DCB Bank Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2017

DCB Bank Limited

Contents

Auditor's report

Balance Sheet

Profit and Loss Account

Cash Flow Statement

Notes to the Financial Statements

Deloitte Haskins & Sells

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DCB BANK LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibility

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

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

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

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

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

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

Opinion

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act and Section 30 of the Banking Regulation Act, 1949, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.

   b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

   c) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

   d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

   e) The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable to banks.

g) On the basis of the written representations received from the directors as at 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as at 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.

i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements;

   ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred, by the Bank to the Investor Education and Protection Fund.

2. We report that during the course of our audit we have visited and performed select relevant procedures at 28 branches. Since the Bank's key operations are automated, with the key applications largely integrated to the core banking systems, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at the Head Office and Central Processing Units based on the necessary records and data required for the purposes of the audit being made available to us.

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

Kjmehta

Kalpesh J. Mehta
Partner
(Membership No. 48791)

New Delhi, 14 April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' section of the auditors' report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

New Delhi, 14 April, 2017

DCB BANK LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

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

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

For and on behalf of the Board of Directors

As per our report of even date.
For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm Registration Number: 117365W

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Keki Elavia
Director

Bharat Sampat
Chief Financial Officer

H.V. Barve
Company Secretary

Place : New Delhi
Date : April 14, 2017

DCB BANK LIMITED CORPORATE OFFICE

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

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

The Schedules referred to above form an integral part of the Profit and 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.

For and on behalf of the Board of Directors

As per our report of even date.
For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm Registration Number: 117365W

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Keki Elavia
Director

Kalpesh J. Mehta
Partner
Membership No. : 48791

Bharat Sampat
Chief Financial Officer

H.V. Barve
Company Secretary

DCB BANK LIMITED CORPORATE OFFICE

Place : New Delhi
Date : April 14, 2017

Place : New Delhi
Date : April 14, 2017

DCB BANK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in 000)

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

For and on behalf of the Board of Directors

As per our report of even date.
For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm Registration Number: 117365W

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Keki Elavia
Director

Bharat Sampat
Chief Financial Officer

H.V. Barve
Company Secretary

Place : New Delhi
Date : April 14, 2017

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 1 - CAPITAL

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

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

DCB BANK LIMITED
SCHEDULE 2 - RESERVES & SURPLUS

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 3 - DEPOSITS

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

DCB BANK LIMITED
SCHEDULE 4 - BORROWINGS

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

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

* includes provision for unhedged foreign currency exposure and provision on specific standard assets

Refer Schedule 18 (5.16) (Provisions on Standard Assets)

** Refer Schedule 18 (11.1) (Employee Benefits)

DCB BANK LIMITED
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

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

DCB BANK LIMITED
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 8 - INVESTMENTS

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

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

DCB BANK LIMITED
SCHEDULE 9 - ADVANCES

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

Advances are net of provisions

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 10 - FIXED ASSETS

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

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

DCB BANK LIMITED
SCHEDULE 11 - OTHER ASSETS

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 12 - CONTINGENT LIABILITIES

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED
SCHEDULE 13 - INTEREST EARNED

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

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

DCB BANK LIMITED
SCHEDULE 14 - OTHER INCOME

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

DCB BANK LIMITED
SCHEDULE 15 - INTEREST EXPENDED

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED
SCHEDULE 16 - OPERATING EXPENSES

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

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

2. BASIS OF PREPARATION

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

3. USE OF ESTIMATES

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

4. INVESTMENTS

4.1 Classification:

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

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

4.2 Basis of Classification:

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

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

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

4.3 Transfer of Securities between Categories:

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

4.4 Acquisition Cost:

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

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

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

4.5 Valuation:

Held for Trading and Available for Sale categories:

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

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

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

the RBI guidelines after adjusting for income tax and appropriation to Statutory Reserve.

Held to Maturity:

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

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

4.6 Security Receipts (SR)

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

4.7 Disposal of Investments:

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

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

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

5. ADVANCES

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

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

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

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

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

respect of identified NPAs in other cases, provision is recognised account by account. The provisioning done is at or higher than the minimum rate prescribed under the RBI guidelines.

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

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

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

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

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

6. FIXED ASSETS

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

7. REVALUATION OF FIXED ASSETS

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE

charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Profit and Loss Account i.e. revenue reserves.

8. DEPRECIATION & AMORTISATION

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

→ Computer Hardware and Servers - 33.33% p.a.

→ Air conditioners – 11.11% p.a.

→ Application Software and System Development Expenditure - 33.33% p.a.

→ Improvements (Civil) to Leased Premises and Fixed Furniture in Leased Premises such as work-stations, etc. – over the contracted period of the lease

→ Vehicles – 19% p.a. over 5 years with 5% residual value.

→ Cash safe and Safe Deposit Vaults – 4.75% p.a.

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

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

9. IMPAIRMENT OF ASSETS

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

10. RECOGNITION OF INCOME AND EXPENDITURE

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

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED

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

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

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

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

11. FOREIGN CURRENCY TRANSACTIONS

11.1 Initial recognition:

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

11.2 Conversion:

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

11.3 Exchange differences:

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

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

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

12. EMPLOYEE BENEFITS

12.1 Defined Benefit Plan

Provision in respect of future liability for payment of gratuity is made on the basis of actuarial valuation on projected unit credit method made at the end of the year. Gratuity is funded with the Gratuity Trust duly registered under the provisions of Income tax Act, 1961. Actuarial gains/losses are recognised immediately in the Profit and Loss Account and are not deferred.

12.2 Defined Contribution Scheme

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

13. TAXES ON INCOME

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

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

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

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

D. H. & S. CHARTERED ACCOUNTANTS

Contingent assets are not recognised in the financial statements.

15. EMPLOYEE SHARE BASED PAYMENTS

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

16. EARNINGS PER SHARE

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

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

17. CASH AND CASH EQUIVALENTS

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

18. LEASES

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

19. SEGMENT REPORTING

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

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

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

DCB BANK LIMITED

SCHEDULE 18 - NOTES TO ACCOUNTS

1 CAPITAL

1.1 *Capital to Risk-weighted Assets Ratio (CRAR)*

(₹ in crore)

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

2 SUB-ORDINATED DEBT THROUGH PRIVATE PLACEMENT OF BONDS

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

The detail of total outstanding subordinated debt is given below:

(₹ in crore)

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

D. H. & S. CHARTERED ACCOUNTANTS

3 INVESTMENTS

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

(₹ in crore)

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

3.3 *Repo Transactions*

Financial Year 2016-17

(₹ in crore)

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

* consist of RBI LAF disclosed at face value.

Financial Year 2015-16

(₹ in crore)

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

* consist of RBI LAF disclosed at face value.

D. H. & S. CHARTERED ACCOUNTANTS

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

Balances as at March 31, 2017

(₹ in crore)

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

*excludes investment in pass through certificates and security receipts.

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

Amounts reported under these columns above are not mutually exclusive.

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

Balances as at March 31, 2016

(₹ in crore)

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

*excludes investment in pass through certificates and security receipts.

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

Amounts reported under these columns above are not mutually exclusive.

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

3.5 *Non-Performing Non-SLR Investments*

(₹ in crore)

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

3.6 *Sale and Transfers to / from HTM Category*

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

4 DERIVATIVES

4.1 *Forward Rate Agreements / Interest Rate Swaps*

(₹ in crore)

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

4.2 *Exchange Traded Interest Rate Derivatives*

(₹ in crore)

Sr. No.	Particulars	March 31, 2017	March 31, 2016
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	**NIL**	NIL
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	**NIL**	NIL

D. H. & S. CHARTERED ACCOUNTANTS

(₹ in crore)

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

4.3 *Disclosures on risk exposure in derivatives*:

a) **Qualitative Disclosures**

Management of Risk in Derivatives Trading

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

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

Policies for Hedging Risk

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

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

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

b) Quantitative Disclosures

(₹ in crore)

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

Notes:

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

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

D. H. & S. CHARTERED ACCOUNTANTS

5 ASSET QUALITY

5.1 *Non-Performing Assets (NPAs)*

(₹ in crore)

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

Notes:

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

5.2 *Movement of Gross NPAs*

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

5.3 *Movement of Technical/Prudential write-offs*

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

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

(₹ in crore)

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

5.4 *Concentration of NPAs*

(₹ in crore)

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

* NPAs are taken on net basis.

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

5.5 *Intra Group Exposure*

(₹ in crore)

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

5.6 *Sector-wise Advances*

Financial Year 2016-17

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

Financial Year 2015-16

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

5.7 *RESTRUCTURED ACCOUNTS*

Details of restructured accounts as of March 31, 2017

(₹ in crore)

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

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

Details of restructured accounts as of March 31, 2016

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

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

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

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

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

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

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

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

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

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

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

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

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

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

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

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

(₹ in crore)

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

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

(₹ in crore)

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

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

(₹ in crore)

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

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

(₹ in crore)

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

5.16 *Provisions on Standard Assets*

(₹ in crore)

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

6 BUSINESS RATIOS

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

1. Working funds have been considered as the average of total monthly assets (excluding accumulated losses, if any) as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949 during the financial year.

D. H. & S. CHARTERED ACCOUNTANTS

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

7 OTHER FIXED ASSETS (including furniture and fixtures)

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

(₹ in crore)

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

D. H. & S. CHARTERED ACCOUNTANTS

8 Liquidity Coverage Ratio (LCR)

(A) Quantitative Disclosures

Financial Year 2016-17

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

Financial Year 2015-16

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

(B) Qualitative Disclosures

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

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

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

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

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

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

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

9 ASSET LIABILITY MANAGEMENT

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

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

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

(₹ in crore)

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

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

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

9.3 *Concentration of Deposits*

(₹ in crore)

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

*Excludes holders of Certificates of Deposits.

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

9.4 *Concentration of Advances*

(₹ in crore)

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

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

9.5 *Concentration of Exposures*

(₹ in crore)

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

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

9.6 *Overseas Assets, NPAs and Revenue*

(₹ in crore)

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

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

9.8 *Credit Default Swaps*

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

D. H. & S. CHARTERED ACCOUNTANTS

10 EXPOSURES

10.1 *Exposure to the Real Estate Sector*

(₹ in crore)

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

D. H. & S. CHARTERED ACCOUNTANTS

10.2 Exposure to the Capital Market

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

10.3 *Risk category-wise country exposure*

(₹ in crore)

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

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

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

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

10.5 *Unsecured Advances*

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

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

11 COMPLIANCE WITH ACCOUNTING STANDARDS, READ WITH THE RBI GUIDELINES

11.1 Employee Benefits (Accounting Standard 15)

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

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

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

(₹ in crore)

Particulars	March 31, 2017	March 31, 2016
Balance Sheet – Details of provision for Gratuity		
Defined benefit obligation	**13.93**	11.27
Fair value of plan Assets	**13.38**	10.20
Net Assets/(Liabilities)	**(0.55)**	(1.07)
Amounts in Balance Sheet		
Assets (included in Schedule 11 – Other Assets)	**-**	-
Liabilities (included in Schedule 5 – Other Liabilities and Provisions)	**0.55**	1.07
Change in Defined Benefit Obligations		
Obligations at the beginning of the year	**11.27**	9.50
Interest Cost	**0.71**	0.69
Current Service Cost	**2.16**	2.24
Past Service Cost	**-**	-
Benefits paid	**(1.04)**	(1.20)
Actuarial (gain)/loss on Obligation	**0.83**	0.04
Present value of obligation at the end of the year	**13.93**	11.27
Change in the Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	**10.20**	8.24
Expected Return on plan assets	**0.88**	0.74

Particulars	March 31, 2017	March 31, 2016
Contributions	**2.90**	2.00
Benefits paid	**(1.04)**	(1.20)
Actuarial gain/(Loss) on plan assets	**0.44**	0.42
Fair value of plan assets at the end of the year	**13.38**	10.20
Cost for the year		
Current service cost	**2.16**	2.24
Interest cost	**0.71**	0.69
Expected return on plan assets	**(0.88)**	(0.74)
Net Actuarial (gain)/loss recognised in the year	**0.39**	(0.38)
Past service cost	**-**	-
Expense recognised in "Payments to and Provision for Employees" [Refer Schedule-16 (I)]	**2.38**	1.81
Actual return on plan assets	**1.32**	1.16
Experience Adjustments		
On obligation	**(0.33)**	(0.00)
On plan assets	**0.38**	0.42
Assumptions		
Discount rate	**6.66% p.a.**	7.69% p.a.
Expected return on plan assets	**7.50% p.a.**	8.00% p.a.
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future salary increases	5.00% p.a.	5.00% p.a.

Experience adjustments

(₹ in crore)

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

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

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

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

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

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

11.2 *Earnings Per Share ('EPS')*

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

The computation of earnings per share is given below:-

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

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

D. H. & S. CHARTERED ACCOUNTANTS

11.3 Employees' Stock Option Plan

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

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

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

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

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

Method used for accounting for ESOP

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

D. H. & S. CHARTERED ACCOUNTANTS

Activity in options outstanding under Employees Stock Option Plan

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

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

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

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

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

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

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

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

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

B. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

Fair value Methodology

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

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

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

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

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

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

Impact of Fair Value Method on Net Profit and EPS

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

(₹ in crore)

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

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

11.4 *Segment Information*

Part A: Business Segments

(₹ in crore)

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

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

Part B: Geographic Segments

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

11.5 ***Related Party Transactions***

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

Mr. Murali M. Natrajan : Key Management Personnel

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

(₹ in crore)

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

11.6 Deferred Tax

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

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

(₹ in crore)

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

11.7 Assets Taken Under Operating Leases

(₹ in crore)

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

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

11.8 *Revaluation of Fixed Assets*

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

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

11.9 *Contingent Liabilities*

Description of Contingent Liabilities:

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

*Also refer Schedule - 12.

12 Additional Disclosures

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

(₹ in 000's)

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

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

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

12.2 *Floating Provisions*

The Bank has put in place a Board approved Floating Provision policy in accordance with the RBI guidelines.

Movement in floating provision is set out below:

(₹ in crore)

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

12.3 *Provisioning Coverage Ratio*

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

12.4 *Depositor Education and Awareness Fund (DEAF)*

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

D. H. & S. CHARTERED ACCOUNTANTS

Details of amounts transferred to DEAF are set out below:

(₹ in crore)

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

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

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

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

(₹ in crore)

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

12.6 ***Customer Complaints***

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

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

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

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

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

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

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

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

12.7 Awards passed by the Banking Ombudsman+

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

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

12.8 Letters Of Comfort

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

12.9 Small and Micro Industries

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

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

(₹ in crore)

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

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

(₹ in crore)

	Particulars	As at March 31, 2017
(a)	Number of frauds reported during the year	**11**
(b)	Amount involved	**0.66**
(c)	Provisions made during the year	**0.66**
(d)	Quantum of unamortised provision debited from 'other reserves' at the end of the year	**NIL**

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

13 OTHER MATTERS

13.1 *Disclosure of penalties imposed by RBI*

No penalties have been imposed by the RBI on the Bank during the year ended March 31, 2017 (Previous year: NIL).

13.2 *Corporate Social Responsibility (CSR)*

The Bank was required to spend ₹ 2.87 crore (Previous year: ₹ 1.01 crore) during the financial year 2016-17 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent an amount of ₹ 0.98 crore (Previous year: ₹ 0.41 crore) in respect of its CSR activities which focused on Water and protection of water sources. The activities namely were: rain water harvesting and usage of natural bio water filters in village schools in water starved areas. Another initiative is the creation of water reservoirs, trenches and ponds in water starved locations in tribal villages.

None of the CSR expenditure incurred by the Bank is to entities controlled by related parties identified by the Bank as per Accounting Standard 18, Related Party Disclosures.

The details of amount spent during the year towards CSR are as under:

(₹ in crore)

Particulars	In cash	Yet to be paid in cash	Total
1) Construction/acquisition of any assets			
2) For purposes other than (1) above:	0.98	-	0.98

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

13.3 *Remuneration*

a) Qualitative disclosures

Nomination and Remuneration Committee

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

The main objectives of the Nomination & Remuneration Committee of the Board are:

- Deciding the size and composition of the Board and appointment of persons for the same.
- Recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Evaluation of every director's performance and making recommendations for remuneration for Non-Executive Directors and the Key Managerial Personnel.
- Approving the ESOP and creation, subscription and allotment of shares to the eligible employees under this approved ESOP.
- Review appointments, promotions, demotions, terminations and review performance appraisals of CEO and direct reports.
- Review and approve succession plans for CEO, CFO and Company Secretary and CEO's direct senior management reportees.

Objectives of Compensation Policy

The Bank has put in place a Board approved Compensation Policy.

An important objective of the Compensation Policy is to provide all relevant internal and external parties with appropriate information and transparency thereby promoting a thorough understanding of the Bank's compensation practices.

The Bank's objective is to maintain a Compensation Policy that:-

- Is able to attract, retain talent and motivate them to perform at high standards.
- Facilitates a performance culture in the Bank by balancing a mix of fixed pay with variable pay.
- Supports the Bank's risk management practices and takes into account long-term performance of the Bank.
- Is compliant with regulatory requirements and is approved by the Board's Nomination and Remuneration Committee.

The Nomination and Remuneration Committee of the Board works in close coordination with the Risk Management Committee of the Board to ensure effective alignment of remuneration and risks.

D. H. & S. CHARTERED ACCOUNTANTS

DCB BANK LIMITED CORPORATE OFFICE

Risk adjustments in remuneration

The methodologies for adjusting remuneration to risk and performance are consistent with the general risk management and corporate governance framework. Risk adjustments take into account the nature of the risks involved and the time horizons over which they could emerge. The Bank is adhering to the guidelines mentioned in the Basel Committee on Banking Supervision report on Range of Methodologies for Risk and Performance Alignment of Remuneration and Financial Stability Board (FSB) Implementation standards on sound compensation practices.

The Bank shall ensure that there is proper risk alignment with the compensation of MD & CEO and other Whole Time Directors such that no undue risks are being taken against the interest of the Bank. In general, the review of Risk Management framework shall be the integral part of the annual performance review.

The Risk Management Unit of the Bank shall independently provide inputs for assessment under these areas.

Performance linked variable compensation

The variable compensation offered is linked to the Bank's performance and could be even zero during a year of poor performance.

Variable compensation of all Whole Time Directors ('WTD') / Chief Executive Officer ('CEO') will not be more than 70% of the fixed compensation. Any variable compensation above 50% of the Fixed Compensation is to be deferred over a period of 3 years. The same will vest at 40%, 30% and 30% at the end of 1st, 2nd and 3rd year. The Bank reserves the right to prevent any deferred variable compensation from vesting in a year of negative performance. The deferred variable compensation shall lapse if the employment is terminated prior to vesting.

The Bank utilises performance payout / bonus as the form of variable remuneration. The Bank shall give performance payouts to promote a healthy financial performance by its staff.

b) Quantitative disclosures

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	Number of meetings held by the Nomination and Remuneration Committee during the financial year	**4**	3
(b)	Remuneration paid to the members of the Nomination and Remuneration Committee	**0.03**	0.02
(c)	Number of employees having received a variable remuneration award during the financial year (as per compensation policy)	**2**	2
(d)	Number and total amount of sign-on awards made during the financial year	**NIL**	NIL
(e)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	**NIL**	NIL
(f)	Details of severance pay, in addition to accrued benefits, if any	**NIL**	NIL
(g)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	**Cash 0.005**	Cash- 0.01
(h)	Total amount of deferred remuneration paid out in the financial year	**0.005**	0.01
(i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred[1,2]	**Fixed- 5.38 Variable- 1.58**	Fixed- 4.91 Variable- 1.42
(j)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustment	**0.005**	0.01
(k)	Total amount of reductions during the financial year due to ex-post explicit adjustments	**NIL**	NIL
(l)	Total amount of reductions during the financial year due to ex-post implicit adjustment	**NIL**	NIL

1. Excludes ESOP granted during the year.
2. Includes Perquisites and Contribution to Provident Fund.

13.4 ***Disclosure on remuneration to Non-Executive Directors***

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its committees. An amount of ₹ 0.80 crore (Previous year: ₹ 0.74 crore) was paid as sitting fees to the Non-Executive Directors during the year.

D. H. & S. CHARTERED ACCOUNTANTS

14 INCOME FROM BANCASSURANCE BUSINESS

(₹ in crore)

Sr. No.	Nature of Income	March 31, 2017	March 31, 2016
1.	For selling life insurance policies	**10.90**	5.05
2.	For selling non-life insurance policies	**5.97**	4.68
3.	For selling mutual fund products	**2.72**	1.22
4.	Others	**-**	-
	Total	**19.59**	10.95

15 DRAW DOWN FROM RESERVES

The Bank has not undertaken any draw down of reserves during the year ended March 31, 2017 and in the previous year.

16 Net overnight open position outstanding as on March 31, 2017 was ₹ (5.50) crore (Previous year: ₹ 13.59 crore).

17 The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Management believes that the possibility of an outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, a contingent liability has been disclosed with respect to these cases. Refer note 11.9 for details on contingent liabilities.

18 The Bank has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year-end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of account.

19 The Board of Directors have recommended a dividend of ₹ 0.50 per share (5.00%) for the year ended March 31, 2017 (Previous year: NIL) subject to approval of the members in the ensuing Annual General Meeting.

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

21 These are the notes appended to and forming part of the financial statements for the year ended March 31, 2017.

As per our report of even date.

For and on behalf of the Board of Directors

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

Kalpesh J. Mehta
Partner
Membership No. : 48791

Place : New Delhi
Date : April 14, 2017

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Keki Elavia
Director

Bharat Sampat
Chief Financial Officer

H.V. Barve
Company Secretary

Place : New Delhi
Date : April 14, 2017