DENA BANK

*Dena Bank ("**Bank**") was constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 on July 19, 1969. For further details with respect to constitution of our Bank, please see section "General Information" beginning on page 230.*

Head Office: Dena Corporate Centre, C – 10, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India. Telephone: +91 22 2654 5319, Fax: +91 22 2654 5317; Website: www.denabank.com, Email: irc@denabank.co.in

Our Bank is issuing [●] equity shares of face value ₹ 10 each (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] Crores (the "**Issue**").

ISSUE IN ACCORDANCE WITH CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "ICDR REGULATIONS"), AND THE RULES MADE THEREUNDER

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(zd) OF THE ICDR REGULATIONS ("**QIBs**") IN RELIANCE UPON CHAPTER VIII OF THE ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES OFFERED IN THE ISSUE.

YOU ARE NOT AUTHORISED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO RISK LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" BEGINNING ON PAGE 38 BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES TO IT OF AN INVESTMENT IN THE EQUITY SHARES PROPOSED TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT.

Invitations, offers and sale of the Equity Shares shall only be made pursuant to this Preliminary Placement Document, the Application Form (as defined hereinafter), the Placement Document and the Confirmation of Allocation Note (as defined hereinafter). See the section *"Issue Procedure"* beginning on page 179. The distribution of this Preliminary Placement Document or the disclosure of its contents to any person other than QIBs (as defined in the ICDR Regulations) and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Information contained in this Preliminary Placement Document is not complete and may be changed. The information on our Bank's website or any website directly or indirectly linked to our Bank's website does not form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

The Equity Shares of our Bank are listed on the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**") (the BSE and the NSE collectively the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on October 9, 2017 was ₹ 30.45 and ₹ 30.40 per Equity Share, respectively. In-principle approvals under regulation 28(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") for listing of the Equity Shares have been received from the BSE and the NSE on October10, 2017. Applications to the Stock Exchanges will be made for the listing of the Equity Shares offered through this Preliminary Placement Document. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Bank or the Equity Shares.

OUR BANK HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

This Preliminary Placement Document has not been reviewed by Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, or any other regulatory or listing authority. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Preliminary Placement Document. This Preliminary Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies, Maharashtra ("**RoC**") in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws of the United States and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "*offshore transactions*" (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further details, see *"Selling Restrictions"* and *"Transfer Restrictions"* beginning on pages 191 and 197, respectively.

This Preliminary Placement Document is dated October 10, 2017.

BOOK RUNNING LEAD MANAGERS

IDBI CAPITAL MARKETS & SECURITIES LIMITED	**MOTILAL OSWAL INVESTMENT ADVISORS LIMITED**

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NOTICE TO INVESTORS

Our Bank has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to its best of knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Bank and the Equity Shares that is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Bank and the Equity Shares are, in all material respects, true, accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to our Bank and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Bank. There are no other facts in relation to our Bank and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers ("**BRLMs**") have not separately verified the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs, nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLMs or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates, as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Equity Shares or their distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the BRLMs or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Bank and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Bank or by or on behalf of the BRLMs. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any other regulatory authority in any jurisdiction including the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offense in the United States and may be a criminal offense in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws of the United States and unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Preliminary Placement Document, see *"Selling Restrictions"* and *"Transfer Restrictions"* beginning on page 191 and 197, respectively. Purchaser of the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the sections "*Representations by Investors", "Selling Restrictions"* and "*Transfer Restrictions*".

The distribution of this Preliminary Placement Document and the issuance of Equity Shares pursuant to this Issue may be restricted by law in certain jurisdictions. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Bank and the BRLMs which would permit an issue of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than QIBs whose names are recorded by our Bank prior to the invitation to subscribe to the Issue, in consultation with the BRLMs or its representatives, and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

In making an investment decision, prospective investors must rely on their own examination of our Bank, and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Bank nor the BRLMs is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Bank under Indian law, including Chapter VIII of the ICDR Regulations, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Bank and review information relating to our Bank and the Equity Shares.

This Preliminary Placement Document contains a summary of some terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

The information on our Bank's website, www.denabank.com, or any website directly or indirectly linked to our Bank's website or the website of the BRLMs, does not constitute or form part of this Preliminary Placement Document. Prospective investors should not rely on the information contained in, or available through such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information for investors in certain other jurisdictions, please see sections *"Selling Restrictions"* and *"Transfer Restrictions"* beginning on pages 191 and 197, respectively.

REPRESENTATIONS BY INVESTORS

All references herein to "you" or "your" is to the prospective investors in the Issue. By subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Bank and the BRLMs, as follows:

- you (i) are a QIB as defined in Regulation 2(1)(zd) of the ICDR Regulations and are not excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations except public sector undertakings; (ii) have a valid and existing registration under applicable laws and regulations of India (as applicable); and (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the ICDR Regulations and undertake to comply with the ICDR Regulations and all other applicable laws, including any reporting obligations;

- if you are not a resident of India, but a QIB, (i) you are an Eligible FPI as defined in this Preliminary Placement Document including a FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) and have a valid and existing registration with SEBI under the applicable laws in India; or (ii) a multilateral or bilateral development financial institution or (iii) an FVCI and have a valid and existing registration with SEBI under applicable laws in India. Further, you are aware and understand that non-resident QIBs may only invest in the Issue under the portfolio investment scheme pursuant to Schedule 2 and 2A of FEMA 20. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws. Further, if you are a non-resident QIB, then the investment amount will be paid out of inward remittance of foreign exchange received through normal banking channels and as per RBI's notification no. FEMA 20/2000 - RB dated May 3, 2000, as amended from time to time;

- you are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- if you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on floor of the Stock Exchanges;

- you are aware that this Preliminary Placement Document has not been, and will not be, registered as a prospectus under the Companies Act, 2013 and the ICDR Regulations or under any other law in force in India. You are aware that this Preliminary Placement Document has not been reviewed, verified or affirmed by SEBI, RBI or the Stock Exchanges or any other regulatory or listing authority and is intended for use only by QIBs. This Preliminary Placement Document has been filed with the Stock Exchanges for record purposes only and the Placement Document has been displayed on the websites of our Bank and the Stock Exchanges;

- you are entitled and have necessary capacity to subscribe for , and acquire the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required there under and complied with all necessary formalities and have obtained all necessary consents and authorities to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document) and will honour such obligations;

- neither our Bank nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates is making any recommendation to you or, advising you regarding the suitability of any transactions it may enter into in connection with this Issue; your participation in this Issue is on the basis that you are not, and will not, up to Allotment, be a client of the BRLMs and that neither the BRLMs nor its respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duty or responsibilities to you for providing the protection afforded to their clients or customers for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- you are aware that additional requirements would be applicable if you are in jurisdictions other than India, as set forth under sections *"Selling Restrictions"* and *"Transfer Restrictions"* of Preliminary Placement Document and you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in this Preliminary Placement Document) and will honour such obligations;

- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by us or our agents ("**Bank Presentations**") with regard to us or this Issue; or (ii) if you have participated in or attended any Bank Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that we or its agents may have made at such Bank Presentations and are therefore unable to determine whether the information provided to you at such Bank Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to rely in any way on any information that was provided to you at such Bank Presentations, and (b) confirm that you have not been provided any material information relating to our Bank and this Issue that was not publicly available;

- all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place reliance on forward looking statements, which speak only as at the date of this Preliminary Placement Document. We assume no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis at the discretion of our Bank and the BRLMs;

- You are aware that if you are Allotted more than 5% of the Equity Shares in this Issue, our Bank shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;

- You are aware that in accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015, ("**RBI Acquisition Circular**"), no person can make an acquisition which will/is likely to take the aggregate holding of such person (as defined in the RBI Acquisition Circular), together with shares, voting rights, compulsorily convertible debentures or bonds held by him or his relatives, associate enterprise (as defined in the Banking Regulations Act) and persons acting in concert with him ("**Holding**") to 5% or more of the total paid – up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI.

- you have been provided a serially numbered copy of this Preliminary Placement Document and the Placement Document and have read in its entirety including, in particular "*Risk Factors"* beginning on page 38;

- in making your investment decision (i) you have relied on your own examination of our Bank and the terms of this Issue, including the merits and risks involved; (ii) you have made your own assessment of our Bank, the Equity Shares and the terms of this Issue based solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by us or any other party; (iii) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (iv) you have relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by us or the BRLMs or any other party; (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares; and (vi) relied upon your investigation and resources in deciding to invest in this Issue. You are seeking to subscribe to/acquire the Equity shares in this Issue for your own investment and not with a view to resale or distribution;

- neither the BRLMs nor any of its respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Bank or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- you are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing to the Equity Shares: (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to us, the BRLMs or its respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered including losses arising out of nonperformance by our Bank of any of its respective obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

- where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- you are not a Promoter (as defined under ICDR Regulations) and you are not related to the Promoter, except for Public Sector Enterprises, either directly or indirectly and your Bid does not directly or indirectly represent the Promoter or a person related to any of the Promoter of our Bank;

- you have no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Bank other than such rights acquired, if any, in the capacity of a lender not holding any Equity Shares of our Bank, the acquisition of which shall not deem you to be a Promoter, a person related to the Promoter;

- you have no right to withdraw your Bid after the Issue Closing Date (as defined hereinafter);

- you are eligible to Bid and hold the Equity Shares so Allotted together with any Equity Shares held by you prior to this Issue. You further confirm that your aggregate holding upon this Issue of the Equity Shares shall not exceed the level permissible as per any applicable regulations including but not limited to the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and in the event of your holding of our Equity Shares reaches any applicable limits may be prescribed you will make the appropriate disclosures and obtain the necessary permissions in this regard from the relevant authorities / RBI;

- the Bid submitted by you would not eventually result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Code**");

- your aggregate holding, together with other QIBs participating in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the present Issue, shall not exceed 50% of this Issue. For the purposes of this representation:

  (a) the expression "belongs to the same group" shall be interpreted by applying the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) "Control" shall have the same meaning as is assigned to it under Regulation 2 (i)(e) of the Takeover Code;

- you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- you are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an approval has been received from each of the Stock Exchanges, and (ii) the application for the listing and trading approval will be made only after Allotment. There can be no assurance that the approvals for listing and trading in the Equity Shares will be obtained in time or at all. We shall not be responsible for any delay or non-receipt of such approvals for listing and trading or any loss arising from such delay or non-receipt;

- you are aware and understand that the BRLMs have entered into a placement agreement with our Bank (the "Placement Agreement") whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use their reasonable endeavors to seek to procure subscriptions for the Equity Shares on the terms and conditions set forth herein;

- the contents of this Preliminary Placement Document are our exclusive responsibility and neither the BRLMs nor any person acting on their behalf, nor any of its respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates has, or shall have, any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of us and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of either of the BRLMs or us or any other person and neither the BRLMs, nor we or our respective directors, officers, employees, counsel, advisors, representatives, agents or affiliates or any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of this Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by BRLMs (including any view, statement, opinion or representation expressed in any research published or distributed by the BRLMs or its respective affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of the BRLMs or its respective affiliates) or our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates and neither the BRLMs nor our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- you understand that neither the BRLMs nor its respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by us of any of our obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- you agree to indemnify and hold us and the BRLMs and its respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and agreements made by you in this Preliminary Placement Document. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- you agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Mumbai, Maharashtra, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- our Bank, the BRLMs, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements, undertakings and agreements which are given to the BRLMs on its own behalf and on behalf of us and are irrevocable and it is agreed that if any of such representations, warranties, acknowledgements, undertakings and agreements are no longer accurate, you will promptly notify to the BRLMs;

- you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investment matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

- you understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and accordingly, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and that the Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act;

- you have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and agreements set forth in this section and in "*Selling Restriction*" and "*Transfer Restrictions*" beginning on pages 191 and 197, respectively.

Offshore Derivative Instruments (P – Notes)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the Securities and Exchange Board of India (Foreign Portfolio Investors Regulations, 2014, as amended ("**SEBI FPI Regulations**"), a FPI (other than a Category III foreign portfolio investors and unregulated broad based funds which are classified as Category II FPI by virtue of their investment manager being appropriately regulated), including the affiliates of the BRLMs, may issue, subscribe or otherwise deal in offshore derivative instruments as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying and all such offshore derivative instruments are referred to herein as "**P-Notes**" for which they may receive compensation from the purchasers of such P-Notes. These P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FPI must ensure that the P-Notes are issued in compliance with all applicable laws including Regulation 22 of the SEBI (FPI) Regulations and circular no. CIR/IMD/FIIC/20/2014 dated November 24, 2014 issued by SEBI. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto. Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligations of, claim on, or interests in our Bank. Our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes.

Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Bank. Our Bank and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations of, or claims on, the BRLMs. FPI affiliates (other than Category III FPI and unregulated broad based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the BRLMs may purchase, to the extent permissible under law, Equity Shares in this Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges and a copy of the Placement Document will be filed with the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any the contents of this Preliminary Placement Document;

(2) warrant that our Bank's Equity Shares pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Bank, its Promoter, its management or any scheme or project of our Bank,

The filing of this Preliminary Placement Document should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares of our Bank may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription or acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION AND FINANCIAL DATA

Certain Conventions

All references to "you", "your", "offeree", "purchaser", "subscriber", "bidder", "recipient", "investors", "prospective investors" and "potential investors" are to the prospective investors of the Equity Shares to be issued pursuant to this Issue and references to the "Issuer", "Bank", "our Bank", "we", "us", or "our" are to Dena Bank.

References in this Preliminary Placement Document to "India" are to the Republic of India and its territories and possessions and the "Government" or the "Central Government" are to the Government of India and to any "State Government" are to the relevant state government in India.

All references herein to the "U.S.", "USA" or the 'United States" are to the United States of America and its territories and possessions.

Currency and Units of Presentation

All references in this Preliminary Placement Document to "₹", "Rupees", "Rs.", "Indian Rupees" and "INR" are to Indian Rupees, the official currency of India. All references to "US$", "U.S. Dollars", "U.S. Dollar", "dollars", "US Dollars", "USD" or "$" are to United States Dollars, the official currency of the United States of America. All references to "euro", "EUR" or "€" are to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. All references to "British pounds" or "£" are to the lawful currency of the United Kingdom.

Financial Data and other Information

The audited financial statements of our Bank for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 together with the respective reports thereon ("**Audited Financial Statements**") included in this Preliminary Placement Document have been prepared in accordance with Indian Generally Accepted Accounting Principles ("**Indian GAAP**") and the provisions of Banking Regulation Act, read with relevant guidelines and directions issued by the RBI, while the unaudited financial results for the three months ended June 30, 2017 and selected explanatory notes, together with the limited review report ("**Unaudited Financial Statements**") have been prepared and presented in accordance with Standard on Review Managements (SRE) 2410 and the requirements under the Listing Regulations with the Stock Exchanges.

Our Bank publishes its financial statements in Indian Rupees. Our Bank prepares its financial statements in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and United States Generally Accepted Accounting Principles ("**U.S. GAAP**"). We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP. We also do not provide a summary of differences between Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited and we urge you to consult your own advisors regarding such differences and their impact on the financial data.

Accounting policies and principles under Ind-AS differ in certain material respects from Indian GAAP. In addition, Indian GAAP and Ind-AS also differ in certain material respects from U.S. GAAP and IFRS. In pursuance to the budget announcement by the Union Finance Minister, after consultation with the Reserve Bank of India ("RBI"), Insurance Regulatory and Development Authority ("IRDA") and Pension Fund Regulatory and Development Authority ("PFRDA"), the Ministry of Corporate Affairs ("MCA") issued a press release on January 18, 2016, announcing the Ind-AS roadmap for scheduled commercial banks (excluding regional rural banks ("RRBs")), insurers/ insurance companies and non-banking financial companies ("NBFCs"). Ind-AS implementation has been made mandatory for accounting periods beginning from April 1, 2018 onwards for Scheduled commercial banks (excluding RRBs). For certain qualitative information on the differences between Indian GAAP and Ind-AS, see "*Significant Differences between Indian GAAP and Ind-AS*" beginning on page 90. Investors are advised to avail independent financial and accounting advice to analyse the impact of the application of Ind-AS to the preparation and presentation of our financial statements. We cannot assure you that we have completed a comprehensive analysis of the effect of Ind-AS on our future financial information or that the application of Ind-AS will not result in a materially adverse effect on our future financial information. For further details see *"Risk Factors – We will be required to prepare financial statements under IND-AS from April 1, 2018 onwards*." on page 57.

In this Preliminary Placement Document, the terms "loans", "advances" and "loans and advances" have been used interchangeably and unless otherwise stated, "loans", "advances" or "loans and advances" represent the amount of loans outstanding net of provisions for non-performing assets. "Gross loans", "gross advances" or "gross loans and advances" represent the amount of loans outstanding before deducting the provisions held for non-performing assets. Further, the stand-alone expressions "profit" and "net profit" have been used interchangeably to represent the profit earned for the period net of all provisions including provision for taxes.

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. The financial/fiscal year of our Bank commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', 'fiscal year' or 'Fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Bank has presented certain numerical information in this Preliminary Placement Document in the denomination of "crore" and "lakh" s. One lakh or lac represents "100 thousand" and the word "crore" means "10 million" or "100 lakh".

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our Bank's business contained in this Preliminary Placement Document consists of estimates/forecasts based on data reports compiled by governmental bodies, professional organisations and analysts, on data from other external sources, and knowledge of the markets in which our Bank competes. In certain cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring us to rely on internally developed estimates.

The statistical information included in this Preliminary Placement Document relating to the business of a bank has been reproduced from various trade, industry and government publications and websites. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

Neither our Bank nor the Book Running Lead Managers or any of their respective affiliates and advisors or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, the Book Running Lead Managers and we do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD – LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding the Bank's expected financial conditions, results of operations, business plans and prospects are forward – looking statements. These forward-looking statements include statements as to the Bank's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results, performance or achievements to differ materially from any of our Bank's forward-looking statements include, among others:

- Our ability to maintain or reduce the level of our non – performing assets and the levels of stressed assets;
- Our ability to maintain our income from our operations;
- Our ability to sustain the growth of our corporate/wholesale banking, retail banking business and treasury operations;
- Volatility in interest rates and other market conditions;
- Rate of growth of our deposits, advances and investments;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Significant change in the Government's economic liberalization and deregulation policies;
- The ability of the borrowers of our structured loans to perform as expected;
- Competition in the Indian and global banking industry;
- Our ability to successfully diversify our products and services; and
- General economic and business conditions in India.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled *"Management's Discussion and Analysis of Financial Condition and Results of Operations"*, *"Industry Overview"* and *"Business"* beginning on pages 68, 111 and 123, respectively. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management. Although our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Bank's underlying assumptions prove to be incorrect, our Bank's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Bank was constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. All of our Directors, key managerial personnel and senior management are residents of India. Further, substantially a large percentage of the assets of our Bank are located in India. As a result, it may be difficult for investors outside India to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Sections 13 and 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes, other charges of a similar nature or fines or other penalties and does not apply to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a suit upon the judgment and not by proceedings in execution. The suit is required to be filed in India within three years from the date of such foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. In addition, any judgment denominated in a foreign currency would be converted into Indian rupees on the date of the judgment and not on the date of payment.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares. The exchange rate between the Rupee and the U.S. Dollar has been volatile over the past year.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below or at all. On October 09, 2017 the exchange rate (RBI reference rate) was ₹ 65.30 to US$.

(₹ per US$ 1.00)

	Period End	Average(1)	High(1)	Low(1)
Fiscal Year Ended:				
March 31, 2017	64.84	67.09	68.72	64.84
March 31, 2016	66.33	65.46	68.78	62.16
March 31, 2015	62.59	61.15	63.75	58.43
Month ended:				
September 30, 2017	65.36	64.44	65.76	63.87
August 31, 2017	64.01	63.96	64.24	63.63
July 31, 2017	64.08	64.46	64.82	64.08
June 30, 2017	64.74	64.44	64.74	64.26
May 31, 2017	64.55	64.42	64.99	64.02
April 30, 2017	64.22	64.51	65.04	64.00

Source: www.rbi.org.in

(1) Represents the high, low and average of the reference rates released by the RBI on every working day of the relevant period and rounded off to two decimal places

If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed.

Although our Bank has translated selected Indian rupee amounts in this Preliminary Placement Document into U.S. dollars for convenience, this does not mean that the Indian rupee amounts referred to could have been, or could be, converted to U.S. dollars at any particular rate or, the rates stated above, or at all. There are certain restrictions on the conversion of Indian rupees into U.S. dollars.

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive

Unless otherwise defined or the context otherwise indicates or requires, certain capitalized terms used in this Preliminary Placement Document have the meanings set forth below. Further any references to any statute or regulations or policies shall include amendments thereto, from time to time:

Bank Related Terms

Term	Description
"Dena Bank", the "Bank", "we", "us" and "our"	Dena Bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and nationalized on July 19, 1969. The Head Office of our Bank is located at Dena Corporate Centre, C – 10, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.
Auditor to the Issue	M/s Kailash Chand Jain & Co., Chartered Accountant.
Auditors/ Statutory Auditors	The Statutory Central Auditors of our Bank namely M/s ABP & Associates, M/s Ramesh C Agrawal & Co., M/s Kailash Chand Jain & Co..
Board of Directors or Board	Board of Directors of our Bank and any Committee constituted thereof.
Director(s)	The Director(s) of our Bank.
EDs	Executive Directors of our Bank.
Equity Shares or Shares	The equity shares of our Bank of face of value ₹ 10 each.
Equity Shareholder(s)	Equity Shareholders of our Bank.
Head Office	The head office of our Bank situated at Dena Corporate Centre, C – 10, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.
Chairman and Managing Director	The Chairman and Managing Director of our Bank.
Promoter	The President of India, acting through the Ministry of Finance, Government of India.

Issue Related Terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the Book Running Lead Managers and in compliance with Chapter VIII of the ICDR Regulations.
Allottees	Successful Bidders to whom Equity Shares are issued and allotted pursuant to the Issue.
Allotment / Allotted	The issue and allotment of Equity Shares pursuant to this Issue.
Application or Bid	Indication of interest from a QIB to subscribe for a specified number of Equity Shares in this Issue on the terms set out in the Application Form to our Bank.
Application Form or Bid cum Application Form	The form, including all revisions and modifications thereto, pursuant to which a QIB submits an Application.
Bidder	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form.
Bidding / Issue Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date, inclusive of both dates, during which prospective Bidders can submit Bids.
Book Running Lead Managers / BRLMs	IDBI Capital Markets & Securities Limited and Motilal Oswal Investment Advisors Limited.
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and

Term	Description
	requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders.
Category III foreign portfolio investor(s)	FPIs who are registered as “Category III foreign portfolio investors” under the SEBI (FPI) Regulations.
Closing Date	On or about [●], the date on which the Allotment is expected to be made.
Cut-off Price	The Issue Price of the Equity Shares, which shall be determined by our Bank, in consultation with the Book Running Lead Managers.
Designated Date	The date of credit of Equity Shares to the Eligible QIB’s demat account as applicable to the respective Eligible QIBs.
Eligible QIBs	QIBs, as defined in regulation 2(1)(zd) of the ICDR Regulations which are not, (a) excluded pursuant to regulation 86 of the ICDR Regulations, (b) registered FPIs, FIIs, FVCIs, bilateral and multilateral financial institutions or any other QIB that is a Non-Resident or (c) ‘owned’ or ‘controlled’ by Non-Residents / persons resident outside India, as defined under FEMA, except as specifically set forth in this Preliminary Placement Document who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S.
Escrow Bank/ Escrow Agent	Dena Bank, Capital Market Branch at Horniman Circle, Fort, Mumbai – 400 023, Maharashtra India.
Escrow Account	The bank account entitled ‘Dena Bank – QIP Escrow Account’ which is non-interest bearing, no-lien, escrow bank account without any cheque or overdraft facilities opened by our Bank with the Escrow Bank under the arrangement between our Bank, the Escrow Bank and the Book Running Lead Managers.
Escrow Agreement	Agreement dated October 10, 2017, entered into amongst our Bank, the Escrow Bank and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Floor Price	The floor price of ₹ 30.73 per Equity Share, calculated in accordance with Regulation 85 of the ICDR Regulations. Our Bank may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85(1) of the ICDR Regulations.
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
IDBI Capital	IDBI Capital Markets & Securities Limited *(Formerly known as IDBI Capital Market Services Limited).*
Issue	The offer and sale of up to [●] Equity Shares to QIBs, pursuant to Chapter VIII of the ICDR Regulations.
Issue Closing Date or Bid Closing Date	[●], the date on which our Bank (or the Book Running Lead Managers on behalf of our Bank) shall cease acceptance of Application Forms.
Issue Opening Date or Bid Opening Date	[●], the date on which our Bank (or the Book Running Lead Managers on behalf of our Bank) shall commence acceptance of Application Forms.
Issue Price	The price per Equity Share of ₹ [●] including a premium of ₹ [●] per Equity Share.
Issue Size	The issue of [●] Equity Shares at an Issue Price of ₹ [●] per Equity Share aggregating ₹ [●] Crore.
Listing Agreement	The agreement entered into between our Bank and each of the Stock Exchanges in relation to listing of the Equity Shares on each of the Stock Exchanges pursuant to requirements of Regulation 109 of the Listing Regulations.
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
Pay-in Date	The last date specified in the CAN for payment of application monies by the QIBs.
Placement Agreement	The placement agreement, dated October 10, 2017, among our Bank and the Book Running Lead Managers.
Placement Document	The placement document to be issued by our Bank in accordance with Chapter VIII of the ICDR Regulations.
Preliminary Placement Document	This preliminary placement document dated October 10, 2017 issued in accordance with Chapter VIII of the ICDR Regulations.
QIB(s) or Qualified Institutional Buyer	Any Qualified Institutional Buyer as defined under Regulation 2(1) (zd) of the ICDR Regulations.

Term	Description
QIP	Private placement to QIBs under Chapter VIII of the ICDR Regulations.
Relevant Date	October 10, 2017 which is the date of the meeting of the Board of Directors or any committee duly authorised by the Board of Directors deciding to open the Issue.

Industry Related Terms

Term	Description
Additional Tier I capital	Comprises of perpetual debt instruments and perpetual non-cumulative preference shares eligible for inclusion in Tier I Capital which comply with the specified current regulations as reduced by equity investments in subsidiaries, (under transition provisions) reciprocal investments capital of banking, financial and insurance entities, deferred tax assets (under transition provisions), intangible assets (under transition provisions.
Adjusted Net Bank Credit / ANBC	Net bank credit plus bonds/debentures in Non-SLR categories under HTM category including other investments eligible to be treated as priority sector, outstanding deposits under RIDF and other eligible funds with NABARD, NHB, SIDBI and MUDRA Limited on account of priority sector shortfall, outstanding PSLCs. It will not include eligible amount for exemptions on issuance of long-term bonds for infrastructure and affordable housing and eligible advances extended in India against the incremental FCNR (B)/NRE deposits, qualifying for exemption from CRR/SLR requirements.
AFS	Available for Sale.
ALCO	Asset and Liability Management Committee.
APY	Atal Pension Yojana.
AML	Anti – money laundering.
ANBC	Adjusted Net Bank Credit.
ATM	Automated Teller Machines.
AUM	Assets under management.
Base Rate	Minimum lending rate set by our Bank in accordance with applicable laws and regulations.
Basel Committee	Basel Committee on Banking Supervision.
Basel II	Revised framework on “International Convergence of Capital Measurement and Capital Standards” by RBI for International Settlements.
Basel III	A global regulatory framework for more resilient banks and banking systems (December 2010 (rev. June 2011)) for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised as per notification issued by the RBI on March 27, 2014.
BIA	Basic Indicator Approach.
BPLR	Benchmark Prime Lending Rate.
BRDS	Average balances of bills rediscounted.
Bps	Basis points.
CAR	Capital adequacy ratio.
CAGR	Compounded annual growth rate (calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered).
CASA	Current Accounts (Demand Deposits) and Saving Accounts.
CBRM	Community Based Recovery Mechanism.
CBS	Core Banking Solutions.
CMS	Cash Management Services.
CRESS	Credit Retail Scoring System.
CRMC	Credit Risk Management Committee.
Director(s)	Director(s) of our Bank, unless specified.
DFSA	Dubai Financial Services Authority.
DRC	Disaster Recovery Centre.

Term	Description
EAD	Encoded Archival Description.
ECS	Electronic Clearing Services.
FEDAI	Foreign Exchange Dealers' Association of India.
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Gross NPA /GNPA	Gross non-performing asset.
GSDP	Gross State Domestic Product.
HFT	The securities acquired by our Bank with the intention to trade by taking advantage of the short term price/ interest rate movements will be classified under Held for Trading.
HQLA	High Quality Liquid Assets.
HTM	The securities acquired by our Bank with the intention to hold them up to maturity will be classified as Held to Maturity.
IBA	Indian Banks' Association.
IBPC	Inter Bank Participation Certificate.
ICAI	Institute of Chartered Accountants of India
ICAAP	Internal Capital Adequacy Assessment Process.
IRDAI	Insurance Regulatory And Development Authority of India
KYC Norms	Know Your Customer norms stipulated by the RBI.
LFAR	Long Form Audit Report.
LCR	Liquidity Coverage Ratio.
MCLR	Marginal cost of funds based lending rate.
MPLS	Multiprotocol Label Switching.
MRMC	Market Risk Management Committee.
NPA	Non-Performing Asset.
NPCI	National Payment Corporation of India.
Net NPA / NNPA	Net NPA means Gross NPAs less loan loss provision, Deposit Insurance and Credit Guarantee Corporation/Export Credit Guarantee Corporation claims received and held and any partial payments received and held.
NBARD	National Bank for Agricultural and Rural Development.
NSFR	Net Stable Funding Ratio.
ORMC	Operational Risk management Committee.
PCR	Public Credit Register.
PRFDA	Pension Fund Regulatory Development Authority.
PMEGP	Prime Minister Employment Generation Yojana.
PMJDY	Pradhan Mantri Jan Dhan Yojanad.
POS	Point of Sales.
RBIA	Risk Based Internal Audit.
RRB	Regional Rural Bank.
RSETI	Rural Self Employment Training Institutes.
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended.
SLR	Statutory Liquidity Ratio.
SMA	Special Mention Accounts.
SSA	Sukanya Samruddhi Account.
Tier II Bonds	Unsecured subordinated non – convertible bonds issued for Tier II capital adequacy purposes.
Tier I capital	The core capital of a bank that provides the most permanent and readily available support against unexpected losses. It comprises paid up capital and reserves consisting of statutory reserves, free reserves and capital reserves (representing surplus gains arising out of sale of held-to-maturity assets) (revaluation reserves at a discount of 55.00%), innovative perpetual debt instruments and perpetual non-cumulative preference shares eligible for inclusion in Tier I Capital which comply with the specified current regulations as reduced by equity investments in

Term	Description
	subsidiaries, reciprocal investments capital of banking, financial and insurance entities, deferred tax assets, intangible assets, and losses in the current period and those brought forward from the previous period.
Tier II capital	General provisions on standard assets, floating provisions, provisions held for country exposures, investment reserve account, excess provisions which arise on account of sale of NPAs and 'countercyclical provisioning buffer' (allowed up to a maximum of 1.25% of credit risk-weighted assets), debt capital instruments which comply with the specified regulatory requirements reciprocal investments capital of banking, financial and insurance entities.
Total Gross Credit Exposure	Gross advances outstanding.

General Terms / Abbreviations

Term	Description
AGM	Annual general meeting.
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
AMC	Asset management company.
AS	Accounting Standards issued by ICAI.
AY	Assessment year.
Bank Acquisition Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended.
Banking Regulation Act	The Banking Regulation Act, 1949, as amended.
Banking Division	Government of India, Ministry of Finance, Department of Banking Services (Banking Division).
Banking Ombudsman Scheme	The Banking Ombudsman Scheme, 2006.
Brickwork	Brickwork Rating India Private Limited.
BSE	BSE Limited.
CAGR	Compounded Annual Growth Rate.
CARE	Credit Analysis & Research Limited.
CBLO	Collateralized borrowing and lending obligation.
CCIL	Clearing Corporation of India Limited.
CDR	Corporate Debt Restructuring.
CDR System	A joint forum of banks and financial institutions in India established in 2001 as an institutional mechanism for corporate debt restructuring.
CDSL	Central Depository Services (India) Limited.
CPIs	Consumer price indices.
CESTAT	Central Excise and Service Tax Appellate Tribunal.
CRISIL	Credit Rating Information Services of India Limited.
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by DIPP under D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, effective from August 28, 2017.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
DICGC	Deposit Insurance and Credit Guarantee Corporation of India.
DRDF	Dena Rural Development Foundation.
EaR	Earnings at risk.
ECB	External commercial borrowing.
ECS	Electronic clearing service.
EGM	Extraordinary general meeting.

Term	Description
Eligible FPIs	FPIs that are eligible to participate in this Issue and do not include qualified foreign investors and Category III Foreign Portfolio Investors who are not allowed to participate in the Issue.
EPS	Earnings per share.
FCCBs	Foreign currency convertible bonds.
FCNR(B)	Foreign currency non-resident (bank).
FEDAI	Foreign Exchange Dealers' Association of India.
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations promulgated there under and any amendments thereto.
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
FIIs	Foreign institutional investors as defined under the SEBI FPI Regulations.
FIMMDA	Fixed Income Money Market and Derivatives Association of India.
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration is deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
FRA/IRS	Forward rate agreements/interest rate swaps.
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GAAP	Generally accepted accounting principles.
GAAR	General Anti-Avoidance Rules.
GDP	Gross domestic product.
GIR	General index registrar.
GoI/Government	Government of India, unless otherwise specified.
GST	Goods and services tax; a proposed reform to Indian tax laws relating to indirect taxes on goods and services.
HFCs	Housing finance companies.
HFT	Held for trading, the category of securities that are held principally for resale within a short period.
HTM	Held to Maturity.
HLAC	High Level Advisory Committee of the RBI.
HNIs	High net worth individuals.
HUF	Hindu undivided family.
ICRA	ICRA Limited.
IFRS	International Financial Reporting Standards of the International Accounting.
ISDN	Integrated Services Digital Networks.
ITES	Information Technology Enabled Services.
Ind-AS	Indian accounting standards converged with IFRS, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India.
Indian GAAP	Indian GAAP Generally accepted accounting principles in India as applicable to Banks.
Insolvency Code	The Bankruptcy and Insolvency Code, 2016.
MAT	Minimum alternate tax.
MSEs	Micro and small enterprises.
NEAT	National Exchange for Automated Trading.
NEFT	National electronic fund transfer.
New Banks Licensing Guidelines	Guidelines for Licensing of New Banks in the Private Sector issued by RBI on February 22, 2013.
NCAF	New Capital Adequacy Framework.
NPS	National Pension System.

Term	Description
NRE	Non – resident (external).
NRI	Non – resident Indian.
NRO	Non – resident Ordinary.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NABARD	National Bank for Agriculture and Rural Development.
Nationalised Bank Scheme	The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 notified under section 9 of the Bank Acquisition Act.
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department.
PAN	Permanent account number.
PFRDA	Pension Fund Regulatory and Development Authority.
PMLA	The Prevention of Money Laundering Act, 2002, as amended.
Prudential Norms	Prudential norms on income recognition, asset classification and provisioning issued by the RBI on July 1, 2015.
PTC	Pass through certificate.
RBI	Reserve Bank of India.
RBI Dividend Circular	RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 on declaration of dividends by banks.
Regulation S	Regulation S under the U.S. Securities Act.
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1943, as amended.
ROA	Return on assets.
RONW	Return on Net Worth.
RWA	Risk weighted assets.
SCBs	Scheduled commercial banks.
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, as amended.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
Securities	Shall have the meaning given to such term under the SCRA.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
SENSEX	An index of 30 constituent stocks traded on BSE representing a sample of large, liquid and representative companies.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Stock Exchanges	BSE and NSE.
STT	Securities and Transaction Tax.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
TDS	Tax Deducted at Source.
U.K.	United Kingdom.
U.S. or U.S.A.	United States of America, its territories and its possessions and the District of Columbia.
USD or US Dollar or U.S. Dollar	United States Dollar.
U.S. GAAP	Generally accepted accounting principles followed in the United States.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VPN	Virtual Private Network.
VAT	Value Added Tax.

Term	Description
VCF	A venture capital fund as defined under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including under the sections "Risk Factors", "Use of Proceeds", "Placement and Lock Up", "Issue Procedure" and "Description of Equity Shares".

Issuer	Dena Bank
Face value	₹ 10 per Equity Share
Issue Price per Equity Share	₹ [●]
Minimum Issue Size	Minimum value of issue or invitation to subscribe to each QIB is ₹ 20,000 of the face value of the Equity Shares
Issue Size	The issue of up to [●] Equity Shares at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] Crores. A minimum of 10 % of the Issue Size i.e. at least [●] Equity Shares shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allocated to other Eligible QIBs.
Authority for the Issue	The Issue was authorized and approved by our Board of Directors by resolutions dated May 9, 2017 and approved by our shareholders, pursuant to a resolution passed at the AGM held on June 27, 2017. The Bank has also obtained all consents, approvals and authorizations required in connection with this Issue including RBI recommendation dated September 5, 2017 and the approval from the GoI vide a letter dated September 21, 2017.
Equity Shares issued and outstanding immediately prior to the Issue	[●] Equity Shares at a face value of ₹ 10 per share.
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares at a face value of ₹ 10 per share.
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the ICDR Regulations and Chapter VIII of the ICDR Regulations to whom the Preliminary Placement Document and the Application Form are circulated and who are eligible to bid and participate in the Issue and QIBs not excluded pursuant to Regulation 86 (1)(b) of the ICDR Regulations, except for such eligible QIBs who are Public Sector Enterprises. Only QIBs which are FIIs and Eligible FPIs are permitted to participate in this Issue.
Floor Price	The floor price has been calculated in accordance with Chapter VIII Regulation 85(1) of the ICDR Regulations. Under the ICDR Regulations, the Issue Price cannot be lower than the Floor Price subject to discount of not more than 5% on the Floor Price which may be considered by our Bank. The Floor Price, net of discount of 5% is ₹ [●].
Dividend	For more information see "*Description of Equity Shares*", "*Dividend Policy*" and "*Taxation*"
Indian Taxation	For more information, see *"Taxation"*.
Listing	(i) Our Bank has obtained in – principle approvals dated October 10, 2017 in terms of regulation 28(1) of the Listing Regulations with the Stock Exchanges and (ii) the application for the final listing and trading approval, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, will be made only after Allotment of the Equity Shares in the Issue.

Transferability Restrictions	The Equity Shares being allotted pursuant to this Issue cannot be sold for a period of one year from the date of Allotment, except if sold on the floor of the Stock Exchanges. For further details, see the section *"Transfer Restrictions"* and *"Selling Restrictions"* beginning on pages 191 and 197, respectively.
Closing Date	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about [●] (the "**Closing Date**").
Use of Proceeds	The gross proceeds of the Issue are expected to be approximately ₹ [●] Crore. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ [●] Crore. For further details, please see the section *"Use of Proceeds"* beginning on page 65.
Pay – in Date	Last date specified in the CAN sent to the successful Bidders for payment of application money.
Lock - up	Please see the sub-section titled *"Placement and Lock up"* on page 189 for a description of restrictions on our Bank in relation to Equity Shares.
Risk Factors	For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section "*Risk Factors*" beginning on page 38.
Ranking of equity shares	The Equity Shares being issued shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Bank after the date of Issue. For details, see *"Description of the Equity Shares"* beginning on page 204.
Security codes for the Equity Shares	**ISIN:** INE077A01010; **BSE Code**: 532121; **NSE Symbol**: DENABANK.

SUMMARY OF BUSINESS

Overview

We are a scheduled public sector commercial bank in India offering a wide range of banking and financial products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. We have a long history in India, with operations since May, 1938 when our Bank was incorporated as Devkaran Nanjee Banking Company Limited. Further, we are one of the 14 banks which were nationalised on July 19, 1969.

As on June 30, 2017, we had 1,874 branches (including 72 satellite offices) in 27 States and 6 Union Territories in India (all of them under Core Banking Solution "**CBS**" platform) including 122 MSME specialized branches catering to the specific clientele segment, 14 Retail Hubs, 4 specialised women branches. Our distribution network included 1,538 ATMs comprising 1,280 onsite and 258 offsite ATMs as of June 30, 2017. As of June 30, 2017, we had 97 E-smarts, 29 zonal offices, 5 extension counters and 1 representative office in London. As of June 30, 2017, we had a customer base of approximately 2.64 crore.

Our business is primarily divided into (i) Corporate/wholesale banking, (ii) Retail banking, (iii) Treasury operations and (iv) Other banking operations such as depository services, distribution of third party products such as insurance, mutual fund products, money transfer services, ASBA facilities, pension and tax collection services.

Corporate /wholesale banking: Our corporate/wholesale banking business caters to corporate customers, including large, mid-sized and small businesses and government entities. Our loan products include term loans to finance capital expenditure of assets across various industries as well as short-term loans, cash credit, export credit and other working capital financing and bill discounting facilities. We also provide credit substitutes, such as letter of credit and letter of guarantee. As a percentage of our total advances, corporate/wholesale banking advances accounted for 56.17%, 54.95%, and 49.96 % as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Under corporate/wholesale banking business, we also offer international banking services which include forex services, international trade finance and NRI services comprising foreign exchange operations, remittance facilities for resident Indian, foreign currency loans, lending and deposit services to non-resident Indians. We also cater to the financial requirements of Indian exporters and importers. Further, we also offer products and services for MSME banking to our customers.

We also cater to agriculture, micro-finance and rural customers. We offer direct financing to farmers for production and investment, as well as indirect financing for infrastructure development and credit to suppliers of agricultural inputs. We offer various products in the rural and semi-urban areas which would also help our Bank to meet its financial inclusion targets mandated by RBI. We also take adequate and appropriate steps for extending various benefits to the farming community to protect them from the related uncertainties and to minimize the financial burden. Our Bank also provides loans to the lower middle income group for the purpose of home construction, purchase, repairs, business, marriage, education etc. As a percentage of our total advances, agricultural and inclusive banking advances accounted for 30.30%, 31.00%, and 32.89% as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Retail banking: Our retail banking business offers financial products and services including consumer lending and deposit services to our retail customers. We offer a wide range of consumer credit products, including loans and advances for housing, trade, automobiles, consumer durables, education, personal loans, mortgage loans and other retail products. We have various deposit products, such as current, savings and term deposits for our customers. We offer our customers a suite of technological products, including global debit cards, mobile banking, internet banking. We also distribute third party financial products, such as insurance (life and non - life) and mutual fund products. In addition, we provide depository services and are a depository participant for NSDL. As a percentage of our total advances, retail banking advances accounted for 13.53%, 14.05%, and 17.15% as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Treasury Operations: Our treasury operations being the interface with the financial markets, primarily consist of statutory reserves management, liquidity management, investment and trading activities, money market and foreign exchange related activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated cash reserve ratio and the statutory liquidity ratio. We maintain SLR through a portfolio of central Government, state Government, corporate debt and trustee securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and invest in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, floating rate instruments, bonds and debentures to manage short-term surplus liquidity and further optimize yield and to generate profits thereon.

Other Banking Operations: In addition to our primary offerings, we also provide other services which include areas of housing finance, priority sector lending in rural areas through our RRB, asset management, life insurance, bancassurance, cross-selling of mutual fund products, taxation related services, depository participant services, Government business and agricultural consultancy.

We also offer a wide range of general banking services to our customers including debit cards, cash management, remittance services and collection services. In addition, we have agency function for collection of Central Government Revenue viz. direct and indirect taxes through physical mode by authorized branches and through e-mode by all branches of our Bank. We also act for various state governments and the Government of India on numerous matters including the collection of state revenue and taxes, mobilization of Government deposits.

Our total assets was ₹ 1,29,920.55 Crores as on March 31, 2015 and ₹ 1,29,623.54 Crores as on March 31, 2017. Our deposits was ₹ 1,15,936.08 Crores at the end of Fiscal 2015 and ₹ 1,13,942.76 Crores at the end of Fiscal 2017. Our advances were ₹ 80,629.00 Crores at the end of Fiscal 2015 and ₹ 77,538.00 Crores at the end of Fiscal 2017. As on June 30, 2017, our CRAR, Tier 1 Capital and Tier 2 Capital was 12.38%, 8.11% and 4.27%, respectively as per Basel – II, and 11.65%, 9.19% and 2.46%, respectively as per Basel – III.

COMPETITIVE STRENGTHS

We believe that our success can be attributed to a combination of the following competitive strengths:

Strong and trusted brand in Maharashtra and Gujarat

Our Bank was incorporated in 1938 with the objective of catering to the banking needs of the Maharashtra and Gujarat and have since expanded our banking business to include a wide range of banking and financial products and services to retail, corporate, micro, small and medium enterprises in these regions. With over 79 years of history, we believe we have developed a well-recognized and trusted brand in Maharashtra and Gujarat where we have built strong relationships with many of our customers, which has been one of our key growth drivers. We believe that we are known for the quality of service we have provided to our customers over the years and for our consistent approach to developing long-term relationships with our customers, based on our local knowledge and experience amongst other things.

As on June 30, 2017, we had 1,874 branch and 1,538 ATMs, out of which 339 branches and 292 ATMs were in the state of Maharashtra and 656 branches and 564 ATMs were in the state of Gujarat. We believe, the region has good potential for retail business, along with agriculture SME and corporate loans. Maharashtra's gross state domestic product (GSDP) accounted for 12.98 per cent of India's gross domestic product (GDP) in 2015-16, the highest among all states. The GSDP grew at a CAGR of around 11.30 per cent between 2004-05 and 2015-16 to reach US$ 300.51 billion. Further, Gujarat's Gross State Domestic Product (GSDP) was about US$ 158.2 billion over 2015-16. Average annual GSDP growth rate from the fiscal year 2005 to fiscal year 2016 was about 12.02 per cent. *(Source: www.ibef.org)* Our strong presence in the state of Maharashtra and Gujarat provide us an edge in our priority sector banking due to its rich agricultural resources and a large catchment area for low cost deposits.

Wide distribution network and customer base

Our branch network, which was historically concentrated in Gujarat and Maharashtra, has now expanded across India through a growing network of branches and ATMs. As of March 31, 2015, March 31, 2016 and March 31, 2017, the total number of branches of our Bank was 1,739, 1,846 and 1,874, respectively and at present 1874 as of June 30, 2017. Our total number of ATMs has increased from 1,482 as of March 31, 2015 to 1,538 (including 1,280 onsite and 258 offsite ATMs) as of March 31, 2017. As on June 30, 2017, we had 1,874 branches in 27 States and 6 Union

Territories in India. As of June 30, 2017, the number of branches and ATMs in metro, urban, semi-urban and rural locations is as follows:

	Metro	Urban	Semi - Urban	Rural	Total
Total number of branches	435	359	435	645	1,874
ATMs	415	326	350	447	1,538

Further, we also have 97 E-smarts, 29 zonal offices, 1 representative offices in London. For our agricultural customers, our Bank has, as of June 30, 2017 a network of 1,080 branches in rural and semi urban areas, constituting approximately 57.63% of our total branch network, which support agricultural development, the MSE sector and retail banking.

Multiple delivery channels and large distribution infrastructure has resulted in giving us access to a large customer base spread across the country. As of June 30, 2017, we had a customer base of approximately 2.64 crore compared to approximately 2.57 crore customers as of March 31, 2017 and approximately 2.35 crore customers as of March 31, 2016. We offer a user-friendly internet banking facility that allows our customers to conduct a comprehensive range of banking transactions online without visiting our branches or ATMs. We offer online saving account opening facility, POS machines, online payment of bills and taxes and instant fund transfer facility across bank through beneficiary mobile number. We have installed Unified Payment Interface ("**UPI**") from first day of its launch and direct debit facility for booking of rail ticket through debit card. Our Bank has initiated setting up of e-Smart, a lobby based set up consisting of ATM, Cash Deposit Machine, Cheque Deposit Machine, Pass Book Printing Machine and Internet Banking Kiosk. As on date of this Preliminary Placement Document, our Bank has provided five Kiosks in the eSmarts centres set-up by our Bank. Our distribution network as complemented by our multi-channel electronic banking system is capable of providing a comprehensive suite of products to customers, provides us with a strong sales platform in the areas in which we operate, enables us to cross-sell products and to deliver high-quality, convenient and comprehensive services to a range of customers. We have also offering internet banking services – Dena iConnect to our customers. As on June 30, 2017, more than 4.72 Lacs customers have registered for Dena iConnect. Our Bank has implemented Dena MConnect services – the convenient and secure way to conduct banking transaction using mobile handset. Customers can avail various facilities including funds transfer. The solution is in compliance with RBI guidelines on Mobile Banking and more than 2 Lacs customers have started using our Dena MConnect services. Our extensive network allows us to banking services to a wide variety of customers, including large and small to medium corporations, institutions and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers throughout India.

With our integrated distribution network and multi-channel electronic banking system, we believe that we are capable of providing a comprehensive range of products and a platform to cross-sell products and deliver quality services to a range of customers.

Diversified sources of income and insulated investment portfolio

We offer wide range of products that generate both interest and non-interest income. We provide diversified solutions to the financial and banking needs of our customers, with a focus on cross-selling multiple products to them. We believe that our combination of diverse product offerings and a relationship-driven approach has enabled us to structure solutions to meet our customers' needs, resulting in sustained revenue generation. Our Bank has entered into corporate agency arrangement with Apollo Munich Health Insurance Company Limited for distribution of Health Insurance policy and has also added one more General Insurance Company namely Chola MS General Insurance Company, in addition to our existing partner United India Insurance Company Limited for distribution of General Insurance products to its customers. For Fiscal 2015, 2016 and 2017 and the three month ended June 30, 2017, our other income constituted 6.28%, 6.31%, 10.95% and 9.06%, respectively of our total income for the same period. Other income mainly comprises commissions, exchange and brokerage fees, profit on exchange transactions, profit on sale of investments and miscellaneous income. In addition to a diversified source of income, our investment portfolio is largely non-speculative in nature and predominantly comprises government securities which constituted 86.47% and 84.91% of our investment portfolio as of March 31, 2017 and June 30, 2017. This has ensured that we have a stable yield profile across the financial years 2015, 2016 and 2017 and the three months ended June 30, 2017.

Our other businesses include Bancassurance (marketing of life and non-life insurance products), sale of mutual fund products, corporate cash management services, and taxation services, agricultural lending and consultancy services and depository services.

Professional and Highly Experienced Board of Directors and Senior Management Team

We are a professionally managed Bank. The members of the Board have significant finance and banking experience and include associates of the Indian Institute of Banking and Chartered Accountants. Several of our Directors are also on the Board of other reputed companies. Our Board of Directors and the Senior Managerial Personnel have been responsible for undertaking a number of change initiatives to enhance the business focus of the Bank by upgrading processes, technology and human resources. In addition, we are supported by representatives of the GoI and the RBI on our Board.

Our Senior Managerial Personnel bring substantial experience and in-depth knowledge of banking operations and management. We believe that our management's capabilities, strong reputation, extensive network of industry relationships and wide-ranging experience in the finance and banking industry will continue to help us to grow, modernize and develop further. We have inducted qualified persons, including MBAs, engineers, chartered accountants, company secretaries and cost accountants, risk managers, equity research analysts, marketing officials and credit officers. For additional details see section titled "*Board of Directors and Senior Management*" beginning on page 165.

BUSINESS STRATEGIES

We intend to grow our market share, including our retail and MSME deposit base, and to continue to achieve balanced growth in our balance sheet, profitability (improving our return on assets and our return on equity) and efficiency (improving our cost to income ratio) across all segments of our operations. Our key strategies to achieve these goals are set out below:

Enhance brand equity and continue to focus on customer satisfaction

The banking business is substantially dependent on reputation and the services we offer. In order to strengthen our position across various geographies and different customer segments, we continue to focus on further strengthening our brand by augmenting customer relationships, offering more customer centric products. We have built our brand around the core values of excellence, entrepreneurship, respect, teamwork and professionalism. We use advertising and other marketing tools to build brand awareness among our target customers in various locations. We have started promotion of our brand across print and electronic media. For example, we launched our brand campaign with the tag line "*Trusted Family Bank*" and "*Dena Hai To Bharosa Hai*". We continue to build on our existing corporate culture and strengthen our image. Our Bank was ranked 10^{th} amongst all Public Sector Banks in the Economic Times Brand Equity survey of Most Trusted Brands – 2016.

We continue to focus on developing tailored products targeted at specific customer segments, and improve customer engagement and ease of transaction. We intend to deploy specialised teams within our various distribution channels to identify, engage with and manage specific customer segments. We intend to move from a branch heavy model to a 'centralized back office' based model allowing branches to focus on sales, customer relationships. We intend to implement paperless processes in our banking channel to optimize costs through minimum paper process, elimination of redundant steps and improve our turnaround time through e-KYC, digitization of account opening process. One of our goals is to be responsive to customers in all our businesses by anticipating their needs and offering a full suite of products and services to deepen customer engagement and relationships. We also intend to grow our rural banking business division by targeting select rural and agriculture-sector customers with products such as loans secured by property and crop loans. We believe specialised teams focused on specific customer segments will enable us to increase the productivity of our distribution channels, meet specific customer segments and increase quality of customer experience. This will also help us to increase our customer base and increase our profitability.

Increase CASA deposits and improve interest margins

We seek to increase our current account and savings accounts ("CASA") deposits and reduce bulk deposits in order to reduce cost of funds. Low cost CASA deposits increased both in absolute terms and as a percentage to total deposits.

In absolute terms it has increased from ₹ 34,369.18 crores as on March 31, 2016 to ₹ 43,222.08 crores as on March 31, 2017 and as a percentage to total deposits it has improved from 29.27% to 37.93%. We intend to further increase our CASA deposits to achieve more profitability. In order to increase our CASA and retail deposits, we intend to promote our bank and introduce new products through marketing efforts at our branches. In addition, we also regularly review and continuously monitor our CASA growth. Deposits from retail customers represent a significant, low-cost source of funding. We believe that our alternate channels such as internet and mobile banking systems, will enable us to increase our customer base, thereby increasing CASA deposits and reducing the costs of such deposits.

We focus on a number of areas where there is potential for significant improvement in our financial strength, including improving our net interest margin, further strengthening the quality and profile of our loan portfolio and broadening our revenue base by developing our fee-based products and services. We continue to focus on reducing certain of our low-yield corporate loans in order to further improve our net interest margins.

Reduce our gross NPA levels and to improve quality of assets

Though the reduction of impaired assets and to improve the quality of assets through recovery were our key focus area in recent past and we continue to endeavor to reduce our NPA level and upgrade the quality of our assets. The share of gross NPAs as a percentage of total advances increased from 9.98 % as of March 31, 2016 to 16.27 % as of March 31, 2017. Our gross NPA stood at ₹ 12,618.73 crore and Net NPA stood at ₹ 7,735.12 crore as on March 31, 2017. Our strategies for reducing NPAs include improving the quality of credit by ensuring that our well documented loan sanction policies and procedures are complied with and by actively monitoring our loan accounts (particularly Special Mention Accounts (SMA)) and reassessing their credit ratings at least once a year or more frequently, if required. Further, we have taken several initiatives to contain slippages and continue to take such action and speed up recovery from overdue loan accounts including identification of stressed accounts for restructuring (or rephrasing in time), regular follow-up of overdues in loan accounts, conducting e-auctions for the sale of seized assets to ARCs and initiation of stringent recovery measures against wilful defaulters.

We organize recovery camps and lok adalats with the help of government officials, enter into one time settlement and we have delegated the powers to all functional heads for settlement of NPAs and written off accounts. We are also managing our NPAs by selling off stressed assets to asset reconstruction companies. We have appointed recovery agents for the expeditious recovery of NPAs and written off accounts. Our Bank will also formulate plan of action for enforcing the SARFESI, the Recovery of Debts Due to Bank and Financial Institutions Act, 1993 and the RBI's corporate debt restructuring mechanism and Bankruptcy Code more strictly and stringently and encourage OTS proposal for non – cooperative borrowers.

Additionally our Bank is undertaking recovery camps on monthly basis in order to reduce the NPA level. During the Fiscal 2018, first process of sale of assets through ARCs was held on August 11, 2017 where two accounts with ledger dues of ₹ 47.31 crores were sold under e-auction with bid amount of ₹ 30.20 crores. Further, we have set up a war room at Head Office with dedicated team of 10 officers to monitor NPA account on day to day basis for accounts above ₹ 5 lacs to ₹ 50 lacs. Recovery task force has been formed at each zone where team of officers are exclusively monitoring NPA accounts and directly reporting to the Head Office. For better recovery, our Bank started to participate in Community Based Recovery Mechanism ("CBRM") with the assistance from State Rural Livelihood Mission ("SRLM") which has placed Bank Sakhi/ Bank Mitra at branches. To create general awareness among the public our Bank took the initiative by putting up silent road shows and peaceful demonstrations before the establishments of defaulting borrowers.

Accelerate growth in loans and advances to the retail and MSE sectors

The proximity of our branches, particularly in Maharashtra and Gujarat, to our target customers allows us to attract interest-free current account and low cost savings account deposits. We will continue to focus on such efforts by upgrading our multichannel distribution network to cater to the needs of our customers by improving the service quality and efficiency of our non-branch delivery channels. We believe this will help us spread risk, increase our interest income and better efficiency in capital utilization. Further, this will enhance our customer base and provide us business opportunities through relationship banking and cross selling.

We have identified the retail loan segment as a key area for increasing our credit portfolio. Loans and advances to the retail sector (which includes housing loans) has been increased by 10.48 % in fiscal year 2016 and further increased by 10.35 % for the fiscal year 2017. However, as a share to our total (gross) loans and advances, it represented 17.15 % of our total outstanding loans as of March 31, 2017. In our retail business, we intend to increase our share of higher-margin asset products, such as loans against property, personal loans and gold loans. Our aim is to substantially increase our loans and advances portfolio to the retail sector by simplifying our current processes, launching new products and services and developing our distribution channels.

Business process reengineering

Our Bank has setup Business Process Reengineering Cell ("BPR") to keep abreast with the upcoming changes in the field of banking. Our Bank needed to relook at its existing processes so as to be able to improve customer service, reduce operational costs and compete with other medium and large sized banks. Accordingly, the BPR Cell has launched project 'Pragati' for holistic bank transformation. The project has 4 verticals – Business Process Re-engineering, Human Resource Development, Digital Banking and Sales and CRM.

The BPR vertical is putting its efforts in improving branch efficiency, customer experience and reducing turn-around time for various processes. The process digitization and centralization are the pillars on which the team is trying for efficiency improvement and turnaround time reduction. At the same time, the team is taking initiatives for improvement in branch layout and betterment of operating model for providing customers with a superior experience. The design for new processes of CASA, home loans, mortgage loans, and MSME loans has been completed by the team and is now in the process of piloting the same. Retail and MSME will continue to be the strategic focus areas for our Bank in terms of business growth and long-term sustainability

The Human Resource Development team is envisaging setting up a culture in our Bank that rewards its meritocratic employees, has improved manpower planning and provides its employees with appropriate leadership and training to get them future ready. The team is currently working on setting up a new Performance Management System where major part of the employee performance would be system driven with objective parameters of evaluation.

The Digital Banking team is aiming to build state of the art digital banking services in the bank. It is trying to revamp the process for driving adoption of alternate channels. The team is managing the process for effective roll-out of upgraded Internet and Mobile Banking applications, increasing ATM uptime and setting up contact center for the Bank. Further, ATM Monitoring tool is being used by team for tracking the ATMs and quickly resolving the issues with any ATM.

The Sales and CRM team is taking initiatives in the direction of developing sales culture in the Bank. The team envisages a future where the branches are playing the role of sales units helping drive growth. The team plans to setup a dedicated sales force for various banking products, enable the branches for lead management and generate a culture of cross-selling. It has launched *"Branch Mirror Report"* for providing branches with daily performance figures and comparison with targets. Also, a Lead Management System will be launched which will be a mobile application for capturing the new leads and efficiently tracking them.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial information has been extracted from our Audited Financial Statements as of and for fiscal years ended March 31, 2015, March 31, 2016 and March 31, 2017 and should be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 68 and our financial statements, including the notes thereto and the reports thereon, which appear in the section "*Financial Statements*" beginning on page 231.

Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Indian GAAP, IFRS or other accounting principles.

SUMMARY BALANCE SHEET INFORMATION

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
CAPITAL AND LIABILITIES			
Capital	787.15	666.93	561.15
Reserves and surplus	6,897.99	6,474.54	6,878.98
Deposits	113,942.77	117,430.96	115,936.08
Borrowings	5,060.88	6,271.33	3,436.00
Other liabilities and provisions	2,934.75	2,597.88	3,108.34
TOTAL	**129,623.54**	**133,441.64**	**129,920.55**
ASSETS			
Cash and balances with Reserve Bank of India	6,010.86	5,348.74	9,085.05
Balances with banks and money at call and short notice	253.47	29.15	590.63
Investments	39,737.23	35,226.22	32,761.93
Advances	72,574.62	82,328.33	78,934.31
Fixed assets	1,577.01	1,368.22	1,153.58
Other assets	9,470.35	9,140.98	7,395.05
TOTAL	**129,623.54**	**133,441.64**	**129,920.55**
Contingent liabilities	**43,028.81**	**39,086.26**	**39,394.39**
Bills for collection	**2,679.07**	**2,908.08**	**2,607.66**

SUMMARY PROFIT AND LOSS STATEMENT

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
I INCOME			
Interest earned	10,181.67	10,645.73	10,763.49
Other income	1,251.40	716.80	721.33
TOTAL	**11,433.07**	**11,362.53**	**11,484.82**
II EXPENDITURE			
Interest expended	7,773.31	8,168.99	8,315.62
Operating expenses	2,269.55	2,268.25	1,838.92
Provisions and contingencies	2,253.84	1,860.62	1,064.79
TOTAL	**12,296.70**	**12,297.85**	**11,219.34**
III PROFIT/LOSS			
Net profit for the year	(863.62)	(935.32)	265.48
Net Profit/Loss brought forward	-	-	-
TOTAL	**(863.62)**	**(935.32)**	**265.48**
IV APPROPRIATIONS			
Transfer to statutory reserve	-	-	79.64
Transfer to special infra reserve	-	-	98.53
Transfer to capital reserves	-	-	5.42
Transfer to revenue reserves	-	-	21.29
Proposed dividend (incl. dividend tax)	-	-	60.60
Balance carried over to balance sheet	(863.62)	(935.32)	-
TOTAL	**(863.62)**	**(935.32)**	**265.48**
Earnings per share (₹) (Basic)-FV ₹ 10/-	(11.89)	(15.50)	4.94
Earnings per share (₹) (Diluted)-FV ₹ 10/-	(11.88)	(15.50)	4.94

SUMMARY CASH FLOW INFORMATION

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Part I- Cashflow from operating activities			
Net profit after tax	**(863.62)**	**(935.32)**	**265.48**
Add/(Less) Non cash items and items considered separately:			
1. Depreciation on fixed assets	3.13	84.51	64.64
2. Profit (-) / Loss (+) on sale of fixed assets	0.38	0.55	0.42
3. Amortisation of premium paid on investments	62.15	52.59	50.84
4. Amortisation of software expenses	8.15	9.16	8.66
5. Interest paid on long term loans	510.67	396.61	278.62
6. Provision and Contingencies (Other than l/W/DTL)	2,665.57	2,476.19	1,262.62
7. Provision for Income Tax and DTL	(411.73)	(615.57)	(198.08)
8.Provision for Wealth tax	-	-	0.25
9. Leave Encashment Actuarial valuation	7.46	38.28	(1.12)
10. Provision for Sick Leave	-	(19.25)	-
11. Prov. For Silver Jubilee milestone Award	0.04	0.01	0.04
12. Provision for LFC	-	-	0.77
13. Provision for Resettlement service	0.13	(0.11)	0.20
14. Provision for wage revision	-	-	59.85
	2,845.96	**2,422.95**	**1,527.71**
Operating profit before Working capital changes	**1,982.33**	**1,487.64**	**1,793.19**
Adjustments for working capital changes:			
1. (Increase)/Decrease in Investments	(4,907.37)	(2,519.51)	132.11
2. (Increase)/Decrease in Advances	7,372.67	(5,955.45)	(2,522.40)
3. (Increase)/Decrease in Other Assets	99.25	(989.82)	10.54
4. Increase/(Decrease) in Deposits	(3,488.19)	1,494.88	5,908.39
5. Increase/(Decrease) in Borrowings (Excl. Financing Activities)	(1,310.45)	1,835.33	(1,914.93)
6. Increase /(Decrease) in Other Liabilities	379.18	(380.68)	394.40
	(1,854.91)	**(6,515.25)**	**2,008.11**
Cash generated from operations	**127.42**	**(5,027.61)**	**3,801.30**
Income tax refund/(Direct tax Paid)	**(17.14)**	**(140.78)**	**(290.45)**
Net Cash flow from operating activities	**110.28**	**(5,168.39)**	**3,510.86**
Part II- Cashflow from investing activities			
Purchase of fixed assets (incl. intangible)	(53.22)	(219.49)	(130.60)
Sale of fixed assets	1.72	75.44	0.88

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Net Cash Used in investment activities	**(51.50)**	**(144.05)**	**(129.72)**
Cash flow from operating and investing activities	**58.79**	**(5,312.45)**	**3,381.14**
Part III- Cashflow from financing activities			
Equity Share Capital raised (including Share premium)	446.00	471.86	140.00
Share Application money pending for allotment	792.33	-	-
Bonds issued Basel III Compliant AT-I Bonds	400.00	1,000.00	400.00
Bonds Payment Lower Tier-II	(300.00)	-	(210.00)
Dividend Paid (incl. Dividend tax)	-	(60.60)	(129.56)
Interest paid on long term loan	(510.67)	(396.61)	(278.62)
Net Cash used in Financing activities	**827.66**	**1,014.65**	**(78.17)**
Net increase/(decrease) in cash and cash equivalents	**886.44**	**(4,297.80)**	**3,302.96**
Cash and Cash equivalents (opening)	**5,377.89**	**9,675.69**	**6,372.72**
Cash and Cash equivalents (closing)	**6,264.33**	**5,377.89**	**9,675.69**
Difference in opening and closing cash and cash equivalents	**886.44**	**(4,297.80)**	**3,302.96**

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with "Industry Overview", "Business", "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Preliminary Placement Document.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Preliminary Placement Document also contains forward – looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Preliminary Placement Document.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31of that year. Unless otherwise indicated, the financial information included in this section is derived from our Audited Financial Statements and Unaudited Financial Statements.

Internal Risk Factors

Any increase in our portfolio of NPAs or provisioning requirements required under applicable RBI regulations or increase in restructured advances could materially and adversely affect our business, financial condition and results of operations.

We have historically experienced increasing NPAs. For the fiscal years 2015, 2016 and 2017 and the three months period ended June 30, 2017, our gross non-performing assets ("**Gross NPA**") represented 5.45 %, 9.98 %, 16.27 % and 17.37 % of our total gross advances respectively, and our NPAs (net of provisions) ("**Net NPA**") represented 3.82 %, 6.35 %, 10.66 % and 11.22 % of net advances respectively. Our NPAs can be attributed to several factors, including inconsistent industrial growth, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during a period in which a large number of projects contracted their borrowings, which reduced the profitability of some of our borrowers. The recent global economic slowdown and the impact of global and Indian economic conditions on equity and debt markets may exacerbate the level of NPAs in our corporate loan portfolio.

Further, as of March 31, 2015, 2016 and 2017 and the three months period ended 2017, our provision coverage ratio was 52.97 %, 52.79 %, 50.56 % and 51.72 %, respectively. If there is any deterioration in the quality of our security or further ageing of the assets after being classified as non-performing, an increase in provisions will be required. This increase in provisions may adversely impact our financial performance. While we have already made provisions for NPA with respect to 38.66% and 39.87% of our Gross NPAs as of March 31, 2017 and as of June 30, 2017, respectively, we may need to make further provisions if recoveries with respect to such NPAs do not materialize in time or at all. Our NPAs can be attributed to several factors, including inconsistent industrial growth, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during a period in which a large number of projects contracted their borrowings, which reduced the profitability of some of our borrowers. The recent global economic slowdown and the impact of global and Indian economic conditions on equity and debt markets may exacerbate the level of NPAs in our corporate loan portfolio.

Our Corporate/Wholesale Banking advances portfolio were ₹ 45,286.00 crore for Fiscal 2015, ₹ 47,157.00 crore for Fiscal 2016, ₹ 38,735.00 crore for Fiscal 2017 and ₹ 36,256.00 crore for three months ended June 30, 2017. Given the nature of the targeted borrowers, Corporate/ Wholesale Business Banking advances may carry a higher risk of delinquency if there is a prolonged recession or a sharp rise in interest rates. As a result, we may be required to increase our provision for defaulted advances.

In addition, we are required by RBI regulations to extend a minimum aggregate of 40.00% of our adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher, to certain eligible "priority sectors", such as agriculture, MSEs, export credit, education, social infrastructure, renewable energy; housing and economic difficulties may affect borrowers in priority sectors more severely. Economic downturns experienced in priority sectors could further increase our level of NPAs. There can be no assurance that the percentage of NPAs that we will be able to recover will be similar to our past experience of the recoveries of NPAs. Any deterioration or significant increase in our NPA portfolio would adversely affect our business, financial condition, results of operations and cash flows.

Our total gross restructured advances were ₹ 9,828.78 crores, ₹ 7,980.90 crores, ₹ 7,037.49 crores and ₹ 6,455.45 crores as of March 31, 2015, 2016 and 2017 and as of June 30, 2017, respectively. We restructure assets based on a borrower's potential to restore its financial health; however, there can be no assurance that borrowers will be able to meet their obligations under restructured advances as per regulatory requirements and certain assets classified as restructured may be classified as delinquent. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations. We are also required to share data with each other on certain categories of special mention accounts, set up joint lenders' forums and formulate action plans for resolution of these accounts. Failure to do so may result in accelerated provisioning for such cases.

Our gross non-performing assets increased from ₹ 12,618.73 crores as of March 31, 2017 to ₹ 12,994.16 crores as of June 30, 2017. The gross non-performing loans as of March 31, 2017 are also included in the accounts highlighted in the RBI Asset Quality Review ("**AQR**") exercise. Further, guidelines issued by the RBI relating to the identification and classification of NPAs may result in an increase in our loans classified as non-performing and provisioning requirements. Any further review on asset quality by the regulator, during specific or general inspection, can result in additional classification of our loans as NPAs thus increasing our provisioning requirements and adversely impacting our profitability in the future.

There can be no assurance that the amount of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing assets. If we are not able to adequately control or reduce the level of non-performing assets, or if the RBI continues to impose increasingly stringent requirements, the overall quality of our loan portfolio could deteriorate, which may have a material adverse effect on our business, financial condition and results of operations.

Our Bank had incurred a loss in the fiscal years 2016, 2017 and three months period ended June 30, 2017. In the event our net loss continues to increase, it may adversely affect our business and financial condition.

We have made net profit/ (loss) of ₹ 265.48 crore, ₹ (935.32) crore, ₹ (863.63) and ₹ (132.65) crore for the fiscal year ended March 31, 2015, March 31, 2016 and March 31, 2017 and three months period ended June 30, 2017, respectively. Due to sharp increase of NPA level on the back of Asset Quality Review conducted by RBI and slippages of some bigger corporate accounts. Despite consecutive rate cut announcements by the RBI, market yields persisted at an elevated level, which prevented our Bank from booking profit on its treasury portfolio. In the event of further increase of NPA level, our interest earnings and net profits will be impacted and subsequently, our financial condition would be adversely affected.

We are largely dependent on net interest income and any volatility in interest rates could adversely impact our business and results of operations

Our results of operations depend to a significant extent on our net interest income. During the fiscal years ended March 31, 2015, March 31, 2016, March 31, 2017 and the three months ended June 30, 2017, net interest income constituted ₹ 2,447.87 crores, ₹ 2,476.75 crores, ₹ 2,408.36 crores and ₹ 675.05 crores of our total income respectively. Net interest income represents the excess of interest earned from interest – earning assets (such as performing loans and investments) over the interest paid on interest – bearing customer deposits and borrowings. Our net interest margin for the fiscal years ended March 31, 2015, March 31, 2016, March 31, 2017 and the three months ended June 30, 2017 was 2.25%, 2.16%, 2.00% and 2.44%, respectively.

Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policy, India's GDP growth, inflation, money supply, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. In addition, an increase in interest expense relative to interest income may lead to a reduction in our net interest income, which could materially and adversely affect our results of operations. Accordingly, volatility in interest rates could materially and adversely affect our business and financial performance.

Changes in interest rates could affect the interest rates we charge on our interest-earning assets in a manner different from the interest rates we pay on our interest-bearing liabilities because of the different maturity periods applying to our assets and liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in our net interest income, which could materially and adversely affect our results of operations. Any volatility or increase in interest rates or other market conditions may also adversely affect the rate of growth of certain sectors of the Indian economy and the value of our marked – to – market fixed – income securities portfolio, which may adversely impact our business and financial results.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their advances with us if they are able to switch to more competitively priced advances offered by other banks. In the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to switch to more competitive rates as compared to other banks in the market. Any inability by us to retain customers as a result of changing interest rates may adversely impact our earnings in future periods and as a consequence materially and adversely affect our liquidity, business, financial condition and results of operations.

Our Bank is currently under Prompt Corrective Action ("PCA") taken by RBI which may subject our Bank to, among other things, structured and discretionary actions and remedial directions, from RBI.

RBI *vide* a letter dated May 31, 2017 has taken PCA against our Bank in view of high Net NPA and negative return on assets ("**ROA**"). As on March 31, 2017, our NPA and ROA stood at 10.66% and (0.67) % respectively. In terms of the circular dated April 13, 2017, RBI has stipulated certain structured actions in respect of the banks which have hit the trigger points in terms of CRAR, Net NPA and ROA, laid down in the Scheme of Prompt Corrective Action dated December 21, 2002 formulated by RBI. *Vide* the letter issued to us, RBI has prescribed certain actions to be taken by our Bank, which *inter – alia* include, non – distribution of the dividend, arranging for infusion of capital, non – expansion of branch network (domestic and overseas), restricting staff expansion, strengthening the loan review mechanism and prepare an action plan for recovery of assets through identification of areas.

In the event of non – compliance of the actions prescribed by RBI in the aforesaid matters, our Bank will be liable for severe actions or penalties prescribed by RBI. The imposition of any sanctions, adjudicatory penalties, remedial directions and other adverse orders on our Bank may individually, or in the aggregate, have a material adverse effect on our business, finances and results of operations, as well as on our reputation.

Our Company is undertaking this Issue pursuant to, inter alia, the in-principle approvals dated October 10, 2017 issued by the NSE and BSE (the "In – principle Approvals") which contains conditions and observations noted by the NSE in relation to non-compliance by the Company of the provisions of the Listing Regulations. The Bank may attract the consequences of breach of the Listing Regulations which may subject the Bank to liabilities including legal proceedings, penal action from the NSE and BSE and/or SEBI in relation to the observations contained in the In – principle Approvals.

Our Bank is undertaking this Issue pursuant to, inter alia, the In – principle Approvals which contains conditions and observations noted by the NSE and BSE in relation to non-compliance by the Bank of the provisions of the Listing Regulations. The NSE and BSE in its approval have noted that the proposal to raise funds pursuant to this Issue is not in compliance with Regulations 29(1) and (2) and Regulation 30 of the Listing Regulations and may attract consequences of breach of the Listing Regulations. The In – principle Approvals are conditional, inter alia, upon fulfillment of all conditions as per the Listing Regulations as on date of listing and other applicable laws. Further, the NSE and BSE have noted that the above non-compliances may attract penal action from both the stock exchanges or SEBI or both.

Negative publicity could damage our reputation and adversely impact our business and financial results.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or us specifically, could adversely affect our ability to attract and retain customers, and may expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices, foreclosure practices, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. For example, our Bank has been placed under prompt corrective action plan by RBI owing to high NPA and consequent losses. Subsequently, there was negative publicity on social media about our banking operation. Later on we have clarified misinformed communication circulating in social media.

We distribute several third-party products, including life insurance, health insurance, general insurance, mutual fund products and tax related services. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation.

We are regionally concentrated in the states of Gujarat and Maharashtra making us vulnerable to risks associated with having geographically concentrated operations.

As of June 30, 2017, out of 1,874 branches, 656 branches were located in Gujarat and 339 branches were located in Maharashtra constituting 35.01% and 18.09% of our total branch network respectively. As of March 31, 2016 and 2017 and June 30, 2017, 64.99%, 66.96% and 65.22%, respectively, of our total advances and 72.63%, 69.30% and 68.14%, respectively, of our total deposits were from the states of Gujarat and Maharashtra. Due to this concentration in these states, the success and profitability of our operations may be disproportionately exposed to regional factors. Our concentration in Gujarat and Maharashtra, exposes us to any adverse economic or political circumstances in that region as compared to other public and private sector banks that have more diversified national presence. Any disruption, disturbance or sustained downturn in the economy of these states where we have a presence, could adversely affect our business, financial condition and results of operations.

While we continue to expand our operations outside these states, we face risks with our operations in geographic areas in which we do not possess the same level of recognition and familiarity with the economic condition, consumer base and commercial operations. In addition, our competitors may already have established operations in these areas and we may find it difficult to attract customers in such new areas and successfully compete. Any one of these events may require us to close branches, temporarily shut down operations, or lower lending levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows.

We have concentrations of loans to and deposits from certain customers, which expose us to risk of credit losses and premature withdrawal of deposits from these customers that could materially and adversely affect our business, results of operations and financial condition.

As of March 31, 2015, March 31, 2016, March 31, 2017, and the three months ended June 30, 2017, our total advances to twenty largest borrowers were ₹ 15,500.87 crores, ₹ 13,079.09 crores, ₹ 13,669.76 crores and ₹ 11,079.10 crores, respectively. The percentage of advances to twenty largest borrowers to total advances of our Bank accounted for approximately 15.31%, 13.11%, 15.58% and 14.81%, as of March 31, 2015, March 31, 2016, March 31, 2017, and the three months ended June 30, 2017, respectively. We cannot assure you that these borrowers will continue to honour their commitments and there will be no defaults in future. We cannot assure you that there will not be any delay in payments of interest and/or principal from these borrowers. Credit losses on these large exposures exposes us to increased credit risk and may lead to an increase in the level of our NPAs, which could in turn adversely affect our financial performance and the trading price of the Equity Shares.

As of March 31, 2015, March 31, 2016, March 31, 2017, and the three months ended June 30, 2017, our total deposits of 20 largest depositors were ₹ 21,150.00 crores, ₹ 19,237.97 crores, ₹ 11,501.50 crores and ₹ 7,164.22 crores, respectively. The percentage of deposits to 20 largest depositors to total deposits of our Bank accounted for approximately 18.24%, 16.38%, 10.09% and 6.71%, as of March 31, 2015, March 31, 2016, March 31, 2017, and the three months ended June 30, 2017, respectively. We cannot assure you that there will not be any premature withdrawal or non-renewal of deposits from these depositors.

In the event any of the above risk materialise, our business, results of operations and financial conditions may be adversely affected.

We have a concentration of exposure to certain industry sectors, and if such sectors experience any sustained difficulties, our business could be materially and adversely affected.

We monitor the concentration of our exposures to sectors, and calculate sector exposure as required by the RBI and as defined in the Commercial Credit Policy. As of March 31, 2017, the Bank's exposure to the industries exceeding 5% of the total gross credit exposure (as per Basel III disclosure) are infrastructure sector (14.79%) in which exposure to power sector was 5.62% and Iron and Steel sector was 5.29%. Furthermore, we have substantial exposure to agriculture and MSMEs, which the Government of India categorizes as "priority sectors". As of March 31, 2017, our gross priority sector advances aggregated ₹ 30,138 crores (total priority sector advances and investments as of March 31, 2017 aggregated to ₹ 36,992 crores). Any significant difficulty in a particular sector or industry, driven by events not within our control, such as regulatory action or policy announcements by government authorities or natural disasters, would adversely impact the ability of borrowers in that industry to service their debt obligations to us. As a result, we would experience increased delinquency risk, which may materially and adversely impact our business, prospects, financial condition, cash flows and results of operations.

Our inability to effectively manage our growth or to successfully implement our growth strategy could have an adverse effect on our business, results of operations and financial condition.

We continue to develop and implement a number of growth initiatives to become more competitive and customer – oriented and to continue to optimize our balance sheet with a mixture of fixed and floating rate loans and by managing our asset – liability maturity gap. However, there can be no assurance that we will be able to continue to successfully implement this strategy.

We have expanded our presence across India through a growing network of branches and ATMs. In Fiscal 2014-15, 2015-16 and 2016-17 we have opened 106, 107 and 30 new branches, respectively. As our Bank has met and continues to meet the conditions for opening of branches set out by the RBI, our Bank is permitted to open branches without prior approval from the RBI. Further, we have in the past set targets for our business growth and enjoyed significant growth in the recent past and will continue to set growth targets in the future. We are also making efforts to broaden our geographic profile. However, there can be no assurance that we will meet our current targets or any future targets and, if it does continue, that it will continue at a similar rate.

The expansion of our business activities also exposes us to a number of risks and challenges, including making incorrect judgments or assumptions as to customer acceptance of any new products and services, limited or no experience in certain new business activities, recruiting and training personnel to handle new and existing business activities and enhancing and expanding our risk management and information technology systems to effectively manage the risks associated with these new business activities, products and services. Our inability to effectively manage any of these operational issues or react to external factors may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

The Indian banking industry is very competitive and we face intense competition from banks and financial institutions that are much larger than we are and are present all over India.

We operate in a highly competitive industry and face strong competition in all sectors of our business from our peers or from the competitors larger than we are. We compete directly with large government – controlled public sector banks and major private sector banks, which generally have much larger customer and deposit bases, larger branch networks and wider capital base than we do. Further, few banks have recently experienced higher growth, achieved better profitability and increased their market shares relative to us. Some of the banks with which we compete may be more flexible and better positioned to take advantage of market opportunities than us.

Mergers among banks may result in enhanced competitive strengths in pricing and delivery channels for merged entities. For example, the State Bank of India, India's largest public sector bank, has merged its five associate banks and Bharatiya Mahila Bank with itself, effective from April 1, 2017.We may face greater competition from larger banks, which may have greater resources than us as a result of such consolidation. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign banks, as well as banks promoted by private sector companies, including non-bank financial institutions meeting the RBI's eligibility criteria, offering a wider range of products and services, which could adversely affect our competitive environment. There is no assurance that the RBI will not issue further guidelines in the future to the effect of lowering barriers of entry for the banking industry, which could materially increase competitive pressures on us.

In addition, we compete with other banks operating in India for quality priority sector borrowers, particularly in the agricultural sector. Due to the Government of India's focus on encouraging banks and other financial institutions to increase lending to the agricultural sector, there is a restricted scope for expanding our agricultural loan portfolio to corporate agricultural borrowers or agricultural borrowers with an established credit history. As a result, we are required to target individual farmers with unknown credit histories, which may increase the risk of delinquencies and increase NPAs. We also compete with non – banking financial institutions in several product categories. These competitive pressures affect the Indian and international banking industry as a whole, including us, and our future success will depend largely on our ability to respond in an effective and timely manner to these competitive pressures. In addition, we may face attrition and difficulties in hiring at senior management and other levels due to competition from existing Indian and foreign banks, as well as new banks arising from the RBI's proposal. Due to such intense competition, we may be unable to successfully execute our growth strategy successfully and offer competitive products and services that generate reasonable returns, reduce our currently high operating costs and retain our competitive advantage, which could negatively impact our profit margins and materially and adversely affect our business and financial results.

We may not be able to maintain or grow our CASA ratio in accordance with our strategy.

Our CASA ratio increased from 29.27 % as of March 31, 2016 to 37.93 % as of March 31, 2017, and then increased to 38.16 % as of June 30, 2017. Our strategy is to grow our CASA ratio, in order to reduce cost of funds and improve our core deposits. In order to grow our CASA ratio, which we believe can be achieved through expanding our client relationships, growing our multi-channel distribution network (including by adding more branches subject to the conditions laid down by RBI), improving our business mix, introducing new products and improving the service quality and efficiency of our non-branch delivery channels. However, attracting customer deposits in the Indian market is competitive. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. We have taken advantage of the recent liberalization of interest rates by the RBI by offering attractive interest rates on our savings products. However, there is no assurance that we will be successful in growing our CASA base. If we fail to maintain or grow our CASA ratio, our Bank's liquidity position, financial condition, results of operations and cash flows may be materially and adversely affected.

We face restrictions on lending to large borrowers, which may have a material adverse effect on our business, financial condition and results of operations.

In August 2016, the RBI released the Guidelines on Enhancing Credit Supply for Large Borrowers through Market Mechanism. It was stated that corporate loans beyond the limit determined for a borrower, as per the guidelines, would attract additional provisions and higher capital. Further, the RBI has also aligned its limits on single and group borrowers to the Basel III standards.

From April 2019, our limits for single and group borrowers will be 20.00% and 25.00% of our Tier 1 capital funds as against the current norm of 15.00% and 40.00% of the total capital funds. These limits may be subjected to further changes and revisions in future. In addition, the RBI has also issued guidelines on enhancing credit supply for large exposures through market mechanism, which is effective from April 1, 2017. As per the guidelines, from Fiscal 2018, incremental exposure of the banking system to a specified borrower beyond the Normally Permitted Lending Limit shall be deemed to carry higher risks which needs be recognised by way of additional provisioning and higher risk weights. These new regulations may have a material adverse effect on our business, financial condition and results of operations.

We face maturity and interest rate mismatches between our assets and liabilities.

We meet our funding requirements in part through short and long-term deposits from retail and corporate depositors as well as inter-bank deposits, however, a significant portion of our assets (such as advances) have maturities with longer terms than our liabilities (such as deposits). As of June 30, 2017, we had negative liquidity gaps for certain maturity periods up to one year. For further information, see sub-section titled *"Selected Statistical Information—Asset Liability Gap"* on page 96.

If a substantial number of our depositors do not roll over their funds upon maturity, or we do not receive new deposits, our liquidity position could be adversely affected and we may be required to pay higher interest rates in order to attract or retain further deposits, which may have a material adverse effect on our business, financial condition and results of operations. See sub-section titled "*Selected Statistical Information—Asset Liability Gap*" on page 96.

A substantial portion of our advances had tenors exceeding one year. The long tenor of these advances may expose us to risks arising out of economic cycles. In addition, some of these advances are project finance advances and there can be no assurance that these projects will perform as anticipated or that such projects will be able to generate sufficient cash flows to service commitments under the advances. We are also exposed to infrastructure projects that are still under development and are open to risks arising out of delay in execution, the failure of borrowers to execute projects on time, delay in getting approvals from necessary authorities and breach of contractual obligations by counterparties, all of which may adversely impact our projected cash flows. There can also be no assurance that these projects, once completed, will perform as anticipated. Risks arising out of a recession in the economy and/or a delay in project implementation or commissioning could lead to a rise in delinquency rates and, in turn, may materially and adversely affect our business, financial condition and results of operations.

A significant portion of our loan book is floating rate in nature which allows the bank to reprise the loan on the back of deposit rate repricing. The bank, however, may not always be in a position to pass on the increased rates to the borrowers which may result in a decline in net interest income and could materially and adversely affect our business, financial condition and results of operations.

Non-availability of funding and increase in funding costs could adversely affect our business and our financial condition. In case our depositors do not roll over term deposits or if we fail to increase our term deposits, our liquidity position may be adversely affected and we may be required to pay higher cost to attract and/or retain further deposits.

Currently our primary source of funding is deposits which include demand deposits, savings bank deposits and term deposits, long-term Tier II debt and inter-bank borrowings. The cost of funds is sensitive to interest rate fluctuations. The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. In addition, attracting customer deposits in the Indian market is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation and some of these factors are beyond our control.

Our depositors may not roll over term deposits on maturity, which may force us to pay higher interest rates in order to attract and/or retain further deposits. If we fail to sustain or achieve the growth rate of our deposit base, including our current and savings account deposit base, our business, liquidity position and financial condition may be adversely affected.

Any decrease in the value of the collateral securing our advances to borrowers or our inability to foreclose on collateral in the event of default may result in a failure to recover the expected value of the collateral.

As of March 31, 2017, 88.37% of our advances were secured by tangible assets, including advances secured by fixed deposits and book debts and 2.36% of our advances were secured by bank / Government guarantees; and 9.27% of our advances were unsecured. In certain cases, we obtain security by way of a first or second charge on fixed assets, such as property, moveable assets, and financial assets, such as marketable securities, corporate guarantees and personal guarantees. In addition, project advances or long-term advances to corporate customers are secured by a charge on fixed assets and other security. The value of the collateral securing our loans may significantly fluctuate or decline due to factors beyond our control. Any decrease in the value of collateral at the time of recovery will have an adverse impact on the amounts we recover.

In India, foreclosure on collateral generally requires filing a suit or an application in a court or tribunal. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral. The SARFAESI Act, the Recovery of Debts Due to Banks and Financial Institutions Act 1993, as amended, and the RBI's corporate debt restructuring mechanism have strengthened the ability of lenders to recover NPAs by granting them greater rights to enforce security and recover amounts owed from secured borrowers. However, there can be no assurance that this legislation will have a favorable impact on our efforts to recover NPAs as the full effect of such legislation is yet to be determined in practice. Any failure to recover the expected value of collateral would expose us to potential loss.

In addition, pursuant to RBI prudential guidelines on restructuring of advances by banks, we may not be allowed to initiate recovery proceedings against a corporate borrower where the borrower's aggregate total debt is ₹ 10 crore or more and 60.00% of the lenders by number and holding at least 75.00% or more of the borrower's debt by value decide to restructure their advances. In such a situation, we are restricted to a restructuring process only as approved by the majority lenders. If we own 25.00% or less of the debt of a borrower, we could be forced to agree to an extended restructuring of debt which may not be in our interests.

A delay in the resolution of stressed assets and increased provisioning norms may adversely affect our business, results of operations and financial condition.

Resolution of large borrowers' accounts which are facing severe financial difficulties may require coordinated deep financial restructuring under the SDR/S4A schemes of the RBI, which often involves a substantial write-down of debt and/or making of large provisions. While the "stand still" clause in asset classification is permitted in both SDR/S4A process in order to provide reasonable time to lenders to review the processes involved in the resolution plan, if the account fails to get mandate and resolution within the time frame stipulated under the guidelines relating to SDR/S4A, then the asset classification will be as per the extant asset classification norms, assuming there was no such "stand still". The failure of these borrowers to perform as expected or a significant increase in the level of restructured loans in our portfolio could materially and adversely affect our business, results of operations and financial condition.

The RBI released a discussion paper on the dynamic loan loss provisioning framework in March 2012, with the objective of limiting the pro-cyclicality in loan loss provisioning during an economic cycle. The framework proposes to replace existing general provisioning norms and recommends that banks make provisions on their loan books every year based on their historical loss experience in various categories of loans. In years where the specific provision is higher than the computed dynamic provision requirement, the existing dynamic provision balance can be drawn down to the extent of the difference, subject to a minimum specified level of dynamic provision balance being retained. Any further increase by the RBI of the provisioning requirements may adversely affect our business, results of operations and financial condition.

We may be unable to sustain the growth rate of our retail banking business, which could adversely impact our growth prospects.

As a part of our retail growth strategy, we, subject to the conditions laid down by RBI, have been expanding our presence through increase in our branch network to increase our current accounts and saving accounts deposits. Further, we have achieved significant growth in our retail advances and retail deposits in recent years. Our gross advances under retail banking business as of March 31, 2015, March 31, 2016 and March 31, 2017 were ₹ 10,910.00 crores, ₹ 12,053.00 crores and ₹ 13,301.00 crores, respectively with an increase of 10.48 % from March 31, 2015 to March 31, 2016 and 10.35 % from March 31, 2016 to March 31, 2017. Our gross advances at June 30, 2017 were ₹ 74,807.53 crores. Further, our Retail Term Deposits, excluding deposits undertaken on differential rate of interest scheme as per RBI notifications, as of March 31, 2015, March 31, 2016 and March 31, 2017 were ₹ 45,499.79 crores, ₹ 51,648.87 crores and ₹ 57,401.63 crores, respectively with an increase of 13.51% from March 31, 2015 to March 31, 2016 and 11.14% from March 31, 2016 to March 31, 2017. Our Retail Term Deposits as of June 30, 2017 were ₹ 58,456.25 crores.

We intend to continue our focus on further growth in retail banking business by offering new products and services and by cross-selling to our customers through marketing. While we anticipate continued demand in the retail banking business, growth of our retail portfolio is subject to various factors. We cannot assure you that we will be able to grow at the rate we have experienced in the past, which could materially and adversely affect our business and future results of operations.

We are required to maintain cash reserve ratios ("CRRs") and statutory liquidity ratios ("SLRs"). Any increase in these requirements could adversely affect our business.

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank's balance held in a current account with the RBI calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 4.00% and banks do not earn any interest on those reserves. In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. Approved unencumbered securities consist of unencumbered Government securities and other securities as may be approved from time to time by the RBI and would earn lower levels of interest as compared to advances to customers or investments made in other securities.

Currently, the RBI requires banks to maintain a SLR of 20.00%. For the fiscal year 2017, majority of Government securities held by us comprised fixed income bonds. In an environment of rising interest rates, the value of Government securities and other fixed income securities may depreciate. Our large portfolio of Government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition and results of operations. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries. Further, the RBI may increase the CRR and SLR requirements to significantly higher proportions as a monetary policy measure. Any increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, financial condition and results of operations.

Any adverse decisions in any of the legal and regulatory proceedings in which we are involved could adversely affect our reputation and financial condition.

There are outstanding legal proceedings involving our Bank which are primarily incidental to our business and operations pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. Any adverse decision in any of these cases may adversely affect our reputation and financial condition. No assurance can be given as to whether these proceedings will be settled in our favour or against us. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on our results of operations and cash flows. Further, there have been certain instances of defaults in payment of statutory dues in the past. Further, we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. For further details of these legal proceedings, please refer to chapter titled *"Legal Proceedings"* on page 217.

We have not registered some of the taglines that we use along with our logo. Any breach by us of third party intellectual property rights could require us to pay financial compensation to such third parties.

Our logo " " is registered with the Trademarks Registry, Maharashtra under class 36. However, we have neither applied for registration with the Trade Mark Registry nor have yet registered our taglines *"Trusted Family Bank"* and *"Dena hai to Bharosa hai"* which we use along with our logo. We do not therefore enjoy the statutory protections accorded to a registered trademark. There can be no assurance that we will be able to register our taglines or that third parties will not infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill. We may need to litigate to protect our intellectual property or to defend against third party infringement. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. Any failure to enforce our proprietary rights could require us to make changes to our taglines, which could have an adverse effect on our business, goodwill, financial condition and results of operations. Further, any legal proceedings pursuant to claims, or settlements thereunder, may require us to pay financial compensation thereby adversely affecting our goodwill and business.

Any downgrade of our debt / credit ratings could adversely affect our business.

Our current credit ratings are rated by agencies such as CARE and CRISIL. Details of the ratings of the Bonds are as follows:

Sr. No.	Nomenclature of the Bond	Credit Rating
1.	Lower Tier – II (Basel II Compliant)	CARE A+ / Negative
2.	Tier – II (Basel III Compliant)	CARE A+ / Negative
3.	Perpetual Bonds (Basel II Compliant)	CARE A / Negative
4.	Additional Tier I Perpetual Bonds (Basel III Compliant)	CARE BBB+ / Negative
5.	Upper Tier – II (Basel II Compliant)	CRISIL A+ / Negative
6.	Lower Tier – II (Basel II and III Compliant)	CRISIL AA- / Negative
7.	Upper Tier – II (Basel II Compliant)	CRISIL AA- / Negative
8.	Innovative Perpetual Debt Instrument (Basel II Compliant)	CRISIL A+ / Negative
9.	Tier I Perpetual (Basel III Compliant)	CRISIL A- / Negative
10.	Certificate of deposits	CRISIL A1+

Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth. In addition, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. This could have an adverse effect on our business and future financial performance and our ability to fund our growth.

If we are unable to comply with the capital adequacy requirements stipulated by the RBI, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to regulations relating to the capital adequacy of banks, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk asset ratio ("**CRAR**"). As per applicable regulations, banks in India are required to maintain a minimum Tier I capital adequacy ratio of 8.25% and a minimum risk weighted total capital adequacy ratio of 10.25% (including capital conservation buffer of 1.25%) as of March 31, 2017 under the Basel III framework. Although we have been maintaining a CRAR under the Basel III standards, which was 11.39% as of March 31, 2017 and 11.65% as of June 30, 2017, as compared to the regulatory minimum requirement, we cannot assure you that we will be able to maintain our CRAR within the regulatory requirements. We are exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. In Fiscal 2015 and 2016 we also raised additional Tier I capital through bond issues of ₹ 400 crores and ₹ 1000 crore respectively. Our Bank raised Tier 2 capital of ₹ 400 crore against maturity of ₹ 300 crore Tier 2 Bonds in the Fiscal year 2017. During the Fiscal 2017, we also issued equity share capital to Government of India, Life Insurance Corporation of India and General Insurance Corporation of India on a preferential basis amounting to ₹ 600 crore, ₹ 172.33 crore and ₹ 20.00 crore respectively. There can be no assurance that the GoI will provide additional capital infusions or that we will be able to raise adequate additional capital from other sources in the future on terms favorable to us or at all. Although we have implemented and follow a policy of maintaining a minimum capital adequacy ratio as stipulated in the Basel III Capital Regulations issued by the RBI, there can be no assurance that we will be able to maintain this ratio in the future.

Further, any adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, decline in the values of our investments or applicable risk weight for different asset classes.

Moreover, if the Basel Committee on Banking Supervision, releases if we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and the payment of dividends by us. These actions could materially and adversely affect our business, financial condition and results of operations.

The implementation of Basel III Guidelines may have an adverse effect on us.

The RBI has issued the guidelines on Basel III capital regulations on May 2, 2012, pursuant to the Monetary Policy Statement 2012-13. These guidelines become effective from April 1, 2013 in a phased manner. The Basel III capital ratios will be fully implemented on March 31, 2019. On July 1, 2015, the RBI issued a master circular on Basel III capital regulations, consolidating all relevant guidelines on Basel III issued up to June 30, 2015. For further information on Basel III regulations, see section "*Regulations and Policies*".

The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from common equity Tier I capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial and insurance entities (including where ownership is less than 10.0%). The RBI Basel III Capital Regulations also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be written down or be converted into common equity upon the occurrence of a pre-specified trigger event.

With the implementation of the Basel III guidelines, we may be required to improve the quality, quantity and transparency of Tier I capital, which will now have to be predominantly equity shares. We may be required to apply regulatory deductions against core capital as opposed to Tier I and Tier II capital and a minimum capital ratio may be set, among other suggested changes. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs. Furthermore, with the implementation of Basel III guidelines, our ability to support and grow our business could be limited by a declining capital adequacy ratio, if we are unable to access or face difficulty in accessing the capital or have difficulty in obtaining capital in any other manner. As of March 31, 2017, our capital adequacy ratio under the RBI Basel III Capital Regulations was 11.39% with Tier I capital adequacy ratio of 9.05% and Tier II capital adequacy ratio of 2.34%.

The RBI and/ or any other relevant authority may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. Although, our current capitalization levels are in line with these requirements, there can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all in order to meet the required capital adequacy ratios.

Any increase in or realization of our contingent liabilities could have a material adverse effect on our business, financial condition, results of operations and prospects.

As of March 31, 2017 we had contingent liabilities of ₹ 43,028.81 crores. The table below sets forth certain information on our contingent liabilities as of March 31, 2017:

Particulars	(₹ in crores)
Claims against the Bank not acknowledged as debts	2,786.32
Liability on account of outstanding forward exchange contracts	29,756.08
Guarantees given on behalf of constituents in India	6,903.08
Acceptances, endorsements and other obligations	3,316.33
Other items for which the Bank is contingently liable	267.00
Total	**43,028.81**

For details, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 68. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal or in the future. In the event that any of our contingent liabilities were to be recognized on our financial statements, they could have a material adverse effect on our business, financial condition and results of operations.

A majority of our branches and ATMs are located on leased premises and an inability to renew or extend the terms of such leases as required may affect our business operations.

A majority of our business operations, including our Head Office and most of our branches are conducted on premises leased by us or are under similar arrangements. Our Head Office is situated on the premises leased by us from

Municipal Metropolitan Region Development Authority for a period of 80 years. Further, as on June 30, 2017, 1780 of our branches / offices and ATMs are situated on properties leased by our Bank; certain of which have expired in the ordinary course of business. In addition, some of these leases may not have been registered, which may affect the evidentiary value of such lease agreement in specific performance or other injunctive procedures in a court of law. We may enter into additional leases and similar arrangements for our branches and ATMs in the future. Any adverse development affecting the title or ownership rights of our lessors over such premises, or the breach of any contractual term of such lease or similar arrangements, or an inability to renew or extend such arrangements on commercially viable terms, or at all, may adversely affect our business operations, and consequently our financial condition and results of operations.

We may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.

We require a number of regulatory approvals, registrations and permissions for operating our business, including those at a corporate level as well as at the level of each of our branches which are required to be renewed from time to time. While we believe that we currently have all material approvals required for our business, we may not receive all the necessary approvals, or be able to obtain renewals of all our approvals within the time frames anticipated by us or may not obtain the same at all, which could adversely affect our business.

There can also be no assurance that we will be able to renew or reinstate any approval or license that is revoked by the regulatory authorities. In addition, the regulatory approvals and licenses we operate under stipulate certain conditions to be complied by us. If we fail to comply with such conditions, obtain any additional approvals or licenses introduced by the regulatory authorities or ensure renewal of such approvals or licenses, thereof, in a timely manner, or at all, our business may be adversely affected.

Our employees are unionized and we may face labour disruptions thereby impacting our profitability and operations.

We are exposed to the risk of strikes and other industrial actions as some of our workforce is currently unionized. Majority of our employees are members of certain unions, federations and organisations. Our employees and officers are members of the All India Dena Bank Officers Federation, Dena Bank Officers' Union. We have had past instances of industry wide strikes by the unions which affected all the banks including our Bank. We cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such employee unrest events could disrupt our operations, possibly for a significant period of time and other benefits or otherwise have a material adverse effect on our business operation. For instance, on August 22, 2017, we have received an intimation from Union Forum of Bank Union informing of an industry-wide strike in relation to issues affecting the banking industry. Any strikes or lock-outs, work stoppages, slowdowns, shut downs or other factors beyond our control, may disrupt our operations and could negatively impact our financial performance or financial condition.

Although we believe that we have good industrial relations with our employees and the unions, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such employee unrest events could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition, cash flows or results of operation.

Our insurance coverage may not be sufficient or may not be adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

Our operations are subject to various risks such as fire, theft, burglary, acts of terrorism and other force majure events. We have taken insurance coverage to cover certain risks associated with our business, including money in safe or transit, office automation, furniture and fixtures, electronic equipment and buildings, ATMs etc. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business and financial condition.

We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter new such relationships could impact our ability to grow our foreign exchange business.

We maintain Nostro accounts in foreign currencies with correspondent foreign banks for facilitating our treasury, trade and remittance transactions. Such accounts facilitate inward and outward remittance, whereby our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our Nostro account maintained in that particular currency. In case we intend to cater to a different foreign location or currency, we may need to open such Nostro accounts with the correspondent banks in those locations. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts. Further, a correspondent bank may discontinue any of the services that it offers in relation to such accounts, which may result in customer dissatisfaction. We cannot assure you that we will be able retain our existing correspondent banks or enter into similar arrangements with new correspondent banks on commercially reasonable terms or at all. In the event that we are unable to open new accounts or continue to maintain existing accounts with our correspondent banks for any reason whatsoever, we could be forced to scale back our treasury, trade and remittance business, which could adversely affect our business, cash flows, results of operations and financial condition.

Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital expenditure, long-term target payout ratios, growth & investment opportunities, current capital ratios, current & prospective financial performance and other macro & micro-economic factors.

Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements (as impacted by Basel III). Further, dividends distributed by us will attract dividend distribution tax and may be subject to other requirements prescribed by the RBI. The payment of dividend is governed by Government of India and RBI guidelines and in accordance with dividend policy framed by the Board. We have dividend policy named as Dena Bank Dividend Distribution Policy being framed based on RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 on declaration of dividend by banks. The declaration, payment and amount of any future dividends will depend upon, among other factors, our earnings, financial position, cash requirements, terms and conditions of our indebtedness, capital expenditures and availability of profits, as well as the provisions of relevant laws and regulations in India from time to time. We may not generate sufficient income to cover our operating expenses and therefore may be unable to pay dividends to our shareholders. Further, we might be restricted from paying Dividends as per our dividend stopper policy. For further information, see "*Dividend Policy"* and *"Regulations and Policies"*

We have not paid dividends since Fiscal Year ended March 31, 2016 and March 31, 2017 and may not be able to pay dividends in the future. Pursuant to the prompt corrective action taken by RBI *vide* its letter dated May 31, 2017, certain conditions have been imposed on us including that our Bank cannot distribute dividend. Whether our Bank pays dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our compliance with regulatory requirements and our results of operations and financial condition and other factors considered relevant by our Board of Directors and shareholders. There is no assurance that we will declare and pay, or have the ability to declare and pay, any dividends on Equity Shares in the future.

We face significant challenges in developing new products and services.

As part of our growth strategy, we have been diversifying and expanding our products and services such as depository services, banker to the issue, distribution of third party products such as insurance, mutual fund products, money transfer services, merchant acquiring services, pension and tax collection services. Such new initiatives and products and services entail a number of risks and challenges, including start-up costs, an inability to attract and obtain new customers or knowledge and expertise applicable to the new businesses, lower growth and profitability potential than previously anticipated, risk management, establishing, monitoring and recovery systems, and marketing and economic conditions such as rising interest rates. Even if we are able to successfully diversify our products and services while managing the associated risks and challenges, our returns on such products and services may be less than anticipated. In addition, if our competitors are able to better anticipate the needs of customers within our target market, our market share could decrease.

Due to intense competition, we may not be able to successfully execute our growth strategy and offer competitive products and services that generate reasonable returns, reduce our currently high operating costs and retain our competitive advantage, which could negatively impact our profit margins and materially and adversely affect our business and financial results. If we are unable to successfully diversify our products and services while managing the associated risks and challenges, our returns on such products and services may be less than anticipated, which may materially and adversely affect our liquidity, business, prospects, financial condition, and results of operations.

There will also be increased expenditure as a result of our strategy to expand into new geographies (subject to the conditions laid down by RBI), including those planned for our branch network expansion, and newer businesses, such as retail assets, where our brand is not well known in the market. There is no assurance that we will be able to increase awareness of our brand and even if we are successful in our branding efforts, such efforts may not be cost – effective. If we are unable to maintain or increase awareness of or otherwise enhance our brand in a cost-effective manner, this could negatively impact our ability to expand our business or compete effectively, which may materially and adversely affect our business, financial condition and results of operations.

We are highly dependent on our management team and skilled personnel and our ability to attract and retain such persons.

We are highly dependent on our senior management to maintain our strategic direction, manage our current operations and risk profile and meet future business challenges on their continued employment and our ability to attract and recruit talented and skilled personnel in key managerial positions throughout our organisation. We believe that the vast experience of our management team coupled with their in – depth knowledge of banking operations and management helps in building a robust and sustainable organization. Our management's capabilities, strong reputation, extensive network of industry relationships and extensive experience in the finance and banking industry are the key to our growth, modernization and development.

If one or more of these key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, and we may not be able to further augment our management team appropriately as we add newer products and services and expand our business, including through our planned branch network expansion, either of which could have a material adverse effect on our business, operations and financial results.

We rely extensively on our information technology systems which require significant investment and expenditure for regular maintenance, upgrades and improvements. We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance.

We are heavily reliant on our technology systems in connection with financial controls, risk management, regulatory compliance, deposit servicing and transaction processing. In addition, we increasingly offer our customers technology – enabled banking channels, such as mobile and internet banking services and ATM and other allied services. Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorized tampering, may cause interruptions or delays in our ability to provide services to our customers on a timely basis or at all, and may also result in costs for information retrieval and verification. Further, failure by the Indian telecommunications industry to improve network coverage to meet the demands of the rapidly growing economy may affect our ability to expand our customer base, acquire new customers or service existing customers by limiting access to our services and products.

We have also entered into third party arrangements to provide products and services, including software that enables our operations, or to appropriately maintain such products and services under annual maintenance contracts. In the event of failure on the part of these third party vendors, exposes us to higher risks in using these software and systems.

Further, we use our information systems and the internet to deliver services to, and perform transactions on behalf of, our customers and we may need to regularly upgrade our systems, including our software, back – up systems and disaster recovery operations, at substantial cost so that it remains competitive. Our success will also depend, in part, on our ability to respond to new technological advances and emerging banking, capital market and other financial services industry standards and practices on a cost – effective and timely basis. In the event we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third – party systems and power failures), we are unable to develop necessary technology or any other failure occurs in our systems, this may materially and adversely affect our business, financial condition and results of operations. There is also the risk of our customers incorrectly blaming us and terminating their accounts with us for a cyber-incident which might have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and possible related financial liability. Any failure to improve or upgrade our information technology systems effectively or in a timely manner could materially and adversely affect our competitiveness, financial condition, cash flows and results of operations.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. As we seek to expand our operations, we also face the risk that we may be unable to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses. Implementation and monitoring may prove challenging with respect to businesses that we plan on developing. If we are unable to develop and implement effective risk management policies, it could materially and adversely affect our business, financial condition and results of operations.

Any inaccurate and incomplete information about our customers and counterparties may adversely impact us.

We rely on the accuracy and completeness of information about our customers and counterparties, and on representations by them or third parties as to the accuracy and completeness of such information, while carrying out transactions with these entities or on their behalf. For example, with respect to financial statements, we rely on reports of independent auditors of the borrowers, in deciding whether to extend credit, our Bank may assume that a customer's audited financial statements conform to generally accepted accounting principles or any other accounting policies being followed as per applicable law and present fairly, in all material respects. Our financial condition and results of operations could be negatively impacted by such reliance on information that is inaccurate or materially misleading. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

We depend on our brand recognition, and failure to maintain and enhance awareness of our brand would adversely affect our ability to retain and expand our base of customers.

We have invested significantly in developing and promoting our brand, and we expect to continue maintaining and increasing our brand awareness among our current and prospective customers. We believe that, as the market becomes increasingly competitive, maintaining and enhancing our brand, in a cost-effective manner, will become more important for our business. Further, we believe that continuing to develop awareness of our brand, through focused and consistent branding and marketing initiatives, among customers is important in order to establish our leadership in select markets. If we are unable to consistently manage our time and costs on brand-building initiatives, our ability to compete in the financial services sector may be negatively impacted and have a material adverse effect on our business.

We are currently not in compliance of the provisions of Banking Acquisition Act on appointment of workmen employee director on our Board.

We are currently not in compliance with the relevant provisions of the Banking Acquisition Act in relation to composition of our Board. As on date, our Board comprises of two whole time directors, one government nominee director, one RBI nominee director, two part – time (non – official) directors and three shareholder directors. As per sub – section 3 of section 9 of the Banking Acquisition Act, we are required to appoint one director from the employees of bank who is a workman nominated by Central Government. Our erstwhile workmen employee director nominated by the Central Government, Bankim Desai and workmen employee director not nominated by the Central Government Mohan Lal Gupta, ceased to be the directors of our Bank with effect from September 19, 2017 and January 1, 2016 respectively, consequent upon completion of their tenure. Accordingly, we are required to appoint a new workmen employee director on our Board to ensure compliance with the applicable provisions of the Banking Acquisition Act.

Given that our Bank is a public sector undertaking, matters pertaining to, among others, appointment of our Directors are determined by the Government of India, Ministry of Finance. Therefore, we do not have the ability to appoint directors on our Board. As a result of this, we cannot provide any assurance that such non – compliance will be rectified in a timely manner or that suitable and timely replacements will be appointed by the Ministry of Finance upon expiration of the term of our workmen employee director, as and when such vacancies may arise.

External or internal fraud and misconduct by our employees could adversely affect our reputation, business, results of operations and financial condition.

In the past, we have experienced acts of fraud and misconduct (as defined under the applicable RBI guidelines) committed by or involving our customers, as well as by our employees. In addition to frauds involving our customers, misconduct by our employees could also bind us to transactions that exceed authorised limits or present unacceptable risks or hiding unauthorised or unlawful activities from us. For fraud matters reported by us to the RBI in the Fiscal 2015, 2016 and 2017, see "*Legal Proceedings*" on page 217.

Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter misconduct by employees and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such misconduct or fraud could adversely affect our reputation, business, results of operations and financial condition.

Our Bank has experienced negative cash flows from operating activities and investing activities in certain recent fiscal periods.

Our Bank has experienced negative cash flows from operating activities and investing activities in recent fiscal years. In Fiscal 2015, 2016 and 2017, our Bank used ₹ 3,510.85 crores, ₹ (5,168.39) crores, and ₹ 110.28 crores in cash for operating activities, respectively, and ₹ (129.72) crores, ₹ (144.05) crores, and ₹ (51.50) crores in cash for investing activities, respectively. For further details, please see the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 68. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate its business and implement growth plans.

Banking in India is a heavily regulated industry and material changes in the regulations that govern us could cause our business to suffer.

Banks in India are subject to detailed supervision and regulation by the RBI. For further details, see *"Regulations and Policies"* on page 152. In addition, banks are generally subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. Since 2005, the RBI has made several changes in regulations applicable to banking companies, including:

- risk-weights on certain categories of loans for computation of capital adequacy;
- general provisioning requirements for various categories of assets;
- capital requirements and accounting norms for securitisation;
- policy interest rates, cash reserve ratio, cessation of payment of interest on cash reserve balances;
- limits on investments in financial sector enterprises and venture capital funds;
- Implementation of BASEL III capital regulation;
- framework for revitalizing distressed assets; and
- directed lending requirements.

The Banking Regulation Act imposes a number of restrictions, which affect our operating flexibility and investors' rights, including the following:

- Section 12B of the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.0% or more of the paid-up share capital of a bank or entitles him to exercise 5.0% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. According to the master direction dated November 19, 2015 issued by the RBI, an existing investor who has already obtained an approval for an earlier acquisition, can further acquire up to 10% of the paid-up share capital or voting rights in a bank without prior approval, subject to obtaining a prior 'no-objection' from the RBI. However, if the further acquisition results in shareholding exceeding 10%, the prior approval of the RBI is necessary. Further, the RBI may, by passing an order, restrict any person holding more than 5.0% of the total voting rights of the bank from exercising voting rights in excess of 5.0%, if such person is deemed to be not fit and proper by the RBI.

- Section 12(2) of the Banking Regulation Act states that "no person holding shares in a banking company shall exercise voting rights on poll in excess of 10.0% of the total voting rights of all the shareholders of the banking company, provided that the RBI may increase, in a phased manner, such ceiling on voting rights from 10.0% to 26.0%". As of the date of this Letter of Offer, shareholders will not be able to exercise voting rights in excess of 15.0% of the total voting rights.

- Section 15(1) of the Banking Regulation Act states that "no banking company shall pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organization expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off".

- Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and to transfer out of the balance of the profit of each year as disclosed in the profit and loss account a sum equivalent to not less than 20.0% (the RBI circular dated September 23, 2000 has fixed this limit at 25.0%, which is currently applicable) of such profit before paying any dividend.

- Section 19 of the Banking Regulation Act restricts the opening of subsidiaries by banks, which may prevent us from exploiting emerging business opportunities. Similarly, Section 23 of the Banking Regulation Act contains certain restrictions on banking companies regarding the opening of new places of business and transfers of existing places of business, which may hamper our operational flexibility.

- Section 25 of the Banking Regulation Act requires each banking company to maintain assets in India equivalent to not less than 75.0% of its demand and time liabilities in India, which in turn may restrict us from building overseas asset portfolios and exploiting overseas business opportunities.

- We are required to obtain approval of RBI for the appointment and remuneration of our Managing Director and CEO, chairman and other full time directors, if any. RBI has powers to remove management and other persons from office, and to appoint additional directors. We are also required to obtain approval of the RBI for the creation of floating charges on our borrowings, thereby hampering leverage.

- The Banking Regulation Act also contains provisions regarding production of documents and availability of records for inspection.

Any changes in the regulatory environment under which we operate, or our inability to comply with the regulations, could adversely affect our business, financial condition and results of operations

Non – compliance of the Anti-Money Laundering ("AML") and Know Your Customer ("KYC") guidelines or detection of any other improper activities on a timely basis or at all expose us to additional liability and harm our business and reputation

We are required to comply with applicable AML guidelines and the prescribed KYC procedures in India. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money – laundering activities, we run the risk of failing to comply with the prescribed procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties and/or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks.

For example, in August 2013 and in April 2015, the RBI imposed a penalty of ₹ 2 crores and ₹ 1.50 crores respectively, on us for non – adherence with certain KYC and AML guidelines, like customer identification procedure, non – adherence of KYC norms for walk in customers including for sale of third party products, non – adherence to instructions on import of gold on consignment basis, non – adherence to the RBIs instructions on monitoring of transactions in customer accounts etc. For further details, see *"Legal Proceedings"* on page 217.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Further, our business and reputation could suffer if any such parties use or attempt to use our Bank for money – laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable legal requirements.

Any regulatory investigations, fines, sanctions and other similar penalties relating to our business operations could adversely affect our business and financial performance and harm our reputation.

Our business and operation are subject to various rules and regulations issued by RBI and other regulatory authority and any noncompliance or delay compliance to these applicable rules and regulations may attract regulatory investigations, fines, sanctions and other similar penalties. In the past the RBI has levied penalty on us for non-compliance with guidelines and instructions issued by the RBI from time to time.

We are also subject to an annual financial inspection ("**AFI**") by RBI under the Banking Regulation Act. In the past certain observations were made by RBI during the AFI regarding our business and operations in its AFI report. In the event that the Bank is unable to meet or adhere to the guidance or requirements of the RBI, the RBI may impose strict enforcement of its observations on the Bank, and the Bank may be subject to monetary fines and other penalties which may have an adverse effect on our business, financial condition and results of operations.

Any additional failure to meet other RBI or SEBI requirements could materially and adversely affect our reputation, business, financial condition, results of operations, pending applications or requests with RBI and our ability to obtain the regulatory permits and approvals required to expand our business. If similar penalties are levied against us in the future, it could have an adverse effect on our business and results of operations.

The audit reports in respect of the Bank's financial statements contain certain matters of emphasis which could have an impact on the Bank's financial performance.

The audit report on our audited financial statements for Fiscal 2015 included certain matters of emphasis relating to amortization of pension and gratuity liability pursuant to the exemption granted by the RBI to public sector banks and change in accounting policy wherein unclaimed credit balances lying in suspense receipt accounts for more than five years are no longer considered as miscellaneous Income pursuant to change in Section 26A of Banking Regulation Act. For further information in relation to certain emphasis of matters, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor Observations and Matters of Emphasis*".

We could be subject to volatility in income from our treasury operations, which could have a material adverse effect on our results of operations, cash flows and our business.

Our treasury operations contributed 33.17% of our total income during the financial year 2017 and 32.76% of our total income for the three months ended June 30, 2017. Our income from treasury operations comprises interest and dividend income from investments, profit from sale of investments and income from our foreign exchange operations. Our treasury operations are vulnerable to changes in interest rates, exchange rates, equity prices and other factors. In particular, if interest rates rise, the valuation of our portfolio may be impaired due to the negative impact on the value of certain investments such as Government securities and corporate bonds. Although we have operational controls and procedures in place for our treasury operations, such as counterparty limits, position limits, stop loss limits and exposure limits, that are designed to mitigate the extent of such losses, there can be no assurance that we will not incur losses in the course of our proprietary trading on our fixed income book held in the HFT and AFS portfolios. Any such losses could adversely affect our business, financial condition and results of operations.

As the Government of India controls a majority of our issued share capital, our strategy and operations may be affected by the Government's public policy decisions.

The Government controls a majority of our issued share capital. As of September 30, 2017, the Government directly held 70.04% of our issued share capital. In addition, under Section 3(2E) of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, no shareholder other than the Government may exercise voting rights in respect of any Equity Shares held by such shareholder in excess of 10.00% of the total voting rights of our shareholders. Although historically we have enjoyed a certain degree of autonomy from the Government in the management of our affairs and strategic direction, as our controlling shareholder, the Government is able to exercise effective control over us. Further, the Managing Director and CEO and the Executive Directors are appointed by the Government of India. The remaining Directors including the Chairman are non-executive Directors that represent the Government, the RBI, shareholders and the workmen and non-workmen staff of our Bank. Although our management runs the day-to-day operations, the Government of India may determine material policies as a majority and controlling shareholder.

We are mandated under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 to, among other things; serve the needs of development of the Indian economy in conformity with national policies and objectives. From time to time, we may be required to take actions in furtherance of public policy considerations and the Government's broader objectives for the banking industry, which are not necessarily in our best commercial interests. We cannot assure you that the Government's future policy decisions will not have an adverse effect on our results of operations and financial condition.

The minimum requirement that the GoI maintain a majority shareholding interest in us of at least 52.00% may limit our ability to raise appropriate levels of capital financing.

Pursuant to the applicable regulations, the GoI's shareholding in our Bank's issued capital consisting of Equity Shares should not be below than 52.00%. In addition, the GoI has infused further capital aggregating to ₹ 792.33 crore in the Bank by way of preferential allotment of Equity Shares in favour of the GoI during the fiscal year 2017. This requirement could result in restrictions in the equity capital raising efforts of the Bank as the government may not be able to fund any further investments that would allow it simultaneously to maintain the minimum GOI holdings in our Bank as per the prescribed limit of 52.00%. Also, the GoI has recently adopted new criteria whereby banks meeting the specified performance criteria will be eligible to receive additional capital for their equity from the GoI. As the Indian economy grows, more businesses and individuals will require capital financing. In order to meet and sustain increasing levels of growth in capital demand, the Bank will need to accrete its capital base, whether through organic growth or, more likely, capital market financing schemes. If the Bank is unable to grow its capital base in line with demand, its business, financial prospects and profitability may be materially and adversely affected.

Third party industry data and statistical data in this Preliminary Placement Document may be incomplete or unreliable.

Statistical and industry data used throughout this Preliminary Placement Document has been obtained from various government and industry publications. We believe the information contained therein has been obtained from sources that are reliable, but we have not independently verified data obtained from official and industry publications and other sources referred to in this Preliminary Placement Document and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate are subject to the caveat that the third party and statistical data upon which such discussions are based may be incomplete or unreliable. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Preliminary Placement Document. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information. Please see the section titled "*Industry Overview*" on page 111.

External Risk Factors

We will be required to prepare financial statements under IND-AS from April 1, 2018 onwards.

The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the "**IND – AS**"). The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. For banking companies, non-banking finance companies and insurance companies, preparation of IND-AS based financial statements are required for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. The RBI, by its circular dated February 11, 2016, requires all scheduled commercial banks to comply with IND – AS for financial statements for the periods stated above. The RBI does not permit banks to adopt IND – AS earlier than the above timeline and the guidelines also state that the RBI shall issue necessary instruction, guidance, and clarification on the relevant aspects for implementation of the IND – AS as and when required. Accordingly, we will be required to report our financials as per IND – AS from April 1, 2018 onwards.

Further, the new accounting standards may change, among other things, our Bank's methodology for estimating allowances for probable loan losses and for classifying and valuing our investment portfolio and revenue recognition policy. There can be no assurance that our Bank's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND – AS than under Indian GAAP. In our Bank's transition to IND – AS reporting, our Bank may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS – experienced accounting personnel available as more Indian companies begin to prepare IND – AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our Bank's adoption of IND – AS will not adversely affect our reported results of operations, cash flows or financial condition and any failure to successfully adopt IND – AS could adversely affect our Bank's business, financial condition, cash flows and results of operations.

Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar.

Our Financial Statements are prepared in conformity with Indian GAAP as applicable to banks. GAAP as applied in India differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and accounting standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our financial statements. As there are significant differences between GAAP as applied in India and IFRS and between GAAP as applied in India and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS.

Any downgrading of India's credit rating by an international rating agency could adversely affect our business and the price of our Equity Shares.

India's credit rating outlook was revised by the international rating agencies (from "stable" to "positive" by Moody's in April 2015 and from "negative" to "stable" by Standard & Poor's in September 2014) due in part to an improvement in the political climate in India. However, there is no assurance that India's credit ratings will not be downgraded in the future. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares.

Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the price of our Equity Shares to decrease.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. We may also be liable to our customers for disruption in services resulting from such damage or destruction. Any of the above factors may adversely affect our business and financial results, the quality of our customer service and the price of our Equity Shares.

Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our operating results.

The Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (including U.S. dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results.

Acts of terrorism and other similar threats to security could adversely affect our business, cash flows, results of operations and financial condition.

Increased political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in customer confidence may hinder our ability to do business. For example, in November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. In June 2011, a series of three coordinated bomb explosions occurred at different locations in Mumbai. Both attacks resulted in loss of life, property and business. Any escalation in these events or similar future events may disrupt our operations or those of our customers. These events have had, and may continue to have, an adverse impact on the global economy and customer confidence, which could, in turn, adversely affect our revenue, operating results and financial condition. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of our securities and may limit the capital resources available to us and to our customers.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

Applicants to the Issue are not allowed to withdraw their Bids after the Bid / Issue Closing Date.

In terms of the ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid / Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven (7) working days and up to ten (10) working days from the Bid / Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index – based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed in a timely manner, or at all, and any trading closure at the Stock Exchanges may adversely affect the trading price of the Equity Shares.

In accordance with Indian regulations and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of the Equity Shares. The Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of listed Indian entities, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of the Equity Shares.

Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Investors may not be able to enforce a judgment of a foreign court against us.

The enforcement by investors in our Equity Shares of civil liabilities, including the ability to affect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that we are incorporated under the laws of the Republic of India and almost all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code respectively. The Government of India has under Section 44A of the Civil Procedure Code notified certain countries as reciprocating countries, as discussed below. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a court in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. The United Kingdom and some other countries have been declared by the Government to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Procedure Code and not by proceedings in execution.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

An investor will not be able to sell any of our Equity Shares purchased in the offering other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of our Equity Shares.

Pursuant to the ICDR Regulations, for a period of 12 months from the date of the issue of our Equity Shares in this offering, investors purchasing our Equity Shares in the offering may only sell their Equity Shares on the NSE or the BSE and may not enter into any off – market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares. In addition to the above, investors will be subject to the respective regulations applicable to their operations and any lock-in requirements prescribed thereunder. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. See *"Taxation – Statement of Possible Tax Benefits"* on page 207.

MARKET PRICE INFORMATION

The Equity Shares of our Bank are listed on the BSE and the NSE with effect from the year 1997. As of the date of this Preliminary Placement Documents 99,34,31,883 Equity Shares are issued by the Bank. Stock market data for our Equity Shares has been given separately for the BSE and the NSE. As our Equity Shares are traded on both the BSE and the NSE, stock market data has been given separately for each of these Stock Exchanges.

The following tables set forth the reported high, law and average market prices, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the NSE and the BSE during the fiscal years ended March 31, 2017, March 31, 2016 and March 31, 2015.

NSE

Year ending March	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high (₹ crore)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low (₹crore)	Average price for the year*
Fiscal 2017	42.60	July 5, 2016	26,66,941	11.28	28.25	May 24, 2016	1,47,246	0.42	35.39
Fiscal 2016	53.80	April 13, 2015	3,92,455	2.11	26.00	February 29, 2016	8,72,059	2.30	41.26
Fiscal 2015	92.75	June 6, 2014	34,21,700	35.55	47.45	March 25, 2015	5,22,340	2.50	64.18

(Source: www.nseindia.com)

Notes:
** Average of the daily closing price*
(1) High and low prices in the above table are of the daily closing prices.
(2) In case of two days with the same closing price, the date with the higher volume has been considered
(3) 'Year' considered as 'Financial Year'.

BSE

Year ending March	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high (₹ crore)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low (₹ crore)	Average price for the year*
Fiscal 2017	42.75	July 5, 2016	4,84,055	2.05	28.15	May 24, 2016	33,526	0.09	35.40
Fiscal 2016	53.70	April 13, 2015	98,106	0.53	25.95	February 29, 2016	3,90,558	1.03	41.27
Fiscal 2015	92.65	June 6, 2014	9,15,755	8.44	47.5	March 25, 2015	2,17,993	1.04	64.18

(Source: www.bseindia.com)

Notes:
** Average of the daily closing price*
(1) High and low prices in the above table are of the daily closing prices.
(2) In case of two days with the same closing price, the date with the higher volume has been considered
(3) 'Year' considered as 'Financial Year'.

The following tables set forth the reported high, low and average market prices and the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the NSE and the BSE during the last six months preceding the date of filing of this Preliminary Placement Document:

NSE

Month	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high (₹ crore)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low (₹ crore)	Average price for the month *
September, 2017	31.35	September 22, 2017	39,90,285	12.79	30.45	September 11, 2017	7,09,614	2.18	30.94
August, 2017	34.95	August 1, 2017	17,32,956	6.00	30.40	August 22, 2017	4,69,537	1.44	31.91
July, 2017	35.35	July 12, 2017	9,73,920	3.45	33.55	July 4, 2017	7,13,720	2.40	34.32
June, 2017	36.25	June 14, 2017	1,16,89,177	42.68	33.30	June 23, 2017	10,97,623	3.67	34.05
May, 2017	47.40	May 8, 2017	18,27,094	8.60	34.15	May 31, 2017	8,66,953	2.98	39.69
April, 2017	44.35	April 28, 2017	78,04,447	33.58	38.50	April 3, 2017	5,28,078	2.03	39.65

(Source: www.nseindia.com)

Notes:
** Average of the daily closing price*
(1) High and low prices in the above table are of the daily closing prices.
(2) In case of two days with the same closing price, the date with the higher volume has been considered

BSE

Month	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high (₹ crore)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low (₹ crore)	Average price for the month*
September, 2017	31.30	September 26, 2017	1,61,661	0.51	30.55	September 11, 2017	77,584	0.24	30.96
August, 2017	35.05	August 1, 2017	6,28,563	2.19	30.40	August 22, 2017	1,06,177	0.33	31.92
July, 2017	35.35	July 10, 2017	3,31,554	1.18	33.45	July 3, 2017	1,04,499	0.35	34.33
June, 2017	36.35	June 17, 2017	26,38,979	9.66	33.30	June 23, 2017	1,99,180	0.67	34.05
May, 2017	47.25	May 8, 2017	4,32,814	2.04	34.10	May 31, 2017	3,16,159	1.09	39.68
April, 2017	44.20	April 28, 2017	16,35,937	7.05	38.30	April 3, 2017	1,36,826	0.52	39.62

(Source: www.bseindia.com)

Notes:

** Average of the daily closing price*
(1) High and low prices in the above table are of the daily closing prices.
(2) In case of two days with the same closing price, the date with the higher volume has been considered

The following table sets forth the market price on the Stock Exchanges on May 10, 2017, the first working day following the approval of the Board of Directors for the Issue:

Date	**NSE**				**BSE**			
May 10, 2017	**Open**	**High**	**Low**	**Close**	**Open**	**High**	**Low**	**Close**
Price of the Equity Shares (₹)	43.90	43.95	41.90	42.15	44.00	44.00	42.00	42.20
Number of Equity Shares Traded	51,46,803				13,88,890			
Volume (₹ In crore)	21.95				5.93			

Source: www.nseindia.com, www.bseindia.com

USE OF PROCEEDS

The gross proceeds from the Issue are expected to be approximately ₹ [●] crore.

The net proceeds from the Issue, after deducting fees and commissions for the Issue, are expected to be approximately ₹ [●] crore (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, our Bank intends to use the Net Proceeds of the Issue, for meeting capital requirement and to augment its capital adequacy ratio and general corporate purposes.

Since, the Net Proceeds of the Issue are proposed to be utilised towards augmenting its capital adequacy ratio and general corporate purposes and not for implementing any project, the requirement to disclose (i) break up of cost of the project; (ii) means of financing such project; (iii) proposed deployment status of the proceeds at each stage of the project, are not applicable.

None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALIZATION STATEMENT

The following table sets forth our Bank's capitalisation and total debt, as on March 31, 2017, derived from our Bank's audited financial statements for the fiscal year ended on March 31, 2017 and unaudited financials as of and three months period ended on June 30, 2017 and as adjusted to reflect the receipt of the gross proceeds of the Issue and the application thereof.

This table should be read with the section *"Summary Financial Information"*, *"Risk Factors"*, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and *"Financial Statements"* beginning on pages 34, 38, 68 and 231, respectively.

(₹ in crores)

	As of March 31, 2017	As of June 30, 2017	As Adjusted for the Issue[1]
Liabilities			
Deposits			
Demand Deposits			
1. From banks	360.54	463.65	[●]
2. From others	6,983.48	6,283.88	[●]
Saving Bank Deposits	36,238.60	34,460.87	[●]
Term Deposits			
1. From banks	1945.68	1,722.85	[●]
2. From others	68,414.48	63,833.60	[●]
Total Deposits	**1,13,942.77**	**1,06,764.86**	**[●]**
Other Liabilities			
Borrowings	5,060.88	4,286.00	[●]
Total Other Liabilities and Provisions	2,934.75	2,699.49	[●]
Shareholders Fund			
Share capital*	787.15	787.15	[●]
Reserves and Surplus	6,897.99	6,699.83	[●]
Total shareholder's funds	**7,685.14**	**7,486.98**	[●]
Total Liabilities	**1,29,623.54**	**1,21,237.33**	[●]

** Our Bank, by way of preferential allotment has allotted 15,62,09,320 Equity Shares to the President of India, GoI, 4,48,65,702 Equity Shares to LIC of India and 52,06,977 Equity Shares to General Insurance Company of India aggregating to 20,62,81,999 Equity Shares at an issue price of ₹ 38.41 per Equity Share, including ₹ 28.41 towards share premium on August 04, 2017.*

Note:

(1) Share capital, reserves, surplus (adjusted) and post-issue capitalisation can be determined only on the conclusion of the Issue.

DIVIDEND POLICY

The payment of dividend is governed by Government of India and RBI guidelines and in accordance with dividend policy framed by the Board. We have a dividend policy named as the Dena Bank Dividend Distribution Policy ("**Dividend Policy**"). Our Dividend Policy is based on RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 ("**RBI Dividend Circular**") on declaration of dividends by banks. For eligibility criteria for declaration of dividend in terms of the RBI Dividend Circular, see "*Regulations and Policies*" and "*Description of the Equity Shares - Declaration of Dividend*" on pages 152 and 204, respectively.

The details of dividend declared in the last three financial years are as follows:

Fiscal Year	**Rate of dividend (%)**	**Dividend per Equity Share (₹)**	**Total amount of Dividend# (in ₹ crores)**
2017	Nil	Nil	Nil
2016	Nil	Nil	Nil
2015	9.00	0.90	60.60

#Including dividend tax

Our Bank is currently under PCA taken by RBI and the distribution of the dividend is subject to the approval of RBI. For further details see *"Risk Factors – Our Bank is currently under Prompt Corrective Action ("PCA") taken by RBI which may subject our Bank to, among other things, structured and discretionary actions and remedial directions, from RBI.*" on page 40.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, of any, in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited financial statements for the years ended March 31, 2015, March 31, 2016 and March 31, 2017 and our limited reviewed interim financial statements for the three-month period ended June 30, 2017 included in this Preliminary Placement Document. Also refer the sections "Selected Financial Information" and "Selected Statistical Information" included in this Preliminary Placement Document.

We prepare our financial statements in accordance with Indian GAAP. The financial statements reflect applicable statutory requirements and regulatory guidelines and accounting practices in India. These requirements, guidelines and practices change from time to time and in accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis and the financial statements for earlier periods are not restated. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. Unless otherwise specified, all information regarding cost, yield and average balances are based on daily average of balances outstanding during the relevant period.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the section "Forward-Looking Statements" beginning on page 15, the section "Risk Factors" beginning on page 38 and elsewhere in this Preliminary Placement Document. Certain portions of the following discussion include information publicly available from the RBI and other sources.

Overview

We are a scheduled public sector commercial bank in India offering a wide range of banking and financial products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. We have a long history in India, with operations since May, 1938 when our Bank was incorporated as Devkaran Nanjee Banking Company Limited. Further, we are one of the 14 banks which were nationalised on July 19, 1969.

As on June 30, 2017, we had 1,874 branches (including 72 satellite offices) in 27 States and 6 Union Territories in India (all of them under Core Banking Solution "**CBS**" platform) including 122 MSME specialized branches catering to the specific clientele segment, 14 Retail Hubs, 4 specialised women branches. Our distribution network included 1,538 ATMs comprising 1,280 onsite and 258 offsite ATMs as of June 30, 2017. As of June 30, 2017, we had 97 E-smarts, 29 zonal offices, 5 extension counters and 1 representative office in London. As of June 30, 2017, we had a customer base of approximately 2.64 crore.

Our business is primarily divided into (i) Corporate/wholesale banking, (ii) Retail banking, (iii) Treasury operations and (iv) Other banking operations such as distribution of third party products such as insurance, mutual fund products, money transfer services, ASBA facilities, pension and tax collection services.

Corporate /wholesale banking: Our corporate/wholesale banking business caters to corporate customers, including large, mid-sized and small businesses and government entities. Our loan products include term loans to finance capital expenditure of assets across various industries as well as short-term loans, cash credit, export credit and other working capital financing and bill discounting facilities. We also provide credit substitutes, such as letter of credit and letter of guarantee. As a percentage of our total advances, corporate/wholesale banking advances accounted for 56.17%, 54.95%, and 49.96 % as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Under corporate/wholesale banking business, we also offer international banking services which include forex services, international trade finance and NRI services comprising foreign exchange operations, remittance facilities for resident Indian, foreign currency loans, lending and deposit services to non-resident Indians. We also cater to the financial requirements of Indian exporters and importers. Further, we also offer products and services for MSME banking to our customers.

We also cater to agriculture, micro-finance and rural customers. We offer direct financing to farmers for production and investment, as well as indirect financing for infrastructure development and credit to suppliers of agricultural inputs. We offer various products in the rural and semi-urban areas which would also help our Bank to meet its financial inclusion targets mandated by RBI. We also take adequate and appropriate steps for extending various benefits to the farming community to protect them from the related uncertainties and to minimize the financial burden. Our Bank also provides mortgage loans to the lower middle income group for the purpose of home construction, purchase, repairs, business, marriage, education etc. As a percentage of our total advances, agricultural and inclusive banking advances accounted for 30.30%, 31.00%, and 32.89% as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Retail banking: Our retail banking business offers financial products and services including consumer lending and deposit services to our retail customers. We offer a wide range of consumer credit products, including loans and advances for housing, trade, automobiles, consumer durables, education, personal loans, mortgage loans and other retail products. We have various deposit products, such as current, savings and term deposits for our customers. We offer our customers a suite of technological products, including global debit cards, mobile banking, internet banking. We also distribute third party financial products, such as insurance (life and non - life) and mutual fund products. In addition, we provide depository services and are a depository participant for NSDL. As a percentage of our total advances, retail banking advances accounted for 13.53%, 14.05%, and 17.15% as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Treasury Operations: Our treasury operations being the interface with the financial markets, primarily consist of statutory reserves management, liquidity management, investment and trading activities, money market and foreign exchange related activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated cash reserve ratio and the statutory liquidity ratio. We maintain SLR through a portfolio of central Government, state Government, corporate debt and trustee securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and invest in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, floating rate instruments, bonds and debentures to manage short-term surplus liquidity and further optimize yield and to generate profits thereon.

Other Banking Operations: In addition to our primary offerings, we also provide other services which include areas of housing finance, priority sector lending in rural areas through our RRB, asset management, life insurance, bancassurance, cross-selling of mutual fund products, taxation related services, depository participant services, Government business and agricultural consultancy.

We also offer a wide range of general banking services to our customers including debit cards, cash management, remittance services and collection services. In addition, we have agency function for collection of Central Government Revenue viz. direct and indirect taxes through physical mode by authorized branches and through e-mode by all branches of our Bank. We also act for various state governments and the Government of India on numerous matters including the collection of state revenue and taxes, mobilization of Government deposits.

Factors Affecting Results of Operations and Financial Condition

Our Bank's asset portfolio, financial condition and results of operations have been, and are expected to be, influenced by numerous factors, including but not limited to those described below. These are expected to affect the overall growth prospects of our Bank, including its ability to expand its deposit base, the quality of its assets, the level of credit disbursed by our Bank, the value of its asset portfolio and its ability to implement its strategy.

The Indian economy and credit environment

As a bank with principal business operations in the domestic Indian market, our financial condition and results of operations are influenced by the general economic conditions prevailing in India.

The Indian economy continues to consolidate gains achieved in reversal to the growth path and achieving a comparatively stable macroeconomic environment. In the financial year 2016-17, the fiscal performance of the government has been better than estimated on all parameters. The macro-economic stability of the Indian economy improved in the first half of the current year, weathering global headwinds. Economic growth remained robust, current account balance improved despite continuing sluggishness in global demand, fiscal trends remained attuned to the consolidation plans and inflation remained broadly within the corridor. Economic growth was supported by good monsoon rains and better crop production, and, the expansion in Government expenditure due to payouts on account of the Seventh Pay Commission. As per the First Advanced Estimates released by the Central Statistics Office, the economy is estimated to grow at 7.1 per cent in the financial year 2016 – 17, as compared to the growth of 7.6 per cent achieved in the financial year 2015 – 16.

The prospects for Indian economy for the financial year 2017 – 18 need to be assessed in the light of emerging global and domestic developments. Indications are that global economic growth is gradually picking up. This auger well for Indian exports which are highly responsive to the dynamics of global economic activity. On the other hand, the increasing global prices of oil and other key commodities may exercise an upward pressure on the value of imports. Domestic demand is expected to get a boost from accommodative monetary policy and the unleashing of domestic trade and consumption as the economy gets remonetised to the required levels. On balance, and, in line with the projections for strengthening of India’s growth by multi-lateral institutions, the nominal growth of the economy is expected to be 11.75 per cent in the financial year 2017-18.

The conduct of monetary policy during the financial year 2016 – 17 was guided by an inflation objective of 5.0 per cent for Q4 of the financial year 2016-17. With inflation, then expected to be below its objective for Q4: 2016 – 17, the Monetary Policy Committee in its resolution of February 8, 2017 emphasised its commitment to the medium – term inflation target of 4 per cent within a band of +/- 2 per cent while supporting growth. Keeping this in view, the stance of monetary policy was changed from accommodative to neutral in February 2017.

The first bi-monthly monetary policy statement for the financial year 2016 – 17 issued in April was formulated to subserve an accommodative policy stance. The key policy repo rate was cut by 25 bps to 6.5 per cent, it’s lowest since March 2011. Given the weak state of domestic demand relative to potential, the policy rate reduction was expected to help in reviving investment activity. By the time of the second bi-monthly monetary policy statement in June 2016, inflation readings showed a sharper-than-anticipated upsurge, driven primarily by food prices, interrupting the phase of policy rate reductions signaled in April. Accordingly, the policy rate was left unchanged while persevering with an accommodative stance. Amendments to the RBI Act, which came into force on June 27, 2016, provided the legislative mandate to the Reserve Bank to operate the monetary policy framework of the country.

The growth prospects of our business, including the quality of our assets and our ability to grow our asset portfolio and implement our strategy, are influenced by the growth rate of the economy as a whole, the economic cycle and the health of the capital markets. The level of credit disbursed, recovery of loans and demand for loans are all affected by these factors. Any slowdown in the growth of the Indian economy or the economies of other countries, coupled with inflationary pressures, could adversely impact our business, the business sectors that we are targeting as growth areas and the financial standing and growth plans of our borrowers and contractual counterparties.

Regulations governing the Indian banking industry

The Indian banking industry is regulated by the RBI and operates within a framework that provides guidelines on capital adequacy, corporate governance, management, anti-money laundering and provisioning for NPAs. The framework also stipulates required levels of lending to “priority sectors,” such as agriculture, which may expose our Bank to higher levels of risk than it otherwise might face. Being the Banking Regulator, RBI is empowered to alter any of these policies at any time and can introduce new regulations to control any particular line of business

During the financial year 2016 – 17, the Reserve Bank further strengthened the regulatory framework for dealing with stressed assets, inter alia, by revising its guidelines on the resolution of stressed assets; viz., the strategic debt restructuring (SDR) scheme, the scheme for sustainable structuring of stressed assets (S4A), flexible structuring of existing long term project loans to infrastructure and core industries; and guidelines for projects under implementation. Keeping in view the critical role of the bankruptcy and insolvency regime in shaping the business environment as well as resolution of debtors in distress, the government enacted the Insolvency and Bankruptcy Code, 2016 in May 2016. With a view to further strengthening banks’ ability to resolve their stressed assets effectively and to enhance transparency in the entire process, the Reserve Bank issued guidelines on sale of stressed assets by banks on September 1, 2016. The guidelines require banks to identify and list internally, at least once a year, the specific financial assets identified for sale to other institutions, including securitisation companies (SCs)/reconstruction companies (RCs).

Reserve Bank issued Guidelines on implementation of Basel III capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and it will be fully implemented as on March 31, 2019. A bank shall comply with the capital adequacy ratio requirements at two levels:

(a) the consolidated ("**Group**") level capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries / joint ventures / associates etc. except those engaged in insurance and any non-financial activities; and
(b) the standalone ("**Solo**") level capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its standalone capital strength and risk profile.

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro cyclical amplification of these risks over time

The Government's monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting the monetary policy. A monetary policy designed to combat inflation typically results in an increase in RBI lending rates. Further, in addition to having gradually established more stringent capital adequacy requirements, the RBI has also instituted several prudential measures to moderate credit growth including increase in risk weights for capital adequacy computation and general provisioning for various asset classes. For further information, see the section titled *"Regulation and Policies"* on page 152.

Ability to manage credit, market and operational risk

Our ability to continue to reduce or contain the level of our gross and net NPAs may be affected by a number of factors that are beyond our control, such as increased competition, a recession in the economy, including in respect of specific industries to which we are exposed, decreases in agricultural production, decline in commodity prices, adverse fluctuations in interest and exchange rates or adverse changes in the Government of India's policies, laws or regulations. In addition, the expansion of our business may also cause the level of our NPAs to increase. Future increases in NPAs may have an adverse effect on our business, prospects, financial condition and results of operations.

The credit quality of our loan portfolio is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Our net NPAs were ₹ 3,014.00 crores, ₹ 5,230.47 crores, ₹ 7,735.12 crores and ₹ 7,797.16 crores for Fiscals 2015, 2016, 2017 and for three month ended June 30, 2017, respectively, while our gross NPAs were ₹ 4,393.04 crores, ₹ 8,560.49 crores, ₹ 12,618.73 crores and ₹ 12,994.16 crores for Fiscals 2015, 2016, 2017 and for three month ended June 30, 2017, respectively. Our Net NPAs as a percentage of net advances were 3.82 %, 6.35%, 10.66% and 11.22% for Fiscals 2015, 2016, 2017 and for three month ended June 30, 2017, while our Gross NPAs as a percentage of gross advances were 5.45%, 9.98%, 16.27% and 17.37% respectively for the same periods.

The level of our NPAs is a function of the credit quality of our loans, which is further dependent upon the credit appraisal processes and recovery procedures adopted by us. We have enterprise-wide risk management systems to manage credit risk, market risk and operational risk. We monitor credit risk at the transaction level as well as the portfolio level. Our ability to reduce or contain the level of our gross and net NPA ratios may be impacted by a number of factors beyond our control, such as increased competition, depressed economic condition, including with respect to specific industries to which we are exposed, decreases in agricultural production, increases or decreases in commodity prices, adverse fluctuations in interest and exchange rates or adverse changes in Indian policies, laws or regulations.

Growth in the MSE and retail segment

We have traditionally targeted the MSE and the retail segments. Lending to the MSE sector enables us to diversify our credit risk profile due to the smaller individual exposure reducing systemic risks. MSEs offer comparatively higher yields, associated business/ cross-selling opportunities and higher degree of secured/ collateralised loans. Our advances to MSE customers were ₹ 15,256.00 crores, ₹ 13,983.00 crores and ₹ 12,458.00 crores in in Fiscal 2015, Fiscal 2016 and Fiscal 2017, respectively which constituted 18.92%, 16.30% and 16.07% of our total advances for the same periods.

In the retail segment, we have a significant Housing loan portfolio. Housing loans constituted ₹ 4,357.68 crores, ₹ 5,781.17 crores, ₹ 6,279.64 crores and ₹ 6,075.09 crores of our total advances in Fiscals 2015, 2016, 2017 and for three months ended June 30, 2017, respectively constituting 5.37%, 6.74%, 8.09% and 8.12% of our total advances for the same period.

Our network has also been selectively augmented to focus on the MSE and retail segments. Going forward, we expect a significant portion of our business and revenues to continue to be derived from our exposure to the MSE and retail segment, and consequently, any downturn in these segments, occasioned by macro or micro-economic circumstances, deterioration of asset quality, low recoveries or any other circumstances may adversely affect our interest income.

Ability to increase our income from commission, exchange and brokerage, processing fees, incidental charges and folio and other service charges

Our ability to improve profitability will depend, among other factors, on our success in increasing our non-fund based income from existing and new customers. In order to grow our other income, we distribute third-party investment products, such as insurance products. We distribute life insurance products of Apollo Munich Health Insurance Company Limited, Chola MS General Insurance Company in addition to our existing partner United India Insurance Company Limited. Our Bank has also tied up with the SBI Life Insurance Company Limited to provide group life insurance coverage to the existing and new housing loan borrowers under the brand name Dena Grihswami Suraksha Yojana. We intend to improve our non-fund-based portfolio, including letters of credit and bank guarantees and to improve our foreign exchange-related products and services portfolio. Our non-interest income constituted 6.28%, 6.31%, 10.95% and 9.06% of our total income for Fiscals 2015, 2016, 2017 and for three month ended June 30, 2017, respectively.

We intend to continue to bring innovative products to the market and improve cross-selling efforts in order to enhance fee based income. However, the increasing sophistication of our customers, offerings of similar products and services by our competitors and changes in the regulatory environment could adversely impact our ability to grow our fee based income.

Critical Accounting Policies

We have set forth below some of our critical accounting policies under Indian GAAP. Our audited financial statements of and for the fiscal years ended March 31, 2017, 2016 and 2015 are prepared in accordance with Indian GAAP as applicable to banks. The preparation of the financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses as well as the disclosure of contingent liabilities. The notes to the financial statements contain a summary of our significant accounting policies. Certain of these policies are critical to the portrayal of our financial condition, since they require management to make subjective judgments, some of which may relate to matters that are inherently uncertain. Below is a discussion of these critical accounting policies.

Basis of accounting

Bank’s financial statements are prepared under the historical cost convention, on accrual basis of accounting, unless otherwise stated and conform in all material aspects to IGAAP in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by RBI, Accounting Standards issued by the ICAI, to the extent applicable and generally the practices prevailing in the banking industry in India.

Use of estimates

The preparation of financial statements in conformity with IGAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Investments

Basis of Classification

Investments have been categorized as per guidelines of Reserve Bank of India (i) Held to Maturity (ii) Available for Sale (iii) Held for Trading and are disclosed in the accounts under six classifications at the value net of depreciation provision thereon.

Valuation

Investments are valued as per Reserve Bank of India guidelines in the following manner:

Basis:

'Held to Maturity'

Investments held under this category are carried in books at their acquisition cost. Premium, if any, paid on acquisition is amortized using straight line method.

'Available for Sale' and 'Held for Trading'

These Investments are marked to market scrip wise.

Depreciation/Appreciation for each of six classifications is aggregated; net depreciation, if any, for each classification is provided for, but net appreciation is ignored.

Methodology

All investments of Bank are valued consistently on Average Cost Method. Market value of quoted securities in case of Investments included in the 'Available for Sale' and 'Held for Trading' categories is taken based on last closing rate of recognized stock exchange/s or price list of Fixed Income Money Market and Derivatives Association of India. The value in case of unquoted securities and securities where market quotes are not available, is determined based on Prices / Yield to Maturity declared by Fixed Income Money Market and Derivatives Association of India and Net Asset Value in case of units of Mutual Funds / SRs of ARCs / SCs/ Venture Capital Fund and Net Book Value in case of Shares of Companies.

Treasury Bills, Commercial Papers, Certificate of Deposits. CBLO, Rural Infrastructure Development Funds and Investments including Share Capital Deposits in Regional Rural Banks are valued at carrying cost.

Income recognition and prudential norms

Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification of all Investments, Income Recognition and Provisioning on such Investments.

Commission, brokerage, broken period interest on investment transactions are debited and /or credited to Profit and Loss Account in the year of transaction.

Profit on sale of investments under the category "Held to Maturity" is taken to Profit and Loss Account and thereafter appropriated to "Capital Reserve Account" whereas loss on sale of Investments is recognized in the Profit & Loss Account.

Advances

Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification, Income Recognition and provisioning thereon. Accordingly, all advances are being classified into Standard, Sub-standard, Doubtful and Loss Assets.

Advances are stated net of provisions for Non-Performing Assets, provision in lieu of diminution in the fair value of Restructured Accounts, Balance in Sundries Account in respect of NPA accounts, DICGC/ECGC Claims received and held pending adjustment, part payment received and kept in Suspense Account.

A general provision for Standard Assets is made in conformity with the prudential norms. Provision on Standard Assets and excess Provision on Sale of NPA accounts are included in 'Other Liabilities and Provisions' in Schedule 5 to the Balance Sheet.

Recoveries in Non Performing Advances are first appropriated towards principal outstanding and surplus, if any, is recognized as income.

In case of sale of financial assets to the Asset Reconstruction Company (ARC) / Securitisation Company (SC)/ Banks/ FIs / NBFCs at a price below the Net Book Value (NBV), i.e. Book Value Less Provision held, the shortfall is debited to the Profit and Loss Account and in case of sale at a value higher than the NBV, the excess provision is not being reversed but is kept for utilization to meet the shortfall/loss on account of sale of other financial assets to ARC/SC/Banks/FIs/NBFCs.

Balance in the FITL Accounts in case of failed restructured cases is debited to the provisions for FITL Accounts.

Fixed Assets and Depreciations

a) Fixed assets are stated at historical cost except wherever revalued.

b) Premises also include cost of land in some of the properties where the same could not be segregated.

c) Fixed Assets are depreciated under Straight Line Method on the basis of useful life prescribed under schedule-II of the Companies Act 2013 for the respective assets.

d) Depreciation has been charged on Depreciable Amount after deducting residual value of the assets. Residual Value has been considered at 5% of the original cost of each class of Asset.

e) Depreciation on additions/sale/ deletion to fixed assets made during the year is provided at proportionately for the period of use of the assets.

f) Cost of leasehold land is amortized over the period of lease.

g) Depreciation attributable to revalued portion is charged to the Revaluation Reserve Account.

h) Computer Software Expenses are considered as Intangible Assets and are amortized over a period of five years, which is considered as useful economic life of such assets.

i) Fixed Assets include Capital Work-in-Progress.

Impairment of assets

Impairment loss, if any, on Fixed Assets is recognised in accordance with AS 28 - Impairment of Assets, issued by ICAI and charged to Profit and Loss Account.

Lease accounting

Lease payments for assets taken on operating lease are recognized in the Profit & Loss Account over the lease term in accordance with AS 19 – Leases, issued by ICAI.

Non-Banking Assets

Non Banking Assets are stated at cost.

Re venue Recognition

i. Commission on Letters of Credit/ Bank Guarantees/ Government Business / Distribution of Insurance Policies/ Mutual Fund Products/ASBA; Locker Rent, Interest on Refund of Taxes, Dividend, Income on Units of Mutual Funds, Rental Income, and Service Charges on various Deposit Accounts are recognized on realization basis.

ii. Interest/ Discount on Non-Performing Loans & Advances/ Investments is recognized to the extent realized as per the prudential guidelines of RBI.

iii. Recoveries in Written off Advances / Investments are being accounted for as 'Miscellaneous Income'.

Re cognition of expenses

I. Pursuant to RBI Circular dated August 22, 2008, interest payable on matured and unpaid Term Deposits is provided on accrual basis on Saving Bank Rate on deposits matured on or after August 22, 2008.

II. Expenses on the issue of shares, bonds etc. are recognized in the year of incurrence.

III. Legal Expenses in case of Suit Filed Accounts are charged to Profit and Loss Account.

IV. Expenditure on Voluntary Retirement Scheme is recognized in the year of payment.

Effects on changes in foreign exchange rates

Foreign Currency monetary items including outstanding forward exchange contracts in foreign currency are valued at the year-end on the rates issued by Foreign Exchange Dealers' Association of India ("FEDAI") and the resultant profit/loss arising out of such revaluation is accounted for in the Profit & Loss Account.

Foreign Currency non-monetary items which are carried in terms of historical cost, are reported at the exchange rate on the date of transaction.

Guarantees, letters of credit, acceptances, endorsements and other obligations in foreign currency are also revalued at the year-end on the rates issued by FEDAI for the purpose of Balance Sheet exposure.

Income and Expenditure items are recognized at the exchange rates prevailing on the date of transaction.

Employee benefits

Gratuity, Pension and Leave Encashment payable on retirement; and other employee benefits are charged to Profit & Loss Account as per actuarial valuation as required by AS 15 [R] issued by ICAI.

Taxes on income

Current Tax is provided using applicable tax rates on the amount worked out on the basis of applicable tax laws, judicial pronouncements / legal opinions and the past assessments.

Deferred Tax is recognised subject to consideration of prudence on timing difference, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.
Pro visions, contingent liabilities and contingent assets

As per AS 29 - Provisions, Contingent Liabilities and Contingent Assets issued by ICAI, the Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources is expected to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingent Liabilities are disclosed in a case when there is a present or possible obligation and it is not probable that an outflow of resources will be required to settle it.

Contingent Assets are neither recognised nor disclosed.

Components of Income and Expenditure

Income

Our income comprises of income from interest earned and other income.

Income from interest earned

Income from interest earned comprises of interest on advances and discounts on bills, income from investments, interest received from balances maintained with the RBI and other inter-bank funds and other interest income. Income from investments consists of interest on securities and other investments. Our securities portfolio consists primarily of Government securities and we meet our SLR requirements through these investments. We also hold debentures and bonds issued by public sector undertakings and other corporations, commercial paper, certificate of deposits, equity shares, preference shares, mutual fund units and security receipts.

Other Income

Other income consists of income from non-interest bearing sources including income from commission, exchange and brokerage which include fees from opening Letter of credit and negotiating bills under Letter of credit, issuance of all types of Guarantees, Loan processing fees etc., profit on sale of investments, profit on exchange transactions, and miscellaneous income. Miscellaneous income primarily includes commission received from the sales of third party products, mutual fund products and fees collected from customers like folio charges, commitment charges etc.

Expenditure

Interest Expended

Our interest expended consists of interest on deposits and interest on borrowing from the RBI and inter-bank borrowing, and interest on other borrowings. Both our interest income and expenditure are affected by fluctuations in interest rates as well as the volume of activity. Our interest expenditure is also affected to the extent we fund our activities with low interest or non interest deposits (CASA), and to the extent to which we rely on other borrowings.

Operating Expenses

Our operating expenses consist principally of employee expenses, rent, taxes and lighting expenses, printing and stationery expenses, advertisement and publicity expenses, depreciation on our Bank's property, allowances, expenses of Auditors' fees including branch auditors, law charges, postage, telegrams, telephones expenses, repairs & maintenance, insurance expenses and other expenditure.

Provisions and Contingencies

Our provisions and contingencies predominantly comprises provision towards standard assets, provision towards non-performing assets, provision for MAT credit, provision for gratuity, provision for depreciation in market value of investments, provision for foreign currency unhedged, provision for other assets and provision for income tax.

Results of Operations

The following table sets forth certain information relating to our results of operations for three months ended June 30, 2016 and June 30, 2017:

(₹ in crores)

	Three months ended June 30, 2016	% of total Income	Three months ended June 30, 2017	% of total Income
I. INCOME				
Interest earned	2,686.32	92.40%	2,382.99	90.94%
Other income	221.03	7.60%	237.29	9.06%
TOTAL	**2,907.35**	100.00%	**2,620.28**	100.00%
II. EXPENDITURE				
Interest expended	2,065.44	64.81%	1,707.94	62.04%
Operating expenses	571.47	17.93%	623.56	22.65%
Provisions and contingencies	549.79	17.25%	421.43	15.31%
TOTAL	**3,186.70**	100.00%	**2,853.98**	100.00%
III. PROFIT/LOSS				
Net profit for the year	(279.35)	-9.61%	(132.65)	-5.06%
Net Profit/Loss brought forward				
TOTAL	**(279.35)**	-9.61%	**(132.65)**	-5.06%

Three months ended June 30, 2017 compared to three months ended June 30, 2016

Income

Interest Earned

Total interest earned decreased by 11.29% from ₹ 2,686.32 crores in the three months ended June 30, 2016 to ₹ 2,382.99 crores in the three months ended June 30, 2017. This decrease was primarily on account of the fresh slippage and reversal of interest income.

The decrease in interest was primarily contributed by a decrease of 22.02% in interest on advances from ₹ 1,921.54 crores in the three months ended June 30, 2016 to ₹ 1,498.44 crores in the three months ended June 30, 2017. This decrease was primarily on account of the decline in the level of advances as well as increase in NPA portfolio which reduced the base of interest earning assets. The decrease in the yield on advances from 9.40% in the three months ended June 30, 2016 to 8.28% in the three months ended June 30, 2017 also contributed to sharp decline in Interest Income on Advances. The decrease in the yield can be attributed to a generally declining trend in the yields as well as increased NPA portfolio of the Bank in particular in recent times.

Other Income

Other income increased by 7.36% from ₹ 221.03 crores in the three months ended June 30, 2016 to ₹ 237.29 crores n the three months ended June 30, 2017. This was primarily due to an increase in commission exchange and brokerage income, which increased by 18.16 % from ₹ 51.66 crores in the three months ended June 30, 2016 to ₹ 61.04 crores in the three months ended June 30, 2017, and miscellaneous income increased by 33.20 % from ₹ 51.24 crores in the three months ended June 30, 2016 to ₹ 68.25 crores in the three months ended June 30, 2017. In addition, Process Fees income increased by 29.96% from ₹ 13.75 crores in the three months ended June 30, 2016 to ₹ 17.87 crores in the three months ended June 30, 2017

Expenditure

Interest Expenses

Total interest expended decreased by 17.31% from ₹ 2,065.44 crores in the three months ended June 30, 2016 to ₹ 1,707.94 crores in the three months ended June 30, 2017 primarily due to a 16.60% decrease in interest paid on deposits from ₹ 1,917.39 crores in the three months ended June 30, 2016 to ₹ 1,599.10 crores in the three months ended June

30, 2017. The cost of deposits of the substantially reduced from 6.79% during three months ended June 30, 2016 to 5.87% during three months ended June 30, 2017 mainly due to declining interest rates as well as re-balancing of the deposit mix exercise undertaken by our Bank which resulted into an increase in CASA deposits, from 30.30% (as a percentage of Total Deposits) as of three months ended of June 30, 2016 to 38.16% as of three months ended June 30, 2017.

In addition, a decrease of 26.48 % in other interest expenses from ₹ 148.05 crores in the three months ended June 30, 2016 to ₹ 108.84 crores in the three months ended June 30, 2017 also contributed to the savings in interest cost.

Net interest margin was 2.44% as of June 30, 2017 compared to 2.02% as of June 30, 2016, an increase of 42 bps, primarily on account of the increase in the net interest income by ₹ 54.17 crores.

Operating Expenses

Operating expenses increased by 9.12% from ₹ 571.47 crores in the three months ended June 30, 2016 to ₹ 623.56 crores in the three months ended June 30, 2017. During the three months ended 30th June 2017, staff expenses were ₹ 399.72 crore as compared to ₹ 379.21 crore in the three months ended June 30 2016. Other operating expenses which include rent, lighting, printing and stationery, advertisement, law charges, postages, telephone, insurance premium, repairs and maintenance etc., have increased from ₹ 192.26 crore in June 2016 to ₹ 223.84 crore for June 30, 2017 showing an increase of ₹ 31.59 crore i.e. increase by 16.43%.

Provisions and Contingencies

Provisions and contingencies decreased by 23.35% from ₹ 549.79 crores in the three months ended June 30, 2016 to ₹ 421.43 crores in the three months ended June 30, 2017. These provisions mainly include provisions made towards NPAs, Standard Assets and Restructured Assets, Provision for Depreciation on Investment, Provision for Tax Expenses etc. The decrease in Provisions was primarily due to decrease in provisions made towards NPAs from ₹ 598.49 crores to ₹ 434.58 crores in the three months ended June 2016 and June 2017, respectively. Provisions for depreciation on investment were negative ₹ 60.14 crores in the three months ended June 30, 2016, compared to ₹ 12.89 crores in the three months ended June 30, 2017.

Tax Expenses

Tax expenses increased from ₹ (117.06) crores in the three months ended June 30, 2016 to ₹ (101.05) crores in the three months ended June 30, 2017.

Net Profit / (Loss)

Our Bank has registered Net Loss of ₹ 132.65 crore during three months period ended June 30, 2017 as against Net loss of ₹ 279.35 crore during three months period ended June 30, 2016. The main reason for loss is provision for NPA to the tune of ₹ 434.58 crore. Loss has declined due to increase in net interest income, improvement in non-interest income and reduction in provisions as compared to corresponding previous quarter.

The following table sets forth certain information relating to our results of operations in Fiscal 2015, Fiscal 2016 and Fiscal 2017:

(₹ in crores)

	As at March 31, 2015	% of total Income	As at March 31, 2016	% of total Income	As at March 31, 2017	% of total Income
I. INCOME						
Interest earned	10,763.49	93.72%	10,645.73	93.69%	10,181.67	89.05%
Other income	721.33	6.28%	716.80	6.31%	1,251.40	10.95%
TOTAL	**11,484.82**	**100.00%**	**11,362.53**	**100.00%**	**11,433.07**	**100.00%**
II. EXPENDITURE						
Interest expended	8,315.62	72.41%	8,168.99	71.89%	7,773.31	67.99%

	As at March 31, 2015	% of total Income	As at March 31, 2016	% of total Income	As at March 31, 2017	% of total Income
Operating expenses	1,838.92	16.01%	2,268.25	19.96%	2,269.55	19.85%
Provisions and contingencies	1,064.79	9.27%	1,860.62	16.38%	2,253.84	19.71%
TOTAL	**11,219.34**	**97.69%**	**12,297.85**	**108.23%**	**12,296.70**	**107.55%**
III. PROFIT/LOSS						
Net profit for the year	265.48	2.31%	(935.32)	(8.23)%	(863.62)	(7.55)%
Net Profit/Loss brought forward						
TOTAL	**265.48**	**2.31%**	**(935.32)**	**(8.23)%**	**(863.62)**	**(7.55)%**

Fiscal Year Ended March 31, 2016 Compared to Fiscal Year Ended March 31, 2017

Interest Income

Our interest income decreased by 4.36% from ₹ 10,645.73 crores in fiscal year 2016 to ₹ 10,181.67 crores in fiscal year 2017. This decrease was primarily on account of declining trend in yields and increase in the NPA levels resulting into interest reversals during the year. The Bank's net interest margin decreased from 2.16% in fiscal year 2016 to 2.00% in fiscal year 2017, primarily due to reason mentioned above. The following table sets out the components of interest income:

(₹ in crores)

Particulars	As at March 31, 2016	As at March 31, 2017	Percentage
Interest/discount on advances/ bills	7,755.06	6,968.79	(10.14)%
Income on investments	2,608.11	2,906.09	11.43%
Interest on balances with reserve bank of India and other Inter Bank funds	37.99	37.05	(2.47)%
Others	244.57	269.74	10.29%
Total	**1,0645.73**	**10,181.67**	**(4.36)%**

Interest earned

Our total interest earned decreased by 4.36% from ₹ 1,0645.73 crores in Fiscal Year 2016 to ₹ 10,181.67 crores in Fiscal Year 2017. The decrease in total interest earned was primarily on account of a decrease in interest and discounts on advances and bills, which decreased by 10.14% from ₹ 7,755.06 crores in fiscal year 2016 to ₹ 6,968.79 crores in fiscal year 2017. This decrease was primarily due to reversal of interest in NPA accounts. The Bank's income from investment, however, increased by 11.43% from ₹ 2,608.11 crores in fiscal year 2016 to ₹ 2,906.09 crores in fiscal year 2017 primarily due to increase in the investment portfolio.

Interest on balances with RBI and other inter-bank funds, marginally decreased by 2.47% from ₹ 37.99 crores in fiscal year 2016 to ₹ 37.05 crores in fiscal year 2017. Further, other interest earned increased by 10.29%, from ₹ 244.57 crores in fiscal year 2016 to ₹ 269.74 crores in fiscal year 2017. This increase was mainly on account of additional interest income (₹29.57 crore) on Income Tax Refunds received during fiscal year 2016-17.

Other Income

The following table sets out the components of other income:

(₹ in crores)

Particulars	As at March 31, 2016	As at March 31, 2017	Percentage
Commission, exchange and brokerage	214.06	227.59	6.32%
Profit on sale of investments Less: loss on sale of investments	106.6	631.97	492.84%
Profit/ (loss) on sale of land, buildings and other assets (net)	(0.55)	(0.38)	(30.91)%

Particulars	As at March 31, 2016	As at March 31, 2017	Percentage
Profit on foreign exchange transactions (net)	73.81	33.04	(55.24)%
Income earned by way of dividends etc. From subsidiaries / companies and/ or joint ventures abroad/ in India	2.96	3.79	28.04%
Miscellaneous income	319.91	355.38	11.09%
Total	**716.79**	**1,251.39**	**74.58%**

Our total other income increased by 74.58% from ₹ 716.80 crores in Fiscal Year 2016 to ₹ 1,251.40 crores in Fiscal Year 2017. The increase in other income was primarily due to the increase in profits on the sale of investments from ₹ 106.60 crores in fiscal year 2016 to ₹ 631.97 crores in Fiscal Year 2017, largely due to our active investment management and overall favorable market conditions during Fiscal Year 2017. Contributing to the increase in our other income was an increase in commission, exchange and brokerage income from ₹ 214.06 crores in Fiscal Year 2016 to ₹ 227.59 crores in Fiscal Year 2017, primarily due to increase inland bank guarantee commissions, increased SDV rent collections and increased service charges. In addition to the above, our miscellaneous income increased by 11.09% from ₹ 319.90 crores in Fiscal Year 2016 to ₹ 355.38 crores in Fiscal Year 2017. The increase in miscellaneous income was primarily due to increase in recoveries from written off accounts and other miscellaneous Charges.

Partially off-setting these increases was a reduction in the profit on foreign exchange transaction from ₹ 73.81 crores in the fiscal year 2016 to ₹ 33.04 crores in fiscal year 2017, which is mainly driven by global economy.

Expenditure

Interest Expended

The following table sets out the components of interest expended:

(₹ in crores)

Particulars	As at March 31, 2016	As at March 31, 2017	Percentage
Interest on deposits	77,16.71	7213.04	(6.53)%
Interest on reserve bank of India/ inter bank borrowings	55.67	49.6	(10.90)%
Others	396.61	510.67	28.76%
Total	**8,168.99**	**7,773.31**	**(4.84)%**

Total interest expended decreased by 4.84% from ₹ 8,168.99 crores in fiscal year 2016 to ₹ 7,773.31 crores in fiscal year 2017. The decrease in interest expenses was primarily due to decrease in the interest paid on deposits by the bank deposits from ₹ 7,716.71 crores in fiscal year 2016 to ₹ 7,213.04 crores in fiscal year 2017. The savings in the interest costs was primarily attributed to decrease in cost of deposits from 7.20% in fiscal year 2016 to 6.43% in fiscal year 2017, reflecting the falling interest rate environment in India in line with reduced RBI policy rates. Besides, increase in CASA deposits due to demonetization and off-loading high cost deposits during fiscal 2016-17 also contributed to savings in Interest Costs. Interest (Others) comprises of Interest on Bonds and other long term borrowings. The same has increased primarily due to fresh Additional Tier 1 Bonds raised during fiscal 2016-17.

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in crores)

Particulars	As at March 31, 2016	As at March 31, 2017	Percentage
Payments to and provisions for employees	1,448.13	1,484.08	2.48%
Rent, taxes and lighting	211.96	208.03	(1.85)%
Printing and stationery	19.93	24.04	20.62%
Advertisement and publicity	15.54	17.56	13.00%
Depreciation on bank’s property	84.51	3.13	(96.30)%
Directors' fees, allowances & expenses	1.27	1.44	13.39%

Particulars	As at March 31, 2016	As at March 31, 2017	Percentage
Auditors' fees and expenses (including branch auditors)	14.12	14.03	(0.64)%
Law charges	11.2	14.81	32.23%
Postage, telegrams, telephones etc.	31.64	33.92	7.21%
Repairs and maintenance	30.93	33.79	9.25%
Insurance	113.01	127.92	13.19%
Other expenditure	286.01	306.79	7.27%
Total	**2,268.25**	**2,269.54**	**0.06%**

Our total operating expenses were flat at ₹ 2,269.54 crore in fiscal year 2017 as compared to ₹ 2,268.25 crore in fiscal year 2016. The increase in employee costs, which contributed 65.39% of total operating expenses in fiscal year 2017 was primarily due to increases in retirement benefits estimates based on actuarial assumptions. Depreciation Expenditure has decreased during the fiscal 2017 due to change in the method of applying depreciation which was recalculated as per the straight line method and on the basis of useful life of the assets.

Provisions and Contingencies

Provisions and contingencies increased by 21.13% from ₹ 1,860.62 crores in fiscal year 2016 to ₹ 2,253.84 crores in fiscal year 2017. This increase was primarily due to an increase in provisions for NPAs and investments. Provisions for NPAs increased largely as a result of fresh slippage from ₹ 6,098.45 crore in fiscal year 2016 to ₹ 6767.37 crore in fiscal year 2017. Provisions for standard assets increased due to increase in advances and provision requirement for loans under the Scheme for Sustainable Structuring of Stressed Assets (S4A) and the Strategic Debt restructuring (SDR) scheme.

Tax expense

Reversal of tax expense decreased by 33.11% from ₹ 615.57 crores in fiscal year 2016 to ₹ 411.73 crores in fiscal year 2017. This decrease was primarily due to an increase in profit before tax in fiscal year 2017 and reduction in deferred tax asset created during the year.

Net Profit / (Loss)

As a result of the above, our net loss for the year decreased by 7.67% from ₹ 935.32 crores in fiscal year 2016 to ₹ 863.63 crores in fiscal year 2017.

Fiscal Year Ended March 31, 2015 compared to Fiscal Year Ended March 31, 2016

Interest Income

Our interest income marginally decreased by 1.09% from ₹ 10,763.49 crores in fiscal year 2015 to ₹ 10,645.73 crores in fiscal year 2016. This decrease was primarily on account of interest reversal due to fresh slippages in NPA accounts and reduction in the base rate by our Bank by 55 basis points. The Bank's net interest margin decreased from 2.25% in fiscal year 2015 to 2.16% in fiscal year 2016, primarily due to increase in NPAs resulting into lower interest income with denominator i.e. average advances remaining at almost the same level. The following table sets out the components of net interest income:

(₹ in crores)

Particulars	As at March 31, 2015	As at March 31, 2016	Percentage
Interest/Discount on Advances/ Bills	7,970.30	7,755.06	(2.70)%
Income on Investments	2541.92	2608.1	2.60%
Interest on Balances with Reserve Bank of India and Other Inter Bank Funds	44.25	37.99	(14.15)%
Others	207.02	244.57	18.14%
Total	**10,763.49**	**10,645.73**	**(1.09)%**

Interest earned

Our total interest earned decreased by 1.09% from ₹ 10,763.49 crores in fiscal year 2015 to ₹ 10,645.73 crores in fiscal year 2016. The decrease in total interest earned was primarily on account of a decrease in interest and discounts on advances and bills, which decreased by 2.70% from ₹ 7,970.30 crores in fiscal year 2015 to ₹ 7,755.06 crores in fiscal year 2016. This decrease was primarily due to on account of interest reversal due to fresh slippages in NPA accounts. The Bank's income from investment, however, increased from 2.60% from ₹ 2,541.92 crores in fiscal year 2015 to ₹ 2,608.11 crores in fiscal year 2016 primarily due to increase in the gross investments during fiscal 2016.

In interest on balances with RBI and other inter-bank funds, was decreased by 14.15% from ₹ 44.25 crores in fiscal year 2015 to ₹ 37.99 crores in fiscal year 2016. This decrease was primarily due to lesser funds lent in interbank lending. Further, other interest earned increased by 18.14%, from ₹ 207.02 crores in fiscal year 2015 to ₹ 244.57 crores in fiscal year 2016. This increase was mainly on account of increase in Interest income on RIDF due to increased investments in RIDF fund during the year.

Other Income

The following table sets out the components of other income:

(₹ in crores)

Particulars	As at March 31, 2015	As at March 31, 2016	Percentage
Commission, exchange and brokerage	211.55	214.06	1.19%
Profit on sale of investments			
Less: loss on sale of investments	130.00	106.60	(18.00)%
Profit/ (loss) on sale of land, buildings and other assets (net)	-0.42	(0.55)	30.95%
Profit on foreign exchange transactions (net)	76.29	73.81	(3.25)%
Income earned by way of dividends etc. From subsidiaries / companies and/ or joint ventures abroad/ in India	2.96	2.96	0.00%
Miscellaneous income	300.95	319.91	6.30%
Total	**721.33**	**716.79**	**(0.63)%**

Our total other income marginally decreased by 0.63% from ₹ 721.33 crores in fiscal year 2015 to ₹ 716.79 crores in fiscal year 2016. The decrease in other income was primarily due to the decrease in profits on the sale of investments from ₹ 130.00 crores in fiscal year 2015 to ₹ 106.60 crores in fiscal year 2016, contributing to the overall decrease in other income.

However, there was an increase in commission, exchange and brokerage income from ₹ 211.50 crores in fiscal year 2015 to ₹ 214.06 crores in fiscal year 2016, primarily due to increase in commission Income from inland bank guarantee business, increased ATM card annual charges which is partially offset by decrease in profit on foreign exchange transaction from ₹ 76.29 crores in fiscal year 2015 to ₹ 73.81 crores in fiscal year 2016. In addition to the above, our miscellaneous income increased by 6.30% from ₹ 300.95 crores in fiscal year 2015 to ₹ 319.90 crores in fiscal year 2016. The increase in miscellaneous income was primarily due to recovery in written off accounts from ₹ 33.99 crores to ₹ 65.62 crores.

Expenditure

Interest Expended

The following table sets out the components of interest expended:

(₹ in crores)

Particulars	As at March 31, 2015	As at March 31, 2016	Percentage
Interest on deposits	7,989.13	7,716.71	(3.41)%
Interest on reserve bank of India/ inter bank borrowings	47.87	55.67	16.29%
Others	278.62	396.61	42.35%

Particulars	As at March 31, 2015	As at March 31, 2016	Percentage
Total	**8,315.62**	**8,168.99**	**(1.76)%**

Our total interest expended decreased by 1.76% from ₹ 8,315.62 crores in fiscal year 2015 to ₹ 8,168.99 crores in fiscal year 2016. The decrease in interest expensed was primarily due to decrease in the interest paid on deposits by the bank due to decrease in cost of Deposits from 7.66% in fiscal year 2015 to 7.20% in fiscal year 2016 and interest on Reserve Bank and Inter Bank borrowings increased by 16.29% from ₹ 47.87 crores in fiscal year 2015 to ₹ 55.67 crores in fiscal year 2016 primarily due to increase in call money borrowings of the bank. Interest on Other borrowings increased due to increased CCIL / CBLO Borrowings during fiscal 2016 as well as fresh borrowings in IPDI Bonds

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in crores)

Particulars	As at March 31, 2015	As at March 31, 2016	Percentage
Payments to and provisions for employees	1,116.68	1,448.13	29.68%
Rent, taxes and lighting	183.6	211.96	15.45%
Printing and stationery	21.42	19.93	(6.96)%
Advertisement and publicity	15.76	15.54	(1.40)%
Depreciation on bank’s property	64.64	84.51	30.74%
Directors' fees, allowances & expenses	1.34	1.27	(5.22)%
Auditors' fees and expenses	12.45	14.12	13.41%
Law charges	9.48	11.2	18.14%
Postage, telegrams, telephones etc.	28.37	31.64	11.53%
Repairs and maintenance	32.75	30.93	(5.56)%
Insurance	108.7	113.01	3.97%
Other expenditure	243.72	286.01	17.35%
TOTAL	**1,838.92**	**2,268.25**	**23.35%**

Our total operating expenses increased by 23.35% from ₹ 1,838.92 crores in fiscal year 2015 to 2,268.25 crores in fiscal year 2016. This increase was primarily due to an increase in employee costs, which contributed 29.68% of total operating expenses in fiscal year 2016. Employee costs increased primarily at the Bank as a result of increases in retirement benefits estimates based on actuarial assumptions and revisions due to 10th Bipartite Settlements during fiscal year 2016. Other expenditures also increased, primarily as a result of an upwards revision in Rents in leased premises and general inflationary trends.

Provisions and Contingencies

Provisions and contingencies increased by 74.74% from ₹ 1,064.79 crores in fiscal year 2015 to ₹ 1,860.62 crores in fiscal year 2016. This increase was primarily due to an increase in provisions for NPAs and investments. Provisions for NPAs increased largely as a result of fresh slippage in NPA, which increased from ₹ 1027.61 crore in fiscal year 2015 to ₹ 3673.99 crore in fiscal year 2016.

Tax expense

Reversal of Tax expense increased by 211.14% from ₹ 197.84 crores in fiscal year 2015 to ₹ 615.57 crores in fiscal year 2016. The reversals increased primarily due to decrease in taxable profits as well as increase in fresh Deferred Tax Assets created during the fiscal 2016 due to increase in NPA provisions.

Net Profit / (Loss)

As a result of the above, our Bank has incurred a net loss of ₹ 935.32 crores in fiscal year 2016 in comparison of net Profit of ₹ 265.48 crores in fiscal year 2015

Cash Flows

The following table sets forth our statement of cash flows for Fiscal 2015, 2016 and 2017:

(₹ in crores)

Particulars	Fiscal 2015	Fiscal 2016	Fiscal 2017
Net cash from/(used in) operating activities	3,510.85	(5,168.39)	110.28
Net cash from/(used in) investing activities	(129.72)	(144.05)	(51.50)
Net cash from/(used in) financing activities	(78.17)	1014.65	827.66
Net increase/(decrease) in cash and cash equivalents	3,302.96	(4,297.80)	886.44

Operating Activities

Net cash from operating activities was ₹ 110.28 crores in Fiscal 2017, primarily relating to an decrease in advances of ₹ 7372 crore and decrease in Other Assets of ₹ 234.76 crore , with a consequent increase in Investments of ₹ 4907.37 crore and decrease in deposits of ₹ 3488 crore.

Net cash used in operating activities was ₹ (5,168.39) crores in Fiscal 2016, primarily relating to an increase in advance of ₹ 5,955.45 crores and an increase in investment of ₹ 2,519.5 crores.

Net cash from operating activities was ₹ 3,510.85 crores in Fiscal 2015, primarily relating to an increase in deposits of ₹ 5908 crore and increase in advances by ₹ 2,522.40 crores .

Investing Activities

Net cash from investing activities was ₹ (51.50) crores in Fiscal 2017, primarily relating to an increase in net fixed assets of ₹ 51.50 crores.

Net cash from investing activities was ₹ (144.05) crores in Fiscal 2016, primarily relating to an increase in net fixed assets of ₹ 144.05 crores.

Net cash used in investing activities was ₹ (129.72) crores in Fiscal 2015, primarily relating to an increase in net fixed assets of ₹ 129.72 crores.

Financing Activities

Net cash from financing activities was ₹ 827.66 crores in Fiscal 2017. The primary reasons were raising of the equity of ₹ 1,238.33 crore and issue of fresh Bonds of ₹ 400 crore. However, redemption of subordinate bonds of ₹ 300 crores and interest paid on subordinate bonds in an amount of ₹ 510.67 crores resulted into outflows as well.

Net cash from financing activities was ₹ 1,014.65 crores in Fiscal 2016. The primary reasons was raising of the fresh equity of ₹471.85 crore and BASEL III compliant Bonds of ₹ 1,000 crore besides interest payments on subordinate bonds in an amount of ₹ 396.60 crore and payment of dividends of ₹ 60.60 crore were the major outflows.

Net cash used in financing activities was ₹ 78.17 crores in Fiscal 2015. The primary reason was raising of fresh equity of ₹ 140 crore and Basel III Compliant Bonds of ₹ 400 crore. Redemption of subordinate bonds of ₹ 210 crores, interest paid on subordinate bonds in an amount of ₹ 278.62 crores and Dividend payments of ₹ 129.56 crores were the major outflows .

Financial Condition

Assets

The following table sets forth the principal components of our assets as of March 31, 2015, 2016 and 2017 and three months period ended June 30, 2017:

(₹ in crores)

Particulars	As of March 31			As of June 30, 2017
	2015	2016	2017	
Cash and balances with the RBI	9,085.05	5,348.74	6,010.86	6,124.21
Balance with banks and money at call and short notice	590.63	29.15	253.47	232.58
Investments	32,761.93	35,226.22	39,737.22	35,129.04
Advances	78,934.31	82,328.33	72,574.62	69,501.05
Fixed assets	1,153.58	1,368.22	1,577.01	1,509.35
Other assets	7,395.04	9,140.98	9,470.36	8,741.10
Total	**1,29,920.54**	**1,33,441.64**	**1,29,623.54**	**1,21,237.33**

Assets amounted to ₹ 1,21,237.33 crores as of June 30, 2017 compared to ₹ 1,29,623.54 crores as of March 31, 2017, a decrease of 6.46%. This decrease was primarily due to (i) a 4.24% decrease in advances, from ₹ 72,574.62 crores as of March 31, 2017 to ₹ 69,501.05 crores as of June 30, 2017, (ii) a 11.60% decrease in investments from ₹ 39,737.22 crores as of March 31, 2017 to ₹ 35,129.04 crores as of June 30, 2017, and (iii) a 7.70 % decrease in other assets from ₹ 9,470.36 crores as of March 31, 2017 to ₹ 8,741.10 crores as of June 30, 2017.

Assets amounted to ₹ 1,29,623.54 crores as of March 31, 2017 compared to ₹ 1,33,441.64 crores as of March 31, 2016, a decrease of 2.86%. This decrease was primarily due to (i) a 11.84 % decrease in advances, from ₹ 82,328.33 crores as of March 31, 2016 to ₹ 72,574.62 crores as of March 31, 2017, (ii) a 12.81% increase in investments from ₹ 35,226.22 crores as of March 31, 2016 to ₹ 39,737.22 crores as of March 31, 2017, and (iii) a 3.60% increase in other assets from ₹ 9,140.98 crores as of March 31, 2016 to ₹ 9,470.36 crores as of March 31, 2017.

Assets amounted to ₹ 1,33,441.64 crores as of March 31, 2016 compared to ₹ 1,29,920.54 crores as of March 31, 2015, an increase of 2.71%. This increase was primarily due to (i) a 4.30 % increase in advances, from ₹ 78,934.31 crores as of March 31, 2015 to ₹ 82,328.33 crores as of March 31, 2016, (ii) a 7.52% increase in investments from ₹ 32,761.93 crores as of March 31, 2015 to ₹ 35,226.22 crores as of March 31, 2016, (iii) a 23.61 % increase in other assets from ₹ 7,395.04 crores as of March 31, 2015 to ₹ 9,140.98 crores as of March 31, 2016 (iv) a (41.12)% decrease in cash and balances with RBI from ₹ 9,085.05 crores as of March 31, 2015 to ₹ 5,348.74 crores as of March 31, 2016.

Advances

The following table sets forth a breakdown of our advances as of March 31, 2015, 2016 and 2017 and three months period ended June 30, 2017:

(₹ in crores)

Particulars	As of March 31			As of June 30, 2017
	2015	2016	2017	
Bills Purchased and discounted	1,638.18	884.06	851.03	907.57
Cash Credits , Overdrafts and loans repayable on demand	35,896.01	40,114.20	33,942.55	30,962.71
Term Loans	41,400.12	41,330.07	37,781.04	37,630.76
Total Net Advances	**78,934.31**	**82,328.33**	**72,574.62**	**69,501.05**

Gross advances amounted to ₹ 77,537.84 crores as of March 31, 2017, a decrease of 9.64% as compared to ₹ 85,810.67 crores as of March 31, 2016. We preferred to shed some high risk bulk advances to restructure its balance sheet which resulted into a decrease in Loan portfolio during the year.

Gross advances amounted to ₹ 85,810.67 crores as of March 31, 2016, an increase of 6.43% as compared to ₹ 80,629.24 crores as of March 31, 2015.

Investments

The following table sets forth a breakdown of our investments as of March 31, 2015, 2016 and 2017 and three months period ended June 30, 2017:

(₹ in crores)

Particulars	As of March 31			As of June 30, 2017
	2015	**2016**	**2017**	
Government securities	28,528.89	30,095.22	34,512.39	30,029.95
Other approved securities	0	0	0	0
Shares	219.47	242.15	354.10	384.52
Debentures and bonds	2,518.68	4,401.70	3,970.86	3,996.75
Subsidiaries and/or Joint Ventures	19.33	19.33	19.33	19.33
Others	1,475.55	467.82	880.54	698.49
Total	**32,761.93**	**35,226.21**	**39,737.23**	**35,129.04**

Investments amounted to ₹ 39,737.23 crores as of March 31, 2017, an increase of 12.81% as compared to ₹ 35,226.21 crores as of March 31, 2016, primarily as a result of increase in government securities by 14.68% from ₹ 30,095.22 crores as of March 31, 2016 to ₹ 34,512.39 crores as of March 31, 2017.

Investments amounted to ₹ 35,226.21 crores as of March 31, 2016, an increase of 7.52% as compared to ₹ 32,761.93 crores as of March 31, 2015, primarily as a result of increase in government securities by 5.49% from ₹ 28,528.89 crores as of March 31, 2015 to ₹ 30,095.22 crores as of March 31, 2016.

Liabilities

The following table sets forth the principal components of our liabilities as of March 31, 2015, 2016 and 2017 and three months period ended June 30, 2017:

(₹ in crores)

Particulars	As of March 31			As of June 30, 2017
	2015	**2016**	**2017**	
Capital	561.15	666.93	787.15	787.15
Reserves And Surplus	6,878.98	6,474.54	6,897.99	6,699.83
Deposits	1,15,936.08	1,17,430.96	1,13,942.77	1,06,764.86
Borrowings	3,436.00	6,271.32	5,060.88	4286
Other Liabilities And Provisions	3,108.34	2,597.88	2,934.75	2,699.49
Total Liabilities	**1,29,920.55**	**1,33,441.64**	**1,29,623.54**	**1,21,237.33**

Liabilities amounted to ₹ 1,29,623.54 crores as of March 31, 2017, a decrease of (2.86)% as compared to ₹ 1,33,441.64 crores as of March 31, 2016. The decrease was primarily on account of decline in our deposits and borrowings.

Liabilities amounted to ₹ 1,33,441.64 crores as of March 31, 2016, an increase of 2.71% as compared to ₹ 1,29,920.55 crores as of March 31, 2015. The increase was primarily on account of growth in our deposits.

Contingent Liabilities

Our contingent liabilities primarily relate to outstanding forward exchange contracts that we enter into on our own account and on behalf of our customers, outstanding Guarantees, Acceptances and other endorsements. Other contingent liabilities include claims against us not acknowledged as debts which represent claims filed against us in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by us.

The table below sets forth, as of the dates indicated, the principal components of our consolidated contingent liabilities as of the dates indicated:

(₹ in crores)

Particulars	March 31, 2015	March 31, 2016	March 31, 2017
Claims Against The Bank Not Acknowledged As Debts	2,244.58	2,524.43	2,786.32
Liability on account of partly paid shares	0	0	0

Liability on account of outstanding forward exchange contracts	27,511.29	26,515.64	29,756.08
Guarantees given on behalf of Constituents	4,873.18	6,201.41	6,903.08
Acceptances, endorsements and other obligations	4,580.32	3,608.85	3,316.33
Other Items for which the bank Is contingently liable (Deaf)	185.02	235.93	267.00
Total Contingent Liabilities	**39,394.39**	**39,086.26**	**43,028.81**

Deposits

The following table sets forth a breakdown of our deposits, as well as the percentage of total deposits that each item contributes, as of March 31, 2015, 2016 and 2017:

(₹ in crores)

Particulars	March 31, 2015	Percentage	March 31, 2016	Percentage	March 31, 2017	Percentage
Demand Deposit						
From Banks	135.11	0.12%	117.08	0.10%	360.54	0.32%
From Other	6,414.50	5.53%	6,302.43	5.37%	6,983.48	6.13%
Saving Deposits	25,706.03	22.17%	28,066.75	23.90%	36,238.60	31.80%
Term Deposits						
From Banks	10,752.77	9.27%	9,453.05	8.05%	1,945.68	1.71%
From Other	72,927.67	62.90%	73,491.65	62.58%	68,414.48	60.04%
Total	**1,15,936.08**		**1,17,430.96**		**1,13,942.77**	

Deposits amounted to ₹ 1,13,942.77 crores as of March 31, 2017, a decrease of 2.97% as compared to ₹ 1,17,430.96 crores as of March 31, 2016. Term deposits decreased by (15.17)%, primarily as a result of decrease of 79.42% inter-bank term deposits on account of repayment of Certificate of Deposits . Our CASA ratio increased from 29.27% in fiscal year 2016 to 37.93% in fiscal year 2017 mainly on account of demonetization.

Deposits amounted to ₹ 1,17,430.96 crores as of March 31, 2016, an increase of 1.29 % as compared to ₹ 1,15,936.08 crores as of March 31, 2015. Demand deposits decreased by 1.98% whereas savings deposits increased by 9.18%. Our CASA ratio remained relatively stable, increasing from 27.71 % in fiscal year 2015 to 29.27% in fiscal year 2016.

Borrowings

Borrowings amounted to ₹ 5,060.88 crores as of March 31, 2017, a decrease of 19.30% as compared to ₹ 6,271.33 crores as of March 31, 2016. The decrease was primarily due to reduced inter bank borrowings and RBI borrowings.

Borrowings amounted to ₹ 6,271.33 crores as of March 31, 2016, an increase of 82.23% as compared to ₹ 3,436.00 crores as of March 31, 2015. The increase was primarily on account of issuance of Unsecured Subordinated, Perpetual, and additional Tier I Basel III compliant Non-Taxable Bonds having face value of ₹ 10 lacs each for an amount of ₹ 1,000 crores and institutional borrowings to support the business activities.

Capital

We are a banking company within the meaning of the Indian Banking Regulation Act, 1949. We are registered with and subject to supervision by the RBI. The RBI issued detailed guidelines for implementation of Basel III capital regulations in May 2012. Basel III Capital Regulations are being implemented in India with effect from April 1, 2013 in a phased manner, which the Bank has complied with.

The Bank's regulatory capital and capital adequacy ratios calculated under Basel III as of March 31, 2017 are as follows:

	Regulatory Capital	₹ in crores
	Tier I Capital	7,523.18
	Tier II Capital	1,949.04
	Total Capital	**9,472.22**

	Regulatory capital	As % of Risk Weighted Assets
i.	Common Equity Tier I Ratio	5.99
ii.	Capital Conservation Buffer (comprising Common Equity)	1.25
iii.	Common Equity Tier I Ratio plus Capital Conservation Buffer i+ii	7.24
iv.	Additional Tier I capital	1.81
v.	Tier I capital adequacy ratio i +iv	7.80
vi.	Tier II capital	2.34
vii.	Total Capital Ratio (MTC) v+vi	10.14
viii.	Total Capital Ratio plus Capital Conservation Buffer vii+ii	11.39

Audit Qualifications and Matters of Emphasis

There are no qualifications highlighted by the auditors in their reports to our financial statements for Fiscal 2015, Fiscal 2016 and Fiscal 2017. The auditors have however highlighted the following matters of emphasis in their audit report relating to Fiscal 2015:

Fiscal 2015

1. Note 18.16e ii of Schedule 18, regarding amortization of pension and gratuity liability pursuant to the exemption granted by the Reserve Bank of India to public sector banks from application of the provisions of Accounting Standard 15 (Revised) Employees Benefits.

2. Note 18.16a of Schedule 18, which relates to change in accounting policy wherein unclaimed credit balances lying in suspense receipt accounts for more than five years are no longer considered as miscellaneous Income pursuant to change in Section 26A of Banking Regulation Act. The impact of this change has resulted into understatement of Income by ₹ 2.69 crore and over statement of liabilities by the same amount.

Changes in Significant Accounting Policies

Except as mentioned below, there have been no changes to our significant accounting policies in the last three Fiscals:

In the fiscal year 2017, during the year the method of depreciation on fixed assets has been changed to straight line method (SLM), on the basis of useful life determined as per Companies Act 2013, as against the WDV method being used hitherto.

Significant Developments after the last Audited Financial Statements included in the Preliminary Placement Document that may affect our future results of operations

Further, pursuant to a resolution passed at its meeting held on March 20, 2017 and by the shareholders of our Bank vide a special resolution passed at the EGM held on March 27, 2017, our Bank has allotted 20,62,81,999 Equity Shares on preferential basis as per the provisions of the ICDR Regulations.

Pursuant to a meeting of our Board of Directors on July 29, 2017, we have adopted and filed with the stock exchanges on July 29, 2017, the unaudited financial results for the three months ended June 30, 2017, subjected to a limited review by our statutory auditors. For further information, see the Unaudited Interim Financial Information included in the section "*Financial Information*" in this Preliminary Placement Document.

Except as discussed above and as otherwise stated in this Preliminary Placement Document, to our knowledge, no circumstances have arisen since the date of the last audited financial statements as disclosed in this Preliminary

Placement Document which materially and adversely affects or is likely to affect, our profitability, or the value of our assets or our ability to pay our liabilities.

Qualitative Disclosure about Risks and Risk Management

We are exposed to various risks that are an inherent part of any banking business, with the major risks being credit risk, market risk, liquidity risk and operational risk. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all our portfolios. For further information about the types of risks and our risk management policies, see "*Business – Risk Management*"

SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS

The financial information included herein is prepared and presented in accordance with Indian GAAP. Certain differences exist between Indian GAAP and Ind-AS which might be material to the financial information herein and are summarized below. Our Bank is responsible for preparing the Summary below. Our Bank has not prepared a complete reconciliation of its financial statements and related footnote disclosures between Indian GAAP and Ind-AS and has not quantified such differences. Accordingly, no assurance is provided that the following summary of differences between Indian GAAP and Ind-AS is complete. In making an investment decision, investors must rely upon their own examination of our Bank, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind-AS, and how those differences might affect the financial information herein.

Sr. No.	Particulars	Indian GAAP	Ind-AS
1.	Presentation of Financial Statements	**Statement of Change in Equity**: Under Indian GAAP, a statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are presented in the Schedules to Financial Statements.	**Statement of Change in Equity:** Ind AS-1 requires the presentation of a statement of changes in equity showing: a) Transactions with owners in their capacity as owners, showing separately contributions by and distributions to equity holders. b) The total comprehensive income for the period. Amounts attributable to owners of the parent and non-controlling interests are to be shown separately. c) Effects of retrospective application or restatement on each component of equity. d) For each component of equity, a reconciliation between the opening and closing balances separately disclosing each change.
		Other Comprehensive Income: There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**Other Comprehensive Income:** Ind AS 1 introduces the concept of Other Comprehensive Income ("OCI"). Items of income and expenses that are not recognized in profit and loss as required or permitted by other Ind ASs are presented under OCI.
		Other disclosures: There are no specific disclosure requirements under Indian GAAP for : (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period; and	**Other disclosures:** Ind AS-1 requires disclosure of: (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period; and

Sr. No.	Particulars	Indian GAAP	Ind-AS
		(c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capita	(c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**Extraordinary items:** Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies: Indian GAAP requires changes in accounting policies should be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**Change in Accounting Policies:** Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
		Dividends: Under Indian GAAP, declaration of dividend is an adjusting event and dividend proposed after the balance sheet date but before approval of the financial statements will have to be recorded as a provision	**Dividends:** Ind AS requires liability for dividends declared to holders of equity instruments are recognized in the period in which it is declared. It is a non-adjusting event
		Errors: Under Indian GAAP**,** prior period errors are included in determination of profit or loss for the period in which the error is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	**Errors:** As per Ind AS 8 material prior period errors shall be corrected retrospectively in the first set of financial statements either by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity.
2	Cash Flow statements	1. Bank overdrafts are considered as financing activities. 2. Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities as appropriate, and separately disclosed.	1. As on IND AS 7, it should be included as cash and cash equivalents if they form an integral part of an entity's cash management. 2. As presentation of items as extraordinary is not permitted, the cash flow statement does not reflect any items of cash flow as extraordinary.

Sr. No.	Particulars	Indian GAAP	Ind-AS
3	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 *Income Taxes*, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of: i. All Ind AS opening balance sheet adjustments ii. Actuarial gain and losses accounted in OCI. iii. Indexation of freehold land iv. Fair valuation adjustments (employee loans, security deposits etc.)
4	Property, plant and equipment — reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on straight line method and on other assets depreciation under WDV method, based on the useful life prescribed in Schedule II to the Companies Act, 2013. or as estimated by the Management based on technical evaluation	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
5.	Property, plant and equipment-Provision for site restoration expenses	Currenly, under Indian GAAP, the company does not have recognises provision for Site restoration expenses	Under Ind AS 16, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
6.	Leases	**Leasehold Land:** Leasehold land is recorded and classified as fixed assets and is excluded from lease standard.	**Leasehold Land:** Land lease is classified as operating or finance as per the criteria under Ind AS 17. When a lease includes both land and building elements, an entity assesses the classification of each element as a finance or operating lease separately.
		Operating Lease Rentals: Under Indian GAAP, lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern of the users benefit.	**Operating Lease Rentals:** Under Ind AS 17, lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term unless either of the below:

Sr. No.	Particulars	Indian GAAP	Ind-AS
			a) another systematic basis is more representative of the time pattern of the user's benefit, or b) the payments to the lessor are structured to increase in line with expected general inflation for cost increases.
		Determining whether an arrangement contains a lease: There is no such requirement if it does not take the legal form of a lease.	**Determining whether an arrangement contains a lease:** An arrangement that does not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which conveys the right to use the assets is accounted for as a lease in accordance with Ind AS 17.
7.	Accounting for Employee benefits	Currently under Indian GAAP the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
8.	Segment Disclosures - Determination of segments:	Currently under Indian GAAP, segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. Segment revenue, segment expense, segment result, segment asset and segment liability have been defined. Disclosures are required based on classification of segment as primary or secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting segments.	Ind AS 108 requires segment disclosure based on the components of the entity that Management monitors in making decisions about operating matters (the 'management approach'). Such components (operating segments) are identified on the basis of internal reports that the entity's Chief Operating Decision Maker (CODM) regularly reviews in allocating resources to segments and in assessing their performance. The term 'chief operating decision maker' identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the operating segments of an entity. Often the chief operating decision maker of an entity is its chief executive officer or chief operating officer but, for example, it may be a group of executive directors or others.
9	Business combinations	Upon acquisition, any excess of the amount of the purchase consideration over the value of net assets of the transferor company acquired by the transferee company is recognized in the transferee	As per IND AS 103, All business combinations are to be accounted at fair value using the "Acquisition method". Upon acquisition, all assets acquired and liabilities assumed are recorded at fair

Sr. No.	Particulars	Indian GAAP	Ind-AS
		company's financial statements as goodwill on acquisition. All acquisitions have been accounted in line with treatment prescribed in the court approval or in case of amalgamation, as prescribed under AS 14.	value on the acquisition date. Contingent consideration payable shall be considered as part of total consideration while arriving at goodwill or gain on acquisition, as the case may be. However, common control transactions are scoped out and can be accounted for using the "book value" approach Lastly, Ind AS 101 provides exemptions for past business combinations from accounting prescribed under Ind AS 103 and the entity can elect to continue the accounting it had adopted under Indian GAAP.
10.	Classification of Financial Instruments and subsequent measurement	Currently under Indian GAAP the Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values.	Ind AS 109 requires all Financial assets to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL), or recognized in other comprehensive income (FVTOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc., There are two measurement categories for financial liabilities —FVTPL and amortized cost. Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition.
		Provision for doubtful debts: Under Indian GAAP, provisions are made for specific receivables based on circumstances such as credit default of customer or disputes with customers. An enterprise should assess the provision of doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flows of the debtors. Different methods are used for making provisions for bad debts, including ageing analysis and individual assessment of recoverability.	**Provision for doubtful debts:** In addition to the specific provisions under Indian GAAP, under Ind AS, at each reporting date, an entity shall assess whether the credit risk on trade receivables has increased significantly since initial recognition. When making the assessment, an entity shall use the Expected Credit Loss model to provide for a loss allowance over and above any provision for doubtful debts in the profit and loss statement. An entity shall measure expected credit losses to reflect the following: an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past

Sr. No.	Particulars	Indian GAAP	Ind-AS
			events, current conditions and forecasts of future economic condition
		Fair valuation of corporate guarantee given Under Indian GAAP. The company does not account for the Corporate Guarantee revenue	Under IND as 109, For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee. Hence, such costs are to be recorded in books
		Recognition and measurement of Financial liabilities at amortized cost: Bank borrowings and debentures were measured at initial recognition minus the principal repayments.	Financial liabilities at amortized cost shall be measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.
11.	Other income	Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.	Ind AS 18 requires interest to be recognised using effective interest rate method as per Ind AS 109
12.	Revenues - Measurement:	Revenue is recognized at the nominal amount of consideration receivable.	Revenue is recognised at fair value of the consideration receivable. Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognized as interest revenue using the effective interest method.

SELECT STATISTICAL INFORMATION

The selected statistical information contained in this section is based on or derived from (i) the audited financial statements of the Bank for Fiscal 2015, 2016 and 2017 and (ii) our reviewed financial statements for three months period and quarter ended June 30, 2016 and June 30, 2017 included in the section "Financial Statements" of this Preliminary Placement Document. The following information should be read together with the information included in the sections "Selected Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" included elsewhere in this Preliminary Placement Document.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Preliminary Placement Document. The Bank computes and discloses such non-GAAP financial measures and such other statistical information relating to its operations and financial performance as it considers such information to be useful measures of its business and financial performance. However, note that these non-GAAP financial measures and other statistical and other information relating to the Bank's operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Average Balance Sheet

The table below presents the average balances for interest-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for the periods indicated.

Average Balance: The average balance is the monthly average of balances outstanding.

Average Yield on Average Interest-Earning Assets: The average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets.

Average Cost on Average Interest-Bearing Liabilities: The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. For purposes of calculating spread, interest bearing liabilities include non-interest bearing demand deposits.

Average Balance of Advances: The average balances of advances are net of average balances of bills rediscounted (BRDS) and bank risk participation (IBPC), consistent with our balance sheet presentation, as mandated by the RBI. Accordingly, interest expended on BRDS and IBPC transactions is netted off from interest income on advances for the purposes of the information on average yield/cost. The interest expended on these transactions is included under interest expense on borrowings in our financial statements for each of the periods presented.

Average Balance of Investments: The average balances of investments are net of average balances of securities sold under repurchase agreements (repo transactions) with the RBI and include average balances of securities purchased under agreements to resell (reverse repo transactions) with the RBI, consistent with our balance sheet presentation, as mandated by the RBI. Accordingly, interest expended on these repo transactions is netted off from interest income on investments, and interest income on the reverse repo transactions is included under interest income on investments for the purposes of the information on average yield/cost. The interest expended on the repo transactions is included under interest expense on borrowings and the interest income on the reverse repo transactions is included under interest income on balances with the RBI and other inter-bank funds in our financial statements for each of the periods presented.

Particulars	Year ended March 31, 2015			Year ended March 31, 2016			Year ended March 31, 2017		
All figures in ₹crore	**Average Balance**	**Interest Income / Expense**	**Average yield/ cost (%)**	**Average Balance**	**Interest Income / Expense**	**Average yield/ cost (%)**	**Average Balance**	**Interest Income / Expense**	**Average yield/cost (%)**
Interest-earning assets:									
Advances	73,157.34	7,970.30	10.89	7,7162.84	7,755.06	10.05	77,565.47	6968.79	8.98
Investments	35,126.31	2,738.41	7.80	3,7275.56	2,847.33	7.64	42,529.50	3139.92	7.38
Others	6,001.25	54.78	0.91	6,000.83	44.34	0.74	6,683.18	72.96	1.09
Total interest-earning assets	1,14,284.90	10,763.49	9.42	1,20,439.23	10,646.73	8.84	126,778.15	10,181.67	8.03
Non-interest-earning assets:									
Fixed assets	1,149.195	N.A.	N.A.	1,260.90	N.A.	N.A.	1,472.615	N.A.	N.A.
Other assets	3,418.93	N.A.	N.A.	4,819.92	N.A.	N.A.	5,646.58	N.A.	N.A.
Total non-interest earning assets	4,568.12	N.A.	N.A.	6,080.82	N.A.	N.A.	7,119.19	N.A.	N.A.
Total assets	1,18,853.02	N.A.	N.A.	1,26,520.05	N.A.	N.A.	1,33,897.34	N.A.	N.A.
Interest-bearing liabilities:									
Deposits	1,04,233.14	7,989.13	7.66	1,07,162.83	7,716.71	7.20	1,12,175.83	7,213.04	6.43
Borrowings	3,648.56	326.49	8.95	5,507.04	452.28	8.21	6711.16	560.27	8.35
Total interest-bearing liabilities	1,07,881.7	8,315.62	7.71	1,12,669.87	8,168.99	7.25	1,18,886.99	7,773.31	6.54
Non-interest-bearing liabilities									
Capital and reserves	7,291.32	N.A.	N.A.	7,290.8	N.A.	N.A.	7,403.805	N.A.	N.A.
Other liabilities	2,820.36	N.A.	N.A.	2,853.11	N.A.	N.A.	2,766.315	N.A.	N.A.
Total non-interest-bearing liabilities	10,111.68	N.A.	N.A.	10,143.91	N.A.	N.A.	10,170.12	N.A.	N.A.
Total liabilities	117993.38	N.A.	N.A.	1,22,813.78	N.A.	N.A.	1,29,057.11	N.A.	N.A.

Particulars	Three Months ended June 30, 2016			Three Months ended June 30, 2017		
All figures in ₹crore	**Average Balance**	**Interest Income / Expense**	**Average yield/cost (%)**	**Average Balance**	**Interest Income / Expense**	**Average yield/cost (%)**
Interest-earning assets:						
Advances	81,756.52	1,921.54	9.40	72,352.88	1,498.44	8.28
Investments	40,528.71	762.31	7.51	38,141.38	762.9	7.43
Others	6,406.77	2.47	0.15	7,614.49	121.65	6.39
Total interest-earning assets	1,28,692.00	2,686.32	8.35	1,18,108.75	2,382.99	8.07
Non-interest-earning assets:						
Fixed assets	1,274.67	N.A.	N.A.	1,437.95	N.A.	N.A.
Other assets	4,480.55	N.A.	N.A.	4,785.62	N.A.	N.A.
Total non-interest earning assets	5,755.22	N.A.	N.A.	6,223.57	N.A.	N.A.
Total assets	1,34,447.22	N.A.	N.A.	12,1237.33	N.A.	N.A.
Interest-bearing liabilities:						
Deposits	1,12,887.77	1,917.39	6.79	1,08,946.01	1,599.10	5.87
Borrowings	7,446.27	148.05	7.95	4,319.57	108.84	10.08
Total interest-bearing liabilities	1,20,334.04	2,065.44	6.87	1,13,265.58	1,707.94	6.03
Non-interest-bearing liabilities						
Capital and reserves	7,153.27	N.A.	N.A.	7169.1	N.A.	N.A.
Other liabilities	3,049.955	N.A.	N.A.	2,779.96	N.A.	N.A.
Total non-interest-bearing liabilities	9,592.56	N.A.	N.A.	9,949.06	N.A.	N.A.
Total liabilities	1,29,926.6	N.A.	N.A.	121,237.33	N.A.	N.A.

(N.A. – Not Applicable)

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on our interest-earning assets.

Particulars	Year Ended March 31,			Three Months ended June 30	
All figures in ₹crore	**2015**	**2016**	**2017**	**2016**	**2017**
Average interest-earning assets	1,14,284.90	1,20,439.23	1,26,778.15	1,28,692.00	1,18,108.75
Average interest-bearing liabilities	1,07,881.70	1,12,669.87	1,18,886.99	1,20,334.04	1,13,265.58
Average total assets	1,20,355.76	1,24,103.79	1,29,325.23	1,29,926.60	1,23,493.49
Average interest-earning assets as a percentage of Average total assets	94.96	97.05	98.03	99.05	95.64
Average interest-bearing liabilities as a percentage of Average total assets	89.64	90.79	91.93	92.62	91.72
Average interest-earning assets as a percentage of average interest-bearing Liabilities	105.94	106.90	106.64	106.95	104.28
Yield on average interest earning assets (1) (%)	9.42	8.84	8.03	8.35	8.07
Cost of funds (2) (%)	7.71	7.25	6.54	6.87	6.03
Spread (3) (%)	1.71	1.59	1.49	1.48	2.04
Net Interest Margin (4) (%)	2.25	2.16	2.00	2.02	2.29

Notes:

(1) *Yield is interest income divided by average interest-earning assets.*
(2) *Cost of Fund is the ratio of interest expense to average interest-bearing liabilities.*
(3) *Spread is the difference between the yield on average interest earning assets, including NPA*
(4) *Net interest margin is the difference between interest earned and interest expended divided by the total average interest-earning assets.*

Analysis of Changes in Interest Income and Interest Expense

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between average balance and average rate. The changes in net interest income between periods have been reflected as attributed either to average balance or average rate changes. For purposes of the below tables, changes which are due to both average balance and average rate have been allocated solely to changes in average rate.

Particulars	Year ended March 31, 2015 vs Year ended March 31, 2016 Increase (decrease) due to			Year ended March 31, 2016 vs Year ended March 31, 2017 Increase (decrease) due to		
All figures in ₹crore	**Net change**	**Change in average balance**	**Change in average rate**	**Net change**	**Change in average balance**	**Change in average rate**
Interest income:						
Advances	(215.24)	402.55	(617.79)	(786.27)	36.16	(822.43)
Investments	108.92	166.57	(57.65)	292.59	397.72	(105.13)
Others(1)	(10.44)	(0.04)	(10.40)	28.62	54.79	(26.17)
Total Interest Income	(116.76)	569.08	(685.84)	(465.06)	488.67	(953.73)
Interest expense:						
Deposits(2)	(272.42)	210.94	(483.36)	(503.67)	322.34	(826.01)
Borrowings	125.79	152.58	(26.79)	107.99	134.02	(26.03)
Total interest expense	(146.63)	363.52	(510.15)	(395.68)	456.35	(852.03)
Net Interest Income	29.87	205.56	(175.69)	(69.38)	32.32	(101.70)

Particulars	Year ended March 31, 2016 vs Year ended March 31, 2017 Increase (decrease) due to			Three months ended June 30, 2016 vs Three months ended June 30, 2017 Increase (Decrease) due to		
All figures in ₹crore	**Net change**	**Change in average balance**	**Change in average rate**	**Net change**	**Change in average balance**	**Change in average rate**
Interest income:						
Advances	(786.27)	36.16	(822.43)	(423.10)	(778.62)	355.52
Investments	292.59	397.72	(105.13)	0.59	(177.38)	177.97
Others(1)	28.62	54.79	(26.17)	119.18	97.46	21.72
Total Interest Income	(465.06)	488.67	(953.73)	(303.33)	(858.54)	555.21

Interest expense:						
Deposits[2]	(503.67)	(755.11)	251.44	(318.29)	(231.38)	(86.91)
Borrowings	107.99	(191.94)	299.93	(39.21)	(188.54)	149.33
Total interest expense	(395.68)	(947.05)	551.37	(357.50)	(419.92)	62.42
Net Interest Income	(69.38)	1,435.73	(1,505.11)	54.17	(438.62)	492.79

Notes:

(1) Interest Income from others includes interest on various scheme, on exchange difference and interest received on income tax.

(2) Includes saving deposits, current deposits and term deposits.

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated

Particulars All Figures in ₹Crore	Year ended March 31			Three months ended June 30	
	2015	2016	2017	2016	2017
Net profit	265.48	(935.32)	(863.63)	(279.35)	(132.65)
Average total assets	120,355.76	124,103.79	129,325.23	129,926.60	123,493.49
Average total shareholders' equity[1]	6,502.99	6,907.83	6,399.32	6,072.29	6,520.34
Return on assets (net profit as a percentage of average total assets) (%)	0.22	(0.75)	(0.67)	(0.86)	(0.43)
Return on equity (net profit as a percentage of average total shareholders' equity) (%)	4.08	(13.54)	(13.50)	(18.40)	(8.14)
Average total shareholders' equity as a percentage of average total assets [2] (%)	5.40	5.57	4.95	4.67	5.28
Dividend Payout Ratio (%)	22.83	NA	NA	NA	NA

Notes

(1) Average total shareholder's equity is the monthly average share capital, reserves and surplus

(2) Average total shareholders' equity as a percentage of average total assets is calculated as average shareholder's equity divided by average total assets

(3) Dividend Payout Ratio is the dividends declared per share divided by basic earnings per share.

Investment Portfolio

The following tables set forth, as of the dates indicated, information related to our investments classified under the held to maturity (HTM), available for sale (AFS) and held for trading (HFT) categories:

Particulars	At March 31, 2015				At March 31, 2016			
All figures in ₹ crore	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities[1]	25,028.18	2,786.95	716.82	28,531.95	25,454.20	4,641.02	0.00	30,095.22
Other Approved Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares	4.13	248.75	1.76	254.64	4.13	265.40	0.00	269.53
Debentures and Bonds	0.00	2,593.72	0.00	2,593.72	1,956.71	2,524.79	0.00	4,481.50
Joint Venture & Subsidiaries	19.33	0.00	0.00	19.33	19.33	0.00	0.00	19.33
Others[2]	3,769.87	1,454.07	0.00	5,223.94	30.56	448.39	0.00	478.95
Total	**28,821.51**	**7,083.50**	**718.57**	**36,623.58**	**27,464.93**	**7,879.61**	**0.00**	**35,344.54**

Particulars	At March 31, 2017				At June 30, 2017			
All figures in ₹ crore	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities[1]	24,491.45	9,856.35	405.67	34,753.47	23,797.81	6,232.14	0.00	30,029.95
Other Approved Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares	4.13	470.50	0.00	474.63	4.13	528.49	0.00	528.49
Debentures and Bonds	1,333.23	2,717.44	0.00	4,050.67	1,333.23	2,743.40	0.00	4,076.63

Joint Venture & Subsidiaries	19.33	0.00	0.00	19.33	19.33	0.00	0.00	19.33
Others[(2)]	24.70	866.96	0.00	891.66	14.94	694.68	0.00	709.62
Total	**25,872.84**	**13,911.25**	**405.67**	**40,189.76**	**25,169.44**	**10,198.70**	**0.00**	**35,368.14**

Notes:

(1) Includes securities kept as margin with RBI and CCI

(2) Others includes investment in venture capital, units of mutual funds, commercial paper, security receipts of ARCs, certificate of deposit, CBLO.

Residual Maturity Profile

The following table sets forth, for the periods indicated, an analysis of the residual maturity profile of the Bank's domestic investment in the government and other debt securities and their market yields.

Particulars All figures in ₹crore	Year ended March 31, 2017					
	Up to one year		One to five years		Five to ten years	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Government Securities	2,393.64	6.08	8,465.11	6.74	23,894.72	7.07
Other Debt Securities	235.29	5.62	1,282.37	7.31	2,533.02	7.46
Total	**2,628.93**	**11.7**	**9,747.48**	**14.05**	**26,427.74**	**14.53**

Particulars All figures in ₹crore	Three months ended June 30, 2017					
	Up to one year		One to five years		Five to ten years	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Government Securities	1,710.90	6.54	9,949.32	6.66	18,369.72	6.92
Other Debt Securities	360.39	6.20	1,337.66	7.20	2,378.58	7.37
Total	**2,071.29**	**12.74**	**11,286.98**	**13.86**	**2,0748.3**	**14.29**

Funding

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The sources of funding include the details set out below.

Total Deposits

(₹ in crores)

Particulars	Year ended March 31,						Three months ended June 30,			
	2015		2016		2017		2016		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Demand deposits	6,549.61	5.65	6,419.51	5.47	7,344.01	6.45	5,965.70	5.33	6,747.53	6.32
Savings deposits	25,706.03	22.17	28,066.75	23.90	36,238.60	31.80	28,014.23	25.03	34,460.87	32.28
Term deposits	83,680.44	72.18	82,944.71	70.63	70,360.16	61.75	77,955.10	69.64	65,556.46	61.40
Total	115,936.08	100.00	117,430.96	100.00	113,942.77	100.00	111,935.03	100.00	106,764.86	100.00

Subordinated Debt

As at June 30, 2017								
Type	Cur	Year of Issue	Year of Maturity	Average Tenor (Years)	Interest Rate (%)	Year of call	Step-up rate (%)	Face Value (₹crore)
Subordinate Bond Lower Tier II (SERIES IX)	INR	2008	2018	10	9.25	NA	No step up	106
Subordinate Bond Normal Tier-II (Series X)	INR	2008	2019	10	11.20	NA	No step up	300
Subordinate Bond Lower Tier -II (Series-XI)	INR	2009	2019	10	9.50	NA	No step up	200
Lower Tier -II Bond (Series-XII)	INR	2012	2027	15	9.23	2022*	No step up	850
Basel III compliant Tier 2 Bonds (Series XIII)	INR	2014	2024	10	9.86	NA	No step up	780

As at June 30, 2017								
Type	**Cur**	**Year of Issue**	**Year of Maturity**	**Average Tenor (Years)**	**Interest Rate (%)**	**Year of call**	**Step-up rate (%)**	**Face Value (₹crore)**
Basel III Compliant Tier II Bonds (Series XIV)	INR	2016	2026	10	8.76	NA	No step up	400
Innovative Perpetual Debt Instrument Tier I Bonds (Series I)	INR	2007	Perpetual	Perpetual	10.05	2017***	0.50	125
Innovative Perpetual Debt Instrument Tier 1 (Series II)	INR	2009	Perpetual	Perpetual	9.00	2019**	0.50	125
Additional Tier 1 Capital (Series III) Basel III compliant	INR	2015	Perpetual	Perpetual	10.20	2020++	No step up	400
Additional Tier 1 Capital (Series IV), Basel III compliant	INR	2016	Perpetual	Perpetual	10.95	2021++	No step up	1000

**Call option may be exercised by our Bank only with the prior approval of RBI (DBOD), after the instrument has run for at least 10 years*

******* *At the end of 10th year from deemed date of allotment and every interest payment date thereafter with the prior permission from RBI, if not exercised by our Bank, coupon shall be stepped up by 50 basis points thereafter till redemption.*

****** *At the end of 10th year from deemed date of allotment with the prior permission from RBI, if not exercised by the bank, coupon shall be stepped up by 50 basis points thereafter till redemption.*

++ *At the end of 5th year from deemed date of allotment and every interest payment date thereafter with the prior permission from RBI.*

Interest Coverage Ratio

Particulars	Year ended March 31,			Three months ended June 30,	
All figures in ₹crore	**2015**	**2016**	**2017**	**2016**	**2017**
Net Profit (A)	265.48	(935.32)	(863.63)	(279.35)	(132.65)
Depreciation on Bank's Property (B)	64.64	84.51	3.13	26.41	17.3
Interest expended (C)	8,315.62	8,168.99	7,773.31	2,065.44	1,707.94
Total (D = A+B+C)	8,645.74	7,318.18	6,912.81	1,812.50	1,592.59
Interest Coverage Ratio (D / C)	1.04	0.89	0.89	0.88	0.93

Asset Liability Gap

The following table sets forth, for the periods indicated, our asset-liability gap position:

Particulars All figures in ₹ crore	As of June 30, 2017								
	0-28 Days	**29-90 Days**	**91-180 Days**	**6-12 Months**	**Total within one year**	**Over 1 year to 3 years**	**Over 3 years to 5 years**	**Over 5 years**	**Total**
Cash and balances with Reserve Bank of India	6,124.21				**6,124.21**				**6,124.21**
Balances with banks and money at call and short notice	232.58				**232.58**				**232.58**
Investments	420.23	880.41	205.46	715.37	**2,221.47**	5453.92	6,372.56	21,081.09	**35,129.04**
Advances	3,015.85	2,706.81	2,037.74	3,989.33	**11,749.73**	22,283.49	8,167.31	27,300.52	**69,501.05**
Fixed assets								1,509.35	**1,509.35**
Other assets								8,741.10	**8,741.10**
Total assets	**9,792.87**	**3,587.22**	**2,243.20**	**4,704.70**	**20,327.99**	**27,737.41**	**14,539.87**	**58,632.06**	**12,1237.33**
Capital								787.15	**787.15**
Reserves and surplus								6,699.83	**6,699.83**
Deposits	5,966.68	8,144.02	10,115.65	25,380.46	**49,606.81**	25,675.51	13,189.10	18,293.44	**1,06,764.86**

Particulars All figures in ₹ crore	As of June 30, 2017								
	0-28 Days	29-90 Days	91-180 Days	6-12 Months	Total within one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings				106.00	**106.00**	500.00		3,680.00	**4,286.00**
Other liabilities and provisions								2,699.49	**2,699.49**
Total liabilities	**5,966.68**	**8,144.02**	**10,115.65**	**25,486.46**	**49,712.81**	**26,175.51**	**13,189.10**	**32,159.91**	**12,1237.33**
Liquidity gap	3,826.19	(4,556.8)	(7,872.45)	(20,781.76)	(29,384.82)	1,561.90	1,350.77	26,472.15	0
Cumulative Liquidity gap	3,826.19	(730.61)	(8,603.06)	(29,384.82)	(29,384.82)	(27,822.92)	(26,472.15)	0	0
Cumulative liabilities	5,966.68	14,110.70	24,226.35	49,712.81	49,712.81	75,888.32	89,077.42	1,21,237.33	1,21,237.33
Cumulative liquidity gap as a percentage of cumulative liabilities (%)	**64.13%**	**(5.18)%**	**(35.51)%**	**(59.11)%**	**(59.11)%**	**(36.66)%**	**(29.72)%**	**0.00%**	

Advances Portfolio

The following table sets forth, for the periods indicated, our gross advance portfolio (including advances made by our overseas branches) classified by product group. Loans are classified into retail based on the criteria of orientation, the nature of the product, granularity of the exposure and quantum thereof as laid down by the Basel committee. See the section "*Regulation and Policies*". For a description of our retail and wholesale loan products, see the section *"Business"*.

Gross Advances All figures in ₹crore	Year ended March 31,			Three months period ended June 30,	
	2015	2016	2017	2016	2017
Agriculture	9,177	12,618	13,044	12,185	13,117
MSME	15,256	13,983	12,458	13,945	11,904
Large Industries	29,645	30,548	27,951	29,095	26,021
Retail	10,910	12,053	13,301	11,350	13,530
Food Credit	1,524	1,347	918	1,387	809
Others	14,117	15,262	9,866	13,152	9,426
Total gross advances	80,629	85,811	77,538	81,114	74,807

Concentration of Advances

Pursuant to the guidelines of the RBI, our exposure to individual borrowers is limited to 15% of our capital funds (as defined by the RBI and calculated under Indian GAAP), and our exposure to a group of companies under the same management is limited to 40% of our capital funds. In the case of infrastructure projects, such as power, telecommunications, road and port projects, an additional exposure of up to 5% of capital funds is allowed in respect of individual borrowers and up to 10% in respect of group borrowers. We may, in exceptional circumstances, with the approval of our Board of Directors, consider enhancement of exposure to a borrower by a further 5% of capital funds. The following table sets forth, for the periods indicated, our gross loans outstanding by the borrower's industry or economic activity and as a percentage of our gross loans (where such percentage exceeds 2.0% of the total). We do not consider retail loans a specific industry for this purpose. For further information, see "*Regulations and Policies*"

Particulars – Industry Type All figures in ₹crore	As at March 31,						As at June 30,			
	2015	% of Total Advances	2016	% of Total Advances	2017	% of Total Advances	2016	% of Total Advances	2017	% of Total Advances
Mining and Quarrying (Inclusive coal)	97.99	0.12	801.32	0.93	940.91	1.21	836.55	1.03	944.69	1.26
Iron and Steel	3,797.71	4.71	4,176.76	4.87	4,100.91	5.29	4,186.3	5.16	4,028.13	5.38
Other metal and metal products	535.99	0.66	577.26	0.67	542.06	0.70	545.57	0.67	546.67	0.73
All engineering	2,783.96	3.45	2,992.92	3.49	2,955.86	3.81	2,854.05	3.52	3,12.49	4.16

Particulars – Industry Type All figures in ₹crore	As at March 31,						As at June 30,			
	2015	**% of Total Advances**	**2016**	**% of Total Advances**	**2017**	**% of Total Advances**	**2016**	**% of Total Advances**	**2017**	**% of Total Advances**
Cotton Textile	2,064.42	2.56	2,064.62	2.41	1,502.19	1.94	1326.1	1.63	1,494.48	2.00
Jute Textile	6.07	0.01	6.08	0.01	8.23	0.01	6.38	0.01	8.51	0.01
Manmade textile	135.43	0.17	156.43	0.18	154.42	0.20	165.24	0.20	164.7	0.22
Food processing	1,463.21	1.81	1,747.08	2.04	1,424.54	1.84	1,658.53	2.04	1,447.6	1.94
Of which Sugar	44.93	0.06	184.25	0.21	155.42	0.20	180.16	0.22	156.96	0.21
Tea	8.59	0.01	8.24	0.01	7.3	0.01	8.02	0.01	7	0.01
Vegetable Oil	626.17	0.78	767.02	0.89	513.44	0.66	701.19	0.86	514.44	0.69
Paper and Paper Products	448.24	0.56	449.85	0.52	443.88	0.57	422.81	0.52	429.28	0.57
Rubber, plastics and their products	610.06	0.76	628.99	0.73	680.27	0.88	624.53	0.77	722.45	0.97
Chemical, dyes, Paints and Pharmaceuticals of which:	1,237.82	1.54	1148.78	1.34	862.67	1.11	1230.51	1.52	875.41	1.17
Fertilizer	204.82	0.25	124.25	0.14	118.19	0.15	146.28	0.18	132.8	0.18
Perto Chemical	447.87	0.56	319.6	0.37	269.27	0.35	320.14	0.39	263.97	0.35
Drug and Pharmaceuticals	278.47	0.35	375.68	0.44	280.15	0.36	376.2	0.46	260.94	0.35
Cement and Cement Products	711.02	0.88	635.11	0.74	683.74	0.88	635.23	0.78	666.56	0.89
Leather and Leather Products	487.71	0.60	514.38	0.60	510.54	0.66	513.45	0.63	507.08	0.68
Gem and Jewellery	762.86	0.95	745.9	0.87	743.3	0.96	805.15	0.99	761.36	1.02
Construction	1,593.78	1.98	3,064.6	3.57	2,627.48	3.39	2,765.56	3.41	2,608.46	3.49
Petroleum, Coal Products and Nuclear Fuel	718.59	0.89	600.57	0.70	1.7	0.00	2.14	0.00	0.84	0.00
Vehicles, Vehicles Parts and Transport Equipment’s	209.16	0.26	223.75	0.26	195.51	0.25	228.33	0.28	190.55	0.25
Computer Software	39.59	0.05	142.63	0.17	135.73	0.18	231.75	0.29	148.91	0.20
Infrastructure of which	15,335.71	19.02	13098.2	15.26	11,465.71	14.79	13,263.83	16.35	11,146.94	14.90
Power	10,647.56	13.21	7723.41	9.00	4,356.61	5.62	7,569.28	9.33	4,051.32	5.42
Communication	1,204.06	1.49	1431.1	1.67	1,855.63	2.39	1,618.97	2.00	1,786.99	2.39
Water and Sanitation	143.02	0.18	64.41	0.08	378.26	0.49	100.56	0.12	448.16	0.60
Social and Commercial Structure	680.53	0.84	823.33	0.96	1,087.74	1.40	888	1.09	1,077.96	1.44
NBFCs	11,112.32	13.78	12,414.94	14.47	8,718.45	11.24	9,056.02	11.16	6,956.38	9.30
Trading	1,849.78	2.29	2242.74	2.61	1,850.66	2.39	3,819.08	4.71	1,790.83	2.39
Beverage and Tobacco	29.76	0.04	20.28	0.02	20.06	0.03	19.91	0.02	19.12	0.03
Wood and Wood Products	142.07	0.18	132.46	0.15	148.42	0.19	134.37	0.17	147.7	0.20
Other Industries	19,678.56	24.41	25,113.5	29.27	27,165.27	35.03	23,537.14	29.02	26,725.53	35.73
Total	80,629.24	100.00	85,810.67	100.00	77,537.84	100.00	81,113.91	100.00	74,806.53	100.00

Directed Lending

The RBI has established guidelines requiring Indian banks to lend 40% of their adjusted net bank credit (ANBC), as computed in accordance with RBI guidelines, or the credit equivalent amount of off balance sheet exposures, whichever is higher, as of March 31 of the previous fiscal to certain sectors called "priority sectors." Priority sectors are broadly comprised of agriculture, micro and small enterprises (MSEs), education, housing, social infrastructure and renewable energy, subject to certain limits.

We are required to comply with the priority sector lending requirements as of March 31, in each fiscal year. Any shortfall in the amount required to be lent to the agricultural sector may be required to be deposited with government sponsored Indian developmental banks such as NABARD or funds with other financial institutions as specified by RBI

The following table sets forth, for the periods indicated, our directed lending broken down by sector:

Particulars All figures in ₹crore	As at March 31,						As at June 30,			
	2015		2016		2017		2016		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Directed lending:	32,491		33,918		36,346		32,958		34,219	
Agriculture (Including RIDF, PTC PSLCs & IBPC)	11,866	41.70%	15,912	46.64%	16,375	44.27%	15,372	45.59%	16,244	47.04%
Micro and small enterprises – PS	13,004	45.70%	13,957	40.91%	15,316	41.40%	14,051	41.67%	12,359	35.79%
Other	3,584	12.96%	4,248	12.45%	5,301	14.33%	4,295	12.74%	5,926	17.16%
Total directed lending	28,454	100%	3,4117	100%	36,992	100%	33,718	100%	34,529	100%

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following table presents an analysis of the Bank's gross credit by region as of the dates indicated.

State & Union Territories All figures in ₹crore	As at March 31,						As at June 30,			
	2015		2016		2017		2016		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Andaman & Nicobar	0.18	0.00	0.54	0.00	1.14	0.00	0.48	0.00	1.10	0.00
Andhra Pradesh	355.51	0.44	392.53	0.46	338.29	0.44	378.85	0.47	333.28	0.45
Assam	139.32	0.17	43.65	0.05	58.48	0.08	45.43	0.06	61.86	0.08
Bihar	180.05	0.22	183.03	0.21	236.60	0.31	189.48	0.23	241.47	0.32
Chandigarh	261.93	0.32	275.50	0.32	245.97	0.32	275.63	0.34	173.75	0.23
Chhattisgarh	1,962.41	2.43	1,619.98	1.89	1,550.13	2.00	1,780.74	2.20	1,554.89	2.08
Dadra & fNagar Haveli	108.06	0.13	125.09	0.15	113.49	0.15	119.12	0.15	112.51	0.15
Daman & Diu	15.90	0.02	16.92	0.02	20.73	0.03	16.38	0.02	22.59	0.03
Delhi	8,632.89	10.71	8,303.07	9.68	7004.70	9.03	8,343.89	10.29	6,583.34	8.80
Goa	637.74	0.79	647.31	0.75	425.99	0.55	639.25	0.79	309.57	0.41
Gujarat	20,424.40	25.33	21,976.58	25.61	19,811.55	25.55	21,830.93	26.91	19,712.82	26.35
Haryana	1,922.49	2.38	1,349.64	1.57	1480.71	1.91	1403.24	1.73	1572.35	2.10
Himachal Pradesh	67.66	0.08	52.41	0.06	54.40	0.07	54.60	0.07	55.52	0.07
Jammu & Kashmir	10.67	0.01	12.00	0.01	12.61	0.02	12.06	0.01	13.56	0.02
Jharkhand	131.13	0.16	132.62	0.15	116.57	0.15	132.84	0.16	116.14	0.16
Karnataka	1,231.81	1.53	1,294.46	1.51	1,334.57	1.72	1,400.72	1.73	1,305.20	1.74
Kerala	340.69	0.42	494.26	0.58	696.12	0.90	429.21	0.53	583.24	0.78
Madhya Pradesh	1,169.50	1.45	1,371.49	1.60	1,678.69	2.16	1,842.95	2.27	1,757.64	2.35
Maharashtra	29,622.47	36.74	32,949.82	38.40	30,513.57	39.35	28,802.83	35.51	28,580.80	38.21
Manipur	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Meghalaya	2.00	0.00	2.64	0.00	2.81	0.00	2.60	0.00	2.58	0.00
Nagaland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00
Orissa	163.28	0.20	195.75	0.23	214.70	0.28	195.81	0.24	223.29	0.30
Puducherry	9.36	0.01	9.30	0.01	10.00	0.01	9.41	0.01	10.42	0.01
Punjab	782.47	0.97	845.80	0.99	760.05	0.98	852.23	1.05	759.25	1.01
Rajasthan	1,874.46	2.32	978.68	1.14	916.29	1.18	938.11	1.16	903.20	1.21
Sikkim	26.64	0.03	31.81	0.04	32.39	0.04	32.58	0.04	32.33	0.04

State & Union Territories All figures in ₹crore	As at March 31,						As at June 30,			
	2015		2016		2017		2016		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Tamil Nadu	3,672.64	4.55	4,634.55	5.40	3,352.91	4.32	4,284.30	5.28	3,070.59	4.10
Telangana	1,174.52	1.46	2,006.16	2.34	1,525.19	1.97	1,527.89	1.88	1,765.60	2.36
Tripura	0.69	0.00	2.75	0.00	4.30	0.01	3.19	0.00	5.02	0.01
Uttar Pradesh	2,041.96	2.53	1,642.79	1.91	1,177.05	1.52	1,459.40	1.80	1,154.45	1.54
Uttarakhand	253.28	0.31	276.36	0.32	283.56	0.37	285.63	0.35	292.35	0.39
West Bengal	3,413.13	4.23	3,943.17	4.60	3,564.26	4.60	3,824.14	4.71	3,495.75	4.67
Grand Total	**80,629.24**	**100.00**	**85,810.67**	**100.00**	**77,537.84**	**100.00**	**81,113.91**	**100.00**	**74,806.53**	**100.00**

Non-Performing Assets

Recognition of Non-Performing Assets

The RBI has issued guidelines on income recognition, asset classification, provisioning standards and the valuation of investments applicable to banks, which are revised from time to time. The principal features of the RBI guidelines are set forth below.

An asset, including a leased asset, becomes non-performing once it ceases to generate income for the bank. The RBI guidelines stipulate the criteria for determining and classifying a non-performing asset (NPA). A NPA is a loan or an advance where:

- interest and/or an installment of principal remains overdue (as defined below) for a period of more than 90 days in respect of a term loan;
- the account remains "out-of-order" (as defined below) in respect of an overdraft or cash credit for more than 90 days;
- the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;
- in the case of a loan granted for short duration crops, the installments of principal or interest thereon remain overdue for two crop seasons;
- in the case of a loan granted for long duration crops, the installments of principal or interest thereon remain overdue for one crop season;
- the amount of a liquidity facility remains outstanding for more than ninety days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization; or
- in respect of derivative transactions, the overdue receivables representing the positive mark-to-market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

Banks should classify an account as a NPA if the interest imposed during any quarter is not fully repaid within ninety days from the end of the relevant quarter. For additional information regarding the RBI's guidelines regarding the classification of NPAs into categories, please refer to the section "*Regulation and Policies*".

"Overdue"

Any amount due to the bank under any credit facility is "overdue" if it is not paid on the due date fixed by the bank.

"Out-of-Order" Status

An account (overdraft / cash credit) should be treated as "out-of-order" if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In circumstances where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but (i) there are no credits continuously for a period of 90 days as on the date of the balance sheet of the bank or (ii) the credits are not sufficient to cover the interest debited during the same period, these accounts should be treated as “out-of-order”.

The following table sets forth, for the periods indicated, information about our NPAs:

Particulars **All figures in ₹crore**	**As at March 31,**			**As at June 30,**	
	2015	**2016**	**2017**	**2016**	**2017**
Gross NPAs	4,393.04	8,560.49	12,618.73	9,636.32	12,994.16
Provision for NPAs	1,372.22	3,322.32	4,877.67	3,720.28	5,181.01
Net NPAs	3,014.30	5,230.47	7,735.12	5,911.14	7,797.16
Gross Advances	80,629.25	85,810.67	77,537.84	81,113.93	74,806.53
Gross NPAs as a percentage of gross advances (%)	5.45	9.98	16.27	11.88	17.37
Net NPAs as a percentage of net advances (%)	3.82	6.35	10.66	7.65	11.22
Provisions coverage ratio	52.97	52.79	50.56	52.13	51.72

The following table sets forth, for the periods indicated, information about our NPA provisions:

Particulars **All figures in ₹crore**	**As at March 31,**			**As at June 30,**	
	2015	**2016**	**2017**	**2016**	**2017**
NPA provisions at the beginning of the year	772.78	1,372.22	3,322.32	3,322.32	4,877.67
Additions during the year	1,114.74	2,724.09	2,457.75	598.49	434.58
Reduction during the period on account of recovery and write off	515.30	773.99	902.40	200.53	131.24
NPA provisions at the end	**1,372.22**	**3,322.32**	**4,877.67**	**3,720.28**	**5,181.01**
Floating provisions	0	0	0	0	0

The following table sets forth, for the periods indicated, information about our movement of NPAs:

Particulars **All figures in ₹crore**	**As at March 31,**			**As at June 30,**	
	2015	**2016**	**2017**	**2016**	**2017**
Gross NPA Opening Balance	2,616.03	4,393.04	8,560.49	8,560.49	1,2618.73
Less: Cash Recovery	594.70	728.00	1,119.87	225.89	263.82
Less: Upgradation	786.98	443.34	755.87	268.13	183.66
Less: Write Off	515.30	759.66	833.39	200.53	131.24
Total Reduction	1,896.98	1,931.00	2,709.13	694.55	578.72
Add: Fresh Slippage & Debit Operations	3,673.99	6,098.45	6,767.37	1,770.38	954.15
Net Increase /(Decrease)	1,777.01	4,167.45	4,058.24	1,075.83	375.43
Gross NPA	**4,393.04**	**8,560.49**	**12,618.73**	**9,636.32**	**12,994.16**
Gross NPA (%)	**5.45**	**9.98**	**16.27**	**11.88**	**17.37**
Net NPA	**3,014.30**	**5,230.47**	**7,735.12**	**5,911.14**	**7,797.16**
Net NPA (%)	**3.82**	**6.35**	**10.66**	**7.65**	**11.22**

Classification of Non-Performing Assets

As per RBI guidelines, banks are required to classify their NPAs into substandard, doubtful and loss asset categories.

Substandard assets

A substandard asset is one which has remained a NPA for a period less than or equal to 12 months. In such cases, the current net worth of the borrower / guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full. In other words, such an asset will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that banks will sustain some loss, if deficiencies are not corrected.

Doubtful assets

A doubtful asset is one which has remained a NPA for a period exceeding 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss assets

A loss asset is one where loss has been identified by the Bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value. The following table sets forth, for the periods indicated, the classification of our gross NPAs in accordance with the RBI guidelines:

Particulars	**As at March 31,**			**As at June 30,**	
All figures in ₹crore	**2015**	**2016**	**2017**	**2016**	**2017**
Substandard	1,568.49	2,104.81	4,381.01	3,117.62	3,438.56
Doubtful	2,571.96	6,076.71	7,675.61	6,127.76	8,979.76
Loss	252.59	378.97	562.11	390.94	575.84
Gross NPAs	**4,393.04**	**8,560.49**	**12,618.73**	**9,636.32**	**12,994.16**

Provisioning Policy for Non-Performing Assets

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI. The specific provision levels for retail NPAs are also based on the nature of product and delinquency levels. In relation to non-performing derivative contracts, as per the extant RBI guidelines, we make provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts. Provisions for substandard, doubtful and loss asset categories are required to be made as per the RBI guidelines described below. These provisioning requirements are the minimum provisions that have to be made in accordance with the RBI guidelines.

Substandard assets

A general provision of 15.0% on total outstanding loans is required without making any allowance for the Export Credit Guarantee Corporation of India guarantee cover and securities available. The unsecured exposures which are identified as sub-standard are subject to an additional provision of 10.0% (i.e. a total of 25.0% on the outstanding balance). However, unsecured loans classified as substandard, where certain safeguards such as escrow accounts are available, are subject to an additional provision of only 5.0% (i.e. a total of 20.0% on the outstanding balance).

Doubtful assets

A 100.0% provision is made against the unsecured portion of the doubtful asset. The value assigned to the collateral securing a loan is the realizable value determined by third party appraisers. In cases where there is a secured portion of the asset, depending upon the period for which the asset remains doubtful, a 25.0% to 100.0% provision is required to be made against the secured asset as follows:

- Up to one year: 25.0% provision.
- One to three years: 40.0% provision.
- More than three years: 100.0% provision.

Loss assets

The entire asset is required to be written off or 100.0% of the outstanding amount is required to be provided for.

Analysis of Non-Performing Loans by Industry Sector

The following table sets forth, for the periods indicated, our non-performing loans by borrowers' industry or economic activity in each of the respective periods and as a percentage of our loans in the respective industry or economic activity sector.

Industry All figures in ₹ crore	Year ended March 31, 2015			Year ended March 31, 2016			Year ended March 31, 2017		
	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry
Leather and Leather Products	487.71	2.28	0.47	514.38	2.33	0.45	510.54	9.50	1.86
Wood and Wood Products	142.07	10.44	7.35	132.46	29.46	22.24	148.42	41.84	28.19
Paper and Pare Products	448.24	64.65	14.42	449.85	139.89	31.10	443.88	147.95	33.33
Petroleum (non - infra), Coal Products (non - mining) and Nuclear Fuel	718.59	0.05	0.01	600.57	0.04	0.01	1.70	0.03	1.76
Chemicals and Chemical Products (Dyes, Paints and etc.)	1237.82	109.73	8.86	1148.78	83.88	7.30	862.67	78.51	9.10
Rubber, Plastic and their Products	610.06	15.72	2.58	628.99	27.89	4.43	680.27	52.50	7.72
Glass and Glass ware	580.67	72.92	12.56	496.94	60.61	12.20	431.84	56.25	13.03
Cement and Cement Products	711.02	137.98	19.41	635.11	173.47	27.31	683.74	275.70	40.32
Basic Metal and Metal Products	4,333.70	384.76	8.88	4,754.02	1,391.88	29.28	4,642.97	2,654.34	57.17
All engineering	2,783.96	103.17	3.71	2992.92	541.56	18.09	2955.86	1,217.67	41.20
Vehicle, Vehicle Part and Transport Equipment's	209.16	4.89	2.34	223.75	10.38	4.64	195.51	10.97	5.61
Gems and Jewellery	762.86	33.46	4.39	745.90	89.68	12.02	743.30	234.86	31.60
Construction	1,593.78	449.13	28.18	3,064.60	1,020.34	33.29	2,27.48	905.53	34.46
Infrastructure	15,335.71	467.00	3.05	1,3098.20	805.81	6.15	11,465.71	1,294.56	11.29
Of which									
Energy	10,647.56	97.71	0.92	7,723.41	242.54	3.14	4,356.61	233.24	5.35
Water and Sanitation	143.02	0.00	0.00	128.13	67.67	52.81	378.26	69.60	18.40
Communication	1204.06	221.46	18.39	1,431.10	202.54	14.15	1,855.63	202.18	10.90
Social and Commercial	680.53	26.70	3.92	823.33	64.55	7.84	1,087.74	54.56	5.02
Other Industries	7,031.70	933.71	13.28	8,837.06	1,854.38	20.98	6,831.63	2,084.53	30.51
Residuary other advances (totally with gross advance)	43,642.19	1,603.15	3.67	47,487.14	2,328.89	4.90	44,312.32	3,553.99	8.02
Total gross non-performing loans	**80,629.24**	**4,393.04**	**5.45**	**85,810.67**	**8,560.49**	**9.98**	**77,537.84**	**12,618.73**	**16.27**

Industry All figures in ₹ crore	Three Months ended June 30, 2016			Three Months ended June 30, 2017		
	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry
Leather and Leather Products	513.45	9.51	1.85	507.08	9.03	1.78
Wood and Wood Products	134.37	28.96	21.55	147.70	41.07	27.81
Paper and Pare Products	422.81	139.79	33.06	429.28	146.07	34.03
Petroleum (non - infra), Coal Products (non - mining) and Nuclear Fuel	2.14	0.04	1.87	0.84	0.03	3.57
Chemicals and Chemical Products (Dyes, Paints and etc.)	1,230.51	82.48	6.70	875.41	155.21	17.73
Rubber, Plastic and their Products	624.53	38.96	6.24	722.45	54.45	7.54
Glass and Glass ware	478.04	56.24	11.76	396.18	56.15	14.17
Cement and Cement Products	635.23	173.28	27.28	666.56	145.35	21.81
Basic Metal and Metal Products	4,731.87	2,178.86	46.05	4,574.80	2,520.87	55.10
All engineering	2,854.05	509.81	17.86	3112.49	902.81	29.01
Vehicle, Vehicle Part and Transport Equipment's	228.33	8.81	3.86	190.55	33.55	17.61
Gems and Jewellery	805.15	239.37	29.73	761.36	249.33	32.75
Construction	2,765.56	835.37	30.21	2,608.46	915.24	35.09
Infrastructure	13,263.83	824.51	6.22	11,146.94	1,338.72	12.01
Of which						
Energy	7,569.28	204.42	2.70	4,051.32	232.29	5.73
Water and Sanitation	100.56	67.32	66.95	448.16	69.40	15.49

Industry All figures in ₹ crore	Three Months ended June 30, 2016			Three Months ended June 30, 2017		
	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry
Communication	1,618.97	202.54	12.51	1,786.99	239.84	13.42
Social and Commercial	888.00	62.01	6.98	1,077.96	51.94	4.82
Other Industries	7,145.37	1,686.72	23.61	6,859.80	2,310.00	33.67
Residuary other advances (totally with gross advance)	45,278.69	2,823.61	6.24	41,806.63	4,116.28	9.85
Total gross non-performing loans	**81,113.93**	**9,636.32**	**11.88**	**74,806.53**	**12,994.16**	**17.37**

Remediation Strategy for Non-Performing Loans

Movement of Provisions for Non-Performing Assets

Particulars All figures in ₹crore	As at March 31, 2015	2016	2017	As at June 30, 2016	2017
Provisions at the beginning of the period	772.78	1,372.22	3,322.32	3,322.32	4,877.67
Provisions made during the period,	1,114.74	2,724.09	2,457.75	598.49	434.58
Provisions no longer required on account of write-offs	515.30	773.99	902.40	200.53	131.24
Provisions at the end of the period	**1,372.22**	**3,322.32**	**4,877.67**	**3,720.28**	**5,181.01**

Restructured Assets

The RBI has issued prudential guidelines on the restructuring of assets by banks. The guidelines essentially deal with the norms/conditions, the fulfillment of which is required to maintain the category of the restructured account as a 'standard asset'. Similar guidelines apply to assets categorized as substandard. Substandard accounts which have been subjected to restructuring, whether in respect of principal installment or interest amount, are eligible to be upgraded to the standard category only after the specified period, i.e. a period of one year after the date when the first payment of interest or principal, whichever is earlier, falls due, subject to satisfactory performance during the period. If there is a failure to meet payment or other terms of a restructured loan, it may be considered a failed restructuring, in which case it is no longer classified as a restructured loan. We restructure assets on a case-by-case basis after our management has determined that restructuring is the best means of maximizing realization of the asset.

Capital Adequacy

The following table sets forth, for the periods indicated, our capital adequacy ratios computed as per applicable RBI guidelines:

Particulars All figures in ₹crore	As at March 31, 2015	2016	2017	As at June 30, 2016	2017
Common equity tier I (CET I)	6,210.79	6,254.37	6,021.68	5,849.21	5,727.98
Additional tier I capital	284.84	1,273.62	1,501.50	1,250.47	1,501.50
Tier I capital	**6,495.63**	**7,527.98**	**7,523.18**	**7,099.68**	**7,229.48**
Tier II capital	2,761.13	2,107.33	1,949.04	2,049.00	1,932.64
Total capital	**9,256.76**	**9,635.31**	**9,472.22**	**9,148.68**	**9,162.12**
Risk weighted assets	**84,728.95**	**87,616.35**	**83,174.43**	**84,796.60**	**78,669.88**
CET I ratio (%)	7.33%	7.14%	7.24%	6.90%	7.28%
Tier I capital ratio	7.67%	8.59%	9.05%	8.37%	9.19%
Tier II capital ratio	3.26%	2.41%	2.34%	2.42%	2.46%
Total capital ratio	**10.93%**	**11.00%**	**11.39%**	**10.79%**	**11.65%**

Notes:
Tier I and Tier II capital adequacy ratios have been calculated in accordance with RBI guidelines (Basel III Capital Regulations, generally referred to as Basel III) and therefore are not directly comparable. See the section "*Regulation and Policies*".

The following table sets forth, for the periods indicated, our risk weighted assets (RWA) pertaining to credit risk, market risk and operational risk computed as per applicable the RBI guidelines:

Particulars **All figures in ₹crore**	**As at March 31,**			**As at June 30,**	
	2015	**2016**	**2017**	**2016**	**2017**
	Basel II	**Basel III**	**Basel III**	**Basel III**	**Basel III**
Credit risk RWA	76,146.17	76,527.28	67,970.21	74,183.00	66,320.47
Market risk RWA	3,556.74	5,114.56	9,153.63	4,563.01	6,225.29
Operational risk RWA	5,026.04	5,974.51	6,050.59	6,050.59	6,124.13
Total risk weighted assets	**84,728.95**	**87,616.35**	**83,174.43**	**84,796.60**	**78,669.88**

INDUSTRY OVERVIEW

The information in this section has been extracted from various publicly-available documents, including officially-prepared materials from the Government of India and its various ministries, the RBI and its publications, industry or general publications and other third-party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by BRLMs, us or any of our advisors, and thus should not be relied on as if it had been so verified. Statements in this section that are not statements of historical fact constitute "forward looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties, and certain factors could cause actual results or outcomes to differ materially.

Overview of the Indian Economy

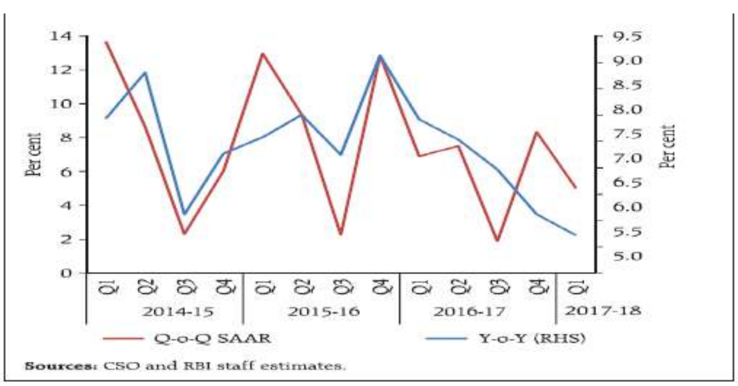
The Indian economy continues to consolidate gains achieved in reversal to the growth path and achieving a comparatively stable macroeconomic environment. It is one of the largest economies in the world, with a gross domestic product ("**GDP**") based on purchasing power parity of an estimated US$8.72 trillion in calendar year 2016. Per capita GDP in India has grown from an estimated US$6,300 in calendar year 2015 to an estimated US$6,700 in calendar year 2016. *(Source: World Factbook, available on https://www.cia.gov/library/publications/resources/the-world-factbook/geos/in.html).*

The macro – economic stability of the Indian economy improved in the first half of the current year, weathering global headwinds. Economic growth remained robust, current account balance improved despite continuing sluggishness in global demand, fiscal trends remained attuned to the consolidation plans and inflation remained broadly within the corridor. Economic growth was supported by good monsoon rains and better crop production, and, the expansion in Government expenditure due to payouts on account of the Seventh Pay Commission. As per the First Advanced Estimates released by the Central Statistics Office, the economy is estimated to grow at 7.1 per cent in 2016 – 17, as compared to the growth of 7.6 per cent achieved in 2015 – 16.

The prospects for Indian economy for the year 2017 – 18 need to be assessed in the light of emerging global and domestic developments. Indications are that global economic growth is gradually picking up. This augers well for Indian exports which are highly responsive to the dynamics of global economic activity. On the other hand, the increasing global prices of oil and other key commodities may exercise an upward pressure on the value of imports. Domestic demand is expected to get a boost from accommodative monetary policy and the unleashing of domestic trade and consumption as the economy gets remonetised to the required levels. On balance, and, in line with the projections for strengthening of India's growth by multi-lateral institutions, the nominal growth of the economy is expected to be 11.75 per cent in the financial year 2017-18.

(Source: The Macro Economic Framework Statement for 2017 – 2018 available at http://indiabudget.nic.in/)

GDP Growth



(Source: RBI Monetary Policy Report – October 2017)

Current Indian Banking Industry Scenario

The performance of the banking sector, public sector banks (PSBs) in particular, continued to remain subdued in the current financial year. The asset quality of banks deteriorated further. The gross nonperforming assets (GNPA) ratio of scheduled commercial banks (SCBs) increased to 9.1 per cent from 7.8 per cent between March and September 2016. The Tier-I leverage ratio of the SCBs increased marginally between March and September 2016. Profit after tax (PAT) contracted on year-on-year basis in the first half of 2016-17 due to higher growth in risk provisions, loan write-off and decline in net interest income. *(Source: The Macro Economic Framework Statement for 2017 – 2018 available at http://indiabudget.nic.in/).*

Post demonetisation, the pace of monetary transmission from the policy repo rate to banks' lending rates accelerated significantly, aided by the increase in the share of low cost current account and saving account (CASA) deposits in bank funding. However, the transmission to actual lending rates was uneven across sectors, reflecting sector-specific credit risk dynamics. *(Source: RBI Annual Report 2016 – 17)*

The asset quality of the banking sector continued to be a concern during 2016 – 17. In the aftermath of the asset quality review (AQR) undertaken by the Reserve Bank beginning July 2015 and concomitantly with better recognition of non – performing assets (NPAs), the asset quality of banks, particularly the PSBs, deteriorated sharply. As of end March 2017, 12.1 per cent of the advances of the banking system were stressed (sum of gross NPAs and restructured standard advances). A sharp increase in provisioning for NPAs adversely impacted the profitability of banks, with the PSBs as a whole continuing to incur net losses during 2016 – 17. The capital position of many banks also witnessed erosion even though the capital to risk – weighted assets ratio (CRAR) for the banking system as a whole marginally increased and continued to be above the regulatory minimum under the Basel III framework. The large amount of bad loans circumscribed the ability of banks to lend, as reflected in the declining credit growth in recent years. Large NPAs also led to risk aversion on the part of banks as apprehensions of loans turning into NPAs intensified. Furthermore, banks engaged in diversifying their credit portfolios, reducing their exposure from large industries and shifting towards the relatively less stressed categories of housing, personal loans and services.

As the banking sector struggled with the sizeable volume of NPAs, the Reserve Bank continued its efforts to fortify the regulatory framework through significant policy interventions for improving the banking system's ability to deal with distress. Pursuant to the promulgation of the Banking Regulation (Amendment) Ordinance, 2017, the Reserve Bank constituted an Internal Advisory Committee (IAC) to recommend cases that might be considered for reference under the Insolvency and Bankruptcy Code (IBC), 2016. Final guidelines on large exposures framework and enhancing credit supply for large borrowers through market mechanism were also issued in order to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision (BCBS) standards and to further diversify the lending base of banks.

Apart from slowdown in credit, one – off factors like demonetisation and the redemption of Foreign Currency Non-Resident (Bank) (FCNR(B)) deposits impacted the behaviour of monetary aggregates during the year. The surge in deposits led to excess liquidity in the banking system which was absorbed through an array of liquidity management measures, viz., reverse repo under the Liquidity Adjustment Facility (LAF), incremental Cash Reserve Ratio (CRR), and issuance of Cash Management Bills (CMBs) under the Market Stabilisation Scheme (MSS). As the pace of remonetisation gathered momentum, monetary aggregates started recovering with currency in circulation as of end-June 2017 reaching around 85 per cent of its pre – demonetisation peak.

The conduct of monetary policy during 2016 – 17 was guided by an inflation objective of 5.0 per cent for Q4 of 2016-17. With inflation, then expected to be below its objective for Q4: 2016 – 17, the Monetary Policy Committee in its resolution of February 8, 2017 emphasised its commitment to the medium – term inflation target of 4 per cent within a band of +/- 2 per cent while supporting growth. Keeping this in view, the stance of monetary policy was changed from accommodative to neutral in February 2017.

(Source: RBI Annual Report 2016 – 17)

Banking Authority

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The Reserve Bank's affairs are governed by a central board of directors with full – time Governor and not more than four Deputy Governors, Non – Official Directors nominated by Government of which ten Directors belong from various fields and two Government Official and four Directors, one each, from four local boards. The board is appointed by the Government of India in keeping with the Reserve Bank of India Act. The Reserve Bank of India performs this function under the guidance of the Board for Financial Supervision (BFS) which was constituted in November 1994 as a committee of the Central Board of Directors of the Reserve Bank of India. Primary objective of BFS is to undertake consolidated supervision of the financial sector comprising commercial banks, financial institutions and non-banking finance companies.

The current focus of BFS is:

i) supervision of financial institutions;
ii) consolidated accounting;
iii) legal issues in bank frauds;
iv) divergence in assessments of non – performing assets; and
v) supervisory rating model for banks.

(Source: https://rbi.org.in/Scripts/AboutusDisplay.aspx)

Constituents of Banking Industry

As on date of this Preliminary Placement Document, there are 21 (twenty one) public sector banks, 26 (twenty six) private sector banks, 43 (forty three) foreign banks, 6 (six) small finance banks, 6 (six) payment banks and 56 (fifty six) regional rural banks. *(Source: https://www.rbi.org.in/commonman/english/scripts/banksinindia.aspx#rrb)*

Public Sector Banks

The Public Sector Banks (PSBs) play a vital role in India’s economy. Public Sector Banks which have got predominant share of infrastructure financing have been sorely affected. It has resulted in lower profitability for PSBs, mainly due to provisioning for the restructured projects as well as for gross NPAs. Among bank groups, public sector banks trailed behind private banks in terms of credit growth during 2016 – 17. *(Source: RBI Annual Report 2016 – 17).* The present Government has put in place a comprehensive framework for improving PSBs. Most recently, the announcement of capital allocation by Government for PSBs in the next four years is made. Announcement of capital plans for the PSBs is only one of the many steps taken by the Government. The other steps taken by Government are as follows:

- Appointments: The Government decided to separate the post of Chairman and Managing Director by prescribing that in the subsequent vacancies to be filled up the CEO will get the designation of MD & CEO and there would be another person who would be appointed as non – Executive Chairman of PSBs;

- The announcement of the Bank Board Bureau (BBB) which is a body of eminent professionals and officials, which will replace the Appointments Board for appointment of Whole – time Directors as well as non – Executive Chairman of PSBs;

- Out of the total requirement, the Government of India proposes to make available Rs.70,000 crores out of budgetary allocations for four years to adequately capitalize all the banks to keep a safe buffer over and above the minimum norms of Basel III norms;

- A new framework of Key Performance Indicators (KPIs) to be measured for performance of PSBs is being announced wherein operating performance evaluated through the KPI framework will be linked to the performance bonus to be paid to the MD & CEOs of banks by the Government; DFS has issued a circular to PSBs laying down strict timelines for filing of complaints of fraud cases with CBI as well as for monitoring each and every case almost on a day – to – day basis; and streamlining vigilance process for quick action for major frauds including connivance of staff.

(Source: Press Note issued by Department of Financial Services, Ministry of Finance dated August 14, 2015)

Private Sector Banks

Over the last two decades, the RBI licensed twelve banks in the private sector. This happened in two phases. Ten banks were licensed on the basis of guidelines issued in January 1993. The guidelines were revised in January 2001 based on the experience gained from the functioning of these banks and fresh applications were invited. Entities / groups in the private sector that are 'owned and controlled by residents' as defined in Department of Industrial Policy and Promotion (DIPP) Press Note 2, 3 and 4 of 2009 / FEMA Regulations as amended from time to time and entities in public sector shall be eligible to promote a bank through a wholly-owned Non – Operative Financial Holding Company (NOFHC). Promoters / Promoter Groups with an existing non – banking financial company (NBFC) will be eligible to apply for a bank license. Promoter / Promoter Group will be permitted to set up a bank only through a wholly-owned Non-Operative Financial Holding Company (NOFHC). *(Source: RBI Guidelines for Licensing of New Banks in the Private Sector, February 22, 2013)*

The Reserve Bank last came out with a set of guidelines for licensing of new banks in the private sector in February 2013. The process of licensing culminated with the announcement by the Reserve Bank *(Press Release dated April 2, 2014)* that it would grant "in – principle" approval to two applicants who would set up new banks in the private sector within a period of 18 months. While announcing the decision to grant "in – principle" approval to the two applicants, the Reserve Bank also indicated that going forward, it intends to use the learning experience from this licensing exercise to revise the guidelines appropriately and move to grant licences more regularly. *(Source: Draft Guidelines for Licensing of Payments Banks and Small Banks dated July 17, 2014)*

Further, On May 5, 2016, the RBI released draft guidelines for "on-tap" licensing of universal banks in the private sector. As these licenses are on-tap, there is no special window and applicants can apply at any time. While large industrial houses are barred, entities or groups in the private sector that are "owned and controlled by residents" (as defined in the FEMA Regulations, as amended from time to time) and have a successful track record for at least ten years are allowed to be promoted to universal banks, provided that such entity/group has total assets of ₹ 5,000 million or more and the non – financial business of the group does not account for 40% or more in terms of total assets or gross income. *(Source: RBI press release on "Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector" dated August 01, 2016)*

Small Finance Banks

The RBI released guidelines for licensing of small finance banks in the private sector to further financial inclusion by (a) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations. The small finance bank shall primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities. There will not be any restriction in the area of operations of small finance banks. (Source: *Guidelines for Licensing of Small Finance Banks in the Private Sector dated November 27, 2014)*

Licenses were issued to more players in the banking sector and some small finance banks (SFBs) and payments banks (PBs) began operations during the year. *(Source: RBI Annual Report 2016 – 2017).* Pursuant to a press release dated September 16, 2016 issued by the RBI, in – principle approval was granted by RBI to 10 applicants to set up small finance banks viz. Au Financiers (India) Limited, Capital Local Area Bank Limited, Disha Microfin Private Limited, Equitas Holdings Private Limited, ESAF Microfinance and Investments Private Limited, Janalakshmi Financial Services Private Limited, RGVN (North East) Microfinance Limited, Suryoday Micro Finance Private Limited, Ujjivan Financial Services Private Limited and Utkarsh Micro Finance Private Limited. The in – principle approval granted was valid for 18 months to enable the applicants to comply with the requirements under the said guidelines and fulfil other conditions as may be stipulated by the RBI. On being satisfied that the applicants have complied with the requisite conditions laid down by it, the RBI would consider granting them a licence for commencement of banking business under Section 22(1) of the Banking Regulation Act, 1949.

Foreign Banks

At present, foreign banks, if eligible, are allowed by the Reserve Bank of India (RBI) to set up business in India through a single mode of presence i.e. either branch mode or a wholly owned subsidiary (WOS) mode. It has been decided, as hitherto to, allow foreign banks to operate in India either through branch presence or they can set up a wholly owned subsidiary (WOS) with near national treatment. The foreign banks have to choose one of the above two modes of presence and shall be governed by the principle of single mode of presence. Subsequently, Reserve Bank, in terms of the powers conferred on it under Section 35A read with Section 44A of the Banking Regulation Act, 1949, in the public interest and in the interest of banking policy issued a 'Scheme for Setting up of Wholly Owned Subsidiaries (WOS) by foreign banks in India'.

The factors taken into account while considering applications for setting up WOS in India would include the following:

- Economic and political relations with the country of incorporation of the parent bank,
- Reciprocity with home country of the parent bank,
- Financial soundness,
- Ownership pattern,
- International and home country ranking of the parent bank by a reputed agency,
- Home country/parent bank rating by a rating agency of international repute such as Moody Investors Service, Standard & Poor's and Fitch Ratings,
- International presence of the bank,
- Adequate risk management and internal control systems.

A foreign bank, which obtains an in-principle approval from the Reserve Bank for opening a WOS in India has to apply to the Registrar of Companies for registering the subsidiary as a company under the Companies Act, 1956 (Act 1 of 1956) and shall be required to comply with the provisions of that Act, to the extent they are applicable to banking companies as defined in Banking Regulation Act, 1949.

(Source: Scheme for Setting up of Wholly Owned Subsidiaries (WOS) by foreign banks in India)

Co – operative Banks

Co-operative Banks refers to primary banks located in urban and semi – urban areas. These banks, till 1996, were allowed to lend money only for non – agricultural purposes and were traditionally centered around communities, localities work place groups. They essentially lent to small borrowers and businesses. Today, their scope of operations has widened considerably. *(Source: https://www.rbi.org.in/scripts/fun_urban.aspx)*. The Reserve Bank continues to play a key role in the revival and strengthening of the cooperative banking sector by fortifying the regulatory and supervisory framework:

- cooperative banks fulfilling certain criteria were allowed to issue/ redeem long term (subordinated) deposits (LTDs) without the prior approval of the Reserve Bank provided mandatory disclosure requirements were made;

- The government launched a scheme for revival of 23 unlicensed District Cooperative Central Bank (DCCBs) in November 2014 and there is also a move towards reducing the tiers in the cooperative structure with a view to reducing the cost of borrowings for final borrowers;

- Five merger proposals received from Urban Co – operative Banks (UCBs) were approved, out of which two proposals were implemented, two proposals are under process while one proposal was withdrawn by the target bank. Further, three UCBs voluntarily converted themselves into non-banking institutions under Section 36A (2) of the Banking Regulation Act, 1949; and

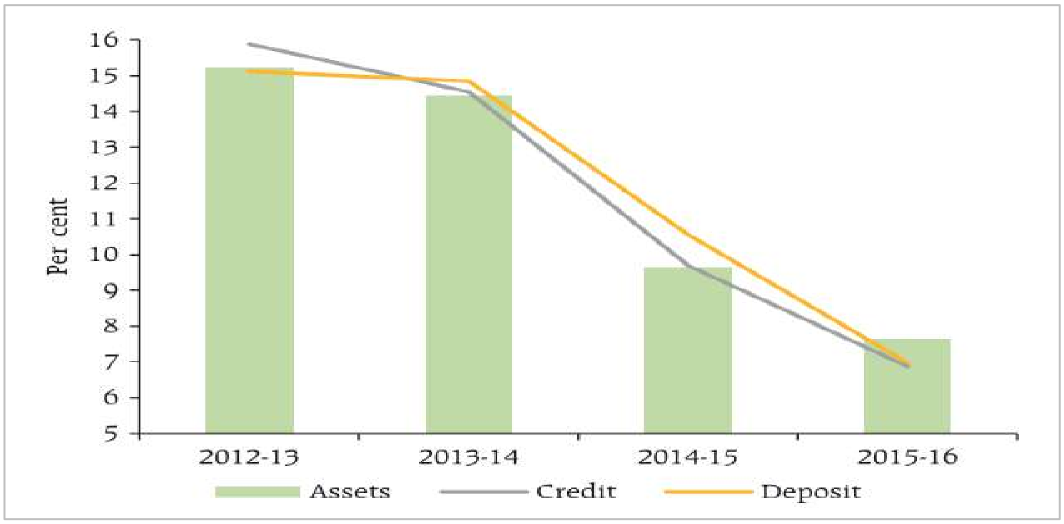
- A scheme of financial assistance to UCBs for implementing the core banking solution (CBS) was announced on April 13, 2016 in consultation with IDRBT/Indian Financial Technology and Allied Services

(Source: RBI Annual Report 2016 – 17)

Key Trends in Indian Banking Industry

The year 2015 – 16 saw an increase in financial stability concerns for emerging market economies (EMEs) though such concerns eased for advanced economies. The performance of most EMEs was marked by severe domestic imbalances emanating from economic slowdown and downturn in credit growth coupled with rising stress in corporate and financial sectors making them vulnerable to the changing external financing conditions. The banking sector, however, was under stress primarily on account of the burden of non-performing assets (NPAs) which increased sharply during the year.

Trends in growth of select banking aggregates



- As part of the framework for revitalizing distressed assets, on June 13, 2016, the Reserve Bank introduced the Scheme for Sustainable Structuring of Stressed Assets (S4A) for a deep financial restructuring of large accounts. Also, the process of selling stressed assets by banks was further streamlined to facilitate better valuation, price discovery and creation of a vibrant stressed assets market.

- To complement the existing risk-based capital standards and to provide a back-stop measure to contain concentration risks, the Large Exposures Framework was issued on December 1, 2016 to limit a bank's exposure to a single counter-party or a group of connected counter-parties. Alongside, a complementary framework for discouraging large borrowers to depend solely on banks for their funding needs was released on August 25, 2016 to contain concentration risks for the banking system as a whole.

- As part of liquidity risk management, on May 28, 2015 draft guidelines for the Net Stable Funding Ratio (NSFR), measuring the funding resilience of a bank over a longer time horizon, were laid down. This is expected to limit the banks' reliance on short-term wholesale funding and promote funding stability. The Reserve Bank issued draft guidelines on June 22, 2016 with regard to counter-party credit risks and exposures to central counter-parties in over-the-counter (OTC) derivative transactions.

- The Central Repository of Information on Large Credits (CRILC) has proved to be an important tool for effective off-site supervision. Efforts were made to further improve the quality of CRILC data by modifying its reporting mechanism with respect to external ratings and industry. Additionally, the dates of assets turning into NPAs and special mention accounts (SMAs) were captured in the database for an insight into the ageing of stressed accounts.

- Small Finance Banks have been set up to further financial inclusion and their client base would primarily be migrant labour workforce, low income households, small businesses, other unorganised sector entities etc. their internal target should be in line with their objectives. *(Source: Notification on Small Finance Banks – Compendium of Guidelines on Financial Inclusion and Development issued by RBI dated July 6, 2017)*

- For providing a greater impetus to card-based retail payments, an Acceptance Development Fund (ADF) is being designed to step up the card acceptance infrastructure. Further, the Unified Payments Interface (UPI) was launched on August 25, 2016 to give a boost to mobile banking. Additionally, Bharat Interface for Money (BHIM) was launched on January 25, 2017 as a common platform across the nation for making simple, easy and quick payment transactions using UPI. *(Source: Press release dated January 25, 2017 of National Payments Corporation of India).* This is expected to revolutionise retail payments given the high degree of penetration of mobile phones in the country. Apart from the use of technology by the mainstream banking institutions, recent years have also witnessed the entry of several alternative nonfinancial institutions providing financial services, typically known as Fin Tech. Accordingly, on July 14, 2016 the Reserve Bank set up an inter-regulatory working group to examine various aspects related to Fin Tech innovations and the related risks and opportunities.

- Further, on November 26, 2015 the Central Registry of Securitisation Asset Reconstruction and Security Interest in India (CERSAI) was notified as the Central KYC Records Registry (CKYCR) for receiving, storing and retrieving KYC records of customers in digital form. This will ensure a single KYC across all financial products and thus make financial access more convenient. The CKYCR has started its 'live run' with effect from July 15, 2016.

(Source: RBI Report on Trend and Progress of Banking in India 2015-16)

Monetary Policy

The first bi-monthly monetary policy statement for 2016 – 17 issued in April was formulated to subserve an accommodative policy stance. The key policy repo rate was cut by 25 bps to 6.5 per cent, its lowest since March 2011. Given the weak state of domestic demand relative to potential, the policy rate reduction was expected to help in reviving investment activity. By the time of the second bi-monthly monetary policy statement in June 2016, inflation readings showed a sharper-than-anticipated upsurge, driven primarily by food prices, interrupting the phase of policy rate reductions signalled in April. Accordingly, the policy rate was left unchanged while persevering with an accommodative stance. Amendments to the RBI Act, which came into force on June 27, 2016, provided the legislative mandate to the Reserve Bank to operate the monetary policy framework of the country. To operationalise this mandate, the Government, on August 5, 2016, notified the inflation target as four per cent year-on-year growth in CPI-Combined inflation, with upper and lower tolerance levels of six per cent and two per cent, respectively.

The amended RBI Act also provided for the constitution of a six member MPC. As per the amended RBI Act, the MPC would be entrusted with the task of fixing the benchmark policy rate (repo rate) required to contain inflation within the specified target level. Out of the six members of the MPC, three members would be from the Reserve Bank and the other three members would be appointed by the central government.

Monetary policy transmission strengthened in H2 of 2016-17, aided by the surfeit of liquidity. The share of low cost current account and savings account (CASA) deposits in aggregate deposits with the SCBs went up to 39.2 per cent (as on March 17, 2017) – an increase of 4.0 percentage points relative to the pre – demonetisation period. Given the prevailing risk aversion, banks reduced their term deposit rates. The median term deposit rate and the weighted average domestic term deposit rate (WADTDR) fell by 37 bps and 32 bps, respectively, during November 2016-March 2017.4 Combined with the sharp increase in CASA deposits, the overall cost of borrowings declined, creating space for banks to cut their marginal cost of funds based lending rates (MCLRs). The one-year median MCLR declined by a cumulative 70 bps since November 2016, even as the policy rate remained unchanged. This is significant, given that the decline during the preceding seven months (April-October 2016) – when the repo rate was cut by 50 bps – was only 15 bps. Post – demonetisation (up to March 2017), 27 public sector banks have reduced their one-year median MCLR in the range of 50 to 105 bps, and 19 private sector banks have done so in the range of 25 to 148 bps.

(Source: RBI Annual Report 2016 – 2017)

Monetary Policy Transmission

The massive influx of current account and savings account (CASA) deposits into the banking system post – demonetisation brought about an appreciable reduction in the cost of funds of banks and helped strengthen the transmission of monetary policy to lending rates. Across bank groups, the spread between weighted average lending rate (WALR) and MCLR remained higher in respect of outstanding rupee loans than in the case of fresh rupee loans, suggesting that transmission to rates on outstanding rupee loans was incomplete as they were contracted at a relatively higher cost and much of the legacy portfolios is linked to the base rate (which moved slower than the MCLR). Since July 31, 2017, several banks have reduced savings bank deposit rates, breaking the "cartelised" rigidity which had made saving deposit rates highly insensitive to monetary policy impulses even after banks were given full flexibility to set rates in October 2011. Flexible resetting of saving deposit rates, based on changing market clearing conditions and shifts in the stance of monetary policy, is important for greater flexibility in price setting behaviour on the asset side, given the high share of CASA deposits in total deposits.

(Source: RBI Monetary Policy Report – October 2017)

Sectoral Lending Rates and MCLR

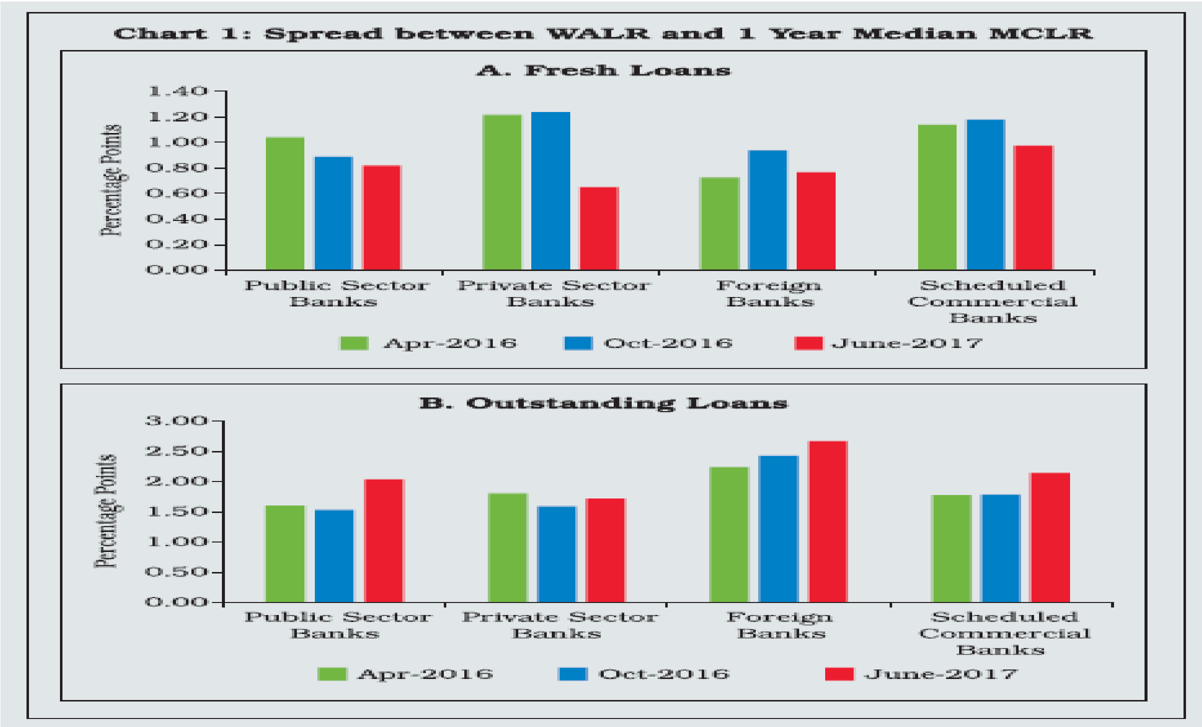
Transmission was asymmetric across sectors, reflecting varied credit conditions and risk appetite. Since January 2015, lending rates across sectors, declined in the range of 15-238 bps. Interest rates on fresh rupee loans declined significantly in respect of housing in personal loan segment and vehicle loans in the commercial segment during January 2015 to June 2017.

The pace of transmission to lending rates was significantly slower than to deposit rates and the MCLR on account of several factors. First, banks treated the increase in CASA deposits as transitory. The share of CASA deposits, which had peaked in December 2016, declined with progressive remonetisation; consequently, banks were reluctant to adjust their lending rates fully. Second, a sizeable share of past loans continues to be priced with reference to the base rate. As against a cumulative decline of 85 bps in the 1 year median MCLR during 2016-17, the median base rate declined by only 10 bps over the same period, resulting in a slower pace of transmission to WALR on outstanding rupee loans. Third, among the various components of the MCLR, only the term deposit rates responded to the change in the policy rate. Fourth, the higher lending spread maintained by banks in the wake of stressed asset quality of banks impeded transmission.

The agenda for 2017-18 will be guided by the mandate as enshrined in the RBI Act, 1934 "to maintain price stability, while keeping in mind the objective of growth''. The key agenda for 2017-18, therefore, will focus on studying those aspects, which may have a significant bearing on inflation projections going forward. This will include: (i) examining the impact of implementation of the 7th CPC's award on inflation; (ii) assessing the impact of GST on inflation; (iii) analysing the impact of farm loan waivers on the fiscal situation and inflation; and (iv)assessing the output gap position incorporating financial conditions and infrastructure constraints.

The MCLR system, introduced in April 2016, was expected to improve monetary policy transmission to banks' lending rates. Preliminary evidence suggests that while transmission of the policy rate to MCLR has improved, the transmission to lending rates has remained muted. This is because banks often adjust the spread they charge over MCLR – both in respect of the outstanding rupee loans and fresh rupee loans sanctioned by banks. An inter – sectoral comparison reveals that the spread between WALR and 1-year median MCLR increased across most sectors during 2016-17. While some change in the spread is inevitable due to sector-specific factors and the underlying risk, banks appeared to have also changed spreads to improve their net interest margins (NIMs), i.e., the difference between interest income and interest expenditure, to compensate for increased credit risk.

Regression analysis based on the data for the period Q1:2010 – 11 to Q3:2016 – 17 suggests that an increase in stressed assets is associated with higher NIMs. The foreign banks that experienced increase in stressed assets from relatively lower levels were also able to increase their NIMs. The coefficient of stressed assets in respect of public and private sector banks is positive but statistically insignificant.



(Source: RBI Annual Report 2016 – 2017)

Financial Stress and Reinforcements

During 2016 – 17, the Reserve Bank further strengthened the regulatory framework for dealing with stressed assets, inter alia, by revising its guidelines on the resolution of stressed assets; viz., the strategic debt restructuring (SDR) scheme, the scheme for sustainable structuring of stressed assets (S4A), flexible structuring of existing long term project loans to infrastructure and core industries; and guidelines for projects under implementation. Keeping in view the critical role of the bankruptcy and insolvency regime in shaping the business environment as well as resolution of debtors in distress, the government enacted the Insolvency and Bankruptcy Code, 2016 in May 2016. With a view to further strengthening banks' ability to resolve their stressed assets effectively and to enhance transparency in the entire process, the Reserve Bank issued guidelines on sale of stressed assets by banks on September 1, 2016. The guidelines require banks to identify and list internally, at least once a year, the specific financial assets identified for sale to other institutions, including securitisation companies (SCs)/reconstruction companies (RCs).

(Source: RBI Annual Report 2016 – 2017)

Deposit Insurance and Credit Guarantee Corporation

Deposit insurance contributes to the stability of the financial system and protects depositors' interests. In India, DICGC, a wholly owned subsidiary of the Reserve Bank, provides insurance cover to deposits in all commercial banks including LABs, payment banks, small finance banks, RRBs and cooperative banks. With the present limit of ₹ 0.1 million, the number of fully protected accounts (1,737 million) as on March 31, 2017 constituted 92.1 per cent of the total number of accounts (1,885 million) as against the international benchmark of 80 per cent. In terms of amount, the total insured deposits at ₹ 30.5 trillion at end-March 2017 constituted 29.5 per cent of the assessable deposits at ₹ 103.5 trillion as compared with the international benchmark of 20 – 30 per cent. The Corporation builds its Deposit Insurance Fund (DIF) through transfer of surplus, that is, excess of income (mainly comprising premia received from the insured banks, coupon income from investments and cash recovery out of assets of failed banks) over expenditure (payment of depositors' claims and related expenses) net of taxes. DIF stood at ₹701.5 billion as on March 31, 2017, yielding a higher reserve ratio (DIF to insured deposits) of 2.3 per cent vis-à-vis 2.1 per cent at end-March 2016. During 2016-17, the corporation sanctioned total claims of ₹ 0.6 billion as against ₹ 0.5 billion during the preceding year.

The Financial Resolution and Deposit Insurance Bill, 2017, which was introduced in the Lok Sabha on August 10, 2017, prescribes setting up of a Resolution Corporation (RC) to ensure observance of the Financial Stability Board's Key Attributes on resolution of financial firms by addressing the gaps in the current resolution mechanism in India in terms of legal framework, resolution tools, liquidation, coverage of entities, cross-border cooperation and the oversight framework.

(Source: RBI Annual Report 2016 – 2017)

Developments in the Banking Sector

Basel III Capital Regulations

Reserve Bank issued Guidelines on implementation of Basel III capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and it will be fully implemented as on March 31, 2019.

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the procyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly seek to raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis, increase the risk coverage of the capital framework, introduce leverage ratio to serve as a backstop to the risk-based capital measure, raise the standards for the supervisory review process and public disclosures etc. The macro prudential aspects of Basel III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from periods of excess credit growth.

A bank shall comply with the capital adequacy ratio requirements at two levels:

(c) the consolidated ("**Group**") level capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries / joint ventures / associates etc. except those engaged in insurance and any non-financial activities; and
(d) the standalone ("**Solo**") level capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its standalone capital strength and risk profile.

(Source: Master Circular – Basel III Capital Regulations)

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 consolidates and amends the laws relating to reorganization and insolvency resolution of corporate persons (excluding financial service providers), partnership firms and individuals in a time bound manner for maximizing the value of assets of such entities. Some of its key aspects are:

- it lays down a resolution process that is time bound (180 days) and is undertaken by professionals;
- institutional infrastructure comprises of insolvency professionals, information utilities, adjudicating authorities and the Insolvency and Bankruptcy Board of India;
- insolvency resolution for companies will be adjudicated by the National Company Law Tribunal (NCLT), the same for firms and individuals will be adjudicated by the Debt Recovery Tribunals (DRTs);
- the corporate insolvency resolution process may be initiated by a financial creditor, an operational creditor or the corporate debtor itself; and

- On the distribution of proceeds from the sale of assets, first priority is accorded to the costs of insolvency resolution and liquidation and second to the secured debt together with workmen's dues for the preceding 24 months. Central and state governments' dues are ranked lower in priority.

(Source: RBI Annual Report 2016 – 2017)

Goods and Service Tax

The goods and services tax (GST) Bill was passed unanimously in the Parliament in August, 2016 reflecting cooperative fiscal federalism in the pursuit of reforms. After ratification by a majority of states and assent of the President, it was enacted as Constitution (One Hundred and First Amendment) Act, 20161. The GST is the largest tax reform in India, paving the way for a single national market by merging several central and state taxes2. It is also expected to make Indian products more competitive in both domestic and international markets and also attract large inflows of foreign direct investment than before in view of the stability it will impart to the tax regime. At the same time, it will be transparent and easier to administer. Thus, the GST has the potential to raise India's growth trajectory over the medium-term. The introduction of the GST is likely to have an enduring impact on state finances over the medium term for several reasons. First, with states being unable to rationalise their committed expenditure burden (viz., pension liabilities, interest obligations and administrative expenses) in the near term, revenue expansion through GST implementation is a prudent strategy in remaining committed to the path of fiscal consolidation. Second, the GST is likely to chart out a new course for cooperative federalism in India focusing on cooperation between the Centre and states in deciding on (i) tax rates, (ii) exemptions and (iii) commodities featuring in each category of tax rate/slab.

(Source: https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=17470)

Implementation of Ind – AS

The implementation of Ind AS will mark a major shift from the current accounting framework followed by banks in India which is based on a melange of accounting standards and regulatory guidelines, especially in certain key areas such as classification and measurement of financial instruments, and impairment of financial assets. Recent developments in the banking system underscore the continued importance of adequate provisioning, commensurate with the increase in credit risk. Applying an incurred loss provisioning framework can result in impairments that are recognised after the loss event has occurred, when the probability of default is close to 100 per cent. Provisions are not made as credit risk increases significantly (although short of default) even where bank management has information about stress/future likely losses.

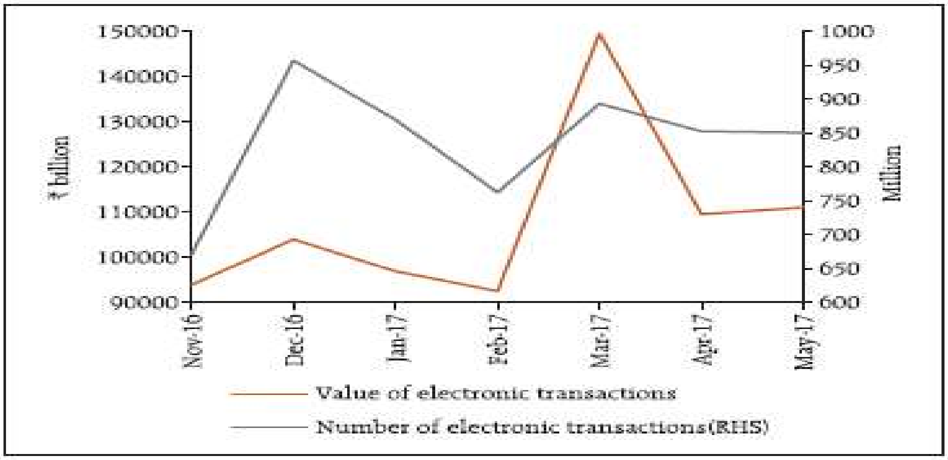
The estimated overall impact of Ind AS on regulatory capital is likely to be adverse mainly due to the impairment requirements under it. In view of the capital constraints already faced by many banks, particularly public sector banks, the Reserve Bank believes that it may be appropriate to introduce transitional arrangements for the impact of accounting changes on regulatory capital. The primary objective of a transitional arrangement is to avoid a 'capital shock', by giving banks time to rebuild their capital resources following a potentially significant negative impact arising from the introduction of ECL accounting. The Reserve Bank is also considering the introduction of 'regulatory floor' for provisioning in the regulatory capital calculation, i.e., when a bank makes lower accounting provisions than the standardised regulatory floor amounts, the shortfall would be deducted from the bank's common equity tier (CET)1 capital, which would incentivise robust provisioning.
(Source: RBI Annual Report 2016 – 2017)

Demonetisation and Digital Transactions

Currency management during 2016-17 was geared towards managing the process of demonetisation of specified bank notes effected in early November 2016 and the subsequent remonetisation by making available adequate quantity of banknotes to meet the legitimate demand of the public in the shortest possible time. The volume of notes in circulation continued to increase till November 8, 2016 when the Government of India notified that banknotes of ₹ 500 and ₹ 1000 denominations of the existing series issued by the Reserve Bank of India till then, shall cease to be legal tender with effect from November 9, 2016.

In the wake of demonetisation, digital transactions have got a substantial push. While the period of observation is not sufficiently long to derive definitive conclusions, normalisation of notes in circulation (NIC) appears to be dampening the growth of digital transactions. The Government continues with the efforts to encourage digital transactions so that the push received for digital transactions in the recent past shall sustain.

Value of digital transaction



Future Outlook

The major global regulatory developments have been in the areas of non – performing advances (NPAs) and forbearance, disclosure requirements and accounting provisions. In April 2017, Basel Committee on Banking Supervision (BCBS)'s guidance on 'Prudential treatment of problem assets – definitions of non-performing exposures and forbearance', harmonised the measurement and application of non – performing exposures and forbearance and complemented the existing accounting and regulatory framework for asset categorisation. *(Source: Financial Stability Report of RBI, June 2017)*

In pursuance of the regulatory stance in 2016-17, the Reserve Bank will continue to monitor and respond to banks' asset quality issues in 2017- 18 as well. Implementation of Indian Accounting Standard (Ind-AS) and the Basel III framework will remain the areas of focus during 2017-18. The revised framework for securitisation, the minimum capital requirement for market risk, guidelines on net stable funding ratio (NSFR) and the guidelines on corporate governance as per Basel standards will be considered during the course of the year.

Going forward, an important initiative under active consideration of the Reserve Bank is the setting up of a transparent and comprehensive public credit register (PCR) – an extensive database of credit information for India that is accessible to all stakeholders – that would help in enhancing efficiency of the credit market, increase financial inclusion, improve ease of doing business, and help control delinquencies, as corroborated by international evidence.

(Source: RBI Annual Report 2016 – 2017)

BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated, the financial information included herein is based on our Audited Financial Statements for Fiscal 2015, Fiscal 2016 and Fiscal 2017 and our reviewed financial statements for the three months ended June 30, 2016 and June 30, 2017, included in this Preliminary Placement Document. For further information, see "Financial Statements". Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information.

Overview

We are a scheduled public sector commercial bank in India offering a wide range of banking and financial products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. We have a long history in India, with operations since May, 1938 when our Bank was incorporated as Devkaran Nanjee Banking Company Limited. Further, we are one of the 14 banks which were nationalised on July 19, 1969.

As on June 30, 2017, we had 1,874 branches (including 72 satellite offices) in 27 States and 6 Union Territories in India (all of them under Core Banking Solution "**CBS**" platform) including 122 MSME specialized branches catering to the specific clientele segment, 14 Retail Hubs, 4 specialised women branches. Our distribution network included 1,538 ATMs comprising 1,280 onsite and 258 offsite ATMs as of June 30, 2017. As of June 30, 2017, we had 97 E-smarts, 29 zonal offices, 5 extension counters and 1 representative office in London. As of June 30, 2017, we had a customer base of approximately 2.64 crore.

Our business is primarily divided into (i) Corporate/wholesale banking, (ii) Retail banking, (iii) Treasury operations and (iv) Other banking operations such as distribution of third party products such as insurance, mutual fund products, money transfer services, ASBA facilities, pension and tax collection services.

Corporate /wholesale banking: Our corporate/wholesale banking business caters to corporate customers, including large, mid-sized and small businesses and government entities. Our loan products include term loans to finance capital expenditure of assets across various industries as well as short-term loans, cash credit, export credit and other working capital financing and bill discounting facilities. We also provide credit substitutes, such as letter of credit and letter of guarantee. As a percentage of our total advances, corporate/wholesale banking advances accounted for 56.17%, 54.95%, and 49.96 % as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Under corporate/wholesale banking business, we also offer international banking services which include forex services, international trade finance and NRI services comprising foreign exchange operations, remittance facilities for resident Indian, foreign currency loans, lending and deposit services to non-resident Indians. We also cater to the financial requirements of Indian exporters and importers. Further, we also offer products and services for MSME banking to our customers.

We also cater to agriculture, micro-finance and rural customers. We offer direct financing to farmers for production and investment, as well as indirect financing for infrastructure development and credit to suppliers of agricultural inputs. We offer various products in the rural and semi-urban areas which would also help our Bank to meet its financial inclusion targets mandated by RBI. We also take adequate and appropriate steps for extending various benefits to the farming community to protect them from the related uncertainties and to minimize the financial burden. Our Bank also provides mortgage loans to the lower middle income group for the purpose of home construction, purchase, repairs, business, marriage, education etc. As a percentage of our total advances, agricultural and inclusive banking advances accounted for 30.30%, 31.00%, and 32.89% as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Retail banking: Our retail banking business offers financial products and services including consumer lending and deposit services to our retail customers. We offer a wide range of consumer credit products, including loans and advances for housing, trade, automobiles, consumer durables, education, personal loans, mortgage loans and other retail products. We have various deposit products, such as current, savings and term deposits for our customers. We offer our customers a suite of technological products, including global debit cards, mobile banking, internet banking. We also distribute third party financial products, such as insurance (life and non - life) and mutual fund products. In addition, we provide depository services and are a depository participant for NSDL. As a percentage of our total advances, retail banking advances accounted for 13.53%, 14.05%, and 17.15% as on March 31, 2015, March 31, 2016 and March 31, 2017, respectively.

Treasury Operations: Our treasury operations being the interface with the financial markets, primarily consist of statutory reserves management, liquidity management, investment and trading activities, money market and foreign exchange related activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated cash reserve ratio and the statutory liquidity ratio. We maintain SLR through a portfolio of central Government, state Government, corporate debt and trustee securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and invest in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, floating rate instruments, bonds and debentures to manage short-term surplus liquidity and further optimize yield and to generate profits thereon.

Other Banking Operations: In addition to our primary offerings, we also provide other services which include areas of housing finance, priority sector lending in rural areas through our RRB, asset management, life insurance, bancassurance, cross-selling of mutual fund products, taxation related services, depository participant services, Government business and agricultural consultancy.

We also offer a wide range of general banking services to our customers including debit cards, cash management, remittance services and collection services. In addition, we have agency function for collection of Central Government Revenue viz. direct and indirect taxes through physical mode by authorized branches and through e-mode by all branches of our Bank. We also act for various state governments and the Government of India on numerous matters including the collection of state revenue and taxes, mobilization of Government deposits.

Our total assets was ₹ 1,29,920.55 Crores as on March 31, 2015 and ₹ 1,29,623.54 Crores as on March 31, 2017. Our deposits was ₹ 1,15,936.08 Crores at the end of Fiscal 2015 and ₹ 1,13,942.76 Crores at the end of Fiscal 2017. Our advances were ₹ 80,629.00 Crores at the end of Fiscal 2015 and ₹ 77,538.00 Crores at the end of Fiscal 2017. As on June 30, 2017, our CRAR, Tier 1 Capital and Tier 2 Capital was 12.38%, 8.11% and 4.27%, respectively as per Basel – II, and 11.65%, 9.19% and 2.46%, respectively as per Basel – III.

COMPETITIVE STRENGTHS

We believe that our success can be attributed to a combination of the following competitive strengths:

Strong and trusted brand in Maharashtra and Gujarat

Our Bank was incorporated in 1938 with the objective of catering to the banking needs of the Maharashtra and Gujarat and have since expanded our banking business to include a wide range of banking and financial products and services to retail, corporate, micro, small and medium enterprises in these regions. With over 79 years of history, we believe we have developed a well-recognized and trusted brand in Maharashtra and Gujarat where we have built strong relationships with many of our customers, which has been one of our key growth drivers. We believe that we are known for the quality of service we have provided to our customers over the years and for our consistent approach to developing long-term relationships with our customers, based on our local knowledge and experience amongst other things.

As on June 30, 2017, we had 1,874 branch and 1,538 ATMs, out of which 339 branches and 292 ATMs were in the state of Maharashtra and 656 branches and 564 ATMs were in the state of Gujarat. We believe, the region has good potential for retail business, along with agriculture SME and corporate loans. Maharashtra's gross state domestic product (GSDP) accounted for 12.98 per cent of India's gross domestic product (GDP) in 2015-16, the highest among all states. The GSDP grew at a CAGR of around 11.30 per cent between 2004-05 and 2015-16 to reach US$ 300.51

billion. Further, Gujarat's Gross State Domestic Product (GSDP) was about US$ 158.2 billion over 2015-16. Average annual GSDP growth rate from the fiscal year 2005 to fiscal year 2016 was about 12.02 per cent. *(Source: www.ibef.org)* Our strong presence in the state of Maharashtra and Gujarat provide us an edge in our priority sector banking due to its rich agricultural resources and a large catchment area for low cost deposits.

Wide distribution network and customer base

Our branch network, which was historically concentrated in Gujarat and Maharashtra, has now expanded across India through a growing network of branches and ATMs. As of March 31, 2015, March 31, 2016 and March 31, 2017, the total number of branches of our Bank was 1,739, 1,846 and 1,874, respectively and at present 1874 as of June 30, 2017. Our total number of ATMs has increased from 1,482 as of March 31, 2015 to 1,538 (including 1,280 onsite and 258 offsite ATMs) as of March 31, 2017. As on June 30, 2017, we had 1,874 branches in 27 States and 6 Union Territories in India. As of June 30, 2017, the number of branches and ATMs in metro, urban, semi-urban and rural locations is as follows:

	Metro	Urban	Semi - Urban	Rural	Total
Total number of branches	435	359	435	645	1,874
ATMs	415	326	350	447	1,538

Further, we also have 97 E-smarts, 29 zonal offices, 1 representative office in London. For our agricultural customers, our Bank has, as of June 30, 2017 a network of 1,080 branches in rural and semi urban areas, constituting approximately 57.63% of our total branch network, which support agricultural development, the MSE sector and retail banking.

Multiple delivery channels and large distribution infrastructure has resulted in giving us access to a large customer base spread across the country. As of June 30, 2017, we had a customer base of approximately 2.64 crore compared to approximately 2.57 crore customers as of March 31, 2017 and approximately 2.35 crore customers as of March 31, 2016. We offer a user-friendly internet banking facility that allows our customers to conduct a comprehensive range of banking transactions online without visiting our branches or ATMs. We offer online saving account opening facility, POS machines, online payment of bills and taxes and instant fund transfer facility across bank through beneficiary mobile number. We have installed Unified Payment Interface ("**UPI**") from first day of its launch and direct debit facility for booking of rail ticket through debit card. Our Bank has initiated setting up of e-Smart, a lobby based set up consisting of ATM, Cash Deposit Machine, Cheque Deposit Machine, Pass Book Printing Machine and Internet Banking Kiosk. As on date of this Preliminary Placement Document, our Bank has provided five Kiosks in the eSmarts centres set-up by our Bank. Our distribution network as complemented by our multi-channel electronic banking system is capable of providing a comprehensive suite of products to customers, provides us with a strong sales platform in the areas in which we operate, enables us to cross-sell products and to deliver high-quality, convenient and comprehensive services to a range of customers. We have also offering internet banking services – Dena iConnect to our customers. As on June 30, 2017, more than 4.72 Lacs customers have registered for Dena iConnect. Our Bank has implemented Dena MConnect services – the convenient and secure way to conduct banking transaction using mobile handset. Customers can avail various facilities including funds transfer. The solution is in compliance with RBI guidelines on Mobile Banking and more than 2 Lacs customers have started using our Dena MConnect services. Our extensive network allows us to banking services to a wide variety of customers, including large and small to medium corporations, institutions and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers throughout India.

With our integrated distribution network and multi-channel electronic banking system, we believe that we are capable of providing a comprehensive range of products and a platform to cross-sell products and deliver quality services to a range of customers.

Diversified sources of income and insulated investment portfolio

We offer wide range of products that generate both interest and non-interest income. We provide diversified solutions to the financial and banking needs of our customers, with a focus on cross-selling multiple products to them. We believe that our combination of diverse product offerings and a relationship-driven approach has enabled us to structure solutions to meet our customers' needs, resulting in sustained revenue generation. Our Bank has tied up corporate agency arrangement with Apollo Munich Health Insurance Company Limited for distribution of Health Insurance policy and added one more General Insurance Company and such as Chola MS General Insurance Company (in addition to our existing partner United India Insurance Company Limited for distribution of General Insurance products to its customers. For Fiscal 2015, 2016 and 2017 and the three month ended June 30, 2017, our other income constituted 6.28%, 6.31%, 10.95% and 9.06%, respectively of our total income for the same period. Other income mainly comprises commissions, exchange and brokerage fees, profit on exchange transactions, profit on sale of investments and miscellaneous income. In addition to a diversified source of income, our investment portfolio is largely non-speculative in nature and predominantly comprises government securities which constituted 86.47% and 84.91% of our investment portfolio as of March 31, 2017 and June 30, 2017. This has ensured that we have a stable yield profile across the financial years 2015, 2016 and 2017 and the three months ended June 30, 2017.

Our other businesses include Bancassurance (marketing of life and non-life insurance products), sale of mutual fund products, corporate cash management services, and taxation services, agricultural lending and consultancy services and depository services.

Professional and Highly Experienced Board of Directors and Senior Management Team

We are a professionally managed Bank. The members of the Board have significant finance and banking experience and include associates of the Indian Institute of Banking and Chartered Accountants. Several of our Directors are also on the Board of other reputed companies. Our Board of Directors and the Senior Managerial Personnel have been responsible for undertaking a number of change initiatives to enhance the business focus of the Bank by upgrading processes, technology and human resources. In addition, we are supported by representatives of the GoI and the RBI on our Board.

Our Senior Managerial Personnel bring substantial experience and in-depth knowledge of banking operations and management. We believe that our management's capabilities, strong reputation, extensive network of industry relationships and wide-ranging experience in the finance and banking industry will continue to help us to grow, modernize and develop further. We have inducted qualified persons, including MBAs, engineers, chartered accountants, company secretaries and cost accountants, risk managers, equity research analysts, marketing officials and credit officers. For additional details see section titled "*Board of Directors and Senior Management*" beginning on page 165.

BUSINESS STRATEGIES

We intend to grow our market share, including our retail and MSME deposit base, and to continue to achieve balanced growth in our balance sheet, profitability (improving our return on assets and our return on equity) and efficiency (improving our cost to income ratio) across all segments of our operations. Our key strategies to achieve these goals are set out below:

Enhance brand equity and continue to focus on customer satisfaction

The banking business is substantially dependent on reputation and the services we offer. In order to strengthen our position across various geographies and different customer segments, we continue to focus on further strengthening our brand by augmenting customer relationships, offering more customer centric products. We have built our brand around the core values of excellence, entrepreneurship, respect, teamwork and professionalism. We use advertising and other marketing tools to build brand awareness among our target customers in various locations. We have started promotion of our brand across print and the internet. For example, we launched our brand campaign with the tag line "*Trusted Family Bank*" and "*Dena Hai To Bharosa Hai*". We continue to build on our existing corporate culture and strengthen our image. Our Bank was ranked 10th amongst all Public Sector Banks in the Economic Times Brand Equity survey of Most Trusted Brands – 2016.

We continue to focus on developing tailored products targeted at specific customer segments, and improve customer engagement and ease of transaction. We intend to deploy specialised teams within our various distribution channels to identify, engage with and manage specific customer segments. We intend to move from a branch heavy model to a 'centralized back office' based model allowing branches to focus on sales, customer relationships. We intend to implement paperless processes in our banking channel to optimize costs through minimum paper process, elimination of redundant steps and improve our turnaround time through e-KYC, digitization of account opening process. One of our goals is to be responsive to customers in all our businesses by anticipating their needs and offering a full suite of products and services to deepen customer engagement and relationships. We also intend to grow our rural banking business division by targeting select rural and agriculture-sector customers with products such as loans secured by property and crop loans. We believe specialised teams focused on specific customer segments will enable us to increase the productivity of our distribution channels, meet specific customer segments and increase quality of customer experience. This will also help us to increase our customer base and increase our profitability.

Increase CASA deposits and improve interest margins

We seek to increase our current account and savings accounts ("CASA") deposits and reduce bulk deposits in order to reduce cost of funds. Low cost CASA deposits increased both in absolute terms and as a percentage to total deposits. In absolute terms it has increased from ₹ 34,369.18 crores as on March 31, 2016 to ₹ 43,222.08 crores as on March 31, 2017 and as a percentage to total deposits it has improved from 29.27% to 37.93%. We intend to further increase our CASA deposits to achieve more profitability. In order to increase our CASA and retail deposits, we intend to promote our bank and introduce new products through marketing efforts at our branches. In addition, we also regularly review and continuously monitor our CASA growth. Deposits from retail customers represent a significant, low-cost source of funding. We believe that our alternate channels such as internet and mobile banking systems, will enable us to increase our customer base, thereby increasing CASA deposits and reducing the costs of such deposits.

We focus on a number of areas where there is potential for significant improvement in our financial strength, including improving our net interest margin, further strengthening the quality and profile of our loan portfolio and broadening our revenue base by developing our fee-based products and services. We continue to focus on reducing certain of our low-yield corporate loans in order to further improve our net interest margins.

Reduce our gross NPA levels and to improve quality of assets

Though the reduction of impaired assets and to improve the quality of assets through recovery were our key focus area in recent past and we continue to endeavor to reduce our NPA level and upgrade the quality of our assets. The share of gross NPAs as a percentage of total advances increased from 9.98 % as of March 31, 2016 to 16.27 % as of March 31, 2017. Our gross NPA stood at ₹ 12,618.73 crore and Net NPA stood at ₹ 7,735.12 crore as on March 31, 2017. Our strategies for reducing NPAs include improving the quality of credit by ensuring that our well documented loan sanction policies and procedures are complied with and by actively monitoring our loan accounts (particularly Special Mention Accounts (SMA)) and reassessing their credit ratings at least once a year or more frequently, if required. Further, we have taken several initiatives to contain slippages and continue to take such action and speed up recovery from overdue loan accounts including identification of stressed accounts for restructuring (or rephrasing in time), regular follow-up of overdues in loan accounts, conducting e-auctions for the sale of seized assets to ARCs and initiation of stringent recovery measures against wilful defaulters.

We organize recovery camps and lok adalats with the help of government officials, enter into one time settlement and we have delegated the powers to all functional heads for settlement of NPAs and written off accounts. We are also managing our NPAs by selling off stressed assets to asset reconstruction companies. We have appointed recovery agents for the expeditious recovery of NPAs and written off accounts. Our Bank will also formulate plan of action for enforcing the SARFESI, the Recovery of Debts Due to Bank and Financial Institutions Act, 1993 and the RBI's corporate debt restructuring mechanism and Bankruptcy Code more strictly and stringently and encourage OTS proposal for non – cooperative borrowers.

Additionally our Bank is undertaking recovery camps on monthly basis in order to reduce the NPA level. During the Fiscal 2018, first process of sale of assets through ARCs was held on August 11, 2017 where two accounts with ledger dues of ₹ 47.31 crores were sold under e-auction with bid amount of ₹ 30.20 crores. Further, we have set up a war room at Head Office with dedicated team of 10 officers to monitor NPA account on day to day basis for accounts above ₹ 5 lacs to ₹ 50 lacs. Recovery task force has been formed at each zone where team of officers are exclusively monitoring NPA accounts and directly reporting to the Head Office. For better recovery, our Bank started to participate in Community Based Recovery Mechanism ("CBRM") with the assistance from State Rural Livelihood Mission ("SRLM") which has placed Bank Sakhi/ Bank Mitra at branches. To create general awareness among the public our Bank took the initiative by putting up silent road shows and peaceful demonstrations before the establishments of defaulting borrowers.

Accelerate growth in loans and advances to the retail and MSE sectors

The proximity of our branches, particularly in Maharashtra and Gujarat, to our target customers allows us to attract interest-free current account and low cost savings account deposits. We will continue to focus on such efforts by upgrading our multichannel distribution network to cater to the needs of our customers by improving the service quality and efficiency of our non-branch delivery channels. We believe this will help us spread risk, increase our interest income and better efficiency in capital utilization. Further, this will enhance our customer base and provide us business opportunities through relationship banking and cross selling.

We have identified the retail loan segment as a key area for increasing our credit portfolio. Loans and advances to the retail sector (which includes housing loans) has been increased by 10.48 % in fiscal year 2016 and further increased by 10.35 % for the fiscal year 2017. However, as a share to our total (gross) loans and advances, it represented 17.15 % of our total outstanding loans as of March 31, 2017. In our retail business, we intend to increase our share of higher-margin asset products, such as loans against property, personal loans and gold loans. Our aim is to substantially increase our loans and advances portfolio to the retail sector by simplifying our current processes, launching new products and services and developing our distribution channels.

Business process reengineering

Our Bank has setup Business Process Reengineering Cell ("BPR") to keep abreast with the upcoming changes in the field of banking. Our Bank needed to relook at its existing processes so as to be able to improve customer service, reduce operational costs and compete with other medium and large sized banks. Accordingly, the BPR Cell has launched project 'Pragati' for holistic bank transformation. The project has 4 verticals – Business Process Re-engineering, Human Resource Development, Digital Banking and Sales and CRM.

The BPR vertical is putting its efforts in improving branch efficiency, customer experience and reducing turn-around time for various processes. The process digitization and centralization are the pillars on which the team is trying for efficiency improvement and turnaround time reduction. At the same time, the team is taking initiatives for improvement in branch layout and betterment of operating model for providing customers with a superior experience. The design for new processes of CASA, home loans, mortgage loans, and MSME loans has been completed by the team and is now in the process of piloting the same. Retail and MSME will continue to be the strategic focus areas for our Bank in terms of business growth and long-term sustainability

The Human Resource Development team is envisaging setting up a culture in our Bank that rewards its meritocratic employees, has improved manpower planning and provides its employees with appropriate leadership and training to get them future ready. The team is currently working on setting up a new Performance Management System where major part of the employee performance would be system driven with objective parameters of evaluation.

The Digital Banking team is aiming to build state of the art digital banking services in the bank. It is trying to revamp the process for driving adoption of alternate channels. The team is managing the process for effective roll-out of upgraded Internet and Mobile Banking applications, increasing ATM uptime and setting up contact center for the Bank. Further, ATM Monitoring tool is being used by team for tracking the ATMs and quickly resolving the issues with any ATM.

The Sales and CRM team is taking initiatives in the direction of developing sales culture in the Bank. The team envisages a future where the branches are playing the role of sales units helping drive growth. The team plans to setup a dedicated sales force for various banking products, enable the branches for lead management and generate a culture of cross-selling. It has launched *"Branch Mirror Report"* for providing branches with daily performance figures and comparison with targets. Also, a Lead Management System will be launched which will be a mobile application for capturing the new leads and efficiently tracking them.

Overview of Banking Operations

Our business is primarily divided into four segments namely (i) Corporate/wholesale banking, (ii) Retail banking, (iii) Treasury operations and (iv) Other banking operations such as depositary services, distribution of third party products such as insurance, mutual fund products, money transfer services, ASBA facility, pension and tax collection services.

The table below set forth the revenue composition segment wise as of March 31, 2015, March 31, 2016, March 31, 2017 and June 30, 2017

Particulars	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As at June 30, 2017	
	Amount (₹ crore)	% of Total Income	Amount (₹ crore)	% of Total Income	Amount (₹ crore)	% of Total Income	Amount (₹ crore)	% of Total Income
Corporate/ Wholesale Banking	5,733.19	49.92%	5,545.35	48.80%	4,812.40	42.09%	934.68	35.67%
Retail Banking	2,509.19	21.85%	2,406.76	21.18%	2,339.90	20.47%	627.18	23.94%
Treasury	2988.93	26.03%	3,059.06	26.92%	3,791.92	33.17%	858.45	32.76%
Other Banking Operations	253.48	2.21%	351.36	3.09%	488.85	4.28%	199.97	7.63%
Total	**11,484.79**	**100.00%**	**11,362.53**	**100.00%**	**11,433.07**	**100.00%**	**2620.28**	**100.00%**

As of June 30, 2017, we had total (gross) outstanding loans of ₹ 74,807.00 crore. As of March 31, 2017 and March 31, 2016, we had outstanding total (gross) loans amounting to ₹ 77,537.84 crore and ₹ 85,810.67 crore, respectively. The table below sets forth the composition of our loan assets by business divisions as of March 31, 2015, March 31, 2016 and March 31, 2017 and three months ended June 30, 2017:

Particulars	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of June 30, 2017	
	Amount (₹ crore)	%	Amount (₹ crore)	%	Amount (₹ crore)	%	Amount (₹ crore)	%
Retail	10,910	13.53%	12,053	14.05%	13,301	17.15%	13,530	18.08%
Corporate	40,627	50.39%	47,157	54.95%	38,735	49.96%	36,256	48.47%
Others (including priority sector)	29,092	36.08%	26,601	31.00%	25,502	32.89%	25,021	33.45%
Total Outstanding Loans	**80,629**	**100.00%**	**85,811**	**100.00%**	**77,538**	**100.00%**	**74,807**	**100.00%**

The following table sets forth the composition of our total deposits as of March 31, 2015, March 31, 2016 and March 31, 2017 and three months ended June 30, 2017:

Particulars	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of June 30, 2017	
	Deposit (₹ crore)	% of Total deposit	Deposit (₹ crore)	% of Total deposit	Deposit (₹ crore)	% of Total deposit	Deposit (₹ crore)	% of Total deposit
Corporate	9,977.62	8.61%	8,570.02	7.30%	5,442.99	4.78%	3,338.08	3.13%
Retail	45,499.67	39.25%	51,648.87	43.98%	57,402.00	50.38%	58,456.69	54.75%
Total Term Deposit	72,927.67	62.90%	73,491.66	62.58%	68,414.48	60.04%	63,833.60	59.79%
Current Account	6,414.50	5.53%	6,302.43	5.37%	6,983.48	6.13%	6,283.88	5.89%
Saving Account	25,706.03	22.17%	28,066.75	23.90%	36,238.60	31.80%	34,460.87	32.28%
Total CASA	32,120.53	27.71%	34,369.18	29.27%	43,222.08	37.93%	40,744.75	38.16%
Total Deposits	**1,15,936.08**		**1,17,430.97**		**1,13,942.77**		**1,06,764.86**	

Deposits

We offer a range of deposit accounts with tenures normally ranging from a minimum of 14 days to a maximum of 10 years. We offer several deposit accounts to Non-Resident Indians, including deposits in foreign currencies. Our deposits are broadly classified into current (also known as demand) deposits, savings deposits and term deposits, which are briefly discussed as under:

Term deposits: We accept term deposits (also known as fixed deposits or time deposits) giving a fixed return, for periods ranging from 7 days to 10 years. Such deposits can be withdrawn before maturity in accordance with applicable rates by paying penalties. Term deposits include recurring deposits, which enable the customer to make deposits over a fixed term at regular intervals. We also offer overdraft facility against the term deposits to our customers. Term deposits provide us with a cost efficient and stable funding source, and remain a key focus area for us.

Savings accounts: We offer savings accounts, which are interest bearing on-demand deposit accounts designed primarily for individuals and trusts. We currently offer 3.50% on savings deposits.

Current Accounts: We also offer current accounts which are non-interest-bearing accounts, designed primarily for businesses. Customers have a choice of regular and premium product offerings with different minimum average quarterly account balance requirements.

The average cost (interest expense divided by average of fortnightly balances) of savings deposits was 3.5% as of September 30, 2017, 4% in fiscal year 2017, 4% in fiscal year 2016 and 4% in fiscal year 2015. The average cost of term deposits was 7.30% as of June 30, 2017, 8.00% in fiscal year 2017, 8.68% in fiscal year 2016 and 9.19% in fiscal year 2015. The average cost of total deposits was 5.90% as of June 30, 2017, 6.20% in fiscal year 2017, 6.89% in fiscal year 2016 and 7.19% in fiscal year 2015.

The following table sets forth our outstanding deposits and the percentage composition by each category of deposits for the periods indicated therein:

Particulars	**As of March 31, 2015**		**As of March 31, 2016**		**As of March 31, 2017**		**As of June 30, 2017**	
	Amount Outstanding (₹ crore)	**% of Total Outstanding**	**Amount Outstanding (₹ crore)**	**% of Total Outstanding**	**Amount Outstanding (₹ crore)**	**% of Total Outstanding**	**Amount Outstanding (₹ crore)**	**% of Total Outstanding**
Current deposits (A)	6,550	5.65%	6,419	5.47%	7,344	6.45%	6,748	6.32%
-From banks	135	0.12%	117	0.10%	361	0.32%	464	0.43%
-From others	6,415	5.53%	6,302	5.37%	6,983	6.13%	6,284	5.89%
Savings deposits (B)	25,706	22.17%	28,067	23.90%	36,239	31.80%	34,461	32.28%
Term deposits (C)	83,680	72.18%	82,945	70.63%	70,360	61.75%	65,556	61.40%
-From banks	10,753	9.27%	9,453	8.05%	1,945	1.71%	1,722	1.61%
-From others	72,927	62.90%	73,492	62.58%	68,415	60.04%	63,834	59.79%
Total deposits A+B+C	**1,15,936**	**100.00**%	**1,17,431**	**100.00**%	**1,13,943**	**100.00**%	**1,06,765**	**100.00**%

In addition to our conventional deposit products, we offer a variety of special value-added products and services thereby increasing product offerings and providing greater convenience for customers, such as higher rate deposit accounts for senior citizens. We offer deposit for NRIs, which gives the convenience of variable monthly recurring deposit instalments and special NR deposits with higher return by way of forward-booking of underlying foreign currency.

Deposits for Non-Resident Indians

In addition to providing remittance and portfolio investment services to NRIs, we allow them to open various types of deposit account. As of June 30, 2017 and March 31, 2017, 2016 and 2015, our total NRI deposit portfolio was ₹ 4,644.00 crores, ₹ 4,614.00 crores, ₹ 4,410.00 crores and ₹ 3,671.00 crores, respectively.

We offer the following deposit programs to NRIs:

Foreign Currency Non-Resident Deposits: We offer foreign currency deposits in ten currencies, including the U.S. dollar, the Pound Sterling, the Euro and the Japanese yen. The principal as well as the interest on these deposits are fully repatriable outside of India and interest and principal are repaid in the currency of deposit. The terms of these deposits range from a minimum of one year to a maximum of five years.

Non-Resident External Fixed Deposits: These deposits are established in Rupees and are maintained for periods from a minimum of one year to a maximum of ten years. The principal and interest from these accounts are fully repatriable outside of India. Interest rates on these deposits are fixed by ALCO, subject to a maximum of rates offered to comparable domestic rupee term deposits. Loans can be granted against these deposits for up to 90% of the deposit amount.

Non-Resident Ordinary Deposits: These products are offered primarily to NRIs who also derive income from India. These products are offered as savings bank deposits as well as fixed deposits. The interest rates and terms are structured along the same lines as domestic deposits. While the principal is not repatriable, except in certain cases, the interest paid is repatriable, net of payment of Indian taxes.

Non-Resident External Savings Accounts: Non-Resident External Savings Accounts are maintained in Rupees. We presently offer 4.00% interest on such savings accounts. The balances in these accounts are fully repatriable outside of India. We also offer zero interest bearing current account for NRI customers.

Corporate/wholesale banking

Our corporate banking business has a customer-focused approach that caters to the business needs of varied enterprises and corporate entities both in public and private sector. In corporate and wholesale banking portfolio, we focus on large-sized corporations (i.e., companies with annual turnover of over ₹ 100 crores) whose credit requirement is above ₹ 20 crores. We have a wide range of loan products and services tailored to their specific needs which include term loans, working capital facilities, import and export financing, bill discounting, participation in syndication financing, foreign currency loans, investment in various securities issued by corporates, non-fund based services such as letters of credit, forward covers for hedging exposure, foreign currency conversion and guarantees.

We offer the following range of loans and advances to assist our corporate customers in meeting their financial needs under sole as well as consortium/multiple banking arrangement:

Cash Credit and Other Working Capital Facilities	We offer over draft and cash credit limits against stocks\inventory and receivables.
Term Loans	We offer term loans for investment in fixed and other assets, such as plant and machinery, sheds, buildings, furniture payable in installments and long term projects
Foreign Currency Loans	We provide loan facilities in foreign currencies to our customers. Foreign currency-denominated loans in India are granted out of our FCNR (B) funds or borrowing from the inter-bank markets pursuant to RBI guidelines.
Bills discounted under domestic letters of credit	For customers who supply goods against domestic letters of credit opened by their buyers are allowed to discount bills drawn under letters of credit opened by banks in India.
Bank guarantees	We issue guarantees on behalf of our customers to guarantee their financials, performance and bid bond obligations, which are generally secured by account indemnities, counter guarantees and/or a fixed or floating charge on the assets of the borrower, including cash deposits.
Export/ Import Finance	We offer pre and post-shipment financing, forward covers, buyer's credit and finance in foreign currency.

As a percentage of total deposits, corporate and wholesale banking deposits accounted for 8.61%, 7.30%, 4.78% and 3.13% as of March 31, 2015, March 31, 2016, March 31, 2017 and three months period ended on June 30, 2017, respectively. Our revenue from corporate/wholesale banking advances business was ₹ 5,733.19 crore for Fiscal 2015, ₹ 5,545.35 crore for Fiscal 2016, ₹ 4,812.40 crore for Fiscal 2017 and ₹ 934.68 for three months ended June 30, 2017.

Retail Banking

Retail banking is one of our core business activities. We have a variety of retail loan and deposit products to meet our customers' needs. Retail loan products include housing loans, vehicle loans, personal loans, education loans, loan facilities for professionals and specialized loan schemes for corporate employees and the agriculture sector. Our retail deposit products include savings accounts, time deposits and specific products for customers in various sectors, such as accounts for high net-worth individuals, non-resident Rupee accounts and tax-saving deposit products. We offer a broad range of services to retail customers through our branch outlets as well as our multi-channel electronic banking system. Our retail banking business enables us to (i) reduce the cost of funds, (ii) reduce our reliance on volatile wholesale time deposits, (iii) balance our asset portfolio, (iv) increase the yield on assets and (v) increase fee income opportunities.

Our CASA comprising primarily of current and savings deposits, was at 27.71% as of March 31, 2015, 29.27% as of March 31, 2016, 37.93% as on March 31, 2017 and then improved to 38.17% as of June 30, 2017. As a percentage of total deposits, retail deposits accounted for 39.25%, 43.98%, 50.38% and 54.75% as of March 31, 2015, March 31, 2016, March 31, 2017 and June 30, 2017, respectively.

The following table sets forth details on our retail credit across segments:

Particulars	**As of March 31, 2015**		**As of March 31, 2016**		**As of March 31, 2017**		**As of June 30, 2017**	
	Amount (₹ crore)	**%**	**Amount (₹ crore)**	**%**	**Amount (₹ crore)**	**%**	**Amount (₹ crore)**	**%**
Housing Finance	4,357.68	39.94	5,781.17	47.96	6,279.63	47.21	6,075.09	44.90
Personal and other loans	5,483.13	50.26	5,187.69	43.04	4,615.60	34.70	5,058.46	37.39
Car Loan	645.40	5.91	607.66	5.04	896.02	6.74	882.43	6.52
Education Loan	424.05	3.89	476.38	3.96	1,509.72	11.35	1,514.42	11.19
Total	**10,910.26**	**100**	**12,052.90**	**100**	**13,300.97**	**100**	**13,530.40**	**100**

We have introduced various retail products over the years to cater to the needs of the general public and to provide quick and easy access to us.

Housing finance: We offer various housing loan for purchase / construction / furnishing of residential house / flat including the purchase of land and construction thereon. We offer Dena Niwas Home Loan to purchase a plot, construct a house, buy a ready built house or buy one under construction. We also offer loan for repairs and upgradation, which includes the cost of fixtures, POP works, retiling, fittings etc. Our housing loan portfolio increased at CAGR of 20.04% from ₹ 4,357.68 crores as of March 31, 2015 to ₹ 6,279.63 crores as of March 31, 2017, and was ₹ 6,075.09 crore as of June 30, 2017.

Personal Loan: We offer a loan scheme for assisting individuals to meet their various family and personal needs during their service or after retirement such as medical expenses, purchase of consumer durables and marriage expenses etc. Personal loans are offered both as secured as well as unsecured loans. We offer Dena Suvidha scheme for permanent employee between 24 to 55 years having worked for at least 2 years in a Government or PSU/ reputed organization or the person who has salary disbursement arrangement with us or provide an undertaking form their employer and has a gross monthly income of at least ₹ 15,000. Our personal loan portfolio was ₹ 54.73 crores as of March 31, 2015, ₹ 35.72 crores as of March 31, 2017, and ₹ 35.77 crore as of June 30, 2017.

Vehicle Loan: We offer a variety of loans under our vehicle loan portfolio, including new two wheeler loans and new and used four wheelers for personal and commercial purposes. We offer Dena Auto Loan for the purchase of new cars, which can be up to 85% of a vehicle value. Our vehicle loan portfolio increased at CAGR of 17.83% from ₹

645.40 crores as of March 31, 2015 to ₹ 896.02 crores as of March 31, 2017, and was ₹ 882.43 crore as of June 30, 2017.

Education Loan: We offer financial support to those who have the minimum educational qualification, as required by the institution / organization running the course eligible under the scheme. We offer Dena Vidya Laxmi Educational Loan for higher education in India or abroad. We provide educational loans to individuals up to ₹ 15 lakh for studies in India and ₹ 25 lakh for studies abroad. Our education loan portfolio increased at CAGR of 88.69% from ₹ 424.05 crores as of March 31, 2015 to ₹ 1,509.72 crores as of March 31, 2017, and was ₹ 1,514.42 crore as of June 30, 2017.

Trade finance: We offer trade finance services are also known as Dena Trade which include the issuance and advising of domestic and foreign letters of credit, the confirmation of export letters of credit, the issuance of guarantees on behalf of domestic customers in favor of domestic and foreign beneficiaries, and on behalf of foreign correspondent banks to beneficiaries in India, domestic and foreign bill discounting against letter of credit as well as non-letter of credit bills and similar services. Our trade finance portfolio was ₹ 1411.90 crores as of March 31, 2015, ₹ 1,368.25 crores as of March 31, 2017, and ₹ 1,304.78 crore as of June 30, 2017.

Other lending services: We also offer loans for which we accept gold ornaments as security, loans for which customers may pledge securities in our favour, offer business purpose loans against residential and commercial property as collateral, Dena consumer durable loan etc.

In addition to above, we offer other banking services to our retail customers such as utilities and lockers. We offer customers a means to pay their electricity and other utility bills such as mobile phone bills and credit card bills. Our lockers are available in different sizes, are protected by advanced security systems and may be nominated to others.

The Bank is actively implementing PMEGP aimed at eradication of poverty and for generating self-employment. The Bank has sanctioned loans to 459 beneficiaries amounting to ₹ 18.39 crore under PMEGP during Fiscal 2017.

Treasury Operations

Our treasury operations are our interface with the financial markets. Our treasury operations of consist operations covering activities in various markets i.e. foreign exchange, fixed income, equity and money market. Our treasury department manages our treasury operations on a day-to-day basis subject to oversight by our Investment Committee and ultimately by our Board. Through our treasury operations, we manage our funds, invest in debt and equity products and maintain required regulatory reserves. We run a proprietary trading book in debt, equity and foreign exchange within the framework of our treasury policy.

Our interest income on investments of treasury operations was ₹ 2,988.93 Crores, ₹ 3,059.06 Crores, and ₹ 3791.92 Crores and ₹ 708.38 Crores for the fiscal years ended March 31, 2015, March 31, 2016, March 31, 2017 and the three months ended June 30, 2017, respectively. Our non-interest income from our treasury operations, consisting of profit and loss from the sale of investments and foreign exchange transactions was ₹130 Crores, ₹ 106.60 Crores, ₹ 631.97 Crores, and ₹ 105.44 Crores for the fiscal years ended March 31, 2015, March 31, 2016, March 31, 2017 and the three months ended June 30, 2017, respectively.

The SLR securities as on March 31, 2015, March 31, 2016, March 31, 2017 were ₹ 28,531.94 crore, ₹ 30,095.22 crore and ₹ 34,753.46 crore, respectively. The interest income from investment has gone up from ₹ 2,608.11 crore during the year ended March 31, 2016 to ₹ 2,906.09 crore during the year ended March 31, 2017. The average yield on investments has moved down from 7.75% for year ended March 31, 2016 to 7.57% for the year ended March 31, 2017. The modified duration of the portfolio was kept at 5.12. The following table sets forth the allocation of our net investment portfolio for the periods indicated therein:

Securities	**As of March 31, 2015**		**As of March 31, 2016**		**As of March 31, 2017**		**As of June 30, 201**	
	Amount (₹ crore)	**%**	**Amount (₹ crore)**	**%**	**Amount (₹ crore)**	**%**	**Amount (₹ crore)**	**%**
SLR								
Government securities	28,531.95	77.91%	30,095.22	85.15%	34,753.47	86.47%	30,029.95	84.91%
Other approved Securities	0		0		0		0	

Sub total	28,531.95	77.91%	30,095.22	85.15%	34,753.47	86.47%	30,029.95	84.91%
Non-SLR								
Subsidiaries and Joint Ventures	19.33	0.05%	19.33	0.05%	19.33	0.05%	19.33	0.05%
Debentures and Bonds	2,593.72	7.08%	4,481.5	12.68%	4,050.67	10.08%	4,076.63	11.53%
Re-cap bonds (including Special Securities)	0		0		0		0	
Shares	254.64	0.70%	269.53	0.76%	474.63	1.18%	528.49	1.49%
Other	5,223.94	14.26%	478.95	1.36%	891.66	2.22%	709.62	2.01%
Sub total	8,091.63	22.09%	5,249.32	14.85%	5,436.29	13.53%	5,338.19	15.09%
Total	**36,623.58**	**100.00%**	**35,344.54**	**100.00%**	**40,189.76**	**100.00%**	**35,368.14**	**100.00%**

The following table sets forth the category wise allocation of our investment portfolio for the periods indicated therein:

Securities	**As of March 31, 2015**		**As of March 31, 2016**		**As of March 31, 2017**		**As of June 30, 2017**	
	Amount (₹ crore)	**%**	**Amount (₹ crore)**	**%**	**Amount (₹ crore)**	**%**	**Amount (₹ crore)**	**%**
Held to Maturity (HTM)	28,821.51	78.70	27,464.93	77.71	25,872.84	64.38	25,169.44	71.16
Available for Sale (AFS)	7,083.50	19.34	7,879.61	22.29	13,911.25	34.61	10,198.70	28.84
Held for Trading (HFT)	718.57	1.96	0.00	0.00	405.67	1.01	0.00	0.00
Total	**36,623.58**	**100**	**35,344.54**	**100**	**40,189.76**	**100**	**35,368.14**	**100**
Yield		7.80		7.75		7.57		7.43
Modified Duration HFT		6.69		0.00		7.87		0.00
Modified Duration HTM		4.34		4.19		4.49		5.42
Modified Duration AFS		4.48		5.68		6.37		3.98

Agriculture Banking

As of June 30, 2017, we had an outstanding loan portfolio of the agriculture sector of ₹ 16,244 crores of our total outstanding loans and advances as of that date. Further, as of March 31, 2017, we had an outstanding loan portfolio to the agriculture sector of ₹ 16,375 crores of our total outstanding loans and advances as of that date, compared with ₹ 15,912 crore as of March 31, 2016, representing year-on-year growth of 2.91%. The outstanding exposure under agriculture credit is 18.02 % of the adjusted net bank credit, surpassing the benchmark of 18%, as on March 31, 2017.

We offer a wide variety of products and schemes under agricultural financial services, including advances to Agriculture Allied activities, Agriculture Infrastructure, Ancillary Activities. We have entered into tie up arrangements with collateral management agencies like Navjyoti Commodity Management Services Limited, Edelweiss Agri Value Chain Limited for financing to farmers against pledge of warehouse receipt issued by the collateral management agencies. We provide credit facilities to farmers for the purchase of three wheelers and four wheelers. We also lend money to small and marginal farmers for the purchase of agricultural land. Bank has entered into tie-up arrangement with Mahila Arthik Vikas Mahamandal (“MAVIM)” in selected districts of Maharashtra State for financing Women Self Help Groups (WSHGs) identified by MAVIM.

Under these tie -up arrangements, the companies are providing free sales services / extended warranty periods to the farmers. In addition, we provide farmers with credit facilities for the rescheduling and re-phasing of existing loans if they are unable to repay their existing loans due to various reasons, including natural calamities. To ensure hassle free, need based and timely disbursement of agriculture credit, we have simplified the forms for Dena Kisan Credit Card Scheme, Dena Agriculture Gold / Silver Loan Scheme, Dena Kisan Tatkal Scheme, Dena Kisan all-purpose term loan, Scheme for produce marketing loans to farmers against storage of agricultural commodities and bulk financing to warehouse / cold storage and other agriculture loans.

We also take adequate and appropriate steps for extending various benefits to the farming community to protect them from the related uncertainties and to minimize the financial burden. Those are implementation of crop insurance scheme under Pradhan Mantri Fasal Bima Yojana (PMFBY) and Interest Subvention Scheme for Short Term

Production Credit. We have made available the benefit of interest subvention to the tune of ₹ 148.79 crore for the fiscal years 2015, ₹ 163.10 crore for the fiscal years 2016 and ₹ 62.66 crore for the fiscal years 2017.

Micro and Small Enterprise ("MSE") Sector

With a view to enlarge our credit exposure in the MSE sector, we have initiated several sector friendly measures at highly competitive interest rates based on the enactment of the government on Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. In this business segment our products include loans to Micro and Small Enterprises involved in manufacturing and service/trade activities. As of June 30, 2017, we had an outstanding loan portfolio to the MSE sector of ₹ 11,904 crores of our total outstanding loans and advances as of that date. Further, as of March 31, 2017, we had an outstanding loan portfolio to the MSE sector of ₹ 12,458 crores of our total outstanding loans and advances as of that date, compared with ₹ 13,983 crore as of March 31, 2016. We have been participating under the guarantee scheme of Credit Guarantee Fund Trust for Small and Micro Enterprises to provide collateral free loans to SMEs. The total number of cases covered under the scheme stood at 14,170 with a guarantee cover of ₹ 704.50 crore, as at the end of the financial year 2017.

The Bank has also entered into tie-ups with online aggregators for financing certain retailers that carry out transactions through online marketplaces. The Bank has also entered into tie-ups with 3 Wheeler and commercial vehicle manufacturing companies such as Tata Motors Limited, JCB India Limited, AMW Motors Limited, Ashok Leyland Limited and Maruti Suzuki India limited to increase MSE financing partnering. Bank also offers technical and managerial assistance to SMEs through its consultancy services cell. The Bank offers various schemes targeted at the SME including SME credit card to provide loans for micro-enterprises, term loan facilities for manufacturing and service sector enterprises, financial support to professionals and technically qualified entrepreneurs and facilities, funding for educational institutions, equipment loans for construction companies, financing for fleet operators, asset backed loans to provide loans against property, as well as special schemes designed for women entrepreneurs with margin concessions.

As on June 30, 2017, we have 122 number of MSME designated branches and deployed 12 central processing centers at MSME centric locations. We propose to strengthen our relationship with these corporates by giving them various facilities at competitive terms and thereby expand our business. We have installed a dedicated toll free telephone connection at our head office to address all queries of entrepreneurs in the MSE sector. We have set up a MSE care center at all our zonal offices to improve lending and to redress the grievances of our customers under this sector.

We have set up a society known as "Dena Rural Development Foundation" which is registered under 'Societies Registration Act 1860 with Assistant Registrar of Societies, Greater Mumbai Region, Mumbai. The Dena Rural Development Foundation has set up 12 Dena RSETIs in its lead districts (6 in the state of Gujarat viz. Ahmedabad, Banaskantha, Kutch, Mehsana, Patan, Sabarkantha in the state of Gujarat, 5 districts in the state of Chhattisgarh viz. Durg, Dhamtari, Mahasamund, Raipur, Rajnandgaon and 1 in Union Territory of Dadra and Nagar Haveli) for imparting training to rural youth for taking up self-employment ventures.

General Banking Services

We offer a wide range of general banking services to our retail, corporate and priority sector customers, including those services described below.

Debit Cards

We offer debit cards in in association with Visa and RuPay which may be used for cash-less transactions in India and abroad. Our debit card enables instant access to the money in your account anywhere anytime avoiding the hassles of carrying cash. These cards support the financial inclusion of the urban un-banked population and disbursal of small loans to semi-urban and rural unbanked population. With the use of debit card, our customers can have 24-hour access to their funds such as withdraw the cash, know the balance amount and the mini-statement, fund transfer, purchase of goods on internet including e-ticketing.

Our Bank is providing overdraft facility up to ₹ 25,000 under Dena General Credit Card ('DGCC') Scheme to borrowers of small means under rural and semi-urban areas. Our Bank has issued 14,935 DGCC Cards as of March 2017.

Depository and Trading Services

We are registered as a Depository Participant with the NSDL and provide depository services to our Bank's customers, which aims at providing hassle-free, fast and accurate transactions under depository environment. Our Bank been extending Depository Services to its customers since 1998 from capital Market Branch and 91 other branches of our Bank spread over various centres.

These products are feature-rich with facilities of investment, trading, exposure, margin trading, funding, IPO applications through ASBA, systematic investment, placing aftermarket orders and future orders valid for 365 days, all being made available at an extremely competitive pricing. Our income from depository service were ₹ 0.60 Crores, ₹ 0.59 Crores, ₹ 0.92 Crores, and ₹ 0.20 Crores for the fiscal years ended March 31, 2015, March 31, 2016, March 31, 2017 and the three months ended June 30, 2017 respectively.

Third party products

Bancassurance

We distribute life insurance products and general insurance products through our branches. In order to provide a wide range of finance and investment products to its customers as a value addition, and also to augment its noninterest income, our Bank is in distribution of insurance business to its customers. As per IRDAI new guidelines, under open architecture policy 2015, our Bank has tied up corporate agency arrangement with Apollo Munich Health Insurance Company Limited for distribution of Health Insurance policy and added one more General Insurance Company and such as Chola MS General Insurance Company (in addition to our existing partner United India Insurance Company Limited for distribution of General Insurance products to its customers.

Our Bank has introduced an add on facility for our retail and SME borrowers whereby we have chosen Universal Sompo General Insurance Company Limited for selling their general insurance product, loan secure insurance to our retail and SME borrowers through our branches. The new product namely Loan Secure offers insurance coverage for said borrowers in the event of unforeseen contingency. Our Bank has also tied up with the SBI Life Insurance Company Limited to provide group life insurance coverage to the existing and new housing loan borrowers under the brand name Dena Grihswami Suraksha Yojana.

Our income from Bancassurance business was ₹ 11.44 Crores, ₹ 4.85 Crores, ₹ 5.75 Crores, and ₹ 1.22 Crores for the fiscal years ended March 31, 2015, March 31, 2016, March 31, 2017 and the three months ended June 30, 2017, respectively.

Mutual Funds

We have entered into agreements with various assets management companies for distribution of their mutual fund products through selected branches entities including, UTI Mutual Fund, ICICI Prudential Mutual Fund, LIC Mutual Fund, HDFC Mutual Fund, Reliance Mutual Fund, Birla Sunlife Mutual Fund, DSP Blackrock Mutual Fund, SBI Mutual Fund, Kotak Mutual Fund etc. for marketing their mutual fund units.

Government Business

In addition to our primary banking operations discussed above, we also provide certain services to the GoI and to State governments. In particular, we act as the agency bank for collection of direct taxes, indirect taxes, Custom Duty, Goods and Service Tax (GST), Online Collection of Revenue on behalf of Government of Maharashtra and Karnataka, public provident fund, Sukanya Samruddhi Account (SSA), senior citizens saving scheme, 8% RBI Bond and GoI bonds through designated branches. We have implemented the sovereign gold bond scheme introduced by the GoI. We are authorised to disburse pensions to Central Government and certain State Government pensioners. Disbursement of pensions is done at other locations as per the authorisation by government authorities from time to time.

Our Bank is registered as Point of Presence (POP) for implementing National Pension Scheme ("**NPS**") and as an aggregator for National Pension Scheme -Lite (Swavalamban) and Atal Pension Yojana ("**APY**") with the Pension

Fund Regulatory and Development Authority (PFRDA). Our Bank is entitled for remuneration for canvassing new accounts and maintenance of accounts for subsequent years under NPS and NPS – lite scheme from the PFRDA.

International Banking

Our international banking division offers a wide range of products related to trade and investment besides tailor-made schemes for our significant NRI customer base. As of June 30, 2017, we provided these services through 44 authorized dealer branches across the country. As of June 30, 2017, we were authorized to transact in major freely convertible foreign currencies through a network of correspondent banks. Forex Treasury Operations are conducted through Treasury Branch, Mumbai, the only 'A' Category AD Branch and Forex Transaction on behalf of our constituents is conducted through 44 'B' Category AD Branches. We maintain correspondent relationship with prime Banks abroad and maintain 12 Nostro accounts in 7 currencies as on June 30, 2017.

We offer both fund-based and non-fund based finance to our exporter and importer customers. We also offer term loan facilities in foreign currencies to meet the credit requirements of our customer base. Our export credit stood at 1,877.08 crore at the end of Fiscal Year 2017. Our NRI deposits as of June 30, 2017 amounted to ₹ 2,613.93 crores. We have a representative office in the London to cater to the requirements of our NRI customers in the region.

Regional Rural Banks

We have sponsored one Regional Rural Banks ("**RRBs**") in collaboration with the Central Government and the state government of Gujarat. As on March 31, 2017, the total network of branches of the RRB stands at 236. As on March 31, 2017, the total business of the RRB was ₹ 6,377.31 crore with total Deposit of ₹ 4,184.32 Crore and advance of ₹ 2,192.99 crore. The average gross NPA as on March 31, 2017 was 4.27 %.

Delivery channels and accessibility

Our customers in metropolitan and rural areas can access a range of delivery methods to take advantage of our products and services. These include access to physical branches and extension counters. Round the clock access to select banking services are offered through ATMs, internet banking and mobile banking. During the year 2016-17, Bank opened 30 new branches and branch network of our Bank increased to 1,874 (including Satellite Offices). All the branches of the Bank are covered under CBS. As on June 30, 2017, we had 1874 branches in 27 States and 6 Union Territories in India (all of them under CBS platform). As of June 30, 2017, we had 1,538 ATMs, 29 zonal offices, 5 extension counters and 1 representative offices in London. As of June 30, 2017, we had a customer base of approximately 2.64 crore.

During the year 2016-17, Bank has established 21 new E-Smart taking the total to 95. In E-Smart, customers can deposit cash, deposit cheques, withdraw cash, get their passbooks printed and access their account through internet banking facility on 24x7 basis.

The following table sets out details of our branches as of June 30, 2017:

State and Union Territories	Metro	Urban	Semi - Urban	Rural	Total	Number of district	Ext. Counter
Andaman and Nicobar	-	-	1	1	2	1	-
Andhra Pradesh	2	19	3	4	28	13	-
Assam		5	4	2	11	8	-
Bihar	7	18	9	11	45	21	-
Chandigarh		2		0	2	1	-
Chhattisgarh	12	21	31	62	126	26	-
Dadra and Nagar Haveli	-	-	4	6	10	1	-
Daman and Diu	-	-	2	1	3	2	-
GOA	-	-	7	12	19	3	-
Gujarat	91	51	171	343	656	32	2
Haryana	3	22	10	8	43	19	-
Himachal Pradesh	-	1	3	3	7	5	-

State and Union Territories	Metro	Urban	Semi - Urban	Rural	Total	Number of district	Ext. Counter
Jammu and Kashmir	1	2	-	-	3	2	-
Jharkhand	3	7	8	4	22	13	-
Karnataka	17	22	9	17	65	25	-
Kerala		8	8	-	16	9	2
Madhya Pradesh	21	26	14	9	70	38	-
Maharashtra	124	37	67	111	339	34	-
Manipur	-	1	-	-	1	1	-
Meghalaya	-	1	-	-	1	1	-
Nagaland	-	1	-	-	1	1	-
New Delhi	45	1	3	-	49	4	-
Odisha	-	8	8	6	22	15	-
Puducherry	-	1	-	-	1	1	-
Punjab	7	12	25	4	48	22	-
Rajasthan	11	17	15	6	49	22	-
Sikkim	-	1	1	-	2	2	-
Tamil Nadu	18	16	8	3	45	20	1
Telangana	16	4	2	4	26	6	-
Tripura	-	1	-	-	1	1	-
Uttar Pradesh	32	29	6	18	85	34	-
Uttarakhand	-	9	7	2	18	7	-
West Bengal	25	16	9	8	58	15	-
Total	**435**	**359**	**435**	**645**	**1,874**	**405**	**5**

Population group-wise composition of total branch network:

	Number of Branches (% of total)			
	March 31, 2015	**March 31, 2016**	**March 31, 2017**	**June 30, 2017**
Metropolitan	424 (24.38%)	432 (23.40%)	435 (23.21%)	435 (23.21%)
Urban	321 (18.46%)	348 (18.85%)	359 (19.16%)	359 (19.16%)
Semi-Urban	392 (22.54%)	428 (23.19%)	435 (23.21%)	435 (23.21%)
Rural	602 (34.62%)	638 (34.56%)	645 (34.42%)	645 (34.42%)
Total	**1739(100.00%)**	**1,846(100.00%)**	**1,874(100.00%)**	**1,874(100.00%)**

Note: Figures in brackets represents % of total for respective years

Population group-wise composition of total branch network:

	Number of Branches (% of total)			
	March 31, 2015	**March 31, 2016**	**March 31, 2017**	**June 30, 2017**
Eastern Region	134 (7.71%)	150 (8.13%)	151 (8.06%)	151 (8.06%)
North Eastern Region	11 (0.63%)	13 (0.70%)	15 (0.80%)	15 (0.80%)
Western Region	984 (56.58%)	1,016 (55.04%)	1,027 (54.80%)	1,027 (54.80%)
Northern Region	180 (10.35%)	195 (10.56%)	201 (10.73%)	201 (10.73%)
Southern Region	166 (9.55%)	181 (9.80%)	181 (9.66%)	181 (9.66%)
Central Region	264 (15.18%)	291 (15.76%)	299 (15.96%)	299 (15.96%)
Total	**1,739(100.00%)**	**1,846(100.00%)**	**1,874(100.00%)**	**1,874(100.00%)**

Note: Figures in brackets represents % of total for respective years

As on June 30, 2017, our Bank has 195 specialized branches, catering to the specific clientele segment;

Sr. No.	Specialized Branches	No. of branch
1.	MSME Branch	122
2.	Retail Hub	14
3.	Service Branch	11

4.	Women Branch	4
5.	Corporate Finance Branch	7
6.	Asset Recovery Management	6
7.	Overseas Banking Business Branch	1
8.	MSME Loan Processing Cell	29
9.	Treasury Branch	1
	Total	**195**

As June 30, 2017, our Bank has 1,538 ATMs including 415 ATMs in Metros, 326 ATMs in Urban region, 350 ATMs in Semi Urban region and 447 ATMs in Rural region. The following table sets out details of our ATMs, state wise, both onsite and offsite, as of June 30, 2017:

State	OFFSITE	ONSITE	TOTAL
Andaman and Nicobar	-	2	2
Andhra Pradesh	4	17	21
Assam	-	4	4
Bihar	8	22	30
Chandigarh	1	2	3
Chhattisgarh	14	80	94
Dadra and Nagar haveli	1	9	10
Daman and Diu	-	2	2
Delhi	9	41	50
Goa	-	14	14
Gujarat	124	440	564
Haryana	1	35	36
Himachal Pradesh	-	6	6
Jammu and Kashmir	-	1	1
Jharkhand	1	13	14
Karnataka	5	39	44
Kerala	2	10	12
Madhya Pradesh	10	42	52
Maharashtra	44	248	292
Meghalaya	-	1	1
Odisha	2	11	13
Pondichery	-	1	1
Punjab	1	24	25
Rajasthan	12	40	52
Sikkim	-	2	2
Tamil Nadu	2	44	46
Telangana	2	21	23
Tripura	-	1	1
Uttar Pradesh	10	63	73
Uttaranchal	1	16	17
West Bengal	4	29	33
Grand Total	**258**	**1,280**	**1,538**

Below are the details of classification of our ATMs as on June 30, 2017:

Classification	No. of ATMs
Metro	415
Rural	447
Semi-urban	350
Urban	326
Grand Total	**1,538**

We offer a user-friendly internet banking facility that allows our customers to conduct a comprehensive range of banking transactions online without visiting our branches or ATMs. These transactions include account management, money transfer and settlement and fee payment. We seek to provide a competitive, functional and usable internet banking platform that meets our customer expectations of banking without paperwork. We offer services 24 hours a day, seven days a week through internet banking and mobile phone account services. The Bank also provides facility of instant fund transfer through IMPS, utility bill payment and QR Code Based transaction.

Internet Banking

We offer our customers with Internet banking facilities. Our Internet banking system, Dena iConnect can be used seamlessly from any part of the world. Dena iConnect provides services such as balance enquiry, account statement, intra-bank and inter-bank fund transfers through RTGS/NEFT/IMPS, transaction related SMS alerts, payment of indirect / direct taxes, state commercial taxes such for Andhra Pradesh, Uttar Pradesh, Delhi, Dadra & Nagar Haveli, Gujarat, Karnataka and Maharashtra Virtual Treasury, utility bill payments and online donations. We serviced over 5,21,300 crores internet banking users/ customers through Dena iConnect as of June 30, 2017.

Mobile banking

We offer Dena MConnect the convenient and secure way to conduct banking transactions using the mobile handset. Dena Mobile Banking offers an easy, hassle free means to access banking information at the touch of a button 24 hours a day, 7 days a week. The customer will be able to access his/her account better anytime, anywhere with just his/her mobile phone.

Unified Payment Interface (UPI)

Dena UPI is a system that powers multiple bank accounts into a single mobile application (of any participating bank) and allows for immediate money transfer through mobile device round the clock 24x7 and 365 days and serves as a single mobile. During the Fiscal Year 2017, our Bank installed 5,300 POS and has launched a new mobile banking channel i.e. Unified payment Interface promoted by NPCI.

Certain key operating parameters

Loan concentration

We have an internal credit policy on portfolio diversification. Our total financing exposure in a particular business is evaluated in accordance with business wise growth. Our credit/credit monitoring department monitors sector wise exposure. Major changes in the industrial segments are closely monitored and corrective actions are initiated.

Capital Adequacy

The minimum total capital adequacy ratio currently required by the RBI under Basel II norms is 9.00% of the risk weighted average ("RWA"). We implemented Basel II norms from Fiscal 2008 and are calculating capital adequacy ratios on a quarterly basis as per the applicable Basel III norms along with Basel II norms since April 1, 2013.

Subordinated Debt

We obtain funds from the issuance of unsecured non-convertible subordinated debt securities, which qualify as Tier II capital under RBI guidelines for assessing capital adequacy. As on June 30, 2017, details of Tier II Bond are as follows:

Name of the Bond	Date of the Issue	Coupon Rate (%)	Date of maturity	Credit Rating
9.25% Lower Tier-II Bonds (Series IX)	March 25, 2008	9.25	May 25, 2018	1. CRISIL AA-/Negative 2. India Rating : IND AA- / Affirmed Stable
11.20% Lower Tier-II Bonds (Series X)	September 30, 2008	11.20	April 30, 2019	1. CRISIL AA-/Negative
9.50% Lower Tier-II Bonds (Series XI)	January 29, 2009	9.50	January 29, 2019	1. CRISIL AA - /Negative 2. CARE A +; Negative (Single A Plus; Outlook: Negative)
9.23% Lower Tier-II Bonds (Series XII)	June 25, 2012	9.23	June 25, 2027*	1. CRISIL AA-/Negative 2. CARE A +; Negative (Single A Plus; Outlook: Negative)
9.86% Basel III Compliant Tier-II Bonds (Series XIII)	February 26, 2014	9.86	February 26, 2024	1. CARE A +; Negative (Single A Plus; Outlook: Negative)
8.76% Basel III Compliant Tier-II Bonds (Series XIV)	September 20, 2016	8.76	September 20, 2026	1. CARE A +; Negative (Single A Plus; Outlook: Negative)
10.05% Perpetual Bonds (Series I) – Basel II compliant	December 31, 2007	10.05	Perpetual**	CRISIL A+/Negative India ratings : IND A- / Affirmed Stable
9.00% Perpetual Bonds (Series II) - Basel II compliant	May 28, 2009	9.00	Perpetual***	CRISIL A+/Negative CARE A; Negative (Single A; Outlook: Negative)
10.20% Basel III Compliant AT1 Perpetual Bonds (Series III)	March 18, 2015	10.20	Perpetual****	CRISIL A-/Negative CARE BBB+; Negative (Triple B Plus; Outlook: Negative))
10.95% Basel III Compliant AT1 Perpetual Bonds (Series IV)	January 29, 2016	10.95	Perpetual****	CARE BBB+; Negative (Triple B Plus; Outlook: Negative))

** Call option may be exercised by the Bank after the instrument has run for at least 10 years, only with the prior approval of RBI (DBOD).*

*** Call option may be exercised by the Bank at the end of 10th year from deemed date of allotment and every interest payment date thereafter with the prior permission from RBI, if not exercised by the Bank, coupon shall be stepped up by 50 basis points thereafter till redemption.*

**** Call option may be exercised by the Bank at the end of 10th year from deemed date of allotment with the prior approval of RBI. If not exercised by the Bank, coupon shall be stepped up by 50 basis points thereafter i.e. @9.50% p.a. till redemption.*

***** Call option may be exercised by the Bank at the end of 5th year from deemed date of allotment and every interest payment date thereafter with the prior approval of RBI (DBOD). For more information, refer Disclosure Document/ Information Memorandum.*

Asset Classification

Our assets are classified in accordance with the guidelines issued by the RBI. An asset is classified as non-performing if any amount of interest or principal on a term loan is overdue on it for a period exceeding 90 days. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains overdue for a period of more than 90 days and in respect of bills, if the amount remains overdue for more than 90 days. Based on the existing guidelines issued by the RBI for asset classification, details of the classification of our gross loans and other data in respect of NPAs as on March 31, 2015, March 31, 2016, March 31, 2017 and June 30, 2017 are as follows:

Particulars	Asset Classification			
	Fiscal 2015	Fiscal 2016	Fiscal 2017	June 30, 2017
Gross NPA (₹ in crores)	4,393.04	8,560.49	12,618.73	12,994.16
Gross NPA %	5.45%	9.98%	16.27%	17.37%
Net NPA (₹ in crores)	3,014.30	5,230.47	7,735.12	7,797.16
Net NPA %	3.82%	6.35%	10.66%	11.22%

NPA Recovery Strategy

We follow RBI's guidelines and Board approved recovery policies for one time settlements and out of court settlement of debts. Our recovery policy deals with treatment of impaired assets in various businesses. We have devised a strategic policy for the recovery of NPAs by identifying such risky assets at an early stage with the daily recognition of NPAs. The various measures recommended for recovery include one-time settlements, out-of-court settlements, filing of suits before the Debt Recovery Tribunals and courts, actions under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and Lok Adalats, which is a system for out-of-court settlements of impaired loans through mutual consent in accordance with the Legal Services Act 1987.

Additionally our Bank is undertaking recovery camps on monthly basis in order to reduce the NPA level. During the Fiscal 2018, first process of sale of assets through ARCs was held on August 11, 2017 where two accounts with ledger dues of ₹ 47.31 crores were sold under e-auction with bid amount of ₹ 30.20 crores. Further, we have set up a war room at Head Office with dedicated team of 10 officers to monitor NPA account on day to day basis for accounts above ₹ 5 lacs to ₹ 50 lacs. Recovery task force has been formed at each zone where team of officers are exclusively monitoring NPA accounts and directly reporting to the Head Office.

As on June 30, 2017, our Bank has conducted 3 Lok Adalats in 1,175 centres where in notices were issued in 1,93,076 accounts and 19061 Borrowers participated in the Lok Adalats involving an amount of ₹ 213.60 crore. Further, 7,496 accounts were settled for ₹ 36.91 crore and recovery of ₹ 21.06 crore was effected. Our Bank has conducted 2,955 recovery camps in various parts of the country during the year which was attended by 33,854 borrowers. During these recovery camps 4,865 accounts involving ₹ 50.32 crore were settled and 3,221 accounts involving ₹ 92.24 crore were upgraded.

We believe that the healthy level of recoveries from NPAs and in unrealized interest were primarily due to the collateral that has been provided to secure the impaired loans, which encourages borrowers to repay loans and interest rather than forfeit their property.

Industry Exposure

Our Bank's industry exposure as on March 31, 2017 and June 30, 2017 is set forth below.

Industry/Sector	Advances (Fund Based)	Exposure as % of Total Advances	Advances (Fund Based)	Exposure as % of Total Advances
	March 31, 2017		June 30, 2017	
Mining and Quarrying (Inclusive coal)	940.91	1.21	944.69	1.26
Iron and Steel	4,100.91	5.29	4,028.13	5.38

Industry/Sector	Advances (Fund Based)	Exposure as % of Total Advances	Advances (Fund Based)	Exposure as % of Total Advances
	March 31, 2017		June 30, 2017	
Other metal and metal products	542.06	0.70	546.67	0.73
All engineering	2,955.86	3.81	3,112.49	4.16
Cotton Textile	1,502.19	1.94	1,494.48	2.00
Jute Textile	8.23	0.01	8.51	0.01
Manmade textile	154.42	0.20	164.7	0.22
Food processing	1,424.54	1.84	1,447.6	1.94
Of which Sugar	155.42	0.20	156.96	0.21
Tea	7.3	0.01	7	0.01
Vegetable Oil	513.44	0.66	514.44	0.69
Paper and Paper Products	443.88	0.57	429.28	0.57
Rubber, plastics and their products	680.27	0.88	722.45	0.97
Chemical, dyes, Paints and Pharmaceuticals of which:	862.67	1.11	875.41	1.17
Fertilizer	118.19	0.15	132.8	0.18
Perto Chemical	269.27	0.35	263.97	0.35
Drug and Pharmaceuticals	280.15	0.36	260.94	0.35
Cement and Cement Products	683.74	0.88	666.56	0.89
Leather and Leather Products	510.54	0.66	507.08	0.68
Gem and Jewellery	743.3	0.96	761.36	1.02
Construction	2,627.48	3.39	2,608.46	3.49
Petroleum, Coal Products and Nuclear Fuel	1.7	0.00	0.84	0.00
Vehicles, Vehicles Parts and Transport Equipment’s	195.51	0.25	190.55	0.25
Computer Software	135.73	0.18	148.91	0.20
Infrastructure of which	11,465.71	14.79	11,146.94	14.90
Power	4,356.61	5.62	4,051.32	5.42
Communication	1,855.63	2.39	1,786.99	2.39
Water and Sanitation	378.26	0.49	448.16	0.60
Social and Commercial Structure	1,087.74	1.40	1,077.96	1.44
NBFCs	8,718.45	11.24	6,956.38	9.30
Trading	1,850.66	2.39	1,790.83	2.39
Beverage and Tobacco	20.06	0.03	19.12	0.03
Wood and Wood Products	148.42	0.19	147.7	0.20
Other Industries	27,165.27	35.03	26,725.53	35.73
Total	**77,537.84**	**100.00**	**74,806.53**	**100.00**

Risk Management

Our Bank has put in place structured risk management systems and architecture that is overseen by Integrated Risk Management Committee of the Board. Management Level Committees on Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk management Committee (ORMC) and Market Risk Management Committee (MRMC) constitute the crore level of focused risk management architecture. The Risk Management Department looks after various aspects and reports to Management and other Risk Managers at all controlling offices to focus on operational risk factors and arranged for their training.

Our Bank is having Credit Rating Policy duly approved by the Board. Our Bank has implemented the new Rating model viz. ‘RAM’ (Rating Assessment Model) for more scientific risk rating and to facilitate migration to advanced approaches of credit risk. The software has the capability to calculate PD, LGD and EAD. Our Bank makes pricing decision primarily on the basis of internal rating. Our Bank has also implemented CRESS (Credit Retail Scoring System) for four retail products viz. Housing, Vehicle, Education and Personal.

The three main risk exposures we face are credit risk, market risk and operational risk. We have implemented the Basel – III framework for computation of capital requirements under Pillar-I risks like credit risk, market risk and operational risk as well as Pillar-II risks like credit concentration risk, liability concentration risk, liquidity risk etc.

We are making disclosures under Pillar-III in conformity with Basel – III guidelines. Also, in keeping with the said guidelines our risk management system is subjected to assessment, both offsite and onsite by the regulator.

Credit Risk

Lending Policy

We have a credit risk management system, as a part of our lending policy, which is reviewed from time to time and circulated to all our branches, zonal offices and head office (including all its departments). The policy and procedures under this system have been prepared on the basis of and in compliance with Basel – III guidelines.

The main objective of the policy is to ensure that the operations are in line with the business strategies of the top management within the regulatory framework and government directives. The policy aims at ensuring that there is no excessive concentration in particular segment of individual assets within the portfolio. It also aims at continued improvement of the overall quality of assets at the portfolio level, by establishing a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation.

Credit Risk Management

For the identification and assessment of credit risk, in addition to relying on rating by external agencies, we have developed and refined our own internal credit risk rating models to assess counterparty risk, by taking into account various risks categorized broadly into financial, business, industry, project and management risks. The credit concentration risk of our Bank is monitored through the prudential exposure ceiling limit fixed by our Bank. However, to internally monitor the management of the concentration risk, Bank assesses its risk appetite for industry prioritization and concerned risk.

The management of credit risk includes, inter-alia, setting up exposure limits to achieve a well-diversified portfolio across dimensions such as companies, group companies, industries as well as appraisal, pricing, deciding credit approval authority, documentation, reporting and monitoring, review and renewal of credit facilities, managing of problem loans, credit monitoring and loan review mechanism.

For better risk management and avoidance of credit concentration risks, internal guidelines on prudential exposure norms in respect of individual and group borrower, industry-wise exposure limit, sensitive sectors including capital markets and real estate are in place. We have an elaborate credit appraisal format to take care of different parameters/aspects of credit risk. We have a credit rating based pricing system and have systems and procedures in place to take care of the documentation involving borrowal accounts. We have a system of reporting sanction, documentation, disbursement, operation and status of borrowal accounts as well as periodic monitoring of the same. We also have a system for the review and renewal of credit facilities as well as managing of stressed accounts by taking suitable measures including restructuring and rehabilitation. We follow a multi layered discretionary power structure backed by a committee approach for sanction of credit facilities.

Our Bank provides capital based on regulatory guidelines using the standardized Approach for estimation of minimum capital requirement for its Credit Risk.

Loan Review Mechanism

We have a credit audit policy and a document audit system as a part of loan review mechanism. On-site credit audit is conducted by visiting the branches, scrutiny of the processed notes and other documents, operation in the account and verification of fulfillment of the terms of sanction as per policy. We also have a system in place for identification of credit weaknesses including tracking early warning signals of credit weaknesses and for the surveillance and monitoring of procedures adopted at various stages of our lending operations. Document audit is undertaken for both standard as well as non-standard documents immediately after execution of documents.

Stress Testing Policy and Analysis

Stress Test refers to a range of techniques used to assess the vulnerability of a portfolio. Stress test techniques provide a way to quantify the impact of changes in a number of risk factors on the assets and liabilities of our Bank. Stress Testing has become an integral part of Bank's Risk Management system and is used to evaluate its potential vulnerability to certain unlikely but plausible events or movements in financial variables. Our Bank formulated its Policy on Stress Testing and the same is reviewed annually. Our Bank also undertakes Stress Testing Analysis on quarterly basis and places the same before the IRMC of Board noting.

The choice of test depends on our Bank's portfolio, complexity of its operation, the risk factor to be stressed and the technical ability to collect and process data at required intervals. In the scope of application of Internal Capital Adequacy Assessment Process ("ICAAP"), it is considered that the business operation of our Bank is "Simple." There are broadly two categories of stress tests used in banks viz. sensitivity tests and scenario tests.

Sensitivity test estimates the impact on a bank's financial position due to predefined movements in a single risk factor like interest rate, foreign exchange rate or equity prices, shift in probabilities of defaults (PDs), etc. Scenario Tests include simultaneous changes in a number of variables based on a single event experienced in the past and assessment of their impact on our Bank's financial position. Accordingly, our Bank has adopted the Sensitivity test at individual portfolio level & Scenario test method at aggregate portfolio level of our Bank and analyzed impact under various stress scenarios as per our Bank's policy.

Macro Level Analysis of Credit Portfolio

The macro level analysis of the whole credit portfolio is done at quarterly intervals to assess the quality of the credit portfolio as per segmentation by industries/ sectors, interest rates (in relation to MCLR/Base Rate/ BPLR). Portfolio analysis of major industries or sectors at regular intervals is being undertaken to study the impact of the prevalent market scenario of a particular industry or sector on our credit portfolio.

Risk Rating Migration Analysis

We are conducting analysis on risk rating migration for large borrowal accounts. The findings of the analysis are being utilized to decide and implement appropriate strategies to maintain ratings of better rated accounts, improve the ratings of inferior rated accounts and arrest migration to inferior rated accounts.

Credit Risk Mitigation Techniques and Collateral Management

We have a policy on credit risk mitigation techniques and collateral management describing various mitigants of credit risks and appropriate collaterals taking into account the spirit of Basel III or RBI guidelines and measures to be adopted to optimize their benefit in credit risk mitigation as well as in computation of capital charge as per rules and regulations laid down in Basel III or RBI guidelines.

Market Risk

We have formulated Market Risk Management Policy, Asset Liability Management Policy and Integrated Treasury Policy for management of market risk, liquidity risk, interest rate risk and forex risk. Risk Management and reporting is based on various parameters including modified duration, maximum permissible exposures, net open position limits, gap limits and Value at Risk (VaR) in line with the industry practices.

Our market risks are essentially managed by our treasury department, which handles our treasury operations. The treasury department has clear-cut demarcations between its front office functions, and back office functions. The mid office, which is independent from treasury and reports directly to our senior management and also to the ALCO, is also responsible for implementation of our market management system including interest rate risk.

Interest Rate Risk

Interest rate risk refers to fluctuations in our net interest income, net worth and the value of our assets due to changes in market rate of interest arising out of internal and external factors. Internal factors include the composition of our assets and liabilities, quality, maturity, interest rate and re-pricing period of deposits, borrowings, loans and investments. Among external factors rising or falling interest rates impact us depending on our balance sheet positioning. Interest rate risk is prevalent on both the asset as well as the liability sides of our balance sheet. We assess the interest rate risk to which we are exposed through traditional gap analysis, duration gap analysis and stress tests.

Asset - Liability Management

The Asset - Liability Management Committee ("ALCO") periodically monitors and controls the risks and returns, mobilization and deployment of funds, setting our lending and deposit rates, and directing our investment activities. We identify the risks associated with the changing interest rates from earnings at risk perspective, which is computed based on the traditional gap analysis on a static position as well as economic value perspective which is done based on computing the changes in the modified duration of different rate sensitive assets and liabilities.

For financing liquidity gap in an adverse situation, we have adequate contingency plan including, liquid mutual fund, liquid money market securities, easily marketable securities, surplus SLR securities, export refinance and special refinance / repo etc.

The RBI has stipulated monitoring of interest rate risk at monthly intervals through a statement of interest rate sensitivity to be prepared as the last reporting day of each month. ALCO reviews interest rate sensitivity statement on monthly basis.

Computation of capital charge for Market Risk on an ongoing basis

We use software to compute capital charge for market risk under Standardised Duration Approach ("**SDA**") which can compute the capital charge on an ongoing basis.

Operational Risk

We have formulated an operational risk management policy in line with RBI guidelines. The operational risk management policy adopted by us outlines organization structure and detailed processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management system into our day-to-day risk management processes by clearly assigning roles for effectively identifying, assessing, monitoring and controlling, mitigating operational risks and by timely reporting of operational risk exposures, including material operational losses. Our operational risks are managed through internal control frameworks.

Our Bank provides capital based on regulatory guidelines using the Basic Indicator Approach ("BIA") for estimation of minimum capital requirement for Operational Risk. For migration to Advance Measurement Approach ("AMA"), we have initiated the process of identifying the loss events and collecting the necessary data on such events.

The Business Line Mapping addresses various activities of Bank into different business lines as per RBI guidelines.

Other Information

We have an ICAAP policy and ICCAP Document to evaluate and document different risks and substantiate appropriate capital allocation. Apart from maintaining regulatory capital for Pillar-I risks and also capital for Pillar-II risks, we maintain additional capital as cushion so as to protect our Bank as well as depositors and general creditors against unforeseen losses.

The capital requirement is affected by the economic environment, the regulatory requirement and by the risk arising from our activities. The purpose of our capital planning is to ensure the adequacy of capital at the times of changing economic conditions, even at times of economic recession. Our capital planning process reviews:

Our current capital requirement

The targeted and sustainable capital is assessed as per business strategy and risk appetite. The future capital planning is done on a three-year outlook.

The capital plan is revised on an annual basis. We have a policy to maintain capital to take care of the future growth in business so that the minimum capital required is maintained on continuous basis. On the basis of the estimation, we raise capital in Tier-1 or Tier-2 with the approval of our Board. Our capital adequacy position is reviewed by our Board on quarterly basis.

Interest Rate Risk in the Banking Book

The earnings or economic value changes are the main focus of the banking book. We currently have in place measurement systems to assess the effect of rate changes on both earnings and economic value such as gap analysis for addressing changes in net interest income and duration gap analysis for addressing changes in economic value.

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from a Bank's inability to meet its obligations when they become due without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Our liquidity risk management system includes:

Our liquidity risk management system includes measuring and managing our net funding requirements by the use of a maturity ladder and the calculation of cumulative surplus or deficit of funds at different maturity dates, as recommended by the RBI. We are estimating the liquidity profile on a dynamic basis by giving due recognition to seasonal patterns of deposits and loans and the potential liquidity needs for meeting loan commitments.

Foreign Exchange Risk

Foreign exchange rate risk is the risk that we may suffer losses as a result of adverse foreign exchange rate movements during a period in which we have an open position, either spot or forward or a combination of both in an individual currency. Foreign exchange rate risk can arise out of changes on foreign exchange spot and forward rates. Foreign exchange open positions are managed through limits fixed at the individual currency level as well as aggregate currencies as follows: (a) Intra-day limit, (b) overnight limit and (c) stop loss limits for our trading book.

Foreign exchange forward rate risk caused due to gaps or mismatches in merchant trading transactions and the corresponding cover operations in respect of maturities and quantum is managed by individual gap limits, aggregate gap limits and by assessing the value at risk on a daily basis. Foreign exchange sensitive gaps are measured using the value at risk model developed by Foreign Exchange Dealers' Association of India (FEDAI) and is monitored on a daily basis. Besides setting appropriate limits for both open positions and gaps, we monitor our foreign risk exposures through maturity pattern statements and interest rate sensitivity statements, which are prepared and submitted to the RBI on a monthly basis.

Commodity Risk

At present, we are not facing any commodity price risk as we are not dealing in any commodity directly. We may face commodity risk indirectly through our borrowers who deal in commodities like metal, gold, etc. Such risks are mitigated by fixing prudential limits on exposure.

Equity Price Risk

Exposure to capital market automatically attracts equity price risk. We periodically review the exposure in capital market in the light of changing circumstances and its expectations about future movements in prices. We monitor the movement in prices on a daily basis.

System Controls

We have initiated suitable control measures to protect our IT assets. As mentioned above, we have set up a data centre in Navi Mumbai with access card control technology. We have a Disaster Recovery Centre at Bengaluru. Our information technology security policy takes into account our CBS and ATM network. A suitable disaster recovery mechanism and business continuity plan is also in place. Information system audit of our IT systems are carried out on regular basis. We have also implemented onsite Security Operations Centre (SOC). Our Bank is in process of implementing DDoS preventive system to secure our public facing application from DDoS attacks. Our Bank is also in the process of implementing Application Delivery Control ("ADC") module comprising Link Load Balancer, Web Application Firewall, Server Load Balancing, Reverse Proxy, IPVS to IPV4 Convertor, SSL – VPN, SSL – Off Loader etc. which will strengthen the Perimeter Information Security of our Bank. We also have in place appropriate provisions for backing-up data at offsite locations in case of loss at a primary location.

Internal Control System

We have a separate Audit and Inspection Department which subjects all the branches including international division, investment cell, service branches and every department of the administrative office to regular inspection. Audit Committee of the Board (ACB) has been constituted in line with the RBI guidelines. Our Audit Committee reviews the adequacy of the audit and compliance function, including the policies, procedures, techniques and other regulatory requirements as prescribed by RBI.

In compliance with RBI guidelines, we do a Risk Based Internal Audit (RBIA) of all our branches to promote effective operations, reliable reporting and safeguarding of assets, ensure compliance with regulations and policies and assess and measure various risks and their direction on an ongoing basis.

Concurrent Audit, Revenue Audit and Information System Audit are also conducted at the Branches/Offices throughout the year.

Inspection / Audit function also ensures timely compliance of all comments / observations of Annual Financial Inspection (AFI) conducted by RBI.

We have a compliance function which ensures observance to statutory and regulatory guidelines, internal procedures and policies. The compliance function is overseen by the ACB.

Customer care and relationship management

As directed by the RBI, we have constituted a Board Level Committee chaired by our Managing Director and Chief Executive Officer and a Standing Committee on Customer Services chaired by our Executive Director. These committees assess the complaints from our customers, and provide necessary directions, from time to time, to improve our customer services. We have introduced a number of customer service initiatives in order to maintain a high standard of customer service.

Citizens' Charter

We have a citizens' charter in place that outlines our code of conduct in relation to our customers and provides information on our various activities. This document is available at our branches and on our website.

Customer Education Material

We have created a range of materials in booklet and brochure format that outline the salient features of our products and delivery channels.

Fair Practice Code

We have adopted the Fair Practice Code drafted by the IBA and intended to be followed by the entire banking system in dealing with individual customers. Important characteristics of the code include standards for fair banking practices. Copies of the Fair Practice Code are available at our branches.

Credit Counselling Center / Financial Literacy Center:

RBI has directed the Banks to open Credit Counselling centres in the respective Lead districts to ensure 100% financial inclusion. Accordingly, in pursuance with the guidelines of RBI to set up credit counselling centres, our Bank has rolled out 18 Credit Counselling centres at Ahmedabad, Banaskantha (Palanpur), Gandhinagar, Kutch, Mehsana, Patan, Aravali, Botad, Devbhumi Dwarka and Himmatnagar (Sabarkantha) in the state of Gujarat, Durg, Dhamtari, Mahasamund, Gariyaband, Balod, Raipur and Rajnandgaon in the state of Chhattisgarh and Silvassa in the UT of Dadra and Nagar Haveli.

PradhanMantri Jan DhanYojana:

As on March 31, 2017, our Bank has opened 39.90 lakhs accounts under Pradhan Mantri Jan DhanYojana which was launched on August 28, 2014. RuPay cards have been issued to 26.13 lakhs accounts holders as on the said date. Our Bank has covered all households with at least one saving bank account in 2,105 Sub Service Areas and 776 Urban wards allotted to our Bank. Customers under PMJDY are given benefits of accident insurance cover of ₹ 1.00 lakh under RuPay debit card insurance scheme and life insurance cover of ₹ 0.30 lakhs.

Direct Benefit Transfer & Direct Benefit Transfer for LPG:

Our Bank has successfully launched and implementing Direct Benefit Transfer Scheme as per Government of India Guidelines through Aadhaar Payment Bridge System and Aadhaar Enabled Payment System. Direct Benefit transfer for LPG is relaunched in 54 districts with effect from November 15, 2014 and in all remaining districts of the country since January 1, 2015. The subsidy amount can be credited directly to account with or without Aadhaar number.

To enable the beneficiaries to receive the subsidy/benefit to their accounts under DBT, our Bank is facilitating adhaar seeding through various channels like internet banking, ATMs and SMS through mobile. Our Bank is also undertaking Aadhaar seeding in accounts under campaign mode by organizing camps, meetings in villages allotted to our Bank.

Corporate and social responsibility

We have set up a society named Dena Rural Development Foundation ("DRDF") with a corpus of ₹ 0.50 crores, to meet the day to day operational expenses of Rural Self Employment Training Institutes ("RSETIs"). Subsequently, Bank has contributed ₹ 7.00 crore towards corpus fund thereby increasing the corpus to ₹ 7.50 crore. We have also set up 12 RSETIs in the lead districts viz. Ahmedabad, Bhuj, Mehsana, Palanpur, Himmatnagar, Patan, Durg, Dhamtari, Mahasamund, Raipur, Rajnandgaon and Silvassa where we are shouldering the lead bank responsibility. Bank has so far contributed an amount of ₹ 4.43 crore towards construction of RSETI buildings.

Our Bank has undertaken various development activities in the villages of Naka (Kalol) in Gujarat and Bindra Navagarh in Chhattisgarh for construction of public toilets, providing ambulance, solar street lights, school bags, tube well and hand pumps, water purifier and water cooler for schools. Further, we have undertaken construction of 26 toilets in 22 schools of Raipur, Gariyaband, Mahasamund and Dhamtari districts of Chhattisgarh under "Swachh Vidyalaya Campaign".

Lead Bank Responsibility

Pursuant to the master circular dated July 1, 2016 issued by RBI, the RBI has assigned us with the "lead bank" responsibility in 18 districts, of which 10 districts are located in Gujarat, 7 districts in Chhattisgarh and one in Union Territory of Dadra and Nagar Haveli. Further, we are assigned as the Convenor of the State Level Bankers' Committee for the states of Gujarat, Dadra Nagar Haveli and Daman and Diu.

Human Resources

We have a team of professionals comprising of banking professionals in various departments such as Credit risk, Treasury, Marketing, Retail etc. As of June 30, 2017, we had 13935 employees of whom 6262 were Officers, 5448 were Clerical staff and 2225 were subordinate staff. Our employees are imparted with adequate training for on – going process for development / improvement of their knowledge, skill and business confidence. These training programmes are conducted through various institutes such as National Institute of Bank Management, College of Agricultural

Banking, Banking Institute of Rural Development and Indian Institute of Banking Finance with whom we have a tie – up. Further, we had conducted special workshops and training programmes for the employees for promoting Hindi language and doing the official work in Hindi.

Our Bank focuses on acquiring contemporary knowledge, continuous re – skilling and up skilling activities. The training needs are assessed and catered for all employee cadres and our Bank is committed to ensure that the staff members are competent in basic work skills and knowledge of their individual responsibilities.

Competition

We face competition in all our business areas from large public sector banks as well as peer banks. Our primary competitors are public sector banks and private sector banks, including foreign banks. Many of our competitors have, over time, built extensive branch networks, providing them with the advantage of a low cost deposit base, and enabling them to lend at competitive rates. In addition, the extensive geographic reach of many of these institutions enables product delivery in remote parts of the country. We seek to compete with these banks through value added services, faster customer service response, quality of service, a growing inter – connected branch network and delivery capabilities based on enhanced technology. Other private sector banks also compete in the corporate banking market on the basis of pricing, efficiency, service delivery and technology. We also face competition from foreign banks, which have traditionally been active in providing trade finance, fee-based services and other short-term financing products to large Indian corporations.

For more information on competition, please refer to "*Risk Factors – The Indian banking industry is very competitive and we face intense competition from banks and financial institutions that are much larger than we are and are present all over India." on page 42*.

Information Technology

We are focused on leveraging technology for client management and to create customer centric / multi – channel solutions such as internet banking and mobile banking. We strive to use information technology as a strategic tool for our business operations to gain a competitive advantage and to improve our overall productivity, efficiency and client satisfaction. In tune with the guidelines issued by the RBI, we have formed an IT Committee to facilitate optimum utilization of the existing IT infrastructure, envision the IT mission of our Bank, to direct IT department on policy matters and review the transactions volumes under major delivery channels, scalability of the IT infrastructure, new developments in technology field, business continuity planning, cyber security, initiatives, Bank's preparedness in areas of information technology and digitization of villages post demonetization etc.

The backbone of all our current technology initiatives is DenaNet which connects various entities within and outside the Bank. DenaNet connects 1,874 branches (including 72 satellite branches), 35 administrative offices, 6 Staff Training Centres, 248 offsite ATMs and 12 outside banks / offices. With robust IT infrastructure our Bank is well poised to take the leap forward to drive technology towards affording greater customer convenience.

All our branches and extension counters are connected through Multiprotocol Label Switching ("MPLS") based on Virtual Private Network ("VPN"). Last mile connectivity in the branches is provided through leased lines, Integrated Services Digital Networks ("ISDNs"), Very Small Aperture Terminals ("VSATs"), Radio Frequency ("RF") and CDMA links. As part of Wide Area Network ("WAN") infrastructure, we have implemented Voice over IP (VOIP) for all of our offices and branches in India excluding Branches where only VSAT link is present. Our offices and branches are having LAN in place which is integrated with our WAN. Our WAN is interfaced with RBI INFINET, customs and Internet for running of applications, requiring these networks.

Core Banking Solution -'DENA GARI MA'

Our Bank had embarked upon a process of transformation through technology with a view to enhance customer satisfaction and to leverage business growth. Our IT services is backed by 'Finacle' software. The Core Banking System bundles a host of customer friendly services like Internet Banking, Mobile Banking etc. besides software system for Integrated Treasury operations. A number of third party software solutions are also integrated mainly with a view to address regulatory concerns and to leverage business growth.

The CBS Project was kicked off with migration of existing operations at Bank’s Mahim Branch in Mumbai on March 12, 2007. As of June 30, 2017, all the 1,874 branches (including 72 Satellite Branches) of the bank and the entire business is under CBS. This covers 1,153 centres and 31 states / union territories. All administrative units such as Zonal Offices, Zonal Staff Training Centres and Head Office department too have been covered in CBS.

Intellectual Property

Our logo “ ” is registered with the Trade Marks Registry, Maharashtra under class 36. However, our tag lines “Trusted Family Bank” and “Dena hai to Bharosa hai” are neither registered nor an application for registration has been made for the same. Further, the logos “ ” and “ ” used by us for the money transfer and internet banking services are also registered with the Trademarks Registry, Maharashtra. For more information on the risk associated with intellectual properties, please refer to “*Risk Factors – We have not registered some of the taglines that we use along with our logo. Any breach by us of third party intellectual property rights could require us to pay financial compensation to such third parties.”* on page 46.

Properties

Our head office (central office) is located at C – 10, G – Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India. As of September 30, 2017, 45 of our branches / offices are situated on properties owned by our Bank and 1,757 branches / offices are under lease. Our ATMs are primarily located on leased premises beside some of them at owned premises. In addition, we operate out of certain owned and leased premises for other business requirements of our Bank.

Insurance

We maintain ongoing insurance policies in respect of our head office, zonal offices, branch offices, extension counters, ATMs, kiosks and training centres. We typically insure office automation, furniture and fixtures, electronic equipment, forgery and alterations, cash in premises, cash in transit, other valuables and documents. These assets are insured against burglary, theft, fire, perils, terrorism, strike riots and civil commotion. We also maintain insurance cover for our employees like group personal accidents and group mediclaim policy. We also cover employee dishonesty, employee fidelity and have special contingency cover against public liability. We believe that we maintain all material insurance policies commonly required by a bank in India.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, and other regulatory bodies that are applicable to our business. The information detailed in this Chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice.

The primary legislation governing commercial banks in India is the Banking Regulation Act, 1949 which applies to public sector banks such as Dena Bank, only to a limited extent. Sections 34A, 36AD and section 51 of the Banking Regulation Act, 1949 are applicable to corresponding new banks constituted under the Bank Acquisition Act. In turn, section 51 of the Banking Regulation Act makes some of its sections applicable to corresponding new banks. The Bank, as a corresponding new bank, is governed primarily by the provisions of the Bank Acquisition Act, 1970. The Nationalised Bank Scheme and the Bank Regulations also governs our operations. Other important laws governing banking companies including the Reserve Bank of India Act, 1934, the Negotiable Instruments Act the SARFAESI Act, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, Foreign Exchange Management Act, 1999 and the Bankers' Books Evidence Act. Additionally, the RBI, from time to time, issues guidelines, regulations, policies, notifications, press releases, circulars, etc. to be followed by us and supervises our compliance with these guidelines. Our Bank is listed on a Stock Exchange in India and therefore, our Bank will be governed by various regulations of the SEBI.

Reserve Bank of India Act, 1934

As per section 2(e) of the Reserve Bank of India Act, 1934, ("**RBI Act**") our Bank is a scheduled bank included in the Second Schedule.

According to the said act, RBI shall regulate the issue to Bank notes and keeping reserves with a view to securing monetary stability in the country. Scheduled banks like our Bank are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. Further, RBI may direct any banking company to submit returns for the collection of credit information and may also furnish such information to a banking company upon an application by such company. RBI has the power to impose penalties against any person for inter-alia failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Banking Regulation Act, 1949

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions, as specified in Section 22 of the Banking Regulation Act. The RBI may cancel the license if the bank fails to meet the qualifications or if the bank ceases to carry on banking operations in India.

The Banking Regulation Act confers power on the RBI (in consultation with the Central Government) to supersede the Board of Directors of a banking company for a period not exceeding a total of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or for securing the proper management of any banking company.

We have obtained a banking license from the RBI and are regulated and supervised by the RBI. The RBI requires us to furnish statements, information and certain details relating to our business and it has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy, provisioning for non-performing and restructured assets, and periodical submission of reports etc.. The RBI has set up a Board for Financial Supervision ("**BFS**"), under the chairmanship of the Governor of the RBI. The primary objective of the BFS is to undertake consolidated supervision of the financial sector comprising commercial banks, financial institutions and non-banking finance companies.

The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in the interest of the depositors or in the public interest.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act, and directions issued thereunder or willfully makes a statement which is false in any material particularly, knowing it to be false or willfully omits to make a material statement, the RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

Maintenance of records

The Banking Regulation Act requires banks to maintain books and records in the manner specified therein and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to our Bank as in the case of any company. The "Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016" issued by the RBI dated February 25, 2016 also provide for certain records to be maintained for a minimum period of five years from the business relationships have ended.

Regulations relating to the opening of branches

Section 23 of the Banking Regulation Act, requires banks to obtain prior approval of the RBI to open new branches, in or outside India. The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, banking outlets, closure, shifting of branches/ extension counters/ ATMs etc. As per the "Relaxations in Branch Authorization Policy" dated August 6, 2015 read along with circulars dated September 19, 2013, October 21, 2013, and January 14, 2016, domestic scheduled commercial banks may open branches in Tier 1 to Tier 6 centres without prior permission from RBI. Further, such banks may also shift, merge or close all branches except rural branches and sole semi-urban branches, subject to certain conditions laid down by RBI. Rural branches and sole semi-urban branches can also be closed subject to certain conditions.

Additionally in terms of the revised Branch Authorisation Policy released by the RBI dated May 18, 2017, banks are required to open at least 25 percent of the total number of branches opened during a financial year in unbanked rural (Tier 5 and Tier 6) centres.

Further, RBI has permitted installation of off-site ATMs at centres identified by banks, without the need for permission from the RBI in each case. Banks are also required to periodically report details of the branches opened/closed/shifted to RBI.

Capital adequacy requirements

The RBI has issued guidelines for implementation of the Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework ("**NCAF**"), to ensure that the capital held by a bank is commensurate with the bank's overall risk profile. The NCAF prescribes the minimum Capital to Risk – weighted Assets Ratio ("**CRAR**") to be maintained by banks.

The Basel Committee on Banking Supervision, with a view to improve the banking sectors' ability to absorb shocks arising from financial and economic stress, implemented Basel III framework. Further, the Basel III capital regulations in India were made applicable to banks from April 1, 2013 and are required to be fully implemented by March 31, 2019 in a phase-wise manner.

Liquidity coverage ratio

The Basel III framework on 'Liquidity Standards' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' and liquidity risk monitoring tools. With effect from January 1, 2015, the RBI introduced a requirement for commercial banks in India to maintain certain levels of Liquidity Coverage Ratio ("**LCR**"). The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. At least 80% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets ("**HQLA**"). Banks are required to maintain LCR of 80% with effect from January 1, 2017, which will increase to 90% with effect from January 1, 2018, and to 100% with effect from January 1, 2019.

The Basel Committee on Banking Supervision issued the final rules on 'Net Stable Funding Ratio' in October 2014. RBI has issued draft guidelines on NSFR on May 28, 2015. RBI proposes to make NSFR applicable to banks in India from January 1, 2018.

Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 ("IRDAI Registration Guidelines")

IRDAI Registration Guidelines came into force on April 1, 2016. These guidelines cover registration of corporate agents for the purpose of soliciting, procuring and servicing of insurance business of life insurers, general insurers and health insurers during the validity of certificate of registration as follows:

a. corporate agent (life), may have arrangements with a maximum of three life insurers to solicit, procure and service their insurance products;

b. corporate agent (general), may have arrangements with a maximum of three general insurers to solicit, procure and service their insurance products. Further, the corporate agent (general) shall solicit, procure and service retail lines of general insurance products and commercial lines of such insurers having a total sum insured not exceeding rupees five crores per risk for all insurances combined;

c. corporate agent (health), may have arrangements with a maximum of three health insurers to solicit, procure and service their insurance products;

d. in the case of corporate agent (composite), the conditions as specified in clauses (a) to (c) shall apply;

e. any change in the arrangement with the insurance companies shall be done only with the prior approval of the Authority and with suitable arrangements for servicing existing policyholders.

The guidelines further stipulate that a corporate agent who has been issued a licence prior to the commencement of these guidelines may seek a fresh certificate of registration to work as a corporate agent by applying to the authority in accordance with the procedure specified by the authority in this behalf. Further, every corporate agent shall file, at the time of seeking registration, with IRDAI, a Board or its equivalent approved policy on the manner of soliciting and servicing insurance products. The policy shall address the manner of adopting the philosophy of open architecture and going forward in implementing the same. The policy, inter alia, shall include the approach to be followed by the corporate agent in having single or multiple tie – ups, the partners in the tie – ups, the business mix, the type of products sold, grievance redressal mechanism and reporting requirements.

Loan Loss Provisions and Non-Performing Assets

The RBI has issued guidelines on income recognition, asset classification, provisioning standards and the valuation of investments, which are revised from time to time. In terms of the guidelines issued by RBI, banks are required to classify an asset into non-performing when it ceases to generate income for the bank. Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected in cash. The Prudential Norms require banks to classify NPAs into the following three categories viz. (i) sub-standard assets;(ii) doubtful assets; and (iii) loss assets based on the period for which the asset has remained non-performing. These norms also specify provisioning requirements specific to the classification of the assets.

The RBI issued revised "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to those guidelines, from April 1, 2015 advances that are restructured (other than due to extension in date of commencement of commercial operation (DCCO) of Infrastructure and non-Infrastructure project) would be immediately classified as sub-standard on restructuring and the nonperforming assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per the extant asset classification norms with reference to the pre restructuring repayment schedule. The general provision required on restructured standard accounts stands increased to 5 percent from March 31, 2016.

The RBI has issued a notification dated April 18, 2017 encouraging all scheduled commercial banks to make additional provisions in respect of advances to stressed sectors of the economy. The banks are required to put in place a Board–approved policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors. This policy shall be reviewed on a quarterly basis.

The RBI has issued guidelines on sale of stressed assets by banks on September 1, 2016 to improve the framework governing sale of such assets by banks to Securitisation Companies / Reconstruction Companies /other banks/Non Banking Financial Companies /Financial Institutions etc. The guidelines further state that in order to make sure that sale of stressed assets by banks actually result in 'true sale' of assets, banks' investment in Security Receipts ("**SRs**") backed by their own stressed assets would be progressively restricted. With effect from April 1, 2017, where the investment in a bank in SRs backed by stressed assets sold by it, under an asset securitisation is more than 50 per cent of the SRs backed by its sold assets and issued under that securitisation, provisioning requirement on SRs will be higher of the provisioning rate required in terms of net asset value declared by the SCs/ RCs and provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books of the bank. With effect from April 1, 2018, this threshold of 50 per cent will be reduced to 10 per cent.

Corporate debt restructuring mechanism ("CDR system")

The corporate debt restructuring mechanism ("**CDR**") provides for an institutional mechanism to restructure corporate debt. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities, particularly entities that are affected by certain internal and external factors and aims to minimize the losses to creditors and other stakeholders through an orderly and co – ordinated restructuring program.

Scheme for Sustainable Structuring of Stressed Assets ("Scheme for Stressed Assets")

The RBI has formulated the Scheme for Stressed Assets as an optional framework for the resolution of large stressed accounts. The Scheme for Stressed Assets envisages determination of the sustainable debt level for a stressed borrower, and bifurcation of the outstanding debt into sustainable debt and unsustainable debt.

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("RDDBFI Act")

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding Rupees One Crore. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("SARFAESI Act")

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The SARFAESI Act provides for the enforcement of security interests and rights of the secured creditor in case of default without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receiveable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less that 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the Debt Recovery Tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as the Debt Recovery Tribunal.

The SARFAESI Act also provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The financial assets can be sold to asset reconstruction companies in accordance with the extant guidelines and prudential norms issues by the RBI. As per extant guidelines, a bank may sell only those assets classified as an SMA-2 or an NPA to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through or pay through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. As an incentive for the early sale of NPAs, the RBI has allowed banks to spread over any shortfall, if the sale value is lower than the NBV, over a period of two years. This facility of spreading over the shortfall would however be available for NPAs sold up to March 31, 2015 and will be subject to necessary disclosures in the Notes to Account in Annual Financial Statements of the banks.

Priority sector lending

The Master Direction -Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2016 dated July 7, 2016 sets out the broad policy in relation to priority sector lending. In accordance with these directions, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises; (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and(viii) others. Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the Master Direction, the priority sector lending targets are linked to adjusted net bank credit as defined ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). The RBI has prescribed exposure ceiling for a single borrower as 15 % of capital funds and group exposure limit as 40% of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances and lending to infrastructure sector. The total exposure to a single NBFC and NBFC-AFC (Asset Financing Companies) and Infrastructure Finance Companies should not exceed 10%, 15% and 15% respectively, of the bank's capital funds as per its last audited balance sheet.

The limit may be increased by another 5% provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds / debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs) (both registered and unregistered) should not exceed 20 per cent of its net worth on both standalone and consolidated basis.

The RBI on August 25, 2016 released guidelines on Enhancing Credit Supply for Large Borrowers through market Mechanism with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

Further on December 1, 2016, the RBI released guidelines on Large Exposures Framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. The framework shall be effective from April 1, 2019. The sum of all the exposure values of a bank to a single counterparty or to a group of connected counterparties must not be higher than 20 percent and 25 percent of our Tier 1 capital fulfilling the criteria defined in Master Circular on Basel III – Capital Regulation / Master Direction on 'Basel III Capital Regulations' as per the last audited balance sheet as against the current norm of 15% and 40% of the Total Capital funds Limits.

Regulations relating to Know Your Customer ("KYC") and anti-money laundering ("AML")

The RBI has issued several guidelines on Know Your Customer (KYC) and Anti Money Laundering (AML) *inter alia* containing rules on (i) customer identification and acceptance; (ii) monitoring of transactions; and (iii) vigilance at the time of opening accounts for new customers to prevent misuse of the banking system. Banks have been advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering and suspicious activities and monitor high value cash transactions. Such monitoring includes cross border transactions. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and AML.

Legal Reserve Requirements

i. Cash Reserve Ratio

Each bank is required to maintain CRR on a daily basis which is a specified percentage of total of Demand and Time Liabilities ("**DTL**") adjusted for the exemptions, by way of a balance in a current account with the RBI. At present the required CRR is 4%. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90% effective from the fortnight beginning April 16, 2016. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day during which the default continues. In case of default in the maintenance of CRR on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the RBI Act.

ii. Statutory Liquidity Ratio

Each Bank is required to maintain a SLR, a specified percentage of total DTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banks to maintain SLR of 20%.

Regulations *relating to Authorised Dealers ("ADs") for foreign exchange and cross-border business transactions*

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of the Foreign Exchange Management Act and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of Foreign Exchange Management Act and regulations/ notifications issued there under, or for contravention of any condition subject to which an authorisation is issued by the RBI.

Secrecy obligations

We are mandated to keep secrecy on account of the regulations and directions of the RBI.

Ownership restrictions

Section 12 of the Banking Regulation Act prohibits any shareholder of the bank from exercising voting rights on poll in excess of 10% of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26% in a phased manner. At present this is capped by RBI at 15%.

RBI guidelines prescribe a policy framework for the ownership and governance of private sector banks. As per the extant guidelines any individual / entity who wishes to acquire shareholding of 5% or more but less than 10% of the total paid up capital of the Bank needs to obtain prior approval of the RBI. Thereafter prior approval is also needed to go beyond 10% of the total paid-up capital. The RBI, when considering whether to grant an approval, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fit and proper criteria prescribed by RBI.

Downstream investment by banks

In accordance with the Consolidated FDI Policy, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/ nonresident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment.

Regulation of financial services provided by banks

The Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, *inter alia*, setting of an infrastructure debt fund, underwriting activities, mutual fund business, insurance business.

Guidelines on management of intra-group transactions and exposures

The RBI issued the "Guidelines on Management of Intra-Group Transactions and Exposures on February 11, 2014". Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

RBI issued a circular relating to "Capital and Provisioning Requirements for Exposures to entities with unhedged Foreign Currency Exposure" on January 15, 2014. Pursuant to these guidelines, RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis.

Framework for revitalizing distressed assets in the economy

The RBI issued the Framework for Revitalising Distressed Assets in the Economy on January 30, 2014 (the "**Framework**") which lays down the corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and prompt steps taken by banks for recovery or sale of unviable accounts. This framework became fully effective from April 1, 2014. In this regard, the RBI issued the Framework for Revitalising Distressed Assets in the Economy - Guidelines on Joint Lenders' Forum and Corrective Action Plan ("**CAP**") detailing guidelines on formation of the joint lenders' forum and adoption of the corrective action plan for operationalising the aforementioned framework. The RBI, by its circular dated May 5, 2017, clarified that the CAP may include resolution by way of flexible structuring of project loans, change in ownership under strategic debt restructuring or scheme for sustainable restructuring of stressed assets. The RBI, further reiterated that banks must scrupulously adhere to the timelines prescribed in the Framework for finalising and implementing of CAP and any noncompliance with the directions of the RBI with regards to the Framework shall attract monetary penalties on the concerned banks under the provisions of the Banking Regulation Act. Following the notification dated February 25, 2016, the prudential guidelines on revitalising stressed assets in the economy, have been partially revised in relation to *inter alia*, strategic debt restructuring scheme, joint lenders' forum empowered group, restructuring of advances, structuring of project loans and sale of financial assets to securitisation company/ reconstruction company.

Central Repository of Large Common Exposures

The RBI has introduced Central Repository of Large Common Exposures (CRILC) repository of large credits and share information with the banks for enabling them to be aware of building leverage and common exposures. All banks are required to report to RBI, on a quarterly basis, exposures of individuals and entities having exposure (both fund and non fund based) of more than ₹ 50.00 million and also details of customers with outstanding current account balance (debit or credit) of ₹ 10.00 million and above. In addition, RBI guidelines require banks to report, among others, the SMA 2 (Principal or interest payment overdue between 61-90 days) status of the borrower to the CRILC. Any non-submission of or wrong reporting in these returns attracts penalties as specified in the Banking Regulation Act 1949.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 ("**Ombudsman Scheme**") provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On February 3, 2009, the Ombudsman Scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the Ombudsman Scheme. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 and facilitates their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Ombudsman Scheme.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalised expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 20% of such profit to the reserve fund before declaring any dividend.

Further, in May 2005, the RBI issued guidelines on Declaration of Dividends by Banks, which prescribed certain conditions for declaration of dividends by banks.

***Regulations* relating to banking business**

The Banking Regulation Act defined the forms of business in a banking company may engage. RBI has issued various guidelines/directions/circulars governing the functioning of banks in India. These guidelines include but are not limited to, governance, deposits, loans, investments, risk management, operations, audit, compliance, housekeeping etc.

Regulations governing International Operations and IFSC Banking Units

Our Bank's international operations are governed by regulations in the countries in which our Bank has a presence and also certain guidelines issued by Reserve Bank of India. RBI has formulated a scheme for setting up of IFSC Banking Units ("**IBU**s"). All banks in the public sector and private sector authorized to deal in foreign exchange are eligible to set up one IBU in each IFSC with the prior permission of the RBI. The IBU is required to maintain the minimum prescribed regulatory capital on an on-going basis as per regulations amended from time to time. All prudential norms applicable to overseas branches of Indian Bank are applicable to IBUs. All transaction of IBUs shall be in currency other than INR. IBUs may undertake transactions with resident (for deployment of funds) and non-resident (for both raising of resources and deployment of funds) entities other than individuals including HNIs and retail customers.

Consolidated Supervision Guidelines

In 2003, the RBI issued guidelines for consolidated accounting and consolidated supervision for banks. Under the guidelines, banks are required to prepare consolidated financial statements, submit consolidated prudential returns among other things.

Classification and Reporting of Fraud Cases

The RBI issued a master direction on July 1, 2016 on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorised credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, fraudulent transactions involving in foreign exchange and any other type of fraud not coming under the specific heads as above. The banks are required to submit fraud related data to RBI through various returns/ reports.

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprises of: (a) marginal cost of funds; (b) negative carry on account of CRR (c) operating costs (d) tenor premium.

Liquidity Adjustment Facility

Liquidity Adjustment Facility ("LAF") is a facility extended by RBI to scheduled commercial banks (excluding Regional Rural Banks) and primary dealers to avail of liquidity in case of requirement or park excess funds with the RBI in case of excess liquidity on an overnight basis against government securities as collateral. Therefore, LAF enables liquidity management on a day to day basis and enables RBI to transmit interest rate signals to the market. The operations of LAF are conducted by way of repurchase agreements with RBI being the counter-party to all the transactions. The interest rate in LAF is fixed by the RBI from time to time. LAF is an important tool of monetary policy.

Collateralized Borrowing and Lending Obligation

Collateralized Borrowing and Lending Obligation ("CBLO") is a money market instrument operated by the Clearing Corporation of India Limited ("CCIL"), for entities that either have no access to inter-bank call money market or have restricted access due to ceilings on call borrowing and lending transactions. By participating in the CBLO market, CCIL members can borrow or lend funds against the collateral of eligible securities. Eligible securities include central government securities including treasury bills, and such other securities as specified by CCIL from time to time. Borrowers under CBLO have to deposit the required amount of eligible securities with the CCIL based on which CCIL fixes the borrowing limits. CCIL matches the borrowing and lending orders submitted by the members and notifies them. While the securities held as collateral are in custody of the CCIL, the beneficial interest of the lender on the securities is recognized through proper documentation.

Deposit insurance

Demand and time deposits of up to ₹ 1,00,000 accepted by Indian banks (other than primary co-operative societies) have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer.

Submission of credit information

According to the Credit Information Companies Regulation Act, 2005 ("CICRA"), a "credit institution" means a banking company and every credit institution shall become a member of at least one Credit Information Company ("CIC"). A CIC, may, by notice in writing, require its members to furnish such credit information as it may deem necessary. Further, RBI, through its notification dated January 15, 2015, has directed that: a) all credit institutions shall become members of all CICs and submit data, including historical data, to them, b) credit institutions shall keep the credit information collected/maintained by them, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the credit institution and the CIC under the CICRA.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities, the Government enacted the PMLA which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. PMLA and the Rules notified there under came into force with effect from July 1, 2005. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in regard to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of Section 12 of the PMLA.

Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970

The act applies to acquisition and transfer of undertaking of banking companies which shall not include foreign companies. It caters to the developmental needs of the economy in conformity with the national policy and objectives for the connected thereto. The Act paved way for constitution of corresponding new banks and established our Bank, i.e. Dena Bank from the earlier corresponding Dena Bank Limited as per Schedule I. The acts vide section 6, schedule II paid an amount of ₹360 lakhs compensation was paid to our Bank.

This act provided for the constitution of Board of Directors, which vests with the Central Government after consultation with the RBI. The Central Government gives timely directions on discharge of banking functions and matters of policy involving public interest. However, the power for appointment of Additional Directors to the bank shall vest entirely with RBI.

Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970

The scheme is in exercise of Power of Central Government under Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. The scheme provides for the constitution of Board by the Central Government. The director of the bank shall be nominated by the central government from the panel of three employees furnished by the representative union. The manner of retirement of the nominee director by rotation basis, appointment of chairman, Managing Director is listed out in the scheme. A whole-time director can hold office for a period of maximum five years and shall then be eligible for reappointment. The Central Government shall exercise the power for remuneration, termination, salary, allowances after due consultation with the RBI. A director is disqualified for being appointed, if he has at any time been adjudicated as insolvent/suspended payment/compounded its creditors; or found to be of unsound mind and stands so declared by a competent Court; or has been convicted by a Criminal Court of an offence which involves moral turpitude holds any office of profit under any nationalized bank or State Bank of India constituted under sub-section (1) of section 3 of the State Bank of India Act, 1955 or subsidiary bank as per the mentioned act. The meeting of the board shall be held at least six times in a year and at least once in each quarter. Notice of at least 15 days to be given and such notice shall be sent to all the directors at the specified address. This Act provides that the Board of a nationalized bank must form the following committees:

i) Management Committee

ii) Advisory Committees
iii) Regional Consultative Committees

The paid-up capital of nationalized bank can be increased from time to time. The Board in consultation with RBI and previous sanction of Central Government transfer a specified amount of reserve fund or make a contribution of any specified amount to the paid-up capital of Nationalized Bank or raise the paid-up capital by public issue of shares in manner prescribed, however Central Government shall at all times hold not less than 51% of paid-up capital of the bank.

Issue of Long Term Bonds by Banks - Financing of Infrastructure and Affordable Housing

In order to ensure adequate credit flow to infrastructure sector also towards the affordable housing needs of the country RBI issued guidelines on issue of long term bonds by banks on June 1, 2015. Banks can issue long-term bonds with a minimum maturity of seven years to raise resources for lending to (i) long term projects in infrastructure sub-sectors, and (ii) affordable housing. As a regulatory incentive these bonds exempted from computation of net demand and time liabilities and would therefore not be subjected to CRR / SLR requirements subject to certain conditions. Eligible bonds will also get exemption in computation of Adjusted Net Bank Credit (ANBC) for the purpose of Priority Sector Lending (PSL).

Banker Books Evidence Act, 1891

The act amends the law of evidence with respect to Banker's Books. It applies to any company or corporation carrying on the business activity. A certified copy of any entries in the banker's books shall in all legal proceeding be received as the prima facie evidence of the existence of such entry and shall be admitted as evidence in matters, transactions and accounts pertaining to the books. The officer of the bank cannot be compelled to produce the entries in any case where he is not a party to the case. The books can be made available for inspection to any party on application made to the court. The Judge or the court may order the bank to make available such copies to the party.

Lending to Micro, Small & Medium Enterprises (MSME) Sector

With a view to enlarge our credit exposure in the MSME sector, we have initiated several sector friendly measures at highly competitive interest rates based on the enactment of the government on Micro, Small & Medium Enterprises Development Act, 2006. The RBI has from time to time, issued a number of guidelines / instructions / circulars / directives to banks in the matters relating to lending to Micro, Small & Medium Enterprises Sector. Given the importance of the micro, small and medium enterprises for India's economy, the financing needs of this sector will continue to command special attention. The provisions shall apply to every Scheduled Commercial Bank (excluding Regional Rural Banks (RRBs)) licensed to operate in India by the RBI.

A typical role for banks in mature markets is to originate loans and then distribute them to other willing players. In this context, it is necessary to overcome the post-crisis securitization-stigma. In view of the inherent heterogeneity of MSMEs and relatively constrained availability of credit information, it may be more difficult to achieve a necessary level of disintermediation in the case of MSME financing. A centralized and shared database of MSMEs capturing all available data resolving inherent information asymmetry problems associated with MSME lending, enabling efficiency in assessing the creditworthiness of the underlying MSME loans in securitization.

The Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (the "**I&BC**") was enacted and notified in the Gazette of India on May 5, 2016. The I&BC became a single law that deals with insolvency and bankruptcy - consolidating and amending various laws relating to reorganization and insolvency resolution. The I&BC covers individuals, companies, limited liability partnerships, partnership firms and other legal entities as may be notified, except the financial service providers and is aimed at creating an overarching framework to make it easier for sick companies to either wind up their businesses or engineer a turnaround, and for investors to exit. The salient features of I&BC are enumerated herein under:

- The I&BC provides for a clear, coherent and speedy process for early identification of financial distress and resolution of companies and limited liability entities if the underlying business is found to be viable. Under the provisions of the I&BC, insolvency resolution can be triggered at the first instance of default and the process of insolvency resolution has to be completed within stipulated time limit.

- For individuals, the I&BC provides for two distinct processes, namely – “Fresh Start” and “Insolvency Resolution” and lays down the eligibility criteria for the debtor for the purposes of making an application for a “fresh start” process.

- The National Company Law Tribunal and the Debt Recovery Tribunal are designated as the adjudicating authorities for corporate persons and firms and individuals, respectively, for resolution of insolvency, liquidation and bankruptcy.

- The I&BC also provides for establishing the Insolvency and Bankruptcy Board of India for regulation of insolvency professionals, insolvency professional agencies and information utilities.

- Insolvency professionals will assist in the completion of insolvency resolution, liquidation and bankruptcy proceedings envisaged in the I&BC. Insolvency professional agencies will develop professional standards, code of ethics and will be first level regulators for insolvency professionals leading to the development of a competitive industry for such professionals. Information utilities will collect, collate, authenticate and disseminate financial information to facilitate such proceedings.

- The I&BC also proposes to establish the Insolvency and Bankruptcy Fund of India for the purposes of insolvency resolution, liquidation and bankruptcy of persons.

Pursuant to the Banking Regulation (Amendment) Bill, 2017 promulgated to come into force on May 4, 2017, the Central Government has been granted the power to authorise the RBI to issue directions to one or more banking companies to initiate insolvency resolution process in respect of a “default” under the I&BC. The RBI has also been granted powers to issue directions to banks for resolution of stressed assets.

Indian Accounting Standards (“Ind AS”)

On February 16, 2015, the Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015. On January 18, 2016 MCA outlined the roadmap for implementation of Indian Accounting Standards for banks, non-banking financial companies, select All India Term Lending and Refinancing Institutions and insurance entities. Pursuant to this, RBI has issued guidelines on February 11, 2016 on implementation of Indian Accounting Standards (Ind AS). All scheduled commercial banks to follow Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning from April 1, 2018 onwards. Ind AS would be applicable to both standalone financial statements and consolidated financial statement. These accounting standards could impact the financials of banks in many ways but not limited to the way the fair value is computed on financial assets and liabilities, the way financial assets and liabilities are classified and measured in resulting in volatility in profit or loss and equity, accounting of interest income, the credit loss provisioning which would be based on expected credit losses rather than percentage based provisioning etc.

Insurance

The insurance sector in India is governed by the Insurance Act, 1938 and the regulations, guidelines and circulars issued by The Insurance Regulatory and Development Authority **(“IRDAI”)** from time to time. These govern the matters relating to the insurance sector in India, such as opening of new places of business, accounts and balance sheet, audit of financial statements, actuarial report and abstract, insurance intermediaries and agents, investment of funds, valuation of assets and liabilities, solvency margins, restrictions on dividends, limits on expenses of management. IRDAI has been established under the Insurance Regulatory and Development Authority Act, 1999, to regulate, promote and ensure orderly growth of the insurance sector in India. Separately, any entity which intends to carry on the life insurance business in India must receive a certificate of registration, in accordance with regulations promulgated by IRDAI.

Some of the important areas in which the regulations are issued by IRDA which affect our operations are as under:

- Policy and procedure for issuing e-policies
- KYC guidelines
- Guidelines on investment of premium received
- Customer grievance redressal mechanism and method of charging the customers
- Guidelines on claims settlements

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Our Board is constituted in accordance with the Banking Acquisition Act and the Nationalised Banks Scheme. According to section 9 (3) of the Banking Acquisition Act, there shall be up to 4 Whole – Time Directors, 1 director who is an officer of Central Government and nominated by Central Government, 1 director nominated by Central Government upon recommendation by RBI, 1 Director from the employees of bank who is a workman nominated by Central Government, 1 director from employees of our Bank who is an officer nominated by Central Government, 1 Director who has been a Chartered Accountant nominated by Government of India, subject to not more than 6 directors nominated by Central Government on the Board of a Bank.

As on date of this Preliminary Placement Document, we have 10 Directors on our Board including:

1. Three Whole Time Directors;
2. One Government Nominee Director;
3. One RBI Nominee Director;
4. Two Part – time (Non – official) Directors; and
5. Three Shareholder Directors

The current composition of our Board is not in compliance with the provisions of the Banking Acquisition Act since 2 positions, one of workman employee director and the other of officer employee director, both nominated by the Central Government, are vacant with effect from September 19, 2017 and January 1, 2016 respectively. For further details, see "*Risk Factors – We are currently not in compliance of the provisions of Banking Acquisition Act on appointment of workmen employee directors on our Board*" on page 38.

The following table sets forth details regarding the Board as on the date of this Preliminary Placement Document:

Name, Designation, Occupation, Term and Nationality	Age	Address
Ashwani Kumar *Designation:* Chairman and Managing Director *Occupation:* Service *Term:* For a period of 5 years from January 1, 2013 till the date of his attaining the age of superannuation or until further orders, whichever is earliest *Nationality:* Indian	59	Sterling Apartments, Peddar Road, near Jaslok Hospital, Cumballa Hill, Mumbai – 400026, Maharashtra, India
Ramesh Singh *Designation:* Executive Director *Occupation:* Service *Term:* For a period of 3 years from January 22, 2016 or until further orders, whichever is earlier *Nationality:* Indian	56	Flat No – 17, 2nd floor, Shanti Kuteer, 215, Marine Drive, Netaji Subhash Road, Nariman Point, Mumbai – 400020, Maharashtra, India
Dr. Rajesh Kumar Yaduvanshi *Designation:* Executive Director	56	C-II/91, Satya Marg, Chankyapuri, New Delhi- 110021, India

Name, Designation, Occupation, Term and Nationality	Age	Address
Occupation: Service *Term:* For a period of 3 years from October 09, 2017 or until further orders, whichever is earlier *Nationality:* Indian		
Ashok Kumar Singh *Designation:* Government Nominee Director *Occupation:* Service *Term:* From January 15, 2016 until further orders *Nationality:* Indian	48	C – 3 – U, Millenium Apartments, Jagathy, Thiruvananthapuram, Thycaud – 695014, Kerala, India
Shirish. C. Murmu *Designation:* RBI Nominee Director *Occupation:* Service *Term:* From May 3, 2016 until further orders *Nationality:* Indian	49	203, Sun Palazzo, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, Maharashtra, India
Amit Chatterjee *Designation:* Part – time (Non – official) Director *Occupation:* Service *Term:* For a period of 3 years from January 28, 2016 or until further orders, whichever is earlier *Nationality:* Indian	61	I – 797, Chittaranjan Park, New Delhi – 110019, India
G. Gopalakrishna *Designation:* Part – time (Non – official) Director *Occupation:* Service *Term:* For a period of 3 years from January 28, 2016 or until further orders whichever is earlier *Nationality:* Indian	61	B 301 – 302, Lady Ratan Tower, Dainik Shivner Marg, Gandhi Nagar, Upper Worli, Lower Parel, Behind Four Seasons Hotel, Mumbai – 400018, Maharashtra, India
Dr. Umesh Bellur *Designation:* Shareholder Director *Occupation:* Professional	52	B – 57, Ground Floor, Central Area, Powai, IIT Bombay, Maharashtra – 400076, India

Name, Designation, Occupation, Term and Nationality	Age	Address
Term: For a period of 3 years from March 24, 2015 till March 23, 2018 *Nationality:* Indian		
V. Chandrasekaran *Designation:* Shareholder Director *Occupation:* Professional *Term:* For a period of 3 years from March 24, 2015 till March 23, 2018 *Nationality:* Indian	59	Flat No. 3/B, Jeevan Jyot Building, Setalvad Lane, Opposite Matru Ashis Building, Napeansea Road, Cumballa Hill, Mumbai – 400026, Maharashtra, India
Dr. Yasho Verdhan Verma *Designation:* Shareholder Director *Occupation:* Professional *Term:* For a period of 3 years from March 24, 2015 till March 23, 2018 *Nationality:* Indian	60	B – 82, Sector 50, Noida, Uttar Pradesh, India

Relationship between Directors

None of the Directors of our Bank are related to each other.

Brief Profiles of the Directors

Ashwani Kumar, aged 59 years, is the Chairman and Managing Director of our Bank and has been on our Board since January 1, 2013. He holds a master's degree in in chemistry and is a Certified Associate of Indian Institute of Bankers. He has over three decades of rich commercial banking experience. After serving in Allahabad Bank for over 29 years in various capacities at different locations, he shouldered the responsibility as Executive Director of Corporation Bank till December 31, 2012, before taking over reigns of Dena Bank. He has vast experience in banking both at operational level and administrative level. He has exposure in planning and development, marketing, retail credit, publicity, asset liability management and treasury operations. Before his elevation to the post of Executive Director he was Field General Manager, Allahabad Bank, New Delhi looking after business development of the bank's eight zones in north. He has attended a number of training programmes covering various areas of banking including leadership development and corporate excellence at NIBM, Pune, Kellog School of Management Chicago, USA, Bullion at Scotia Mocatta at London & Societe Generale at Paris, forex and derivatives, project appraisal, swap and derivatives, treasury risk and ALM, credit management and forex etc. at reputed institutions like NIBM, Pune, IIM, Kolkata, BTC, RBI, Mumbai.

Ramesh Singh, aged 56 years, is an Executive Director of our Bank and has been on our Board since January 22, 2016. Prior to joining our Bank, he was a field general manager in Central Bank of India at its Zonal Office, Bhopal where he was heading the bank's operations in the state of Madhya Pradesh with 468 branches, 6 Regional Offices and 18 Lead Bank District Offices. He was also Convener of State Level Bankers' Committee, Madhya Pradesh and has also worked as General Manager (Treasury and International Division) at Central Office, Mumbai.

Dr. Rajesh Kumar Yaduvanshi, aged 56 years, is the Executive Director of our Bank and has been on our Board since October 09, 2017. He is a doctorate in science from Indian Agricultural Research Institute, New Delhi and is also a certified associate member of Indian Institute of Bankers. He joined Punjab National Bank ("PNB") as a management trainee in 1985. He has also worked for 3 years in United Kingdom with PNB (Intl) Limited and for 3 years as a circle head of Jalandhar circle, before he was promoted as General Manager in PNB. He was working as a field general manager, Delhi NCR in PNB since April 2015. He has around 32 years of experience banking sector.

Ashok Kumar Singh, aged 48 years, is a Government Nominee Director of our Bank. He belongs to the 1999 batch of Indian Administrative Services (Kerala cadre). He is presently a Director (Information Technology Cell and Financial Inclusion) Department of Financial Services, Ministry of Finance and has been on our Board since January 15, 2016.

Shirish. C. Murmu, aged 49 years, is a RBI Nominee Director of our Bank. Presently, he is a regional director at RBI and has been on our Board since May 3, 2016.

Amit Chatterjee, aged 61 years, is the Part – time (Non – official) Director of our Bank. He is a retired official of Indian Revenue Services and a former chief commissioner of income tax authority. He has been on our Board since January 28, 2016.

G. Gopalakrishna, aged 61 years, is the Part – time (Non – official) Director of our Bank. He served as an executive director of RBI till 2014 and then took over the charge as a director of Centre for Advanced Financial Research and Learning. He has been on our Board since January 28, 2016.

Dr. Umesh Bellur, aged 52 years, is a Shareholder Director of our Bank. He holds a bachelor's degree in engineering from Bangalore University and a degree of doctor of philosophy from Syracuse University. Presently, he is working as a professor at Indian Institute of Technology, Bombay and has been on our Board since March 24, 2015.

V. Chandrasekaran, aged 59 years, is a Shareholder Director of our Bank. He holds a bachelor's degree in commerce from University of Madras and is a qualified chartered accountant from Institute of Chartered Accounts of India. Presently, he is serving as an executive director at Life Insurance Corporation of India and has been on our Board since March 24, 2015.

Dr. Yasho Verdhan Verma, aged 60 years, is a Shareholder Director of our Bank. He holds a bachelor's degree in engineering from University of Allahabad and master's degree in personal management and industrial relations from Panjab University. He holds a degree of doctor of philosophy from Indian Institute of Technology, Kharagpur and has been on our Board since March 24, 2015.

Shareholding of Directors

As per the Banking Regulation Act, the Directors are not required to hold any qualification shares of our Bank. Except as stated below, none of the Directors hold Equity Shares in our Bank as on September 30, 2017:

Name of the Directors	Number of Equity Shares	Percentage shareholding in our Bank
Dr. Umesh Bellur	100	Negligible
Dr. Yasho Verdhan Verma	200	Negligible

Remuneration and Sitting Fees of our Directors

The following table sets forth the details of remuneration paid by our Bank to the present Executive Directors for the 6 month period ended September 30, 2017 and fiscal years 2017, 2016 and 2015:

(₹ in crores)

	Salary and Perquisites			
Name of Director	**April 1, 2017 upto September 30, 2017**	**Fiscal year 2017**	**Fiscal year 2016**	**Fiscal year 2015**
Ashwani Kumar	0.13	0.27	0.21	0.20

Ramesh Singh*	0.11	0.24	0.03	-
Dr. Rajesh Kumar Yaduvanshi**	NIL	NIL	NIL	NIL
Total	**0.24**	**0.51**	**0.24**	**0.20**

**Appointed as an Executive Director of our Bank with effect from January 22, 2016.*
***Appointed as an Executive Director of our Bank with effect from October 09, 2017.*

As per Government of India's directive dated July 20, 2015, all the directors other than the Executive Directors, Government Nominee Director and RBI Nominee Director, are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and ₹ 10,000 for attending each meeting of the committee of the Board. Further, since our erstwhile workmen employee director, Bankim Desai, who ceased to be a director with effect from September 19, 2017, was a permanent employee of our Bank, he was not entitled to any remuneration or sitting fees payable for attending the meetings of our Board or committee thereof.

The following table sets forth the sitting fees paid by our Bank for 6 month period ended September 30, 2017 and Fiscal Years 2017, 2016, 2015:

(₹ in crores)

Name of Directors	**April 1, 2017 up to September 30, 2017**	**Fiscal year 2017**	**Fiscal year 2016**	**Fiscal year 2015**
Amit Chatterjee*	0.01	0.37	0.004	-
G. Gopalakrishna**	0.02	0.30	0.006	-
Dr. Umesh Bellur#	0.01	0.008	0.01	-
V. Chandrasekaran+	0.02	0.46	0.04	-
Dr. Yasho Verdhan Verma++	0.01	0.45	0.03	-

**Appointed as a Part – time (Non – official) Director of our Bank with effect from January 28, 2016*
***Appointed as a Part – time (Non – official) Director of our Bank with effect from January 28, 2016*
 # Appointed as a Shareholder Director of our Bank with effect from March 24, 2015
+Appointed as a Shareholder Director of our Bank with effect from March 24, 2015
++Appointed as a Shareholder Director of our Bank with effect from March 24, 2015

Bonus or profit sharing plan of the Directors

Pursuant to the notification no. 16/65/2011 – BO – I dated May 29, 2012 from the Government of India, Ministry of Finance, Department of Financial Services has set out broad parameters for performance linked incentives to whole time directors on the boards of public sector banks. The performance linked incentive is given according to scores obtained as per the performance evaluation matrix prescribed in the notification. The performance evaluation matrix consists of qualitative and quantitative parameters. The evaluation of performance would be done by a sub –committee of the Board that is Remuneration Committee consisting of (i) Government nominee director (ii) RBI nominee director and (iii) two other directors.

Interest of Directors

Our Executive Directors may deemed to be interested to the extent of salary and remuneration received by them, perquisites and reimbursement of expenses allowed to them in the ordinary course of business in terms of Central Government guidelines and RBI guidelines as may be applicable, to the extent of shares held by them in our Bank and dividend payable to them, if any.

Our Non – Executive Directors may deemed to be interested to the extent of the sitting fees received by them for attending the meetings of the Board of Directors or committees thereof, reimbursement of expenses allowed in terms of the Government and RBI guidelines, and to the extent of shares held by them in our Bank and dividend payable to them, if any.

Except as disclosed in this Preliminary Placement Document, and except to the extent of shareholding in our Bank, our Directors do not have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

For details of related party transactions entered into by our Bank during the two years preceding the date of this Preliminary Placement Document, the nature of transactions and the cumulative value of transactions, see *"Related Party Transactions"* in the section *"Financial Statements"* on page 231.

Corporate Governance

Our Bank has in place adequate processes and systems for maintaining the corporate governance requirements and to ensure compliance with the Act for operational reasons to facilitate the decision making process. Our Bank has been complying with the requirements of corporate governance under applicable law, including the Listing Regulations, to the extent applicable, and RBI guidelines, including constitution of the Board and committees thereof.

Our Bank has constituted various committees such as Management Committee, Committee for reviewing services of officers above 55 years, Steering Committee on HP, Recovery Committee, Compliance Committee, Information Technology Committee, Committee monitoring Large Value Frauds, Customer Service Committee, Credit Approval Committee, Departmental Promotion Committee, Committee for monitoring High Value NPAs and Loss Assets, Committee of the Board for Review of Willful Defaulters, Sub – Committee of Board on Priority Sector Lending constituted for the smooth and supervision of various aspects of business.

Certain key committees constituted in accordance with the relevant provisions of the Listing Regulations and RBI Guidelines include (i) Audit Committee, (ii) Nomination Committee, (iii) Remuneration Committee, (iv) Stakeholders Relationship Committee and v) Risk Management Committee and their main functions are as follows:

i) Audit Committee

The Audit Committee of the Board of Directors of our Bank is constituted in terms of the RBI guidelines and its functions include the following:

- Oversight of the operation of the total audit function including organization, operationlisation and quality control of internal audit of the Bank;
- Review of the internal inspection / audit function, system, quality and effectiveness in terms of the follow – up;
- Review of inspection reports of specialized and extra-large branches and branches with unsatisfactory ratings;
- Review of half – yearly reports from the compliance officers appointed in the banks;
- Follow – up on all the issues raised in the long form audit report (LFAR) and interaction with the external auditors before finalization of the annual / semi – annual financial accounts and reports;
- Follow – up on all the issues / concerns raised in the inspection reports of RBI.
- Special focus on the following follow ups –

  a) inter branch adjustment accounts;
  b) unreconciled long outstanding entries in inter – bank accounts and nostro accounts;
  c) arrears in balancing of books at various branches;
  d) frauds; and
  e) all other major areas of house – keeping.

The constitution of Audit Committee is as follows –

Members	Designation
V. Chandrasekaran	Chairman
Ramesh Singh	Member
Ashok Kumar Singh	Member
Shirish. C. Murmu	Member
Dr. Yasho Verdhan Verma	Member

ii) Nomination Committee

The Committee is constituted for the purpose of determination of the prescribed 'Fit and Proper' status of the candidates elected by the requisite number of shareholders for the directorship on the Board of our Bank as representative of the shareholders.

The constitution of Nomination Committee is as follows -

Members	Designation
Ashok Kumar Singh	Chairman
Amit Chatterjee	Member
G Gopalakrishna	Member

iii) Remuneration Committee

The Remuneration Committee has been formed in terms of Ministry of Finance Notification F. No. 20/1/2005 – BO-I dated March 9, 2007 to deliberate on the performance linked incentives of whole – time directors of public sector banks, subject to achievement of broad quantitative parameters fixed under performance evaluation matrix based on the statement of intent on goals and qualitative parameters and benchmarks based on various compliance reports during the previous year.

The constitution of Remuneration Committee is as follows –

Members	Designation
Ashok Kumar Singh	Chairman
Shirish. C. Murmu	Member
V. Chandrasekaran	Member
Dr. Yasho Verdhan Verma	Member

iv) Stakeholders Relationship Committee

The Stakeholders Relationship Committee was formed to specifically look into the redressal of grievances of shareholders, debenture holders / bondholders and other security holders. It shall also consider and resolve the grievances including complaints related to the transfer of shares, non – receipt of balance sheet, non – receipt of declared dividends.

The constitution of Stakeholders Relationship Committee is as follows –

Members	Designation
Dr. Yasho Verdhan Verma	Chairman
Ramesh Singh	Member
G. Gopalakrishna	Member
Dr. Rajesh Kumar Yaduvanshi	Member

v) Integrated Risk Management Committee

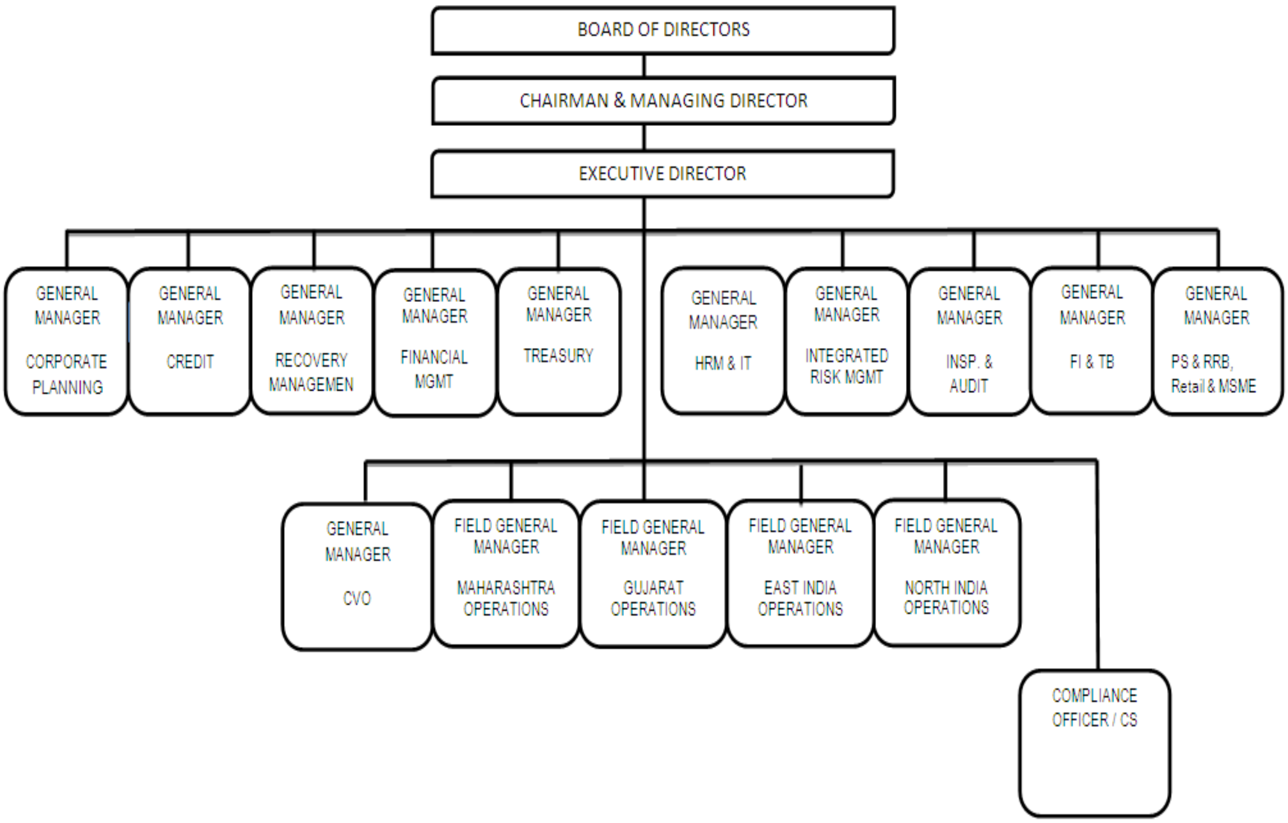
The Integrated Risk Management Committee was formed pursuant to RBI directive with the objective of devising a robust risk management policy and gradually advancing to the integrated risk management environment. It also includes the functions of overseeing all risk management functions including laying out risk perceptions, prescribing risk assessment and quantification methodologies, fixing tolerance levels for risk exposures, guiding the line management on risk management and mitigation techniques.

The constitution of Integrated Risk Management Committee is as follows –

Members	Designation
Ashwani Kumar	Chairman

Members	Designation
Ramesh Singh	Member
G. Gopalakrishna	Member
V. Chandrasekaran	Member
Dr. Rajesh Kumar Yaduvanshi	Member

Organization Structure



Senior Managerial Personnel

In addition to our Chairman and Managing Director and Executive Director following are the Senior Managerial Personnel of our Bank:

Brajmohan Nanda, aged 58 years, is the General Manager (IT and HRM) of our Bank. He holds a master's degree in arts (economics) from Sambalpur University and a master's degree in financial management from University of Bombay. He has over 35 years of work experience and has been associated with our Bank since 1982.

Mohinder Kumar Bhatia, aged 59 years, is the General Manager (Risk Management) of our Bank. He holds a master's degree in commerce from Ravishankar University, Raipur and a master's degree in business administration from Indira Gandhi National Open University. He is also an associate of the Indian Institute of Bankers. He has over 35 years of work experience and has been associated with our Bank since 1978.

Devinder Kumar Dua, aged 58 years, is the General Manager (Inspection and Internal Audit) of our Bank. He holds a bachelor's degree in commerce from Kurukshetra University. Prior to joining our Bank, he was working with Syndicate Bank and has over 40 years of work experience. He has been associated with our Bank since 1983.

Surender Kumar Wadhwa, aged 58 years, is the General Manager (Corporate Credit) of our Bank. He holds a bachelor's degree in arts from Maharshi Dayanand University, Rohtak. Prior to joining our Bank, he was working with RBI and has over 40 years of work experience. He has been associated with our Bank since 1983.

Charan Singh Meena, aged 57 years, is the Field General Manager (East India Operations) of our Bank. He holds a bachelor's degree in arts from Rajasthan University. He has over 35 years of work experience and has been associated with our Bank since 1978.

Selvaraj K., aged 59 years, is the General Manager and Chief Vigilance Officer of our Bank. Presently, he is working with State Bank of India and has been appointed on deputation to our Bank with effect from 2015.

Vikramaditya Singh Khichi, aged 55 years, is the Field General Manager (Gujarat Operations) of our Bank. He holds a master's degree in business administration from Sukhadia University and is an associate of the Indian Institute of Bankers. Prior to joining our Bank, he was working with Mewar Aanchalik Gramin Bank and has over 30 years of work experience. He has been associated with our Bank since 1985.

S. Dharmarajan, aged 59 years, is the General Manager (Financial and Transaction Banking) of our Bank. He holds a master's degree in commerce from University of Bombay and is an associate from the Indian Institute of Bankers. Prior to joining our Bank, he was working with Directorate of Purchase and Stores, Government of India and has over 35 years of work experience. He has been associated with our Bank since 1981.

Biswarup Dash, aged 57 years, is the Field General Manager (North India Operations) of our Bank. He holds a bachelor's degree in science (geography) from Revenshaw College, Cuttack and a master's degree in science (geography) from Utkal University. He has completed an executive diploma in finance and marketing from Nirma University of Management and has over 30 years of work experience. He has been associated with our Bank since 1985.

Usha Ravi, aged 56 years, is the General Manager (Financial Management) of our Bank. She holds a bachelor's degree in science from University of Bombay. Prior to joining our Bank, she was working with Bank of Baroda and has over 30 years of work experience. She has been associated with our Bank since 1984.

Raj Kumar Bhardwaj, aged 58 years, is the Field General Manager (Maharashtra Operations) of our Bank. He holds a bachelor's degree in commerce from Delhi University and a master's degree in commerce from Kota Open University. Prior to joining our Bank, he was working with State Bank of India and has over 30 years of work experience. He has been associated with our Bank since 1983.

Jaya Chakraborty De, aged 55 years, is the General Manager (Treasury) of our Bank. She holds a bachelor's degree in science from St. Xavier's College and a master's degree in science (physics) from University of Calcutta. She is also an associate of the Indian Institute of Bankers. She has over 30 years of work experience and has been associated with our Bank since 1985.

Rohit Kumar Patel, aged 56 years, is the General Manager (Corporate Planning) of our Bank. He holds a bachelor's degree in science (agriculture) from Gujarat Agricultural University and is an associate of the Indian Institute of Bankers. He has over 30 years of work experience and has been associated with our Bank since 1985.

Man Mohan Gupta, aged 53 years, is the General Manager (RML) of our Bank. He is an associate of the Indian Institute of Bankers and has completed management programme from Indira Gandhi National Open University. Prior to joining our Bank, he was working with The Bank of Rajasthan Limited and has over 20 years of work experience. He has been associated with our Bank since 2007.

Hemant Kumar Deo, aged 56 years, is the General Manager (Priority, RRB, MSME and Retail) of our Bank. He holds a master's degree in science (agriculture) from Orissa University of Agriculture and Technology. He has over 30 years of work experience and has been associated with our Bank since 1987.

Amit Kumar, aged 39 years, is the Company Secretary and Compliance Officer of our Bank. He holds a bachelor's degree in commerce and a bachelor's degree in law from University of Delhi. He has completed his post graduate diploma in business administration from Symbiosis Centre for Distance Learning and is a certified company secretary from the Institute of Company Secretaries of India. He is also an associate from the Indian Institute of Banking and Finance. Prior to joining our Bank, he was working with Neeraj Paper Marketing Limited and Nivedan Fin – Invest Lease Limited and has over 14 years of experience in secretarial and compliance sector. He has been associated with our Bank since 2008.

All the Senior Managerial Personnel are permanent employees of our Bank.

Relationship with the Directors and other Senior Managerial Personnel

None of our Senior Managerial Personnel are related to any of the Directors of our Bank or with each other.

Shareholding of Senior Managerial Personnel

Except as stated below, none of our senior managerial personnel are holding any shares in our Bank as on September 30, 2017:

Name of Senior Managerial Personnel	Number of Equity Shares
S. Dharmarajan	6,350
Devinder Kumar Dua	1,000
Jaya Chakraborty De	890
Hemant Kumar Deo	1,500
Amit Kumar	300

Bonus or a profit sharing plan to the Senior Managerial Personnel

Presently, we do not have a performance linked bonus or a profit sharing plan for the Senior Managerial Personnel.

Interests of Senior Managerial Personnel

The Senior Managerial Personnel may be deemed to be interested to the extent of the salary and remuneration received by them, perquisites and reimbursements allowed to them for services rendered by them in the ordinary course of business of our Bank and to the extent of the shares held by them and dividend payable to them in our Bank, if any. Further they may be also interested to the extent of loans taken at preferential rates or otherwise, principal thereof and interest thereon.

Other than as disclosed in this Preliminary Placement Document, there were no outstanding transactions other than in the ordinary course of business undertaken by our Bank in which the Senior Managerial Personnel were the interested parties.

Related Party Transactions

For details in relation to the related party transactions entered into by our Bank, as per the Accounting Standard 18 issued by the Institute of Chartered Accountants in India, during the last three Fiscal Years immediately preceding the date of this Preliminary Placement Document, see *"Related Party Transactions"* in the section *"Financial Statements"* on page 231.

Employees' Stock Option Plan

Our Bank does not have any Employee Stock Option Scheme.

Loans to Directors and Senior Managerial Personnel

Except as mentioned herein below, none of the Directors / Senior Managerial Personnel have taken loans from us as on September 30, 2017.

(₹ in crores)

Name of Senior Managerial Personnel	Amount Outstanding
Brajmohan Nanda	0.002
Mohinder Kumar Bhatia	0.15
Devinder Kumar Dua	0.03
Usha Ravi	0.53
Man Mohan Gupta	0.07
Hemant Kumar Deo	0.18

Policy on disclosure and internal procedure for prevention of insider trading

Regulation 9(1) of the Insider Trading Regulations applies to us and our employees and mandates implementation of a code of internal procedures and conduct for the prevention of insider trading. Our Bank is in compliance with the same and has implemented a code of conduct for prevention of insider trading and procedure for fair disclosure of unpublished price sensitive information in accordance with the Insider Trading Regulations. The Company Secretary acts as the Compliance Officer of our Bank under the aforesaid code of conduct.

Other Confirmations

Our Directors have not been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Neither our Bank nor our Directors have been debarred from accessing capital markets under any order or direction made by SEBI.

PRINCIPAL SHAREHOLDERS

The table below represents the shareholding pattern of our Bank in accordance with Regulation 31 of the Listing Regulations, as on September 30, 2017:

Summary statement holding of Equity Shares

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	1	69,58,36,216	69,58,36,216	70.04	69,58,36,216	100.00	69,58,36,216
(B) Public	2,21,453	29,75,95,667	29,75,95,667	29.96	5,00,72,679	16.83	28,90,40,281
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00	
(C) Non Promoter-Non Public				0.00		0.00	
Grand Total	**2,21,454**	**99,34,31,883**	**99,34,31,883**	**100.00**	**74,59,08,895**	**75.08**	**98,48,76,497**

Note: *C=C1+C2*
Grand Total=A+B+C

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
A1) Indian				0.00		0.00	
Central Government/ State Government(s)	1	69,58,36,216	69,58,36,216	70.04	69,58,36,216	100.00	69,58,36,216
President of India	1	69,58,36,216	69,58,36,216	70.04	69,58,36,216	100.00	69,58,36,216
Sub Total A1	1	69,58,36,216	69,58,36,216	70.04	69,58,36,216	100.00	69,58,36,216
A2) Foreign				0.00		0.00	
A=A1+A2	1	69,58,36,216	69,58,36,216	70.04	69,58,36,216	100.00	69,58,36,216

Statement showing shareholding pattern of the Public shareholders

Category & Name of the shareholders	No. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Locked in shares	As a % of total Shares held(b)	Equity shares held in dematerialised form
1 Institutions							
(a) Mutual Fund	0	0	0	0.00	0	0.00	0

Category & Name of the shareholders	No. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Locked in shares	As a % of total Shares held(b)	Equity shares held in dematerialised form
(b) Venture Capital Funds	0	0	0	0.00	0	0.00	0
(c) Alternate Investment Funds	0	0	0	0.00	0	0.00	0
(d) Foreign Venture Capital Investors	0	0	0	0.00	0	0.00	0
(e) Foreign Portfolio Investor	27	2,63,76,862	2,63,76,862	2.66	0	0.00	2,63,76,862
(f) Financial Institutions / Banks	6	6,97,895	6,97,895	0.07	0	0.00	6,97,795
(g) Insurance Companies	11	16,33,04,518	16,33,04,518	16.44	5,00,72,679	30.66	16,33,04,518
Life Insurance Corporation Of India		14,15,71,168	14,15,71,168	14.25	4,48,65,702	31.69	14,15,71,168
General Insurance Corporation Of India		2,16,83,350	2,16,83,350	2.18	52,06,977	24.01	2,16,83,350
(h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0.00	0
(i) Any Other (Specify)	1	400	400	0.00	0	0.00	0
UTI	1	400	400	0.00	0	0.00	0
Sub Total (B)(1)	45	19,03,79,675	19,03,79,675	19.16	5,00,72,679	26.30	19,03,79,175
2. Central Government/ State Government(s)/ President of India							
Central Government / State Government(s)	1	4,000	4,000	0.00	0	0.00	4,000
Sub Total (B)(2)	1	4,000	4,000	0.00	0	0.00	4,000
3. Non-Institutions							
(a) Individuals		0			0		
i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	2,10,044	7,58,06,841	7,58,06,841	7.63	0	0.00	6,89,58,393
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	227	1,28,72,754	12872754	1.30	0	0.00	12829054
(b) NBFCs registered with RBI	0	0	0	0.00	0	0.00	0
(c) Employee Trusts	0	0	0	0.00	0	0.00	0
(d) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0.00	0
(e) Any Other (Specify)	11,136	1,85,32,397	1,85,32,397	1.87	0	0.00	1,68,69,659
Trusts	10	8,451	8,451	0.00	0	0.00	8,051
Hindu Undivided Family	3,206	27,60,148	27,60,148	0.28	0	0.00	27,60,148
Non Resident Indians (Non Repat)	487	5,89,992	5,89,992	0.06	0	0.00	5,89,792
Other Directors	2	300	300	0.00	0	0.00	300
Non Resident Indians (Repat)	1,351	27,24,159	27,24,159	0.27	0	0.00	21,29,421
Office Bearers	4,672	10,65,600	10,65,600	0.11	0	0.00	0
Clearing Member	405	20,54,850	20,54,850	0.21	0	0.00	20,54,850
Bodies Corporate	1,003	93,28,897	93,28,897	0.94	0	0.00	93,27,097
Sub Total (B)(3)	2,21,407	10,72,11,992	10,72,11,992	10.79	0	0.00	9,86,57,106

Category & Name of the shareholders	No. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Locked in shares	As a % of total Shares held(b)	Equity shares held in dematerialised form
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	2,21,453	29,75,95,667	29,75,95,667	29.96	5,00,72,679	16.83	28,90,40,281

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Bank or the Book Running Lead Managers. Investor is advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections "Selling Restrictions" and "Transfer Restrictions" beginning on pages 191 and 197, respectively.

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the ICDR Regulations, through the mechanism of a QIP. Under Chapter VIII of the ICDR Regulations, a listed company in India may issue equity shares, fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants or any other security (other than warrants), which are convertible into or exchangeable with equity shares of the issuer at a later date in a qualified institutions placement to QIBs, provided that:

- a special resolution approving the QIP has been passed by our Bank's shareholders. Such special resolution must specify (a) that the allotment of the Equity Shares is proposed to be made pursuant to the qualified institutions placement, and (b) the relevant date;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same fiscal year does not exceed five times the net worth (as defined in the ICDR Regulations) of the issuer as per the audited balance sheet of the previous fiscal year;

- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;

- the issuer shall have completed allotments with respect to any prior offer or invitation made by the issuer or shall have withdrawn or abandoned any prior invitation or offer made by the issuer;

- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited

At least 10% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs.

Prospective purchasers will be deemed to have represented to us and the Book Running Lead Managers in order to participate in the Issue that they are outside the United States and purchasing the Equity Shares in an offshore transaction in accordance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

Bidders are not allowed to withdraw their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class of the Equity Shares of the Issuer quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the ICDR Regulations.

The "Relevant Date" referred to above, for Floor Price, will be the date of the meeting in which the Board of Directors or the Committee thereof decides to open the Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Bank has applied for and received the in-principle approval of the Stock Exchanges under regulation 28(1) of the Listing Regulations for the listing of the proposed Equity Shares on the Stock Exchanges. Our Bank has also delivered a copy of this Preliminary Placement Document and the Placement Document to the Stock Exchanges and hosted on our Bank's website.

The Issue has been authorized by (i) the Board of Directors pursuant to a resolution passed on May 9, 2017, and (ii) the shareholders, pursuant to a resolution passed at the AGM held on June 27, 2017.

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, please see the section *"Issue Procedure – Pricing and Allocation – Designated Date and Allotment of Equity Shares"* beginning on page 187.

The Equity Shares issued pursuant to the QIP must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the ICDR Regulations. This Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Bank with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 Crore; and
- five, where the issue size is greater than ₹ 250 Crore

No single allottee shall be allotted more than 50% of the issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", please see the section *"Issue Procedure—Application Process—Application Form"* beginning on page 183.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales are made. For a description of certain restrictions on transfer of the Equity Shares, please see "*Transfer Restrictions*".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Bank and the BRLMs shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to the QIBs and the Application Form has been specifically addressed to such QIBs. Our Bank shall maintain complete records of Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the BRLMs.

4. QIBs will be required to indicate the following in the Application Form:

    - Complete official name of the QIB to whom Equity Shares are to be Allotted;

    - number of Equity Shares Bid for;

    - price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Bank in consultation with the Book Running Lead Managers at or above the Floor Price. Our Bank may offer a discount of not more than 5% discount on the Floor Price in terms of Regulation 85 of the ICDR Regulations;

    - details of the depository participant account to which the Equity Shares should be credited; and

    - a representation that it is outside the United States, at the time it places its buy order for the Equity Shares, it is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to certain other representations set forth in *"Representations by Investors"* and *"Transfer Restrictions"* beginning on pages 5 and 197, respectively and certain other representations made in the Application Form.

Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids. FIIs or sub-accounts of FIIs are required to indicate SEBI FII/ sub-account registration number in the Application Form.

5. Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Issue Closing Date. The Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

6. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI. Upon receipt of the duly completed Application Form, after the Issue Closing Date, our Bank shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the Book Running Lead Managers. Upon determination of the final terms of the Equity Shares, the Book Running Lead Managers will send the serially numbered CAN along with the Placement Document, either in electronic form or through physical delivery, to the QIBs who have been Allocated the Equity Shares pursuant to this Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. **Please note that the Allocation will be at the absolute discretion of our Bank and will be based on the recommendation of the Book Running Lead Managers and may not be proportionate to the number of Equity Shares applied for.**

7. Pursuant to receiving a CAN, each successful Bidder shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Bank's designated bank account by the Pay-In Date as specified in the CAN sent to the respective successful

Bidder. No payment shall be made by successful Bidder in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Bank in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the applicable laws and mentioned in this Preliminary Placement Document.

8. Upon receipt of the application monies from the QIBs, Board of Directors of our Bank or the Committee thereof shall approve Allotment of the Equity Shares as per the details in the CANs sent to the successful Bidder.

9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Bank shall apply to the Stock Exchanges for listing approvals. Our Bank will intimate to the Stock Exchanges the details of the Allotment.

10. After receipt of the listing approvals of the Stock Exchanges, our Bank shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

11. Our Bank will then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

13. Upon receipt of intimation of final listing and trading approval from the Stock Exchanges, our Bank shall inform the Allottees of the receipt of such approval. Our Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges will also be placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Bank.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations are eligible to invest. Currently, under Regulation 2(1) (zd) of the ICDR Regulations, a QIB means:

- alternate investment funds registered with SEBI
- Eligible FPIs;
- foreign venture capital investors registered with SEBI;
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹ 25 Crore;
- provident funds with minimum corpus of ₹ 25 Crore;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- foreign venture capital funds registered with SEBI; and
- Systematically important non – banking financial companies (being a non-banking financial companies registered with the RBI and having a net worth of more than ₹ 500 crores as per the last audited financial statements).

Eligible FPI are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the Foreign Portfolio Investors does not exceed specified limits as prescribed under applicable laws in this regard.

In terms of the SEBI FPI Regulations, purchase of equity shares of each company by a single FPI or an investor group shall be below 10.00% of the total issued capital of such company.

In terms of the SEBI FPI Regulations, any FPI who holds a valid certificate of registration shall be deemed to be an FPI.

The issue of the Equity Shares to a single FPI (together with any Equity Shares already held by the FPI) should not exceed 10.00% of the post-Issue paid up capital of the Bank.

Allotments made to FVCIs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively.

Non-resident QIBs can participate in the Issue under Schedule 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Under Regulation 86(1)(b) of the ICDR Regulations, no allotment shall be made pursuant to the Issue, either directly or indirectly, to our Promoter or any person related to our Promoter, except for such Eligible QIBs who are Public Sector Enterprises. Eligible QIBs, other than in case of Eligible QIBs who are Public Sector Enterprise who have all or any of the following rights shall be deemed to be a person related to Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoter;
- veto rights; or
- right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Bank and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Bank and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Bank and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections *"Notice to Investors"*, *"Representations by Investors"*, *"Selling Restrictions"* and *"Transfer Restrictions"* beginning on pages 3, 5, 191 and 197, respectively:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the ICDR Regulations and is not excluded under Regulation 86 of the ICDR Regulations, except public sector undertakings, has a valid and existing registration under the applicable laws in India and is eligible to participate in this Issue;

2. The QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter, except for such Eligible QIBs who are Public Sector Enterprises;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, neither veto rights nor rights to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

4. The QIB acknowledges that it has no right to withdraw its Application after the Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Code;

8. The QIB confirms that to the best of its knowledge and belief, the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue Size. For the purposes of this representation:

    - The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    - 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

9. The QIBs shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

10. The QIB represents that it is outside the United States and is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to certain other representations set forth in the Application Form.

11. The QIBs are aware of, acknowledge, represent and agree to the following in respect of their shareholding in our Bank that if their aggregate holding in the paid-up share capital of our Bank, whether direct or indirect, beneficial or otherwise held by them, their relatives, associate enterprises and persons acting in concert exceeds 5.00% of the total paid-up share capital of our Bank or entitles them to exercise 5.00% or more of the total voting rights of our Bank, they shall seek prior approval of the RBI, in accordance with the terms of the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015.

It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections *"Notice to Investors"*, *"Representations by Investors"*, *"Selling Restrictions"* and *"Transfer Restrictions"* of this Preliminary Placement Document.

QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB upon issuance of the CAN by our Bank in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address:

IDBI Capital Markets & Securities Limited
(Formerly known as IDBI Capital Market Services Limited)
3rd Floor, Mafatlal Centre, Nariman Point
Mumbai – 400 021
Maharashtra, India
Contact: Priyankar Shetty
Email: projectresurgence@idbicapital.com
Telephone: +91 22 4322 1212

Motilal Oswal Investment Advisors Limited
10th Floor, Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel S.T. Bus Dept.
Prabhadevi
Mumbai – 400 025
Maharashtra, India
Contact: Keyur Desai
Email: resurgence@motilaloswal.com
Telephone: +91 22 3982 5541

The Book Running Lead Managers will not be required to provide any written acknowledgement of receipt of the Application Form.

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the Income Tax Act 1961 in the Application Form. The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the Book

The QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Book Running Lead Manager(s). Such Bids cannot be withdrawn after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Discovery and Allocation

Our Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Bank may offer a discount of not more than 5 % on the Floor Price in terms of Regulation 85 of the ICDR Regulations.

After finalization of the Issue Price, our Bank will update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document and uploaded on our Bank's website.

Method of Allocation

Our Bank shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the ICDR Regulations. Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand.

The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00 % of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR BANK NOR THE BOOK RUNNING LEAD MANAGERS IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Bank, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the successful Bidder to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such successful Bidder. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective successful Bidder's account.

The successful Bidders would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered Placement Document and the serially numbered CAN to the QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by Bank and the Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for Payment of Application Money

Our Bank has opened the "*Dena Bank – QIP Escrow Account*" with Dena Bank , acting as the Escrow Collection Bank in terms of the arrangement among our Bank, the Book Running Lead Managers and the Escrow Bank. The QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

In case of cancellations or default by the QIBs, the Bank and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are sent to QIBs.

Note: Payments through cheques are liable to be rejected.

Our Bank undertakes to utilise the amount deposited in "*Dena Bank – QIP Escrow Account*" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Bank is not able to Allot Equity Shares in the Issue.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Account as stated above.

2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Bank will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

3. In accordance with the ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

4. Our Bank reserves the right to cancel this Issue at any time up to Allotment without assigning any reasons whatsoever.

5. Post receipt of the listing approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant account of the QIBs.

6. Following the Allotment and credit of Equity Shares into the QIBs Depository Participant account, our Bank will apply for final listing and trading approval from the Stock Exchanges. In the case of QIBs who have been Allotted more than five % of the Equity Shares in the Issue, our Bank shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website. The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Bank after the receipt of the final listing and trading approval from the Stock Exchanges.

7. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, we shall repay the application money within15 days from expiry of 60 days, failing which we shall repay that money with interest at the rate of 12.00% per annum from expiry of the sixtieth day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs.

Other Instructions

Right to Reject Applications

Our Bank, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Bank and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialized form with NSDL or CDSL

1. The Allotment of the Equity Shares in this Issue shall be only in dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

2. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

3. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

4. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange have electronic connectivity with NSDL and CDSL.

5. The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

6. Our Bank will not be responsible or liable for the delay in the credit of the Equity Shares due to errors in the Application Forms or on part of the QIBs.

Release of funds to our Bank

The Escrow Bank shall not release the monies lying to the credit of the Escrow Account till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the listing and trading approval of the Stock Exchanges for the Equity Shares offered in the Issue.

PLACEMENT AND LOCK UP

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement dated October 10, 2017 with our Bank (the "Placement Agreement"), pursuant to which the Book Running Lead Managers have agreed to use best efforts, to place the Equity Shares with QIBs, pursuant to chapter VIII of the ICDR Regulations and our Bank has agreed to Allot the Equity Shares to such QIBs as may be determined in consultation with the Book Running Lead Managers, pursuant to the receipt of Application Forms and application monies from such QIBs.

This Preliminary Placement Agreement contains customary representations and warranties, as well as indemnities from us and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs. No assurance can be given on liquidity or sustainability of trading market for the Equity Shares (including the Equity Shares) post the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S. Securities Act and applicable state securities law. Accordingly, the Equity Shares are offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions" and "Transfer Restrictions*" on pages 191 and 197 respectively.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See the section titled "*Representations by Investors - Offshore Derivative Instruments*".

From time to time, the Book Running Lead Managers and certain of their affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or Book Running Lead Managers, to us or our affiliates for which they have received and may in the future receive compensation.

Lock up

The Bank undertakes that it will not for a period commencing from the date of execution of the Placement Agreement and ending 90 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly:

a. purchase, offer, issue, lend, sell, grant any option or contract to purchase, purchase any option or contract to offer, issue, lend, sell, grant any option, right or warrant to purchase, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing, or

b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

c. deposit Equity Shares with any other depository in connection with a depository receipt facility, or

d. enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares in any depository receipt facility; or

e. publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction falling within (a) to (d) above.

Provided, however, that the foregoing restrictions do not apply to (i) the issuance of any Issue Shares, and (ii) any issue or offer of Equity Shares by our Bank to the extent issue or offer is (a) required by Indian law and/or (b) undertaken pursuant the instructions order or such other guidelines as maybe issued by the RBI, Central Government of India or such other authority acting on its behalf.

Further, in accordance with Regulation 88 of the ICDR Regulations, our Bank shall not undertake a subsequent QIP until the expiry of six months from the date of the Issue.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been taken or will be taken in any jurisdiction by our Bank or the Lead Managers that would permit a public offering of the Equity Shares or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Bank or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable ICDR Regulations. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors – Representations by Investors*" and "*Transfer Restrictions*".

India

This Preliminary Placement Document may not be distributed, directly or indirectly, in India or to residents of India and any Equity Shares may not be offered or sold, directly or indirectly, in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. This Preliminary Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than to whom the offer is made.

Australia

This Preliminary Placement Document and the offer of Equity Shares are only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act 2001 (the "**Australian Corporations Act**") and has not been and will not be lodged or registered with the Australian Securities & Investments Commission or any other regulatory body or agency in Australia. This Preliminary Placement Document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Preliminary Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act; (ii) this Preliminary Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Shares sold to the offeree within 12 months after their transfer to the offeree under this Preliminary Placement Document.

Cayman Islands

This Preliminary Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Preliminary Placement Document relates to an "exempt offer" in accordance with the Dubai Financial Services Authority ("DFSA") Rulebook Markets Module, and which is not subject to any form of regulation or approval by the

DFSA. The DFSA has no responsibility for reviewing or verifying this Preliminary Placement Document or any other documents in connection with this offer. Accordingly, the DFSA has not approved this Preliminary Placement Document or any other associated documents nor taken any steps to verify the information set out in this Preliminary Placement Document, and has no responsibility for it. The shares to which this Preliminary Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorised financial adviser. This Preliminary Placement Document may only be provided to Professional Clients as defined in the DFSA Rulebook Conduct of Business Module ("**COB Module**"). This offer is not directed at Retail Clients as defined in the COB Module.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Book Running Lead Managers has severally and not jointly, or jointly and severally, represented and warranted that it has not made and will not make an offer to the public of any Equity Shares which are the subject of the issue of Equity Shares contemplated by this Preliminary Placement Document in that Relevant Member State, except that the Equity Shares may be offered to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to any legal entity which is a qualified investor, as defined in the Prospectus Directive (as defined below);

2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive or supplement a prospectus pursuant to Article 16 at the Prospectus Directive), subject to obtaining the prior consent of the relevant Book Running Lead Managers nominated by the Bank for any such offer; or

3. at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Bank or any Book Running Lead Managers of a prospectus or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Book Running Lead Managers and the Bank that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression "an offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

This Preliminary Placement Document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under that SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) (the "CWUMPO") of Hong Kong or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) each of the Book Running Lead Managers has not issued or had in its possession for the purposes of the issue of Equity Shares whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") The Book Running Lead Managers have represented and agreed that they will not offer or sell any Equity Shares, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Korea

The Equity Shares have not been and will not be registered under the Financial Investment Business and Capital Markets Act of Korea and none of the Equity Shares may be offered or sold, directly or indirectly, in Korea or to any resident of Korea or to any persons for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its Enforcement Decree) except pursuant to an exemption from the registration requirements of the Financial Investment Business and Capital Markets Act of Korea available thereunder and/or in compliance with applicable laws and regulations of Korea.

Kuwait

This Preliminary Placement Document is not for general circulation to the public in Kuwait. The Equity Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Equity Shares in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Equity Shares is being made in Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase the Equity Shares is meant to qualify as an "excluded offer or excluded invitation" within the meaning of Section 38 of the Securities Commission Act, 1993. Each Lead Manager has severally represented, warranted or agreed that the Equity Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or person specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

Mauritius

The Equity Shares are not being offered to the public in Mauritius and nothing in the Preliminary Placement Document or any information contained herein may be treated as a prospectus for the purposes of the Securities Act 2005 of Mauritius. The Mauritius Financial Services Commission (FSC) has neither reviewed nor approved the Preliminary Placement Document and the Bank does not hold any licence issued by the FSC. Accordingly, the Preliminary Placement Document has not been registered with the FSC. Equity Shares are being offered by way of private placement only to the person to whom such offer has been made.

Only persons licensed by the FSC as, investment dealers, investment advisers or investment bankers conducting activities as an investment dealer or investment adviser may market and carry out any form of solicitation in Mauritius in respect to the offer, distribution or sale of the Equity Shares. Where solicitation does not exist, a licensee as distributors of financial products may distribute the Equity Shares. The Equity Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius, except as permitted by applicable Mauritius law, including but not limited to Securities Act 2005 of Mauritius.

The Bank has not been authorized (or recognized) and does not intend to seek authorization (or recognition) with the FSC, and the FSC expresses no opinion as to the matters contained in the Preliminary Placement Document and as to the merits of an investment in the Bank. There is no statutory compensation scheme in Mauritius in the event of the Bank's failure.

New Zealand

This Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("Habitual Investors"). By accepting this Preliminary Placement Document, each investor represents and warrants that if they receive this Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Preliminary Placement Document to any person who is not also a Habitual Investor.

Oman

By receiving this Preliminary Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor have the Book Running Lead Managers or any placement agent acting on their behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute interests in the Equity Shares within Oman.

No marketing, offering, selling or distribution of any interests in the Equity Shares has been or will be made from within Oman and no subscription for any interests in the Equity Shares may or will be consummated within Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar

This document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (i) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) neither the Bank nor persons representing the Bank are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (iii) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (iv) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Bank nor persons representing the Bank are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Book Running Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (i) the Equity Shares are offered or sold to a Sophisticated Investor; (ii) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (iii) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

The Book Running Lead Managers have acknowledged that this Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Book Running Lead Managers have represented and agreed that it has not offered or sold any Equity Shares issued pursuant to the Issue or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares issued pursuant to the Issue or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares issued pursuant to the Issue, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation to the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

- to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- where no consideration is or will be given for the transfer;

- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. the Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Preliminary Placement Document, the person or entity to whom this Preliminary Placement Document has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom

Each of the Book Running Lead Managers has represented, warranted and undertaken that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Equity Shares in circumstances in which section 21(1) of FSMA does not apply to the Bank; and

2. it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws. The Equity Shares are being offered and sold in the Issue only outside the United States in accordance with Regulation S in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in *"Transfer Restrictions"* beginning on page 197.

TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs in the Issue, may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Accordingly, purchasers are advised to consult their own legal counsel prior to making any offer, re-sale, pledge or transfer of the Equity Shares.

Due to the following restrictions, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable United States state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S, under the U.S. Securities Act and applicable laws of the jurisdictions where those offers and sales are made.

If you purchase the Equity Shares in this Issue, by accepting delivery of this Preliminary Placement Document, submitting a bid to purchase the Equity Shares and accepting delivery of the Equity Shares, you will be deemed to have represented to and agreed with our Bank and the Book Running Lead Managers as follows:

- you have received a copy of the Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning the Bank or the Equity Shares and neither the Bank nor any other person responsible for this document or any part of it or the Book Running Lead Managers will have any liability for any such other information or representation;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of the Equity Shares, and you acknowledge and agree that none of our Bank, the Book Running Lead Managers or any of their respective affiliates shall have any responsibility in this regard;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

- you and the person, if any, for whose account or benefit you are acquiring the Equity Shares, were located outside the United States at the time the buy order for the Equity Shares was originated and continue to be located outside the United States and have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

- you are not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of our Bank or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities or, if you are in such business, you did not acquire the Equity Shares from our Bank or an affiliate (as defined in Rule 405 of the U.S. Securities Act) thereof in the initial distribution of the Equity Shares;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- you are aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in this Preliminary Placement Document and that neither the BSE nor the NSE is a "designated offshore securities market" within the meaning of Regulation S of the U.S. Securities Act;

- the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S; and

- you acknowledge that our Bank, the Book Running Lead Managers and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, you will promptly notify our Bank and the Book Running Lead Managers, and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

- you acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and warrant to our Bank, the BRLMs and its respective affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- you represent and warrant to our Bank, the Book Running Lead Managers and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

  the Bank, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Manager on their own behalf and on behalf of the Bank, and (b) to the Bank, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Bank.

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Bank or the Book Running Lead Managers or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- you have been provided access to this Preliminary Placement Document which you have read in its entirety;

- you are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S;

- you agree to indemnify and hold the Bank and the Book Running Lead Managers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Bank or the Book Running Lead Managers and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares; and

- any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Bank.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchange and has not been prepared or independently verified by our Bank or the BRLMs or any of its respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "SCRA") and the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "SEBI Act"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "SCR (SECC) Rules"), which regulate inter alia the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or noncompliance with any conditions or breach of a company's obligations under the Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

All listed companies are required to ensure a minimum public shareholding at 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under Listing Regulations

Public limited companies are required under Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include provisions relating to corporate governance, related party transactions and management's discussion and analysis as required under the Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the Listing Regulations.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) were required to maintain a minimum public shareholding of 25.00%. However, pursuant to a subsequent amendment to the SCRR, a public company, including public sector undertakings, seeking to get a particular class or kind of securities listed shall offer and allot to the public (i) at least 25% of such class or kind of securities issued by the company, if the post issue capital is less than or equal to ₹ 1,600.00 crores (ii) at least such percentage of such class or kind of securities issued by the company equivalent to ₹ 400.00 crores if the post issue capital of the company is more than ₹ 1,600.00 crores but less than or equal to ₹ 4,000.00 crores or (iii) at least 10.00% of such class or kind of securities issued by the company, if the post issue capital of the company is above ₹ 4,000.00 crores. In case of (ii) and (iii) above, the public shareholding is required to be increased to 25.00% within a period of three years from the date of listing of the securities. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25.00% at any time, such company shall bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25.00% threshold.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated and is now a company under the Companies Act.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (or "BOLT") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "NEAT"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which provides specific regulations in relation to substantial acquisition of shares and takeover. The Takeover Code came into effect on October 22, 2011 and replaced the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Code 1997"). Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of the company's shares/voting rights/control. The Takeover Code prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The key changes from the Takeover Code 1997 under the Takeover Code include:

- the trigger for making a public offer upon acquisition of shares or voting rights has been increased from 15% to 25%;
- every public offer has to be made for at least 26% of all the shares held by other shareholders;
- creeping acquisition of up to 5% is permitted up to a limit of 75% of the shares or voting rights of a company;
- acquisition of control in a target company triggers the requirement to make a public offer regardless of the level of shareholding and the acquisition of shares; and
- if the indirect acquisition of a target company is a predominant part of the business or entity being acquired, it would be treated as a direct acquisition.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended have been notified by SEBI to prohibit and penalise insider trading in India. An "insider" is defined to include any person who has received or has access to unpublished price sensitive information ("UPSI") or a "Connected Person". A "Connected Person" includes, *inter alia*, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI.

The Insider Trading Regulations also provide disclosure obligations for promoters, employees and directors, with respect to their shareholding in our Bank, and the changes therein. An insider is, inter alia, prohibited from trading in securities of a listed or proposed to be listed company when in possession of UPSI and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than 5% of equity shares or voting rights, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of ten lacs rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF EQUITY SHARES

Set forth below are some of the relevant regulations including Dena Bank (Shares and Meetings) Regulations 2003 applicable and with respect to the Equity Shares of our Bank. Our Bank was constituted as a "corresponding new bank" in 1970 under the provisions of our Bank Acquisition Act. The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 was made by S.O. 3793 dated November 16, 1970 by the Central Government in consultation with the Reserve Bank of India in exercise of the powers conferred by section 9 of the Bank Acquisition Act. The Bank Acquisition Act amended section 34A, 36AD and section 51 of the Banking Regulation Act, 1949 and made these sections applicable to corresponding new banks constituted under the Bank Acquisition Act. Our Bank follows RBI Dividend Circular relating to declaration of dividends.

General

The authorised share capital of our Bank is ₹ 3,000 crores consisting of 3,00,00,00,000 Equity Shares of ₹ 10 each. The Equity Shares are listed on the BSE and the NSE. As on date of this Preliminary Placement Document, the issued, subscribed and paid up share capital of our Bank is ₹ 993.43 crores divided into 99,34,31,883 Equity Shares of ₹ 10 each.

Dividend

As per the Dividend Policy and RBI Dividend Circular, our Bank may declare and pay dividend, subject to the following ceilings:

Category	CRAR	Net NPA Ratio			
		Zero	More than zero but less than 3%	Form 3% to less than 5%	From 5% to less than 7%
		Range of Dividend Payout Ratio			
A	11% or more for each of the last three years	Up to 40	Up to 35	Up to 25	Up to 15
B	10% or more for each of the last three years	Up to 35	Up to 30	Up to 20	Up to 10
C	9% or more for each of the last three years	Up to 30	Up to 25	Up to 15	Up to 5
D	9% or more in current year	Up to 10		Up to 5	Nil

As per the letter dated April 13, 2010, the Ministry of Finance has directed all public sector banks, including our Bank, to pay a minimum of 20.00% of their equity or 20.00% of their post-tax profits, whichever is higher for the fiscal year 2010.

The Bank is required to comply with certain provisions of the Banking Regulation Act, 1949, and the prevailing regulations / guidelines issued by RBI, including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to statutory reserves. The proposed dividend should be paid out of the current year's profit. Also, the RBI should not have placed any explicit restrictions on the Bank for declaration of dividends.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. A general meeting of every bank which has issued capital under clause (c) of sub-section (2B) of section 3 shall be held at the place of the head office of the Bank in each year at such time as shall from time to time be specified by the Board of directors. Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance sheet, together with the profit and loss account and Auditor's report is under sub-section (7A) of section 10, forwarded to the Central Government or to the Reserve Bank whichever date is earlier. The shareholders present at an annual general meeting shall be entitled to discuss, approve and adopt the balance-sheet and the profit and loss account of the corresponding new bank made up to the previous 31st day of March, the report of the Board of directors on the working and activities of the corresponding new bank for the period covered by the accounts and the Auditor's report on the balance-sheet and counts. Nothing contained in this section shall apply during the period for which the Board of directors of the bank had been superseded under sub-section (1) of section 18A. Provided that the Administrator may, if he considers it appropriate in the interest of the corresponding new bank whose Board of directors had been superseded, call annual general meeting in accordance with the provisions of this section.

Register of Transfers, Register of Members and Record Date

Our Bank is required to keep, maintain and update share register of its shareholders, the particulars required to be entered in the share register shall be maintained in the form of data stored in magnetic / optical / magneto-optical media by way diskettes, floppies, cartridges or otherwise in computers to be maintained at such location as may be decided from time to time by the chairman and managing director or any other official not below the rank of a chief general manager designated in this behalf by the chairman and managing director. The register of the beneficial owners is maintained by a depository under Section 11 of the Depositories Act and will be deemed to be the register for, such shareholders.

Issue of Share Certificates

While issuing share certificates to any Shareholder, it shall be competent for the Board to issue the certificates on the basis of one certificate for every hundred shares or multiples thereof registered in his name r on any one occasion and one additional share certificate for the number of shares in excess thereof but which are less than hundred. If the number of shares to be registered is less than hundred, one certificate shall be issued for all the shares. In respect of any share or shares held jointly by several persons, our Bank shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Issue of new or duplicate share certificate

If any share certificate is worn out or defaced, the Board or the Committee designated by it on production of such certificate may order the same to be cancelled and have a new certificate issued in lieu thereof. If any share certificate is alleged to be lost or destroyed, the Board or the Committee designated by it on such indemnity with or without surety as the Board or the Committee thinks fit, and on publication in two newspapers and on payment to our Bank of its costs, charges and expenses, issue a duplicate certificate in lieu thereof to the person entitled to such lost or destroyed certificate.

Upon receipt by the Bank of an instrument of transfer along with a share certificate with a request to register the transfer, the Board or the Committee designated by the Board shall forward the said instrument of transfer alongwith share certificate to the Registrar or Share Transfer Agent for the purposes of verification that the technical requirements are complied within their entirety. The Registrar or Share Transfer Agent shall return the instrument of transfer along with the share certificate, if any, to the transferee for resubmission unless the instrument of transfer is presented to the bank, duly stamped and properly executed for registration and is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may require to show the title of the transferor to make such transfer.

Consolidation and sub-division of shares

On a written application made by the Shareholder(s), the Board or the Committee designated by it may consolidate or sub-divide the shares submitted to it for consolidation / sub-division as the case may be and issue a new certificate (s) in lieu thereof on payment to our Bank of its costs, charges and expenses of and incidental to the matter.

Transfer and Transmission of shares

Every transfer of the share of our Bank shall be by an instrument of transfer as may be approved by our Bank from time to time and shall be duly stamped, dated and executed by or on behalf of the transferor and the transferee along with the relative share certificate.

Transmission of shares in the event of death, insolvency, etc.

- The executors or administrators of a deceased shareholder in respect of a share, or the holder of letter of probate or letters of administration with or without the will annexed or a succession certificate issued under Part X of the Indian Succession Act, 1925, or the holder of any legal representation or a person in whose favour a valid, instrument of transfer was executed by the deceased sole holder during the latter's lifetime shall be the only person who may be recognised by our Bank as having any title to such share.

- In the case of shares registered in the name of two or more Shareholders, the survivor or survivors and on the death of the last survivor, his executors or administrators or any person who is the holder of letters of probate or letters of administration with or without will annexed or a succession certificate or any other legal representation in respect of such survivor's interest in the share or a person in whose favour a valid instrument of transfer of share was executed by such person and such last survivor during the latter's lifetime, shall be the only person who may be recognised by our Bank as having any title to such share.

- Our Bank shall not be bound to recognise such executors or administrators unless they shall have obtained probate or letters of administration or succession certificate, as the case may be, from a court of competent jurisdiction.

Forfeiture of shares

Our Bank can forfeit the shares after giving a notice of not less than 14 days, if the calls on such shares are unpaid. Any share so forfeited will be deemed to be the property of our Bank and may be sold, re-allocated or otherwise disposed of to any person upon such terms and in such manner as the Board may decide.

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares under the current tax laws presently in force in India. Several of these benefits are dependent on us or our shareholders fulfilling conditions prescribed under relevant tax laws. We may not choose to fulfill such conditions. This information is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,
The Board of Directors
Dena Bank
Dena Bank Corporate Centre
C-10, 'G' Block, Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051
Maharashtra, India

IDBI Capital Markets & Securities Limited
(Formerly known as IDBI Capital Market Services Limited)
3rd Floor, Mafatlal Centre
Nariman Point
Mumbai 400 021
Maharashtra, India

Motilal Oswal Investment Advisors Limited
12th Floor, Motilal Oswal Tower,
Rahimtullah Sayani Road, Opposite Parel S.T Depot
Prabhadevi
Mumbai 400 025
Maharashtra, India

(IDBI Capital Markets & Securities Limited and Motilal Oswal Investment Advisors Limited, collectively, the "**Book Running Lead Managers**")

Re: **Proposed qualified institutions placement of equity shares ("Equity Shares") of Dena Bank ("Bank" or "Issuer"") under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI Regulations") (the "Issue")**

Dear Sirs,

1. We hereby report that the enclosed statement outlining the possible tax benefits available to the Bank, under the Income Tax Act, 1961 as amended, and to the shareholders of the Bank under the Income Tax Act, 1961 as amended by Finance Act, 2017, presently in force in India.

2. Several of these tax benefits / consequences are dependent on the Bank or the QIBs fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Bank or its potential investors to derive the tax benefits is dependent upon fulfilling such conditions.

3. The enclosed annexure is only intended to provide general information to the investors in the Issue and is neither designed nor intended to be a substitute for professional tax advice. A potential investor is advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares

particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

4. The enclosed annexure is for your information and for inclusion in the Preliminary Placement Document and the Placement Document, as amended or supplemented thereto or any other written material in connection with the proposed Issue.

Yours sincerely,

For Kailash Chand Jain & Co.
Chartered Accountants
Firm Registration Number: 112318W

Saurabh Chouhan
Partner
Membership no: 167453

Place: Mumbai
Date: October 10, 2017

Annexure A

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner and is not a complete analysis / listing of all potential tax consequences relating to the subscription, ownership and disposal of the equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of any shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultants and advisors with respect to the tax implications of an investment in the Equity Shares, particularly in view of certain recently enacted legislation which may not have a direct legal precedent or may have a different interpretation on the benefits which can be availed. All the tax benefits mentioned in this document are subject to the specific conditions mentioned in the respective section and / or the related rules or guidelines.

The law stated below is as per the Income tax Act, 1961 (hereinafter referred to as "IT Act" or "Act" as amended by the Finance (No. 2) Act, 2017.

The Government has introduced two major reforms in Indian tax laws, namely the Goods and Services Tax (GST), and provisions relating to General Anti-Avoidance Rules (GAAR). With respect to the implementation of the goods and service tax, the Government of India has implemented this from July 1, 2017. The GST would subsume the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT, cess and surcharge and excise currently being collected by the Central and State Governments. The tax rate applicable for the Bank's services to customers under GST is @ 18% and is higher than the earlier service tax rate of 15%, and such increase is passed on to the customers.

As regards GAAR, the provisions of Chapter X-A (Sections 95 to 102) of the Act are applicable in respect of Assessment Year 2018-19 (Financial Year 2017-18) and onwards. The GAAR provisions intend to declare an arrangement as "impermissible avoidance arrangement", if any arrangement, the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wide powers, including denial of tax benefit or a benefit under a tax treaty. However, as the Bank has good systems to ensure that its transactions do not fall into the categories mentioned above, there may not be any significant adverse effect. As the taxation system is expected to undergo significant overhaul, its consequent effects on the banking system cannot be determined at present and there can be no assurance that such effects would not adversely affect the Bank's business, future financial performance and the trading price of the Equity Shares.

LIMITATION

Our views expressed in this section are based on the facts and assumptions. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Offer relying on the statement. This statement has been prepared solely in connection with the Offer under the Regulations as amended.

I. INCOME TAX

A. TAX BENEFIT TO THE BANK

1. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under Section 10(15) as per conditions specified in the concerned notification.

2. Dividends earned by the Bank from domestic companies are exempt from tax in accordance with and subject to the provisions of Section 10 (34) read with Section 115-O. However, as per Section 94(7), losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed as exempt. Also, no credit can be claimed in respect of the Dividend Distribution Tax paid by the company.

3. Income earned by the Bank from investment in units of mutual fund specified under Section 10(23D) or income received in respect of units from the administrator of the specified undertaking or income received in respect of units from the specified company is exempt from tax under Section 10(35), subject to conditions. However, as per Section 94(7), losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt. Under Section 94(8), losses arising from sale/ transfer of units of mutual funds, where such units are purchased within three months prior to the record date, additional units are allotted without payment based on holdings on such date and all or any units initially purchased are sold within nine months from the record date while continuing to hold all or any additional units, will be ignored for computing chargeable income. Such loss ignored will be considered as the cost of acquisition of the additional units held on the date of sale/transfer.

4. Under Section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts of the Bank is allowable as a deduction, subject to the provisions of section 36(2). The deduction of bad debts is limited to the amount, by which such bad debts or part thereof, exceeds the credit balance in the provision for bad and doubtful debts account made under Section 36(1)(viia).

5. Under Section 36(1)(viia),a deduction is allowable in respect of any provision made for bad and doubtful debts, by an amount not exceeding 8.5% of total income (computed before making any deduction under this Clause and Chapter VIA) and an amount not exceeding 10% of the aggregate average advances made by rural branches of the Bank computed in the prescribed manner.

6. In terms of Section 36(1) (viii) of the Act, the bank is allowed deduction in respect of any special reserve created and maintained by the Bank for an amount not exceeding 20% of the profits derived from the business of long term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India.
   Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act.

7. Under Section 36(1)(xv), securities transaction tax paid by a taxpayer in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

8. Interest income on certain categories of bad and doubtful debts, as specified in Rule 6EA of the Income tax Rules,1962, is chargeable to tax only in the year of receipt or credit to the Profit & Loss Account of the Bank whichever is earlier, in accordance with the provisions of Section 43D.

9. Under Section 47(xv), no capital gain is chargeable on any transfer in a scheme of lending of any securities under an agreement or arrangement, which the assesse has entered into with the borrower of such securities and which is subjected to the guidelines issued by the Securities and Exchange Board of India or Reserve Bank of India, in this regard.

10. As per provisions of Section 72, the Bank is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

11. Under Section 74, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for upto eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for upto eight years for claiming set-off against subsequent years' long-term capital gains.

B. STATEMENT OF GENERAL DIRECT TAX BENEFITS AVAILABLE TO THE RESIDENT SHAREHOLDERS (PUBLIC SECTOR ENTERPRISES, MUTUAL FUNDS AND DOMESTIC INSURANCE COMPANIES IN INDIA) AND FOREIGN INSTITUTIONAL INVESTORS (FIIs)

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a comprehensive analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives a shareholder faces, may or may not choose to fulfil. The following over view is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax advisors with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

1. In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

2. The under-mentioned tax benefits will be available only to the sole/first-named holder in case the Equity Shares are held by joint shareholders. The law stated below is as per the Income-tax Act, 1961 as amended by time to time.

3. Attention is invited to the requirements under the Income Computation and Disclosure Standards ("ICDS"), which are applicable from Assessment year 2017-18 to all assesses (other than an individual or an HUF not required to get his/its accounts of the previous year audited under section 44AB of the IT Act) following mercantile system of accounting, and are to be followed for the purposes of computation of income chargeable to income tax under the head "Profits and gains of business or profession" or "Income from other sources".

B.1. RESIDENT SHAREHOLDERS:

1. We are required to pay a Dividend Distribution Tax currently at the rate of 20.358% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O of IT Act received on our shares is exempt from income tax in the hands of shareholders. However, as per Section 115BBDA of the IT Act, in case of an Individual, Hindu Undivided Family ("HUF") or a firm, resident in India, if aggregate of dividend income during the year is in excess of ten lakh rupees, then such dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess).However, it is pertinent to note that Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not allowable expenditure.

As per section 94(7) of the IT Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors.

3. Under Section 10(38) of the IT Act, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to Securities Transaction Tax ("STT").

4. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of Long Term Capital Gains, ("LTCG") i.e. gains from our shares being transfer of shares of Indian company held for a period exceeding twelve months, the second proviso to Section 48 of the IT Act, permits substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time.

5. Under Section 112 of the IT Act and other relevant provisions of the IT Act, LTCG, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of our shares would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) after indexation. The amount of such tax shall, however, be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder in case the shares are listed.

6. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of our shares would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

i. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

ii. Rural Electrification Corporation Limited, the company formed and registered under The Companies Act, 1956. The investment in the long term specified assets is eligible for such deduction to the extent of Rs.5 million whether invested during the financial year in which the asset is transferred or in the subsequent financial year. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount of capital gains so exempted shall be chargeable to tax as LTCG during the year of such transfer or conversion. For this purpose, if any loans or advance is taken as against such specified securities, then such person shall be deemed to have converted such specified securities into money. The cost of the long term specified assets, which has been considered under Section 54EC for calculating capital gain, shall not be allowed as a deduction from the income under Section 80C of the IT Act.

However in case of companies, such exempt capital gains cannot be reduced from "book profits" under Section 115JB and the company will be required to pay Minimum Alternate Tax at 18.5% (plus applicable surcharge and education cess) on such book profits if 18.5% of 'book profits" is higher than tax liability under normal provisions of the Act.

7. As per Section 111A of the IT Act, Short Term Capital Gains ("STCG"), i.e., gains from shares held for a period not exceeding twelve months) arising on transfer of our equity share would be taxable at a rate of 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognised stock exchange in India and is liable to STT. STCG arising from transfer of our shares, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

8. As per Section 74 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against Short Term as well as Long Term Gains computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains.

   However, the Long Term capital Loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.

9. In terms of Section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if the income arising from taxable securities transaction is included in such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of STT.

B.2. To the Resident Mutual Fund

1. Under Section 10(23D), exemption is available in respect of all income (including capital gains arising on transfer of shares of the Bank) earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other mutual fund set up by a public- sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

B.3. To the Domestic Insurance Company

Taxation of insurance companies is governed by Section 44 of the Act which provides a special regime for taxation of insurance companies. The section states that notwithstanding anything to the contrary contained in the provisions of this Act relating to computation of income chargeable under the head "income from house property", "capital gains" or "income from other sources" or in section 199 or in sections 28 to 43B, the profits and gains of any business of insurance, including a mutual insurance company or by a co-operative society shall be computed in accordance with the rules contained in the First Schedule.

Taxation of life insurance business in India governed by section 115B, section 44 and the First Schedule of the Income Tax Act, 1961. "Profit and gains of the life insurance business" is taken as "annual average of the surplus arrived at after adjusting the surplus or deficit disclosed by the actuarial valuation" excluding "from it any surplus or deficit included therein which was made in any earlier inter-valuation period."

Provisions of computation of Minimum Alternative Tax under section 115JB of the Act are not applicable to income accruing to a company from life insurance business.

Profits and gains of business of general insurance companies is computed based on the profit and loss account prepared in accordance with the provisions of the Insurance Act, 1938 and the IRDA Act, 1999 and the related Rules under both laws, subject to the following adjustments:

1. Additions of the amounts which are not admissible under the provisions of section 30 to 43B

2. Any gains or loss on realization of investments shall be added or deducted, if such gain or loss is not credited or debited to the profit and loss account

3. Any provision for diminution in the value of investments debited to profit and loss account shall be added back

4. Amount carried to reserve for unexpired risk shall be allowed as a deduction as prescribed in rule 6E of the Income Tax Rules, 1962.

Tax rates for:

Life Insurance Companies: 12.5% on profits from life insurance business and 30% on other than life Insurance business income as increased by surcharge and education cess.

General insurance companies: 30% of profits as increased by surcharge and education cess.

B.4. Provident Fund and Pension Fund

Under section 10(25) of the Act, any income received by trustees on behalf of a recognized provident fund (as defined in section 2(38)) and an Approved superannuation fund (as defined in section 2(6)) is exempt from tax.

B.5. Venture Capital Fund or Venture Capital Company (VCF or VCC):

Income of a VCF or VCC from investments in a Venture Capital Undertaking is exempt under section 10(23FB) of the Act. In accordance with section 115-U, any income accruing or received by a person out of investment in venture capital fund or venture capital company shall be chargeable to income tax in the same manner as if it were income accrued or received by such person had he made investment in the venture capital undertaking directly. The income paid by VCF or VCC shall be deemed to be of the same nature and in the same proportion in the hands of the person receiving it as it had been received by or had accrued or arisen to VCF or VCC as the case may be. The income accruing or arising to or received by a VCF or VCC from investments in a Venture Capital Undertaking shall be deemed to have been credited to the account of such person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the Income.

B.6. NON-RESIDENT SHAREHOLDERS – FIIS:

1. We are required to pay a Dividend Distribution Tax currently at the rate of 20.358% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividends (whether interim or final) referred to in Section 115-O of the IT Act received on our shares is exempt from income tax in the hands of shareholders. Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not treated as allowable expenditure. As per section 94(7) of the Income Tax Act, losses arising from transfer / sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed as exempt.

2. Section 2(14) of IT Act defining capital asset, specifically includes any securities held by an FII which has invested in such securities in accordance with the SEBI Regulations.

3. Under the first proviso to Section 48 of the IT Act, in case of a non-resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sale consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.

4. Under Section 10(38) of the IT Act, Long Term Capital Gains arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is liable to STT.

5. The provisions of section 115JB of the Act do not apply to a foreign company if it is a resident of a country with which India has entered into a Double Tax Avoidance Agreement u/s 90 of the Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

6. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of our shares would be exempt from

tax if such capital gain is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

i. National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988;
ii. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment in the long term specified assets is eligible for such deduction to the extent of Rs. 5 million whether invested during the financial year in which the asset is transferred or subsequent financial year. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount of LTCG so exempted shall be chargeable to tax during the year such transfer or conversion. For this purpose, if any loans or advance is taken as against such specified securities, than such person shall be deemed to have converted such specified securities into money.

7. Under Section 115AD (1)(ii) of the IT Act STCG arising to an FII on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess. Under Section 115AD (1)(iii) of the IT Act income by way of LTCG arising from the transfer of shares (in cases not covered under Section 10(38) of the IT Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs.

8. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of fiscal domicile of the non-resident, if any , to the extent they are more beneficial to the nonresident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the IT Act or the applicable tax treaty, whichever is more beneficial.

However, the non-resident investor will have to furnish a certificate of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of IT Act.

With effect from April 1, 2017, the benefit of the DTAA will not be available to a non-resident investor if the Tax department declares any arrangement to be an impermissible avoidance arrangement.

10. As per Section 196D of IT Act, no tax is to be deducted from any income, by way of Capital Gains arising to an FII from the transfer of securities referred to in section 115AD of the IT Act.

B.7. Foreign Venture Capital Investor (FVCI):

1. Income of a FVCI from investments in a Venture Capital Undertaking/ Companies is exempt under section 10(23FB) of the Act.

2. In accordance with section 115-U, any income accruing or received by a person out of investment in venture capital fund or venture capital company shall be chargeable to income tax in the same manner as if it were income accrued or received by such person had he made investment in the venture capital undertaking directly. The income paid by a VCF or VCC shall be deemed to be of the same nature and in the same proportion in the hands of the person receiving it as it had been received by or had accrued or arisen to VCF or VCC as the case may be. The income accruing or arising to or received by a VCF or VCC from investments in a Venture Capital Undertaking shall be deemed to have been credited to the account of such person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income. The FVCI eligible to avail DTAA benefits shall obtain TRC from the Government of the Country of its residence or specified territory containing the prescribed particulars which has been notified by the CBDT through insertion of Rule 21AB in the Income Tax Rules, 1962 and also submit Form 10F (wherever applicable) to avail of the tax benefit.

II. Securities Transaction Tax (STT):

1. For Purchaser: The transaction for purchase of equity shares entered into on a recognized stock exchange and settled by actual delivery or transfer is liable to STT @ 0.1%.
2. For Seller: The transaction for sale of equity shares entered into on a recognized stock exchange and settled by actual delivery or transfer is liable to STT @ 0.1%. The transaction for sale of equity shares entered into on a recognized stock exchange and not settled by actual delivery or transfer is liable to STT @ 0.025%.

Note:

1. *The above statement of possible tax benefits sets out the provisions of the direct tax laws in a summary manner only and is not a comprehensive analysis or list of all potential tax consequences of the purchase, ownership and disposal of shares.*
2. *The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.*
3. *No assurance is given that the Revenue authorities / Courts will concur with the view expressed herein. Our view is based on the existing provisions of law and its interpretation which is subject to change from time to time. We do not assume responsibility to update our view consequent to such changes.*

In our opinion, based on the existing laws, the above are tax benefits available to the Bank & the Investors as detailed therein.

LEGAL PROCEEDINGS

Except as described below, there is no outstanding litigation, suits or civil proceedings, or criminal proceedings, or prosecutions, statutory and other notices or tax liabilities by or against our Bank or our Directors and there are no defaults, non-payment or overdues of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues payable to holders of any debentures, bonds, or fixed deposits, and arrears on preference shares issued by our Bank, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences /criminal (including cases where penalty may or may not have been imposed in the past) that would result in a material adverse effect on our business. A materiality threshold of ₹ 47 crore that is approximately 1% of the networth of the Bank as on March 31, 2017, has been adopted for civil cases filed by/against the Bank.

A. Cases filed against our Bank

(i) *Criminal Cases:*

NIL

(ii) *Civil Cases:*

1. Atcom Technologies and others have filed the suit bearing number 22 of 2005 in the court of Civil Judge, Daman for ₹ 275.01 crores against our Bank and others for alleged deficiency in service leading to loss/damages. Our Bank had filed a written statement *inter alia* denying the allegations and submitting that the civil court has no jurisdiction to hear the matter. The court has transferred the proceedings to Debt Recovery Tribunal, Mumbai to consider the case along with the OA (suit for recovery of money) filed by the Bank against the Company. Further the case is now transferred to Debt Recovery Tribunal, Pune.

2. Kotak Mahindra Bank Limited ("**Plaintiff**") filed a case against our Bank under suit no 2811 of 2010 in the High Court of Judicature at Mumbai alleging pursuing of frivolous litigation against it, due to which the Plaintiff was deprived of enjoyment and benefits from property more particularly known as "The Apple Tower", hence, claimed damages of ₹ 442.96 crores for loss of their goodwill and failure to lease their property due to litigations. Our bank, in its written statement cum counter claim alleged that the suit was counter blast against the Suit No 876 of 2007 filed by it against the plaintiff for cancellation of one time settlement offer and return of debentures of payment of ₹ 35.35 crores and sought for amendment inter alia praying for restraint order against Kotak Mahindra Bank Limited from alienating Apple Tower. The case is pending before the Bombay High Court.

3. Fairdeal Marwar Garages Limited has filed a Counter claim against our Bank in OA No 147/2005 before the Debt Recovery Tribunal, Jabalpur for an amount of ₹ 62.11 crores in a suit initiated by our Bank against it before DRT. The company has made a counter claim alleging that the request for enhancement of working capital was neglected by our Bank and which resulted in losses and image and reputation of the company was spoiled. Our Bank while denying all the allegations in written statement, *inter alia* stated that defendant being a limited company they did not submit audited balance sheet of 2002, 2003, 2004 with Registrar of Companies as there was diversion of funds. The case is pending before DRT.

4. Parekh Platinum Limited has filed a suit bearing number 613 of 2011 against our Bank before the City Civil Court at Ahmedabad alleging loss of business as certain lenders had recalled the advance and claiming an amount of ₹ 623.28 crores. Our Bank has filed a written statement praying that the said claim be dismissed. The suit is pending in the City Civil Court.

5. Maharashtra Tourism Development Corporation Limited ("**MTDC**") has filed a complaint bearing CC No. 259 of 2014 before National Consumer Dispute Redressal Commission, New Delhi against our bank , alleging that Bank was negligent in allowing loans / overdraft against the fund of ₹ 125.83 crores invested as fixed deposit The National Consumer Dispute Redressal Commission *vide* order dated June 03, 2016 directed our Bank to pay ₹ 125.83 crores against which the Civil Appeal (7121 of 2016) was filed by us in the Supreme Court, alleging that the National Commission has erred in directing the applicant to pay the principal amount of fixed deposit. The appeal in the Supreme Court against the order was admitted and stay against the National Commission order was granted. Further, pursuant to order dated April 17, 2017passed by the National Commissions our Bank

released SDR’s against which lien was not marked. The complaint is pending for hearing before the Supreme Court.

6. Maharashtra Agriculture Produce Market Committee (“**MAPMC**”) has filed a complaint bearing no. CC No. 154 of 2015 before National Consumer Dispute Redressal Commission, Delhi against our Bank, alleging that Bank was negligent in allowing loans / overdraft against the fund of Rs.65.00 crores invested as fixed deposit. Our Bank has filed a written statement denying all the allegations. The complaint is pending for evidence before the National Consumer Dispute Redressal Commission, New Delhi.

7. Shri Hari Om Steel Limited has filed a counter claim against our Bank and another bank in OA no 61 of 2004 (which was filed by our Bank and another bank) before Debt Recovery Tribunal, Hyderabad alleging that company incurred losses amounting to ₹ 142.33 crores, out of which our share is ₹82.92 cr due to non-release of working capital along with interest at the rate of 18 p.a. The Bank while refuting all the claims, denying deficiency on their part, *inter alia* stated that counter claim made are not true and correct and statement made are neither just nor maintainable under law and also in view of the facts, further the application for opening of evidence and production of documents was allowed. The case is posted for evidence before DRT.

8. Our Bank, along with another bank) has filed a joint suit for recovery against Laxmi Starch (“**Company**”) which is in Liquidation, before High Court of Bombay, which was transferred to DRT, Mumbai as OA 575/01. In the said suit Official Liquidator has filed a counter claim against Banks, in which our share is ₹52.63 crores. OL has alleged that the banks did not give adequate advance to the company which led to business inadequacy. The Case is pending before DRT.

9. Mumbai Metropolitan Region Development Authority and Others (“**MMRDA**”) has filed a complaint bearing no CC No. 947 of 2015 before National Consumer Dispute Redressal Commission, Delhi against our Bank , alleging that our Bank was negligent in allowing loans / overdraft against the fund of ₹ 351.50 crores invested as fixed deposit The National Consumer Dispute Redressal Commission order dated June 03, 2016 directed our Bank to pay ₹ 351.50 crores against which the Civil Appeal (7157 of 2016) was filed by us in the Supreme Court, alleging that the National Commission has erred in directing the applicant to pay the principal amount of Fixed Deposit. The appeal in the Supreme Court against the order was admitted and stay against the National Commission. Further, *vide* order dated April 17, 2017 passed by the National Commission our Bank released SDR’s against which lien was not marked. The complaint is pending for hearing before the Supreme Court of India.

10. Zoom Developers has filed a suit against our Bank and other banks under Suit No 2001 of 2011 in the High Court of Mumbai for claim of damages amounting to ₹ 223.88 crores from our Bank. The company alleged that our Bank has filed a frivolous litigation against them which led to reduction in sales and decrease in goodwill valuation. The Bank while refuting all the claims, denying deficiency on their part, *inter alia* stated that claim made are not true and correct and statement made are neither just nor maintainable under law. The suit is pending in the High Court of Mumbai.

11. KSL Industries has filed a counter claim in OA 481/2016 against our Bank and others. Our share of the claim made by the Company is ₹ 148.57 cr. The company alleged that exorbitant rate of interest was made in OA and the bank did not adhere to the terms and conditions of Corporate Debt Restructuring. The company sought that decree be passed against the banks with interest at the rate of 18%. The suit is pending before the Debt Recovery Tribunal and bank is yet to file the reply in the same. The OA is pending for hearing before DRT.

12. Krishna Knitwear Technology Ltd has filed a counter claim in OA 150/2016 against our Bank and others. Our share of the claim made by the Company is ₹ 129.62 cr. The company alleged that exorbitant rate of interest was made in OA and the bank did not adhere to the terms and conditions of Corporate Debt Restructuring. The company sought that decree be passed against the banks with interest at the rate of 18%. The suit is pending before the Debt Recovery Tribunal and bank is yet to file the reply in the same. The OA is pending for hearing before DRT.

(iii) *Banking Ombudsman Complaints:*

As on September 30, 2017, details of the complaints received by the Bank and status of the complaints are as follows:

Resolution	Total complaints received	Number of complaints resolved	Total complaints pending
Head Office	2	2	NIL
Zonal Offices	38	36	2
Total	**40**	**38**	**2**

B. Cases filed by our Bank

(i) Criminal cases*:*

Our Bank has set up a fraud monitoring cell ("**FMC**") to deal with the cases pertaining to fraud. On the scrutiny and verification of accounts of the fraud reported by the zonal officer, the FMC further reports the same to the Board of our Bank. Thereafter, in terms of the guidelines issued by RBI, our Bank files the complaint with the respective authority assigned as per the following criteria set up:

Amount involved in the fraud	Authority to whom complaint should be lodged
₹ 10,000 - ₹ 1 lac	State Police
₹ 1 lakh - ₹ 3 crores	State CID / Economic Offences Wing of the State concerned.
₹ 3 crores - ₹ 25 crores	Central Bureau of Investigation
₹ 25 crores - ₹ 50 crores	Central Bureau of Investigation
More than ₹ 50 crores	Central Bureau of Investigation

Below are the details of fraud cases filed by our Bank:

A. Details of complaints made by the Bank against borrowers for fraud:

Year	Number of complaints	Amount involved (₹ in crore)
2014-2015	22	142.36
2015-2016	15	70.68
2016-2017	35	442.94
2017- September 30, 2017	18	83.27
Total	**90**	**739.25**

B. Details of complaints made by the Bank against its employees for fraud:

Year	Number of complaints	Amount involved (₹ in crore)
2014-2015	5	10.86
2015-2016	1	0.03
2016-2017	6	24.84
2017- September 30, 2017	0	NIL
Total	**12**	**35.73**

***C.* Details of cases filed by our Bank against third party frauds (other than/borrower/staff)**

Year	Number of complaints	Amount involved (₹ in crore)
2014-2015	16	246.94
2015-2016	6	0.32
2016-2017	2	0.31
2017- September 30, 2017	NIL	NIL
Total	**34**	**247.57**

A. Details of cases filed by our Bank under Section 138 of Negotiable Instruments Act, 1881:

Year	Number of complaints	Amount involved (₹ in crore)
2014-2015	7	5.12
2015-2016	28	9.54
2016-2017	92	8.19
2017- September 30, 2017	48	4.82
Total	**175**	**27.67**

B. Details of cases filed by our Bank for accounts reported as willful defaulters:

Year	Number of complaints	Amount involved (₹ in crore)
2014-2015	NIL	NIL
2015-2016	NIL	NIL
2016-2017	5	45.28
2017- September 30, 2017	1	1.5
Total	**6**	**46.78**

(ii) ***Civil Cases:***

1. Our Bank, along with other banks, has filed an Original Application bearing number 431 of 2017 (**"OA"**) against Rathi Super Steel Limited & Others before the Debts Recovery Tribunal, New Delhi (**"DRT"**), for recovery of debts of ₹ 192.75 crores. The OA has been filed inter alia seeking relief / interim relief that (a) the applicant shall be entitled to recover debt by sale of the hypothecated plant and machinery and other fixed assets of the borrowers (b) The applicant shall be entitled to recover debt by sale of mortgaged property, title whereof held by defendant and (c) The consortium leader along with other consortium members be permitted to recover the amount from personal assets of the defendants. DRT *vide* order dated April 21, 2017, granted interim relief and also issued a show cause notice under OA to Rathi Super Steel Limited & Others inquiring as to why the relief prayed should not be granted. The OA is pending for hearing before DRT.

2. Our Bank, along with other banks, has filed an Original Application bearing number 241/17 against Surana Industries Limited and others before the Debts Recovery Tribunal, Chennai (**"DRT"**), for recovery of debts of ₹ 184.59 crores due to our Bank as on February 28, 2017 at the rate of 15.75% per annum, on The OA has been filed inter alia seeking relief that (a) The Defendants be restrained by an order of temporary injunction (b) Order appointing a Commissioner with a direction to take inventory of the assets of defendants (c) Direct the defendant to disclose on oath the properties and assets both movable and immovable (d) Restraining the defendant from distributing any dividend to its shareholders. The OA is pending for hearing before DRT.

3. Our Bank has filed an Original Application bearing number 162 of 2014 (**"OA"**) against Zylog Systems Limited and others before the Debt Recovery Tribunal, Chennai (**"DRT"**) for recovery sum of ₹ 107.91 crores with future interest at the rate of 12.55% with monthly rests with penal interest at the rate of 2% per annum from October 16, 2013 until payment of said dues. The OA has been filed inter alia seeking relief that (a) to pass an order directing the defendant to declare full particulars of its assets and e-governance project receivables (b) To pass an order directing the defendants to deposit the claim amount into the tribunal or to furnish due security for the claim of the Applicant bank for ₹ 107.91 crores (c) to pass an order of interim injunction restraining defendants or any person acting under them or on their behalf from disposing, alienating, charging or otherwise encumbering in any manner. The OA is pending for hearing before the tribunal.

4. Our Bank has filed an Original Application bearing number 481 of 2016 (**"OA"**) against KSL & Industries Limited and others before the Debt Recovery Tribunal, Ahmedabad (**"DRT"**) for recovery of an amount of ₹ 101.74 crores with interest at the rate of 14.20% per annum as on May 9, 2016. The OA has been filed inter alia seeking relief that (a) the defendants be restrained from transferring/selling/disposing or parting with and/or from dealing in any manner whatsoever with the possession of the hypothecated immovable properties of the defendants (b) the defendants are also required to be directed to disclose full details of their immovable and movable properties in the form of an affidavit (c) the defendants be restrained from transferring or dealing with in whatsoever manner the shares held by them in defendant.

Further, KSL Industries has filed a counter claim against our Bank. For details on the saem please see the section "*Cases filed against our Bank*".

5. Our Bank has filed an Original Application bearing number 819/16 (**"OA"**) against Green Valley Industries Limited and others before the Debt Recovery Tribunal, Kolkata (**"DRT"**) for recovery of an amount of ₹ 72.43 crores along with interest at the rate of 14.20% per annum. The OA has been filed inter alia seeking relief that (a) an order directing the Defendant to pay jointly and severally to the Applicant a sum of ₹ 72.43 crores, with interest at the rate of 14% from September 01, 2016 (b) Attachment of assets of the Defendant before judgement and sale thereof to adjust the sale proceeds (c) An order of injunction against the defendant and their agents, restraining them from transferring or alienating or otherwise dealing with or disposing the properties The OA is pending for hearing before DRT.

6. Our Bank has filed an Original Application bearing number 1189 of 2016 (**"OA"**) against Miraj Metals and others before the Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of ₹ 48.58 crores, with interest at the rate of 13.95%. The OA has been filed inter alia seeking relief/ interim relief (a) an order directing defendants to declare all their personal movable and immovable properties (b) An order appointing DRT Receiver upon all the properties, including hypothecated goods mortgaged properties and properties belonging to defendants (c) An order of injunction restraining the defendants from transferring, alienating, encumbering or otherwise disposing of, any property and assets, movable and immovable (d) An order of attachment before judgement of all the properties belonging to defendants including the hypothecated goods. The OA is pending for hearing before DRT.

7. Our Bank has filed an Original Application bearing number 04/16 (**"OA"**) against Parekh Aluminex Limited and others before the Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of ₹ 217.56 crores, with interest at the rate of 13.2%. The OA has been filed inter alia seeking relief/ interim relief (a) The defendants by themselves, their servants and agents be restrained by an order and injunction of this Tribunal from in any manner disposing off, selling, transferring, alienating, encumbering, parting with possession, creating third party rights, title interest claim of any nature whatsoever (b) The defendants be directed to notify/disclose on oath the properties and assets immovable, belonging to the defendants (c) Pending the hearing the defendants be ordered to furnish securities for the sum equivalent to the claim of the Applicant in the Application. The OA is pending for hearing before DRT.

8. Our Bank, along with other banks, has filed an Original Application bearing number 387/17 (**"OA"**) against Hind Agro Industries Private Limited and others before the Debt Recovery Tribunal, Delhi (**"DRT"**) for recovery of amount for sum of ₹ 25.02 crores with interest at the rate of 15.70% and for a sum of ₹ 75.70 crores towards bill negotiated/ discounted with interest at the rate of 15.70%. The OA has been filed inter alia seeking relief/ interim relief (a) The defendants, their agents, servants and assigns etc. be restrained from in any manner alienating, removing or disposing of any of the fixed assets (b) The defendants, their agents, servants and assigns etc. be restrained by ex-parte order from selling, mortgaging, leasing or parting with possession or creating any third party rights (c) Defendant be directed to file a comprehensive affidavit along with documentary evidence, inter alia following particulars: i) List of all bank accounts with copies of the same for the last 3 years ii) Details of all movable assets and other investments both in India as well as in foreign countries iii) To disclose list of book debts and receivables due to it along with its contact details (d) The defendants be restrained from leaving the country as huge amount is due from them. The OA is pending for hearing before DRT.

9. Our Bank has filed an Original Application bearing number 282 of 2017 (**"OA"**) against Doshion Private Limited and Others before Debt Recovery Tribunal, Ahmedabad (**"DRT"**) for recovery of amount of sum of ₹ 80.81 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets (b) to issue direction to defendants on oath the complete and full details of all other the personal movable assets and immovable properties including shares, securities, bonds, fixed deposit, bank accounts with copy of their Income Tax and Wealth Tax returns etc. of the previous three financial years. The OA is pending for hearing before DRT.

10. Our Bank has filed an Original Application bearing number 256 of 2017 (**"OA"**) against Crown Alba Writing Instruments India Private Limited and others before Debt Recovery Tribunal, Ahmedabad (**"DRT"**) for recovery

of amount of sum of ₹ 125.54 crores along with interest at the rate of 15.50% till final payment. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets (b) to issue direction to defendants on oath the complete and full details of all other the personal movable assets and immovable properties including shares, securities, bonds, fixed deposit, bank accounts with copy of their Income Tax and Wealth Tax returns etc. of the previous three financial years. The OA is pending for hearing before DRT.

11. Our Bank, along with other banks, has filed an Original Application bearing number 276 of 2016 (**"OA"**) against Rainbow Papers Private Limited and others before Debt Recovery Tribunal, Ahmedabad (**"DRT"**) for recovery of amount of sum of ₹ 110.88 crores along with interest till date of realization. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets. (b) to issue direction to defendants on oath the complete and full details of all other the personal movable assets and immovable properties including shares, securities, bonds, fixed deposit, bank accounts with copy of their Income Tax and Wealth Tax returns etc. of the previous three financial years (c) The receiver be appointed to take possession of the Hypothecated/ mortgaged properties and to sell the same (d) The defendant be directed to give full particulars of Book-Debts such as name and address of the debtors' amount due. The OA is pending for hearing before DRT.

12. Our Bank, along with other banks, has filed an Original Application bearing number 127 of 2016 (**"OA"**) against Global Softech Limited and others before Debt Recovery Tribunal, Kolkata (**"DRT"**) for recovery of amount of sum of ₹ 83.28 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets (b) An order be passed directing the defendant to furnish security equivalent to the claim of the respective applicant Banks for necessary order of attachment of the said properties (c) Advocate Commissioner/ Receiver be appointed to make an inventory and take possession of the assets. The OA is pending for hearing before the tribunal.

13. Our Bank, along with other banks, has filed an Original Application bearing number 133 of 2016 (**"OA"**) against Transstroy (India) Limited and others before Debt Recovery Tribunal, Hyderabad (**"DRT"**) for recovery of amount of sum of ₹ 106.98 crores along with interest at the rate of 15.95%. The OA has been filed inter alia seeking relief/ interim relief (a) to direct the defendants to disclose the assets on oath and in the form of affidavit in the stipulated period (b) To pass an order of injunction restraining the Defendants from alienating, transferring or selling any of his properties or creating any encumbrances or charge on the properties and assets or in dealing with the same in any manner whatsoever. The OA is pending for hearing before DRT.

14. Our Bank has filed an Original Application bearing number 102/15 (**"OA"**) against Hanjer Biotech Energies Private Limited before Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of sum of ₹ 99.70 crores along with interest at the rate of 13.30%. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant, its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets (b) An order be directed to disclose the personal assets by filing affidavits within time. The OA is pending before the tribunal.

15. Our Bank, along with other banks, has filed an Original Application bearing number 150 of 2016 (**"OA"**) against Krishna Knitwear Technology Limited and others before Debt Recovery Tribunal, Ahmedabad (**"DRT"**) for recovery of amount of sum of ₹ 80.34 crores along with interest at the rate of 12.75% per annum. The OA has been filed inter alia seeking relief/ interim relief (a) Defendants are required to be restrained from transferring/selling/ disposing or parting with and /or from dealing in any manner whatsoever with the possession of the hypothecated movable properties (b) to issue direction to defendants on oath, the complete and full details of all other the personal movable assets and immovable properties including shares, securities, bonds, fixed deposit, bank accounts with copy of their Income Tax and Wealth Tax returns etc. of the previous three financial years (c) Advocate Commissioner/ Receiver be appointed to make an inventory and take possession of the assets. The DRT *vide* order dated March 04, 2016, while has restrained the defendants from selling, alienating, transferring or dealing with mortgaged immovable properties. The tribunal further directed respondents to disclose full details

of their personal immovable and movable properties including shares securities, bonds. The suit is pending before DRT.

Further, the defendant has filed a counter claim against our Bank. For details on the same, please see the section "*Cases filed against our Bank*".

16. Our Bank has filed an Original Application bearing number 147/12 (**"OA"**) against Rajat Pharmachem Limited and others before Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of sum of ₹ 52.80 crores along with interest at the rate of 12.75% along with penal interest at the rate of 2%. The OA has been filed inter alia seeking relief/ interim relief (a) to order for attachment and sale of hypothecated properties and mortgaged immovable properties to adjust the sale proceeds (b) The dues of the bank as set out are fully secured by a valid and subsisting charge by way of hypothecation of movable properties and mortgaged of immovable properties (c) Advocate Commissioner/ Receiver be appointed to make an inventory and take possession of the assets (d) Defendants be directed by this Tribunal to disclose on oath the complete list of their personal assets. The OA is pending for hearing before DRT.

17. Our Bank, along with other banks, has filed an Original Application bearing number 312/17 (**"OA"**) against Shell & Pearl Porcellano Limited and others before Debt Recovery Tribunal, Ahmedabad (**"DRT"**) for recovery of amount of sum of ₹ 79.95 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained from selling, alienating, transferring or dealing with mortgaged immovable property (b) order be passed directing the defendant to furnish security equivalent to the claim of the respective applicant Banks for necessary order of attachment of the said properties (c) the tribunal be pleased to direct defendant to disclose names and address of their book debtors and amount received from them. The OA is pending for hearing before DRT.

18. Our Bank, along with other banks, has filed an Original Application bearing number 329/16 (**"OA"**) against Eskay K 'n' IT Limited and others before Debt Recovery Tribunal, Ahmedabad. (**"DRT"**) for recovery of amount of sum of ₹ 72.29 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant, its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets (b) order be passed directing the defendant to furnish security equivalent to the claim of the respective applicant Banks for necessary order of attachment of the said properties. (c) Advocate Commissioner/ Receiver be appointed to make an inventory and take possession of the assets. (d) to order and direct the defendants to disclose, full particulars of their assets both movable and immovable cash, jewellery, shares, bond, etc. (e) the tribunal be pleased to appoint advocate or any other fit and proper person as court receiver to recover and realize book debts, receivables, etc. The OA is pending for hearing before DRT.

19. Our Bank has filed an Original Application bearing number bearing no. 72/15 (**"OA"**) (**"OA"**) before DRT-II which was later transferred to DRT-I, against Zoom Developers Private Limited and others before Debt Recovery Tribunal, Mumbai. (**"DRT"**) for recovery of amount of sum of ₹ 78.54 crores along with interest at the rate of 19.25%. The OA has been filed inter alia seeking relief/ interim relief (a) to issue attachment before judgement and/or injunction inter-alia restraining the Defendant, its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets (b) order be passed directing the defendant to furnish security equivalent to the claim of the respective applicant Banks for necessary order of attachment of the said properties (c) Advocate Commissioner/ Receiver be appointed to make an inventory and take possession of the assets (d) Pending hearing and final disposal of the applicant, Defendants be directed to notify disclose details of both movable and immovable properties, including personal insurance policy details and Income Tax returns for last three years. The OA is pending for hearing before DRT.

20. Our Bank, along with other banks, has filed an Original Application bearing number 540/15 ("**OA**") against KMP Expressways Limited and others ("**Defendants**") before the Debts Recovery Tribunal ("**DRT**") for recovery of outstanding amounts due to our Bank aggregating to ₹ 51.40 crore. The OA has been filed praying for inter *alia* interim relief that (a) the Defendant be restrained from receiving any amount/fee/charge from Government of Haryana or any other party (b) restrain Defendant from receiving any book debts or receivables and to direct its debtors to make payment directly to DRT (c) the Defendant by way of an interim order ex-parte be retrained from transferring, alienating or otherwise dealing with or disposing off in any manner any properties and assets including shares, debentures etc., without prior permission of DRT (d) the Defendant be directed to furnish securities to the

extent of amount claimed, failing which the assets of the Defendant be attached and sold. The OA is pending for hearing before DRT.

21. Our Bank, along with other banks, has filed an Original Application bearing number 520/15 ("**OA**") against REI Agro Limited and others ("**Defendants**") before Debts Recovery Tribunal – 1, Kolkata for recovery of outstanding amounts due to our Bank aggregating to ₹ 159.80 crores pursuant to investment made by our Bank in non-convertible debentures aggregating to ₹ 21.96 crore and sanction of credit facilities aggregating to 137.83 crore. The OA has been filed praying *inter alia* that (a) the Defendants be restrained by an order of injunction, restraining them from disposing off, alienating, encumbering and / or dealing with any properties until further order (b) an order of attachment be passed for the properties, including personal properties of the Defendant (c) an order be passed directing the Defendant to furnish a security equivalent to the claim of the respective banks and (d) to appoint a commissioner / receiver to make an inventory and take possession of the assets. The OA is pending for hearing before DRT.

22. Our Bank, along with other banks has filed an Original Application bearing number 253 of 2017 (**"OA"**) against Mumbai Agriculture Produce Market Committee and others before Debt Recovery Tribunal, Mumbai. (**"DRT"**) for recovery of amount of sum of ₹ 78.82 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained by an injunction of this Tribunal from creating any third party rights in the assets so declared. (b) The defendants be restrained to prevent their malafide actions to defeat the recovery process initiated by the Bank. The OA is pending before the tribunal.

23. Our Bank has filed an Original Application bearing number 264 of 2017 (**"OA"**) against Mumbai Metropolitan Region Development Authority and others before Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of sum of ₹ 62.03 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained by an injunction of this Tribunal from creating any third party rights in the assets so declared. (b) The defendants be restrained to prevent their malafide actions to defeat the recovery process initiated by the Bank. The OA is pending before the tribunal.

24. Our Bank has filed an Original Application bearing number 981/14 (**"OA"**) against Abhijeet Projects and others before Debt Recovery Tribunal, Kolkata (**"DRT"**) for recovery of amount of sum of ₹ 90.78 crores along with interest at the rate of 16.50%. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained by an injunction of this Tribunal from creating any third party rights in the assets so declared. (b) The defendants be directed to declare on oath full and complete particulars of all movable and immovable properties owned by them. The OA is pending before the tribunal.

25. Our Bank has filed an Original Application bearing number 48 of 2017 (**"OA"**) against Bhadresh Trading Corporation Limited and others before Debt Recovery Tribunal, Mumbai for recovery of amount of sum of ₹ 238.03 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained by an injunction of this Tribunal from creating any third party rights in the assets so declared. (b) The defendants be restrained to prevent their malafide actions to defeat the recovery process initiated by the Bank. (c) The receiver be appointed to take possession of movable/immovable. The OA is pending before the tribunal.

26. Our Bank, along with other banks, has filed an Original Application bearing number 1426/16 (**"OA"**) against Sanghavi Exports Limited before Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of sum of ₹ 61.69 crores along with interest at the rate of 16.70%. The OA has been filed inter alia seeking relief/ interim relief (a) In the event of defendant committing default to pay the same, Rough, polished, stores and spares and other assets be sold or release by and pursuant to orders and direction of the tribunal. (b) The immovable properties and the hypothecated movable properties be ordered to be paid over to the applicants towards satisfaction of the claim in this application. (c) To issue attachment before judgement and/or injunction inter-alia restraining the Defendant, its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets. (d) The defendant be hereby disclose on oath, all the movable and immovable properties. The OA is pending before the tribunal.

27. Our Bank, along with other banks, has filed an Original Application bearing number 213/17 (**"OA"**) against Decent Dia-Jewels Private Limited and others before Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of sum of ₹ 160.99 crores with further interest on ₹ 159.43 crores at the rate of 12.55%. The OA has been filed

inter alia seeking relief/ interim relief (a) The tribunal be pleased to pass an interim order and injunction restraining the defendant its servants, representatives, attorneys and agents, etc. from selling, transferring, disposing, alienating, creating third party interest or parting with the possession. (b) The immovable properties and the hypothecated movable properties be ordered to be paid over to the applicants towards satisfaction of the claim in this application. (c) To issue attachment before judgement and/or injunction inter-alia restraining the Defendant, its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets. (d) The defendant be hereby disclose on oath, all the movable and immovable properties. The OA is pending before the tribunal.

28. Our Bank, along with other banks, has filed an Original Application bearing number 104 of 2017 (**"OA"**) against Transstroy India Limited before Debt Recovery Tribunal, Hyderabad (**"DRT"**) for recovery of amount of sum of ₹ 162.14 crores along with interest at the rate of 16.90%. The OA has been filed inter alia seeking relief/ interim relief (a) immovable properties and the hypothecated movable properties be ordered to be paid over to the applicants towards satisfaction of the claim in this application. (c) To issue attachment before judgement and/or injunction inter-alia restraining the Defendant, its directors, men servants and agents etc. from transferring, selling, encumbering, dealing in any manner and to create any third party rights over the hypothecated assets. (d) The defendant be hereby disclose on oath, all the movable and immovable properties. (e) To appoint advocate commissioner or receiver to take possession and inventory of the movable properties. The OA is pending before the tribunal.

29. Our Bank has filed an Original Application bearing number 273 of 2017 (**"OA"**) against Maharashtra Tourism Development Corporation Limited before Debt Recovery Tribunal, Mumbai (**"DRT"**) for recovery of amount of sum of ₹ 86.89 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained by an injunction of this tribunal from creating any third party rights in the assets. (b) The defendant be hereby disclose on oath, all the movable and immovable properties. (c) The defendant be restrained so as to prevent their mala-fide actions to defeat the recovery process initiated by the applicant bank. The OA is pending before the tribunal.

30. Our Bank has filed an Original Application bearing number 166 of 2016 (**"OA"**) against Govardhan Industries Private Limited before Debt Recovery Tribunal, Delhi (**"DRT"**) for recovery of amount of sum of ₹ 100.34 crores along with interest at the rate of 18%. The OA has been filed inter alia seeking relief/ interim relief (a) the defendant be restrained from selling, transferring, alienating, parting with possession or otherwise disposing of the mortgaged immovable properties during the pendency and till final disposal. (b) The defendant be restrained from making any adjustments, set-offs, compromise, waiver etc. in respect of book debts, outstanding, moneys, receivables, claims, bills, rights to or in movable properties and movable assets to defendant by any office or any Municipal or local or public or semi government body. The OA is pending before the tribunal.

31. Our Bank, along with other banks, has filed an Original Application (**"OA"**) against Tirupati Building Offices and others before Debt Recovery Tribunal, New Delhi (**"DRT"**) for recovery of amount of sum of ₹ 119.76 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) An ex-parte interim order be granted restraining Defendant from transferring, alienating, selling, parting, with or creating any third party. (b) Attach the movable hypothecated goods being movables, stocks, furniture items, goods, fixed and current assets both of future and present defendants. (c) Direct defendants to provide details of all bank accounts, name of branch and credit facilities along with respective balances. The OA is pending before the tribunal.

32. Our Bank, along with other banks, has filed an Original Application bearing number 122/16 (**"OA"**) against Surana Power before Debt Recovery Tribunal, New Delhi (**"DRT"**) for recovery of amount of sum of ₹ 195.72 crore along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) Direct the defendants to pay the applicant bank with future rate of interest charges as applicable under the agreement. (b) The tribunal shall direct the sale of hypothecated movables and sale of the mortgaged immovable properties, in the event of failure on the part of defendant. The OA is pending before the tribunal.

33. Our Bank, along with other banks, has filed an Original Application bearing number 205/2016 (**"OA"**) against JMD Oils Private Limited and others before Debt Recovery Tribunal, New Delhi (**"DRT"**) for recovery of amount of sum of ₹ 167.48 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) An ex-parte interim order be granted restraining Defendant from transferring, alienating, selling, parting, with or

creating any third party (b) The defendant be hereby disclose on oath, all the movable and immovable properties. (c) Appoint a local commissioner for preparing inventory in respect of hypothecated plant & machinery, stocks, raw materials, goods, etc. lying at the office of defendant. The OA is pending before the tribunal.

34. Our Bank has filed an Original Application bearing number 534/17 (**"OA"**) against Conros Steel Private Limited and others before Debt Recovery Tribunal, New Delhi (**"DRT"**) for recovery of amount of sum of ₹ 60.74 crores along with interest. The OA has been filed inter alia seeking relief/ interim relief (a) Direct the respondents to disclose their respective assets, real, tangible, intangible on affidavit and restrain them from alienating, transferring any third party interest. (b) The tribunal be pleased to issue a warrant of attachment, for attaching the properties of the respondents. (c) A receiver be appointed in respect of the immovable properties of Respondent to take possession thereof and sell the same by public auction or private treaty. The OA is pending before the tribunal.

35. Our Bank has filed an Original Application bearing number 151/16 (**"OA"**) against Shri Sidhdata Ispat Private Limited and others before the Debts Recovery Tribunal, New Delhi (**"DRT"**), for recovery of debts of ₹ 140.87 crores together with pendent lite and future interest at the rate of 18% per annum. The OA has been filed inter alia seeking relief / interim relief that (a) the defendant be restrained from selling, transferring, alienating, parting with possession or otherwise disposing of the mortgaged immovable properties during the pendency (b) The defendant be directed to disclose by way affidavit, all properties, movable or immovable (c) The defendant be restrained from making any adjustment, set off, compromise, waiver, etc. in respect of the book debts, outstanding, moneys, receivables, claims, bills, etc. owing or payable. The tribunal hereby granted the interim relief as prayed by the bank. The OA is pending before the tribunal.

36. Our Bank, along with other banks, has filed an Original Application bearing number 681/17 (**"OA"**) against Allied Strips Limited and others before the Debts Recovery Tribunal, New Delhi (**"DRT"**), for recovery of debts of ₹ 110.84 crores together with pendent lite and future interest at the rate of 12.50% per annum. The OA has been filed inter alia seeking relief / interim relief that (a) an ex-partee ad interim order be granted restraining the defendant from selling, transferring, alienating, parting with possession or otherwise disposing of the mortgaged immovable properties during the pendency (b) The defendant be directed to disclose by way affidavit, all properties, movable or immovable (c) to pass an order directing the defendant to disclose the list of debtors.(d) Local commissioner be appointed for preparing the inventory in respect of hypothecated plant & machinery, stocks, raw materials, finished goods, current assets, etc. The OA is pending before the tribunal.

37. Our Bank, along with other banks, has filed an Original Application bearing number 294/17 (**"OA"**) against Crest Steel and Private Limited and others before the Debts Recovery Tribunal, Jabalpur (**"DRT"**), for recovery of debts of ₹ 95.29 crores together with pendent lite and future interest at the rate of 14.70% per annum from March 01, 2017. The OA has been filed inter alia seeking relief / interim relief that (a) the defendant be restrained from selling, transferring, alienating, parting with possession or otherwise disposing of the mortgaged immovable properties during the pendency (b) The defendant be directed to disclose by way affidavit, all properties, movable or immovable (c) Hon'ble Tribunal be pleased to pass an order of attachment before judgment on uncharged assets.

Insolvency proceedings

Below are the details of material insolvency proceedings where our Bank has filed a claim before NCLT as per directives issued by RBI:

₹ in crores

Sr. No	Account holder	Dues as on September 30, 2017
1.	Alok Industries Limited	615.26
2.	Bhushan Steel Limited	486.50
3.	Bhushan Power & Steel Limited	402.56
4.	Monnet Ispat & Energy Limited	310.87
5.	ABG Shipyard Limited	261.11
6.	Jyoti Structures Limited	200.00
7.	Lanco Infratech Limited	240.84
8.	Electrosteel Steels Limited	116.39
9.	Amtek Auto Limited	65.30

There are 11 insolvency proceedings filed by operational creditors / corporate debtors before NCLT in which our Bank is also a claimant aggregating to ₹ 427.64 crores. Details of insolvency proceedings above the materiality threshold are given below:

₹ in crores

Sr. No	Account Holder	Dues as on September 30, 2017
1.	REI Agro Limited	114.07
2.	Unity Infraprojects Limited	56.98
3.	Orissa Manganese and Mineral Limited	55.62
4.	Rainbow Papers Limited	102.13

(iii) ***Tax cases***

A. Direct Tax

Below are the details of Income tax cases pending as on date of this Preliminary Placement Document:

(₹ in crores)

Sr. No.	Assessment Year	Forum	Amount involved
1.	Assessment Year 2006 – 2007	High Court of Mumbai	3.60
2.	Assessment Year 2009 – 2010	High Court of Mumbai	5.25
3.	Assessment Year 2008 – 2009	High Court of Mumbai	104.56
4.	Assessment Year 2006 – 2007	High Court of Mumbai	52.34
5.	Assessment Year 2005 – 2006	High Court of Mumbai	39.22
6.	Assessment Year 2005 – 2006	High Court of Mumbai	18.02
7.	Assessment Year 2013 - 2014	Commissioner of Income Tax (Appeal), Mumbai	11.67
8.	Assessment Year 2014 - 2015	Commissioner of Income Tax (Appeal), Mumbai	449.52
TOTAL			**684.18**

B. Indirect Tax

Below are the details of indirect tax cases pending as on date of this Preliminary Placement Document:

(₹ in crores)

Sr. No.	Period under dispute	Forum	Amount involved
1.	April 2012 to November 2013	Appellate Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	10.91
2.	May 2014 to November 2014	Appellate Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	6.07
3.	May 1, 2006 to March 31, 2009	Commissioner of Central Excise (Appeals), Mumbai	1.12
4.	April 1, 2014 to March 31, 2015	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	2.40
5.	July 1, 2012 to March 31, 2014	Office of the Principal Commissioner, Central Goods and Services Tax, Mumbai	0.52
6.	Period between 2011 – 2012	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	0.03
7.	Period between 2010 – 2011	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	0.06
8.	Period between 2014 – 2015	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	0.19
9.	Period between 2013 – 2014	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	0.11
10.	Period between 2012 – 2013	Customs, Central Excise and Service Tax Appellate	0.05

Sr. No.	Period under dispute	Forum	Amount involved
		Tribunal, Mumbai	
11.	Period between 2006 – 07 to 2009 - 10	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai	0.36
TOTAL			**21.82**

C. Cases against our Directors

There is no litigation or legal action pending or taken by any ministry or department of the Government or any statutory authority against our Directors.

D. Defaults in payment of statutory dues

There have been certain instances of defaults in payment of statutory dues by our Bank. Our Bank has 1874, 1846 and 1738 branches as on March 31, 2017, March 31, 2016 and March 31, 2015 respectively, out of which 1109, 1089 and 1041 branches were unaudited respectively.

E. Material Developments

There are no material developments, since the date of the last financial statements disclosed in this Preliminary Placement Document.

F. Penalties imposed on our Bank in the past

1. Financial Intelligence Unit *vide* its order dated September 04, 2015 had imposed a penalty of ₹ 0.01 crore on our Bank for failure in internal mechanism for detecting and reporting attempted suspicious transactions in one of our branches at Chattarpur, Delhi, violating section 12 of Prevention of Money Laundering Act, 2002. Our Bank has paid the said penalty amount.

2. RBI *vide* its press release dated August 23, 2013 and April 29, 2015 had imposed a penalty of ₹ 2.00 crore and ₹ 1.50 crore respectively our Bank for non-adherence of KYC norms of RBI such as customer identification, non-adherence to RBI instructions on monitoring of transactions, non-adherence regarding funds received *via* RTGS, non-adherence of risk categorization, non-adherence of periodical risk profiling etc. Our Bank has paid the said penalty amount.

G. Actions taken by regulatory authorities in past

1. RBI *vide* its letter dated May 31, 2017 had imposed certain Prompt Corrective Actions ("**PCA**") with respect to high net NPA and negative ROA. Pursuant to the PCA, our Bank has been refrained from (i) distributing dividend (ii) expanding branch network (iii) staff expansion (iv) incurring capital expenditure other than technology upgradation (v) expansion of high risk waited assets (vi) credit expansion for borrowers. Further RBI has prescribed the following action to be taken by the Bank (i) arrange for infusion of capital (ii) improve provision coverage ratio (iii) prepare time bound plan and reduce stock of NPA's (iv) prepare and commit to plan for generation of fresh NPA's (v) strengthen loan review mechanism (vi) improve CASA (vii) set up dedicated recovery task forces for recovery of assets.

2. SEBI had issued a show cause notice dated July 13, 2010 to our Bank for violation of Regulation 13(3) and (5) of Insider Trading Regulations pursuant to which our Bank made an application dated September 17, 2010 for consent order. SEBI accepted the consent terms *vide* letter dated April 15, 2011 and accepted payment of ₹ 0.10 crores towards settlement charges.

INDEPENDENT ACCOUNTANTS

Our Bank's current statutory central auditors are M/s ABP & Associates, Chartered Accountants, M/s Ramesh C Agrawal & Co., Chartered Accountants and M/s Kailash Chand Jain & Co., Chartered Accountants. Our Bank's financial statements are prepared in accordance with Indian GAAP under the guidelines issued by the ICAI, guidelines issued by the RBI from time to time and practices generally prevailing in the banking industry in India. The Bank's financial statements included in this Preliminary Placement Document were audited, as the case may be, by a rotation of auditors appointed by RBI.

Further, our financial statements as at and for the financial years ended March 31, 2017, included in this Preliminary Placement Document were jointly audited by M/s ABP & Associates, Chartered Accountants, M/s Ramesh C Agrawal & Co., Chartered Accountants, M/s Kailash Chand Jain & Co., Chartered Accountants and M/s Jain & Jain, Chartered Accountants. Our financial statements as at and for the financial years ended March 31, 2016 and 2015, included in this Preliminary Placement Document, were jointly audited by M/s S C Ajmera & Co., Chartered Accountants, M/s Anand & Ponnappan, Chartered Accountants, M/s A P A S & Co., Chartered Accountants and M/s Jain & Jain, Chartered Accountants.

GENERAL INFORMATION

1. Our Bank was founded on May 26, 1938 as Devkaran Nanjee Banking Company Limited. Our Bank's name later changed to Dena Bank Limited. Our Bank was constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 on July 19, 1969. Our Bank is one of the 14 banks which were nationalised on July 19, 1969.

2. Our authorized capital is ₹ 3,000 crore divided into 300 crore Equity Shares of ₹ 10 each. Prior to the Issue, the issued, subscribed and paid-up share capital of our Bank is ₹ 993.43 crore comprising of 99,34,31,883 Equity Shares of ₹ 10 each.

3. The Head Office of our Bank is located at Dena Corporate Centre, C – 10, 'G' Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.

4. The Issue was authorized and approved by our Board of Directors by resolutions dated May 9, 2017 and approved by our shareholders, pursuant to a resolution passed at the AGM held on June 27, 2017.

5. We have obtained all consents, approvals and authorizations required in connection with this Issue including RBI recommendation dated September 5, 2017 and GoI Letter dated September 21, 2017 in respect of offering our equity share.

6. We have applied for in-principle approvals from the Stock Exchanges under regulation 28(1) of the Listing Regulations. We will apply for final approvals to list our Equity Shares to be issued in the Issue on the BSE and the NSE.

7. Except as disclosed in this Preliminary Placement Document, there are no material legal proceedings or arbitration proceedings and we are not aware of any threatened legal proceedings, which, if determined adversely, could result in a material adverse effect on our business, financial condition or results of operations and might be material in the context of the Issue of Equity Shares.

8. There has been no material change in our financial since June 30, 2017, the date of the Unaudited Financial Statements of our Bank prepared in accordance with in accordance with Standard on Review Managements (SRE) 2410 and March 31, 2017, the date of the last audited financial statements of our Bank prepared in accordance with Indian GAAP included in this Preliminary Placement Document, except as disclosed herein.

9. M/s Kailash Chand Jain & Co., Chartered Accountants has consented to the inclusion of their certificate on the statement of tax benefits dated October 10, 2017 in connection with the Issue.

10. The financial statements of our Bank included herein have been prepared in accordance with Indian GAAP as applicable to companies in India. Unless the context otherwise requires, all financial data in this Preliminary Placement Document are derived from our Audited Financial Statements and Unaudited Financial Statements. Indian GAAP differs in certain significant respects from IFRS and U.S. GAAP.

11. Our Bank and the BRLMs accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website www.denabank.com, would be doing so at his or her own risk.

12. The Bank confirms that it is in compliance with the minimum public shareholding requirements as specified under the SCRR and required under the provisions of the Regulation 38 of the Listing Regulations.

13. The Floor Price for the Issue is ₹ 30.73 per Equity Share calculated in accordance with Regulation 85 of the ICDR Regulations as certified by M/s Kailash Chand Jain & Co., Chartered Accountants. Our Board may consider offering a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the ICDR Regulations.

FINANCIAL STATEMENTS

Jain & Jain
Chartered Accountants
601,Jolly Bhavan, No-2,
51,New Marine Lines,
Mumbai-400020

Ramesh C Agrawal & Co
Chartered Accountants
SQ 28, DDA Flats,
Gulmohar Enclave,
New Delhi - 110 049

ABP & Associates
Chartered Accountants
11/A Bapuji Nagar, 2nd Floor,
Bhubaneshwar - 751009

Kailash Chand Jain & Co.
Chartered Accountants
Adena , 1st Floor, 97
Maharshi Karve Road,
Near Income Tax Office,
Mumbai - 400 020

Limited Review Report for the Quarter ended 30th June 2017

To,
The Board of Directors,
Dena Bank,
Mumbai.

We have reviewed the accompanying statement of unaudited financial results of Dena Bank for the quarter ended 30th June 2017. The disclosures relating to "Pillar 3 under Basel III Capital Regulations", "Leverage Ratio" and "Liquidity Coverage Ratio" which have been traced from disclosures made by the Management and have not been reviewed by us. This statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the said statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements [SRE] 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The financial results incorporate the relevant returns of 20 branches reviewed by us, 4 branches reviewed by us through Core Banking System of the Bank along with Management inputs. In the conduct of our review, we have taken note of the review reports in respect of non-performing assets submitted by the concurrent auditors of 25 branches to the bank management. These review reports cover 58.73% of the advances portfolio of the bank and 80.89% of the non-performing assets of the bank as on 30th June, 2017. Apart from these review reports, in the conduct of our review, we have also relied upon un-reviewed returns in respect of 1825 branches of the Bank.

JAIN & JAIN ★ MUMBAI FRN-103869W CHARTERED ACCOUNTANTS ★

RAMESH C. AGRAWAL & CO. ★ DELHI ★ CHARTERED ACCOUNTANTS

★ ABP & ASSOCIATES ★ CHARTERED ACCOUNTANTS

KAILASHCHAND JAIN & CO. ★ MUMBAI ★ Chartered Accountants

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results together with the notes thereon, prepared in accordance with applicable accounting standards and other recognised accounting practises and policies, has not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with RBI Circular(2016-17/29dated 28.07.2016 with respect to half yearly/quarterly review of the accounts of Public Sector Banks) including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

for, Jain & Jain
Chartered Accountants

Jimmy Sheth
Partner
M No 122280
FRN 103869W

for,Ramesh C Agrawal & Co
Chartered Accountants

R C Agrawal
Partner
M No 070229
FRN 001770C

for,ABP & Associates
Chartered Accountants

Prabhat Kumar Panda
Partner
M No 057140
FRN 315104E

for,Kailash Chand Jain & Co.
Chartered Accountants

Sandeep K. Jain
Partner
M No 110713
FRN 112318W

Place: Mumbai
Date: 29.07.2017

देना बैंक DENA BANK

REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2017

(₹ in lakh)

Sr. No	Particulars	Quarter ended			Year ended
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		[Reviewed]	[Audited]	[Reviewed]	[Audited]
1	Interest earned (a+b+c+d)	**238,299**	**229,711**	**268,632**	**1,018,167**
		149,844	145,429	192,154	696,879
	(b) Income on investment	70,838	77,730	70,428	290,609
	(c) Interest on balances with Reserve Bank of India and other interbank funds	5,112	977	246	3,705
	(d) Others	12,505	5,575	5,804	26,974
2	Other income	23,729	31,497	22,103	125,140
3	Total income (1+2)	**262,028**	**261,208**	**290,735**	**1,143,307**
4	Interest Expended	170,794	184,704	206,544	777,331
5	Operating expenses (i)+(ii)	62,356	49,916	57,147	226,955
	(i) Employees Cost	39,972	33,689	37,921	148,408
	(ii) Other operating expenses	22,384	16,227	19,226	78,547
6	Total expenditure (4+5) (Excluding provisions and contingencies)	**233,150**	**234,620**	**263,691**	**1,004,286**
7	Operating Profit (3 - 6) (Profit before provisions and contingencies)	**28,878**	**26,588**	**27,044**	**139,021**
8	Provisions (other than tax) & Contingencies	52,248	97,204	66,685	266,557
	of which provisions for Non Performing Assets	43,458	87,818	59,849	245,775
9	Exceptional Items	0	0	0	0
10	Profit (+)/ Loss (-) from Ordinary Activities before tax (7 - 8 - 9)	(23,370)	(70,616)	(39,641)	(127,536)
11	Tax Expense	(10,105)	(13,090)	(11,706)	(41,173)
12	Net Profit (+)/ Loss (-) from Ordinary Activities after tax (10-11)	**(13,265)**	**(57,526)**	**(27,935)**	**(86,363)**
13	Extraordinary Items (net of tax expense)	NA	NA	NA	NA
14	Net Profit (+)/ Loss(-) for the period (12-13)	**(13,265)**	**(57,526)**	**(27,935)**	**(86,363)**
15	Paid up equity share capital (Face value of ₹10/- per share)	78,715	78,715	66,693	78,715
16	Reserves excluding Revaluation Reserves (as per Balance Sheet of previous accounting year)	579,952	579,952	554,503	579,952
17	**Analytical Ratios**				
	(i) Percentage of shares held by Govt. of India	68.55	68.55	62.89	68.55
	(ii) Capital Adequacy Ratio - Basel III	11.65	11.39	10.79	11.39
	a). Common Equity Tier I Ratio	7.28	7.24	6.90	7.24
	b). Additional Tier 1 Ratio	1.91	1.81	1.47	1.81
	(iii) Earning per share (EPS)-Not Annualised				
	Before Extraordinary Items (net of tax expense) for the period, for the year to date and for the previous year [in ₹]				
	- Basic	(1.69)	(7.31)	(4.19)	(11.89)
	- Diluted	(1.34)	(7.30)	(4.19)	(11.88)
	After Extraordinary Items (net of tax expense) for the period, for the year to date and for the previous year [in ₹]				
	- Basic	(1.69)	(7.31)	(4.19)	(11.89)
	- Diluted	(1.34)	(7.30)	(4.19)	(11.88)
	(iv) NPA Ratios				
	Amount of Gross Non Performing Assets	1,299,416	1,261,873	963,632	1,261,873
	Amount of Net Non Performing Assets	779,716	773,512	591,114	773,512
	Percentage of Gross NPAs	17.37	16.27	11.88	16.27
	Percentage of Net NPAs	11.22	10.66	7.65	10.66
	(v) Return on Assets (Annualised) [%]	(0.43)	(1.76)	(0.86)	(0.67)

DENA BANK

Segment Wise Result

(₹ in lakh)

Sr. No	Particulars	Quarter ended			Year ended
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		[Reviewed]	[Audited]	[Reviewed]	[Audited]
1	**Segment Revenue**				
	a). Treasury Operations	85,845	87,213	88,398	379,192
	b). Corporate/ Wholesale Banking	93,468	108,005	131,102	481,240
	c). Retail Banking	62,718	52,958	61,201	233,990
	d). Other Banking Operations	19,997	13,032	10,034	48,885
	Income from Operations	**262,028**	**261,208**	**290,735**	**1,143,307**
2	**Segment Result (Profit Before Tax)**				
	a). Treasury Operations	15,375	(7,275)	11,466	62,573
	b). Corporate/ Wholesale Banking	(29,777)	(50,460)	(28,250)	(109,484)
	c). Retail Banking	(1,177)	(8,037)	(1,096)	(15,061)
	d). Other Banking Operations	10,115	10,282	8,026	36,951
	Total	**(5,464)**	**(55,490)**	**(9,854)**	**(25,021)**
	Less: Unallocated Expenses	17,906	15,126	29,787	102,515
	Total Profit/ (Loss) before Tax	(23,370)	(70,616)	(39,641)	(127,536)
	Tax Expenses	(10,105)	(13,090)	(11,706)	(41,173)
	Net Profit	**(13,265)**	**(57,526)**	**(27,935)**	**(86,363)**
3	**Segment Assets**				
	a). Treasury Operations	4,570,961	5,036,123	4,483,880	5,036,123
	b). Corporate/ Wholesale Banking	4,359,528	4,461,288	5,000,557	4,461,288
	c). Retail Banking	2,691,686	2,897,224	2,800,846	2,897,224
	d). Other Banking Operations	165,838	236,962	122,380	236,962
	e). Unallocated Assets	335,720	330,757	400,602	330,757
	Total Assets	**12,123,733**	**12,962,354**	**12,808,265**	**12,962,354**
4	**Segment Liabilities**				
	a). Treasury Operations	4,570,961	5,036,123	4,483,880	5,036,123
	b). Corporate/ Wholesale Banking	4,178,674	4,338,841	4,878,180	4,338,841
	c). Retail Banking	2,545,616	2,710,337	2,660,913	2,710,337
	d). Other Banking Operations	63,309	92,067	85,556	92,067
	e). Capital Employed	748,698	768,515	685,122	768,515
	f). Unallocated Liabilities	16,475	16,471	14,614	16,471
	Total Liabilities	**12,123,733**	**12,962,354**	**12,808,265**	**12,962,354**

The Bank does not have any secondary (geographical) segment.

NOTES

1. The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 29th July 2017. The same have been reviewed by Statutory Central Auditors of the Bank, in line with the directions issued by the Reserve Bank of India and as per the requirement of SEBI (LODR) Regulations, 2015.

2. The Financial results have been prepared in accordance with the Accounting Standards (AS-25) on "Interim Financial Reporting" following Accounting Policies as those followed in preparation of annual financial statements for the year ended 31st March 2017.

3. The financial results for the quarter ended 30th June 2017, have been arrived at after considering Provision for Non Performing Assets, Standard Assets, Restructured Assets, Depreciation / Provision for Investments and Provision for Exposure to Entities with Un-hedged Foreign Currency Exposure on the basis of Prudential norms and guidelines issued by RBI. Provision for Taxes, Depreciation on Fixed Assets, Employee Benefits and Other Provisions for Contingencies have been considered on estimated basis.

4. Provision Coverage Ratio is 51.72% as on 30th June 2017.

DENA BANK Accounts Dept. JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN-103869W RAMESH C. AGRAWAL & CO. CHARTERED ACCOUNTANTS DELHI ABP & ASSOCIATES CHARTERED ACCOUNTANTS FRN 315104E KAILASHCHAND JAIN & CO. Chartered Accountants MUMBAI

5 In accordance with the RBI circular no. DBOD No. BP.BC.1/21.06.201/2015-16 dated 1st July 2015, the Bank is required to make Pillar 3 disclosures under Basel III capital regulations. The disclosures are being made available on the home page of Bank's website (www.denabank.com). These disclosures have not been subjected to limited review by the Statutory Central Auditors of the Bank.

6 In accordance with the RBI guidlines, the Bank has shifted securities from HTM to AFS Catgory amounting to ₹ 9,28,329 lakh and from AFS to HTM Category amounting to ₹ 8,68,932 lakh during the quarter ended 30th June 2017. The resultant depreciation of ₹ 15,055 lakh has been accounted for.

7 During the quarter ended 30th June 2017, Bank has received interest on income tax refund amounting to ₹ 7,053 lakh.

8 Position of Investors complaints for the quarter-ended 30th June 2017 is as under:

Beginning	Received	Resolved	Pending
0	2	2	0

9 Corresponding figures of earlier periods have been regrouped/ reclassified, wherever necessary to make them comparable with the period under review.

(Ramesh S Singh)
Executive Director

(Trishna Guha)
Executive Director

(Ashwani Kumar)
Chairman & Managing Director

For M/s Jain & Jain
Chartered Accountants
[Jimmy Sheth]
Partner
Mem. No. 122280
FRN 103869W

For M/s. Ramesh C Agrawal & Co
Chartered Accountants
[RC Agrawal]
Partner
Mem. No. 070229
FRN 001770C

For M/s ABP & Associates
Chartered Accountants
[Prabhat Kumar Panda]
Partner
Mem. No. 057140
FRN 315104E

For Kailash Chand Jain & Co
Chartered Accountants
[Sandeep K. Jain]
Partner
Mem. No. 110713
FRN 112318W

Place : Mumbai
Date : 29th July 2017

DENA BANK

BALANCE SHEET AS AT 31st MARCH 2017

	SCH.	As at 31.03.2017 ₹ in '000'	As at 31.03.2016 ₹ in '000'
CAPITAL AND LIABILITIES			
CAPITAL	1	7,871,499	5,669,343
RESERVES AND SURPLUS	2	68,979,909	64,745,416
DEPOSITS	3	1,139,427,674	1,174,309,603
BORROWINGS	4	50,608,757	62,713,255
OTHER LIABILITIES AND PROVISIONS	5	29,347,549	26,978,774
TOTAL		1,296,235,388	1,334,416,391
ASSETS			
CASH AND BALANCES WITH RESERVE BANK OF INDIA	6	60,106,622	53,467,367
BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE	7	2,534,691	291,516
INVESTMENTS	8	397,372,257	352,262,162
ADVANCES	9	725,746,161	823,263,348
FIXED ASSETS	10	15,770,062	13,682,190
OTHER ASSETS	11	94,703,595	91,409,766
TOTAL		1,296,235,388	1,334,416,391
CONTINGENT LIABILITIES	12	430,288,143	390,562,615
BILLS FOR COLLECTION		26,790,737	29,080,848
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES FORMING PART OF ACCOUNTS	18		

Schedules referred to above form an integral part of Balance Sheet

Ashwani Kumar
Chairman & Managing Director

Trishna Guha
Executive Director

Ramesh S Singh
Executive Director

Ashok Kumar Singh
Director

S. C. Murmu
Director

Bankim R Desai
Director

G Gopalakrishna
Director

Amit Chatterjee
Director

Dr. Umesh Bellur
Director

V. Chandrasekaran
Director

Dr. Yasho Verdhan Verma
Director

Lalit Bardia
Asst General Manager

Pankaj Mittal
Dy. General Manager

Usha Ravi
General Manager

For M/s Jain & Jain
Chartered Accountants
[Ajay B Jain]
Partner
Mem. No. 1103[illegible]
FRN 103869W

For M/s. Ramesh C Agrawal & Co
Chartered Accountants
[Ro[illegible] Agrawal]
Partner
Mem. No. 40[illegible]04
FRN 001770C

For M/s ABP & Associates
Chartered Accountants
[Niranjan Agrawalla]
Partner
Mem. No. 057939
FRN 315104E

For Kailash Chand Jain & Co
Chartered Accountants
[Sandeep K Jain]
Partner
Mem. No. 110713
FRN 112318W

Place : Mumbai
Date : 9th May 2017

DENA BANK

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2017

	SCH	Year ended 31.03.2017 ₹ in '000'	Year ended 31.03.2016 ₹ in '000'
I. INCOME			
INTEREST EARNED	13	101,816,729	106,457,339
OTHER INCOME	14	12,513,985	7,167,971
TOTAL		114,330,714	113,625,310
II EXPENDITURE			
INTEREST EXPENDED	15	77,733,129	81,689,885
OPERATING EXPENSES	16	22,695,453	22,682,459
PROVISIONS & CONTINGENCIES		22,538,380	18,606,155
TOTAL		122,966,962	122,978,499
III PROFIT/LOSS			
NET PROFIT FOR THE YEAR		(8,636,248)	(9,353,189)
NET PROFIT/LOSS BROUGHT FORWARD		0	0
TOTAL		(8,636,248)	(9,353,189)
IV APPROPRIATIONS			
TRANSFER TO STATUTORY RESERVE		0	0
TRANSFER TO SPECIAL INFRA RESERVE		0	0
TRANSFER TO CAPITAL RESERVES		0	0
TRANSFER TO REVENUE RESERVE		0	0
PROPOSED DIVIDEND (INCL. DIVIDEND TAX)		0	0
BALANCE CARRIED OVER TO BALANCE SHEET		(8,636,248)	(9,353,189)
TOTAL		(8,636,248)	(9,353,189)
Earnings Per Share (₹) (Basic) - FV ₹ 10/-		(11.55)	(15.50)
Earnings Per Share (₹) (Diluted) - FV ₹ 10/-		(11.55)	(15.50)
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES FORMING PART OF ACCOUNTS	18		

Schedules referred to above form an integral part of Profit & Loss A/c

Ashwani Kumar
Chairman & Managing Director

Trishna Guha
Executive Director

Ramesh S Singh
Executive Director

Ashok Kumar Singh
Director

S. C. Murmu
Director

Sankim R Desai
Director

G Gopalakrishna
Director

Amit Chatterjee
Director

Dr. Umesh Belku
Director

V. Chandrasekaran
Director

Dr. Yasho Vardhan Verma
Director

Lalit Bardia
Asst General Manager

Pankaj Mittal
Dy. General Manager

Usha Ravi
General Manager

For M/s Jain & Jain
Chartered Accountants
[Ajay B Jain]
Partner
Mem. No. 110930
FRN 103869W

For M/s. Ramesh C Agrawal & Co
Chartered Accountants
[Rohtash Agrawal]
Partner
Mem. No. 405904
FRN 001770C

For M/s ABP & Associates
Chartered Accountants
[Niranjan Agarwalla]
Partner
Mem. No. 057939
FRN 315104E

For M/s Kailash Chand Jain & Co.
Chartered Accountants
[Sandeep K Jain]
Partner
Mem. No. 110713
FRN 112318W

Place : Mumbai
Date : 9th May 2017

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SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

		As at 31.03.2017 ₹ In '000'	As at 31.12.2016 ₹ In '000'
SCHEDULE - 1 CAPITAL			
AUTHORISED			
300,00,00,000 Shares of ₹ 10/- Each		30,000,000	30,000,000
ISSUED, SUBSCRIBED AND PAID-UP			
78,71,49,884 (P Y 66,69,34,251) Equity Shares of ₹ 10/- Each Fully Paid up		7,871,499	6,669,343
[Of which, 53,96,26,896 (PY 41,94,11,263) shares are held by the Government of India]			
	TOTAL	7,871,499	6,669,343
SCHEDULE - 2 RESERVES AND SURPLUS			
I STATUTORY RESERVE			
OPENING BALANCE		16,569,006	16,569,006
ADDITION DURING THE YEAR		0	0
	TOTAL - I	16,569,006	16,569,006
II CAPITAL RESERVE			
OPENING BALANCE		1,307,266	1,307,266
ADDITION DURING THE YEAR		-	0
	TOTAL - II	1,307,266	1,307,266
III REVALUATION RESERVE			
OPENING BALANCE		9,295,099	7,647,016
ADDITION DURING THE YEAR		0	2,084,167
DEDUCTION DURING THE YEAR		1,689,596	(436,084)
	TOTAL - III	10,984,695	9,295,099
IV SHARE PREMIUM			
OPENING BALANCE		22,439,927	18,779,218
ADDITION DURING THE YEAR		3,257,843	3,660,709
	TOTAL - IV	25,697,770	22,439,927
V REVENUE RESERVE			
OPENING BALANCE		20,932,007	20,932,007
ADDITION DURING THE YEAR		0	0
DEDUCTION DURING THE YEAR		0	0
	TOTAL - V	20,932,007	20,932,007
VI SPECIAL INFRA RESERVE			
OPENING BALANCE		3,555,300	3,555,300
ADDITION DURING THE YEAR		0	0
DEDUCTION DURING THE YEAR		0	0
	TOTAL - VI	3,555,300	3,555,300
VII PROFIT & LOSS ACCOUNT			
OPENING BALANCE		(9,353,189)	0
ADDITION DURING THE YEAR		(8,636,248)	(9,353,189)
DEDUCTION DURING THE YEAR		0	0
	TOTAL - VII	(17,989,437)	(9,353,189)
VIII SHARE APPLICATION MONEY PENDING ALLOTMENT		7,923,292	0
	TOTAL - VIII	7,923,292	0
TOTAL (I + II + III + IV + V +VI+VII+VIII)		68,979,899	64,745,416

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DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

	As at 31.03.2017 ₹ in '000'	As at 31.03.2016 ₹ in '000'
SCHEDULE - 3 DEPOSITS		
A I DEMAND DEPOSITS		
i. FROM BANKS	3,806,384	1,170,615
ii. FROM OTHERS	69,834,778	63,024,286
II SAVINGS BANK DEPOSITS	362,385,978	280,667,472
III TERM DEPOSITS		
i. FROM BANKS	19,458,785	94,530,494
ii. FROM OTHERS	684,144,771	734,918,557
TOTAL	1,139,427,674	1,174,309,603
B I DEPOSITS OF BRANCHES IN INDIA	1,139,427,674	1,174,309,603
II DEPOSITS OF BRANCHES OUTSIDE INDIA	0	0
TOTAL	1,139,427,674	1,174,309,603
SCHEDULE - 4 BORROWINGS		
I BORROWINGS IN INDIA		
i. RESERVE BANK OF INDIA	2,750,000	7,850,000
ii. OTHER BANKS	0	0
iii. OTHER INSTITUTIONS AND AGENCIES	4,998,767	9,593,255
iv. BONDS		
a) INNOVATIVE PERPETUAL DEBT INSTRUMENT (IPDI)	2,500,000	2,500,000
b) BASEL III COMPLIANT AT-1 BONDS	14,000,000	14,000,000
c) UPPER TIER II BONDS	0	3,000,000
d) SUBORDINATED DEBTS UNSECURED	14,560,000	14,560,000
e) BASEL III COMPLIANCE TIER II BONDS	11,800,000	7,800,000
II BORROWINGS OUTSIDE INDIA	0	3,410,000
TOTAL	50,608,767	62,713,255
SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		
I BILLS PAYABLE	5,010,637	9,693,958
II INTER OFFICE ADJUSTMENTS (NET)	6,112,570	0
III INTEREST PAYABLE	4,921,078	4,416,915
IV. CONTINGENT PROVISIONS AGAINST STANDARD ASSETS	6,339,252	5,628,169
V OTHERS (INCLUDING PROVISIONS)	6,964,012	6,139,732
TOTAL	29,347,549	25,878,774

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DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

	As at 31.03.2017 ₹ In '000'	As at 31.03.2016 ₹ In '000'
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I CASH IN HAND (INCLUDING FOREIGN CURRENCY NOTES)	6,244,078	5,975,075
II BALANCES WITH RESERVE BANK OF INDIA		
i. IN CURRENT ACCOUNTS	47,364,544	47,512,292
ii. IN OTHER ACCOUNTS (UNDER LAF)	6,500,000	0
TOTAL	60,108,622	53,487,367

	As at 31.03.2017 ₹ In '000'	As at 31.03.2016 ₹ In '000'
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I IN INDIA		
i. BALANCES WITH BANKS		
a. IN CURRENT ACCOUNTS	459,491	291,518
b. IN OTHER DEPOSIT ACCOUNTS	0	0
ii. MONEY AT CALL AND SHORT NOTICE		
a. WITH BANKS	0	0
b. WITH OTHER INSTITUTIONS	0	0
TOTAL - I	459,491	291,518
II OUTSIDE INDIA		
i. IN CURRENT ACCOUNTS	0	0
ii. IN OTHER DEPOSIT ACCOUNTS	2,075,200	0
iii. MONEY AT CALL AND SHORT NOTICE	0	0
TOTAL – II	2,075,200	0
TOTAL (I + II)	2,534,691	291,518

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DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

		As at 31.03.2017 ₹ in '000'		As at 31.03.2016 ₹ in '000'
SCHEDULE-8 INVESTMENTS				
I INVESTMENTS IN INDIA IN				
i. GOVERNMENT SECURITIES *		345,123,928		300,962,224
ii. OTHER APPROVED SECURITIES		0		0
iii. SHARES		3,541,027		2,421,506
iv. DEBENTURES AND BONDS		39,708,616		44,016,980
v. SUBSIDIARIES AND/OR JOINT VENTURES		193,319		193,319
vi. OTHERS				
a. VENTURE CAPITAL	426,519		452,360	
b. UNITS OF MUTUAL FUNDS	30,025		60,000	
c. COMMERCIAL PAPER	327,977		0	
d. SECURITY RECEIPTS OF ARCs	6,016,121		4,165,794	
e. CERTIFICATE OF DEPOSIT	2,004,725		0	
f. CBLO	-	8,805,367	0	4,678,154
TOTAL - I		397,372,257		352,262,182
II INVESTMENTS OUTSIDE INDIA		0		0
TOTAL (I + II)		397,372,257		352,262,182
GROSS INVESTMENTS		401,897,691		353,445,453
LESS: PROVISION FOR DEPRECIATION		(4,525,434)		1,183,271
NET INVESTMENTS		397,372,257		352,262,182
*Includes Securities Kept as Margin with RBI & CCI		11,270,500		19,389,200
SCHEDULE - 9 ADVANCES				
A. i. BILLS PURCHASED AND DISCOUNTED		8,510,333		8,840,617
ii. CASH CREDITS, OVERDRAFTS AND LOANS REPAYABLE ON DEMAND		339,425,454		401,142,048
iii. TERM LOANS		377,810,374		413,300,683
TOTAL - A		725,746,161		823,283,348
SECURITY WISE ADVANCES				
B. i. SECURED BY TANGIBLE ASSETS [Includes advances against book debts]		641,320,461		685,510,636
ii. COVERED BY BANK / GOVT. GUARANTEES		17,113,000		25,068,600
iii. UNSECURED		67,312,700		112,704,112
TOTAL - B		725,746,161		823,283,348
SECOTR WISE ADVANCES				
C. I. ADVANCES IN INDIA				
i. PRIORITY SECTOR		282,518,992		286,628,943
ii. PUBLIC SECTOR		74,446,497		114,093,745
iii. BANKS		2,227,100		3,306,433
iv. OTHERS		366,553,572		419,254,227
TOTAL - C I		725,746,161		823,283,348
II. ADVANCES OUTSIDE INDIA		0		0
TOTAL - C I + C II		725,746,161		823,283,348

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DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

	As at 31.03.2017 ₹ in '000'	As at 31.03.2016 ₹ in '000'
SCHEDULE -10 FIXED ASSETS		
A. TANGIBLE ASSETS		
I. PREMISES		
i. AT COST AS AT 31st MARCH OF THE PRECEEDING YEAR (Includes increase in the value on account of revaluation of certain premises in earlier years)	13,843,900	11,596,639
ii. ADDITION ON ACCOUNT OF REVALUATION DURING THE YEAR	0	2,084,167
iii. ADDITIONS DURING THE YEAR	72,899	160,695
iv. DEDUCTIONS DURING THE YEAR	0	0
v. DEPRECIATION TO DATE	(1,616,088)	(3,505,182)
vi. WORK IN PROGRESS	24,726	11,984
TOTAL – I	12,328,237	10,347,703
II. OTHER FIXED ASSETS (INCLUDING FURNITURE AND FIXTURES)		
i. AT COST AS ON 31st MARCH OF THE PRECEDING YEAR	7,955,776	6,925,540
ii. ADDITIONS DURING THE YEAR	436,893	1,948,611
iii. DEDUCTIONS DURING THE YEAR	(160,750)	(918,375)
iv. DEPRECIATION TO DATE	(4,926,845)	(4,832,705)
TOTAL – II	3,305,084	3,123,071
TOTAL - A (I + II)	15,630,301	13,470,774
B. INTANGIBLE ASSETS		
I. COMPUTER SOFTWARE		
i. AT COST AS AT 31st MARCH OF THE PRECEEDING YEAR	878,884	602,725
ii. ADDITION DURING THE YEAR	9,876	76,159
iii. DEDUCTION DURING THE YEAR		0
iv SOFTWARE UNDER IMPLEMENTATION	0	0
v. AMORTISED TO DATE	(748,999)	(667,468)
TOTAL - B	139,761	211,416
GRAND TOTAL (A+B)	15,770,062	13,682,190
SCHEDULE-11 OTHER ASSETS		
I. INTER - OFFICE ADJUSTMENTS (NET)	930,242	3,479,828
II. INTEREST ACCRUED	12,462,746	11,343,066
III. TAX PAID IN ADVANCE / TDS (Incl of MAT Entitlement & Net of provision)	12,044,319	12,606,459
IV. DEFERRED TAX ASSET (NET)	17,199,210	12,432,610
V. STATIONERY AND STAMPS	39,836	41,806
VI. NON BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS	98,600	98,600
VII. RIDF/ RHDF/ MSME REFINANCE/ MSME (RISK CAPITAL) FUND	40,717,154	40,930,920
VIII. OTHERS	11,211,488	10,477,498
TOTAL	94,703,595	91,409,786

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DENA BANK H.O. लेखा विभाग Account Dept. MUMBAI

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN-103869W

RAMESH C. AGRAWAL & CO. CHARTERED ACCOUNTANTS DELHI

ABP & ASSOCIATES CHARTERED ACCOUNTANTS FRN 315104E

KAILASHCHAND JAIN & CO. Chartered Accountants MUMBAI

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

SCHEDULE - 12 CONTINGENT LIABILITIES

	As at 31.03.2017 ₹ In '000'	As at 31.03.2016 ₹ In '000'
I. CLAIMS AGAINST THE BANK NOT ACKNOWLEDGED AS DEBTS	27,863,212	25,244,327
II. LIABILITY ON ACCOUNT OF PARTLY PAID SHARES	0	0
III. LIABILITY ON ACCOUNT OF OUTSTANDING FORWARD EXCHANGE CONTRACTS	297,580,842	265,158,365
IV. GUARANTEES GIVEN ON BEHALF OF CONSTITUENTS		
a) IN INDIA	69,030,787	62,014,096
b) OUTSIDE INDIA	0	0
V. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS	33,163,302	36,086,540
VI. OTHER ITEMS FOR WHICH THE BANK IS CONTINGENTLY LIABLE (DEAF)	2,670,000	2,359,286
TOTAL	430,288,143	390,862,615
BILLS FOR COLLECTION	28,780,737	29,080,846

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2017

SCHEDULE - 13 INTEREST EARNED

	SCH		Year ended 31.03.2017 ₹ in '000'		Year ended 31.03.2016 ₹ in '000'
I. INTEREST/DISCOUNT ON ADVANCES/ BILLS			69,687,859		77,550,639
II. INCOME ON INVESTMENTS			29,060,906		26,081,069
III. INTEREST ON BALANCES WITH RESERVE BANK OF INDIA AND OTHER INTER BANK FUNDS			370,547		379,924
IV. OTHERS			2,697,418		2,445,707
TOTAL			101,818,729		106,457,339

SCHEDULE - 14 OTHER INCOME

I. COMMISSION, EXCHANGE AND BROKERAGE			2,275,952		2,140,634
II. PROFIT ON SALE OF INVESTMENTS		6,792,704		1,483,357	
LESS: LOSS ON SALE OF INVESTMENTS		(472,990)	6,319,714	(417,388)	1,065,969
III. PROFIT/ (LOSS) ON SALE OF LAND, BUILDINGS AND OTHER ASSETS (NET)			(3,841)		(5,473)
IV. PROFIT ON FOREIGN EXCHANGE TRANSACTIONS (NET)			330,424		738,123
V. INCOME EARNED BY WAY OF DIVIDENDS ETC. FROM SUBSIDIARIES / COMPANIES AND/ OR JOINT VENTURES ABROAD/ IN INDIA			37,914		29,628
VI. MISCELLANEOUS INCOME			3,553,822		3,199,090
TOTAL			12,513,985		7,167,971

SCHEDULE - 15 INTEREST EXPENDED

I. INTEREST ON DEPOSITS			72,130,419		77,167,080
II. INTEREST ON RESERVE BANK OF INDIA/ INTER BANK BORROWINGS			495,971		556,681
III. OTHERS			5,106,739		3,966,124
TOTAL			77,733,129		81,689,885

SCHEDULE - 16 OPERATING EXPENSES

I. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			14,540,846		14,481,301
II. RENT, TAXES AND LIGHTING			2,080,310		2,119,597
III. PRINTING AND STATIONERY			240,394		199,316
IV. ADVERTISEMENT AND PUBLICITY			175,630		155,435
V. DEPRECIATION ON BANK'S PROPERTY			31,317		845,053
VI. DIRECTORS' FEES, ALLOWANCES & EXPENSES			14,375		12,728
VII. AUDITORS' FEES AND EXPENSES (INCLUDING BRANCH AUDITORS)			140,323		141,167
VIII. LAW CHARGES			148,130		111,984
IX. POSTAGE, TELEGRAMS, TELEPHONES ETC			339,158		316,363
X. REPAIRS AND MAINTENANCE			337,912		309,348
XI. INSURANCE			1,279,203		1,130,067
XII. OTHER EXPENDITURE			3,067,855		2,860,092
TOTAL			22,395,453		22,682,459

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JAIN & JAIN MUMBAI FRN-103865W CHARTERED ACCOUNTANTS

RAMESH C. AGRAWAL & CO. DELHI CHARTERED ACCOUNTANTS

ABP & ASSOCIATES CHARTERED ACCOUNTANTS

KAILASHCHAND JAIN & CO. MUMBAI Chartered Accountants

SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES

17.1 BASIS OF ACCOUNTING

Bank's financial statements are prepared under the historical cost convention, on accrual basis of accounting, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by Reserve Bank of India (RBI), Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), to the extent applicable and generally the practices prevailing in the banking industry in India.

17.2 USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

17.3 INVESTMENTS

A Basis of Classification

Investments have been categorized as per guidelines of Reserve Bank of India (i) Held to Maturity (ii) Available for Sale (iii) Held for Trading and are disclosed in the accounts under six classifications at the value net of depreciation provision thereon.

B Valuation

Investments are valued as per Reserve Bank of India guidelines in the following manner:

Basis:

'Held to Maturity'
Investments held under this category are carried in books at their acquisition cost. Premium, if any, paid on acquisition is amortized using straight line method.

'Available for Sale' and 'Held for Trading'
These investments are marked to market scrip wise. Depreciation/Appreciation for each of six classifications is aggregated; net depreciation, if any, for each classification is provided for, but net appreciation is ignored.

C **Methodology**

All investments of Bank are valued consistently on Average Cost Method. Market value of quoted securities in case of investments included in the 'Available for Sale' and 'Held for Trading' categories is taken based on last closing rate of recognized stock exchange/s or price list of FIMMDA [Fixed Income Money Market and Derivatives Association of India].

The value in case of unquoted securities and securities where market quotes are not available, is determined based on Prices / Yield to Maturity declared by FIMMDA [Fixed Income Money Market and Derivatives Association of India] and Net Asset Value in case of units of Mutual Funds / SRs of ARCs / SCs/Venture Capital Fund and Net Book Value in case of Shares of Companies.

Treasury Bills, Commercial Papers, Certificate of Deposits. CBLO, Rural Infrastructure Development Funds and Investments including Share Capital Deposits in Regional Rural Banks are valued at carrying cost.

D **INCOME RECOGNITION AND PRUDENTIAL NORMS**

Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification of all Investments, Income Recognition and Provisioning on such investments.

Commission, brokerage, broken period interest on investment transactions are debited and /or credited to Profit and Loss Account in the year of transaction.

Profit on sale of investments under the category "Held to Maturity" is taken to Profit and Loss Account and thereafter appropriated to "Capital Reserve Account" whereas loss on sale of investments is recognized in the Profit & Loss Account.

17.4 ADVANCES

A Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification, Income Recognition and Provisioning thereon. Accordingly, all advances are being classified into Standard, Sub-standard, Doubtful and Loss Assets.

B Advances are stated net of provisions for Non Performing Assets, provision in lieu of diminution in the fair value of Restructured Accounts, Balance in Sundries Account in respect of NPA accounts, DICGC/ECGC Claims received and held pending adjustment, part payment received and kept in Suspense Account.

C A general provision for Standard Assets is made in conformity with the prudential norms. Provision on Standard Assets and excess Provision on Sale of NPA accounts are included in 'Other Liabilities and Provisions' in Schedule 5 to the Balance Sheet.

D Recoveries in Non Performing Advances are first appropriated towards principal outstanding and surplus, if any, is recognized as income.

DENA BANK H.O. लेखा विभाग Account Deptt. MUMBAI

JAIN & JAIN MUMBAI FRN-103869W CHARTERED ACCOUNTANTS

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KAILASHCHAND JAIN & CO. MUMBAI Chartered Accountants

E In case of sale of financial assets to the Asset Reconstruction Company (ARC) / Securitisation Company (SC)/ Banks/ FIs / NBFCs at a price below the Net Book Value (NBV), i.e. Book Value Less Provision held, the shortfall is debited to the Profit and Loss Account and in case of sale at a value higher than the NBV, the excess provision is not being reversed but is kept for utilization to meet the shortfall/loss on account of sale of other financial assets to ARC/SC/Banks/FIs/NBFCs.

Balance in the FITL Accounts in case of failed restructured cases is debited to the provisions for FITL] Accounts.

17.5 **FIXED ASSETS & DEPRECIATION**

A Fixed assets are stated at historical cost except wherever revalued.

B Premises also include cost of land in some of the properties where the same could not be segregated.

C Fixed Assets are depreciated under Straight Line Method on the basis of useful life prescribed under schedule-II of the Companies Act 2013 for the respective assets.

D Depreciation has been charged on Depreciable Amount after deducting residual value of the assets. Residual Value has been considered @ 5% of the original cost of each class of Asset.

E Depreciation on additions/sale/ deletion to fixed assets made during the year is provided at proportionately for the period of use of the assets.

F Cost of leasehold land is amortized over the period of lease.

G Depreciation attributable to revalued portion, is charged to the Revaluation Reserve Account

H Computer Software Expenses are considered as Intangible Assets and are amortized over a period of five years, which is considered as useful economic life of such assets.

I Fixed Assets include Capital Work-in-Progress.

17.6 **IMPAIRMENT OF ASSETS**

Impairment loss, if any, on Fixed Assets is recognised in accordance with AS 28 - Impairment of Assets, issued by ICAI and charged to Profit and Loss Account.

17.7 **LEASE ACCOUNTING**

Lease payments for assets taken on operating lease are recognized in the Profit & Loss Account over the lease term in accordance with AS 19 – Leases, issued by ICAI.

DENA BANK H.O. लेखा विभाग Account Dept.

JAIN & JAIN MUMBAI FRN-103869W CHARTERED ACCOUNTANTS

RAMESH C. AGRAWAL & CO. DELHI CHARTERED ACCOUNTANTS

ABP & ASSOCIATES FRN 315104E CHARTERED ACCOUNTANTS

KAILASHCHAND JAIN & CO. MUMBAI Chartered Accountants

17.8 **NON BANKING ASSETS**

Non Banking Assets are stated at cost.

17.9 **REVENUE RECOGNITION**

I Commission on Letters of Credit/ Bank Guarantees/ Government Business / Distribution of Insurance Policies/ Mutual Fund Products/ASBA; Locker Rent, Interest on Refund of Taxes, Dividend, Income on Units of Mutual Funds, Rental Income, and Service Charges on various Deposit Accounts are recognized on realization basis.

II Interest/ Discount on Non-Performing Loans & Advances/ Investments is recognized to the extent realized as per the prudential guidelines of RBI.

III Recoveries in Written Off Advances / Investments are being accounted for as 'Miscellaneous Income'.

17.10 **RECOGNITION OF EXPENSES**

I Pursuant to RBI Circular dated 22nd August, 2008, Interest payable on matured and unpaid Term Deposits is provided on accrual basis on Saving Bank Rate on deposits matured on or after 22.08.2008.

II Expenses on the issue of shares, bonds etc. are recognized in the year of incurrence.

III Legal Expenses in case of Suit Filed Accounts are charged to Profit and Loss Account.

IV Expenditure on Voluntary Retirement Scheme [VRS] is recognized in the year of payment.

17.11 **EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES**

A Foreign Currency monetary items including outstanding forward exchange contracts in foreign currency are valued at the year-end on the rates issued by Foreign Exchange Dealers' Association of India (FEDAI) and the resultant profit/loss arising out of such revaluation is accounted for in the Profit & Loss Account.

B Foreign Currency non-monetary items which are carried in terms of historical cost, are reported at the exchange rate on the date of transaction.

C Guarantees, letters of credit, acceptances, endorsements and other obligations in foreign currency are also revalued at the year-end on the rates issued by FEDAI for the purpose of Balance Sheet exposure.

D Income and Expenditure items are recognized at the exchange rates prevailing on the date of transaction.

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN-103869W

RAMESH C. AGRAWAL & CO. CHARTERED ACCOUNTANTS DELHI

ABP & ASSOCIATES CHARTERED ACCOUNTANTS 315104E

KAILASHCHAND JAIN & CO. Chartered Accountants MUMBAI

17.12 **EMPLOYEE BENEFITS**

Gratuity, Pension and Leave Encashment payable on retirement; and other employee benefits are charged to Profit & Loss Account as per actuarial valuation as required by AS 15 [R] issued by ICAI.

17.13 **TAXES ON INCOME**

i Current Tax is provided using applicable tax rates on the amount worked out on the basis of applicable tax laws, judicial pronouncements / legal opinions and the past assessments.

ii Deferred Tax is recognised subject to consideration of prudence on timing difference, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

17.14 **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A As per AS 29 - Provisions, Contingent Liabilities and Contingent Assets issued by ICAI, the Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources is expected to settle the obligation and a reliable estimate of the amount of obligation can be made.

B Contingent Liabilities are disclosed in a case when there is a present or possible obligation and it is not probable that an outflow of resources will be required to settle it.

C Contingent Assets are neither recognised nor disclosed.

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SCHEDULE – 18

NOTES FORMING PART OF THE ACCOUNTS

18.1 Reconciliation of entries under Inter Branch/ Inter Bank transactions, Nominal Account and old entries is an ongoing process. Balances with Reserve Bank/ Other Banks have been reconciled except certain entries which are under process of reconciliation. Consequential impact of pending reconciling items as stated above is not ascertainable. However provision there against has been made as per RBI guidelines.

18.2 Provision on standard assets has been given effect in the accounts according to revised RBI guidelines as under:

- i. 0.25% of the outstanding in Farm Credit to Agriculture activities and small and Micro Enterprises (SME) Sectors.
- ii. 1.00% of the outstanding in Commercial Real Estate [CRE] sector and also in cases where commencement date of operations is extended.
- iii. 0.75% on advances to Commercial Real Estate-Residential Housing (CRE-RH) Sector.
- iv. 2.00% of the outstanding in Housing Loans @ teaser rates.
- v. 0.40% of the outstanding in all other advances [i.e. except 18.2 [i],[ii] [iii] and [iv] above]
- vi. 5% for the period covering the period of moratorium allowed as per the restructuring package and 2 years thereafter, in restructured standard accounts.
- vii. Higher provision has been made @ 10% and 15% on certain Standard Assets in compliance with the RBI directive.
- viii. Additional provision on SDR Accounts and against FCI exposure on Govt of Punjab has been made as per RBI Directives

18.3 Classification of advances and provisioning there-against in case of 1109 unaudited branches have been incorporated as certified by the Branch Managers.

18.4 During the year, Bank has incurred loss of ₹ 863.62 cr (Previous year ₹ 935.32) which has been carried forward to Profit & Loss Account under Schedule-2 "Reserve & Surplus". In view of this, Bank has not appropriated any amount to any of the Reserves including Capital Reserves.

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18.5 Disclosures in terms of RBI guidelines are as under;

a. Capital:

During the year, the Bank has issued:

i) 12,02,15,633 equity shares of ₹ 10/- each to Government of India (GOI) at a price of ₹ 37.10 per share (including premium of ₹ 27.10 per share), on preferential basis in accordance with Chapter VII of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009 aggregating to ₹ 407 cr.

ii) 4000 Unsecured, Subordinated, Non-convertible Basel III compliant Tier II bonds, in the nature of debentures, of the face value of ₹ 10/- lakh each at par aggregating to ₹ 400 cr, on private placement basis.

iii) The Bank has received remittance of ₹ 600 cr from Government of India, ₹172.33 crore from LIC of India and ₹ 20 cr from GIC of India, for allotment of equity shares to them on preferential basis and the same has been kept as share application money and treated as CET-1 capital, as per advice from Government of India & Reserve Bank of India, for the FY ending march 31, 2017 pending allotment.

Sr. No	Particulars	As on 31.03.2017		As on 31.03.2016	
		Basel III	Basel II	Basel III	Basel II
i	Common Equity Tier 1 capital ratio (%)	7.24	-	7.14	-
ii	Tier 1 Capital Adequacy ratio (%)	9.05	7.97	8.59	7.56
iii	Tier 2 Capital Adequacy ratio (%)	2.34	4.10	2.41	3.71
iv	Total Capital Adequacy ratio (CRAR) (%)	11.39	12.07	11.00	11.27
v	Percentage of the shareholding of the Government of India in the Bank	68.55%	68.55%	62.89%	62.89%
vi	Amount of equity capital raised (₹ in cr) including premium	1199.33	1199.33	471.86	471.86
vii	Amount of Additional Tier 1 capital raised of which				
	PNCPS:	NIL	NIL	NIL	NIL
	PDI:	NIL	NIL	1000	1000
viii	Amount of Tier 2 capital raised; of which				
	Debt capital Instrument (₹ in cr)	400	400	NIL	NIL
	Preference Share Capital	NIL	NIL	NIL	NIL

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	Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]				

Bank has considered the Revaluation Reserve and Deferred Tax Asset for CET1 Capital as prescribed by RBI vide its circular No. DBR.BP.BC.83/21.06.201/2015-16

b. Investments:

	Particulars		(₹ in cr)
1	**Value of Investments**	**31.03.2017**	**31.03.2016**
	(i) Gross Value of Investments		
	(a) In India	40,189.77	35,344.55
	(b) Outside India	0.00	0.00
	(ii) Provisions for Depreciation		
	(a) In India	452.54	118.33
	(b) Outside India	0.00	0.00
	(iii) Net Value of Investments		
	(a) In India	39,737.23	35,226.22
	(b) Outside India	0.00	0.00
2.	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	118.33	124.46
	(ii) Add: Provisions made during the year	334.21	2.63
	(iii) Less: Write-off during the year	0.00	5.55
	(iv) Less : Depreciation adjusted by reducing Book Value of Investment under AFS/HFT category shifted to HTM	0.00	3.21
	(v) Less : Write-back of excess provisions during the year	0.00	0.00
	(vi) Closing balance	452.54	118.33

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I. **The category wise position of holding of "Investment Portfolio" is as under:**

(₹ in cr)

Categories	31.03.2017	31.03.2016
Gross Value of Investment		
A. Held to Maturity	25,872.85	27,464.94
B. Available for Sale	13,911.25	7,879.61
C. Held for Trading	405.67	0.00
Total	**40,189.77**	**35,344.55**
Less : Depreciation	452.54	118.33
Net Value of Investments	**39,737.23**	**35,226.22**

II. **REPO Transactions (in face value terms):**

(₹ in cr)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as on 31.03.17
Securities sold under repo				
i. Govt Securities	150.00	1,280.00	344.90	275.00
ii. Corporate Debt Securities	0.00	0.00	0.00	0.00
Securities purchased under reverse repo				
i. Govt Securities	31.00	6,400.00	399.60	650.00
ii. Corporate Debt Securities	0.00	0.00	0.00	0.00

III. **Non SLR Investment Portfolio:**

a. Issuer Composition of Non SLR Investment (As on 31.03.2017):

(₹ in cr)

Sl. No.	Issuer (1)	Amount (2)	Extent of private placement (3)	Extent of 'below investment grade' securities (4)	Extent of 'unrated' securities (5)	Extent of 'unlisted' securities (6)
1	PSUs	3,431.70	3,253.00	0.00	0.00	0.00
2	FIs	544.07	273.92	0.00	0.00	5.68

3	Banks	357.64	302.97	0.00	0.00	0.00
4	Private Corporates	581.97	481.18	0.00	0.02	0.02
5	Subsidiaries/ Joint Ventures	19.33	19.33	0.00	18.28	18.28
6	Others	501.59	0.00	0.00	0.00	0.00
7	Sub Total	5,436.30	0.00	0.00	18.30	23.98
8	Less: Provision held towards depreciation	211.47				
9	**Total**	**5,224.83**	0.00	0.00	18.30	23.98

b. Non-performing Non-SLR Investments:

(₹ in cr)

Particulars	**2016-17**	**2015-16**
Opening balance	115.92	121.29
Additions during the year	45.77	10.06
Reductions during the year	1.40	15.43
Closing Balance	160.29	115.92
Total provisions held	141.42	115.92

Sale and Transfers to/ from HTM Category

i. The value of sales and transfer of securities to/from HTM category did not exceed 5% of the Book Value of Investments held in HTM category at the beginning of the year.

ii. The Bank has amortized premium of ₹ 62.15 cr during the year (Previous year ₹ 52.59 cr) for securities classified under "Held to Maturity" category in terms of Accounting Policy as stated at para 17.3, and the said amount has been charged to Profit and Loss Account by reducing value of the respective securities to that extent.

iii. In accordance with the guidelines issued by RBI, the Bank has shifted securities from one category to another during the year. The consequential depreciation amounting to ₹ 10.21 cr (previous year ₹ 10.84 cr) on account of shifting securities from "Available for Sale" and "Held for Trading" category to "Held to Maturity" category has been charged to Profit & Loss Account by reducing book value of these securities.

iv The Bank has an investment of ₹ 19.33 cr (Previous year ₹ 19.33 cr) in one Regional Rural Bank (RRB) sponsored by the Bank. This includes Investment of ₹ 18.28 cr (Previous Year ₹ 18.28 cr) by way of Share Capital deposits, towards recapitalization of the RRBs. Investment has been valued at cost in accordance with the RBI guidelines.

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18.6 Derivatives:

a. Forward Rate Agreement/ Interest Rate Swap

S No	Particulars	2016-17	2015-16
I	The notional principal of swap agreements	NIL	NIL
II	Losses which would be incurred if counter parties 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

b. Exchange Traded Interest Rate Derivatives:

S No	Particulars	2016-17	2015-16
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 as on 31st March. (instrument wise)	NIL	NIL
III	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective".(instrument wise)	NIL	NIL
IV	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".(instrument wise)	NIL	NIL

c. Disclosures on risk exposure in derivatives:

i. Qualitative Disclosure

The Treasury Policy & Derivative Policy of the Bank lays down the type of financial derivates instruments, scope of usages, approval process as also the limits like the open position limits, deal size limits and counter party exposure limits besides delegated power for trading in the approved instruments.

Bank is exposed to credit risk, market risk, country risk and operational risk. Bank has risk management policies approved by the Board of Directors which is designed to measure the financial risks for transactions in the trading book on a regular basis. The Risk Management Department measures the financial risk for transactions through measurement tools such as MTM, VaR, Convexity and Modified Durations, and Sensitivity Analysis on a daily basis and Stress Testing, VaR Back Testing on a monthly basis. The reports are submitted to the Top Management which appraises the risk profile to the ALCO. The guidelines issued by RBI, FEDAI & FIMMDA from time to time are followed.

ii. Quantitative Disclosure

(₹ in cr)

Sr. No	Particulars	2016-17		2015-16	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)	29,756.08	NIL	26,515.64	NIL
	a) For hedging	19,714.74	NIL	14,992.77	NIL
	b) For trading	10,041.34	NIL	11,522.86	NIL
(ii)	Marked to Market Positions				
	a) Asset (+)	(-)708.73	NIL	(-)217.24	NIL
	b) Liability (-)	737.21	NIL	230.26	NIL
(iii)	Credit Exposure	183.15	NIL	51.12	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	90.59	NIL	82.04	NIL
	a) on hedging derivatives	60.01	NIL	46.39	NIL
	b) on trading derivatives	30.58	NIL	35.65	NIL
(v)	Maximum of 100*PV01 observed during the year	114.00	NIL	91.75	NIL
	a) on hedging-	68.42			
	b) on trading	45.58			
	Minimum of 100*PV01 observed	80.00	NIL	77.12	NIL

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	during the year				
	a) on hedging	54.73	NIL		
	b) on trading	25.27	NIL		

1. Bank does not have the derivative transaction except Forward Contracts like Merchant Forward Contracts and Inter Bank Contracts done for Arbitrage, Funding and Merchant Transactions covering and Proprietary Trading activities.

2. Bank is calculating PV01 of outstanding Forward Exchange Contract on quarterly basis collectively on hedging and trading positions.

18.7 Asset Quality:

a. Non Performing Assets:

(₹ in cr)

Particulars	**2016-17**	**2015-16**
I. Net NPA to Net Advances (%)	10.66	6.35%
II. Movement of NPAs (Gross)		
Opening Balance	8560.49	4,393.04
Additions during the year	6767.37	6,098.45
Reductions during the year	2709.13	1,931.00
Closing Balance	12618.73	8,560.49
III. Movement of Net NPAs		
Opening Balance	5230.47	3,014.30
Additions during the year	4574.40	3,978.17
Reductions during the year	2069.75	1,762.00
Closing Balance	7735.12	5,230.47
iv. Movement of Provision for NPAs (Excluding provision on Standard Assets)		
Opening Balance	3322.32	1,372.22
Add: Provisions made during the year	2457.75	2,724.09
Less: Write off / write back of excess provisions during the year	902.40	773.99
Closing balance	4877.67	3,322.32

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b. **Particulars of Accounts Restructured:**

Disclosure of Restructured Accounts as of 31.03.2017

(₹ in cr)

Sl	Type of Restructuring		CDR Mechanism					SME					Others					Total				
	Asset Classification Details		Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (18) (opening figure)*	No of borrowers	23	0	11	0	34	17	[illegible]	[illegible]	12	147	[illegible]	[illegible]	[illegible]	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Amt O/s	1,487.55	0	1,235.36	0	2,722.91	177.47	49.10	123.32	0.14	350.03	3,177.11	123.00	1,344.29	0.56	4,644.96	4,842.13	172.10	2,702.97	0.69	7,617.88
		Provision thereon	99.15	0	1.62	0	100.77	0.15	0.76	0	0	0.91	63.02	1.81	0	0	64.83	162.32	2.57	1.62	0	166.51
2	Fresh Restructuring during the year	No of borrowers	0	0	0	0	0	1	0	0	0	1	1064	0	0	0	1064	1065	0	0	0	1065
		Amt O/s	0	0	0	0	0	36.35	0	0	0	36.35	344.45	0	0	0	344.45	380.80	0	0	0	380.80
		Provision thereon	0	0	0	0	0	0	0.00	0	0	0.00	1.95	0	0	0	1.95	1.95	0	0	0	1.95
3	Upgradations to restructured standard category during the FY	No of borrowers	0	0	0	0	0	1	-1	0	0	0	12	-12	0	0	0	13	-13	0	0	0
		Amt O/s	0	0	0	0	0	6.07	-6.07	0	0	0	5.18	-5.18	0	0	0	11.25	-11.25	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	-4	0	-5	0	-9	-6	-18	-48	4	-63	-1382	-47	-142	-26	-1597	-1392	-60	-195	-22	-1669
		Amt O/s	-121.12	0	-486.99	0	-608.11	-0.86	0	0	0	-0.86	-629.66	0	0	0	-629.66	-751.52	0	-486.99	0	-1218.51
		Provision thereon	-3.24	0	0	0	-3.24	0	0	0	0	0	0	0	0	0	0	-3.24	0	0	0	-3.24
5	Downgradations of restructured accounts during the FY	No of borrowers	-6	1	5	0	0	-6	6	0	0	0	-89	81	8	0	0	-101	88	13	0	0
		Amt O/s	-498.00	49.21	448.79	0	0	-11.43	11.43	0	0	0	-382.02	235.17	146.85	0	0	-891.44	296.80	612.64	0	0
		Provision thereon	-27.79	0	0	0	-27.79	0	0	0	0	0	0	0	0	0	0	-27.79	0	0	0	-27.79
6	Write-offs restructured accounts during FY	No of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	0	2	0	2
		Amt O/s	0	0	0	0	0	0	0	0	0	0	0	0	-96.00	0	-96.00	0	0	-96.00	0	-96.00
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Restructured Accounts as on 31.03.2017	No of borrowers	13	1	11	0	25	8	7	70	16	101	2569	113	1130	54	3866	2590	121	1211	70	3992
		Amt O/s	781.84	49.21	1,407.85	0	2,239.00	162.05	11.43	129.09	12.11	334.68	2,497.85	237.67	1,213.87	0.50	3,949.87	3,401.83	298.31	2,750.81	12.61	6,523.36
		Provision thereon	32.13	0	0	0	32.18	0.16	0	0	0	0.16	47.34	0	0	0	47.34	79.62	0	0	0	79.62

* In case of standard accounts only those standard accounts to be taken where standard assets provisioning is more than 0.40%
Provision amount pertains to erosion amount only
For upgradation, in NPA cell, minus sign is being used and in standard cell plus sign is being used
For degradation, in NPA cell, plus sign is being used and in standard cell minus sign is being used.

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c. **Details of Financial assets sold to Securitisation /Reconstruction Company for Asset Reconstruction:**

(₹ in cr)

Particulars	2016-17	2015-16
i. No. of accounts	22	18
ii. Aggregate value (net of provisions) of accounts sold to SC/RC	247.99	248.14
iii. Aggregate consideration	324.49	252.54
iv. Additional consideration realized in respect of accounts transferred in earlier years	0.00	NIL
v. Aggregate gain over Net Book Value (NBV)	76.50	4.40

d. **Details of non-performing financial assets purchased/sold**

I Details of non-performing financial assets purchased:

(₹ in cr)

Particulars	2016-17	2015-16
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding	NIL	NIL
Of these, number of accounts restructured during the year	NIL	NIL
Aggregate outstanding	NIL	NIL

II **Details of non-performing financial assets sold:**

(₹ in cr)

Particulars	2016-17	2015-16
No. of accounts sold	NIL	NIL
Aggregate outstanding	NIL	NIL
Aggregate consideration received	NIL	NIL

e. **Provision Coverage Ratio (PCR)**

Particulars	2016-17	2015-16
Provision Coverage Ratio	50.56%	52.79%

As on Balance Sheet Date Provision Coverage Ratio is 50.56% calculated as per RBI circular no. RBI2009-10/240 DBOD.No.BP.BC.64/21.4.048/2009-10 dated 01.12.2009. In terms of RBI circular no. DBOD.No.BP.BC. 87/21.04.048 /2010-11 April 21, 2011 on PCR, shortfall of ₹ 3041.43 cr in Countercyclical Provisioning Buffer, is to be built up by the Bank at the earliest.

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ABP & ASSOCIATES FRN 315104E CHARTERED ACCOUNTANTS

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f. Additional Disclosure requirements relating to sale of non-performing assets (NPAs) to Securitisation Companies(SCs)/ Reconstruction Companies (RCs)

As per RBI circular no. RBI/2014-15/508 DBR.No.BP.BC.78/21.04.048/2014-15 dated March 20, 2015, the details of sale of NPAs to SCs and RCs is as below:

(₹ in cr)

Particulars	Book Value of Investments in security receipts	
	2016-17	2015-16
Backed by NPAs sold by the Bank as underlying	611.06	426.02
Backed by NPAs sold by other Banks/ financial institutions/non banking financial companies as underlying	Nil	Nil
Total	**611.06**	**426.02**

g. As per RBI circular no. RBI/2014-15/508 DBR.No.BP.BC.78/21.04.048/2014-15 dated March 11,2015, during the FY 2016-17, Bank has reversed an excess provision amounting to ₹NIL (PY ₹ NIL) on account of sale of NPAs.

h. Movement of Frauds

(₹ in cr)

	2016-17		2015-16	
	Number	Amount	Number	Amount
Opening Balance	533	1207	513	1,136.22
Add: Reported During the year	43	468.09	22	71.03
Less: Closed during the year	0	0	2	0.25
Closing Balance	576	1675.09	533	1,207.00

i. **Food Credit Exposure:** Bank's exposure in food credit to Food Corporation of India (FCI) was aggregating to ₹ 592.32 cr (PY ₹1,346.71 cr). Out of this, exposure to Government of Punjab (GoP) was ₹ 339.78 cr (PY ₹540.71 cr). There was a gap between outstanding Food Credit to GoP and Value of Stock and receivables for which neither GoP nor FCI was accepting liability. RBI vide their letter dated 12.04.2016 informed the Secretary, Department of Expenditure, Ministry of Finance to make provision @ 15% by March 2017 (PY 7.50% by March 16) on outstanding food credit to GoP. Accordingly, Bank has made provision of ₹ 50.97 cr (PY ₹ 40.55 cr) on its share of outstanding balance.

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j. Strategic Debt Restructuring (SDR) [Accounts which are currently under the stand-still period] as on 31.03.2017:

(₹ in cr)

No of Accounts where SDR has been invoked	Amount o/s as on the reporting date		Amount o/s as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount o/s as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Standard	NPA	Standard	NPA	Standard	NPA
9*	1,429.07	0.00	131.02	0.00	1,298.05	0.00

* failed SDR accounts not considered

k. Change in ownership of projects under implementation (accounts which are currently under the stand-still period) as on 31.03.2017

(₹ in cr)

No of project loan accounts where bank has decided to effect change in ownership	Amount o/s as on the reporting date		
	Standard	Standard restructured	NPA
Nil			

l. Change in ownership outside SDR scheme (accounts which are currently under the stand-still period) as on 31.03.2017

(₹ in cr)

No of accounts where bank has decided to effect in change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/ invocation of pledge of shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/ invocation of pledge of shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change of ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
1	94.17	0	0	0	0	0	94.17	0

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m. **Flexible Structuring of Existing Loans as on 31.03.2017**

(₹ in cr)

No of borrowers taken up for flexible structuring	Amount of loan taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring (in years)	
	Standard*	NPA	Before applying Flexible structuring	After applying Flexible structuring
6	388.26	0	10.27	17.29
[5]	[691.21]	[0]	[7.35]	[22.36]

* Outstanding balance and asset classification taken as on date of flexible structuring of accounts

Figures given in [] are of previous year.

n. **Scheme for Sustainable Structuring of Stressed Assets [S4A], as on 31.03.2017:**

(₹ in cr)

	No of account where S4A has been applied	Aggregate amount o/s	Amount O/s		Provision held
			In Part A	In Part B	
Standard	5 *	526.93	0.00	0.00	2.11 #
NPA	0	0	0	0	0

* In the above accounts, lenders have decided to proceed with S4A scheme. Accounts are under Stand-still period and finalization of resolution plan is under process.

Provision as applicable to standard assets. Provision as applicable to S4A scheme will be made at the time of implementation of resolution plan.

18.8 Provision for Standard Assets:

(₹ in cr)

Particulars	2016-17	2015-16
Provision for Standard Assets made during the year	51.11	-15.02
Balance of Provision for Standard Assets as on the Balance Sheet Date	633.93	582.82

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18.9 Business Ratios:

Particulars	2016-17	2015-16
i. Interest Income as a percentage to Working funds	7.87%	8.25%
ii. Non-Interest Income as a percentage to Working funds	0.97%	0.68%
iii. Operating Profit as a percentage to Working Funds	1.07%	0.73%
iv. Return on Assets	-0.67%	-1.02%
v. Business (Deposits plus advances) per employee (₹ in cr)	13.69%	14.62
vi. Profit per employee (₹ in lacs)	-6.18%	-2.35

18.10 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in cr)

Particulars	Day 1	2 to 7days	8 to 14 days	15 to 30 Days	31 Days to 2 Months	Morethan 2 Months and up to 3 Months	Over 3 Months and up to 6months	Over 6 months & upto 1 years	Over 1 Year & up to 3 Years	Over 3 Year & up to 5 Years	Over 5 Year	Total
Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Borrowings	0.00	[illegible]	0.00	0.00	0.00	0.00	0.00	0.00	[illegible]	0.00	[illegible]	[illegible]
Advances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4437.17	[illegible]	[illegible]
Investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Foreign Currency Assets	[illegible]	[illegible]	[illegible]	6.14	[illegible]	61.16	[illegible]	[illegible]	[illegible]	[illegible]	0.00	[illegible]
Foreign Currency Liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.00	0.00	0.00	[illegible]

18.11 Exposures;

a. Exposure to Real Estate Sector:

(₹ in cr)

Category	2016-17	2015-16
a. Direct Exposure		
i. Residential Mortgages		
- Individual Housing Loans eligible for inclusion in priority sector	3297.87	3,047.36
- Others	3752.21	4,185.28
Total	**7050.08**	**7,232.64**

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Category	2016-17	2015-16
ii. Commercial Real Estate Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multifamily residential building, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc) Exposure would also include non fund based (NFB) limits	1228.33	1,262.48
iii Investment in Mortgage Backed Securities (MBS) and other securitised exposures a. Residential b. Commercial real estate	0.00	0.00
b. Indirect Exposure on National Housing Bank (NHB)and Housing Finance Companies (HFCs) -Fund Based -Non-Fund Based	2508.73 0.00	1,762.08 0.00
Total Exposure to Real Estate Sector	**10787.14**	**10,257.20**

b. Exposure to Capital Market:

(₹ in cr)

Sr. No.	Particulars	2016-17	2015-16
1	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	63.35	83.18
2	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPS), convertible bonds and convertible debentures, units of equity oriented mutual funds	0.05	0.00
3	Advances for any other purposes where convertible shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.07	0.06
4	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;	0.00	0.00

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5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	40.00	40.07
6	Loans sanctioned to corporate 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;	0.00	0.00
7	Bridge loans to companies against expected equity flows/issues;	0.00	0.00
8	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or units of equity oriented mutual funds	0.00	0.00
9	Financing to stockbrokers for margin trading	0.00	0.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	44.34	46.92
	Total Exposure to Capital Market	**147.81**	**170.23**

18.12 Risk Category wise Country Exposure:

a. In respect of Foreign Exchange transactions, where the Bank's net funded exposure computed as per the guidelines of the RBI with each country exceeded 1% of the total assets of the Bank, the Bank is required to make the provision. Since, Bank's net funded exposure in any country does not exceed 1% of total assets, no provision (Previous year NIL) is made.

(₹ in cr)

Risk Category*	Exposure (net) as at March 2017	Provision held as at March 2017	Exposure (net) as at March 2016	Provision held as at March 2016
Insignificant	311.96	0.00	438.89	0.00
Low Risk	195.77	0.00	275.54	0.00
Moderate Risk	12.37	0.00	6.66	0.00
High Risk	0.00	0.00	0.40	0.00
Very High Risk	0.25	0.00	1.27	0.00
Restricted	0.00	0.00	0.00	0.00
Off Credit	0.00	0.00	0.00	0.00
Total	**520.34**	**0.00**	**722.76**	**0.00**

b. <u>Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank</u>

During the year 2016-17, the Bank has not exceeded prudential credit exposure limit in respect of group/single borrower.

18.13 Unsecured Advances

(₹ in cr)

No.	Particulars	2016-17	2015-16
1.	Total Unsecured Advances as of 31.03.17	6,731.27	11,288.95
2 a	Out of which secured by intangible securities	0.00	0.00
2 b	Estimated Value of Such Collateral Securities (such as charge over the rights, licenses, authorization etc)	0.00	0.00
3	Other Unsecured Loans (1 – 2a)	**6,731.27**	**11,288.95**

18.14 Disclosure of penalties imposed by RBI

During the year RBI has imposed NIL penalty (P.Y. ₹1.52 cr).

18.15 DISCLOSURES AS PER ACCOUNTING STANDARDS (AS):

a. **Accounting Standard - 5 – "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies"**

During the year the method of depreciation on fixed assets has been changed to straight line method (SLM), on the basis of useful life determined as per Companies Act 2013, as against the WDV method being used hitherto.

Consequent to the change, depreciation of prior period amounting to ₹ 70.62 crores has been found to be in excess and depreciation charged for the year is lower by ₹ 4.83 crores. As a result, the fixed assets and the profit before tax are higher by ₹ 75.45 crores.

b. **Accounting Standard - 9 – "Revenue Recognition"**

Certain items of income are recognized on realization basis as per Accounting Policy as stated at point no. 17.9.

c. **Accounting Standard - 10 – "Accounting for Fixed Assets"**

(i) Bank has also segregated the land cost of ₹ 869.92 cr from the total cost of premises of ₹ 1,115.74 cr of premises. As the land is not a depreciable asset and has an unlimited useful life, therefore, the depreciation has been charged on the Cost of premises (including revaluation reserve on the premises). Consequent to the above change in method of depreciation and segregation of land cost, Revaluation Reserve has increased by 168.96 Crores, whereas as per earlier method Revaluation Reserve would have reduced by 86.98 cr. As a result Revaluation Reserve is higher by 255.94 cr.

(II) However, 19 premises valuing amount ₹ 46.52 cr, the original cost of Land is inseparable from the cost of premises and has been included in the cost of premises, depreciation may be charged on original cost of premises including land at the rates prescribed for Premises.

d. Accounting Standard - 11 – "The Effects of Changes in Foreign Exchange Rates"

Net income on account of exchange differences credited in the Profit and Loss account for the year is ₹ 33.04 cr (previous year ₹ 73.81 cr).

e. Accounting Standard - 15 – "Employee Benefits"

The following information is disclosed in terms of Accounting Standard issued by the ICAI.

No.	Particulars	2017	2016	2015	2014	2013
A	**PENSION PLAN**					
(I)	**Principal Actuarial Assumptions used**					
	Discount Rate	7.50%	8.00%	8.00%	8.75%	8.00%
	Rate of Return on Plan assets	8.06%	9.00%	9.00%	9.00%	8.00%
	Salary escalation	5.00%	5.00%	5.00%	5.00%	5.50%
(II)	**Change in Benefit Obligation:**					
	Liability at the beginning of the year	2481.75	2158.66	1917.94	1761.94	1695.29
	Interest Cost	175.55	161.01	144.85	149.98	129.02
	Current Service Cost	341.29	228.43	210.93	202.02	200.88
	Benefit paid	[282.22]	[292.09]	[214.78]	[190.88]	[165.09]
	Actuarial (gain)/loss on obligation	179.75	225.74	99.72	[5.12]	[98.16]
	Liability at the end of the year	2896.12	2481.75	2158.66	1917.94	1761.94
(III)	**Fair value of Plan Assets:**					
	Fair value at the beginning of the year	2654.04	2230.81	1767.44	1606.82	1443.55
	Expected return	213.92	200.77	159.06	144.61	115.48
	Contributions	365.92	506.80	450.37	183.54	176.22
	Benefit Paid	[282.22]	[292.09]	[214.77]	[190.87]	[165.09]
	Actuarial Gain/(loss) on Plan Assets	1.47	7.75	68.71	23.34	36.66
	Fair Value at the end of the year	2953.13	2654.04	2230.81	1767.44	1606.82

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(iv)	**Amount recognized in the Balance Sheet:**					
	Liability at the end of the year	2896.12	2481.75	2158.66	1917.94	1761.94
	Fair value of Plan Assets at the end of the year	2953.13	2654.04	2230.81	1767.44	1606.82
	Unrecognized Transition Liability	0.00	0.00	0.00	70.80	0.00
	Amount Recognized in the Balance Sheet	57.01	172.29	72.15	[79.70]	[155.12]
B	**GRATUITY PLAN**					
(i)	**Principal Actuarial Assumptions used**					
	Discount Rate	7.50%	8.00%	8.00%	8.75%	8.00%
	Rate of Return on Plan assets	8.78%	9.00%	9.00%	9.00%	8.00%
	Salary escalation	5.00%	5.00%	5.00%	5.00%	5.50%
(ii)	**Change in Benefit Obligation:**					
	Liability at the beginning of the year	311.88	280.30	277.76	311.12	295.19
	Interest Cost	21.63	16.77	20.39	25.85	22.03
	Current Service Cost	23.09	17.09	15.35	17.06	15.69
	Past Service Cost	0.00	0.00	0.00	0.00	0.00
	Benefit paid	[46.84]	[57.42]	[45.76]	[47.68]	[39.69]
	Actuarial (gain)/loss on obligation	22.69	55.14	12.56	[28.59]	17.90
	Liability at the end of the year	332.45	311.88	280.30	277.76	311.12
(iii)	**Fair value of Plan Assets:**					
	Fair value at the beginning of the year	277.61	302.97	309.82	276.03	232.20
	Expected return	24.37	22.72	27.88	24.84	18.58
	Contributions	75.84	16.23	0.00	57.10	60.01
	Benefit Paid	[46.84]	[57.42]	[45.77]	[47.68]	[39.69]
	Actuarial Gain/(loss) on Plan Assets	1.86	[6.89]	11.04	[0.47]	4.93
	Fair Value at the end of the year	332.84	277.61	302.97	309.82	276.03
(iv)	**Amount recognized in the Balance Sheet:**					
	Liability at the end of the year	332.45	311.88	280.30	277.76	311.12
	Fair value of Plan Assets at the end of the year	332.84	277.61	302.97	309.82	276.03
	Unrecognized Cost	0.00	0.00	0.00	0.00	0.00
	Unrecognized Transition Liability	0.00	0.00	0.00	0.00	0.00
	Amount Recognized in the Balance Sheet	0.39	[34.27]	22.67	48.06	[35.09]

Amounts Recognized in Profit & Loss Account in respect of Gratuity and Pension plan for Current Year

(₹ in cr)

Sr no.	Particulars	Gratuity	Pension
(i)	**Actual return on Plan Assets**		
	Expected return on Plan Assets	24.37	213.92
	Actual gain/(loss) on Plan Assets	1.86	1.47
	Actual return on Plan Assets	26.23	215.39
(ii)	**Expenses recognized in the Income Statement:**		
	Current Service Cost	23.09	341.29
	Interest Cost	21.63	175.55
	Expected Return on Plan assets	[24.37]	[213.92]
	Actuarial (Gain) or Loss	20.83	178.28
	Expenses Recognized in P&L	41.18	481.20

Details of Provisions made for various long term employee benefits are as follows:

(₹ In cr)

Sr. No.	Particulars	2016-17	2015-16
1	Pension	481.20	406.66
2	Leave encashment	7.46	38.28
3	Gratuity	41.18	73.17
4	Silver Jubilee	0.04	0.01
5	Resettlement	0.13	[0.11]
6	Leave Travel Concession	0.66	4.77
7	Sick Leave	0.00	[19.25]
	TOTAL	530.67	503.53

i. Provision has been made for Employees Benefits viz; Pension, Gratuity, Leave Encashment and other Employees benefits in accordance with AS-15 on the basis of actuarial valuation.

f. **Accounting Standard – 17 - "Segment Reporting"**

As per the Reserve Bank of India revised guidelines on Accounting Standard -17, the Bank's Operations are classified into Primary Segment, i.e., the business segment comprising of "Treasury", "Corporate/ Wholesale Banking", "Retail Banking" and "Other Banking Operations", as follows:

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PART A : Business Segments (₹ in cr)

Business Segment / Particulars	Treasury		Corporate/ wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue	3,791.92	3,059.06	4,812.40	5,546.35	2,339.90	2,405.76	488.85	351.36	11,433.07	11,362.53
Result	625.73	412.26	(1,094.84)	(923.50)	(150.61)	(147.69)	389.52	295.34	(230.20)	(363.59)
Unallocated Expenses									1,025.15	1187.30
Operating Profit									(1,275.36)	(1,550.89)
Income Taxes									(411.73)	(615.57)
Extraordinary Profit/Loss										
Net Profit									(863.63)	(935.32)
Other Information										
Segment Assets	50,361.23	44,953.25	44,612.88	51,682.84	28,972.24	31,580.50	2,369.62	1,374.15	126315.97	129590.74
Unallocated Assets									3,307.57	3,850.90
Total Assets									1,29,623.54	1,33,441.64
Segment Liabilities	50,361.23	44,953.25	43,388.41	50,774.93	27,103.37	29,288.82	920.67	1,163.74	1,21,773.68	1,26,180.74
Capital Employed									7,685.15	7,141.47
Unallocated Liabilities									164.71	119.43
Total Liabilities									1,29,623.54	1,33,441.64

PART B : Geographical Segments

	Domestic		International		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Revenue	11,433.07	11,362.53	Nil	Nil	11,433.07	11,362.53
Assets	1,29,623.54	1,33,441.64	Nil	Nil	1,29,623.54	1,33,441.64

Notes:

1) Segment Results are after adjustment on account of Inter Segment Cost, which has been considered on the basis of Transfer Price mechanism decided by the Bank.

2) Assumed Inter Segment Assets, Liabilities and Revenue have been ignored.

3) Treasury Operations consist of entire treasury investment portfolio of the Bank.

4) Unallocated liabilities include Capital and Reserves.

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN-103869W

RAMESH C. AGRAWAL & CO. CHARTERED ACCOUNTANTS DELHI

ABP & ASSOCIATES CHARTERED ACCOUNTANTS FRN 315104E

KAILASHCHAND JAIN & CO. Chartered Accountants MUMBAI

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g. Accounting Standard- 18 – "Related Party Transactions"

Items/ Related Party	Parent (as per ownership or control)	Subsidiaries	Associates / Joint ventures #	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	-	-	-	-	-	-
Deposit	-	-	796.77 (1007.05)	-	-	796.77 (1007.05)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	342.72* (229.19)	-	-	342.72* (229.19)
Investments	-	-	2.00 (-142.00) (140.00)	-	-	2.00 (-142.00) (140.00)
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid by DGGB	-	-	6.91 (8.44)	-	-	6.91 (8.44)
Interest received by DGGB (IBPC)	-	-	7.14 (8.65)	-	-	7.14 (8.65)
Interest Received by DGGB	-	-	72.28 (95.98)	-	-	72.28 (95.98)
Interest Received by DGGB on Tier II Bonds			0.18 (Nil)			0.18 (Nil)
Rendering of services*	-	-	-	-	-	-
Receiving of services*	-	-	-	-	-	-
Management contracts*	-	-	-	-	-	-

(Figures in the Bracket are of previous financial year 2015-16)
* Out of ₹ 342.72 cr Dena Bank has participated in IBPC of ₹ 120.00 cr (PY ₹ 140.00 cr) issued by DGGB on risk sharing basis representing various loans to Priority Sector.

DGGB has participated in IBPC of ₹ 120.00 cr (PY ₹ 140.00 cr) issued by Dena Bank on risk sharing basis representing various loans to Non Priority Sector and has invested ₹ 2.00 cr (PY ₹ 2.00 cr) in Dena Tier II Bond.

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Key Management Personnel

Name	Designation	Nature	Period	Amount (₹ in lacs)	Loan Amount (₹ in lacs)
Shri Ashwani Kumar	Chairman & Managing Director	Salary Emoluments & Incentives	01.04.2016 to 31.03.2017	27.44	Nil
Smt Trishna Guha	Executive Director	Salary Emoluments & Incentives	01.04.2016 to 31.03.2017	23.61	4.21
Shri Ramesh S Singh	Executive Director	Salary Emoluments & Incentives	01.04.2016 to 31.03.2017	23.66	Nil

h. Accounting Standard 20 – "Earnings per Share"

Earnings Per Share	31.3.2017		31.3.2016	
	Basic	Diluted	Basic	Diluted
EPS (₹)	[11.89]	[11.88]	[15.50]	[15.50]
Net Profit as per Profit & Loss Account Considered as numerator (₹ in cr)	[863.63]	[863.63]	[935.32]	[935.32]
Weighted average number of Equity share considered as denominator	726218673	726783829	603552095	603552095
Nominal value of share (₹)	10/-	10/-	10/-	10/-

i. Accounting Standard 21 – "Consolidated Financial Statements (CFS)"

The Bank is not having any subsidiaries, within the meaning of this Standard; therefore, this Accounting Standard does not apply.

j. Accounting Standard 22 – "Accounting for Taxes on Income"

The Bank has complied with requirements of "AS-22 issued by ICAI and accordingly, deferred tax assets and liabilities are recognized.

The net balance of Deferred Tax Asset as on 31st March 2017 amounting to ₹ 1719.92 cr (Previous Year ₹ 1,243.27 cr) consists of the following:

(₹ in cr)

	2016-17	2015-16
Deferred Tax Assets		
Provision for NPAs / Bad Debts	1743.67	1,181.51
Leave Encashment	50.75	48.29
Expenditure disallowable under section 40(a)(ia)	0.09	1.04
Provision for FITL	57.15	90.38
Provision for NPV on restructured accounts	27.55	54.09
Total Deferred Tax Assets	1879.21	1,375.31
Less: Deferred Tax Liabilities		
Depreciation on Fixed Assets including software	36.25	9.00
Amount of special reserve created for infrastructure u/s 36(1)(viii)	123.04	123.04
Total Deferred Tax Liabilities	159.29	132.04
Net balance of DTA shown in the Schedule 11 (Other Assets)	1719.92	1,243.27

k. **Accounting Standard 23 – "Accounting for Investments in Associates in Consolidated Financial Statements"**

Consolidated Financial Statements have not been prepared due the reason stated in Note 18 (j) above. The Bank has made an investment in equity of Gujarat Gramin Rural Bank of ₹ 19.33 cr as at 31.03.2017. The same has been accounted for at Cost.

l. **Accounting Standard - 24 – "Discontinuing Operations"**

No operations have been discontinued in the Bank during the year.

m. **Accounting Standard - 25 – "Interim Financial Reporting"**

Bank has complied with this Accounting Standard.

n. **Accounting Standard - 28 – "Impairment of Assets"**

In the opinion of the Management, there is no impairment to its assets.

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o. Accounting Standard - 29 – "Provisions, Contingent Liabilities and Contingent Assets"

I. Movement of Provisions for Contingent Liabilities (₹ In cr)

Particulars	Legal Cases / Contingencies
Total provision as on 31.03.2016	7.73
Provision during the year	0.83
Amounts used during the year	0.13
Reversed during the year	0.64
Balance as at 31st March 2017	7.79
Timing of Outflow / Uncertainties	Not ascertainable
Reimbursement Expected	Not ascertainable

II. Item No's (I) to (V) of the Schedule - 12 of the Balance Sheet on contingent liabilities, reflect the various types of contingent liabilities categorized according to their nature. These amounts are estimated on the basis of documents related to the basic contracts or claims made. Outflow on account of these contingent liabilities would depend upon the outcome of disposal of litigations by the respective judicial authorities, execution of contracts, invocation of guarantees, devolvement of LCs, settlement of claims etc.

18.16 Details of Provisions and Contingencies debited to the Profit and Loss Account during the year:

(₹ In cr)

Sr.	Particulars	2016-17	2015-16
(i)	Provision for Non Performing Assets	2457.75	2,724.07
(ii)	Provision for Income Tax/Wealth Tax	64.93	[55.29]
(iii)	Deferred Tax Liability /(Assets)(Net)	[476.66]	[560.27]
(iv)	Provision for Standard Assets	51.11	[15.02]
(v)	Provision for Sacrifice in NPV on restructured accounts	[76.70]	[162.64]
(vi)	Provision For FITL	[96.02]	[74.11]
(vii)	Provision for Depreciation on Investments	334.22	2.63
(viii)	Contingent liabilities	0.06	[0.99]
(ix)	Provision for unhedged foreign currency	[10.33]	1.40
(x)	Others	5.49	0.84
	Total	2253.84	1860.62

18.17 Amount of Provisions made for Income Tax /MAT during the year:

a. The Bank has recognized Income Tax liability of ₹ 116.31 cr on Book Profits in terms with Section 115JB of the Income Tax Act out of which MAT credit of ₹ 51.38 cr as MAT Credit entitlement u/s 115JAA of the Income Tax Act, 1961 has been recognized. The MAT credit entitlement is treated as an asset.

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b. Amount of provision made for Income-tax during the year;

(₹ in cr)

Particulars	31.03.2017	31.03.2016
Provision for Income-tax/Wealth Tax for the year	64.93	0.00
Add/Less: Provided for/(Written back) for earlier years	0.00	[55.29]
Net Amount	64.93	[55.29]

18.18 Premises include 1/3rd share in a property [SPBT College Mumbai] jointly owned by the Bank with Central Bank of India, as under:

(₹ in cr)

Bank's share	31.03.2017	31.03.2016
Cost	2.36	2.36
Accumulated Depreciation	1.14	1.39
Book Value	1.22	0.97

18.19 The property belonging to the Bank was revalued during the year 2015-16 and Book Value of the revalued property as on 31.03.2017 is ₹ 76.40 cr (Previous Year ₹ 70.96 cr). Book value of the property have been calculated during FY 2016-17 with SLM whereas it was as per WDV method during FY 2015-16.

18.20 Floating Provision (₹ in cr)

Particulars	31.03.2017	31.03.2016
(a) Opening Balance in floating provisions account	NIL	NIL
(b) The quantum of floating provisions made in the accounting year	NIL	NIL
(c) Amount of draw down made during the accounting year	NIL	NIL
(d) Closing balance in the floating provisions account	NIL	NIL

18.21 The advances covered by Bank/ Govt. Guarantee amounting to ₹ 1,711.30 cr [PY ₹ 2,506.86 cr][shown in Schedule – 9 Para B (ii)] include ₹ 786.69 cr [PY ₹ 1,154.12 cr] guaranteed by various State Governments for FY 2016-17.

18.23 Draw Down from Reserve

There are no draw down of reserves during the year 2016-17.

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN-103886W

RAMESH C. AGRAWAL & CO. CHARTERED ACCOUNTANTS DELHI

ABP & ASSOCIATES CHARTERED ACCOUNTANTS FRN 315104E

KAILASHCHAND JAIN & CO. MUMBAI Chartered Accountants

18.24 i) Customer complaints:

Sr No	Particulars	2016-17		
		General	ATM/ Debit Card/Internet Banking	Total
a)	No. of complaints pending at the beginning of the year	35	549	584
b)	No. of complaints received during the year	2239	46984	49223
c)	No. of complaints redressed during the year	2250	43061	45311
d)	No. of complaints pending at the end of the year	24	4471	4495

ii) Awards passed by the Banking Ombudsman:

Sr	Particulars	2016-17
a)	No. of unimplemented awards at the beginning of the year	NIL
b)	No. of awards passed by Banking Ombudsmen during the year	NIL
c)	No. of awards implemented during the year	NIL
d)	No. of unimplemented awards at the end of the year	NIL

18.25 Disclosure of Letter of Comforts (LOCs) issued by the Bank

A total of Guarantees/Letter of Comfort / Letter of Undertaking amounting to ₹ 1,990.90 cr (PY ₹ 2,016.75) cr have been issued in respect of Buyer's Credit during April 1, 2016 to March 31, 2017.

The outstanding Guarantees/ Letter of Undertakings/ Letter of Comforts as of March 31, 2017 stood at ₹ 624.22 cr (Previous Year ₹ 748.11 cr).

18.26 Bancassurance Business

The Bank has received ₹ 5.75 cr (Previous Year ₹ 4.85cr) as fee/ commission from Bancassurance business

18.27 Concentration of Deposits

(₹ in cr)

Particulars	2016-17	2015-16
Total Deposits of Twenty Largest Depositors	11,501.50	19,237.97
Percentage of Deposits of Twenty Largest Deposits to Total Deposits of the Bank	10.09%	16.38%

18.28 Concentration of Advances

(₹ in cr)

Particulars	2016-17	2015-16
Total Advances of Twenty Largest Borrowers	13,669.76	13,079.09
Percentage of Advances of Twenty Largest Borrowers to total Advance of the Bank	[illegible].58%	13.11%

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18.29 Concentration of Exposures

(₹ in cr)

Particulars	2016-17	2015-16
Total Exposure of Twenty Largest Borrowers / Customers	19,329.85	17,258.39
Percentage of Exposure to Twenty Largest Borrowers/ Customers to Total Exposure of the Bank on Borrowers / Customers	14.92%	15.21%

18.30 Concentration of NPAs

(₹ in cr)

Particulars	2016-17	2015-16
Total Exposure to top four NPA Accounts	2120.64	1,984.52

18.31 Sector wise Advances & NPA

(₹ in cr)

S No	Sector	Current Year			Previous Year@		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1.	Agriculture & Allied Activities	13043.89	1677.04	12.86	12,618.45	1,095.89	8.68%
2.	Advances to Industries sector eligible as priority sector lending	5939.01	1244.29	20.95	7,464.68	1,237.46	16.58 %
3.	Services	6519.12	686.53	10.53	6,209.31	598.53	9.64%
4.	Personal Loans	3515.79	152.39	4.33	3,591.58	137.59	3.83%
	Subtotal (A)	29017.81	3760.25	12.96	29,884.02	3,069.47	10.27 %
B	Non Priority Sector						
1.	Agriculture & Allied Activities	0.00	0.00	0.00	0.00	0.00	0.00%
2.	Advances to Industries	21546.88	7796.78	36.19	21,798.20	4,517.71	20.73 %
3.	Services	2169.17	410.92	18.94	2,056.78	570.54	27.74 %
4.	Personal Loans	26637.81	2484.61	9.33	33,345.00	1,676.10	5.03%
	Subtotal (B)	50353.86	10692.31	21.23	57,199.98	6,764.35	11.83 %
	Less PWO	1833.83	1833.33	0.00	1,273.33	1,273.33	0.00%
	Total (A+B)	77537.84	12618.73	16.27	85,810.67	8,560.49	9.98%

- @Gross NPA Advances and Gross NPA Ratio for the Previous year (2015-16) are based on total advances i.e. priority as well as non priority advances.

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18.32 Movement of NPAs

(₹ in cr)

Particulars	2016-17	2015-16
Gross NPAs as on 1st April of particular year (Opening Balance)	8,560.49	4,393.04
Additions (Fresh NPAs) during the year	6,767.37	6,098.45
Sub-total (A)	15,327.86	10,491.49
Less:-		
(i) Upgradations	755.87	443.34
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,119.87	728.00
(iii) Technical/ Prudential Write-offs	665.00	594.33
(iv) Write-offs other than those under (iii) above	168.39	165.33
Sub-total (B)	2,709.13	1,931.00
Gross NPAs as on 31st March of particular year (closing balance) (A-B)	12,618.73	8,560.49

(₹ in cr)

Particulars	2016-17	2015-16
Opening balance of Technical/ Prudential written-off accounts as at April 1	2519.58	2,015.97
Add: Technical/ Prudential write-offs during the year	665.00	594.33
Sub-total (A)	3184.58	2,610.30
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	108.05	58.85
Closing balance as at March 31 (A-B) #	3026.92	2,519.58

Closing Balance is net of the resultant write off (The sacrifice incurred on account of settlement closure of prudentially written off accounts)

18.33 Divergence in Asset Classification and Provisioning for NPAs – (ref DBR.BP.BC.No. 63/21.04.018/2016-17 dated April 18, 2017

(₹ in cr)

Sr	Particulars	Amount
1.	Gross NPAs as on March 31, 2016 as reported by the bank	8560.49
2.	Gross NPAs as on March 31, 2016 as assessed by RBI	8871.80
3.	Divergence in Gross NPAs (2-1)	311.31
4.	Net NPAs as on March 31, 2016 as reported by the bank	5230.46
5.	Net NPAs as on March 31, 2016 as assessed by RBI	5529.70
6.	Divergence in Net NPAs (5-4)	299.24

7.	Provisions for NPAs as on March 31, 2016 as reported by the bank	3322.32
8.	Provisions for NPAs as on March 31, 2016 as assessed by RBI	3378.32
9.	Divergence in provisioning (8-7)	56.00
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	-935.32
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning	-991.32

18.34 Overseas Assets, NPA & Revenue

(₹ in cr)

Particulars	2016-17	2015-16
Total Assets	171.18	107.55
Total NPAs	-	-
Total Revenue	35.72	74.44

18.35 Bank has not sponsored any Special Purpose Vehicle.

Name of the SPV sponsored	
Domestic	Overseas
Nil	

18.36 Disclosures Related to Securitisation

S. No	Particulars		2016-17 No. Amount in ₹ crore
1.	No of SPVs sponsored by the Bank for securitisation transactions*		NIL
2.	Total amount of securitised assets as per books of the SPVs sponsored by the Bank		
3.	Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet		
	a.	Off-balance sheet exposures	
		First loss	
		Others	
	b.	On-balance sheet exposures	
		First loss	
		Others	
4.	Amount of exposures to securitisation transactions other than MRR		
	a.	**Off-balance sheet exposures**	
	i)	Exposure to own securitizations	
		First loss	

S.	Particulars			2016-17
			Others	
		ii)	Exposure to third party securitisations	
			First loss	
			Others	
	b.	On-balance sheet exposures		
		i)	Exposure to own securitizations	
			First loss	
			Others	
		ii)	Exposure to third party securitisations	
			First loss	
			Others	

18.37 Credit Default Swaps

The Bank does not have any Credit Default Swap transaction during the period 01.04.2016 to 31.03.2017.

18.38 Intra Group Exposures

The Bank has one group entity i.e Dena Gujarat Gramin Bank which has availed overdraft facility against Fixed Deposit of ₹ 222.71 cr. The Bank has also participated in IBPC for ₹ 120.00 cr on a risk sharing basis.

Percentage of Intra Group exposure to total exposure of the Bank on borrowers/customers is 0.26%.

There is no breach of limits of intra-group exposure.

18.39 Transfer to Depositor Education and Awareness Fund (DEAF)

The details of Unclaimed liabilities amount transferred to DEAF during the year FY 2016-17

(₹ in cr)

Particulars	31.03.2017	31.03.2016
Opening balance of amounts transferred to DEAF	235.90	185.02
Add: Amounts transferred to DEAF during the year	47.62	50.88
Less: Amount reimbursed by DEAF towards claims	16.52	0.00
Closing balance of amounts transferred to DEAF	267.00	235.90

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18.40 Unhedged Foreign Currency Exposure

Incremental Capital and provision requirements for Exposures are based on Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15.01.2014 and DBOD.No.BP.BC.116/21.06.200/2013-14 dated 03.06.2014 issued by Reserve Bank of India are as under: -

For the FY 2016-17, Based on available data, financial statements and the certification received from borrowers wherever received, the Bank has estimated and reversed excess provision of ₹ 10.33 cr (Previous Year ₹ 1.40 Cr incremental provision made) and an with a consequent decrease in capital requirement of ₹5.10 Cr (Previous year incremental of ₹ 17.18 Cr) towards Unhedged Foreign Currency Exposure.

18.41 Qualitative Disclosures around LCR

RBI has introduced LCR as per Basel –III guidelines to monitor the short term liquidity of Banks. The aim of LCR standard is to ensure that Bank maintains adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its Liquidity needs for a 30 days time horizon. At a minimum, the stock of liquid assets should enable the Bank to survive until 30 days of the stress scenario by which time it is assumed that appropriate action can be taken.

The LCR is calculated by dividing the High Quality Liquid Assets with the total net cash out flows over the next 30 days calendar period. As per LCR guidelines net cash outflow is total expected cash outflows minus total expected cash inflows for the next 30 days calendar horizon.

The HQLA includes, Cash including cash reserves in excess of CRR, government securities in excess of SLR over & above the mandatory SLR requirement, Government securities to the extent allowed by RBI under Marginal Standing Facility and marketable securities issued/ guaranteed by Sovereigns etc. All such assets must be available at all time to be converted into cash and should be unencumbered. Bank's HQLA consists of assets which are liquid or can be converted to liquid assets within short notice.

Under outflow the items taken in to account for calculation of LCR includes all types of deposits withdrawable within a period of 30 days, unutilized portion of CC/ OD and un disbursed portion of Loans and expected devolvement of LCs and invocation of Guarantees issued by Bank within 30 days period etc, which is calculated on the basis of past historical data.

Under inflow the items to be taken in to account for calculation of LCR includes interest and installments recordable in loans and advances in next 30 days period and lines of credit or any liquidity arrangements with other Banks, from where Bank can get funds to meet the liquidity stress. Banks funding sources are well diversified and concentration of funding sources are avoided.

Bank does not have any subsidiary/joint venture, hence consolidation is not required. As per RBI guidelines Banks are required to maintain minimum 80% LCR as of March 2017 and Bank's LCR is 153.25%

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18.42 Liquidity Coverage Ratio

(₹ in cr)

(Rs. in Crore)		June 2016 quarter avg Total Unweighted¹ Value	June 2016 quarter avg Total Weighted² Value (Average)	Sept 2016 quarter avg Total Unweighted¹ Value	Sept 2016 quarter avg Total Weighted² Value (Average)	Dec 2016 quarter avg Total Unweighted¹ Value	Dec 2016 quarter avg Total Weighted² Value (Average)	Mar 2017 quarter avg Total Unweighted¹ Value	Mar 2017 quarter avg Total Weighted² Value (Average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets		[illegible]		20114.87		20741.89		[illegible]
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which	79871.00	6125.10	79937.05	6094.00	[illegible]	6867.79	82483.73	[illegible]
(i)	Stable Deposits	18420.91	871.04	20013.59	1000.00	20920.21	1188.19	20441.89	1172.15
(ii)	Less Stable Deposits	61450.08	5745.06	59941.00	5094.19	52500.71	5702.63	58061.30	5684.71
3	Unsecured Wholesale Funding, of which	25944.85	15254.55	32170.34	15780.28	[illegible]	13000.37	20254.20	[illegible]
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-Operational Deposits (all counterparties)	25944.85	15254.55	32170.94	15780.28	[illegible]	13000.37	[illegible]	[illegible]
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00		0.00		0.00
5	Additional requirements, of which	10520.59	1379.05	12301.25	1379.92	13021.87	3795.75	[illegible]	3817.12
(i)	Outflows related to derivative exposures and other collateral requirement	263.09	263.09	204.05	204.05	98.92	98.92	0.00	0.00
(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	10000.81	805.57	12034.12	1095.84	12922.49	1115.08	11995.14	3817.12
6	Other contractual funding obligations	0.00	0.00	0.00	0.00	495.35	695.59	0.00	0.00
7	Other contingent funding obligations	[illegible]	1305.51	10091.57	1888.42	[illegible]	380.71	[illegible]	385.39
8	TOTAL CASH OUTFLOWS		20075.52		22480.25		21544.86		[illegible]
Cash Inflow									
9	Secured lending (e.g. Reverse Repo)	170.00	170.00	813.16	295.33	[illegible]	[illegible]	1301.65	1301.36
10	Inflows from fully performing exposures	3771.06	2095.30	2784.39	1396.41	3967.05	2028.10	3867.14	2040.57
11	Other Cash Inflows	221.05	225.92	192.61	182.61	60.16	60.14	92.20	92.20
12	Total Cash Inflows	4129.82	2291.34	3654.40	2012.45	4762.7	3327.30	5261.20	3422.93
									Total Adjusted³ Value
21	TOTAL HQLA		18098.81		20114.37		20741.89		[illegible]
22	TOTAL NET CASH OUTFLOWS		21802.28		20467.8		18428.1		16778.87
23	LIQUIDITY COVERAGE RATIO (LCR) (%)		83.02%		98.38%		141.67%		[illegible]

¹ Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned the circular and LCR template.

² Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

³ Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and Level 2 assets for HQLA and cap on inflows)

DENA BANK H.O. लेखा विभाग Account Deptt. MUMBAI

JAIN & JAIN MUMBAI FRN-103869W CHARTERED ACCOUNTANTS

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18.43 Financial Inclusion:

Bank has been allotted total 6845 villages covering 2105 Sub Service Area (SSA) under Financial Inclusion for coverage by March 2017. Against target, 681 SSA have been covered through Brick & Mortar Branch and 1424 Sub Service Area (SSA) have been covered through BC model.

18.44 Aadhaar Enrolment under UIDAI:

Bank is a Non State Registrar of Unique Identification Authority of India (UIDAI). In 2nd phase, Bank has selected 82 Enrolment Agencies and has been carrying out Aadhaar Enrolment through various Enrolment Agencies. Bank has enrolled 9.86 cr approximately residents for Aadhaar Number as of March, 2017.

18.45 Priority Sector lending Certificate (PSLC) :

As per RBI circular no. RBI/2015-16/366 FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016, the details of sale/purchase of amount of PSLCs (category wise) during the year 2016-17 are as under:

(Amount in Crs)

Category	Purchased	Sold
PSLC General	400.00	0.00
PSLC Micro Enterprises	2350.00	300.00
PSLC Small and Marginal Farmer	300.00	0.00
Total	**3050.00**	**300.00**

18.46 Procurement from Micro, Small & Medium Enterprises

The procurements made by the Bank from various vendors during the financial year 2016-17 amounts to ₹ 44.25 cr. Out of this procurement made from MSE amounts to ₹ 20.03 cr and out of which the procurements made from MSE unit owned by SC/STs entrepreneurs amounts to ₹ 2.28 cr. The details are being published on the website of the Bank for the benefits of MSEs.

There are no Micro, Small and Medium enterprises to which the Bank owes dues, which are outstanding for more than 45 days as at March 31, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Bank.

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18.47 Note on Ind AS Implementation in Dena Bank:

In Pursuance to the roadmap for the implementation of Ind AS (Indian Accounting Standards) converged with IFRS (International Financial Reporting Standards) for scheduled commercial banks drawn up by MCA (Ministry of Corporate Affairs) notified on January 18, 2016, the Reserve Bank of India has issued notification on February 11, 2016 giving detailed instructions for the implementation of Ind AS by the banks.

As per the RBI circular issued on June 23, 2016 all commercial scheduled banks (Expect RRB's) shall submit Proforma Ind AS Financial Statements, for the half year ended September 30, 2016 latest by November 30, 2016 to enable the banks to be prepared for actual Ind AS implementation from April 2018 onwards. The formats for the Ind AS financial statements for the accounting periods beginning April 1, 2018 are yet to be notified.

The Bank has formed a Steering Committee headed by the Executive Director and comprising of four General for implementation of Ind AS. The proforma financials for the half year ended September 30, 2016 have been submitted by the bank to RBI. The officers of the bank have been imparted training on Ind AS from ICAI/NIBM (National Institute of Banking Management) etc.
The consultants have been appointed by the bank to guide the bank in implementation of Ind AS as per the prescribed time line.

18.47 Previous year's figures have been regrouped/reclassified/re-arranged, wherever necessary, to make them comparable with the current year's figures.

DENA BANK H.O. लेखा विभाग Account Dept.

JAIN & JAIN MUMBAI FRN-103886W CHARTERED ACCOUNTANTS

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ASP & ASSOCIATES FRN 315104E CHARTERED ACCOUNTANTS

KAILASHCHAND JAIN & CO. MUMBAI Chartered Accountants

DENA BANK

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

₹ in '000'

		Year Ended 31.03.2017		Year Ended 31.03.2016	
Part I - Cashflow from operating activities					
Net profit after tax			(8538248)		(9353189
Add/ (Less) Non cash items and items considered seperately:					
1	Depreciation on fixed assets	31317		845053	
2	Profit (-) / Loss (+) on sale of fixed assets	3841		5473	
3	Amortisation of premium paid on Investments	621485		525867	
4	Amortisation of software expenses	81531		91640	
5	Interest paid on long term loans	5106718		3966056	
6	Provision & Contingencies (Other Than I/W /DTL)	26855680		24761867	
7	Provision for Income Tax & DTL	(4117300)		(6155713)	
8	Leave Encashment Actuarial valuation	74600		382800	
9	Provision for Sick Leave	0		(192500)	
10	Prov. For Silver Jubilee Milestone Award	400		100	
11	Provision for LFC				
12	Provision for Resettlement service	1300		(1100)	
Operating profit before Working capital changes			28459552		24229543
Adjustments for working capital changes :			19923304		14876354
1	(Increase)/Decrease in Investments	(49073703)		(25195061)	
2	(Increase)/Decrease in Advances	73726686		(59564525)	
3	(Increase)/Decrease in Other Assets	2347639		(9898215)	
4	Increase/(Decrease) in Deposits	(34881929)		14948812	
5	Increase/(Decrease) in Borrowings (Excl. Financing Activities)	(13104489)		18353255	
6	Increase/(Decrease) in Other Liabilities	3791640	(17193955)	(3806756)	(65182492)
Cash Generated from operations			2629349		(50276138)
Income tax refund / (Direct tax Paid)			(1526529)		(1407810)
Net Cash flow from operating activities			1102820		(51883948)
Part II - Cashflow from investing activities					
	Purchase of fixed assets (Incl. intangible)	(532210)		(2194912)	
	Sale of fixed assets	17245		754399	
Net Cash Used in Investment activities			(514965)		(1440513)
Cash flow from operating and investing activities			587855		(53124461)

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₹ In '000'

	Year Ended 31.03.2017		Year Ended 31.03.2016	
Part III - Cashflow from financing activities				
Equity Share Capital raised (Incl Share Premium)	4459999		4718555	
Share Application mony pending for allotment	7923292			
Bonds Issued Basel III Compliant AT-I Bonds	4000000		10000000	
Bonds Payment Lower Tier-II	(3000000)		0	
Dividend Paid (Incl Dividend Tax)	0		(606012)	
Interest paid on long term loan	(5106718)		(3966056)	
Net Cash used in Financing activities		8276573		10146487
Net Increase/(decrease) in cash and cash equivalents		8864428		(42977974
Cash and Cash equivalents (Opening)	53778885		96756859	
Cash and Cash equivalents (Closing)	62643313		53778885	
Difference in opening and closing cash and cash equivalents		8864428		(42977974

(Usha Ravi)
General Manager

(Ramesh S Singh)
Executive Director

(Trishna Guha)
Executive Director

(Ashwani Kumar)
Chairman & Managing Director

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Dena Bank for the year ended 31.03.2017. The statement has been prepared by the bank in accordance with requirements of the Listing Agreements (Clause 32) with Stock Exchanges & is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Bank covered by our Audit Report of even date to the President of India.

For M/s Jain & Jain
Chartered Accountants
[Ajay B Jain]
Partner
Mem. No. 110372
FRN 103869W

For M/s. Ramesh C Agarwal & Co
Chartered Accountants
[Rohitashwa C Agarwal]
Partner
Mem. No. 406264
FRN 001770C

For M/s ABP & Associates
Chartered Accountants
[Niranjan Agrawalla]
Partner
Mem. No. 067939
FRN 315104E

For Kailash Chand Jain & Co
Chartered Accountants
[Sandeep K. Jain]
Partner
Mem. No. 110713
FRN 112318W

Place : Mumbai
Date : 9th May 2017

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DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2016

SCHEDULE - 3 DEPOSITS	As at 31.03.2016 ₹ in '000'	As at 31.03.2015 ₹ in '000'
A I DEMAND DEPOSITS		
i. FROM BANKS	1,170,815	1,351,130
ii. FROM OTHERS	63,024,265	64,145,014
II SAVINGS BANK DEPOSITS	280,667,472	257,060,252
III TERM DEPOSITS		
i. FROM BANKS	94,530,494	107,527,731
ii. FROM OTHERS	734,916,557	729,276,664
TOTAL	1,174,309,603	1,159,360,791
B I DEPOSITS OF BRANCHES IN INDIA	1,174,309,603	1,159,360,791
II DEPOSITS OF BRANCHES OUTSIDE INDIA	0	0
TOTAL	1,174,309,603	1,159,360,791

SCHEDULE - 4 BORROWINGS		
I BORROWINGS IN INDIA		
i. RESERVE BANK OF INDIA	7,850,000	2,500,000
ii. OTHER BANKS	0	0
iii. OTHER INSTITUTIONS AND AGENCIES	9,593,255	0
iv. BONDS		
a) INNOVATIVE PERPETUAL DEBT INSTRUMENT (IPDI)	2,500,000	2,500,000
b) BASEL III COMPLIANT AT-1 BONDS	14,000,000	4,000,000
c) UPPER TIER II BONDS	3,000,000	3,000,000
d) SUBORDINATED DEBTS UNSECURED	14,560,000	14,560,000
e) BASEL III COMPLIANCE TIER II BONDS	7,800,000	7,800,000
II BORROWINGS OUTSIDE INDIA	3,410,000	0
TOTAL	62,713,255	34,360,000

SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		
I BILLS PAYABLE	9,593,958	8,065,961
II INTER OFFICE ADJUSTMENTS (NET)	0	1,801,264
III INTEREST PAYABLE	4,416,915	4,419,098
IV. CONTINGENT PROVISIONS AGAINST STANDARD	5,828,169	5,978,388
V OTHERS (INCLUDING PROVISIONS)	6,139,732	10,818,680
TOTAL	25,978,774	31,083,391

S. C. AJMERA & CO. CHARTERED ACCOUNTANTS FRN 002908C

ANAND & PONNAPPAN CHARTERED ACCOUNTANTS CHENNAI FRN 000111S

APAS & CO. CHARTERED ACCOUNTANTS FRN 000340C

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN 103869W

देना बैंक
DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2016

	As at 31.03.2016 ₹ In '000'	As at 31.03.2015 ₹ In '000'
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I CASH IN HAND (INCLUDING FOREIGN CURRENCY NOTES)	5,975,075	7,787,187
II BALANCES WITH RESERVE BANK OF INDIA		
i. IN CURRENT ACCOUNTS	47,512,292	53,063,337
ii. IN OTHER ACCOUNTS (UNDER LAF)	0	30,000,000
TOTAL	53,487,367	90,850,524

	As at 31.03.2016 ₹ In '000'	As at 31.03.2015 ₹ In '000'
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I IN INDIA		
i. BALANCES WITH BANKS		
a. IN CURRENT ACCOUNTS	291,518	350,764
b. IN OTHER DEPOSIT ACCOUNTS	0	0
ii. MONEY AT CALL AND SHORT NOTICE		
a. WITH BANKS	0	2,000,000
b. WITH OTHER INSTITUTIONS	0	0
TOTAL - I	291,518	2,350,764
II OUTSIDE INDIA		
i. IN CURRENT ACCOUNTS	0	743,071
ii. IN OTHER DEPOSIT ACCOUNTS	0	2,812,501
iii. MONEY AT CALL AND SHORT NOTICE	0	0
TOTAL – II	0	3,555,572
TOTAL (I + II)	291,518	5,906,336

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S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI FRN 000111S CHARTERED ACCOUNTANTS

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN MUMBAI CHARTERED ACCOUNTANTS

DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2016

		As at 31.03.2016 ₹ In '000'		As at 31.03.2015 ₹ In '000'
SCHEDULE-8 INVESTMENTS				
I INVESTMENTS IN INDIA IN				
i. GOVERNMENT SECURITIES*		300,952,224		285,288,928
ii. OTHER APPROVED SECURITIES		0		0
iii. SHARES		2,421,505		2,194,683
iv. DEBENTURES AND BONDS		44,016,980		25,186,849
v. SUBSIDIARIES AND/OR JOINT VENTURES		193,319		193,319
vi. OTHERS				
a. VENTURE CAPITAL	452,360		387,900	
b. UNITS OF MUTUAL FUNDS	60,000		61,361	
c. COMMERCIAL PAPER	0		0	
d. SECURITY RECEIPTS OF ARCs	4,165,794		2,365,311	
e. CERTIFICATE OF DEPOSIT	0		955,964	
f. CBLO	0	4,678,154	10,984,991	14,755,527
TOTAL - I		352,262,182		327,619,306
II INVESTMENTS OUTSIDE INDIA		0		0
TOTAL (I + II)		352,262,182		327,619,306
GROSS INVESTMENTS		353,445,453		328,863,884
LESS: PROVISION FOR DEPRECIATION		1,183,271		1,244,578
NET INVESTMENTS		352,262,182		327,619,306
*Includes Securities Kept as Margin with RBI & CCI		19,369,200		5,205,000
SCHEDULE - 9 ADVANCES				
A. i. BILLS PURCHASED AND DISCOUNTED		8,840,617		16,381,808
ii. CASH CREDITS, OVERDRAFTS AND LOANS REPAYABLE ON DEMAND		401,142,048		358,960,071
iii. TERM LOANS		413,300,683		414,001,259
TOTAL - A		823,283,348		789,343,138
SECURITY WISE ADVANCES				
B. i. SECURED BY TANGIBLE ASSETS [Includes advances against book debts]		685,510,636		677,605,401
ii. COVERED BY BANK / GOVT. GUARANTEES		25,068,600		40,563,837
iii. UNSECURED		112,704,112		71,173,900
TOTAL - B		823,283,348		789,343,138
SECOTR WISE ADVANCES				
C. I. ADVANCES IN INDIA				
i. PRIORITY SECTOR		286,628,943		276,884,753
ii. PUBLIC SECTOR		114,093,745		143,533,954
iii. BANKS		3,306,433		3,295,834
iv. OTHERS		419,254,227		365,628,597
TOTAL - C I		823,283,348		789,343,138
II. ADVANCES OUTSIDE INDIA		0		0
TOTAL - C I + C II		823,283,348		789,343,138

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S. C. AJMERA & CO. CHARTERED ACCOUNTANTS FRN 002908C

ANAND & PONNAPPAN CHARTERED ACCOUNTANTS CHENNAI

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI

DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2016

	As at 31.03.2016 ₹ in '000'	As at 31.03.2015 ₹ in '000'
SCHEDULE -10 FIXED ASSETS		
A. TANGIBLE ASSETS		
I. PREMISES		
i. AT COST AS AT 31st MARCH OF THE PRECEEDING YEAR (Includes increase in the value on account of revaluation of certain premises in earlier years)	11,598,839	11,546,715
ii. ADDITION ON ACCOUNT OF REVALUATION DURING THE YEAR	2,084,167	0
iii. ADDITIONS DURING THE YEAR	160,895	52,124
iv. DEDUCTIONS DURING THE YEAR	0	0
v. DEPRECIATION TO DATE	(3,508,182)	(3,020,287)
vi. WORK IN PROGRESS	11,984	737
TOTAL – I	10,347,703	8,579,289
II. OTHER FIXED ASSETS (INCLUDING FURNITURE AND FIXTURES)		
i. AT COST AS ON 31st MARCH OF THE PRECEDING YEAR	6,925,540	5,839,552
ii. ADDITIONS DURING THE YEAR	1,948,611	1,240,640
iii. DEDUCTIONS DURING THE YEAR	(918,375)	(154,652)
iv. DEPRECIATION TO DATE	(4,832,705)	(4,197,963)
TOTAL – II	3,123,071	2,727,577
TOTAL - A (I + II)	13,470,774	11,306,866
B. INTANGIBLE ASSETS		
I. COMPUTER SOFTWARE		
i. AT COST AS AT 31st MARCH OF THE PRECEEDING YEAR	802,725	610,666
ii. ADDITION DURING THE YEAR	76,159	192,059
iii. DEDUCTION DURING THE YEAR		
iv SOFTWARE UNDER IMPLEMENTATION	0	2,000
v. AMORTISED TO DATE	(667,468)	(575,832)
TOTAL - B	211,416	228,893
GRAND TOTAL (A+B)	13,682,190	11,535,759

SCHEDULE-11 OTHER ASSETS		
I. INTER - OFFICE ADJUSTMENTS (NET)	3,478,828	0
II. INTEREST ACCRUED	11,343,065	10,251,270
III. TAX PAID IN ADVANCE / TDS (Incl of MAT Entitlement & Net of provision)	12,606,459	10,651,079
IV. DEFERRED TAX ASSET (NET)	12,432,610	6,829,910
V. STATIONERY AND STAMPS	41,806	44,722
VI. NON BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS	98,600	98,600
VII. RIDF/ RHDF/ MSME REFINANCE/ MSME (RISK CAPITAL) FUND	40,930,920	37,371,996
VIII. OTHERS	10,477,498	8,702,852
TOTAL	91,409,78[illegible]	73,950,429

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DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2016

	As at 31.03.2016 ₹ in '000'	As at 31.03.2015 ₹ in '000'
SCHEDULE - 12 CONTINGENT LIABILITIES		
I. CLAIMS AGAINST THE BANK NOT ACKNOWLEDGED AS DEBTS	25,244,327	22,445,790
II. LIABILITY ON ACCOUNT OF PARTLY PAID SHARES	0	0
III. LIABILITY ON ACCOUNT OF OUTSTANDING FORWARD EXCHANGE CONTRACTS	265,156,365	275,112,889
IV. GUARANTEES GIVEN ON BEHALF OF CONSTITUENTS		
a) IN INDIA	62,014,095	48,731,854
b) OUTSIDE INDIA	0	0
V. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS	36,088,540	45,803,204
VI. OTHER ITEMS FOR WHICH THE BANK IS CONTINGENTLY LIABLE (DEAF)	2,359,288	1,850,200
TOTAL	390,862,615	393,943,937
BILLS FOR COLLECTION	29,080,846	26,076,561

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S.C. AJMERA & CO. CHARTERED ACCOUNTANTS FRN 002908C

ANAND & PONNAPPAN CHARTERED ACCOUNTANTS CHENNAI FRN 000111S

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI

DENA BANK

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016

		Year ended 31.03.2016 ₹ in '000'		Year ended 31.03.2015 ₹ in '000'
SCHEDULE - 13 INTEREST EARNED				
I. INTEREST/DISCOUNT ON ADVANCES/ BILLS		77,550,639		79,702,959
II. INCOME ON INVESTMENTS		26,081,069		25,419,242
III. INTEREST ON BALANCES WITH RESERVE BANK OF INDIA AND OTHER INTER BANK FUNDS		379,924		442,459
IV. OTHERS		2,445,707		2,070,192
TOTAL		106,457,339		107,634,852
SCHEDULE - 14 OTHER INCOME				
I. COMMISSION, EXCHANGE AND BROKERAGE		2,140,634		2,115,530
II. PROFIT ON SALE OF INVESTMENTS	1,483,357		1,451,121	
LESS: LOSS ON SALE OF INVESTMENTS	(417,388)	1,065,969	(151,030)	1,300,091
III. PROFIT/ (LOSS) ON SALE OF LAND, BUILDINGS AND OTHER ASSETS (NET)		(5,473)		(4,234)
IV. PROFIT ON FOREIGN EXCHANGE TRANSACTIONS (NET)		738,123		762,850
V. INCOME EARNED BY WAY OF DIVIDENDS ETC. FROM SUBSIDIARIES / COMPANIES AND/ OR JOINT VENTURES ABROAD/ IN INDIA		29,628		29,598
VI. MISCELLANEOUS INCOME		3,199,090		3,009,510
TOTAL		7,167,971		7,213,345
SCHEDULE - 15 INTEREST EXPENDED				
I. INTEREST ON DEPOSITS		77,167,080		79,891,294
II. INTEREST ON RESERVE BANK OF INDIA/ INTER BANK BORROWINGS		556,681		478,715
III. OTHERS		3,966,124		2,786,223
TOTAL		81,689,885		83,156,232
SCHEDULE - 16 OPERATING EXPENSES				
I. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		14,481,301		11,166,828
II. RENT, TAXES AND LIGHTING		2,119,597		1,835,950
III. PRINTING AND STATIONERY		199,316		214,243
IV. ADVERTISEMENT AND PUBLICITY		155,435		157,645
V. DEPRECIATION ON BANK'S PROPERTY		845,053		646,407
VI. DIRECTORS' FEES, ALLOWANCES & EXPENSES		12,726		13,422
VII. AUDITORS' FEES AND EXPENSES (INCLUDING BRANCH AUDITORS)		141,167		124,484
VIII. LAW CHARGES		111,984		94,784
IX. POSTAGE, TELEGRAMS, TELEPHONES ETC		316,353		283,742
X. REPAIRS AND MAINTENANCE		309,348		327,486
XI. INSURANCE		1,130,087		1,087,033
XII. OTHER EXPENDITURE		2,860,092		2,437,223
TOTAL		22,682,459		18,389,247

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SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES

17.1	**BASIS OF ACCOUNTING**	
		Bank's financial statements are prepared under the historical cost convention, on accrual basis of accounting, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by Reserve Bank of India (RBI), Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), to the extent applicable and generally the practices prevailing in the banking industry in India.
17.2	**USE OF ESTIMATES**	
		The preparation of financial statements in conformity with GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.
17.3	**INVESTMENTS**	
	A	**Basis of Classification**
		Investments have been categorized as per guidelines of Reserve Bank of India (i) Held to Maturity (ii) Available for Sale (iii) Held for Trading and are disclosed in the accounts under six classifications at the value net of depreciation provision thereon.
	B	**Valuation**
		Investments are valued as per Reserve Bank of India guidelines in the following manner:
		Basis:
		'Held to Maturity'
		Investments held under this category are carried in books at their acquisition cost. Premium, if any, paid on acquisition is amortized using straight line method.
		'Available for Sale' and 'Held for Trading'
		These investments are marked to market scrip wise. Depreciation/Appreciation for each of six classifications is aggregated; net depreciation, if any, for each classification is provided for, but net appreciation is ignored.

S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI CHARTERED ACCOUNTANTS

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JAIN & JAIN MUMBAI FRN 103869W CHARTERED ACCOUNTANTS

	C	**Methodology**
		All investments of Bank are valued consistently on Average Cost Method. Market value of quoted securities in case of Investments included in the 'Available for Sale' and 'Held for Trading' categories is taken based on last closing rate of recognized stock exchange/s or price list of FIMMDA [Fixed Income Money Market and Derivatives Association of India]. The value in case of unquoted securities and securities where market quotes are not available, is determined based on Prices / Yield to Maturity declared by FIMMDA [Fixed Income Money Market and Derivatives Association of India] and Net Asset Value in case of units of Mutual Funds / SRs of ARCs / SCs/Venture Capital Fund and Net Book Value in case of Shares of Companies. Treasury Bills, Commercial Papers, Certificate of Deposits. CBLO, Rural Infrastructure Development Funds and Investments including Share Capital Deposits in Regional Rural Banks are valued at carrying cost.
	D	**INCOME RECOGNITION AND PRUDENTIAL NORMS**
		Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification of all Investments, Income Recognition and Provisioning on such Investments. Commission, brokerage, broken period interest on investment transactions are debited and /or credited to Profit and Loss Account in the year of transaction. Profit on sale of investments under the category "Held to Maturity" is taken to Profit and Loss Account and thereafter appropriated to "Capital Reserve Account" whereas loss on sale of Investments is recognized in the Profit & Loss Account.
17.4	**ADVANCES**	
	A	Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification, Income Recognition and Provisioning thereon. Accordingly, all advances are being classified into Standard, Sub-standard, Doubtful and Loss Assets.
	B	Advances are stated net of provisions for Non Performing Assets, provision in lieu of diminution in the fair value of Restructured Accounts, Balance in Sundries Account in respect of NPA accounts, DICGC/ECGC Claims received and held pending adjustment, part payment received and kept in Suspense Account.
	C	A general provision for Standard Assets is made in conformity with the prudential norms. Provision on Standard Assets and excess Provision on Sale of NPA accounts are included in 'Other Liabilities and Provisions' in Schedule 5 to the Balance Sheet.
	D	Recoveries in Non Performing Advances are first appropriated towards principal outstanding and surplus, if any, is recognized as income.

S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI FRN-000111S CHARTERED ACCOUNTANTS

APAS & CO. FRN-000340C CHARTERED ACCOUNTANTS

JAIN & JAIN MUMBAI FRN-103869W CHARTERED ACCOUNTANTS

	E	In case of sale of financial assets to the Asset Reconstruction Company (ARC) / Securitisation Company (SC)/ Banks/ FIs / NBFCs at a price below the Net Book Value (NBV), i.e. Book Value Less Provision held, the shortfall is debited to the Profit and Loss Account and in case of sale at a value higher than the NBV, the excess provision is not being reversed but is kept for utilization to meet the shortfall/loss on account of sale of other financial assets to ARC/SC/Banks/FIs/NBFCs. Balance in the FITL Accounts in case of failed restructured cases is debited to the provisions for FITL Accounts.
17.5		**FIXED ASSETS & DEPRECIATION**
	A	Fixed assets are stated at historical cost except certain premises, which have been stated at revalued amount.
	B	Premises also include cost of land in some of the properties where the same could not be segregated.
	C	Depreciation is charged on Written Down Value (W.D.V.) Method at the rates prescribed under the Income Tax Rules, 1962 except that the Computer Hardware purchased before 01.04.2000 are depreciated @ 25% p.a. on W.D.V. Method and those purchased on or after 01.04.2000 are depreciated @ 33.33% on Straight Line Method.
	D	Depreciation on additions to fixed assets made up to 30th September of the year is provided at full rate and on additions made thereafter, at half the rate.
	E	Depreciation on assets sold/ discarded during the year is charged at full rates for the assets sold after 30th September and at half of the rates on the assets sold upto 30th September.
	F	Cost of leasehold land is amortized over the period of lease.
	G	Depreciation attributable to revalued portion is charged to the Revaluation Reserve Account.
	H	Computer Software Expenses are considered as Intangible Assets and are amortized over a period of five years, which is considered as useful economic life of such assets.
	I	Fixed Assets include Capital Work-in-Progress.
17.6		**IMPAIRMENT OF ASSETS**
		Impairment loss, if any, on Fixed Assets is recognised in accordance with AS 28 - Impairment of Assets, issued by ICAI and charged to Profit and Loss Account.
17.7		**LEASE ACCOUNTING**
		Lease payments for assets taken on operating lease are recognized in the Profit & Loss Account over the lease term in accordance with AS 19 – Leases, issued by ICAI.

S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI CHARTERED ACCOUNTANTS

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN MUMBAI CHARTERED ACCOUNTANTS

17.8		**NON BANKING ASSETS**
		Non Banking Assets are stated at cost.
17.9		**REVENUE RECOGNITION**
	i	Commission on Letters of Credit/ Bank Guarantees/ Government Business / Distribution of Insurance Policies/ Mutual Fund Products/ASBA; Locker Rent, Interest on Refund of Taxes, Dividend, Income on Units of Mutual Funds, Rental Income, and Service Charges on various Deposit Accounts are recognized on realization basis.
	ii	Interest/ Discount on Non-Performing Loans & Advances/ Investments is recognized to the extent realized as per the prudential guidelines of RBI.
	iii	Recoveries in Written Off Advances / Investments are being accounted for as 'Miscellaneous Income'.
17.10		**RECOGNITION OF EXPENSES**
	i	Pursuant to RBI Circular dated 22nd August, 2008, interest payable on matured and unpaid Term Deposits is provided on accrual basis on Saving Bank Rate on deposits matured on or after 22.08.2008.
	ii	Expenses on the issue of shares, bonds etc. are recognized in the year of incurrence.
	iii	Legal Expenses in case of Suit Filed Accounts are charged to Profit and Loss Account.
	iv	Expenditure on Voluntary Retirement Scheme [VRS] is recognized in the year of payment.
17.11		**EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES**
	A	Foreign Currency monetary items including outstanding forward exchange contracts in foreign currency are valued at the year-end on the rates issued by Foreign Exchange Dealers' Association of India (FEDAI) and the resultant profit/loss arising out of such revaluation is accounted for in the Profit & Loss Account.
	B	Foreign Currency non-monetary items which are carried in terms of historical cost, are reported at the exchange rate on the date of transaction.
	C	Guarantees, letters of credit, acceptances, endorsements and other obligations in foreign currency are also revalued at the year-end on the rates issued by FEDAI for the purpose of Balance Sheet exposure.
	D	Income and Expenditure items are recognized at the exchange rates prevailing on the date of transaction.
17.12		**EMPLOYEE BENEFITS**

S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI FRN-000111S CHARTERED ACCOUNTANTS

P A S & CO. JAIPUR FRN 000340C CHARTERED ACCOUNTANTS

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		Gratuity, Pension and Leave Encashment payable on retirement; and other employee benefits are charged to Profit & Loss Account as per actuarial valuation as required by AS 15 [R] issued by ICAI.
17.13		**TAXES ON INCOME**
	i	Current Tax is provided using applicable tax rates on the amount worked out on the basis of applicable tax laws, judicial pronouncements / legal opinions and the past assessments.
	ii	Deferred Tax is recognised subject to consideration of prudence on timing difference, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.
17.14		**PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**
	A	As per AS 29 - Provisions, Contingent Liabilities and Contingent Assets issued by ICAI, the Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources is expected to settle the obligation and a reliable estimate of the amount of obligation can be made.
	B	Contingent Liabilities are disclosed in a case when there is a present or possible obligation and it is not probable that an outflow of resources will be required to settle it.
	C	Contingent Assets are neither recognised nor disclosed.

S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI FRN 000111S CHARTERED ACCOUNTANTS

APAS & CO. CHARTERED ACCOUNTANTS

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DENA BANK

SCHEDULE – 18

NOTES FORMING PART OF THE ACCOUNTS

18.1 Reconciliation of entries under Inter Branch/ Inter Bank transactions, Nominal Account and old entries is an ongoing process. Balances with Reserve Bank/ Other Banks have been reconciled except certain entries which are under process of reconciliation. Consequential impact of pending reconciling items as stated above is not ascertainable. However provision there against has been made as per RBI guidelines

18.2 Provision on standard assets has been given effect in the accounts according to revised RBI guidelines as under:

- i. 0.25% of the outstanding in Farm Credit to Agriculture activities and Small and Micro Enterprises (SME) Sectors.
- ii. 1.00% of the outstanding in Commercial Real Estate [CRE] sector and also in cases where commencement date of operations is extended.
- iii. 0.75% on advances to Commercial Real Estate-Residential Housing (CRE-RH) Sector.
- iv. 2.00% of the outstanding in Housing Loans @ teaser rates.
- v. 0.40% of the outstanding in all other advances [i.e. except 18.2 [i],[ii] [iii] and [iv] above]
- vi. 5% for the period covering the period of moratorium allowed as per the restructuring package and 2 years thereafter, in restructured standard accounts.
- vii. Additional provision has been made @ 7.5% and 10% on certain Standard Assets in compliance with the RBI directive.

18.3 Classification of advances and provisioning there-against in case of 998 unaudited branches have been incorporated as certified by the Branch Managers.

18.4 During the year, Bank has incurred loss of ₹ 935.32 cr which has been carried forward to Profit & Loss Account under Schedule-2 "Reserve & Surplus". In view of this, Bank has not appropriated any amount to any of the Reserves including Capital Reserves.

18.5 Disclosures in terms of RBI guidelines are as under:

a. Capital:

During the year, the Bank has issued:

i) 8,41,08,286 equity shares of ₹ 10/- each to Government of India (GOI) at a price of ₹ 48.39 per share (including premium of ₹ 38.39 per share) on preferential basis in accordance with Chapter-VII of Securities and Exchange

Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009 aggregating to ₹ 407 cr.

ii) 2,16,76,267 equity shares of ₹ 10/- each to LIC of India (LIC) at a price of ₹29.92 per share (including premium of ₹ 19.92 per share), on preferential basis in accordance with Chapter VII of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009 aggregating to ₹ 64.86 cr.

iii) Unsecured, Subordinated, Perpetual, Additional Tier 1, Basel III compliant Non-Convertible Taxable Bonds (Series IV) ("Bonds") having face value of ₹ 10 lacs each to Power Finance Corporation Ltd for an amount of ₹ 1,000 cr.

Sr. No	Particulars	As on 31.03.2016		As on 31.03.2015	
		Basel III	Basel II	Basel III	Basel II
i	Common Equity Tier 1 capital ratio (%)	7.14	-	7.33	-
ii	Tier 1 Capital Adequacy ratio (%)	8.59	7.56	7.67	7.32
iii	Tier 2 Capital Adequacy ratio (%)	2.41	3.71	3.26	3.89
iv	Total Capital Adequacy ratio (CRAR) (%)	11.00	11.27	10.93	11.21
v	Percentage of the shareholding of the Government of India in the Bank	62.89%	62.89%	59.75%	59.75%
vi	Amount of equity capital raised (₹ in cr) including premium	471.86	471.86	140	140
vii	Amount of Additional Tier 1 capital raised of which				
	PNCPS:	NIL	NIL	NIL	NIL
	PDI:	1000	1000	400	400
viii	Amount of Tier 2 capital raised; of which				
	Debt capital instrument (₹ in cr)	NIL	NIL	NIL	NIL
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL	NIL	NIL

Bank has considered the Revaluation Reserve and Deferred Tax Asset for CET1 Capital as prescribed by RBI vide its circular No. DBR.BP.BC.83/21.06.201/2015-16

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b. Investments:

	Particulars		(₹ in cr)
1	**Value of Investments**	**31.03.2016**	**31.03.2015**
	(i) Gross Value of Investments		
	(a) In India	35,344.55	32,886.39
	(b) Outside India	0.00	0.00
	(ii) Provisions for Depreciation		
	(a) In India	118.33	124.46
	(b) Outside India	0.00	0.00
	(iii) Net Value of Investments		
	(a) In India	35,226.22	32,761.93
	(b) Outside India	0.00	0.00
2.	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	124.46	475.72
	(ii) Add: Provisions made during the year	2.63	0.00
	(iii) Less: Write-off during the year	5.55	14.41
	(iv) Less : Depreciation adjusted by reducing Book Value of Investment under AFS/HFT category shifted to HTM	3.21	266.84
	(v) Less : Write-back of excess provisions during the year	0.00	70.01
	(vi) Closing balance	118.33	124.46

i. The category wise position of holding of "Investment Portfolio" is as under:

(₹ in cr)

Categories	**31.03.2016**	**31.03.2015**
Gross Value of Investment		
A. Held to Maturity	27,464.94	25,084.32
B. Available for Sale	7,879.61	7,083.50
C. Held for Trading	0.00	718.57
Total	35,344.55	32,886.39
Less : Depreciation	118.33	124.46
Net Value of Investments	35,226.22	32,761.93

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In accordance with the RBI circular no. DBR.BP.27/21.04/048/2015-16 dated 16.07.2015, the Bank has included its deposits placed with NABARD/ SIDBI and NHB on account of shortfall in lending to Priority Sector under Schedule 11 'Other Assets' which were earlier included under Schedule 8 "Investment". Interest income on these deposits has been included under "Interest Earned-Others".

ii. REPO Transactions (in face value terms):

(₹ in cr)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as on 31.03.16
Securities sold under repo				
i. Govt Securities	3.00	1,150.00	416.03	785.00
ii. Corporate Debt Securities	0.00	0.00	0.00	0.00
Securities purchased under reverse repo				
i. Govt Securities	50.00	1,700.00	233.64	0.00
ii. Corporate Debt Securities	0.00	0.00	0.00	0.00

iii. Non SLR Investment Portfolio:

a. Issuer Composition of Non SLR Investment (As on 31.03.2016):

(₹ in cr)

Sl. No. (1)	Issuer (2)	Amount (3)	Extent of private placement (4)	Extent of 'below investment grade' securities (5)	Extent of 'unrated' securities (6)	Extent of 'unlisted' securities (7)
1	PSUs	4,271.21	3,840.94	0.00	16.09	0.00
2	FIs	113.93	33.97	0.00	4.13	0.00
3	Banks	96.50	96.50	0.00	0.00	0.00
4	Private Corporates	475.89	278.41	0.00	1.43	1.43
5	Subsidiaries/ Joint Ventures	19.33	19.33	0.00	18.28	0.00
6	Others	272.46	272.46	0.00	0.00	0.00
7	Sub Total	5,249.32	4,541.61			
8	Less: Provision held towards depreciation	118.33				
9	**Total**	**5,130.99**				

b. Non-performing Non-SLR Investments:

(₹ in cr)

Particulars	2015-16	2014-15
Opening balance	121.29	110.22
Additions during the year	10.06	30.73
Reductions during the year	15.43	19.66
Closing Balance	115.92	121.29
Total provisions held	115.92	121.29

Sale and Transfers to/ from HTM Category

i. The value of sales and transfer of securities to/from HTM category did not exceed 5% of the Book Value of investments held in HTM category at the beginning of the year.

ii. The Bank has amortized premium of ₹ 52.59 cr during the year (Previous year ₹ 50.84 cr) for securities classified under "Held to Maturity" category in terms of Accounting Policy as stated at para 17.3, and the said amount has been charged to Profit and Loss Account by reducing value of the respective securities to that extent.

iii. In accordance with the guidelines issued by RBI, the Bank has shifted securities from one category to another during the year. The consequential depreciation amounting to ₹ 10.84 cr (previous year ₹ 266.84 cr) on account of shifting securities from "Available for Sale" and "Held for Trading" category to "Held to Maturity" category has been charged to Profit & Loss Account by reducing book value of these securities.

iv The Bank has an investment of ₹ 19.33 cr (Previous year ₹ 19.33 cr) in one Regional Rural Bank (RRB) sponsored by the Bank. This includes Investment of ₹ 18.28 cr (Previous Year ₹ 18.28 cr) by way of Share Capital deposits, towards recapitalization of the RRBs. Investment has been valued at cost in accordance with the RBI guidelines.

18.6 Derivatives:

a. Forward Rate Agreement/ Interest Rate Swap

S No	Particulars	2015-16	2014-15
I	The notional principal of swap agreements	NIL	NIL
II	Losses which would be incurred if counter parties 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

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b. Exchange Traded Interest Rate Derivatives:

S No	Particulars	2015-16	2014-15
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 as on 31st March. (instrument wise)	NIL	NIL
III	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective".(instrument wise)	NIL	NIL
IV	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".(instrument wise)	NIL	NIL

c. Disclosures on risk exposure in derivatives:

i. Qualitative Disclosure

The Treasury Policy & Derivative Policy of the Bank lays down the type of financial derivates instruments, scope of usages, approval process as also the limits like the open position limits, deal size limits and counter party exposure limits besides delegated power for trading in the approved instruments.

Bank is exposed to credit risk, market risk, country risk and operational risk. Bank has risk management policies approved by the Board of Directors which is designed to measure the financial risks for transactions in the trading book on a regular basis. The Risk Management Department measures the financial risk for transactions through measurement tools such as MTM, VaR, Convexity and Modified Durations, and Sensitivity Analysis on a daily basis and Stress Testing, VaR Back Testing on a monthly basis. The reports are submitted to the Top Management which appraises the risk profile to the ALCO. The guidelines issued by RBI, FEDAI & FIMMDA from time to time are followed.

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II. Quantitative Disclosure

(₹ in cr)

Sr. No	Particulars	2015-16		2014-15	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)	26,515.64	NIL	27,511.29	NIL
	a) For hedging	14,992.77	NIL	15,614.64	NIL
	b) For trading	11,522.86	NIL	11,896.65	NIL
(ii)	Marked to Market Positions				
	a) Asset (+)	(-)217.24	NIL	(-)138.52	NIL
	b) Liability (-)	230.26	NIL	155.56	NIL
(iii)	Credit Exposure	51.12	NIL	141.80	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	82.04	NIL	86.65	NIL
	a) on hedging derivatives	46.39	NIL	47.70	NIL
	b) on trading derivatives	35.65	NIL	38.96	NIL
(v)	Maximum of 100*PV01 observed during the year	91.75	NIL	93.61	NIL
	a) on hedging-				
	b) on trading				
	Minimum of 100*PV01 observed during the year	77.12	NIL	46.45	NIL
	a) on hedging				
	b) on trading				

1. Bank does not have the derivative transaction except Forward Contracts like Merchant Forward Contracts and Inter Bank Contracts done for Arbitrage, Funding and Merchant Transactions covering and Proprietary Trading activities.

2. Bank is calculating PV01 of outstanding Forward Exchange Contract on quarterly basis collectively on hedging and trading positions.

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18.8 Asset Quality:

a. Non Performing Assets:

(₹ in cr)

Particulars	2015-16	2014-15
i. Net NPA to Net Advances (%)	6.35%	3.82%
ii. Movement of NPAs (Gross)		
Opening Balance	4,393.04	2,616.03
Additions during the year	6,098.45	3,673.99
Reductions during the year	1,931.00	1,896.98
Closing Balance	8,560.49	4,393.04
iii. Movement of Net NPAs		
Opening Balance	3,014.30	1,818.92
Additions during the year	3,978.17	2,093.09
Reductions during the year	1,762.00	897.71
Closing Balance	5,230.47	3,014.30
iv. Movement of Provision for NPAs (Excluding provision on Standard Assets)		
Opening Balance	1,372.22	772.78
Add: Provisions made during the year	2,724.09	1,114.74
Less: Write off / write back of excess provisions during the year	773.99	515.30
Closing balance	3,322.32	1,372.22

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. **b. Particulars of Accounts Restructured:**

Disclosure of Restructured Accounts as of 31.03.2016

(₹ in cr)

Sl	Type of Restructuring		CDR Mechanism					SME					Others					Total				
	Asset Classification Details		Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (15)	No of borrowers	35	1	5	0	41	43	13	200	26	282	1111	795	1245	130	3281	1169	809	1450	156	3604
		Amt O/s	2,831.71	52.16	221.39	0	3,105.26	185.83	36.39	180.32	0.39	402.93	4,868.92	474.62	255.01	2.72	5,601.27	7,886.46	563.17	658.72	3.11	9,109.46
		Provision thereon	210.63	2.76	0	0	213.39	11.25	0	0	0	11.25	92.87	0	0	0	92.87	314.75	2.76	0	0	317.51
2	Fresh Restructuring during the year	No of borrowers	0	0	0	0	0	2	1	1	0	4	2004	1	1	0	2006	2006	2	2	0	2010
		Amt O/s	0	0	0	0	0	82.49	0.91	0.95	0	84.35	615.80	74.71	0.15	0	690.66	698.29	75.62	1.10	0	775.01
		Provision thereon	0	0	0	0	0	0	0.76	0	0	0.76	6.39	1.61	0	0	8.00	6.39	2.37	0	0	8.76
3	Upgradations to restructured standard category during the FY	No of borrowers	0	0	0	0	0	2	-1	-1	0	0	72	-72	0	0	0	74	-73	-1	0	0
		Amt O/s	0	0	0	0	0	17.51	-2.44	-8.47	0	6.60	15.51	-15.51	0	0	0	33.02	-17.95	-8.47	0	6.60
		Provision thereon	0	0	0	0	0	0	0	0	0	0.00	1.43	0	0	0	1.43	1.43	0	0	0	1.43
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	-3	0	0	0	-3	-11	0	0	0	-11	-22	0	0	0	-22	-36	0	0	0	-36
		Amt O/s	-87.34	0	0	0	-87.34	-1.36	0	0	0	-1.36	-1,820.93	0	0	0	-1,820.93	-1,909.63	0	0	0	-1,909.63
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
5	Downgradations of restructured accounts during the FY	No of borrowers	-9	-1	11		1	-18	2	12	0	-5	-107	-642	-16	-50	-815	-135	-641	8	-50	-819
		Amt O/s	-1,276.82	-52.16	1,129.45	0	-199.53	-107.00	14.24	65.00	0	-27.76	-502.19	-410.82	997.32	-2.17	82.14	-1,886.01	-448.74	2,191.77	-2.17	-145.15
		Provision thereon	-111.48	-2.76	1.62	0	-112.62	-11.10	0	0	0	-11.10	-47.67	0	0	0	-47.67	-170.25	-2.76	1.62	0	-171.39
6	Write-offs accounts during FY	No of borrowers	0	0	-5	0	-5	0	0	-109	-14	-123	0	0	-1	0	-1	0	0	-115	-14	-129
		Amt O/s	0	0	-95.48	0	-95.48	0	0	-114.48	-0.25	-114.73	0	0	-8.19	0	-8.19	0	0	-218.15	-0.25	-218.40
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Restructured Accounts as on 31.03.2016 of the FY(16)	No of borrowers	23	0	11	0	34	17	16	103	12	147	3058	82	1229	80	4449	3098	97	1343	92	4630
		Amt O/s	1,487.55	0	1,255.36	0	2,722.91	177.47	49.10	123.32	0.14	350.03	3,177.11	123.00	1,244.29	0.55	4,544.95	4,822.13	172.10	2,622.97	0.69	7,617.89
		Provision thereon	99.15	0	1.62	0	100.77	0.15	0.76	0	0	0.91	53.02	1.61	0	0	54.63	152.32	2.37	1.62	0	156.31

Suitable adjustment is made for changes in o/s of accounts appearing as on 31.03.2015, & exclusion of failed / exited restructuring.

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c. **Details of Financial assets sold to Securitisation /Reconstruction Company for Asset Reconstruction:**

(₹ in cr)

Particulars	2015-16	2014-15
i. No. of accounts	18	1
ii. Aggregate value (net of provisions) of accounts sold to SC/RC	248.14	0.00
iii. Aggregate consideration	252.54	10.50
iv. Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v. Aggregate gain over Net Book Value (NBV)	4.40	10.50

d. **Details of non-performing financial assets purchased/sold**

i Details of non-performing financial assets purchased:

(₹ in cr)

Particulars	2015-16	2014-15
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding	NIL	NIL
Of these, number of accounts restructured during the year	NIL	NIL
Aggregate outstanding	NIL	NIL

ii Details of non-performing financial assets sold:

(₹ in cr)

Particulars	2015-16	2014-15
No. of accounts sold	NIL	NIL
Aggregate outstanding	NIL	NIL
Aggregate consideration received	NIL	NIL

e. **Provision Coverage Ratio (PCR)**

Particulars	2015-16	2014-15
Provision Coverage Ratio	52.79%	52.97%

As on Balance Sheet Date Provision Coverage Ratio is 52.79% calculated as per RBI circular no. RBI2009-10/240 DBOD.No.BP.BC.64/21.4.048/2009-10 dated 01.12.2009. In terms of RBI circular no. DBOD.No.BP.BC. 87/21.04.048 /2010-11 April 21, 2011 on PCR, shortfall of ₹ 1,906.45 cr in Countercyclical Provisioning Buffer, is to be built up by the Bank at the earliest.

f. Additional Disclosure requirements relating to sale of non-performing assets (NPAs) to Securitisation Companies(SCs)/ Reconstruction Companies (RCs)

As per RBI circular no. RBI/2014-15/508 DBR.No.BP.BC.78/21.04.048/2014-15 dated March 20, 2015, the details of sale of NPAs to SCs and RCs is as below:

(₹ in cr)

Particulars	Book Value of Investments in security receipts	
	2015-16	**2014-15**
Backed by NPAs sold by the Bank as underlying	426.02	245.97
Backed by NPAs sold by other Banks/ financial institutions/non banking financial companies as underlying	Nil	NIL
Total	**426.02**	**245.97**

g. As per RBI circular no. RBI/2014-15/508 DBR.No.BP.BC.78/21.04.048/2014-15 dated March 11,2015, during the FY 2015-16, Bank has reversed an excess provision amounting to Nil (PY ₹ 9.27 cr) on account of sale of NPAs.

h. Movement of Frauds

₹ in cr

	2015-16		2014-15	
	Number	**Amount**	**Number**	**Amount**
Opening Balance	513	1,136.22	470	736.06
Add: Reported During the year	22	71.03	43	400.16
Less: Closed during the year	2	0.25	0	0
Closing Balance	533	1,207.00	513	1,136.22

i. Food Credit Exposure: Bank's exposure in food credit to Food Corporation of India (FCI) was 1.37% aggregating to ₹ 1,346.71 cr as of 31.03.2016. Out of this, exposure to Government of Punjab (GoP) was ₹ 540.71 cr. There was a gap between outstanding Food Credit to GoP and Value of Stock and receivables for which neither GoP nor FCI was accepting liability. RBI vide their letter dated 12.04.2016 informed the Secretary, Department of Expenditure, Ministry of Finance to make provision @ 7.50% by March 2016 on outstanding food credit to GoP. Accordingly, Bank has made provision of ₹ 40.55 cr on its share of outstanding balance as of 31.03.2016.

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j. **Strategic Debt Restructuring (SDR):** As on 31.03.2016, there were 7 accounts with outstanding balance aggregating to ₹ 1,052.13 cr in which SDR was invoked. Out of this, one account with outstanding balance of ₹ 83.67 crores was classified as NPA and in another account, Bank has made additional provision @ 7.50% on outstanding balance of ₹ 341.97 cr in which equity conversion has taken place in compliance with the RBI guidelines.

k. **Ujawal Discom Assurance Yojana (UDAY):** Bank was having exposure in 9 stressed discoms in 6 States before implementation of UDAY Scheme. Out of this, 3 state Governments opted for UDAY scheme involving 6 discoms. After implementation of UDAY Scheme, part of the Loan Amount have been converted into SDL Bonds/Discom Bonds. Outstanding Balance after implementation of UDAY Scheme in these Loan accounts was ₹ 350.12 cr, investments in SDL Bond was ₹ 1,956.71 cr and Discom Bonds was ₹ 862.86 cr as on 31.03.2016.

l. **Asset Quality Review (AQR):** As per the findings of the AQR undertaken by Reserve Bank of India communicated to the Bank vide their Letter No. DBS.COO.PPD/AQR/637/11.01.021/2015-16 dated 02.12.2015, 16 accounts with outstanding balance of ₹ 2,487.11 cr were suggested to be downgraded by March 2016. Out of this, RBI has further advised to keep 8 accounts as Standard having outstanding balance of ₹ 643.50 cr and remaining 8 accounts with outstanding balance of ₹ 1,843.61 cr have been classified as NPA and necessary provisioning has been made.

18.9 Provision for Standard Assets:

(₹ in cr)

Particulars	2015-16	2014-15
Provision for Standard Assets made during the year	-15.02	88.31
Balance of Provision for Standard Assets as on the Balance Sheet Date	582.82	597.84

18.10 Business Ratios:

Particulars	2015-16	2014-15
i. Interest Income as a percentage to Working funds	8.25%	8.94%
ii. Non-Interest Income as a percentage to Working funds	0.68%	0.60%
iii. Operating Profit as a percentage to Working Funds	0.73%	1.11%
iv. Return on Assets	-1.02%	0.22%
v. Business (Deposits plus advances) per employee (₹ in cr)	14.62	14.42
vi. Profit per employee (₹ in lacs)	-2.35	1.95

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18.11 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities: (₹ in cr)

Particulars	Day 1	2 to 7days	8 to 14 days	15 to 28 Days	29 Days to 3 Months	Over 3 Months and up to 6 Months	Over 6 Months and up to 1 year	Over 1 Year & up to 3 Years	Over 3 Year & up to 5 Years	Over 5 Year	Total
Deposits	160.92	2550.53	1492.90	3644.69	18682.18	12292.29	28920.63	46150.40	2256.34	1280.08	117430.96
Borrowings	0.00	1744.33	0.00	0.00	0.00	0.00	0.00	306.00	300.00	3580.00	5930.33
Advances	232.22	880.07	1014.74	291.71	3469.33	1634.46	4367.34	43992.97	6275.74	20169.75	82328.33
Investments	10.73	68.05	24.91	0.00	168.60	109.63	1080.04	6554.62	6097.65	21043.69	35157.96
Foreign Currency Assets	62.91	3.81	2.98	8.86	422.69	87.96	231.21	592.10	183.11	0.00	1595.65
Foreign Currency Liabilities	179.46	26.15	38.75	96.17	367.11	196.37	600.97	4.97	0.00	0.00	1509.94

18.12 Exposures:

a. Exposure to Real Estate Sector:

(₹ in cr)

Category	2015-16	2014-15
a. Direct Exposure		
i. Residential Mortgages		
- Individual Housing Loans eligible for inclusion in priority sector	3,047.36	2,847.13
- Others	4,185.28	2,836.02
Total	**7,232.64**	**5,683.15**
ii. Commercial Real Estate Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multifamily residential building, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc) Exposure would also include non fund based (NFB) limits	1,262.48	1,068.12
iii Investment in Mortgage Backed Securities (MBS) and other securitised exposures a. Residential b. Commercial real estate	0.00	0.00
b. Indirect Exposure on National Housing Bank (NHB)and Housing Finance Companies (HFCs)		
-Fund Based	1,762.08	1,941.18
-Non-Fund Based	0	0
Total Exposure to Real Estate Sector	**10,257.20**	**8,692.45**

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b. Exposure to Capital Market:

(₹ in cr)

Sr. No.	Particulars	2015-16	2014-15
1	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	83.18	84.04
2	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPS), convertible bonds and convertible debentures, units of equity oriented mutual funds	0.00	0.00
3	Advances for any other purposes where convertible shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.06	0.36
4	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;	0.00	0.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	40.07	37.72
6	Loans sanctioned to corporate 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;	0.00	0.50
7	Bridge loans to companies against expected equity flows/issues;	0.00	0.00
8	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or units of equity oriented mutual funds	0.00	0.00
9	Financing to stockbrokers for margin trading	0.00	0.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	46.92	40.68
	Total Exposure to Capital Market	**170.23**	**163.30**

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18.13 Risk Category wise Country Exposure:

a. In respect of Foreign Exchange transactions, where the Bank's net funded exposure computed as per the guidelines of the RBI with each country exceeded 1% of the total assets of the Bank, the Bank is required to make the provision. Since, Bank's net funded exposure in any country does not exceed 1% of total assets, no provision (Previous year NIL) is made.

(₹ in cr)

Risk Category*	Exposure (net) as at March 2016	Provision held as at March 2016	Exposure (net) as at March2015	Provision held as at March2015
Insignificant	438.89	0.00	844.66	0.00
Low Risk	253.70	0.00	468.41	0.00
Moderately Low Risk	21.84	0.00	20.45	0.00
Moderate Risk	5.03	0.00	14.53	0.00
Moderately High Risk	1.63	0.00	0.68	0.00
High Risk	0.40	0.00	0.70	0.00
Very High Risk	1.27	0.00	0.31	0.00
Total	**722.76**	**0.00**	**1,349.74**	**0.00**

b. Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank

During the year 2015-16, the Bank has not exceeded prudential credit exposure limit in respect of group/single borrower.

18.14 Unsecured Advances

(₹ in cr)

No.	Particulars	2015-16	2014-15
1.	Total Unsecured Advances as of 31.03.16	11,288.95	7,117.39
2 a	Out of which secured by intangible securities	0.00	0.00
2 b	Estimated Value of Such Collateral Securities (such as charge over the rights, licenses, authorization etc)	0.00	0.00
3	Other Unsecured Loans (1 – 2a)	**11,288.95**	**7,117.39**

18.15 Disclosure of penalties paid to RBI

During the year Bank has paid ₹ 1.50 cr penalty for lapses observed in AML/ KYC & ₹ 0.02 cr for soiled notes at Currency Chest to Reserve Bank of India.

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18.16 DISCLOSURES AS PER ACCOUNTING STANDARDS (AS):

a. Accounting Standard - 5 – "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies"

There were no material prior period income/expenditure items requiring disclosure under AS – 5

b. Accounting Standard - 9 – "Revenue Recognition"

Certain items of income are recognized on realization basis as per Accounting Policy as stated at point no. 17.9.

c. Accounting Standard - 10 – "Accounting for Fixed Assets"

(i) Bank has revised its Accounting Policy, wherein Depreciation on assets sold/ discarded during the year is charged at full rates for the assets sold/discarded after 30th September and at half of the rates on the assets sold/ discarded upto 30th September as against the earlier policy of charging Depreciation on assets sold/discarded during the year up to the date of sale/discard. There is no impact of this change on the Profit & Loss Account.

(ii) Premises does not include non Banking assets acquired in satisfaction of claims of ₹ 9.86 cr (Previous Year ₹ 9.86 cr). Further, Fixed Assets also do not include properties of ₹ 6.71 cr (Previous Year ₹ 6.71 cr) which are yet to be registered in the name of the Bank and are lying under Other Assets.

(iii) Certain properties of the Bank have been revalued during the year at fair market value determined by the approved valuers (last such revaluation was done in the Financial year 2012 - 2013). The book value of the assets revalued was Rs 154.84 cr. The appreciation of Rs 208.42 cr on such assets has been credited to Revaluation Reserve Account.

d. Accounting Standard - 11 – "The Effects of Changes in Foreign Exchange Rates"

Net income on account of exchange differences credited in the Profit and Loss account for the year is ₹ 73.81 cr (previous year: ₹ 76.28 cr).

e. Accounting Standard - 12 – "Accounting for Government Grants"

Bank has treated the Government Grants related to depreciable assets as deferred income which is recognised in the profit and loss statement over the useful life of the asset in accordance with the Accounting Standard on 'Accounting for Government Grants'. Such allocation to income is usually made over the periods and in proportions in which depreciation on related assets is charged. The deferred income of ₹ 2.07 cr is reflected under ... the balance sheet pending its apportionment to profit and loss account.

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f. **Accounting Standard - 15 – "Employee Benefits"**

The following information is disclosed in terms of Accounting Standard issued by the ICAI.

No.	Particulars	2016	2015	2014	2013	2012
A	**PENSION PLAN**					
(i)	**Principal Actuarial Assumptions used**					
	Discount Rate	8.00%	8.00%	8.75%	8.00%	8.50%
	Rate of Return on Plan assets	9.00%	9.00%	9.00%	8.00%	8.50%
	Salary escalation	5.00%	5.00%	5.00%	5.50%	5.00%
(ii)	**Change in Benefit Obligation:**					
	Liability at the beginning of the year	2158.66	1917.94	1761.94	1695.29	1667.63
	Interest Cost	161.01	144.85	149.98	129.02	135.26
	Current Service Cost	228.43	210.93	202.02	200.88	23.51
	Benefit paid	[292.09]	[214.78]	[190.88]	[165.09]	[152.77]
	Actuarial (gain)/loss on obligation	225.74	99.72	[5.12]	[98.16]	21.66
	Liability at the end of the year	2481.75	2158.66	1917.94	1761.94	1695.29
(iii)	**Fair value of Plan Assets:**					
	Fair value at the beginning of the year	2230.81	1767.44	1606.82	1443.55	1283.72
	Expected return	200.77	159.06	144.61	115.48	109.12
	Contributions	506.80	450.37	183.54	176.22	210.65
	Benefit Paid	[292.09]	[214.77]	[190.87]	[165.09]	[152.77]
	Actuarial Gain/(loss) on Plan Assets	7.75	68.71	23.34	36.66	[7.17]
	Fair Value at the end of the year	2654.04	2230.81	1767.44	1606.82	1443.55
(iv)	**Amount recognized in the Balance Sheet:**					
	Liability at the end of the year	2481.75	2158.66	1917.94	1761.94	1695.29
	Fair value of Plan Assets at the end of the year	2654.04	2230.81	1767.44	1606.82	1443.55
	Unrecognized Transition Liability	0.00	0.00	70.80	0.00	0.00
	Amount Recognized in the Balance Sheet	172.29	72.15	[79.70]	[155.12]	[251.74]
B	**GRATUITY PLAN**					
(i)	**Principal Actuarial Assumptions used**					
	Discount Rate	8.00%	8.00%	8.75%	8.00%	8.50%
	Rate of Return on	9.00%	9.00%	9.00%	8.00%	8.50%

	Plan assets Salary escalation	5.00%	5.00%	5.00%	5.50%	5.00%
(ii)	**Change in Benefit Obligation:**					
	Liability at the beginning of the year	280.30	277.76	311.12	295.19	277.94
	Interest Cost	16.77	20.39	25.85	22.03	21.65
	Current Service Cost	17.09	15.35	17.06	15.69	14.00
	Past Service Cost	0.00	0.00	0.00	0.00	0.00
	Benefit paid	[57.42]	[45.76]	[47.68]	[39.69]	[46.49]
	Actuarial (gain)/loss on obligation	55.14	12.56	[28.59]	17.90	28.09
	Liability at the end of the year	311.88	280.30	277.76	311.12	295.19
(iii)	**Fair value of Plan Assets:**					
	Fair value at the beginning of the year	302.97	309.82	276.03	232.20	229.12
	Expected return	22.72	27.88	24.84	18.58	19.48
	Contributions	16.23	0.00	57.10	60.01	15.00
	Benefit Paid	[57.42]	[45.77]	[47.68]	[39.69]	[46.49]
	Actuarial Gain/(loss) on Plan Assets	[6.89]	11.04	[0.47]	4.93	15.09
	Fair Value at the end of the year	277.61	302.97	309.82	276.03	232.20
(iv)	**Amount recognized in the Balance Sheet:**					
	Liability at the end of the year	311.88	280.30	277.76	311.12	295.19
	Fair value of Plan Assets at the end of the year	277.61	302.97	309.82	276.03	232.20
	Unrecognized Cost	0.00	0.00	0.00	0.00	0.00
	Unrecognized Transition Liability	0.00	0.00	16.00	0.00	0.00
	Amount Recognized in the Balance Sheet	[34.27]	22.67	48.06	[35.09]	[62.99]

Amounts Recognized in Profit & Loss Account in respect of Gratuity and Pension plan for Current Year **(₹ in cr)**

Sr no.	Particulars	Gratuity	Pension
(i)	**Actual return on Plan Assets**		
	Expected return on Plan Assets	22.72	200.77
	Actual gain/(loss) on Plan Assets	[6.89]	7.75
	Actual return on Plan Assets	15.83	208.52
(ii)	**Expenses recognized in the Income Statement:**		
	Current Service Cost	17.09	228.43
	Interest Cost	16.77	161.01
	Expected Return on Plan assets	[22.72]	[200.77]
	Actuarial (Gain) or Loss	62.03	217.99
	Expenses Recognized in P&L	73.17	406.66

Details of Provisions made for various long term employee benefits are as follows:

(₹ In cr)

Sr. No.	Particulars	2015-16	2014-15
1	Pension	406.66	298.51
2	Leave encashment	38.28	[1.12]
3	Gratuity	73.17	25.39
4	Silver Jubilee	0.01	0.04
5	Resettlement	[0.11]	0.20
6	Leave Travel Concession	4.77	0.77
7	Sick Leave	[19.25]	0.00
	TOTAL	**503.53**	**323.79**

i. Provision has been made for Employees Benefits viz; Pension, Gratuity, Leave Encashment and other Employees benefits in accordance with AS-15 on the basis of actuarial valuation.

g. Accounting Standard – 17 - "Segment Reporting"

As per the Reserve Bank of India revised guidelines on Accounting Standard -17, the Bank's Operations are classified into Primary Segment, i.e., the business segment comprising of "Treasury", "Corporate/ Wholesale Banking", "Retail Banking" and "Other Banking Operations", as follows:

PART A : Business Segments (₹ in cr)

Business Segment / Particulars	Treasury		Corporate/ wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue	3,059.06	2988.93	5,545.35	5,733.19	2,406.76	2,509.19	351.36	253.48	11,362.53	11,484.79
Result	412.26	45.50	-923.50	284.26	-147.69	237.69	295.34	176.01	-363.59	743.46
Unallocated Expenses									1187.30	675.81
Operating Profit									-1,550.89	67.65
Income Taxes									(615.57)	(197.83)
Extraordinary Profit/Loss										-
Net Profit									-935.32	265.48
Other Information										
Segment Assets	44,953.25	46124.47	51,662.84	57,020.15	31,580.50	23,071.90	1,374.15	803.56	1,29,570.74	127,020.08
Unallocated Assets									3,870.90	2900.46
Total Assets									1,33,441.64	129,920.54
Segment Liabilities	44,953.19	46124.47	50,774.93	53,785.47	29,286.88	21,327.76	1,165.74	478.88	1,26,180.74	121,716.58
Capital Employed									7,141.47	7,440.13
Unallocated Liabilities									119.43	8203.96
Total Liabilities									1,33,441.64	129,920.54

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PART B : Geographical Segments

	Domestic		International		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Revenue	11,362.53	11,484.79	Nil	Nil	11,362.53	11,484.79
Assets	1,33,441.64	129,920.54	Nil	Nil	1,33,441.64	129,920.54

Notes:

1) Segment Results are after adjustment on account of Inter Segment Cost, which has been considered on the basis of Transfer Price mechanism decided by the Bank.

2) Assumed Inter Segment Assets, Liabilities and Revenue have been ignored.

3) Treasury Operations consist of entire treasury investment portfolio of the Bank.

4) Unallocated liabilities include Capital and Reserves.

h. Accounting Standard- 18 – "Related Party Transactions"

Items/ Related Party	Parent (as per ownership or control)	Subsidiaries	Associates / Joint ventures #	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	-	-	-	-	-	-
Deposit	-	-	1007.05 (1297.48)	-	-	1007.05 (1297.48)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	229.19 (225.55)	-	-	229.19 (225.55)
Investments	-	-	-142.00* 140.00** (-152.00) (150.00)	-	-	-142.00* 140.00** (-152.00) (150.00)
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid by DGGB	-	-	8.44 (5.24)	-	-	8.44 (5.24)
Interest received by DGGB (IBPC)	-	-	8.65 (5.37)	-	-	8.65 (5.37)
Interest Received by [illegible]	-	-	95.98 (113.59)	-	-	95.98 (113.59)
Rendering of services	-	-	-			-

Receiving of services*	-	-	-	-	-	-
Management contracts*	-	-	-	-	-	-

(Figures in the Bracket are of previous financial year 2014-15)
* DGGB has participated in IBPC of ₹ 140.00 cr issued by Dena Bank on risk sharing basis representing various loans to Non Priority Sector and has invested ₹ 2 cr in Dena Tier II Bond.

** Dena Bank has participated in IBPC of ₹ 140.00 cr issued by DGGB on risk sharing basis representing various loans to Priority Sector.

Key Management Personnel

Name	Designation	Nature	Period	Amount (₹ in lacs)	Loan Amount (₹ in lacs)
Shri Ashwani Kumar	Chairman & Managing Director	Salary Emoluments & Incentives	01.04.2015 to 31.03.2016	21.02	Nil
Smt Trishna Guha	Executive Director	Salary Emoluments & Incentives	01.04.2015 to 31.03.2016	17.99	7.56
Shri R K Takkar	Executive Director	Salary Emoluments & Incentives	01.04.2015 to 04.11.2015	10.23	0.00
Shri Ramesh S Singh	Executive Director	Salary Emoluments & Incentives	22.01.2016 to 31.03.2016	3.36	Nil

i. Accounting Standard 20 – "Earnings per Share"

Earnings Per Share	31.3.2016	31.3.2015
EPS Basic/Diluted (₹)	-15.50	4.94
Net Profit as per Profit & Loss Account Considered as numerator (₹ in cr)	935.32	265.48
Weighted average number of Equity share considered as denominator	60,35,52,095	53,78,80,290
Nominal value of share (₹)	10/-	10/-

j. Accounting Standard 21 – "Consolidated Financial Statements (CFS)"

The Bank is not having any subsidiaries, within the meaning of this Standard; therefore, this Accounting Standard does not apply.

k. Accounting Standard 22 – "Accounting for Taxes on Income"

The Bank has complied with requirements of "AS-22 issued by ICAI and accordingly, deferred tax assets and liabilities are recognized.

The net balance of Deferred Tax Asset as on 31st March 2016 amounting to ₹ 1,266.44 cr (Previous Year ₹ 682.99 cr) consists of the following:

(₹ in cr)

	2015-16	2014-15
Deferred Tax Assets		
Provision for NPAs / Bad Debts	1,181.51	472.86
Leave Encashment	48.29	34.41
Amortized premium on HTM securities	0.00	81.14
Expenditure disallowable under section 40(a)(ia)	1.04	1.44
Provision for FITL	90.38	113.96
Provision for NPV on restructured accounts	54.09	108.41
Total Deferred Tax Assets	1,375.31	812.22
Less: Deferred Tax Liabilities		
Depreciation on Fixed Assets including software	9.00	8.39
Amount of special reserve created for infrastructure u/s 36(1)(viii)	123.04	120.84
Total Deferred Tax Liabilities	132.04	129.23
Net balance of DTA shown in the Schedule 11 (Other Assets)	1,243.27	682.99

l. Accounting Standard 23 – "Accounting for Investments in Associates in Consolidated Financial Statements"

Consolidated Financial Statements have not been prepared due the reason stated in Note 18 (j) above. The Bank has made an investment in equity of Gujarat Gramin Rural Bank of ₹.19.33 cr as at 31.03.2016 and the reserves & surplus proportionate to the investments as per unaudited results submitted to RBI , as at 31.03.2016 is ₹ 81.76 cr.

m. Accounting Standard - 24 – "Discontinuing Operations"

No operations have been discontinued in the Bank during the year.

n. Accounting Standard - 25 – "Interim Financial Reporting"

Bank has complied with this Accounting Standard.

o. Accounting Standard - 28 – "Impairment of Assets"

In the opinion of the Management, there is no impairment to its assets.

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p. **Accounting Standard - 29 – "Provisions, Contingent Liabilities and Contingent Assets"**

i. Movement of Provisions for Contingent Liabilities (₹ In cr)

Particulars	Legal Cases / Contingencies
Total provision as on 31.03.2015	8.72
Provision during the year	0.70
Amounts used during the year	0.01
Reversed during the year	1.69
Balance as at 31st March 2016	7.73
Timing of Outflow / Uncertainties	Not ascertainable
Reimbursement Expected	Not ascertainable

ii. Item No's (I) to (V) of the Schedule - 12 of the Balance Sheet on contingent liabilities, reflect the various types of contingent liabilities categorized according to their nature. These amounts are estimated on the basis of documents related to the basic contracts or claims made. Outflow on account of these contingent liabilities would depend upon the outcome of disposal of litigations by the respective judicial authorities, execution of contracts, invocation of guarantees, devolvement of LCs, settlement of claims etc.

18.17 Details of Provisions and Contingencies debited to the Profit and Loss Account during the year:

(₹ in cr)

Sr.	Particulars	2015-16	2014-15
(i)	Provision for Non Performing Assets	2,724.07	1114.74
(ii)	Provision for Income Tax/Wealth Tax	(55.29)	(35.90)
(iii)	Deferred Tax Liability /(Assets)(Net)	(560.27)	(161.94)
(iv)	Provision for Standard Assets	(15.02)	88.31
(v)	Provision for Sacrifice in NPV on restructured accounts	(162.64)	27.12
(vi)	Provision For FITL	(74.11)	96.53
(vii)	Provision for Depreciation on Investments	2.63	(70.01)
(viii)	Contingent liabilities	(0.99)	3.53
(ix)	Provision for Sale of NPA	0	(9.27)
(xi)	Provision for unhedged foreign currency	1.40	11.84
(xi)	Others	0.84	(0.16)
	Total	1860.62	1064.79

18.18 Amount of Provisions made for Income Tax /MAT during the year:

a. The Bank has recognized Income Tax liability of ₹ 42.68 cr on Book Profits in terms with Section 115JB of the Income Tax Act out of which MAT credit of ₹ 42.68 cr as MAT Credit entitlement u/s 115JAA of the Income Tax Act, 1961 has been recognized. The MAT credit entitlement is treated as an asset.

b. Amount of provision made for Income-tax during the year;

(₹ in cr)

Particulars	31.03.2016	31.03.2015
Provision for Income-tax/Wealth Tax for the year	0	73.52
Add/Less: Provided for/(Written back) for earlier years	(55.29)	(109.42)
Net Amount	(55.29)	(35.90)

18.19 Premises include 1/3rd share in a property [SPBT College Mumbai] jointly owned by the Bank with Central Bank of India, as under:

(₹ in cr)

Bank's share	31.03.2016	31.03.2015
Cost	2.36	2.36
Accumulated Depreciation	1.39	1.31
Written Down Value	0.97	1.05

18.20 The property belonging to the Bank was revalued during the year 2015-16 and written down value of the revalued property as on 31.03.2016 is ₹ 70.96 cr (Previous Year ₹ 52.72 cr).

18.21 Floating Provision

(₹ in cr)

Particulars	31.03.2016	31.03.2015
(a) Opening Balance in floating provisions account	NIL	NIL
(b) The quantum of floating provisions made in the accounting year	NIL	NIL
(c) Amount of draw down made during the accounting year	NIL	NIL
(d) Closing balance in the floating provisions account	NIL	NIL

18.22 The advances covered by Bank/ Govt. Guarantee amounting to ₹ 2,506.86 cr [shown in Schedule – 9 Para B (ii)] include ₹ 1,154.12 cr [PY ₹ 3,189.24 cr] guaranteed by various State Governments for FY 2015-16.

18.23 Draw Down from Reserve

There are no draw down of reserves during the year 2015-16.

18.24 i) Customer complaints:

Sr No	Particulars	2015-16		
		General	ATM/ Debit Card/Internet Banking	Total
a)	No. of complaints pending at the beginning of the year	23	850	873
b)	No. of complaints received during the year	1,973	36,654	38,627
c)	No. of complaints redressed during the year	1,961	36,955	38,916
d)	No. of complaints pending at the end of the year	35	549	584

ii) Awards passed by the Banking Ombudsmen:

Sr	Particulars	2015-16
a)	No. of unimplemented awards at the beginning of the year	Nil
b)	No. of awards passed by Banking Ombudsmen during the year	Nil
c)	No. of awards implemented during the year	Nil
d)	No. of unimplemented awards at the end of the year	Nil

18.25 Disclosure of Letter of Comforts (LOCs) issued by the Bank

A total of Guarantees/Letter of Comfort / Letter of Undertaking amounting to ₹ 2016.75 cr have been issued in respect of Buyer's Credit during April 1, 2015 to March 31, 2016.

The outstanding Guarantees/ Letter of Undertakings/ Letter of Comforts as of March 31, 2016 stood at ₹ 748.11 cr (Previous Year ₹ 778.55 cr).

18.26 Bancassurance Business

Bank has received ₹ 4.85 cr (Previous year ₹ 11.44 cr) as fees/commission from bancassurance business.

18.27 Concentration of Deposits

(₹ in cr)

Particulars	2015-16	2014-15
Total Deposits of Twenty Largest Depositors	19,237.97	21,150.00
Percentage of Deposits of Twenty Largest Deposits to Total Deposits of the Bank	16.38%	18.24%

18.28 Concentration of Advances

(₹ in cr)

Particulars	2015-16	2014-15
Total Advances of Twenty Largest Borrowers	13,079.09	15,500.87
Percentage of Advances of Twenty Largest Borrowers to total Advance of the Bank	13.11%	15.31%

18.29 Concentration of Exposures

(₹ in cr)

Particulars	2015-16	2014-15
Total Exposure of Twenty Largest Borrowers / Customers	17,258.39	16,295.38
Percentage of Exposure to Twenty Largest Borrowers/ Customers to Total Exposure of the Bank on Borrowers / Customers	15.21%	15.05%

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18.30 Concentration of NPAs

(₹ in cr)

Particulars	2015-16	2014-15
Total Exposure to top four NPA Accounts	1,984.52	932.88

18.31 Sector wise Advances & NPA

(₹ in cr)

S No	Sector	Current Year			Previous Year@		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1.	Agriculture & Allied Activities	12,618.45	1,095.89	8.68%	9,177.19	647.68	7.06%
2.	Advances to industries sector eligible as priority sector lending	7,464.68	1,237.46	16.58%	7,405.73	527.10	7.11%
3.	Services	6,209.31	598.53	9.64%	5,559.76	369.91	6.65%
4.	Personal Loans	3,591.58	137.59	3.83%	3,102.33	138.76	4.47%
	Subtotal (A)	29,884.02	3,069.47	10.27%	25,245.01	1,683.45	6.67%
B	Non Priority Sector						
1.	Agriculture & Allied Activities	0.00	0.00	0.00%	0.00	0.00	0.00%
2.	Advances to Industries	21,798.20	4,517.71	20.73%	20,830.52	1,762.42	8.46%
3.	Services	2,056.78	570.54	27.74%	510.76	32.91	6.44%
4.	Personal Loans	33,345.00	1,676.10	5.03%	34,740.07	1,611.49	4.64%
	Subtotal (B)	**57,199.98**	6,764.35	11.83%	**56,081.35**	3,406.82	6.07%
	Less PWO	1,273.33	1,273.33	0.00%	697.23	697.23	0.00
	Total (A+B)	**85,810.67**	**8,560.49**	**9.98%**	**80,629.13**	**4,393.04**	**5.45%**

- @Gross NPA Advances and Gross NPA Ratio for the Previous year (2014-15) are based on total advances i.e. priority as well as non priority advances.

18.32 Movement of NPAs

(₹ in cr)

Particulars	2015-16	2014-15
Gross NPAs as on 1st April of particular year (Opening Balance)	4,393.04	2,616.03
Additions (Fresh NPAs) during the year	6,098.45	3,673.99
Sub-total (A)	10,491.49	6,290.02
Less:-		
(i) Upgradations	443.34	786.98
(ii) Recoveries (excluding recoveries made from upgraded accounts)	728.00	594.70
(iii) Technical/ Prudential Write-offs	594.33	496.36
(iv) Write-offs other than those under (iii) above	165.33	18.94
Sub-total (B)	1,931.00	1,896.98
Gross NPAs as on 31st March of particular year (closing balance) (A-B)	8,560.49	4,393.04

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(₹ in cr)

Particulars	2015-16	2014-15
Opening balance of Technical/ Prudential written-off accounts as at April 1	2,015.97	1,559.62
Add: Technical/ Prudential write-offs during the year	594.33	496.36
Sub-total (A)	2,610.30	2,055.98
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	58.85	24.38
Closing balance as at March 31 (A-B) #	2,519.58	2,015.97

Closing Balance is net of the resultant write off (The sacrifice incurred on account of settlement closure of prudentially written off accounts)

18.33 Overseas Assets, NPA & Revenue

(₹ in cr)

Particulars	2015-16	2014-15
Total Assets	107.55	418.93
Total NPAs	-	-
Total Revenue	74.44	77.21

18.34 Bank has not sponsored any Special Purpose Vehicle.

Name of the SPV sponsored	
Domestic	Overseas
NA	

18.35 Disclosures Related to Securitisation

S. No	Particulars		2015-16 No. Amount in ₹ crore
1.	No of SPVs sponsored by the Bank for securitisation transactions*		NIL
2.	Total amount of securitised assets as per books of the SPVs sponsored by the Bank		
3.	Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet		
	a.	Off-balance sheet exposures	
		First loss	
		Others	
	b.	On-balance sheet exposures	
		First loss	
		Others	

S.	Particulars			2015-16
4.	Amount of exposures to securitisation transactions other than MRR			
	a.	Off-balance sheet exposures		
		i)	Exposure to own securitizations	
			First loss	
			Others	
		ii)	Exposure to third party securitisations	
			First loss	
			Others	
	b.	On-balance sheet exposures		
		i)	Exposure to own securitizations	
			First loss	
			Others	
		ii)	Exposure to third party securitisations	
			First loss	
			Others	

18.36 Credit Default Swaps

The Bank does not have any Credit Default Swap transaction during the period 01.04.2015 to 31.03.2016.

18.37 Intra Group Exposures

The Bank has one group entity i.e Dena Gujarat Gramin Bank which has availed overdraft facility against Fixed Deposit of ₹ 229.19 cr. The Bank has also participated in IBPC for ₹ 140.00 cr on a risk sharing basis.

Percentage of Intra Group exposure to total exposure of the Bank on borrowers/customers is 0.20%.

There is no breach of limits of intra-group exposure.

DENA BANK

18.38 Transfer to Depositor Education and Awareness Fund (DEAF)

The details of Unclaimed liabilities amount transferred to DEAF during the year FY 2015-16 (₹ in cr)

Particulars	31.03.2016	31.03.2015
Opening balance of amounts transferred to DEAF	185.02	0.00
Add: Amounts transferred to DEAF during the year	50.88	185.02
Less: Amount reimbursed by DEAF towards claims	0	0.00
Closing balance of amounts transferred to DEAF	235.90	185.02

18.39 Unhedged Foreign Currency Exposure

Incremental Capital and provision requirements for Exposures are based on Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15.01.2014 and DBOD.No.BP.BC.116/21.06.200/2013-14 dated 03.06.2014 issued by Reserve Bank of India are as under: -

For the FY 2015-16, Based on available data, financial statements and the certification received from borrowers wherever received, the Bank has estimated and provided for an incremental provisioning of ₹ 1.40 cr (Previous Year ₹ 11.84 Cr) and an incremental capital requirement of ₹ 17.18 Cr (Previous year ₹ 15.29 Cr) towards Unhedged Foreign Currency Exposure.

18.40 Qualitative Disclosures around LCR

RBI has introduced LCR as per Basel –III guidelines to monitor the short term liquidity of Banks. The aim of LCR standard is to ensure that Bank maintains adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its Liquidity needs for a 30 days time horizon. At a minimum, the stock of liquid assets should enable the Bank to survive until 30 days of the stress scenario by which time it is assumed that appropriate action can be taken.

The LCR is calculated by dividing the High Quality Liquid Assets with the total net cash out flows over the next 30 days calendar period. As per LCR guidelines net cash outflow is total expected cash outflows minus total expected cash inflows for the next 30 days calendar horizon.

The HQLA includes, Cash including cash reserves in excess of CRR, government securities in excess of SLR over & above the mandatory SLR requirement, Government securities to the extent allowed by RBI under Marginal Standing Facility and marketable securities issued/ guaranteed by Sovereigns etc. All such assets must be available at all time to be converted into cash and should be unencumbered. Bank's HQLA consists of assets which are liquid or can be converted to liquid assets within short notice.

Under outflow the items taken in to account for calculation of LCR includes all types of deposits withdrawable within a period of 30 days, unutilized portion of CC/ OD and un disbursed portion of Loans and expected devolvement of LCs and invocation of Guarantees issued by Bank within 30 days period etc, which is calculated on the basis of past historical data.

Under inflow the items to be taken in to account for calculation of LCR includes interest and installments recordable in loans and advances in next 30 days period and lines of credit or any liquidity arrangements with other Banks, from where Bank can get funds to meet the liquidity stress. Banks funding sources are well diversified and concentration of funding sources are avoided.

Bank does not have any subsidiary/joint venture, hence consolidation is not required. As per RBI guidelines Banks are required to maintain minimum 70% LCR as of March 2016 and Banks LCR is 79.99%.

18.41 Liquidity Coverage Ratio

(₹ in cr)

		June 2015 quarter avg		Sept 2015 quarter avg		Dec 2015 quarter avg		Mar 2016quarter avg	
	(Rs. In Crore)	Total Unweighted[8] Value	Total Weighted[9] Value (Average)	Total Unweighted[8] Value	Total Weighted[9] Value (Average)	Total Unweighted[8] Value	Total Weighted[9] Value (Average)	Total Unweighted[8] Value	Total Weighted[9] Value (Average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets		13773.13		13464.66		13801.11		16752.86
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	67073.88	6274.15	69078.89	5723.98	69141.34	5949.27	68743.93	5920.82
(i)	Stable Deposits	8664.68	433.23	23678.18	1183.91	19297.30	964.87	19071.23	953.56
(ii)	Less Stable Deposits	58409.20	5840.92	45400.71	4540.07	49844.04	4984.41	49672.70	4967.27
3	Unsecured Wholesale Funding , of which:	38047.24	16469.91	36901.34	15861.31	36401.08	14898.76	36205.23	14989.37
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-Operational Deposits (all counterparties)	38047.24	16469.91	36901.34	15861.31	36401.08	14898.76	36205.23	14989.37
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00		0.00		0.00
5	Additional requirement , of which	1910.71	248.23	1721.14	159.31	5430.53	646.81	10241.13	936.31
(i)	Outflows related to derivative exposures and other collateral requirement	91.99	91.99	4.64	4.64	30.77	30.77	0.00	0.00
(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	1818.72	156.24	1716.50	154.67	5399.76	616.04	10241.13	936.31
6	Others contracted funding obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Others contingent funding obligation	9571.66	478.58	9295.42	464.77	29737.87	2626.90	31651.00	2811.48
8	TOTAL CASH OUTFLOWS		23470.87		22209.37		24121.74		24657.99
Cash Inflows									
9	Secured lending (e.g. Reverse Repo)	1793.94	593.94	552.22	452.22	535.64	235.64	281.51	281.51
10	Inflows from fully performing exposures	1900.81	1198.1	2493.08	1595.83	3072.45	1551.42	2452.15	1281.82
11	Other Cash Inflows	909.82	156.24	170.96	85.48	287.77	201.46	164.72	164.72
12	Total Cash Inflows	4604.58	1948.29	3216.26	2133.54	3895.86	1988.51	2898.38	1728.05
									Total Adjusted[10] Value
21	TOTAL HQLA		13773.13		13464.66		13801.11		16752.86
22	TOTAL NET CASH OUTFLOWS		21522.59		20075.83		22133.23		22929.94
23	LIQUIDITY COVERAGE RATIO (LCR) (%)		64.32%		66.98%		67.91%		79.99%

[8] Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) expect where otherwise

[9] Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflow and outflow).

[10] Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. acp on level

18.42 Financial Inclusion:

Bank has been allotted total 6485 villages covering 2105 Sub Service Area (SSA) under Financial Inclusion for coverage by March 2016. Against target, 681 SSA have been covered through Brick & Mortar Branch and 1424 Sub Service Area (SSA) have been covered through BC model.

18.43 Aadhaar Enrolment under UIDAI:

Bank is a Non State Registrar of Unique Identification Authority of India (UIDAI). In 2nd phase, Bank has selected 74 Enrolment Agencies and has been carrying out Aadhaar Enrolment through various Enrolment Agencies in 13 states. Bank has enrolled 8.50 cr approximately residents for Aadhaar Number as of March, 2016.

18.44 Procurement from Micro, Small & Medium Enterprises

The procurements made by the Bank from various vendors during the financial year 2015-16 amounts to ₹ 60.48 cr. Out of this procurement made from MSE amounts to ₹ 22.65 cr and out of which the procurements made from MSE unit owned by SC/STs entrepreneurs amounts to ₹ 2.85 cr. The details are being published on the website of the Bank for the benefits of MSEs

There are no Micro, Small and Medium enterprises to which the Bank owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the bank.

18.45 Previous year's figures have been regrouped/reclassified/re-arranged, wherever necessary, to make them comparable with the current year's figures.

S. C. AJMERA & CO. CHARTERED ACCOUNTANTS FRN 002908C

ANAND & PONNAPPAN CHARTERED ACCOUNTANTS CHENNAI FRN-000111S

APAS & CO. CHARTERED ACCOUNTANTS RAIPUR FRN 000340C

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI FRN-103869W

DENA BANK

DENA BANK
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

₹ In '000'

		Year Ended 31.03.2016		Year Ended 31.03.2015	
Part I - Cashflow from operating activities					
Net profit after tax			(9353189)		2654821
Add/ (Less) Non cash items and items considered seperately:					
1	Depreciation on fixed assets	845053		646407	
2	Profit (-) / Loss (+) on sale of fixed assets	5473		4234	
3	Amortisation of premium paid on Investments	525867		508439	
4	Amortisation of software expenses	91640		86588	
5	Interest paid on long term loans	3966056		2786159	
6	Provision & Contingencies (Other Than I/W /DTL)	24761867		12626226	
7	Provision for Income Tax & DTL	(6155713)		(1980800)	
8	Provision for Wealth tax	0		2471	
9	Leave Encashment Actuarial valuation	382800		(11200)	
10	Provision for Sick Leave	(192500)		0	
11	Prov. For Silver Jubilee Milestone Award	100		400	
12	Provision for LFC			7700	
13	Provision for Resettlement service	(1100)		2000	
14	Provision for Wage Revision	0		598500	
			24229543		15277124
Operating profit before Working capital changes			14876354		17931945
Adjustments for working capital changes :					
1	(Increase)/Decrease in Investments	(25195061)		1321091	
2	(Increase)/Decrease in Advances	(59554525)		(25224005)	
3	(Increase)/Decrease in Other Assets	(9898215)		105388	
4	Increase/(Decrease) in Deposits	14948812		59083913	
5	Increase/(Decrease) in Borrowings (Excl. Financing Activities)	18353255		(19149309)	
6	Increase/(Decrease) in Other Liabilities	(3806758)	(65152492)	3944021	20081099
Cash Generated from operations			(50276138)		38013044
Income tax refund / (Direct tax Paid)			(1407810)		(2904452)
Net Cash flow from operating activities			(51683948)		35108592
Part II - Cashflow from investing activities					
Purchase of fixed assets (Incl. intangible)		(2194912)		(1306019)	
Sale of fixed assets		754399		8784	
Net Cash Used in Investment activities			(1440513)		(1297235)
Cash flow from operating and Investing activities			(53124461)		33811357

S. C. AJMERA & CO. FRN 002908C CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI FRN-000111S CHARTERED ACCOUNTANTS

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN MUMBAI CHARTERED ACCOUNTANTS

देना बैंक
DENA BANK

₹ in '000'

	Year Ended 31.03.2016		Year Ended 31.03.2015	
Part III - Cashflow from financing activities				
Equity Share Capital raised (incl Share Premium)	4718555		1400000	
Bonds Issued Basel III Compliant AT-I Bonds	10000000		4000000	
Bonds Payment Lower Tier-II	0		(2100000)	
Dividend Paid (Incl Dividend Tax)	(606012)		(1295560)	
Interest paid on long term loan	(3966056)		(2786159)	
Net Cash used in Financing activities		10146487		(781719)
Net increase/(decrease) in cash and cash equivalents		(42977974)		33029639
Cash and Cash equivalents (Opening)	96756859		63727220	
Cash and Cash equivalents (Closing)	53778885		96756859	
Difference in opening and closing cash and cash equivalents		(42977974)		33029639

(Usha Ravi)
General Manager

(Ramesh S Singh)
Executive Director

(Trishna Guha)
Executive Director

(Ashwani Kumar)
Chairman & Managing Director

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Dena Bank for the year ended 31.03.2016. The statement has been prepared by the bank in accordance with requirements of the Listing Agreements (Clause 32) with Stock Exchanges & is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Bank covered by our Audit Report of even date to the President of India.

For S C Ajmera & Co
Chartered Accountants
FRN 002908C

[S C Ajmera]
Partner
Mem. No. 061398

For Anand & Ponnappan
Chartered Accountants
FRN 000111S

[R Ponnappan]
Partner
Mem. No. 021695

For A P A S & Co.
Chartered Accountants
FRN 000340C

[Abhishek Mahawar]
Partner
Mem. No. 078796

For Jain & Jain
Chartered Accountants
FRN 103869W

[Ajay B. Jain]
Partner
Mem. No. 110372

Place : New Delhi
Date : 13th May, 2016

DENA BANK

(₹ in '000)

BALANCE SHEET AS AT 31st MARCH 2015

	SCH.	As at 31.03.2015 ₹	As at 31.03.2014 ₹
CAPITAL AND LIABILITIES			
CAPITAL	1	5,611,497	5,378,164
RESERVES AND SURPLUS	2	68,789,813	66,046,729
DEPOSITS	3	1,159,360,791	1,100,276,878
BORROWINGS	4	34,360,000	51,609,309
OTHER LIABILITIES AND PROVISIONS	5	31,083,391	25,323,806
TOTAL		1,299,205,492	1,248,634,886
ASSETS			
CASH AND BALANCES WITH RBI	6	90,850,524	62,439,503
BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE	7	5,906,336	1,287,717
INVESTMENTS	8	364,991,302	366,120,731
ADVANCES	9	789,343,138	775,537,748
FIXED ASSETS	10	11,535,759	11,448,139
OTHER ASSETS	11	36,578,433	31,801,048
TOTAL		1,299,205,492	1,248,634,886
CONTINGENT LIABILITIES	12	393,943,937	557,262,553
BILLS FOR COLLECTION	12	26,076,561	28,990,037
SIGNIFICANT ACCOUNTING	17		
NOTES FORMING PART OF	18		

Schedules referred to above form an integral part of Balance Sheet

Ashwani Kumar
Chairman & Managing Director

Trishna Guha
Executive Director

R K Takkar
Executive Director

Anna Roy
Director

V Vasanthan
Director

Bapkim R Desai
Director

M L Gupta
Director

A Subramanya
Director

Dr. Umesh Bellur
Director

V Chandrasekaran
Director

Dr. Yasho Vardhan Verma
Director

Hemant Khisti
Chief Manager

Pankaj Mittal
Asstt. General Manager

G C Garg
General Manager

As per our separate report of even date attached

For S C Ajmera & Co
Chartered Accountants
FRN 002908C
Arun Sarupria
Partner
M No. 078398

For Anand & Ponnappan
Chartered Accountants
FRN 000111S
B Hariharan
Partner
M No. 207896

For APAS & Co
Chartered Accountants
FRN 000340C
Ghanshyam Kumar
Partner
M No. 1[illegible]

For Jain & Jain
Chartered Accountants
FRN 103869W
[illegible]
Partner
M No. [illegible]

देना बैंक DENA BANK

(₹ in '000)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31[ST] MARCH 2015

	SCH	Year ended 31.03.2015 ₹	Year ended 31.03.2014 ₹
I INCOME			
INTEREST EARNED	13	107,634,852	99,784,750
OTHER INCOME	14	7,213,345	9,167,294
TOTAL		114,848,197	108,952,044
II EXPENDITURE			
INTEREST EXPENDED	15	83,156,232	74,733,951
OPERATING EXPENSES	16	18,389,247	16,477,820
PROVISIONS & CONTINGENCIES		10,647,897	12,223,672
TOTAL		112,193,376	103,435,443
III PROFIT/LOSS			
NET PROFIT FOR THE YEAR		2,654,821	5,516,601
NET PROFIT/LOSS BROUGHT FORWARD		-	-
TOTAL		2,654,821	5,516,601
IV APPROPRIATIONS			
TRANSFER TO STATUTORY RESERVE		796,447	1,654,980
TRANSFER TO SPECIAL INFRA RESERVE		985,300	600,000
TRANSFER TO CAPITAL RESERVES		54,207	59,777
TRANSFER TO REVENUE RESERVE		212,857	1,906,283
PROPOSED DIVIDEND (INCL. DIVIDEND TAX)		606,011	1,295,561
TOTAL		2,654,821	5,516,601
EARNING PER SHARE ₹ (Basic/Diluted) FV ₹10/-		4.94	14.40
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES FORMING PART OF ACCOUNTS	18		

Schedules referred to above form an integral part of Profit & Loss A/c

Ashwani Kumar
Chairman & Managing Director

Trishna Guha
Executive Director

R.K. Takkar
Executive Director

Anna Roy
Director

V. Vasanthan
Director

Bankim R Desai
Director

M.L. Gupta
Director

A. Subramanya
Director

Dr. Umesh Bellur
Director

V. Chandrasekaran
Director

Dr. Yasho Verdhan Verma
Director

Hemant Nisti
Chief Manager

Pankaj Mittal
Asstt. General Manager

G.C. Garg
General Manager

As per our separate report of even date attached

For S C Ajmera & Co
Chartered Accountants
FRN 002908C
Arun Sarupria
Partner
M No. 078398

For Anand & Ponnappan
Chartered Accountants
FRN 000111S
B Hariharan
Partner
M No. 207896

For APAS & Co
Chartered Accountants
FRN 000340C
Ankush Golechha
Partner
M No. 132980

For Jain & Jain
Chartered Accountants
FRN 103869W
Ajay K Jain
Partner
M No. 149372

देना बैंक
DENA BANK

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2015

(₹ in '000)

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
SCHEDULE-1 CAPITAL		
AUTHORISED		
300,00,00,000 Shares of ₹10/- Each	30,000,000	30,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
56,11,49,698 (PY 53,78,16,365) Equity Shares of ₹10/- each, Fully Paid Up	5,611,497	5,378,164
(of which 33,53,02,977(PY 31,19,69,644) Equity Shares are held by the Government of India)		
TOTAL	5,611,497	5,378,164
SCHEDULE-2 RESERVES AND SURPLUS		
I STATUTORY RESERVE		
OPENING BALANCE	15,772,559	14,117,579
ADDITION DURING THE YEAR	796,447	1,654,980
TOTAL - I	16,569,006	15,772,559
II CAPITAL RESERVE		
OPENING BALANCE	1,253,059	1,193,282
ADDITION DURING THE YEAR	54,207	59,777
TOTAL - II	1,307,266	1,253,059
III REVALUATION RESERVE		
OPENING BALANCE	8,119,410	8,546,076
ADDITION DURING THE YEAR	-	-
DEDUCTION DURING THE YEAR	(472,394)	(426,666)
TOTAL - III	7,647,016	8,119,410
IV SHARE PREMIUM		
OPENING BALANCE	17,612,551	8,830,130
ADDITION DURING THE YEAR	1,166,667	8,782,421
TOTAL - IV	18,779,218	17,612,551
V REVENUE RESERVE		
OPENING BALANCE	20,719,150	19,482,467
ADDITION DURING THE YEAR	212,857	1,906,283
DEDUCTION DURING THE YEAR	-	(669,600)
TOTAL - V	20,932,007	20,719,150
VI SPECIAL INFRA RESERVE		
OPENING BALANCE	2,570,000	1,970,000
DEDUCTION DURING THE YEAR	-	-
ADDITION DURING THE YEAR	985,300	600,000
TOTAL - VI	3,555,300	2,570,000
TOTAL (I + II + III + IV + V +VI)	68,789,813	66,046,729

देना बैंक
DENA BANK

SCHEDULES FORMING PART OF BALNCE SHEET AS AT 31st MARCH 2015

(₹ in '000)

SCHEDULE-3 DEPOSITS	As at 31.03.2015 ₹	As at 31.03.2014 ₹
A		
I DEMAND DEPOSITS		
i. FROM BANKS	1,351,130	1,946,193
ii. FROM OTHERS	64,145,014	66,734,524
II SAVINGS BANK DEPOSITS	257,060,252	241,424,167
III TERM DEPOSITS		
i. FROM BANKS	107,527,731	124,300,019
ii. FROM OTHERS	729,276,664	665,871,975
TOTAL	1,159,360,791	1,100,276,878
B		
i. DEPOSITS OF BRANCHES IN INDIA	1,159,360,791	100,276,878
ii. DEPOSITS OF BRANCHES OUTSIDE INDIA	-	-
TOTAL	1,159,360,791	100,276,878

SCHEDULE-4 BORROWINGS

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
I BORROWINGS IN INDIA		
i. RESERVE BANK OF INDIA	2,500,000	21,050,000
ii. OTHER BANKS	-	-
iii. OTHER INSTITUTIONS AND AGENCIES	-	159
iv. BONDS		
a) INNOVATIVE PERPETUAL DEBT INSTRUMENT (IPDI)	6,500,000	2,500,000
b) UPPER TIER II BONDS	3,000,000	3,000,000
c) SUBORDINATED DEBTS UNSECURED @	14,560,000	16,660,000
d) BASEL III COMPLIANCE TIER II BONDS	7,800,000	7,800,000
II BORROWINGS OUTSIDE INDIA	-	599,150
TOTAL	34,360,000	51,609,309

SCHEDULE-5 OTHER LIABILITIES AND PROVISIONS

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
I BILLS PAYABLE	8,065,961	3,493,350
II INTER OFFICE ADJUSTMENTS (NET)	1,801,264	-
III INTEREST PAYABLE	4,419,098	4,076,876
IV CONTINGENT PROVISIONS AGAINST STANDARD ASSETS	5,978,388	5,095,325
V OTHERS (INCLUDING PROVISIONS)	10,818,680	12,658,255
TOTAL	31,083,391	25,323,806

S. C. AJMERA & CO.

ANAND & PONNAPPAN

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN CHARTERED ACCOUNTANTS MUMBAI

DENA BANK

(₹ in '000)

SCHEDULES FORMING PART OF BALNCE SHEET AS AT 31st MARCH 2015

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I CASH IN HAND (INCLUDING FOREIGN CURRENCY NOTES)	7,787,187	4,858,535
II BALANCES WITH RESERVE BANK OF INDIA		
i. IN CURRENT ACCOUNTS	53,063,337	57,580,968
ii. IN OTHER ACCOUNTS (UNDER LAF)	30,000,000	-
TOTAL	90,850,524	62,439,503
SCHEDULE 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I IN INDIA		
I. BALANCES WITH BANKS		
a. IN CURRENT ACCOUNTS	350,764	508,822
b. IN OTHER DEPOSIT ACCOUNTS	-	-
II. MONEY AT CALL AND SHORT NOTICE		
a. WITH BANKS	2,000,000	-
b. WITH OTHER INSTITUTIONS	-	-
TOTAL - I	2,350,764	508,822
II OUTSIDE INDIA		
I. IN CURRENT ACCOUNTS	743,071	778,895
II. IN OTHER DEPOSIT ACCOUNTS	2,812,501	-
III. MONEY AT CALL AND SHORT NOTICE	-	-
TOTAL – II	3,555,572	778,895
TOTAL (I + II)	5,906,336	1,287,717

S. C. AJMERA & CO. UDAIPUR CHARTERED ACCOUNTANTS

ANAND & PONNAPPAN CHENNAI CHARTERED ACCOUNTANTS

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN MUMBAI CHARTERED ACCOUNTANTS

DENA BANK

(₹ In '000)

SCHEDULES FORMING PART OF BALNCE SHEET AS AT 31[st] MARCH 2015

		As at 31.03.2015		As at 31.03.2014
		₹		₹
SCHEDULE-8 INVESTMENTS				
I INVESTMENTS IN INDIA IN				
i. GOVERNMENT SECURITIES*		285,288,928		290,215,169
ii. OTHER APPROVED SECURITIES		-		-
iii. SHARES		2,194,683		1,826,349
iv. DEBENTURES AND BONDS		25,186,849		27,747,518
v. SUBSIDIARIES AND/OR JOINT VENTURES		193,319		193,318
vi. OTHERS				
a. VENTURE CAPITAL	387,900		348,795	
b. UNITS OF MUTUAL FUNDS	61,361		10,235	
c. RIDF DEPOSIT	30,583,921		27,842,623	
d. COMMERCIAL PAPER	-		472,064	
e. SECURITY RECEIPTS OF ARCs	2,365,311		2,289,500	
f. CERTIFICATE OF DEPOSIT	955,964		9,449,285	
g. MSME (RISK CAPITAL) FUND	371,025		247,350	
h. MSME REFINANCE	1,828,850		2,361,650	
i. CBLO	10,984,991		-	
j. RHDF	4,588,200	52,127,523	3,116,875	46,138,377
TOTAL		364,991,302		366,120,731
II INVESTMENTS OUTSIDE INDIA		-		-
TOTAL (I + II)		364,991,302		366,120,731
GROSS INVESTMENTS		366,235,880		370,877,904
LESS: PROVISION FOR DEPRECIATION		1,244,578		4,757,173
NET INVESTMENTS		364,991,302		366,120,731
*INCLUDES SECURITIES KEPT AS MARGIN WITH RBI & CCIL		5,205,000		12,807,000
SCHEDULE-9 ADVANCES				
A. i BILLS PURCHASED AND DISCOUNTED		16,381,808		30,170,235
ii CASH CREDITS, OVERDRAFTS AND LOANS REPAYABLE ON DEMAND		358,960,071		356,653,617
iii. TERM LOANS		414,001,259		388,713,896
TOTAL		789,343,138		775,537,748
SECURITY WISE ADVANCES				
B.i. SECURED BY TANGIBLE ASSETS [Includes advances against book-debts]		677,605,401		633,037,848
ii. COVERED BY BANK/GOVT. GUARANTEES		40,563,837		46,089,262
iii. UNSECURED		71,173,900		96,410,638
TOTAL		789,343,138		775,537,748
SECTOR WISE ADAVNCES				
C. I. ADVANCES IN INDIA				
i. PRIORITY SECTOR		276,884,753		228,487,450
ii. PUBLIC SECTOR		143,533,954		152,159,340
iii. BANKS		3,295,834		3,154,523
iv. OTHERS		365,628,597		391,736,435
TOTAL		789,343,138		775,537,748
II. ADVANCES OUTSIDE INDIA		-		-
TOTAL		789,343,138		775,537,748

देना बैंक DENA BANK

(₹ In '000)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2015

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
SCHEDULE-10 FIXED ASSETS		
A. TANGIBLE ASSETS		
I. PREMISES		
i. AT COST AS AT 31st MARCH OF THE PRECEEDING YEAR (Includes increase in the value on account of revaluation of certain premises in earlier years)	11,546,715	11,431,601
ii. ADDITION ON ACCOUNT OF REVALUATION DURING THE YEAR	-	-
iii. ADDITIONS DURING THE YEAR	52,124	115,114
iv. DEDUCTIONS DURING THE YEAR	-	-
v. DEPRECIATION TO DATE	(3,020,287)	(2,507,728)
vi. WORK IN PROGRESS	737	21,673
TOTAL – I	8,579,289	9,060,660
II. OTHER FIXED ASSETS (INCLUDING FURNITURE AND FIXTURES)		
i. AT COST AS ON 31st MARCH OF THE PRECEDING YEAR	5,839,552	4,960,730
ii. ADDITIONS DURING THE YEAR	1,240,640	1,032,985
iii. DEDUCTIONS DURING THE YEAR	(154,652)	(154,163)
iv. DEPRECIATION TO DATE	(4,197,963)	(3,733,355)
TOTAL – II	2,727,577	2,106,197
TOTAL (I + II) [A]	11,306,866	11,166,857
B. INTANGIBLE ASSETS		
I. COMPUTER SOFTWARE		
i. AT COST AS AT 31st MARCH OF THE PRECEEDING YEAR	610,666	551,814
ii. ADDITION DURING THE YEAR	192,059	58,852
iii. DEDUCTION DURING THE CURENT YEAR		
iv. SOFTWARE UNDER IMPLEMENTATION	2,000	159,860
iv. AMORTISED TO DATE	(575,832)	(489,244)
TOTAL [B]	228,893	281,282
GRAND TOTAL [A+B]	11,535,759	11,448,139
SCHEDULE-11 OTHER ASSETS		
I. INTER OFFICE ADJUSTMENTS (NET)	-	891,495
II. INTEREST ACCRUED	10,251,270	10,423,292
III. TAX PAID IN ADVANCE/TDS (Incl of MAT Entitlement & Net of provision)	10,651,079	7,393,866
IV. DEFERRED TAX ASSET (NET)	6,829,910	5,210,610
V. STATIONERY AND STAMPS	44,722	48,396
VI. NON BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS	98,600	165,917
VII. OTHERS	8,702,852	7,667,472
TOTAL	36,578,433	31,801,048

DENA BANK

(₹ in '000)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2015

	As at 31.03.2015 ₹	As at 31.03.2014 ₹
SCHEDULE-12 CONTINGENT LIABILITIES		
I. CLAIMS AGAINST THE BANK NOT ACKNOWLEDGED AS DEBTS	22,445,790	19,199,200
II. LIABILITY ON ACCOUNT OF PARTLY PAID SHARES		-
III. LIABILITY ON ACCOUNT OF OUTSTANDING FORWARD EXCHANGE CONTRACTS	275,112,889	445,510,143
IV. GUARANTEES GIVEN ON BEHALF OF CONSTITUENTS		
a) IN INDIA	48,731,854	46,123,277
b) OUTSIDE INDIA		
V. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS	45,803,204	46,429,933
VI. OTHER ITEMS FOR WHICH THE BANK IS CONTINGENTLY LIABLE (DEAF)	1,850,200	-
TOTAL	**393,943,937**	**557,262,553**
BILLS FOR COLLECTION	26,076,561	28,990,037

DENA BANK

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

(₹ in '000)

		Year ended 31.03.2015		Year ended 31.03.2014
		₹		₹
SCHEDULE 13 INTEREST EARNED				
I. INTEREST/DISCOUNT ON ADVANCES/BILLS		79,702,959		73,531,805
II. INCOME ON INVESTMENTS		27,384,121		25,568,512
III. INTEREST ON BALANCES WITH RESERVE BANK OF INDIA AND OTHER INTER BANK FUNDS		442,459		264,589
IV. OTHERS		105,313		419,844
TOTAL		107,634,852		99,784,750
SCHEDULE 14 OTHER INCOME				
I. COMMISSION, EXCHANGE AND BROKERAGE		2,115,530		1,950,041
II. PROFIT ON SALE OF INVESTMENTS	1,451,121		3,145,079	
LESS: LOSS ON SALE OF INVESTMENTS	(151,030)	1,300,091	(298,682)	2,846,397
III. PROFIT /(LOSS) ON SALE OF LAND, BUILDINGS AND OTHER ASSETS (NET)		(4,234)		(7,554)
IV. PROFIT ON FOREIGN EXCHANGE TRANSACTIONS (NET)		762,850		749,338
V. INCOME EARNED BY WAY OF DIVIDENDS ETC. FROM SUBSIDIARIES/COMPANIES AND /OR JOINT VENTURES ABROAD/ IN INDIA		29,598		37,826
VI. MISCELLANEOUS INCOME		3,009,510		3,591,247
TOTAL		7,213,345		9,167,294
SCHEDULE 15 INTEREST EXPENDED				
I. INTEREST ON DEPOSITS		79,891,294		71,092,861
II. INTEREST ON RESERVE BANK OF INDIA/INTER BANK BORROWINGS		478,715		1,229,760
III. OTHERS		2,786,223		2,411,330
TOTAL		83,156,232		74,733,951
SCHEDULE 16 OPERATING EXPENSES				
I. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		11,166,828		10,050,061
II. RENT, TAXES AND LIGHTING		1,835,950		1,455,218
III. PRINTING AND STATIONERY		214,243		199,260
IV. ADVERTISEMENT AND PUBLICITY		157,645		184,718
V. DEPRECIATION ON BANK'S PROPERTY		646,407		545,572
VI. DIRECTORS' FEES, ALLOWANCES AND EXPENSES		13,422		23,232
VII. AUDITORS' FEES AND EXPENSES (INCLUDING BRANCH AUDITORS)		124,484		125,318
VIII. LAW CHARGES		94,784		80,942
IX. POSTAGE, TELEGRAMS, TELEPHONES ETC		283,742		317,191
X. REPAIRS AND MAINTENANCE		327,486		265,210
XI. INSURANCE		1,087,033		1,015,806
XII. OTHER EXPENDITURE		2,437,223		2,215,292
TOTAL		18,389,247		16,477,820

MEHRA & CO. CHARTERED ACCOUNTANTS

PAS & CO CHARTERED ACCOUNTANTS

JAIN & JAIN MUMBAI CHARTERED ACCOUNTANTS

DENA BANK

SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES

17.1 BASIS OF PREPARATION OF FINACIAL STATEMENTS

The Bank's financial statements are prepared under the historical cost convention, on accrual basis of accounting, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by Reserve Bank of India (RBI), Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), to the extent applicable and generally the practices prevailing in the banking industry in India.

17.2 USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

17.3 INVESTMENTS

A Basis of Classification

Investments have been categorized as per guidelines of Reserve Bank of India (i) Held to Maturity, (ii) Available for Sale (iii) Held for Trading and are disclosed in the accounts under six classifications at the value net of depreciation provision thereon.

B Valuation

Investments are valued as per Reserve Bank of India guidelines in the following manner:

Basis:

'Held to Maturity'

Investments held under this category are carried in books at their acquisition cost. Premium, if any, paid on acquisition is amortized using straight line method.

'Available for Sale' and 'Held for Trading'

These Investments are marked to market scrip wise. Depreciation/Appreciation for each of six classifications is aggregated; net depreciation, if any, for each classification is provided for, but net appreciation is ignored.

C **Methodology**

All investments of Bank are valued consistently on Average Cost Method. Market value of quoted securities in case of investments included in the 'Available for Sale' and 'Held for Trading' categories is taken based on last closing rate of recognized stock exchange/s or price list of FIMMDA (Fixed Income Money Market and Derivatives Association of India).

The value in case of unquoted securities and securities where market quotes are not available, is determined based on Prices / Yield to Maturity declared by FIMMDA (Fixed Income Money Market and Derivatives Association of India) and Net Asset Value in case of units of Mutual Funds / SRs of ARCs / SCs/Venture Capital Fund and Net Book Value in case of Shares of Companies.

Treasury Bills, Commercial Papers, Certificate of Deposits. CBLO, Rural Infrastructure Development Funds and Investments including Share Capital Deposits in Regional Rural Banks are valued at carrying cost.

D **INCOME RECOGNITION AND PRUDENTIAL NORMS**

Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification of all Investments, Income Recognition and Provisioning on such investments.

Commission, brokerage, broken period interest on investment transactions are debited and /or credited to Profit and Loss Account in the year of transaction.

Profit on sale of investments under the category "Held to Maturity" is taken to Profit and Loss Account and thereafter appropriated to "Capital Reserve Account" whereas loss on sale of investments is recognized in the Profit & Loss Account.

17.4 **ADVANCES**

A Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Asset Classification, Income Recognition and Provisioning thereon. Accordingly, all advances are being classified into Standard, Sub-standard, Doubtful and Loss Assets.

B Advances are stated net of provisions for Non Performing Assets, provision in lieu of diminution in the fair value of Restructured Accounts, Balance in Sundries Account in respect of NPA accounts, DICGC/ECGC Claims received and held pending adjustment, part payment received and kept in Suspense Account.

C A general provision for Standard Assets is made in conformity with the prudential norms. Provision on Standard Assets and excess Provision on Sale of NPA accounts are included in 'Other Liabilities and Provisions' in Schedule 5 to the Balance Sheet.

D Recoveries in Non Performing Advances are first appropriated towards principal outstanding and surplus, if any, is recognized as income.

E In case of sale of financial assets to the Asset Reconstruction Company (ARC) / Securitisation Company (SC)/ Banks/ FIs / NBFCs at a price below the Net Book Value (NBV), i.e. Book Value Less Provision held, the shortfall is debited to the Profit and Loss Account and in case of sale at a value higher than the NBV, the excess provision is not being reversed but is kept for utilization to meet the shortfall/loss on account of sale of other financial assets to ARC/SC/Banks/FIs/NBFCs.

Balance in the FITL Accounts in case of failed restructured cases are debited to the provisions for FITL Account

17.5 FIXED ASSETS & DEPRECIATION

A Fixed assets are stated at historical cost except certain premises, which have been stated at revalued amount.

B Premises also include cost of land in some of the properties where the same could not be segregated.

C Depreciation is charged on Written Down Value (W.D.V.) Method at the rates prescribed under the Income Tax Rules, 1962 except that the Computer Hardware purchased before 01.04.2000 are depreciated @ 25% p.a. on W.D.V. Method and those purchased on or after 01.04.2000 are depreciated @ 33.33% on Straight Line Method.

D Depreciation on additions to fixed assets made up to 30th September of the year is provided at full rate and on additions made thereafter, at half the rate.

E Depreciation on assets sold/discarded during the year is charged upto the date of sale/discard.

F Cost of leasehold land is amortized over the period of lease.

G Depreciation attributable to revalued portion is charged to the Revaluation Reserve Account.

H Computer Software Expenses are considered as Intangible Assets and are amortized over a period of five years, which is considered as useful economic life of such assets.

I Fixed Assets include Capital Work-In-Progress.

17.6 IMPAIRMENT OF ASSETS

Impairment loss, if any, on Fixed Assets is recognised in accordance with the AS 28 - Impairment of Assets, issued by ICAI and charged to Profit and Loss Account.

APAS & CO. CHARTERED ACCOUNTANTS

JAIN & JAIN CHARTERED ACCOUNTANTS

17.7 **LEASE ACCOUNTING**

Lease payments for assets taken on operating lease are recognized in the Profit & Loss Account over the lease term in accordance with AS 19 – Leases, issued by ICAI.

17.8 **NON BANKING ASSETS**

Non Banking Assets are stated at cost.

17.9 **REVENUE RECOGNITION**

i Commission on Letters of Credit/ Bank Guarantees/ Government Business / Distribution of Insurance Policies/ Mutual Fund Products/ASBA; Locker Rent, Interest on Refund of Taxes, Dividend, Income on Units of Mutual Funds, Rental Income, and Service Charges on various Deposit Accounts are recognized on realization basis.

ii Interest/Discount on Non-Performing Loans & Advances/ Investments is recognized to the extent realized as per the prudential guidelines of RBI.

iii Recoveries in Written Off Advances / Investments are being accounted for as 'Miscellaneous Income'.

17.10 **RECOGNITION OF EXPENSES**

i Pursuant to RBI Circular dated 22nd August, 2008, interest payable on matured and unpaid Term Deposits is provided on accrual basis on Saving Bank Rate on deposits matured on or after 22.08.2008.

ii Expenses on the issue of shares, bonds etc. are recognized in the year of incurrence

iii Legal Expenses in case of Suit Filed Accounts are charged to Profit and Loss Account.

iv Expenditure on Voluntary Retirement Scheme (VRS) is recognized in the year of payment.

17.11 **EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES**

A Foreign Currency monetary items including outstanding forward exchange contracts in foreign currency are valued at the year-end on the rates issued by Foreign Exchange Dealers' Association of India (FEDAI) and the resultant profit/loss arising out of such revaluation is accounted for in the Profit & Loss Account.

B Foreign Currency non-monetary items which are carried in terms of historical cost, are reported at the exchange rate on the date of transaction.

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S. K. AS & CO.

JAIN & JAIN CHARTERED ACCOUNTANTS

C Guarantees, letters of credit, acceptances, endorsements and other obligations in foreign currency are also revalued at the year-end on the rates issued by FEDAI for the purpose of Balance Sheet exposure.

D Income and Expenditure items are recognized at the exchange rates prevailing on the date of transaction.

17.12 **EMPLOYEE BENEFITS**

Gratuity, Pension and Leave Encashment payable on retirement; and other employee benefits are charged to Profit & Loss Account as per actuarial valuation as required by AS 15 (R) issued by ICAI. The liability on account of exercise of second pension option by the existing employees, and enhancement in gratuity limit from Rs.3.50 lacs to Rs.10 lacs, is amortized in five years starting from the FY 2010-11 in terms of RBI circular no: DBOD.No. BP.BC.80/ 21.04.018/2010-11 dated 09th February, 2011.

17.13 **TAXES ON INCOME**

Current Tax is provided using applicable tax rates on the amount worked out on the basis of applicable tax laws, judicial pronouncements / legal opinions and the past assessments.

Deferred Tax is recognised subject to consideration of prudence on timing difference, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

17.14 **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A As per AS 29 - Provisions, Contingent Liabilities and Contingent Assets issued by ICAI, the Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources is expected to settle the obligation and a reliable estimate of the amount of obligation can be made.

B Contingent Liabilities are disclosed in a case when there is a present or possible obligation and it is not probable that an outflow of resources will be required to settle it.

C Contingent Assets are neither recognised nor disclosed.

SCHEDULE – 18

NOTES FORMING PART OF THE ACCOUNTS

18.1 Reconciliation of entries under Inter Branch/ Inter Bank transactions, Nominal Account and old entries is an ongoing process. Balances with Reserve Bank/ Other Banks have been reconciled except certain entries which are under process of reconciliation. Consequential impact of pending reconciling items as stated above is not ascertainable. However provision there against has been made as per RBI guidelines

18.2 Provision on standard assets has been given effect in the accounts according to revised RBI guidelines as under:

i. 0.25% of the outstanding in direct advances to Agriculture and Small and Micro Enterprises (SME) Sectors.

ii. 1.00% of the outstanding in Commercial Real Estate (CRE) sector and also in cases where commencement date of operations is extended

iii. 0.75% on advances to Commercial Real Estate- residential Housing Sector

iv. 2.00% of the outstanding in Housing Loans @ teaser rates.

v. 0.40% of the outstanding in all other advances (i.e. except 18.2 [i],[ii] and [iii] above]

vi. 4.25% for the period covering the period of moratorium allowed as per the restructuring package and 2 years thereafter, in restructured standard accounts.

vii. 4.25% in the first year from the date of up gradation in Restructured accounts earlier classified as NPA and later upgraded to standard category.

viii. 5% Provision on accounts which are restructured standard and have been restructured on or after 01.06.2013.

18.3 Classification of advances and provisioning there-against in case of 1041 unaudited branches have been incorporated as certified by the Branch Managers.

18.4 The Bank has transferred ₹ 79.64 cr (Previous year ₹ 165.50 cr) to Statutory Reserve out of profit of ₹ 265.48 cr for the year (Previous year ₹ 551.66 cr) & ₹ 5.42 cr (Previous year ₹ 5.98 cr) to Capital Reserve (Net of taxes and Transfer to Statutory Reserve) from the profit on sale of investments held under HTM Category. The Bank has transferred ₹ 98.53 to the Special Reserve created u/s 36 (1) (viii) of the Income Tax Act, 1961 (Previous year ₹ 60.00 cr). The Bank has also transferred ₹ 21.29 cr to Revenue Reserve (Previous year ₹ 190.63 cr) after appropriation of Total Dividend (Inclusive of dividend distribution tax) of ₹ 60.60 cr (Previous year ₹129.56 cr).

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DENA BANK

18.5 Disclosures in terms of RBI guidelines are as under:

a. Capital:

During the year, the Bank has issued:

i) 2,33,33,333 equity shares of ₹ 10/- each to Government of India (GOI) at a price of ₹ 60/- per share (including premium of ₹50/- per share), on preferential basis in accordance with Chapter VII of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009 aggregating to ₹ 140.00 cr.

ii) 4,000 Unsecured, Subordinated, perpetual, additional Tier I, Basel III compliant Non-convertible Taxable Bonds (Series III) having face value of ₹ 10.00 lacs each to seven investors for an amount of ₹ 400.00 cr.

Sr. No	Particulars	As on 31.03.2015		As on 31.03.2014	
		Basel III	Basel II	Basel III	Basel II
i	Common Equity Tier 1 capital ratio (%)	7.33	-	7.43	-
ii	Tier 1 Capital Adequacy ratio (%)	7.67	7.32	7.43	7.63
iii	Tier 2 Capital Adequacy ratio (%)	3.26	3.89	3.71	4.24
iv	Total Capital Adequacy ratio (CRAR) (%)	10.93	11.21	11.14	11.87
v	Percentage of the shareholding of the Government of India in the Bank	59.75%	59.75%	58.01%	58.01%
vi	Amount of equity capital raised (₹ in cr)	140	140	1066	1066
vii	Amount of Additional Tier 1 capital raised of which				
	PNCPS:	NIL	NIL	NIL	NIL
	PDI:	400	400	NIL	NIL
viii	Amount of Tier 2 capital raised; of which				
	Debt capital instrument (₹ in cr)	NIL	NIL	780.00	780.00
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL	NIL	NIL

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b. **Investments:**

(₹ in cr)

	Particulars	31.03.2015	31.03.2014
1	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	36623.59	37087.79
	(b) Outside India	0.00	0.00
	(ii) Provisions for Depreciation		
	(a) In India	124.46	475.72
	(b) Outside India	0.00	0.00
	(iii) Net Value of Investments		
	(a) In India	36499.13	36612.07
	(b) Outside India	0.00	0.00
2.	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	475.72	204.33
	(ii) Add: Provisions made during the year	0.00	338.35
	(iii) Less: Write-off during the year	14.41	31.35
	(iv) Less : Depreciation adjusted by reducing Book Value of Investment under AFS/HFT category shifted to HTM	266.84	35.61
	(v) Less : Write-back of excess provisions during the year	70.01	-
	(vi) Closing balance	124.46	475.72

i. **The category wise position of holding of "Investment Portfolio" is as under:**

(₹ in cr)

Categories	31.03.2015	31.03.2014
Gross Value of Investment		
A. Held to Maturity	28821.52	26965.94
B. Available for Sale	7083.50	9777.28
C. Held for Trading	718.57	344.57
Total	36623.59	37087.79
Less : Depreciation	124.46	475.72
Net Value of Investments	36499.13	36612.07

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ii. **REPO Transactions (in face value terms):**

(₹ in cr)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as on 31.03.15
Securities sold under repo i. Govt Securities	44.00	500.00	259.69	250.00
ii. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo i. Govt Securities	15.00	3,000.00	177.26	3,000.00
ii. Corporate Debt Securities	-	-	-	-

iii. **Non SLR Investment Portfolio:**

a. Issuer Composition of Non SLR Investment (As on 31.03.2015):

(₹ in cr)

Sl. No.	Issuer (1)	Amount (2)	Extent of private placement (3)	Extent of 'below investment grade' securities (4)	Extent of 'unrated' securities (5)	Extent of 'unlisted' securities (6)
1	PSUs	2,023.50	1,557.67	0.00	33.87	151.43
2	FIs	3,885.98	3,771.17	0.00	0.00	4.13
3	Banks	235.70	140.10	0.00	0.00	0.00
4	Private Corporates	541.98	322.78	0.00	1.43	1.43
5	Subsidiaries/ Joint Ventures	19.33	19.33	0.00	18.28	18.28
6	Others	1,385.15	286.65	0.00	0.00	0.00
7	Sub Total	8,091.64	6,097.70	0.00	53.58	175.27
8	Less: Provision held towards depreciation	121.40				
9	**Total**	**7,970.24**				

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b. Non-performing Non-SLR Investments:

(₹ in cr)

Particulars	2014-15	2013-14
Opening balance	110.22	102.81
Additions during the year	30.73	51.27
Reductions during the year	19.66	43.86
Closing Balance	121.29	110.22
Total provisions held	121.29	110.22

Sale and Transfers to/ from HTM Category

I. The value of sales and transfer of securities to/from HTM category did not exceed 5% of the Book Value of investments held in HTM category at the beginning of the year

II. The Bank has amortized premium of ₹ 50.84 cr during the year (Previous year ₹59.91 cr) for securities classified under "Held to Maturity" category in terms of Accounting Policy as stated at para 17.3, and the said amount has been charged to Profit and Loss Account by reducing value of the respective securities to that extent.

III. In accordance with the guidelines issued by RBI, the Bank has shifted securities from one category to another during the year. The consequential depreciation amounting to ₹ 266.84cr (previous year ₹35.61 cr) on account of shifting securities from "Available for Sale" category to "Held to Maturity" category has been charged to Profit & Loss Account by reducing book value of these securities.

iv The Bank has an investment of ₹ 19.33 cr (Previous year ₹ 19.33 cr) in one Regional Rural Bank (RRB) sponsored by the Bank. This includes investment of ₹ 18.28 cr (Previous Year ₹ 18.28 cr) by way of Share Capital deposits, towards recapitalisation of the RRBs. Investment has been valued at cost in accordance with the RBI guidelines.

18.6 Derivatives:

a. Forward Rate Agreement/ Interest Rate Swap

S No	Particulars	2014-15	2013-14
i	The notional principal of swap agreements	NIL	NIL
ii	Losses which would be incurred if counter parties 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

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b. Exchange Traded Interest Rate Derivatives:

S No	Particulars	2014-15	2013-14
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 as on 31st March 2015. (instrument wise)	NIL	NIL
iii	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective".(instrument wise)	NIL	NIL
iv	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".(instrument wise)	NIL	NIL

c. Disclosures on risk exposure in derivatives:

i. Qualitative Disclosure

The Treasury Policy & Derivative Policy of the Bank lays down the type of financial derivates instruments, scope of usages, approval process as also the limits like the open position limits, deal size limits and counter party exposure limits besides delegated power for trading in the approved instruments.

Bank is exposed to credit risk, market risk, country risk and operational risk. Bank has risk management policies approved by the Board of Directors which is designed to measure the financial risks for transactions in the trading book on a regular basis. The Risk Management Department measures the financial risk for transactions through measurement tools such as MTM, VaR, Convexity and Modified Durations, and Sensitivity Analysis on a daily basis and Stress Testing, VaR Back Testing on a monthly basis. The reports are submitted to the Top Management which appraises the risk profile to the ALCO. The guidelines issued by RBI, FEDAI & FIMMDA from time to time are followed.

ii. Quantitative Disclosure

(₹ in cr)

Sr. No	Particulars	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)	27,511.29	NIL
	a) For hedging	15,614. 64	NIL
	b) For trading	11,896.65	NIL
(ii)	Marked to Market Positions		
	a) Asset (+)	(-)1,38.52	NIL
	b) Liability (-)	155.56	NIL
(iii)	Credit Exposure	1,41.80	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	86.65	NIL
	a) on hedging derivatives	47.70	NIL
	b) on trading derivatives	38.96	NIL

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		2014-15	2013-14
(v)	Maximum of 100*PV01 observed during the year	93.61	NIL
	a) on hedging-		
	b) on trading		
	Minimum of 100*PV01 observed during the year	46.45	NIL
	a) on hedging		
	b) on trading		

1. Bank does not have the derivative transaction except Forward Contracts like Merchant Forward Contracts and Inter Bank Contracts done for Arbitrage, Funding and Merchant Transactions covering and Proprietary Trading activities
2. Bank is calculating PV01 of outstanding Forward Exchange Contract on quarterly basis collectively on hedging and trading positions.

18.8 Asset Quality:

a. Non Performing Assets:

(₹ In cr)

Particulars	**2014-15**	**2013-14**
i. Net NPA to Net Advances (%)	3.82%	2.35%
ii. Movement of NPAs (Gross)		
Opening Balance	2616.03	1452.45
Additions during the year	3673.99	2419.86
Reductions during the year	1896.98	1256.28
Closing Balance	4393.04	2616.03
iii. Movement of Net NPAs		
Opening Balance	1818.92	917.18
Additions during the year	2093.09	1445.66
Reductions during the year	897.71	543.92
Closing Balance	3014.30	1818.92
iv. Movement of Provision for NPAs (Excluding provision on Standard Assets)		
Opening Balance	772.78	518.51
Add: Provisions made during the year	1114.74	733.12
Less: Write off / write back of excess provisions during the year	515.30	478.85
Closing balance	1372.22	772.78

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b. Particulars of Accounts Restructured:

(₹. in crs)

Disclosure of Restructured Accounts as of 31.03.2015

Sl	Type of Restructuring		CDR Mechanism					SME					Others					Total				
	Asset Classification		Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total	Standard	Sub-Std	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April 1 of the FY (14)	No of borrowers	32	1	2	0	35	36	156	125	25	343	405	99	1176	129	1609	473	256	1303	155	2187
		Amt O/s	2221.97	35.57	70.61	0	2328.15	149.82	72.12	13.6	0.39	235.93	4248.66	250.39	139.14	2.71	4640.9	6620.45	358.08	223.35	3.1	7204.95
		Provision thereon	205.17	2.75	0	0	207.92	3.39	0.06	0.04	0	3.49	52.9	13.5	4.51	0	70.91	261.46	16.31	4.55	0	282.32
2	Fresh Restructuring during the year	No of borrowers	12	1	0	0	13	27	1	0	0	28	1529	0	0	0	1529	1568	2	0	0	1570
		Amt O/s	912.73	52.16	0	0	964.89	137.43	0.43	0	0	137.86	1176.55	0.00	0.00	0.00	1176.56	2226.72	52.59	0	0	2279.31
		Provision thereon	83.93	2.76	0	0	86.69	10.61	0	0	0	10.61	55.97	0	0	0	55.97	150.51	2.76	0	0	153.27
3	Upgradations to restructured standard category during the FY	No of borrowers	0	0	0	0	0	3	-3	0	0	0	51	-51			0	54	-54	0	0	0
		Amt O/s	0	0	0	0	0	6.84	-6.84	0	0	0	1.72	-1.72			0	8.56	-8.56	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0					0	0	0	0	0	0
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	No of borrowers	0	0	0	0	0	0	0	0	0	0	-1	0	0	0	-1	-1	0	0	0	-1
		Amt O/s	0	0	0	0	0	0	0	0	0	0	-20.37	0	0	0	-20.37	-20.37	0	0	0	-20.37
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Downgradations of restructured accounts during the FY	No of borrowers	-9	-1	10	0	0	-20	-143	163	0	0	-819	747	71	1	0	-848	603	244	1	0
		Amt O/s	-519.92	-35.57	555.49	0	0.00	-137.4	-29.32	166.72	0	0	-382.41	225.95	156.45	0.01	0	-1039.73	161.06	878.66	0.01	0
		Provision thereon	-30.68	-2.75	33.43	0	0	-1.99	0	1.99	0	0	-4.29	0.9	3.39	0	0	-36.95	-1.85	38.81	0	0
6	Write-offs accounts during FY	No of borrowers	0	0	-3	0	-3	0	0	0	0	0	0	0	-2	0	-2	0	0	-5	0	-5
		Amt O/s	0	0	-66.36	0	-66.36	0	0	0	0	0	0	0	-40.58	0	-40.58	0	0	-106.94	0	-105.94
		Provision thereon	0	0		0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
7	Restructured Accounts as on 31.03.2015 of the FY(15)	No of borrowers	35	1	5	0	41	43	13	200	26	282	1111	795	1245	130	3281	1189	809	1450	156	3604
		Amt O/s	2831.71	52.16	221.39	0	3105.26	185.83	36.39	180.32	0.39	402.93	4868.92	474.62	255.01	2.72	5601.27	7886.46	563.17	856.72	3.11	9109.46
		Provision thereon	210.63	2.76	0	0	213.39	11.25	0	0	0	11.25	92.87	0	0	0	92.87	314.75	2.76	0	0	317.51

Suitable adjustment is made for changes in o/s of accounts appearing as on 31.03.2014, account classified as DB3 & exclusion of failed / exited restructuring.

c. The Bank has an accounting practice of reversing the balance in FITL account of failed restructured advances by debiting the interest received accounts. During the FY 2014-15, the Bank has changed the accounting practice to reverse the balance in FITL account of failed restructured advances by debiting the provision for FITL Account (liability). The amount reversed during the FY 2014-15 is ₹ 73.74 cr. However such treatment does not have any impact on the P&L Account.

d. **Details of Financial assets sold to Securitisation /Reconstruction Company for Asset Reconstruction:**

(₹ in cr)

Particulars	2014-15	2013-14
i. No. of accounts	1	40
ii. Aggregate value (net of provisions) of accounts sold to SC/RC	0.00	187.21
iii. Aggregate consideration	10.50	260.49
iv. Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v. Aggregate gain over Net Book Value (NBV)	10.50	73.28

e. **Details of non-performing financial assets purchased/sold**

I Details of non-performing financial assets purchased:

(₹ in cr)

Particulars	2014-15	2013-14
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding	NIL	NIL
Of these, number of accounts restructured during the year	NIL	NIL
Aggregate outstanding	NIL	NIL

II Details of non-performing financial assets sold:

(₹ in cr)

Particulars	2014-15	2013-14
No. of accounts sold	NIL	NIL
Aggregate outstanding	NIL	NIL
Aggregate consideration received	NIL	NIL

f. **Provision Coverage Ratio (PCR)**

As on Balance Sheet Date Provision Coverage Ratio is 52.97 % calculated as per RBI circular no. RBI2009-10/240 DBOD.No.BP.BC.64/21.4.048/2009-10 dated 01.12.2009. In terms of RBI circular no. DBOD.No.BP.BC. 87 /21.04.048 /2010-11 April 21, 2011 on PCR, shortfall of ₹ 1091.60 cr in Countercyclical Provisioning Buffer, is to be built up by the Bank at the earliest.

g. Additional Disclosure requirements relating to sale of non-performing assets (NPA's) to Securitisation Companies(SC's)/ Reconstruction Companies (RC's)

As per RBI circular no. RBI/2014-15/508 DBR.No.BP.BC.78/21.04.048/2014-15 dated March 20,2015, the details of sale of NPAs to SCs and RCs is as below:

(₹ in cr)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other Banks/ financial institutions/non banking financial companies as underlying		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Book Value of Investments in security receipts	245.97	252.81	NIL	NIL	245.97	252.81

h. As per RBI circular no. RBI/2014-15/508 DBR.No.BP.BC.78/21.04.048/2014-15 dated March 11,2015, During the FY 2014-1 5, Bank has reversed an excess provision amounting to Rs 9.27 Cr (PY NIL) on account of sale of NPAs.

i. The account of REI Agro Ltd having outstanding balance of ₹ 114.07 cr has been declared as fraud during March 2015.The Bank has provided a sum of ₹ 28.52 cr in respect of the said fraud account for the year. The balance of ₹ 85.55 cr will be provided in the next three quarters of FY 2015-16, in accordance with RBI circular R.No.BP.BC.83/21.04.048/2014-15, dated April 1, 2015.

j. The Bank received bulk Term Deposits from various Entities/Govt. organizations between 30.01.2014 and 05.05.2014. Subsequently, Term Deposits amounting to ₹ 256.69 cr were pledged to the Bank by the same signatories to obtain overdraft facilities of ₹ 242.46 cr, present outstanding ₹ 184.16 cr (after considering a sum of ₹ 58.30 cr kept under lien against the recovery of these accounts). The funds were surreptitiously transferred out of the Bank, resulting in a fraud on the Bank and the concerned Entities/Govt. organizations. The fraud is under investigation by CBI. Bank has fully provided for the aforesaid fraud during the FY2014-15.

18.9 Provision for Standard Assets:

(₹ in cr)

Particulars	2014-15	2013-14
Provision for Standard Assets made during the year	88.31	155.81
Balance of Provision for Standard Assets as on the Balance Sheet Date	597.84	509.53

18.10 Business Ratios:

Particulars	2014-15	2013-14
i. Interest Income as a percentage to Working funds	8.94%	8.04%
ii. Non-Interest Income as a percentage to Working funds	0.60%	0.74%
iii. Operating Profit as a percentage to Working Funds	1.11%	1.43%
iv. Return on Assets	0.22%	0.51%
v. Business (Deposits plus advances) per employee (₹in cr)	14.42	14.53
vi. Profit per employee (₹ in lacs)	1.95	4.25

18.11 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities: (₹ in cr)

Particulars	Day 1	2 to 7days	8 to 14 days	15 to 28 Days	29 Days to 3 Months	Over 3 Months and up to 6 Months	Over 6 Months and up to 1 year	Over 1 Year & up to 3 Years	Over 3 Year & up to 5 Years	Over 5 Year	Total
Deposits	159.20	2032.38	1464.66	1861.26	21988.12	12267.87	24778.17	48183.38	1726.75	1474.28	115936.07
Borrowings	0.00	250.00	0.00	0.00	0.00	0.00	0.00	0.00	606.00	2580.00	3436.00
Advances	129.53	671.98	745.02	112.90	2023.32	2525.22	4560.12	41563.32	6368.89	20234.01	78934.31
Investments	5.98	1208.88	0.00	47.87	764.01	1056.17	1293.73	6111.01	8949.54	17061.97	36499.16
Foreign Currency Assets	110.56	4.00	2.35	6.53	38.82	64.03	171.40	302.95	281.62	0.00	982.26
Foreign Currency Liabilities	76.05	328.18	60.07	193.59	475.30	331.26	131.22	73.30	0.00	0.00	1668.97

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DENA BANK

18.12 Exposures:

a. Exposure to Real Estate Sector:

(₹ in cr)

Category	2014-15	2013-14
a. Direct Exposure i. Residential Mortgages - Individual Housing Loans eligible for inclusion in priority sector	2847.13	2889.02
- Others	2836.02	2327.40
Total	**5683.15**	**5216.42**
ii. Commercial Real Estate Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multifamily residential building, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc) Exposure would also include non fund based (NFB) limits	1068.12	1167.71
iii Investment in Mortgage Backed Securities (MBS) and other securitised exposures a. Residential b. Commercial real estate	0.00	0.00
b. Indirect Exposure on National Housing Bank (NHB)and Housing Finance Companies (HFCs) -Fund Based -Non-Fund Based	1941.18	2689.07
Total Exposure to Real Estate Sector	**8692.45**	**9073.20**

b. Exposure to Capital Market:

(₹ in cr)

Sr. No.	Particulars	2014-15	2013-14
1	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	84.04	106.33
2	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPS), convertible bonds and convertible debentures, units of equity oriented mutual funds	0.00	0.00
3	Advances for any other purposes where convertible shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.36	0.22

4	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;	0.00	0.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	37.72	7.53
6	Loans sanctioned to corporate 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;	0.50	2.50
7	Bridge loans to companies against expected equity flows/issues;	0.00	0.00
8	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
9	Financing to stockbrokers for margin trading;	0.00	9.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	40.68	34.68
	Total Exposure to Capital Market	**163.30**	**160.26**

18.13 Risk Category wise Country Exposure:

a. In respect of Foreign Exchange transactions, where the Bank's net funded exposure computed as per the guidelines of the RBI with each country exceeded 1% of the total assets of the Bank, the Bank is required to make the provision. Since, Bank's net funded exposure in any country does not exceed 1% of total assets, no provision (Previous year NIL) is made.

(₹ in cr)

Risk Category*	Exposure (net) as at March 2015	Provision held as at March 2015	Exposure (net) as at March2014	Provision held as at March2014
Insignificant	844.66	0.00	549.63	0.00
Low Risk	468.41	0.00	1049.16	0.00
Moderately Low Risk	20.45	0.00	88.65	0.00
Moderate Risk	14.53	0.00	0.39	0.00
Moderately High Risk	0.68	0.00	13.20	0.00
High Risk	0.70	0.00	0.00	0.00
Very High Risk	0.31	0.00	0.06	0.00
Total	**1349.74**	**0.00**	**1701.09**	**0.00**

b. Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank

During the year 2014-15, the Bank has not exceeded prudential credit exposure limit in respect of group account/single borrower.

18.14 Unsecured Advances

(₹ in cr)

No.	Particulars	2014-15	2013-14
1.	Total Unsecured Advances as of 31.03.15	7117.39	9641.06
2 a	Out of which secured by intangible securities	0.00	0.00
2 b	Estimated Value of Such Collateral Securities (such as charge over the rights, licenses, authorization etc)	0.00	0.00
3	Other Unsecured Loans (1 – 2a)	**7117.39**	**9641.06**

18.15 Disclosure of penalties paid to RBI

Bank has not paid any penalty to Reserve Bank of India during the Financial Year 2014-15.

18.16 DISCLOSURES AS PER ACCOUNTING STANDARDS (AS):

a. Accounting Standard - 5 – "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies"

There were no material prior period income/expenditure items requiring disclosure under AS – 5 except as under :

In view of amendment in Section 26A of Banking Regulation Amendment Act.2012 No 4 of 2013, Bank has revised its Accounting Policy, wherein unclaimed credit balances lying in suspense receipt accounts for more than five years are no longer considered as miscellaneous Income. The impact of this change has resulted into understatement of Income by ₹ 2.69 cr and over statement of liabilities by the same amount.

b. Accounting Standard - 9 – "Revenue Recognition"

Certain items of income are recognised on realization basis as per Accounting Policy as stated at point no. 17.9.

c. Accounting Standard - 10 – "Accounting for Fixed Assets"

Premises does not include non Banking assets acquired in satisfaction of claims of ₹ 9.86 cr (Previous Year ₹ 16.59 cr). Further, Fixed Assets also do not include properties (₹ 6.71 cr) which are yet to be registered in the name of the Bank and are lying under Other Assets.

d. Accounting Standard - 11 – "The Effects of Changes in Foreign Exchange Rates"

Net income on account of exchange differences credited in the Profit and Loss account for the year is ₹ 76.28 cr (previous year: ₹ 74.93 cr).

e. Accounting Standard - 15 – "Employee Benefits"

The following information is disclosed in terms of Accounting Standard issued by the ICAI.

No.	Particulars	2015	2014	2013	2012	2011
A	**PENSION PLAN**					
(i)	**Principal Actuarial Assumptions used**					
	Discount Rate	8.00%	8.75%	8.00%	8.50%	8.50%
	Rate of Return on Plan assets	9.00%	9.00%	8.00%	8.50%	8.50%
	Salary escalation	5.00%	5.00%	5.50%	5.00%	4.00%
(ii)	**Change in Benefit Obligation:**					
	Liability at the beginning of the year	1917.94	1761.94	1695.29	1667.63	860.53
	Interest Cost	144.85	149.98	129.02	135.26	64.93
	Current Service Cost	210.93	202.02	200.88	23.51	228.04
	Benefit paid	[214.78]	[190.88]	[165.09]	[152.77]	[193.22]
	Actuarial (gain)/loss on obligation	99.72	[5.12]	[98.16]	21.66	707.35
	Liability at the end of the year	2158.66	1917.94	1761.94	1695.29	1667.63
(iii)	**Fair value of Plan Assets:**					
	Fair value at the beginning of the year	1767.44	1606.82	1443.55	1283.72	802.26
	Expected return	159.06	144.61	115.48	109.12	68.19
	Contributions	450.37	183.54	176.22	210.65	151.14
	Benefit Paid	[214.77]	[190.87]	[165.09]	[152.77]	[193.22]
	Actuarial Gain/(loss) on Plan Assets	68.71	23.34	36.66	[7.17]	455.35
	Fair Value at the end of the year	2230.81	1767.44	1606.82	1443.55	1283.72
(iv)	**Amount recognized in the Balance Sheet:**					
	Liability at the end of the year	2158.66	1917.94	1761.94	1695.29	1667.63
	Fair value of Plan Assets at the end of the year	2230.81	1767.44	1606.82	1443.55	1283.72
	Unrecognized Transition Liability	0.00	70.80	0.00	0.00	287.35
	Amount Recognized in the Balance Sheet	72.15	[79.70]	[155.12]	[251.74]	[96.56]

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AIMEP & CO. CHARTERED ACCOUNTANTS
ANAND & PONNAPPA
P S & CO. CHARTERED ACCOUNTANTS
JAIN & JAIN MUMBAI CHARTERED ACCOUNTANTS

B	**GRATUITY PLAN**					
(i)	**Principal Actuarial Assumptions used**					
	Discount Rate	8.00%	8.75%	8.00%	8.50%	8.50%
	Rate of Return on Plan assets	9.00%	9.00%	8.00%	8.50%	8.50%
	Salary escalation	5.00%	5.00%	5.50%	5.00%	4.00%
(ii)	**Change in Benefit Obligation:**					
	Liability at the beginning of the year	277.76	311.12	295.19	277.94	222.59
	Interest Cost	20.39	25.85	22.03	21.65	17.22
	Current Service Cost	15.35	17.06	15.69	14.00	11.64
	Past Service Cost	0.00	0.00	0.00	0.00	79.96
	Benefit paid	[45.76]	[47.68]	[39.69]	[46.49]	[40.12]
	Actuarial (gain)/loss on obligation	12.56	[28.59]	17.90	28.09	[13.35]
	Liability at the end of the year	280.30	277.76	311.12	295.19	277.94
(iii)	**Fair value of Plan Assets:**					
	Fair value at the beginning of the year	309.82	276.03	232.20	229.12	222.59
	Expected return	27.88	24.84	18.58	19.48	18.92
	Contributions	0.00	57.10	60.01	15.00	30.00
	Benefit Paid	[45.77]	[47.68]	[39.69]	[46.49]	[40.12]
	Actuarial Gain/(loss) on Plan Assets	11.04	[0.47]	4.93	15.09	[2.27]
	Fair Value at the end of the year	302.97	309.82	276.03	232.20	229.12
(iv)	**Amount recognized in the Balance Sheet:**					
	Liability at the end of the year	280.30	277.76	311.12	295.19	277.94
	Fair value of Plan Assets at the end of the year	302.97	309.82	276.03	232.20	229.12
	Unrecognized Cost	0.00	0.00	0.00	0.00	2.00
	Unrecognized Transition Liability	0.00	16.00	0.00	0.00	68.83
	Amount Recognized in the Balance Sheet	22.67	48.06	[35.09]	[62.99]	18.01

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Amounts Recognized in Profit & Loss Account in respect of Gratuity and Pension plan for Current Year

(₹ in cr)

Sr no.	Particulars	Gratuity	Pension
(i)	**Recognition of Transitional Liability**		
	Transitional Liability at start	16.00	70.78
	Transitional Liability recognized during the year	16.00	70.78
	Transitional Liability at end	0.00	0.00
(ii)	**Actual return on Plan Assets**		
	Expected return on Plan Assets	27.88	159.06
	Actual gain/(loss) on Plan Assets	11.04	68.71
	Actual return on Plan Assets	38.92	227.77
(iii)	**Expenses recognized in the Income Statement:**		
	Current Service Cost	15.36	210.93
	Interest Cost	20.39	144.85
	Expected Return on Plan assets	[27.88]	[159.06]
	Shortfall of earlier years now provided	0.00	0.00
	Recognition of Transitional Liability	16.00	70.78
	Actuarial (Gain) or Loss	1.52	31.01
	Expenses Recognized in P&L	25.39	298.51

Details of Provisions (including 1/5th of transitional liability, on account of second pension option in case of existing employees and enhancement in gratuity limit) made for various long term employee benefits are as follows:

(₹ In cr)

Sr. No.	Particulars	2014-15	2013-14
1	Pension	298.51	249.71
2	Leave encashment	[1.12]	[18.97]
3	Gratuity	25.39	5.94
4	Silver Jubilee	0.04	0.02
5	Resettlement	0.20	0.71
6	Leave Travel Concession	0.77	1.96
7	Sick Leave	0.00	0.25
	TOTAL	**323.79**	**239.62**

I. Provision has been made for Employees Benefits viz; Pension, Gratuity, Leave Encashment and other Employees benefits in accordance with AS-15 on the basis of actuarial valuation.

II. RBI circular no DBOD.No. BP.BC.80/ 21.04.018/2010-11 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment dated 9th February, 2011 required the Banks to amortize such pension and enhancement in Gratuity over a period of five years ending 31.03.2015. Bank has already charged such pension & gratuity amounting to ₹ 347.08 cr (representing four-fifth of ₹ 433.88 cr) up to 31.03.2014 and has provided the unamortized balance of ₹86.80cr during the current FY 2014-15.

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iii. The total provision of ₹59.85 cr (Previous Year ₹96 cr) has been made towards wage revision during the year, on estimated basis considering MOU dated 23.02.2015 signed between IBA representing management of Banks and the Authorized representatives and workmen union and officers' association to make an aggregate provision of ₹195.85 cr for the period due from 01.11.2012 to 31.03.2015

f. Accounting Standard – 17 - "Segment Reporting"

As per the Reserve Bank of India revised guidelines on Accounting Standard -17, the Bank's Operations are classified into Primary Segment, i.e., the business segment comprising of "Treasury", "Corporate/ Wholesale Banking", "Retail Banking" and "Other Banking Operations", as follows:

PART A : Business Segments

(₹ in cr)

Business Segment □ Particulars □	Treasury		Corporate/ wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue	2988.93	2,945.96	5,733.19	5,680.01	2,509.19	2,064.05	253.48	205.18	11,484.79	10,895.30
Result	45.5	(299.75)	264.26	911.75	237.69	295.14	176.01	181.13	743.46	1,087.77
Unallocated Expenses									675.81	829.81
Operating Profit									67.65	257.96
Income Taxes									(197.83)	(793.70)
Extraordinary Profit/Loss									-	-
Net Profit									265.48	551.66
Other Information										
Segment Assets	46124.47	43,462.91	57,020.15	56,617.00	21,071.90	21,968.10	803.56	391.40	127,020.08	113,459.41
Unallocated Assets									2900.46	2,404.07
Total Assets									129,920.54	114,863.48
Segment Liabilities	46124.47	43,462.91	53,785.47	52,740.34	21,327.76	20,986.05	478.88	16.08	121,716.58	117,205.38
Unallocated Liabilities									8203.96	7,658.10
Total Liabilities									129,920.54	124,863.48

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PART B : Geographical Segments

	Domestic		International		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue	NA					
Assets						

Notes:

1) Segment Results are after adjustment on account of Inter Segment Cost, which has been considered on the basis of Transfer Price mechanism decided by the Bank.

2) Assumed Inter Segment Assets, Liabilities and Revenue have been ignored.

3) Treasury Operations consist of entire treasury investment portfolio of the Bank.

4) Unallocated liabilities include Capital and Reserves.

g. Accounting Standard- 18 – "Related Party Transactions"

Items/ Related Party	Parent (as per ownership or control)	Subsidiaries	Associates / Joint ventures #	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Deposit	0.00	0.00	1297.50	0.00	0.00	1297.48
Placement of deposits	0.00	0.00	0.00	0.00	0.00	0.00
Advances	0.00	0.00	225.55	0.00	0.00	225.55
Investments	0.00	0.00	152.00* 150.00**	0.00	0.00	152.00* 150.00**
Non-funded commitments	0.00	0.00	0.00	0.00	0.00	0.00
Leasing/HP arrangements availed	0.00	0.00	0.00	0.00	0.00	0.00
Leasing/HP arrangements provided	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid by DGGB	0.00	0.00	5.24	0.00	0.00	5.24
Interest received by DGGB (IBPC)	0.00	0.00	5.37	0.00	0.00	5.37
Interest Received by DGGB	0.00	0.00	113.59	0.00	0.00	113.59
Rendering of services	0.00	0.00	0.00	0.00	0.00	0.00
Receiving of services	0.00	0.00	0.00	0.00	0.00	0.00
Management contracts						

Bank has sponsored one Gramin Bank i.e Dena Gujrat Gramin Bank (DGGB).

* DGGB has participated in IBPS of ₹ 150.00 cr issued by Dena Bank on risk sharing basis representing various loans to Non Priority Sector and has invested ₹ 2 cr in Dena Tier II Bond.

** Dena Bank has participated in IBPS of ₹ 150.00 cr issued by DGGB on risk sharing basis representing various loans to Priority Sector.

Key Management Personnel

Name	Designation	Item	Period	Amount (₹ in lacs)	Loan Amount (₹ in lacs)
Shri Ashwani Kumar	Chairman & Managing Director	Salary Emoluments & Incentives	01.04.2014 to 31.03.2015	19.80	NIL
Smt Trishna Guha	Executive Director	Salary Emoluments & Incentives	01.04.2014 to 31.03.2015	16.57	9.37
Shri R K Takkar	Executive Director	Salary Emoluments & Incentives	01.04.2014 to 31.03.2015	16.14	6.31

h. Accounting Standard 20 – "Earnings per Share"

Earning Per Share	31.3.2015	31.3.2014
EPS Basic & Diluted (₹)	4.94	14.40
Net Profit as per Profit & Loss Account Considered as numerator (₹ in cr)	265.48	551.66
Weighted average number of Equity share considered as denominator	53,78,80,290	38,30,34,538
Nominal value of share (₹)	10/-	10/-

i. Accounting Standard 21 – "Consolidated Financial Statements(CFS)"

The Bank is not having any subsidiaries, within the meaning of this Standard; therefore, this Accounting Standard does not apply.

j. Accounting Standard 22 – "Accounting for Taxes on Income"

The Bank has complied with requirements of "AS-22 issued by ICAI and accordingly, deferred tax assets and liabilities are recognized.

The net balance of Deferred Tax Asset as on 31st March 2015 amounting to ₹682.99 cr (Previous Year ₹ 521.06 cr) consists of the following:

(₹ in cr)

	2014-15	2013-14
Deferred Tax Assets		
Provision for NPAs / Bad Debts	472.86	262.67
Leave Encashment	34.41	34.79
Amortized premium on HTM securities	81.14	66.20
Expenditure disallowable under section 40(a)(ia)	1.44	1.36
Adhoc Provision on Wage Revision	0.00	46.23
Provision for FITL	113.96	106.21
Provision for NPV on restructured accounts	108.41	99.20
Total Deferred Tax Assets	812.22	616.66
Less: Deferred Tax Liabilities		
Depreciation on Fixed Assets including software	8.39	8.25
Amount of special reserve created for infrastructure u/s 36(1)(viii)	120.84	87.35
Total Deferred Tax Liabilities	129.23	95.60
Net balance of DTA shown in the Schedule 11 (Other Assets)	682.99	521.06

i) During the year the Bank has reversed Deferred Tax Asset (DTA) of ₹ 46.23 cr on the adhoc provision for wage revision as the same is being claimed as deduction in return of income.

ii) The Bank has been calculating the Income tax provision by considering lower of cost or market for valuation of securities. For this purposes, the Bank has been considering the original purchase cost instead of opening cost. During the FY 2014-15, Bank has considered the opening cost of securities for the year instead of original purchase cost based on principles laid down by the Hon'ble Supreme Court. Income Tax provision of earlier years to the tune of Rs 109.42 cr have been reversed during the current year. Further, the Bank is also eligible for MAT credit of Rs 98.60 cr during the current year. Due to above, the total reversals of income tax provision for the current year comes to Rs 198.09 cr.

k. Accounting Standard 23 – "Accounting for Investments in Associates in Consolidated Financial Statements"

As on the Balance Sheet Date there is no such associate of the Bank.

l. Accounting Standard - 24 – "Discontinuing Operations"

No operations have been discontinued in the Bank during the year.

m. Accounting Standard - 28 – "Impairment of Assets"

In the opinion of the Management, there is no impairment to its assets.

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n. Accounting Standard - 29 – "Provisions, Contingent Liabilities and Contingent Assets"

i. Movement of Provisions for Contingent Liabilities (₹ In cr)

Particulars	Legal Cases / Contingencies
Total provision as on 31.03.2014	8.53
Provision during the year	0.23
Amounts used during the year	0.00
Reversed during the year	0.04
Balance as at 31st March 2015	8.72
Timing of Outflow / Uncertainties	Not ascertainable
Reimbursement Expected	Not ascertainable

ii. Item No's (I) to (V) of the Schedule - 12 of the Balance Sheet on contingent liabilities, reflect the various types of contingent liabilities categorized according to their nature. These amounts are estimated on the basis of documents related to the basic contracts or claims made. Outflow on account of these contingent liabilities would depend upon the outcome of disposal of litigations by the respective judicial authorities, execution of contracts, invocation of guarantees, devolvement of LCs, settlement of claims etc.

18.17 Details of Provisions and Contingencies debited to the Profit and Loss Account during the year:

(₹ in cr)

Sr.	Particulars	2014-15	2013-14
(i)	Provision for Non Performing Assets	1114.74	733.16
(ii)	Provision for Income Tax/Wealth Tax	(35.90)	31.96
(iii)	Deferred Tax Liability /(Assets)(Net)	(161.94)	(325.65)
(v)	Provision for Standard Assets	88.31	155.81
(vi)	Provision for Sacrifice in NPV on restructured accounts	27.12	138.17
(vii)	Provision For FITL	96.53	156.12
(viii)	Provision for Depreciation on Investments	(70.01)	338.35
(ix)	Contingent liabilities	3.53	(8.39)
(x)	Provision for Sales of NPA	(9.27)	0.00
(xi)	Provision for un hedged foreign currency	11.84	0.00
(xii)	Others	(0.16)	2.84
	Total	1064.79	1222.37

18.18 Amount of Provisions made for Income Tax /MAT during the year:

a. The Bank has recognized Income Tax liability of ₹ 171.88 cr on Book Profits in terms with Section 115JB of the Income Tax Act out of which MAT credit of ₹ 98.60 cr as MAT Credit entitlement u/s 115JAA of the Income Tax Act, 1961 has been recognized. The MAT credit entitlement is treated as an asset.

b. Amount of provision made for Income-tax during the year;

(₹ in cr)

Particulars	31.03.2015	31.03.2014
Provision for Income-tax/Wealth Tax for the year	73.52	31.96
Add/Less: Provided for/(Written back) for earlier years	(109.42)	0
Net Amount	(35.90)	31.96

18.19 Premises include 1/ 3rd share in a property [SPBT College Mumbai] jointly owned by the Bank with Central Bank of India, as under:

(₹ in cr)

Bank's share	31.03.2015	31.03.2014
Cost	2.36	2.36
Accumulated Depreciation	1.31	1.23
Written Down Value	1.05	1.13

The property belonging to the Bank was revalued during the year 2012-13 and written down value of the revalued property as on 31.03.2015 is ₹ 52.72 cr. (Previous Year ₹ 54.97 cr).

18.20 Floating Provision

Particulars	31.03.2015	31.03.2014
(a) Opening Balance in floating provisions account	NIL	NIL
(b) The quantum of floating provisions made in the accounting year	NIL	NIL
(c) Amount of draw down made during the accounting year	NIL	NIL
(d) Closing balance in the floating provisions account	NIL	NIL

18.21 The advances covered by Bank/ Govt. Guarantee amounting to ₹ 4056.38 cr [shown in Schedule - 9 Para B (ii)] include ₹ 3189.24 cr [Previous Year ₹ 2738.71 cr] guaranteed by various State Governments for F.Y 2014-15.

18.22 Draw Down from Reserve

There are no draw down of reserves during the year 2014-15.

18.23 i) Customer complaints:

Sr	Particulars	General	ATM/Debit Card/Internet Banking	Total
a)	No. of complaints pending at the beginning of the year	72	590	662
b)	No. of complaints received during the year	5,871	44,511	50,382
c)	No. of complaints redressed during the year	5,809	44,350	50,159
d)	No. of complaints pending at the end of the year	122	751	873

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ii) Awards passed by the Banking Ombudsmen:

a)	No. of unimplemented awards at the beginning of the year	NIL
b)	No. of awards passed by Banking Ombudsmen during the year	1
c)	No. of awards implemented during the year	1
d)	No. of unimplemented awards at the end of the year	NIL

18.24 Disclosure of Letter of Comforts (LOCs) issued by the Bank

A total of 1010 Guarantees/Letter of Comfort / Letter of Undertaking amounting to ₹ 1250.18 cr have been issued in respect of Buyer's Credit during April 1, 2014 to March 31, 2015.

The outstanding Guarantees/ Letter of Undertakings/ Letter of Comforts as of March 31, 2015 stood at ₹ 778.55 cr (Previous Year ₹ 783.76 cr).

18.25 Bancassurance Business

Bank has received ₹ 11.44 cr (Previous year ₹ 8.27 cr) as fees/commission from bancassurance business.

18.26 Concentration of Deposits

(₹ in cr)

Particulars	2014-15	2013-14
Total Deposits of Twenty Largest Depositors	21,150.00	19,410.10
Percentage of Deposits of Twenty Largest Deposits to Total Deposits of the Bank	18.24%	17.64%

18.27 Concentration of Advances

(₹ in cr)

Particulars	2014-15	2013-14
Total Advances of Twenty Largest Borrowers	15500.87	16675.34
Percentage of Advances of Twenty Largest Borrowers to total Advance of the Bank	15.31%	17.29%

18.28 Concentration of Exposure

(₹ in cr)

Particulars	2014-15	2013-14
Total Exposure of Twenty Largest Borrowers / Customers	16295.38	17649.24
Percentage of Exposure to Twenty Largest Borrowers/ Customers to Total Exposure of the Bank on Borrowers / Customers	15.05%	16.95%

18.29 Concentration of NPAs

(₹ in cr)

Particulars	2014-15	2013-14
Total Exposure to top four NPA Accounts	932.88	426.09

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18.30 Sector wise NPA

(₹ in cr)

S No	Sector	Current Year			Previous Year@		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1.	Agriculture & Allied Activities	9177.19	647.68	7.06%	8015.79		
2.	Advances to industries sector eligible as priority sector lending	7405.73	527.10	7.11%	7206.93		
3.	Services	5559.76	369.91	6.65%	4924.19		
4.	Personal Loans	3102.33	138.76	4.47%	3241.81		
	Subtotal (A)	25245.01	1683.45	6.67%	23388.72		
B	Non Priority Sector						
1.	Agriculture & Allied Activities	0.00	0.00	0.00%	623.38		
2.	Advances to industries sector eligible as priority sector lending	20830.52	1762.42	8.46%	19056.23		
3.	Services	510.76	32.91	6.44%	3419.12		
4.	Personal Loans	34740.07	1611.49	4.64%	32134.41		
	Subtotal (B)	**56081.35**	3406.82	6.07%	55233.14		
	Less PWO	**697.23**	697.23				
	Total (A+B)	**80629.13**	4393.04	5.45%	78621.86	2616.04	3.33%

- @Gross NPA Advances and Gross NPA Ratio for the Previous year (2013-14) are based on total advances i.e. priority as well as non priority advances.

18.31 Movement of NPAs

(₹ in cr)

Particulars	FY 14-15	FY 13-14
Gross NPAs as on 1st April of particular year (Opening Balance)	2616.03	1452.45
Additions (Fresh NPAs) during the year	3673.99	2419.86
Sub-total (A)	6290.02	3872.31
Less:-		
(i) Upgradations	786.98	361.05
(ii) Recoveries (excluding recoveries made from upgraded accounts)	594.70	416.38
(iii) Technical/ Prudential Write-offs	496.36	359.75
(iv) Write-offs other than those under (iii) above	18.94	119.10
Sub-total (B)	1896.98	1256.28
Gross NPAs as on 31st March of following year (closing balance) (A-B)	4393.04	2616.03

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(₹ in cr)

Particulars	FY 14-15	FY 13-14
Opening balance of Technical/ Prudential written-off accounts as at April 1	1559.62	1562.86
Add: Technical/ Prudential write-offs during the year	496.36	359.75
Sub-total (A)	2055.98	1922.61
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	24.38	153.68
Closing balance as at March 31 (A-B) #	2015.97	1559.62

Closing Balance is net of the resultant write off (The sacrifice incurred on account of settlement closure of prudentially written off accounts)

18.32 Overseas Assets, NPA & Revenue

(₹ in cr)

Particulars	2014-15	2013-14
Total Assets	418.93	134.59
Total NPAs	-	-
Total Revenue	77.21	75.25

18.33 Bank has not sponsored any Special Purpose Vehicle.

Name of the SPV sponsored	
Domestic	Overseas
NA	

18.34 Disclosures Related to Securitisation

S. No	Particulars		No. Amount in ₹ crore
1.	No of SPVs sponsored by the Bank for securitisation transactions*		NIL
2.	Total amount of securitised assets as per books of the SPVs sponsored by the Bank		
3.	Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet		
	a.	Off-balance sheet exposures	
		First loss	
		Others	
	b.	On-balance sheet exposures	
		First loss	

S. No			Particulars	No. Amount in ₹ crore
			Others	
4.	Amount of exposures to securitisation transactions other than MRR			
	a.	Off-balance sheet exposures		
		i)	Exposure to own securitizations	
			First loss	
			Others	
		ii)	Exposure to third party securitisations	
			First loss	
			Others	
	b.	On-balance sheet exposures		
		i)	Exposure to own securitizations	
			First loss	
			Others	
		ii)	Exposure to third party securitisations	
			First loss	
			Others	

18.35 Credit Default Swaps

The Bank does not have any Credit Default Swap transaction during the period 01.04.2014 to 31.03.2015

18.36 Intra Group Exposures

The Bank has one group entity i.e Dena Gujarat Gramin Bank which has availed overdraft facility against Fixed Deposit of ₹ 225.56 cr. The Bank has also participated in IBPC for ₹ 150 cr on a risk sharing basis.

Percentage of Intra Group exposure to total exposure of the Bank on borrowers/customers is for 0.14%.

There is no breach of limits of intra-group exposure.

18.37 Transfer to Depositor Education and Awareness Fund (DEAF)

The details of Unclaimed liabilities amount transferred to DEAF during the year FY 2014-15

(₹ In cr)

Particulars	31.03.2015	31.03.2014
Opening balance of amounts transferred to DEAF	0.00	NIL
Add: Amounts transferred to DEAF during the year	185.02	NIL
Less: Amount reimbursed by DEAF towards claims	0.00	NIL
Closing balance of amounts transferred to DEAF	185.02	NIL

18.38 Unhedged Foreign Currency Exposure

Incremental Capital and provision requirements for Exposures are based on Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15.01.2014 and DBOD.No.BP.BC.116/21.06.200/2013-14 dated 03.06.2014 issued by Reserve Bank of India are as under : -

For the Financial Year 2014-15, Based on available data, financial statements and the certification received from borrowers wherever received, the Bank has estimated and provided for an incremental provisioning of ₹ 11.84 cr /- and an incremental capital requirement of ₹ 169.94 Cr towards Unhedged Foreign Currency Exposure.

18.39 Liquidity Coverage Ratio

(₹ In cr)

		31.03.2015		31.03.2014 @	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			13426.40		
1	Total High Quality Liquid Assets (HQLA)				
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	64580.40	5874.67		
(i)	Stable deposits	11667.49	583.38		
(ii)	Less stable deposits	52912.91	5291.30		
3	Unsecured wholesale funding, of which:	37287.48	16112.03		
(i)	Operational deposits (all counterparties)	0.00	0.00		
(ii)	Non-operational deposits (all counterparties)	37287.48	16112.03		
(iii)	Unsecured debt	0.00	0.00		
4	Secured wholesale funding		0.00		
5	Additional requirements, of which	5452.22	522.84		

(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00		
(ii)	Outflows related to loss of funding on debt products	0.00	0.00		
(iii)	Credit and liquidity facilities	5452.22	522.84		
6	Other contractual funding obligations	0.00	0.00		
7	Other contingent funding obligation	934.47	46.72		
8	**Total Cash Outflows**		22556.27		
Cash Inflows					
9	Secured lending (e.g. reverse repos)	3438.93	420.95		
10	Inflows from fully Performing exposures	1825.37	1096.01		
11	Other cash inflows	223.00	147.69		
12	Total Cash Inflows	5487.30	1664.65		
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		13426.40		
22	Total Net Cash Outflows		20891.62		
23	Liquidity Coverage Ratio (%)		64.27%		
@ LCR guidelines are made effective by RBI from 1st January 2015, therefore PY (2013-14) figures have not been given.					

18.40 Qualitative Disclosures around LCR

RBI has introduced LCR as per Basel –III guidelines to monitor the short term liquidity of Banks. The aim of LCR standard is to ensure that Bank maintains adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its Liquidity needs for a 30 days time horizon. At a minimum, the stock of liquid assets should enable the Bank to survive until 30 days of the stress scenario by which time it is assumed that appropriate action can be taken.

The LCR is calculated by dividing the High Quality Liquid Assets with the total net cash out flows over the next 30 days calendar period. As per LCR guidelines net cash outflow is total expected cash outflows minus total expected cash inflows for the next 30 days calendar horizon.

The HQLA includes, Cash including cash reserves in excess of CRR, government securities in excess of SLR over & above the mandatory SLR requirement, Government securities to the extent allowed by RBI under Marginal Standing Facility and marketable securities issued/ guaranteed by Sovereigns etc. All such assets must be available at all time to be converted into cash and should be unencumbered. Bank's HQLA consists of assets which are liquid or can be converted to liquid assets within short notice.

Under outflow the items taken in to account for calculation of LCR includes all types of deposits withdrawable within a period of 30 days, unutilized portion of CC/ OD and un disbursed portion of Loans and expected devolvement of LCs and invocation of Guarantees issued by Bank within 30 days period etc, which is calculated on the basis of past historical data.

Under inflow the items to be taken in to account for calculation of LCR includes recovery in loans and advances and lines of credit or any liquidity arrangements with other Banks, from where Bank can get funds to meet the liquidity stress. Banks funding sources are well diversified and concentration of funding sources are avoided.

Bank does not have any associate company. As per RBI guidelines Banks are required to maintain minimum 60% LCR as of Mar2015 and Banks LCR is 64.27%.

18.41 Bank has been allotted total 4,250 villages under Financial Inclusion for coverage by March 2015. Against target, 6,439 villages have been covered of which 681 villages have been covered through Brick and Mortar Branch and 5,758 villages have been covered through BC model.

18.42 Aadhaar Enrolment under UIDAI:

Bank is Non State Registrar of Unique Identification Authority of India (UIDAI). In 2nd phase, Bank has selected 67 Enrolment Agencies and has been carrying out Aadhaar Enrolment through various Enrolment Agencies in 13 states. Bank has enrolled 6.07 cr residents for Aadhaar Number as of March, 2015.

18.43 Procurement from Micro & Small Enterprises

The procurements made by the Bank from various vendors during the financial year 2014-15 amounts to ₹ 4.13 cr. Out of this procurement made from MSE amounts to ₹ 2.18 cr and out of which the procurements made from MSE unit owned by SC/STs entrepreneurs amounts to ₹ 0.11 cr. The details are being published on the website of the Bank for the benefits of MSEs

18.44 Previous year's figures have been regrouped/reclassified/re-arranged, wherever necessary, to make them comparable with the current year's figures.

DENA BANK

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(₹ '000s omitted)

		Year Ended 31.03.2015		Year Ended 31.03.2014	
Part I - Cashflow from operating activities					
Net profit after tax			2,654,821		5,516,601
Add / (Less) Non cash Items and items considered seperately:					
(1)	Depreciation on fixed assets	646,407		545,572	
(2)	Profit (-) / Loss (+) on sale of fixed assets	4,234		7,554	
(3)	Amortisation of premium paid on Investments	508,439		599,147	
(4)	Amortisation of software expenses	86,588		50,986	
(5)	Interest paid on long term loans	2,786,159		2,411,330	
(6)	Provision & Contingencies (Other Than I/W /DTL)	12,626,226		15,160,671	
(7)	Provision for Income Tax & DTL	(1,980,800)		(2,939,700)	
(8)	Provision for Wealth tax	2,471		2,701	
(9)	Leave Encashment Actuarial valuation	(11,200)		(189,700)	
(10)	Provision for Sick Leave	0		2,500	
(11)	Prov. For Silver Jubilee Milestone Award	400		200	
(12)	Provision for LFC	7,700		19,600	
(13)	Provision for Resettlement service	2,000		7,100	
(14)	Provision for Wage Revision	598,500		960,000	
(14)	Misc. Liablity Written Back	0		0	
			15,277,124		16,637,961
Operating profit before Working capital changes			17,931,945		22,154,562
Adjustments for working capital changes :					
(1)	(Increase)/Decrease in Investments	1,321,091		(26,962,356)	
(2)	(Increase)/Decrease in Advances	(25,224,005)		(126,438,939)	
(3)	(Increase)/Decrease in Other Assets	105,388		(5,828,694)	
(4)	Increase/(Decrease) in Deposits	59,083,913		128,205,370	
(5)	Increase/(Decrease) in Borrowings (Excl. Financing Activities)	(19,149,309)		(38,827,253)	
(6)	Increase/(Decrease) in Other Liabilities	3,944,021	20,081,099	2,136,343	(67,715,529)
Cash Generated from operations			38,013,044		(45,560,967)
Income tax refund / (Direct tax Paid)			(2,904,451)		121,274
Net Cash flow from operating activities			35,108,593		(45,439,693)
Part II - Cashflow from investing activities					
	Investments in Subsidiaries and /or Joint ventur	0		289,906	
	Purchase of fixed assets (Incl. intangible)	(1,484,815)		(1,204,617)	
	Sale of fixed assets	8,784		6,728	
	Software under implementation	157,860		(159,860)	
	Building under construction	20,936		0	
Net Cash Used in Investment activities			(1,297,235)		(1,067,843)
Cash flow from operating and Investing activities			33,811,358		(46,507,536)

(₹ '000s omitted)

	Year Ended 31.03.2015		Year Ended 31.03.2014	
Part III - Cashflow from financing activities				
Equity Share Capital raised (incl Share Premiu	1,400,000		10,660,001	
Bonds Issued Lower Tier-II	0		7,800,000	
Bonds Issued Series -III Basel III Compliant	4,000,000		0	
Bonds Payment Lower Tier-II	(2,100,000)		(1,500,000)	
Dividend Paid (Incl Dividend Tax)	(1,295,560)		(2,528,007)	
Interest paid on long term loan	(2,786,159)		(2,411,330)	
Net Cash used in Financing activities		(781,719)		12,020,664
Net increase/(decrease) in cash and cash equivalents		33,029,639		(34,486,872)
Cash and Cash equivalents (Opening)	63,727,220		98,214,092	
Cash and Cash equivalents (Closing)	96,756,859		63,727,220	
Difference in opening and closing cash and cash equivalents		33,029,639		(34,486,872)

(G C Garg)
General Manager

(R K Takkar)
Executive Director

(Trishna Guha)
Executive Director

(Ashwani Kumar)
Chairman & Managing Director

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Dena Bank for the year ended 31.03.2015. The statement has been prepared by the bank in accordance with requirements of the Listing Agreements (Clause 32) with Stock Exchanges & is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Bank covered by our Audit Report of even date to the President of India.

For S C Ajmera & Co
Chartered Accountants
FRN 002908C

(Arun Sarupria)
Partner
M.No.078398
FRN 002908C

For Anand & Ponnapam
Chartered Accountants
FRN 000111S

(B Hariharan)
Partner
M.No. 021695
FRN 000111S

For A P A S & Co.
Chartered Accountants
FRN 000340C

(Ankush Goyal/Chhabra)
Partner
M.No. 111980
FRN 000340C

For Jain & Jain
Chartered Accountants
FRN 103869W

(Ajay B. Jain)
Partner
M.No. 110372
FRN 103869W

Place : Mumbai
Date : 15th May, 2015

Anand & Ponnappan
Chartered Accountants
46/B, South Boag Road,
T. Nagar, Chennai (TN)- 600017

S C Ajmera & Co.
Chartered Accountants
18,Technocrat Housing Society,
Moti Magri Scheme,
Udaipur (Raj)- 313001

APAS & Co.
Chartered Accountants
"Krishna -Ranjan", B 35/5,
Raipur (CG)-492001

Jain & Jain
Chartered Accountants
601,Jolly Bhavan, No-2,
51,New Marine Lines,
Mumbai (Mah)-400020

INDEPENDENT AUDITORS' REPORT

To
The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of Dena Bank as at 31st March, 2015, which comprise the Balance Sheet as at 31st March, 2015, the Profit and Loss Account and the Cash Flow Statement for the year then ended, the significant accounting policies, notes to accounts and other explanatory information. Incorporated in these financial statements are the returns of 20 branches and integrated treasury branch audited by us and 677 branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 1041 branches which have not been subjected to audit. These unaudited branches account for 6.96% of advances, 32.88% of deposits, 7.22% of interest income and 28.30% of interest expenses.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements drawn up in accordance with the Banking Regulation Act, 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:

   (i) the Balance Sheet, read with the significant accounting policies and notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2015 in conformity with accounting principles generally accepted in India;

   (ii) the Profit and Loss Account, read with the significant accounting policies and notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account; and

   (iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Emphasis of Matter

7. **We draw attention to:**

   (i) Note 18.21e ii of Schedule 18, regarding amortization of pension and gratuity liability pursuant to the exemption granted by the Reserve Bank of India to public sector banks from application of the provisions of Accounting Standard 15 (Revised) Employees Benefits.

   (ii) Note 18.16a of Schedule 18, which relates to change in accounting policy wherein unclaimed credit balances lying in suspense receipt accounts for more than five years are no longer considered as miscellaneous Income pursuant to change in Section 26A of Banking Regulation Act. The impact of this change has resulted into understatement of Income by ₹ 2.69 cr and over statement of liabilities by the same amount.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.

9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and subject also to the limitations of disclosure required therein, we report that:

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

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

   (c) The returns received from the offices and branches of the Bank have been generally found adequate for the purposes of our audit.

10. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the applicable Accounting Standards.

Anand & Ponnappan
Chartered Accountants
FRN 000111S
B Hariharan
Partner
207896

S C Ajmera & Co.
Chartered Accountants
FRN 002908C
Arun Sarupria
Partner
M No 078398

APAS & Co.
Chartered Accountants
FRN 000340C
Ankush Golechha
Partner
111980

Jain & Jain
Chartered Accountants
FRN 103869W
Ajay B Jain
Partner
110372

Place: Mumbai
Date: 15th May 2015

DECLARATION

Our Bank certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the ICDR Regulations and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. Our Bank further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by

Sd/-

Ramesh Singh
Executive Director

Date: October 10, 2017
Place: Mumbai

I am authorized by the Board of Directors of our Bank *vide* resolution dated May 09, 2017 and October 10, 2017 to sign this form and declare that all the requirements of the Applicable Law and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by our Bank.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by

Sd/-

Ramesh Singh
Executive Director

Date: October 10, 2017
Place: Mumbai

ISSUER

DENA BANK

HEAD OFFICE OF THE BANK

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Company Secretary and Compliance Officer
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BOOK RUNNING LEAD MANAGERS

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DOMESTIC LEGAL ADVISOR TO THE ISSUE

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Maharashtra, India

INTERNATIONAL LEGAL ADVISOR WITH RESPECT TO INTERNATIONAL SELLING AND TRANSFER RESTRICTIONS

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AUDITOR TO THE ISSUE

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