2,457.6	4,621.7	6,569.3	12,953.1	58,855.5	17,859.7	47,107.8	1,58,176.3
Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,885.7	4,885.7
Other Assets (net)	191.0	71.9	52.5	182.5	622.7	221.9	508.6	255.0	1,123.6	1,412.7	2,655.1	7,297.7
Total	**5,390.7**	**4,990.6**	**1,852.2**	**2,765.2**	**4,262.8**	**7,691.4**	**10,823.8**	**19,370.7**	**71,206.4**	**27,517.3**	**84,592.5**	**2,40,463.8**

5 (f) Advances and Provisions:

(` million)

Particulars		As on March 31, 2017
(a)	**Amount of NPAs (Gross)**	**2,542.0**
	i. Substandard	1,542.7
	ii. Doubtful 1	232.6
	iii. Doubtful 2	751.4
	iv. Doubtful 3	7.1
	v. Loss	8.2
(b)	**Net NPAs**	**1,244.1**
(c)	**NPA Ratios**	
	i. Gross NPAs to gross advances (%)	1.59%
	ii. Net NPAs to Net Advances (%)	0.79%
(d)	**Movement of NPAs(Gross)**	
	i. Opening balance (as on March 31, 2016)	1,973.8
	ii. Additions during the year	2,619.7
	iii. Reductions during the year (including write-offs)	2,051.5
	iv. Closing balance	2,542.0
(e)	**Movement of provisions for NPAs (excluding provision on Standard Assets)**	
	i. Opening balance(as on March 31, 2016)	969.1
	ii. Provision made during the year	991.9
	iii. Write-off / write-back of excess provisions	690.7
	iv. Closing balance	1,270.3
(f)	**Amount of Non-Performing Investments**	**–**
(g)	**Amount of provisions held for non-performing investments**	**–**
(h)	**Movement of depreciation on investments**	
	i. Opening balance(as on March 31, 2016)	42.6
	ii. Add: Provision made during the year	164.3
	iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilised on the sale of securities)	165.7
	iv. Closing balance	41.2

6. CREDIT RISK: Disclosures for portfolio subject to the Standardised Approach

6 (a)The Bank has used the ratings of the following domestic external credit rating agencies(arranged in alphabetical order) for the purposes of risk weighting their claims for capital adequacy purposes:

a. Brickwork Ratings India Pvt. Limited (Brickwork)

b. Credit Analysis and Research Limited

c. CRISIL Limited

d. ICRA Limited

e. India Ratings and Research Private Limited (India Ratings) and

f. SME Rating Agency of India Ltd (SMERA)

International credit rating agencies (arranged in alphabetical order) for the purposes of risk weighting their claims for capital adequacy purposes where specified:

a. Fitch;

b. Moody's; and

c. Standard & Poor's

6 (b) A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

- Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies.
- Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.
- Notwithstanding the repayable on demand condition, cash credit exposures have been subjected to Long-term rating.
- If an issuer has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same issuer whether long or short is assigned the same 150% RW unless mitigated by recognised Credit Risk Mitigation (CRM) techniques.
- Bank has used only solicited rating from the recognised CRAs. In case the issuer has multiple ratings from CRAs, the Bank has a policy of choosing (if there are two or more ratings) lower rating.
- Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.
- If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or subordinate to the rated exposure has been assigned the same RW as applicable to the rated exposure.

- No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.
- Claims on Corporates, AFCs, NBFC-IFCs and HFCs having aggregate exposure from banking system of more than INR 100 crores which were rated earlier and subsequently have become unrated, attract a risk weight of 150%.

For exposure amounts after risk mitigation subject to the standardised approach, amount of a Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on March 31, 2017 are as follows:

(` million)

Particulars	Fund based	Non fund based
Below 100% risk weight	115,234.5	6,530.9
100% risk weight	51,854.0	6,360.8
More than 100% risk weight	12,727.1	4,169.2
Total	**179,815.5**	**17,060.9**

7. CREDIT RISK MITIGATION: Disclosures for Standardised Approach

7 (a) The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular – Prudential guidelines on capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) (vide RBI Master Circular dated July 01, 2015).

Bank has utilised credit risk mitigation in the case of Bank's own deposits, KisanVikasPatra, LIC policies, National Saving Certificate and gold, wherever the collateral is identifiable, marketable and enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

The general principles applicable for use of credit risk mitigation techniques are as under:

i. No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used.

ii. The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes are made available on claims for which an issue-specific rating is used that already reflects that CRM.

iii. Principal-only ratings will not be allowed within the CRM framework. The rating should cover principal and interest.

Bank has therefore put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures systems, control of roll-off risks, and management of concentration risk arising from the use of CRM techniques and its interaction with the Bank's overall credit risk profile.

7 (b) Eligible Financial Collateral:

The following collateral instruments are eligible for recognition in the comprehensive approach: -

i. Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank which is incurring the counterparty exposure.

ii. Gold: Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99 purity.

iii. Securities issued by Central and State Governments

iv. KisanVikasPatra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.

v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

vi. Debt securities rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are either:

a) Attracting 100 per cent or lesser risk weight i.e., rated at least BBB(-) when issued by public sector entities and other entities (including banks and Primary Dealers); or

b) Attracting 100 per cent or lesser risk weight i.e., rated at least CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/ SMERA A3 for short-term debt instruments.

vii. Debt Securities not rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are:

a) issued by a bank; and

b) listed on a recognised exchange; and

c) classified as senior debt; and

d) all rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ ICRA A3/Brickwork A3/SMERA A3 by a chosen Credit Rating Agency; and

e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 (as applicable) and;

f) Banks should be sufficiently confident about the market liquidity of the security.

viii. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's operation mutual funds where:

a) a price for the units is publicly quoted daily i.e., where the

daily NAV is available in public domain; and

b) Mutual fund is limited to investing in the instruments listed in this paragraph.

ix. Re-securitisations, irrespective of any credit ratings, are not eligible financial collateral.

(` million)

Particular	As on March 31, 2017
Total exposure covered by eligible financial collateral after application of applicable haircuts	12,419.0
Total exposure covered by guarantees / credit derivatives	–

8. SECURITIZATION EXPOSURES

As per RBI guidelines on Securitization exposure, Investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

In the financial year 2016-17, the Bank has made investments in securitized assets by way of Pass Through Certificates (PTCs), aggregating to ` 13,872.7 million, the outstanding of this as on March 31, 2017 was ` 9,248.4 million.

The following table sets forth the details of investments in Pass Through Certificates carried out by the Bank and their position as on March 31, 2017.

(` million)

Year of Origination	Original Investment	Outstanding at March 31, 2017
2014-15	3,085.2	98.5
2015-16	949.6	30.6
2016-17	13,872.7	9,248.4
Total	**17,907.5**	**9,377.5**

9. MARKET RISK IN TRADING BOOK

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardised Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per Reserve Bank of India prudential guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk.
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organisation of the market risk management function:

The Board, through Risk Management Committee, approves the policies with regard to identification, measurement and control of market risks (Interest Rate Risk and Foreign Exchange Risk) and Liquidity Risk. Market Risk department is an independent function. The Market Risk Department exercises independent control over the process of market risk management and recommends changes in processes and methodologies for measuring Market Risk.

Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy / guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

Reporting:- The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

Measurement:- The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee by Market Risk Management Department. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

Capital requirements for market risk

(` million)

Particulars	As on March 31, 2017
• Interest Rate Risk	553.7
• Foreign Exchange Risk (Including gold)	54.0
• Equity Risk	112.6
Capital requirement for Market Risk	**720.3**

10. OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk. The Bank has identified Key Operational Risk Indicators (KORIs) across various units, which are measured, monitored regularly and reported to Operational Risk Management Committee (ORCO) on monthly basis. The Bank has a robust system of reporting Operational Risk events across various units through identified Operational Risk Officers, who are given adequate training to identify and report such events as and when they occur. The Bank has a very effective system of recording and reporting operational losses booked. The Bank also collects qualitative data on self-assessment of operational risk faced by various units through Risk Control Self-Assessment (RCSA) exercise.

The Bank has implemented Periodic Risk Identification and Controls Evaluation (PRICE) system with a view to develop policy framework for identification and documented plan to mitigate various risks in the Bank. The PRICE system is expected to provide a robust overview of various risks being identified proactively that remain un-mitigated. The PRICE system is pivotal in continuous assessment of our risk and control environment and prioritise our remedial efforts based on risk/impact.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. All the new and existing process are subjected to rigorous review by Management Committee for Approval of Process (MCAP), which comprises of senior management personnel with diversified experience in banking. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank understands the criticality of business continuity in the event of any undesirable / unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital. The Bank has taken quantitative and qualitative steps in view of moving towards advanced approaches as prescribed by RBI.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on March 31, 2017 is ` 1,010.3 million.

11. INTEREST RATE RISK IN BANKING BOOK

Interest Rate Risk in the Banking Book (IRRBB):

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

Risk management framework and monitoring:

The Board of the Bank, through Risk Management Committee (RMC), has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Managing Director and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board. The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Market Risk Management Department is responsible for monitoring the limits laid down in the ALM Policy through various reports. These reports are prepared at regular intervals and exceptions/deviations are reported to the ALCO/RMC, as may be required by the ALM policy.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing, etc. detailed as follows:

Interest rate sensitivity gap:

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets and liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in

interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL >RSA). The Bank monitors the Earnings at Risk on NII for 1% change in interest rates on the open periodic gaps.

Stress testing:

The Bank measures the impact on NIM/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios. These reports are prepared on a quarterly basis for measurement of interest rate risk.

Duration gap analysis:

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following tables show the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

i) Impact on NII:

(` million)

Currency	Changes in interest rates (in bps)			
	(100)	**(50)**	**50**	**100**
INR	(158.3)	(79.2)	79.2	158.3
USD	(11.8)	(5.9)	5.9	11.8
JPY	0.0	0.0	0.0	0.0
GBP	0.6	0.3	(0.3)	(0.6)
EUR	(0.6)	(0.3)	0.3	0.6
Total	**(170.2)**	**(85.1)**	**85.1**	**170.2**

ii) Impact on economic value of equity:

(` million)

	Changes in interest rates (in bps)			
Currency	**(100)**	**(50)**	**50**	**100**
INR	2,148.1	1,074.0	(1,074.0)	(2,148.1)

* No major exposure in foreign currencies

12. General disclosures for exposures related to counterparty credit risk

Counterparty exposure

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

Credit limits

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as NPA ratios, liquidity ratios, etc are taken into consideration while assigning the limit. Credit exposure is monitored daily to ensure it does not exceed the approved credit limit. These credit limits are set on the notional exposure basis.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Credit exposure as on March 31, 2017

(` million)

	Notional Amount	**Gross positive fair value of contracts**	**Potential future exposure**	**Total credit exposure**
Forward contracts	11,258.5	57.1	225.2	282.3

DF – 11: Composition of Capital

(` million)

Basel III common disclosure template to be used from March 31, 2017			
Common Equity Tier 1 capital: instruments and reserves			**Ref No**
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	12,826.13	a=a1+a2
2	Retained earnings	2,740.70	b
3	Accumulated other comprehensive income (and other reserves)	5,005.64	c=c1+c2+c3+c4-c5
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	**Common Equity Tier 1 capital before regulatory adjustments**	20,572.47	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles (net of related tax liability)	52.07	d
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	0.00	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	of which: significant investments in the common stock of financial entities	0.00	
24	of which: mortgage servicing rights	0.00	
25	of which: deferred tax assets arising from temporary differences	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	0.00	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26d	of which: Unamortised pension funds expenditures	0.00	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	**Total regulatory adjustments to Common equity Tier 1**	52.07	
29	**Common Equity Tier 1 capital (CET1)**	20,520.40	

(` million)

Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	0.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	of which: instruments issued by subsidiaries subject to phase out	0.00	
36	**Additional Tier 1 capital before regulatory adjustments**	0.00	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
41a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	**Total regulatory adjustments to Additional Tier 1 capital**	0.00	
44	**Additional Tier 1 capital (AT1)**	0.00	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	20,520.40	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	2,366.00	e
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	of which: instruments issued by subsidiaries subject to phase out	0.00	
50	Provisions	900.28	f=f1+f2
51	**Tier 2 capital before regulatory adjustments**	3,266.28	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0.00	
53	Reciprocal cross-holdings in Tier 2 instruments	0.00	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00	

(` million)

56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
57	**Total regulatory adjustments to Tier 2 capital**	0.00	
58	**Tier 2 capital (T2)**	3,266.28	
59	**Total capital (TC = T1 + T2) (45 + 58)**	23,786.68	
60	**Total risk weighted assets (60a + 60b + 60c)**	172,831.90	
60a	**of which: total credit risk weighted assets**	151,200.30	
60b	**of which: total market risk weighted assets**	9,003.50	
60c	**of which: total operational risk weighted assets**	12,628.10	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.87%	
62	Tier 1 (as a percentage of risk weighted assets)	11.87%	
63	Total capital (as a percentage of risk weighted assets)	13.76%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	6.75%	
65	of which: capital conservation buffer requirement	1.25%	
66	of which: bank specific countercyclical buffer requirement	0.00%	
67	of which: G-SIB buffer requirement	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.12%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	0.00	
73	Significant investments in the common stock of financial entities	0.00	
74	Mortgage servicing rights (net of related tax liability)	0.00	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	511.10	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	900.28	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1,890.00	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0.00	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0.00	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	0.00	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0.00	
82	Current cap on AT1 instruments subject to phase out arrangements	0.00	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0.00	
84	Current cap on T2 instruments subject to phase out arrangements	0.00	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0.00	

DF – 12: Composition of Capital – Reconciliation Requirements
Step 1

(` million)

		Balance sheet as in financial statements As on March 31, 2017	Balance sheet under regulatory scope of consolidation As on March 31, 2017
A	**Capital & Liabilities**		
i	Paid-up Capital	2,853.64	
ii	Reserves & Surplus	19,179.35	
iii	Minority Interest	0.00	
iv	Employee Stock Options Outstanding	15.85	
	Total Capital	**22,048.84**	
v	Deposits	**192,892.11**	
	of which: Deposits from banks	33,461.91	
	of which: Customer deposits	159,430.20	
	of which: Other deposits (pl. specify)	0.00	
vi	Borrowings	**12,758.07**	
	of which: From RBI	0.00	
	of which: From banks	2,000.00	
	of which: From other institutions & agencies	8,392.07	
	of which: Others (pl. specify) Borrowings from outside India	0.00	
	of which: Capital instruments	2,366.00	
vii	Other liabilities & provisions	12,764.77	
	Total	**240,463.79**	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**8,583.02**	
	Balance with banks and money at call and short notice	**3,341.60**	
ii	Investments:	**58,179.44**	
	of which: Government securities	47,711.32	
	of which: Other approved securities	0.00	
	of which: Shares	93.81	
	of which: Debentures & Bonds	303.30	
	of which: Subsidiaries / Joint Ventures / Associates	0.00	
	of which: Others (Commercial Papers, Mutual Funds, Certificate of Deposits, PTC etc.)	10,071.01	
iii	Loans and advances	**158,176.32**	
	of which: Loans and advances to banks	0.00	
	of which: Loans and advances to customers	158,176.32	
iv	Fixed assets	**4,885.68**	
v	Other assets	**7,297.73**	
	of which: Goodwill and intangible assets	52.07	
	of which: Deferred tax assets (Net)	511.10	
vi	Goodwill on consolidation	0.00	
vii	Debit balance in Profit & Loss account	0.00	
	Total Assets	**240,463.79**	

Step 2

(` million)

		Balance sheet as in financial statements As on Mar. 31, 2017	Balance sheet under regulatory scope of consolidation As on Mar. 31, 2017	Ref No.
A	**Capital & Liabilities**			
i	**Paid-up Capital**	**2,853.64**		a1
	Reserves & Surplus	**19,179.35**		
	of which:			
	Share Premium	9,972.49		a2
	Balance in Profit & Loss account	2,740.70		b
	Statutory Reserve	3,211.53		c1
	Capital Reserve	402.75		c2
	Special Reserve	237.10		c3
	Revaluation Reserve	2,565.02		c4
	of which			
	Not reckoned for Capital Adequacy purposes	1,410.76		c5
	Investment Reserve	49.76		f1
	Employee Stock Options Outstanding	15.85		
	Minority Interest	0.00		
	Total Capital	**22,048.84**		
ii	**Deposits**	**192,892.11**		
	of which: Deposits from banks	33,461.91		
	of which: Customer deposits	159,430.20		
	of which: Other deposits (pl. specify)	0.00		
iii	**Borrowings**	**12,758.07**		
	of which: From RBI	0.00		
	of which: From banks	2,000.00		
	of which: From other institutions & agencies	8,392.07		
	of which: Others (pl. specify) Borrowings from outside India	0.00		
	of which: Capital instruments	2,366.00		e
iv	**Other liabilities & provisions**	**12,764.77**		
	of which: Provision for Standard Advances	850.52		f2
	of which: DTLs related to goodwill	0.00		
	of which: DTLs related to intangible assets	0.00		
	Total	**240,463.79**		
B	**Assets**			
i	Cash and balances with Reserve Bank of India	**8,583.02**		
	Balance with banks and money at call and short notice	**3,341.60**		
ii	**Investments**	**58,179.44**		
	of which: Government securities	47,711.32		
	of which: Other approved securities	0.00		
	of which: Shares	93.81		
	of which: Debentures & Bonds	303.30		
	of which: Subsidiaries / Joint Ventures / Associates	0.00		
	of which: Others (Commercial Papers, Mutual Funds etc.)	10,071.01		
iii	**Loans and advances**	**158,176.32**		
	of which: Loans and advances to banks	0.00		
	of which: Loans and advances to customers	158,176.32		
iv	Fixed assets	**4,885.68**		
v	Other assets	**7,297.73**		
	of which: Goodwill and intangible assets Out of which:			
	Goodwill	0.00		
	Other intangibles (excluding MSRs)	52.07		d
	Deferred tax assets (Net)	511.10		
vi	Goodwill on consolidation	0.00		
	Total Assets	**240,463.79**		

Step 3

(` million)

Common Equity Tier 1 capital: instruments and reserves			
		Component of regulatory capital reported by bank	**Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	12,826.13	a1+a2
2	Retained earnings	2,740.70	b
3	Accumulated other comprehensive income (and other reserves)	5,005.64	c1+c2+c3+c4-c5
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	Common Equity Tier 1 capital before regulatory adjustments	**20,572.47**	
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	

DF-13: Main Features of Regulatory Capital Instruments

Sr. No.	Particulars	Equity Shares	Sub-Ordinated Debt	Sub-Ordinated Debt
1	Issuer	DCB BANK LIMITED	DCB BANK LIMITED	DCB BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE503A01015	INE503A08010	INE503A08028
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo
7	Instrument type	Common Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (` in million, as of most recent reporting date)	` 2,854 Million	` 866 Million	` 1,500 Million
9	Par value of instrument	` 10 per share	` 866 Million and each debenture of ` 1 Million	` 1,500 Million and each debenture of ` 0.1 Million
10	Accounting classification	Shareholder's Equity	Liability	Liability
11	Original date of issuance	Various*	31.03.2016	18.11.2016
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No Maturity	30.04.2026	18.11.2026
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Call option exercisable only if the instrument has run for five years; First call date is 01.04.2021; Call option can be exercised only with the prior approval of RBI. These Bonds are redeemable at Par.	Call option exercisable only if the instrument has run for five years; First call date is 19.11.2021; Call option can be exercised only with the prior approval of RBI. These Bonds are redeemable at Par.
16	Subsequent call dates, if applicable	NA	Any date after 01.04.2021, with the prior approval of RBI.	Any date after 19.11.2021, with the prior approval of RBI.
	Coupons / dividends			
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed
18	Coupon rate and any related index	NA	10.25% per annum	9.85% per annum
19	Existence of a dividend stopper	NA	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	Yes	Yes
31	If write-down, write-down trigger(s)	NA	PONV Trigger	PONV Trigger
32	If write-down, full or partial	NA	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	NA	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	The Claims of debenture holder (s) shall be: (i) Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank and (ii) Subordinate to the claims of all depositors and general creditors of the Bank	The Claims of debenture holder (s) shall be: (i) Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank and (ii) Subordinate to the claims of all depositors and general creditors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA

* Date of allotment of equity shares are available on the Bank's website at following link: http://www.dcbbank.com/pdfs/DCB_Capital_Structure_of_the_Bank_as_on_31st_March_2017.pdf

Table DF – 17: Summary comparison of accounting assets vs. leverage ratio exposure measure

Leverage Ratio:

The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier 1 Capital)}}{\text{Exposure Measure}}$$

Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	**(` in Million)**
1	Total consolidated assets as per published financial statements	238,713.79
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(52.07)
4	Adjustments for derivative financial instruments	120.25
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	1,750.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	16,254.35
7	Other adjustments	
8	**Leverage ratio exposure**	**256,786.32**

DF – 18: Leverage Ratio

Leverage ratio common disclosure template		
	Item	**Leverage ratio framework (` in Million)**
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	238,713.79
2	(Asset amounts deducted in determining Basel III Tier 1 Capital)	(52.07)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	238,661.72
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	50.34
5	Add-on amounts for PFE associated with all derivatives transactions	69.91
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	**Total derivative exposures (sum of lines 4 to 10)**	120.25
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,750.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	1,750.00
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	37,122.97
18	(Adjustments for conversion to credit equivalent amounts)	20,868.62
19	**Off-balance sheet items (sum of lines 17 and 18)**	16,254.35
	Capital and total exposures	
20	**Tier 1 Capital**	20,520.40
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	256,786.32
	Leverage ratio	
22	**Basel III leverage ratio (per cent)**	**7.99%**

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PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L99999MH1995PLC089008
Name of the Company : DCB Bank Limited
Registered Office : 601 & 602, Peninsula Business Park, Tower A, 6th floor, Senapati Bapat Marg, Lower Parel, Mumbai– 400 013

Name of the Member(s):	
Registered Address:	
E-mail ID:	
Folio No./Client ID:	
DP ID:	

I/We being the member(s) of _____ shares of the above named company, hereby appoint

1. Name: _____
   Address: _____
   _____
   E-mail ID: _____
   Signature: _____ , or failing him/her
2. Name: _____
   Address: _____
   _____
   E-mail ID: _____
   Signature: _____ , or failing him/her
3. Name: _____
   Address: _____
   _____
   E-mail ID: _____
   Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the twenty second Annual General Meeting of the company, to be held on Thursday, June 1, 2017, at 2.30 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

1 Adoption of the Audited Balance Sheet, the Profit & Loss Account and the Reports of the Directors and Auditors thereon for the financial year ended at March 31, 2017.
2 Declaration of dividend on Equity Shares
3. Re-appointment of Mr. Amin Manekia as a Director of the Bank.
4 Ratification of the appointment of the Statutory Auditors of the Bank.
5 Raising of Funds by issue of bonds/ debentures/ securities on Private Placement basis
6 Increase in borrowing powers.
7 Ratification of Bonus paid to the Managing Director & Chief Executive Officer for FY 2015-16 and enabling approval for an ongoing annual increase in the remuneration, including bonus, up to 15%

Signed this _____day of _____ 2017.

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting

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Notes

Notes



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DCB Bank Limited

DCB Bank Limited
Printing and Stationery Department, 2nd floor, A-1/ E Rashmi Park, Sheetal Nagar, Near Telephone Exchange, Mira Road - East, District Thane 401107.

Annexure to the Directors' Report

Statement under Section 197(12) of the Companies Act 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) rule, 2014, as amended and forming part of the Directors' Report for the year ended March 31, 2017.

Employed throughout the year and were in receipt of remuneration at the rate of not less than Rs. 1,02,00,000/- per annum.

Sr No	Emp No	Name of the employee	Date of Joining	Designation	Qualification	Age in Years	Exeperience in Years	Remuneration Received Rs.	Last Employment
1	2119	VENKATTESH R	15-Dec-2005	HEAD OPERATIONS TECHNOLOGY AND HR	B. Com., PGDPM	49	26	2,06,14,545.00	STANDARD CHARTERED BANK LTD.
2	4296	PRAVEEN ACHUTHAN KUTTY	30-Jul-2007	HEAD RETAIL AND SME BANKING	B.Com., MBA	50	26	2,35,71,841.00	CITI BANK
3	5857	ABHIJIT BOSE	16-Jun-2008	HEAD – RETAIL ASSETS AND STRATEGIC ALLIANCES	B.Com, CA (Inter)	53	25	1,18,24,489.00	STANDARD CHARTERED BANK LTD.
4	6095	BHARAT LAXMIDAS SAMPAT	11-Sep-2008	CHIEF FINANCIAL OFFICER	B.Com., LLB, ACA, AICWA, ACS	56	31	1,91,92,529.00	ABN AMRO BANK
5	7712	MURALI M NATRAJAN	29-Apr-2009	MANAGING DIRECTOR & CEO	B. Com., ICWA (Inter), CA	55	32	5,59,33,103.00	STANDARD CHARTERED BANK LTD.
6	8914	JAYARAMAN VISHWANATH	07-Jul-2010	CHIEF CREDIT OFFICER	B.E., PGDM (Finance & Marketing)	49	24	1,39,81,963.00	FULLERTON INDIA CREDIT CO. LTD
7	14970	RAJESH CHANDRA VERMA	27-May-2009	HEAD TREASURY, CORRESPONDENT BANKING & TRADE FINANCE	M.Sc. (Chemistry), ACIB, CAIIB, CISA	62	37	1,36,90,420.00	STATE BANK OF INDIA

Employed for part of the financial year and were in receipt of remuneration at the rate of not less than Rs. 8,50,000/- per month.

NIL

Notes :

1. Remuneration shown above includes gross salary, Bank's contribution towards Provident Fund, Monetary value of perquisites (Excluding ESOPs perquisite) as per Income Tax rules.
2. Nature of employment is contractual.
3. None of the above employee is related to the any director of the bank.

On behalf of the Board of Directors

Nasser Munjee
Chairman

Dear Shareholders / Stakeholders,

Addendum to the Directors' Report 2016-17

The following paragraph was inadvertently omitted in the Directors' Report dated April 14, 2017 for the year ended March 31, 2017. Shareholders / stakeholders are notified that the following paragraph forms part of aforesaid Directors' Report.

"Implementation of Indian Accounting Standards (Ind AS) converged with International Financial Reporting Standards (IFRS)

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a Press Release was issued by the MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards (Ind AS) converged with International Financial Reporting Standards (IFRS) for banks. Banks in India shall comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. In preparedness towards achieving the same, the Bank had prepared proforma financials as per Ind AS as on September 30, 2016 as per extant regulatory guidelines and submitted the same to the RBI. The Bank will continue its preparedness towards migration to adopting Ind-AS as per regulatory requirement."

Inconvenience caused, if any, is regretted.

Nasser Munjee
Chairman

Place: Mumbai

Date: May 17, 2017

DCB BANK LIMITED CS Dept. CO-MUMBAI