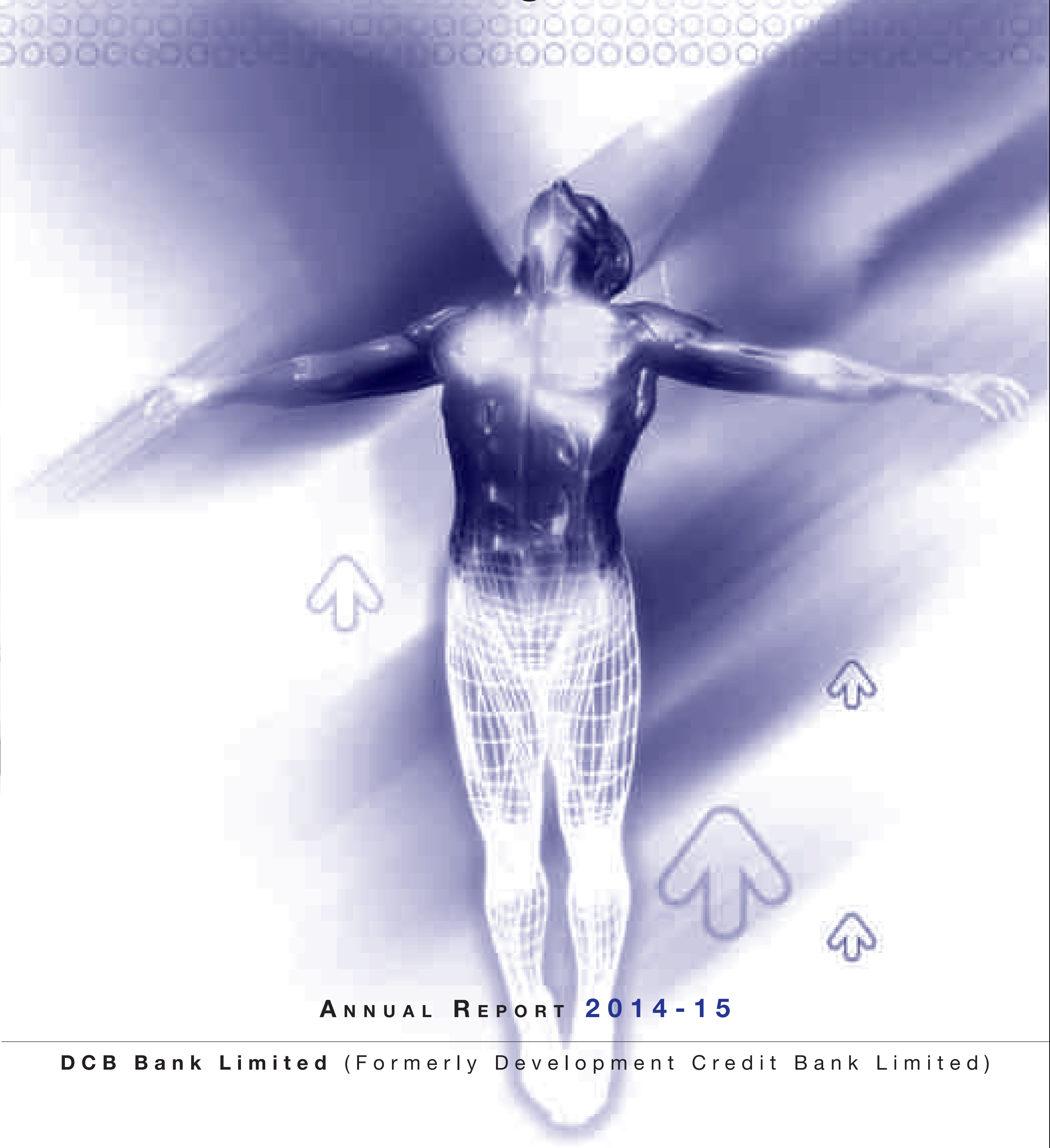
DCB BANK

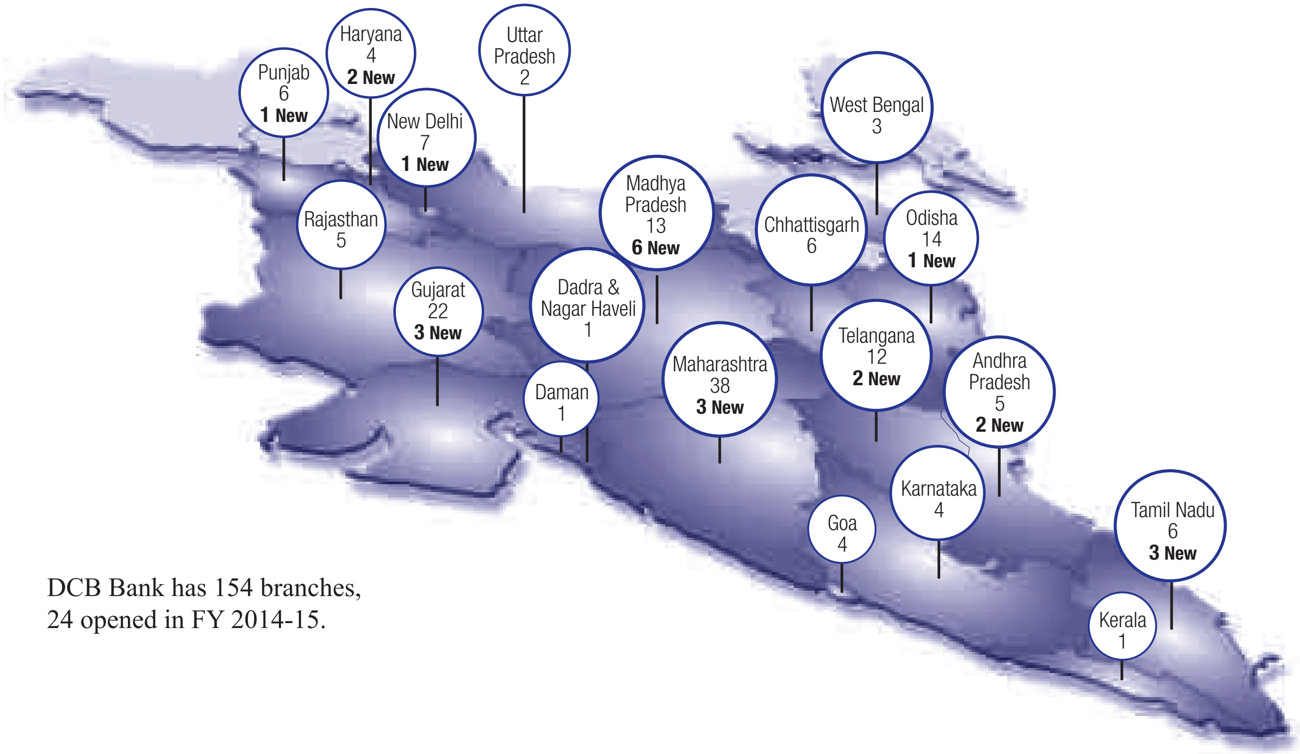
# Emergence



ANNUAL REPORT 2014-15

**DCB Bank Limited** (Formerly Development Credit Bank Limited)

# DCB Bank
# now has 154 branches across India




Map not to scale. Only for graphical representation.

## Contents

# DCB Bank Vision

*Our vision is to be the most innovative and responsive neighbourhood community 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*

## Emergence

The concept of emergence, at face value, would mean having arrived. It, however, in essence describes collective behaviour. It refers to how collective properties arise from the properties of the parts and how behaviour at a larger scale arises from the detailed structure, behaviour and relationships at a finer scale.

DCB Bank, over many years, has painstakingly concentrated on the parts, the finer scale of a complex structure and the relationships that these entail. The collective whole is a consequence of this effort and we can now see the impact that this effort, which was not at first visible, has made to the Bank. The effort continues, at the finer scale, to ensure that DCB Bank re- invents itself continuously for the benefit of all its stakeholders.

## COMPANY INFORMATION

### Board of Directors

Mr. Nasser Munjee
Chairman

Mr. Murali M. Natrajan
MD & CEO

Mr. Altaf Jiwani

Mr. Amin Manekia

Mr. Imran Contractor

Mr. Jamal Pradhan

Mr. Keki Elavia

Mr. Nalin Shah

Mr. C. Narasimhan

Ms. Rupa Devi Singh
*With effect from 22 January 2015*

Mr. Shaffiq Dharmshi
*With effect from 13 January 2015*

Mr. S. Sridhar

Mr. Suhail Nathani

Mr. Sukh Dev Nayyar
*Upto 13 January 2015*

### Senior Management Team

Mr. Abhijit Bose,
Head – Retail Assets & Strategic Alliances

Mr. Aditya Prasad,
Chief Compliance Officer

Mr. Ajay Mathur,
Head – Commercial Vehicles & Collections

Mr. Atal Agarwal,
Head – Corporate Banking & FIG

Mr. Bharat Sampat,
Chief Financial Officer

Mr. Damodar Agarwal,
Head – Alternate Channels & Retail Securitisation

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

Ms. Hamsaz Vasunia,
Head – Human Resources

Mr. J. K. Vishwanath,
Chief Credit Officer

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

Mr. Krishna Ramasankaran,
Head – Credit (Retail Assets)

Mr. Manoj Joshi,
Business Head – Trade Finance

Mr. Narendranath Mishra,
Head – AIB (Agri & Inclusive Banking)

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

Mr. Pankaj Sood,
Head – Retail Liabilities, TCB & Third Party Distribution

Mr. Praveen Kutty,
Head – Retail & SME Banking

Mr. R. Venkattesh,
Head – HR, Technology & Operations

Mr. Rajesh Verma,
Head – Treasury, Trade Finance & Cash Management

Mr. Ravi Kumar,
Chief Operating Officer

Mr. Sameer Jaini,
Chief Technology Officer

Mr. Sridhar Seshadri,
Financial Controller

Mr. Sukesh Bhowal,
Head – Mortgages & Loan Against Gold

Ms. T. Anuradha,
Chief Internal Auditor

### Company Secretary

H. V. Barve

### Statutory Auditors

B S R & Co. LLP
Chartered Accountants, Mumbai
(Registration No.101248W/W-100022)

### Registered Office

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

## CHAIRMAN'S STATEMENT 2014 - 15

There comes a time in the life of an institution undergoing transformation, when it emerges from the problems that beset it in the past. This is such a time for DCB Bank. In recognition of this the Bank decided to rebrand ourselves simply as DCB Bank around two years ago. It has taken almost a decade of hard transformative work to emerge as DCB Bank as it is today. A large part of the credit must go to those who made it possible; The Board of Directors who set the objectives and operational imperatives, the CEO (who joined us in 2009) and his management team that created an appropriate strategy and executed it with sensitivity and precision, the employees of DCB who have worked extraordinarily hard in each and every aspect of the Bank. In their own small way, each unit of the Bank has strived for excellence and continuous improvement. This has helped to grow the Bank and deliver consistent, predictable and quality results.

I would also like to sincerely thank our shareholders for their support and regulators for their guidance.

What does all this amount to? DCB Bank is the first bank in the country to announce annual results – within a fortnight of March 31, 2015. This demonstrates transparency and helps to further build our credibility with our stakeholders. Over time we have created a strong finance function that is assuring the board and assisting the management team with timely and accurate information that is so critical for managing a bank.

Through sheer hard-work, innovation and management support, the Human Resources unit has created a unique spirit, what we like to call DCBian. This has helped to keep the organisation together as one team almost like a big family, each contributing to the growth and progress of the Bank. Strong teamwork, passion for excellence, integrity and an ability to drive performance has helped the Bank transform itself. There has been a lot of stability at the middle and senior levels. I have never underestimated "culture" in an organisation. It is the glue that keeps an organisation together, working harmoniously and, therefore, effectively. An organisation cannot aspire to be customer centric until it has mastered the art of culture building, developed a measure of pride and ownership by employees who are ever ready to go the extra mile.

DCB Bank FY 2015 performance is reported in detail in the later pages. We began the transformation process around ten years ago. Since 2009, the Bank has grown steadily and consistently quarter by quarter. We have reached a Balance Sheet size of ₹ 16,132 crores. Our Advances have crossed ₹ 10,000 crores mark in FY 2015. The focus of DCB Bank has largely been on Retail, MSME and SME for both Deposits and Advances. The Bank has created a diversified portfolio in order to ensure sustainable, predictable and quality performance. This is reflected in our stable Gross and Net NPAs.

Given the current economic conditions, the Bank has been cautious and careful in increasing the portfolio size in MSME, SME and mid/large Corporates. Even though I tend to be overly optimistic by my nature, I have been a realist with regard Indian economy. There are many internal and external challenges which are affecting the pace of economic growth. Wherever possible, in the last few years, the Bank has tried to de-risk large exposures in order to maintain quality of the overall portfolio. I am confident that the Indian economy will turn around soon which will present us with more opportunities in MSME, SME and mid/large Corporates.

DCB Bank has adopted a calibrated approach to branch network expansion. Three years ago our network was hovering around 80 odd branches. DCB Bank now has 154 branches and is present in 94 locations. This is steadily increasing. Our philosophy, as always, has been to ensure that we serve the neighbourhood we are in and become the chosen bank for customers in that location. I am happy to report, despite the presence of many banks, we have been able to grow our business. Our presence is taken seriously by competition. We have also created a successful model of branch expansion into unbanked areas which is helping us to deliver on Priority Sector Lending targets.

Given this progress, we decided to adopt "Emergence" as the theme of this year's annual report. Emergence is a process which is completed after some time period. In many parameters, DCB Bank is experiencing an emergence putting it on a path to steady growth, diversification and technological innovation. Scale matters. We are now approaching a scale of operations when our investments in our operations can be spread and experienced by a greater number of customers. We are confident the process will continue and that, at each stage, DCB Bank will continue to internalise its learnings so that we emerge as a highly respected bank in the Indian banking system in the years to come.

**Nasser Munjee**
Chairman April 14, 2015

# NOTICE TO MEMBERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of DCB BANK LIMITED (FORMERLY DEVELOPMENT CREDIT BANK LIMITED) ("the Bank") will be held at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 on Monday, June 1, 2015 at 2.30 p.m. to transact the following:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015 and the Audited Profit and Loss Account of the Bank for the financial year ended on that date and the Reports of the Directors and Auditors thereon.

2. To ratify the appointment of the Statutory Auditors of the Bank

**Special Business:**

**3. To re-appoint Mr. Nasser Munjee (DIN-00010180) as a Director of the Bank liable to retire by rotation.**

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 160 of the Companies Act, 2013, Mr. Nasser Munjee (DIN-00010180) be and is hereby appointed as a Director of the Bank with effect from August 19, 2014 liable to retire by rotation."

**4. Honorarium to Mr. Nasser Munjee – Part time Chairman of the Bank**

To consider and if thought fit to pass with or without modification(s), the following resolution as an 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, if any, and the approval accorded by the Reserve Bank of India, the Members of the Bank do hereby take on record the approval accorded by the Reserve Bank of India for re-appointment of Mr. Nasser Munjee (DIN-00010180) as Non Executive Part-time Chairman of the Bank with effect from August 19, 2014 for a period of three (3) Years including the terms of his appointment and approve the payment of honorarium of ₹18.00 Lakh per annum plus reimbursement of actual business related expenses and club membership to Mr. Nasser Munjee in terms of the Reserve Bank of India's approval.

RESOLVED FURTHER THAT the Board (including any duly constituted committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things and to execute any agreements, documents or give instructions as may be required to give effect to this resolution."

**5. Ratification of the remuneration paid to Mr. Murali M. Natrajan (DIN-00061194) for FY 2014-15 and Re-Appointment of Mr. Murali M Natrajan as MD & CEO of the Bank with effect from April 29, 2015.**

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable rules, if any, applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the approval accorded by the Reserve Bank of India, approval of the Members be and is hereby accorded for revision in remuneration to Mr. Murali M. Natrajan, Managing Director & CEO, w.e.f. April 1, 2014 as per the terms mentioned in the explanatory statement forming part of the Notice convening the Meeting.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 203 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, Section 10A 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 the approval accorded by the Reserve Bank of India, the Members of the Bank do hereby approve the re-appointment of Mr. Murali M. Natrajan (DIN-00061194) as the Managing Director & CEO of the Bank with effect from April 29, 2015 for a period of three years up to April 28, 2018 on the remuneration and other terms as mentioned in the above.

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 other applicable rules, if any, 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 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 increase in remuneration payable to Mr. Murali M. Natrajan, Managing Director & CEO of the Bank, during his tenure from April 29, 2015 to April 28, 2018 up to 15% per annum.

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."

**6. Appointment of Mr. Shaffiq Dharamshi (DIN-06925633) as a Director of the Bank liable to retire by rotation**

To consider and if thought fit, to pass with or without modification(s),the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Shaffiq Dharamshi (DIN-06925633), be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

**7. Appointment of Ms. Rupa Devi Singh (DIN-02191943) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s),the following resolution as an Ordinary Resolution:

"RESOLVED THAT Ms. Rupa Devi Singh (DIN-02191943) be and is hereby appointed as an Independent Director of the Bank pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, from January 22, 2015 for a period of up to 5 years."

Place: Chennai
Date: April 14, 2015

By Order of the Board of Directors
DCB Bank Limited (Formerly Development Credit Bank Limited)

CIN:L99999MH1995PLC089008
Registered Office:
Peninsula Business Park,
6th floor, 601 & 602, Tower A,
Senapati Bapat Marg,
Lower Parel, Mumbai 400 013.
Website: www.dcbbank.com
e-mail: investorgrievance@dcbbank.com

**H. V. Barve**
Company Secretary

NOTES:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE BANK. A person shall not act as Proxy for more than Fifty (50) members and holding in the aggregate not more than ten percent of the total share capital of the Bank carrying voting rights. A person holding more than 10 percent of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

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

3) MEMBER / PROXY SHOULD BRING THE ATTENDANCE SLIP SENT HEREWITH, DULY FILLED IN, FOR ATTENDING THE MEETING.

4) An Explanatory Statement required under Section 102(1) of the Companies Act, 2013 in respect of the businesses at item nos. 2 to 7 of the Notice is annexed hereto.

5) The Register of Members and Share Transfer Books of the Bank will remain closed from May 26, 2015 to June 1, 2015 (both days inclusive).

6) Members holding shares in physical form are requested to address all their correspondence including change of address, mandates etc. to the Registrar and Transfer Agents (RTA) viz. M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078, and Members holding shares in dematerialized form should approach their respective Depository Participants for the same.

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

8) The shareholders who are holding shares in demat form and have not yet registered their e-mail IDs, are requested to register their e-mail IDs with their Depository Participant at the earliest, to enable the Bank to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly provide their e-mail IDs to the RTA sending an e-mail at dcbbankgogreen@linkintime.co.in or to the Bank at investorgrievance@dcbbank.com .

   The Annual Report of the Bank and other documents proposed to be sent through e-mail would also be made available on the Bank's website as under:
   http://www.dcbbank.com/cms/showpage/page/about-us-key-financials

9) E-Voting:

   The Bank has provided 'remote e-voting' (e-voting from a place other than venue of the AGM) facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Bank to enable them to cast their votes electronically, on the resolutions mentioned in the notice of the 20th Annual General Meeting of the Bank, dated April 14, 2015 (the AGM Notice).

   The facility for voting, either through electronic voting system or through ballot / polling paper shall also be made available at the venue of the 20th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

   The Bank has appointed M/s S. N. Ananthasubramanian & Co., Practicing 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 May 25, 2015 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 i.e. May 25, 2015 only.

The instructions for shareholders voting electronically are as under:

(i) The remote e-voting period begins on May 29, 2015 at 10.00 a.m. (IST) and ends on May 31, 2015 at 05.00 p. m (IST). During this period shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. May 25, 2015 may cast their votes electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00p.m (IST) on May 31, 2015.

(ii) The shareholders should log on to the e-voting website: www.evotingindia.com.

(iii) Click on Shareholders.

(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 Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to 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. |
| **DOB #** | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. There are 2 fields provided viz. DOB and Dividend Bank Details. Any one detail may be entered. |
| **Dividend Bank Details #** | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. |
| | # Please enter the DOB or Dividend Bank Details in order to login. If 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). Dividend Bank Details means Bank account number which is recorded in the demat account. |

(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 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 e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote. In this case, it would be 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 you as a Demat account holder have forgotten the existing 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) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to: helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be

able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

10) Details of Directors seeking appointment in the Annual General Meeting scheduled on Monday, June 01, 2015 (Pursuant to Clause 49 (VIII) (E) of the Listing Agreement) are as under:

| **Name of Director** | **Mr. Shaffiq Dharamshi** | **Ms. Rupa Devi Singh** | **Mr. Murali M. Natrajan** | **Mr. Nasser Munjee** |
|---|---|---|---|---|
| **Date of Birth** | January 23, 1967 | January 1, 1956 | March 23, 1962 | November 18, 1952 |
| **Date of Appointment/Re-Appointment** | January 13, 2015 | January 22, 2015 | April 29, 2015<br>(Original Appointment Date – April 29, 2009) | August 19, 2014<br>(Original Appointment Date –June 29, 2005) |
| **Expertise in Specific Functional area** | Risk Management | Agricultural Banking, SSI & SBF Financing, Corporate/ Retail Banking, Infrastructure Sector Financing | Banking | Economics, Finance, Banking, Agriculture, Co-operation. |
| **Qualification** | Master of Science In Economics/ Analysis, Design and Management Of Information Systems | B.Sc, LLB, CAIIB | B.Com (Hons) and FCA | M.Sc. (Econ) |
| **Board Membership of other Public Limited companies as on March 31, 2015** | None in India | None | None | 9 |
| **Chairman/Member of the Committee of the Board of Directors of the Bank as on March 31, 2015** | Chairman: NIL<br>Member:<br>1.Audit Committee | Chairman: NIL<br>Member:<br>1.Credit Committee<br>2.Customer Service Committee<br>3.Corporate Social Responsibility Committee | Chairman: NIL<br>Member:<br>1.Capital Raising Committee<br>2.Risk Management Committee<br>3.Fraud Reporting & Monitoring Committee<br>4. Customer Service Committee<br>5.Corporate Social Responsibility Committee | Chairman:<br>1.Executive Committee<br>2.Capital Raising Committee<br>3.Corporate Social Responsibility Committee<br>Member:<br>1.Nomination and Remuneration Committee |
| **Chairman/Member of the Committee of Directors of the other Companies in which he/she is a Director as on March 31, 2015** | | | | |
| **a. Audit Committee** | NIL | NIL | NIL | Chairman:<br>1.ABB India Ltd.<br>2.Britania Industries Limited<br>3.Cummins India Ltd.<br>4.Tata Chemicals Ltd.<br>5.Tata Motors Ltd.<br>Member:<br>1.Ambuja Cements Ltd. |
| **b. Stakeholders' Relationship Committee** | NIL | NIL | NIL | NIL |
| **c. Other Committees** | NIL | NIL | NIL | Chairman: 4<br>Member : 12 |
| **Number of Shares held in the Bank as on March 31, 2015** | NIL | NIL | 100,000 | 4,401 |

**Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 annexed to and forming part of the Notice dated April 14, 2015:**

### ITEM NO. 2

**Ratification of the appointment of Statutory Auditors:**

In the 19th Annual General Meeting (AGM) of the Bank held on June 6, 2014, M/s. B S R & Co. LLP, Chartered Accountant (Registration No.101248W/W-100022) have been appointed as the Statutory Auditors of the Bank for a period up to 2 years effective April 1, 2014. In terms of the provisions of the Companies Act, 2013, it is necessary to get the appointment ratified by the shareholders in every Annual General Meeting until the expiry of the period of original appointment.

In view of the above, the Board of Directors recommends your ratification of the appointment of M/s. B S R & Co. LLP (Registration No.101248W/W-100022) as the Statutory Auditors as mentioned at Item No. 2 of the Notice.

### ITEM NO. 3 & 4

**Re-Appointment of Mr. Nasser Munjee as a Director and part-time Chairman of the Bank and payment of Honorarium:**

Mr. Nasser Munjee has declared himself as a Non-Independent Director of the Bank.

The Board of Directors at the meeting held on September 5, 2014 had approved and recommended to Reserve Bank of India (RBI) the re-appointment of Mr. Nasser Munjee as Part-time Chairman of the Bank for a further period of 3 years w.e.f.August 19, 2014 till August 18, 2017. RBI has approved the re-appointment of Mr. Nasser Munjee vide its letter DBOD.Appt.No.1828/29.03.001/2014-15 dated July 31, 2014.

The Reserve Bank of India (RBI) vide its letter DBOD.Appt. No.3269/29.03.001/2014-15 dated September 1, 2014 has approved honorarium of ₹ 18.00 Lakhs per annum plus reimbursement of actual business related expenses and club membership. The Board of Directors has recommended shareholders to take on record the aforesaid RBI Approvals and accord their approval for his re-appointment as a director liable to retire by rotation and the honorarium of ₹ 18 Lakh p.a. payable to him. Mr. Munjee has not been / will not be paid any sitting fees for attending meeting of the Board/Committees.

The Bank has received a notice in writing from a member signifying his intention to propose Mr. Nasser Munjee as a candidate for the office of Director.

The Board has recommended the Ordinary Resolutions for approval of the shareholders as under Agenda No. 3 & 4 of the notice.

None of the Directors other than Mr. Nasser Munjee nor any Key Managerial Personnel or relatives thereof are, in any way interested in the Resolutions at Item No. 3 & 4 of the Notice.

### ITEM NO. 5

**Re-Appointment of Mr. Murali M. Natrajan as Managing Director & CEO of the Bank with effect from April 29, 2015 and ratification of the remuneration paid to him for FY 2014-15.**

The Board of Directors at the meeting held on April 15, 2014 had approved and recommended to the Reserve Bank of India (RBI) the revision in remuneration of Mr. Murali M. Natrajan - Managing Director & CEO of the Bank, for the year 2014-15 and RBI vide its letter DBR.Appt.No.9023/29.03.001/2014-2015 dated December 18, 2014 had approved the revision in the remuneration and perquisite to Mr. Murali M. Natrajan effective from April 1, 2014 as under:

| Sr. No. | Remuneration | RBI approved amount in ₹ (Annual) |
|---|---|---|
| 1. | Salary (basic) | ₹17,553,600/- per annum |
| 2. | Dearness allowance | NIL |
| 3. | House Rent allowance | In case no residential accommodation is provided by Bank then the Bank should pay ₹ 52.50 lakhs per annum as Housing Allowance |
| 4. | Conveyance allowance | Nil |
| 5. | Entertainment allowance | Entertainment expenses reasonably incurred will be reimbursed against presentation of receipts / evidence. |
| 6. | Other allowances, if any (Please specify) | a) Gas & Electricity charges<br>b) Water charges Actuals at reasonable rates<br>c) Consolidated Benefit Allowance of ₹ 14,542,680/- p.a. |
| | PERQUISITES: | |
| 1. | Residence | Yes, fully furnished accommodation OR In case no residential accommodation is provided by the Bank then the Bank should pay ₹ 55.50 lakhs per annum as Housing Allowance.<br>Note: Currently the MD & CEO has been provided accommodation by the Bank and hence no payment of HRA is made to him. |
| 2. | Use of bank's cars:<br>(i) Official purpose.<br>(ii) For private purposes on compensating the bank with suitable amount | Two Cars<br>Yes (One car)<br>Second car for private use. Running and maintenance on bank account.<br>Reimbursement of salary, bonus, uniform, etc to 2 drivers restricted in aggregate to ₹ 3.00 lakhs per annum<br>If no car availed, allowance @ ₹ 50,000/- 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) (₹ 2,106,132/- p.a.) |
| 4. | Gratuity | As per Payment of Gratuity Act. |
| 5. | Pension | N. A. |
| 6. | Traveling 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 (upto 24 times of monthly basic salary). Health Insurance and hospitalization policy to cover Mr. Murali M. Natrajan & his dependent family members premia not exceeding ₹ 120,000/- p.a.<br>Reimbursement of routine expenses on actual basis incurred by him or his dependent family members not exceeding ₹ 50,000/- p.a. (The same should be allowed to be claimed on net of tax basis in case of non-availability of bills.) |
| 8. | Education | Expenses of dependent children not exceeding ₹16.50 lakhs per annum |
| 9. | Use of Telephone / Fax | Use of two Telephones and one Cellular phone<br>1 as Telephone<br>1 as Fax machine<br>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 clubs | Two clubs (cost of admission and contribution) |
| | | |
| | Housing Loan | N.A. |
| | Other Loan(s) (F&F / Vehicles, etc. | N.A. |
| 10. | Leave Fare Concession | ₹ 200,000 per annum |

All other terms and conditions of his appointment remain unchanged.

The Board of Directors at the meeting held on November 01, 2014 had approved and recommended to the Reserve Bank of India (RBI) the re-appointment of Mr. Murali M. Natrajan as Managing Director & CEO of the Bank for a further period of 3 years from April 29, 2015 upto April 28, 2018 and RBI has approved such re-appointment of Mr. Murali M. Natrajan vide its letter DBR.Appt. No.14260/29.03.001/2014-15 dated March 31, 2015.

The Board of Directors has recommended to the shareholders to take on record the re-appointment of Mr. Murali M. Natrajan and the revision in his remuneration w.e.f. April 1, 2014, as approved by RBI and authorise the Nomination and Remuneration Committee of the Board and the Board of the Directors to decide on his annual increments up to 15% which shall be subject to approval of RBI, and accord their approval for the same by means of an Ordinary Resolution. Mr. Natrajan has not been / will not be paid any sitting fees for attending the meeting of the Board / Committees.

None of the Directors other than Mr. Murali M. Natrajan, nor any Key Managerial Personnel or relatives thereof are, in any way, interested in the Resolution at Item No.5 of the Notice.

**ITEM NO. 6**

**Appointment of Director Mr. Shaffiq Dharamshi**

Mr. Shaffiq Dharamshi was appointed as an Additional Director of the Bank by the Board of Directors at the meeting held on November 1, 2014 effective from the date of subsequent Board Meeting i.e. January 13, 2015 pursuant to Section 161 of the Companies Act, 2013 read with Article 122 of the Articles of Association of the Bank. He holds office as Director upto the date of the forthcoming Annual General Meeting. It is proposed to appoint him as a Director of the Bank at the forthcoming Annual General Meeting. The Bank has received a notice in writing from a member signifying his intention to propose Mr. Shaffiq Dharamshi as a candidate for the office of Director.

Mr. Dharamshi is a professional banker with over twenty years of senior management experience in the Middle East and Africa. He is Head of Banking for Aga Khan Fund for Economic Development (AKFED), and responsible for providing oversight on operations of financial institutions in the AKFED portfolio across Asia and Africa. Prior to taking this position, Mr. Dharamshi was Senior Vice President, Wholesale Credit Risk Management at Mashreq Bank in Dubai. Before joining Mashreq Bank, Mr. Dharamshi spent 17 years with Citibank in a wide range of positions across different areas of the bank in Africa and the Middle East. His last position with Citibank was Country Risk Head for Kuwait and Levant. Mr. Dharamshi holds a BSc. in Economics from Trent University, Ontario and a MSc. in Economics/ Information Systems from the London School of Economics. Mr. Shaffiq Dharamshi is in the employment of the Aga Khan Fund for Economic Development, S.A., the promoters of the Bank, overseeing their financial services vertical.

Mr. Dharamshi is not related to any other Director of the Bank. The relevant particulars concerning Mr. Shaffiq Dharamshi as required under Clause 49 of the Listing Agreement are set out in the statement attached to the Notice. The Board is of the view that the Bank would benefit from the experience of Mr. Shaffiq Dharamshi and his joining the Board will enable drawing synergies with the promoters. Accordingly the Board recommends his appointment as a Director. Mr. Shaffiq Dharamshi on his appointment will continue as a Non-Independent Director and will be liable to retire by rotation.

None of the Directors other than Mr. Dharamshi nor any Key Managerial Personnel or relatives thereof 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. shall be deemed to be interested in the Resolution at Item No.6 of the Notice.

**ITEM NO. 7**

**Appointment of Director Ms. Rupa Devi Singh**

The Board of Directors appointed Ms. Rupa Devi Singh as an Additional Director at the meeting held on January 13, 2015 effective from the date of subsequent Board Meeting i.e. January 22, 2015 pursuant to the requirement of Companies Act, 2013 and SEBI guidelines that each listed company shall have a Woman Director on its Board on or before March 31, 2015. She is a professional having specialized in the areas of Infrastructure financing. Her relevant details are separately given in the notice. She has been appointed as an Independent Director. The Bank has received a notice in writing from a member signifying his intention to propose Ms. Rupa Devi Singh as a candidate for the office of Director. In the opinion of the Board, she fulfils the conditions specified in the Companies Act, 2013 for her appointment as an Independent Director. The Board has recommended her appointment as such, for a period upto five year from January 22, 2015, as an Independent Director.

None of the Directors other than Ms. Rupa Devi Singh, nor any Key Managerial Personnel or relatives thereof are, in any way interested in the Resolution at Item No. 7 of the Notice.

Place: Chennai
Date: April 14, 2015

By Order of the Board of Directors
DCB Bank Limited (Formerly
Development Credit Bank Limited)

CIN:L99999MH1995PLC089008
Registered Office:
Peninsula Business Park,
6th floor, 601 & 602, Tower A,
Senapati Bapat Marg,
Lower Parel, Mumbai 400 013.
Website: www.dcbbank.com
e-mail: investorgrievance@dcbbank.com

**H. V. Barve**
Company Secretary

# DIRECTORS' REPORT

Your Directors are pleased to present the Twentieth Annual Report of DCB Bank Ltd (hereinafter referred to as the Bank/Your Bank/DCB Bank) together with the audited accounts for FY 2015.

In FY 2015, the Bank has posted an Operating Profit of ₹ 277.45 crore (FY 2014 ₹ 187.96 crore) and a Net Profit of ₹ 191.18 crore (FY 2014 ₹ 151.36 crore).

Total Assets have increased by ₹ 3,209.17 crore and reached ₹16,132.31 crore as on 31st March, 2015 (₹12,923.14 crore as on 31st March, 2014).

Customer Deposits have increased by ₹ 2,369.23 crore and Advances have increased by ₹ 2,324.87 crore. The Bank has achieved the overall Priority Sector Lending (PSL) target as required by the Reserve Bank of India (RBI).

The Net Interest Margin (NIM) has improved to 3.72% in FY 2015 from 3.56% in FY 2014 and the Current and Savings Accounts (CASA) ratio stood at 23.40% as on 31st March, 2015.

Cost to Income Ratio has decreased to 58.83% in FY 2015 from 62.93% in FY 2014. The Bank's total cost increased due to increase in number of branches, higher business volumes and increase in number of staff.

Total Branch network stood at 154 as on 31st March, 2015 (130 as on 31st March, 2014) and ATM network increased to 328 as on 31st March, 2015 (238 as on 31st March, 2014).

Provisions Other Than Tax have increased to ₹ 69.42 crore in FY 2015 from ₹ 36.56 crore in FY 2014. The increase was due to provision for existing and fresh NPA slippages, higher Floating provision and Provision against Standard Assets.

Gross NPAs have increased to ₹ 186.07 crore as on 31st March, 2015 from ₹ 138.45 crore as on 31st March 2014. The overall NPA Provision Coverage Ratio as on 31st March, 2015 was 74.66%. Net NPAs have increased to ₹ 105.70 crore as on 31st March, 2015 as against ₹ 74.02 crore as on 31st March, 2014.

Capital Adequacy Ratio (CAR) under Basel III as on 31st March, 2015 stood at 14.95%. (13.71% under Basel III as on 31st March, 2014).

In October 2014, the Bank issued 30,432,136 shares through Qualified Institutional Placement (QIP) at ₹ 82.15 per share amounting to ₹ 250 crore.

Although the stock market sentiment has improved, the economic conditions continued to be difficult. The banking industry continues to be under pressure due to rising NPAs and restructured loans. In FY 2015, RBI maintained Cash Reserve Ratio (CRR) at 4% and reduced the Statutory Liquidity Ratio (SLR) requirement from 23% to 21.5% and Repo Rate from 8% to 7.5%. The Bank continued to embrace a cautious and conservative stance in managing liquidity.

The Bank opened 24 new branches in FY 2015 taking the total tally of branches to 154. Of these 24 new branches, 14 branches were established in semi urban and rural areas. In line with the strategy, the Bank aims to continue opening a number of branches mainly in Tier 2 to Tier 6 locations. This is likely to help the Bank grow its business, achieve PSL and enhance CASA Deposits.

## FINANCIAL SUMMARY

(₹ in crore)

| | As at March 31, 2015 | As at March 31, 2014 | Increase / (Decrease) |
|---|---|---|---|
| **Balance Sheet** | | | |
| Customer Deposits | 11,099.81 | 8,730.58 | 2,369.23 |
| Inter Bank Deposits | 1,509.32 | 1,594.58 | (85.26) |
| Total Deposits | 12,609.13 | 10,325.16 | 2,283.97 |
| (Including Total CASA) | (2,950.06) | (2,581.27) | 368.79 |
| Advances | 10,465.06 | 8,140.19 | 2,324.87 |
| Non Performing Assets (Gross) | 186.07 | 138.45 | 47.62 |
| Non Performing Assets (Net) | 105.70 | 74.02 | 31.68 |
| Provision for Standard Assets | 51.04 | 34.22 | 16.82 |
| **Total Assets** | **16,132.31** | **12,923.14** | **3,209.17** |
| **Profit & Loss** | | | |
| Net Interest Income | 508.22 | 368.39 | 139.83 |
| Non Interest Income | 165.72 | 138.66 | 27.06 |
| Total Operating Income | 673.94 | 507.05 | 166.89 |
| Operating Cost | 396.49 | 319.09 | 77.40 |
| Operating Profit | 277.45 | 187.96 | 89.49 |
| Provisions | 69.42 | 36.56 | 32.86 |
| Profit Before Tax | 208.03 | 151.40 | 56.63 |
| Tax | 16.85 | 0.04 | 16.81 |
| **Net Profit After Tax** | **191.18** | **151.36** | **39.82** |

## DIVIDEND

In view of the provisions of Section 15 of the Banking Regulation Act, 1949, your Directors are not able to recommend payment of any dividend for FY 2015 (Previous year NIL).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Vision

The Bank's vision is to be the most innovative and responsive neighbourhood community bank in India serving entrepreneurs, individuals and businesses. In line with our vision, we began implementing a new strategy in FY 2010. Under the said new strategy which has completed 5 years, the Bank continues to make good progress and improvements are visible in all aspects of its business.

### Target Market

Keeping in view its inherent strengths, branch network and expertise, the Bank's target market is the self-employed segment (traders, shop keepers, small businessmen, MSMEs and SMEs). The Bank has chosen to have limited presence in the salaried segment. The MSME / SME sector plays a very important role in the growth of the Indian economy. It is estimated that MSME / SME contribute 17% to GDP and employs over 70 mn people in about 30 mn units. Further, MSME / SME is estimated to contribute 45% of India's industrial output and

40% of exports. The Indian government's "Make In India" initiative is likely to favourably impact MSME / SME segments in the coming years.

### Business Strategy

The Bank has followed a consistent business strategy since FY 2010. The same is re-iterated below:

- Rely on retail deposits (Term, CASA)
- Mainly expand branches in Tier 2 to Tier 6 locations
- Grow Retail Mortgages, MSME, SME, Commercial Vehicle, Tractors, Gold, Mid Corporate and Agri loans
- Limit unsecured lending especially large exposures. Create a diversified portfolio
- Increase fee income by distributing insurance, mutual funds and cross selling foreign exchange, trade and cash management
- Continuously strengthen credit processes, recoveries and portfolio management
- Relentlessly focus on Liquidity, Costs, Operational Risks, People and Customer Service. Improve continuously

### Credit Rating

During the year, CRISIL upgraded the Bank's Long Term rating from A-/Stable to A-/Positive. The Bank continues to enjoy CRISIL rating of A1+ for Certificate of Deposits (CDs) as well as Short Term Fixed Deposits. The Bank also obtained a rating of A1+ from ICRA for its Short Term Fixed Deposits.

### Research Coverage

The Bank's management team continues to have meetings with the investor community and participate in select seminars.

### Branch Expansion

During the year, the Bank increased its network by 24 branches. The Bank now has 154 branches in 94 locations. New branches were opened in many locations including the states of Andhra Pradesh, Gujarat, Haryana, Madhya Pradesh, Maharashtra, New Delhi, Odisha, Punjab, Tamil Nadu and Telangana. The branch expansion was in line with the Bank's strategy and the Bank expects the branches to break even over a period of 18 to 22 months. In order to increase business volumes and provide comprehensive service to customers, the Bank has embraced the concept of selling all products (relevant to the catchment area) at all branches. Accordingly, the Bank provides comprehensive training to all branch staff across all locations.

In order to improve the overall performance, controls and customer service, the Bank strengthened the organisation structure of managing the branch network. The concept of Cluster Services Operations Managers (CSOM) has been introduced. The entire branch network has been grouped into manageable clusters for closer supervision. This has also provided new career opportunities to Tellers and Operations Managers.

## RETAIL BANKING

The Bank now operates a network of 154 branches across 94 locations and is present in most states in India. The Bank has tie ups with Cashnet and Infinet networks. The Bank's customers get free access to all DCB Bank, Rupay and Visa ATMs in India. The Bank has a comprehensive product range in both Deposits and Advances. There is a huge emphasis on up-skilling branch staff on all products so that customers in the branch catchment area / neighbourhood can be given complete service. One of the key tasks of Retail Banking is to generate CASA balances and Retail Term Deposits through its branches and outbound sales teams. Performance of Retail Banking frontline staff is managed using scorecards. The economy of India continues to be sluggish. Therefore, the CA balances growth was muted in FY 2015. However, the Bank was able to grow SA balances by 17.37% and overall CASA balances growth was 14.29%.

Retail Banking launched a unique mentoring program for new comers called "Fire Bolts". In this program dedicated coaching and mentoring is provided to employees who are less than 6 months old. "Fire Bolts" has been huge success and this program will be expanded to more new comers in FY 2016. Also, product huddles are conducted with all levels of frontline staff. This is to ensure that customer expectations are adequately addressed by the branch staff.

### Commercial Vehicle (CV)

In order to meet the PSL guidelines and reduce dependence on portfolio buyouts, the Bank re-started the CV business in FY 2013. CV is now offered in 21 locations and despite poor economic conditions the portfolio quality has been stable.

### Loan Against Gold

Loan Against Gold product provides a platform to broaden the Bank's retail asset customer base (many of them are first-time borrowers). Gold Loans also help to deepen the existing branch deposit relationships. This product is suitable for both salaried and self-employed. The Bank endeavours to simplify Gold Loan processing and reducing customer wait time. In order to avoid losses due to frauds, a sophisticated machine is used to randomly check the purity of gold on an on-going basis to supplement the manual valuation process.

### Construction Finance

Construction of flats and housing is a critical part of a growing economy. For banks, financing construction is a good opportunity. However, there are numerous risks that need to be taken into consideration. The Bank has made a small and careful beginning in providing loans to developers for construction of flats. The intention is to have a limited participation in the business and finance only promoters with strong track record.

### Debit Cards

In addition to existing Visa cards, the Bank started issuing Rupay cards in FY 2015. The total debit cards in force increased by 16%. The spending on Point of Sale (POS) and e-commerce went up by approximately 23%.

### DCB Payless Cards

This is a unique product that works exactly like a credit card. This product is suitable for customers who are unable to get regular credit cards from banks. In FY 2015, the Payless Cards in force increased by 20% and spending on POS and e-commerce increased by approximately 28%.

**DCB Gift Cards**

The Bank is steadily scaling up the issuance of gift cards. This prepaid product is suitable for gifting during festivals and for young teens.

**DCB Janajeevan Prepaid Card**

In FY 2014, the Bank launched India's first co-branded prepaid card for disbursal of small loans by Janalakshmi Microfinance. The product is administered in association with Jana Urban Foundation. The program aims to provide cashless disbursal which has a major positive impact on financial inclusion. In FY 2015, the total cards issued crossed the one million mark. The program also won two prestigious awards – (a) "The best prepaid product of the year" at the 5th IAMAI digital awards & (b) "The most innovative prepaid card" at the Finnoviti 2015.

**Mortgages**

Mortgages is a lead product for the Bank and contributes 42.60% of the Bank's Net Advances. The Bank offers both Home Loans and Business Loans. The target market is essentially self-employed segment. The Bank continued to invest in Sales, Credit and Processing capacities. The Bank has dedicated Mortgages team in 27 locations.

**Distribution of Mutual Funds and Insurance**

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

**Traditional Community Banking**

With a vision of strengthening neighbourhood banking, the Bank set up a separate vertical in FY 2010 with the aim of providing personalized attention to the community customers and winning back lost relationships. In FY 2015, Traditional Community Banking Deposits grew by 8 % and Advances increased by 30%.

**Non-Resident Indian (NRI) Business**

In FY 2015, NRI deposits contribution was approximately 8.96% of total deposit. The Bank is making steady progress by leveraging on the relationship with Diamond Trust Bank Group (DTB) in East Africa. During the year approximately 1,500 new customers were acquired. The business has increased its tie-ups with other banks in East Africa and Middle East to offer correspondent banking facility to further increase remittances and trade finance business.

**Trade Finance Business**

The Bank has identified opportunities of growth in its trade finance business in association with DTB which has a strong presence in Kenya, Tanzania and Uganda. The Bank is also expanding its reach with tie ups with other regional banks in East Africa and intends to be a preferred banker for India's trade and remittance business with these fast growing economies. In FY 2015, the Bank started relationship with Habib Bank in Bangladesh, Sri Lanka and United Kingdom.

In order to improve the trade knowledge and skills, the Bank conducted an online certification exam and an overwhelming number of 1,055 employees participated in the certification.

**Cash Management Services (CMS)**

The Bank provides Corporates, MSME / SMEs and Retail customers sophisticated and cost effective CMS. This helps customer to manage their payment logistics in a hassle free manner. In the last few years, the Bank has steadily increased CMS customers and as on 31st March, 2015 the number of customers were approximately 2,600 (2,207 as on 31st March, 2014).

**Business Internet Banking (BIB)**

The Bank offers state-of-the-art BIB feature especially designed for MSME / SME customers. This facility is used by approximately 13,000 customers. The BIB capability was further enhanced with Payment Gateway and Online Tax Payments in FY 2015.

**MSME and SME**

The importance of MSME and SME to India's economy and the Bank's strategy of pursuing this segment have already been mentioned earlier in this discussion. The Bank has created robust sales, underwriting and portfolio monitoring capability for growing the MSME and SME business, offering a wide range of products and personalized services including Cash Management, Trade Finance and Internet Banking. The Bank has established many new branches in Tier 2 to Tier 6 locations to specially target MSMEs / SMEs. The Bank aims to become the business partner of this vibrant entrepreneurial segment of the economy. Indian economy is going through a tough period and MSMEs / SMEs are impacted. In view of the current situation, the Bank has adopted a very cautious approach and therefore the portfolio remained stable in MSME / SME business in FY 2015. The Indian government's "Make In India" initiative is likely to favourably impact MSME / SME segment in the coming years.

**CORPORATE BANKING**

Corporate Banking is present across India with Regional offices in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. The focus is to provide complete range of commercial banking solutions including Foreign Exchange, Trade Finance and Cash Management. The Bank has a strong underwriting and credit administration support to achieve sustainable growth in Corporate Banking business. The emphasis is on building a secured advances portfolio and building a long term relationship with high quality large and mid-corporate houses. As economic conditions remained weak, growth opportunities are limited. Therefore, the Bank has adopted a cautious approach. Despite caution and care, fresh slippages in Corporate portfolio increased in FY 2015.

**AGRI AND INCLUSIVE BANKING (AIB)**

India's rural and semi urban areas have large untapped potential for banking opportunities. The Bank's AIB business meets the objectives of business growth and financial inclusion. AIB is responsible for coordinating efforts to complete the PSL targets. AIB also is responsible for financial inclusion goals agreed with RBI and the Board of Directors. AIB offers a wide range of products to cater to the various needs of unbanked, under-banked, rural and semi urban population.

### Pradhan Mantri Jan-Dhan Yojana (PMJDY)

The Bank has participated actively in PMJDY. Many financial education camps were organized in semi urban and rural areas. Approximately 13,000 accounts have been opened so far. The Bank has activated Rupay debit cards and the same is issued to PMJDY account holders. In the coming year, the Bank plans to vigorously promote PMJDY in semi urban and rural branches. In FY 2015, the focus was more on PMJDY.

### Basic Savings Bank Deposit Account (BSBDA)

BSBDA is the new name for "No frill account". This scheme majorly helps in financial inclusion especially for those who do not have full ISA proofs. This account is basically for the lower income group that has limited transaction needs.

### 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 (dairy co-operative, sugar co-operative, etc). It is a modified Classic Savings account with Zero Account opening amount and Non AQB maintenance charges. The payments of the members made by the co-operative institution are routed through these accounts.

### Micro Housing

In Micro Housing the Bank provides both home loans and business loans to lower middle income group across 34 locations. The target segment can be both organized and un-organized sectors. The Bank aims to provide finance to people who find it otherwise difficult to obtain finance from the organized sector. The loan purpose can be home construction, home purchase, home repairs, business, marriage, education, consumption etc. The Bank is making a lot of efforts to improve the process of assessing the customers' income and ability to repay.

### Warehouse Construction Loan

There is a huge need in the country to provide farmers with scientific storage so that wastage and deterioration can be reduced. Also, proper warehousing helps famers to retain their produce and obtain fair pricing instead of selling in distress. Grameen Bhandaran Yojana, a Capital Investment Subsidy Scheme for Construction / Renovation of Rural Godowns was introduced in FY 2002 under which the borrower will be benefiting by a subsidy amount subject to availability of the scheme and borrower meeting NABARD prescribed guidelines.

### Retail Agriculture Loan and Kisan Credit Card

In order to fulfill the credit needs of the farmers, the Bank has several retail agri products namely crop loans (for purchasing seeds, fertilizers, pesticides, manures, irrigation etc), Animal Husbandry loans, Small business loans, Artisan loans, Self Help Group Finance, Joint Liability Group Finance and Hi-Tech Agri financing (for Greenhouse projects).

### Tractor Loans

In India, Tractors form an integral part of the total agricultural equipment sector and is an indirect indicator of growth in the agricultural sector. The Bank started tractor loans about a year ago and has steadily built up volumes across Tier 2 to Tier 6 branches. Recent unseasonal rains and hailstorms in Northern, Central and Western parts of the country have resulted in crop loss. Therefore, the rural sentiment is somewhat negative. Overall, in FY 2015, tractor sales in the country were down by approximately 12% as compared to the previous year level.

### Microfinance

The Bank lends directly to SHGs and Micro Finance Institutions (MFIs) who in turn lend to end borrowers/ customers. Over a period of time, the Bank has created a strong network of MFI customers across India.

### Commodity Based Finance (CBF)

The Bank is engaged in lending to farmers and agri processors against their products stored in the designated warehouses. The Bank has a list of approved commodities against which the funding is done. The commodity market was weak in FY 2015 and therefore the Bank adopted a cautious approach.

### Business Correspondent (BC)

The Bank started providing unsecured loans through BCs in four states namely Chattisgarh, Gujarat, Madhya Pradesh and Odisha. These loans are primarily for small farmers and weaker section primarily in rural areas. The Bank has financed approximately 3,300 groups in SHG.

## TREASURY

Treasury actively manages liquidity, Fixed Income Securities Trading, Equity Investment IPOs, FX Trading and Customer Sales. Treasury ensures compliance with regulatory requirements such as CRR and SLR. As the Bank's performance continues to improve many reputed Financial Institutions (FIs) have started subscribing to Certificate of Deposits (CDs) issued by the Bank. In FY 2015, the Bank also cautiously made gains by utilizing the trading opportunities in G-Sec presented by declining interest rates.

### Foreign Exchange

In FY 2015, global currencies faced turmoil for many reasons. The fear of Greece defaulting, Ukrainian crisis, continued weakness in Europe, fear of Scotland referendum for independence, inter-alia, contributed to the volatility. The fall in crude oil prices due to largely reduced demand resulted in Australian Dollar and Canadian Dollar taking some knocks. Euro was majorly impacted. In India, a new government came to power in early FY 2015. The stock markets rallied smartly expecting favourable business conditions, faster decision making and friendly policies to fuel growth. As a result stock markets and bonds attracted huge FII inflows. Some of the actions taken by the previous government at the end of their tenure helped to curtail Current Account Deficit (CAD). In addition, fall in prices of Gold, Commodities and Crude Oil prices helped improvement in CAD. There has been a huge increase in Foreign Exchange reserves in comparison to FY 2014. Even though USD rallied against major currencies, due to planned tapering of Quantitative Easing by Fed in USA, so far there has been limited negative impact on Rupee. Rupee was much less volatile in FY 2015 as compared to FY 2014.

### Money Market

RBI shifted its focus from Wholesale Price Index (WPI) to Consumer Price Index (CPI) to guide its monetary policies. The Index of Industrial Production (IIP) remained weak resulting in sluggish GDP growth. The CPI inflation came down to 5.37% from 7.80% mainly on account of lower food and fuel prices. Overnight liquidity still remained in deficit mode most of the year. The ten year G-Sec yield steadily came down from a high of 8.9 % at the beginning of FY 2015 to around 7.7% by end of FY 2015. This provided some opportunities for gain in G-Sec trading. RBI reduced Repo Rate from 8% to 7.5%, reduced SLR requirements from 23% to 21.5% and maintained CRR requirements at 4%.

## CREDIT & RISK

### Risk Management

The Bank has an independent Risk Management function. The Credit Committee of the Board (CCB) guides the direction for development of policies and procedures in managing credit risk and implementing the credit strategy. The objective of risk management is to have a dynamic and an optimum balance between risk and return and ensure regulatory compliance and conformity with the Board approved policies. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through defined policies and procedures approved by the Board of Directors and monitoring and corrective actions are taken on a continuous basis. The Bank has invested in building a strong talent base with solid risk expertise. The Risk Management function strives to anticipate vulnerabilities through reviews of quantitative and qualitative data / MIS analysis of both external and internal risks. The Bank's risk management processes are guided by policies appropriate for the various risk categories namely Credit Risk, Market Risk (including asset liability management and liquidity risks) and Operational Risk. The Board sets the overall risk appetite and philosophy for the Bank. The Risk Management Committee (RMC), which is a committee of the Board, reviews various aspects of risk arising from the businesses undertaken by the Bank. At the operating level, risk committees namely Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORCO) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees provide inputs for review by the Risk Management Committee (RMC) of the Board.

### Collections and Recoveries

For the past many years, the Bank has had a separate Collections and Recoveries unit. In line with volume growth, the Collection capacities were increased to ensure portfolio quality. Though the environment was difficult still the strong efforts made by Collections and Recoveries unit helped in containing both Gross and Net NPAs.

### Credit Risk

The credit risk policy supports and is aligned with the Bank's priority of achieving growth and at the same time maintaining asset quality to ensure long term sustainable profitability over business cycles. The Bank strives to maintain a healthy balance between risk and reward. The Bank also undertakes the exercise of measuring the credit risks involved in the composition of its present portfolio and realigning them to have a better risk-reward composition. The Bank endeavours to continuously enhance its internal risk assessment capabilities.

The Risk Function over time has developed capabilities to assess the risk associated with various products and business segments (MSME, SME, Mortgages, Corporate, AIB etc). The effort is to standardize the credit approval process so that the outcomes are predictable. The Bank has implemented a rating model for obligors. This model takes into account both quantitative and qualitative factors as inputs and produces a rating that becomes one of the key inputs to credit decisions.

The Credit Administration Department (CAD) is responsible for disbursement, documentation and security creation, database management and generating various advances related reports and MIS.

The Credit Risk Analytics & Monitoring (CRAM) unit reviews key customer exposures centrally to spot early warning signals based on the conduct of account and other qualitative inputs.

In FY 2015, the Bank undertook a number of measures to improve credit risk management, productivity and customer experience. In order to reduce time taken to process Mortgage loans, a detailed time and motion study was conducted and unnecessary steps were eliminated. The productivity of credit officers was tracked using MIS and scorecards. Fraud identification process was enhanced by introducing new checks. As the Bank is expanding branch network to many locations it was felt that cross training of credit resources is necessary to better utilize capacities. The Bank further improved its analytics in order to spot problems and opportunities in a timely manner.

### Concentration Risk

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

### Market Risk

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

### Country Exposure Risk

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

**Liquidity Risk**

As part of the liquidity management and contingency planning, the Bank assesses potential trends, demands, events and uncertainties that could result in adverse liquidity conditions. The Bank's Asset Liability Management (ALM) policy defines the gap limits for the structural liquidity and the liquidity profile is analyzed 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, 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 tools like incident reporting, loss reporting, Key Operational Risk Indicators (KORI), Risk and Control Self-Assessment (RCSA) and Periodic Risk Identification and Controls Evaluation (PRICE).

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

**Reputational Risk**

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

**Implementation of Basel III guidelines**

In accordance with RBI guidelines, the Bank has migrated to Basel III capital adequacy disclosures with effect from Q1 FY 2014. The Bank continues to review and improve on its risk management systems and practices to align them with best international 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)

Technology in banking is changing rapidly and customers are expecting value added services across multiple channels. Banks have to keep pace with customer requirements. In FY 2015, a number of new systems and enhancements were implemented. The Bank rolled out Rupay Debit Card especially for PMJDY customers. The Bank connected six payment aggregators with BIB to facilitate e-commerce and tax payment. The Bank revamped the DCB Website. The new website is simple and easy to navigate. To improve security One Time Password (OTP) was introduced for e-commerce transactions. The Bank rolled out Mutual Fund enquiry module for Retail Internet Banking which enables customers to view their portfolio online. In order to improve efficiency and reduce errors, an Amendment Module was introduced at the branches to process customers' requests for change in address, mobile number etc. Introduction of middleware for NEFT and RTGS has improved speed of delivery. The cheque book printing for existing customers was in-sourced and centralized in NPC (National Processing Center) Chennai. This has helped in cutting down delivery time to customers. The entire DR architecture and network layout has been rebuilt to support critical applications in a virtualized environment.

## OPERATIONS

The Bank's focus is on creating a cost effective scalable Operations unit that can deliver superior customer experience. In FY 2015, a number of activities were transferred to NPC Chennai from Mumbai. The idea is to create a center of excellence in NPC Chennai which will provide much better customer experience and create an efficient scale. In NPC Chennai, in a very short time the processing capacity has been doubled to support the growing network of branches and increase in business volumes. While there are many quick electronic options, some customers still prefer to use cheque leaves for making payments. The process of cheque leaves replenishment for existing customers was in-sourced in NPC Chennai. This has helped in reducing delivery time and errors. In order to give better employee satisfaction an Online Conveyance Claim module was implemented in Operations. A currency management unit to support the branches in Delhi was installed in FY 2015. A number of locations have been migrated to CTS in Clearing Operations.

## INTERNAL AUDIT (IA)

Internal Audit (IA) is an independent unit that performs regular audits to evaluate the adequacy and effectiveness of internal controls and overall risk management. IA is staffed by professionals with varied skills and expertise. The Audit Committee of the Board (ACB) provides direction and monitors the effectiveness of the IA function. IA uses a comprehensive risk based approach taking into account the guidelines of RBI and international best practices. In order to continuously innovate and keep a high vigil and enhanced risk management, IA uses innovative audits methodologies including optimum use of analytics and technology. In FY 2015, IA vastly increased the number of branch audits by increasing the frequency and using a new and improved methodology. The continued use of specialized snap audits has provided management with quick and deep insights into weak links and ability to address the gaps promptly. As a result of its consistent inputs and value added observations, IA has become a value partner in improving the overall risk management and controls of various units of the Bank. Corrective Action Trackers are part of regular management updates and forms a basis of evaluating units' performance. IA is playing an active role in providing inputs for enhancing the existing policies and procedures. IA also undertakes thematic reviews of key products and projects. It uses experienced audit firms for concurrent audits in line with ACB approved framework. IA continues to appraise the Board, the Audit Committee of the Board (ACB) and the Management team in terms of newer emerging threats and recommend appropriate mitigating measures. IA has implemented various audit standards in the areas of Risk Assessment, Governance and Planning as issued by the Institute of Internal Auditors (IIA), in line with the international practices.

### HUMAN RESOURCE (HR)

HR has been playing a key role in the journey of the Bank. Once again this year a lot of progress was made in enhancing people skills, providing career opportunities and caring of employees.

In keeping with current times, HR launched an induction app, a module that can be downloaded into employee smart phones. It is called DCB Connect. It is an interactive module which helps in increasing employee engagement.

In order to facilitate upgrading of skills, HR launched Lumos, a new e-learning system. The response from employees has been very encouraging.

HR continued its well established and popular leadership and development programs namely LEAP, RISE (for developing leaders of tomorrow), ASPIRE (for providing skills to employees to deal with additional responsibilities) and PACE (for improving frontline sales capability).

A unique program called Each One Reach One was launched by HR. Under this program the HR unit has systematically met more than 1,300 employees and taken feedback regarding career advancement, work atmosphere, training etc. This initiative was supplemented by Manco on the Move where one or more Manco members conduct direct feedback sessions with employees.

HR implemented a structured Talent Management program for employees tagged as high potential. This will help to provide future managers for supporting the Bank's growth plans.

The fifth edition of Movers & Shakers, an annual rewards and recognition program mixed with employees cultural performance was conducted this time in Delhi. Despite the hot weather conditions employees participated with huge enthusiasm.

The Bank believes in the philosophy of hiring large number of fresh candidates and grooming them over time to take on bigger responsibilities. In order to support this philosophy, new comer orientation program was embellished to ensure better job fitment.

The overall training capability and capacity was improved by adding several inhouse certified trainers. This has helped in training almost 1,000 employees each month across various programs.

A unique program called Power Up was launched for Mumbai management institutes.

The Bank's foundation of customer service rests on three pillars namely Empathy, Speed and Quality (ESQ). The Bank continued to train employees on ESQ and so far 2,847 employees have gone through the ESQ and Advance ESQ program.

A monthly newsletter titled ESQuire was introduced to highlight the instances of employees going the extra mile to serve the Bank's customers. So far the Bank has published 34 individual / team stories. The newsletter is great tool for employee recognition and motivating staff to put in more efforts to provide ESQ.

Many employees availed Employee Home Loan, Personal Loan and Emergency Loan. These benefits were introduced in FY 2014. Also, in FY 2015, the Bank has increased life insurance cover for all employees and introduced Group Insurance cover as well.

In order to promote healthy living, the HR unit organized events where experts provided information and checkup on Wellness, ENT, Cancer, Diabetes, Gynaecology, Sleep Disorders, Thyroid, Blood Pressure, BMI. This was done across many locations in the Bank.

In keeping with the Bank's tradition, in FY 2015 a number of staff tournaments were conducted (Cricket, Chess, Carrom etc). All religious functions were celebrated with vigor and enthusiasm. Several CSR activities like Daan Utsav, Blood Donation, Old Computers, Books and Clothes donation were conducted. This year the Annual Charity Auction was held online.

### CUSTOMER SERVICE

Ensuring customer delight in every interaction remains the Bank's core desire for growth and success. Customer complaints and satisfaction are closely monitored by the MD & CEO and Senior Management. An independent Service Quality team analyses customer complaints, identifies the root cause, makes suggestions for process improvements and follows up with the respective units for completion. The Bank has a "Centralised Complaint Management" system to ensure that customer queries and complaints are not missed out. All queries and complaints are vigorously followed up to ensure timely resolution. Strict quality standards are imposed on the Bank's staff to ensure that customers are provided proper service.

The Bank continues to make good progress on the concept of Power of Three - Empathy, Speed and Quality (ESQ) initiative launched three years ago. The Bank's ambition is to make ESQ the defining character of the Bank. The ESQ quotient displayed by the prospective employee is a key parameter for recruitment, just as demonstrated ESQ is a key ingredient of the performance appraisal of every employee.

In order to enhance customer service, the Bank has initiated the task of measuring service performance under six heads namely – Voice of Customer, Complaint Management, Attrition, Process Simplification, Service Culture and Service Metrics. A rigorous review process has been put in place to measure progress in the six critical areas of service so that the Bank can move steadily towards ESQ.

In FY 2015, the Bank once again conducted a series of customer meets labelled "Ek Mulaqat Kuch Batein" where Senior Management, MD & CEO along with Chairman and select directors interacted with customers in specially organized events across India. The customer service and complaints are regularly monitored by the Customer Service Committee (CSC) of the Board.

**Non-Branch Channels**

The Bank's customers can access DCB 24 hour Customer Care Phone Banking, ATMs, Internet and Mobile Banking. The Bank strives to provide best-in-class technology and service platform. Customers can easily use these non-branch channels from the comfort of their home or office. DCB On The Go – Instant Mobile Banking provides freedom to customers to conduct anywhere banking. The Bank provides instant fund transfer facility through Immediate Payment Service (IMPS). The Bank has upgraded to intelligent Interactive Voice Response (IVR) system enabling direct call routing through Caller Line Identification. DCB Bank's 24 Hour Customer Care Agents now directly deal with customers who call the Bank's customer care telephone line, thus providing a personal touch.

In FY 2015, the Bank's agents at the 24 hour Customer Care Phone Banking answered almost 700,000 calls. The Phone Banking unit has close to 100 staff. For NRI business a special three member dedicated team has been put in place to assist customers across the world.

**Marketing / Branding**

In FY 2015, the Bank undertook branding and visibility campaign in key markets by advertising in cricket stadiums for the West Indies and Sri Lanka One Day international matches in India. DCB Bank brand was visible and got encouraging response from employees, prospects and customers. The Bank also had prominent branding in Celebrity Cricket League 2014.

DCB Bank's new website has been launched in January 2015. The Bank has used a clutter free refreshing approach with new images and improved customer interface.

The Bank sponsored the Republic Day Golf Tournament for Karnataka Golf Association, a prestigious golf club in Bengaluru. The player turnout was impressive and the whole event created lot of excitement and visibility.

The Bank sponsored "Tech4Business" an online e-magazine targeted especially towards MSME / SME segment. The magazine provides information in a simple manner on new trends in technology.

Digital marketing was very effectively used to target NRI customers across the world.

The Bank participated in the Pravasi Bharatiya Divas and Vibrant India Event at Ahmedabad. This event attracted thousands of visitors and the Bank provided information on NRI, Trade Finance, Exports and Imports to the prospects who visited the stall.

In FY 2015, around the branch neighbourhood, the Bank conducted over 2,400 micro marketing events across India. This not only helped to create visibility but also enabled lead generation.

**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 oridinary course of business and on arm's length basis; and there are no 'material' contracts or arrangement or transactions at arm's length basis and thus disclosure in from AOC-2 is not required.

**POLICY ON RELATED PARTY TRANSACTIONS OF THE BANK**

The Bank has a policy on Related Party Transaction and the same has been displayed on the Bank's website:

*http://www.dcbbank.com/pdfs/Policy-on-Related-Party-Transactions-2014-15.pdf*

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As there have been carry forward losses, provisions of section 135 pertaining to corporate social responsibility are not applicable to the Bank. However, a Board Level Committee of CSR has been constituted and the Board has adopted a CSR Policy as recommended by the Committee. The thrust areas of CSR Policy are a) Conservation of water / water storage / water usage / protecting water bodies; b) Waste Management; and c) Recycling. More details are available on the Bank's website http://www.dcbbank.com/pdfs/DCB-Bank-CSR-Policy.pdf

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

The Board shall have minimum 3 and maximum 15 directors, unless otherwise approved. No person of age less than 21 years shall be appointed as a director on the Board. The Bank shall have such person on the Board who complies with the requirements of the Companies Act, 2013, the Banking Regulation Act, 1949, Provisions of the Listing Agreement, 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 Clause 49 of the Listing Agreement of the Stock Exchanges. Majority of the Directors as required under BR Act, shall have specialised knowledge/ experience in the areas like Agriculture, Banking, SSI, Legal, Risk Management, Accountancy, Finance, etc. Except for the Chairman and the MD & CEO, no other directors are paid remuneration, but are paid only sitting fees. The Chairman and the MD & CEO are paid remuneration as approved by the RBI and other applicable authorities, but are not paid sitting fees. MD & CEO, Company Secretary and Chief Financial Officer shall be the Key Managerial Personnel (KMPs) of the Bank. All persons who are Directors / KMPs, members of Senior Management and all other employees shall abide by the Code of Conduct. Independent Directors are not entitled for ESOPs. Directors/KMPs shall not acquire any disqualification and shall be persons of sound integrity and honesty, apart from knowledge, experience, etc. in their respective fields.

### PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 and the rules made thereunder, as amended, has been given in the annexure appended hereto and forms part of this report. The Bank had 14 employees who were employed throughout the year and were in receipt of remuneration of more than ₹ 60.00 lakh per annum and 2 employee (s) were employed for part of the year and were in receipt of remuneration of more than ₹ 5.00 lakh per month.

### EMPLOYEE STOCK OPTIONS

The information pertaining to the Employee Stock Options is given in an annexure 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 and such other details as prescribed is as given below:

| Name | Ratio |
|---|---|
| Nasser Munjee (Chairman) | 5 : 1 |
| Murali M Natrajan (Managing Director & CEO) | 143 : 1 |

For this purpose, Sitting fees paid to the Directors have not been considered as remuneration.

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): | 20% |
| Mr. Murali M Natrajan – (Managing Director & CEO): | 15% |
| Mr. Bharat Laxmidas Sampat – (Chief Financial Officer): | 7% |
| Mr. Hemant Vinayak Barve – (Company Secretary): | 33% |

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

d) The number of permanent employees on the rolls of company: 3352

e) The explanation on the relationship between average increase in remuneration and company performance: The Bank's PAT has grown from ₹ 151.36 Cr to ₹ 191.18 Cr, an increase of 26% against which the average increase in remuneration is 10%; and this increase is aligned with the Compensation Policy of the Bank.

f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

| Name | Designation | CTC | % Increase in CTC | PAT (₹ in crore) | % Increase in PAT |
|---|---|---|---|---|---|
| Murali M Natrajan | Managing Director & CEO | 42,972,712* | 15% | 191.18 | 26% |
| Bharat Laxmidas Sampat | Chief Financial Officer | 9,475,900 | 7% | | |
| Hemant Vinayak Barve | Company Secretary | 4,000,000 | 33% | | |

* It consists of Salary/Allowance & Benefits as approved by Reserve Bank of India & excludes Bonus and Perquisite on exercise of ESOPs.

As per the Bank's Compensation Policy, the compensation of the key managerial personnel is based on various parameters including Internal Benchmarks, External Benchmarks, Financial Performance of the Bank, Regulatory guidelines.

g) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

| Date | Issued Capital (Shares) | Closing Market Price per shares ₹ | EPS | PE Ratio | Market Capitalisation (₹ in million) |
|---|---|---|---|---|---|
| 31.03.2014 | 250,324,622 | 61.25 | 6.05 | 10.12 | 15,332.38 |
| 31.03.2015 | 282,012,273 | 110.95 | 7.21 | 15.39 | 31,289.26 |
| Increase /(Decrease) | 31,687,651 | 49.70 | 1.16 | 5.27 | 15,956.88 |
| % of Increase/(Decrease) | 12.66 | 81.14 | 19.17 | 52.07 | 104.07 |
| Issue Price of the share at the last Pubic Offer (IPO) | - | 26.00 | - | - | - |
| Increase in market price as on 31.03.2015 as compared to Issue Price of IPO | - | 84.95 | - | - | - |
| Increase in % | - | 326.73 | - | - | - |

h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 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 managerial remuneration is 10% for Employees other than Managerial Personnel & 9% for Managerial Personnel (KMP and Senior Management)

i) The key parameters for any variable component of remuneration availed by the directors: Except for the Chairman Mr. Nasser Munjee and the Managing Director & CEO (MD & CEO) Mr. Murali M Natrajan no directors have been paid any remuneration as only Sitting Fees are paid to them. Mr. Nasser Munjee is not paid any variable remuneration. However, with respect to MD & CEO variable component is paid in the form of Bonus, as per the Compensation Policy of the Bank which is based on Reserve Bank of India guidelines on the Compnsation Policy. Any payment of this nature is made only with the prior approval of the Reserve Bank of India and Board of Directors.

j) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **Not Applicable**

k) If remuneration is as per the remuneration policy of the company: 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 the 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 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.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".

## THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Bank has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134 (5) (e) IFC of the Companies Act, 2013. For the year ended 31st March, 2015, 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

In accordance with Section 134(5) of the Companies Act, 2013, your Board of Directors confirms that: a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there is no material departure; b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for the year; c) proper and sufficient care has been taken for maintenance of adequate accounting records as provided in the Companies Act, 2013, for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; d) the annual accounts of the Bank have been prepared on a "going concern" basis; e) the directors had laid down internal financial controls to be followed by the Bank and that such controls are adequate and were operating effectively; and f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## EXTRACT OF THE ANNUAL RETURN

An extract of the Annual Return as of 31st March, 2015 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 and forming part of the report is attached separately.

## CORPORATE GOVERNANCE

The Bank has been observing the best corporate governance practices and benchmarks itself against each such practice on an on-going basis. A separate section on Corporate Governance and a Certificate from the Statutory Auditors M/s. B S R & Co., LLP, Chartered Accountants (Registration No.101248W/W-100022) regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges form part of this Annual Report.

## DIRECTORS

During FY 2015, Mr. Sukh Dev Nayyar resigned from the Board of the Bank w.e.f. 13th January, 2015 due to his personal reasons. The Board of Directors places on record its deep sense of appreciation of the valuable contributions made by Mr. Sukh Dev Nayyar during his association of more than 7 years as an Independent Director of the Bank.

The Board of Directors at the meeting held on 1st November, 2014 had approved appointment of Mr. Shaffiq Dharamshi (DIN-06925633) as an Additional Non-Executive Non-Independent Director on the Board w.e.f. from the subsequent Board meeting. Accordingly, he joined the Board on 13th January, 2015. Notice as required under the Companies Act, 2013 has been received from a shareholder signifying his intention to propose Mr. Shaffiq Dharamshi as a Director of the Bank. The Board of Directors of the Bank recommend his appointment at the ensuing AGM.

In compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with regard to appointment of atleast one woman director, the Board of Directors of your Bank at the meeting held on 13th January, 2015 had approved the appointment of Ms. Rupa Devi Singh (DIN-02191943) as an Additional Non-Executive, Independent Director on the Board w.e.f. the subseqeunt Board meeting. Accordingly, she joined the Board on 22nd January, 2015. Notice as required under the Companies Act, 2013 has been received from a shareholder signifying his intention to propose Ms. Rupa Devi Singh as a Director of the Bank. The Board of Directors of the Bank recommend her appointment to the shareholders at the ensuing AGM.

With approval of the Reserve Bank of India, the Board of Directors of the Bank re-appointed Mr. Nasser Munjee as Part-time Chairman of the Bank for a period of three years from 19th August, 2014 on an honorarium of ₹ 18 lakh per annum and reimbursement of actual business related expenses and Annual Club Membership fees. The Board of Directors of the Bank recommend his re-appointment and payment of honorarium in the ensuing AGM.

With approval of the Reserve Bank of India, the Board of Directors re-appointed Mr. Murali M. Natrajan as MD & CEO of the Bank for a period of three years i.e. from 29th April, 2015 to 28th April, 2018 on his existing remuneration approved by RBI effective from 1st April, 2014. The Board of Directors of the Bank recommend his re-appointment and payment of remuneration at the ensuing AGM.

A brief resume relating to the persons who are to be appointed as Directors is furnished in the notice of the 20th AGM as well as in the report on Corporate Governance. Based on the Disclosures provided by them, none of the above mentioned persons are disqualified from being appointed as a Director as specified in terms of Section 164 of the Companies Act, 2013.

None of the Directors are related to each other per se.

During the year under review, in compliance with Section 203 of the Companies Act, 2013, Mr. Bharat Sampat – Chief Financial Officer was designated as a Key Managerial Personnel of the Bank in addition to the existing KMPs viz. Mr. Murali M. Natrajan – MD & CEO and Mr. Hemant V. Barve – Company Secretary.

## 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. Nomination and Remuneration Committee of the Board had prepared and sent through its Chairman draft parameterized feed back forms for evaluation of the Board, Independent Directors and 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 Directors (without participation of the relevant director)

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

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

## STATUTORY AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants (Registration No.101248W/W-100022), were re-appointed as Statutory Auditors at the last Annual General Meeting. They are eligible for re-appointment for the FY 2016. 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, a company can make appointment of auditor for five years at a time. However, the Bank is also governed by the provisions of the Banking Regulation Act, 1949 and the circulars/notification/guidelines issued by the 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. B S R & Co. LLP have already completed term of three years. Taking into consideration the mandatory rotation after four years, last year, appointment of the auditors was made for two years, subject to prior approval of the RBI and ratification of shareholders in the ensuing Annual General Meeting. The Reserve Bank of India has been approached for their re-appointment for FY 2016. Your Board recommends ratification of their appointment as the Statutory Auditors at the ensuing Annual General Meeting for a period of up to two financial years ending with FY 2016.

## 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 2015 whose report of 10th April, 2015 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, 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: Chennai **Nasser Munjee**

14th April, 2015 Chairman

## ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

1. Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015.

**Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 6,000,000/- per annum.**

| Sr No | Name of the employee | Date of Joining | Designation | Qualification | Age | Experience Years | Remuneration ₹ ** | Last Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | VENKATTESH R | 15-Dec-2005 | Head Operations Technology & HR | B.Com., PGDPM (MBA) | 47 | 24 | 23,487,453 | Standard Chartered Bank |
| 2 | AJAY AHLUWALIA | 05-Mar-2007 | Regional Head North | B.Sc., PGDBM | 43 | 19 | 6,219,601 | Kotak Mahindra Bank Ltd. |
| 3 | PRAVEEN ACHUTHAN KUTTY | 30-Jul-2007 | Head Retail & SME Banking | B.Com., MBA | 48 | 24 | 27,805,705 | Citibank |
| 4 | NARENDRANATH MISHRA | 13-Aug-2007 | Head Agri & Inclusive Banking | B.Sc.(Agri), PGD in Rural Management | 41 | 16 | 8,607,588 | ICICI Bank Ltd. |
| 5 | ABHIJIT BOSE | 16-Jun-2008 | Head – Retail Assets & Strategic Alliances | B.Com., CA (Inter) | 51 | 23 | 13,814,031 | Standard Chartered Bank |
| 6 | BHARAT LAXMIDAS SAMPAT | 11-Sep-2008 | Chief Financial Officer | B.Com., LLB, ACA, AICWA, ACS | 54 | 29 | 15,639,221 | ABN Amro Bank |
| 7 | AJAY MATHUR | 29-Sep-2008 | Head Collections & Commercial Vehicles | B.A. | 45 | 23 | 8,805,947 | Citibank |
| 8 | MURALI M NATRAJAN | 29-Apr-2009 | Managing Director & CEO | B.Com., ICWA (Inter), FCA | 53 | 30 | 69,381,142* | Standard Chartered Bank |
| 9 | SUKESH BHOWAL | 14-Aug-2009 | Head Mortgages & Gold Loans | BTech (IIT, Mumbai), Diploma in Management (IIM, Lucknow) | 43 | 19 | 7,509,114 | HDB Financial Services Ltd. |
| 10 | SRIDHAR SESHADRI | 12-Nov-2009 | Financial Controller | M.Com, CAIIB | 53 | 33 | 8,236,778 | ICICI Bank Ltd. |
| 11 | RAVI KUMAR VADLAMANI | 23-Nov-2009 | Chief Operating Officer | B.Sc., CISA, ACA | 43 | 17 | 6,726,861 | Samba Financial Group (Previously Citibank), Riyadh |
| 12 | JAYARAMAN VISHWANATH | 07-Jul-2010 | Chief Credit Officer | B.E.(Mech), PGDM (Finance & Marketing) | 47 | 22 | 11,600,404 | Fullerton India Credit Co. Ltd. |
| 13 | HEMANT VINAYAK BARVE | 16-Aug-1984 | Company Secretary | M.Com., LLB (Gen), ACS, CAIIB | 60 | 40 | 7,386,335 | Ritchie Steuart Investments Co. Ltd. (Subsidiary of Forbes Forbes Campbell & Co. Ltd.) |
| 14 | RAJESH CHANDRA VERMA | 27-May-2009 | Head Treasury & Correspondent Banking | M.Sc. (Chemistry), ACIB, CAIIB, CISA | 60 | 35 | 17,698,313 | State Bank of India |

* The above figure includes increment arrears of ₹ 3,247,500/-, Bonus for F.Y. 2012-13 of ₹ 6,037,080/- paid in the Financial Year 2014-15 & Perquisite charged as per Income Tax rules including Employee Stock Options Plan.

** The above figures may include Perquisite on Employee Stock Options Plan as applicable.

**Employed for part of the year and were in receipt of remuneration at the rate of not less than ₹ 500,000/- per month.**

| Sr No | Name of the employee | Date of Joining | Designation | Qualification | Age | Experience Years | Remuneration ₹ | Last Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | ATAL AGARWAL | 01-Dec-2014 | Head Corporate & Investment Banking | BTech (Electronics), PGDBM (Finance & Marketing) | 50 | 18 | 3,392,185 | Royal Bank of Scotland |
| 2 | ANURADHA T P | 02-Feb-2015 | Chief Internal Auditor | B.Com, ACA, ACS, CISA | 39 | 13 | 1,157,570 | ING Vysya Bank Ltd. |

Notes :

1. Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Arrears of Salary, Bonus, Ex-Gratia, Bank's contribution towards Provident Fund, Gratuity and Monetary value of perquisites as per income tax rule.
2. Nature of employment is contractual.
3. None of the above employee is related to any director of the Bank.

On behalf of the Board of Directors

**Nasser Munjee**
Chairman

2) **EXTRACT OF THE ANNUAL RETURN**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2015**

[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 (Formerly Development Credit 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<br>Tel.: 022-66187000 Fax: 022-66589970;<br>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.<br>CIN:U67190MH1999PTC118368 C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai-400 078.<br>Tel.022-25963838 Fax:022-2594 6969;<br>E-mail:mumbai@linkintime.co.in; Website:www.linkintime.co.in |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. N0 | 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 31st March, 2015

| 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 | 0.98 | 2,450,182 | 0 | 2,450,182 | 0.87 | (0.11) |
| 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 | 0.98 | 2,450,182 | 0 | 2,450,182 | 0.87 | (0.11) |
| **(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 | 17.48 | 43,750,052 | | 43,750,052 | 15.51 | (1.97) |
| 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 | 0 | 43,750,052 | 17.48 | 43,750,052 | | 43,750,052 | 15.51 | (1.97) |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **46,200,234** | **0** | **46,200,234** | **18.46** | **46,200,234** | **0** | **46,200,234** | **16.38** | **(2.08)** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 15,936,438 | 0 | 15,936,438 | 6.37 | 40,091,837 | 0 | 40,091,837 | 14.22 | 7.85 |
| b) Banks / FI | 8,909,572 | 0 | 8,909,572 | 3.56 | 684,587 | 0 | 684,587 | 0.24 | (3.32) |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 6,270,904 | 0 | 6,270,904 | 2.50 | 14,183,259 | 0 | 14,183,259 | 5.03 | 2.53 |
| f) Insurance Companies | 9,536,716 | 0 | 9,536,716 | 3.81 | 10,408,574 | 0 | 10,408,574 | 3.69 | (0.12) |
| g) FIIs and QFI | 30,812,994 | 0 | 30,812,994 | 12.31 | 38,686,872 | 0 | 38,686,872 | 13.72 | 1.41 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others :<br>a) Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 2,616,219 | 0 | 2,616,219 | 0.93 | 0.93 |
| b) Trusts | 844,277 | 1,035 | 845,312 | 0.34 | 976,391 | 1,035 | 977,426 | 0.34 | 0.00 |
| **Sub-total (B)(1):-** | **72,310,901** | **1,035** | **72,311,936** | **28.89** | **1,07,647,739** | **1,035** | **107,648,774** | **38.17** | **9.28** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 31,425,473 | 309,412 | 31,734,885 | 12.68 | 28,423,621 | 290,692 | 28,714,313 | 10.18 | (2.50) |
| ii) Overseas | 11,745,484 | 0 | 11,745,484 | 4.69 | 9,972,484 | 0 | 9,972,484 | 3.54 | (1.15) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 48,877,241 | 8,503,350 | 57,380,591 | 22.92 | 50,549,665 | 8,108,623 | 58,658,288 | 20.80 | (2.12) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 22,599,707 | 37,536 | 22,637,243 | 9.04 | 20,947,870 | 24,361 | 20,972,231 | 7.44 | (1.60) |
| c) Others (specify) | | | | | | | | | |
| (c-i) Clearing Members | 1,866,545 | 0 | 1,866,545 | 0.75 | 1,634,516 | 0 | 1,634,516 | 0.58 | (0.17) |
| (c-ii) NRI-Rep | 5,254,520 | 0 | 5,254,520 | 2.10 | 5,678,728 | 0 | 5,678,728 | 2.01 | (0.09) |
| (c-iii)NRI-Non Rep. | 732,398 | 1,000 | 733,398 | 0.29 | 1,971,919 | 1,000 | 1,972,919 | 0.70 | 0.41 |
| (c-iv) Directors & Relatives | 409,960 | 49,826 | 459,786 | 0.18 | 509,960 | 49,826 | 559,786 | 0.20 | 0.02 |
| **Sub-total (B)(2):-** | **122,911,328** | **8,901,124** | **131,812,452** | **52.65** | **119,688,763** | **8,474,502** | **128,163,265** | **45.45** | **(7.20)** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **195,222,229** | **8,902,159** | **204,124,388** | **81.54** | **227,336,502** | **8,475,537** | **235,812,039** | **83.62** | **2.08** |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Grand Total (A+B+C)** | **241,422,463** | **8,902,159** | **250,324,622** | **100.00** | **273,536,736** | **8,475,537** | **282,012,273** | **100.00** | **0** |

(ii) Shareholding of Promoters as of 31st March, 2015

| 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 | 17.48 | 0 | 43,750,052 | 15.51 | 0 | (1.97) |
| 2. | PLATINUM JUBILEE INVESTMENTS LTD. | 2,450,182 | 0.98 | 0 | 2,450,182 | 0.87 | 0 | (0.11) |
| | **Total** | **46,200,234** | **18.46** | **0** | **46,200,234** | **16.38** | **0** | **(2.08)** |

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

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 46,200,234 | 18.46 | 46,200,234 | 18.46 |
| | 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 | 16.38 | 46,200,234 | 16.38 |

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

| Sl. No. | For Each of the Top 10 Shareholders Name, Date & Reason of change | | Shareholding at the beginning of the year (01-04-2014) | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | TANO MAURITIUS INDIA FVCI II | | 11,925,000 | 4.76 | 11,925,000 | 4.76 |
| Add | 10-10-2014 | QIP Issue | 1,217,285 | 0.43 | 13,142,285 | 4.67 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | – | – | 13,142,285 | 4.66 |
| 2 | WCP HOLDINGS III | | 11,745,484 | 4.69 | 11,745,484 | 4.69 |
| Less | 30-01-2015 | Market Sale | (-) 17,73,000 | 0.63 | 9,972,484 | 3.54 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | – | – | 9,972,484 | 3.54 |
| | | | | | | |
| 3 | PI OPPORTUNITIES FUND I | | NIL | N.A. | NIL | N.A. |
| Add | 10-10-2014 | QIP Issue | 7,912,355 | 2.81 | 7,912,355 | 2.81 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 7,912,355 | 2.81 |
| 4 | AMBIT CORPORATE FINANCE PRIVATE LIMITED | | 10,472,867 | 4.18 | 10,472,867 | 4.18 |
| Less | 29-08-2014 | Market Sale | (-) 140,000 | 0.05 | 10,332,867 | 4.12 |
| Add | 30-09-2014 | Market Purchase | 140,000 | 0.05 | 10,472,867 | 4.18 |
| Add | 31-10-2014 | Market Purchase | 900 | 0.00 | 10,473,767 | 3.72 |
| Less | 21-11-2014 | Market Sale | (-) 193,500 | 0.07 | 10,280,267 | 3.65 |
| Less | 28-11-2014 | Market Sale | (-) 356,400 | 0.13 | 9,923,867 | 3.53 |
| Less | 05-12-2014 | Market Sale | (-) 424,800 | 0.15 | 9,499,067 | 3.37 |
| Less | 12-12-2014 | Market Sale | (-) 296,200 | 0.10 | 9,202,867 | 3.27 |
| Less | 19-12-2014 | Market Sale | (-) 885,500 | 0.03 | 8,317,367 | 2.95 |
| Add | 31-12-2014 | Market Purchase | 60,633 | 0.02 | 8,378,000 | 2.98 |
| Less | 09-01-2015 | Market Sale | (-) 130,000 | 0.05 | 8,248,000 | 2.93 |
| Add | 16-01-2015 | Market Purchase | 282,000 | 0.10 | 8,530,000 | 3.03 |
| Less | 23-01-2015 | Market Sale | (-) 125,000 | 0.04 | 8,405,000 | 2.98 |
| Less | 30-01-2015 | Market Sale | (-) 396,000 | 0.14 | 8,009,000 | 2.84 |
| Less | 20-03-2015 | Market Sale | (-) 200,000 | 0.07 | 7,809,000 | 2.77 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 7,809,000 | 2.77 |
| 5 | BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD. | | 5,153,556 | 2.06 | 5,153,556 | 2.06 |
| Add | 05-09-2014 | Market Purchase | 150,000 | 0.06 | 5,303,556 | 2.11 |
| Add | 10-10-2014 | QIP Issue | 1,825,928 | 0.06 | 7,129,484 | 2.54 |
| Less | 16-01-2015 | Market Sale | (-) 441,738 | 0.16 | 6,687,746 | 2.37 |
| Less | 23-01-2015 | Market Sale | (-) 200,000 | 0.07 | 6,487,746 | 2.30 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 6,487,746 | 2.30 |

| Sl. No. | For Each of the Top 10 Shareholders Name, Date & Reason of change | | Shareholding at the beginning of the year (01-04-2014) | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 6 | DSP BLACKROCK MICRO CAP FUND | | 1,292,261 | 0.52 | 1,292,261 | 0.52 |
| Add | 11-07-2014 | Market Purchase | 974,113 | 0.39 | 2,266,374 | 0.90 |
| Add | 18-07-2014 | Market Purchase | 972,748 | 0.39 | 3,239,122 | 1.29 |
| Add | 01-08-2014 | Market Purchase | 137,259 | 0.05 | 3,376,381 | 1.35 |
| Add | 22-08-2014 | Market Purchase | 243,930 | 0.10 | 3,620,311 | 1.44 |
| Add | 29-08-2014 | Market Purchase | 500,000 | 0.20 | 4,120,311 | 1.64 |
| Add | 19-09-2014 | Market Purchase | 644,492 | 0.26 | 4,764,803 | 1.90 |
| Add | 31-12-2014 | Market Purchase | 1,588,804 | 0.56 | 6,353,607 | 2.26 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | **6,353,607** | 2.25 |
| 7 | IL AND FS TRUST COMPANY LIMITED TRUSTEE -TVS SHRIRAM GROWTH FUND I | | **6,270,904** | **2.50** | **6,270,904** | 2.50 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | **6,270,904** | 2.22 |
| 8 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP | | **5,490,000** | **2.19** | **5,490,000** | 2.19 |
| Add | 20-06-2014 | Market Purchase | 100,000 | 0.04 | 5,590,000 | 2.23 |
| Add | 30-06-2014 | Market Purchase | 55,482 | 0.02 | 5,645,482 | 2.25 |
| Less | 22-08-2014 | Market Sale | (-) 15,482 | 0.01 | 5,630,000 | 2.25 |
| Add | 10-10-2014 | QIP Issue | 350,000 | 0.12 | 5,980,000 | 2.13 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 5,980,000 | 2.12 |
| 9 | TATA CAPITAL FINANCIAL SERVICES LIMITED | | 6,587,210 | 2.63 | 6,587,210 | 2.63 |
| Less | 11-04-2014 | Market Sale | (-) 217,210 | 0.09 | 6,370,000 | 2.54 |
| Less | 18-04-2014 | Market Sale | (-) 113,200 | 0.04 | 6,256,800 | 2.50 |
| Less | 25-04-2014 | Market Sale | (-) 167,596 | 0.07 | 6,089,204 | 2.43 |
| Less | 02-05-2014 | Market Sale | (-) 88,204 | 0.03 | 6,001,000 | 2.40 |
| Less | 31-12-2014 | Market Sale | (-) 7,000 | 0.00 | 5,994,000 | 2.13 |
| Less | 02-01-2015 | Market Sale | (-) 52,000 | 0.02 | 5,942,000 | 2.11 |
| Less | 09-01-2015 | Market Sale | (-) 41,000 | 0.01 | 5,901,000 | 2.10 |
| Less | 16-01-2015 | Market Sale | (-) 347,000 | 0.12 | 5,554,000 | 1.97 |
| Less | 30-01-2015 | Market Sale | (-) 38,000 | 0.01 | 5,516,000 | 1.96 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 5,516,000 | 1.96 |
| 10 | HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED | | 4,047,926 | 1.62 | 4,047,926 | 1.62 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 4,047,926 | 1.43 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | For Each of the Top 10 Shareholders Name, Date & Reason of change | | Shareholding at the beginning of the year (01-04-2014) | | 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) (31-03-2015) | | 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) (31-03-2015) | | 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) (31-03-2015) | | 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) (31-03-2015) | | N.A. | N.A. | 4,718 | 0.00 |
| 5 | MURALI M. NATRAJAN | | NIL | N.A. | NIL | N.A. |
| Add | 26.03.2015 | Esop Allotment | 100,000 | 0.04 | 100,000 | 0.04 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 100,000 | 0.04 |
| 6 | BHARAT LAXMIDAS SAMPAT | | 100,000 | 0.04 | 100,000 | 0.04 |
| Less | 24-05-2014 | Market Sale | (-) 25,000 | 0.01 | 75,000 | 0.03 |
| Less | 16-07-2014 | Market Sale | (-) 25,000 | 0.01 | 50,000 | 0.02 |
| Less | 07-11-2014 | Market Sale | (-) 25,000 | 0.01 | 25,000 | 0.01 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 25,000 | 0.01 |
| 7 | HEMANT VINAYAK BARVE | | 3,000 | 0.00 | 3,000 | 0.00 |
| Add | 14-08-2014 | Esops Allotment | 4,500 | 0.00 | 7,500 | 0.00 |
| Add | 23-09-2014 | Esops Allotment | 5,000 | 0.00 | 12,500 | 0.00 |
| Less | 19-12-2014 | Market Sale | (-) 82 | 0.00 | 12,418 | 0.00 |
| Less | 31-12-2014 | Market Sale | (-) 2,918 | 0.00 | 9,500 | 0.00 |
| Add | 13-01-2015 | Esops Allotment | 7,000 | 0.00 | 16,500 | 0.01 |
| Add | 11-02-2015 | Esops Allotment | 7,000 | 0.00 | 23,500 | 0.01 |
| Add | 12-03-2015 | Esops Allotment | 6,000 | 0.00 | 29,500 | 0.01 |
| Add | 26-03-2015 | Esops Allotment | 4,000 | 0.00 | 33,500 | 0.01 |
| | At the End of the year ( or on the date of separation, if separated during the year) (31-03-2015) | | N.A. | N.A. | 33,500 | 0.01 |

## V. INDEBTEDNESS

Since deposits accepted and borrowings taken are in 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, Whole-time Directors and/or Manager:**

| 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 | 45,709,164 | 45,709,164 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 14,387,398 | 14,387,398 |
| (c) | Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | 0 | 0 |
| 2. | Stock Option | 0 | 0 |
| 3. | Sweat Equity | 0 | 0 |
| 4. | Commission<br>- as % of profit<br>- others, specify… | 0 | 0 |
| 5. | Others, please specify | None | None |
| | **Total (A)** | * 60,096,562 | * 60,096,562 |
| | 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. | |

**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. Sukh Dev Nayyar (up to 13.03.2015) | 260,000 |
| | | Mr. Suhail Nathani | 110,000 |
| | | Mr. Altaf Jiwani | 200,000 |
| | | Mr. Amin Manekia | 660,000 |
| | | Mr. Imran Contractor | 720,000 |
| | | Mr. Keki Elavia | 570,000 |
| | | Mr. C. Narasimhan | 740,000 |
| | | Mr. Jamal Pradhan | 200,000 |
| | | Mr. Nalin Shah | 440,000 |
| | | Mr. S. Sridhar | 700,000 |
| | | Ms. Rupa Devi Singh (w.e.f.22.01.2015) | 100,000 |
| | • Commission | | NIL |
| | • Others, please specify | | NIL |
| | **Total (1)** | | 4,700,000 |
| 2. | Other Non-Executive Directors | | |
| | • Fee for attending board / committee meetings | Mr. Shaffiq Dharamshi | NIL |
| | • Commission | | NIL |
| | • Others, please specify | Honorarium paid to Mr. Nasser Munjee- Non-executive Part time Chairman | 1,570,968 |
| | **Total (2)** | | 1,570,968 |
| | **Total (B)=(1+2)** | | 6,270,968 |
| | **Total Managerial Remuneration** | A + B | 66,367,530 |
| | 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 | |

* The above figures exclude increment arrears of ₹ 3,247,500, Bonus for F.Y. 2012-13 of ₹ 6,037,080 paid in the Financial Year 2014-15 and include Bonus ₹ 9,500,000 paid for Financial Year 2013-14 and Perquisite amount of ₹ 12,379,000 on exercise of ESOPs.

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

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| 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 | 5,175,575 | 15,639,221 | 20,814,796 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 2,210,760 | 0 | 2,210,760 |
| (c) | Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 |
| 2. | Stock Option (Nos.) | | 80,000 (Nos.) | 80,000 (Nos.) |
| 3. | Sweat Equity | 0 | 0 | 0 |
| 4. | Commission<br>- as % of profit<br>- others, specify... | 0 | 0 | 0 |
| 5. | Others, please specify | 0 | 0 | 0 |
| | **Total** | **7,386,335** | **15,639,221** | **23,025,556** |

## 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 | | | | | |

## 3. EMPLOYEES' STOCK OPTIONS

Details of the stock options granted, vested, exercised, forfeited and lapsed during the year under review are as under:

| Category | Options in Force- Op. Bal. as on 01.04.2014 | Options Granted during the year 2014-15 | # Options Exercised and Shares allotted during the year 2014-15 | Options Lapsed/ Cancelled during the year 2014-15 | Total Options in Force as on 31.03.2015 | Total Options Vested & Exercisable as on 31.03.2015 |
|---|---|---|---|---|---|---|
| Pre-IPO | 0 | 0 | 0 | 0 | 0 | 0 |
| Post -IPO | 10,144,425 | 2,469,000 | 1,255,515 | 322,870 | 11,035,040 | 6,406,040 |
| **Total** | **10,144,425** | **2,469,000** | **1,255,515** | **322,870** | **11,035,040** | **6,406,040** |

# One (1) share would arise on exercise of one (1) stock option.

**Other details are as under:**

| | | |
|---|---|---|
| Money realized by exercise of options | The Bank received ₹12,555,150.00 towards share capital and ₹39,626,769.00 towards share premium on account of 1,255,515 stock options exercised and shares allotted during the year under review. | |
| Pricing Formula for the options granted during the year | Closing market price on the stock exchange where there is highest trading volume on the immediately preceding working day of the date of grant except in respect of 2,239,000 Options granted on May 3, 2014, which were granted at a discount of ₹ 10/- per Option to the Closing Market Price. | |
| **Details of options granted during the year to:** | **Name** | **Options granted (Nos)** |
| | **a) Directors** | **NIL** |
| | **b) Senior Management:** | |
| | Mr. Praveen Achuthan Kutty | 150,000 |
| | Mr. Atal Agarwal | 100,000 |
| | Mr. Bharat Laxmidas Sampat | 80,000 |
| | Mr. R.Venkattesh | 80,000 |
| | Mr. Abhijit Bose | 70,000 |
| | Mr. Jayaraman Vishwanath | 70,000 |
| | Mr. Narendranath Mishra | 70,000 |
| | Mr. Sridhar Seshadri | 70,000 |
| | Mr. Ajay Mathur | 60,000 |
| | Mr. Damodar Agarwal | 60,000 |
| | Mr. Hamsaz Vasunia | 60,000 |
| | Mr. Kamala Kant Pandey | 60,000 |
| | Mr. Krishna Ramasankaran | 60,000 |
| | Mr. Pankaj Sood | 60,000 |
| | Mr. Ravi Kumar Vadlamani | 60,000 |
| | Mr. Sukesh Bhowal | 60,000 |
| | Mr. Kaushal N.C. | 50,000 |
| | Mr. Aditya Prasad | 40,000 |
| | Mr. Gaurav Mehta | 35,000 |
| | Mr. Sameer Singh Jaini | 35,000 |
| ii. Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year | None | |
| iii.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 company at the time of grant | None | |
| Variation of terms of Options | None | |
| Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) - 20 (Earnings Per Share). | ₹ 7.03 | |
| Where the company has calculated the employee compensation cost using the intrinsic value of the stock 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, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | Had the Bank followed fair value method for accounting the stock options, compensation expense would have been higher by ₹ 1.47 crore. Consequently profit after tax would have been lower by that extent. The basic EPS of the Bank would have been ₹ 7.15 per share and the Diluted EPS would have been ₹ 6.98 per share. | |
| Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock options | The weighted average exercised price of the stock options granted during the year is ₹ 55.36 and the weighted average fair value is ₹ 28.48. | |
| A description of the method and significant assumptions used during the year to estimate the fair values of options, at the time of grant including the following weighted-average information | The Securities Exchange Board of India (SEBI) has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. The Bank also calculates the fair value of options at the time of grant, using binomial option-pricing model with the following assumptions: | |
| i. Risk-free interest rate,<br>ii. Expected life,<br>iii. Expected volatility,<br>iv. Expected dividends, and<br>v. The price of the underlying share in market at the time of option granted | 8.13% to 8.80%<br>5 years<br>54% to 55%<br>No dividend expected<br>The per share applicable market prices at the time of grant of the Options during the year under review were as under:<br>₹ 60.20(2,239,000 options granted on 03.05.2014)<br>₹ 105.60 (230,000 options granted on 01.12.2014) | |

## CORPORATE GOVERNANCE

**Report on Corporate Governance pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges and forming Part of the Directors' Report for the year ended 31st March, 2015.**

### PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank 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 eleven (11) other directors on its Board. Except for the Chairman Mr. Nasser Munjee, Director Mr. Shaffiq Dharamshi and the MD & CEO Mr. Murali M. Natrajan, who are 'Non-Independent' Directors, other 10 Directors are 'Independent'. As against the requirement of the Listing Agreement for the number of Independent Directors to be more than 1/3rd of the total number of Directors, your Board has approx. 77 % 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 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 559,786 equity shares of the Bank (0.20 % of Capital) i.e. less than 2 % of the Equity Share Capital of the Bank as on 31st March, 2015.

### COMPOSITION OF THE BOARD OF DIRECTORS

**Mr. Nasser Munjee** has been a non-executive director since June 2005 and the Bank's non-executive Chairman since August 2005. He is also the Chairman of the Executive Committee, the Capital Raising Committee and the Corporate Social Responsibility Committee of the Board. Mr. Munjee began his career in 1977 as one of the first employees of HDFC, India's first housing finance company, where 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 12 public companies in India, including Tata Motors, Tata Chemicals, Britannia Industries, Cummins India, ABB India Limited and Ambuja Cements Limited. He is also the Chairman of 2 other Aga Khan Development Network (AKDN) institutions in India – the Aga Khan Rural Support Programme (AKRSP) and the Muniwarabad Charitable Trust. 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 31st March, 2015.

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

Mr. Dharashmi does not hold any equity shares in the Bank as on 31st March, 2015.

**Mr. Altaf Jiwani** has been a non-executive independent director of the Bank since January 2012. He has approximately 24 years of experience in corporate finance in the electrical, textile and automobile industries and expertise in foreign exchange risk management and trade finance. He has been recipient of the "Outstanding Achiever" award in the RP-SG 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 leading manufacturer and exporter of home textiles from India.

Mr. Jiwani does not hold any equity shares in the Bank as on 31st March, 2015.

**Mr. Amin Manekia** has been a non-executive independent director of the Bank since 12th January, 2012. He has over 30 years of experience, and has specialized in the areas of marketing, finance, co-operation and banking. He has worked for more than 20 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 a director of IVP 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 31st March, 2015.

**Mr. Suhail Nathani** has been a non-executive independent director of the Bank since January 2009. He is a founder Partner of Economic Laws Practice, a law firm with offices in Mumbai, New Delhi, Ahmedabad and Pune. His areas of legal practice include corporate and commercial matters, private equity and international trade. He also serves as an independent director of Phoenix Mills Ltd., Piramal Glass Ltd. and Mahindra CIE Automotive Ltd. Mr. Nathani obtained an M.A. in Law from Cambridge University, United Kingdom, and an LL.M. degree from Duke University in the United States. He is enrolled as an advocate in India and is admitted to the New York State Bar.

Mr. Nathani does not hold any equity shares in the Bank as on 31st March, 2015.

**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 31st March, 2015.

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

Mr. Elavia does not hold any equity shares in the Bank as on 31st March, 2015.

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

Mr. Narasimhan does not hold any equity shares in the Bank as on 31st March, 2015.

**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 has been a member of the Expert Advisory Committee and the Accounting Standards Board of the Institute of Chartered Accountants of India. 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.

Mr. Shah does not hold any equity shares in the Bank as on 31st March, 2015.

**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.

Mr. Sridhar does not hold any equity shares in the Bank as on 31st March, 2015.

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

Mr. Pradhan holds 4,718 equity shares in the Bank as on 31st March, 2015.

**Ms. Rupa Devi Singh** has been a non-executive independent director of the Bank since 22nd January, 2015. She has over 35 years of rich experience in various sectors viz. commercial banking, project structuring, infrastructure, etc. She was the founder Managing Director and CEO of Power Exchange India (PXIL). Prior to joining PXIL, she had worked with CRISIL as Director – Power Practice and subsequently, as Director Corporate & S E Asia at CRISIL. She started her career with State Bank of India (SBI) and had a long stint of about 26 years during which she worked in various senior positions. She has been a frequent speaker at Infrastructure events in India and abroad. 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 31st March, 2015.

**Mr. Murali M. Natrajan**, Managing Director & Chief Executive Officer (MD & CEO) of the Bank since April 2009, has approximately 30 years of banking experience across India and other countries in Asia. Prior to joining the Bank, Mr. Natrajan served in various roles at

Standard Chartered Bank from 2002 to 2009, including as the Global Head for SME banking in Standard Chartered Bank, Singapore, where he was responsible for providing strategic context and business development capabilities to drive a distinctive and consistent business model across 27 markets in Asia, Africa and the Middle East and as Head of Consumer Banking for India & Nepal overseeing business that included mortgages, wealth management, branches, ATMs, credit cards, personal loans and SME and as head of the mortgage and auto business. He previously worked with American Express TRS in India for five years in business planning, finance and operations and then with Citibank for 14 years in various disciplines such as operations, credit, finance, product management and business management of consumer banking, including as the Cards Business Director in Citibank India, Hong Kong and Indonesia. Mr. Natrajan obtained a Bachelor of Commerce (Honours course) degree in 1982 from University of Delhi and qualified as a Chartered Accountant in 1986.

Mr. Murali M. Natrajan holds 100,000 equity shares in the Bank as on 31st March, 2015.

**Composition of Board of Directors as on 31st March 2015**

| 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. Amin Manekia | Non-Executive | Independent |
| Mr. Suhail Nathani | Non-Executive | Independent |
| Mr. Imran Contractor | Non-Executive | Independent |
| Mr. Keki Elavia | Non-Executive | Independent |
| Mr. C. Narasimhan | Non-Executive | Independent |
| Mr. Nalin Shah | Non-Executive | Independent |
| Mr. S. Sridhar | Non-Executive | Independent |
| Mr. Jamal Pradhan | Non-Executive | Independent |
| Mr. Shaffiq Dharamshi | Non-Executive | Non-Independent |
| Ms. Rupa Devi Singh | Non-Executive | Independent/ Woman |

## BOARD MEETINGS

During the year ended 31st March, 2015, Twelve (12) Board Meetings were held on 15th April, 2014, 6th June, 2014, 14th July, 2014, 14th August, 2014, 05th September, 2014, 29th September, 2014, 10th October, 2014, 01st November, 2014,13th January, 2015, 22nd January, 2015, 2nd March, 2015 and 18th March, 2015.

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** | 9 | 9 | 3 | 1 | 5 |
| **Mr. Murali M. Natrajan** | 11 | 0 | 0 | 0 | 0 |
| **Mr. Altaf Jiwani** | 5 | 0 | 0 | 0 | 0 |
| **Mr. Amin Manekia** | 11 | 2 | 1 | 0 | 1 |
| **Mr. Suhail Nathani** | 5 | 3 | 3 | 1 | 0 |
| **Mr. Sukh Dev Nayyar #** | 4 | N.A. | N.A. | N.A. | N.A. |
| **Mr. Imran Contractor** | 11 | 0 | 0 | 0 | 0 |
| **Mr. Keki Elavia** | 11 | 9 | 3 | 4 | 4 |
| **Mr. C. Narasimhan** | 9 | 1 | 1 | 0 | 0 |
| **Mr. Nalin Shah** | 12 | 7 | 1 | 4 | 4 |
| **Mr. S. Sridhar** | 10 | 9 | 3 | 3 | 3 |
| **Mr. Jamal Pradhan** | 5 | 0 | 3 | 0 | 0 |
| **Mr. Shaffiq Dharamshi *** | 1 | 0 | 0 | 0 | 0 |
| **Ms. Rupa Devi Singh **** | 1 | 0 | 0 | 0 | 0 |

# Resigned w.e.f. 13th January, 2015
 * Appointed w.e.f. 13th January, 2015
** Appointed w.e.f. 22nd January, 2015

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. Sukh Dev Nayyar, Mr. Suhail Nathani, Mr. Imran Contractor and Jamal Pradhan attended the last Annual General Meeting held on 6th June, 2014.

## COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS

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

### AUDIT COMMITTEE OF BOARD (ACB)

Mr. Keki Elavia chairs the Audit Committee of Board (ACB) of the Bank. The other members of ACB are Mr. Nalin Shah, Mr. Altaf Jiwani, Mr. Amin Manekia and Mr. Shaffiq Dharamshi (w.e.f. 09.02.2015). All the members are Independent Directors (IDs) except Mr. Shaffiq Dharamshi as against the requirement of 2/3rd IDs under the Companies Act, 2013. The Committee was last re-constituted on 9th February 2015. 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 Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India , 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 Clause 41 of the Listing Agreement.
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 Clause 49 of the Listing Agreement.

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

### EXECUTIVE COMMITTEE OF BOARD (ECB)

The Executive Committee of Board (ECB) comprises Mr. Nasser Munjee (Chairman) , Mr. Suhail Nathani, Mr. Imran Contractor (w.e.f. 01.12.2014) and Mr. Altaf Jiwani (w.e.f. 09.02.2015). ECB, inter-alia, considers matters relating to properties, insurance, business performance and P&L, etc. The Committee was last re-constituted on 9th February, 2015.

During the year ECB met on three (3) occasions.

### CREDIT COMMITTEE OF BOARD (CCB)

The Credit Committee of Board (CCB) comprises Mr. S. Sridhar (Chairman w.e.f. 09.02.2015), Mr. Imran Contractor, Mr. C. Narasimhan and Ms. Rupa Devi Singh (w.e.f. 09.02.2015) and also had Mr. Sukh Dev Nayyar (Chairman) till 13.01.2015. The Committee was last re-constituted on 9th February, 2015. CCB, inter-alia, looks after sanctioning of loans and advances, approving of One Time Settlements (OTS), etc. The Committee was last re-constituted on 9th February, 2015.

During the year CCB met on twenty five (25) occasions.

### RISK MANAGEMENT COMMITTEE OF BOARD (RMC)

Mr. Keki Elavia chairs the Risk Management Committee of Board (RMC). Other members of RMC are Mr. Amin Manekia, Mr. C. Narasimhan, Mr. Nalin Shah (w.e.f. 09.02.2015) and Mr. Murali M. Natrajan and also had Mr. Sukh Dev Nayyar till 13.01.2015. 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 Risk Management 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 last re-constituted on 9th February, 2015.

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

### NOMINATION & REMUNERATION COMMITTEE OF BOARD (NRC)

Mr. Amin Manekia chairs NRC. Other members are Mr. Nasser Munjee, Mr. S. Sridhar and Mr. Keki Elavia. Except Mr. Munjee, all other members are Independent Directors and hence the necessary compliance is ensured. NRC, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors, evaluation of performance of Directors, remuneration, ESOPs, etc. to MD & CEO and other key managerial personnel of the Bank, monitoring of the compensation policy of the Bank, etc.

During the year, NRC met on six (6) occasions.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE OF BOARD (SRC)

The Stakeholders' Relationship Committee of Board (SRC) comprises Mr. Nalin Shah (Chairman w.e.f. 09.02.2015), Mr. Amin Manekia (Chairman till 09.02.2015 and then continues as member), Mr. Sukh Dev Nayyar (till 13.01.2015) and Mr. Altaf Jiwani (w.e.f. 09.02.2015). The Committee was last re-constituted on 9th February, 2015.

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 2015, two (2) complaints were received and resolved. There was no complaint outstanding as on 31st March, 2015. Also, no instruments of transfer were pending as on 31st March, 2015. 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 ₹ 1 crore or more. FRMC has Mr. Nalin Shah as its member and Chairman w.e.f. 09.02.2015, Mr. Keki Elavia (Chairman till 09.02.2015 and continues as member) , Mr. Sukh Dev Nayyar (till 13.01.2015) , Mr. C. Narasimhan and Mr. Murali M. Natrajan as other members. The Committee was last re-constituted on 9th February, 2015.

As there was no fraud exceeding the threshold limit, no meeting of the Committee was held during the year under review.

### CUSTOMER SERVICE COMMITTEE OF BOARD (CSC)

The members of the Customer Service Committee of Board (CSC) are Mr. Amin Manekia (Chairman), Mr. Sukh Dev Nayyar (till 13.01.2015), Mr. S. Sridhar, Mr. Jamal Pradhan, Mr.Altaf Jiwani (w.e.f.09.02.2015), Ms. Rupa Devi Singh (w.e.f.09.02.2015) and Mr. Murali M. Natrajan. The Committee was last re-constituted on 9th February, 2015. CSC monitors enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times. It also oversees the functioning of Standing Committee of Executives on Customer Service.

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

### CAPITAL RAISING COMMITTEE OF BOARD (CRC)

The members of the Capital Raising Committee of Board (CRC) are Mr. Nasser Munjee (Chairman), Mr. Suhail Nathani, Mr. Keki Elavia (till 09.02.2015), Mr. S. Sridhar, Mr. Imran Contractor (w.e.f.09.02.2015), Mr. Altaf Jiwani (w.e.f.09.02.2015) and Mr. Murali M. Natrajan. The Committee was last re-constituted on 9th February, 2015. 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.

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

### 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 (w.e.f. 09.02.2015), Mr. Imran Contractor and Mr. Jamal Pradhan. Mr. R. Venkattesh, Head – Ops., Tech & HR is also a member of the ITSC as a Management Representative. The Committee was last re-constituted on 9th February 2015. ITSC, inter alia, approves IT related strategy, Road-map for initiatives, Budget and investments to support Bank's growth strategies in accordance with the Business Plan.

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF BOARD (CSR)

The members of the CSR are Mr. Nasser Munjee (Chairman), Mr. Keki Elavia, Mr. S. Sridhar, Mr. Amin Manekia (till 09.02.2015), Ms. Rupa Devi Singh (w.e.f. 09.02.2015) and MD & CEO Mr. Murali M. Natrajan. The Committee was last re-constituted on 9th February, 2015.

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

### SUMMARY OF ATTENDANCE OF DIRECTORS for FY 2015

| Sr. No. | Name of Director | Appointed On | BM | ACB | CCB | ECB | CRC | RMC | FRMC | NRC | SRC | CSC | ITSC | CSR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **No. of Meetings held** | | #12 | 7 | 25 | 3 | 2 | 4 | 0 | 6 | 4 | 4 | 4 | 0 |
| 1 | Nasser Munjee | 29th June 2005 | 9 | N.M. | N.M. | 3 | 1 | N.M. | N.M. | 6 | N.M. | N.M. | N.M. | 0 |
| 2 | Sukh Dev Nayyar * | 09th August 2007 | 4 | N.M. | 8 | N.M. | N.M. | 1 | N.M. | N.M. | 0 | 0 | N.M. | N.M. |
| 3 | Suhail Nathani | 29th January 2009 | 5 | N.M. | N.M. | 1 | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. |
| 4 | Murali M. Natrajan | 29th April 2009 | 11 | N.M. | N.M. | N.M. | 2 | 3 | 0 | N.M. | N.M. | 3 | N.M. | 0 |
| 5 | Amin Manekia | 12th January 2012 | 11 | 7 | N.M. | N.M. | N.M. | 3 | N.M. | 6 | 4 | 4 | N.M. | N.M. |
| 6 | Altaf Jiwani | 12th January 2012 | 5 | 4 | N.M. | N.M. | 0 | N.M. | N.M. | N.M. | 0 | 1 | N.M. | N.M. |
| 7 | C. Narasimhan | 12th October 2012 | 9 | N.M. | 21 | N.M. | N.M. | 3 | 0 | N.M. | N.M. | N.M. | 4 | N.M. |
| 8 | S. Sridhar | 12th October 2012 | 10 | N.M. | 17 | N.M. | 2 | N.M. | N.M. | 6 | N.M. | 1 | N.M. | 0 |
| 9 | Imran Contractor | 12th October 2012 | 11 | N.M. | 20 | 2 | 0 | N.M. | N.M. | N.M. | N.M. | N.M. | 4 | N.M. |
| 10 | Keki Elavia | 12th October 2012 | 11 | 7 | N.M. | N.M. | 1 | 4 | 0 | 6 | N.M. | N.M. | N.M. | 0 |
| 11 | Nalin Shah | 12th October 2012 | 12 | 7 | N.M. | N.M. | N.M. | 1 | 0 | N.M. | 4 | N.M. | 0 | N.M. |
| 12 | Jamal Pradhan | 15th January 2013 | 5 | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | 1 | 4 | N.M. |
| 13 | Shaffiq Dharamshi ** | 13th January 2015 | 1 | 0 | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. |
| 14 | Rupa Devi Singh *** | 22nd January 2015 | 1 | N.M. | 2 | N.M. | N.M. | N.M. | N.M. | N.M. | N.M. | 2 | N.M. | 0 |

N.M. = Not Member   # It includes one meeting of Independent Directors.   *Resigned w.e.f. 13th January 2015   ** Appointed w.e.f. 13th January 2015
*** Appointed w.e.f. 22nd January 2015

## REMUNERATION OF DIRECTORS

### Honorarium to Chairman

Honorarium has been paid to the non-executive Chairman Mr.Nasser Munjee as per RBI approval vide its letter No.DBOD. No.857/29.03.001/2011-12 dated 15th July, 2011 and the approval of Govt. of India, Ministry of Corporate Affairs (MCA) vide its letter dated 26th March, 2013 for the period 1st April, 2014 to 18th August, 2014 (pro rata @rate of ₹ 12.00 Lakh p.a.) and as per RBI approval vide its letter No.DBOD.Appt No.1828/29.03.001/2014-15 dated 31st July, 2014 for the period 19th August, 2014 to 31st March, 2015 (pro rata @ rate of ₹ 18.00 Lakh p.a.).

Following payments have been made to the Chairman during FY 2015:

1. Honorarium w.e.f. 1st April, 2014 to 18th August, 2014 : ₹ 458,065
2. Honorarium w.e.f. 19th August, 2014 to 31st March, 2015 : ₹ 1,112,903

**Total** **₹ 1,570,968**

### Remuneration to MD & CEO

Mr. Murali M. Natrajan is the Managing Director & Chief Executive Officer (MD & CEO) of the Bank. The details of the remuneration paid to him during FY 2015 are as follows:

| Particulars | Amount (₹) |
|---|---|
| Basic | 17,553,600* |
| Allowances and Perquisite value | 26,979,030* |
| Bonus (F.Y.) 2013-14 | 9,500,000* |
| Contribution to Provident Fund | 2,106,432* |
| No. of Employee Stock Options granted during the year (2014-15) | NIL |
| No. of Employee Stock Options granted during the year (2013-14) | NIL |

* The above figures exclude increment arrears of ₹ 3,247,500/- & Bonus for F.Y. 2012-13 of ₹ 6,037,080/- paid in the Financial Year 2014-15.

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

*RBI vide letter no. DBR.Appt..No.9023/29.03.001/2014-15 dated 18th December, 2014 has approved the revision in remuneration of Mr. Murali M. Natrajan - MD & CEO of the Bank with effect from 1st April 2014 as well as payment of bonus of ₹ 9,500,000/- for the financial year 2013-14 to Mr. Murali M. Natrajan. The Board of Directors has noted the aforesaid approvals of RBI on 13th January 2015. Relevant amounts are provided for in the accounts for FY15 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. 100,000 shares have been allotted to him during the year against exercise of Stock Options.

REMUNERATION TO NON-EXECUTIVE DIRECTORS

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. Sukh Dev Nayyar | 260,000 |
| Mr. Suhail Nathani | 110,000 |
| Mr. Altaf Jiwani | 200,000 |
| Mr. Amin Manekia | 660,000 |
| Mr. Imran Contractor | 720,000 |
| Mr. Keki Elavia | 570,000 |
| Mr. C. Narasimhan | 740,000 |
| Mr. Jamal Pradhan | 200,000 |
| Mr. Nalin Shah | 440,000 |
| Mr. S. Sridhar | 700,000 |
| Mr. Shaffiq Dharamshi | NIL |
| Ms. Rupa Devi Singh | 100,000 |
| **Total** | **4,700,000** |

## DETAILS OF DIRECTORS SEEKING APPOINTMENT AS DIRECTOR AT THE FORTHCOMING ANNUAL GENERAL MEETING
**I**

| Name of the Director | Mr. Shaffiq Dharamshi |
|---|---|
| Date of Birth | 11th September, 1964 |
| Date of Appointment | 13th January, 2015 |
| Expertise in specific functional area | Risk Management |
| Qualifications | Master of Science |
| Directorship in Public Limited Companies | None in India |
| Membership of Committees in Public Limited Companies | None |
| Shareholding of Director in the Bank | NIL |
| Relationship with other Directors of Bank | None |

**II**

| Name of the Director | Ms. Rupa Devi Singh |
|---|---|
| Date of Birth | 24th January, 1956 |
| Date of Appointment | 22nd January, 2015 |
| Expertise in specific functional area | Agriculture, SSI & SBF Financing, Corporate & Retail Banking, Infrastructure Sector Financing |
| Qualifications | B. Sc., LLB, CAIIB |
| Directorship in Public Limited Companies | None |
| Membership of Committees in Public Limited Companies | None |
| Shareholding of Directors in the Bank | NIL |
| Relationship with other Directors of Bank | None |

**III**

| Name of the Director | Mr. Murali M. Natrajan |
|---|---|
| Date of Birth | 23rd March, 1962 |
| Date of Re-Appointment | 29th April, 2015 (Original Date of Appointment – 29th April, 2009) |
| Expertise in specific functional area | Banking |
| Qualifications | B.Com (Hons) and FCA |
| Directorship in Public Limited Companies | None |
| Membership of Committees in Public Limited Companies | None |
| Shareholding of Director in the Bank | 100,000 |
| Relationship with other Directors of Bank | None |

**IV**

| Name of the Director | Mr. Nasser Munjee |
|---|---|
| Date of Birth | 18th November, 1952 |
| Date of Re-Appointment | 19th August, 2014 (Original Date of Appointment – 29th June, 2005) |
| Expertise in specific functional area | Economics, Finance, Banking, Agriculture, Co-operation. |
| Qualifications | M.Sc. (Econ) |
| Directorship in Public Limited Companies | 9 |
| Membership of Committees in Public Limited Companies | Chairman: 4 |
| Member : 12 | |
| Shareholding of Director in the Bank | 4,401 |
| Relationship with other Directors of Bank | 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 |
|---|---|---|---|
| 19th AGM | 06.06.2014 at 2.30 p.m. | Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020. | 1) Amendments in Article of Association<br>2) Issue of Securities/shares, including issue of Securties/shares to Qualified Institutional Buyers |
| 18th AGM | 05.06.2013 at 2.30 p.m. | Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020. | NIL |
| EOGM | 10.12.2012 at 11.00 a.m. | Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020. | Issue of Equity Shares by way of Preferential Issue |
| 17th AGM | 01.06.2012 at 2.30 p.m. | Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020. | Remuneration to Chairman |

**Postal Ballot:** No resolution was passed through postal ballot during the year under review. No Resolution in the notice of the proposed Twentieth Annual General Meeting is proposed to be passed by Postal Ballot.

## GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar- For each calendar quarter, the financial results are reviewed and taken on record by the Board around the 2nd or 3rd week of the month subsequent to the quarter ending. The audited annual accounts as at 31st March 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 31st March, 2015**

| Sr. No. | Name | No. of Shares | % to Capital |
|---|---|---|---|
| 1 | AGA KHAN FUND FOR ECONOMIC DEVELOPMENTSA | 43,750,052 | 15.51 |
| 2 | TANO MAURITIUS INDIA FVCI II | 13,142,285 | 4.66 |
| 3 | WCP HOLDINGS III | 9,972,484 | 3.54 |
| 4 | PI OPPORTUNITIES FUND - I | 7,912,355 | 2.81 |
| 5 | AMBIT CORPORATE FINANCE PVT LTD | 7,809,000 | 2.77 |
| 6 | BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD. | 6,487,746 | 2.30 |
| 7 | DSP BLACKROCK MICRO CAP FUND | 6,353,607 | 2.25 |
| 8 | IL AND FS TRUST COMPANY LIMITED TRUSTEE -TVS SHRIRAM GROWTH FUND I | 6,270,904 | 2.22 |
| 9 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP | 5,980,000 | 2.12 |
| 10 | TATA CAPITAL FINANCIAL SERVICES LIMITED | 5,516,000 | 1.96 |
| 11 | HOUSING DEVELOPMENT FINANCE CORPORATION LTD. | 4,047,926 | 1.43 |
| 12 | AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND | 3,300,000 | 1.17 |
| 13 | SHAREEN KHATTAR & SAT PAL KHATTAR | 3,173,548 | 1.12 |
| 14 | SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND | 2,978,823 | 1.06 |
| 15 | DIMENSIONAL EMERGING MARKETS VALUE FUND | 2,874,325 | 1.02 |
| | **Total** | **129,569,055** | **45.94** |

## DISTRIBUTION OF SHAREHOLDING

**as on 31st March 2015**

| Number of Equity shares held | Folio | | Shares | |
|---|---|---|---|---|
| | Numbers | % to total holders | Numbers | % to total Shares |
| upto 500 | 157,914 | 85.79 | 22,332,687 | 7.92 |
| 501 to 1000 | 13,728 | 7.46 | 11,089,915 | 3.93 |
| 1001 to 2000 | 6,827 | 3.71 | 10,136,242 | 3.59 |
| 2001 to 3000 | 1,940 | 1.05 | 4,929,805 | 1.75 |
| 3001 to 4000 | 888 | 0.48 | 3,196,842 | 1.13 |
| 4001 to 5000 | 775 | 0.42 | 3,662,223 | 1.30 |
| 5001 to 10000 | 1,045 | 0.57 | 7,743,888 | 2.75 |
| 10001 & Above | 956 | 0.52 | 218,920,671 | 77.63 |
| **Total** | **184,073** | **100.00** | **282,012,273** | **100.00** |

Out of the above 184,073 folios, 141,027 folios comprise 273,536,736 shares forming 96.99 % of the issued share capital, which are in dematerialised mode. Another 43,046 folios comprise 8,475,537 shares constituting 3.01 % of the share capital that are held in physical mode. Promoters' entire share holding are in dematerialised mode.

## CATEGORIES OF SHAREHOLDERS

### Shareholding Pattern as at 31st March, 2015

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | As a percentage of | As a percentage of | Number of Shares | As a percentage |
| | | | | | (A+B)1 | (A+B+C) | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) = (VIII)/(IV) *100 |
| **(A)** | **Promoter and Promoter Group2** | | | | | | | |
| **1** | **INDIAN** | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 0 | 0 | 0 | 0.0000 | | | |
| (b) | Central Government / State Government(s) | 0 | 0 | 0 | 0.0000 | | | |
| (c) | Bodies Corporate | 1 | 2,450,182 | 2,450,182 | 0.8688 | 0.8688 | NIL | NIL |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.0000 | | | |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0.0000 | | | |
| | **Sub-Total (A)(1) :** | **1** | **2,450,182** | **2,450,182** | **0.8688** | **0.8688** | **NIL** | **NIL** |
| **2** | **FOREIGN** | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.0000 | | | |
| (b) | Bodies Corporate | 2 | 43,750,052 | 43,750,052 | 15.5135 | 15.5135 | NIL | NIL |
| (c) | Institutions | 0 | 0 | 0 | 0.0000 | | | |
| (d) | Qualified Foreign Investor | | | | | | | |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0.0000 | | | |
| | **Sub-Total (A)(2) :** | **2** | **43,750,052** | **43,750,052** | **15.5135** | **15.5135** | **NIL** | **NIL** |
| | **Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)** | **3** | **46,200,234** | **46,200,234** | **16.3823** | **16.3823** | **NIL** | **NIL** |
| **(B)** | **Public shareholding3** | | | | | | N.A. | N.A. |
| | | | | | | | N.A. | N.A. |
| **1** | **Institutions** | | | | | | | |
| (a) | Mutual Funds/UTI | 51 | 40,091,837 | 40,091,837 | 14.2163 | 14.2163 | | |
| (b) | Financial Institutions/ Banks | 5 | 684,587 | 684,587 | 0.2428 | 0.2428 | | |
| (c) | Central Government/ State Government(s) | 0 | 0 | 0 | | | | |
| (d) | Venture Capital Funds | 2 | 14,183,259 | 14,183,259 | 5.0293 | 5.0293 | | |
| (e) | Insurance Companies | 4 | 10,408,574 | 10,408,574 | 3.6908 | 3.6908 | | |
| (f) | Foreign Institutional Investors | 58 | 38,686,872 | 38,686,872 | 13.7182 | 13.7182 | | |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.0000 | 0.0000 | | |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.0000 | 0.0000 | | |
| (i) | Any Other (specify) | | | | | | | |
| (i-i) | Foreign Portfolio Investor | 14 | 2,616,219 | 2,616,219 | 0.9277 | 0.9277 | | |
| (i-ii) | Trusts | 10 | 977,426 | 976,391 | 0.3466 | 0.3466 | | |
| | **Sub-Total (B)(1) :** | **144** | **107,648,774** | **107,647,739** | **38.1717** | **38.1717** | **N.A.** | **N.A.** |

1 For determining public shareholding for the purpose of Clause 40A.
2 For definitions of "Promoter" and "Promoter Group", refer to Clause 40A.
3 For definitions of "Public Shareholding", refer to Clause 40A.

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | 2 | | As a percentage of | As a percentage of | Number of Shares | As a percentage |
| | | | | | (A+B)1 | (A+B+C) | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) = (VIII)/(IV) *100 |
| **2** | **Non-institutions** | | | | | | N.A. | N.A. |
| (a) | Bodies Corporate | 1,666 | 28,714,313 | 28,423,621 | 10.1819 | 10.1819 | | |
| (b) | | | | | | | | |
| i | Individuals - | | | | | | | |
| | Individual shareholders holding nominal share capital up to ₹ 1 lakh. | 179,510 | 58,658,288 | 50,549,665 | 20.7999 | 20.7999 | | |
| ii | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 519 | 20,972,231 | 20,947,870 | 7.4366 | 7.4366 | | |
| (c) | Qualified Foreign Investor | | | | | | | |
| (d) | Any Other (specify) | | | | | | | |
| (d-i) | Clearing Member | 446 | 1,634,516 | 1,634,516 | 0.5796 | 0.5796 | | |
| (d-ii) | Non Resident Indians (Repat.) | 1,335 | 5,678,728 | 5,678,728 | 2.0137 | 2.0137 | | |
| (d-iii) | Non Resident Indians (Non Repat.) | 425 | 1,972,919 | 1,971,919 | 0.6996 | 0.6996 | | |
| (d-iv) | Foreign Companies | 1 | 9,972,484 | 9,972,484 | 3.5362 | 3.5362 | | |
| (d-v) | Directors & Relatives | 24 | 559,786 | 509,960 | 0.1985 | 0.1985 | | |
| | | | | | | | | |
| | **Sub-Total (B)(2)** | **183,926** | **128,163,265** | **119,688,763** | **45.4460** | **45.4460** | **N.A.** | **N.A.** |
| | **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **184,070** | **235,812,039** | **227,336,502** | **83.6177** | **83.6177** | **N.A.** | **N.A.** |
| | **TOTAL (A)+(B)** | **184,073** | **282,012,273** | **273,536,736** | **100.0000** | **100.0000** | **N.A.** | **N.A.** |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | N.A. | N.A. | N.A. | N.A. |
| 1 | Promoter and Promoter Group | 0 | 0 | N.A. | N.A. | N.A. | N.A. | N.A. |
| 2 | Public | 0 | 0 | N.A. | N.A. | N.A. | N.A. | N.A. |
| | | | | | | N.A. | N.A. | N.A. |
| | **Total (C)** | **0** | **0** | **N.A.** | **N.A.** | **N.A.** | **N.A.** | **N.A.** |
| | **Grand Total (A)+(B)+(C)** | **184,073** | **282,012,273** | **273,536,736** | **100.0000** | **100.0000** | **N.A.** | **N.A.** |

**OUTSTANDING WARRANTS/ADRS/GDRS/ CONVERTIBLE INSTRUMENTS**

NOT APPLICABLE

**DATE OF THE BOARD MEETING AT WHICH THE FINAL ACCOUNTS AND THE QUARTERLY RESULTS WERE APPROVED:**

The Board Meeting held on April 14, 2015.

**DATE OF BOOK CLOSURE:**

The Register of Members and Share Transfer Books of the Bank will remain closed from May 26, 2015 to June 1, 2015 (both days inclusive).

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

June 1, 2015 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:**

In view of the provisions of Section 15 of the Banking Regulation Act, 1949, your Directors are not able to recommend payment of any dividend for FY 2015 (Previous year NIL)

**BRANCHES**

The Bank has 154 branches and 328 ATM centres (both onsite and offsite) as at 31st March, 2015.

**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 Share Dealing Code". The Code, inter-alia, prohibits purchase/sale of shares of the Bank by employees while in possession of unpublished price sensitive information relating to the Bank.

**DISCLOSURES:**

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

**COMPLIANCE WITH MANDATORY REQUIREMENTS**

The Bank has complied with the mandatory and most of the non-mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

**COMPLIANCE WITH NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**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. AUDIT QUALIFICATIONS**

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 2015.The Bank wishes to continue in the regime of unqualified financial statements as well as Secretarial Audit Report.

**3. SEPARATE POSTS OF CHAIRMAN AND CEO**

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

**4. REPORTING OF INTERNAL AUDITOR**

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

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors.

**LISTING ON STOCK EXCHANGES**

In order to impart liquidity and convenience for trading, the equity shares of the Bank are listed at the following Stock Exchanges. The annual fees for 2014-15 have been paid to all the Stock Exchanges where the shares are listed.

| Sr. No. | Name & Address of the Stock Exchanges | Stock Code |
|---|---|---|
| 1. | BSE Ltd.<br>Phiroze Jeejebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 | 532772 |
| 2. | The National Stock Exchange of India Ltd.<br>Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 | DCB BANK |

Names of Depositories in India for dematerialisation of equity shares (ISIN No. INE503A01015):

**National Securities Depository Ltd. (NSDL)**

**Central Depository Services (India) Ltd. (CDSL)**

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

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

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

**MEANS OF COMMUNICATION TO SHAREHOLDERS**

Financial results and all materially important communications are promptly shared with the Stock Exchanges. Bank's results are also published in newspapers pursuant to applicable regulatory provisions and hosted on its website at www.dcbbank.com. The quarterly and half yearly declaration of financial performance including summary of the significant events is not being sent to every shareholder as the Bank's quarterly results are published in a national English daily newspaper (Free Press Journal) and a local Marathi daily newspaper (Nav Shakti) 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**
**(FORMERLY DEVELOPMENT CREDIT BANK LIMITED)**
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W), Mumbai - 400 078
Tel. No. 2594 6970, Fax No. 2594 6969
E-mail id: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

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

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

**Name of the Compliance Officer of the Bank**

Mr. H. V. Barve - Company Secretary
Telephone: 020 6618 7013 • Fax: 022 66589970
Email id: barve@dcbbank.com

**ADDRESS OF THE REGISTERED & CORPORATE OFFICE OF THE BANK:**

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

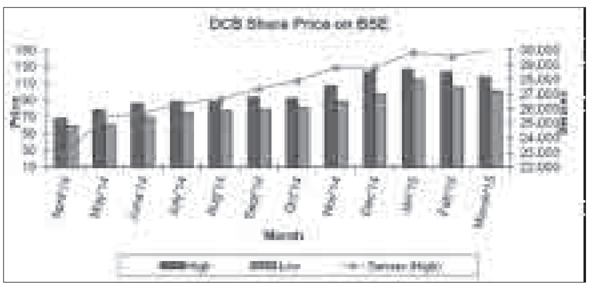
**DCB BANK SHARE PRICE & VOLUME OF SHARES TRADED**

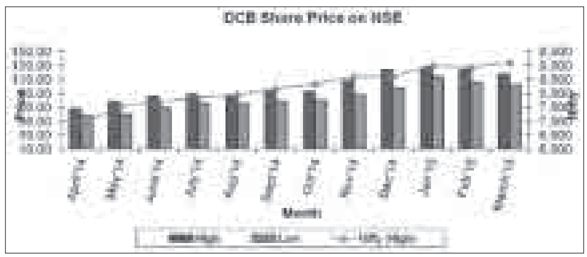
The monthly high and low quotation and volume of shares traded on the BSE Ltd. (BSE)

| Month | Highest (₹) | Lowest (₹) | Volume of shares traded during the Month | Sensex (High) |
|---|---|---|---|---|
| April’14 | 67.70 | 59.00 | 4,981,952 | 22,939.31 |
| May’14 | 77.90 | 59.85 | 6,184,216 | 25,375.63 |
| June’14 | 85.40 | 69.00 | 8,880,611 | 25,725.12 |
| July’14 | 88.40 | 75.10 | 5,647,922 | 26,300.17 |
| Aug’14 | 87.00 | 76.30 | 3,068,571 | 26,674.38 |
| Sept’14 | 92.45 | 78.75 | 4,555,041 | 27,354.99 |
| Oct’14 | 92.00 | 80.10 | 2,778,527 | 27,894.32 |
| Nov’14 | 107.05 | 87.95 | 5,181,697 | 28,822.37 |
| Dec’14 | 123.95 | 96.50 | 8,057,121 | 28,809.64 |
| Jan’15 | 127.00 | 113.85 | 8,915,367 | 29,844.16 |
| Feb’15 | 123.65 | 105.05 | 4,495,929 | 29,560.32 |
| March’15 | 118.15 | 101.15 | 4,472,683 | 30,024.74 |

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’14 | 68.00 | 58.30 | 21,799,334 | 6,869.85 |
| May’14 | 77.90 | 60.00 | 29,798,873 | 7,563.50 |
| June’14 | 85.40 | 69.00 | 38,605,677 | 7,700.05 |
| July’14 | 88.35 | 74.85 | 25,153,030 | 7,840.95 |
| Aug’14 | 87.00 | 75.50 | 13,314,722 | 7,968.25 |
| Sept’14 | 92.50 | 78.65 | 22,916,397 | 8,180.20 |
| Oct’14 | 92.00 | 80.00 | 12,455,233 | 8,330.75 |
| Nov’14 | 107.00 | 87.80 | 22,625,809 | 8,617.00 |
| Dec’14 | 123.95 | 97.00 | 37,915,241 | 8,626.95 |
| Jan’15 | 127.00 | 113.85 | 36,858,908 | 8,996.60 |
| Feb’15 | 123.70 | 105.00 | 19,708,283 | 8,941.10 |
| March’15 | 118.00 | 101.40 | 19,980,596 | 9,119.20 |




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, 2015

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

## AUDITORS' CERTIFICATE

The Members of
DCB Bank Limited

We have examined the compliance of conditions of corporate governance by DCB Bank Limited ('the Bank') for the year ended 31 March 2015 as stipulated in Clause 49 of the Listing Agreement of the said Bank with The BSE India Limited ('BSE') and The National Stock Exchange of India Limited ('NSE') (together referred to as the 'Stock Exchanges').

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further 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 B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Akeel Master**
Partner
Membership No: 046768
Mumbai
14 April 2015

**A SECRETARIAL AUDIT REPORT, GIVEN BY A COMPANY SECRETARY IN PRACTICE, IN A PRESCRIBED FORM NO.MR.3.**

Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2015**

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

To,
The Members,

**DCB Bank Limited**
**(Formerly Development Credit Bank Limited)**
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 [Formerly Development Credit 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 2015, 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 on 31st March, 2015 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, Overseas Direct Investment and External Commercial Borrowings;

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

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

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 /Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations,2014 ( Effective 28th October 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 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 any of its securities during the financial year under review.

vi. The laws as are applicable specifically to the Company are as under:

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, 1934; and
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 issued by The Institute of Company Secretaries of India. (not applicable as not notified during the period under review).

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

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 and Independent Directors. 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 of atleast nine days is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

The Board of Directors of the Company at its meeting held on October 10, 2014, approved the issue and allotment of 3,04,32,136 equity shares of face value ₹ 10 each to eligible Qualified Institutional Buyers (QIB) by way of Qualified Institutional Placement at an issue price of ₹ 82.15 per equity share, aggregating to ₹ 250.00 Crore (Rupees Two Hundred Fifty Crore Only).

**For S. N. ANANTHASUBRAMANIAN & Co.**

**S.N. Ananthasubramanian**
FCS No.4206
C P No.1774
Date: 10th April 2015
Place:Thane

To,

The Members,

DCB Bank Limited
(Formerly Development Credit Bank Limited)
601 & 602, Peninsula Business Park, Tower A,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400013.

Our Secretarial Audit Report 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, systems, standards and procedures based on our audit.
3. Whereever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

4. 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.

**For S. N. ANANTHASUBRAMANIAN & Co.**

**S.N. Ananthasubramanian**
FCS No.4206
C P No.1774
Date: 10th April 2015
Place:Thane

B S R & Co. LLP
Chartered Accountants

1st Floor, Lodha Excelus
Appollo Mills Compound
N. M. Joshi Marg
Mahalakshmi
Mumbai - 400 011
India

Telephone +91 22 3989 6000
Fax +91 22 3090 2511

**Independent Auditor's Report**

To the Members of DCB Bank Limited

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of DCB Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2015, the Profit and Loss Account, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. 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 standalone 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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that operate 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.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the applicable 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 Bank including its branches in accordance with Standards on Auditing ('the Standards') 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 of material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 control 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, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Bank's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

B S R & Co. (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

**Registered Office:**
1st Floor, Lodha Excelus
Appollo Mills Compound
N. M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2015;
   (b) in the case of the Profit and Loss account, of the profit of the Bank for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
8. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 ,we report that:
   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
   (c) during the course of our audit we have visited 18 branches. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
9. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
   (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
   (iii) the financial accounting systems of the Bank are centralised and, therefore, returns are not necessary to be submitted by the branches;
   (iv) 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;
   (v) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;
   (vi) on the basis of written representations received from the directors as on 31 March 2015 taken on record by the Board of directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
   (vii) with respect to the other matters to be included in the Auditor's 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:
      (a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 17 to the financial statements;
      (b) 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 -Refer Note 18 to the financial statements;
      (c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

**Akeel Master**
Partner
Membership No: 046768

Mumbai
14 April 2015

# BALANCE SHEET AS ON MARCH 31, 2015

| | Schedule | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|---|
| **CAPITAL & LIABILITIES** | | | |
| Capital | 1 | **2,820,123** | 2,503,246 |
| Employee Stock Options | | | |
| (Grants Outstanding net of deferred cost) | | **31,994** | 29,649 |
| Reserves & Surplus | 2 | **13,033,636** | 9,006,699 |
| **Capital and Reserves** | | **15,885,753** | **11,539,594** |
| Deposits | 3 | **126,091,272** | 103,251,608 |
| Borrowings | 4 | **11,637,957** | 8,601,599 |
| Other Liabilities and Provisions | 5 | **7,708,098** | 5,838,571 |
| **TOTAL CAPITAL & LIABILITIES** | | **161,323,080** | **129,231,372** |
| **ASSETS** | | | |
| Cash and Balances with Reserve Bank of India | 6 | **6,336,829** | 5,050,693 |
| Balances with Banks and Money at Call and Short Notice | 7 | **854,938** | 1,845,024 |
| Investments | 8 | **44,705,638** | 36,342,226 |
| Advances | 9 | **104,650,599** | 81,401,862 |
| Fixed Assets | 10 | **2,366,753** | 2,386,422 |
| Other Assets | 11 | **2,408,323** | 2,205,145 |
| **TOTAL ASSETS** | | **161,323,080** | **129,231,372** |
| Contingent Liabilities | 12 | **24,565,679** | 25,210,398 |
| Bills for Collection | | **3,757,095** | 4,304,525 |
| 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 B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

**Akeel Master**
Partner
Membership No. : 046768

**Place : Mumbai**
**Date : April 14, 2015**

For and on behalf of the Board of Directors

**Nasser Munjee**
Chairman

**Murali M. Natrajan**
MD & CEO

**Keki Elavia**
Director

**Bharat Sampat**
EVP & CFO

**H.V. Barve**
SVP & Company Secretary

**Place : Chennai**
**Date : April 14, 2015**

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015

| | | Schedule | **Year Ended 31.03.2015 (₹ in 000's)** | Year Ended 31.03.2014 (₹ in 000's) |
|---|---|---|---|---|
| **I.** | **INCOME** | | | |
| | Interest Earned | 13 | **14,224,223** | 11,282,593 |
| | Other Income | 14 | **1,657,156** | 1,386,625 |
| | **TOTAL INCOME** | | **15,881,379** | **12,669,218** |
| **II.** | **EXPENDITURE** | | | |
| | Interest Expended | 15 | **9,141,981** | 7,598,696 |
| | Operating Expenses | 16 | **3,964,931** | 3,190,873 |
| | Provisions and Contingencies | 18 (12.1) | **862,635** | 366,044 |
| | **TOTAL EXPENDITURE** | | **13,969,547** | **11,155,613** |
| **III.** | **PROFIT / (LOSS)** | | | |
| | Net Profit for the Year Ended | | **1,911,832** | 1,513,605 |
| | Balance Brought Forward | | **(1,384,067)** | (2,494,652) |
| | Adjustment to Opening Balance | 18 (15) | **(61,221)** | – |
| | **TOTAL PROFIT/(LOSS)** | | **466,544** | **(981,047)** |
| **IV.** | **APPROPRIATIONS** | | | |
| | Transfer to Statutory Reserve | | **477,958** | 378,401 |
| | Transfer to Special Reserve | | **30,507** | 20,718 |
| | Transfer to Revaluation Reserve | | **–** | – |
| | Transfer to Capital Reserve | | **341** | 2,244 |
| | Transfer to Investment Reserve | | **–** | 1,657 |
| | Balance carried over to Balance Sheet | | **(42,262)** | (1,384,067) |
| | **TOTAL** | | **466,544** | **(981,047)** |
| **Earnings per share** | | 17 (17) | | |
| (i) | Basic (₹) | 18 (11.2) | **7.21** | 6.05 |
| (ii) | Diluted (₹) | 18 (11.2) | **7.03** | 5.99 |
| 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 B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

**Akeel Master**
Partner
Membership No. : 046768

**Place : Mumbai**
**Date : April 14, 2015**

For and on behalf of the Board of Directors

**Nasser Munjee**
Chairman

**Murali M. Natrajan**
MD & CEO

**Keki Elavia**
Director

**Bharat Sampat**
EVP & CFO

**H.V. Barve**
SVP & Company Secretary

**Place : Chennai**
**Date : April 14, 2015**

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

| | | **Year Ended 31.03.2015 (₹ in 000's)** | Year Ended 31.03.2014 (₹ in 000's) |
|---|---|---|---|
| **Cash Flow from Operating Activities** | | | |
| **Net Profit after tax for the year** (Refer Profit and Loss account) | | **1,911,832** | **1,513,605** |
| Add: Provision for income tax net of MAT credit (Refer schedule 18 (12.1)) | | **167,664** | – |
| **Net Profit before tax for the year** | | **2,079,496** | 1,513,605 |
| **Adjustments for:** | | | |
| Provisions for Advances | | **422,024** | 348,508 |
| Provisions for Restructured Advances | | **92,659** | (65,033) |
| Provision for Investments | | **6,456** | (2,210) |
| Provision for Standard Assets | | **168,126** | 70,554 |
| Provision for Wealth Tax | | **800** | 400 |
| Provision for Other Assets and Contingencies | | **2,063** | (1,348) |
| Depreciation / Amortisation on Fixed Assets | | **233,640** | 179,712 |
| Loss on Sale of Fixed Assets | | **1,214** | 3,986 |
| Amortisation of Premium on Investment | | **62,728** | 60,027 |
| Amortisation of Premium on Acquired Assets | | **31,240** | 40,074 |
| ESOP Compensation | | **6,942** | (89) |
| **Cash Flow from Operating Activities before adjustments** | | **3,107,388** | 2,148,186 |
| **Adjustments for:** | | | |
| Increase/(Decrease) in Deposits | | **22,839,665** | 19,613,223 |
| Increase/(Decrease) in Other Liabilities & Provisions | | **1,696,804** | 1,904,500 |
| (Increase)/Decrease in Investments | | **(8,432,597)** | (2,813,475) |
| (Increase)/Decrease in Advances | | **(23,794,659)** | (15,864,559) |
| (Increase)/Decrease in Other Assets | | **(467,756)** | (107,238) |
| Refund/(Payment) of direct taxes (Including Tax Deducted at Source) | | **94,051** | 16,864 |
| **Net Cash Flow from Operating activities from / (used in)** | **A** | **(4,957,104)** | 4,897,501 |
| **Cash flow from Investing activities** | | | |
| Purchase of Fixed assets | | **(297,800)** | (199,013) |
| Proceeds from sale of Fixed Assets | | **9,535** | 11,506 |
| **Net Cash Flow from Investing activities from / (used in)** | **B** | **(288,265)** | **(187,507)** |
| **Cash flow from Financing activities** | | | |
| Net Proceeds from Issue of Capital (including ESOPs) | | **2,505,061** | 7,795 |
| Proceeds from Borrowings | | **247,985,768** | 188,557,670 |
| Repayment of Borrowings | | **(244,949,410)** | (195,212,266) |
| **Net Cash Flow from Financing activities from / (used in)** | **C** | **5,541,419** | **(6,646,801)** |
| **Net Increase/(Decrease) in Cash & Cash Equivalent** | **A+B+C** | **296,050** | **(1,936,807)** |
| Cash and cash equivalent at the beginning of the year | | **6,895,717** | 8,832,524 |
| Cash and cash equivalent at the end of the year | | **7,191,767** | 6,895,717 |
| **Notes to the cash flow statement** | | | |
| Cash and cash equivalent includes the following: | | | |
| Cash and balances with Reserve Bank of India | | **6,336,829** | 5,050,693 |
| Balances with Banks and Money at Call and Short notice | | **854,938** | 1,845,024 |
| **Cash and Cash equivalent at the end of the year** | | **7,191,767** | **6,895,717** |

As per our report of even date.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

**Akeel Master**
Partner
Membership No. : 046768

**Place : Mumbai**
**Date : April 14, 2015**

For and on behalf of the Board of Directors

**Nasser Munjee**
Chairman

**Murali M. Natrajan**
MD & CEO

**Keki Elavia**
Director

**Bharat Sampat**
EVP & CFO

**H.V. Barve**
SVP & Company Secretary

**Place : Chennai**
**Date : April 14, 2015**

## SCHEDULE 1 – CAPITAL

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **Authorised Capital**<br>50,00,00,000 (Previous year 50,00,00,000)<br>Equity Shares of ₹ 10/- each | **5,000,000** | 5,000,000 |
| **Issued, Subscribed and Paid up Capital**<br>282,012,273 (Previous year 250,324,622)<br>Equity Shares of ₹ 10/- each * | **2,820,123** | 2,503,246 |
| **TOTAL** | **2,820,123** | **2,503,246** |

* Refer Schedule 18 (1.1) (Capital)

## SCHEDULE 2 – RESERVES & SURPLUS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I. Statutory Reserve** | | |
| Opening balance | **1,748,079** | 1,369,678 |
| Additions during the year | **477,958** | 378,401 |
| **TOTAL (I)** | **2,226,037** | **1,748,079** |
| **II. Special Reserve** | | |
| Opening balance | **20,718** | – |
| Additions during the year | **30,507** | 20,718 |
| Deductions during the year | – | – |
| **TOTAL (II)** | **51,225** | **20,718** |
| **III. Capital Reserve** | | |
| a) Revaluation Reserve | | |
| Opening balance | **525,952** | 537,811 |
| Additions during the year | – | – |
| Deductions during the year | **(11,859)** | (11,859) |
| **TOTAL (a)** | **514,093** | **525,952** |
| b) Other Capital Reserve | | |
| Opening balance | **377,577** | 375,333 |
| Additions during the year | **341** | 2,244 |
| Deductions during the year | – | – |
| **TOTAL (b)** | **377,918** | **377,577** |
| **TOTAL (a + b ) (III)** | **892,011** | **903,529** |
| **IV. Securities Premium** | | |
| Opening balance | **7,679,343** | 7,673,678 |
| Additions during the year | **2,188,185** | 5,665 |
| Deductions during the year | – | – |
| **TOTAL (IV)** | **9,867,528** | **7,679,343** |
| **V. Revenue and Other Reserves** | | |
| Investment Reserve | | |
| Opening balance | **39,097** | 37,440 |
| Additions during the year | – | 1,657 |
| Deductions during the year | – | – |
| **TOTAL (V)** | **39,097** | **39,097** |
| **VI. Balance in Profit & Loss Account** | **(42,262)** | **(1,384,067)** |
| **TOTAL (I to VI)** | **13,033,636** | **9,006,699** |

## SCHEDULE 3 – DEPOSITS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **A I. Demand Deposits** | | |
| (i) From Banks | **439,342** | 454,635 |
| (ii) From Others | **10,021,576** | 9,136,134 |
| **TOTAL (I)** | **10,460,918** | **9,590,769** |
| **II. Savings Bank Deposits** | **19,039,644** | 16,221,896 |
| **TOTAL (II)** | **19,039,644** | **16,221,896** |
| **III. Term Deposits** | | |
| (i) From Banks | **14,653,880** | 15,491,133 |
| (ii) From Others | **81,936,830** | 61,947,810 |
| **TOTAL (III)** | **96,590,710** | **77,438,943** |
| **TOTAL (I, II and III)** | **126,091,272** | **103,251,608** |
| **B I. Deposits of branches in India** | **126,091,272** | **103,251,608** |
| **II. Deposits of branches outside India** | – | – |
| **TOTAL** | **126,091,272** | **103,251,608** |

## SCHEDULE 4 – BORROWINGS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I. Borrowings in India** | | |
| (i) Reserve Bank of India | **3,800,000** | 900,000 |
| (ii) Other Banks | **500,000** | 1,100,000 |
| (iii) Other Institutions and Agencies | **6,578,248** | 5,208,661 |
| (iv) Sub-Ordinated Debts | **650,000** | 650,000 |
| **TOTAL (I)** | **11,528,248** | **7,858,661** |
| **II. Borrowings outside India** | **109,709** | 742,938 |
| **TOTAL (I & II)** | **11,637,957** | **8,601,599** |
| Secured Borrowings included in I & II above | **4,599,010** | 1,439,107 |

## SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| I. Bills Payable | **2,868,680** | 2,251,917 |
| II. Inter Office Adjustments (Net) | – | – |
| III. Interest Accrued (Net of TDS recoverable) | **1,783,678** | 1,526,887 |
| IV. Others | | |
| (i) Provision for Standard Assets * | **510,374** | 342,247 |
| (ii) Other Liabilities (including provisions) | **2,545,366** | 1,717,520 |
| **TOTAL** | **7,708,098** | **5,838,571** |

* includes provision for unhedged foreign currency exposure and provision on specific standard assets
Refer Schedule 18 (5.10) (Provisions on Standard Assets)

## SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I. Cash in hand** (including foreign currency notes:- ₹ Nil {Previous Year ₹ Nil}) | **1,225,391** | 849,018 |
| **II. Balances with Reserve Bank of India** | | |
| (i) In Current Accounts | **5,111,438** | 4,201,675 |
| (ii) In Other Accounts | – | – |
| **TOTAL (II)** | **5,111,438** | **4,201,675** |
| **TOTAL (I & II)** | **6,336,829** | **5,050,693** |

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

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I. In India** | | |
| i. **Balance with Banks** | | |
| (a) In Current Accounts * | **209,409** | 287,279 |
| (b) In Other Deposit Accounts | **2,683** | 2,780 |
| * includes funds in transit amounting to ₹ 1.48 crores (₹ 4.66 crores as on March 31, 2014) | | |
| **TOTAL** | **212,092** | **290,059** |
| ii. **Money at Call and Short Notice** | | |
| (a) With Banks | – | – |
| (b) With Other Institutions | – | – |
| **TOTAL** | **–** | **–** |
| **TOTAL (I)** | **212,092** | **290,059** |
| **II. Outside India** | | |
| (i) In Current Accounts | **274,096** | 167,633 |
| (ii) In Other Deposit Accounts | **368,750** | 1,387,332 |
| (iii) Money at Call and Short Notice | – | – |
| **TOTAL (II)** | **642,846** | **1,554,965** |
| **TOTAL (I & II)** | **854,938** | **1,845,024** |

## SCHEDULE 8 – INVESTMENTS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I. Investments in India** | | |
| Net Investments in :- | | |
| (i) Government Securities | **34,749,396** | 28,072,027 |
| (ii) Other Approved Securities | **–** | – |
| (iii) Shares | **13,072** | – |
| (iv) Debentures and Bonds | **414,356** | 391,119 |
| (v) Subsidiaries and/or Joint Ventures | **–** | – |
| (vi) Other Investments : | | |
| (a) Certificates of Deposits | **1,960,663** | 2,200,689 |
| (b) Units of Mutual Funds | **–** | – |
| (c) Pass Through Certificates/Security Receipts * | **2,484,204** | 1,643,894 |
| (d) Deposits with NABARD RIDF | **4,527,797** | 3,618,522 |
| (e) Deposits with SIDBI MSME (Refinance) Fund | **149,250** | 165,775 |
| (f) Deposits with NHB Rural Housing Fund | **406,900** | 250,200 |
| **TOTAL (I)** | **44,705,638** | **36,342,226** |
| **II. Investments in India** | | |
| (i) Gross Value | **44,712,094** | 36,342,226 |
| (ii) Provision for Depreciation | **(6,456)** | – |
| **TOTAL (II)** | **44,705,638** | **36,342,226** |
| **III. Investments outside India** | | |
| (i) Government Securities | **–** | – |
| (ii) Subsidiaries and/or Joint Ventures | **–** | – |
| (iii) Other Investments | **–** | – |
| **TOTAL (III)** | **–** | **–** |

* includes investment in Security Receipts of ₹ 16.00 crores (Nil as on March 31, 2014). Refer Schedule 18 (5.7) (Details of financial assets (including written off accounts) sold to Securitisation / Reconstruction Company for Asset Reconstruction)

## SCHEDULE 9 – ADVANCES

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I.** (i) Bills Purchased and Discounted | **1,772,367** | 2,514,471 |
| (ii) Cash credits, Overdrafts and Loans repayable on demand | **24,640,079** | 21,166,400 |
| (iii) Term Loans | **78,238,153** | 57,720,991 |
| **TOTAL (I)** | **104,650,599** | **81,401,862** |
| **II.** (i) Secured by tangible assets* | **100,048,501** | 77,718,124 |
| (ii) Covered by Bank / Government Guarantees | **–** | – |
| (iii) Unsecured | **4,602,098** | 3,683,738 |
| *includes Advances against Book Debts | | |
| **TOTAL (II)** | **104,650,599** | **81,401,862** |
| **III.** (a) Advances in India | | |
| (i) Priority Sectors | **43,021,675** | 30,641,087 |
| (ii) Public Sector | **57,999** | 29,987 |
| (iii) Banks | **483** | – |
| (iv) Others | **61,570,442** | 50,730,788 |
| **TOTAL** | **104,650,599** | **81,401,862** |
| **III.** (b) Advances outside India | – | – |
| **TOTAL (III)** | **104,650,599** | **81,401,862** |

Advances are net of provisions

## SCHEDULE 10 – FIXED ASSETS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| **I. Premises (including Revaluation)** | | |
| (i) As at on 31 March of the preceding year | **2,130,478** | 2,122,270 |
| (ii) Additions during the year | **8,496** | 17,434 |
| (iii) Deductions during the year | **(98)** | (9,226) |
| **Total** | **2,138,876** | **2,130,478** |
| **Depreciation to date (including Revaluation)** | | |
| (i) As at 31 March of the preceding year | **218,800** | 181,944 |
| (ii) Charge for the year | **43,179** | 41,126 |
| (iii) On deductions during the year | – | (4,270) |
| **Total** | **261,979** | **218,800** |
| **Net Block** | **1,876,897** | **1,911,678** |
| **TOTAL (I)** | **1,876,897** | **1,911,678** |
| **II. Other Fixed Assets (including Furniture & Fixtures)*** | | |
| (i) As at on 31 March of the preceding year | **1,366,529** | 1,181,608 |
| (ii) Additions during the year | **289,304** | 215,171 |
| (iii) Deductions during the year | **(25,242)** | (30,250) |
| **Total** | **1,630,591** | **1,366,529** |
| **Depreciation to date** | | |
| (i) As at 31 March of the preceding year | **891,785** | 761,055 |
| (ii) Adjustment as per the Companies Act, 2013 ** | **61,221** | – |
| (iii) Adjusted Opening Balance | **953,006** | 761,055 |
| (iv) Charge for the year | **202,320** | 150,445 |
| (v) On deductions during the year | **(14,591)** | (19,715) |
| **Total** | **1,140,735** | **891,785** |
| **Net Block** | **489,856** | **474,744** |
| **TOTAL (II)** | **489,856** | **474,744** |
| **TOTAL ( I+II)** | **2,366,753** | **2,386,422** |

* Refer Schedule 18 (7) (Other Fixed Assets (including furniture and fixtures))
** Refer Schedule 18 (15) (Draw Down from Reserves)

## SCHEDULE 11 – OTHER ASSETS

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| I. Inter-Office Adjustments (Net) | **–** | – |
| II. Interest accrued | **717,771** | 539,319 |
| III. Tax paid in Advance/Tax deducted at Source (Net of provision) | **341,510** | 930,074 |
| IV. Stationery and Stamps | **2,248** | 2,417 |
| V. Non-Banking Assets acquired in satisfaction of claims (Net) | **–** | – |
| VI. Deferred Tax Assets (Net)* | **98,002** | – |
| VII. Others ** | **1,248,792** | 733,335 |
| **TOTAL** | **2,408,323** | **2,205,145** |

* Refer Schedule 18 (11.6) (Deferred Tax)
** includes an advance amount of Nil (₹ 0.46 crore as on March 31, 2014) with gratuity trust fund.
Refer Schedule 18 (11.1) (Staff Retirement Benefits)

## SCHEDULE 12 – CONTINGENT LIABILITIES

| | As on 31.03.2015 (₹ in 000's) | As on 31.03.2014 (₹ in 000's) |
|---|---|---|
| I. Claims against the Bank not acknowledged as debts | **448,546** | 444,614 |
| II. Liability for partly paid investments | **–** | – |
| III. Liability on account of outstanding forward exchange and derivative contracts | | |
| (a) Forward Contracts | **11,722,708** | 12,816,430 |
| (b) Interest Rate Swaps and Currency Swaps | **–** | – |
| (c) Foreign Currency Options | **–** | – |
| IV. Guarantees given on behalf of constituents | | |
| (a) In India | **7,807,556** | 6,810,379 |
| (b) Outside India | **1,805,627** | 2,484,134 |
| V. Acceptances, Endorsements and other obligations | **2,428,443** | 2,498,837 |
| VI. Other items for which the Bank is contingently liable* | **352,799** | 156,004 |
| **TOTAL** | **24,565,679** | **25,210,398** |

* includes ₹ 19.68 crores (₹ Nil as on March 31, 2014) 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))

## SCHEDULE 13 – INTEREST EARNED

| | Year Ended 31.03.2015 (₹ in 000's) | Year Ended 31.03.2014 (₹ in 000's) |
|---|---|---|
| I. Interest/Discount on Advances/Bills | **10,982,827** | 8,678,725 |
| II. Income on Investments | **2,825,231** | 2,453,078 |
| III. Interest on Balance with Reserve Bank of India and other Inter Bank Funds | **51,072** | 142,353 |
| IV. Others * | **365,093** | 8,437 |
| **TOTAL** | **14,224,223** | **11,282,593** |

* includes an amount of ₹ 35.90 crores being interest on income tax refunds (Nil for the previous year)

## SCHEDULE 14 – OTHER INCOME

| | Year Ended 31.03.2015 (₹ in 000's) | Year Ended 31.03.2014 (₹ in 000's) |
|---|---|---|
| I. Commission, Exchange and Brokerage | **1,192,550** | 998,883 |
| II. Profit/(Loss) on sale of Investments (Net) | **277,103** | 224,548 |
| III. Profit/(Loss) on revaluation of Investments (Net) | **–** | - |
| IV. Profit/(Loss) on sale of Land, Buildings and Other Assets (Net) | **(1,214)** | (3,986) |
| V. Profit/(Loss) on Exchange Transactions (Net) | **75,980** | 56,528 |
| VI. Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Ventures abroad/in India | **–** | – |
| VII. Lease Income (Net of Lease Equalisation Account) | **–** | – |
| VIII. Miscellaneous Income (Includes recoveries from bad debts written off in earlier years) | **112,737** | 110,652 |
| **TOTAL** | **1,657,156** | **1,386,625** |

## SCHEDULE 15 – INTEREST EXPENDED

| | | Year Ended 31.03.2015 (₹ in 000's) | Year Ended 31.03.2014 (₹ in 000's) |
|---|---|---|---|
| I. | Interest on Deposits | **8,407,880** | 6,648,882 |
| II. | Interest on Reserve Bank of India/Inter-Bank Borrowings | **258,368** | 631,896 |
| III. | Other Interest | **475,733** | 317,918 |
| | **TOTAL** | **9,141,981** | **7,598,696** |

## SCHEDULE 16 – OPERATING EXPENSES

| | | | Year Ended 31.03.2015 (₹ in 000's) | | Year Ended 31.03.2014 (₹ in 000's) |
|---|---|---|---|---|---|
| I. | Payments to and Provisions for Employees | | **1,960,276** | | 1,570,819 |
| II. | Rent, Taxes and Lighting | | **452,938** | | 385,976 |
| III. | Printing and Stationery | | **60,159** | | 43,787 |
| IV. | Advertisement and Publicity | | **15,962** | | 14,713 |
| V. | Depreciation on Bank's property | 245,499 | | 191,571 | |
| | Less:Transfer from Revaluation Reserve | (11,859) | **233,640** | (11,859) | 179,712 |
| VI. | Directors' Fees, Allowances and Expenses | | **5,441** | | 4,102 |
| VII. | Auditors' Fees and Expenses | | **6,317** | | 6,134 |
| VIII. | Law Charges | | **34,823** | | 24,604 |
| IX. | Postages,Telegrams,Telephones etc. | | **90,572** | | 70,177 |
| X. | Repairs and Maintenance | | **86,558** | | 75,057 |
| XI. | Insurance | | **98,491** | | 82,146 |
| XII. | Other Expenditure | | **919,754** | | 733,646 |
| | **TOTAL** | | **3,964,931** | | **3,190,873** |

# 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, 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 RBI from time to time and the notified Accounting Standards prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

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

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

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

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

*Held to Maturity:*

These are carried at their acquisition cost and are not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight-line basis. Provision is recognised for diminution other than temporary in the value of such investments for each investment individually.

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

4.6 Security Receipts (SR)

Security receipts issued by the asset reconstruction companies are valued at the net asset value declared by and valued in accordance with the guidelines applicable to such instruments, prescribed by the RBI from time to time.

4.7 Disposal of Investment:

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

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

Repo transactions under LAF with RBI are accounted for as secured borrowing/ lending transactions.

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

**6. FIXED ASSETS**

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

**7. REVALUATION OF FIXED ASSETS**

Portfolio of immovable properties is revalued periodically by an independent valuer to reflect current market valuation. All land and building owned by the Bank and used as branches or offices or godowns are grouped under "Office Premises" in the fixed assets category. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves.

**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 conditioner – 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 Vault – 4.75% p.a.

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

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

**9. IMPAIRMENT OF ASSETS**

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

**10. RECOGNITION OF INCOME AND EXPENDITURE**

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

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

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

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

10.5 Interest income on loans bought out through the direct assignment route is recognised at their 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 and processing overheads on loans are expensed at the inception of the loan.

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

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

**11. FOREIGN EXCHANGE 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 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 transaction and 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 on 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. RETIREMENT BENEFITS OF EMPLOYEES**

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 in terms of Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 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. Compensation expense is amortised over the vesting period.

## 16. EARNINGS PER SHARE

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 – Earnings per share. Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

## 17. CASH AND CASH EQUIVALENTS

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

## 18. LEASES

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

## 19. SEGMENT REPORTING

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

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

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

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

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

# SCHEDULE 18 – NOTES TO ACCOUNTS

## 1 CAPITAL

1.1 During the financial year 2014-15, the Bank issued 30,432,136 equity shares to Qualified Institutional Investors at ₹ 82.15 per share. Net of issue costs of ₹ 5.39 crore, this resulted in an increase of ₹ 30.43 crore in Share Capital and ₹ 214.18 crore in Securities Premium Account.

### 1.2 Capital to Risk Assets Ratio (CRAR)

(₹ in crore)

| Particulars | As per Basel II framework | | As per Basel III framework | |
|---|---|---|---|---|
| | **As at March 31, 2015** | As at March 31, 2014 | **As at March 31, 2015** | As at March 31, 2014 |
| i. Tier 1 Capital | **1,498.88** | 1,086.69 | **1,506.68** | 1,094.49 |
| ii. Tier 2 Capital | **70.28** | 67.09 | **78.08** | 72.29 |
| iii. Total Capital | **1,569.16** | 1,153.78 | **1,584.76** | 1,166.78 |
| iv. Total Risk Weighted Assets | **10,424.01** | 8,336.96 | **10,597.33** | 8,511.03 |
| v. Common Equity Tier 1 Capital Ratio (%) | **N.A** | N.A | **14.21%** | 12.86% |
| vi. Tier 1 Capital Ratio (%) | **14.38%** | 13.03% | **14.21%** | 12.86% |
| vii. Tier 2 Capital Ratio (%) | **0.67%** | 0.81% | **0.74%** | 0.85% |
| viii. Total Capital Ratio (CRAR) (%) | **15.05%** | 13.84% | **14.95%** | 13.71% |
| ix. Percentage of shareholding of the Government of India in public sector banks | **N.A** | N.A | **N.A** | N.A |
| x. Amount of equity capital raised - | | | | |
| Share Capital: | **31.69** | 0.21 | **31.69** | 0.21 |
| Securities Premium: | **218.82** | 0.57 | **218.82** | 0.57 |
| xi. Amount of Additional Tier 1 capital raised; of which - | | | | |
| PNCPS: | – | – | – | – |
| PDI: | – | – | – | – |
| xii. Amount of Tier 2 capital raised; of which - | | | | |
| Debt capital instrument: | – | – | – | – |
| 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

The detail of total outstanding subordinated debt is given below:

(₹ in crore)

| **Issue Series** | **Deemed Date of Allotment** | **Coupon Rate (% p.a.)** | **Tenure (in months)** | **Equivalent Amount as on March 31, 2015** | Equivalent Amount as on March 31, 2014 |
|---|---|---|---|---|---|
| IV | August 31, 2009 | 11.25 | 68 | **65.00** | 65.00 |
| **Total** | | | | **65.00** | 65.00 |

## 3 INVESTMENTS

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

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| 1. Value of Investments: | | |
| (i) Gross Value of Investments | | |
| a. In India | **4,471.21** | 3,634.22 |
| b. Outside India | – | – |
| (ii) Provisions for Depreciation | | |
| a. In India | **0.65** | – |
| b. Outside India | – | – |
| (iii) Net Value of Investments | | |
| a. In India | **4,470.56** | 3,634.22 |
| b. Outside India | – | – |
| 2. Movement of provision held towards depreciation on investments: | | |
| (i) Opening balance | **0.00** | 0.22 |
| (ii) Add: Provision made during the year | **1.66** | 0.62 |
| (iii) Less: Write-off/ write-back of excess provision during the year (including depreciation utilised on sale of securities) | **1.01** | 0.84 |
| (iv) Closing balance | **0.65** | 0.00 |

### 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, 2015 | | As at March 31, 2014 | |
|---|---|---|---|---|
| | ₹ in crore | % | ₹ in crore | % |
| Held to Maturity | **3,265.07** | **73.03** | 2,663.72 | 73.30 |
| Held for Trading | **257.09** | **5.75** | 202.10 | 5.56 |
| Available for Sale | **948.40** | **21.22** | 768.40 | 21.14 |
| **Total** | **4,470.56** | **100.00** | 3,634.22 | 100.00 |

### 3.3 Repo Transactions

**Financial Year 2014-15**

(₹ in crore)

| | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Balance as at March 31, 2015 |
|---|---|---|---|---|
| **Securities Sold under Repos*** | – | 395.20 | 71.41 | 395.20 |
| (i) Government Securities | – | 395.20 | 71.41 | 395.20 |
| (ii) Corporate debt Securities | – | – | – | – |
| **Securities purchased under Reverse Repos*** | – | 156.00 | 3.58 | – |
| (i) Government Securities | – | 156.00 | 3.58 | – |
| (ii) Corporate debt Securities | – | – | – | – |

* consist of RBI LAF disclosed at face value.

**Financial Year 2013-14**

(₹ in crore)

| | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Balance as at March 31, 2014 |
|---|---|---|---|---|
| **Securities Sold under Repos *** | – | 304.50 | 32.83 | 68.25 |
| (i) Government securities | – | 304.50 | 32.83 | 68.25 |
| (ii) Corporate debt securities | – | – | – | – |
| **Securities purchased under Reverse Repos *** | – | 78.75 | 0.36 | – |
| (i) Government securities | – | 78.75 | 0.36 | – |
| (ii) Corporate debt securities | – | – | – | – |

* consist of RBI LAF disclosed at face value.

3.4 **Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments**
**Balances as at March 31, 2015**

(₹ 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 | 20.22 | – | – | – | – |
| 2. | FIs | 529.60 | – | – | – | – |
| 3. | Banks | 196.07 | – | – | – | – |
| 4. | Private Corporates | 1.31 | – | – | – | 1.31@ |
| 5. | Subsidiaries/ Joint Ventures | – | – | – | – | – |
| 6. | Others*** | 248.42 | – | – | – | – |
| 7. | Provision held towards Depreciation | – | – | – | – | – |
| | **Total** | **995.62** | **–** | **–** | **–** | **1.31** |

* excludes deposits with NABARD, SIDBI, NHB and pass through certificates

** excludes deposits with NABARD, SIDBI and NHB

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

@ includes shares acquired under initial public offer and awaiting listing

**Balances as at March 31, 2014**

(₹ 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 | 10.00 | – | – | – | – |
| 2. | FIs | 429.56 | – | – | – | – |
| 3. | Banks | 223.07 | 3.00 | – | – | – |
| 4. | Private Corporates | – | – | – | – | – |
| 5. | Subsidiaries/ Joint Ventures | – | – | – | – | – |
| 6. | Others*** | 164.39 | – | – | – | – |
| 7. | Provision held towards Depreciation | – | – | – | – | – |
| | **Total** | **827.02** | **3.00** | – | – | – |

* excludes deposits with NABARD, SIDBI, NHB and pass through certificates

** excludes deposits with NABARD, SIDBI and NHB

*** includes investments in pass through certificates

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

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Opening Balance | – | – |
| Additions during the year | – | 0.41 |
| Reductions during the year | – | 0.41 |
| Closing Balance | – | – |
| Total provisions held | – | – |

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

Other than one-time transfer of securities to / from HTM category permitted by the RBI at the beginning of the accounting year and sale to the RBI under pre-announced Open Market Operations ('OMO') auctions, the Bank has not carried out any sale and transfer of securities to / from HTM category during the financial year 2014-15.

4 **DERIVATIVES**

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

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| 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, 2015 | March 31, 2014 |
|---|---|---|---|
| i. | Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) | NIL | NIL |
| ii. | Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise) | NIL | NIL |
| iii. | Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise) | NIL | NIL |
| iv. | Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise) | NIL | NIL |

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

**a) Qualitative Disclosures**

**Management of Risk in Derivatives Trading**

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

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

**Policies for Hedging Risk**

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

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

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

b) **Quantitative Disclosures**

(₹ in crore)

| Sr. No. | Particulars | **Currency Derivatives** | **Interest Rate Derivatives** | Currency Derivatives | Interest Rate Derivatives |
|---|---|---|---|---|---|
| | | **March 31, 2015** | **March 31, 2015** | March 31, 2014 | March 31, 2014 |
| 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 |

Note:

1 The notional principal amount of forward exchange contracts classified as Hedging and Trading amounted to ₹ 181.93 crore (March 31, 2014: ₹ 317.84 crore) and ₹ 990.34 crore (March 31, 2014: ₹ 963.80 crore) respectively.

## 5 ASSET QUALITY

### 5.1 Non-Performing Assets (NPAs)

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| (i) Net NPAs to Net Advances (%) | **1.01%** | 0.91% |
| (ii) Movement of NPAs (Gross) | | |
| (a) Opening balance | **138.45** | 214.98 |
| (b) Additions during the year | **173.95** | 97.07 |
| (c) Reductions during the year | **126.33** | 173.60 |
| (d) Closing balance | **186.07** | 138.45 |
| (iii) Movement of Net NPAs | | |
| (a) Opening balance | **74.02** | 49.13 |
| (b) Additions during the year[1, 2] | **109.19** | 52.34 |
| (c) Reductions during the year[3] | **77.51** | 27.45 |
| (d) Closing balance | **105.70** | 74.02 |
| (iv) Movement of provisions for NPAs (excluding provision on Standard Assets)[4] | | |
| (a) Opening balance | **62.45** | 159.46 |
| (b) Provisions made during the year | **61.90** | 42.88 |
| (c) Write-off/ write-back of excess provisions | **46.99** | 139.89 |
| (d) Closing balance | **77.36** | 62.45 |

1. Includes interest capitalisation of ₹ 2.86 crore (Previous year: ₹ 1.85 crore).
2. Includes addition to NPAs net off provisions on such NPAs and additional provision on existing NPAs.
3. Includes interest capitalisation of ₹ 1.83 crore (Previous year: ₹ 6.26 crore).
4. Includes floating provision of ₹ 8.61 crore (Previous year: ₹ 5.63 crore).

### 5.2 Movement of Gross NPAs

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Opening balance of Gross NPAs | **138.45** | 214.98 |
| Additions during the year[1] | **173.95** | 97.07 |
| **Sub-total (A)** | **312.40** | 312.05 |
| Less: | | |
| i. Upgradations | **25.84** | 11.99 |
| ii. Recoveries (excluding recoveries made from upgraded accounts)[2, 3] | **53.38** | 36.30 |
| iii. Technical/Prudential Write-offs | **2.83** | 122.09 |
| iv. Write-offs other than those under (iii) above | **44.28** | 3.22 |
| **Sub-total (B)** | **126.33** | 173.60 |
| **Closing balance of Gross NPAs (A-B)** | **186.07** | 138.45 |

1. Including fresh NPAs during the year.
2. Includes interest capitalisation reversal on written-off accounts of ₹ NIL (Previous year: ₹ 6.26 crore).
3. Includes recoveries of ₹ 20 crore from NPAs sold to asset reconstruction company (Previous year: NIL).

### 5.3 Movement of Technical/Prudential write-off

Technical/Prudential write-off 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-off is set out below:

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Opening balance of Technical/Prudential Written off accounts | **241.87** | 128.83 |
| Add : Technical/Prudential write-offs during the year | **2.83** | 122.09 |
| **Sub-total (A)** | **244.70** | 250.92 |
| Less : Recovery /Sacrifice made from previously technical /prudential written-off accounts during the year (B) | **13.66** | 9.05 |
| Closing balance of Technical/Prudential Written off accounts (A-B) | **231.04** | 241.87 |

5.4 **Concentration of NPAs**

(₹ in crore)

| **Particulars** | **March 31, 2015** | March 31, 2014 |
|---|---|---|
| Total Exposure to top four NPA accounts * | **77.68** | 28.73 |

* NPAs are taken on net basis.

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

5.5 **Sector-wise Advances**

**Financial Year 2014-15**

(₹ in crore)

| **Sr. No.** | **Sector** | **March 31, 2015** | | |
|---|---|---|---|---|
| | | **Outstanding Total Advances** | **Gross NPAs** | **Percentage of Gross NPAs to Total Advances in that sector** |
| **A** | **Priority Sector** | | | |
| 1 | Agriculture and allied activities | 611.63 | 7.12 | 1.16% |
| 2 | Industry of which - | 1,224.22 | 17.05 | 1.39% |
| | Textiles | 196.11 | 2.15 | 1.09% |
| | Engineering | 184.96 | 0.45 | 0.24% |
| | Food Processing | 175.79 | - | 0.00% |
| 3 | Services of which - | 2,168.28 | 27.07 | 1.25% |
| | Wholesale Trade | 768.27 | 5.70 | 0.74% |
| | NBFC | 339.34 | - | 0.00% |
| | Retail Trade | 310.11 | 4.37 | 1.41% |
| 4 | Personal loans of which - | 320.14 | 3.18 | 0.99% |
| | Housing Loans | 264.53 | 2.65 | 1.00% |
| | **Sub-total (A) (1+2+3+4)** | **4,324.27** | **54.42** | **1.26%** |
| **B** | **Non Priority Sector** | | | |
| 1 | Agriculture and allied activities | 84.95 | 0.01 | 0.01% |
| 2 | Industry of which - | 2,184.77 | 81.83 | 3.75% |
| | Constructions | 629.26 | 0.03 | 0.01% |
| | Engineering | 388.36 | 71.01 | 18.28% |
| | Chemicals & Chemical Products | 224.53 | 9.05 | 4.03% |
| 3 | Services of which - | 3,097.53 | 40.18 | 1.30% |
| | Wholesale Trade | 655.05 | 21.77 | 3.32% |
| | NBFC | 477.91 | - | 0.00% |
| | Retail Trade | 325.75 | 8.29 | 2.54% |
| 4 | Personal loans | 866.25 | 9.63 | 1.11% |
| | Housing Loans | 534.72 | 7.66 | 1.43% |
| | Gold Loans | 189.73 | 0.76 | 0.40% |
| | Loan against Property | 112.73 | 0.92 | 0.81% |
| | **Sub-total (B) (1+2+3+4)** | **6,233.50** | **131.65** | **2.11%** |
| | **Total (A+B)** | **10,557.77** | **186.07** | **1.76%** |

• Classification into sectors as above has been done based on the Bank's internal norms.

**Financial Year 2013-14**

(₹ in crore)

| Sr. No. | Sector | March 31, 2014 | | |
|---|---|---|---|---|
| | | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector |
| **A** | **Priority Sector** | | | |
| 1 | Agriculture and allied activities | 488.44 | 8.73 | 1.79% |
| 2 | Industry of which - | 1,007.86 | 23.29 | 2.31% |
| | Food Processing | 207.26 | 11.21 | 5.41% |
| | Textiles | 146.77 | – | 0.00% |
| | Engineering | 137.88 | 0.22 | 0.16% |
| 3 | Services of which - | 1,340.04 | 16.88 | 1.26% |
| | Wholesale Trade | 332.75 | 4.43 | 1.33% |
| | NBFC | 289.64 | - | 0.00% |
| | Retail Trade | 228.19 | 4.67 | 2.05% |
| | Transport Operators | 174.10 | 3.53 | 2.03% |
| 4 | Personal loans of which - | 153.04 | 2.50 | 1.63% |
| | Housing Loans | 135.56 | 2.17 | 1.60% |
| | **Sub-total (A) (1+2+3+4)** | **2,989.38** | **51.40** | **1.72%** |
| **B** | **Non Priority Sector** | | | |
| 1 | Agriculture and allied activities | 48.74 | 3.16 | 6.49% |
| 2 | Industry of which - | 1,878.07 | 39.66 | 2.11% |
| | Constructions | 377.98 | 5.11 | 1.35% |
| | Engineering | 302.27 | 5.89 | 1.95% |
| | Chemicals & Chemical Products | 201.22 | 9.56 | 4.75% |
| | Food Processing | 196.22 | 16.04 | 8.17% |
| 3 | Services of which - | 2,678.71 | 36.64 | 1.37% |
| | Wholesale Trade | 644.51 | 17.93 | 2.78% |
| | NBFC | 329.63 | - | 0.00% |
| | Retail Trade | 307.51 | 11.20 | 3.64% |
| | Real Estate Activities | 288.93 | 0.13 | 0.05% |
| 4 | Personal loans of which - | 617.34 | 7.59 | 1.23% |
| | Housing Loans | 488.61 | 5.47 | 1.12% |
| | **Sub-total (B) (1+2+3+4)** | **5,222.86** | **87.04** | **1.67%** |
| | **Total (A+B)** | **8,212.24** | **138.45** | **1.69%** |

• Classification into sectors as above has been done based on the Bank's internal norms.

## 5.6 RESTRUCTURED ACCOUNTS

### Details of restructured accounts as of March 31, 2015

(₹ 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, 2014 | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 3 | 2 | 8 | 3 | 16 | 3 | 2 | 8 | 3 | 16 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 78.89 | 0.67 | 32.95 | 1.67 | 114.18 | 78.89 | 0.67 | 32.95 | 1.67 | 114.18 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 1.69 | 0.67 | 10.95 | 1.67 | 14.98 | 1.69 | 0.67 | 10.95 | 1.67 | 14.98 |
| 2 | Fresh restructuring during the FY[1] | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 7 | 1 | - | - | 8 | 7 | 1 | - | - | 8 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 59.95 | 1.27 | - | - | 61.21 | 59.95 | 1.27 | - | - | 61.21 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 11.03 | 16.94 | 1.28 | - | 29.25 | 11.03 | 16.94 | 1.28 | - | 29.25 |
| 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 | - | | | | - | - | | | | - | - | | | | - | - | | | | - |
| | | Amount outstanding | - | | | | - | - | | | | - | - | | | | - | - | | | | - |
| | | Provision thereon | - | | | | - | - | | | | - | - | | | | - | - | | | | - |
| 5 | Downgradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | (2) | 1 | 1 | - | - | (2) | 1 | 1 | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | (68.58) | 67.93 | 0.65 | - | - | (68.58) | 67.93 | 0.65 | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | (0.92) | 0.27 | 0.65 | - | - | (0.92) | 0.27 | 0.65 | - | - |
| 6 | Write-offs of restructured accounts during the FY[2,3,4] | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | 2 | 3 | 2 | 7 | - | 2 | 3 | 2 | 7 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | - | 4.61 | 23.61 | 1.60 | 29.82 | - | 4.61 | 23.61 | 1.60 | 29.82 |
| 7 | Restructured Accounts as on March 31, 2015[5] | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 8 | 2 | 6 | 1 | 17 | 8 | 2 | 6 | 1 | 17 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 70.25 | 65.26 | 9.99 | 0.07 | 145.57 | 70.25 | 65.26 | 9.99 | 0.07 | 145.57 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 11.79 | 16.94 | 5.40 | 0.07 | 34.20 | 11.79 | 16.94 | 5.40 | 0.07 | 34.20 |

1. Includes ₹ 1.39 crores due to increase in outstanding balance in respect of 3 accounts and increase in provisions amounting to ₹ 18.31 crores in respect of 3 accounts.
2. Includes ₹ 0.91 crores due to reduction in outstanding balance in respect of 5 accounts and reduction in provisions amounting to ₹ 0.12 crores in respect of 4 accounts.
3. Includes ₹ 0.12 crores in respect of 3 accounts closed during the year on account of recovery.
4. Includes assets sold to asset reconstruction company amounting to ₹ 27.34 crores in respect of 3 accounts.
5. Excluding accounts, where full amount has been recovered.

## Details of restructured accounts as of March 31, 2014

(₹ 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, 2013 | No. of borrowers | 1 | - | 1 | - | 2 | - | - | - | - | - | 12 | 1 | 43 | 247 | 303 | 13 | 1 | 44 | 247 | 305 |
| | | Amount outstanding | 0.48 | - | 21.12 | - | 21.60 | - | - | - | - | - | 27.37 | 5.01 | 8.45 | 9.09 | 49.92 | 27.85 | 5.01 | 29.57 | 9.09 | 71.52 |
| | | Provision thereon | 0.10 | - | 21.12 | - | 21.22 | - | - | - | - | - | 0.38 | 0.99 | 8.14 | 9.09 | 18.60 | 0.48 | 0.99 | 29.26 | 9.09 | 39.82 |
| 2 | Fresh restructuring during the FY* | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 3 | - | - | - | 3 | 3 | - | - | - | 3 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 78.89 | 0.03 | 0.90 | - | 79.82 | 78.89 | 0.03 | 0.90 | - | 79.82 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 1.69 | 0.52 | 9.44 | - | 11.65 | 1.69 | 0.52 | 9.44 | - | 11.65 |
| 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 | - | | | | - | - | | | | - | 7.00 | | | | 7.00 | 7.00 | | | | 7.00 |
| | | Amount outstanding | - | | | | - | - | | | | - | 0.13 | | | | 0.13 | 0.13 | | | | 0.13 |
| | | Provision thereon | - | | | | - | - | | | | - | 0.01 | | | | 0.01 | 0.01 | | | | 0.01 |
| 5 | Downgradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | (4) | 1 | 3 | - | - | (4) | 1 | 3 | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | (27.24) | (4.29) | 31.53 | - | - | (27.24) | (4.29) | 31.53 | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | (0.37) | (0.76) | 1.13 | - | - | (0.37) | (0.76) | 1.13 | - | - |
| 6 | Write-offs of restructured accounts during the FY** | No. of borrowers | 1 | - | 1 | - | 2 | - | - | - | - | - | 1 | - | 38 | 244 | 283 | 2 | - | 39 | 244 | 285 |
| | | Amount outstanding | 0.48 | - | 21.12 | - | 21.60 | - | - | - | - | - | 0.01 | 0.08 | 7.93 | 7.42 | 15.44 | 0.49 | 0.08 | 29.05 | 7.42 | 37.04 |
| 7 | Restructured Accounts as on March 31, 2014*** | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 3 | 2 | 8 | 3 | 16 | 3 | 2 | 8 | 3 | 16 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 78.89 | 0.67 | 32.95 | 1.67 | 114.18 | 78.89 | 0.67 | 32.95 | 1.67 | 114.18 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 1.69 | 0.67 | 10.95 | 1.67 | 14.98 | 1.69 | 0.67 | 10.95 | 1.67 | 14.98 |

* includes ₹ 0.93 crore due to increase in outstanding balance in respect of 4 accounts and increase in provisions amounting to ₹ 9.96 crore

** includes ₹ 0.20 crore due to reduction in outstanding balance in respect of 3 accounts and reduction in provisions amounting to ₹ 0.09 crore.

*** excluding accounts, where full amount has been recovered.

5.7 **Details of financial assets (including written off accounts) sold to Securitization / 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, 2015 | March 31, 2014 |
|---|---|---|
| (i) No. of accounts | **10** | NIL |
| (ii) Aggregate value (net of provisions) of accounts sold to SC/RC | **35.52** | NIL |
| (iii) Aggregate consideration | **20.00** | NIL |
| (iv) Additional consideration realised in respect of accounts transferred in earlier years | **-** | NIL |
| (v) Aggregate gain/(loss) over net book value | **(15.52)** | NIL |

The Bank is amortising the aggregate loss of ₹ 15.52 crore over a period of two years in line with the RBI guidelines. The unamortised amount as on March 31, 2015 is ₹ 13.58 crore.

5.8 **Details of investment in security receipts**

(₹ in crore)

| Particulars | Backed by NPAs sold by the bank as underlying | | Backed by NPAs sold by other banks/financial institutions/ non-banking financial companies as underlying | | Total | |
|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 |
| Book value of investments in security receipts | **16.00** | NIL | **NIL** | NIL | **16.00** | NIL |

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

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| 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, 2015 | March 31, 2014 |
|---|---|---|
| 1. No. of accounts sold during the year | **NIL** | NIL |
| 2. Aggregate outstanding | **NIL** | NIL |
| 3. Aggregate consideration received | **NIL** | NIL |

5.10 **Provisions on Standard Assets**

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Provision for Standard Assets | **43.55** | 34.22 |
| Provision for Unhedged Foreign Currency Exposure of borrowers (Also refer note 12.5) | **2.45** | - |
| Provision for Specific Standard Assets | **5.04** | - |
| Total (Refer Schedule 5-IV(i) – Other Liabilities and Provisions) | **51.04** | 34.22 |

## 6 BUSINESS RATIOS

| Particulars | **March 31, 2015** | March 31, 2014 |
|---|---|---|
| Interest Income as a percentage to Working Funds (%)[1] | **10.20** | 9.75 |
| Non-Interest Income as a percentage to Working Funds (%)[1] | **1.19** | 1.20 |
| Operating Profit as a percentage to Working Funds (%)[1] | **1.99** | 1.62 |
| Return on Assets (%)[2] | **1.37** | 1.31 |
| Business per employee (₹ in crore)[3, 4] | **6.96** | 6.89 |
| Profit per employee (₹ in crore)[3] | **0.06** | 0.06 |

1. Working funds have been considered as average of total monthly assets (excluding accumulated losses, if any) as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949 during the financial year.
2. Assets have been considered as average of total monthly assets (excluding accumulated losses, if any) as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
3. 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.
4. For the purpose of this ratio, business per employee has been recorded as deposits plus advances (excluding interbank deposits).

## 7 OTHER FIXED ASSETS (including furniture and fixtures)

Other fixed assets include acquired software, having useful life of three years. Details regarding the same are given below:

(₹ in crore)

| Particulars | **March 31, 2015** | March 31, 2014 |
|---|---|---|
| **Cost** | | |
| As at March 31 of the previous year | **31.95** | 30.36 |
| Additions during the year | **5.27** | 1.59 |
| Deductions during the year | **0.03** | - |
| **Total (a)** | **37.19** | **31.95** |
| **Depreciation** | | |
| As at March 31 of the previous year | **28.22** | 24.99 |
| Charge for the year | **2.90** | 3.23 |
| On deductions during the year | **0.03** | - |
| **Total (b)** | **31.09** | **28.22** |
| **Net value as at March 31 of the current year (a-b)** | **6.10** | **3.73** |

## 8 Liquidity Coverage Ratio (LCR)

### (A) Quantitative Disclosures

(₹ in crore)

| | | March 31, 2015 | |
|---|---|---|---|
| | | **Total Unweighted Value (average)** | **Total Weighted Value (average)** |
| High Quality Liquid Asset | | | |
| 1 | Total High Quality Liquid Assets (HQLA) | | 1,280.68 |
| Cash Outflows | | | |
| 2 | Retail deposits and deposits from small business customers, of which : | 6,630.77 | 617.45 |
| (i) | Stable deposits | 912.58 | 45.63 |
| (ii) | Less stable deposits | 5,718.19 | 571.82 |
| 3 | Unsecured wholesale funding, of which : | 658.19 | 547.92 |
| (i) | Operational deposits (all counterparties) | 0.06 | 0.01 |
| (ii) | Non-operational deposits (all counterparties) | 183.72 | 73.49 |
| (iii) | Unsecured debt | 474.42 | 474.42 |
| 4 | Secured wholesale funding | | 0.00 |
| 5 | Additional requirements, of which | 3,080.32 | 941.93 |
| (i) | Outflows related to derivative exposures and other collateral requirements | 761.89 | 761.89 |
| (ii) | Outflows related to loss of funding on debt products | 0.00 | 0.00 |
| (iii) | Credit and liquidity facilities | 2,318.42 | 180.04 |
| 6 | Other contractual funding obligations | 55.00 | 55.00 |
| 7 | Other contingent funding obligations | 1,215.78 | 60.79 |
| 8 | **Total Cash Outflows** | | 2,223.09 |
| Cash Inflows | | | |
| 9 | Secured lending (e.g. reverse repos) | 16.66 | 0.00 |
| 10 | Inflows from fully performing exposures | 293.64 | 201.51 |
| 11 | Other cash inflows | 1,102.52 | 869.19 |
| 12 | **Total Cash Inflows** | **1,412.82** | **1,070.70** |
| | | | **Total Adjusted Value** |
| 21 | **TOTAL HQLA** | | 1,280.68 |
| 22 | **Total Net Cash Outflows** | | 1,152.39 |
| 23 | **Liquidity Coverage Ratio (%)** | | 111.13% |

Note: The LCR disclosure is effective from January 01, 2015 and hence prior period figures are not applicable.

### (B) Qualitative Disclosures

Effective January 1, 2015, 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 RBI guidelines. The requirements start with minimum LCR of 60% with effect from January 1, 2015 and reach the minimum required level of 100% by January 1, 2019.

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 and government securities up to another 5 per cent of Net Demand and Time Liabilities ('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 above guidelines, the Bank has started computing LCR from January 2015 onwards. The aforementioned table provides the LCR computation for the three months period i.e January 2015 to March 2015.

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

The major source of funding for the Bank is the 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 exposures 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 three months of reporting, the cash inflows in next 30 days denominated in the USD were usually higher than the cash outflows in next 30 days denominated in USD.

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

## 9 ASSET LIABILITY MANAGEMENT

### 9.1 Maturity pattern of certain items of assets and liabilities as of March 31, 2015

(₹ in crore)

| Maturity Buckets | Loans and Advances | Investments# | Deposits | Borrowings | Foreign Currency Assets@ | Foreign Currency Liabilities |
|---|---|---|---|---|---|---|
| Day 1 | 49.37 | - | 335.78 | 10.97 | 28.29 | 21.21 |
| 2 to 7 days | 114.16 | 0.65 | 269.47 | 359.90 | 37.39 | 0.43 |
| 8 to 14 days | 104.45 | 41.84 | 365.42 | 100.00 | 1.14 | 0.49 |
| 15 to 28 days | 75.76 | 51.25 | 299.79 | 50.00 | 0.64 | 0.02 |
| 29 days to 3 months | 629.02 | 586.66 | 1,172.34 | 65.00 | 55.91 | 3.05 |
| Over 3 months & upto 6 months | 274.55 | 506.67 | 1,665.88 | 77.31 | 4.93 | 4.00 |
| Over 6 months & upto 1 year | 1,017.61 | 190.59 | 2,765.72 | 32.69 | 15.43 | 16.46 |
| Over 1 year & upto 3 years | 3,833.09 | 540.10 | 5,413.25 | 339.09 | 32.99 | 37.54 |
| Over 3 year & upto 5 years | 1,315.92 | 509.78 | 241.67 | 123.46 | - | 57.07 |
| Over 5 years | 3,051.13 | 2,042.37 | 79.81 | 5.38 | 6.09 | - |
| **Total** | **10,465.06** | **4,469.91** | **12,609.13** | **1,163.80** | **182.81** | **140.27** |

# includes investment in equity share of ₹ 1.31 crore taken at 50% haircut as per the RBI ALM guidelines.
@ excludes foreign currency bills discounted as they are booked in Indian Rupees.

**Maturity pattern of certain items of assets and liabilities as of March 31, 2014**

(₹ in crore)

| Maturity Buckets | Loans and Advances | Investments | Deposits | Borrowings | Foreign Currency Assets@ | Foreign Currency Liabilities |
|---|---|---|---|---|---|---|
| Day 1 | 39.36 | - | 261.72 | 99.29 | 83.68 | 96.79 |
| 2 to 7 days | 86.62 | 30.41 | 361.47 | 153.91 | 72.36 | 0.60 |
| 8 to 14 days | 79.35 | - | 237.45 | - | 0.54 | 0.67 |
| 15 to 28 days | 156.36 | 127.63 | 289.97 | - | 0.42 | 0.03 |
| 29 days to 3 months | 533.29 | 472.04 | 1,247.09 | 50.00 | 0.40 | 2.43 |
| Over 3 months & upto 6 months | 421.74 | 180.95 | 1,309.63 | 16.02 | - | 2.63 |
| Over 6 months & upto 1 year | 860.15 | 195.85 | 1,934.18 | 70.45 | - | 28.21 |
| Over 1 year & upto 3 years | 2,886.57 | 697.02 | 4,443.44 | 125.95 | 20.63 | 32.55 |
| Over 3 year & upto 5 years | 828.24 | 313.22 | 221.24 | 340.12 | - | 31.55 |
| Over 5 years | 2,248.51 | 1,617.10 | 18.97 | 4.42 | 5.84 | - |
| **Total** | **8,140.19** | **3,634.22** | **10,325.16** | **860.16** | **183.87** | **195.46** |

@ 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.

9.2 **Concentration of Deposits**

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Total deposits of twenty largest depositors* | **1,960.01** | 1,779.74 |
| Percentage of deposits of twenty largest depositors to total deposits of the Bank | **15.54%** | 17.24% |

* Excludes holders of Certificates of Deposits.

9.3 **Concentration of Advances**

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Total advances to twenty largest borrowers | **1,413.40** | 1,319.75 |
| Percentage of Advances to twenty largest borrowers to total advances of the bank | **9.97%** | 10.77% |

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.

9.4 **Concentration of Exposures**

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Total Exposures to twenty largest borrowers / customers | **1,424.25** | 1,331.20 |
| Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the bank on borrowers / Customers | **9.71%** | 10.50% |

Note: Exposures reported above include both funded and non-funded exposures [including advances and investments (other than SLR Investments and deposits placed with NABARD, SIDBI & NHB)] 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.

9.5 **Overseas Assets, NPAs and Revenue**

(₹ in crore)

| **Particulars** | **March 31, 2015** | March 31 ,2014 |
|---|---|---|
| Total Assets | **NIL** | NIL |
| Total NPAs | **NIL** | NIL |
| Total Revenue for the year | **NIL** | NIL |

9.6 **Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as on March 31, 2015 and March 31, 2014**

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

## 10 EXPOSURES

### 10.1 Exposure to the Real Estate Sector

(₹ in crore)

| **Category** | **March 31, 2015** | March 31, 2014 |
|---|---|---|
| a) Direct Exposure | | |
| (i) Residential Mortgages(*)<br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:<br>(*) Includes Individual housing loans eligible for inclusion in priority sector advances – ₹272.48 crore (previous year: ₹ 160.04 crore) | **823.34** | 660.56 |
| (ii) Commercial Real Estate<br>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.) | **879.11** | 604.97 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures – | | |
| (a) Residential | **–** | 5.12 |
| (b) Commercial Real Estate | **–** | – |
| b) Indirect Exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | **193.19** | 100.47 |
| **Total Exposure to the Real Estate Sector** | **1,895.64** | 1,371.12 |

10.2 **Exposure to the Capital Market**

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| 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; | **1.31** | - |
| 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; | **3.00** | 0.43 |
| 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; | **-** | - |
| 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; | **9.10** | 8.46 |
| v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;(see * below) | **189.36** | 138.25 |
| 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; | **-** | - |
| 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** | **202.77** | 147.14 |

* Includes Advances to Stock Brokers ₹ 13.11 crore (March 31, 2014: ₹ NIL) and Financial Guarantees issued on their behalf to Stock Exchanges ₹ 176.25 crore (March 31, 2014: ₹ 138.25 crore).

10.3 **Risk category-wise country exposure**

(₹ in crore)

| Risk Category | Exposure (net) as at March 31, 2015 | Provision held as at March 31, 2015 | Exposure (net) as at March 31, 2014 | Provision held as at March 31, 2014 |
|---|---|---|---|---|
| Insignificant | **61.64** | - | 169.90 | 0.09 |
| Low | **38.21** | - | 28.61 | - |
| Moderate Low | **2.63** | - | 6.67 | - |
| Moderate* | **2.10** | - | 1.35 | - |
| Moderate High | **1.24** | - | 0.31 | - |
| High | **-** | - | - | - |
| Very High | **-** | - | - | - |
| Total | **105.82** | - | 206.84 | 0.09 |

* Includes exposure to restricted countries ₹ NIL (March 31, 2014: ₹ 0.51 crore)

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, 2015 and March 31, 2014, 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, 2015 | March 31, 2014 |
|---|---|---|
| Total amount of advances against intangible collateral | **NIL** | NIL |
| Estimated value of intangible collateral | **NIL** | NIL |

As per directions from 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 Revised)

The contribution to employees Provident Fund included under Employee cost amounted to ₹ 5.87 crore for the year ended March 31, 2015 (Previous year ₹ 4.83 crore).

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

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

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| **Balance Sheet – Details of provision for Gratuity** | | |
| Defined benefit obligation | **9.50** | 8.10 |
| Fair value of plan Assets | **8.24** | 8.56 |
| **Net Assets/(Liabilities)** | **(1.26)** | 0.46 |
| **Amounts in Balance Sheet** | | |
| Assets (included in Schedule 11 – Other Assets) | **-** | 0.46 |
| Liabilities (included in Schedule 5 – Other Liabilities and Provisions) | **1.26** | - |
| **Change in Defined Benefit Obligations** | | |
| **Obligations at the beginning of the year** | **8.10** | 7.37 |
| Interest Cost | **0.59** | 0.63 |
| Current Service Cost | **1.86** | 1.63 |
| Past Service Cost | **0.00** | 0.00 |
| Benefits paid | **(1.00)** | (0.81) |
| Actuarial (gain)/loss on Obligation | **(0.05)** | (0.72) |
| **Present value of obligation at the end of the year** | **9.50** | 8.10 |
| **Change in the Fair value of Plan Assets** | | |
| **Fair value of plan assets at the beginning of the year** | **8.56** | 8.52 |
| Expected Return on plan assets | **0.67** | 0.68 |
| Contributions | **-** | - |
| Benefits paid | **(1.00)** | (0.81) |
| Actuarial gain/(Loss) on plan assets | **0.01** | 0.17 |
| **Fair value of plan assets at the end of the year** | **8.24** | 8.56 |
| **Cost for the year** | | |
| Current service cost | **1.86** | 1.63 |
| Interest cost | **0.59** | 0.63 |
| Expected return on plan assets | **(0.67)** | (0.68) |
| Net Actuarial (gain)/loss recognised in the year | **(0.06)** | (0.89) |
| Past service cost | **0.00** | 0.00 |
| **Expense recognised in "Payments to and Provision for Employees"** | **1.72** | 0.69 |
| **[Refer Schedule-16 (I)]** | **0.68** | 0.85 |
| Actual return on plan assets | | |
| **Experience Adjustment** | | |
| Experience Adjustment on obligation | **(0.62)** | (0.49) |
| Experience Adjustment on plan assets | **0.01** | 0.17 |
| **Assumptions** | | |
| Discount rate | **7.83% p.a.** | 9.06% p.a. |
| Expected return on plan assets | **8.00% p.a.** | 8.00% p.a. |
| Mortality | **Indian Assured Lives Mortality (2006-08) Ultimate** | Indian Assured Lives Mortality (2006-08) Ultimate |
| Future salary increases | **5.00% p.a.** | 5.00% p.a. |

**Experience adjustment**

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
|---|---|---|---|---|---|
| Plan assets | **8.24** | 8.56 | 8.52 | 8.35 | 8.01 |
| Defined benefit obligation | **9.50** | 8.10 | 7.37 | 6.53 | 5.88 |
| Surplus / (Deficit) | **(1.26)** | 0.46 | 1.15 | 1.82 | 2.13 |
| Experience adjustment gain/ (loss) on plan assets | **0.01** | 0.17 | 0.29 | 0.12 | (0.24) |
| Experience adjustment (gain) /loss on plan liabilities | **(0.62)** | (0.49) | (0.43) | (0.62) | (0.72) |

All the plan assets are invested by the gratuity trust namely "DCB Bank Limited Staff Gratuity Fund" in Government securities (CY about 30%, PY about 30%), high rated corporate bonds (CY about 48%, PY about 48%), units of mutual funds/ insurance companies (CY about 16%, PY about 13%) and others (CY about 6%, PY about 9%) set up as dedicated funds for management of gratuity funds.

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.

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 ₹ 2.33 crore.

### 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, 2015 | March 31, 2014 |
|---|---|---|
| **Basic** | | |
| Net Profit (₹ in crore) | **191.18** | 151.36 |
| Weighted average number of equity shares outstanding | **265,234,120** | 250,210,919 |
| Basic Earnings per share (₹) | **7.21** | 6.05 |
| **Diluted** | | |
| Net Profit (₹ in crore) | **191.18** | 151.36 |
| Weighted average number of equity shares outstanding | **271,837,554** | 252,671,826 |
| Diluted Earnings per share (₹) | **7.03** | 5.99 |
| Nominal value per share (₹) | **10.00** | 10.00 |

### 11.3 Employees' Stock Options

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 Committee of the Bank granted the following options.

| Date | Price | Sub Plan 1 | Sub Plan 2 |
|---|---|---|---|
| May 03, 2014 | 50.20 | 310,000 | 1,929,000 |
| December 01, 2014 | 105.60 | 100,000 | 130,000 |

Under the stock option scheme 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% |

**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, 2015** | | March 31, 2014 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted Average Exercise Price** | Number of options | Weighted Average Exercise Price |
| Options outstanding at the beginning of the year | **10,144,425** | **45.50** | 10,693,260 | 45.34 |
| Granted during the year | **2,469,000** | **55.36** | NIL | - |
| Exercised during the year | **1,255,515** | **41.56** | 213,025 | 34.48 |
| Forfeited/Lapsed during the year | **322,870** | **74.84** | 335,810 | 47.51 |
| Options outstanding at the end of the year | **11,035,040*** | **47.29** | 10,144,425 | 45.50 |
| Options exercisable | **6,406,040** | **46.12** | 5,921,425 | 48.68 |

*Includes 67,650 employee stock options exercised, pending for allotment.

The weighted average share price in respect of options exercised during the year ended 31 March, 2015 is ₹ 96.93 (Previous year ₹ 47.93).

Summary of stock options outstanding as on March 31, 2015 is given below:

| **Range of exercise price (Rupees per share)** | **Number of shares arising out of options (Number of shares)** | **Weighted average exercise price (₹)** | **Weighted average remaining contractual life (Number of years)** |
|---|---|---|---|
| ₹ 17.00 – ₹ 24.00 | 1,842,710 | 23.57 | 1.91 |
| ₹ 25.00 – ₹ 109.00 | 8,926,785 | 50.16 | 4.96 |
| ₹ 110.00 – ₹ 200.00 | 265,545 | 115.52 | 1.59 |

There were 1,255,515 stock options exercised during the year ended March 31, 2015.

Summary of stock options outstanding as on March 31, 2014 is given below:

| **Range of exercise price (Rupees per share)** | **Number of shares arising out of options (Number of shares)** | **Weighted average exercise price (₹)** | **Weighted average remaining contractual life (Number of years)** |
|---|---|---|---|
| ₹ 17.00 – ₹ 24.00 | 1,953,770 | 23.55 | 2.82 |
| ₹ 25.00 – ₹ 109.00 | 7,845,305 | 47.87 | 4.91 |
| ₹ 110.00 – ₹ 200.00 | 345,350 | 115.82 | 2.33 |

There were 213,025 stock options exercised during the year ended March 31, 2014.

**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, 2015 were:

| **Particular** | **March 31, 2015** |
|---|---|
| Dividend Yield | **-** |
| Expected Volatility | **54% to 55%** |
| Risk Free Interest Rate | **8.13% to 8.80%** |
| Expected life of options | **5 years** |

The expected volatility was determined based on historical volatility data; historical volatility includes data since listing.
The weighted average fair value of options granted during the year ended 31 March, 2015 is ₹ 28.48.
There was no option granted during the year ended March 31, 2014.

**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, 2015** | March 31, 2014 |
|---|---|---|
| Net Profit (as reported) | **191.18** | 151.36 |
| Add: Stock based compensation expense accounted | **0.70** | (0.01) |
| | **191.88** | 151.35 |
| Less: Stock based compensation expense determined under fair value based method (proforma) | **2.17** | 0.35 |
| Net Profit (proforma) | **189.71** | 151.00 |

| **Particular** | **March 31, 2015** | March 31, 2014 |
|---|---|---|
| Basic earnings per share (as reported) | **7.21** | 6.05 |
| Basic earnings per share (proforma) | **7.15** | 6.03 |
| Diluted earnings per share (as reported) | **7.03** | 5.99 |
| Diluted earnings per share (proforma) | **6.98** | 5.98 |

11.4 **Segment Information**

**Part A: Business Segments**

(₹ in crore)

| **Business Segments** | **Treasury Operations** | | **Corporate / Wholesale Banking** | | **Retail Banking** | | **Other Banking Operations** | | **Total[1]** | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **FY 2014-15** | FY 2013-14 | **FY 2014-15** | FY 2013-14 | **FY 2014-15** | FY 2013-14 | **FY 2014-15** | FY 2013-14 | **FY 2014-15** | FY 2013-14 |
| Revenue | 598.54 | 569.10 | 369.74 | 323.56 | 1,223.10 | 931.31 | 9.90 | 7.38 | 2,201.28 | 1,831.35 |
| Unallocated Revenue | | | | | | | | | 35.90 | - |
| Total Revenue | | | | | | | | | 2,237.18 | 1,831.35 |
| Result | 31.53 | 36.40 | 32.94 | 40.14 | 109.24 | 75.67 | 7.54 | 5.94 | 181.25 | 158.15 |
| Unallocated Result | | | | | | | | | 26.78 | (6.75) |
| Total | | | | | | | | | 208.03 | 151.40 |
| Unallocated expenses | | | | | | | | | | |
| Operating profit | | | | | | | | | 277.45 | 187.96 |
| Income taxes | | | | | | | | | (16.85) | (0.04) |
| Extraordinary profit / loss | | | | | | | | | - | - |
| Net profit | | | | | | | | | 191.18 | 151.36 |
| Other Information | | | | | | | | | | |
| Segment assets | 5,146.89 | 4,283.35 | 3,517.67 | 3,152.74 | 7,348.28 | 5,333.75 | 0.21 | 0.00 | 16,013.05 | 12,769.84 |
| Unallocated assets | | | | | | | | | 119.27 | 153.30 |
| Total assets | | | | | | | | | 16,132.32 | 12,923.14 |
| Segment liabilities | 2,707.20 | 2,459.77 | 935.48 | 455.27 | 10,895.08 | 8,850.68 | 2.28 | 0.86 | 14,540.04 | 11,766.58 |
| Unallocated liabilities | | | | | | | | | 1,592.28 | 1,156.56 |
| Total liabilities | | | | | | | | | 16,132.32 | 12,923.14 |
| Capital Expenditure | 0.17 | 0.96 | 0.98 | 0.98 | 25.07 | 19.48 | - | - | 26.22 | 21.42 |
| Unallocable | | | | | | | | | 3.41 | 1.84 |
| Total Capital Expenditure | | | | | | | | | 29.63 | 23.26 |
| Depreciation | 0.18 | 0.84 | 0.24 | 0.52 | 10.74 | 16.61 | - | - | 11.16 | 17.97 |
| Unallocable | | | | | | | | | 0.96 | - |
| Total Depreciation | | | | | | | | | 12.12 | 17.97 |
| Non Cash Expenses[2] | 0.65 | (0.22) | 34.23 | 12.95 | 25.93 | 18.35 | - | - | 60.81 | 31.08 |
| Unallocable | | | | | | | | | 8.61 | 5.48 |
| **Total Non Cash Expenses** | | | | | | | | | **69.42** | **36.56** |

1. Revenue i.e. Total Revenue includes inter segment revenue of ₹ 649.04 crore (Previous year ₹ 564.43 crore). Inter Segment revenue represent the transfer price received from and paid to the treasury unit respectively. Excluding this, the revenue for the Bank is ₹ 1,588.14 crore (Previous year: ₹ 1,266.92 crore).
2. Excluding depreciation and provision for taxes

**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 Party Transactions in terms of AS-18 on "Related Party Disclosures" are disclosed below.

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

**Financial Year 2014-15**

| | | |
|---|---|---|
| Mr. Murali M. Natrajan | : | Managing Director |
| Managerial Remuneration | : | ₹ 6.01 crore* |

* The above includes perquisite value of stock options exercised of ₹ 1.24 crore. This perquisite value of stock options includes ₹ 0.40 crore, for options exercised and pending for allotment.

**Financial Year 2013-14**

| | | |
|---|---|---|
| Mr. Murali M. Natrajan | : | Managing Director |
| Managerial Remuneration | : | ₹ 3.77 crore* |

* The above includes increment arrears of ₹ 0.32 crore and bonus for FY 2012-13 of ₹ 0.60 crore which is paid in the FY 2014-15.

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, 2015 | As at March 31, 2014 |
|---|---|---|---|
| A. | DTA : | | |
| (i) | Provision for Loan Losses | **26.30** | - |
| (ii) | Unabsorbed Depreciation | **-** | 13.16 |
| (iii) | Others | **1.62** | - |
| | Total DTA [A] | **27.92** | 13.16 |
| B. | DTL : | | |
| (i) | Depreciation | **11.77** | 12.49 |
| (ii) | Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 | **1.74** | 0.67 |
| (iii) | Others | **4.61** | - |
| | Total DTL [B] | **18.12** | 13.16 |
| C. | **NET DTA [ A – B]** | **9.80** | - |

11.7 **Contingent Liabilities**

Description of Contingent Liabilities:

| Sr. No. | Contingent Liability (*) | Brief Description |
|---|---|---|
| 1. | Claim against the Bank not acknowledged as Debts | An amount of ₹ 44.85 crore is outstanding as at March 31, 2015 (Previous year: ₹ 44.46 crore), as claims against the Bank not acknowledged as Debts, including ₹ 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 para 17 on pending litigation cases) |
| 2. | Liability on account of outstanding forward exchange and derivative contracts | An amount ₹ 1,172.27 crore is outstanding as at March 31, 2015 (Previous year: ₹ 1,281.64 crore). 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 ₹ 1,204.16 crore is outstanding as at March 31, 2015 (Previous year: ₹ 1,179.34 crore). As a 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 ₹ 35.28 crore is outstanding as at March 31, 2015 (Previous year: ₹ 15.60 crore). These include liability on account of 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 Disclosure

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

(₹ in 000's)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Provision for Income Tax | | |
| - Current * | **484,094** | 18,000 |
| - Deferred (Refer 11.6) | **(98,003)** | - |
| MAT Credit Entitlement | **(218,427)** | (18,000) |
| Provision for Wealth Tax | **800** | 400 |
| Depreciation on Investments | **6,456** | (2,210) |
| Provision/write-off towards non-performing assets | **335,959** | 292,208 |
| Floating Provision | **86,065** | 56,300 |
| Provision for Standard Assets** | **168,126** | 70,554 |
| Sacrifice in One Time Settlement | **2,843** | 15,173 |
| Provision for Other Assets and Contingencies | **2,063** | (1,348) |
| Provisions for Restructured Advances*** | **92,659** | (65,033) |
| **Total** | **862,635** | 366,044 |

* includes an amount of ₹ 3.06 crore pertaining to earlier assessment years (Previous year : Nil)

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

***Provision for restructured advances includes NPV provision on standard advances of ₹ 4.71 crore. (Previous year: ₹ 0.35 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, 2015 | March 31, 2014 |
|---|---|---|
| Opening balance at the beginning of the year | **6.71** | 1.08 |
| Provision made during the year | **8.61** | 5.63 |
| Draw down made during the year | **-** | - |
| Closing balance at the end of the year | **15.32** | 6.71 |

### 12.3 Provisioning Coverage Ratio

In accordance with the RBI guidelines, the Bank's Provision Coverage Ratio at March 31, 2015 is 74.66% (March 31, 2014: 80.54%).

### 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, 2015 | March 31, 2014 |
|---|---|---|
| Opening balance of amounts transferred to DEAF | **-** | - |
| Add : Amounts transferred to DEAF during the year | **20.10** | - |
| Less : Amounts reimbursed by DEAF towards claims | **0.35** | - |
| Closing balance of amounts transferred to DEAF | **19.75** | - |

Note: The provisions of DEAF Scheme, 2014 are effective from May 24, 2014 and hence prior period figures are not applicable.

### 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, 2015 | March 31, 2014 |
|---|---|---|
| Incremental Provisioning Requirement | **2.45** | - |
| Increase in Risk weight | **28.31** | - |
| Incremental Capital Requirement at 9% | **2.55** | - |

Note: The guidelines for UFCE risk are effective from April 1, 2014 and hence prior period figures are not applicable.

12.6 **Customer Complaints+**

| | Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|---|---|---|
| (a) | No. of complaints pending at the beginning of the year | **13** | 10 |
| (b) | No. of complaints received during the year | **343** | 295 |
| (c) | No. of complaints redressed during the year | **350** | 292 |
| (d) | No. of complaints pending at the end of the year* | **6** | 13 |

* Out of 6 (Previous year: 13) pending complaints, 1 (Previous year: 2) pertains to CDRF (Consumer Disputes Redressal Forum) cases.

\+ As compiled by the management and relied upon by the auditors.

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

| | Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|---|---|---|
| (a) | No. of unimplemented Awards at the beginning of the year | **1** | - |
| (b) | No. of Awards passed by Banking Ombudsman during the year | **-** | 1 |
| (c) | No. of Awards implemented during the year | **1** | - |
| (d) | No. of unimplemented Awards pending at the end of the year | **-** | 1 |

\+ As compiled by the management and relied upon by the auditors.

12.8 **Letters Of Comfort**

The Bank has issued letters of comfort to other banks. Outstanding letters of comfort as on March 31, 2015 aggregate ₹ 83.26 crore (previous year: ₹ 187.88 crore). In the Bank's assessment, no financial impact is likely to arise.

12.9 **Small and Micro Industries**

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

## 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, 2015 (Previous year ₹ 1 crore).

### 13.2 Changes in accounting estimates

Effective April 1, 2014, Bank has changed the estimated useful life of certain group of assets such as office equipment, electrical fittings and furniture and fixtures in accordance with the recommended useful life as per Part C of Schedule II to the Companies Act, 2013. Pursuant to the transitional provisions under the aforesaid guidelines, the carrying amount of fixed assets amounting to ₹ 6.12 crore where, the remaining estimated useful life as on the effective date is "nil" has been adjusted through retained earnings on approval from the Reserve Bank of India. Further, pursuant to the aforesaid change in the estimated useful life of fixed assets, an additional charge on depreciation amounting to ₹2.79 crore has been debited through the Profit and Loss Account.

### 13.3 Revaluation of Fixed Assets

The Bank revalued its owned premises as at March 31, 2009 which resulted in a revaluation gain of ₹ 52.02 crore which was credited to Revaluation Reserve as at that date. The Bank computes depreciation on such revalued premises over its estimated remaining useful life and accordingly an amount of ₹ 1.19 crore has been accounted as depreciation and reduced from the Revaluation Reserve. (Previous year: ₹ 1.19 crore).

### 13.4 Assets Taken Under Operating Lease

(₹ in crore)

| Particulars | March 31, 2015 | March 31, 2014 |
|---|---|---|
| **Minimum Lease Rent payable** | | |
| Payable not later than 1 year | **20.56** | 15.56 |
| Payable later than 1 year but not later than 5 years | **62.29** | 48.35 |
| Payable later than 5 years | **37.37** | 27.42 |
| **Total** | **120.22** | **91.33** |
| The total of lease payments recognised in the Profit and Loss Account for the year | **22.23** | **19.30** |

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.

### 13.5 Remuneration

**a) Qualitative disclosures**

**Remuneration Committee**

The Nomination & Remuneration Committee of the Board consists of Independent Directors with one member from the Risk Management Committee of the Board.

**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 & Remuneration Committee.

The Nomination & 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.

**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, 2015 | As at March 31, 2014 |
|---|---|---|---|
| (a) | Number of meetings held by the Remuneration Committee during the financial year | **6** | 5 |
| (b) | Remuneration paid to the members of the Remuneration Committee | **0.04** | 0.01 |
| (c) | Number of employees having received a variable remuneration award during the financial year (as per compensation policy) | **2** | 2 |
| (d) | Number and total amount of sign-on awards made during the financial year | **NIL** | NIL |
| (e) | Details of guaranteed bonus, if any, paid as joining / sign on bonus | **NIL** | NIL |
| (f) | Details of severance pay, in addition to accrued benefits, if any | **NIL** | NIL |
| (g) | Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms | **Cash- 0.02** | NIL |
| (h) | Total amount of deferred remuneration paid out in the financial year | **NIL** | NIL |
| (i) | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred[1] | **Fixed- 5.97[2]**<br>**Variable- 1.34** | Fixed- 3.93[2,3]<br>Variable- 0.92[4] |
| (j) | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustment | **0.02** | NIL |
| (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 Perquisite & Contribution to PF fund.
3. Includes increment arrears of ₹ 0.32 crore.
4. Includes bonus for FY 2012-13 of ₹ 0.60 crore.

**14 INCOME FROM BANCASSURANCE BUSINESS**

(₹ in crore)

| Sr. No. | Nature of Income | March 31, 2015 | March 31, 2014 |
|---|---|---|---|
| 1. | For selling life insurance policies | **3.80** | 3.31 |
| 2. | For selling non life insurance policies | **2.58** | 2.25 |
| 3. | For selling mutual fund products | **3.52** | 2.12 |
| 4. | Others | **-** | - |
| | Total | **9.90** | 7.68 |

**15 DRAW DOWN FROM RESERVES**

The Bank has not undertaken any draw down of reserves during the year ended March 31, 2015 and in the previous year except the following:

Effective April 1, 2014 the Bank has changed the estimated useful life of a certain group of assets in line with the recommended useful life as per Part C of Schedule II to the Companies Act, 2013. As per para 7 (b) of Notes to Part C, where the remaining useful life of an asset as on the effective date is nil, the carrying amount of the asset should be recognised in the retained earnings. Such carrying amount as on April 1, 2014 for the Bank was ₹ 6.12 crore. The Bank has adjusted this carrying amount from retaining earnings on approval from the Reserve Bank of India ('RBI').

**16** Net overnight open position outstanding as on March 31, 2015 was ₹ 15.44 crore (March 31, 2014: ₹ 11.04 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 Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. Refer para 11.7 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** In view of the Bank's past losses as computed under section 198 of the Companies Act, 2013 the requirements of Section 135 (5) relating to CSR spends as per the Bank's CSR policy were not applicable for the year ended 31 March 2015.

**20** Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

**21** These are the notes appended to and forming part of the financial statements for the year ended March 31, 2015.

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As per our report of even date.

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

**Akeel Master**
Partner
Membership No. : 046768

**Place : Mumbai**
**Date : April 14, 2015**

For and on behalf of the Board of Directors

**Nasser Munjee**
Chairman

**Murali M. Natrajan**
MD & CEO

**Keki Elavia**
Director

**Bharat Sampat**
EVP & CFO

**H.V. Barve**
SVP & Company Secretary

**Place : Chennai**
**Date : April 14, 2015**

## PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK

## (BASEL III)

### 1. SCOPE OF APPLICATION

DCB Bank Ltd. (formerly Development Credit Bank Limited) is a scheduled commercial bank which was incorporated on May 31, 1995. The Bank has no subsidiaries.

As on March 31, 2015, 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 will begin as on March 31, 2016. Consequently, BASEL III Capital Regulations will be fully implemented as on March 31, 2019.

Tier-I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other disclosed free reserves and balance in Profit and Loss account.

**Equity Capital**

The Bank has authorised share capital of ₹ 5.00 billion comprising 500,000,000 equity shares of ₹ 10/- each. As on March 31, 2015 the Bank has issued subscribed and paid-up capital of ₹ 2.82 billion, constituting 282,012,273 shares of ₹ 10/- each. The provisions of the Companies Act, 1956 and the Companies Act, 2013 and other applicable laws and regulations govern the rights and obligations of the equity share capital of the Bank.

**Tier-II Capital:**

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier 2 capital. Tier II capital will also include debt capital instruments issued by banks and their premium, if any, and Revaluation Reserves.

The Bank's Tier II capital include revaluation reserve, 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, 2015 the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible Bonds) aggregating ₹ 650 million, the details of which are stated below:

(₹ million)

| Issue Series | Deemed Date of Allotment | Coupon Rate (% p.a.) | Tenure (in months) | Equivalent Amount as on March 31, 2015 |
|---|---|---|---|---|
| IV | August 31, 2009 | 11.25 | 68 | 650.00 |
| **Total** | | | | **650.00** |

**Composition of Capital – Tier I and Tier II:**

(₹ million)

| Particulars | | As on March 31, 2015 |
|---|---|---|
| **1.** | **Tier I capital** | |
| 1.1 | Paid-up share capital | 2,820.1 |
| 1.2 | Reserves | 12,522.8 |
| 1.3 | Gross Tier I capital (1.1 + 1.2) | 15,342.9 |
| 1.4 | Deductions | 276.1 |
| 1.5 | **Total Tier I capital (1.3 - 1.4)** | **15,066.8** |
| **2.** | **Tier II capital** | |
| 2.1 | Subordinated Debt (Lower Tier II bonds) | - |
| 2.2 | General Provisions/IRA and Revaluation Reserves | 780.8 |
| 2.3 | Gross Tier II capital (2.1 + 2.2) | 780.8 |
| 2.4 | Deductions | - |
| 2.5 | **Total Tier II capital (2.3 - 2.4)** | **780.8** |
| **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 | 650.0 |
| 4.2 | Of which amount raised during the current year | - |
| 4.3 | Amount eligible to be reckoned as capital funds | - |
| **5.** | **Other deductions from capital** | |
| 5.1 | Other deductions from capital | - |
| **6. Total eligible capital** | | |
| **6.1 Total eligible capital (1.5 + 2.5)** | | **15,847.6** |

## 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, 2015. 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 14.95% as on March 31, 2015 (as against minimum regulatory requirement of 9%). The Tier I CRAR stands at 14.21% 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, 2015 |
|---|---|
| **1. Capital requirement for Credit Risk** | **8,664.8** |
| • Portfolio subject to Standardised Approach | 8,407.7 |
| • Securitization Exposures | 257.1 |
| **2. Capital requirement for Market Risk** | **252.3** |
| • Standardised Duration Approach | |
| o Interest Rate Risk | 196.6 |
| o Foreign Exchange Risk (Including gold) | 31.5 |
| o Equity Risk | 24.2 |
| **3. Capital requirement for Operational Risk** | **620.4** |
| • Basic Indicator Approach | 620.4 |
| **Total capital requirements at 9% (1 + 2 + 3)** | **9,537.5** |
| **Total capital** | **15,847.6** |
| **CRAR %** | **14.95%** |
| **Tier-I CRAR %** | **14.21%** |

## 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:**

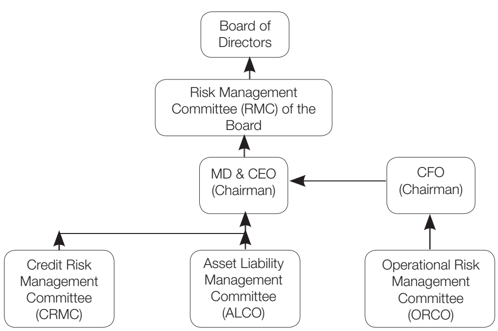
The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits etc. The 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 organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

| Sr. No. | Executive Level Committee | Focus Area | Chairman |
|---|---|---|---|
| 1 | Asset Liability Management Committee (ALCO) | All aspects of Market Risk management, monitoring & control | Managing Director & Chief Executive Officer (MD & CEO) |
| 2 | Credit Risk Management Committee (CRMC) | All aspects of Credit Risk management, monitoring & control | Managing Director & Chief Executive Officer (MD & CEO) |
| 3 | Operational Risk Management Committee (ORCO) | All aspects of Operational Risk management, monitoring & control | Chief Financial Officer (CFO) |

All the Executive Level Committees meet at least once in a month. ALCO however meets more frequently depending upon market conditions.




Note: Information Security team reports to Operational Risk Management Committee (ORCO)

**5. CREDIT RISK**

**5 (a)** Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms (vide RBI Master Circular dated July 1, 2014).

**5.a.i Credit Risk Management:**

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top level functional committee for managing credit risk. The committee is responsible for implementation of Credit Risk Management policy approved by the Bank's Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank's Board. The committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenant, rating standards and benchmarks. The committee also oversees compliance with Pillar 2 requirements under Basel III such as ICAAP and Stress Test.

The Bank has successfully implemented RAM rating model of CRISIL which is being used to assess the credit rating of all business loans exceeding ₹ 10 million. The rating serves as a single point indicator of the diverse counterparty risk for taking credit decision. The rating migration is monitored on regular interval.

The Bank has a well-developed credit monitoring system to monitor the health of the loan accounts and to detect the delinquencies at the initial stage. A separate department independent of the business units is monitoring the transactions in all the Corporate, Agri and Inclusive Banking (AIB), SME and MSME exposures with credit limits exceeding ₹ 10 million with a view to detect any early warning signals.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls

**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, 2015:**

(₹ million)

| Category | Exposure |
|---|---|
| Fund based[1] | 124,243.7 |
| Non fund based[2] | 17,457.9 |
| **Total** | **141,701.6** |

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, shares, deposits placed NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of terms loans and NPAs, the outstanding amount has been considered for this purpose.

**5(c) Geographical distributions of exposures as on March 31, 2015:**

(₹ million)

| Category | Domestic | Overseas |
|---|---|---|
| Fund based | 124,243.7 | - |
| Non fund based | 17,457.9 | - |
| **Total** | **141,701.6** | - |

5 (d) Industry type distributions of exposures as on March 31, 2015:

(₹ million)

| Industry | Fund Based | Non fund Based |
|---|---|---|
| Agriculture | 10,954.7 | 47.4 |
| All Engineering | 6,574.3 | 2,043.7 |
| Basic Metal & Metal Products | 2,680.1 | 611.8 |
| Beverages (Excl. Tea & Coffee) and Tobacco | 267.3 | - |
| Capital Market | 194.3 | 1,820.3 |
| Cement & Cement Products | 624.4 | 18.8 |
| Chemical & Chemical Products | 4,027.0 | 560.1 |
| Commercial Real Estate | 8,591.4 | 199.6 |
| Construction | 7,708.0 | 3,116.4 |
| Finance (Others) | 363.3 | 161.1 |
| Food Processing | 6,587.0 | 239.4 |
| Gems & Jewellery | 962.6 | 165.0 |
| Glass & Glassware | 98.4 | - |
| Infrastructure (Including Energy, Telecommunications, Water & Sanitation and Social & Commercial Infra) | 2,085.8 | 1,514.2 |
| IT & related | 389.8 | 106.0 |
| Leather & Leather Products | 211.0 | 9.2 |
| Logistics (includes Commercial Vehicle loans) | 4,431.5 | 387.2 |
| Mining & Quarrying | 132.5 | 29.0 |
| Miscellaneous Services (Advertising, Professional Services, etc.) | 8,840.1 | 1,973.8 |
| NBFC | 8,282.3 | 20.0 |

| Industry | Fund Based | Non fund Based |
|---|---|---|
| Other Manufacturing | 1,315.3 | 56.6 |
| Paper & Paper Products | 982.1 | 2.9 |
| Petroleum, Coal Products & Nuclear fuels | 270.5 | 280.2 |
| Renting of equipments | 428.2 | 30.8 |
| Rubber, Plastic & their Products | 926.5 | 277.7 |
| Textiles | 4,489.5 | 74.0 |
| Trade (Retail + Wholesale) | 23,798.6 | 1,493.5 |
| Travels & Tourism | 1,753.3 | 201.3 |
| Vehicles, Vehicle Parts & Transport Equipments | 956.0 | 162.1 |
| Wood & Wood Products | 834.4 | - |
| Residual | 2,734.5 | 1,831.1 |
| **Retail Loans** | 11,749.0 | 24.7 |
| Housing Loans | 8,233.4 | - |
| Retail Business Loans | - | 17.8 |
| Auto Loans | 42.6 | - |
| Personal Loan | 14.2 | - |
| Other Loans (Gold Loans, Loans against deposits, etc.) | 3,271.1 | 6.7 |
| Staff Loans | 187.7 | 0.2 |
| **Grand Total** | **124,243.7** | **17,457.9** |

5 (e) Residual contractual maturity breakdown of assets as on March 31, 2015:

(₹ million)

| Assets | Next Day | 2-7 Days | 8-14 Days | 15-28 Days | 29 Days - 3 Months | 3 Months - 6 Months | 6 Months -1 Year | 1-3 Years | 3-5 Years | Above 5 Years | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 1,225.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **1,225.4** |
| Balance with RBI | 502.5 | 118.1 | 175.6 | 124.2 | 495.0 | 560.1 | 967.5 | 2,020.6 | 116.3 | 31.4 | **5,111.4** |
| Balances with Other Banks | 484.2 | 368.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 | **855.0** |
| Investments | 0.0 | 6.5 | 418.4 | 512.5 | 5,866.6 | 5,066.7 | 1,905.9 | 5,401.0 | 5,097.8 | 20,423.7 | **44,699.1** |
| Advances (Excl NPA provn) | 493.7 | 1,141.6 | 1,044.5 | 757.6 | 6,290.2 | 2,745.5 | 10,176.1 | 38,330.9 | 13,159.2 | 30,511.3 | **104,650.6** |
| Fixed Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,366.8 | **2,366.8** |
| Other Assets (net) | 319.8 | 71.5 | 54.5 | 30.9 | 623.4 | 147.3 | 241.7 | 598.5 | 0.0 | 320.8 | **2,408.3** |
| **Total** | **3,025.5** | **1,706.5** | **1,693.0** | **1,425.3** | **13,275.2** | **8,519.6** | **13,291.2** | **46,353.2** | **18,373.3** | **53,653.8** | **161,316.6** |

**5(f) Advances and Provisions:**

(₹ million)

| Particulars | | As on March 31, 2015 |
|---|---|---|
| **(a)** | **Amount of NPAs (Gross)** | **1,860.7** |
| | i. Substandard | 1,298.3 |
| | ii. Doubtful 1 | 217.1 |
| | iii. Doubtful 2 | 258.1 |
| | iv. Doubtful 3 | 71.7 |
| | v. Loss | 15.5 |
| **(b)** | **Net NPAs** | **1,057.0** |
| **(c)** | **NPA Ratios** | |
| | i. Gross NPAs to gross advances (%) | 1.76% |
| | ii. Net NPAs to Net Advances (%) | 1.01% |
| **(d)** | **Movement of NPAs(Gross)** | |
| | i. Opening balance | 1,384.5 |
| | ii. Additions during the year | 1,739.5 |
| | iii. Reductions during the year | 1,263.3 |
| | iv. Closing balance | 1,860.7 |
| **(e)** | **Movement of provisions for NPAs (excluding provision on Standard Assets)** | |
| | i. Opening balance | 624.5 |
| | ii. Provision made during the year | 619.0 |
| | iii. Write-off / write-back of excess provisions | 469.9 |
| | iv. Closing balance | 773.6 |
| **(f)** | **Amount of Non-Performing Investments** | 0.0 |
| **(g)** | **Amount of provisions held for non-performing investments** | 0.0 |
| **(h)** | **Movement of depreciation on investments** | |
| | i. Opening balance | 0.0 |
| | ii. Add: Provision made during the year | 16.6 |
| | iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities) | 10.1 |
| | iv. Closing balance | 6.5 |

**6. CREDIT RISK: Disclosures for portfolio subject to the Standardised Approach**

**6 (a)** The Bank have used the ratings of the following domestic external credit rating agencies (arranged in alphabetical order) for the purposes of risk weighting their claims for capital adequacy purposes:

a. Brickwork Ratings India Pvt. Limited (Brickwork)
b. Credit Analysis and Research Limited
c. CRISIL Limited
d. ICRA Limited
e. India Ratings and Research Private Limited (India Ratings) and
f. SME Rating Agency of India Ltd (SMERA)

International credit rating agencies (arranged in alphabetical order) for the purposes of risk weighting their claims for capital adequacy purposes where specified:

a. Fitch;
b. Moody's; and
c. Standard & Poor's

**6 (b) A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:**

- Bank has used short term ratings for assets with maturity up to 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, 2015 are as follows:

(₹ million)

| Particulars | Fund based | Non fund based |
|---|---|---|
| Below 100% risk weight | 73,681.8 | 6,913.7 |
| 100% risk weight | 43,866.5 | 8,642.1 |
| More than 100% risk weight | 6,695.4 | 1,902.1 |
| **Total** | **124,243.7** | **17,457.9** |

## 7. CREDIT RISK MITIGATION: Disclosures for Standardised Approach

**7 (a)** The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular – Prudential guidelines on capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) (vide RBI Master Circular dated July 01, 2014).

Bank has utilized 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, 2015 |
|---|---|
| Total exposure covered by eligible financial collateral after application of applicable haircuts | **10,381.3** |
| 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.

In the current financial year, the Bank has made investments in securitized assets to meet the PSL targets. During the FY 2014-15 the Bank has made investments in 6 deals aggregating to ₹ 3,085.2 million, the outstanding of this as on March 31, 2015 was ₹ 2,266.2 million. Also, during the FY 2013-14 the Bank has made investments in 5 deals aggregating to ₹ 2,289.2 million, the outstanding of this as on March 31, 2015 was ₹ 58.0 million. The norms regarding due diligence, stress testing and credit monitoring are complied with for these cases.

## 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 organization 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, 2015 |
|---|---|
| • Interest Rate Risk | **196.6** |
| • Foreign Exchange Risk (Including gold) | **31.5** |
| • Equity Risk | **24.2** |
| **Capital requirement for Market Risk** | **252.3** |

## 10. OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk. The Bank has identified Key Operational Risk Indicators (KORIs) across various units, which are measured, monitored regularly and reported to Operational Risk Management Committee (ORCO) on monthly basis. The Bank has a robust system of reporting Operational Risk events across various units through identified Operational Risk Officers, who are given adequate training to identify and report such events as and when they occur. The Bank has a very effective system of recording and reporting operational losses booked. The Bank also collects qualitative data on self-assessment of operational risk faced by various units through Risk Control Self-Assessment (RCSA) exercise.

The Bank has implemented Periodic Risk Identification and Controls Evaluation (PRICE) system with a view to develop policy framework for identification and documented plan to mitigate various risks in the Bank. The PRICE system is expected to provide a robust overview of various risks being identified proactively that remain un-mitigated. The PRICE system is pivotal in continuous assessment of our risk and control environment and prioritizes 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, 2015 is ₹ 620.4 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 & 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 | (172.28) | (86.14) | 86.14 | 172.28 |
| USD | (10.55) | (5.28) | 5.28 | 10.55 |
| JPY | 0.00 | 0.00 | 0.00 | 0.00 |
| GBP | 0.07 | 0.03 | (0.03) | (0.07) |
| EUR | 0.04 | 0.02 | (0.02) | (0.04) |
| Total | (182.73) | (91.37) | 91.37 | 182.73 |

**ii) Impact on economic value of equity:**

(₹ million)

| | Changes in interest rates (in bps) | | | |
|---|---|---|---|---|
| **Currency** | **(100)** | **(50)** | **50** | **100** |
| INR | 1,122.41 | 561.21 | (561.21) | (1,122.41) |

* 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, 2015**

(₹ million)

| | **Notional Amount** | **Gross positive fair value of contracts** | **Potential future exposure** | **Total credit exposure** |
|---|---|---|---|---|
| **Forward contracts** | 11,722.5 | 75.7 | 234.4 | 310.1 |

## 13. Composition of Capital

(₹ million)

| Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017) | | | Amounts Subject to Pre-Basel III Treatment | Ref No. |
|---|---|---|---|---|
| | **Common Equity Tier 1 capital: Instruments and reserves** | | | |
| 1 | Directly issued qualifying common share capital plus related stock surplus (share premium) | 12,687.65 | | a=a1+a2 |
| 2 | Retained earnings | 0.00 | | |
| 3 | Accumulated other comprehensive income (and other reserves) | 2,655.18 | | b=b1+b2+b3 |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | 0.00 | | |
| | Public sector capital injections grandfathered until January 1, 2018 | | | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | 0.00 | | |
| 6 | **Common Equity Tier 1 capital before regulatory adjustments** | 15,342.83 | | |
| | **Common Equity Tier 1 capital: regulatory adjustments** | | | |
| 7 | Prudential valuation adjustments | 0.00 | | |
| 8 | Goodwill (net of related tax liability) | 0.00 | | |
| 9 | Intangibles other than mortgage-servicing rights (net of related tax liability) | 106.85 | 71.23 | c=c1+c2 |
| 10 | Deferred tax assets | 58.80 | 39.20 | d |
| 11 | Cash-flow hedge reserve | 0.00 | | |
| 12 | Shortfall of provisions to expected losses | 0.00 | | |
| 13 | Securitisation gain on sale | 0.00 | | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | 0.00 | | |
| 15 | Defined-benefit pension fund net assets | 0.00 | | |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | 0.00 | | |
| 17 | Reciprocal cross-holdings in common equity | 0.00 | | |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | 0.00 | | |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | 0.00 | | |
| 20 | Mortgage servicing rights4 (amount above 10% threshold) | 0.00 | | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | 0.00 | | |
| 22 | Amount exceeding the 15% threshold | 0.00 | | |
| 23 | of which: significant investments in the common stock of financial entities | 0.00 | | |
| 24 | of which: mortgage servicing rights | 0.00 | | |
| 25 | of which: deferred tax assets arising from temporary differences | 0.00 | | |
| 26 | "National specific regulatory adjustments (26a+26b+26c+26d)" | 0.00 | | |
| 26a | of which: Investments in the equity capital of the unconsolidated insurance subsidiaries | 0.00 | | |
| 26b | of which: Investments in the equity capital of unconsolidated non-financial subsidiaries | 0.00 | | |
| 26c | of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank | 0.00 | | |
| 26d | of which: Unamortised pension funds expenditures | 0.00 | | |
| | Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment | 0.00 | | |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | 110.43 | | |
| 28 | **Total regulatory adjustments to Common equity Tier 1** | 276.08 | | |
| 29 | **Common Equity Tier 1 capital (CET1)** | 15,066.75 | | |
| | | | | |
| | **Additional Tier 1 capital: instruments** | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32) | 0.00 | | |
| 31 | of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares) | 0.00 | | |
| 32 | of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments) | 0.00 | | |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | 0.00 | | |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | 0.00 | | |
| 35 | of which: instruments issued by subsidiaries subject to phase out | 0.00 | | |
| 36 | **Additional Tier 1 capital before regulatory adjustments** | 0.00 | | |
| | **Additional Tier 1 capital: regulatory adjustments** | | | |
| 37 | Investments in own Additional Tier 1 instruments | 0.00 | | |
| 38 | Reciprocal cross-holdings in Additional Tier 1 instruments | 0.00 | | |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | 0.00 | | |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | 0.00 | | |
| 41 | National specific regulatory adjustments (41a+41b) | 0.00 | | |
| 41a | Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries | 0.00 | | |
| 41b | Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank | 0.00 | | |

| | | | | |
|---|---|---|---|---|
| | Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment | 110.43 | | |
| | of which: Intangibles | 71.23 | | |
| | " of which: Deferred Tax Assets (not associated with acccumulated losses) net of Deferred Tax Liabilities" | 39.20 | | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | 0.00 | | |
| 43 | **Total regulatory adjustments to Additional Tier 1 capital** | 110.43 | | |
| 44 | **Additional Tier 1 capital (AT1)** | 0.00 | | |
| 44a | **Additional Tier 1 capital reckoned for capital adequacy** | 0.00 | | |
| 45 | **Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)** | 15,066.75 | | |
| | **Tier 2 capital: instruments and provisions** | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | 0.00 | | |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | 0.00 | | |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | 0.00 | | |
| 49 | of which: instruments issued by subsidiaries subject to phase out | 0.00 | | |
| 50 | Provisions | 780.81 | | e=e1+e2-e3+e4 |
| 51 | **Tier 2 capital before regulatory adjustments** | 780.81 | | |
| | **Tier 2 capital: regulatory adjustments** | | | |
| 52 | Investments in own Tier 2 instruments | 0.00 | | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments | 0.00 | | |
| 54 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | 0.00 | | |
| 55 | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | 0.00 | | |
| 56 | National specific regulatory adjustments (56a+56b) | 0.00 | | |
| 56a | of which: Investments in the Tier 2 capital of unconsolidated subsidiaries | 0.00 | | |
| 56b | of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank | 0.00 | | |
| | Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment | 0.00 | | |
| 57 | **Total regulatory adjustments to Tier 2 capital** | 0.00 | | |
| 58 | **Tier 2 capital (T2)** | 780.81 | | |
| 58a | **Tier 2 capital reckoned for capital adequacy** | 780.81 | | |
| 58b | **Excess Additional Tier 1 capital reckoned as Tier 2 capital** | 0.00 | | |
| 58c | **Total Tier 2 capital admissible for capital adequacy (58a + 58b)** | 780.81 | | |
| 59 | **Total capital (TC = T1 + T2) (45 + 58c)** | 15,847.56 | | |
| | | | | |
| | Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment | 0.00 | | |
| 60 | **Total risk weighted assets (60a + 60b + 60c)** | 105,973.33 | | |
| 60a | **of which: total credit risk weighted assets** | 96,276.40 | | |
| 60b | **of which: total market risk weighted assets** | 2,803.56 | | |
| 60c | **of which: total operational risk weighted assets** | 6,893.37 | | |
| | **Capital ratios** | | | |
| 61 | **Common Equity Tier 1 (as a percentage of risk weighted assets)** | 14.21% | | |
| 62 | **Tier 1 (as a percentage of risk weighted assets)** | 14.21% | | |
| 63 | **Total capital (as a percentage of risk weighted assets)** | 14.95% | | |
| 64 | **Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)** | NA | | |
| 65 | **of which: capital conservation buffer requirement** | NA | | |
| 66 | **of which: bank specific countercyclical buffer requirement** | NA | | |
| 67 | **of which: G-SIB buffer requirement** | NA | | |
| 68 | **Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)** | NA | | |
| | **National minima (if different from Basel III)** | | | |
| 69 | National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) | 5.50% | | |
| 70 | National Tier 1 minimum ratio (if different from Basel III minimum) | 7.00% | | |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | 9.00% | | |
| | **Amounts below the thresholds for deduction (before risk weighting)** | | | |
| 72 | Non-significant investments in the capital of other financial entities | 0.00 | | |
| 73 | Significant investments in the common stock of financial entities | 0.00 | | |
| 74 | Mortgage servicing rights (net of related tax liability) | 0.00 | | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | 0.00 | | |
| | **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) | 549.50 | | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | 1,203.46 | | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | 0.00 | | |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | 0.00 | | |
| | **Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)** | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | NA | | |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | NA | | |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | NA | | |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | NA | | |
| 84 | Current cap on T2 instruments subject to phase out arrangements | NA | | |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | NA | | |

**Composition of Capital - Reconciliation Requirements**

**Step 1**

(₹ million)

| | | "Balance sheet as in financial statements As on Mar. 31, 2015" | "Balance sheet under regulatory scope of consolidation As on Mar. 31, 2015" |
|---|---|---|---|
| **A** | **Capital & Liabilities** | | |
| i | Paid-up Capital | 2,820.12 | |
| ii | Reserves & Surplus | 13,075.90 | |
| iii | Minority Interest | 0.00 | |
| iv | Employee Stock Options Outstanding | 31.99 | |
| | Total Capital | **15,928.01** | |
| v | Deposits | **126,091.27** | |
| | of which: Deposits from banks | 15,093.22 | |
| | of which: Customer deposits | 110,998.05 | |
| | of which: Other deposits (pl. specify) | 0.00 | |
| vi | Borrowings | **11,637.96** | |
| | of which: From RBI | 3,800.00 | |
| | of which: From banks | 500.00 | |
| | of which: From other institutions & agencies | 6,578.25 | |
| | of which: Others (pl. specify) Borrowings from outside India | 109.71 | |
| | of which: Capital instruments | 650.00 | |
| vii | Other liabilities & provisions | **7,708.10** | |
| | **Total** | **161,365.34** | |
| | | | |
| **B** | **Assets** | | |
| i | Cash and balances with Reserve Bank of India | **6,336.83** | |
| | Balance with banks and money at call and short notice | **854.94** | |
| ii | Investments: | **44,705.64** | |
| | of which: Government securities | 34,749.40 | |
| | of which: Other approved securities | 0.00 | |
| | of which: Shares | 13.07 | |
| | of which: Debentures & Bonds | 414.36 | |
| | of which: Subsidiaries / Joint Ventures / Associates | 0.00 | |
| | of which: Others (Commercial Papers, Mutual Funds, Certificate of Deposits etc.) | 9,528.81 | |
| iii | Loans and advances | **104,650.60** | |
| | of which: Loans and advances to banks | 0.48 | |
| | of which: Loans and advances to customers | 104,650.12 | |
| iv | Fixed assets | **2,366.75** | |
| v | Other assets | **2,408.32** | |
| | of which: Goodwill and intangible assets | 135.82 | |
| | of which: Deferred tax assets (Net) | 98.00 | |
| vi | Goodwill on consolidation | 0.00 | |
| vii | Debit balance in Profit & Loss account | **42.26** | |
| | **Total Assets** | **161,365.34** | |

**Step 2**

(₹ million)

| | | "Balance sheet as in financial statements As on Mar. 31, 2015" | "Balance sheet under regulatory scope of consolidation As on Mar. 31, 2015" | Ref No. |
|---|---|---|---|---|
| **A** | **Capital & Liabilities** | | | |
| i | Paid-up Capital | 2,820.12 | | a1 |
| | of which: Amount eligible for CET1 | | | |
| | of which: Amount eligible for AT1 | | | |
| | Reserves & Surplus | 13,075.90 | | |
| | of which: | | | |
| | Share Premium | 9,867.53 | | a2 |
| | Statutory Reserve | 2,226.04 | | b1 |
| | Capital Reserve | 377.92 | | b2 |
| | Special Reserve | 51.22 | | b3 |
| | Investment Reserve | 39.10 | | e1 |
| | Revaluation Reserve | 514.09 | | e2 |
| | of which | | | |
| | Not reckoned for Capital Adequacy purposes | 282.75 | | e3 |
| | Employee Stock Options Outstanding | 31.99 | | |
| | Minority Interest | 0.00 | | |
| | **Total Capital** | **15,928.01** | | |
| ii | **Deposits** | **126,091.27** | | |
| | of which: Deposits from banks | 15,093.22 | | |
| | of which: Customer deposits | 110,998.05 | | |
| | of which: Other deposits (pl. specify) | 0.00 | | |
| iii | **Borrowings** | **11,637.96** | | |
| | of which: From RBI | 3,800.00 | | |
| | of which: From banks | 500.00 | | |
| | of which: From other institutions & agencies | 6,578.25 | | |
| | of which: Others (pl. specify) Borrowings from outside India | 109.71 | | |
| | of which: Capital instruments | 650.00 | | |
| | Capital instrument subject to phase out and included in Tier 2 Capital | 0.00 | | |
| iv | **Other liabilities & provisions** | **7,708.10** | | |
| | of which: Provision for Standard Advances | 510.37 | | e4 |
| | of which: DTLs related to goodwill | 0.00 | | |
| | of which: DTLs related to intangible assets | 0.00 | | |
| | **Total** | **161,365.34** | | |
| | | | | |
| **B** | **Assets** | | | |
| i | Cash and balances with Reserve Bank of India | **6,336.83** | | |
| | Balance with banks and money at call and short notice | **854.94** | | |
| ii | **Investments** | **44,705.64** | | |
| | of which: Government securities | 34,749.40 | | |
| | of which: Other approved securities | 0.00 | | |
| | of which: Shares | 13.07 | | |
| | of which: Debentures & Bonds | 414.36 | | |
| | of which: Subsidiaries / Joint Ventures / Associates | 0.00 | | |
| | of which: Others (Commercial Papers, Mutual Funds etc.) | 9,528.81 | | |
| iii | **Loans and advances** | **104,650.60** | | |
| | of which: Loans and advances to banks | 0.48 | | |
| | of which: Loans and advances to customers | 104,650.12 | | |
| iv | **Fixed assets** | **2,366.75** | | |
| v | **Other assets** | **2,408.32** | | |
| | of which: Goodwill and intangible assets Out of which: | | | |
| | Goodwill | 0.00 | | |
| | Other intangibles (excluding MSRs) | 135.82 | | c1 |
| | Deferred tax assets (Net) | 98.00 | | d |
| vi | Goodwill on consolidation | 0.00 | | |
| vii | Debit balance in Profit & Loss account | **42.26** | | c2 |
| | **Total Assets** | **161,365.34** | | |

**Step 3**

(₹ million)

| Common Equity Tier 1 capital: instruments and reserves | | | |
|---|---|---|---|
| | | **Component of regulatory capital reported by bank** | **Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2** |
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus | 12,687.65 | a1+a2 |
| 2 | Retained earnings | 0.00 | |
| 3 | Accumulated other comprehensive income (and other reserves) | 2,655.18 | b1+b2+b3 |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | 0.00 | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | 0.00 | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | **15,342.83** | |
| 7 | Prudential valuation adjustments | 0.00 | |
| 8 | Goodwill (net of related tax liability) | 0.00 | |

## 14. Main Features of Regulatory Capital Instruments

| | | |
|---|---|---|
| 1 | Issuer | DCB BANK LIMITED |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | INE503A09067 |
| 3 | Governing law(s) of the instrument | Indian Law |
| | Regulatory treatment | |
| 4 | Transitional Basel III rules | Subordinated Tier 2 Bonds |
| 5 | Post-transitional Basel III rules | Ineligible |
| 6 | Eligible at solo/group/ group & solo | Solo |
| 7 | Instrument type | Tier 2 Debt Instruments |
| 8 | Amount recognised in regulatory capital (` in million, as of most recent reporting date) | NIL |
| 9 | Par value of instrument | ₹ 1 Million |
| 10 | Accounting classification | Liability |
| 11 | Original date of issuance | 31.08.2009 |
| 12 | Perpetual or dated | Dated |
| 13 | Original maturity date | 30.04.2015 |
| 14 | Issuer call subject to prior supervisory approval | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA |
| 16 | Subsequent call dates, if applicable | NA |
| | Coupons / dividends | |
| 17 | Fixed or floating dividend/coupon | Fixed |
| 18 | Coupon rate and any related index | 11.25% p.a. |
| 19 | Existence of a dividend stopper | No |
| 20 | Fully discretionary, partially discretionary or mandatory | Mandatory |
| 21 | Existence of step up or other incentive to redeem | No |
| 22 | Noncumulative or cumulative | Cumulative |
| 23 | Convertible or non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA |
| 25 | If convertible, fully or partially | NA |
| 26 | If convertible, conversion rate | NA |
| 27 | If convertible, mandatory or optional conversion | NA |
| 28 | If convertible, specify instrument type convertible into | NA |
| 29 | If convertible, specify issuer of instrument it converts into | NA |
| 30 | Write-down feature | No |
| 31 | If write-down, write-down trigger(s) | NA |
| 32 | If write-down, full or partial | NA |
| 33 | If write-down, permanent or temporary | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | All depositors and other creditors |
| 36 | Non-compliant transitioned features | Yes |
| 37 | If yes, specify non-compliant features | Tenor less than 10 years; does not have point of Non Viability Trigger |

## 15. Full Terms and Conditions of Regulatory Capital Instruments

| Instruments | Full Terms and Conditions |
|---|---|
| Unsecured Redeemable Non-Convertible Subordinated Lower Tier -II Bonds (Series-IV) in the nature of Promissory Notes- INE503A09067 | Issue Size: ₹ 650 Million. Date of Allotment: 31.08.2009. Date of Redemption: 30.04.2015. Par Value: ₹ 1 Million. Put and Call Option: None. Rate of Interest and Frequency: @11.25%p.a. payable annually. Listing: On the National Stock Exchange of India Ltd (NSE). All in Dematerialised form. |

# Notes

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## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L99999MH1995PLC089008

Name of the Company : DCB Bank Limited (Formerly Development Credit Bank Limited)

Registered Office : 601 & 602, Peninsula Business Park, Tower A, 6th floor, Senapati Bapat Marg, Lower Parel, Mumbai– 400 013

| | |
|---|---|
| Name of the Member(s): | |
| Registered Address: | |
| E-mail ID: | |
| Folio No./Client ID: | |
| DP ID: | |

I/We being the member(s) of ______________________ shares of the above named company, hereby appoint

1. Name: ______________________
   Address: ______________________
   ______________________
   E-mail ID: ______________________
   Signature: ______________________ , or failing him/her
2. Name: ______________________
   Address: ______________________
   ______________________
   E-mail ID: ______________________
   Signature: ______________________ , or failing him/her
3. Name: ______________________
   Address: ______________________
   ______________________
   E-mail ID: ______________________
   Signature: ______________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the twentieth Annual General Meeting of the company, to be held on Monday, June 1, 2015, at 2.30 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

1 Adoption of the Audited Balance Sheet, the Profit & Loss Account and the Reports of the Directors and Auditors thereon for the financial year ended at March 31, 2015.

2 Ratification of appointment of the Statutory Auditors of the Bank

3 Re-appointment of Mr. Nasser Munjee as a Director of the Bank

4 Honorarium to Mr. Nasser Munjee - Part- time Chairman of the Bank

5 Re-Appointment of Mr. Murali M Natrajan as MD & CEO of the Bank and ratification of his remuneration.

6 Appointment of Mr. Shaffiq Dharamshi as a Director

7 Appointment of Ms. Rupa Devi Singh as an Independent Director

Signed this ______________day of ______________ 2015.

Signature of shareholder ______________________

Signature of Proxy holder(s) ______________________

Affix
Revenue
Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting

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