

MANAGEMENT DISCUSSION AND ANALYSIS 2017-2018

1. **Global Economic Scenario:**

The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008–2009, followed by the European sovereign debt crisis of 2010–2012 and the global commodity price realignments of 2014–2016. Since then the Global recovery is underway, aided by a rebound in investment and trade, against the backdrop of benign financing conditions, generally accommodative policies, improved confidence, and the dissipating impact of the earlier commodity price collapse.

As these crises and the persistent headwinds that accompanied them subside, the world economy has strengthened, offering greater scope to reorient policy towards longer-term issues that hold back progress along the economic, social and environmental dimensions of sustainable development.

According to the World Economic Outlook Report of IMF, the World Economy is expected to grow at 3.8% in 2018.

In advanced economies, growth is driven by a pickup in capital spending, a turnaround in inventories, and strengthening external demand. While growth accelerated in all major economies, the improvement was markedly stronger than expected in the Euro Area.

Growth among Emerging Markets and Developing Economies (EMDEs) is estimated to have accelerated to 4.3 percent in 2017, reflecting firming activity in commodity exporters and continued solid growth in commodity importers.

2. **Domestic Economic Development:**

The Indian Economy has successfully marked its presence across globe. Despite various challenges such as, Currency Exchange Initiative and implementation of GST, the transformation of Indian Economy has flagged its success.

The RBI, in its recent Monetary Policy has projected the GDP growth to 7.4% in FY 2018-19 on account of revival in investment activity as reflected in the sustained expansion in capital goods production and still rising imports, albeit at a slower pace than in January. Second, global demand has been improving, which should encourage exports and boost fresh investment.

Nevertheless, the corporate debt overhang and associated banking sector credit quality concerns exert a drag on investments in India. The recapitalization plan for major public sector banks announced in 2017 is expected to help replenish capital buffers and improve the banking sector's ability to support growth. This recapitalization is expected to be a broader package of financial reforms to improve the governance of public sector banks, and to enhance banks' debt recovery mechanisms.

With the efforts of GoI, on various structural and Regulatory reforms, the investment climate in the country has improved as the stocks of stranded investment in stalled projects have started to decline.

The RBI and Global organizations such as IMF & World Bank, has expressed optimism on the growth front with risks remaining evenly balanced. Further, accommodative policies amid benign global financing conditions and low inflation have supported domestic demand which in turn is expected to support the growth of the Economy.

3. **Banking Industry Trends:**

Banking sector is experiencing challenges in terms of rising NPA levels and lower than expected credit growth.

During the year, Deposit growth fell to a five-decade low in fiscal year ended March 2018 as the demonetization windfall withered away and the lure of other savings instruments such as Mutual Funds and Insurance eroded the competitiveness of bank

deposits. Aggregate deposits in the banking system grew by 6.7% in 2017-18 on account of reversal from the huge deposits collected in light of the November 2016 demonetization.

Credit growth of Scheduled Commercial Banks (SCBs) has registered a growth of 9.81% against 5.59% growth in corresponding period in FY17. The growth off-take is further expected to go up due to Base effects, Increase in demand and decrease in output gap. Further, with Insolvency and Bankruptcy code in place, recovery mechanisms in Banking Industry are expected to strengthen, facilitating time bound resolutions.

On the Digital front, cashless transactions are witnessing an increasing trend and customer adoptions to various new age digital products such as, UPI, Wallets, QR and AEPS etc. have improved manifold and creating new expectations from banks.

4. **Outlook:**

India has made progress on structural reforms in the recent past, including implementation of the Goods and Services tax, which are expected to reduce internal barriers to trade, increase in efficiency, and also improvement in the overall tax compliances.

The Monetary Policy Committee notes that growth has been recovering and the output gap is closing. This is also reflected in a pick-up in credit off take in recent months. The large mobilization of resources from the primary capital market is expected to support investment activity further. While the domestic cyclical recovery is underway, the long-term growth potential is also expected to be reinforced by various structural reforms introduced in the recent past.

On the downside, the deterioration in public finances risks crowding out private financing and investments. Furthermore, even as global growth and trade have been strengthening, rising trade protectionism and financial market volatility could derail the ongoing global recovery. In this unsettling global environment, it is especially important that domestic macroeconomic fundamentals are strengthened, deleveraging of distressed corporates and rebuilding of bank balance sheets persisted with, and the risk-sharing markets deepened.

Overall, the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as ongoing structural reforms.

5. **Business Performance of the Bank:**

The composition of Total Business Mix of the Bank for the last two years is as under:

(Rs. in cr)

Particulars	31 st March 2017	31 st March 2018
Total Deposits	113942.77	106130.15
Total Advances	77537.84	74238.58
Total Business Mix	191480.61	180368.73

6. **Deposit Mobilisation:**

(Rs. in cr)

PARAMETERS	Mar-18
CURRENT DEPOSITS (INCLD. ODTD)	6013.53
% OF AGG DEPOSITS	5.88%
SAVING DEPOSITS	36471.49
% OF AGG DEPOSITS	35.67%
TERM DEPOSITS	59762.34
% OF AGG DEPOSITS	58.45%
AGGREGATE DEPOSITS	102247.36
INTERBANK DEPOSITS	3882.79
TOTAL DEPOSITS	106130.15
% CASA TO TOTAL DEPOSITS	40.03%

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7. Credit Monitoring & Asset Quality:

Bank has aligned its' monitoring mechanism in tune with RBI's Revised Framework for Resolution of Stressed Assets, issued vide circular no. DBR.No.BP.BC.101/21.04.048/2017-18 dated 12.02.2018.

Based on Monthly Monitoring Report (MMR) generated on daily basis from Finacle on accounts having sanctioned limit of Rs.25 lacs and above, list of accounts with overdue of 7 days and above are being mailed to respective ZOs/CBBs on weekly basis, for further follow up action / resolution plan.

Meetings of Zonal Slippage Prevention Committees (ZSPC) are conducted on fortnightly basis for borrowal accounts of Rs.10 lacs and above. Credit Monitoring Cell (CMC) at Head Office keeps track of the minutes and latest developments in borrowal accounts of Rs 1 crore and above. At HO level, the accounts above Rs 1 crore are also discussed by the top management with the concerned Zones/ CBBs through weekly Video Conference Meetings.

The overdue accounts are also being monitored through Branch Mirror Portal which has been operationalized in January, 2018.

8. Advances to Priority Sector:

8.1 The Bank has been consistently fulfilling its social obligations in respect of priority sector lending. The Bank has adopted multipronged strategies during the year to augment credit flow to this sector. Bank's Priority Sector Advances as of 31.03.2018 stood at Rs.35,949 crore. The ratio of priority sector advances to Adjusted Net Bank Credit stood at 42.27% as of March, 2018 surpassing the regulatory benchmark of 40%.

8.2 Lending to Agriculture:

In line with the Government's Farm Credit Package, the Bank has been continuously taking necessary measures to step up the flow of credit to Agriculture. During the year, the outstanding under agriculture credit has increased from the level of Rs.16,375 crore as of March, 2017 to Rs.18,179 crore as of March, 2018, registering a y-o-y growth of 11.02%. The outstanding exposure under Agriculture credit is 21.38% of the Adjusted Net Bank Credit, surpassing the benchmark of 18%, as on 31st March 2018.

Out of total Agricultural credit, advances to Small / Marginal farmers has increased from the level of Rs.6,252 crore as of March, 2017 to Rs.8,268 crore as of March, 2018, registering a growth of 32.25%. The ratio of Advances to Small/ Marginal Farmers to Adjusted Net Bank Credit was 9.72% as on 31st March, 2018 as against the benchmark of 8%.

8.3 Progress under Special Agricultural Credit Plan:

The Bank has disbursed agriculture loans of Rs.6,971 crore during the year 2017-18 under Special Agriculture Credit Plan as against the target of Rs.6,825 crore thus achieving 102 % of the targets.

8.4 Dena Kisan Credit Cards:

The Bank has implemented Revised Kisan Credit Card Scheme as per GOI guidelines. The Bank has issued total 3,76,607 Kisan credit cards with an outstanding credit of Rs.7,510 crore as of March 2018 as against of 3,70,435 cards amounting to Rs.6,974 crore as of March 2017 showing growth of Rs.536 crore (7.69%) in amount and 6,172 cards (1.67%) in number of KCC accounts.

Further in order to facilitate the farmers, Bank has been issuing ATM enabled RuPay debit cards to Kisan Credit Card holders which can also be used at Point of Sale (POS).

8.5 Advances to weaker section:

Advances to the weaker section marginally decreased from a level of Rs.10,019 crore as of March 2017 to Rs.9,931 crore as of March 2018, registering a negative growth of Rs.88 crore (-0.88% growth). The Bank advances to Weaker Section stood at 11.68 % of the Adjusted Net Bank Credit.

8.6 Prime Minister's 15 point Programme for the welfare of Minorities:

The credit flow to minority communities has stood at the level of Rs.4,070 crore as of March 2018 which constitutes 11.32 % of Priority Sector Advances.

8.7 Coverage under CGTMSE Scheme:

The Bank has been participating under the guarantee scheme of Credit Guarantee Fund Trust for Small and Micro Enterprises (CGTMSE) to provide collateral free loans to Small and Micro Enterprises. The total number of cases covered under the scheme stood at 13,625 with a guarantee cover of Rs.763.29 crore, as at the end of the financial year 2017-18.

8.8 Coverage under NCGTC Scheme:

Bank has been participating under the guarantee scheme of National Credit Guarantee Trust for Mudra loans (NCGTC) to provide collateral free loans to Small and Micro Enterprises. The total number of cases covered under the scheme stood at 7,859 with a guarantee cover of Rs.70.14 crore as at the end of the financial year 2017-18.

8.9 Government Sponsored Schemes:
8.9.1 Prime Minister Employment Generation Programme (PMEGP):

The Bank is actively implementing PMEGP which is aimed at eradication of poverty and for generating self-employment. The Bank has sanctioned loans to 1,206 beneficiaries amounting to Rs.74.49 crore under PMEGP during 2017-18.

8.9.2 Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY- NRLM):

Bank has extended loans to 6,507 beneficiaries under DAY-NRLM amounting to Rs.50.63 crore during 2017-18. Total 3,874 beneficiaries from 250 identified districts have been benefited by interest subvention of Rs.63.77 lac during the financial year 2017-18.

8.9.3 Deendayal Antyodaya Yojana – National Urban Livelihood Mission (DAY- NULM):

The Bank has sanctioned loans to 491 beneficiaries under DAY-NULM amounting to Rs.3.67 crore during the FY 2017-18.

8.10 Dena General Credit Card (DGCC) Scheme:

The Bank is providing overdraft facility up to Rs.25,000/- under this scheme to borrowers of small means under rural and semi-urban areas. The Bank has issued 13,369 DGCC Cards as of March 2018.

8.11 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, Bank has rolled 18 Credit Counselling centres at Ahmedabad, Banaskantha (Palanpur), Gandhinagar, Kutch, Mehsana, Patan, Aravali, Botad, Devbhumi Dwarka & Himmatnagar (Sabarkantha) in the State of Gujarat, Durg, Dhamtari, Mahasamund, Gariyaband, Balod, Raipur & Rajnandgaon in the State of Chhattisgarh and Silvassa in the UT of Dadra & Nagar Haveli.

8.12 Corporate Social Responsibility:
8.12.1 Rural Self Employment Training Institutes (RSETIs):

Dena Bank has set up a Society known as Dena Rural Development Foundation (DRDF) with a corpus of Rs.50 lacs. Subsequently, Bank has contributed Rs.9.20 crore towards corpus fund thereby increasing the corpus to Rs.9.70 crore.

DRDF in turn has set up 12 Rural Self Employment Training Institutes (RSETIs) in its lead districts viz (i) Ahmedabad, (ii) Bhuj (Kutch), (iii) Mehsana, (iv) Palanpur (Banaskantha), (v)

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Himmatnagar (Sabarkanta) (vi) Patan in the State of Gujarat, (vii) Durg, (viii) Dhamtari (ix) Mahasamund (x) Raipur (xi) Rajnandgaon in the State of Chattisgarh and (xii) Silvassa in the U. T. of Dadra & Nagar Haveli where bank is shouldering lead bank responsibility.

Bank has so far contributed an amount of ₹4.78 crore towards construction of RSETI buildings.

All RSETIs sponsored by DRDF have been graded as AA for FY 2017-18 by MoRD, GOI except RSETI Bhuj (RSETI Bhuj graded as AB).

8.13 State Level Bankers' Committee (SLBC) Responsibilities:

The Bank has been discharging its responsibilities as a Convener of SLBC for the State of Gujarat and also as Convener of UTLBC for the Union Territory of Dadra & Nagar Haveli and Daman & Diu. The SLBC has played catalytic role for the development of banking in the State of Gujarat, UT of Dadra & Nagar Haveli and Daman & Diu through constant monitoring of various Priority Sector and developmental schemes.

8.14 Lead Bank Scheme:

The Bank is successfully discharging its 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 & Nagar Haveli.

8.15 Regional Rural Banks sponsored by the Bank:

Bank has sponsored Dena Gujarat Gramin Bank (DGGB) having network of 241 branches spread over 8 districts of Gujarat as on 31.03.2018. The total business mix of DGGB stood at Rs.6,715 crore as of March 2018. During the financial year ended 31st March, 2018, net profit of DGGB was Rs.18 crore. All the 241 branches are covered under Core Banking System.

9. Financial Inclusion:

9.1. Rural Financial Inclusion:

The Bank has a Financial Inclusion Plan which envisages road map for providing banking services through banking outlets in villages allocated to it by various SLBCs under Lead Bank Scheme.

The Bank has engaged M/s Tata Consultancy Services (M/s TCS) as the Application Service Provider (ASP) for implementation of Financial Inclusion (FI). Bank has engaged individual Business Correspondents (BCs) in FI villages and provided UIDAI/IBA standard 1.5.1 version, AEPS, Ru-Pay card transactions enabled Micro ATMs/TABs to them.

9.1.1 Progress in coverage of SSA villages:

The Bank has been allotted total 2105 SSAs (covered villages 6485) under Financial Inclusion for coverage by March 2018. All these SSAs have been covered, of which 681 villages through Brick & Mortar Branches and remaining 1424 SSAs through 1424 Business Correspondents (BCs).

9.1.2 Basic Savings Bank Deposit Accounts (BSBDAs): The Bank has opened 69.64 lac BSBDAs (Basic Savings Bank Deposit Accounts) against the target of 87.30 lac accounts for March 2018.

9.1.3 Dena General Credit Cards: As of March 2018, Bank has issued 13,500 Dena General Credit Cards (including Artisan Credit Cards) with credit limit amounting to Rs.21.09 crore.

9.1.4 Urban Financial Inclusion: In Urban areas, Bank is pursuing Financial Inclusion by covering unbanked pockets of urban centers, which are predominantly inhabited by people having no / difficult access to banking services i.e. migrant population and labourers, through Branch set up.

9.2 Pradhan Mantri Jan Dhan Yojana (PMJDY) :

As on 31.03.2018, Bank has opened 44.06 lac accounts under Pradhan Mantri Jan Dhan Yojana (PMJDY) which was launched on 28.08.2014. RuPay cards have been issued to 26.52 lac account holders as on the said date. Bank has covered all households

with at least one saving bank account in 2105 Sub Service Areas (SSAs) and 776 urban wards allotted to Bank. Bank customers under PMJDY scheme are eligible for accident insurance coverage of Rs. 1.00 lakh under RuPay Debit card insurance scheme and Life Insurance coverage of Rs.30,000/- which is available for accounts opened during the PMJDY campaign period 28-08-2014 to 26-01-2015.

9.3 Direct Benefit Transfer & Direct Benefit Transfer for LPG:

Bank has successfully launched and implementing Direct Benefit Transfer Scheme (PAHAL) as per Govt. of India Guidelines through Aadhaar Payment Bridge System (APBS) and Aadhaar Enabled Payment System (AEPS). Direct Benefit Transfer for LPG is re-launched in 54 districts w.e.f. 15th November, 2014 and in all remaining districts of the country since 1st January, 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, Bank is facilitating Aadhaar seeding through various channels like internet banking, ATMs and SMS through mobile. Bank is also undertaking Aadhaar seeding in accounts under campaign mode by organizing camps, meetings in villages allotted to Bank.

9.4 Aadhaar Enrolment under UIDAI:

As per UIDAI directive, every schedule commercial bank was to set up Aadhaar Enrolment and Update Centres inside its Branch premises at a minimum 1 out of their every 10 branches. Bank has set up 191 Aadhaar centres within the stipulated timeline of 31.03.2018.

9.5 Ru-Paycard and AEPS transactions through Micro ATMs:

Bank has implemented Ru-Pay card transaction module and Aadhaar Enabled Payment System (AEPS) through Micro ATMs/TABs provided to Business Correspondents (BCs). AEPS ON-Ups (Intra-bank) & OFF-Ups (Inter-bank) in implemented in all Micro ATMs/TABs deployed to BCs.

The RuPay card holder and Aadhaar number holder customers of our Bank as well as other Banks can now make transactions like cash withdrawal, cash deposit, balance inquiry, mini statement etc. through Micro- ATMs/TABs provided to Bank Mitrs of our Bank. This will facilitate better banking services to customer of our Bank/ other Banks in remote areas.

9.6 Overdraft Facility in PMJDY Accounts:

As per the guidelines of Govt. of India, Bank has approved the scheme for grant of overdraft facility upto Rs. 5,000/- to PMJDY customers subject to satisfactory conduct of accounts for a period of 6 months and other financial criteria. Bank has sanctioned Overdraft limit to 36,968 customers for Rs.38.89 lakh as of 31st March 2018. The Overdraft under PMJDY is categorized as Priority Sector advances and the progress is also reported under MUDRA.

9.7 Aadhaar seeding in PMJDY & other saving accounts:

Due to conducting of Aadhaar seeding camps at Branch and BC locations regularly on weekly basis, Aadhaar seeding in Operative Saving Bank accounts of the Bank has improved to **88.09% as of 31.03.2018** from **61.36%** as of **31.03.2017** and in Operative PMJDY improved to **80.81% as of 31.03.2018** from accounts to **61.89%** as of **31.03.2017**.

10. Advances to MSME Sector:

MSME sector has been identified as one of the growth engines for increasing credit portfolio of the Bank. The rate of Interest under MSME sector ranges from MCLR+0.25% to MCLR+ 4.75% as per the Internal Credit Rating of borrowers and accordingly the present rate of interest for MSME ranges from 8.60 % to 13.10 %.

Training programmes on regular intervals were conducted for officers for improving skills for processing of loan proposals.

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Bank has entered into Tie up with CRISIL, Dun & Bradstreet, Mira Inform Pvt Ltd, Co-Face Credit Management Pvt. Ltd and Experian Services India Pvt Ltd for doing due diligence of MSME borrowers with credit limits of Rs.5.00 cr and above.

Bank has entered into tie-up arrangement with SMERA Ratings Limited (SMERA) for sourcing of MSME leads.

Bank has registered with the Receivables Exchange of India Limited (RXIL) on their online platform for Trade Receivables Discounting System (TReDS) business.

11. Retail Credit:

11.1 Retail Credit has been identified as one of the growth engines for increasing credit portfolio of the Bank. The Bank has 12 Retail Banking Schemes catering to various needs of a customer. The schemes are modified from time to time keeping in view the market scenario, customer requirements and feed-back received from field functionaries. Concerted efforts were made to popularize the retail banking schemes through wide publicity.

As of 31 March 2018, the Direct Retail credit stood at Rs.10,748 crore thus registered a de growth of Rs.712 crore i.e. by 6.22%, over 31.03.2017. Total retail credit has reduced by Rs.60.97 crore there by registered YoY growth of -0.46%. However the Indirect Housing Loan increased by Rs.651 crores registering growth of 35.39% YOY.

(Rs.in cr)

Particulars	31st March, 2017	31st March, 2018	Growth Amt.	% growth
Direct Retail	11,460	10,748	(712)	(6.22%)
Indirect Housing	1,841	2,492	651	35.39%
Total Retail	13,301	13,240	(61)	(0.46%)

11.2 Retail Asset Processing Centers:

In order to take advantage of the potential available for enlarging Bank's Retail lending portfolio and also to ensure better quality, uniformity and speed in appraisal and sanctions, Bank has operationalized 14 Retail Asset Processing Centers at Ahmedabad, Hyderabad, Bangalore, Chennai, Lucknow, Pune, Surat, Rajkot, Bhopal, Bhandup (Mumbai), Juhu Vile Parle (Mumbai), Kolkata, New Delhi and Durg.

Since 1st September 2017, Bank has revamped the existing structure of the RAPCs and put in place the new RAPC model wherein the scope of the new RAPC was limited to only four Retail schemes in order to have a focused approach. In the new RAPC structure, specific and distinct KRA's were assigned to all RAPC Staff (Sales, Credit, and Operations) and LMS – a new Lead Management System was introduced for sourcing of applications.

11.3 Housing Finance:

The outstanding under Direct Housing Finance Scheme has increased from Rs.6,280 crore as of 31.03.2017 to Rs.6,849 as of 31.03.2018 i.e. an increase of Rs.569 crore (9.06%).

11.4 Education Loan:

The outstanding under Dena Vidya Lakshmi Education Loan Scheme has increased from Rs.510 crore as of 31.03.2017 to Rs.524 crore as of 31.03.2018 i.e. an increase of Rs.14 crore (2.74%). On 30.03.2017, IBPC of Rs.1000.00 crores, representing Education Loans was procured and was repaid in September 2017.

11.5 Vehicle Loan Scheme:

Outstanding under the Dena Vehicle Loan Scheme has increased from Rs.896 crore to Rs.976 crore as at the end of the year i.e. increase of Rs.80 crore (8.97%).

12. Investment:

The Bank's Treasury handles operations covering activities in various markets i.e. Foreign Exchange, Fixed Income, Equity and Money Market. The Dealing room is equipped with one of the best IT infrastructure having Dealing platforms supported by Market Information Terminals.

The investments have been maintained in various maturity mixes consistent with risk perceptions. Gross domestic investments of the Bank were Rs.38039.56 crore (exclusive of deposits to SIDBI, NABARD, NHB) as on 31.03.2018 as compared to Rs.40,189.77 crore (exclusive of deposits to SIDBI, NABARD, NHB) as on 31.03.2017. The total Profit of Treasury from Forex transactions and sale of investments was Rs.471.63 crore during the year 2017-18 out of that, Profit from Sale of Investments was Rs.422.36 crore during the year 2017-18. In addition to that, dividend income earned by treasury was Rs.1.92 crore and other miscellaneous income was Rs.0.24 crore. Bank's investment decisions are based on risk-return-trade off and Bank is scrupulously following all mandatory regulatory and internal guidelines. All new investments made by the Treasury were strictly in accordance with the Treasury Policy of the Bank.

The SLR securities as on 31.03.2018 were Rs.29717.82 crore (Rs.34,753.46 crore as on 31.03.2017). Non SLR Securities as on 31.03.2018 were Rs.8321.74 crore (Rs.5,436.30 crore as on 31.03.2017).

The interest income from investment has gone down from Rs.2,906.09 crore during the year ended 31st March 2017 to Rs.2680.35 crore during the year ended 31st March 2018 i.e. decrease of 7.78% on YOY basis. The average yield on investments has moved down from 7.57% for year ended 31.03.2017 to 7.26% for the year ended 31.03.2018. The Modified duration of the portfolio was kept at 4.98.

13. International Banking Business:

The Bank continues to offer a variety of services to meet the customer's requirements involving foreign Exchange. Bank has full-fledged dealing room in Mumbai to Quote very competitive exchange rates to the customers. Exporters are financed in Indian Rupee as well as in Foreign Currency.

Bank has pan India presence to deal with Forex Business. All the Branches are authorized to deal with NRI accounts as "C" category Branch. Besides there are 44 Branches categorized as "B" and authorized to conduct all Forex related Business.

Bank also maintains correspondent Bank relations across the world to meet the overseas requirement of customers related Export, Import, remittances etc.

14. Asset Quality & Recovery Management:

Bank made concerted efforts to maintain asset quality and effective NPA management during the year 2017-18 despite large slippages experienced by the banking industry in general. The Bank's performance in NPA management is directly attributed to the concerted efforts made for upgradation of recently slipped NPAs and cash recovery. Action under SARFAESI Act, recovery through compromise settlements and sale of assets resulted in cash recovery and Upgradations to a considerable extent. The Gross NPA stood at 22.04% as of March 2018 as compared to 16.27% as of March 2017.

The Gross NPA in absolute terms stood at Rs.16361.44 crore as of March 2018 as against Rs.12618.73 crore as of March 2017.

The Net NPA ratio of the Bank stood at 11.95% as of March 2018 as against 10.66% as of March 2017. Net NPAs in absolute terms stood at Rs.7,838.78 crore as of March 2018 compared to Rs.7735.12 crore as of March 2017.

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(Rs. in cr)

	31st March 2017	31st March 2018
Gross Advances	77,537.84	74238.58
Gross NPA	12,618.73	16,361.44
Gross NPA to Gross Advances	16.27%	22.04%
Net Advances	72,574.61	65,581.51
Net NPA	7,735.12	7,838.78
Net NPA to Net Advances	10.66%	11.95%
Provision Coverage Ratio (including prudential write off)	50.56%	60.20%

Special attention was given to recovery in NPAs through multiple actions including negotiated settlements and sale of NPAs to SCs/RCs. Monthly Recovery camps were conducted and Lok Adalats organized at major centers on regular intervals. New OTS scheme, DRMY introduced for settlement of NPAs upto Rs.5 crore. Nodal Officers were appointed for each DRT for follow up of the pending cases and to co-ordinate with the Advocates for speedy recovery.

The Bank recorded cash recovery of Rs. 931.24 crore (Rs.1,119.87 crore 2016-17), upgradations of Rs. 673.40 Crore (Rs.755.87 crore 2016-17). Recovery in Written Off accounts increased to Rs. 146.60 crore (Rs.114.70 crore 2016-17).

Bank conducted 5 Lok Adalats in 1766 centres where in wherein 21803 accounts were considered and 3012 accounts were settled for Rs.30.54 crores.

Recovery Camps are organized on monthly basis. Ten Mega Recovery Camps were organized on various dates from the month of June 2017 and the last Recovery Camp (for the financial year 2017-18) being on 20.03.2018 in all the branches of Zones during the current year wherein recovery & Upgradations was Rs.607.93 crores for Bank as a whole. 64873 borrowers attended the recovery camps wherein 4741 accounts were settled for Rs.197.26 crores and 8343 accounts involving Rs.324.15 crores were upgraded. Spot recovery of Rs.278.53 crores (including recovery in written off accounts) was effected through such recovery camps.

A total of 7100 accounts with compromise amount of Rs.263.54 crores (inclusive of SOTS and DRMY) were considered for settlement against which a cash recovery of Rs.143.47 crores was effected.

Under DRMY scheme which was effective from 15.02.2018, 4249 accounts with compromise amount of Rs.44.33 crores were approved up to 31st March, 2018 and total cash recovery of Rs.32.51 crores was effected .

15. Legal Services / RTI Act:

15.1 Recovery under SARFAESI Act, 2002:

During the year 2017-18 Bank issued 1591 Notices in eligible accounts under SARFAESI Act involving an amount of Rs. 1625.86 crore . A total sum of Rs.394.52 crores has been recovered under SARFAESI Act during the year .

15.2 Recovery through Lok Adalats:

For an early resolution of disputes and recoveries from its defaulters the medium of Lok Adalats constituted under Legal Services Authorities Act is utilised. Bank endeavoured to arrange/ participate in maximum Lok Adalats during the year. 21803 accounts were considered and 3012 accounts were settled for Rs. 30.54 crores.

15.3 Recovery through Suits in Debt Recovery Tribunal/ Civil Court:

As on 31-03-2018, there are 2520 suit filed accounts various DRTs/Civil Courts involving an amount of Rs.7753.62 crores and 1166 decreed accounts involving an amount of Rs.1548.58 crores in various DRTs . Bank has recovered Rs.63.15 crores through DRT in OA/RC for the year ended 31st March, 2018.

15.4 NCLT Cases:

As per directives of RBI for taking action under IBC 2016 in 12 accounts, Bank is having exposure in 9 accounts involving Rs.2740.89 crores Alok Industries (Rs.615.26 cr), Bhushan Steel Ltd (Rs.486.50 cr), Bhushan Power & Steel Ltd (Rs. 402.56 cr) , Lanco Infratech Ltd (Rs.282.84 cr), Monnet Ispat & Energy Ltd (Rs.310.87 cr), ABG Shipyard Ltd (Rs.261.11 cr), Jyoti Structures Ltd (Rs.200.00 cr), Electrosteel Integrated Ltd (Rs.116.45 cr) & Amtek Auto Ltd (Rs.65.30 cr). Bank has filed claim and resolution process has been initiated in all the accounts. Out of the 9 accounts, in 6 accounts final Resolution Plan (consent/dissent) was approved by our Bank.

As per directives of RBI for taking action under IBC 2016 in 2nd lot, Bank is having exposure in 12 accounts involving Rs.1895.45 crores. Asian Colour Coated Ispat Ltd, (Rs.190.51 cr), Essar Projects (India) Ltd. (Rs.230.59 cr), Monnet Power Company Limited (Rs.8.67 cr), Ruchi Soya Industries Ltd. (Rs.188.91 cr), SEL Manufacturing Company Ltd. (Rs.113.37 cr), Transstroy (India) Ltd. (Rs.199.30 cr), Unity Infra projects Ltd. (Rs.55.53 cr), Ushdev International Ltd. (Rs.181.23 cr), Uttam Galva Metalics Ltd. (Rs. 92.06 cr), Videocon Industries Ltd. (Rs.514.40 cr), Videocon Telecommunications Ltd. (Rs.37.98 cr), Visa Steel Ltd. (Rs.82.90 cr). Lead Bank has filed application in all the accounts with NCLT.

Out of above 12 cases, two cases i.e. Ruchi Soya Industries Limited and Monnet Power Company Ltd were admitted by NCLT. In the account of Unity Infra projects Ltd, Insolvency process has already been initiated and CoC decided to file liquidation application and the same was filed on 20.03.2018.

Apart from the 1st & 2nd Lot of accounts identified by RBI for action under IBC, Operational creditors / Financial creditors & Corporate debtors/ Lead Bank have filed application before NCLT in 24 cases where our Bank dues are Rs.1524.10 crores and Bank has filed its claim before IRP.

15.5 Right to Information Act:

In Zones headed by Dy. General Manager, the Dy. Zonal Manager is the Central Public Information Officer [CPIO] & the Zonal Manager is the First Appellate Authority.

In Zones headed by Asst General Manager, the Zonal Manager is the CPIO and the Field General Manager is the First Appellate Authority.

Dy. General Manager (RML) at Head Office is the CPIO for Head Office Departments and Branches / Offices reporting directly to the Head Office. General Manager (RML) is the First Appellate Authority in such cases.

Information regarding the CPIOs and First Appellate Authorities of the Zonal Offices and Head Office of the Bank have been duly uploaded in the Bank's website.

In the year 2017-18, the Bank disposed off 1356 Applications out of a total of 1378 Applications received (including Applications brought forward from previous year) under the RTI Act. The First Appellate Authority disposed off 233 Appeals out of a total of 234 Appeals (including Appeals brought forward from previous year) under the RTI Act.

16. Government Business:

16.1 Direct Tax collection:

The Bank is authorized to collect all Direct Taxes including Income Tax, Corporation Tax, Wealth Tax, Gift Tax, Hotel Receipts Tax, Estate Duty, etc in physical mode at 219 branches all over India.

The Bank is also authorized for collection of Direct Taxes through E-Payment for which Mumbai Main Office branch, Mumbai is the E-Focal Point Branch. All branches are authorized for collection of Direct Taxes through online e-payment mode.

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16.2 Indirect Tax collection:

The Government of India implemented GST from 01.07.2017 replacing Excise and Service Taxes. Our Bank is authorized for collection of GST. All branches are authorized for collection of GST over the counter and through online e-payment mode. Share Bazar Branch, Mumbai is the Focal Point Branch for GST.

The Bank is also authorized for collection of Customs Duty both through physical as well as e-mode. Rajendra Place, New Delhi is the Focal Point Branch for Customs Duty collection.

16.3 Collection of State Government revenues:

1. The Bank provides facility of E-Payment of various State Government taxes in 10 States and 2 Union territories.
2. The Bank is a member of Virtual Treasury Project (Government Receipts and Accounting System – GRAS) in State of Maharashtra. The Bank is authorized to collect all types of State Government revenues such as Motor Vehicle tax, Road Tax, Stamp Duty, Registration Fees etc.
3. The Bank is also a member of Cyber Treasury Project in State of Gujarat for collection of 26 types of State Government revenues. Dena Bank is the first Bank to provide the facility of E-Payment of Geological and Mines Tax (GMT) in the State of Gujarat.

16.4 Payment of Pension:

The Bank has established its Central Pension Processing Center (CPPC) at Mumbai through which the pension for all Central Government and State Government retirees is being credited directly. Such facility has not only provided efficient seamless services to the pension beneficiaries but also has reduced Branch workload considerably. Uploading of E-PPOs for Central government pensioners (CPAO, Railway & Defense Pensioners) is under implementation.

16.5 National Pension System (NPS):

The Bank is registered as a Point of Presence (POP) with the Pension Fund Regulatory and Development Authority (PFRDA) for implementing National Pension Scheme (NPS).

16.6 Atal Pension Yojana:

The Bank is also registered as a Point of Presence (POP) with the Pension Fund Regulatory and Development Authority (PFRDA) for implementing Atal Pension Yojana (APY). Bank has subscribed more than 117,000 APY subscribers till 31.03.2018.

16.7 Sovereign Gold Bond:

The Reserve Bank of India in accordance with Government of India guidelines, floats various tranches for purchasing Sovereign Gold Bonds (SGB). For the convenience of the customer the Bank has implemented Online Investment Facility for SGB through Internet Banking.

16.8 Government Deposit Schemes

All branches of our Bank are now authorized for accepting deposits under the Bond, PPF, SCSS and SSA schemes Bond Schemes of the Government of India. Customers can open accounts and make deposits at all branches of the Bank. Online deposit facility is also under development.

16.9 Software for Government Business (Government Business Module- GBM):

The Bank is having an application software for all Government Business activities like Collection of Direct Tax and Indirect taxes, PPF, SCSS, SSA account maintenance, maintenance of Ministry and State Treasury accounts, pension payment, etc. This application software has been interfaced with Core Banking Solution (CBS) and is implemented across all branches.

16.10 New Initiatives:

The Bank is developing the following facilities for the customers / clients of the Bank which are under process.

1. Online opening and maintenance of PPF, SCSS and SSA Accounts
2. Payment of State Government taxes in all major States.
3. Provision of facility of e-SBTR.
4. Implementation of Kisan Vikas Patra (KVP)

The Implementation of GBM and other new initiatives not only gives our customers a better banking experience, but also Increases the productivity of branches by considerably reducing their workload. It also helps in increasing the non-interest income of the Bank.

Various training programs and workshops are being organized by the Bank for Government Business, NPS and APY and other schemes to create awareness among the staff and motivate them to give proper service and guidance to customers.

17. Bancassurance Department:

In order to provide a wide range of Insurance and Investment products to customers as value addition and to augment non-interest income, Bank has entered in the business of distribution of insurance products.

Bank has entered into Corporate Agency Arrangement with LIC of India (LIC) for Life Insurance business, with United India Insurance Co. Ltd (UIIC) & Chola MS General insurance company (Chola MS) for General Insurance products and with Apollo Munich Health Insurance Co. Ltd for Health Insurance business.

Bank has earned total income of **Rs.11.09** Crores (including reimbursement of administrative expenses for PMJJBY & PMSBY) from Bancassurance Business. during F.Y.2017-18

17.1 Life Insurance Business:

The Bank has corporate tie-up arrangement with LIC of India to cater to the life insurance requirements of its customers.

During the F.Y 2017-18, Bank has collected total premium of **Rs.51.42** crores. LIC of India declared 6 Zones of Dena Bank as Bima Zones & 100 Branches as Bima Bank Branches during the year. The Bank has earned commission of **Rs.2.33 crore** from Life Insurance business during the Financial Year 2017-18.

17.2 General Insurance Business:

Bank has Corporate Agency arrangement with United India Insurance Co. Ltd (UIIC)&Chola MS General insurance company Ltd (Chola MS)

❖ United India Insurance Co. Ltd (UIIC):

Under tie-up arrangement with UIIC, a total premium of **Rs.19.22** crores were procured with commission income of **Rs.2.50 crores** during FY 2017-18.

❖ Chola MS General insurance company (Chola MS):

Under tie-up with Chola MS, a total premium amount of **Rs 16.89** crores were procured with commission income of **Rs 2.25** crores during the F.Y 2017-18.

17.3 Health Insurance Business:

Bank has Corporate Agency arrangement with Apollo Munich Health Insurance Co. Ltd for Health Insurance business

❖ Apollo Munich Health Insurance Co. Ltd

Under tie-up arrangement with Apollo Munich Health Insurance Co. Ltd a total premium of **Rs.10.68** crores were procured with commission income of **Rs. 1.61crores** during FY 2017-18.

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17.4 Mutual Fund Business:

Bank has tie-up arrangement with all leading AMC's for distribution of Mutual Fund Business and received commissions income Rs.0.26 crores during F.Y 2017-18.

18. Capital Market Services:

Bank is a Depository Participant of NSDL and has been extending Depository Services to its customers since 1998 from capital Market Branch and 91 other branches of the Bank spread over various centres.

Bank provides ASBA facilities through all its branches. 14 branches are authorised to modify and verify syndicate ASBA application in Finacle system. List of branches providing Syndicate ASBA facility is available at the website of the Bank.

19. Income and Expenses:

19.1 Income:

Total Income of the Bank has decreased from Rs. 11,433.06 crore for the year-ended 31st March 2017 to Rs. 10,095.75 crore for the year ended 31st March 2018, resulting in net decrease of Rs. 1337.31 crore, which represents a reduction of 11.70%.

19.2 Expenses:

Total expenses have registered a decrease of 11.13 % over the previous year.

19.3 Profitability Analysis:

Bank's net interest income (NII) stood at Rs. 2,475.82 crore as compared to Rs.2,408.36 crore posted during the previous year.

19.4 Operating Profit:

Operating profit of the Bank has registered a reduction of 15.76% and stood at Rs.1171.16 crore as compared to Rs. 1390.21 crore posted during the previous year.

19.5 Net Profit:

Bank has incurred a net loss of Rs. 1923.15 crore during FY 2017-18 as compared to Net Loss of Rs.863.63 crore for FY 2016-17.

A comparison of income, expenses and provisions & contingencies with the previous year is given hereunder:

(Rs. in cr)

Particulars	2017-18	2016-17
Interest Income	8,932.23	10,181.67
Non Interest Income	1,163.52	1251.39
Total Income	10,095.75	11,433.06
Interest Expenses	6,456.41	7,773.31
Operating Expenses	2,468.18	2,269.54
Total Expenses	8,924.59	10,042.85
Operating Profit	1,171.16	1,390.21
Provisions & Contingencies	3,094.31	2,253.84
Net Profit	[1,923.15]	[863.63]

20. Marketing & Publicity Initiatives:

During the year 2017-18, an emphasis was given to aggressively publicize and promote our Bank's Digital Banking solutions along with other products and schemes with special focus on Housing Loan and Car Loan through Press, Electronic and Outdoor media.

Pan India advertisements were released in leading newspapers during the year to build the brand image of the Bank and also to promote various Retail Banking Products, especially during campaign period, with an emphasize on Housing Loan and Car Loan.

As per the guidelines received from IBA, Publicity Department has released Aadhar Seeding and authentication advertisement on Pan India Basis in the leading newspapers informing customers to link Aadhar Card and Pan Card to the Bank accounts as per PMLA notifications.

Bank had made its brand presence felt at grand events like Hercules Awards Function at Ahmedabad, Smart City Summit at Raipur and NSG Commando Challenge Marathon at Manesar, Haryana.

TV Commercials were released on Pan India basis in leading TV Channels on the occasion of Independence Day, Navratri and Diwali festivals etc. In addition to that TVC on Digital Pathshala, Home and Vehicle loan campaigns, were released to substantiate our brand positioning. Bank had efficiently used TVC advertisements to spread awareness and educate customers about How to Use Digital Products of the Bank through Digital Pathshala TVC. Bank has also used Radio channels to promote and educate customers on Digital Products.

Bank's visibility increased in Tier II & Tier III cities through advertising on Hoardings and Glow signs Boards by our zonal offices at pan India level. This year Bank has also displayed its various advertisements on Display Panels inside suburban Trains. Hoardings were also hired at Railway station at CSMT, on various Bus Shelters in Mumbai and Mumbai Suburbs. Advertisements were also displayed on Private contract Buses which plough between Mumbai and its suburban areas which helped in giving wide publicity to our Bank's products and improving Brand visibility.

During the year, Bank also participated in various Social / Cultural events and gained good publicity and mileage. Bank also gained Good Publicity by sponsoring various events like Kolkata Knight Polo Championship, Bappi Lahari Night, Shreya Ghosal Concert, Various Kabaddi and Table Tennis Tournaments, displaying banners at pandals during Ganpati and Durga Puja Festival, Sponsorship of Mirchi Rock and Dhol Event at Ahmedabad during Navratri Festival.

Bank has also participated in Marathon organized by TATA and Customs Department at Mumbai which helped in improving Brand image of the Bank.

21. Risk Management:

21.1 The Bank has put in place structured risk management systems & architecture that is overseen by Integrated Risk Management Committee of the Board. Management Level Committees viz Asset Liability Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk management Committee (ORMC) and Market Risk Management Committee (MRMC) constitute the core level of focused risk management architecture. The Risk Management Department looks after various aspects of Risk management and reports to Management. Risk Managers are posted at Zonal offices to focus on risk areas and risk management functions. The Risk Managers are being regularly updated and trained on various Risk Management functions.

21.2 The Bank reviews and updates its risk related Policies on Annual basis or as and when need arises in line with the RBI guidelines, changes in operating environment and with a view to manage credit and market risks in an effective manner.

21.3 The functions of Mid-Office are broad based for an effective monitoring of market risk by way of VaR, Stress Testing etc.

21.4 Bank is having Credit Rating Policy duly approved by the Board. 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 Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Bank has also implemented CRESS (Credit Retail Scoring System) for four retail products viz. Housing, Vehicle, Education and Personal.

22. Human Resources Management:

22.1 Recruitment:

During the year 2017-18, the Bank has recruited 21 Probationary Officers, 13 Specialist Officer, 128 Clerks and 148 Subordinate Staff.

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22.2 Grievances Redressal Mechanism for SC/ST/OBC /PH/EXSM Employees:

The Bank has nominated Officers of the rank of General Manager to function as Chief Liaison Officers to oversee implementation of Reservation Policy for Scheduled Castes, Scheduled Tribes, Other Backward Classes, Physically Handicapped and Ex-Servicemen Employees. Quarterly Meetings with All India Dena Bank SC/ST/OBC Employees' Federation are held at periodic intervals at Head Office and Zonal Office levels to redress grievances.

22.3 Training:

During the current year, the Bank has imparted training to 7,224 employees (4,607 officers, 2205 Clerks, 412 Subordinate Staff) as an on-going process for development / improvement of their knowledge, skill and business confidence. Such training programs are conducted in-house through various training centres and also through reputed institutes like NIBM, CAB, BIRD, IIBF and RBI etc.

- One executive was nominated for foreign training.
- 1246 Officers attended the Capsule Credit Program on Dena Niwas Housing Loan scheme including Dena Top-up scheme, Dena Step-up Housing scheme, Furniture & Fixture scheme, Dena Education Loan Scheme including Kaushal Rin Yojana and Mudra Loan.
- Business Development Program for Scale IV and V executives was conducted at SPBT College, Mumbai, 27 participants attended the program conducted from 22.01.2018 to 24.01.2018.
- A specialized training on Lend Perfect software module was conducted at SPBT College, Mumbai. The heads of all RAPCs, One officer dealing the retail portfolio from each zone and officers of RBD Department, HO attended the program.
- As per the advice of RBI, Bank has begun Capacity Building Certification program in the areas viz. a) Treasury Management b) Risk Management c) Accounts & Audit & d) Credit Management, for improving the skill and competency of the officers working in these areas. 125 officers have enrolled for the certification programs as on 31st March 2018.

22.4 Promotion:

In Bank's pursuit for growth and career progression of its employees, Bank had initiated process for promotion in Officer's cadre inter scale for filling up identified vacancies up to March, 2018. Accordingly, 815 officers have been promoted to higher scale during the year ended March, 2018.

22.5 Manpower:

The staff strength of the Bank is 13,613 as of 31.03.2018. The total strength comprises of 6033 Officers, 5325 Clerks and 2,255 Subordinate Staff, including 3,705 women employees. The representation of Scheduled Caste, Scheduled Tribe, Other Backward Classe, Physically Handicapped & Ex-Servicemen employees in the Bank is in conformity with the prescribed level.

22.6 Industrial Relations:

Bank maintains a harmonious and cordial industrial relations atmosphere. Periodical structured meetings with Employees' Union and Officers' Association are conducted at Head Office and Zonal Office levels.

23. IT Initiatives:
23.1 Core Banking Solution (CBS)- 'DENA GARIMA':

23.1.1 The Bank had embarked upon a process of transformation through technology with a view to enhance customer satisfaction and to leverage business growth. The Bank has engaged the services of M/s Wipro, a leading service provider in IT enabled services,

for providing an end-to-end solution for Core Banking Operations of the Bank. It is backed by 'Finacle' software support from M/s Infosys Technologies Ltd. The Core Banking system bundles a host of customer friendly services like Internet Banking, Phone Banking, Mobile Banking, Cash Management Services 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.

23.1.2 The Project was kicked off with migration of existing operations at Bank's Mahim Branch in Mumbai on 12th March 2007.

23.1.3 As of March 2018, all the 1872 branches (including 72 satellite branches) of the bank and the entire business have been brought under CBS. This covers 1153 centers and 31 States / union territories. All administrative units such as Zonal Offices, Zonal Staff Training Centers and HO department too have been covered in CBS.

23.2 Automated Teller Machine (ATMs):

All the ATMs of the Bank are connected to ATM switch, which in turn is connected to CBS servers. This architecture enables Bank's cardholders to carry out specified types of transactions like cash withdrawal, balance enquiry, Mobile top up etc. from any of the Bank's ATMs irrespective of the location of their base branches. Additionally, Bank's ATM switch is connected to the central switch of other ATM network groups viz. National Financial Switch- NFS which is promoted by NPCI and Visa, which further empowers our card holders to carry out certain basic transactions from the ATMs of these network groups and vice versa.

In keeping with the universal trend of introducing ATMs as the most popular & convenient mode of delivery channels, a total of 1685 ATMs have been installed as on March, 2018 in all over the country. Out of these ATMs, 1334 are Onsite and 351 are Offsite. One Mobile ATM has been introduced during last year.

The present card base of Bank stands at 87.63 lakhs as on 31st March 2018. The Bank has ATM sharing arrangement through VISA & NFS tie-ups, enabling more than 207036 ATM access points & more than 30.27 lacs Merchant Establishments (MEs) in India and more than 1.50 million ATMs & 30 Million MEs abroad, to Bank's customers. The Bank also provides Dena International Gold Debit Card to HNI customers with Visa affiliation and Rupay Platinum card.

The Bank has number of value added services through the ATMs viz. Mobile Pre-paid Top-ups and Post Paid Bill Payment etc. Debit Card customers can also make online payment for purchases of goods and services using Debit cards on Internet. Bank has implemented OTP in place of static verified by visa password for better security of the customers.

23.3 Internet Banking:

Financial transactions under internet banking facility are available to customers of all branches. The Internet banking application server is located at the Data Centre (DC) and DR Sites. This server, in turn, is connected to CBS application and database servers over LAN in Data Centre with the required Firewall based security control to ensure the safety of our customer's data.

New Facilities through Internet Banking

- New FEBA version have been launched during December 2017.
- Corporate Salary / Bulk Fund transfer to Multiple Beneficiaries can be used by the corporate customers for crediting salary of their employees who are maintaining accounts with us.
The corporates can also effect multiple vendor payments.
- E-Payment of Customs Duty, Chhattisgarh State tax, Tamil Nadu State tax is introduced during the year.

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- d) Introduction of Dena InstaPay: Bank has tied up with Bill Desk, SBI e pay, PayTm and PayU leading Bill Payment facilitators to provide payment of utility bills and purchases through Internet Banking which was one of the common requirements of customers. We are also in process to have tie up with more bill aggregators. Currently customers can effect online payments for the following broad categories:
1. Telephone (Landline / Mobile) bills
 2. Electricity bills
 3. Credit Card bills
 4. Insurance premium
 5. Booking of travel tickets
 6. Gas refill charges etc.
 7. On line shopping.
 8. DTH recharge
 9. On line School Fee payment
- e) Monthly E mail statements of accounts are sent to customers who have registered E-mail ids with the bank.
- f) E-Payment of GST tax.
- g) Blocking of Debit card through Internet banking.

- IV. Balance Inquiry: After adding the accounts, user can view the account balances through this option.
- V. Manage MPIN: UPI pin can be reset / change through this option.
- VI. Transaction History: Using this option, User can check transaction history for pay/collect type of transactions. You can raise dispute for the declined transaction.
- VII. Block/Unblock VPA: User can block/ unblock any virtual Payment address(VPA)
- VIII. De-Register: User can de-register himself/herself from Dena e-UPI application.
- IX. Bank is popularizing Dena E-UPI through various advertisements. Bank has sent SMS to customers' registered mobile number for using UPI platform.

Benefits of UPI:

1. Cheapest mode of Money Transfer.
2. Dena UPI facility is a step forward to Government's less cash economy initiative.
3. No Need to give details such as card no., validity, CVV for online transactions.
4. 24 X 7 x 365 availability.
5. Single app for accessing different Bank accounts (One Dena E-UPI App Many Accounts).
6. Single click authentication. No timeout scenario.
7. Secure Virtual ID (VPA).
8. Instant Fund Transfer. No restriction of holiday or non-working banking hours.
9. Immediate Registration of Payee.
10. Bank account number and IFSC code of the recipient is not required for initiating the transaction. Knowing beneficiary VPA is enough for transfer of funds.

The various facilities available are given here under :

23.4 DenaNet:

Recognizing the significance of communication infrastructures in the Bank's drive towards transformation through technology, the bank has connected all its branches and administrative offices through DENANET – its Wide Area Network using various connectivity media. "DENANET" is continuously being monitored on 24X7 basis by a Network Monitoring team for ensuring more than 99.5% up time.

The backbone of all our current technology initiatives is DenaNet which connects various entities within & outside the Bank, using below listed networks.

Connectivity Type	Number of Links as on 31/03/2018
Point to point / MPLS	2501
Sify-3G	91
ISDN PRI / BRI lines	21
VSATs (HCL and HCIL)	830

DenaNet connects 1872 branches (including 72 Satellite Branches), 35 administrative offices, 6 Staff Training Centres, 143 offsite ATMs and 12 outside banks / offices (IDRBT, RBI, Euronet, NPCI, RCAP, CtrlS, Karvy, backhaul link for ATM under MOF tender.)

Type of facility	Facility Name	Transaction Limit
Financial	Funds Transfer	Rs.1 lac per day for all transactions through Dena UPI app whereas in BHIM app the transaction limit is Rs.20,000/- per day with a limit of Rs.10,000/- per transaction.
Non Financial	1.Balance Enquiry 2.Change of passwords (MPIN / Login)	--

23.6 Other IT Initiatives:

23.6.1 USSD Supplementary Service Data - USSD channel:

We have launched a new mobile banking channel known as the Unstructured Supplementary Service Data - USSD channel promoted by National Payments Corporation of India (NPCI) under flagship product National Unified USSD Platform (NUUP) which is operational on major telecom networks.

Dena Bank customers can use this simple and convenient service by dialing *99*65# from their registered mobile phone (irrespective of make or design) and transact through an interactive menu displayed on the mobile screen.

Facility is available for financial and non-financial transactions. Bank is putting efforts to popularize the application among customers.

23.5 UPI Mobile Banking Application:

Bank has also launched BHIM Dena UPI which is an app that lets you make simple, easy and quick payment transactions using Unified Payments Interface (UPI). Customers can easily make direct bank to bank payments instantly and collect money using different modes like Account+ IFSC / Mobile Number +MMID / Virtual Payment Address (VPA) / Aadhaar+ Bank Name. Services available are as follows:

- I. Manage Accounts: User can add his/her accounts linked with registered mobile number.
- II. Manage Beneficiary: User can add beneficiary through available four options i.e. Account + IFSC / Mobile + MMID / Virtual Payment Address- VPA / Aadhaar + Bank Name
Pay: Using this option, you can send money to anyone using Account + IFSC / Mobile + MMID / Virtual Payment Address- VPA / Aadhaar + Bank Name.
- III. Collect: Using this option, you can collect money by entering Virtual Payment Address (VPA).

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23.6.2 Mobile Banking & USSD:

Our Bank has implemented Dena MConnect services - the convenient and secure way to conduct banking transactions using mobile handset. The solution is compatible with RBI guidelines on Mobile Banking.

23.6.3 Missed Call Facility

Bank has introduced the Missed Call facility, for the benefit of customers whose mobile numbers are registered. With this facility, the customer has to call 09289356677 for Balance for operative accounts (up to a maximum of 5 accounts) and 09278656677 for Mini statement of operative accounts for last 4 transactions (up to maximum of 5 accounts). On dialing the number, the call will get automatically disconnected after 2 rings. The customer will receive SMS messages for the 5 operative accounts as mentioned above.

The advantage with the facility is that there is no charge for the calls and the customer will receive the information for up to 5 operative accounts with a single call. The customer need not visit the branch just to know the balance / transaction details.

23.6.4 Online registration facility for Internet and Mobile Banking Facility

Customers can register themselves online for Internet Banking and Mobile Banking facility. The customer need not visit the branches for registration for this facility. It will help the Bank to increase Internet and Mobile Banking customers.

23.6.5 Document Management System (DMS) Implementation:

Bank has initiated implementation of DMS solution for digitization of documents and to bring some of the processes such as account opening / documents movement across branches / zonal offices / head office through DMS system.

DMS facilitates storage of important documents in electronic mode with maker/checker concept to comply with GhoshJilani committee recommendations regarding micro filming of voucher and books.

23.6.6 eSmart Centres:

Bank has initiated process for setting-up of E-Smart centers to provide 24*7 convenience of banking at identified centers. The E-Smart setup have following kiosks based on the business potential and requirement.

- Automated Teller Machines (ATMs)
- Cash Deposit Machines
- Passbook Printers
- Cheque Deposit Machines
- Internet Banking Kiosks

As of March 2018, we had operationalized 98 e-smart centers.

23.6.7 HRM System Implementation

Bank is implementing HRM system of PeopleSoft. Module-wise implementation status is given under:

S No	Module Name	End User
1	Payroll Management	All Employees.
2	Employee Information System	All Employees.
3	Employee Self Service	All Employees.
4	Manpower Training	SPBT & Personnel Officer
5	Leave & Attendance Administration	All Employees
6	Canteen Subsidy	All Employees
7	Allotment of Car and other vehicle to executives	FGMO& OAD

S No	Module Name	End User
8	Statutory Compliances (Grievance)	All Employee
9	Misc. / Perks	HO Level Employee
10	Staff Welfare Scheme	HO Level Employee
11	Increment Process	HO Level Personnel Officer
12	Recruitment	All Employee
13	HRM Audit	HRM Dept
14	Workforce Scorecard	HRM Dept
15	Human Resource MIS	HRM Dept

23.6.8 Aadhar updation through Branch, ATM, Internet Banking, SMS

Besides visiting branches, our Bank's Account holder can update their Aadhar no. through ATM, Internet Banking Portal and SMS. Customer can send SMS on 9223175152 with keyword AADHAAR(space)<ACCOUNT NO>(space)<AADHAAR NO>. eg .AADHAAR 02091002285 216901540030.

23.6.9 Biometric Authentication in Finacle

Bank has implemented biometric authentication of all its employees. Employees need to authenticate themselves in Biometric Authentication System for accessing Finacle.

23.6.10 Email and SMS Alerts to the customer

Bank sends email and SMS alert to the customer when his/her mobile number has been changed. It has been started to prevent fraudulent change of Mobile number and misuse of the same.

SMS alerts are also sent for the financial transactions and some non-financial transactions (like issue of cheque book) done by the customer. On logging-in internet banking facility, customers are sent SMS alert for having logged-in in the system.

Monthly statement of account is sent to the customers having registered email id through e-mail.

23.6.11 eKYC Implementation

In order to reduce the risk of Identity fraud, document forgery and have paperless KYC verification Bank has launched eKYC service.

Through this facility customer desiring to open account can opt for KYC verification through the online facility if he/she is registered for Aadhaar.

23.7 Network based Services & Applications:

23.7.1 With a view to channelise this infrastructure for customer satisfaction and maximize the ROI made in creation thereof, Bank has introduced the following network based products and services:

- CBS application,
- ATM / Debit Cards,
- Internet Banking,
- Mobile Banking,
- Tab Banking,
- Micro ATMs,
- Point of Sale Services,
- Ultra Small Branches through VPN,
- SWIFT,
- Cheque Truncation System(CTS),
- RBI Payment systems like RTGS & NEFT etc,
- Corporate E-MAIL,
- Intranet,
- IP Telephony,

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- Video Conferencing,
- Data Transfer & Remote Support,
- Other applications viz. ALM / AML, Online Balance sheet etc.
- UPI

23.7.2 Bank's Web site -Bank has its website with netizen friendly features like Branch, ATM Locators, Calculators, Two-click navigation system etc. The webmaster keeps the website updated and dynamic on an ongoing basis.

With robust IT infrastructure; the Bank is well poised to take the leap forward to drive technology towards affording greater customer convenience.

23.7.3 New implementations during the year 2017-18 are given hereunder :

- **Procurement and Implementation of POS facility**
POS infrastructure operationalized after certification from the card issuing agencies such as NPCI, VISA, and Master Card. Bank has deployed 7565 POS Terminals during FY 2017-18 of which 302 POS Terminals are deployed in tier 5 & 6 centres.

23.7.4 Call Centre: Bank has implemented a full-fledged IVR based call center to provide better customer service. Customer through the call center can connect with Dena Bank from any location, at any time. Using this IVR based call centre, customers can do various transactions like, Balance Enquiry, Enquiry on last 5 transactions, New ATM Pin generation, Block Card, ATM Pin reset in case user has forgotten Pin, Stop Payment of Cheque, Receive Account Statement on E-mail.

23.7.5 BHIM Aadhaar: Bank has introduced BHIM Aadhaar DENA during FY 17-18, an Aadhaar based digital payment acceptance solution which enables DENA BANK merchants to accept payments using their android smartphone connected to a fingerprint scanner. Bank during FY 2017-18 has on-boarded over 13,029 Merchants under BHIM Aadhaar services.

With robust IT infrastructure; the Bank is well poised to take the leap forward to drive technology towards affording greater customer convenience.

24. Customer Service

24.1 The Bank is continuously focusing on improving customer service and striving to meet the customer expectations. The Bank has taken following initiatives during the year to improve the customer services, customer rights and dispose the complaints within turnaround time of complaint.

The details are as under:

1. The Bank has organized customer awareness week from 05.06.2017 to 12.06.2017 in its branches to create customer awareness about BCSBI Codes, customer rights etc. to improve customer service.
2. The Bank has organized Digital Patshala from 16.12.2017 to 20.12.2017 at all the branches to create customer awareness about Banks digital products to reduce customer complaints related to ATM, Technology, and other digital products.
3. Bank has introduced IVR Solution for Blocking of Card, re-generation of ATM Pin which can be carried out by the customer through their Registered Mobile Number (RMN), which eliminate the visits to the Branch and turnaround time.
4. New version of Mobile banking app has been launched to improve mobile banking services.
5. New features has been added in Internet banking to make it user friendly to the customers

24.2 Redressal of Customer Grievances

Bank has set up the grievance redressal mechanism, in which the customer of the Bank can lodge the complaint through the link available on the Banks website www.denabank.com. A complaint number is generated by the system and automatically conveyed to customer's registered mobile number. The complainant can also view the status of their complaints on the same link available on the website. The complaints can also be registered through Toll Free Number 18002336427 of the Bank. Complaints received over e-mail / telephones / letters or through CPGRAMS / INGRAM portal are also entered in the Bank's online portal. The complaints outstanding for more than prescribe period are reviewed at Corporate Office by General Manager, Corporate Planning, who is also the Principal Nodal Officer for grievances, his contact details are displayed in branches and on Bank's Website.

24.3 Standing Committee on Procedures & Performance Audit of Customer Service

Standing Committee on Customer Service is headed by the MD and CEO / Executive Director(s), General Manager (Resource & Planning - Nodal Officer), General Manager (IT), General Manager (Credit) and three nominated customers are the permanent members of the Committee. Zonal Manager of outside Mumbai zones and customers of branches remain present on Video Conference. Moreover a few customers from different branches of Mumbai along with their Zonal Manager / Dy. Zonal Manager are also invited in the said meeting which is held every quarter. For the FY 2017-18 the last such meeting was held on 23.03.2018.

24.4 In addition to above, the Bank also has a Customer Service Committee of the Board at the apex level to advise measures for enhancing the quality of customer service and improving the level of customer satisfaction. Customer Service Committees are also formed at all Zonal Offices as well as branches which meet once every month. Besides suggesting ways and means of improving customer service, such meetings also encourage a formal channel of communication between the customers and the Bank and also study complaints/ suggestions, cases of delay, difficulties faced / reported by customers. The Customer Service Cell also carry out root-cause analysis of complaints and take remedial steps for continuous improvement.

24.5 Code of Bank's Commitments to the Customers

The Banking Codes and Standards Board of India (BCSBI) in collaboration with the Reserve Bank of India, Indian bank Association and member banks evolved the Codes of Banks Commitment to customers. This is a Code of Customer Rights, which sets minimum standards of banking practices for banks to follow while they deal with individual customers. It provides protection to customer and explains how banks are expected to deal with customer for their day-to-day operations. The officials from Banking Codes and Standard Board of India visit Banks branches to verify and assess the level of adherence of the codes. Based on these visits a rating is given to the Banks.

RBI has constituted Banking Codes and Standards Board of India for measuring the performance of banks against a bench mark reflecting the Best Practices (Codes & Standards). The Bank has adopted "Code of Bank's Commitments to the Customers" and is fully committed to its adherence.

The Bank is a member of BCSBI and a top executive in the rank of General Manager is appointed as the "Code Compliance Officer" on behalf of the Bank.

24.6 Internal Ombudsman

In terms of Damodaran Committee recommendation, the Internal Ombudsman (IO)/ Chief Customer Service Officer (CCSO) system is introduced with the objective of enabling resolutions of complaints relating to certain services rendered by the Bank

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with intention to facilitate the satisfaction or settlement of such complaints.

All the Rejected / Partially rejected complaints at banks level are referred to Internal Ombudsman before the final decision is conveyed to the complainant.

25. Branch Network and Expansion
25.1 Branch Network

During the year 2017-18, Bank has merged 2 metro Branches taking the tally to 1872 Branches spread across length and breadth of the country.

The sector-wise breakup of the branch network of the Bank as on 31st March 2018 is as under:

Sector	No of Branches	% to Total
Rural	645	34.46%
Semi Urban	435	23.24%
Urban	359	19.18%
Metro	433	23.13%
Total	1872*	100.00%

* including 72 Satellite Branches

26. Inspection and Internal Audit

The Bank has an in-built system of effective control and supervision of the functioning of its various branches spread all over the country. In compliance with guidelines of RBI on conduct of various audits of branches, Zonal Offices and Head Office Departments Risk Based Internal Audit, Risk Based Concurrent Audit, Management Audit, Information System Audit, Revenue Audit, Credit Audit and Propriety Audit are conducted by Inspection & Internal Audit Department through internal inspectors, external CA firms and CISA / DISA qualified IS auditors from time to time. Snap Audits are conducted as and when required. These activities are well documented and are guided by the policies approved by the Board. These policies are updated on annual basis duly incorporating the guidelines issued by the Govt. of India and the Regulator from time to time.

During the year as per plan the Bank has carried out RBIA of 1320 branches in house by internally trained inspectors. For speedy compliances, nodal officers are appointed at Zonal Offices. Adherence to system and control is monitored on ongoing basis through 3 Inspection Cells located at Ahmedabad, New Delhi and Mumbai. In order to bring qualitative compliance culture, Risk Based Concurrent audit has been brought under Online Reporting System. Central Off-site Surveillance Cell (COSC) has been made functional at Head Office and Zonal Offices to verify large value transactions. Risk Based Supervision (RBS) has been made operational at Head Office.

27. Vigilance & Fraud Monitoring

27.1 The vigilance set up of the Bank is headed by the Chief Vigilance Officer (CVO). CVO is assisted by AGM (Vigilance) and other staff to attend day-to-day work at Vigilance Department. For field duties, Vigilance Officers - Head Office (HVO) are posted at various geographical centres for administering vigilance functions in the Bank. Further, at each Zonal Office, a Zonal Vigilance Officer (ZVO) is posted for looking after the vigilance matters of the Zone. Vigilance officers undertake investigation of frauds to assess the breaches in the system and procedure and suggest corrective measures to prevent recurrence of such frauds. The department also examines staff accountability in the frauds and the action to be initiated against the staff found accountable, if any, till imposition of penalty. Further, in all the disciplinary cases initiated by issuing imputation of lapses against the staff, the cases are referred to the Chief Vigilance Officer for determining vigilance angle, if any.

Annual workshops are conducted to update the Zonal Vigilance

Officers on the latest developments in vigilance administration. The Vigilance Officials are nominated to participate in quality training programmes conducted externally to enable them have their skills.

Broadly, the Vigilance administration can be categorized as Preventive, Punitive and Surveillance / detection.

The main thrust of Vigilance Department is on Preventive Vigilance activities by educating the staff on the whistle blower policy, awareness to compliance of systems and procedures, modus operandi of reported frauds and suggesting preventive measures.

Preventive Vigilance Drill (PVD) of the branches is conducted by the Zonal Vigilance Officers and HO Vigilance Officers on regular basis. During the PVD, the Vigilance Officers, carry our preventive vigilance drill based on the format provided by Vigilance Department and submit his report to ZM. They sensitize the staff in respect of the latest developments regarding steps to be taken for preventive vigilance.

Preventive Vigilance Committees have been formed at branches to discuss the modus operandi circulated by Vigilance Department which would equip them to thwart attempt by unscrupulous elements to commit fraud on the Bank.

Lecture on ethics and preventive vigilance is delivered by Vigilance Department officials in all training courses of one week duration. Vigilance awareness week is celebrated to spread awareness among the staff on the vigilance measures to be adopted by them in the discharge of their duties.

The Bank has brought out a Vigilance Manual encompassing all instructions concerning vigilance administration for the benefit of all stakeholders. The vigilance manual has been last updated in December 2016. Further, the department has also uploaded CVC Manual 2017 on the bank's intranet for the benefit of all stakeholders.

27.2 Fraud Monitoring Cell

Fraud Monitoring Cell is functioning under the direction and control of an independent General Manager.

Incidences of frauds are reported by zones to the Fraud Monitoring Cell at Head Office. FMC with due scrutiny of the same, places note to CMD/ED and upon approval, reports the fraud to RBI through FMR-1.

The Fraud Risk Management Committee comprising Functional General Managers meet periodically to evaluate the reported frauds and identify the areas in the systems and controls which need to be strengthened to prevent recurrence of frauds.

Special Committee on Large Value Frauds - a sub-committee of the Board, dwells into the modus operandi of large value frauds and prescribes remedies / mitigating factors.

The Fraud Monitoring Cell periodically reports to the Board on individual frauds, steps taken to prevent such frauds, action initiated against staff and status of cases filed. Periodical reports are submitted to Department of Financial Services / Central Vigilance Commission and Reserve Bank of India.

28. RAJBHASHA

1. The Bank continued to be in the forefront to promote the official language - Hindi as a measure of recognition of the efforts put in during the financial year under review.
2. **Awards:** During the year under review, Our Zonal Offices, Nasik, Ludhiana, North India, Rajkot, Durg, Thane, Hyderabad, Pune and Chennai has been awarded various Prizes by Respective **Town Official Language Implementation Committee (Bank)** for better implementation of Official Language Rajbhasha Hindi

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3. **Training:**

Our Bank continued to conduct special training programs to promote the use of Official Language Hindi.

During the financial year, 126 Hindi Workshops were conducted and 1905 employees were trained. Desk Training Programmes were also conducted to impart practical training to the employees for doing the official work in Hindi.

4. During the year, Third Sub-committee of Parliament Official Language Committee visited our Head Office and Jodhpur Branch (Jaipur Zone).

5. **Hindi Software:**

Keeping pace with the technological changes, the Bank has provided computer based bilingual word processing facilities on all computers in use at various administrative offices viz. Zonal Offices and Corporate Office.

All the ATMs installed by the Bank have been provided with bilingual access facilities.

6. **Use of Hindi in Publicity:**

In order to popularize our various schemes among public at large and customers, pamphlets and publicity material of our various schemes were prepared and printed in Hindi.

7. Four issues of "DENA JYOTI" covering various themes on banking and current banking events were published. Bank also prints Annual Reports, AGM / EGM Notices and other communication in bilingual.

8. Bank Branches / Offices in all the three linguistic regions (A,B,C) are constantly improving level of implementation of official Language policy of Government of India and striving to make it as a prime medium of communication to improve our customer service.

9. In order to promote awareness for Official Language Implementation among the staff, our Rajbhasha department at H.O. level, sends email on daily basis to all the branches/ departments about Information regarding Official Language Rules, regulations and policies etc., Hindi-English noting apart from daily thought & daily words etc. So that the Annual target be achieved set by Rajbhasha Vibhag (Ministry of Home Affairs) for our Bank.

29. **Procurement from Micro, Small & Medium Enterprises:**

The procurements made by the Bank from various vendors during the financial year 2017-18 amount to Rs.8871.17 lacs. Out of this procurement made from MSE amount to Rs.783.75 lacs and out of which the procurements made from MSE unit owned by SC/STs Entrepreneurs amounts to Rs.148.08 lacs. 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, 2018. 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

30. **Compliance to Regulatory Guidelines:**

The Compliance Department, functioning from Corporate Office of the Bank is ensuring the compliance to various obligations under Corporate Governance as well as instructions of Regulators, GOI etc. The Department is also holding the responsibility for implementing the Rules under PMLA and AML / KYC. The Bank has designated an official of Top Executive Grade (TEG) as Chief Compliance Officer for reporting compliance to the Regulators' requirements and he is also designated as Principal Officer (AML/ KYC) for compliance to FIU-India, New Delhi. Board is being apprised periodically on Compliance to the various directives / instructions received from GOI / RBI / IBA / FIU and other Regulatory / Statutory Authorities. Compliance Department also conducts Compliance testing based on RBI - Tranche-III data points as a part of Risk Based Supervision and acts as a nodal point of contact between Regulator and the Bank. On PMLA front, the compliance status of CTR/NTR/CCR/CBWTR and STRs is placed before the Board along with Preparedness towards AML / KYC by the Bank.

The Compliance Department is updating the Policies viz. "Compliance" and "AML/KYC" on yearly basis and obtaining the Board approval for adoption.

As an ongoing process, Compliance Department ensures that the list of terrorist organizations / individuals provided by RBI / FIU-India are updated in the Bank's INTRANET which is used as a ready reckoner by the field functionaries while handling operations in the new/existing accounts.

As a part of Resource Development, the Compliance Department organises various training programmes on Compliance and AML/KYC to the Bank staff at its Training College / Centres on continuous basis."