DCB BANK

Ref. No.CO:CS:RC:2018-19:062 June 04, 2018

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 2017-18

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 2017-18 of the Bank as approved and adopted in the 23rd Annual General Meeting of the Bank held on June 02, 2018.

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

Thanking you,

Yours faithfully,
For DCB Bank Limited

Rubi Chaturvedi
Company Secretary &
Compliance Officer

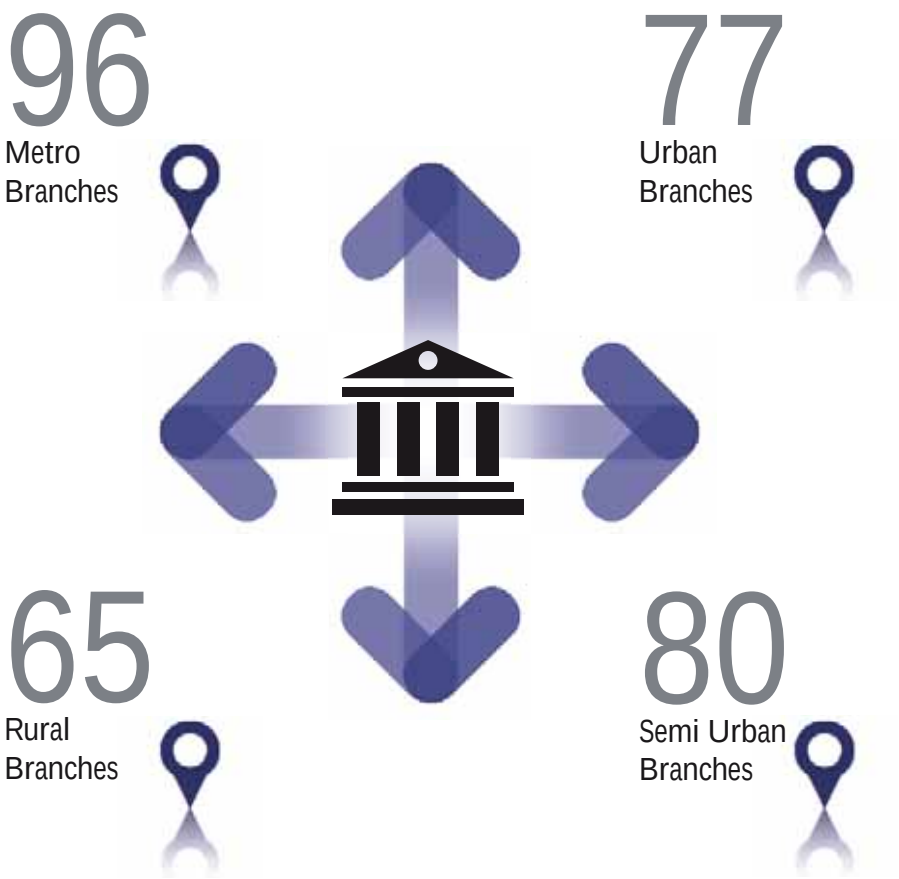
Encl.: As above

DCB BANK LIMITED CS Dept. CO. MUMBAI


Innovation
Products
Controls
People
Technology
Customer Experience
Operations
Productivity
Strategy
Process
Branches
Risk
Service
SYNTHESISE

DCB BANK

DCB Bank reaches out to customers
across India from 318 branches located in
19 states & 3 union territories



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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

Synthesise



The new mind of the age will need to be a searchlight – constantly scanning the environment for new developments and acquiring new knowledge. This knowledge will need to be internalized and synthesised for relevance and action. This will demand a broader vision, capabilities of critical thought and an ability to apply the new knowledge to specific purpose.

At DCB we are attempting to bring together a synthesis of thought across different verticals to serve our customers in unique and creative ways. Simplification, options that are customised and usable aided by the latest technologies available. It is becoming a habit within the organization. The habit of constant analysis which over time will lead to increasing synthesis of different departure points that converge on a coherent whole.

All this to ensure that our customers constantly experience innovation and simplicity to aid their purpose. After all, what we all need, are products and processes that meet our needs at minimum cost and in a manner which is pleasant to experience. DCB is doing its best to ensure we can achieve this objective.

COMPANY INFORMATION

Board of Directors

Mr. Nasser Munjee
Chairman

Mr. Murali M. Natrajan
MD & CEO

Mr. Altaf Jiwani

Mr. Amin Manekia

Mr. Ashok Barat
(From March 22, 2018)

Mr. Imran Contractor

Mr. Iqbal Khan
(From July 15, 2017)

Mr. Jamal Pradhan

Mr. Keki Elavia
(Till July 15, 2017)

Mr. Nalin Shah
(Till March 31, 2018)

Mr. C. Narasimhan

Ms. Rupa Devi Singh

Mr. Shaffiq Dharamshi

Mr. S. Sridhar

Senior Management Team

Mr. Abhijit Bose,
Chief Credit Officer

Mr. Abhijit Shah,
Chief Technology Officer

Mr. Aditya Prasad,
Head - Projects & Process

Mr. Ajay Mathur,
Head - Collections & Commercial Vehicles

Mr. Amit Mehta,
Head - Personal Loans and Smart Credit

Mr. Bharat Sampat,
Chief Financial Officer

Mr. Damodar Agarwal,
Head - Payments & Strategic Alliances

Mr. Gaurav Mehta,
Head - Marketing, PR & Corporate Communications & Investor Relations

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 & SME

Mr. Manoj Joshi,
Business Head - Trade Finance

Ms. Meghana Rao,
Head - Branch Operations

Mr. Narendranath Mishra,
Head - Agri & Inclusive Banking

Mr. N. C. Kaushal,
Business Head - SME

Mr. Pankaj Sood,
Head - Branch Banking-Retail

Mr. Praveen Kutty,
Head - Retail & SME Banking

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

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

Mr. Sachin Patange,
Chief Compliance Officer

Mr. Sridhar Seshadri,
Chief Risk Officer

Mr. Sukesh Bhowal,
Head - Mortgages & Gold Loans

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

Company Secretary

Ms. Rubi Chaturvedi

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 2018

We live in extraordinary times. A time of accelerating technological change that impacts our lives on a continuous basis; a time of economic and political changes since the financial crisis of 2008 and the rise of protectionism; technological change affords amazing new opportunities for those who are quick to grasp the possibilities that this change can offer to enterprises for developing new products, experience and channels to engage with their customers.

The second most important element for organizational adaptation to the new world that envelops us all is the inherent "culture" in which an organization functions. The culture decides the ways in which the employees interact with each other and with customers. It defines the energy, the enthusiasm and ownership of their roles within the organization. It provides a sense of pride in sharing successes and analysing failures for future learnings. Perhaps the most important aspect of the culture is the sense of belonging to an organization – that they feel they are building the organization individually and each one has a role in the growth and innovative process. Indeed, the culture defines the success of an organization in the long run as it involves the most important component – its people.

Many years ago, at DCB Bank, we planted the seed for building this culture. It needs to be sown and nurtured over many years. A delicate sapling transforms into a sturdy tree branching out and staying rooted to its core principles. Principle Centred Leadership is the root of this tree; it informs every component of the trees growth and spread. I firmly believe that without this constant attention to the cultural evolution, an institution may eventually falter and trip itself up even though it has grown large and successful.

We started transforming the Bank more than a decade ago and steadily built our businesses. The Balance Sheet has now grown to over ` 30,000 crores today. The number is not as important as the manner in which it has been achieved. Some would say this growth should have been more rapid. This evolution was rooted in principles of integrity of operations; a retail strategy on both sides of the balance sheet; building of a cultural identity; intelligent design for quality growth; the principle of neighbourhood banking and transparency. Our numbers today reflect not just a quantitative picture of progress but a qualitative one as well.

We are building strong foundations that can last. In every area of activity we are striving to achieve at a level that is cutting edge. I would like to mention a few supporting areas to frontline units that are normally not visible.

- Our branch expansion strategy was rolled out impeccably giving us a network of 318 branches over the 160 branches we started out with in October 2015. This gives us many degrees of freedom to grow CASA, expand the Balance Sheet, deliver products and serve customers across India.
- Our "Big Data" (Data Analytics) team has done some remarkable work on predictive analytics which is informing our businesses as well as support functions. These capabilities are being refined on a continuous basis.

- Our Information Technology unit is progressing towards cutting edge in terms of core solutions; its interactions with "fintech" companies; its support for product development for the frontline and its innovation for the future. Even amongst peers it is considered to be such.

- Our Collections and Recoveries team have done a painstakingly successful job in keeping our Non Performing Assets within the acceptable boundaries that we had set for ourselves. These are people who are in the frontline who work invisibly and untiringly throughout the year.

- Our Human Resources (HR) unit is perhaps one of the most energetic and creative that I have seen in any organization. It is largely responsible for recruiting people, inducting them into our culture and developing them while they are with us in line with their own goals for growth. In the past two years HR has added over 1,500 people for our branch expansion program for customer facing and other roles.

The success of an organization cannot be attributed to particular verticals; it's the interdependence of all of them and the ability of the MD & CEO and the Management Team to integrate effectively across these verticals. It's a constant circle of 'analysis' leading to 'synthesis' and back again. For an organization to be truly sustainable in the long run it requires all cylinders to be firing in unison. I am convinced that the Bank, after many years, developed a culture that is now coming into its own. Success is measured by the degree of coordinated integration that is systematically managed and executed. Success is shared and acknowledged.

That is why we use the theme this year of "Synthesise". It's the coming together of all the attributes of an organization under the broad banner of "culture" which is the binding force under which effective integration can indeed take place. It needs to be a core element of leadership. I am happy to report that these processes are well underway at your Bank and, in the ultimate analysis, the reason why we can deliver and we aspire to do so in the years ahead.

Nasser Munjee

Chairman Bengaluru, April 14, 2018

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of DCB BANK LIMITED ("the Bank") will be held on Saturday, June 2, 2018 at 2.30 p.m. at the Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 to transact the following:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements for the financial year ended March 31, 2018 together with the Reports of the Auditors and Directors thereon.

2. To declare dividend on Equity Shares.

3. To appoint a Director in place of Mr. Shaffiq Dharamshi (DIN-06925633), who retires by rotation and being eligible, offers himself for re-appointment.

4. To ratify the appointment of Statutory Auditors and to fix their remuneration for the Financial Year ending March 31, 2019 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 such other regulatory authorities, as may be applicable, and pursuant to provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the RBI, from time to time and pursuant to the resolution passed by the Members at the Twenty-First Annual General Meeting held on June 1, 2016 appointing M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No.117365W) as the Statutory Auditors of the Bank to hold office for four (4) years from the conclusion of the Twenty First Annual General Meeting till the conclusion of Twenty Fifth Annual General Meeting, the appointment of M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No. 117365W) as the Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting till the conclusion of Twenty Fourth Annual General Meeting, be and is hereby ratified by the Members of the Bank and the Board of Directors of the Bank is authorized to fix their remuneration and other terms and conditions for the Financial Year ending March 31, 2019 ."

Special Business:

5. Appointment of Mr Jamal Pradhan (DIN-00308504) as Non-Executive Director, liable to retire by rotation

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

"RESOLVED THAT pursuant to Section 152 of the Companies Act, 2013 and Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and Section 10 A (2A) of Banking Regulation Act, 1949, Mr. Jamal Pradhan (DIN-00308504), who was appointed as Non- Executive Director by the Board of Directors with effect from October 16, 2017, be and is hereby appointed as a Non-Executive Director of the Bank liable to retire by rotation."

6. Appointment of Mr. Iqbal Khan (DIN-07870063) as a Non-Executive Director, liable to retire by rotation

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

"RESOLVED THAT pursuant to Section 152 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and Section 10 A (2A) of Banking Regulation Act, 1949, Mr. Iqbal Khan (DIN-07870063),who was appointed as an Additional Director with effect from 15th July 2017 and who holds office up to the date of this Annual General Meeting of the Bank, be and is hereby appointed as a Non-Executive Director of the Bank, liable to retire by rotation."

7. Appointment of Mr. Ashok Barat (DIN-00492930) as Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Section 10 A(2A) of the Banking Regulation Act, 1949, Mr. Ashok Barat (DIN-00492930), who was appointed as an Additional Director with effect from March 22, 2018 be and is hereby appointed as Independent Director of the Bank from March 22, 2018 for a period of five years and shall not be liable to retire by rotation."

8. Re-appointment of Mr. Nasser Munjee (DIN-00010180) as Non-Executive (Part-time) Chairman of the Bank and payment of Honorarium to him

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

"RESOLVED THAT pursuant to the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, the provisions of the Companies Act, 2013 and rules made thereunder, approval accorded by the Reserve Bank of India vide its letter No. DBOD.Appt No.961/29.03.001/2017-18 dated July 28, 2017 (hereinafter referred to as RBI Letter), approval of Members of the Bank be and is hereby given to the re-appointment of Mr. Nasser

Munjee as Non-Executive (Part-time) Chairman of the Bank for a period of three (3) years from August 19, 2017 to August 18, 2020.

RESOLVED FURTHER THAT as approved by the RBI Letter, Mr. Nasser Munjee be paid honorarium of ` 24.00 Lakh per annum plus reimbursement of actual business related expenses and payment of one club membership fee."

9. Re-appointment of Mr. Murali M. Natrajan (DIN-00061194) as Managing Director & CEO.

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and rules made thereunder, Section 10-A and other applicable provisions of the Banking Regulations Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India and subject to the approvals, as may be necessary from the Reserve Bank of India and other concerned authorities or bodies and subject to the conditions as may be prescribed by any of them while granting such approvals, the Members of the Bank do hereby approve the re-appointment of Mr. Murali M. Natrajan (DIN-00061194) as the Managing Director and Chief Executive Officer of the Bank for a period of three years from April 29, 2018 to April 28, 2021 upon such terms and conditions, including remuneration, as set out in the Explanatory Statement to the resolution as per Item No. 9 of the Notice of the Annual General Meeting.

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 including bonus paid, if any, during that year.

RESOLVED FURTHER THAT the Board (including any duly constituted committee of the Board of Directors) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said re-appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any Director(s) and / or officer(s) of the Bank to give effect to this Resolution."

10. 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 ` 300 Cr (Rupees Three Hundred 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, 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".

11. 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 at the 22nd Annual General Meeting held on June 1, 2017 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 approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank 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, Securities Premium and its free reserves, provided that the total outstanding amount so borrowed by the Bank shall not at any time exceed ` 3,200 Crore (Rupees Three 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".

12. Amendments in the Object Clause of the Memorandum of Association of the Bank

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

"RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the rules made thereunder (including the Companies (Incorporation) Rules, 2014), the applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars and guidelines issued by Reserve Bank of India ("RBI") from time to time, subject to approval of the Registrar of Companies, Mumbai, Maharashtra, ("**ROC**"), the RBI and such other approvals as may be necessary or required, the Clause III (Objects Clause) of the Memorandum of Association of the Bank be and is hereby altered by inserting / modifying the following clauses and remaining sub-clauses be re-numbered accordingly:

A) In Clause III (A):

I. Clause 2(b) which is appearing as "the lending or advancing of money with or without security" be substituted with the following: **"the lending or advancing of money with or without security (e.g. Loan, overdraft or on cash credit on other accounts or in any other manner with or without security of movable or immovable properties, bills of exchange, hundis, promissory notes, coupons, drafts, railway receipts, warrants, debentures, certificates, scrips and other instruments, and securities whether transferable or negotiable or not)"**

II. Clause 2(f) which is appearing as "the buying and selling of foreign exchange including foreign Bank notes" be substituted with the following: **"act as foreign exchange dealer, the buying and selling of foreign exchange including foreign bank notes, foreign currency options, forward covers, swaps of all kinds and to transact for itself or on behalf of any persons, body corporate, company, corporation, society, firm or association of persons whether incorporated or not, all kinds of transactions in foreign currencies"**

III. Insertion of following new Clauses after the existing clause 2(l):

m) Issuing of credit cards and all kinds of securities;

n) Carrying on any other business specified in clause (b) to clause (n) of the subsection (1) of section 6 of the Banking Regulation Act, 1949 (10 of 1949), and such other forms of business which the Central Government has pursuant to clause (o) of sub-section (1) of the Section 6 of that Act, specified or may from time to time specify by notification in the official Gazette as a form of business in which it would be lawful for a banking company to engage.

IV. Insertion of following new clause after the existing Clause 6:
6 (a) To deposit money with other banks by way of current deposits, fixed deposits, and otherwise with or without interest, to accept bills of exchange, hundies and other negotiable instruments and to endorse the same to bankers and do all such banking business as are generally done by bankers with bankers and others.

B) In Clause III (B):

I. Clause 18 which is appearing as "Doing business of equipment leasing, hire purchase, merchant banking, mutual funds, custodial services and carry on business of factoring and to do any other business that Reserve Bank of India and the Government permits from time to time." be substituted with the following: **"Doing business of equipment leasing, hire purchase, merchant banking, investment banking, portfolio investment management, mutual funds, custodial services and carry on business of factoring and to do any other business that Reserve Bank of India and the Government permits from time to time."**

II. Insertion of following new clause after the existing Clause 22 :
22(a) To form, establish or promote any other company, body corporate or any other entity either as subsidiary of this company or otherwise for the purpose of carrying on any of the business or activities of the company or for the purpose of acquiring or taking over all or any of the property, rights and liabilities of such company, body corporate, or any other entity or for any other purpose which may directly or indirectly benefit the company.

C) Clause (C) Other Objects : Header of the Clause to be updated as per Companies Act, 2013 to **"Matters which are necessary for furtherance of the objects specified in IIIA"**

RESOLVED FURTHER THAT Board of Directors (hereinafter referred to as "Board" and the expression shall also include a duly constituted Committee thereof) be and is hereby authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to give effect to the above resolution, including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary or any other officer(s) of the Bank."

Place: Bengaluru
Date: April 14, 2018
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

Rubi Chaturvedi
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 business at Item nos. 5 to 12 of the Notice is annexed hereto.

5) The Register of Members and Share Transfer Books of the Bank will remain closed from Saturday, May 26, 2018 to Saturday, June 2, 2018 (both days inclusive). Dividend will be paid to Members whose names appear on the record of Depositories (NSDL and CDSL) on Friday, May 25, 2018 (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 within the stipulated time.

6) An updated list of Unpaid Dividend (FY 2016-17) as of March 31, 2018 is hosted on website of the Bank at http://www.dcbbank.com/cms/showpage/page/for-shareholder. Members, whose dividend has remained unpaid, are requested to contact the Registrar and Transfer Agents (RTA) viz. Link Intime India Private Limited or Share Department of the Bank to claim their unclaimed dividend.

7) Members holding shares in physical form are requested to address all their correspondence including bank details, change of address, mandates etc. to the Registrar and Transfer Agents (RTA) viz. 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.

8) 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.

9) 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 at http://www.dcbbank.com/cms/showpage/page/about-us-keyfinancials

10) 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 23rd Annual General meeting (AGM) of the Bank dated April 14, 2018 (the AGM Notice). The facility for voting/e-voting shall also be made available at the AGM and the Members attending the AGM and who have not already cast their votes through remote e-voting shall be able to exercise their voting rights at the AGM. 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. 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 Friday, May 25, 2018 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 Wednesday, May 30, 2018 at 10.00 a.m. (IST) and ends on Friday, June 01, 2018 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. Friday, May 25, 2018, may cast their votes electronically. The Remote E-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on Friday, June 01, 2018.

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 below:

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 AppStore 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 Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdeskevoting@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 at 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: 1800225533 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.

11) Details of Director seeking appointment / re-appointment in the Annual General Meeting scheduled on Saturday, June 2, 2018 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), are as below:

Name of Director	**Mr. Jamal Pradhan**	**Mr. Iqbal Khan**	**Mr. Ashok Barat**
Date of Birth	14-12-1968	25-05-1978	05-12-1956
Date of the original Appointment	15-01-2013	15-07-2017	22-03-2018
Date of the last re-appointment	N.A	N.A	N.A.
Expertise in Specific Functional area	SSI and Exports	Legal Expert	Finance, M&A, Strategy, Management Assurance and Governance.
Qualification	B.Com. OPM from Harvard Business School 2012 (Executive Education Program-Owner President Management Program)	JD (Juris Doctorate); LLB. (Bachelor of Laws); and B.Sc Computer Science	B.Com, FCA and FCS
Board Membership of other Public Limited companies as on March 31, 2018	1	NIL	2
Chairman/ Member of the Committee of the Board of Directors of the Bank as on March 31, 2018	Chairman: NIL Member: i. IT Strategy Committee ii. Customer Service Committee iii. Fraud Reporting & Monitoring Committee	NIL	Chairman: NIL Member: NIL
Chairman/ member of the Committee of Directors of the other Companies in which he is a Director as on March 31, 2018.			
a. Audit Committee	NIL	NIL	1
b. Stakeholders' Relationship Committee	NIL	NIL	NIL
c. Other Committees	NIL	NIL	2
Number of equity Shares held in the Bank as on March 31, 2018	4,718	NIL	NIL

Name of Director	**Mr. Shaffiq Dharamshi**	**Mr. Nasser Munjee**	**Mr. Murali M. Natrajan**
Date of Birth	23-01-1967	18-11-1952	23-03-1962
Date of the original Appointment	13-01-2015	29-06-2005	29-040-2009
Date of the last re-appointment	None	01-06-2016 (w.e.f. 19-08-2014)	01-06-2015 (w.e.f. 29-04-2015)
Expertise in Specific Functional area	Risk Management	Economics, Finance, Banking, Agriculture, Co-operation.	Banking
Qualification	Master of Science In Economics / Analysis, Design and Management Of Information Systems	M.Sc. (Econ)	B.Com (Hons) and FCA
Board Membership of other Public Limited companies as on March 31, 2018	None in India	7	None
Chairman / Member of the Committee of the Board of Directors of the Bank as on March 31, 2018	Chairman: NIL Member: 1. Audit Committee	Chairman: 1.Executive Committee 2.Capital Raising Committee 3.Corporate Social Responsibility Committee Member: 1.Nomination and Remuneration Committee	Chairman: 1.Wilful Defaulter Review Committee Member: 1.Capital Raising Committee 2. Risk Management Committee 3. Corporate Social Responsibility 4. Fraud Reporting & Monitoring Committee 5. Customer Service Committee
Chairman / member of the Committee of Directors of the other Companies in which he is a Director as on March 31, 2018.	None in India		None
a. Audit Committee	NIL	Chairman - 5 Member - 1	NIL
b. Stakeholders' Relationship Committee	NIL	NIL	NIL
c. Other Committees	NIL	Chairman: 5 Member : 9	NIL
Number of equity Shares held in the Bank as on March 31, 2018	NIL	4,401	19,50,000

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, 2018:

ITEM NO.5

Appointment of Mr. Jamal Pradhan as Non-Executive Director

Mr. Jamal Pradhan was appointed as an Independent Director at the Annual General Meeting held on June 6, 2014. In the month of October, 2017, Mr. Jamal Pradhan informed the change in his status from Independent Director to Non-independent Director, which was taken on record by the Board in its meeting, held on October 16, 2017 with immediate effect. The Board of Directors re-appointed him as a Non-executive Director w.e.f. October 16, 2017. Post change in the status of Mr. Pradhan, the Bank continues to 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 Board recommends appointment of Mr. Jamal Pradhan as a Non-Executive Director of the Bank, who shall be liable to retire by rotation.

None of the Directors except Mr. Jamal Pradhan, 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.5.

ITEM NO.6

Appointment of Mr. Iqbal Khan as Non-Executive Director

The Board of Directors have pursuant to Section 161 of the Companies Act, 2013 read with Article 122 of the Articles of Association of the Bank appointed Mr. Iqbal Khan as an Additional Non-Executive Director of the Bank, at their meeting held on July 15, 2017 and Mr. Khan holds office up to the date of the forthcoming Annual General Meeting. It is proposed to appoint him as a Non-Executive Director of the Bank, who shall be liable to retire by rotation.

Mr. Iqbal Khan is a Partner at Shardul Amarchand Mangaldas & Co., a leading firm of Solicitors and a member of the Private Equity and

Mergers & Acquisitions Practice Group. He finished his J.D. from Columbia Law School (as a Harlan Fisk Stone Scholar) and LL.B. from London School of Economics and Political Science. He is not related to any other Director of the Bank. The relevant particulars concerning Mr. Iqbal Khan are set out in the statement attached to the Notice and in the Directors' Report. The Board is of the view that the Bank would benefit from the experience of Mr. Iqbal Khan and his joining the Board will enable drawing synergies with the promoters. Accordingly the Board recommends his appointment as a Non-Executive Director.

None of the Directors other than Mr. Iqbal Khan nor any Key Managerial Personnel or their respective relatives are, in any way interested in the Resolution at Item No.6 of the Notice. Promoters of the Bank the Aga Khan Fund for Economic Development, S.A. and Platinum Jubilee Investments Ltd. shall be deemed to be interested in the Resolution at item no. 6 of the Notice.

ITEM NO.7

Appointment of Mr. Ashok Barat as Independent Director

The Board of Directors have pursuant to Section 161 of the Companies Act, 2013 read with Article 122 of the Articles of Association of the Bank appointed Mr. Ashok Barat as an Additional Director in the category of Independent Director on March 22, 2018 and Mr Barat holds office till the date of the forthcoming Annual General Meeting of the Bank.

Mr. Barat is a Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of the Institute of Company Secretaries of India. His major areas of influence and impact have been finance, M&A, strategy, management assurance and governance. Relevant details are separately given in the statement attached to the notice and Directors' Report.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 for his appointment as an Independent Director. The Board has recommended his appointment as an Independent Director, for a period five years from March 22, 2018.

None of the Directors other than Mr. Ashok Barat, nor any Key Managerial Personnel or their respective relatives are, in any way interested in the Resolution at Item No.7 of the Notice.

ITEM NO.8

Re-appointment of Mr. Nasser Munjee as Non-Executive (Part time) Chairman and payment of Honorarium to him

The Board of Directors at the meeting held on April 14, 2017 had approved and recommended to the Reserve Bank of India (RBI) the re-appointment of Mr. Nasser Munjee as Non-Executive (Part-time) Chairman of the Bank for a further period of 3 years w.e.f. August 19, 2017 till August 18, 2020. RBI has vide its letter No.DBOD. Appt No.961/29.03.001/2017-18 dated July 28, 2017 approved his re-appointment. RBI while approving his re-appointment for 3 years from August 19, 2017 also approved payment of Honorarium of ` 24.00 Lakh per annum, reimbursement of actual business related expenses and payment of club membership fee to him.

The Board of Directors recommends Members to accord their approval for the re-appointment of Mr. Munjee as Non-Executive (Part-time) Chairman of the Bank for further period of three years from August 19, 2017 and payment of Honorarium, reimbursement of actual business related expenses and payment of club membership fee as approved by RBI and passing of the Ordinary Resolution as set out in Item No. 8 of the Notice.

Mr. Munjee is not entitled to sitting fees for attending the meetings of the Board / Committees.

None of the Directors other than Mr. Nasser Munjee nor any Key Managerial Personnel or their respective relatives are, in any way interested in the Resolution at Item No.8 of the Notice.

ITEM NO. 9

Re-appointment of Mr. Murali M. Natrajan as Managing Director & CEO

Mr. Murali M. Natrajan was last re-appointed as Managing Director and CEO of the Bank for a period of three years from April 29, 2015 to April 28, 2018 in the Twentieth AGM held on June 1, 2015 as per the approval of the Reserve Bank of India vide letter DBR.Appt. No.14260/29.03.001/2014-2015 dated March 31, 2015.

The Board of Directors at the meeting held on October 16, 2017 had approved and had recommended to the Reserve Bank of India (RBI) the re-appointment of the Mr. Murali M. Natrajan as Managing Director and CEO of the Bank for a further period of 3 years from April 29, 2018 up to April 28, 2021 on the following terms, subject to approval of RBI:

Sr. No.	Remuneration	Approved by Board and recommended to RBI
1.	Salary (basic)	` 25,589,760/- per annum.
2.	Dearness allowance	NIL
3.	House Rent allowance	Currently the MD & CEO has been provided accommodation by the Bank and hence no payment of HRA is made to him. Note: Refer Point No.1 Residence, under Perquisites
4.	Conveyance allowance	NIL
5.	Entertainment allowance	Entertainment expenses reasonably incurred will be reimbursed against presentation of receipts / evidence.
6.	Other allowance, if any (Please specify)	a) Gas & Electricity charges. b) Water charges. Actuals at reasonable rates. c) Consolidated Benefit Allowance of ` 21,540,557/- per annum.
	TOTAL	` 47,130,317/-
	PERQUISITES:	
1.	Residence	Fully furnished accommodation OR In case no residential accommodation is provided by Bank then the Bank should pay ` 65.00 lakh per annum as Housing Allowance. Note: Currently the MD & CEO has been provided accomodation by the Bank and hence no payment is made to him
2.	Use of bank's cars: (i) Official purpose. (ii)For private purposes on compensating the bank with suitable amount	Two Cars Yes (One car) Second car for private use. Running and maintenance on bank account. Reimbursement of salary, bonus, uniform, etc to 2 drivers restricted in aggregate to ` 3 lakh per annum If no car availed, allowance @ ` 65,000/- per month per car to meet the expenses on a net of tax basis.
3.	Provident Fund	As per Bank's rules. (12% of Basic) (` 3,070,771/- per annum)
4.	Gratuity	As per Payment of Gratuity Act.
5.	Pension	N.A.
6.	Travelling and Halting Allowance	Actual for Bank's business.
7.	Insurance & Medical benefits	Group Personal Accident Insurance & Critical Illness cover as per policy of the Bank. Group Insurance for actual death as per Scheme for employees (maximum upto 24 times of monthly basic salary). Health Insurance and hospitalization policy to cover Mr. Murali M. Natrajan & his dependant family Members premia not exceeding ` 120,000/- per annum. Reimbursement of routine medical expenses on actual basis incurred by him or his dependant family Members not exceeding ` 50,000/- per annum. (The same would be allowed to be claimed on net of tax basis in case of non-availability of bills).
8.	Meal Allowance	Meal Allowance of ` 30,000/- per annum
9.	Use of Telephone / Fax	Use of two Telephones and one Cellular phone 1 as Telephone 1 as Fax machine Blackberry / iPhone / any other handheld phone instrument for official purpose / other internet connectivity as the case may be. Re-imbursement of expenses at actuals.
	Membership of Club	Two Clubs (Cost of admission and contribution).
	Bonus	As recommended by Nomination & Remuneration Committee Meeting and approved by the Board, subject to RBI approval
	Housing Loan(s)	N.A.
	Other Loan(s)	N.A.
10.	LEAVE	
	Annual Leave	30 days per financial year
	Sick Leave	
	Leave fare concession	` 2,878,115/- per annum. (Payment as per Bank's policy and taxability / tax exemption as per Income Tax Act, 1961).

The Board of Directors recommends the re-appointment of Mr. Murali M. Natrajan as Managing Director & CEO of the Bank for a further period of three years from April 29, 2018 to April 28, 2021

Mr. Natrajan shall be entitled to an annual increase in remuneration being limited to 15% of the previous year's annual remuneration inclusive of the bonus paid, if any, for that Financial Year.

Mr. Natrajan is not entitled to sitting fees for attending the meetings of the Board / Committees.

None of the Directors other than Mr. Murali M. Natrajan, nor any Key Managerial Personnel or their respective relatives are, in any way, interested in the Resolution at Item No. 9 of the Notice.

ITEM NO. 10

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 nonconvertible 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 at the last Annual General Meeting (AGM) held on June 1, 2017 and the Bank raised the full amount of ` 450 Cr in two subsequent tranches in the month of November 2017 (` 300 Cr) and January 2018 (` 150 Cr). In case the Bank needs to or gets an opportunity to raise such funds hereinafter during the period of about one year from the forthcoming AGM, 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 the forthcoming 23rd AGM which shall be valid for one year from the date of the Shareholders' approval.

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 ` 300 Cr (Rupees Three Hundred 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 applicable laws.

Accordingly, the approval of Members is being sought by way of special resolution as set out at in Item No. 10 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. 10 of this Notice for approval by the Members of the Bank.

None of the Directors or Key Managerial Personnel or their respective relatives is concerned or interested in the passing of the Special Resolution at Item No. 10.

ITEM NO.11

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, Securities Premium and 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 at the 22nd AGM held on June1, 2017.

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 as specified in the resolution.

Your Board recommends the resolution at Item No.11 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.11.

ITEM NO.12

12. Amendments in the Object Clause of the Memorandum of Association of the Bank

In line with the growth in business, the Bank has been offering various products to its customers. The Bank intends to widen the scope of its product and services offering and diversify into other business activities as permitted by the Reserve Bank of India or the Government of India. To enable the Bank to expand the product and services and/or commence any other permitted business activities, it is proposed to amend certain object clauses and insert new object clauses under the Object Clause of the Memorandum of Association of the Company as set out in the resolution above.

The above amendment would be subject to the approval of the Registrar of Companies, Maharashtra, Mumbai, the Reserve Bank of India and any other Statutory or Regulatory Authority, as may be necessary.

A copy of the existing and the proposed Memorandum of Association is available on the Bank's website at http://www.dcbbank.com/cms/showpage/page/for-shareholder for perusal by the Members and is also available for inspection of the Members at the Registered Office of the Bank between 10.00 a.m to 3.00 p.m on all working days upto June 1, 2018.

Your Directors, therefore, recommend the passing of the Special Resolution set forth in Item No. 12 of this Notice for the approval of the members.

None of the Directors nor Key Managerial Personnel and their relatives is, in any way, concerned with or interested, financially or otherwise, in the Resolution at Item No. 12 of this Notice.

Place: Bengaluru
Date: April 14, 2018
CIN:L99999MH1995PLC089008

By Order of the Board of Directors
DCB Bank Limited

Rubi Chaturvedi
Company Secretary

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

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Third Annual Report of DCB Bank Ltd (hereinafter referred to as the Bank/Your Bank/ DCB Bank) together with the audited accounts for the year ended March 31, 2018.

In FY 2018, the Bank has posted an Operating Profit of ` 524.97 crore (FY 2017 ` 418.21 crore) and a Net Profit of ` 245.34 crore (FY 2017 ` 199.68 crore).

Total Assets have increased by ` 6,175.71 crore and reached ` 30,222.09 crore as on March 31, 2018 (` 24,046.38 crore as on March 31, 2017).

Customer Deposits have increased by ` 2,929.10 crore and Advances have increased by ` 4,519.06 crore. Your Bank has been contributing significantly to Priority Sector Lending (PSL) and has achieved the overall PSL target as required by the Reserve Bank of India (RBI).

The Net Interest Margin (NIM) has improved to 4.16% in FY 2018 from 4.04% in FY 2017 and the Current and Savings Accounts (CASA) ratio stood at 24.3% as on March 31, 2018.

Cost to Income Ratio has decreased to 59.8% in FY 2018 from 60.0% in FY 2017. The Bank was able to lower the ratio despite increase in number of branches, increase in number of staff and higher business volumes.

Total Branch network stood at 318 as on March 31, 2018 (262 as on March 31, 2017) and ATM network increased to 533 as on March 31, 2018 (515 as on March 31, 2017).

Provisions Other Than Tax have increased to ` 138.80 crore in FY 2018 from ` 111.49 crore in FY 2017. 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 ` 369.03 crore as on March 31, 2018 from ` 254.20 crore as on March 31, 2017. The overall NPA Provision Coverage Ratio as on March 31, 2018 was 75.72 %. Net NPAs have increased to ` 146.72 crore as on March 31, 2018 as against ` 124.41 crore as on March 31, 2017.

Capital Adequacy Ratio (CAR) under Basel III as on March 31, 2018 stood at 16.47% (13.76% under Basel III as on March 31, 2017).

In April 2017, the Bank issued 21,770,000 equity shares through Qualified Institutional Placement (QIP) at ` 174 per share amounting to ` 378.80 crore.

In November 2017 and January 2018, the Bank issued Basel III compliant Tier II Bonds in two tranches amounting to ` 450 crore.

FINANCIAL SUMMARY

(` in Crore)

	As at March 31, 2018	As at March 31, 2017	Increase / (Decrease)
Balance Sheet			
Customer Deposits	18,872.12	15,943.02	2,929.10
Inter Bank Deposits	5,134.74	3,346.19	1,788.55
Total Deposits	24,006.86	19,289.21	4,717.65
[Including Total CASA]*	*[5,840.32]*	*[4,689.18]*	*[1,151.14]*
Advances	20,336.69	15,817.63	4,519.06
Gross – NPA	369.03	254.20	114.83
Net – NPA	146.72	124.41	22.31
Provision for Standard Assets**	89.65	85.05	4.60
Total Assets	**30,222.09**	**24,046.38**	**6,175.71**
	For the year ended March 31, 2018	**For the year ended March 31, 2017**	**Increase / (Decrease)**
Profit & Loss			
Net Interest Income	995.43	797.09	198.34
Non Interest Income	310.27	248.84	61.43
Total Operating Income	1,305.70	1,045.93	259.77
Operating Cost	780.73	627.72	153.01
Operating Profit	524.97	418.21	106.76
Provisions	138.80	111.49	27.31
Net Profit Before Tax	386.17	306.72	79.45
Tax	140.83	107.04	33.79
Net Profit After Tax	**245.34**	**199.68**	**45.66**

*Current and Savings Accounts (CASA)

**Including provision for unhedged foreign currency exposure

DIVIDEND

Your Board is pleased to recommend a dividend of ` 0.75 per equity share of ` 10.00 each in respect of the Financial Year ended March 31, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

According to recent reports, going forward, in FY 2019, the Indian economy is expected to gather further momentum benefitting from conducive domestic and global environment. Economic activity is expected to accelerate with the strengthening of investment activity, supported by consumption demand and robust credit growth. Further, the upgradation in India's Sovereign Rating by Moody's to Baa2 with

stable outlook, the bank recapitalisation plan by Government of India and resolution of stressed loans under Insolvency and Bankruptcy Code, amongst other factors is likely to have a favourable impact on the economy.

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 8 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. This plan was successfully completed by October 2017 and the total number of branches as on March 31, 2018 stood at 318.

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, shopkeepers, business owners, MSMEs and SMEs). The Bank has chosen to have limited presence in the salaried segment. The MSME / SME sector is a vibrant and dynamic sector of the Indian economy and plays a very important role in the growth of the Indian economy. This segment is resilient and displays entrepreneurial spirit.

MSME sector plays a pivotal role in the economic and social development of the country. In the long run, Goods & Service Tax (GST) and other reforms are expected to be beneficial to the economy. If MSME/SMEs reflect their business/sales completely in their bank accounts, then banks will find it easier to extend credit facilities for business expansion and working capital.

Some useful information on MSME sector is given below:

- Number of Working Enterprises: 51 million, Employment: 117 million individuals
- Urban: 45%, Rural: 55%
- Manufacturing: 32%, Service: 68%
- Sole Proprietor: 94%
- Market value of Fixed Assets: ` 14,719 billion

(Source: Annual Report FY 2015-16 Government of India, Ministry of Micro, Small and Medium Enterprise)

DCB BANK CUSTOMERS

Your Bank provides banking services to a varied base of business owners, self-employed / small businesses for example – Commodity Trader, 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 or Consumer Goods 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, amongst others. 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 89% of CASA and 86% of Mortgage loans are in the self-employed segment for the Bank.

CREDIT RATINGS

The Bank continues to enjoy ICRA A+ (hyb)/(stable) and CRISIL A+ /(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

Yet again, in FY 2018, the Bank continued to receive many awards and recognitions.

In the Small Bank category, DCB Bank was recognised as the Runner-Up Fastest Growing Bank in Businessworld magazine's Businessworld Magna Awards.

Human Resource

Your Bank has once again been Great Place to Work® Certified for building a High Trust and High Performance Culture.

The 'High Decibel', the Bank's quarterly staff newsletter, won the Gold for Best In-House publication in ACEF HR and CSR Forum & Awards.

Information Technology

Your Bank's efforts in modernising technology and being in the forefront of innovation was amply recognized by many associations and forums. The Bank received the following awards;

1) "Innovative Company for implementation of VMWARE solution" award by VMWARE
2) "Excellence in Omni Channel Experience" award for new internet banking by IDC
3) "Finnoviti award for GST Package" by Banking Frontiers magazine
4) "Best Innovative Initiative" for Innovation Carnival at BFSI Innovative Technology Awards 2018 event, by ELETS
5) "Digital Leadership Award" at Business World Innovations event by Businessworld
6) "BFSI IT Leadership Award 2017" for being among TOP 20 Leader in BFSI sector by Exito
7) Award in the category of "Enterprise Mobility" by Express Computer
8) "Innovative CIO 17 Award" by CIOAXIS

DCB Hackathon story got published by Economic Times, Dynamic CIO, Elets Magazine and Businessworld magazine.

BRANCH EXPANSION / ATMs

In October 2015, the Bank announced its intention to increase the number of branches by 150 in 24 months. This key initiative was successfully completed in October 2017. The number of branches as on March 31, 2018 stands at 318 [Retail branches 181 and 137 branches in Agri and Inclusive Banking (AIB)]. Approximately 20 percent of the branches are in rural areas and 25 percent in semi-urban areas. All new branches have been created with similar "look and feel". Over time existing branches will also be refurbished to meet the new standards. The branch expansion business model is designed to deliver "break even" between 18 to 22 months from the start of business. The success of branch expansion is a result of close coordination and team work between Finance, Business, Sales, Property & Admin, Operations, Human Resources, Technology, Product, Credit, Compliance, Marketing and Internal Audit. The Bank has increased its ATMs from 515 in FY 2017 to 533 in FY 2018.

RETAIL BANKING

Retail Banking has taken up initiative to make the best of neighbourhood banking through (a) micro marketing initiatives focussed on catchment areas and (b) continuous customer engagements. Wherever possible, in all locations, the Bank follows the principle of "all branches all products". It is a multi-product approach. This enables the branch to address nearly all the banking needs of the customers in the catchment area. It also helps to improve productivity and service quality.

Mortgage and Micro Mortgage

Over the last few years, Mortgage has been the lead product of the Bank addressing primarily the requirements of the self-employed segment. As far as possible tailor-made solutions for home loans and business loans are offered to meet customer needs. Customer may use the loan for various purposes, such as, home purchase, home improvement, home repairs, business growth and personal expenses such as marriage, education. Mortgages and Micro Mortgages together contribute approximately 40 percent of Total Advances. The Bank has engaged with various reputed builders for approval of projects for home loan. Almost all retail branches offer Mortgage and Micro Mortgage loans. Dedicated sales teams are present in 95 locations across India and during the year, 17 new locations were added. Micro or small ticket mortgage loans are most useful for customers in the Tier 2 to Tier 6 locations. Mortgage and Micro Mortgage programs are reviewed on ongoing basis to take into account changes in the economy, for example, demonetisation, GST and Real Estate (Regulation & Development) Act (RERA). Many in the rural and semi-urban areas generates income from employment in the unorganized sector. At times this creates difficulty in estimating repayment capacity. Therefore, the Bank needs to have the ability to assess the household income in order to determine loan eligibility. For almost every loan, personal discussions are held with the borrowers and co- borrowers to improve credit assessment.

Construction Finance (CF)

Housing is a necessity and a part of the construction sector, thus an important contributor to the growth of the economy. The Government of India's various programme/initiatives for providing affordable housing to both rural and urban areas and regulation of real estate industry will increase the demand for housing across country. This will create favourable conditions for construction of affordable housing in India. For banks, financing construction is a good opportunity. The Bank's approach is to focus on reputed builders with a strong track record. Thus far the Bank has financed over 100 projects across 17 locations in India.

Commercial Vehicle (CV)

CV financing was restarted in FY 2013 to improve the Bank's ability to achieve PSL targets. The facility is currently offered across 146 locations. Almost 90% percent of the CV portfolio can be categorised as PSL. Although economic conditions were weak, the portfolio quality has been maintained at an acceptable level. The CV industry is an essential part of the Indian economy and in the coming years, the Bank foresees an opportunity to build a strong CV portfolio.

Loan against Gold

Loan against Gold is offered in almost all Retail and AIB branches across country. In FY 2018, the gold loan front end system "Gradatim", was relaunched with additional features that had a favourable impact on frontline staff and customer experience. In order to compete with bigger gold loan financing companies, the Bank launched the "One Hour Gold Loan" processing at most of the branches. The Bank has unique gold loan products and the intention is to continuously build a solid portfolio across the footprint.

Bharat Bill Payment System (BBPS)

DCB Bank during the year has launched BBPS which offers integrated and interoperable pan India bill payment services. BBPS is considered to be safe, timely and convenient.

Bill payment is a major component of the retail payment transactions in India and is characterized by the presence of large number of billers, who provide a variety of payment options to their customers.

DCB Debit Cards

The Bank offers cashback benefits for using its Debit Cards subject to maintaining prescribed average balance in CASA. At the end of FY 2018, the Bank had approximately 560,000 Debit Cards (approximately 450,000 at the end of FY 2017). The overall focus on "Digital India" is helping to increase digital transactions rapidly. DCB Debit Cards also offer additional promotional benefits from time to time.

DCB NiYo Cards

During the year your Bank has launched DCB NiYo Cards in partnership with Finnew Solutions Pvt. Ltd. DCB NiYo Card has the capability to provide seamless compliant payroll benefits to employees. The product has the potential to simplify the human resource payroll processes of any organisation.

DCB Moneykit Cards

DCB Moneykit Cards was launched in January 2018, in partnership with Sienna Systems Resources Pvt Ltd This is a distinctive proposition wherein loans get disbursed instantly for purchase of consumer durables or any other merchandise. The card has the unique feature of money on swipe, wherein the customers pay only when the loan limit is utilised.

DCB Payless Cards

This is a unique product offered by the Bank and is a preferred card for those self-employed and small businessmen that are unable to provide sufficient income proof or do not have an acceptable credit track record. During FY 2018 there is a clear jump in usage of DCB Payless Cards in Point of Sale (POS) and e-commerce.

DCB Bank Prepaid Cards

DCB Bank has full suite of payment products on its prepaid platform. It has a platform for product providers and businesses with small ticket transactions that are currently conducted in cash. It helps drive adoption of digital payments and the platform covers solutions across Card, Mobile and a combination of Card and Mobile.

DCB Cippy Wallet

DCB Cippy Wallet is a simple Mobile App that helps customers do a number of transactions. DCB Cippy Wallet has so far attracted approximately 10,000 customers.

Bharat QR

This is an elegant way for customers to "point and pay" at shops using their smartphones. This product is suited for small merchants and shopkeepers. Your Bank is amongst the first few banks to have gone live on Bharat QR code solution. It is now available for both existing and new Current Account customers.

DCB Unified Payment Interface (UPI):

DCB BHIM UPI App is an easy, cost effective and convenient way to send and receive payments. Customers can simply create a Virtual Payment Address (VPA) that can be used to link their bank accounts.

The country is moving towards digital. Clearly digital transactions are increasing rapidly. Your Bank has built a state-of-the-art UPI Payment collection system called Ezetap. This will enable payment collection from various channels like merchant websites, Mobile Apps, POS and MPOS devices and Bharat QR. This micro app will enable merchants to have access to UPI features like Register Mobile, Login, VPA, Pay, Collect, Check Status, Balance Enquiry and Transaction List.

DCB Remit

During the year under review, your Bank has implemented a revolutionary service "DCB Remit" that allows online fund transfer from India to over 20 countries including USA, Canada, Australia, UK, UAE and Germany. The transactions can be tracked on smartphone or web. Your Bank has signed an agreement with Instarem India Pvt. Ltd. for outbound money transfer to individuals from India.

DCB Travel Smart Multi-Currency Visa Card

Your Bank has developed DCB TravelSmart Multi-Currency Visa Card in association with a large private bank in India. This product is hassle free, less expensive than using credit cards, secure and convenient for using while traveling outside the country. Customers can load up to 16 currencies on the card and it can be used across the world. The card can be used in ATMs and Internet transactions as well. The unutilised portion can be encashed upon returning to India.

Distribution of Mutual Funds and Insurance

The Bank distributes Life Insurance, Health Insurance, General Insurance and Mutual Fund products to new and existing customers. This helps in deepening relationship with Deposits and Advances customers. In case of death or critical illness, lack of adequate insurance coverage can cause major financial stress to the family. Keeping this in mind, the Bank strives to make customers aware of their insurance needs and be prepared for unforeseen events.

Traditional Community Banking

With a vision of strengthening neighbourhood banking, the Bank set up a separate vertical in FY 2010 to focus on Traditional Community Banking. The aim was to address the specific needs of the Community and provide personalized solutions wherever possible. This perhaps is purest form of neighbourhood banking and is directed towards addressing small credit needs of education, personal, business and working capital.

Non-Resident Indian (NRI) business

In FY 2018, NRI deposits contributed to 8% of the Total Retail Deposits of the Bank. During the year, almost 2,000 new customers were acquired and over 3,000 NRI accounts were opened. The Bank now has close to 14,000 customers across the world. The Bank has a dedicated team of Relationship Managers (RMs) and Customer Care Associates in the call centre to address the needs of NRI customers. The Bank intends to continue to build its NRI business as it is an important source for deposits and remittance fee income.

COLLECTIONS AND RECOVERIES

Collections and Recoveries is a critical function for the Bank. Over time, this function has developed robust capabilities to collect overdue payments and ensure portfolio quality across products. The senior officers in Collections are experienced to understand the issues faced by customers and strive to find legal and compliant ways to rehabilitate them during stressed times. The team operates out of 236 locations in India. Collections and Recoveries team uses data analytics to improve predictability, targeting and collector productivity. The m-Collect Mobile App for providing system-generated receipts on the field is working efficiently and provides real time updates to the loan system.

STRATEGIC ALLIANCES

One of the key strategies of the Bank is to look for alliances with entities that may have matching business objectives. The idea is to enhance product benefits in order to facilitate new customer acquisitions and customer retention. Over time we expect stronger customer loyalty and increased fee income.

Your Bank is very active in pursuing strategic alliances.

The list of various strategic alliances and business associations of your Bank is given overleaf;

Bancassurance:

Partner Name	Type of arrangement
Aditya Birla Health Insurance Company Ltd.	Corporate Agency
Aditya Birla Sun Life Insurance Company Ltd.	Corporate Agency
HDFC Standard Life Insurance Company Limited	Corporate Agency
ICICI Lombard GIC Ltd.	Corporate Agency
Royal Sundaram General Insurance Company Ltd.	Corporate Agency

Prepaid Solutions:

Partner Name	Type of arrangement
Adhikar Microfinance Pvt. Ltd. (MFI)	Prepaid Solution
Fullerton India Credit Company Limited (NBFC)	Prepaid Solution
Midland Microfin Limited (MFI)	Prepaid Solution
Muthoot Finance Limited (NBFC)	Prepaid Solution

Remittance Solutions:

Partner Name	Type of arrangement
Avenues Payments India Pvt. Ltd. (DCB Remit)	Remittance Solution
INSTAREM India Pvt. Ltd.	Remittance Solution
Paul Merchant Ltd.	Trade Remittance
UAE Exchange Financial Services Ltd.	Remittance Solution
Weizmann Forex Ltd.	Trade Remittance
Western Union Business Solution (WUBS)	Trade Remittance

Service Partners:

Partner Name	Type of arrangement
Atos Worldline India Pvt. Ltd.	Merchant Acquiring
CMS Info Systems Limited	ATM deployment and cash management
Euronet Services India Pvt. Ltd.	ATM and Switch management
Ezetap Mobile Solutions Private Limited	UPI Merchant Solution
M2P Solutions Pvt. Ltd.	Program Partner (Prepaid programs)
Skilworth Technologies Pvt. Ltd. (Bijlipay)	Merchant Acquiring

Business Alliances:

Partner Name	Type of arrangement
Aditya Birla Finance Ltd. (NBFC)	Lending Business

Fintech Alliances:

Partner Name	Type of arrangement
Credit One Payment Solutions Pvt. Ltd. (Credit One)	Fintech Lending
Datasigns Technologies Pvt. Ltd. (Shubh Loans)	Fintech Lending
Social Worth Technologies Pvt. Ltd. (Early Salary)	Fintech Prepaid Solution
Finnew Solutions Private Limited (NiYo)	Digital Salary Account
Sienna Systems Resources Pvt. Ltd. (Slonkit & Moneykit)	Money Management Solution
Usekiwi Infolabs Pvt. Ltd. (Afford Plan)	Health Care Solution

Other Alliances:

Partner Name	Type of arrangement
Credit Sudhaar Services Pvt. Ltd. (NBFC)	Payless Cards partner
SRS Live Technologies Pvt. Ltd. (Sabpaisa)	Payment Collection Solution
Techbins Solutions Private Limited	Niki Chat Bot

MSME and SME

Your Bank's core target segment is MSMEs / SMEs. It is a large and vibrant sector. It is the backbone of our country. In the last two years this segment had to make adjustments to their business models due to implementation of demonetisation and GST. The Bank held several customer meetings in various locations to explain GST. This was immensely appreciated by various forums. The Bank created a specific product for GST namely DCB GST Package, a unique Current Account for MSMEs/SMEs. The Bank strives to be the business partner of MSMEs/SMEs by offering custom made solutions to meet the credit demands of this segment. The Bank offers a range of products and personalized services including Foreign Exchange, Cash Management, Trade Finance and Internet Banking. Given the inherent risks associated with this segment the Bank aims to have large portfolio of small ticket exposures. As this space is becoming increasingly competitive, the Bank has created a dedicated portfolio team to address specific needs of customers.

CORPORATE BANKING

The Bank's intention is to have a limited exposure in Corporate Banking. This business operates 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. The Bank has a robust underwriting and credit system to address the inherent risks in Corporate Banking. The emphasis is on building a secured loan portfolio and creating long term relationships with high quality large and mid-corporates. Regular review exposures are conducted with the aim of initiating timely action in case of any emerging risks. In order to ensure the quality, the focus is to continuously improve understanding of the borrower's business/ prospects, ensuring right mix of products, enhance analytics and

tracking. Corporate Banking portfolio quality remained stable during the year.

In FY 2018, the Bank added 47 new relationships in Corporate Banking. Your Bank understands that the Relationship Managers (RMs) must have in-depth knowledge of various industries and corporates. In order to meet this need, the Bank has introduced RM Knowledge Improvement Programs wherein information on various industries, corporates, credit ratings etc. are shared with the RMs on a regular basis. Your Bank has also started "Underwriters Pathshala", a periodic bulletin for the benefit of credit underwriting team across India.

AGRI AND INCLUSIVE BANKING (AIB)

AIB is a separate unit with the main aim of achieving financial inclusion. The Bank continued to expand its rural footprint. At the end of FY 2018, AIB had 137 branches in 10 states. There are many opportunities to offer simple 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 underbanked and unbanked population of the country through a wide range of products, for example, zero balance savings account, 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.

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

In FY 2018, your Bank actively participated in PMJDY. The Bank had 29,689 PMJDY accounts as on March 31, 2018. 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 7,424 customers under PMSBY, 3,782 customers under PMJJBY and 1,336 customers in APY as on March 31, 2018.

Basic Savings Bank Deposit Account (BSBDA)

BSBDA has replaced "No frills account". This is a wonderful product for achieving financial inclusion especially for those who have limited transaction needs in the low income group and may not have proper identity, address, date of birth or signature proofs. The Bank had 55,627 BSBDA accounts as on March 31, 2018.

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 safe and scientific storage so that wastage and stock deterioration can be reduced. In addition, 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, manure, irrigation), animal husbandry loans, and loans for investment purpose like land improvement, irrigation and hi-tech agriculture.

Tractor Loans

Tractor Loans is 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 and small and marginal farmers set by RBI.

For Tractor Loans, the Bank has launched Tab Banking where the sales team can provide doorstep processing to the customers and quickly inform them regarding the status of their loans.

Microfinance Institutions (MFIs) 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 few locations. Loans are given to members of Self Help Groups (SHGs) and Joint Liability Groups (JLGs) for activities thereby enabling them to avail small loans from the banking sector instead of high cost borrowing from money lenders. These loans are primarily provided to small farmers and weaker sections mainly in rural areas. In order to support the volume growth, your Bank has an efficient software system for managing BC Loans. This software helps maintain adequate information about the borrowers under SHGs, JLGs and microenterprises categories. It provides a common platform for both, Bank and BC for smooth processing of loans and has added immense value by reducing the loan disbursal cycle time. In FY 2018, MFI industry faced a lot of stress. This was mainly due to cash flow cycle of SHG/JLG members getting impacted post demonetization and reluctance in loan repayment by borrowers in few geographies where farm loan waiver programs were announced. The Bank has always adopted a cautious approach towards this sector and it is taking several steps to maintain portfolio quality. In an endeavour to diversify the portfolio of products being offered through BCs, your Bank has introduced micro business loans which would cater to the credit need of micro business segment.

Commodity Based Finance (CBF)

The Bank is engaged in lending to farmers and 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 and Investment in Equity through Initial Public Offers (IPOs), Foreign Exchange Trading and Customer Sales. Treasury ensures compliance with regulatory requirements such as Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). In FY 2018, the Bank made gains in a cautious manner by utilizing the trading opportunities in G-Sec presented by declining interest rates in the initial part of the year. The Bank selectively invested in a few 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

India reported Gross Domestic Product (GDP) growth of 6.6% in FY 2018. The GST implementation and other reforms are likely to benefit the economy in the long run. The Index of Industrial Production (IIP) growth recovered due to growth in the manufacturing sector, electricity and mining. The Consumer Price Index (CPI) inflation increased to 5.07% in March, 2018 from 3.81% in March, 2017. RBI conducted variable rate REPO and Open Market Operations to maintain sufficient liquidity. Indian stock market indices went up by more than 11% on the back of liquidity. The bullishness in the market helped the IPO markets which were well received giving opportunities for investors to book listing gains.

Foreign Exchange

As usual a few geo-political events in FY 2018 affected the global and Indian markets. This included a strong stance taken by US Fed on hiking interest rates and a slew of measures announced by both US policy makers and European policy makers. North Korea conducted missile tests in defiance of international sanctions cast a shadow across global economies. Oil prices moved higher with the Brent Crude prices steadily inching up. The USD was range bound in relation to the Indian Rupee which depreciated towards the end of the year. The Euro Zone currencies were volatile. India witnessed strong domestic and foreign flows which kept the Sensex buoyant.

TRANSACTION BANKING

Cash Management Services (CMS)

The Bank provides Corporates, MSME/SMEs and Retail customers sophisticated and cost effective CMS. This helps customers manage their collection and payment logistics with ease. In the last few years, the Bank has steadily increased CMS customers. The Bank added three more vendors for CMS cheque collections across India. At the end of FY 2018, the Bank had 6,418 active customers using the CMS facility.

E-mandate as a "Destination Bank" went live in January 2018 this year.

Business Internet Banking (BIB)

In FY 2018, your Bank implemented a new BIB application for Business users. The new system has several additional benefits. It offers one time payee registration for all transactions, new cooling period policy on addition of payee, payment to multiple beneficiaries with single One Time Password (OTP), 24X7 funds transfer through IMPS, straight through RTGS funds transfer and scheduling future payments. Status updating of BIB requests through a tracking mechanism has been made available online to branches and CMS service team for improving customer service. At the end of FY 2018, this BIB application is availed by 28,181 users.

RISK MANAGEMENT

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. The Bank is exposed to credit, concentration, market, country exposure, liquidity, operational, fraud and reputation risk. The Board of Directors of the Bank has oversight of all the risks assumed by the Bank and has delegated its power to manage risks to Risk Management Committee (RMC) of the Board.

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. Ongoing efforts are made to improve risk assessment and controls. 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 2018, the Credit Risk unit ably supported the business / branch expansion agenda of the Bank. One of the 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 uses SAS analytics and has created several insightful models that helped in refining the product offering, targeting, collections and recoveries. Key processes in credit underwriting were examined and duplication was reduced to improve speed of processing. Periodic portfolio reviews were conducted with the business units that helped improve portfolio quality.

Concentration Risk

Concentration risk is monitored and managed both at the customer level and at the aggregate level. The Bank, inter alia, 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 mitigates risks using 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.

Process Review

Your Bank strives to continuously improve process controls and customer satisfaction. The Bank has a separate committee – Management Committee for Approval of Processes (MCAP). This Committee has experienced bankers from various units who review new products and processes prior to launch. The Committee is tasked with identifying operational and compliance risks in new processes/ products and ensuring that steps are taken to mitigate the risks. Also, the Committee, on an ongoing basis reviews existing processes for further improvement. In the FY 2018, 87 process notes and requests for system changes were examined by the MCAP.

Reputational Risk

The Bank pays attention to issues that may create a Reputational risk. Events that can negatively affect 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)

Banking is changing rapidly. Traditional models and approaches are getting challenged by new players. Customers are demanding high level of digitisation. Every day the landscape is shifting. Your Bank has taken several initiatives to keep pace with the changes. It has created a detailed and dynamic "digitisation" plan that is being executed in a systematic manner. The intention is to provide disruptive cut through products and services and take advantage of the digital environment to improve cost efficiencies. During FY 2018, the Bank implemented many new applications/upgradations like

1) New Internet Banking for Retail and Business Banking.
2) "DCB Loan on the Go" Mobile App for servicing Retail Loan customers
3) Robotic Process Automation (RPA) – These are specifically designed software with Artificial Intelligence (AI) capabilities to handle high-volume, repetitive tasks that previously required staff to perform. The Bank has successfully implemented 23 RPAs. This has helped reduce costs, lessen errors and improve cycle time.
4) Omni channel CASA account opening - The frontline staff can now open customer accounts using tabs and web based solution anywhere in India. DCB Delight Instakit further enhances this facility as customers can get their debit card, cheque book and ATM Pin instantly.
5) Application Supported Blocked Amount (ASBA)- Your Bank has now introduced ASBA. This capability was not available in the past and was missing from the product suite.
6) Application Programming Interface (API) Banking – The industry worldwide is moving towards "Open Banking". DCB Bank needs to keep pace with changes. On a pilot basis, your Bank has created APIs, that can be used by customers, fintech companies and associates.
7) Integration of gold loan processing system Gradatim with Finacle Core Banking for Straight Through Processing
8) Launch of Fraud Risk Monitoring System for timely identification of frauds
9) Aadhaar Enrolment Centres for ease of Aadhaar issuance
10) Implementation of C-KYC platform to update Know Your Customer (KYC) details of new and existing customers
11) Blockchain - Your Bank has become the knowledge partner with Bankchain, Assocham and The Economic Times for Blockchain implementation and mentoring more than 15 Fintech companies for Blockchain implementation in India.

    The Bank also rolled out Global Level Innovation Program "Innovation Carnival" under which the Bank is working closely

with peer banks, Government, Accelerators, Corporates, Fintechs and Academia. It has carried out various Hackathon sessions in cities like Ahmedabad, Bengaluru, Gurugram, Hyderabad, Mumbai and Pune. These events received a lot of participation from start-ups and college students.

12) Big Data – Your Bank has implemented a scalable and robust framework to handle the four V's of data namely Volume, Variety, Velocity and Veracity. The team has been able to bring in machine learning/deep learning expertise across various business units in the areas of predictive analytics, prescriptive analytics, optimization and clustering.

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 in National Processing Centre (NPC) Chennai with the idea of creating a centre of excellence. In FY 2018, many processes were in-sourced resulting in cost savings and reduction in potential errors. The Bank created Clearing Hubs at Thane (Maharashtra) and Krishna Nagar (Delhi) which has resulted in better cut off timing for cheque pickups from branches hugely benefitting customers. During the year, advanced software to automate reconciliation of ATM, POS and Nostro etc. was implemented.

INTERNAL AUDIT (IA) AND VIGILANCE

IA continued to be the effective tool of control and compliance in your Bank. The team comprises of professionals, experienced bankers and domain experts. Every year IA inducts and grooms newcomers with audit and finance background to strengthen the IA capacity. IA team functions under the able guidance of Audit Committee of the Board (ACB), which reviews the Audit Charter/Manual on an annual basis and ensures that IA has put in place a detailed risk assessment and audit planning process. On a pilot basis, a centralised Continuous Monitoring System has been implemented to help identify control issues as early as possible.

In FY 2018, IA conducted 221 branch audits, 37 periodic audits, 2 compliance audits and 6 IT audits. Out of the total audits conducted during the year, nearly 30% were snap audits. In order to improve the effectiveness, the Bank has started in-housing the Concurrent Audits in a phased manner.

The Vigilance unit is a small high quality team. This team reviews "triggers" received from various sources to identify and control frauds. In order to further enhance fraud control mechanisms a new software "Fraud Risk Monitoring" has been introduced. Over the coming months this software will be made more and more sophisticated to catch intricate frauds.

COMPLIANCE AND RISK BASED SUPERVISION BY RBI

The Bank's Compliance unit is independent of its business and functions. It has created detail procedures to ensure compliance with all applicable regulations. In addition to ensuring timely submission of various returns to regulatory and statutory authorities, the Compliance unit also ensures that the Bank's internal procedures and processes are in adherence with the applicable regulatory and statutory guidelines. The Compliance unit is also responsible for AML / KYC monitoring and for executing the same the Bank relies on advanced software and analytics. The Bank is a member of Banking Codes and Standards Board of India (BCSBI). The Bank is covered under the Banking Ombudsman Scheme of RBI wherein escalated customer complaints received through the Office of the Banking Ombudsman are addressed under a well-defined Customer Grievance Redressal mechanism.

Like most banks in the industry, your Bank continues to be under Risk Based Supervision (RBS) introduced by RBI for supervision of banks.

HUMAN RESOURCES (HR)

Your Bank strives to provide a conducive and enabling work environment for all its employees. The intention is to create a culture of caring and performance. Continuous efforts are made to improve team work, productivity, empathy for customers, respect for compliance and controls.

In FY 2018, the Bank's headcount went up to 5,790 (4,979 in FY 2017). In order to create a diverse pool of new hires, the Bank launched a "Candidate Portal". Your Bank also scaled up its "The Top Recruit" program and campus engagement initiatives across various regions. Over 2,000 participants from Tier 3 and Tier 4 business schools in cities like Bengaluru, Kolkata, Delhi and various towns in Maharashtra participated.

Your Bank believes in continuous learning and skill development. The Bank has sustained a strong culture of learning through the Individual Learnings & Development Scorecard (ILDS) spanning the employee lifecycle. Besides, all new joinees undergo certain mandatory classroom trainings including an elaborate induction program. Several product training sessions are conducted to improve knowledge and skill levels. This helps in productivity and customer service. More than 97% of employees were covered under at least one workshop or e-learning module as compared to 95% coverage in FY 2017. The Bank also has online learning academy "LUMOS" which facilitates ease of learning. Almost 76% of employees used at least one module in LUMOS.

In addition to the above, the Bank started a personalised training for its employees for improving their English language skills.

The Bank's flagship programme on fostering the culture of teamwork "CREW" (Collaborate, Respect, Encourage and Win) was launched during the year and appreciated tremendously by its employees. The Managing Director & Chief Executive Officer personally conducted 9 sessions across 8 locations and personally interacted with more than 2,000 employees.

SPEAK survey is a unique initiative to get feedback on supervisors. 96% of the employees participated in the survey. The results of the survey were shared with the supervisors. This helps them to understand their strengths and areas for improvements. SPEAK is an effective method to improve supervisor quality which in turn helps to reduce attrition and enhance productivity.

The employees need to be communicated regarding the employee benefits being offered by the Bank. The HR team conducted "DCB Chaupal" which helped employees to interact with HR team and seniors. Since your Bank branches are now in many locations, the HR team launched the first interactive "live radio show" called Hour HR

to engage with large number of employees at one go.

The Bank continued its various signature programs namely Global Leadership Development Programme, Budding Branch Manager, ASPIRE, LEAP and RISE. In order to ensure compliance, "Project Prayas" was launched with the aim of improving knowledge and understanding of various RBI Circulars.

DCB Allympics, the mega sports event across the country remained one of the most awaited events. This year a new program called "KnowFest" was implemented. This gave an opportunity to all business and functions to creatively showcase their unit in the form of exhibition stalls. The participation was superb. As part of the learning culture, the top team of the Bank was given "Masterclass" by seniors in various topics.

The Bank has two powerful and popular programs for employee recognition. "DCB Spotlight" is held at a regional level at least twice a year. This platform provides an opportunity to meet the star performers from various businesses and functions. "Movers & Shakers" is a yearly grand event. In this program top performers and teams on pan India basis are recognized. This event gives additional opportunity to DCBians to show off their talent in terms of singing and dancing as well.

STAFF PARTICIPATION IN CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank employees eagerly and enthusiastically participated in Clean Up and Green Up (tree planting) activities around the branch neighbourhood. In FY 2018, over 500 employees pan India participated in CSR activities of the Bank availing the unique 2 days paid CSR leave per year. The Bank has created CSR volunteers at various locations. The activities executed range from lake clean up, waste management, habitat restoration, park clean up, tree planting, creating awareness amongst people on water conservation and waste management etc. The Bank has contributed 3,147 people-days' for the projects executed by the staff.

Trees are critical for sustained growth. Unfortunately, green cover is giving way to development. The citizens of India must come together to create a sustainable development model. Towards improving our environment, the Bank planted 65,271 trees during FY 2018. Extensive tree plantation was undertaken in the buffer zones of wildlife sanctuaries for mitigating climate change and improving the microclimate. This is also likely to provide gainful employment to tribal communities living in the periphery of the wildlife sanctuaries.

Installation of waterless urinals to reduce wastage of water and cut pollution levels, roof top rainwater harvesting and installation of non-electric bio-sand water filters in village schools in water-starved regions are some of the unique efforts undertaken by the Bank to conserve water.

The Bank also propagated waste-to-energy "bio methanisation" to use organic waste in a manner to stop methane emission. Usage of renewable energy by installing solar panels for use by remotely located tribal village communities where electricity grid supply was not available was an effort from your Bank to improve life of tribals.

Your Bank was recognized for its CSR efforts. The list of recognition is given below:

1) International Advertising Association – IAA Olive Crown Awards 2018- DCB Bank won for Gold for the Waterless Urinal Project - Wagah border, Punjab and DCB Bank offices and branches.
2) International Advertising Association - IAA Olive Crown Awards 2018- DCB Bank was awarded Silver for School Rooftop Rainwater Harvesting & Bio-sand Filters Project in Nuh, Haryana
3) CSR Journal Excellence Awards 2017- DCB Bank was awarded "Best project in the Environment Category" for Project Hirve, Maharashtra
4) Appreciation Certificate from Bombay Chamber of Commerce and Industry- Recognized for 'Sustainable Environmental Initiatives' for solar water pump, storage and drip irrigation project - Project Hirve, Maharashtra.
5) Asian Customer Engagement & Forum - ACEF HR & CSR Forum & Awards- DCB Bank garnered Bronze for Best CSR Event - Project Hirve, Maharashtra

CUSTOMER SERVICE

Ensuring customer delight and satisfaction in every interaction remains the Bank's core desire for building its business franchise across India. On an ongoing basis, customer complaints and satisfaction levels are monitored by the Managing Director and Chief Executive Officer along with the 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 and rigorous standards to ensure that customer queries and complaints are not missed out and are resolved in a timely manner. The Bank continues to make steady progress on the concept of Power of Three - Empathy, Speed and Quality (ESQ) initiative launched 7 years ago. 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 and Metrics. The Service Excellence team regularly conducts review of progress on six pillars with key stakeholders, weekly calls with frontline staff to obtain feedback, surprise visits to branches, 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.

NON-BRANCH CHANNELS

The Bank's customers have ease of access to 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. In FY 2018, the Bank's Customer Care Associates attended to almost 13 lakh calls with one of the best "speed to answer" response time across the industry. At DCB Bank's 24 Hour Toll Free Customer Care, customers directly get connected with the Customer Care Associates without having to go through painful Interactive Voice Response (IVR) menu. The Bank's call centre can interact with the customers in 8 Indian languages (Hindi, English, Marathi, Gujarati, Tamil, Telugu, Odiya and Kannada). This

makes it one of the best in the industry. During the year, your Bank has initiated "Voice of Customer" program for improving customer complaint resolution/satisfaction. Your Bank has also established second call centre at Secunderabad to act as a support for the Mumbai centre. The idea is to provide uninterrupted service delivery at all times.

MARKETING/BRAND AWARENESS

The Bank continuously undertakes numerous effective measures to create brand awareness and improve its brand presence and image. The Bank has a unique concept called "micro marketing". Low cost small scale product promotions are held in the neighbourhood areas of the branch almost every week. In FY 2018 the Bank executed almost 7,000 micro marketing activities. This approach has helped in improving brand presence and sales.

During the year, your Bank created short commercials in Hindi and other Indian languages to promote the brand and its unique DCB Savings Accounts in a very engaging and humorous way. This commercial was screened in 90 popular cinema halls in various parts of the country. This campaign was made available on social media as well. The Bank did a massive newspaper campaign across 28 cities to promote DCB Home Loans.

Your Bank was on the forefront of helping MSMEs/SMEs understand GST and its implications. Throughout our branch network several meetings were held. Over 15,000 customers/prospects were met as part of the GST campaign. A unique DCB GST Package was created to meet the customer needs.

Every year, as part of its culture to directly engage with customers and take their feedback in informal forums, the Bank conducts numerous customer events. In FY 2018 the Bank's signature event "Ek Mulaquat Kuch Baatein" was held in Delhi, Lucknow and Mumbai. The Bank also hosted Musical Night programs in a few locations in India. Customers were delighted to be part of the musical evening and some even sang alongside the professional singers.

IND AS IMPLEMENTATION

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. Progressing towards IND AS, the Bank had prepared proforma financials as on June 30, 2017 as per extant regulatory guidelines and submitted the same to the RBI. On April 05, 2018, the RBI has announced deferment of implementation date by one year with IND AS now being applicable to banks for accounting periods beginning April 01, 2019 onwards.

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 with related parties and thus disclosure in Form no. AOC-2 is not required.

POLICY ON RELATED PARTY TRANSACTIONS OF THE BANK

The Bank has a policy on Related Party Transactions and the same has been displayed on the Bank's website:
http://www.dcbbank.com/pdfs/Policy_on_Related_Party_Transactions%20_2018_19.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 at the following Link:

http://www.dcbbank.com/cms/showpage/page/for-shareholder

CORPORATE SOCIAL RESPONSIBILITY (CSR)

DCB Bank's CSR projects and activities focused on water and protection of water sources; recycling; waste management; renewable energy & waste-to-energy.

Together with the help of our implementation partners, we planted 65,146 trees. The aim is to scale up this movement and plant over one lakh trees by the next financial year.

Communities continue to reap the benefits of DCB Bank CSR projects. We are delighted to note that the Bank's efforts in CSR are being recognized by communities, customers, well-wishers at large. The CSR projects have contributed to mitigate the issues we set out to address, subject to capacity of the project to bring about impact.

Notable acclaim & recognition conferred to DCB Bank CSR Projects in FY 2017-18:

1) **International Advertising Association – IAA Olive Crown Awards 2018**
DCB Bank won for Gold for the Waterless Urinal Project - Wagah border, Punjab and DCB Bank offices and branches
Date & Place: March 2018, Mumbai

2) **International Advertising Association - IAA Olive Crown Awards 2018**
DCB Bank awarded Silver for School rooftop Rainwater Harvesting & Bio-sand Filters Project in Nuh, Haryana
Date & Place: March 2018, Mumbai

3) **CSR Journal Excellence Awards 2017**
DCB Bank awarded "Best project in the Environment Category" for project Hirve, Maharashtra
Date & Place: November 2017, Mumbai

4) **Appreciation Certificate from Bombay Chamber of Commerce and Industry**
Recognized for 'Sustainable Environmental Initiatives' for solar water pump, storage & drip irrigation project - project Hirve, Maharashtra.
Date & Place: October 2017, Mumbai

5) **Asian Customer Engagement & Forum - ACEF HR & CSR Forum & Awards**
DCB Bank garnered Bronze for Best CSR Event - Project Hirve, Maharashtra
Date & Place: September 2017, Mumbai

India faces a mammoth waste and water crisis. The environment crisis requires decisive action by individuals and institutions. The Bank's CSR activities focus on this crisis. CSR projects namely were - installation of waterless urinals to stop wastage of water and reduce pollution of water, roof top rainwater harvesting and installation of non-electric bio-sand water filters in village schools in water-starved regions. Watershed development including water audit, tree plantation, desilting of village tanks and wells, creating percolation tanks, trenches and ponds in drought prone water starved villages are other projects. Extensive tree plantation in the buffer zones of wildlife sanctuaries for climate change mitigation and improving the microclimate was undertaken; this also provided and will continue to provide gainful employment for tribal communities living in the periphery of the wildlife Sanctuaries. The Bank also propagated waste-to-energy bio methanisation to use organic waste in a manner to stop methane emission in to the atmosphere; usage of renewable energy by installing solar panels for use by remotely located tribal village communities where electricity grid supply was not forthcoming.

Clean Up & Green Up! - STAFF PARTICIPATION IN CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank's focus areas for its employees for this Financial Year were – Clean Up and Green Up. Employees participated in tree plantation and clean-up of unkempt civic spaces. We had 529 employees who volunteered and availed of our unique 2-day CSR leave policy. Employees volunteered for tree plantation in Maharashtra, West Bengal, Tamil Nadu, Gujarat, Punjab, Rajasthan, Orissa, Delhi NCR, and Madhya Pradesh; lakes, streams and pond clean-up activities as well as habitat restoration in various parts of India.

DCB Bank CSR volunteers have worked on CSR projects that range from local lake cleanup; locality based waste management, natural habitat restoration and creation of nature parks. Tree plantation, tree count, propagation of fruit bearing trees in tribal villages to enhance long-term income earning capability are other employee initiatives. DCB Bank has also contributed '3,174 hours for the projects executed by employees.

The Bank has spent an amount of ` 1.77 crore (Previous year: ` 0.98 crore) in respect of CSR activities across the country

REPORT ON 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 overleaf:

Report on Corporate Social Responsibility (CSR) Activities during the FY 2017-18:

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 d) Promote waste-to-energy e) Promote start-ups f) Preservation of historical and heritage sites with in situ focus on water conservation, waste management, recycling and, or waste-to-energy. Project / s supported: The availability of potable water fit for both human consumption and agriculture faces severe stress. Day-by-day the situation turns grim, while mismanagement of waste and the general disinclination towards a sustainable lifestyle is cause for a waste crisis. Sustainable methods for preservation of water bodies is a dire need not only for the current generation but also for all times to come. The Water situation is a grave one despite the availability of technical knowhow on rainwater 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 Amritsar, Punjab; Anantapur in Andhra Pradesh; Guntur in Andhra Pradesh; Karjat in Maharashtra; Sitamata in Rajasthan; Chintamani and Kolar in Karnataka; Koraput in Odisha. DCB Bank CSR employee volunteer projects undertook various across locations across India, such as Bhopal, Coimbatore, Delhi, Chennai, Gurgaon / Sohna, Hyderabad & Pune, amongst other locations. The Bank's CSR thrust areas projects for FY 2017-18 are: a. Ground water resource development in acutely water starved villages. c. Rainwater harvesting structures and bio-sand water filters for village schools. d. Waste-to-energy bio methanisation to produce cooking gas e. Renewable energy, solar power streetlights network across villages and hamlets f. Waterless urinals to save precious water and prevent ground water pollution. g. Rainwater harvesting and installation of bio-sand filters for schools in arid and drought prone regions 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), Ms. Rupa Devi Singh, Mr. Imran Contractor and Mr. Murali M. Natrajan.
3.	Average net profit of the company for last three financial years (after adjusting for brought forward accumulated losses)	` 245.56 crore
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	` 4.91crore
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	` 1.77 crore ` 3.14 crore - Please refer to the table on the following page-

Manner in which the amount spent during the financial year 2017-18

(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	Groundwater development – creation of water storage structures for farming, community use and recharge of ground water and underground reservoirs	Water resource management & sustainable livelihood for water starved village communities	State of Andhra Pradesh, Guntur District.	` 3,160,680	(1) Direct expenditure ` 3,110,680 (2) Overheads ` 50,000	Complete amount disbursed	Project through implementing CSR agency Concern India Foundation
2	Renewable energy project solar electrical street lights	Renewable energy solar power streetlights network across villages and hamlets. Creating a village user committees, training for tribal residents for operations & maintenance of street lights.	State of Maharashtra, in Karjat district	` 872,035	(1) Direct expenditure ` 848,035 (2) Overheads ` 24,000	Complete amount disbursed	Project through implementing CSR agency Concern India Foundation
3	Renewable energy project solar electrical street lights	LED street lamps, all weather solar panels, lithium ion storage batteries & installation poles	State of Maharashtra, in Karjat district	` 2,904,736	(1) Direct expenditure ` 2,904,736	Complete amount disbursed	Direct spend
4	Rainwater harvesting and bio-sand water filters in water starved village schools.	Creation of self-sustaining water conservation structures for village schools in areas with acute water shortage	State of Andhra Pradesh, in Anantapur District	` 1,828,050	(1) Direct expenditure ` 1,741,000 (2) Overheads ` 87,050	Complete amount disbursed	CSR project amount spent through implementation agency SM Sehgal Foundation
5	Installation of waterless urinals in water stressed areas to reduce usage of a scarce resource	Saving water with waterless urinals in locations, facing severely depleted underground water availability. Reducing sewerage discharge and ground water pollution	State of Punjab, in Amritsar District	` 185,769	Direct expenditure ` 185,769 (2) Overheads NIL	Complete amount disbursed	CSR project amount spent through implementation agency Ekam Ecosolutions
6	Waste-to-energy	Bio-methanisation of organic waste to produce cooking gas. Climate change mitigation.	State of Punjab, in Amritsar District	` 2,676,300	(1) Direct expenditure ` 2,676,300 (2) Overheads NIL	Complete amount disbursed	CSR project amount spent through implementation agency Ekam Ecosolutions
7	Reforestation of buffer areas around National Sanctuaries, and gainful employment generation for communities dependent on forests. Climate change mitigation	Regeneration of lost forest cover through extensive plantation of native trees in the buffer zones of critical natural animal habitat.	Planted over 50,000 trees in States of Karnataka, Maharashtra, Odisha & Rajasthan Locations: Chintamani & Kolar Karnataka, Nimbhora Maharashtra, Koraput Orissa, Sitamata, Rajasthan,	` 4,590,000	(1) Direct expenditure ` 4,590,000 (2) Overheads NIL	Complete amount disbursed	CSR project amount spent through implementation agency Growtrees. com
8	Awareness building, education and promotion of judicious use of water	Audio visuals on Waterless Urinals and Rain Water Harvesting respectively	Promotion of Waterless Urinals, Wagah, Amritsar & Rain Water Harvesting, Nuh, Haryana via online and digital platform	` 360,000	` 360,000	Complete amount disbursed	Freelance Production

(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 *
9	Awareness building, education and promotion of judicious use of water	Case studies of community and individual led, extremely sustainable water conservation and usage practices across India	Promotionand distribution of The Water Catchers, the Water Blue Book – 12 inspirational stories of how communities went form scarcity to plenty.	` 390,000	` 390,000	Complete amount disbursed	Content Services & Publishing Pvt. Ltd.
10	CSR impact projects with DCB Bank CSR Employee volunteers	Various activities in line with the Bank's CSR thrust areas: such as, waste management, waste recycling, protection of water bodies, rejuvenation of natural habitat, protection of flora and fauna, bio waste composting, community areas and localities clean up, river, streams, lakes and ponds clean up, amongst other initiatives,	Projects in Ahmedabad, Bhopal, Chennai, Coimbatore, Delhi, Erode, Kolkata, Mumbai, Navi Mumbai, Pune, Raipur, & Trichy	` 728,426	` 728,426	Complete amount disbursed	Implemented directly as well as with agencies, CSR partners such as Ladybird Environment Consulting LLP; Green Yatra; Mission Green Mumbai; Oxford Golf resort; Karnataka Golf Association; Khalsa College, Amritsar
	TOTAL	-	-	` 17,695,996	(1) ` 17,534,946 (2) ` 161,050		-

* 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 - measured steps, expanding projects coverage in more regions and increasing the number of activities, bore fruit. Projects taken up in new geographies address the Bank's thrust area, while previous efforts, such as waterless urinals which was successfully implemented at Wagah border, Punjab - was replicated in new locations. In step with the huge waste crisis, our country is literally drowning in waste, the Bank expanded scope of CSR thrust areas to waste-to-energy and renewable energy. Therefore, bio-methanisation project as a solution is ideal, while another project focussed in the renewable energy thrust area. The nuanced approach enables the institution to learn and then scale up interaction with communities. The communities are the ultimate owners, caretakers and beneficiaries of the projects. The resources deployed and spent has increased over the previous Financial Year. The Bank continues to assess new projects that stand to benefit communities into the future.

7. Responsibility Statement:

The CSR Committee of the Bank hereby states that the implementation and monitoring of CSR Policy, complies with CSR objectives and policy of the Bank.

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

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

- 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 (BR) Act, 1949, Provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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 (1) of the Listing Regulations.
- Majority of the Directors as required under BR Act shall have specialized knowledge/experience in the areas like Agriculture, Banking, SSI, Legal, Risk Management, Accountancy, Finance etc.
- All Directors shall abide by the Code of Conduct
- Directors shall not attract any disqualification and shall be persons of sound integrity and honesty, apart from knowledge, experience, etc. in their respective fields.

POLICY RELATING TO THE REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

- MD & CEO, Company Secretary and Chief Financial Officer shall be the Key Managerial Personnel (KMPs) of the Bank.
- 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 the RBI and other applicable authorities, but are not paid sitting fees.
- Independent Directors are not entitled for ESOPs
- Remuneration of all employees including Senior Management and KMPs are decided as per the Compensation Policy of the Bank.

PARTICULARS OF EMPLOYEES

The Bank had 5,790 employees as on March 31, 2018. 8 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, 2018 and such other details as prescribed are as given below:

Name	Ratio
Mr. Nasser Munjee (Chairman)	7 : 1
Mr. Murali M Natrajan (Managing Director & CEO)	155 : 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):	33 %
Mr. Murali M Natrajan – (Managing Director & CEO):	10 %
Mr. Bharat Laxmidas Sampat – (Chief Financial Officer):	9 %
Mr. Hemant Vinayak Barve – (Company Secretary till December 31, 2017):	6 %
Ms. Rubi Chaturvedi – (Company Secretary w.e.f. January 01, 2018):	N.A.

c) The percentage increase in the median remuneration of employees in the financial year : 5 %

d) The number of permanent employees on the rolls of Bank: 5,741

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year ended March 31, 2018 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 9 % 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) of the Companies Act, 2013. For the year ended March 31, 2018, 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, 2018. 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, 2018 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, 2018; 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, 2018.

EXTRACT OF THE ANNUAL RETURN

An extract of the Annual Return as of March 31, 2018 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 2018, Mr. Keki Elavia, an Independent Director of the Bank, has ceased to be a Director of the Bank on July 15, 2017 on account of his resignation. Mr. Nalin Shah, an Independent Director of the Bank has ceased to be a Director of the Bank on March 31, 2018 on attaining age of 70 years, as per upper age limit of RBI. The Board of Directors places on record its deep sense of appreciation of the valuable contributions made by Mr. Keki Elavia and Mr. Nalin Shah during their association of more than 5 years as Independent Directors of the Bank.

Mr. Shaffiq Dharamshi (DIN-06925633) was liable to retire by rotation and being eligible has offered him for re-appointment. The Board of Directors at the meeting held on July 15, 2017 had approved appointment of Mr. Iqbal Khan (DIN-07870063) as an Additional Non-Executive Director, liable to retire by rotation. Mr. Ashok Barat (DIN-00492930) was also appointed as an Additional Independent Director of the Bank on March 22, 2018. Mr. Jamal Pradhan informed about change in his status from Independent Director to Non-independent Director, which was taken on record by the Board in its meeting, held on October 16, 2017 with immediate effect. The Board of Directors re-appointed him as a Non- Executive Director w.e.f. October 16, 2017, liable to retire by rotation.

With approval of the Reserve Bank of India, the Board of Directors of the Bank re-appointed Mr. Nasser Munjee as Non-Executive (Part-time) Chairman of the Bank for a period of three years from 19th August, 2017 on an honorarium of ` 24 lakh per annum and reimbursement of actual business related expenses and annual club membership fee. The Board of Directors of the Bank recommends his re-appointment and payment of honorarium in the ensuing AGM.

Subject to approval of the Reserve Bank of India, the Board of Directors, in its meeting held on October 16, 2017 approved the re-appointment of Mr. Murali M. Natrajan as MD & CEO of the Bank for a period of three years i.e. from 29th April, 2018 to 28th April, 2021 on the remuneration as detailed in the explanatory statement of the notice of the 23rd AGM. The Board of Directors of the Bank recommends his re-appointment and payment of remuneration at the ensuing AGM.

A brief resume relating to the persons who are to be appointed /re-appointed as Directors is furnished in the notice of the 23rd AGM as well as in the report on Corporate Governance. Based on the Disclosures provided by them, none of the above mentioned persons is 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.

CHANGE IN KEY MANAGERIAL PERSONNEL

Mr. H.V. Barve ceased to be Company Secretary of the Bank on December 31, 2017 on account of his retirement. Ms. Rubi Chaturvedi was appointed as Company Secretary of the Bank w.e.f. January 1, 2018.

The Board of Directors places on record its deep sense of appreciation of the valuable contributions made by Mr. H.V.Barve during his long association as the Company Secretary of the Bank.

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 Committees, 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 21st Annual General Meeting. Their appointment for FY 2017-18 was ratified in the last AGM. They are eligible for re-appointment for the FY 2018-19. 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 two years. Taking this into consideration, ratification of the appointment of the auditors has been recommended for financial year 2018-19, 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 2018 and their report of April 11, 2018 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: Bengaluru
April 14, 2018

Nasser Munjee
Chairman

Annexure-II to Directors' Report

[Details of the Employee Stock Option Scheme (ESOS) as of March 31, 2018 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/pdfs/ESOP_disclosures_March_31_2018.pdf

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 shall be disclosed 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 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 2017-18	No variation in terms of option during the year 2017-18

(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 ` 3.67 crore. Consequently profit after tax would have been lower by that extent. The basic EPS of the Bank would have been ` 7.90 per share and the Diluted EPS would have been ` 7.74 per share.

(iv) Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	10,378,995
Number of options granted during the year	75,000
Number of options forfeited / lapsed during the year	149,260
Number of options vested during the year	1,101,540
Number of options exercised during the year	950,530
Number of shares arising as a result of exercise of options	950,530
Money realized by exercise of options (INR){ if scheme is implemented directly by the Bank)	50,119,302.00
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	9,354,205
Number of options exercisable at the end of the year	5,504,705

(v) The Weighted-average exercise prices of the Options granted during the year is ` 181.75 and the weighted-average fair values is ` 48.39

(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	NIL
(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 values 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 values of share price - ` 181.75 (ii) weighted-average exercise price - ` 181.75 (iii) expected volatility - 51 % (iv) expected option life - 7 years (v) expected dividends - 5 % (vi) risk-free interest rate - 6.62 %
(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, 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, 2018

[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	64191	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, 2018

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.	2,450,182	0	2,450,182	0.86	2,450,182	0	2,450,182	0.80	(0.06)
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):-	2,450,182	0	2,450,182	0.86	2,450,182	0	2,450,182	0.80	(0.06)
(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.	43,750,052		43,750,052	15.33	43,750,052		43,750,052	14.20	(1.13)
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):-	43,750,052		43,750,052	15.33	43,750,052		43,750,052	14.20	(1.13)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**46,200,234**	**0**	**46,200,234**	**16.19**	**46,200,234**	**0**	**46,200,234**	**15.00**	**(1.19)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	42,627,344	0	42,627,344	14.94	56,065,303	0	56,065,303	18.20	3.26
b) Banks / FI	2,150,321	0	2,150,321	0.75	2,264,146	0	2,264,146	0.73	(0.02)
c) Central Govt	0	0	0	0	0	0	0	0.00	
d) State Govt(s)	0	0	0	0	0	0	0	0.00	
e) Alternative Investment Funds	0	0	0	0.00	11,691,253	0	11,691,253	3.79	3.79
f) Insurance Companies	3,910,971	0	3,910,971	1.37	6,839,913	0	6,839,913	2.22	0.85
g) FIIs and QFI	983,820	0	983,820	0.34	0	0	0	0.00	(0.34)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
i) Others :	0	0	0	0	0	0	0	0.00	0.00
a) Foreign Portfolio Investor	66,218,587	0	66,218,587	23.21	65,730,985	0	65,730,985	21.34	(1.87)
b) Trusts	15,320	1,035	16,355	0.01	53,790	1,035	54,825	0.02	0.01
Sub-total (B)(1):-	**115,906,363**	**1,035**	**115,907,398**	**40.62**	**142,645,390**	**1,035**	**142,646,425**	**46.30**	**5.68**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	25,944,034	255,172	26,199,206	9.18	21,306,241	243,422	21,549,663	6.99	(2.19)
ii) Overseas	4,022,484	0	4,022,484	1.41	0	0	0	0.00	(1.41)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	52,583,704	7,192,053	59,775,757	20.95	62,642,519	7,157,305	69,799,824	22.66	1.71
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	23,264,762	342,906	23,607,668	8.27	18,783,890	11,000	18,794,890	6.10	(2.17)
c) Others (specify)									
(c-i) Clearing Members	2,436,052	0	2,436,052	0.85	1,183,339	0	1,183,339	0.38	(0.47)
(c-ii) NRI-Rep	2,804,315	0	2,804,315	0.98	3,479,132	0	3,479,132	1.13	0.15
(c-iii)NRI-Non Rep.	2,000,053	1,000	2,001,053	0.70	1,898,514	1,125	1,899,639	0.62	(0.08)
(c-iii)Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
(c-iv) Directors & Relatives	2,359,960	50,226	2,410,186	0.84	2,525,571	6,166	2,531,737	0.82	(0.02)
Sub-total (B)(2):-	**115,415,364**	**7,841,357**	**123,256,721**	**43.19**	**111,819,206**	**7,419,018**	**119,238,224**	**38.70**	**(4.49)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**231,321,727**	**7,842,392**	**239,164,119**	**83.81**	**254,464,596**	**7,420,053**	**261,884,649**	**85.00**	**1.19**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	**277,521,961**	**7,842,392**	**285,364,353**	**100.00**	**300,664,830**	**7,420,053**	**308,084,883**	**100.00**	**0.00**

(ii) Shareholding of Promoters as of March 31, 2018

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	15.33	0	43,750,052	14.20	0	(1.13)
2.	PLATINUM JUBILEE INVESTMENTS LTD.	2,450,182	0.86	0	2,450,182	0.80	0	(0.06)
	Total	**46,200,234**	**16.19**	**0**	**46,200,234**	**15.00**	**0**	**(1.19)**

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

Sr. No.		Shareholding at the beginning of the year (01-04-2017)		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	16.19	46,200,234	15.00
	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	15.00

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

[Shareholding consolidated based on PAN pursuant to SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017]

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	MATTHEWS INDIA FUND		12,139,846	4.25	12,139,846	4.25
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	12,139,846	3.95
Less	20-10-2017	Market Sale	(553,067)	(0.19)	11,586,779	3.76
Add	09-03-2018	Market Purchase	803,511	0.26	12,390,290	4.02
Add	16-03-2018	Market Purchase	213,967	0.07	12,604,257	4.09
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	12,604,257	4.09
2	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP AND OTHER SCHEMES		9,527,352	3.34	9,527,352	3.34
Less	07-04-2017	Market Sale	(15,000)	(0.01)	9,512,352	3.33
Less	14-04-2017	Market Sale	(646,463)	(0.22)	8,865,889	3.11
Less	21-04-2017	Market Sale	(41,857)	(0.02)	8,824,032	3.09
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	8,824,032	2.87
Add	28-04-2017	Market Purchase	50,000	0.02	8,874,032	2.89
Add	05-05-2017	Market Purchase	1,133,502	0.37	10,007,534	3.26
Less	19-05-2017	Market Sale	(10,000)	(0.01)	9,997,534	3.25
Less	02-06-2017	Market Sale	(35,000)	(0.01)	9,962,534	3.24
Less	16-06-2017	Market Sale	(4,077)	0.00	9,958,457	3.24
Add	30-06-2017	Market Purchase	10,000	0.00	9,968,457	3.24
Add	14-07-2017	Market Purchase	20,000	0.01	9,988,457	3.25
Add	28-07-2017	Market Purchase	10,000	0.00	9,998,457	3.25
Less	04-08-2017	Market Sale	(67,000)	(0.02)	9,931,457	3.23
Add	18-08-2017	Market Purchase	45,000	0.01	9,976,457	3.24
Add	08-09-2017	Market Purchase	275,000	0.09	10,251,457	3.33
Add	15-09-2017	Market Purchase	410,485	0.13	10,661,942	3.46
Less	22-09-2017	Market Sale	(35,000)	(0.01)	10,626,942	3.45
Add	06-10-2017	Market Purchase	35,000	0.01	10,661,942	3.46
Add	27-10-2017	Market Purchase	1,000	0.00	10,662,942	3.46
Add	01-12-2017	Market Purchase	30,000	0.01	10,692,942	3.47
Less	09-03-2018	Market Sale	(494,885)	(0.16)	10,198,057	3.31
Add	16-03-2018	Market Purchase	577,361	0.19	10,775,418	3.50
Add	23-03-2018	Market Purchase	55,760	0.02	10,831,178	3.52
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	10,831,178	3.52
3	TANO MAURITIUS INDIA FVCI II		13,142,285	4.61	13,142,285	4.61
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	13,142,285	4.28
Less	22-12-2017	Market Sale	2,000,000	(0.66)	11,142,285	3.62
Less	29-12-2017	Market Sale	500,000	(0.16)	10,642,285	3.46
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	10,642,285	3.45

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BANKING AND FINANCIAL SERVICES FUND AND OTHER SCHEMES		4,534,400	1.59	4,534,400	1.59
Add	07-04-2017	Market Purchase	63,000	0.02	4,597,400	1.61
Less	21-04-2017	Market Sale	(535,500)	(0.19)	4,061,900	1.42
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	4,061,900	1.32
Less	28-04-2017	Market Sale	(6,500)	(0.00)	4,055,400	1.32
Add	05-05-2017	Market Purchase	1,149,425	0.37	5,204,825	1.69
Less	19-05-2017	Market Sale	(22,500)	(0.00)	5,182,325	1.69
Add	23-06-2017	Market Purchase	181,609	0.06	5,363,934	1.75
Add	07-07-2017	Market Purchase	708,800	0.22	6,072,734	1.97
Add	14-07-2017	Market Purchase	391,200	0.13	6,463,934	2.10
Add	28-07-2017	Market Purchase	147,300	0.05	6,611,234	2.15
Add	11-08-2017	Market Purchase	20,000	0.01	6,631,234	2.16
Add	18-08-2017	Market Purchase	990,000	0.32	7,621,234	2.48
Add	08-09-2017	Market Purchase	308,800	0.10	7,930,034	2.58
Add	15-09-2017	Market Purchase	18,000	0.00	7,948,034	2.58
Add	22-09-2017	Market Purchase	40,000	0.02	7,988,034	2.60
Add	10-11-2017	Market Purchase	150,000	0.04	8,138,034	2.64
Less	17-11-2017	Market Sale	(18,000)	(0.00)	8,120,034	2.64
Add	22-12-2017	Market Purchase	500,000	0.16	8,620,034	2.80
Less	29-12-2017	Market Sale	(45,000)	(0.01)	8,575,034	2.79
Add	12-01-2018	Market Purchase	90,000	0.02	8,665,034	2.81
Add	02-02-2018	Market Purchase	1,000	0.00	8,666,034	2.81
Add	16-02-2018	Market Purchase	475,000	0.16	9,141,034	2.97
Add	16-03-2018	Market Purchase	190,000	0.06	9,331,034	3.03
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	9,331,034	3.03
5	PRAZIM TRADING AND INVESTMENT CO. PVT. LTD.		8,936,334	3.13	8,936,334	3.13
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	8,936,334	2.91
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	8,936,334	2.90
6	DSP BLACKROCK MICRO CAP FUND		9,304,536	3.26	9,304,536	3.26
Less	07-04-2017	Market Sale	(1,188,000)	(0.42)	8,116,536	2.84
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	8,116,536	2.64
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	8,116,536	2.63
7	STEINBERG INDIA EMERGING OPPORTUNITIES FUND LIMITED		4,150,000	1.45	4,150,000	1.45
Less	07-04-2017	Market Sale	(150,000)	(0.05)	4,000,000	1.40
Less	21-04-2017	Market Sale	(100,000)	(0.03)	3,900,000	1.37

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	3,900,000	1.27
Less	28-04-2017	Market Sale	(200,000)	(0.07)	3,700,000	1.20
Less	12-05-2017	Market Sale	(200,000)	(0.06)	3,500,000	1.14
Less	03-11-2017	Market Purchase	200,000	0.06	3,700,000	1.20
Less	10-11-2017	Market Purchase	142,915	0.05	3,842,915	1.25
Less	17-11-2017	Market Purchase	79,204	0.02	3,922,119	1.27
Less	24-11-2017	Market Purchase	177,881	0.06	4,100,000	1.33
Less	08-12-2017	Market Purchase	100,000	0.03	4,200,000	1.36
Less	26-01-2018	Market Purchase	300,000	0.10	4,500,000	1.46
Less	02-02-2018	Market Purchase	37,151	0.01	4,537,151	1.47
Less	09-02-2018	Market Purchase	362,849	0.12	4,900,000	1.59
Less	16-03-2018	Market Purchase	120,000	0.04	5,020,000	1.63
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	5,020,000	1.63
8	APAX GLOBAL ALPHA LIMITED		N.A.	N.A.	N.A.	N.A.
Add	07-04-2017	Market Purchase	2,961,937	1.04	2,961,937	1.04
	28-04-2017	% Change due to QIP Allotment	N.A.	N.A.	2,961,937	0.96
Add	05-05-2017	Market Purchase	1,712,535	0.56	4,674,472	1.52
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	4,674,472	1.52
9	MIRAE ASSET INDIA MID CAP EQUITY FUND		N.A.	N.A.	N.A.	N.A.
Add	08-12-2017	Market Purchase	10,432	0.00	10,432	0.00
Add	15-12-2017	Market Purchase	937,982	0.31	948,414	0.31
Add	22-12-2017	Market Purchase	1,116,185	0.36	2,064,599	0.67
Add	29-12-2017	Market Purchase	984,320	0.32	3,048,919	0.99
Add	05-01-2018	Market Purchase	195,322	0.06	3,244,241	1.05
Add	02-02-2018	Market Purchase	83,000	0.03	3,327,241	1.08
Add	09-02-2018	Market Purchase	289,588	0.09	3,616,829	1.17
Add	23-02-2018	Market Purchase	279,128	0.09	3,895,957	1.26
Add	16-03-2018	Market Purchase	210,203	0.07	4,106,160	1.33
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	4,106,160	1.33
10	INDIA ADVANTAGE FUND S4 I		NIL	N.A.	NIL	N.A.
Add	16-03-2018	Market Purchase	536,516	0.17	536,516	0.17
Add	23-03-2018	Market Purchase	2,473,327	0.81	3,009,843	0.98
Add	31-03-2018	Market Purchase	445,773	0.14	3,455,616	1.12
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	3,455,616	1.12

(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 (01-04-2017)		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) (31-03-2018)		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) (31-03-2018)		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) (31-03-2018)		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) (31-03-2018)		N.A.	N.A.	4,718	0.00
5	MURALI M. NATRAJAN		1,950,000	0.68	1,950,000	0.68
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	1,950,000	0.63
6	BHARAT LAXMIDAS SAMPAT		NIL	N.A.	NIL	N.A.
Add	03.08.2017	Esop Allotment	30,000	0.01	30,000	0.01
Less	28-08-2017	Market Sale	(30,000)	(0.01)	NIL	N.A.
Add	07.09.2017	Esop Allotment	30,000	0.01	30,000	0.01
Less	01-11-2017	Market Sale	(30,000)	(0.01)	NIL	N.A.
Add	24.11.2017	Esop Allotment	40,000	0.01	40,000	0.01
Less	05-12-2017	Market Sale	(40,000)	(0.01)	NIL	N.A.
Add	25.01.2018	Esop Allotment	50,000	0.02	50,000	0.02
	At the end of the year (or on the date of separation, if separated during the year) (31-03-2018)		N.A.	N.A.	50,000	0.02

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	60,080,515	60,080,515
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1,194,122	1,194,122
(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)	61,274,637	61,274,637
	Ceiling as per the Act	DCB Bank being a Banking Company is regulated by RBIand the relevant provisions of the Companies Act, 2013 are not applicable.	

* The above figures includes bonus of ` 12,500,000/- paid for financial year 2016-17 and employers contribution towards Provident fund but excludes perquisite value of ESOPs exercised during the financial year 2017-18 if any.

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	780,000
		Mr. Imran Contractor	800,000
		Mr. Keki Elavia(Till July 15, 2017)	230,000
		Mr. Nalin Shah	760,000
		Mr. C. Narasimhan	1,040,000
		Ms. Rupa Devi Singh	1,250,000
		Mr. S. Sridhar	830,000
		Mr. Ashok Barat (From March 22, 2018)	NIL
	Non-Independent Directors		
	• Fee for attending Board / Committee meetings	Mr. Amin Manekia	1,470,000
		Mr. Shaffiq Dharamshi	NIL
		Mr. Iqbal Khan (From July 15, 2017)	120,000
		Mr. Jamal Pradhan	310,000
	• Commission		NIL
	• Others, please specify		NIL
	Total (1)		7,590,000
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	2,170,968
	Total (2)		2,170,968
	Total (B)=(1+2)		9,760,968
	Total Managerial Remuneration	A + B	71,035,605
	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	6,401,559	20,154,857	26,556,416
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	199,024	NIL	199,024
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option (Nos.)	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total	**6,600,583	20,154,857	26,755,440

* The above figures includes bonus paid for financial year 2016-17 and employers contribution towards Provident fund but excludes perquisite value of ESOPs exercised during the financial year 2017-18 if any.

** During the year, new company secretary has been appointed in place of outgoing company secretary effective 1st January 2018. Total Remuneration includes remuneration of outgoing company secretary and new company secretary so appointed.

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, 2018.

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 and Para C, D and E of Schedule V 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, Mr. Jamal Pradhan, Mr. Iqbal Khan and the MD & CEO Mr. Murali M. Natrajan, who are 'Non-Independent' Directors, all the other 6 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 50.00% 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 2,531,737 equity shares of the Bank (0.82% of Capital) i.e. less than 2% of the Equity Share Capital of the Bank as on March 31, 2018.

COMPOSITION OF THE BOARD OF DIRECTORS AS ON MARCH 31, 2018

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 7 public companies in India, including Tata Motors, Tata Chemicals, Cummins India, ABB India Limited and Ambuja Cements Limited and Chairman of Tata Motor Finance Limited. He is also the Chairman of three other Aga Khan Development Network (AKDN) institutions in India. 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, 2018.

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 B. Sc. in Economics from Trent University, Ontario Canada and a M.Sc. 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, 2018.

Mr. Altaf Jiwani has been a non-executive, independent director of the Bank since January 2012. He has approximately 27 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, 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, 2018.

Mr. Amin Manekia has been a non-executive director of the Bank since January 12, 2012. He has over 34 years of experience in the fields of marketing, finance, health, co-operation and banking. He has worked for more than 27 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 President 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, 2018

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, 2018.

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 40 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, 2018.

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 was a member of the Expert Advisory Committee of the Institute of Chartered Accountants of India and 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, 2018

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, 2018.

Mr. Jamal Pradhan has been a non-executive director of the Bank. 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. He is also a Director of Platinum Jubilee Investments Limited.

Mr. Pradhan holds 4,718 equity shares in the Bank as on March 31, 2018.

Ms. Rupa Devi Singh has been a non-executive independent director of the Bank since January, 2015. She was the founder MD & 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, 2018.

Iqbal Khan, a non-executive director of the Bank, is a Senior Partner at Shardul Amarchand Mangaldas & Co, and a member of the Private Equity and Mergers & Acquisitions Practice Group. He advises some of the largest sovereign wealth funds, global private equity funds and strategic corporates, and specializes in private equity investments, private and public mergers and acquisitions (both domestic and cross-border), joint ventures and foreign investment laws. Mr. Iqbal finished his J.D. from Columbia Law School (as a Harlan Fisk Stone Scholar) and LL.B. from London School of Economics and Political Science. Iqbal has also worked at Kirkland & Ellis LLP, New York and at Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York. He is enrolled with the Bar Council of Maharashtra & Goa.

Mr. Iqbal Khan does not hold any equity shares in the Bank as on March 31, 2018.

Mr. Ashok Barat, an independent director of the Bank, is a Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of the Institute of Company Secretaries of India. He graduated in Commerce from the Allahabad University in 1975 with the Chancellor's Gold Medal and was the First Rank Holder. Mr. Barat has held responsible and leadership positions in various Indian and multinational organizations, both in India and overseas, such as Unilever Group, RPG Group, Pepsi, Electrolux, Telstra, Heinz (now Kraft Heinz) etc. He superannuated in 2016 as the Managing Director & CEO of Forbes & Company Limited. He has been a Member (and Chairman in some) of the Boards of various companies - listed and private, including joint ventures with 'Navratna' and multinational companies. He has been a member of audit committee on some of these Boards.

Mr. Ashok Barat does not hold any equity shares in the Bank as on March 31, 2018.

Mr. Murali M. Natrajan, FCA, Managing Director & Chief Executive Officer of the Bank since April, 2009, has 34 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, 2018.

Composition of Board of Directors as on March 31, 2018

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. C. Narasimhan	Non-Executive	Independent
Mr. Nalin Shah	Non-Executive	Independent
Mr. Ashok Barat	Non-Executive	Independent
Mr. S. Sridhar	Non-Executive	Independent
Ms. Rupa Devi Singh	Non-Executive	Independent / Woman
Mr. Jamal Pradhan	Non-Executive	Non-Independent
Mr. Amin Manekia	Non-Executive	Non-Independent
Mr. Shaffiq Dharamshi	Non-Executive	Non-Independent
Mr. Iqbal Khan	Non-Executive	Non-Independent

BOARD MEETINGS

During the year ended March 31, 2018, Eight (8) Board Meetings were held on April 14, 2017, June 1, 2017, July 15, 2017, October 15, 2017, October 16, 2017, December 21, 2017, January 17, 2018 and February 10, 2018. 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	7	4	1	5
Mr. Murali M. Natrajan	8	-	-	-	-
Mr. Altaf Jiwani	6	3	1	-	-
Mr. Amin Manekia	8	2	3	-	1
Mr. Imran Contractor	8	-	-	-	-
Mr. Keki Elavia Till July 15, 2017)	2	N.A.	N.A.	N.A.	N.A.
Mr. C. Narasimhan	7	-	-	-	-
Mr. Nalin Shah (Till March 31, 2018)	7	5	1	2	3
Mr. S. Sridhar	3	8	5	2	2
Mr. Jamal Pradhan	7	1	4	-	-
Mr. Shaffiq Dharamshi	4	-	-	-	-
Ms. Rupa Devi Singh	8	2	-	-	-
Mr. Iqbal Khan (From July 15, 2017)	4	-	-	-	-
Mr. Ashok Barat (From March 22, 2018)	-	2	1	-	1

N.A.= Not Applicable

During the year, as per the requirement, a meeting of Independent Directors was also held on March 15, 2018 and the same was attended by all the Independent Directors.

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. Keki Elavia and Mr. Jamal Pradhan, attended the last Annual General Meeting held on June 1, 2017.

COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS AS ON MARCH 31, 2018

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. Nalin Shah was the chairman of the Audit Committee of Board (ACB) of the Bank. The other members of ACB are Mr. Imran Contractor, 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 Listing Regulations. The Committee was reconstituted on April 14, 2017 adding Mr. Imran Contractor as a member of ACB. On June 1, 2017, Mr. Keki Elavia resigned as the Chairman of ACB and Mr. Imran Contractor was appointed as Chairman in place of Mr. Keki Elavia. Mr. Keki Elavia resigned from the Board of the Bank after the closure of business hours on July 15, 2017. On July 15, 2017, the Board had appointed Mr. Nalin Shah as the Chairman of ACB w.e.f. August 01, 2017 who also ceased to be Director of the Bank and therefore Chairman of ACB on account of attaining age of 70 years, after the closure of business hours on March 31, 2018. 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 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. Iqbal Khan (from July 15, 2017), Mr. Imran Contractor and Mr. Altaf Jiwani. ECB, inter-alia, considers matters relating to properties, insurance, business performance and P&L etc. Mr. Iqbal Khan was appointed as a member of ECB w.e.f. July 15, 2017. No meeting of the Committee was held during the year under review.

CREDIT COMMITTEE OF BOARD (CCB)

The Credit Committee of Board (CCB) comprises Mr. S. Sridhar (Chairman), Mr. Amin Manekia, 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. The Committee was reconstituted on April 14, 2017. Mr. Imran Contractor ceased to be member of CCB and Mr. Amin Manekia was appointed as a member of CCB w.e.f. April 14, 2017. On October 16, 2017 Mr. C. Narasimhan was appointed as Chairman of CCB in place of Mr. S. Sridhar and again on February 10, 2018 Mr. S. Sridhar was appointed as Chairman in place of Mr. C. Narasimhan.

During the year CCB met on twenty eight (28) occasions.

RISK MANAGEMENT COMMITTEE OF BOARD (RMC)

Mr. Nalin Shah was the Chairman of the Risk Management Committee of Board (RMC). Other members of RMC are Mr. Amin Manekia, Mr. C. Narasimhan, 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. The Committee was reconstituted on July 15, 2017 and Mr. Nalin Shah was appointed as a Chairman in place of Mr. Keki Elavia who resigned from the Board of the Bank and ceased to be a member of RMC after the closure of business hours on July 15, 2017. Mr. Nalin Shah ceased to be Director of the Bank and therefore Chairman of RMC on account of attaining age of 70 years, after the closure of business hours on March 31, 2018

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

NOMINATION & REMUNERATION COMMITTEE OF BOARD (NRC)

Ms. Rupa Devi Singh chairs NRC (from October 16, 2017). Other members are Mr. Altaf Jiwani, Mr. Nasser Munjee and Mr. Amin Manekia. Except Mr. Munjee and Mr. Manekia, other two members are Independent Directors and hence the necessary compliance is ensured. The Committee was reconstituted on July 15, 2017 and Ms. Rupa Devi Singh was appointed as member of NRC in place of Mr. Keki Elavia who resigned from the Board of the Bank on the same date. On October 16, 2017, Mr. S. Sridhar ceased to be member and Chairman of NRC and Ms. Rupa Devi Singh was appointed as Chairman of NRC in place of Mr. S. Sridhar.

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.

Independent Directors in their meeting held on March 18, 2015 has laid down the Criteria for performance evaluation of the Board, including Independent Directors.

During the year, NRC met on five (5) occasions.

STAKEHOLDERS' RELATIONSHIP COMMITTEE OF BOARD (SRC)

Mr. Imran Contractor chairs the Stakeholders' Relationship Committee of Board (SRC). The other members are Mr. Amin Manekia and Mr. Altaf Jiwani.

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 2018, 4 (Four) complaints were received and resolved. There was no complaint outstanding as on March 31, 2018. Also, no instruments of transfer were pending as on March 31, 2018. 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 was its Chairman, Mr. C. Narasimhan, Mr. Jamal Pradhan and Mr. Murali M. Natrajan as other members. Mr. Keki Elavia ceased to member of FRMC w.e.f. July 15, 2017 due to his resignation from the Board of the Bank. Mr. Nalin Shah ceased to be Director of the Bank and therefore Chairman of FRMC on account of attaining age of 70 years, after the closure of business hours on March 31, 2018

During the year, SRC met on two (2) occasions.

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. 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 five (5) 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 (till 31.03.2018), Mr. Imran Contractor, Mr. Iqbal Khan and Mr. Jamal Pradhan. Mr. R. Venkattesh, Head – Ops., Tech & HR is also a member of the ITSC as a Management Representative. The Committee was last re-constituted on July 15, 2017 and Mr. Iqbal Khan was added as a member of ITSC. ITSC, inter alia, approves IT related strategy, Roadmap for initiatives, Budget and investments to support Bank's growth strategies in accordance with the Business Plan.

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF BOARD (CSR COMMITTEE)

The members of the CSR Committee are Mr. Nasser Munjee (Chairman), Mr. Imran Contractor (from October 16, 2017), Mr. Keki Elavia (till July 15, 2017), Ms. Rupa Devi Singh and MD & CEO Mr. Murali M. Natrajan. The Committee was last re-constituted on October 16, 2017. Mr Imran Contractor was added as a member and Mr. S. Sridhar ceased to be member of CSR on October 16, 2017.

The CSR Committee formulates and recommends to the Board, the CSR Policy of the Bank and also recommends amount of expenditure to be incurred and monitors CSR activities of the Bank.

CSR Committee met once during the year.

WILFUL DEFAULTERS REVIEW COMMITTEE OF BOARD (WDRC)

The members of the Wilful Defaulters – Review Committee are 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. Imran Contractor, Mr. Keki Elavia (till July 15, 2017), Mr. Nalin Shah (till 31.03.2018), Mr. S. Sridhar and Ms. Rupa Devi Singh.

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

SPECIAL COMMITTEE OF BOARD

A Special Committee of Board was constituted by the Board on October 16, 2017. The purpose of the formation of the Special Committee was to consider and approve the pro-forma Ind-AS Financial Statements for the quarter ended June 30, 2017 as per Reserve Bank of India's regulatory update on implementation of IND AS.

The members of the Special Committee were Mr. Nalin Shah, Mr. Altaf Jiwani, Mr. Imran Contractor, Ms. Rupa Devi Singh, Mr. C. Narasimhan and Mr. Murali M. Natrajan.

Special Committee of Board met only once during the year.

SUMMARY OF ATTENDANCE OF DIRECTORS FOR FY 2017-18

Sr. No.	Name of Director	Appointed On	BM	ACB	CCB	ECB	CRC	RMC	FRMC	NRC	SRC	CSC	ITSC	CSR	WDRC	Special Com.
	No. of Meetings held		8	7	28	0	5	4	2	5	4	4	4	1	0	1
1	Nasser Munjee	June 29, 2005	6	N.M.	N.M.	0	0	N.M.	N.M.	3	N.M.	N.M.	N.M.	1	N.M.	N.M.
2	Murali M. Natrajan	April 29,2009	8	N.M.	N.M.	N.M.	5	3	2	N.M.	N.M.	2	N.M.	1	0	1
3	Amin Manekia	January 12, 2012	8	N.M.	26	N.M.	N.M.	4	N.M.	5	3	4	N.M.	N.M.	N.M.	N.M.
4	Altaf Jiwani	January 12, 2012	6	7	N.M.	0	5	N.M.	N.M.	2	4	3	N.M.	N.M.	0	1
5	C. Narasimhan	October 12 , 2012	7	N.M.	18	N.M.	N.M.	3	1	N.M.	N.M.	N.M.	4	N.M.	N.M.	1
6	S. Sridhar	October 12 , 2012	3	N.M.	17	N.M.	1	N.M.	N.M.	3	N.M.	3	N.M.	N.M.	0	N.M.
7	Imran Contractor	October 12 , 2012	8	6	N.M.	0	5	N.M.	N.M.	N.M.	4	N.M.	4	1	0	1
8	Keki Elavia (Till July 15, 2017)	October 12 , 2012	2	2	N.M.	N.M.	N.M.	1	1	2	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
9	Nalin Shah	October 12 , 2012	7	7	N.M.	N.M.	N.M.	4	2	N.M.	N.M.	N.M.	4	N.M.	0	1
10	Jamal Pradhan	January 15, 2013	7	N.M.	N.M.	N.M.	N.M.	N.M.	2	N.M.	N.M.	1	1	N.M.	N.M.	N.M.
11	Shaffiq Dharamshi	January 13, 2015	4	3	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
12	Rupa Devi Singh	January 22, 2015	8	N.M.	26	N.M.	N.M.	N.M.	N.M.	2	N.M.	4	N.M.	1	0	0
13	Iqbal Khan (from July 15, 2017)	July 15, 2017	4	N.M.	N.M.	0	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	0	N.M.	N.M.	N.M.
14	Ashok Barat (From March 22, 2018)	March 22, 2018	0	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.

N.M. = Not Member

Note: During the year, as per the requirement, a meeting of Independent Directors was also held on March 15, 2018 and the same was attended by all the Independent Directors.

REMUNERATION OF DIRECTORS

Honorarium to Chairman

The Chairman was paid honorarium of ` 2,170,968 for FY 2017-18 [ Rs.687,097 upto August 18, 2017 @ `18 Lakh per annum (p.a.) and ` 1,483,871 from August 19, 2017 till March 31, 2018 @ ` 24 Lakh p.a.] as per RBI approvals as under:

i) Honorarium of ` 18 Lakh p.a. to Mr. Nasser Munjee was approved by RBI vide its letter No.DBOD.Appt No. 3269 /29.03.001/2014-15 dated September 1, 2014.

ii) Honorarium of ` 24 Lakh p.a. to Mr. Nasser Munjee was approved by RBI vide its letter No.DBOD.Appt No.961/29.03.001/2017-18 dated July 28, 2017.

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

Remuneration to MD & CEO

The Bank has in place service contract/agreement with the Managing Diector & CEO indicating therein all terms and conditions of his appointment including notice period.

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 2018 are as follows:

Particulars	Amount (`)*
Basic	22,848,000
Allowances and Perquisite value	21,990,755
Bonus (F.Y.) 2016-17	12,500,000
Contribution to Provident Fund	2,741,760
No. of Employee Stock Options granted during the year (2017-18)	Nil
No. of Employee Stock Options granted during the year (2016-17)	Nil

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 2017-18. No sitting fees were paid to him for attending the meetings of the Board and Committees thereof.

RBI vide letter no.DBR.Appt.No.2914/29.03.001/2017-2018 dated September 25, 2017 has approved the revision in remuneration of Mr. Murali M. Natrajan - MD & CEO of the Bank with effect from April 1, 2017 as well as payment of bonus of ` 12,500,000/- for the financial year 2016-17. The Board of Directors has noted the aforesaid approvals of RBI on October 16, 2017. Relevant amounts are provided for in the accounts for FY2017-18 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. Mr. Natrajan has not exercised any Stock Options during the year.

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	780,000.00
Mr. Amin Manekia	1,470,000.00
Mr. Imran Contractor	800,000.00
Mr. Jamal Pradhan	310,000.00
Mr. Keki Elavia (Till July 15, 2017)	230,000.00
Mr. Nalin Shah	760,000.00
Mr. C. Narasimhan	1,040,000.00
Ms. Rupa Devi Singh	1,250,000.00
Mr. S. Sridhar	830,000.00
Mr. Iqbal Khan (from July 15, 2017)	120,000.00
Mr. Shaffiq Dharamshi	NIL
Mr. Ashok Barat (from March 22, 2017)	NIL
Total	7,590,000.00

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

Name of the Director	**Mr. Jamal Pradhan**	**Mr. Iqbal Khan**	**Mr. Ashok Barat**
Date of Birth	14-12-1968	25-05-1978	05-12-1956
Date of the original Appointment	15-01-2013	15-07-2017	22-03-2018
Expertise in specific functional area	SSI and Exports	Legal Expert	Finance, M&A, Strategy, Management Assurance and Governance.
Qualifications	B.Com. OPM from Harvard Business School 2012 (executive education program-Owner President Management Program)	JD (Juris Doctorate); LLB. (Bachelor of Laws); and BSC Computer Science	B.Com, FCA and FCS
Directorship in Public Limited Companies	1	Nil	2
Membership of Committees in Public Limited Companies	Nil	Nil	1
Shareholding of Director in the Bank	4,718	Nil	Nil
Relationship with other Directors of Bank	None	None	None

Name of the Director	**Mr. Shaffiq Dharamshi**	**Mr. Nasser Munjee**	**Mr. Murali M. Natrajan**
Date of Birth	23-01-1967	18-11-1952	23-03-1962
Date of the original Appointment	13-01-2015	29-06-2005	29-04-2009
Date of the last Re-Appointment to the Board	–	01-06-2016 (w.e.f. 19-08-2014)	01-06-2015 (w.e.f. 29-04-2015)
Expertise in specific functional area	Risk Management	Economics, Finance, Banking, Agriculture, Co-operation.	Banking
Qualifications	Master of Science In Economics/Analysis, Design and Management Of Information Systems	M.Sc. (Econ)	B.Com (Hons) and FCA
Directorship in Public Limited Companies	None in India	7	None
Membership of Committees in Public Limited Companies	Nil	6	Nil
Shareholding of Director in the Bank	Nil	4,401	1,950,000
Relationship with other Directors of Bank	None	None	None

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
22nd AGM 01.06.2017 at 2.30 p.m.	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.	1. Raising of Funds by issue of bonds / debentures / securities on Private Placement basis. 2. Increase in borrowing powers.
21st AGM 01.06.2016 at 2.30 p.m.	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 01.06.2015 at 2.30 p.m.	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.	NIL

Postal Ballot:

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 as contained in the Postal Ballot Notice dated March 7, 2017 despatched to the shareholders on March 14, 2017.

The same were passed with requisite majority on April 17, 2017, as per the voting details given below:

Sr. No.	Description of Resolution	No. of votes in Favour	No. of votes Against
1.	(i) Issue of Equity shares to Qualified Institutional Buyers through Qualified Institutions Placement	132,907,930	4,373
2.	(ii) Change in place of keeping and inspection of registers, returns etc, prescribed under section 88 of the Companies Act, 2013	132,872,918	4,753

Ms. Aparna Gadgil (C.P. No.8430 Membership No.ACS 14713), failing her, Ms. Malati Kumar (C.P.No.10980 Membership No.ACS15508) of M/s. S. N. Ananthasubramanian & Co. (C.P.No.1774) Practicing Company Secretaries were 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.

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

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, 2018

Sr. No	Name	No. of Shares	% to Capital
1	AGA KHAN FUND FOR ECONOMIC DEVELOPMENT SA	43,750,052	14.2006
2	MATTHEWS INDIA FUND	12,604,257	4.0912
3	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP (All schemes)	10,831,178	3.5156
4	TANO MAURITIUS INDIA FVCI II	10,642,285	3.4543
5	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BANKING AND FINANCIAL SERVICES FUND (All schemes)	9,331,034	3.0287
6	PRAZIM TRADING AND INVESTMENT CO. PVT. LTD.	8,936,334	2.9006
7	DSP BLACKROCK MICRO CAP FUND	8,116,536	2.6345
8	STEINBERG INDIA EMERGING OPPORTUNITIES FUND LIMITED	5,020,000	1.6294
9	APAX GLOBAL ALPHA LIMITED	4,674,472	1.5173
10	MIRAE ASSET INDIA MID CAP EQUITY FUND	4,106,160	1.3328
11	INDIA ADVANTAGE FUND S4 I	3,455,616	1.1216
12	ICICI PRUDENTIAL BANKING AND FINANCIAL SERVICES FUND (All schemes)	3,448,200	1.1192
13	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND (All schemes)	3,441,290	1.1170
14	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-ENAM ASSET MANAGEMENT	3,250,000	1.0549
15	RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE BANKING FUND (All schemes)	3,170,813	1.0292
16	MOTILAL OSWAL FOCUSED MULTICAP OPPORTUNITIES FUND	3,149,425	1.0223
	Total	137,927,652	44.7692

Distribution of Shareholding as on March 31, 2018

Number of Equity shares held	Folio		Shares	
	Numbers	% to total holders	Numbers	% to total Shares
upto 500	145,791	79.3563	19,128,510	6.2088
501 to 1000	17,351	9.4444	12,917,278	4.1928
1001 to 2000	13,475	7.3347	18,719,722	6.0762
2001 to 3000	2,924	1.5916	7,291,414	2.3667
3001 to 4000	1,048	0.5704	3,699,417	1.2008
4001 to 5000	773	0.4208	3,591,049	1.1655
5001 to 10000	1,278	0.6956	9,055,110	2.9392
10001 & Above	1,077	0.5862	233,682,383	75.8500
Total	**183,717**	**100.0000**	**308,084,883**	**100.0000**

Out of the above 183,717 folios, 142,596 folios comprise 300,664,830 shares forming 97.59% of the issued share capital, which are in dematerialised mode. Another 41,121 folios comprise 7,420,053 shares constituting 2.41% of the share capital that are held in physical mode. Promoters' entire share holding is in dematerialised mode.

DCB Bank Limited-Shareholding Pattern as on March 31, 2018

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	14.9959	46200234	0	46200234	14.9959	0	14.9959	0	0.0000	0	0.0000	46200234
(B)	Public	183714	261884649	0	0	261884649	85.0041	261884649	0	261884649	85.0041	0	85.0041	0	0.0000	NA	NA	254464596
(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	**183717**	**308084883**	**0**	**0**	**308084883**	**100.0000**	**308084883**	**0**	**308084883**	**100.0000**	**0**	**100.0000**	**0**	**0.0000**	**0**	**0.0000**	**300664830**

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	0.7953	2450182	0	2450182	0.7953	0	0.7953	0	0.0000	0	0.0000	2450182
	Bodies Corporate		1	2450182	0	0	2450182	0.7953	2450182	0	2450182	0.7953	0	0.7953	0	0.0000	0	0.0000	2450182
	Platinum Jubilee Investments Ltd.		1	2450182	0	0	2450182	0.7953	2450182	0	2450182	0.7953	0	0.7953	0	0.0000	0	0.0000	2450182
	Sub Total (A)(1)		**1**	**2450182**	**0**	**0**	**2450182**	**0.7953**	**2450182**	**0**	**2450182**	**0.7953**	**0**	**0.7953**	**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	14.2006	43750052	0	43750052	14.2006	0	14.2006	0	0.0000	0	0.0000	43750052
	Bodies Corporate		2	43750052	0	0	43750052	14.2006	43750052	0	43750052	14.2006	0	14.2006	0	0.0000	0	0.0000	43750052
	Aga Khan Fund For Economic Development SA		2	43750052	0	0	43750052	14.2006	43750052	0	43750052	14.2006	0	14.2006	0	0.0000	0	0.0000	43750052
	Sub Total (A)(2)		**2**	**43750052**	**0**	**0**	**43750052**	**14.2006**	**43750052**	**0**	**43750052**	**14.2006**	**0**	**14.2006**	**0**	**0.0000**	**0**	**0.0000**	**43750052**
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		**3**	**46200234**	**0**	**0**	**46200234**	**14.9959**	**46200234**	**0**	**46200234**	**14.9959**	**0**	**14.9959**	**0**	**0.0000**	**0**	**0.0000**	**46200234**

Details of Shares which remain unclaimed may be given here 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		71	56065303	0	0	56065303	18.1980	56065303	0	56065303	18.1980	0	18.1980	0	0.0000	NA	NA	56065303
	Sundaram Mutual Fund A/C Sundaram Select Midcap			10831178	0	0	10831178	3.5156	10831178	0	10831178	3.5156	0	3.5156	0	0.0000	NA	NA	10831178
	Aditya Birla Sun Life Trustee Private Limited A/C Birla Sun Life Banking And Financial Services Fund			9331034	0	0	9331034	3.0287	9331034	0	9331034	3.0287	0	3.0287	0	0.0000	NA	NA	9331034
	DSP Blackrock Micro Cap Fund			8116536	0	0	8116536	2.6345	8116536	0	8116536	2.6345	0	2.6345	0	0.0000	NA	NA	8116536
	Reliance Capital Trustee Co. Ltd. A/c Reliance Banking Fund			3170813	0	0	3170813	1.0292	3170813	0	3170813	1.0292	0	1.0292	0	0.0000	NA	NA	3170813
	ICICI Prudential Banking And Financial Services Fund			3448200	0	0	3448200	1.1192	3448200	0	3448200	1.1192	0	1.1192	0	0.0000	NA	NA	3448200
	L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund			3441290	0	0	3441290	1.1170	3441290	0	3441290	1.1170	0	1.1170	0	0.0000	NA	NA	3441290
(b)	Venture Capital Funds			0	0	0	0	0.0000	0	0	0	0	0	0	0	0	NA	NA	0
(c)	Alternate Investment Funds		6	11691253	0	0	11691253	3.7948	11691253	0	11691253	3.7948	0	3.7948	0	0.0000	NA	NA	11691253
	India Advantage Fund S4 I			3455616	0	0	3455616	1.1216	3455616	0	3455616	1.1216	0	1.1216	0	0.0000	NA	NA	3455616
	Motilal Oswal Focused Multicap Opportunities Fund			3149425	0	0	3149425	1.0223	3149425	0	3149425	1.0223	0	1.0223	0	0.0000	NA	NA	3149425
(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		91	65730985	0	0	65730985	21.3354	65730985	0	65730985	21.3354	0	21.3354	0	0.0000	NA	NA	65730985
	Matthews India Fund			12604257	0	0	12604257	4.0912	12604257	0	12604257	4.0912	0	4.0912	0	0.0000	NA	NA	12604257
	Tano Mauritius India FVCI II			10642285	0	0	10642285	3.4543	10642285	0	10642285	3.4543	0	3.4543	0	0.0000	NA	NA	10642285
	Steinberg India Emerging Opportunities Fund Limited			5020000	0	0	5020000	1.6294	5020000	0	5020000	1.6294	0	1.6294	0	0.0000	NA	NA	5020000
	Apax Global Alpha Limited			4674472	0	0	4674472	1.5173	4674472	0	4674472	1.5173	0	1.5173	0	0.0000	NA	NA	4674472
	Mirae Asset India Mid Cap Equity Fund			4106160	0	0	4106160	1.3328	4106160	0	4106160	1.3328	0	1.3328	0	0.0000	NA	NA	4106160
	Caisse De Depot Et Placement Du Quebec-Enam Asset Management			3250000	0	0	3250000	1.0549	3250000	0	3250000	1.0549	0	1.0549	0	0.0000	NA	NA	3250000
(f)	Financial Institutions/Banks		3	2264146	0	0	2264146	0.7349	2264146	0	2264146	0.7349	0	0.7349	0	0.0000	NA	NA	2264146
(g)	Insurance Companies		3	6839913	0	0	6839913	2.2201	6839913	0	6839913	2.2201	0	2.2201	0	0.0000	NA	NA	6839913
(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	0	0.0000	0	0.0000	NA	NA	0
	Sub Total (B)(1)		**174**	**142591600**	**0**	**0**	**142591600**	**46.2832**	**142591600**	**0**	**142591600**	**46.2832**	**0**	**46.2832**	**0**	**0.0000**	**NA**	**NA**	**142591600**
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		177539	86244976			86244976	27.9940	86244976		86244976	27.9940		27.9940		0.0000			79110097
i	Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		177284	71532478	0	0	71532478	23.2184	71532478	0	71532478	23.2184	0	23.2184	0	0.0000	NA	NA	64397599
ii	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		255	14712498	0	0	14712498	4.7756	14712498	0	14712498	4.7756	0	4.7756	0	0.0000	NA	NA	14712498
(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)		6001	33048073	0	0	33048073	10.7269	33048073	0	33048073	10.7269	0	10.7269	0	0.0000	NA	NA	32762899
	Trusts		17	54825	0	0	54825	0.0178	54825	0	54825	0.0178	0	0.0178	0	0.0000	NA	NA	53790
	Foreign Nationals		1	3114	0	0	3114	0.0010	3114	0	3114	0.0010	0	0.0010	0	0.0000	NA	NA	3114
	Hindu Undivided Family		876	738298	0	0	738298	0.2396	738298	0	738298	0.2396	0	0.2396	0	0.0000	NA	NA	738298
	Foreign Companies		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Directors / Relative of Directors		21	2531737	0	0	2531737	0.8218	2531737	0	2531737	0.8218	0	0.8218	0	0	NA	NA	2525571
	Employee		405	1611317	0	0	1611317	0.5230	1611317	0	1611317	0.5230	0	0.5230	0	0	NA	NA	1578014
	Non Resident Indians (Non Repat)		815	1896525	0	0	1896525	0.6156	1896525	0	1896525	0.6156	0	0.6156	0	0.0000	NA	NA	1895400
	Non Resident Indians (Repat)		1792	3479132	0	0	3479132	1.1293	3479132	0	3479132	1.1293	0	1.1293	0	0.0000	NA	NA	3479132
	Foreign Portfolio Investor (Individual)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Clearing Member		326	1183339	0	0	1183339	0.3841	1183339	0	1183339	0.3841	0	0.3841	0	0.0000	NA	NA	1183339
	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		1722	21549663	0	0	21549663	6.9947	21549663	0	21549663	6.9947	0	6.9947	0	0.0000	NA	NA	21306241
	Prazim Trading And Investment Co. Pvt. Ltd.			8936334	0	0	8936334	2.9006	8936334	0	8936334	2.9006	0	2.9006	0	0.0000	NA	NA	8936334
	Sub Total (B)(3)		183540	119293049	0	0	119293049	38.7209	119293049	0	119293049	38.7209	0	38.7209	0	0.0000	NA	NA	111872996
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		**183714**	**261884649**	**0**	**0**	**261884649**	**85.0041**	**261884649**	**0**	**261884649**	**85.0041**	**0**	**85.0041**	**0**	**0.0000**	**NA**	**NA**	**254464596**

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

Details of Shares which remain unclaimed may be given here 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
0	0

OUTSTANDING WARRANTS/ADRS/GDRS/ CONVERTIBLE INSTRUMENTS

None.

DATE OF THE BOARD MEETING AT WHICH THE FINANCIAL STATEMENTS AND THE QUARTERLY RESULTS WERE APPROVED: April 14, 2018.

FINANCIAL YEAR

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

DIVIDEND PAYMENT DATE:

The dividend for the financial Year 2016-17 declared on June 1, 2017 was paid on June 2, 2017 to all those shareholders who were entitled to receive the same.

FAMILIARISATION PROGRAMME:

The details of Familiarisation programme arranged for independent Directors have been hosted on website of the Bank and are available at the following link:

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

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputation risk. The Board of Directors of the Bank has oversight of all the risk assumed by the Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board.

DATE OF BOOK CLOSURE:

The Register of Members and Share Transfer Books of the Bank will remain closed from Saturday, May 26, 2018 to Saturday, June 02, 2018 (both days inclusive).

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

The Twenty Third 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 Saturday, June 2, 2018 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 ` 0.75 per equity share of ` 10/- each in respect of this financial year ended March 31, 2018. 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 318 branches and 533 ATM centres (both onsite and offsite) as at 31 March 31, 2018.

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.
4. The Bank has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been in vogue for the last several years. 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 Whistle 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". The Bank hereby affirms that none of the Bank's personnel have been denied access to the Audit Committee.
5. The bank has a policy on Related Party Transactions and the same has been displayed on the bank's website at: http://www.dcbbank.com/pdfs/policy_on_Related_Party_Transactions_2018_19.pdf

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 2018. 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 and Tier II Bonds of the Bank are listed at the following Stock Exchanges. The annual fees for 2017-18 have been paid to all the Stock Exchanges where the shares are listed.

Sr. No.	Name & Address of the Stock Exchanges	Stock Code	ISIN
1.	Equity Shares on BSE Ltd. Phiroze Jeejebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	532772	INE503A01015
2.	Equity Shares on National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East)	DCB BANK	INE503A01015
3	Tier II Bonds issued on March 31, 2016 have been listed on NSE under WDM segment	DCB26	INE503A08010
4	Tier II Bonds issued on November 18, 2016 have been listed on NSE under WDM segment	DCB26	INE503A08028
5	Tier II Bonds issued on November 17, 2017 have been listed on NSE under WDM segment	DCB27	INE503A08036
6	Tier II Bonds issued on January 12, 2018 have been listed on BSE and NSE under WDM segment	NSE- DCB 28 BSE-957380	INE503A08044

Names of Depositories in India for dematerialisation of equity shares and tier II Bonds

National Securities Depository Ltd. (NSDL)

Central Depository Services (India) Ltd. (CDSL)

The Bank's shares/bonds are traded compulsorily in dematerialised (Demat) mode. The dematerialized shares/bonds are transferable through the depository system. Transfer/transmission of Equity 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

Ms. Rubi Chaturvedi - Company Secretary

Telephone: 020 6618 7013 • Fax: 022 66589970

Email id: rubi.chaturvedi@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

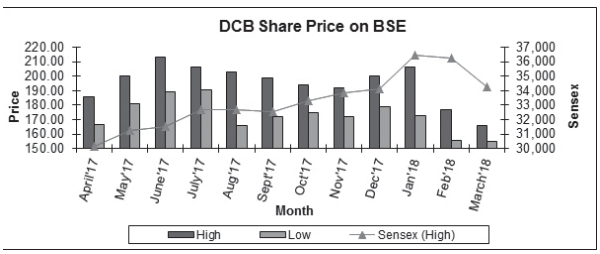
DCB BANK SHARE PRICE & VOLUME OF SHARES TRADED

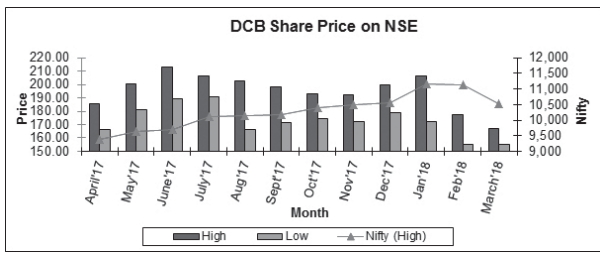
The monthly high and low quotation and volume of shares traded on the BSE Ltd. (BSE).

Month	Highest (`)	Lowest (`)	Volume of shares traded during the Month	Sensex (High)
April'17	185.65	166.80	72,85,748	30,184.22
May'17	200.40	181.20	59,06,743	31,255.28
June'17	213.00	189.45	49,21,718	31,522.87
July'17	206.00	190.85	75,21,779	32,672.66
Aug'17	202.90	166.15	53,34,742	32,686.48
Sept'17	198.60	172.00	29,93,548	32,524.11
Oct'17	194.00	175.00	22,34,569	33,340.17
Nov'17	192.15	171.95	28,26,444	33,865.95
Dec'17	199.80	179.00	52,81,950	34,137.97
Jan'18	206.50	173.00	25,80,071	36,443.98
Feb'18	177.00	156.00	25,35,312	36,256.83
March'18	166.30	154.85	37,01,095	34,278.63

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'17	185.70	166.35	491,18,010	9,367.15
May'17	200.50	181.05	592,20,624	9,649.60
June'17	213.00	189.15	497,94,626	9,709.30
July'17	206.10	190.70	452,80,960	10,114.85
Aug'17	202.65	166.30	477,66,737	10,137.85
Sept'17	198.50	171.65	326,12,908	10,178.95
Oct'17	193.35	174.80	289,39,261	10,384.50
Nov'17	192.25	171.95	324,95,231	10,490.45
Dec'17	200.00	179.05	276,46,211	10,552.40
Jan'18	206.50	172.55	316,66,636	11,171.55
Feb'18	177.15	155.45	267,16,425	11,117.35
March'18	167.20	155.05	202,20,597	10,525.50





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, 2018

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/3409 dated 1 July, 2017.
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, 2018, 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).

Management's 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 the 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 Bank.
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, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

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

Kalpesh J. Mehta
(Membership No. 48791)

Bengaluru, 14 April, 2018

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial 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 2018,** 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, 2018 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 thereunder to the extent of Foreign Direct Investment – **Provisions of Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company as there were no reportable events;**

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;;

   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/Managing Director based on the certificates issued by Functional heads 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 the Company has

- issued and allotted 2,17,70,000 equity shares to Qualified Institutional Buyers at an issue price of Rs. 174.00 per equity share (including premium of Rs. 164.00 per equity share) aggregating to Rs. 378.80 crore.
- Pursuant to resolution passed by shareholders of the Bank at the Annual General Meeting held on 1st June, 2017 issued and allotted :
  a) 30,000 Non-Convertible, Redeemable unsecured Basel III Compliant Tier 2 Bonds on 18th November, 2017 aggregating to Rs. 300.00 crore.
  b) 15,000 Non-Convertible, Redeemable unsecured Basel III Compliant Tier 2 Bonds on 15th January, 2018 aggregating to Rs. 150.00 crore.

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries

Firm Registration No.P1991MH040400

S. N. Ananthasubramanian

Partner

C.P No: 1774

Date: 11th April , 2018

Place: Thane

To,

The Members,

DCB Bank Limited

CIN: 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, 2018, 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: 11th April, 2018

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, 2018, 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, the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006 as amended, in so far as applicable to banks ("Accounting Standards"), accounting principles generally accepted in India, 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 were 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 auditors' 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, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us 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 standards and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March, 2018, and its profit and its cash flows for the year ended on that date.

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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as at 31 March, 2018 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 considers its key operations to be 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)

Bengaluru, 14 April, 2018

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, 2018 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 control 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, 2018, 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
(Membership No. 48791)

Bengaluru, 14 April, 2018

BALANCE SHEET AS AT MARCH 31, 2018

	Schedule	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
CAPITAL & LIABILITIES			
Capital	1	**3,080,849**	2,853,644
Employee Stock Options			
(Grants outstanding net of deferred cost)		**14,086**	15,846
Reserves and Surplus	2	**24,983,384**	19,179,350
Capital and Reserves		**28,078,319**	**22,048,840**
Deposits	3	**240,068,628**	192,892,114
Borrowings	4	**19,267,105**	12,758,073
Other Liabilities and Provisions	5	**14,806,869**	12,764,759
TOTAL CAPITAL & LIABILITIES		**302,220,921**	**240,463,786**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**11,363,898**	8,583,021
Balances with Banks and Money at Call and Short Notice	7	**12,355,949**	3,341,601
Investments	8	**62,189,574**	58,179,442
Advances	9	**203,366,884**	158,176,325
Fixed Assets	10	**4,940,176**	4,885,678
Other Assets	11	**8,004,440**	7,297,719
TOTAL ASSETS		**302,220,921**	**240,463,786**
Contingent Liabilities	12	**69,483,450**	26,297,367
Bills for Collection		**4,093,167**	4,345,293
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 : Bengaluru
Date : April 14, 2018

For and on behalf of the Board of Directors

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Imran Contractor
Director

Bharat Sampat
Chief Financial Officer

Rubi Chaturvedi
Company Secretary

Place : Bengaluru
Date : April 14, 2018

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

		Schedule	Year Ended 31.03.2018 (` in 000's)	Year Ended 31.03.2017 (` in 000's)
I.	**INCOME**			
	Interest Earned	13	**24,129,851**	20,761,459
	Other Income	14	**3,102,757**	2,488,485
	TOTAL INCOME		**27,232,608**	**23,249,944**
II.	**EXPENDITURE**			
	Interest Expended	15	**14,175,584**	12,790,592
	Operating Expenses	16	**7,807,316**	6,277,286
	Provisions and Contingencies	18 (12.1)	**2,796,282**	2,185,314
	TOTAL EXPENDITURE		**24,779,182**	**21,253,192**
III.	**PROFIT / (LOSS)**			
	Net Profit for the Year		**2,453,426**	1,996,752
	Balance Brought Forward		**2,740,703**	1,365,104
	TOTAL PROFIT/(LOSS)		**5,194,129**	**3,361,856**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**613,357**	499,188
	Transfer to Special Reserve		**186,155**	121,003
	Transfer to Capital Reserve		**32,416**	18,030
	Transfer to / (from) Investment Reserve		**(29,104)**	7,054
	Transfer to / (from) Revaluation Reserve		**(60,661)**	(24,122)
	Dividend Paid incl Dividend Distribution Tax		**184,913**	-
	Balance carried over to Balance sheet		**4,267,053**	2,740,703
	TOTAL		**5,194,129**	**3,361,856**
Earnings per share		17 (16)		
	(i) Basic (`)	18 (11.2)	8.02	7.01
	(ii) Diluted (`)	18 (11.2)	7.85	6.87
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 : Bengaluru
Date : April 14, 2018

For and on behalf of the Board of Directors

Nasser Munjee Chairman
Murali M. Natrajan MD & CEO
Imran Contractor Director

Bharat Sampat Chief Financial Officer
Rubi Chaturvedi Company Secretary

Place : Bengaluru
Date : April 14, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

		Year ended 31.03.2018 (` in 000's)	Year ended 31.03.2017 (` in 000's)
Cash Flow from Operating Activities			
Net Profit after tax for the year (Refer Profit and Loss Account)		**2,453,426**	1,996,752
Add: Provision for income tax (Refer Schedule 18 (12.1))		**1,408,304**	1,070,426
Net Profit before tax for the year		**3,861,730**	3,067,178
Adjustments for:			
Provisions for Advances		**1,292,015**	865,305
Provisions for Restructured Advances		**2,243**	1,529
Provision for Investments		**61,078**	(1,340)
Provision for Standard Assets		**45,972**	216,727
Provision for Other Assets and Contingencies		**(22,029)**	30,843
Depreciation / Amortisation on Fixed Assets		**533,617**	390,349
Loss on Sale of Fixed Assets		**3,977**	2,113
Amortisation of Premium on Held-to-Maturity (HTM) Investments		**170,101**	117,485
Amortisation of Premium on Acquired Assets		**15,838**	19,226
ESOPs Compensation		**1,496**	3,379
Cash Flow from Operating Activities before adjustments		**5,966,038**	**4,712,794**
Adjustments for:			
Increase/(Decrease) in Deposits		**47,176,514**	43,632,256
Increase/(Decrease) in Other Liabilities & Provisions		**1,992,880**	20,482
(Increase)/Decrease in Investments		**(4,241,309)**	(14,962,280)
(Increase)/Decrease in Advances		**(46,500,656)**	(29,848,518)
(Increase)/Decrease in Other Assets		**(703,290)**	33,061
Refund/(Payment) of direct taxes (Including Tax Deducted at Source)		**(1,389,705)**	(1,189,845)
Net Cash Flow from Operating activities	**A**	**2,300,472**	**2,397,950**
Cash flow from Investing activities			
Purchase of Fixed assets		**(595,833)**	(715,880)
Proceeds from sale of Fixed Assets		**3,741**	4,856
Net Cash Flow used in Investing activities	**B**	**(592,092)**	**(711,024)**
Cash flow from Financing activities			
Proceeds from Issue of Capital (including ESOPs)		**3,762,726**	42,939
Issue of Subordinated Debt		**4,500,000**	1,500,000
Repayment of Subordinated Debt		**-**	-
Proceeds from Borrowings		**169,666,030**	446,817,335
Repayment of Borrowings		**(167,656,998)**	(447,038,222)
Dividend and Dividend Tax Paid		**(184,913)**	-
Net Cash Flow from Financing activities	**C**	**10,086,845**	**1,322,052**
Net Increase in Cash & Cash Equivalents	**A+B+C**	**11,795,225**	**3,008,978**
Cash and cash equivalents at the beginning of the year		**11,924,622**	8,915,644
Cash and cash equivalents at the end of the year		**23,719,847**	11,924,622
Notes to the cash flow statement			
Cash and cash equivalent includes the following:			
Cash and balances with Reserve Bank of India (Refer Schedule 6)		**11,363,898**	8,583,021
Balances with Banks and Money at Call and Short notice (Refer Schedule 7)		**12,355,949**	3,341,601
Cash and Cash equivalent at the end of the year		**23,719,847**	**11,924,622**

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 : Bengaluru
Date : April 14, 2018

For and on behalf of the Board of Directors

Nasser Munjee Chairman
Murali M. Natrajan MD & CEO
Imran Contractor Director

Bharat Sampat Chief Financial Officer
Rubi Chaturvedi Company Secretary

Place : Bengaluru
Date : April 14, 2018

SCHEDULE 1 – CAPITAL

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` 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*		
308,084,883 (as at March 31, 2017: 285,364,353) Equity Shares of ` 10/- each	**3,080,849**	2,853,644
TOTAL	**3,080,849**	**2,853,644**

(During the year, 950,530 (Previous year: 928,280) equity shares have been issued against exercise of options purchased under the Employees' Stock Option Plan)
*Refer Note 18 (1.1) (Capital)

SCHEDULE 2 – RESERVES & SURPLUS

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Statutory Reserve		
Opening balance	**3,211,535**	2,712,347
Additions during the year	**613,357**	499,188
TOTAL(I)	**3,824,892**	**3,211,535**
II. Special Reserve		
Opening balance	**237,097**	116,094
Additions during the year	**186,155**	121,003
Deductions during the year	**-**	-
TOTAL(II)	**423,252**	**237,097**
III. Capital Reserve		
a) Revaluation Reserve		
Opening balance	**2,565,020**	502,234
Additions during the year*	**-**	2,086,908
Deductions during the year (transferred to Balance in Profit & Loss Account)	**(60,661)**	(24,122)
TOTAL(a)	**2,504,359**	**2,565,020**
b) Other Capital Reserve		
Opening balance	**402,751**	384,721
Additions during the year	**32,416**	18,030
Deductions during the year	**-**	-
TOTAL(b)	**435,167**	**402,751**
TOTAL (a + b) (III)	**2,939,526**	**2,967,771**
IV. Securities Premium		
Opening balance	**9,972,486**	9,938,831
Additions during the year	**3,535,521**	33,655
Deductions during the year	**-**	-
TOTAL(IV)	**13,508,007**	**9,972,486**
V. Revenue and Other Reserves		
Investment Reserve		
Opening balance	**49,758**	42,704
Additions during the year	**-**	7,054
Deductions during the year	**(29,104)**	-
TOTAL(V)	**20,654**	**49,758**
VI. Balance in Profit and Loss Account	**4,267,053**	**2,740,703**
TOTAL (I to VI)	**24,983,384**	**19,179,350**

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

SCHEDULE 3 – DEPOSITS

		As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
A	**I. Demand Deposits**		
	(i) From Banks	**402,377**	587,102
	(ii) From Others	**17,953,032**	14,759,913
	TOTAL (I)	**18,355,409**	**15,347,015**
	II. Savings Bank Deposits	**40,047,794**	31,544,821
	TOTAL (II)	**40,047,794**	**31,544,821**
	III. Term Deposits		
	(i) From Banks	**50,945,024**	32,874,811
	(ii) From Others	**130,720,401**	113,125,467
	TOTAL (III)	**181,665,425**	**146,000,278**
	TOTAL (I, II and III)	**240,068,628**	**192,892,114**
B	**I. Deposits of branches in India**	**240,068,628**	192,892,114
	II. Deposits of branches outside India	-	-
	TOTAL	**240,068,628**	**192,892,114**

SCHEDULE 4 – BORROWINGS

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Borrowings in India		
(i) Reserve Bank of India	**-**	-
(ii) Other Banks	**-**	2,000,000
(iii) Other Institutions and Agencies	**12,401,105**	8,392,073
(iv) Sub-Ordinated Debts	**6,866,000**	2,366,000
TOTAL (I)	**19,267,105**	**12,758,073**
II. Borrowings outside India	**-**	-
TOTAL (I & II)	**19,267,105**	**12,758,073**
Secured Borrowings included in I & II above	**-**	-

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Bills Payable	**6,179,839**	4,866,224
II. Inter Office Adjustments (Net)	**-**	-
III. Interest Accrued (Net of TDS recoverable)	**3,193,922**	2,480,214
IV. Others		
(i) Provision for Standard Assets *	**896,489**	850,517
(ii) Other Liabilities (including provisions)**	**4,536,619**	4,567,804
TOTAL	**14,806,869**	**12,764,759**

* includes provision for unhedged foreign currency exposure and provision on specific standard assets
Refer Schedule 18 (5.17) (Provisions on Standard Assets)
** Refer Schedule 18 (11.1) (Employee Benefits)

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Cash in hand	**2,397,731**	1,833,002
(including foreign currency notes:- ` Nil {Previous Year ` Nil})		
II. Balances with Reserve Bank of India		
(i) In Current Accounts	**8,966,167**	6,750,019
(ii) In Other Accounts	**-**	-
TOTAL (II)	**8,966,167**	**6,750,019**
TOTAL (I & II)	**11,363,898**	**8,583,021**

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

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. In India		
i. Balance with Banks		
(a) In Current Accounts*	**348,370**	170,133
(b) In Other Deposit Accounts	**1,575**	101,575
* includes funds in transit amounting to ` 0.40 crores (` Nil as at March 31, 2017)		
TOTAL	**349,945**	**271,708**
ii. Money at Call and Short Notice		
(a) With Banks	**11,750,000**	2,250,000
(b) With Other Institutions	**-**	-
TOTAL	**11,750,000**	**2,250,000**
TOTAL (I)	**12,099,945**	**2,521,708**
II. Outside India		
(i) In Current Accounts	**134,127**	183,066
(ii) In Other Deposit Accounts	**121,877**	636,827
(iii) Money at Call and Short Notice	**-**	-
TOTAL (II)	**256,004**	**819,893**
TOTAL (I & II)	**12,355,949**	**3,341,601**

SCHEDULE 8 – INVESTMENTS

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Investments in India		
Net Investments in :-		
(i) Government Securities	**49,090,425**	47,711,322
(ii) Other Approved Securities	**-**	-
(iii) Shares	**200,644**	93,812
(iv) Debentures and Bonds	**447,777**	303,300
(v) Subsidiaries and/or Joint Ventures	**-**	-
(vi) Other Investments :		
(a) Ceritificate of Deposits/Commercial Paper	**247,453**	-
(b) Units of Mutual Funds	**-**	-
(c) Pass Through Certificates	**11,590,297**	9,377,467
(d) Security Receipts*	**612,978**	693,541
TOTAL (I)	**62,189,574**	**58,179,442**
II. Investments in India		
i. Gross Value	**62,291,887**	58,220,677
ii. Provision for Depreciation	**(102,313)**	(41,235)
TOTAL (II)	**62,189,574**	**58,179,442**
III. Investments outside India		
(i) Government Securities	**-**	-
(ii) Subsidiaries and/or Joint Ventures	**-**	-
(iii) Other Investments	**-**	-
TOTAL (III)	**-**	**-**

* Refer Schedule 18 (5.14 and 5.15) (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 at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. (i) Bills Purchased and Discounted	**2,441,345**	1,399,744
(ii) Cash credits, Overdrafts and Loans repayable on demand	**43,420,790**	33,958,668
(iii) Term Loans	**157,504,749**	122,817,913
TOTAL (I)	**203,366,884**	**158,176,325**
II. (i) Secured by tangible assets*	**196,060,126**	152,260,761
(ii) Covered by Bank / Government Guarantees	**-**	-
(iii) Unsecured	**7,306,758**	5,915,564
*includes Advances against Book Debts		
TOTAL (II)	**203,366,884**	**158,176,325**
III. (a) Advances in India		
(i) Priority Sectors	**93,864,350**	65,089,136
(ii) Public Sector	**172,931**	79,403
(iii) Banks	**148,334**	-
(iv) Others	**109,181,269**	93,007,786
TOTAL	**203,366,884**	**158,176,325**
III. (b) Advances outside India	**-**	-
TOTAL (III)	**203,366,884**	**158,176,325**

Advances are net of provisions

SCHEDULE 10 – FIXED ASSETS

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Premises (Gross Block including Revaluation)		
(i) As at 31 March of the preceding year	**4,509,598**	2,266,366
(ii) Additions during the year	**31,316**	2,246,582
(iii) Deductions during the year	**(1,287)**	(3,350)
Total	**4,539,627**	**4,509,598**
Depreciation to date (including on Revaluation)		
(i) As at 31 March of the preceding year	**374,763**	308,139
(ii) Charge for the year	**112,899**	68,438
(iii) On deductions during the year	**(505)**	(1,814)
Total	**487,157**	**374,763**
Net Block	**4,052,470**	**4,134,835**
II. Other Fixed Assets (Gross Block including Furniture & Fixtures)*		
(i) As at 31 March of the preceding year	**2,408,697**	1,874,522
(ii) Additions during the year	**564,517**	556,206
(iii) Deductions during the year	**(26,186)**	(22,031)
Total	**2,947,028**	**2,408,697**
Depreciation to date		
(i) As at 31 March of the preceding year	**1,657,854**	1,352,541
(ii) Charge for the year	**420,718**	321,911
(iii) On deductions during the year	**(19,250)**	(16,598)
Total	**2,059,322**	**1,657,854**
Net Block	**887,706**	**750,843**
TOTAL (I+II)	**4,940,176**	**4,885,678**

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

SCHEDULE 11 – OTHER ASSETS

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Inter-Office Adjustments (Net)	-	-
II. Interest accrued	**1,036,544**	960,246
III. Tax paid in Advance/Tax deducted at Source (Net of provision)	**165,296**	453,879
IV. Stationery and Stamps	**4,278**	4,946
V. Non-Banking Assets acquired in satisfaction of claims (Net)	**-**	-
VI. Deferred Tax Assets (Net)*	**781,082**	511,097
VII. Others**	**6,017,240**	5,367,551
TOTAL	**8,004,440**	**7,297,719**

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

SCHEDULE 12 – CONTINGENT LIABILITIES

	As at 31.03.2018 (` in 000's)	As at 31.03.2017 (` in 000's)
I. Claims against the Bank not acknowledged as debts	**348,797**	447,787
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts		
(a) Forward Contracts	**41,647,518**	11,258,470
(b) Interest Rate Swaps and Currency Swaps	-	-
(c) Foreign Currency Options	-	-
IV. Guarantees given on behalf of constituents		
(a) In India	**10,847,345**	8,560,124
(b) Outside India	**1,501,019**	1,647,304
V. Acceptances, Endorsements and other obligations	**3,172,946**	2,217,351
VI. Other items for which the Bank is contingently liable*	**11,965,825**	2,166,331
TOTAL	**69,483,450**	**26,297,367**

* includes ` 30.98 crores (Previous year: ` 26.03 crores) 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 ` 1,150 crores of lending under RBI Liqiudity Adjustment Facility outstanding as at March 31, 2018 (Previous Year : ` 175 crores as on March 31, 2017) as per RBI circular FMRD.DIRD. 10/14.03.002/2015-16.

SCHEDULE 13 – INTEREST EARNED

	Year Ended 31.03.2018 (` in 000's)	Year Ended 31.03.2017 (` in 000's)
I. Interest/Discount on Advances/Bills	**19,402,674**	16,479,484
II. Income on Investments	**4,207,918**	3,935,244
III. Interest on Balance with Reserve Bank of India and other Inter Bank Funds	**180,291**	57,751
IV. Others*	**338,968**	288,980
TOTAL	**24,129,851**	**20,761,459**

* includes ` 9.83 crores (Previous year: ` 4.83 crores) being interest on income tax refunds.

SCHEDULE 14 – OTHER INCOME

	Year Ended 31.03.2018 (` in 000's)	Year Ended 31.03.2017 (` in 000's)
I. Commission, Exchange and Brokerage	**2,191,827**	1,650,751
II. Profit/(Loss) on sale of Investments (Net)	**453,896**	454,296
III. Profit/(Loss) on revaluation of Investments (Net)	-	-
IV. Profit/(Loss) on sale of Land, Buildings and Other Assets (Net)	**(3,977)**	(2,113)
V. Profit/(Loss) on Exchange Transactions (Net)	**138,970**	103,620
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)	**322,041**	281,931
TOTAL	**3,102,757**	**2,488,485**

SCHEDULE 15 – INTEREST EXPENDED

	Year Ended 31.03.2018 (` in 000's)	Year Ended 31.03.2017 (` in 000's)
I. Interest on Deposits	**12,880,912**	11,781,164
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	**417,253**	278,037
III. Other Interest	**877,419**	731,391
TOTAL	**14,175,584**	**12,790,592**

SCHEDULE 16 – OPERATING EXPENSES

	Year Ended 31.03.2018 (` in 000's)	Year Ended 31.03.2017 (` in 000's)
I. Payments to and Provisions for Employees	**3,812,322**	3,080,302
II. Rent, Taxes and Lighting	**810,172**	658,265
III. Printing and Stationery	**91,107**	74,838
IV. Advertisement and Publicity	**29,452**	25,114
V. Depreciation on Bank's property	**533,617**	390,349
VI. Directors' Fees, Allowances and Expenses	**8,365**	8,702
VII. Auditors' Fees and Expenses	**7,671**	7,533
VIII. Law Charges	**71,214**	69,653
IX. Postages,Telegrams,Telephones, etc.	**154,597**	128,562
X. Repairs and Maintenance	**163,520**	125,527
XI. Insurance	**179,566**	153,994
XII. Other Expenditure*	**1,945,713**	1,554,447
TOTAL	**7,807,316**	**6,277,286**

* includes an amount of ` 1.77 crores (Previous year : ` 0.98 crores) being Corporate Social Resposibility Expenditure as per requirenment of Section 135 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 Accounting Standards notified 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')/Financial Benchmark India Private Limited ('FBIL'), 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/FBIL.

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, published by FIMMDA/FBIL. 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:

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

4.9 Short Sale

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

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. Profit on sale of immovable properties are transfer to the Capital Reserves after adjusting for income tax and appropriation to Statutory Reserve.

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 as per Accounting Standard, except in the case of non-performing assets where it is recognised on receipt basis as per the RBI 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.

10.9 Dividend income is recognised as income when the right to receive dividend is established.

11. FOREIGN CURRENCY TRANSACTIONS

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. SHARE ISSUE EXPENSES

Share issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

18. 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).

19. 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.

20. 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.

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 During the financial year 2017-18, the Bank issued 21,770,000 equity shares to Qualified Institutional Investors at ` 174.00 per share. Net of issue costs of ` 7.86 crore, this resulted in an increase of ` 21.77 crore in Share Capital and ` 349.17 crore in Securities Premium Account.

1.2 Capital to Risk-weighted Assets Ratio (CRAR)

(` in crore)

Particulars	As per Basel III framework	
	As at March 31, 2018	As at March 31, 2017
i. Tier 1 Capital	**2,640.17**	2,052.04
ii. Tier 2 Capital	**778.31**	326.63
iii. Total Capital	**3,418.48**	2,378.67
iv. Total Risk Weighted Assets	**20,755.39**	17,283.19
v. Common Equity Tier 1 Capital Ratio (%)	**12.72%**	11.87%
vi. Tier 1 Capital Ratio (%)	**12.72%**	11.87%
vii. Tier 2 Capital Ratio (%)	**3.75%**	1.89%
viii. Total Capital Ratio (CRAR) (%)	**16.47%**	13.76%
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:	**22.72**	0.93
Securities Premium:	**353.55**	3.37
xi. Amount of Additional Tier 1 capital raised; of which -		
PNCPS:	**-**	-
PDI:	**-**	-
xii. Amount of Tier 2 capital raised; of which-		
Debt capital instrument:	**450.00**	150.00
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 ` 450.00 crore (Previous year: ` 150.00 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, 2018	Equivalent Amount as on March 31, 2017
March 31, 2016	10.25	121	**86.60**	86.60
November 18, 2016	9.85	120	**150.00**	150.00
November 17, 2017	9.85	120	**300.00**	-
January 12, 2018	9.85	120	**150.00**	-
			686.60	236.60

3 INVESTMENTS

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

(` in crore)

Particulars	March 31, 2018	March 31, 2017
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India	**6,229.19**	5,822.06
b. Outside India	-	-
(ii) Provisions for Depreciation		
a. In India	**10.23**	4.12
b. Outside India	-	-
(iii) Net Value of Investments		
a. In India	**6,218.96**	5,817.94
b. Outside India	-	-
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance	**4.12**	4.26
(ii) Add: Provision made during the year	**15.06**	16.43
(iii) Less: Write-off / write-back of excess provision during the year (including depreciation utilised on sale of securities)	**8.95**	16.57
(iv) Closing balance	**10.23**	4.12

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, 2018		As at March 31, 2017	
	` in crore	%	` in crore	%
Held to Maturity	**4,296.33**	**69.08**	4,028.60	69.25
Held for Trading	**0.98**	**0.02**	5.37	0.09
Available for Sale	**1,921.65**	**30.90**	1,783.97	30.66
Total	**6,218.96**	**100.00**	5,817.94	100.00

3.3 Repo Transactions

Financial Year 2017-18

(` in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2018
Securities Sold under Repos *	-	95.00	3.29	-
(i) Government Securities	-	95.00	3.29	-
(ii) Corporate debt Securities	-	-	-	-
Securities purchased under Reverse Repos *	-	1,150.00	154.02	1,150.00
(i) Government Securities	-	1,150.00	154.02	1,150.00
(ii) Corporate debt Securities	-	-	-	-

* amounts reported are based on lending / borrowing amount under LAF.

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	-	-	-	-

* amounts reported are based on lending/borrowing amount under LAF.

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

Balances as at March 31, 2018

(` 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	9.91	-	-	-	-
2.	FIs	69.83	10.00	-	-	10.00
3.	Banks	0.98	-	-	-	-
4.	Private Corporates	16.69	16.69	-	-	8.85
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others**	1,221.96	-	-	-	-
7.	Provision held towards Depreciation	(9.46)	-	-	-	-
	Total	**1,309.91**	**26.69**	**-**	**-**	**18.85**

* 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.

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.

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

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
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, 2018 and March 31, 2017, 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, 2018**	March 31, 2017
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, 2018**	March 31, 2017
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 Assistant CRO 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.

Provisioning

The Bank conforms to the RBI guidelines with regard to provisioning requirements. Overdue receivables representing crystallised positive mark-to-market value of a derivative contract are treated as non-performing assets, if these remain unpaid for 90 days or more. Full provision is made for the entire amount of overdue and future receivables relating to positive marked to market value of non-performing derivative contracts.

b) Quantitative Disclosures

(` in crore)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2018	**March 31, 2018**	March 31, 2017	March 31, 2017
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 ` 4,164.75 crore (Previous year: ` 1,125.85 crore).

5 ASSET QUALITY

5.1 Non-Performing Assets (NPAs)

(` in crore)

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to Net Advances (%)	**0.72%**	0.79%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**254.20**	197.38
(b) Additions during the year	**348.91**	261.97
(c) Reductions during the year	**234.08**	205.15
(d) Closing balance	**369.03**	254.20
(iii) Movement of Net NPAs		
(a) Opening balance	**124.41**	97.46
(b) Additions during the year[1,2]	**175.36**	162.78
(c) Reductions during the year[3]	**153.05**	135.83
(d) Closing balance	**146.72**	124.41
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)		
(a) Opening balance	**127.03**	96.91
(b) Provisions made during the year[4]	**172.88**	99.19
(c) Write-off / write-back of excess provisions	**78.27**	69.07
(d) Closing balance	**221.64**	127.03

Notes:

1. Includes interest capitalisation of ` 0.67 crore (Previous year: ` NIL crore).
2. Includes addition to NPAs net off provisions on such NPAs and additional provision on existing NPAs.
3. Includes interest capitalisation of ` 2.76 crore (Previous year: ` 0.25 crore).
4. Includes floating provision of ` 16.88 crore (Previous year: ` 13.75 crore).

5.2 Movement of Gross NPAs

(` in crore)

Particulars	March 31, 2018	March 31, 2017
Opening balance of Gross NPAs	**254.20**	197.38
Additions during the year[1]	**348.91**	261.97
Sub-total (A)	**603.11**	459.35
Less:		
i. Upgradations	**103.38**	40.91
ii. Recoveries (excluding recoveries made from upgraded accounts)[2]	**98.46**	119.89
iii. Technical / Prudential Write-offs	**30.93**	8.81
iv. Write-offs other than those under (iii) above	**1.31**	35.54
Sub-total (B)	**234.08**	205.15
Closing balance of Gross NPAs (A-B)	**369.03**	254.20

1. Includes fresh NPAs during the year.
2. Includes recoveries of ` 2.30 crore (Previous year: ` 52 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, 2018**	March 31, 2017
Opening balance of Technical/Prudential Written off accounts	**220.69**	236.69
Add : Technical/Prudential write-offs during the year	**30.93**	8.81
Sub-total (A)	**251.62**	245.50
Less : Recovery /Sacrifice made from previously technical /prudential written-off accounts during the year (B)	**16.39**	24.81
Closing balance of Technical/Prudential Written off accounts (A-B)	**235.23**	220.69

5.4 **Concentration of NPAs**

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
Total Exposure to top four NPA accounts *	**41.07**	67.76

* NPAs are taken on net basis.

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

5.5 **Divergence in the asset classification and provisioning**

There was no divergence observed by the RBI for the FY 2016-17 and FY 2015-16 in respect of the Bank's asset classification and provisioning under the extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP).

5.6 **Intra Group Exposure**

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
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

5.7 **Sector-wise Advances**

Financial Year 2017-18

(` in crore)

Sr. No.	Sector	March 31, 2018		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	1,665.45	48.33	2.90%
2	Industry of which-	1,602.16	24.56	1.53%
	Textiles	331.92	4.52	1.36%
	Engineering	202.20	5.66	2.80%
	Food Processing	193.55	1.31	0.68%
	Constructions	161.50	3.07	1.90%
3	Services of which-	5,194.77	81.16	1.56%
	Wholesale Trade	1,552.25	24.11	1.55%
	Retail Trade	1,386.14	16.02	1.16%
	Transport Operators	1,202.56	26.87	2.23%
4	Personal loans of which-	1,023.34	15.02	1.47%
	Housing Loans	900.22	13.52	1.50%
	Sub-total (A) (1+2+3+4)	**9,485.72**	**169.07**	**1.78%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	140.37	1.37	0.98%
2	Industry of which-	2,993.83	98.37	3.29%
	Constructions	1,409.32	7.26	0.52%
3	Services of which-	5,619.45	59.10	1.05%
	NBFC	1,327.46	-	0.00%
	Retail Trade	1,053.07	13.43	1.27%
	Wholesale Trade	976.05	24.01	2.46%
4	Personal loans	2,324.51	41.12	1.77%
	Housing Loans	1,664.61	23.80	1.43%
	Gold Loans	250.53	7.65	3.05%
	Sub-total (B) (1+2+3+4)	**11,078.16**	**199.96**	**1.81%**
	Total (A+B)	**20,563.88**	**369.03**	**1.79%**

• 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 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.

5.8 RESTRUCTURED ACCOUNTS

Details of restructured accounts as of March 31, 2018

(` 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, 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
2	Fresh restructuring during the FY[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	18	12	-	31	1	18	12	-	31
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	1.45	4.97	5.56	-	11.98	1.45	4.97	5.56	-	11.98
		Provision thereon	-	-	-	-	-	-	-	-	-	-	2.62	1.26	35.25	-	39.13	2.62	1.26	35.25	-	39.13
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-	2	(2)	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	10.40	(10.40)	-	-	-	10.40	(10.40)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	2.15	(2.15)	-	-	0.00	2.15	(2.15)	-	-	0.00
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	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	(1)	2	-	-	(1)	(1)	2	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(15.79)	(0.06)	15.85	-	-	(15.79)	(0.06)	15.85	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(1.50)	(0.02)	1.52	-	(0.00)	(1.50)	(0.02)	1.52	-	(0.00)
6	Write-offs of restructured accounts during the FY[2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	3	-	-	3	-	3	-	-	3
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	5.58	0.38	18.38	-	24.34	5.58	0.38	18.38	-	24.34
7	Restructured Accounts as on March 31, 2018	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	15	16	-	36	5	15	16	-	36
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	50.30	4.59	68.24	-	123.13	50.30	4.59	68.24	-	123.13
		Provision thereon	-	-	-	-	-	-	-	-	-	-	16.61	1.18	50.84	-	68.63	16.61	1.18	50.84	-	68.63

1. Includes ` 0.67 crore due to increase in outstanding balance in respect of 1 account and increase in provisions amounting to ` 33.69 crore in respect of 5 accounts.
2. Includes ` 5.60 crore due to reduction in outstanding balance in respect of 5 accounts and partial write off of ` 18.36 crore in respect to 1 account. Recovery and closure of ` 0.38 crore in respect of 3 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

5.9 **Disclosures on the scheme for sustainable Structuring of Stressed Assets (S4A), as at March 31, 2018**

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

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

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

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

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
Number of borrowers where SDR has been invoked	**1**	-
Gross amount outstanding		
– Standard	**16.28***	-
– NPA	**-**	-
Gross amount outstanding for borrowers where conversion of debt to equity is pending		
– Standard	**-**	-
– NPA	**-**	-
Gross amount outstanding for borrowers where conversion of debt to equity has taken place		
– Standard	**16.28***	-
– NPA	**-**	-

* Includes ` 7.83 crore of loan converted into equity shares and ` 6.85 crore loan converted into preference shares.

5.12 **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.

5.13 **Disclosures on change in Ownership 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.

5.14 **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, 2018**	March 31, 2017
(i) No. of accounts*	**1**	91
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	**2.01**	52.00
(iii) Aggregate consideration	**2.30**	52.00
(iv) Additional consideration realised in respect of accounts transferred in earlier years	**-**	-
(v) Aggregate gain/(loss) over net book value	**0.2**9	0.00

* represents number of borrowers. No. of accounts as on March 31, 2018 are 2 (Previous year: 147).

The Bank has amortised 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, 2018 is ` NIL (Previous year: ` 5.21 crore).

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

Details of investment in security receipts as at March 31, 2018 are set out below:

(` in crore)

Particulars	**SRs issued within past 5 years**	**SRs issued more than 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	62.93	-	-
Provision held against (i)	1.63	-	-
(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)	**62.93**	-	-

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 more than 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**	-	-

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

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
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, 2018**	March 31, 2017
1. No. of accounts sold during the year	**NIL**	NIL
2. Aggregate outstanding	**NIL**	NIL
3. Aggregate consideration received	**NIL**	NIL

5.17 **Provisions on Standard Assets**

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
Provision for Standard Assets	**76.97**	62.84
Provision for Unhedged Foreign Currency Exposure of borrowers	**2.75**	2.75
Provision for Specific Standard Assets	**9.93**	19.46
Total (Refer Schedule 5-IV(i) – Other Liabilities and Provisions)	**89.65**	85.05

6 BUSINESS RATIOS

Particulars	**March 31, 2018**	March 31, 2017
Interest Income as a percentage to Working Funds (%)[1]	**9.23**	9.66
Non-Interest Income as a percentage to Working Funds (%)[1]	**1.19**	1.16
Operating Profit as a percentage to Working Funds (%)[1,2]	**2.01**	1.95
Return on Assets (%)[3]	**0.94**	0.93
Business per employee (` in crore) [4, 5]	**7.23**	6.85
Profit after tax per employee (` in crore)[4]	**0.05**	0.04

1. Working funds have been considered as the average of total monthly assets 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 profit for the year before provisions and contingencies.
3. Assets have been considered as the average of total monthly assets 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 has been recorded as deposits (excluding interbank deposits) plus net advances.

7 OTHER FIXED ASSETS (including furniture and fixtures)

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

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
Cost		
As at March 31 of the preceding year	**54.05**	45.07
Additions during the year	**14.64**	8.98
Deductions during the year	**-**	-
Total (a)	**68.69**	54.05
Depreciation		
As at March 31 of the preceding year	**41.86**	35.47
Charge for the year	**9.57**	6.39
On deductions during the year	**-**	-
Total (b)	**51.43**	41.86
Net value as at March 31 of the current year (a-b)	**17.26**	12.19

8 Liquidity Coverage Ratio (LCR)

(A) Quantitative Disclosures

Financial Year 2017-18

(` in crore)

		Q1 FY 2017-18		Q2 FY 2017-18		Q3 FY 2017-18		Q4 FY 2017-18	
		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)		3,092.37		3,051.40		3,191.27		3,423.93
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	9,694.35	901.56	9,938.09	925.99	10,023.21	932.93	10,351.44	964.05
(i)	Stable Deposits	1,357.59	67.88	1,356.43	67.82	1,387.75	69.39	1,421.75	71.09
(ii)	Less Stable Deposits	8,336.76	833.68	8,581.66	858.17	8,635.46	863.54	8,929.69	892.96
3	Unsecured wholesale funding, of which:	1,633.81	1,079.83	1,465.90	1,039.06	1,721.11	1,246.74	1,725.64	1,195.46
(i)	Operational deposits (all counterparties)	347.32	86.83	112.35	28.08	105.13	26.28	100.67	25.17
(ii)	Non-operational deposits (all counterparties)	489.16	195.67	570.95	228.38	659.20	263.68	757.80	303.12
(iii)	Unsecured debt	797.33	797.33	782.60	782.60	956.78	956.78	867.17	867.17
4	Secured wholesale funding		0.00		0.00		0.00		0.00
5	Additional requirements, of which	3,550.01	1,180.43	3,435.92	759.13	3,510.36	933.61	4,825.97	1,797.31
(i)	Outflows related to derivative exposures and other collateral requirements	984.78	984.78	530.03	530.03	718.21	718.21	1,528.89	1,528.89
(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	2,565.23	195.65	2,905.89	229.10	2,792.15	215.40	3,297.08	268.42
6	Other contractual funding obligations	36.96	36.96	86.17	86.17	120.98	120.98	148.51	148.51
7	Other contingent funding obligations	1,493.25	49.56	1,388.62	43.99	1,505.53	48.85	1,673.45	54.02
8	Total Cash Outflows		3,248.34		2,854.34		3,283.11		4,159.35
Cash Inflows									
9	Secured lending (e.g. reverse repos)	185.93	0.00	33.52	0.00	121.07	0.00	411.88	0.00
10	Inflows from fully performing exposures	702.31	543.93	727.94	552.15	730.72	552.01	824.05	628.29
11	Other cash inflows	1,109.45	1,002.83	661.94	560.84	850.65	738.02	1,680.73	1,558.36
12	Total Cash Inflows	1,997.69	1,546.76	1,423.40	1,112.99	1,702.44	1290.03	2,916.66	2,186.65
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
	TOTAL HQLA		3,092.37		3,051.40		3,191.27		3,423.93
	Total Net Cash Outflows		1,701.58		1,741.35		1,993.08		1,972.70
	Liquidity Coverage Ratio (%)		181.74%		175.23%		160.12%		173.57%

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 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.

(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, 2018 is 90%.

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 2017-18. The LCR is being monitored on daily basis.

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 2017-18, 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, the 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, 2018

(` in crore)

Maturity Buckets	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets@	Foreign Currency Liabilities
Day 1	49.86	166.79	427.03	-	28.25	28.72
2 to 7 days	275.43	0.98	587.18	-	16.48	0.99
8 to 14 days	235.15	6.84	590.09	-	2.80	0.73
15 to 30 days	142.51	102.67	831.68	-	6.22	0.92
31 days to 2 months	574.04	123.23	1,382.52	-	31.88	3.80
Over 2 months & upto 3 months	434.71	104.73	1,390.69	10.00	31.52	6.49
Over 3 months & upto 6 months	770.72	436.70	2,763.15	75.67	12.72	29.19
Over 6 months & upto 1 year	1,518.88	494.78	5,444.53	290.45	54.73	128.65
Over 1 year & upto 3 years	7,975.23	1,036.37	9,707.32	632.01	41.20	60.71
Over 3 year & upto 5 years	2,308.83	1,010.63	648.70	918.58	3.19	0.70
Over 5 years	6,051.33	2,735.24	233.97	-	6.36	-
Total	**20,336.69**	**6,218.96**	**24,006.86**	**1,926.71**	**235.35**	**260.90**

@ 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, 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.

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, 2018**	March 31, 2017
Total deposits of twenty largest depositors*	**3,568.95**	2,657.41
Percentage of deposits of twenty largest depositors to total deposits of the Bank	**14.87%**	13.78%

*Excludes holders of Certificates of Deposits.

9.4 **Concentration of Advances**

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
Total advances to twenty largest borrowers	**1,630.66**	1,397.34
Percentage of Advances to twenty largest borrowers to total advances of the bank	**6.56%**	7.10%

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, 2018**	March 31, 2017
Total Exposures to twenty largest borrowers / customers	**1,762.48**	1,746.45
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the bank on borrowers / Customers	**6.73%**	8.42%

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, 2018**	March 31, 2017
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, 2018 and March 31, 2017**

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, 2018 (Previous year: NIL).

10 EXPOSURES

10.1 Exposure to the Real Estate Sector

(` in crore)

Category	March 31, 2018	March 31, 2017
a) Direct Exposure		
(i) Residential Mortgages(*)	**2,589.16**	1,617.34
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 – ` 907.16 crore (Previous year: ` 599.72 crore)		
(ii) Commercial Real Estate	**2,002.67**	1,674.65
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).	**584.83**	302.22
Total Exposure to the Real Estate Sector	**5,176.66**	3,594.21

10.2 Exposure to the Capital Market

(` in crore)

Particulars	March 31, 2018	March 31, 2017
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;	**18.82**	10.19
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;	**3.68**	5.71
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**	0.24
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;	**7.49**	36.91
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;(see * below)	**276.90**	287.94
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	**307.13**	351.02

* Includes Advances to Stock Broker ` 7.40 crore (Previous year: ` 55.44 crore) and Financial Guarantees issued on their behalf to Stock Exchanges ` 269.50 crore (Previous year: ` 232.50 crore).

10.3 **Risk category-wise country exposure**

(` in crore)

Risk Category	**Exposure (net) as at March 31, 2018**	**Provision held as at March 31, 2018**	Exposure (net) as at March 31, 2017	Provision held as at March 31, 2017
Insignificant	**83.31**	**-**	109.15	-
Low	**18.22**	**-**	31.06	-
Moderate Low	**2.33**	**-**	3.29	-
Moderate	**0.73**	**-**	2.38	-
Moderate High	**-**	**-**	-	-
High	**-**	**-**	-	-
Very High	**-**	**-**	-	-
Restricted	**-**	**-**	-	-
Total	**104.59**	**-**	145.88	-

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, 2018 and March 31, 2017, 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, 2018**	March 31, 2017
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 ` 11.19 crore for the year ended March 31, 2018 (Previous year ` 9.24 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 ` 20.00 lakhs (Previous year : ` 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, 2018	March 31, 2017
Balance Sheet – Details of provision for Gratuity		
Defined benefit obligation	**16.79**	13.93
Fair value of plan Assets	**15.66**	13.38
Net Assets / (Liabilities)	**(1.13)**	(0.55)
Amounts in Balance Sheet		
Assets (included in Schedule 11 – Other Assets)	-	-
Liabilities (included in Schedule 5 – Other Liabilities and Provisions)	**1.13**	0.55
Change in Defined Benefit Obligations		
Obligations at the beginning of the year	**13.93**	11.27
Interest Cost	**0.99**	0.71
Current Service Cost	**2.46**	2.16
Past Service Cost	**0.37**	-
Benefits paid	**(1.05)**	(1.04)
Actuarial (gain) / loss on Obligation	**0.09**	0.83
Present value of obligation at the end of the year	**16.79**	13.93
Change in the Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	**13.38**	10.20
Expected Return on plan assets	**1.09**	0.88
Contributions	**2.50**	2.90
Benefits paid	**(1.05)**	(1.04)
Actuarial gain / (loss) on plan assets	**(0.26)**	0.44
Fair value of plan assets at the end of the year	**15.66**	13.38
Cost for the year		
Current service cost	**2.46**	2.16
Interest cost	**0.99**	0.71
Expected return on plan assets	**(1.09)**	(0.88)
Net Actuarial (gain) / loss recognised in the year	**0.35**	0.39
Past service cost	**0.37**	-
Expense recognised in "Payments to and Provision for Employees" [Refer Schedule-16 (I)]	**3.08**	2.38
Actual return on plan assets	**0.83**	1.32
Experience Adjustments		
On obligation	**0.51**	(0.33)
On plan assets	**(0.26)**	0.38
Assumptions		
Discount rate	**7.37% p.a.**	6.66% p.a.
Expected return on plan assets	**7.50% p.a.**	7.50% 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, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan assets	**15.66**	13.38	10.20	8.24	8.56
Defined benefit obligation	**16.79**	13.93	11.27	9.50	8.10
Surplus / (Deficit)	**(1.13)**	(0.55)	(1.07)	(1.26)	0.46
Experience adjustment gain/ (loss) on plan assets	**(0.26)**	0.38	0.42	0.01	0.17
Experience adjustment (gain) /loss on plan liabilities	**0.51**	(0.33)	(0.00)	(0.62)	(0.49)

All the plan assets are invested by the gratuity trust namely "DCB Bank Limited Staff Gratuity Fund" in Government securities (CY about 50%, PY about 52%), high rated corporate bonds (CY about 34%, PY about 31%), units of mutual funds/ insurance companies (CY about 12%, PY about 13%) and others (CY about 4%, PY about 4%) 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 ` 6.62 crore (Previous year: ` 5.91 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, 2018	March 31, 2017
Basic		
Net Profit (` in crore)	**245.34**	199.68
Weighted average number of equity shares outstanding	**306,080,311**	284,810,708
Basic Earnings per share (`)	**8.02**	7.01
Diluted		
Net Profit (` in crore)	**245.34**	199.68
Weighted average number of equity shares outstanding	**312,363,730**	290,472,574
Diluted Earnings per share (`)	**7.85**	6.87
Face value per share (`)	**10.00**	10.00

Dilution of equity is on account of 6,283,419 (Previous year 5,661,866) 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 13, 2017	181.75	-	75,000

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, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Options outstanding at the beginning of the year	**10,378,995**	**63.54**	8,717,825	54.96
Granted during the year	**75,000**	**181.75**	2,982,000	83.45
Exercised during the year	**950,530**	**52.73**	928,280	43.18
Forfeited/Lapsed during the year	**149,260**	**80.15**	392,550	72.37
Options outstanding at the end of the year*	**9,354,205**	**65.32**	10,378,995	63.54
Options exercisable	**5,504,705**	**53.60**	5,353,695	52.88

* Includes NIL (Previous year: 46,200) 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, 2018 is ` 190.32 (Previous year ` 121.32).

Summary of stock options outstanding as on March 31, 2018 is given below:

Range of exercise price (Rupees per share)	Number of shares arising out of options	Weighted average exercise price (`)	Weighted average remaining contractual life (Number of years)
` 17.00 – ` 24.00	**3,100**	**20.52**	**2.05**
` 25.00 – ` 109.00	**8,617,660**	**60.52**	**6.47**
` 110.00 – ` 200.00	**733,445**	**121.91**	**7.18**

There were 950,530 stock options exercised during the year ended March 31, 2018.

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	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.

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, 2018 and March 31, 2017 were:

Particular	March 31, 2018	March 31, 2017
Dividend Yield	**5%**	-
Expected Volatility	**51%**	53%
Risk Free Interest Rate	**6.62%**	7.60%
Expected life of options	**7 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 March 31, 2018 is ` 48.39 (Previous year ` 30.96).

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, 2018	March 31, 2017
Net Profit (as reported)	**245.34**	199.68
Add: Stock based compensation expense accounted	**0.15**	0.34
	245.49	200.02
Less: Stock based compensation expense determined under fair value based method (proforma)	**3.82**	4.83
Net Profit (proforma)	**241.67**	195.19

Particular	March 31, 2018	March 31, 2017
Basic earnings per share (as reported)	**8.02**	7.01
Basic earnings per share (proforma)	**7.90**	6.85
Diluted earnings per share (as reported)	**7.85**	6.87
Diluted earnings per share (proforma)	**7.74**	6.72

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 2017-18**	**FY 2016-17**	**FY 2017-18**	**FY 2016-17**	**FY 2017-18**	**FY 2016-17**	**FY 2017-18**	**FY 2016-17**	**FY 2017-18**	**FY 2016-17**
Revenue	739.81	650.00	386.06	362.00	2,179.53	1,883.71	30.32	19.58	3,335.72	2,915.29
Unallocated Revenue									9.46	4.83
Total Revenue[1]									**3,345.18**	**2,920.12**
Result	57.96	56.88	52.37	36.91	257.18	207.25	28.27	17.24	395.78	318.28
Unallocated Result									(9.61)	(11.56)
Total									**386.17**	**306.72**
Unallocated expenses									-	-
Operating profit									524.97	418.21
Income taxes									(140.83)	(107.04)
Extraordinary profit / loss	-	-	-	-	-	-	-	-	-	-
Net profit									**245.34**	**199.68**
Other Information										
Segment assets	8,956.38	7,384.00	4,330.39	3,479.48	16,749.02	13,016.42	0.12	0.13	30,035.91	23,880.03
Unallocated assets									186.18	166.35
Total assets									**30,222.09**	**24,046.38**
Segment liabilities	7,252.93	4,804.97	1,716.79	1,088.51	18,437.51	15,939.95	1.21	1.21	27,408.44	21,834.64
Unallocated liabilities[2]									2,813.65	2,211.74
Total liabilities									**30,222.09**	**24,046.38**
Capital Expenditure	0.12	0.25	1.66	2.01	50.63	65.13	1.00	1.34	53.41	68.73
Unallocable									6.18	2.86
Total Capital Expenditure									**59.59**	**71.59**
Depreciation	1.07	0.92	0.55	0.58	50.50	36.51	-	-	52.12	38.01
Unallocable									1.24	1.02
Total Depreciation									**53.36**	**39.03**
Non Cash Expenses[3]	6.12	(0.13)	29.31	32.30	86.49	65.57	-	-	121.92	97.74
Unallocable									16.88	13.75
Total Non Cash Expenses									**138.80**	**111.49**

1. Revenue i.e. Total Revenue includes inter-segment revenue of ` 621.92 crore (Previous year ` 595.13 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 ` 2,723.26 crore (Previous year: ` 2,324.99 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, 2018**	March 31, 2017
Mr. Murali M. Natrajan: Managing Director Managerial Remuneration	**6.13**	5.59

Managerial Remuneration excludes perquisite value of employee stock options exercised during FY 2017-18 and FY 2016-17.

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, 2018**	As at March 31, 2017
A.	DTA :		
(i)	Provision for Loan Losses (minus deduction u/s 36(1)(viia) of the Income Tax Act, 1961)	**96.89**	72.19
(ii)	Others	**6.85**	3.09
	Total DTA [A]	**103.74**	75.28
B.	DTL :		
(i)	Depreciation	**10.84**	14.18
(ii)	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**14.79**	8.19
(iii)	Others	**-**	1.80
	Total DTL [B]	**25.63**	24.17
C.	**NET DTA [A – B]**	**78.11**	51.11

11.7 **Assets Taken Under Operating Leases**

(` in crore)

Particulars	**March 31, 2018**	March 31, 2017
Minimum Lease Rent payable		
Payable not later than 1 year	**41.32**	34.90
Payable later than 1 year but not later than 5 years	**156.00**	129.80
Payable later than 5 years	**235.25**	177.70
Total	**432.57**	342.40
The total of lease payments recognised in the Profit and Loss Account for the year	**46.29**	35.60

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 2017-18 an amount of ` 6.07 crore (Previous year: ` 2.41 crore) has been charged to the 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 ` 34.88 crore (Previous year: ` 44.78 crore) is outstanding as at March 31, 2018, as claims against the Bank not acknowledged as Debts, including ` 19.50 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 ` 4,164.75 crore (Previous year: ` 1,125.85 crore) is outstanding as at March 31, 2018. 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 ` 1,552.13 crore (Previous year: ` 1,242.48 crore) is outstanding as at March 31, 2018. 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 ` 1,196.58 crore (Previous year: ` 216.63 crore) is outstanding as at March 31, 2018. These include liability on account of reverse repo transaction with the RBI, credit enhancement relating to the sale of mortgage loan portfolio undertaken by the Bank 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, 2018	March 31, 2017
Provision for Income Tax		
- Current	**1,678,289**	1,157,207
- Deferred (Refer note 11.6)	**(269,985)**	(86,781)
Depreciation on Investments	**61,078**	(1,340)
Provision/write-off towards non-performing assets	**1,123,261**	727,759
Floating Provision	**168,754**	137,546
Provision for Standard Assets*	**45,972**	216,727
Sacrifice in One Time Settlement	**8,699**	1,824
Provision for Other Assets and Contingencies	**(22,029)**	30,843
Provisions for Restructured Advances**	**2,243**	1,529
Total	**2,796,282**	2,185,314

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

**Provision for restructured advances includes NPV provision on standard advances of ` (0.24) crore. (Previous year: `(0.43) 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, 2018**	March 31, 2017
Opening balance at the beginning of the year	**39.92**	26.17
Provision made during the year	**16.88**	13.75
Draw down made during the year	**-**	-
Closing balance at the end of the year	**56.80**	39.92

12.3 **Provisioning Coverage Ratio**

In accordance with the RBI guidelines, the Bank's Provisioning Coverage Ratio at March 31, 2018 is 75.72% (Previous year: 73.80%).

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, 2018**	March 31, 2017
Opening balance of amounts transferred to DEAF	**26.10**	22.55
Add : Amounts transferred to DEAF during the year	**5.60**	4.07
Less : Amounts reimbursed by DEAF towards claims	**0.70**	0.52
Closing balance of amounts transferred to DEAF	**31.00**	26.10

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, 2018**	March 31, 2017
Provisioning Requirement for UFCE	**2.75**	2.75
Risk weight on account of UFCE	**53.51**	53.19
Capital Requirement at 9%	**4.82**	4.79

(` in crore)

12.6 **Customer Complaints**

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

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	No. of complaints pending at the beginning of the year	**9**	10
(b)	No. of complaints received during the year	**1,003**	800
(c)	No. of complaints redressed during the year	**1,002**	801
(d)	No. of complaints pending at the end of the year*	**10**	9

* Out of 10 (Previous year: 9) pending complaints, there were 6 complaints (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, 2018	As at March 31, 2017
(a)	No. of complaints pending at the beginning of the year	**74**	49
(b)	No. of complaints received during the year	**4,003**	2,724
(c)	No. of complaints redressed during the year	**3,920**	2,699
(d)	No. of complaints pending at the end of the year	**157**	74

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

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

	Particulars	As at March 31, 2018	As at March 31, 2017
(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 (LoC) / Letters of Undertaking (LoU)**

The Bank has issued LoU to other banks. Outstanding LoU as on March 31, 2018 aggregate ` 105.88 crore (Previous year: ` 102.31 crore). In the Bank's assessment, no financial impact is likely to arise. The Bank has stopped issuing any fresh LoU in line with RBI guidelines dated March 13, 2018 in this regard.

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, 2018**	As at March 31, 2017
PSLC purchased during the year		
(i) PSLC – Agriculture	**311.00**	100.00
(ii) PSLC – SF/MF	**-**	-
(iii) PSLC – Micro Enterprises	**-**	-
(iv) PSLC – General	**-**	-
Total	**311.00**	100.00
PSLC sold during the year		
(i) PSLC – Agriculture	**-**	-
(ii) PSLC – SF/MF	**-**	-
(iii) PSLC – Micro Enterprises	**1,952.00**	140.00
(iv) PSLC – General	**660.00**	900.00
Total	**2,612.00**	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, 2018**	As at March 31, 2017
(a)	Number of frauds reported during the year	**16**	11
(b)	Amount involved in fraud net of recoveries/ write-offs as at the end of the year	**1.37**	0.66
(c)	Provisions made during the year	**1.37**	0.66
(d)	Quantum of unamortised provision debited from 'other reserves' at the end of the year	**NIL**	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, 2018 (Previous year: NIL).

13.2 Corporate Social Responsibility (CSR)

The Bank was required to spend ` 4.91 crore (Previous year: ` 2.87 crore) during the financial year 2017-18 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent an amount of ` 1.77 crore (Previous year: ` 0.98 crore) in respect of CSR activities across the country. CSR projects and activities focused on water and protection of water sources; recycling; waste management; renewable energy and waste-to-energy. The activities namely were: installation of waterless urinals to stop wastage of water and reduce pollution of water; roof top rain water harvesting and installation of non electric bio-sand water filters in village schools in water starved regions; watershed development including water audit, tree plantation, desilting of village tanks and wells, creating percolation tanks, trenches and ponds in drought prone water starved villages; extensive tree plantation in the buffer zones of wildlife sanctuaries for climate change mitigation and improving the micro-climate; waste-to-energy bio methanisation to use organic waste in a manner to stop methane emission in to the atmosphere; usage of renewable energy by installing solar panels for use by remotely located tribal village communities where electricity grid supply was not forthcoming. Moreover, DCB Bank CSR volunteers have worked on CSR projects that range from undertaking local lake cleanup, locality based waste management, natural habitat restoration and in the creation of nature parks. Tree plantation, tree count, propagation of fruit bearing trees in tribal villages to enhance long-term income earning capability were undertaken by employees. DCB Bank has also contributed 'man-days' for the projects worked on by its employees.

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 FY 2017-18 towards CSR are as under:

(` in crore)

Particulars	In cash	Yet to be paid in cash (i.e. provision)	Total
1) Construction/acquisition of any assets	-	-	-
2) For purposes other than (1) above:	1.77	-	1.77

The details of amount spent during FY 2016-17 towards CSR are as under:

(` in crore)

Particulars	In cash	Yet to be paid in cash (i.e. provision)	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 reportees.
- 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 ensures 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 is 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, 2018	As at March 31, 2017
(a)	Number of meetings held by the Nomination and Remuneration Committee during the financial year	**5**	4
(b)	Remuneration paid to the members of the Nomination and Remuneration Committee	**0.04**	0.03
(c)	Number of employees having received a variable remuneration award during the financial year (as per compensation policy)	**7**	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	**NIL**	Cash 0.005
(h)	Total amount of deferred remuneration paid out in the financial year	**0.005**	0.005
(i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred[1,2]	**Fixed- 10.66** **Variable- 3.95**	Fixed- 5.38 Variable- 1.58
(j)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustment	**NIL**	0.005
(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 ` 0.76 crore (Previous year: ` 0.80 crore) was paid as sitting fees to the Non-Executive Directors during the year.

13.5 **Proposed Dividend**

The Board of Directors have recommended a dividend of ` 0.75 per share (7.50%) for the year ended March 31, 2018 subject to approval of the shareholders in the ensuing Annual General Meeting.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted proposed dividend (including tax) as a liability for the year ended March 31, 2018. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio at March 31, 2018.

Dividend paid during the year, represents dividend (` 0.50 per equity share) for the year ended March 31, 2017 paid pursuant to approval of shareholders at Annual General Meeting held on June 01, 2017.

14 INCOME FROM BANCASSURANCE BUSINESS

(` in crore)

Sr. No.	Nature of Income	March 31, 2018	March 31, 2017
1.	For selling life insurance policies	**16.69**	10.90
2.	For selling non-life insurance policies	**9.64**	5.97
3.	For selling mutual fund products	**3.99**	2.72
4.	Others	**-**	-
	Total	**30.32**	19.59

15 DRAW DOWN FROM RESERVES

The Bank has drawn down ` 2.91 crore from Investment Reserve Account towards depreciation on investment in AFS and HFT categories in terms of RBI guidelines during the financial year 2017-18 (Previous year: NIL).

16 Net overnight open position outstanding as on March 31, 2018 was ` 0.80 crore (Previous year: ` (5.50) 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 Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

20 These are the notes appended to and forming part of the financial statements for the year ended March 31, 2018.

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 : Bengaluru
Date : April 14, 2018

For and on behalf of the Board of Directors

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Imran Contractor
Director

Bharat Sampat
Chief Financial Officer

Rubi Chaturvedi
Company Secretary

Place : Bengaluru
Date : April 14, 2018

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, 2018, 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 1 (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 1 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 1 capital. In terms of the RBI guidelines dated March 27, 2014 the implementation of CCB is effective from March 31, 2016 in four stages of increase by 0.625% every year. 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 billion comprising 500,000,000 equity shares of ` 10/- each. As on March 31, 2018 the Bank has issued subscribed and paid-up capital of ` 3.08 billion, constituting 308,084,883 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

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, 2018 the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible Bonds) aggregating ` 6,866 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, 2018
31 March 2016	10.25%	121	866.0
18 November 2016	9.85%	120	1,500.0
17 November 2017	9.85%	120	3,000.0
12 January 2018	9.85%	120	1,500.0
Total			**6,866.0**

Composition of Capital – Tier I and Tier II

(` million)

Particulars		As on March 31, 2018
1.	**Tier I capital**	
1.1	Paid-up share capital	3,080.9
1.2	Reserves	23,320.8
1.3	Gross Tier I capital (1.1 + 1.2)	26,401.7
1.4	Deductions	-
1.5	**Total Tier I capital (1.3 - 1.4)**	**26,401.7**
2.	**Tier II capital**	
2.1	Subordinated Debt (Lower Tier II bonds)	6,866.0
2.2	General Provisions/IRA and Revaluation Reserves	917.1
2.3	Gross Tier II capital (2.1 + 2.2)	7,783.1
2.4	Deductions	-
2.5	**Total Tier II capital (2.3 - 2.4)**	**7,783.1**
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	6,866.0
4.2	Of which amount raised during the current year	4,500.0
4.3	Amount eligible to be reckoned as capital funds	6,866.0
5.	**Other deductions from capital**	
5.1	Other deductions from capital	-
6.	**Total eligible capital**	
6.1	**Total eligible capital (1.5 + 2.5)**	**34,184.8**

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, 2018. 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 16.47% as on March 31, 2018 (as against minimum regulatory requirement of 10.875% as on March 31, 2018). The Tier I CRAR stands at 12.72% 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, 2018
1. Capital requirement for Credit Risk	**16,379.4**
• Portfolio subject to Standardised Approach	16,118.9
• Securitization Exposures	260.5
2. Capital requirement for Market Risk	**766.7**
• Standardised Duration Approach	
o Interest Rate Risk	593.2
o Foreign Exchange Risk (Including gold)	54.0
o Equity Risk	119.5
3. Capital requirement for Operational Risk	**1,278.2**
• Basic Indicator Approach	1,278.2
Total capital requirements at 9% (1 + 2 + 3)	**18,424.3**
Total capital	**34,184.8**
CRAR %	**16.47 %**
Tier-I CRAR %	**12.72 %**

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:

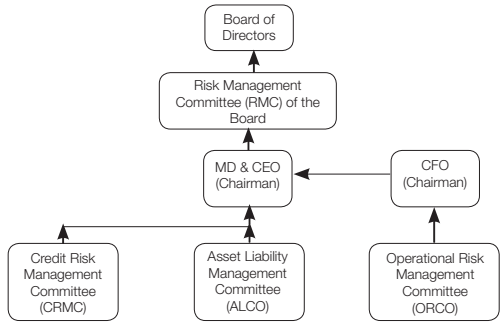
The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits, etc. 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 is a part of Operational Risk – IT and reports to the Chief Risk Officer, who in turn reports to the MD & CEO.

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 July 1, 2015).

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 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, 2018:

(` million)

Category	Exposure
Fund based [1]	2,29,215.9
Non fund based [2]	19,375.5
Total	**2,48,591.4**

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 fully disbursed term loans and NPAs, the outstanding amount has been included as exposure.

5(c) Geographical distribution of exposures as on March 31, 2018:

(` million)

Category	Domestic	Overseas
Fund based	2,29,215.9	-
Non fund based	19,375.5	-
Total	**2,48,591.4**	**-**

5(d) Industry type distribution of exposures as on March 31, 2018:

(` million)

Industry	Fund Based	Non fund Based
Agriculture	20,200.5	53.7
All Engineering	6,379.4	2,119.0
Basic Metal & Metal Products	4,037.3	813.2
Beverages (Excl. Tea & Coffee) and Tobacco	286.1	-
Capital Market (including Brokers)	124.6	3,275.0
Capital Market loans to Individual	29.1	0.6
Cement & Cement Products	523.8	24.0
Chemical & Chemical Products	3,043.2	501.9
Construction	18,339.8	3,429.1
Finance (Others)	762.8	418.6
Food Processing	5,164.1	751.8
Gems & Jewellery	2,479.4	396.0
Glass & Glassware	108.4	0.2
Infrastructure (Including Energy, Telecommunications, Water & Sanitation and Social & Commercial Infra)	1,585.0	858.8
IT & related	1,502.2	92.3
Leather & Leather Products	319.6	4.7
Logistics (includes Commercial Vehicle loans)	18,074.8	862.9
Mining & Quarrying	216.5	-
Miscellaneous Services	16,740.8	770.0
NBFC	17,455.4	295.5
Other Manufacturing	1,552.3	68.6
Paper & Paper Products	1,099.7	322.4
Petroleum, Coal Products & Nuclear fuels	294.5	202.1
Real Estate Activities	4,275.9	267.3
Renting of equipments	838.3	54.3
Rubber, Plastic & their Products	1,413.0	213.3
Textiles	6,711.7	106.7
Trade (Retail + Wholesale)	57,153.1	1,593.8
Travels & Tourism	3,197.9	469.9
Vehicles, Vehicle Parts & Transport Equipments	1,121.2	13.9
Wood & Wood Products	951.8	1.0
Residual	323.4	1,362.6
Retail Loans	32,910.1	32.1
Housing Loans	26,005.3	
Auto Loans	655.6	-
Personal Loan	412.5	-
Other Loans (Gold Loans, Loans against deposits, etc.)	5,371.9	32.1
Staff Loans	464.8	-
Grand Total	**2,29,215.9**	**19,375.5**

5 (e) Residual contractual maturity breakdown of assets as on March 31, 2018

(` million)

Assets	Next Day	2-7 Days	8-14 Days	15-30 Days	31 Days to 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	2,397.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,397.7
Balance with RBI	998.2	221.8	250.2	242.6	471.0	468.5	828.4	1,346.4	3,458.0	586.7	94.4	8,966.2
Balances with Other Banks	346.6	11,871.9	0.0	0.0	0.0	0.0	0.0	1.4	135.9	0.0	0.1	12,355.9
Investments	0.0	9.8	1,116.5	1,026.7	1,726.2	1,173.1	4,367.0	4,947.8	10,363.7	10,106.3	27,352.6	62,189.6
Advances (Excl NPA provn)	498.6	2,754.3	2,351.5	1,425.1	5,740.4	4,347.1	7,707.2	15,188.8	79,752.3	23,088.3	60,513.2	203,366.9
Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,940.2	4,940.2
Other Assets (net)	146.7	211.5	60.0	465.0	673.7	208.8	159.1	92.4	2,197.4	1,422.0	2,367.8	8,004.4
Total	**4,387.8**	**15,069.4**	**3,778.3**	**3,159.4**	**8,611.3**	**6,197.4**	**13,061.7**	**21,576.7**	**95,907.2**	**35,203.3**	**95,268.4**	**302,220.9**

5 (f) Advances and Provisions:

(` million)

Particulars		As on March 31, 2018
(a)	**Amount of NPAs (Gross)**	**3,690.3**
	i. Substandard	1,899.6
	ii. Doubtful 1	931.4
	iii. Doubtful 2	672.6
	iv. Doubtful 3	178.4
	v. Loss	8.3
(b)	**Net NPAs**	**1,467.2**
(c)	**NPA Ratios**	
	i. Gross NPAs to gross advances (%)	1.79 %
	ii. Net NPAs to Net Advances (%)	0.72 %
(d)	**Movement of NPAs(Gross)**	
	i. Opening balance (as on March 31, 2017)	2,542.0
	ii. Additions during the year	3,489.1
	iii. Reductions during the year	2,340.8
	iv. Closing balance	3,690.3
(e)	**Movement of provisions for NPAs (excluding provision on Standard Assets)**	
	i. Opening balance (as on March 31, 2017)	1,270.3
	ii. Provision made during the year	1,728.8
	iii. Write-off / write-back of excess provisions	782.7
	iv. Closing balance	2,216.4
(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, 2017)	41.2
	ii. Add: Provision made during the year	150.6
	iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilised on the sale of securities)	89.5
	iv. Closing balance	102.3

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. CARE Ratings Limited

c. CRISIL Limited

d. ICRA Limited

e. India Ratings and Research Private Limited (India Ratings) and

f. SME Rating Agency of India Limited (SMERA)

g. Infomerics Valuation and Rating Private Limited

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.

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, 2018 are as follows:

(` million)

Particulars	Fund based	Non fund based
Below 100% risk weight	1,40,670.9	5,718.5
100% risk weight	75,745.9	9,887.8
More than 100% risk weight	12,799.1	3,769.2
Total	**2,29,215.9**	**19,375.5**

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, Kisan Vikas Patra, 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. Kisan Vikas Patra 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 recognized 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, 2018
Total exposure covered by eligible financial collateral after application of applicable haircuts	16,389.3
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.

The Bank has made investments in securitized assets by way of Pass Through Certificates, aggregating to `11,316 million in FY 2017-18, the outstanding of this as on March 31, 2018 was `8,907.1 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, 2018.

(` million)

Financial Year	Original Investment	Outstanding at March 31, 2018
2016-17	16,109.4	2,683.2
2017-18	11,316.0	8,907.1
Total	**27,425.4**	**11,590.3**

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, 2018
• Interest Rate Risk	593.2
• Foreign Exchange Risk (Including gold)	54.0
• Equity Risk	119.5
Capital requirement for Market Risk	**766.7**

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, 2018 is ` 1,278.2 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	(379.1)	(189.5)	189.5	379.1
USD	(3.5)	(1.8)	1.8	3.5
JPY	0.0	0.0	0.0	0.0
GBP	0.6	0.3	(0.3)	(0.6)
EUR	(2.2)	(1.1)	1.1	2.2
Total	**(384.2)**	**(192.1)**	**192.1**	**384.2**

ii) Impact on economic value of equity:

(` million)

Currency	Changes in interest rates (in bps)			
	(100)	(50)	50	100
INR	1,792.0	896.0	(896.0)	(1,792.0)

* 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, 2018

(` million)

	Notional Amount	Gross positive fair value of contracts	Potential future exposure	Total credit exposure
Forward contracts	41,647.5	126.4	833.0	959.4

DF-11: Composition of Capital

(` million)

	Common Equity Tier 1 capital: instruments and reserves		Ref No
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	16,588.85	A=a1+a2
2	Retained earnings	3,988.49	B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	5,824.36	C=c1+c2+c3+c4-c5+c6
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	26,401.70	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	-	
10	Deferred tax assets	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
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)	-	
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)	-	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
26d	of which: Unamortised pension funds expenditures	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common equity Tier 1**	-	
29	**Common Equity Tier 1 capital (CET1)**	26,401.70	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
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)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 capital before regulatory adjustments**	-	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
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)	-	
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)	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	

42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	-	
44	**Additional Tier 1 capital (AT1)**	-	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	26,401.70	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	6,866.00	d
47	Directly issued capital instruments subject to phase out from Tier 2	-	
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)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	917.14	E=e1+e2
51	**Tier 2 capital before regulatory adjustments**	7,783.14	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
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)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	7,783.14	
59	**Total capital (TC = T1 + T2) (45 + 58)**	34,184.84	
60	**Total risk weighted assets (60a + 60b + 60c)**	207,553.90	
60a	of which: total credit risk weighted assets	181,993.10	
60b	of which: total market risk weighted assets	9,583.60	
60c	of which: total operational risk weighted assets	15,977.20	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.72%	
62	Tier 1 (as a percentage of risk weighted assets)	12.72%	
63	Total capital (as a percentage of risk weighted assets)	16.47%	
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)	7.38%	
65	of which: capital conservation buffer requirement	1.88%	
66	of which: bank specific countercyclical buffer requirement	-	
67	of which: G-SIB buffer requirement	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.35%	
	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	-	
73	Significant investments in the common stock of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	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)	917.14	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,274.91	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	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	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes to the Template		
Row No. of the template	**Particular**	(` in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	917.14
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	917.14

Table DF-12: Composition of Capital- Reconciliation Requirements

Step 1

(` in million)

		"Balance sheet as in financial statements As on Mar. 31, 2018"	"Balance sheet under regulatory scope of consolidation As on Mar. 31, 2018"
A	**Capital & Liabilities**		
i	Paid-up Capital	3,080.85	
	Reserves & Surplus	24,983.38	
	Minority Interest	-	
	Employee Stock Options Outstanding	14.09	
	Total Capital	**28,078.32**	
ii	Deposits	**240,068.63**	
	of which: Deposits from banks	51,347.40	
	of which: Customer deposits	188,721.23	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	**19,267.10**	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	12,401.10	
	of which: Others (pl. specify) Borrowings from outside India	-	
	of which: Capital instruments	6,866.00	
iv	Other liabilities & provisions	14,806.87	
	Total	**302,220.92**	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**11,363.90**	
	Balance with banks and money at call and short notice	**12,355.95**	
ii	Investments:	**62,189.57**	
	of which: Government securities	49,090.42	
	of which: Other approved securities	-	
	of which: Shares	200.64	
	of which: Debentures & Bonds	447.78	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds, Certificate of Deposits, PTCs etc.)	12,450.73	
iii	Loans and advances	**203,366.88**	
	of which: Loans and advances to banks	148.33	
	of which: Loans and advances to customers	203,218.55	
iv	Fixed assets	**4,940.18**	
v	Other assets	**8,004.44**	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets (Net)	781.08	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**302,220.92**	

Step 2

(` in million)

		"Balance sheet as in financial statements As on Mar. 31, 2018"	"Balance sheet under regulatory scope of consolidation As on Mar. 31, 2018"	Ref No.
A	**Capital & Liabilities**			
i	**Paid-up Capital**	**3,080.85**		a1
	Reserves & Surplus	**24,983.38**		
	of which:			
	Share Premium	13,508.00		a2
	Balance in Profit & Loss account	4,267.05		b1
	of which:			
	Unallocated Surplus	1,813.63		
	Current period profits not reckoned for Capital Adequacy	278.56		b2
	Statutory Reserve	3,824.89		c1
	Capital Reserve	435.17		c2
	Special Reserve	423.25		c3
	Revaluation Reserve	2,504.36		c4
	of which			
	Not reckoned for Capital Adequacy purposes	1,377.40		c5
	Investment Reserve	20.66		e1
	Employee Stock Options Outstanding	14.09		c6
	Minority Interest	-		
	Total Capital	**28,078.32**		
ii	**Deposits**	**240,068.63**		
	of which: Deposits from banks	51,347.40		
	of which: Customer deposits	188,721.23		
	of which: Other deposits (pl. specify)	-		
iii	**Borrowings**	**19,267.10**		
	of which: From RBI	-		
	of which: From banks	-		
	of which: From other institutions & agencies	12,401.10		
	of which: Others (pl. specify) Borrowings from outside India	-		
	of which: Capital instruments	6,866.00		d
iv	**Other liabilities & provisions**	**14,806.87**		
	of which: Provision for Standard Assets	896.49		e2
	of which: DTLs related to goodwill	-		
	of which: DTLs related to intangible assets	-		
	Total	**302,220.92**		

		"Balance sheet as in financial statements As on Mar. 31, 2018"	"Balance sheet under regulatory scope of consolidation As on Mar. 31, 2018"	Ref No.
B	**Assets**			
i	Cash and balances with Reserve Bank of India	**11,363.90**		
	Balance with banks and money at call and short notice	**12,355.95**		
ii	**Investments**	**62,189.57**		
	of which: Government securities	49,090.42		
	of which: Other approved securities	-		
	of which: Shares	200.64		
	of which: Debentures & Bonds	447.78		
	of which: Subsidiaries / Joint Ventures / Associates	-		
	of which: Others (Commercial Papers, Mutual Funds, Certificate of Deposits, PTC etc.)	12,450.73		
iii	**Loans and advances**	**203,366.88**		
	of which: Loans and advances to banks	148.33		
	of which: Loans and advances to customers	203,218.55		
iv	**Fixed assets**	**4,940.18**		
v	**Other assets**	**8,004.44**		
	of which: Goodwill and intangible assets Out of which:	-		
	Goodwill	-		
	Other intangibles (excluding MSRs)	-		
	Deferred tax assets (Net)	781.08		
vi	**Goodwill on consolidation**	**-**		
vii	**Debit balance in Profit & Loss account**	**-**		
	Total Assets	**302,220.92**		

Step 3

(` in 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	16,588.85	A=a1+a2
2	Retained earnings	3,988.49	B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	5,824.36	C=c1+c2+c3+c4-c5+c6
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	**26,401.70**	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	

Main Features of Regulatory Capital Instruments

Sr. No.	Particulars	Equity Shares	Sub-Ordinated Debt	Sub-Ordinated Debt	Sub-Ordinated Debt	Sub-Ordinated Debt
1	Issuer	DCB BANK LIMITED	DCB BANK LIMITED	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	INE503A08036	INE503A08044
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law	Indian Law	Indian Law
	Regulatory treatment					
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type	Common Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (` in million, as of most recent reporting date)	` 3,081 Million	` 866 Million	` 1,500 Million	` 3,000 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	` 3,000 Million and each debenture of ` 0.1 Million	` 1,500 Million and each debenture of ` 0.1 Million
10	Accounting classification	Shareholder's Equity	Liability	Liability	Liability	Liability
11	Original date of issuance	Various*	31.03.2016	18.11.2016	17.11.2017	12.01.2018
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated
13	Original maturity date	No Maturity	30.04.2026	18.11.2026	17.11.2027	12.01.2028
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	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.	Call option exercisable only if the instrument has run for five years; First call date is 18.11.2022; 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 13.01.2023; 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.	Any date after 18.11.2022, with the prior approval of RBI.	Any date after 13.01.2023, with the prior approval of RBI.
	Coupons / dividends					
17	Fixed or floating dividend/ coupon	NA	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	NA	10.25% per annum	9.85% per annum	9.85% per annum	9.85% per annum
19	Existence of a dividend stopper	NA	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No

22	Noncumulative or cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA
30	Write-down feature	No	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	NA	PONV Trigger	PONV Trigger	PONV Trigger	PONV Trigger
32	If write-down, full or partial	NA	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	NA	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	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"	"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	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA	NA

* Date of allotment of equity shares are aviable on the Bank's website at following link: http://www.dcbbank.com/pdfs/DCB_Capital_Structure_of_the_Bank_as_on_31st_March_2018.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	**(` Million)**
1	Total consolidated assets as per published financial statements	290,720.92
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	959.36
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	11,500.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	21,098.94
7	Other adjustments	
8	**Leverage ratio exposure**	**324,279.22**

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)	290,720.92
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	290,720.92
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	126.41
5	Add-on amounts for PFE associated with all derivatives transactions	832.95
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	959.36
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	11,500.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	11,500.00
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	47,985.09
18	(Adjustments for conversion to credit equivalent amounts)	26,886.15
19	**Off-balance sheet items (sum of lines 17 and 18)**	21,098.94
	Capital and total exposures	
20	**Tier 1 capital**	26,401.70
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	324,279.22
	Leverage ratio	
22	**Basel III leverage ratio (per cent)**	**8.14%**

Notes

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), holding _____ 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 third Annual General Meeting of the company, to be held on Saturday, June 2, 2018, 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 financial statements for the financial year ended March 31, 2018 together with the Reports of the Auditors and Directors thereon.
2 Declaration of dividend on Equity Shares
3. Re-appointment of Mr. Shaffiq Dharamshi, who retires by rotation and being eligible offers himself for re-appointment
4 Ratification of the appointment of Statutory Auditors
5 Appointment of Mr. Jamal Pradhan as a non-executive Director liable to retire by rotation
6 Appointment of Mr. Iqbal Khan as a non-executive Director liable to retire by rotation
7 Appointment of Mr. Ashok Barat as Independent Director
8 Re-appointment of Mr. Nasser Munjee as the Non-Executive (Part-time) Chairman of the Bank and payment of Honorarium to him
9 Re-appointment of Mr. Murali M. Natrajan as Managing Director & CEO
10 Raising of Funds by issue of bonds/ debentures/ securities on Private Placement basis
11 Increase in Borrowing Powers
12 Amendments in the Object Clause of the Memorandum of Association of the Bank

Affix Revenue Stamp

Signed this _____ day of _____ 2018.

Signature of shareholder _____ Signature of Proxy holder(s) _____

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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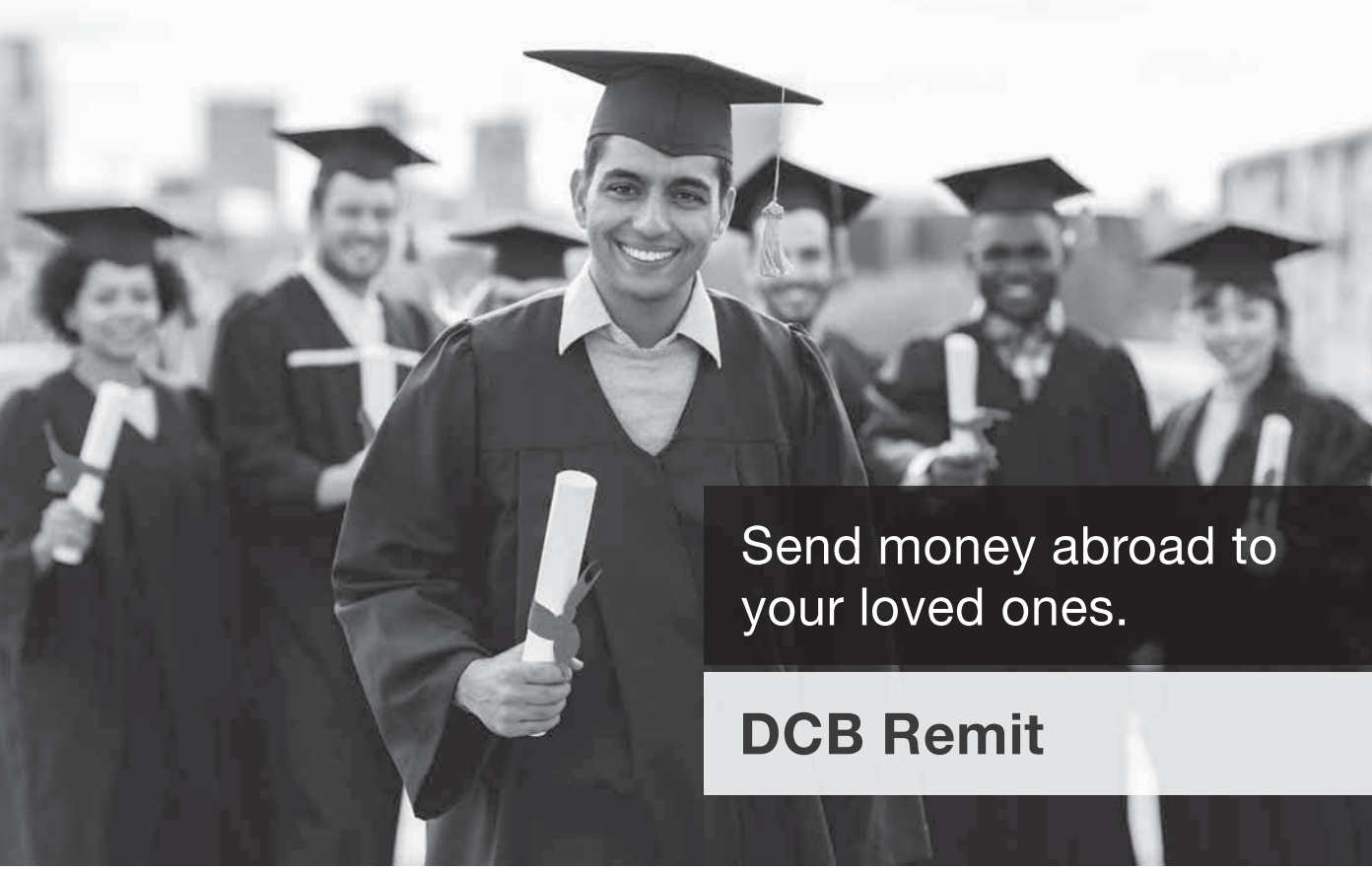
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DCB Bank Limited

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 and as amended and forming part of the Directors' Report for the year ended March 31, 2018.

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	Exeperience Years	Remuneration Rs.	Last Employment
1	2119	VENKATTESH R	15-Dec-2005	HEAD OPERATIONS TECHNOLOGY AND HR	B. Com., PGDPM (MBA)	50	27	2,16,14,250	STANDARD CHARTERED BANK LTD.
2	4296	PRAVEEN ACHUTHAN KUTTY	30-Jul-2007	HEAD RETAIL N SME BANKING	B.Com., MBA	51	27	2,45,01,606	CITI BANK
3	5857	ABHIJIT BOSE	16-Jun-2008	CHIEF CREDIT OFFICER	B.Com, CA (Inter)	54	26	1,28,45,220	STANDARD CHARTERED BANK LTD.
4	6095	BHARAT LAXMIDAS SAMPAT	11-Sep-2008	CHIEF FINANCIAL OFFICER	B.Com., LLB, ACA, AICWA, ACS	57	32	2,01,54,857	ABN AMRO BANK
5	7712	MURALI M NATRAJAN	29-Apr-2009	MANAGING DIRECTOR & CEO	B. Com., CA	56	33	6,12,74,637	STANDARD CHARTERED BANK LTD.
6	8914	JAYARAMAN VISHWANATH	07-Jul-2010	HEAD CORPORATE BANKING	B.E., PGDM (Finance & Marketing)	50	25	1,51,59,659	FULLERTON INDIA CREDIT CO. LTD
7	14970	RAJESH CHANDRA VERMA	27-May-2009	HEAD TREASURY CORRESP BNKG N TRADE FIN	M.Sc. (Chemistry), ACIB, CAIIB, CISA	63	38	1,39,24,996	STATE BANK OF INDIA
8	8131	SRIDHAR SESHADRI	12-Nov-2009	CHIEF RISK OFFICER	M.Com, CAIIB	56	36	1,06,51,461	ICICI BANK LTD.

Employed for part of the 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 salary ,Allowance, Medical, Leave Travel Assistance, Arrears of Salary, Bonus, Ex-Gratia, Bank's contribution towards Provident Fund, and Monetary value of perquisites as per income tax rule excluding perquisites on ESOP.
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