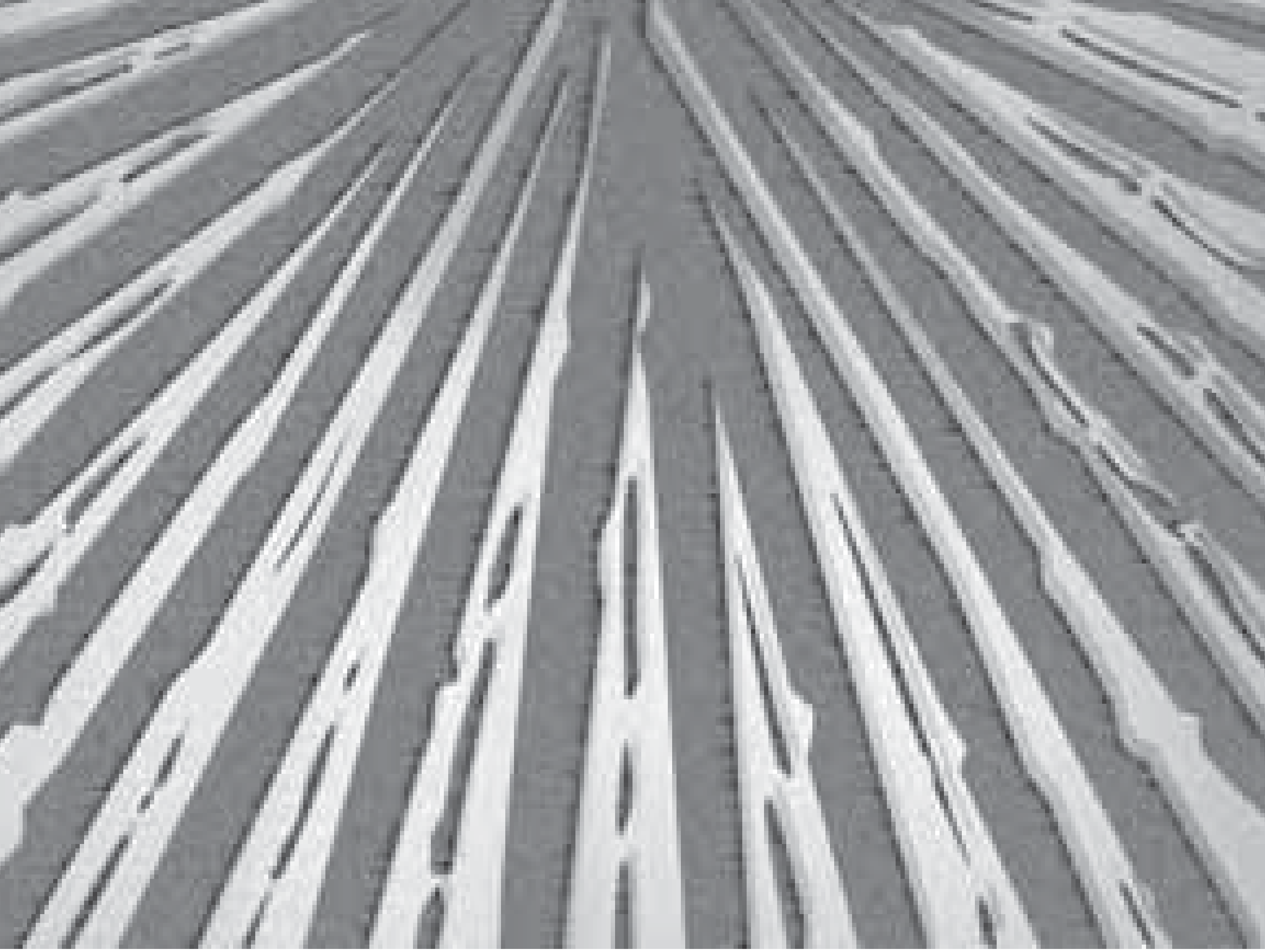


DCB

ANNUAL REPORT 2008-2009

DCB Presence in India

States	Andhra Pradesh	Goa	Gujarat	Haryana	Karnataka	Maharashtra	Rajasthan	Tamil Nadu	West Bengal
DCB branch network	10	4	12	1	4	35	1	2	3

Union Territories	Daman	Dadra & Nagar Haveli
DCB branch network	1	1

National Capital Territory	New Delhi
DCB branch network	6

Disclaimer: Map not to scale. Only for graphical representation.

Vision

To be the gold standard in customer service in Indian banking.

Mission

To be the preferred financial service provider amongst the Bank's peers with a passion for excellence in service.

Contents

DCB

DCB Company Information

Board of Directors

Mr. Nasser Munjee
Chairman

Mr. Murali M. Natrajan
Managing Director &
Chief Executive Officer (CEO)

Ms. Nasim Devji

Mr. A. A. Sabuwala

Mr. Anuroop Singh

Mr. D. E. Udwadia

Mr. Narayan K. Seshadri

Mr. R. A. Momin

Mr. Shabir Suleman Kassam

Mr. Suhail Nathani

Mr. Sukh Dev Nayyar

Senior Management Team

Mr. Murali M. Natrajan
Managing Director & Chief Executive Officer

Mr. Bharat Sampat
Chief Financial Officer

Mr. K. S. Ramdas
Executive Vice President & Head Corporate and SME Banking

Mr. Parag Patankar
Executive Vice President & Chief Technology and Operations Officer

Mr. Praveen Kutty
Executive Vice President & Head Retail Banking

Mr. Rajesh Verma
Senior Vice President & Head Treasury and Cash Management Services

Mr. R. Venkattesh
Executive Vice President & Head Human Resources

Mr. Susheel N. Kak
Executive Vice President & Chief Risk Officer

Company Secretary

Mr. H. V. Barve

Statutory Auditors

S. R. Batliboi & Co.

Chairman's Statement

Dear Shareholders,

The year 2008-09 will go down in history as one in which the world economy received an unprecedented shock owing to the melt down of the financial system in the USA and in Europe. The collapse of the housing market triggered a major crisis in the US financial system; the largest home lender in the US, Fannie Mae and Freddie Mac buckled, Investment Banks as we knew them disappeared in a fortnight of upheaval, banks began to fold up in a domino effect as a result of which US households lost some $8 trillion of wealth. The impact of all this was soon felt in the real sector of economies around the world. Almost every major economy is witnessing negative GDP growth; World Trade will decline by nearly 10% this year; and World GDP will be negative. These are unprecedented times and it will require unprecedented effort, co-operation and time to recover. Capitalism as we know it will need to be redefined with new rules of the game for the future development of financial systems around the world.

India, fortunately, escaped the worst impacts of this crisis. Since our banks were tightly controlled by the RBI, they were less prone to be caught by prevailing orthodoxy in the financial systems of the world. Indian banks remain well capitalized and the Indian economy remains one of the few that is growing steadily at 6.2% per annum. Nevertheless, India just like the rest of the world, has been severely affected by the destruction of demand caused by the extraordinary financial crises that began in early 2008 and was at its full force around the third quarter of 2008. Reflecting the contagion effect of the global recession, growth impulses remained subdued in India. At a global level, in recent months, there are a few positive signals. However, these signals are not strong enough to indicate a firm turnaround. In India too there are some signs of recovery and upturn. Nonetheless, it may be a while before the economy picks up the desired momentum.

Last year, in the Chairman's Statement I was bullish about the prospects for DCB for this year. I suggested that the turnaround of DCB had been consolidated and that we could look forward to a period of "stability, performance and growth" with DCB putting its business model to work. The underlying assumption was that we would continue to be operating in a benign environment. Alas that was not to be.

DCB faced two major problems this year. The first had to do with a deteriorating retail portfolio especially unsecured personal loans that existed before and was grown further in 2007 and the second had to do with the severe credit crunch faced by banks in September and October 2008.

In the first quarter itself we had seen that things might slow down precipitously and we had anticipated that our existing unsecured personal loans portfolio would face stress. We acted quickly and cut off lending in this segment altogether by August 2008. Lucky we did. Our anticipation began to be felt gradually in November 2008 when the portfolio, which was diminishing month by month, began to feel major stress in some geographies. As economic conditions began to worsen, fortunately our SME and Corporate portfolio held up with one serious exception – Subhiksha a victim of the collapse of the capital market. As of March 2009, our net unsecured personal loans advances was down to Rs. 329.64 crores from Rs. 698.65 crores in March 2008. Last year, we had adopted a stringent provisioning norm once our Gross NPAs had fallen from Rs. 314.92 crores in March 2006 to Rs. 63.43 crores in March 2008. This was to ensure discipline of our credit process. All unsecured personal loans over 90 days past due would be provided at 50% and unsecured personal loans over 180 days past due at 100%. Using these provisioning norms we provided Rs. 101.61 crores in this financial year to cover our unsecured personal loans. This level of provisioning gives us a coverage ratio of 76.4% for unsecured personal loans at a capital adequacy of 13.4%. Regrettably, this high level of provisioning has resulted in a Rs. 88.10 crores loss this year. Nevertheless, we felt we should address the problems being faced in an appropriate and aggressive manner. This we have done.

Given the tighter monetary conditions imposed by RBI in the summer of 2008, we decided to restructure DCB's balance sheet by substantially de-risking it rather than growing it. High cost deposits – both corporate and treasury – were repaid and the focus of attention shifted dramatically to grow current and savings accounts (CASA). Total Deposits; as a result fell by 24% to Rs. 4,647 crores with Corporate and Treasury Deposits falling to Rs. 1,396 crores. Future asset growth will be predicated on the growth of low cost deposits ensuring better spreads. The Balance Sheet contracted from Rs. 7,582 crores to Rs. 5,943 crores, indicating this restructuring. Owing to this strategy, DCB was spared the impact of rapidly tightening monetary conditions that were witnessed from September to November 2008. High levels of liquidity sustained DCB through this turbulent period.

The good news is that our CASA ratio is presently at 31% up from 24% in March 2008. The Balance Sheet is thus beginning to grow again on the basis of low cost deposits rather than expensive and lumpy wholesale funding. Our bancassurance is growing rapidly with Birla Sunlife (we are a fast growing partner). Our secured asset growth will pick up traction during the forthcoming year predicated on low cost liabilities. Provisions have peaked and will decline steadily as asset growth picks up and the unsecured retail portfolio runs off during the next financial year.

DCB's new MD & CEO, Murali M Natrajan, was appointed at the end of April 2009. He brings with him maturity and skills perfectly suited to the Bank and I am sure that under his leadership the Bank will overcome our present difficulties in a short space of time and that next year will witness the "stabilization" I spoke about last year, followed by growth and returns for investors. We are all committed to this outcome and I am certain that with the support of our Promoters – AKFED – and our other major investors we will emerge as a highly profitable niche "community" bank in the private sector serving communities in the vicinity of our branches in the principal states in which we function.

Nasser Munjee
Chairman

Date: 19 June 2009

Notice of AGM

Notice to Members

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of DEVELOPMENT CREDIT BANK LTD. ("the Bank") will be held at Rama Watumall Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 on Friday, September 18, 2009, at 3.00 p.m. to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Bank as at March 31, 2009 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narayan K. Seshadri who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. D.E. Udwadia who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sukh Dev Nayyar who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors and authorise the Board of Directors of the Bank to fix their remuneration and in that connection to consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT subject to approval of Reserve Bank of India ("RBI") and pursuant to Section 224 and other applicable provisions, if any, of the Companies Act 1956 and any statutory modification or re-enactment thereof for the time being in force ("the Act") M/s. S.R. Batliboi & Co., Chartered Accountants, Mumbai, or such other auditor as may be approved by RBI be and is hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration and on such other terms and conditions as may be fixed by the Board of Directors,."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution: -

   "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, and any statutory modification or re-enactment thereof for the time being in force ("Act") the Board of Directors of the Bank be and is hereby authorised to appoint, in consultation with the Statutory Auditors, such person who is qualified to be appointed as Auditor of the Bank under Section 226 of the Act, as the Branch Auditors as and when required, to audit the Accounts in respect of the Branch Offices of the Bank; at such remuneration and on such other terms and conditions as may be fixed by the Board of Directors."
7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution: -

   "RESOLVED THAT Mr. Suhail Nathani, who was appointed as an Additional Director of the Bank by the Board of Directors pursuant to Section 260 of the Companies Act,1956 and who holds office only upto the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the said Act has been left at the Registered Office of the Bank by a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Bank ."
8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution: -

   "RESOLVED THAT Mr. Murali M. Natrajan who was appointed as an Additional Director of the Bank by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office only upto the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the said Act has been left at the Registered Office of the Bank by a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Bank."
9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:-

   "RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and any statutory modification or re-enactment thereof for the time being in force ("the Act"), the applicable provisions of the Foreign Exchange Management Act, 1999 ("FEMA"), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("DIP Guidelines"), the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended from time to time and in accordance with applicable rules, regulations guidelines, circulars and clarifications issued by Government of India ("GOI"), Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI") and/or any other competent authorities and subject to (X) any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force), (XX) the enabling provisions of the Bank's Memorandum and Articles of Association, the Listing Agreements entered into by the Bank with stock exchanges on which the Bank's shares are listed, (XXX) any approval, consent, permission or sanction of SEBI and/or Ministry of Finance (Department of Economic Affairs) and/or Ministry of Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance), as applicable and required, approvals, consents, permissions or sanctions of other concerned authorities, within or outside India, and (XXXX) such terms, conditions and modifications as may be prescribed by any of them while granting such approvals, consent, permissions or sanctions and which may be agreed to by the Board of Directors of the Bank (hereinafter referred to as "the Board" which term shall include any Committee constituted by the Board), consent of the Bank be and is hereby granted to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Bank as may be permitted), with or without a green shoe option, either in India or in the course of international offering(s) in one or more foreign markets, including by way of a qualified institutional placement under Chapter XIIIA of DIP Guidelines such number of Equity Shares, Global Depository Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), and/or any other financial instruments convertible into Equity Shares (including warrants or otherwise in registered or bearer form) and/or any security convertible into Equity Shares and/or securities linked to Equity Shares and/or securities without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares, including the issue and allotment of Equity Shares pursuant to a green shoe option, if any (all of which are hereinafter collectively referred to as "the Securities") or any combination of Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible person, including Qualified Institutional Buyers as defined under Clause 1.2.1 (xxiv a) of DIP Guidelines, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Venture Capital Funds (foreign or Indian), Foreign Institutional Investors, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/or any other categories of investors, whether they be holders of the shares of the Bank or not (collectively called "the Investors") as may be decided by the Board in their discretion and permitted under the applicable laws and regulations, for an aggregate amount not exceeding

DCB

Rs.100 crores (Rupees One hundred crores) or equivalent thereof in one or more foreign currency and/or Indian Rupees, inclusive of such premium as may be fixed on such Securities by offering the Securities in one or more countries through public issue(s) by prospectus, private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency as the Board may in its absolute discretion deem fit or appropriate."

"RESOLVED FURTHER THAT

(a) the Securities to be offered, issued and allotted in pursuance of this Resolution shall be subject to the provisions of the Bank's Memorandum and Articles of Association; and

(b) the relevant date for the determination of applicable price for the issue of the Securities shall be as per the guidelines prescribed by SEBI, GOI, RBI through its various departments or any other regulator and the pricing of equity shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable rules and regulations and such price shall be subject to appropriate adjustments in the applicable rules/guidelines/statutory provisions."

"RESOLVED FURTHER THAT the issue to the holders of the Securities shall, inter alia, be subject to the following terms and conditions -

(a) in the event of the Bank making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders; and

(b) in the event of merger, amalgamation, takeover or any other re-organisation or restructuring or any other corporate action, the number of shares, the price and the time period as aforesaid shall be suitably adjusted."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and to approvals, consents or permissions, if any of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the Securities may have such features and attributes or any terms or combination of the terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorised in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed."

"RESOLVED FURTHER THAT in the event of issue of Securities by way of a qualified institutional placement pursuant to DIP Guidelines:

(a) the relevant date for determination of price of equity shares or such other securities, shall be the date of the meeting at which the Board decides to open the proposed issue of Securities, or such other time as may be permitted under DIP Guidelines from time to time;

(b) the allotment of Securities shall be completed within 12 months from the date of this Resolution approving the proposed issue or such other time as may be permitted under DIP Guidelines from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to finalisation and approval for the draft as well as final offer document(s) determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, premium amount on issue/conversion of the Securities, if any, rate of interest, execution of various transaction documents, creation of mortgage/charge in accordance with Section 293(1)(a) of the Act, in respect of any Securities as may be required either on pari passu basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to engage/appoint the Lead Managers, Legal Advisors, Underwriters, Guarantors, Depositories, Custodians, Registrars, Stabilizing Agent, Trustees, Bankers, Advisors and all such agencies as may be involved or concerned in such offering of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies and to seek the listing of such Securities on one or more national and/or international stock exchange(s)".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering thereof and all Equity Shares so issued and allotted shall be subject to the Bank's Memorandum and Articles of Association and shall rank pari passu with the existing equity shares of the Bank in all respects unless otherwise specified in the relevant terms."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to form a committee or delegate all or any of its powers to any Director(s) or Committee of Directors/Company Secretary/other person authorised by the Board to give effect to the aforesaid Resolutions and is authorised to take such steps and to do all such acts, deed, matters and things and accept any alteration(s) or amendment(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares including but not limited to:

(a) Approving the draft/final offer documents and filing the same with any other authority or persons as may be required;

(b) Approving the issue price, the number of Securities to be allotted, the basis of allocation and allotments of Securities;

(c) To affix the Common Seal of the Bank on any agreement(s)/document(s) as may be required to be executed in connection with the above in accordance with the Bank's Articles of Association;

(d) Arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of Securities;

(e) Opening such bank accounts and demat accounts as may be required for the offering;

(f) To do all such acts, deeds, matters and things and execute all such other documents and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transaction;

(g) To make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;

(h) Making applications for listing of the Equity Shares of the Bank on one or more of the stock exchange(s), within or outside India and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s).

"AND RESOLVED FURTHER THAT in addition to all applicable Indian laws the Securities issued in pursuant of this Resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they may be listed or that may in any other manner apply to such Securities or provided for in the terms of their issue.

10. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED THAT in terms of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and any other laws for the time being in force and in accordance with Article 14 of the Articles of Association of the Bank, the guidelines, notifications, regulations and circulars, if any, issued by the Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI") and other concerned and relevant authorities, the listing agreements entered into by the Bank with the stock exchanges where the shares of the Bank are listed and subject to the approvals or consents of the Government of India ("GOI"), RBI, SEBI and any other appropriate authorities, institutions or bodies, as may be necessary and such conditions as may be prescribed by any of them while granting any such approval or consent which may be agreed to by the Board of Directors of the Bank ("the Board" which terms shall include any committee constituted by the Board) at its sole discretion, consent be and is hereby granted to the Board for the further issue, offer and allotment of such number of New Equity Shares of Rs. 10/- each, on rights basis, for an aggregate amount not exceeding Rs. 200 crores [Rupees Two Hundred crores] at a price to be determined in accordance with the applicable provisions of the SEBI Guidelines for the time being in force to the Members of the Bank as on the Record Date to be fixed for the purpose and on such other terms and conditions as the Board may at its sole discretion determine."

"RESOLVED FURTHER THAT the rights offer for New Equity Shares shall be on the following basis:-

(a) that the full amount for the New Equity Shares shall be payable along with the application therefor in the form prescribed by the Bank;

(b) the offer of New Equity Shares shall be made to those Members whose name appears in the Register of Members of the Bank or whose name appears as Beneficial Owner in the records of the National Securities Depository Ltd. (NSDL) or Central Depository Services India Ltd. (CDSL) on the Record Date (to be fixed for the purpose).

(c) the New Equity Shares to be offered on rights basis shall rank pari passu in all respects with the existing equity shares of the Bank.

(d) Members to whom the offer for New Equity Shares is made shall be entitled to apply for additional new equity shares. Applications for additional New Equity Shares shall be considered for allotment at the sole discretion of the Board, subject to their availability;

(e) the offer of New Equity Shares shall include a right to renounce the same or any part thereof provide such renunciation is made in the form prescribed by the Bank before the closing of the offer;

(f) the unsubscribed new equity shares, if any, shall be disposed off by the Board to such person and in such manner as the Board in its sole discretion thinks most beneficial to the Bank."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the number of New Equity Shares to be offered on rights basis, the issue price (including premium), the ratio in which the New Equity Shares may be issued, the treatment to be given to fractional entitlement, if any, opening and closing dates for the rights offer, the appointment of Registrars, Bankers, Advisors and all other agencies or intermediaries and to authorise the negotiations, finalisation and execution on behalf of the Bank of such agreements/arrangements/Memorandum of Understandings/ other documents with any authorities/agencies as the Board may at its sole discretion deem fit and proper and to do all such acts, deed, matters or things as it may deem necessary for the purpose of giving full effect to this Resolution."

"AND RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any questions, difficulties or doubts that may arise in connection with the rights offer including the issue and allotment of New Equity Shares as aforesaid and the utilisation of the issue proceeds or any part thereof."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of all applicable laws including in particular the Banking Regulation Act, 1949, and the Companies Act, 1956 and subject to the approvals of the Central Government, consent be and is hereby granted to the payment of a monthly remuneration of Rs. 1,00,000/- (Rupee One Lac only) with effect from August 19, 2008 plus club membership and reimbursement of actual business related expenses to Mr. Nasser Munjee, Chairman of the Bank, and that the Board of Directors (to mean and include any committee thereof constituted by the Board) be and is hereby authorised to do all acts, deeds, matters and things as may be necessary and to accept such terms and conditions as may be prescribed by the Central Government in his behalf."

Place : Mumbai	By Order of the Board of Directors
Date : July 25, 2009	For Development Credit Bank Limited
Registered Office:	H. V. Barve
301, Trade Plaza,	Company Secretary
Veer Savarkar Marg,	
Prabhadevi, Mumbai 400025	

NOTES:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE BANK.

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

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

4) An Explanatory Statement, required under Section 173 (2) and other applicable provisions, if any, of the Companies Act, 1956 in respect of the businesses at items 6 to 11 of the Notice is annexed hereto.

5) The Register of Members and Share Transfer Books of the Bank will remain closed from Friday, September 11, 2009 to Friday, September 18, 2009 (both days inclusive).

6) Any dividend remaining unclaimed/unpaid for a period of seven years from the date it became due for payment will be transferred to Investor Education and Protection Fund (IEPF) and once so transferred, no claim there against shall be entertained. The Balance in the Unpaid Dividend (Interim 2001-

2002) account has already been transferred to IEPF on April 22, 2009. Unclaimed Dividend (Final 2001-2002) account will be due for transfer in November 2009. Other Unclaimed Dividends i.e. (Interim 2002-03), (Final 2002-2003) and (Final 2003-04) will be due for transfer as per above in the month of March 2010, November 2010 and November 2011 respectively. Members are requested to take note thereof and ensure prompt collection of unclaimed dividend, if any.

7) Members holding shares in physical form are requested to address all their correspondence including change of address, mandates etc. to the Registrars viz. M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Whereas the Members holding shares in dematerialised form should approach their depository participants for the same.

Details of Directors seeking appointment / re-appointment in Annual General Meeting scheduled on Friday, September 18, 2009

(Pursuant to Clause 49 (IV) (E) and 49 (IV) (G) (I) of the Listing Agreement)

Name of Director	**Mr. Suhail Nathani**	**Mr. Murali M. Natrajan**	**Mr. Narayan K. Seshadri**	**Mr. D.E. Udwadia**	**Mr. Sukh Dev Nayyar**
Date of Birth	May 3, 1965	March 23, 1962	April 13, 1957	September 27, 1939	April 15, 1942
Date of Appointment	January 29, 2009	April 29, 2009	September 30, 2004	January 27, 2007	August 9, 2007
Expertise in Specific Functional area	Corporate & Commercial laws, Private Equity and International Trade	Banking, Finance, Strategy, Risk and General Management	Accountancy, Finance and Risk Management, Agriculture, SSI and Rural Economy	Mergers and Acquisitions, Corporate Law, Foreign Collaboration, Joint Ventures, Project Finance and Financial Restructuring	Banking, Finance & Risk Management
Qualification	M.A. in Law from Cambridge University and LLM from Duke University.	B.Com. (Hons.) and FCA	B.Sc. (Hons.) and Fellow of ICAI	M.A., L.L.B. (Hons.) Solicitor & Advocate, Bombay High Court, Solicitor, Supreme Court of England	M.Sc. (Physics Hons.)
Board Membership of other Public Limited companies as on March 31, 2009	Phoenix Mills Ltd.	None.	PI Industries Ltd. Magma Fincorp Limited Kalpataru Power Transmission Limited WABCO - TVS (India) Limited	ABB Ltd. ADF Foods Ltd. AstraZeneca Pharma India Limited The Bombay Burmah Trading Corporation Ltd. Eureka Forbes Ltd. ITD Cementation India Ltd. JM Financial Ltd. MPS Limited Mechanalysis (India) Ltd. Wabco TVS (India) Ltd. Wyeth Ltd.	Greaves Cotton Ltd. PI Industries Ltd.
Chairman/Member of the Committee of the Board of Directors of the Bank as on March 31, 2009	NIL	NIL	Chairman of Audit Committee, Risk Management Committee & Fraud Reporting and Monitoring Committee. Member of Capital Raising Committee.	Member of Audit Committee.	Chairman of Executive & Credit Committee, Member of Risk Management Committee & Nomination Committee.
Chairman/member of the Committee of Directors of the other Companies in which he is a Director as on March 31, 2009.	NIL	NIL		Chairman of AstraZeneca Pharma India Limited Vice-Chairman of Macmillan India Ltd.	

a. Audit Committee	N.A.	N.A.	Member of PI Industries Ltd. Member of Wabco TVS (India) Ltd.	Member of ABB Ltd. Member of AstraZeneca Pharma India Limited Member of The Bombay Burmah Trading Corporation Ltd. Member of ITD Cementation India Ltd. Member of MPS Ltd. Member of Wabco TVS (India) Ltd. Member of Wyeth Ltd.	Chairman of Greaves Cotton Ltd. Member of PI Industries Ltd.
b. Shareholders' Grievance Committee	N.A.	N.A.	NIL	Chairman in ABB Ltd.	NIL
c. Other Committees	1.Chairman of Compensation Committee in The Phoenix Mills Ltd.	NIL	1. Chairman of Managing Committee with PI Industries Ltd. 2. Member of Remuneration Committee with PI Industries Ltd.	NIL	1. Member of Management Committee in PI Industries Ltd.
Number of Shares held in the Bank as on March 31, 2009.	NIL	NIL	NIL	NIL	NIL

Annexure to the Notice

Explanatory Statement as required by section 173 of the Companies Act, 1956, annexed to and forming part of the Notice dated July 25, 2009.

ITEM NO. 6

Section 228 of the Companies Act, 1956, requires that where the Company in General Meeting decides to have the accounts of a Branch Office audited other than by the Statutory Auditors, the Company in that meeting shall for the audit of those accounts appoint a person(s) qualified for the appointment as auditors of the Company under Section 226 of the Companies Act, 1956 or shall authorise the Board of Directors to appoint such person(s) in consultation with the Statutory Auditors. For operational convenience, it is proposed to authorise the Board of Directors to appoint such Branch Auditors in consultation with the Statutory Auditors for audit of accounts of the Branches of the Bank and to fix the terms and conditions, and remuneration, of such Branch Auditors.

ITEM NO. 7

Mr. Suhail Nathani was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on January 29, 2009 pursuant to Section 260 of the Companies Act, 1956 read with Article 122 of the Articles of Association of the Bank. He holds office as Director only upto the date of the forthcoming Annual General Meeting. It is proposed to appoint him as a Director of the Bank at the forthcoming Annual General Meeting. The Bank has received a notice in writing from a member signifying his intention to propose Mr. Nathani as a candidate for the office of Director along with a deposit of Rs. 500/- in accordance with Section 257 of the Act, which will be refunded to the member if he is elected as a Director.

Mr. Suhail Nathani, M.A. in Law from Cambridge University in England has completed his LLM from Duke University in the US. He has represented the Government of India at the WTO (Panel and Appellate Body), most recently in the Wines and Spirits dispute against the USA.

The Board is of the view that the Bank would benefit from the experience of Mr. Nathani and accordingly recommends his appointment as a Director.

Mr. Nathani is not related to any other Director of the Bank. The relevant particulars concerning Mr. Nathani as required by Clause 49 of the Listing Agreement are set out in the statement attached to the Notice.

Mr. Suhail Nathani is interested in the Resolution at Item No.7 of the Notice since it relates to his appointment as a Director.

ITEM NO. 8

Mr. Murali M. Natrajan is a Fellow Member of Institute of Chartered Accountant of India. He comes with a vast experience of more than 25 years and has held various positions not only in India but also in countries like Asia, Africa, the Middle East, Indonesia, Nepal etc. Mr. Murali M. Natrajan started his career with American Express TRS in India where he worked for 5 years in Business Planning, Finance and Operations. Prior to joining DCB, Mr. Murali M. Natrajan served as the Global Head for SME banking in Standard Chartered Bank. He was responsible for providing strategic context and business development capabilities to drive a distinctive and consistent business model across 27 markets in Asia, Africa and the Middle East.

By Reserve Bank of India's ("RBI") letter dated 27th April 2009, RBI approved the proposed appointment of Mr. Natrajan as the Managing Director and Chief Executive Officer of the Bank for a period of three years effective from the date he takes charge. It also approved the terms and conditions of his appointment including the remuneration and perquisites payable to him.

Following the receipt of RBI approval as aforesaid, by circular resolution of the Board dated 28th April 2009, Mr. Natrajan was appointed by the Board as an Additional Director and further as the Managing Director and Chief Executive Officer of the Bank for a period of three years from 29th April 2009 on the terms and conditions including the remuneration and perquisites as approved by RBI vide its letter dated 27th April 2009.

The Bank has received a notice in writing from a member signifying his intention to propose Mr. Natrajan as a candidate for the office of Director along with a deposit of Rs. 500/- in accordance with Section 257 of the Act, which will be refunded to the member if he is elected as a Director. Mr. Natrajan is not related to any other Director of the Bank. The relevant particulars concerning

Mr. Natrajan as required by Clause 49 of the Listing Agreement are set out in the statement attached to the Notice.

Pursuant to Article 140 of the Articles of Association of the Bank Mr. Natrajan will not be liable to retire by rotation.

Mr. Murali M. Natrajan is interested in the Resolution at Item No. 8 of the Notice since it relates to his appointment as a Director.

ITEM NO. 9 & 10

The Special Resolution proposed at Item No. 9 of the Notice relates to the proposed issue of Securities as defined in the text of the Special Resolution thereat including to the Investors as defined therein including Qualified Institutional Buyers as defined under Chapter XIIIA of DIP Guidelines upto an amount not exceeding Rs.100 crores (Rupees One Hundred crores).

The Special Resolution proposed at Item No.10 of the Notice relates to the proposed issue of New Equity Shares on rights basis to the Members of the Bank.

The Bank proposes to grow secured retail assets (e.g. housing loans), Micro SME, SME, mid corporate, agriculture and microfinance businesses. The risk weighted assets of the Bank are expected to rise with increase in the business level. In this backdrop, the Bank proposes to shore up its capital base through issue of Securities and issue of New Equity Shares on rights basis. Assuming maintenance of conservative ratio of 12% capital adequacy on incremental assets, proceed of the issue of Securities and issue of New Equity Shares on rights basis shall enable the Bank to add approximately Rs. 2500 crores (Rupees Two Thousand Five Hundred crores) of risk weighted assets.

The proposed issuance of Securities in terms of the Special Resolution at Item No. 9 of the Notice and New Equity Shares on rights basis in terms of the Special Resolution and Item No. 10 of the Notice will be in conformity with the provisions of all applicable laws.

The detailed terms and conditions for the issuance of the Securities as and when made will be determined by the Board in consultation with the Merchant Bankers, Lead Managers, Advisors and such other authorities as may require to be considered by the Bank considering the prevailing market conditions and other relevant factors. The Special Resolution seeks to give the Board powers to issue Securities in one or more tranches at such time or times, at such price or prices, and to such of the Investors as are mentioned therein as the Board in its absolute discretion deems fit.

The basis on which the rights offer for New Equity Shares is proposed to be used is set out in the text of the Special Resolution at Item No. 10.

Consent is sought to the Board being authorised to determine the number of New Equity Shares to be offered on rights basis, the issue price (including premium), the ratio in which the New Equity Shares may be issued, the treatment to be given to fractional entitlement, if any, opening and closing dates for the rights offer, the appointment of Registrars, Bankers, Advisors and all other agencies or intermediaries and to authorize the negotiations, finalization and execution on behalf of the Bank of such agreements/arrangements/Memorandum of Understandings/ other documents with any authorities/agencies as the Board may at its sole discretion deem fit.

Section 81(1A) of the Companies Act, 1956 and the relevant clauses of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Bank are listed provides, inter alia, that when it is proposed to increase the subscribed capital of the Bank by allotment of further shares, such further shares shall be offered to the existing Members of the Bank in the manner laid down in Section 81 of the Act unless the Members in a general meeting decide otherwise.

Since the Special Resolutions proposed at Item Nos. 9 and 10 of the Notice respectively may or will result in the issue of shares of the Bank otherwise than to the Members of the Bank consent of the Members is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Listing Agreement in terms of the Special Resolutions at Item Nos. 9 and 10 of the Notice respectively.

The Directors of the Bank may be deemed to be concerned or interested in the Special Resolutions at Item No. 9 and Item No. 10 to the extent that their respective shareholding in the Bank may be affected in case of issue of Securities to the Investors pursuant to the Special Resolution at Item No. 9 of the Notice and/or to the extent to which the Members of the Bank shall have the right to subscribe to the New Equity Shares offered by the Bank on a rights basis in proportion to their shareholding in the Bank in case of rights issue pursuant to the Special Resolution at Item No.10 of the Notice.

The Board of Directors recommends for your approval the Special Resolutions at Item Nos. 9 and 10 of the Notice.

ITEM NO. 11

The re-appointment of Mr. Nasser Munjee as Part-time Chairman of the Bank for a further period of three years with effect from August 19, 2008 at the remuneration stated in the Resolution at Item No. 11 of the Notice was approved by the Reserve Bank of India vide its letter DBOD No.2005/29.03.001/2008-09 dated August 4, 2008.

Mr. Munjee is a professional and eminent personality well known in India as well as internationally for his expertise in the financial services and infrastructure sectors. He is on the Board of several reputed companies and also consultant to international/multilateral agencies including World Bank, KPMG etc. Despite his other business commitments Mr. Munjee spends considerable time and attention to the affairs of the Bank and has rendered invaluable service to the Bank. The Board considers the remuneration payable to Mr. Munjee as Part-time Chairman of the Bank to be eminently fair and reasonable and commends the Resolution for approval by the members. The approval of the Central Government to the proposed remuneration has also been sought.

Mr. Nasser Munjee is interested in the Resolution at Item No. 11 of the Notice since it relates to his remuneration as Part-time Chairman of the Bank.

Place : Mumbai Date : July 25, 2009	By Order of the Board of Directors For Development Credit Bank Limited
Registered Office: 301, Trade Plaza, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025	H. V. Barve Company Secretary

Directors' Report

The financial performance of DCB should be seen in the light of the extraordinary world situation that developed suddenly in the year 2008. The Indian banking industry faced huge pressures on asset quality and increase in NPAs. DCB took proactive and swift action to drastically curtail new business sourcing in retail loans and altogether exited certain product lines. DCB also reduced its exposure to Corporate business segment in response to the deteriorating overall business environment. Unsecured personal loans were a major contributor to the increase in provisions for NPAs. DCB had also adopted a stringent and conservative provisioning norm in the unsecured personal loans, which increased the level of provisions required to be made.

The proactive actions resulted in limiting the net loss situation and a strong capital position enabled the Bank to withstand the unprecedented challenges faced during the year.

FINANCIAL SUMMARY

(Rs. in crores)

	For the year ending 31st March, 2009	For the year ending 31st March, 2008
Balance Sheet		
Deposits	**4,646.89**	6,074.85
Customer Deposits	**4,248.23**	5,556.00
(including CASA)	**(1,438.04)**	(1,472.50)
Inter Bank Deposits	**398.66**	518.85
Advances	**3,274.02**	4,068.80
Non-Performing Assets (Gross)	**305.55**	63.43
Non-Performing Assets (Net)	**127.01**	26.98
Provision for Standard Assets	**25.37**	28.12
Total Assets	**5,943.02**	7,582.45
Profit & Loss		
Net Interest Income	**197.25**	173.93
Non-Interest Income	**120.12**	173.66
Total Operating Income	**317.37**	347.59
Operating Cost	**242.04**	237.98
Operating Profit	**75.33**	109.61
Provisions	**161.93**	73.47
Net Profit Before Tax	**(86.60)**	36.14
Tax	**1.50**	(2.19)
Net Profit After Tax	**(88.10)**	38.33

DCB has posted an Operating Profit of Rs. 75.33 crores (Previous year: Rs. 109.61 crores) and Net Loss of Rs. 88.10 crores (Previous year: Profit of Rs. 38.33 crores).

Capital Adequacy Ratio (CAR) as on 31st March 2009 stood at 13.44% over the previous year's 13.38%.

The Total Assets of DCB have reduced by 22% during the year to Rs. 5,943 crores as on 31st March 2009, from Rs. 7,582 crores as on 31st March 2008. Total Deposits and Total Advances have reduced by 24% and 20% respectively.

Gross and Net Non-Performing Advances have increased to Rs. 306 crores and Rs. 127 crores respectively as on 31st March 2009 from Rs. 63 crores and Rs. 27 crores as on 31st March 2008. The overall NPA provision coverage ratio was 53.4% and 76.4% for unsecured personal loans.

Cost to Income Ratio has increased to 76.3% for the year ended FY 2008-09, from 68.5% in FY 2007-08.

The Net Interest Margin was maintained at 2.8%. The CASA ratio improved from 24.2% to 30.9%. Liquidity was well managed and the focus of attention on retail deposits helped to increase retail contribution from 51.9% in the previous year to 67.9% as at 31st March 2009.

DIVIDEND

In view of the performance for the year ended 31st March 2009, your Directors do not recommend payment of any dividend for FY 2008-09 (Previous Year: Nil)

MANAGEMENT DISCUSSION & ANALYSIS

A. RETAIL BANKING

The Bank operates a network of 80 branches across 10 States and 2 Union Territories with a strong presence in Maharashtra, Gujarat and Andhra Pradesh. DCB has 115 ATMs in addition to excellent sharing arrangements with the Cashnet and Infinet networks. This allows customers free access to more than 30,000 ATMs for cash withdrawals and balance enquiry across the country. DCB was a pioneer in providing free ATM access. Recently, the RBI has done away with ATM usage fee that was prevalent in the industry.

Despite the liquidity crisis that engulfed India and the world in the third quarter of 2008, DCB continued to maintain its focus on low cost deposits and managed to grow its retail deposits while maintaining strong CASA ratio. This has been achieved through relentless focus on product innovation and service.

The branch network constantly strives to add value to customers through cross sell of other products. The Bank has emerged as the fastest growing bancassurance channel partner for Birla Sun Life Insurance Company Ltd. with year on year growth of more than 75% in premium collected.

For many years, much of the banking industry credit growth was on the back of strong retail assets growth. However, the situation changed drastically towards the middle of 2008. Industry saw a significant reduction in retail lending across all products namely home loans, auto loans, personal loans and credit cards. Commercial Vehicle and Construction Equipment lending was affected by the economic slowdown. All banks started to face stress on retail assets especially unsecured personal loans. DCB acted quickly to effectively curtail further lending in retail including Commercial Vehicle and Construction Equipment. Unfortunately, the Balance Sheet contracted due to de-risking actions taken by the Bank. Collections and recovery units were strengthened and remedial programs were initiated to help the customers facing stress in their business or personal income. Proactive actions taken by the Bank helped to mitigate provisions and losses to a great extent. In the coming months, DCB intends to concentrate its effort on secured lending such as home loans, mortgage backed loans and gold loans.

B. CORPORATE BANKING

Corporate Banking is one of the major constituents of the Bank's business. Corporate Banking has a comprehensive product suite including Foreign Exchange, Trade, Letters of Credit, Bank Guarantees and Cash Management. DCB provides Corporate Internet Banking service that has been instrumental in promoting electronic fund transfer through the online NEFT/ RTGS facility. Using a single login, the client can view their entire relationship. The Bank has experienced Relationship Managers ably supported by a strong Credit function. The contraction in demand and exports caused by the global turmoil has affected capacity expansion and profitability of most companies in India. As a result DCB experienced a slowdown in credit off-take and stress on the corporate portfolio. In order to protect the Balance Sheet, the business team along with Credit, proactively and systematically exited a few relationships that resulted in reduction in the Balance Sheet.

Microfinance

Across India, the Bank is associated with 45 Microfinance Institutions (MFIs). DCB registered strong growth in the Microfinance portfolio with direct lending to groups and lending through MFIs. DCB has carefully built up a robust microfinance portfolio that also helps the Bank to meet the statutory requirements of lending to the economically weaker sections of society. DCB has a dedicated microfinance branch at Dediapada in Gujarat which has been successful in growing both credit and savings in that region.

Commodity based finance

The Bank has been providing finance against pledge of agricultural commodities for the last 3 years. Currently this product is available in Madhya Pradesh, Delhi, Punjab, Haryana, Gujarat, Rajasthan and Maharashtra. DCB expects steady growth of this business in the coming years.

C. SMALL AND MEDIUM ENTERPRISE BANKING

In recognition of the crucial role played by Small and Medium Enterprises (SMEs) in the Indian economy, and given the natural fit that such businesses have with the Bank, separate SME Banking units have been set up in six major cities of India to support the already existing efforts by the branches. The Indian SME sector is characterised by high growth rates, risk dispersion by virtue of a variety of industry clusters, need for traditional bank financing, growing sophistication in financial service needs, and a promise of overall good returns. In order to address the need for speed, DCB launched the SME Express Loan Product, a flexible and customised package of working capital financing, with a promised turnaround time of 7-11 days from application to approval. DCB offers comprehensive business and personal solutions to the SMEs to take care of their business and personal needs.

D. TREASURY

The Bank's Treasury apart from managing the liquidity and customer sales, is active in Foreign Exchange and Fixed Income securities market. Due to economic uncertainties, unprecedented volatility was witnessed in all markets. In the initial part of the year, the RBI increased policy rate to tighten credit in order to control inflation. Later in the year, in response to the sudden deterioration in the market conditions triggered by US and Europe markets, RBI acted swiftly to cut Repo, Reverse Repo and Cash Reserve Ratio to inject liquidity in the system. Money supply, inflation and credit growth remained under continuous attention of the RBI. DCB's Treasury successfully managed the liquidity requirements of the Bank even during the period when liquidity in the system was very tight. The uncertain interest rate scenario provided limited options to trade in Government Securities (G-Sec) and therefore DCB adopted a cautious approach. The equity market was weak and unpredictable and therefore opportunities were very limited. DCB actively dealt in G7 currencies and cross currencies as well as participated in USD/INR forwards market. The Bank has also dealt in derivative products like Overnight Index Swaps (OIS) for both trading and hedging.

E. CREDIT & RISK

Risk Management

The Bank has deployed a risk management framework that enables comprehensive and integrated management of risks with a clear objective of identifying all types of risks. DCB has developed structured Risk Profile Templates to measure and control various types of risks. Establishing a well-defined and independent risk management function in respective businesses and operations is a key requirement before undertaking any new activity. Operating level risk committees oversee specific risk areas. These are the Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORCO) and the Credit Risk Management Committee (CRMC). These committees in turn support the Risk Management Committee of the Board (RMC).

Credit Risk

The credit risk policy of the Bank supports and is aligned with DCB's corporate priority of achieving growth and at the same time maintaining asset quality to ensure long term sustainable profitability over business cycles. The Bank assumes only those credit risks that are acceptable within the context of provisioning requirements and present and expected future earnings. A healthy balance is maintained between risk and reward. During the course of the financial year, DCB moved to linking exposure limits to credit rating. The Bank also undertakes the exercise of measuring the credit risk involved in the composition of its present portfolio and realigning them to have better risk-reward composition.

DCB has further strengthened its internal risk assessment capabilities by procuring/developing additional risk assessment models, industry risk reports and score card templates for retail lending. Individual corporate exposures are internally rated on one of five modules: Large Corporates, Traders, Small and Medium Sized Enterprises (SME), Manufacturing and SME Services and Non-Banking Financial Companies (NBFC). For each product, programs defining customer segments, underwriting standards, security structures and other criteria are specified to ensure consistency. Clear separation of functional responsibilities is maintained between business acquisition, credit assessment and approval and loan administration.

The Credit Risk Analytics & Monitoring (CRAM) unit monitors all Corporate and SME exposures centrally, to identify and reveal early warning signals. It also evaluates impact on the loan book arising or evolving because of specific market developments. Credit Audit unit undertakes an independent review of the loan book at specified periodic intervals.

Retail Credit Risk Management

The key challenge for a healthy retail asset portfolio is to ensure a stable risk adjusted earnings by maintaining customer defaults within acceptable levels. Retail credit risks are managed on a portfolio basis by analyzing various customer segments and product features. Prompt and proactive actions are taken on an ongoing basis to address potential portfolio issues. The recent economic turmoil has adversely affected retail assets portfolio especially unsecured personal loans across all banks in the industry. DCB acted early and exited sourcing of new business in retail. This early action helped to de-risk the Balance Sheet. Collections and recovery efforts were strengthened to contain the provisions.

Market Risk

Besides Structural Liquidity, Interest Rate Sensitive Gap limits and Absolute Holding limits, DCB also monitors interest rate risks using Value at Risk (VaR) limits. Exposures to foreign exchange, commodities, and capital markets are monitored within pre-set exposure limits, margin requirements, and stop-loss limits. DCB has migrated to the new Asset Liability Management (ALM) system to generate comprehensive Asset Liability statements, parallel run of which is expected to be completed in the current year.

Country Exposure Risk

The Bank has established specific country exposure limits capped at 1% of Total Assets for each individual country, and uses insurance cover available through the Export Credit and Guarantee Corporation (ECGC), where appropriate.

Liquidity Risk

Liquidity risk arises in any bank's general funding of its activities. As part of the liquidity management and contingency planning, the Bank assesses potential trends, demands, events and uncertainties that could result in an adverse liquidity conditions. DCB considers the impact of these potential changes on its source of funding. DCB's ALM policy defines the gap limits for the structural liquidity, and the liquidity profile is analysed on both static and dynamic basis by tracking cash inflows and outflows in the maturity ladder based on the expected occurrence of cash flows. DCB undertakes behavioural analysis of the non-maturity products, namely Savings and Current deposits and Cash Credit/Overdraft accounts on a periodic basis to ascertain the volatility of balances in these accounts. The renewal pattern and premature withdrawals of Term Deposits and draw downs of un-availed credit limits are also captured through behavioural studies. The liquidity profile of the Bank is estimated on an active basis by considering the growth in deposits and loans, and investment obligations, for a short-term period of three months.

The concentration of large deposits is monitored on a periodic basis. DCB's ability to meet its obligations and fund itself in a crisis situation is very critical, and accordingly, stress tests are conducted under different assumptions at periodical intervals to assess the impact on liquidity to withstand stressed conditions.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or normal external events. The business units put in place the baseline internal controls as approved by the Product Management Committee to ensure a sound and well controlled operating environment throughout the organisation. Each new product or service introduced is subject to a rigorous risk review and sign-off process where all relevant risks are identified and assessed by other units independent of the unit proposing the product. Key Operational Risk Indicators (KORIs) have been defined and are regularly tracked. Self-assessment of Operational Risks within all business divisions has been done and loss reporting and data capturing systems have been implemented. Business Continuity Plans (BCP) for all critical units is in place. The Bank is in the process of evaluating software solutions for efficient management of operational risk with emphasis on identification of all key risk indicators at the unit level, monitoring all identified risk and measuring their impact in terms of occurrence and severity at the unit level and then aggregating them to a higher organisational level.

Implementation of Basel II guidelines

The Bank views the implementation of the Basel II framework as an opportunity to systematically review its risk management systems and practices, with an objective of aligning them to international best practices.

DCB has migrated to New Capital Adequacy Framework (NCAF) under Basel II guidelines on 31st March, 2009. DCB is adopting the Standardized Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The Bank has put in place the key requirements for the implementation of Basel II guidelines, as given below;

- Comprehensive policies for managing the major regulatory risks - Credit, Market and Operational Risk
- Policy on Internal Capital Adequacy Assessment Process (ICAAP) for management and calculation of additional capital for risks other than regulatory risks
- External Credit Assessment Institutions have been approved, mapping of credit rating, strategies for getting the corporate portfolio externally rated
- System for capturing credit rating/loan quality migrations
- Phased introduction of risk based pricing model to take care of the cost of capital based on the risk categorization of the borrowers and the credit risks involved in the exposure to these borrowers
- Policy on Credit Risk Mitigants and Collateral Management
- Disclosure policies and processes to ensure adequate disclosure
- Capital Assessment Model has been procured and is in the process of being integrated with the Bank's system to ensure ongoing computation of capital on Credit Risk
- Parallel runs of capital assessment are being carried on a monthly basis since June 2006 which have so far indicated an improvement in DCB's capital adequacy under the proposed Basel II policy framework

Concentration Risk

Risk is managed at the individual exposure as well as at portfolio level with prudential limits fixed for individual and groups of borrowers, industrial sectors, asset classes and unsecured exposures. The exposure norms adopted by the Bank are conservative in comparison to the regulatory prudential exposure norms. To avoid imbalance in corporate portfolio, DCB has set a Substantial Exposure threshold (exposure above Rs. 50 crores) and the Aggregate Substantial Exposure limit at a very conservative limit of four times capital funds. The actual exposure under this limit as on 31st March 2009 is Rs.1,364.70 crores (56.82% of the aggregate substantial exposure limit set).

F. INFORMATION TECHNOLOGY & OPERATIONS

The Bank continues to leverage technology for supporting its business strategy and to improve the level of customer service. While the application architecture is product-led, the IT service delivery uses a hybrid model comprising of strong in-house team combined with judicious outsourcing. Network architecture is constantly upgraded to provide reliable connectivity and controls around information security.

The Operations Unit undertakes transaction processing for banking operations and continuously explores opportunities to improve customer service and cost-efficiency through process improvements and technology enablement.

Some of the key highlights of Operations & Technology for FY 2008-09 are given below;

Highlights

- Enhancement of alternate channels including introduction of Corporate Internet Banking, On-line trading for retail banking customers, e-TDS payments
- Account opening status through Interactive Voice Response System (IVRS)
- Improved SMS alerts
- Asset-Liability Management (ALM) software and applications for Basel II compliance
- Cash Management Services, including Payments and Collections
- Introduction of Cheque Truncation in the National Capital Region
- Image-based processing of trade finance documents

- Retail Asset Collections software
- Strengthening of the IT Infrastructure including introduction of MPLS based network
- Data storage consolidation and enhancing the IT Security
- Automation of Account Payable

G. INTERNAL AUDIT

The Internal Audit function at the Bank is independent and it functions in line with the expectations of the shareholders and regulators. The department is staffed with professionals in the fields of accounting, information systems and experienced in banking operations.

The function undertakes three types of audit i.e. Operational Audit, Information Systems Audit and Credit Audit. In addition, snap audits are also carried out. In the last year the Internal Audit department carried out over 120 audits. The audit effectiveness was enhanced with the introduction of "control effectiveness index" and "computer assisted risk based audit" tools.

H. HUMAN RESOURCES

FY 2008-09 has been a hard year for the Bank. The economic slowdown threw up newer challenges for the Human Resources function. The organisation structure and people agenda was quickly readjusted to the new realities of market conditions and opportunities.

Keeping in line with our core values of transparency, open and regular communication across all levels, numerous employee engagement programs were conducted through audio bridges, town halls, wellness programs and celebration of festivals. This helped to enhance employee morale across DCB.

Some of the key highlights of 2008-09 are given below;

Highlights

- A new program to identify, develop and retain talent with special emphasis on "High Potentials"
- Creation of "Succession Policy" for critical positions
- Ongoing team building programs
- Implementation of easy-to-use "HumaNet" online software to enable employees to achieve timely completion of appraisals. This system will in the future be enabled to assist in payroll, training and recruitment.
- Introduction of "Balanced Score Card Method" to ensure objectivity and stability in employee goal setting and appraisal process
- 8,200 man days of training provided
- Recruitment process strengthened by adding detailed background verification, and selection and aptitude tests to hire the best in the market

Mr. K. S. Ramdas has joined DCB as Head SME Banking, and Mr. Rajesh Verma as Head Treasury, both key growth areas for the Bank. The finance function was strengthened with the joining of Mr. Bharat Sampat as Chief Financial Officer replacing the incumbent.

I. CUSTOMER SERVICE

It has been an important year for Service Quality. The Bank's focus on the account opening process to improve accuracy and turn around time resulted in big improvements and favourable customer feedback.

Quality rigor was applied across all areas of DCB that impacts customer delivery. Process improvements, matrices to measure performance and customer feedback were tracked continuously to improve efficiency and reduce defects. A successful pilot project was carried out at one of the branches in Mumbai to encourage customers to use alternate channels such as internet and mobile banking. Phone banking service was upgraded and reached a milestone by servicing over 100,000 calls per month. Customers can access phone banking by using a single customer service number across the country. Interactive Voice Response System (IVRS) was extended to Demat customers who now have access to their entire Demat account on the IVRS including statement of account and billing details. The Bank pioneered the introduction of multi lingual IVRS in 6 languages namely Hindi, Marathi, Gujarati, Tamil, Telugu and English. For example, customers from Tamil Nadu can converse in Tamil if they so prefer. Wait times at branches were reduced by providing direct hot line access from all the branches. Customer Relationship Management capabilities were enhanced with the setting up of the outbound calling unit. This office reaches out to more than 1,000 customers daily. It initiates contact with customers to inform them of new products and banking services, to provide information to customers who may have approached DCB to address complaints, as well as for general service management.

The Bank is moving strongly towards its vision of being the gold standard in customer service.

Customer Complaints - Annual Summary

	Particulars	As at 31/03/09	As at 31/03/08
(a)	No. of complaints pending at the beginning of the year	8	7
(b)	No. of complaints received during the year	417	296
(c)	No. of complaints redressed during the year	420	295
(d)	No. of complaints pending at the end of the year	5	8

Awards passed by the Banking Ombudsman

	Particulars	As at 31/03/09	As at 31/03/08
(a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
(b)	No. of awards passed by Banking Ombudsman during the year	Nil	Nil
(c)	No. of awards implemented during the year	Nil	Nil
(d)	No. of unimplemented awards pending at the end of the year	Nil	Nil

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 and the rules made there under, are given in the annexure appended hereto and forms part of this report. In terms of Section 219(1)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Bank. The Bank had 26 employees who were employed throughout the year and were in receipt of remuneration of more than Rs. 24 lakhs per annum and 16 employees who were employed for part of the year and were in receipt of remuneration of more than Rs. 2.0 lakhs per month.

Directors' Report (contd.)

EMPLOYEE STOCK OPTIONS

The information pertaining to the Employee Stock Options is given in an annexure to this Report.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to DCB. However, as mentioned in the earlier part of the Report, DCB has been extensively using technology in its operations.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 217(2AA) of the Companies Act, 1956, your Board of Directors confirms that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

c) proper and sufficient care has been taken for maintenance of adequate accounting records as provided in the Companies Act, 1956, for safeguarding the assets of DCB and for preventing and detecting frauds and other irregularities; and

d) the annual accounts of DCB have been prepared on a "going concern" basis.

CORPORATE GOVERNANCE

The Bank continues to strongly believe in observing the best corporate governance practices and benchmarking itself against each such practice on an ongoing basis. A separate section on Corporate Governance and a Certificate from M/s S.R. Batliboi & Co., Chartered Accountants regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges form part of this Annual Report.

DIRECTORS

In accordance with the Companies Act, 1956 and the Articles of Association of DCB, Directors Mr. Narayan K. Seshadri, Mr. D.E. Udwadia and Mr. Sukh Dev Nayyar are retiring by rotation and, being eligible, offer themselves for re-appointment.

The Board recommends the re-appointments of Mr. Narayan K. Seshadri, Mr. D.E. Udwadia and Mr. Sukh Dev Nayyar as Directors at this Annual General Meeting. The brief resume relating to the Directors who are to be re- appointed are furnished in the report on Corporate Governance.

Mr. Suhail Nathani, 44, M.A. in Law was appointed as Additional Director of the Bank on January 29, 2009. He is a founder Partner of Economic Laws Practice, a law firm with offices in Mumbai, Delhi, Ahmedabad and Pune. His areas of specialisation include corporate and commercial matters, private equity and international trade. Your Board recommends the appointment of Mr. Suhail Nathani as a Director in this Annual General Meeting.

Mr. Murali M. Natrajan, 47, B.Com. (Hons.) and FCA was appointed as Additional Director of the Bank on April 29, 2009. He has over 25 years of global banking experience. Prior to joining DCB, Mr. Natrajan served as the Global Head for SME banking in Standard Chartered Bank. Your Board recommends the appointment of Mr. Murali M. Natrajan as a Director in this Annual General Meeting.

The brief resumes relating to the appointment of Mr. Suhail Nathani and Mr. Murali M. Natrajan as Directors of the Bank are furnished in the report on Corporate Governance.

None of the above mentioned persons are disqualified from being appointed as a Director as specified in terms of Section 274(1)(g) of the Companies Act, 1956.

Mr. Amin Manekia resigned from the Directorship of the Bank on his successful completion of 8 continuous years on the Board of the Bank on September 30, 2008. Also, Mr. Gautam Vir, MD & CEO, ceased to be a Director w.e.f. January 15, 2009. Your Directors place on record the sincere appreciation of the services rendered by both Mr. Amin Manekia and Mr. Gautam Vir.

Since January 15, 2009 when Mr. Gautam Vir, MD & CEO ceased to be Director of the Bank, Mr. Susheel Narain Kak, Chief Credit and Risk Officer was assigned the responsibility of looking after the day to day affairs of the Bank in absence of the MD & CEO under the supervision of Executive and Credit Committee of the Board.

Mr. Murali M. Natrajan on his appointment as the MD & CEO of the Bank has taken over this responsibility w.e.f. April 29, 2009.

STATUTORY AUDITORS

Messrs S.R. Batliboi & Co., Chartered Accountants, were appointed as Statutory Auditors at the last Annual General Meeting as per Banking Regulation Act, 1949. They are eligible for appointment FY 2009-10 and the RBI has been approached for their appointment. Your Board recommends their appointment as Statutory Auditors at the ensuing Annual General Meeting.

ACKNOWLEDGEMENTS

Your Board wishes to thank the principal shareholder, the Promoters Aga Khan Fund for Economic Development (AKFED), and all the other shareholders for the confidence and trust they have reposed in DCB. Your Board also thanks the RBI for its valuable guidance and support to DCB. Your Board acknowledges with gratitude, the assistance and co-operation extended by SEBI, BSE, NSE, NSDL, CDSL, Central Government and the Governments of various States where DCB has its branches.

Your Board acknowledges with appreciation, the invaluable support provided by DCB's auditors, lawyers, business partners and investors. Your Board is also thankful for the continued co-operation of various financial institutions and correspondents in India and abroad.

Your Board wishes to sincerely thank all its customers for their patronage. Your Board records with sincere appreciation the valuable contribution made by employees and looks forward to their continued commitment to achieve ambitious organisational goals that we have set ourselves for the future.

On behalf of the Board of Directors

Mumbai
19 June 2009

Nasser Munjee
Chairman

DCB

Annexure to the Directors' Report

EMPLOYEE STOCK OPTIONS

Options granted during the year	2,304,650
The pricing formula	The last prevailing price on the largest volumes traded on the day before the Nomination Committee Meeting. April '08 & May '08 – Rs.115.25, July '08 – Rs. 48.80, Oct '08 – Rs. 23.65, Jan '09 – Rs.18.80
Options vested	2,146,920
Options exercised and the total number of shares arising as a result of exercise of options	NIL
Options lapsed	3,606,802
Variation of terms of option	NIL
Money realised by exercise of options	NIL
Total Number of options in force	7,090,865
Details of options granted to: **i. Senior managerial personnel**	1,070,000
ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	No
iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:	In the current year 2008-09, no ESOPs equal to or exceeding 1% of the issued capital was granted. In the past years, Gautam Vir was granted 1,522,000 options in 2006-07 and 1,430,643 options in 2007-08.
Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with AS 20-Earnings per Share	The diluted EPS of DCB calculated after considering the effect of potential equity shares arising on account of exercise of options is Rs. (5.05)
Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee cost so calculated and the employee compensation cost that should have been recognised, if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Had DCB followed fair value method of accounting, the stock option compensation expenses would have been higher by Rs. 1.72 crores. Consequently the loss would have been higher by that extent. The basic EPS and diluted EPS of the Bank would have been Rs. (5.15) and Rs. (5.15)
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock A description of the method and significant assumption used during the year to estimate the fair values of options, including the following weighted-average information: i) Risk free interest rate ii) Expected life iii) Expected volatility and iv) Expected dividends	Not Applicable The Securities Exchange Board of India has prescribed 2 methods to account for stock grants: (i) intrinsic value method, (ii) the fair value method. DCB adopts the intrinsic value method to account for the stock options it grants to the employees. DCB also calculates the fair value of the options, using a model with the following assumptions: The risk free interest rate is expected to remain at 6.32% 1-2 years 49% - 63% No dividends expected

Corporate Governance

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank continues to strongly believe in adopting and adhering to the best corporate governance practices, and benchmarking itself against the industry's best practices. It is the Bank's ongoing endeavour to achieve the highest levels of governance as a part of its responsibility towards the shareholders and stakeholders. Transparency and integrity are the cornerstones for good governance, and the Bank is committed to these principles for enhancing shareholders value.

BOARD OF DIRECTORS

The Bank has a non-executive part-time Chairman and more than 1/3rd of the total numbers of Directors are independent. The number of non-executive Directors are more than 50% of the total number of Directors. The day-to-day management of the Bank is entrusted in the hands of the key managerial personnel led by the Managing Director who operates under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the management to ensure that the long-term objective of enhancing stakeholders' value is met. Mr. Amin Manekia resigned from the Directorship of the Bank on his successful completion of 8 continuous years on the Board of the Bank on September 30, 2008. Also, Mr. Gautam Vir- MD & CEO, ceased to be a Director w.e.f. January 15, 2009. Mr. Susheel Narain Kak, Chief Credit and Risk Officer was assigned the responsibility of looking after the day to day affairs of the Bank during Mr. Gautam Vir's leave of approximately 2.3 months and also post cessation of his tenure with the Bank; under the supervision of Executive and Credit Committee of the Board. Mr. Murali M. Natrajan was appointed as the MD & CEO of the Bank and has taken over this responsibility w.e.f. April 29, 2009.

All the Directors of the Bank and their relatives hold total 38,257 equity shares of the Bank (0.02% of Capital) i.e. less than 2% of the Equity Share Capital of the Bank.

COMPOSITION OF THE BOARD OF DIRECTORS

Nasser Munjee was educated at the Leys School in Cambridge UK and then went on to do his Bachelor and Masters Degrees at the London School of Economics, UK. He spent a short while at the University of Chicago USA, before returning to India in 1977. He joined the Chairman of one of India's leading development banks – ICICI, Mr. H. T. Parekh, to establish the first housing finance company in India – the first retail institution serving customers directly for their housing needs - HDFC. Against many odds the HDFC group, as it is known today, grew to be a financial conglomerate with assets over $50 billion in banking, insurance, mutual funds as well as its prime business – housing finance. He rose to be an executive director on the Board with wide responsibilities.

In 1997, the Finance Minister of India requested the Chairman of HDFC to consider setting up an infrastructure finance company as India faced acute challenges in this field. Nasser was asked to think through this challenge and, as a result, Infrastructure Development Finance Company was born. IDFC charted the course of private investment in infrastructure – a sector that was dominated by the public sector – with great success. Much of the conditions for private investment in infrastructure in India was created by IDFC between 1997 and 2004. Nasser left IDFC owing to disagreements with the Government which intended a nationalization of IDFC.

Since 2004, Nasser has been pursuing his own interests in his own way. He sits on 15 Corporate Boards in India which include Tata Motors, Tata Chemicals, CIBA India, Cummins India, ABB India, Ambuja Cements (now part of the HOLCIM group). He is also Chairman of Development Credit Bank and of other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry – the city's oldest Chamber of Commerce and he has served on numerous Government Task Forces on Housing and Urban Development.

Mr. Munjee holds 4,076 equity shares in the Bank as on March 31, 2009.

Ms. Nasim Devji is a Fellow of The Institute of Chartered Accountants of England & Wales (ICAEW) and a member of the Institute of Taxation (United Kingdom). She is also a Fellow of the Kenya Institute of Bankers. She has specialised in the fields of Banking and Africa Micro Small & Medium Enterprises (AMSME). Ms. Devji is currently Managing Director and Group CEO of Diamond Trust Bank in East Africa.

Ms. Devji holds 259 equity shares in the Bank as on March 31, 2009.

Mr. Shabir Suleman Kassam is a Certified Public Accountant from Australia and a Fellow of the Association of Chartered Accountants, United Kingdom. He is a banking consultant for the last seven years. Previously, he spent 11 years within Chartered Accounting firms and twelve years in the banking profession in Australia. Currently he is a member on the Board of Industrial Promotion and Development, Bangladesh.

Mr. Kassam does not hold any equity shares in the Bank as on March 31, 2009.

Mr. R. A. Momin holds a B.Com. degree and is a Fellow of Institute of Chartered Accountants of India. He has more than 32 years of experience in the field of accounting and audit. He had been on the Board of Directors of the erstwhile Development Co-operative Bank for 7 years. He is also a Director of Platinum Jubilee Investments Ltd.

Mr. Momin holds 13,841 equity shares in the Bank as on March 31, 2009.

Mr. A. A. Sabuwala is a qualified diploma holder in Mechanical Engineering and has specialised in Small Scale Industries. He has set up several small-scale industries over the past 31 years.

Mr. Sabuwala holds 9,159 equity shares in the Bank as on March 31, 2009.

Mr. Narayan K. Seshadri holds a B.Sc. degree and is a Chartered Accountant. He has specialised in the field of agriculture, SSI and rural economy. Mr. Seshadri is a corporate consultant and is on the Board of a number of companies such as DHFL Venture Capital India Private Ltd., PI Industries Ltd., Kalpataru Power Transmission Ltd., Magma Fincorp Ltd. and Halcyon Resources and Management Private Ltd. etc.

Mr. Seshadri does not hold any equity shares in the Bank as on March 31, 2009.

Mr. Anuroop (Tony) Singh currently serves as Vice Chairman (Non-Executive), Max New York Life Insurance Company Ltd. and was its Founder Chief Executive Officer & Managing Director. He also serves as Director for Perot Systems, USA, since March 2005. Mr. Singh is also a Director of Max Healthcare Institute Ltd., Max India Ltd., Max Bupa Health Insurance Ltd. and Nirvana Corporate Institute Pvt. Ltd. He is a Fellow of the Institute of Chartered Accountants and has been in the financial services industry for over 35 years. He has served as a Chief Executive Officer for over 22 years in several multinational organisations.

Mr. Singh does not hold any equity shares in the Bank as on March 31, 2009.

Mr. D.E. Udwadia, M.A., L.L.B. is a Solicitor & Advocate of the Bombay High Court and Solicitor of the Supreme Court of England. His area of legal practice is Corporate Law, Foreign Collaboration, Mergers & Acquisitions, Joint Ventures, Project Finance and International financial transactions. He is a founder partner of Udwadia & Udeshi, a reputed firm of solicitors and advocates since July, 1997. He is an Independent Director on the boards of several corporate entities, both listed and unlisted including ABB Limited, ADF Foods Ltd., AstraZeneca Pharma India Limited, The Bombay Burmah Trading Corporation Limited, Coromandel Fertilisers Limited, Eureka Forbes Limited, ITD Cementation India Limited, JM Financial Limited, J.M. Financial & Investment Consultancy Services Private Limited, Macmillan India Limited, Mechanalysis (India) Limited, Wyeth Limited, Sundaram-Clayton Limited and WABCO-TVS (INDIA) Limited.

Mr. Udwadia does not hold any equity shares in the Bank as on March 31, 2009.

Mr. Sukh Dev Nayyar is M.Sc. (Physics Hons.). He was an Associate of the Institute of Bankers, England, and an expert in the area of Risk Management. He has vast experience in banking and has previously worked in various senior positions with Grindlays Bank from 1964 to 1998. His last assignment was as Chairman & Managing Director of ING Asset Management Company. He is also an Independent Director on the Boards of Greaves Cotton Ltd. and PI Industries Ltd.

Mr. Sukh Dev Nayyar does not hold any equity shares in the Bank as on March 31, 2009.

Mr. Suhail Nathani is a founder Partner of Economic Laws Practice, a law firm with offices in Mumbai, Delhi, Ahmedabad and Pune. His areas of specialisation include corporate and commercial matters, private equity and international trade. He has advised on several investments in the manufacturing, services and real estate sector in India. He has also represented the Government of India at the WTO (Panel and Appellate Body), most recently in the wines and spirits dispute against the USA. Suhail obtained an MA in Law from Cambridge University in England. He received an LLM from Duke University in the US. Besides being enrolled as an advocate in India, he is admitted to the New York State Bar and the US Court of International Trade. He serves as an Independent director on the Board of Phoenix Mills Ltd., the Cambridge Society of Bombay and on the India advisory Board of Duke University. He has been widely published and has been speaker at several conferences.

Mr. Nathani was appointed as an Additional Director w.e.f. January 29, 2009.

Mr. Suhail Nathani does not hold any equity shares in the Bank as on March 31, 2009.

Mr. Murali M. Natrajan has over 25 years of banking experience across India and other Asia countries. Prior to joining DCB, Murali served as the Global Head for SME banking in Standard Chartered Bank, Singapore. He was responsible for providing strategic context and business development capabilities to drive a distinctive and consistent business model across 27 markets in Asia, Africa and the Middle East. Murali joined Standard Chartered Bank, India to Head the Mortgage & Auto Business. In November 2004, he was promoted as Head of Consumer Banking for India & Nepal overseeing business that include Mortgages, Wealth Management, Branches, ATMs, Credit Cards, Personal Loans and SME.

A Fellow Member of the Institute of Chartered Accountants of India, Murali started his career with American Express TRS in India where he worked for 5 years in Business Planning, Finance and Operations. In 1989, he joined Citibank where he spent 14 years in various disciplines such as Operations, Credit, Finance, Product Management and Business Management of Consumer Banking. Prior to joining Standard Chartered Bank in October 2002, he had successful stints as Cards Business Director in Citibank India, Hong Kong and Indonesia.

Mr. Murali M. Natrajan does not hold any equity shares in the Bank as on March 31, 2009.

Mr. Murali M. Natrajan was appointed as an Additional Director and MD & CEO of the Bank effective April 29, 2009.

Composition of Board of Directors as on June 19, 2009

Names of Director	Executive / Non-Executive Director	Independent / Non-Independent Director
Chairman (Part-time)		
Mr. Nasser Munjee	Non-Executive	Independent
Managing Director		
Mr. Murali M. Natrajan (w.e.f. April 29, 2009)	Executive	Non-Independent
Directors		
Ms. Nasim Devji	Non-Executive	Non-Independent
Mr. Narayan K. Seshadri	Non-Executive	Independent
Mr. Anuroop Singh	Non-Executive	Independent
Mr. Rajab A. Momin	Non-Executive	Non-Independent
Mr. Amir Sabuwala	Non-Executive	Independent
Mr. Shabir Kassam	Non-Executive	Independent
Mr. D. E. Udwadia	Non-Executive	Independent
Mr. Sukh Dev Nayyar	Non-Executive	Independent
Mr. Suhail Nathani	Non-Executive	Independent

BOARD MEETINGS

During the year ended March 31, 2009, 5 (five) Board Meetings were held on May 06, 2008, July 16, 2008, July 30, 2008, October 31, 2008 and January 29, 2009.

Details of attendance at the Bank's Board Meetings, Directorship, Membership and Chairmanship in other companies for each director of the Bank are as follows:

Name of Director	Attendance at the Bank's Board Meetings	Directorship of other Indian Public Limited Companies	Directorship of other Companies	Membership of other Companies' Committees	Chairmanship of other Companies' Committees
Mr. Nasser Munjee	5	13	5	5	5
Ms. Nasim Devji	3	None in India	None in India	None in India	None in India
Mr. Shabir Kassam	4	None in India	None in India	None in India	None in India
Mr. Amin Manekia**	3	NA	NA	NA	NA
Mr. R. A. Momin	3	1	None	None	None
Mr. A. A. Sabuwala	5	None	1	None	NA
Mr. Narayan K. Seshadri	5	4	5	2	-
Mr. Anuroop Singh	4	4	3	None	None
Mr. D.E. Udwadia	5	13	8	8	1
Mr. Sukh Dev Nayyar	5	2	None	1	1
Mr. Gautam Vir***	4	NA	NA	NA	NA
Mr. Suhail Nathani*	–	1	6	–	–

Disclosure of Chairmanship & Membership includes only two committees namely; Audit Committee and Shareholders Grievance Committee

* Appointed on January 29, 2009.
** Ceased to be Director w.e.f. September 30, 2008.
*** Ceased to be a Director w.e.f. January 15, 2009.

All Directors then on the Board of the Bank, except Mr. R.A. Momin who was abroad, attended the last Annual General Meeting held on July 15, 2008.

Corporate Governance (contd.)

COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These committees monitor the activities falling within their respective terms of reference. The Board's Committees are as follows:

AUDIT COMMITTEE OF BOARD (ACB)

Mr. Narayan K. Seshadri chairs the Audit Committee of Board (ACB) of the Bank. The other members of the Committee are Mr. D.E. Udwadia, Ms. Nasim Devji (w.e.f. April 20, 2009) and Mr. Amir Sabuwala (w.e.f. April 20, 2009). Except Ms. Nasim Devji all other members are independent Directors. Mr. R.A. Momin who was a member has ceased to be so w.e.f. April 20, 2009. The Company Secretary acts as the Secretary to the Committee. The Committee was reconstituted on April 20, 2009.

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India and inter alia includes the following:

a) Overseeing the Bank's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;

b) Recommending appointment and removal of external auditors and fixing of their fees;

c) Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements;

d) Reviewing the adequacy of the audit and compliance functions, including their policies, procedures, techniques and other regulatory requirements;

e) Any other terms of reference as may be included from time to time in Clause 49 of the Listing Agreement.

During the year the committee met on 6 (six) occasions.

EXECUTIVE & CREDIT COMMITTEE (E&CC)

The Executive & Credit Committee comprised Mr. Sukh Dev Nayyar (Chairman), Mr. Nasser Munjee, Mr. Amin Manekia and Mr. Shabir Kassam. Mr. Amin Manekia ceased to be a director of the Bank on September 30, 2008 and member of the E&CC. The Committee, inter alia, looked after sanctioning of loans and advances, investments, approving of One Time Settlements (OTS), approving of expenditure, both of capital and revenue nature, purchase/sale of properties etc. During the year the Committee met on 48 (forty eight) occasions.

Effective April 20, 2009 this committee has been split into Executive Committee of Board (ECB) comprising Mr. Nasser Munjee (Chairman), Mr. D.E. Udwadia and Mr. Suhail Nathani and Credit Committee of Board (CCB) comprising Mr. Sukh Dev Nayyar (Chairman), Mr. Shabir Kassam, Mr. Suhail Nathani and Mr. R.A. Momin.

RISK MANAGEMENT COMMITTEE (RMC)

Mr. Narayan K. Seshadri chairs the Risk Management Committee of the Bank. Other members of the Committee are Mr. Shabir Kassam, Ms. Nasim Devji, Mr. S. D. Nayyar, Mr. Amir Sabuwala (w.e.f. April 20, 2009) and Mr. Murali M. Natrajan (w.e.f. April 29, 2009). Mr. Gautam Vir ceased to be a member of the committee due to his resignation on January 15, 2009 whereas Mr. R. A. Momin ceased to be a member of this committee w.e.f. April 20, 2009.

The Risk Management Committee (RMC) of the Board is the apex body of DCB's risk management architecture. It is responsible for aligning various risk policies of the Bank with the risk appetite and risk philosophy articulated by the Board. Towards this end, it approves specific risk policies, including the Credit Policy, Investment Policy, Asset Liability Management Policy, Outsourcing Policy, Operational Risk Management Policy, KYC Standards and Anti-Money Laundering measures etc. The Terms of Reference of RMC also include Management of ORCO, ALCO, CRMC, IT and Credit Committees, through the review of their minutes and any issues that require the attention of the RMC, manage effectively the risk profile of the Bank and consider all litigations and their progress. During the year, the Committee met on 4 (four) occasions.

NOMINATION COMMITTEE (NC)

The members of the Committee are Mr. Anuroop Singh (Chairman), Mr. Nasser Munjee, Mr. A. A. Sabuwala and Mr. Narayan K. Seshadri (w.e.f. April 20, 2009), all of whom are Independent Directors. Mr. Amin Manekia ceased to be a director from September 30, 2008. Mr. Sukh Dev Nayyar who joined the committee on October 31, 2008, thereafter has ceased to be the member w.e.f. April 20, 2009 when the Committee was last reconstituted. The Committee, inter alia, looks after the due diligence process for Directors, recommendation for appointment/re-appointment of Directors, ESOPs etc. During the year, the Committee met on 5 (five) occasions.

SHAREHOLDERS' GRIEVANCE COMMITTEE (SGC)

The Committee comprised Mr. Amin Manekia (Chairman upto September 30, 2008), Mr. Gautam Vir (upto January 15, 2009), Mr. A. A. Sabuwala (Chairman w.e.f. April 20, 2009), Mr. R.A. Momin (w.e.f. April 20, 2009), Mr. Suhail Nathani (w.e.f. April 20, 2009), Mr. Sukh Dev Nayyar (w.e.f. April 20, 2009) and Mr. Murali M. Natrajan (w.e.f. April 29, 2009). Mr. Amin Manekia ceased to be a director w.e.f. September 30, 2008 and Mr. Gautam Vir resigned on January 15, 2009 and therefore Mr. Sukh Dev Nayyar (Chairman E&CC) attended the meetings which Mr. A.A. Sabuwala chaired. The Committee was reconstituted on April 20, 2009.

The Committee monitors redressal of complaints received from shareholders/investors with respect to transfer of shares, non-receipt of dividend, non-receipt of Annual Reports, etc. The Committee also takes note of number of transfers processed, issue of fresh share certificates, top shareholders, pattern of shareholding, etc. During the year 2008-09, 39 Complaints were received and resolved. There was no complaint outstanding as on 31st March 2009. Also, no instruments of transfer were pending as on March 31, 2009. The Company Secretary acts as the Secretary and has been appointed as the Compliance officer of the Committee.

The Committee met on 4 (four) occasions during the year.

FRAUD REPORTING & MONITORING COMMITTEE (FRMC)

Pursuant to the directives of the RBI to all commercial banks, the Bank has constituted a Fraud Monitoring Committee for monitoring cases of fraud involving amounts of Rs. 1 crore or more. The Committee has Mr. Narayan K. Seshadri as its Chairman and Mr. Shabir Kassam, Ms. Nasim Devji, Mr. Amir Sabuwala (w.e.f. April 20, 2009), Mr. Sukh Dev Nayyar (w.e.f. April 20, 2009) and Mr. Murali M. Natrajan (w.e.f. April 29, 2009) as other members. Mr. Gautam Vir and Mr. R.A. Momin have ceased to be members of this committee w.e.f. January 15, 2009 and April 20, 2009, respectively.

Since no fraud of Rs. 1.00 crore or more was reported, the Committee was not required to meet during the year under review.

Corporate Governance (contd.)

CUSTOMER SERVICE COMMITTEE (CSC)

The members of the Committee were Mr. Gautam Vir (Chairman and member upto January 15, 2009), Mr. Amin Manekia (upto September 30, 2008) and Mr. A. A. Sabuwala (upto April 20, 2009). After resignation of Mr. Amin Manekia and Mr. Gautam Vir, Mr. Sukh Dev Nayyar (Chairman E&CC) attended the meetings which Mr. A.A. Sabuwala chaired. The committee was reconstituted last on April 20, 2009 and the members of the committee include Mr. Suhail Nathani (Chairman), Mr. R.A. Momin, Mr. Nasser Munjee, Mr. Sukh Dev Nayyar and Mr. Murali M. Natrajan (w.e.f. April 29, 2009).

The Committee monitors enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times. It also oversees the functioning of Standing Committee of Executives on Customer Service.

The Committee met on 4 (four) occasions during the year.

CAPITAL RAISING COMMITTEE (CRC)

The members of the Committee are Mr. Nasser Munjee (Chairman), Mr. Narayan K. Seshadri, Mr. D.E. Udwadia (w.e.f. April 20, 2009), Mr. Suhail Nathani (w.e.f. April 20, 2009) and Mr. Murali M. Natrajan (w.e.f. April 29, 2009). Mr. Amin Manekia and Mr. Gautam Vir who were members have ceased to be so on their resignations w.e.f. September 30, 2008 and January 15, 2009 respectively. The Committee has been formed to formulate capital raising plans of the Bank to raise resources through various alternative channels and to expedite the process of preparation and approval of offer documents/information memorandum, fixing of terms and conditions including pricing, engaging of intermediaries etc. for various kinds of securities, at opportune times.

The committee did not meet during FY 2008-09.

SUMMARY OF ATTENDANCE OF DIRECTORS FOR FY 2008-09

Sr. No.	Name of Directors	Appointed on	BM	E&CC	ACB	RMC	FRMC	NC	SGC	CSC	CRC
	No. of Meetings held		**5**	**48**	**6**	**4**	**0**	**5**	**4**	**4**	**0**
1	Mr. Nasser Munjee	June 29, 2006	5	31	N.M.	N.M.	N.M.	5	N.M.	N.M.	–
2	Ms. Nasim Devji	January 13, 2005	3	N.M.	N.M.	3	–	N.M.	N.M.	N.M.	N.M.
3	Mr. Shabir Kassam	January 10, 2006	4	4*	N.M	4	–	N.M	N.M	N.M	N.M
4	Mr. Amin Manekia (upto 30-09-2008)	September 30, 2000	3	27	N.M.	N.M.	N.M.	3	2	1	–
5	Mr. R. A. Momin	January 13, 2005	3	N.M.	4	3	–	N.M.	N.M.	N.M.	N.M.
6	Mr. A. A. Sabuwala	January 13, 2005	5	N.M.	N.M.	N.M.	N.M.	5	4	4	N.M.
7	Mr. Narayan K. Seshadri	September 30, 2004	5	N.M.	6	4	–	N.M.	N.M.	N.M.	–
8	Mr. Anuroop Singh	January 13, 2005	4	N.M.	N.M.	N.M.	N.M.	4	N.M.	N.M.	N.M.
9	Mr. D.E. Udwadia	January 27, 2007	5	N.M.	6	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
10	Mr. Sukh Dev Nayyar	August 9, 2007	5	45**	N.M.	4	N.M.	1 #	2 #	3 #	N.M.
11	Mr. Gautam Vir (upto 15-01-2009)	September 13, 2005	4	N.M.	N.M.	3	–	N.M.	2	1	–
12	Mr. Suhail Nathani	January 29, 2009	–	–	–	–	–	–	–	–	–

N.M. = Not a member

* Mr. Shabir Kassam joined 6 meetings through teleconference.

** Mr. Nayyar also joined 1 E&CC meeting by teleconferencing.

\# w.e.f. October 31, 2008 by Invitation only

REMUNERATION OF DIRECTORS

Remuneration to Chairman

Remuneration has been paid to the non-executive Chairman Mr. Nasser Munjee as per RBI approval vide its letter No. DBOD.2005/29.03.001/2008-09 dated August 04, 2009.

Following payments have been made to the Chairman during the year 2008-09:

1. Remuneration w.e.f. April 01, 2008 to March 31, 2009 : Rs. 12,00,000
2. Sitting fees for attending Board/Committee Meetings : Rs. 2,30,000

REMUNERATION TO MD & CEO

Mr. Gautam Vir was the Managing Director & CEO of the Bank. The details of the remuneration paid to the Managing Director during the year 2008-09 are as follows:

	Rs.
Remuneration	65,20,161.00
Performance Bonus	10,31,250.00
Medical Allowance	2,30,078.00
Leave Travel Allowance	3,88,052.00
Driver's Salary	1,23,291.00
Bank's Contribution to Provident Fund	7,82,419.00
Child Tuition Fees	1,71,233.00
Insurance Premium	2,00,000.00
Perquisites	8,27,955.00
Total Remuneration	**1,02,74,439.00**
ESOP cost	Nil

Corporate Governance (contd.)

Mr. Vir has been granted 29,52,643 options under ESOPs scheme of the Bank. No shares have been allotted against these options. 1,430,643 options were cancelled in FY 2008-09 and 1,522,000 options were exercisable as at March 31, 2009.

Grant effective date by Bank	Board approval date	RBI approval date	No.of Options granted	Exercise price (Rs.)	Share price (Rs.)	Discount (Rs.)	Cancelled	Vesting Schedule	Outstanding on 31st March '09
13 September 2005	26 May 2006	5 October 2006	1,522,000	23.40	Note 1	Nil	Nil	40% on 13 September 2008 and 60% on 15 January 2009	1,522,000
13 September 2005	5 March 2007	23 July 2007	1,430,643	40.00	57.80 (per NSE website closing price on 5 March 2007)	17.80	1,430,643	40% on 13 September 2008, 30% on 13 September 2009 and 13 September 2010	Nil

Note: Rs. 40 or 90% of IPO price, whichever is lower. Further, the effective date of grant was 13 September 2005, however the pricing could be freezed post IPO i.e. 27 October 2006. The IPO price band was Rs. 22-26.

In addition, Mr. Gautam Vir was not eligible for gratuity, applicable on completion of five years service with the Bank, as per the payment of Gratuity Act, 1972.

Perquisites (evaluated as per Income Tax Rules wherever applicable and at actual cost of the Bank otherwise) such as benefit of the Bank's furnished accommodation, gas, electricity, water and furnishing, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession were provided in accordance with the rules of the Bank in this regard. The Reserve Bank of India has approved the remuneration to the Managing Director. No sitting fees were paid to Mr. Gautam Vir for attending the meetings of the Board and Committees thereof.

Mr. Gautam Vir has not been granted any stock options in FY 2008-09. Also no stock options have been granted to any of the Directors of the Bank.

DETAILS OF REMUNERATION/SITTING FEES PAID TO OTHER DIRECTORS

Other than the remuneration to the Chairman, the Bank does not pay any remuneration to any non-executive Directors. Sitting fees paid to these non-executive Directors during the year are as under:

Name of Directors	Sitting Fees (Rs.)
Ms. Nasim Devji	60,000
Mr. Shabir Kassam	1,20,000
Mr. Amin Manekia upto 30-09-2008	3,60,000
Mr. R.A. Momin	1,40,000
Mr. A.A. Sabuwala	1,80,000
Mr. Narayan K. Seshadri	2,10,000
Mr. Anuroop Singh	80,000
Mr. D.E. Udwadia	1,70,000
Mr. Sukh Dev Nayyar	10,50,000
Mr. Suhail Nathani	NIL
Total	**23,70,000**

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of the Director		Mr. Suhail Nathani	
Date of Birth		May 03, 1965	
Date of Appointment to the Board		January 29, 2009	
Expertise in specific functional area		Law	
Qualifications		M.A. in Law	
Directorship in Public Limited Companies		Phoenix Mills Limited	
Membership of Committees in Public Limited Companies			
Sr. No.	**Name of Company**	**Nature of Committee**	**Position held**
1	Phoenix Mills Ltd.	Compensation Committee	Chairman
Shareholding of Director in the Bank		NIL	
Relationship with other Directors of Bank		None	

Corporate Governance (contd.)

Name of the Director		Mr. Murali M. Natrajan	
Date of Birth		March 23, 1962	
Date of Appointment to the Board		April 29, 2009	
Expertise in specific functional area		Professional Banker	
Qualifications		B.Com. (Hons.) and FCA	
Directorship in Public Limited Companies		None	
Membership of Committees in Public Limited Companies			
Sr. No.	**Name of Company**	**Nature of Committee**	**Position held**
NIL	NIL	NIL	NIL
Shareholding of Directors in the Bank		NIL	
Relationship with other Directors of Bank		None	

Name of the Director		Mr. Narayan K. Seshadri	
Date of Birth		April 13, 1957	
Date of Appointment to the Board		September 30, 2004	
Expertise in specific functional area		Accountancy, Finance and Risk Management, Agriculture, SSI and Rural Economy	
Qualifications		B.Sc. and Chartered Accountant	
Directorship in Public Limited Companies		1) PI Industries Ltd. 2) Magma Fincorp. Limited 3) Kalpataru Power Transmission Limited 4) Wabco TVS (India) Ltd.	
Membership of Committees in Public Limited Companies			
Sr. No.	**Name of Company**	**Nature of Committee**	**Position held**
1	PI Industries Ltd.	a. Managing Committee b. Audit Committee c. Remuneration Committee	Chairman Member Member
2	Wabco TVS (India) Ltd.	Audit Committee	Member
Shareholding of Director in the Bank		NIL	
Relationship with other Directors of Bank		None	

Name of the Director	Mr. D.E. Udwadia
Date of Birth	September 27, 1939
Date of Appointment to the Board	January 27, 2007
Expertise in specific functional area	Solicitor & Advocate. Functional area is Corporate Law, Foreign Collaboration, Joint Venture and Project Finance
Qualifications	M.A., L.L.B. (Hons.)
Directorship in Public Limited Companies	ABB Ltd. ADF Foods Ltd. AstraZeneca Pharma India Limited The Bombay Burmah Trading Corporation Ltd. Coromandel Fertilizers Ltd. Eureka Forbes Ltd. ITD Cementation India Ltd. JM Financial Ltd. Macmillan India Ltd. Mechanalysis (India) Ltd. Sundaram – Clayton Ltd. Wabco TVS (India) Ltd. Wyeth Ltd.

Corporate Governance (contd.)

Membership of Committees in Public Limited Companies			
Sr. No.	**Name of Company**	**Nature of Committee**	**Position held**
1	ABB Ltd.	a. Shareholders Grievance b. Audit Committee	Chairman Member
2	AstraZeneca Pharma India Limited	Audit Committee	Member
3	The Bombay Burmah Trading Corporation Ltd.	Audit Committee	Member
4	ITD Cementation India Ltd.	Audit Committee	Member
5	Macmillan India Ltd.	Audit Committee	Member
6	Sundaram – Clayton Ltd.	Audit Committee	Member
7	Wabco TVS (India) Ltd.	Audit Committee	Member
8	Wyeth Ltd.	Audit Committee	Member
Shareholding of Directors in the Bank		NIL	
Relationship with other Directors of Bank		None	

Name of the Director		Mr. Sukh Dev Nayyar	
Date of Birth		April 15, 1942	
Date of Appointment to the Board		August 09, 2007	
Expertise in specific functional area		Banking, Finance and Risk Management	
Qualifications		M.Sc. (Physics Hons.)	
Directorship in Public Limited Companies		Greaves Cotton Ltd. PI Industries Ltd.	
Membership of Committees in Public Limited Companies			
Sr. No.	**Name of Company**	**Nature of Committee**	**Position held**
1	Greaves Cotton Ltd.	Audit Committee	Chairman
2	PI Industries Ltd.	a. Audit Committee b. Management Committee	Member Member
Shareholding of Directors in the Bank		NIL	
Relationship with other Directors of Bank		None	

GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

	Date	Venue	Special Resolution passed
13th AGM	15.07.2008 at 3.00 p.m.	Rama Watumall Auditorium, K.C. College, Dinshaw Wacha Rd., Churchgate, Mumbai 400 020	1. To insert Sub-Article 131(c) to secure undertaking from Directors for execution of Covenants and Sub Articles from 155 (cc) to 155 (mm) for additional powers to the Board. 2. To amend the ESOP Plan 2005 of the Bank i.e. to recover Fringe Benefit Tax from employees in respect of options granted, vested or exercised on or after April 01, 2007.
12th AGM	09-08-2007 at 3.00 p.m.	Rama Watumall Auditorium, K.C. College, Dinshaw Wacha Rd., Churchgate, Mumbai 400 020	1. To approve and authorize the issue of Equity Shares by way of Preferential Issue upto 29380204 shares aggregating to Rs. 310 crores.
EGM	15-12-2006 at 3.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	1. Increase of shareholding limit of FIIs from 24% to 49% 2. Issue of Shares to the Qualified Institutional Buyers (QIBs) aggregating upto Rs. 225 crores. 3. Approval for Employee Stock Option Plans (ESOP) not exceeding 7% of the issued capital 4. Keeping Registers, Indexes and Copies of Certificates and documents at the office of Bank's Registrar and Share Transfer Agents
11th AGM	11-09-2006 at 3.30 p.m.	Rama Watumall Auditorium, K.C. College, Dinshaw Wacha Rd., Churchgate, Mumbai 400 020	1. 7% of the Capital kept as reserve for Employee Stock Options Plan (ESOP) 2. Honorarium to be paid to Chairman upto a maximum amount of Rs. 2.75 lacs per month.
EGM	25-07-2006 at 11.00 a.m.	Centrum, World Trade Centre, Centre-1, First Floor, Cuffe Parade, Mumbai 400 005	1. Alteration in Articles of Association to increase the Authorized Capital to Rs. 300 cr.

Corporate Governance (contd.)

Postal Ballot: Approval of shareholders was sought through Postal Ballot for the following resolutions:-

Special resolution for alternation in object Clause of the Memorandum of Association.

a. to act as Banker to the Issue.

b. to open, establish, maintain and operate Currency Chests and Small Coin Depots.

The notice dated May 06, 2008 was sent to members and the last date for receipt of postal ballot forms by Mr. S.N. Ananthasubramananian, Practicing Company Secretary, the scrutinizer appointed by the Board was July 7, 2008. By the prescribed time 558 valid forms were received. Out of total valid forms 545 voted in favour of the resolution. According to the Scrutinizers report, the Special Resolution was passed by majority of 99.99%. Result of the Postal ballot was declared on July 11, 2008 and published in Business Standard (Mumbai) and Mumbai Sakal (Mumbai), on July 14, 2008. The Board has followed the procedure as prescribed under Companies (Passing of the Resolution by Postal Ballot) Rules 2001.

At present no special resolution is proposed to be passed through postal ballot.

GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar – For each calendar quarter, the financial results are reviewed and taken on record by the Board around the last week of the month subsequent to the quarter ending. The audited annual accounts as at 31st March are approved by the Board, after a review thereof by the Audit Committee. The Annual General Meeting to consider such annual accounts is held in the second quarter of the financial year.

Shareholders holding 1% and above shares in the Bank as on March 31, 2009

Sr. No.	Name	No. of Shares	% of Share Capital
1	AGA KHAN FUND FOR ECONOMIC DEVELOPMENT SA	43750052	25.10
2	AL BATEEN INVESTMENT CO L.L.C	7390527	4.24
3	TATA CAPITAL LIMITED	6587210	3.78
4	DCB INVESTMENTS LTD.	5301900	3.04
5	ASHOKKUMAR RADHAKRISHNA RUIA	4165000	2.39
6	HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	4047926	2.32
7	LEHMAN BROTHERS ASIA LIMITED A/C GRA FINANCE CORPORATION LTD	3260000	1.87
8	KHATTAR HOLDINGS PRIVATE LIMITED	2994296	1.72
9	INDIA CAPITAL OPPORTUNITIES 1 LIMITED	2829529	1.62
10	PLATINUM JUBILEE INVESTMENTS LTD.	2450182	1.41
11	STATE BANK OF INDIA, (EQUITY)	1750000	1.00
	Total	**84526622**	**48.50**

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2009

Number of Equity shares held	Folio		Shares	
	Numbers	% to total holders	Numbers	% to total Shares
upto 500	133759	86.1760	20617767	11.8290
501 to 1000	11617	7.4840	9339214	5.3580
1001 to 2000	5962	3.8420	8804808	5.0520
2001 to 3000	1445	0.9310	3688255	2.1160
3001 to 4000	595	0.3830	2140236	1.2280
4001 to 5000	487	0.3140	2313265	1.3270
5001 to 10000	717	0.4620	5245379	3.0090
10001 & Above	634	0.4080	122149930	70.0810
Total	**155216**	**100.0000**	**174298854**	**100.0000**

The 108200 folios comprise 163484905 shares forming 93.80% of the share capital, which are in dematerialised mode. Another 47016 folios comprise 10813949 shares constituting 6.20% of the share capital that are held in physical mode. Promoters holding of shares are in Dematerialisation form.

Corporate Governance (contd.)

CATEGORIES OF SHAREHOLDERS

Shareholding Pattern as at March 31, 2009

Category Code	Category of Shareholders	Number of Share-holders	Total Numbers of Shares	No. of Shares held in dematerialised form	Total Shareholding as a Percentage of Total Number of Shares		Shares pledged or otherwise encumbered	
					As a % of	As a % of	Number of Shares	As a %
					(A+B)	(A+B+C)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)*100
(A)	**Shareholding of Promoter & Promoter Group**							
1	Indian							
(a)	Individual / Hindu Undivided Family							
(b)	Central / State Government (s)							
(c)	Bodies Corporate	1	2450182	2450182	1.4057	1.4057	NIL	NIL
(d)	Financial Institutions / Banks							
(e)	Any Other (Specify)							
	Sub Total (A) (1) :	**1**	**2450182**	**2450182**	**1.4057**	**1.4057**	**NIL**	**NIL**
2	Foreign							
(a)	Individual (Non-resident individuals/ Foreign individuals							
(b)	Bodies Corporate	2	43750052	43750052	25.1006	25.1006	NIL	NIL
(c)	Institutions							
(d)	Any Other (Specify)							
	Sub-Total (A)(2):	**2**	**43750052**	**43750052**	**25.1006**	**25.1006**	**NIL**	**NIL**
	Total Shareholding of Promoter And Promoter Group (A) = (A) (1) + (A) (2)	**3**	**46200234**	**46200234**	**26.5063**	**26.5063**	**NIL**	**NIL**
(B)	**Public Shareholding**						**NA**	**NA**
							NA	NA
1	**Institutions**							
(a)	Mutual Funds / UTI	7	2004066	2004066	1.1498	1.1498		
(b)	Financial Institutions / Banks	8	2931530	2931530	1.6819	1.6819		
(c)	Central / State Government(S)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors	15	9847046	9847046	5.6495	5.6495		
(g)	Foreign Venture Capital Investors							
(h)	Any Other (Specify)							
	Trusts	13	15966	14931	0.0092	0.0092		
	Sub-Total (B)(1):	**43**	**14798608**	**14797573**	**8.4904**	**8.4904**	**NA**	**NA**
2	**Non-Institutions**						**NA**	**NA**
(a)	Bodies Corporate	1774	29622868	29278378	16.9954	16.9954		
(b)								
I	Individual Shareholders holding nominal Share Capital up to Rs. 1 Lakh)	151932	48300628	38016802	27.7114	27.7114		
II	Individual Shareholders holding nominal Share Capital in excess of Rs. 1 Lakh)	324	13564081	13390024	7.7821	7.7821		

Corporate Governance (contd.)

Category Code	Category of Shareholders	Number of Share-holders	Total Numbers of Shares	No. of Shares held in dematerialised form	Total Shareholding as a Percentage of Total Number of Shares		Shares pledged or otherwise encumbered	
					As a % of	As a % of	Number of Shares	As a %
					(A+B)	(A+B+C)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)*100
(C)	**Any Other (Specify)**							
I	Clearing Member	369	4101610	4101610	2.3532	2.3532		
II	Market Maker							
III	Foreign Nationals	2	1000	1000	0.0006	0.0006		
IV	Non-Resident Indians (Repat)	566	1516923	1516923	0.8703	0.8703		
V	Non-Resident Indians (Non-Repat)	171	467922	466912	0.2685	0.2685		
VI	Foreign Companies	3	15686723	15686723	8.9999	8.9999		
VII	Directors & Relatives	29	38257	28726	0.0219	0.0219		
	Sub-Total (B) (2):	**155170**	**113300012**	**102487098**	**65.0033**	**65.0033**	**NA**	**NA**
	Total Public Shareholding (B) = (B) (1) + (B) (2):	**155213**	**128098620**	**117284671**	**73.4937**	**73.4937**		
(C)	**Shares held by custodians and against which Depository Receipts have been issued**	**0**	**0**	**NA**	**NA**	**NA**	**NA**	**NA**
	Sub-Total (C):	**0**	**0**	**0**	**NA**	**NA**	**NA**	**NA**
	Grand Total (A)+(B)+(C):	**155216**	**174298854**	**163484905**	**100**	**100**	**NA**	**NA**

OUTSTANDING WARRANTS/ADRS/GDRS/CONVERTIBLE INSTRUMENTS

NIL

BRANCHES

The Bank has 80 branches, 116 ATM centres (both onsite and offsite) as at March 31, 2009.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a Code for the prevention of insider trading in the shares of the Bank. The Code, inter alia, prohibits purchase/sale of shares of the Bank by employees while in possession of unpublished price sensitive information relating to the Bank. The Code has been modified on January 29, 2009 and named as “DCB- Share Dealing Code”.

DISCLOSURES:

1. The Bank has not entered into any materially significant transactions during the year, which could have a potential conflict of interest between the Bank and its promoters, directors, management and/or their relatives, etc. other than the transactions carried out in the normal course of business. The bank consults the firm in which one of the Bank’s director is a partner from time to time and bills are raised by the firm on the Bank for professional services.
2. During the last 3 years there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and /or SEBI and/or any other statutory authorities on matters relating to capital market activities, except a penalty of Rs. 3,500/- by Central Depository Services (India) Limited (CDSL) for discrepancies in opening of Demat accounts and dispatch of Transaction statements to clients during the FY 2007-08.
3. There are no relationships between the Directors of the Bank, inter-se.

COMPLIANCE WITH MANDATORY REQUIREMENTS

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

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

1. **The Board**

   An office of the Chairman is maintained at the Bank’s expense and reimbursement of expenses incurred by the Chairman in performance of his duties is allowed. All the Directors of the Bank other than its Chairman and/or whole time director cannot hold office continuously for a period exceeding eight years.

2. **Remuneration Committee**

   The Board has not constituted a separate Remuneration Committee as the Nomination Committee of the Board also deals with the remuneration payable to Directors. The Nomination Committee has four independent Directors as its members, which include its Chairman.

3. **Audit qualifications**

   There are no audit qualifications in the Bank’s financial statements. The Bank wishes to continue in the regime of unqualified financial statements.

4. **Whistle Blower Policy**

   The Bank has in place a Whistle Blower Policy enabling employees to report to the management concerns about unethical behaviour, action or suspected trend or violation of Bank’s Code of Conduct.

Corporate Governance (contd.)

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

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

LISTING ON STOCK EXCHANGES

In order to impart liquidity and convenience for trading, the equity shares of the Bank are listed at the following Stock Exchanges. The annual fees for 2008-09 have been paid to all the Stock Exchanges where the shares are listed.

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

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

- **National Securities Depository Ltd. (NSDL)**
- **Central Depository Services (India) Ltd. (CDSL)**

The Bank's shares that are in compulsory dematerialised (Demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Link Intime India Pvt. Ltd., and approved by the Share Transfer Committee of the Bank. Link Intime India Pvt. Ltd. processes the share transfers within a period of 21 days from the date of receipt of the transfer documents.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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

MEANS OF COMMUNICATION TO SHAREHOLDERS

Financial results and all materially important communications are promptly shared with the Stock Exchanges. Bank's results are also published in newspapers pursuant to applicable regulatory provisions and hosted on its website at www.dcbl.com. The half yearly declaration of financial performance including summary of the significant events is not being sent to every shareholder as the Bank's half yearly results are published in a national English newspaper and a local Marathi newspaper having a wide circulation in Mumbai. Also the same has been hosted on the website of the Bank.

SHARE PRICE & VOLUME OF SHARES TRADED

The monthly high and low quotation and volume of shares traded on the Bombay Stock Exchange (BSE)

Month	Highest (Rs.)	Lowest (Rs.)	Volume of shares traded during the Month
Apr '08	117.80	79.00	23983785
May '08	120.90	75.00	24199520
Jun '08	79.40	46.15	45588873
Jul '08	59.50	42.30	38007142
Aug '08	59.05	48.00	24355512
Sept '08	54.55	32.55	30107412
Oct '08	38.00	22.15	22017243
Nov '08	29.00	17.90	10800194
Dec '08	25.80	17.35	33113767
Jan '09	25.00	17.75	18373944
Feb '09	20.85	17.00	11586278
Mar '09	20.20	13.55	19504956

INVESTOR HELPDESK

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of our Registrars and Transfer Agents.

For lodgement of transfer deeds and any other documents or for any grievances/complaints, kindly contact at the following address:

LINK INTIME INDIA PRIVATE LTD., Registrars and Transfer Agents.
(Formerly known as Intime Spectrum Registry Ltd.)
Unit: DEVELOPMENT CREDIT BANK LTD.
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 78
Tel. No. 2596 3838, Fax No. 2594 6969
E-mail id : mumbai@linkintime.co.in Website : www.intimespectrum.com
Counter Timing: 10 a.m. to 4 p.m. Monday through Friday
(except National holidays)
Shareholders/Investors can also send their queries through e-mail to the Bank at investorgrievance@dcbl.com. This has also been displayed on the Bank's website www.dcbl.com under the section 'Investor Relations'.

Name of the Compliance Officer of the Bank
Mr. Hemant V. Barve - Vice President & Company Secretary.
Telephone: 6618 7013 Fax: 2423 1525 Email id: barve@dcbl.com

Registered & Corporate Office:
301, Trade Plaza, 414, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025
Telephone: 2438 7000 / 6618 7000 Fax: 2423 1520
Date of Incorporation - 31-05-1995.
Registration. No. - 11-89008 of 1995.
CIN - L99999MH1995PLC089008.

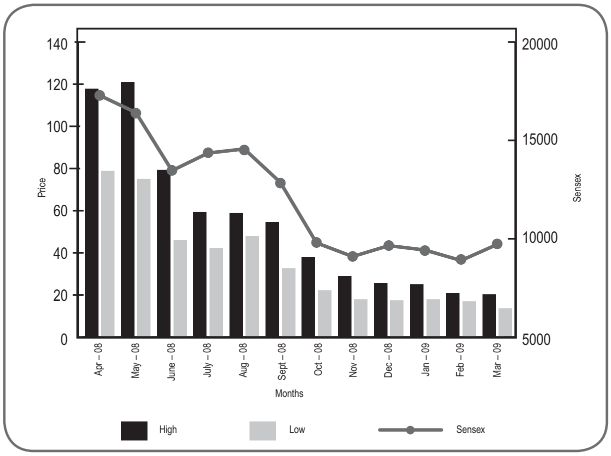
Registrars and Transfer Agents:
LINK INTIME INDIA PRIVATE LTD.
(Formerly known as Intime Spectrum Registry Ltd.)
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-78
Tel. No. 022- 2596 3838 Fax No. 022- 2594 6969
E-mail id : mumbai@linkintime.co.in Website : www.intimespectrum.com

I confirm that for the year under review, all Directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

Nasser Munjee
Chairman

Date: June 19, 2009

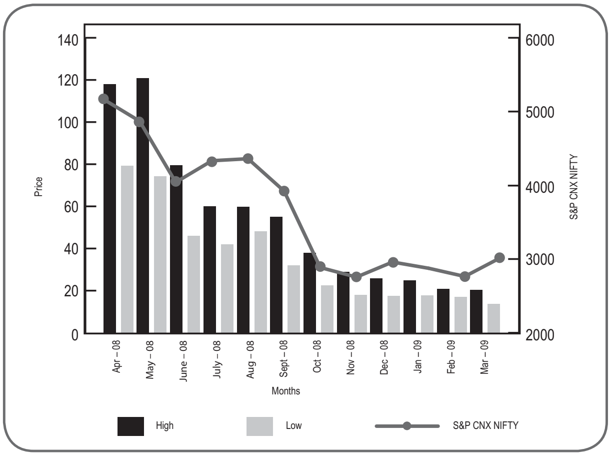
DCB Share Price on BSE



Corporate Governance (contd.)

The monthly high and low quotation and volume of shares traded on the National Stock Exchange (NSE)			
Month	**Highest (Rs.)**	**Lowest (Rs.)**	**Volume of shares traded during the Month**
Apr '08	117.95	79.30	46412873
May '08	120.70	74.20	46485942
Jun '08	79.35	46.05	76331655
Jul '08	60.10	42.00	64780788
Aug '08	59.85	48.00	39700636
Sept '08	54.95	32.00	51248551
Oct '08	37.95	22.50	41003602
Nov '08	28.90	17.85	21206465
Dec '08	25.80	17.35	61908397
Jan '09	24.90	17.60	30834861
Feb '09	20.75	17.00	19861738
Mar '09	20.25	13.65	43152762

DCB Share Price on Nifty



Corporate Governance Compliance Certificate

To
The Members of
Development Credit Bank Limited

1. We have examined compliance of the conditions of corporate governance by Development Credit Bank Limited ('the Bank') for the year ended 31 March 2009, as stipulated in clause 49 of the Listing Agreement of the said Bank with stock exchanges.
2. The Compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **S.R. Batliboi & Co.**
Chartered Accountants

Per Surekha Gracias
Partner
Membership No. 105488
Mumbai, 19 June 2009

Auditors' Report

TO THE MEMBERS OF
DEVELOPMENT CREDIT BANK LIMITED

1. We have audited the attached balance sheet of Development Credit Bank Limited (the 'Bank') as at 31 March 2009 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956 (the 'Companies Act').
4. 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) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;
   c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
   d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with returns received from the branches;
   e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, read with guidelines issued by the Reserve Bank of India insofar as they apply to the Bank;
   f) On the basis of written representations received from the directors, as on 31 March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;
      i. in case of the balance sheet, of the state of the affairs of the Bank as at 31 March 2009;
      ii. in case of the profit and loss account, of the loss for the year ended on that date; and
      iii. in case of the cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Chartered Accountants

per Surekha Gracias
Partner
Membership No.:105488
Place : Mumbai
Dated : June 19, 2009

DCB

Balance Sheet as on 31st March, 2009

	Schedule	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
CAPITAL & LIABILITIES			
Capital	1	**1,742,989**	1,742,989
Employee Stock Options			
(Grants Outstanding net of deferred cost)		**26,133**	17,972
Reserves & Surplus	2	**4,214,238**	4,600,449
Deposits	3	**46,468,917**	60,748,508
Borrowings	4	**3,455,176**	4,268,039
Other liabilities and provisions	5	**3,522,727**	4,446,542
TOTAL		**59,430,180**	**75,824,499**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**2,800,564**	6,746,081
Balances with Banks and Money at Call and Short Notice	7	**3,733,407**	3,869,449
Investments	8	**16,217,275**	21,345,628
Advances	9	**32,740,193**	40,687,965
Fixed Assets	10	**1,489,253**	997,850
Other Assets	11	**2,449,488**	2,177,526
TOTAL		**59,430,180**	**75,824,499**
Contingent liabilities	12	**59,705,939**	57,366,724
Bills for Collection		**4,009,704**	3,449,413
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per Surekha Gracias
Partner
Membership No. : 105488

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Narayan K. Seshadri
Director

Bharat Sampat
EVP & CFO

H.V. Barve
V.P. & Company Secretary

Place : Mumbai
Date : June 19, 2009

Profit & Loss Account for the year ended 31st March, 2009

	Schedule	Year ended 31.03.2009 (Rs. in 000's)	Year ended 31.03.2008 (Rs. in 000's)
I. INCOME			
Interest Earned	13	**6,452,052**	5,622,996
Other Income	14	**1,201,197**	1,736,559
TOTAL		**7,653,249**	**7,359,555**
II. EXPENDITURE			
Interest Expended	15	**4,479,511**	3,883,666
Operating Expenses	16	**2,420,367**	2,379,783
Provisions and Contingencies		**1,634,326**	712,805
TOTAL		**8,534,204**	**6,976,254**
III. PROFIT/(LOSS)			
Net Profit/(Loss) for the Period		**(880,955)**	383,301
Profit/(Loss) Brought Forward		**(2,062,013)**	(2,277,622)
Adjustment as per AS-15		**–**	(48,379)
TOTAL		**(2,942,968)**	**(1,942,700)**
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		**–**	95,826
Transfer to Revaluation Reserve		**–**	–
Transfer to Capital Reserve		**47,272**	–
Transfer to Investment Reserve		**8,657**	23,487
Balance carried over to Balance Sheet		**(2,998,897)**	(2,062,013)
TOTAL		**(2,942,968)**	**(1,942,700)**
Earning per share			
(i) Basic (Rs.)		**(5.05)**	2.32
(ii) Diluted (Rs.)		**(5.05)**	2.25
Face Value per share (Rs.)		**10.00**	10.00
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Profit & Loss Account.

The Profit & Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per Surekha Gracias
Partner
Membership No. : 105488

Place : Mumbai
Date : June 19, 2009

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Narayan K. Seshadri
Director

Bharat Sampat
EVP & CFO

H.V. Barve
V.P. & Company Secretary

Schedule 1 - Capital

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
Authorised Capital		
30,00,00,000 (Previous year 30,00,00,000)		
Equity Shares of Rs. 10/- each	**3,000,000**	**3,000,000**
Issued, Subscribed and Paid up Capital		
17,42,98,854 (Previous year 17,42,98,854)		
Equity Shares of Rs. 10/- each	**1,742,989**	1,742,989
TOTAL	**1,742,989**	**1,742,989**

Schedule 2 - Reserves and Surplus

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I. Statutory Reserve		
Opening balance	**923,256**	827,430
Additions during the year	**–**	95,826
TOTAL (I)	**923,256**	**923,256**
II. Capital Reserve		
a) Revaluation Reserve		
Opening balance	**103,948**	127,548
Additions during the year	**520,081**	–
Deductions during the year	**25,337**	23,600
TOTAL (a)	**598,692**	**103,948**
b) Others Capital Reserve		
Opening balance	**282,840**	282,840
Additions during the year	**47,272**	–
Deductions during the year	**–**	–
TOTAL (b)	**330,112**	**282,840**
TOTAL (a + b) (II)	**928,803**	**386,788**
III. Share Premium		
Opening balance	**5,328,931**	2,861,433
Additions during the year	**–**	2,533,333
Amount utilized for Share Issue Expenses	**–**	65,835
TOTAL (III)	**5,328,931**	**5,328,931**
IV. Revenue and other Reserves		
Investment Reserve		
Opening Balance	**23,487**	–
Additions during the year	**8,657**	23,487
Deductions during the year	**–**	–
TOTAL (IV)	**32,144**	**23,487**
V. Balance in Profit & Loss Account	**(2,998,897)**	**(2,062,013)**
TOTAL (I to V)	**4,214,238**	**4,600,449**

Schedule 3 - Deposits

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
A. I. Demand Deposits		
i. From Banks	**30,090**	17,887
ii. From Others	**6,663,897**	6,329,572
TOTAL (I)	**6,693,987**	**6,347,459**
II. Savings Bank Deposits	**7,716,514**	8,395,449
TOTAL (II)	**7,716,514**	**8,395,449**
III. Term Deposits		
i. From Banks	**3,956,500**	5,170,622
ii. From Others	**28,101,916**	40,834,978
TOTAL (III)	**32,058,416**	**46,005,600**
TOTAL (I, II and III)	**46,468,917**	**60,748,508**
B. I. Deposits of branches in India	**46,468,917**	60,748,508
II. Deposits of branches outside India	**–**	–
TOTAL	**46,468,917**	**60,748,508**

Schedule 4 - Borrowings

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I. Borrowings in India		
i. Reserve Bank of India	**–**	–
ii. Other Banks	**–**	–
iii. Other Institutions and Agencies	**2,808,973**	3,100,000
TOTAL (I)	**2,808,973**	**3,100,000**
II. Borrowings outside India	**646,203**	1,168,039
TOTAL (I & II)	**3,455,176**	**4,268,039**

Secured Borrowings included in I & II above - Rs. Nil (Previous Year Rs. Nil)

Schedule 5 - Other Liabilities and Provisions

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I. Inter Office adjustments (Net)	**555**	8,901
II. Bills Payable	**812,285**	1,083,078
III. Interest Accrued (Net of TDS recoverable)	**644,304**	669,189
IV. Sub-Ordinated Debts	**1,000,000**	1,660,000
V. Others		
a. Provision for standard assets	**253,730**	281,201
b. Other liabilities (including provisions)	**811,853**	744,173
TOTAL	**3,522,727**	**4,446,542**

Schedule 6 - Cash and Balances with Reserve Bank of India

		As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I.	**Cash in hand** (including foreign currency notes: Rs. Nil {Previous Year Rs. Nil})	**295,911**	408,572
II.	**Balances with Reserve Bank of India**		
	i. In Current Accounts	**2,504,653**	6,337,509
	ii. In Other Accounts	**–**	–
	TOTAL (II)	**2,504,653**	**6,337,509**
	TOTAL (I & II)	**2,800,564**	**6,746,081**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

		As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I.	**In India**		
	i. Balance with Banks		
	a. In Current Accounts **	**341,175**	288,592
	b. In Other Deposit Accounts	**107,867**	731,147
	** includes funds in transit		
	TOTAL	**449,042**	**1,019,739**
	ii. Money at Call and Short Notice		
	a. With Banks	**–**	750,000
	b. With Other Institutions	**3,199,260**	1,999,080
	TOTAL	**3,199,260**	**2,749,080**
	TOTAL (I)	**3,648,302**	**3,768,819**
II.	**Outside India**		
	i. In Current Accounts	**32,863**	56,498
	ii. In Other Deposit Accounts	**52,242**	44,132
	iii. Money at Call and Short Notice	**–**	–
	TOTAL (II)	**85,105**	**100,630**
	TOTAL (I & II)	**3,733,407**	**3,869,449**

Schedule 8 - Investments

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I. Investments in India		
Net Investments in :		
i. Government securities	**12,503,622**	16,946,912
ii. Other approved securities	**171,235**	198,064
iii. Shares	**9,838**	19,675
iv. Debentures and Bonds	**49,948**	443,886
v. Other Investments :		
a. Units of Mutual Funds / CDs	**246,310**	1,033,887
b. Pass Through Certificates / Security Receipts	**–**	51,214
c. Deposits with NABARD RIDF	**3,028,022**	2,651,990
d. Deposits with SIDBI MSME (Refinance) Fund	**138,900**	–
e. Deposits with NHB Rural Housing Fund	**69,400**	–
TOTAL (I)	**16,217,275**	**21,345,628**
II. Investments in India		
i. Gross Value	**16,217,327**	21,425,610
ii. Provision For Depreciation	**52**	79,982
TOTAL (II)	**16,217,275**	**21,345,628**

Schedule 9 - Advances

	As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
A. (i) Bills purchased and discounted	**1,559,398**	2,480,919
(ii) Cash credits, Overdrafts and Loans repayable on demand	**9,112,922**	9,789,040
(iii) Term loans	**22,067,873**	28,418,006
TOTAL (A)	**32,740,193**	**40,687,965**
B. (i) Secured by tangible assets*	**23,093,150**	28,926,574
(ii) Covered by Bank/Government Guarantees	**–**	–
(iii) Unsecured	**9,647,043**	11,761,391
*includes Advances against Book Debts		
TOTAL (B)	**32,740,193**	**40,687,965**
C.1 Advances in India		
(i) Priority Sector	**13,713,519**	14,380,334
(ii) Public Sector	**331,542**	352,696
(iii) Banks	**7,194**	6,746
(iv) Others	**18,687,938**	25,948,189
TOTAL	**32,740,193**	**40,687,965**
C.2 Advances outside India	**–**	–
TOTAL (C)	**32,740,193**	**40,687,965**

Schedule 10 - Fixed Assets

		As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I.	**Premises**		
	i. At Cost as per last Balance Sheet	**509,759**	440,813
	ii. Additions during the year	**535,562**	127,145
	iii. Deductions during the year	**46,971**	58,199
	iv. Depreciation to date (including on Revalued Premises)	**62,627**	50,023
	TOTAL (I)	**935,723**	**459,736**
II.	**Other Fixed Assets**		
	i. At Cost as per last Balance Sheet	**879,320**	621,999
	ii. Additions during the year	**163,629**	280,697
	iii. Deductions during the year	**26,382**	23,376
	iv. Depreciation/amortisation to date	**463,037**	342,780
	TOTAL (II)	**553,530**	**536,540**
III.	**Assets given on Lease**		
	i. At Cost as per last Balance Sheet	**193,411**	193,411
	ii. Additions during the year	**–**	–
	iii. Deductions during the year	**–**	–
	iv. Depreciation to date	**193,411**	191,837
	TOTAL (III)	**–**	**1,574**
	TOTAL OF FIXED ASSETS (I + II + III)	**1,489,253**	**997,850**

Schedule 11 - Other Assets

		As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I.	Inter-Office adjustments (Net)	**–**	–
II.	Interest accrued	**197,661**	240,981
III.	Tax paid in Advance/Tax deducted at Source (Net of provision)	**933,578**	893,588
IV.	Stationery and Stamps	**2,090**	2,743
V.	Non-Banking Assets acquired in satisfaction of claims (Net)	**–**	9,281
VI.	Deferred Tax Assets (Net)	**94,906**	94,906
VII.	Others	**1,221,253**	936,027
	TOTAL	**2,449,488**	**2,177,526**

Schedule 12 - Contingent Liabilities

		As on 31.03.2009 (Rs. in 000's)	As on 31.03.2008 (Rs. in 000's)
I.	Claims against the bank not acknowledged as debts	**1,013,603**	1,004,350
II.	Liability for partly paid investments	**–**	–
III.	Liability on account of outstanding forward exchange contracts	**38,507,893**	34,183,976
IV.	Guarantees given on behalf of constituents		
	(a) In India	**5,751,803**	4,145,937
	(b) Outside India	**673,796**	507,600
V.	Acceptances, Endorsements and other obligations	**4,559,088**	5,983,021
VI.	Other items for which the bank is contingently liable	**1,199,756**	2,791,840
VII.	Interest rate swap	**8,000,000**	8,750,000
	TOTAL	**59,705,939**	**57,366,724**

Schedule 13 - Interest Earned

		Year ended 31.03.2009 (Rs. in 000's)	Year ended 31.03.2008 (Rs. in 000's)
I.	Interest/Discount on Advances/Bills	**4,945,906**	4,285,734
II.	Income on Investments	**1,259,327**	1,143,233
III.	Interest on Balance with Reserve Bank of India and other Inter Bank Funds	**246,819**	183,126
IV.	Others	**–**	10,903
	TOTAL	**6,452,052**	**5,622,996**

Schedule 14 - Other Income

		Year ended 31.03.2009 (Rs. in 000's)	Year ended 31.03.2008 (Rs. in 000's)
I.	Commission, Exchange and Brokerage	**768,084**	844,591
II.	Profit/(Loss) on sale of Investments	**19,619**	181,583
III.	Profit/(Loss) on revaluation of Investments	**–**	–
IV.	Profit/(Loss) on sale of Land, Buildings and Other Assets	**47,272**	102,498
V.	Profit/(Loss) on Exchange Transactions	**224,062**	172,380
VI.	Income earned by way of Dividends etc. from Subsidiaries/ Companies and/or Joint Ventures abroad/in India	**787**	787
VII.	Lease Income (Net of Lease Equalisation Account)	**–**	6,909
VIII.	Miscellaneous Income	**141,373**	427,811
	TOTAL	**1,201,197**	**1,736,559**

Schedule 15 - Interest Expended

		Year ended 31.03.2009 (Rs. in 000's)	Year ended 31.03.2008 (Rs. in 000's)
I.	Interest on Deposits	**4,013,811**	3,590,660
II.	Interest on Reserve Bank of India / Inter-Bank Borrowings	**293,057**	228,909
III.	Other Interest	**172,643**	64,097
	TOTAL	**4,479,511**	**3,883,666**

DCB

Schedule 16 - Operating Expenses

			Year ended 31.03.2009 (Rs. in 000's)		Year ended 31.03.2008 (Rs. in 000's)
I.	Payments to and Provisions for Employees		**1,044,239**		971,325
II.	Rent, Taxes and Lighting		**354,428**		306,183
III.	Printing and Stationery		**34,426**		36,988
IV.	Advertisement and Publicity		**20,348**		27,958
V.	Depreciation on Bank's property	**152,222**		135,447	
	Less: Transfer from Revaluation Reserve	**1,741**	**150,481**	2,388	133,059
VI.	Directors' Fees, Allowances and Expenses		**4,613**		4,435
VII.	Auditors' Fees and Expenses		**4,108**		4,200
VIII.	Law Charges		**2,547**		2,802
IX.	Postages, Telegrams, Telephones etc.		**62,208**		51,372
X.	Repairs and Maintenance		**70,402**		72,426
XI.	Insurance		**61,955**		46,565
XII.	Other Expenditure		**610,612**		722,470
	TOTAL		**2,420,367**		**2,379,783**

Schedule 17 - Significant Accounting Policies

1. BACKGROUND

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

2. BASIS OF PREPARATION

These financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles ("GAAP") in India and conform to the statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time to the extent they have financial statements impact and current practices prevailing within the banking industry in India. The financial statements comply in all material respects with the Notified accounting standards by the Companies (Accounting Standards) Rules, 2006 (as amended). The accounting policies have been consistently applied are consistent with those used in the previous year.

3. USE OF ESTIMATES

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

4. INVESTMENTS

4.1 The Investment portfolio comprising approved securities (predominantly Government Securities) and other securities (Shares, Debentures and Bonds etc.) are classified at the time of acquisition in accordance with the Reserve Bank of India (RBI) guidelines under three categories viz. 'Held to Maturity' ('HTM'), 'Available for Sale' ('AFS') and 'Held for Trading' ('HFT'). For the purposes of disclosure in the Balance Sheet, they are classified under five groups viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds and Other Investments.

4.2 Basis of Classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading" category.

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

Investments which are not classified in the above categories, are classified under AFS category.

4.3 Transfer of securities between categories:

The transfer/shifting of securities between the three categories of investments is accounted for at the lower of acquisition cost/book value/ market value on the date of transfer and depreciation, if any, on such transfer is fully provided for.

4.4 Valuation:

Held for Trading and Available for Sale categories:

Investments classified as HFT and AFS are revalued at monthly intervals. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

Held to Maturity:

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

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

4.5 Non-performing investments are identified and provision is made as per RBI guidelines.

4.6 Cost of discounted instruments are determined on a First In First Out ('FIFO') basis while cost of other investments is determined on the basis of weighted average cost method.

4.7 Profit/Loss on sale of investment under the aforesaid three categories are taken to the Profit & Loss Account. The profit on sale of investment in HTM category, net of taxes and transfers to Statutory Reserve is appropriated to Capital Reserves.

For all securities other than discounted instruments, weighted average cost after adjusting the depreciation book is used to compute profit/loss on sale. In case of discounted instruments the FIFO method is used for computing the profit/loss on sale.

4.8 Brokerage, fees, commission and broken period interest incurred at the time of acquisition of securities, including money market instruments, are recognised as expenses.

5. ADVANCES

5.1 In pursuance of guidelines issued by the RBI, advances are classified as Standard, Sub-Standard, Doubtful and Loss Assets and are stated net of the required provision made on such advances.

5.2 Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribes minimum provision levels and also encourages banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by the management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories. The provisioning done is higher than the minimum prescribed under RBI guidelines.

5.3 Advances are net of bills rediscounted, claims realised from ECGC, provisions for non-performing advances and unrealised interest held in suspense account.

5.4 Any credit facility/investment, where interest and/or installment of principal has remained overdue for more than 90 days, is classified as non-performing asset.

5.5 In the case of doubtful assets, recoveries effected are first adjusted towards the principal amount.

6. FIXED ASSETS

Premises and other fixed assets are stated at historical cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves.

7. REVALUATION OF FIXED ASSETS

Portfolio of immovable properties are revalued periodically by a independent valuer to reflect current market valuation. All Land and building owned by the Bank and used as branches or offices or godowns are grouped under "Office premises" in the fixed assets category. Where the value of the property is in excess of Rs. 50 crores, valuation report from two qualified independent valuers are obtained and the average of the two is considered as the market value of the premises.

8. DEPRECIATION

Depreciation on fixed assets, including leased assets and amortisation of software, is charged over the estimated useful life of the fixed asset on the straight line basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except as mentioned below:

- Computer Hardware - 33.33% p.a.
- ATM - 12.50% p.a.
- Core Banking Software - 12.50% p.a.
- Application Software & System Development Expenditure - Depending upon estimated useful life between 3-5 years.
- Hard Furnishing - 25% p.a.
- Improvements (Civil) to Leased Premises - over the contracted period of the lease.
- Fixed Furniture in Leased Premises such as work-stations, etc. - over the contracted period of the lease.
- Vehicle - 19% p.a. over 5 years with 5% residual value.

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

Assets costings upto Rs. 5,000/- are depreciated fully in the year of purchase.

9. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

10. RECOGNITION OF INCOME AND EXPENDITURE

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

10.2 Items of income and expenditure are generally accounted on accrual basis, except as otherwise stated.

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

10.4 Processing fees recovered on loans are recognised and processing charges on loans are expensed at the inception of the loan.

10.5 Brokerage, fees, commission and broken period interest incurred at the time of acquisition of securities, including money market instruments, are recognised as expenses.

10.6 Overdue rent on Safe Deposit Lockers is accounted for on realisation.

10.7 Commission upto and including Rs. 1 lacs on bank guarantee is accounted in the year of receipt.

10.8 The amount of lease equalisation, representing the difference between the annual lease charge and the depreciation provided on leased assets in the books, is adjusted in the Profit & Loss Account, with a corresponding adjustment to the value of leased assets, through a separate Lease Adjustment account.

11. FOREIGN EXCHANGE TRANSACTIONS

11.1 Initial recognition:

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

11.2 Conversion:

Foreign currency monetary items are reported using the closing rate notified by Foreign Exchange Dealers' Association of India (FEDAI), as per the guidelines issued by the RBI.

11.3 Exchange differences:

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Bank at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

11.4 Outstanding forward exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/loss on revaluation is included in the profit and loss account.

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

11.6 Forward Exchange contracts which have overdue receivables which have remained unpaid for 90 days or more are classified as non-performing assets and provided for as per the extant master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning issued by Reserve Bank of India.

12. RETIREMENT BENEFITS OF EMPLOYEES

12.1 Provision in respect of future liability for payment of gratuity is made on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Gratuity is funded with the Gratuity Trust duly registered under the provisions of Income tax Act, 1961.

12.2 Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

12.3 Compensation paid to employees who have opted for Special Retirement Plan (SRP) is amortised over the period over which the benefit is perceived to accrue, in any case not extending beyond March 31, 2010.

13. TAXES ON INCOME

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

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

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

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard-29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by the ICAI, when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made to settle the same.

Contingent liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Bank, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised in the financial statements.

15. ACCOUNTING FOR DERIVATIVE CONTRACTS

Income from derivative transactions classified as hedge are recorded on an accrual basis and these transactions are not marked to market. Derivative transactions, which are not in the nature of hedge are marked to market as per the generally accepted practices prevalent in the industry. Any resultant gain or loss is recognised in the Profit & Loss Account.

16. EMPLOYEE SHARE BASED PAYMENTS

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

17. TRANSFER AND SERVICING OF ASSETS

The Bank transfers commercial and retail loans through securitisation transactions. In accordance with RBI guidelines, with effect from February

1, 2006, the Bank accounts for any losses arising from the securitisation transactions immediately at the time of the sale and profit/premium from securitisation is amortised over the life of the securities issued.

18. EARNINGS PER SHARE

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

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

19. CASH AND CASH EQUIVALENTS

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

20. LEASES

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

Schedule 18 - Notes to Accounts

1. SHARE CAPITAL & RESERVES

1.1 Investment Reserve Account:

As per RBI Guidelines, excess provision of Rs. 0.87 crores on account of depreciation in the 'Available for Sale' and 'Held For Trading' category has been credited to the Profit & Loss Account and an amount of Rs. 0.87 crores has been appropriated to Investment Reserve Account.

1.2 Capital to Risk Assets Ratio (CRAR):

Particulars	**As per Basel I framework**		**As per Basel II framework**
	As at 31/03/2009	As at 31/03/2008	**As at 31/03/2009**
i. CRAR (%)	**13.44%**	13.38%	**13.30%**
ii. CRAR - Tier I capital (%)	**11.62%**	11.82%	**11.50%**
iii. CRAR - Tier II Capital (%)	**1.82%**	1.56%	**1.80%**
iv. Percentage of shareholding of the Government of India in nationalised banks	**N.A.**	N.A.	**N.A.**
v. Amount of subordinated debt raised as Tier-II capital (Rs. in crores)	**100.00**	166.00	**100.00**

2. INVESTMENTS

2.1 Particulars of investments and movement in provision held towards depreciation on investments:

(Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India	**1,621.73**	2,142.56
b. Outside India	**–**	–
(ii) Provision for Depreciation		
a. In India	**0.01**	8.00
b. Outside India	**–**	–
(iii) Net Value of Investments		
a. In India	**1,621.72**	2,134.56
b. Outside India	**–**	–
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance	**8.00**	6.68
(ii) Add: Provision made during the year	**4.40**	6.07
(iii) Less: Write-off/write-back of excess provision during the year (including depreciation utilised on sale of securities)	**12.39**	4.75
(iv) Closing balance	**0.01**	8.00

2.2 The Net Book value of Investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) are as under:

Category	As at 31/03/2009		As at 31/03/2008	
	Rs. in crores	%	Rs. in crores	%
Held to Maturity	**1,080.81**	**66.65**	768.84	36.02
Held for Trading	**77.95**	**4.80**	107.21	5.02
Available for Sale	**462.96**	**28.55**	1,258.51	58.96
Total	**1,621.72**	**100.00**	**2,134.56**	**100.00**

2.3 Repo Transactions: (Rs. in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31/03/2009
Securities Sold under Repos #*	–	20.06	0.16	–
Securities purchased under Reverse Repos #*	–	680.00	139.28	–

– Represents market value.
* – Includes RBI LAF.

(Rs. in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31/03/2008
Securities Sold under Repos	–	–	–	–
Securities purchased under Reverse Repos	–	360.00	72.30	48.23

2.4 Non-SLR Investments Portfolio:

i. Issuer Composition of Non-SLR Investments:

Balances as at March 31, 2009 (Rs. in crores)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment grade securities	Extent of Unrated Securities **	Extent of Unlisted Securities *
1.	PSUs	–	–	–	–	–
2.	FIs	323.63	323.63	–	–	–
3.	Banks	29.63	5.00	–	–	–
4.	Private Corporates	0.98	0.98	–	0.98	0.98
5.	Subsidiaries/Joint Ventures	–	–	–	–	–
6.	Others	–	–	–	–	–
7.	Provision held towards Depreciation	(0.01)	–	–	–	–
	Total	**354.23**	**329.61**	**–**	**0.98**	**0.98**

* exclusive of deposits with NABARD, SIDBI, NHB and Certificate of Deposits.
** exclusive of deposits with NABARD, SIDBI and NHB.

ii. Issuer Composition of Non-SLR Investments:

Balances as at March 31, 2008 (Rs. in crores)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment grade securities	Extent of Unrated Securities	Extent of Unlisted Securities
1.	PSUs	–	–	–	–	–
2.	FIs	275.20	10.00	–	10.00	10.00
3.	Banks	112.39	9.00	–	–	–
4.	Private Corporates	28.83	11.97	10.16	11.97	11.97
5.	Subsidiaries/Joint Ventures	–	–	–	–	–
6.	Others	10.16	10.16	–	–	–
7.	Provision held towards Depreciation	(6.51)	–	–	–	–
	Total	**420.07**	**41.13**	**10.16**	**21.97**	**21.97**

iii. Non-Performing Non-SLR Investments: (Rs. in crores)

Particulars	31/03/2009	31/03/2008
Opening Balance	–	3.00
Additions during the year	–	–
Reductions during the year	–	3.00
Closing Balance	–	–
Total provisions held	–	–

3. DERIVATIVES

3.1 Forward Rate Agreement/Interest Rate Swap: (Rs. in crores)

Particulars	31/03/2009	31/03/2008
i. The notional principal of swap agreements	**200.00**	275.00
ii. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**3.66**	0.91
iii. Collateral required by the bank upon entering into swaps	–	–
iv. Concentration of credit risk arising from the swaps (with Banks)	**100%**	100%
v. The fair value of the swap book	**0.53**	(0.24)

3.2 Exchange Traded Interest Rate Derivatives: (Rs. in crores)

Sr. No.	Particulars	31/03/2009	31/03/2008
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	–	–
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	–	–
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	–	–
iv.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	–	–

3.3 Disclosures on risk exposure in derivatives:

a) Qualitative Disclosures:

Management of Risk in Derivatives Trading:

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

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

Policies for Hedging Risk:

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

b) Quantitative Disclosures: (Rs. in crores)

Sr. No.	Particulars	Currency Derivatives[3]	Interest Rate Derivatives	Currency Derivatives[3]	Interest Rate Derivatives
		31/03/2009	31/03/2009	31/03/2008	31/03/2008
1.	Derivatives (notional Principal Amount)				
	(a) For hedging	**681.15**	**50.00**	729.18	75.00
	(b) For trading	–	**150.00**	–	200.00

Sr. No.	Particulars	**Currency Derivatives[3]**	**Interest Rate Derivatives**	Currency Derivatives[3]	Interest Rate Derivatives
		31/03/2009	**31/03/2009**	31/03/2008	31/03/2008
2.	Marked to Market Position				
	(a) Asset (+)	**48.45**	**3.66**	43.91	0.91
	(b) Liability (-)	**48.42**	**3.13**	43.91	1.15
3.	Credit Exposure[5]	**48.45**	**3.66**	43.91	0.91
4.	Likely Impact of one percentage change in Interest Rate (100*PV01)[1]				
	(a) On hedging derivatives	**–**	**0.01**	–	0.01
	(b) On trading derivatives	**–**	**0.01**	–	0.01
5.	Maximum and Minimum of 100*PV01 observed during the year[1,2]				
	(a) On hedging	**–**	**0.02**	–	0.02
	(b) On trading	**–**	**0.02**	–	0.02

Note:
1. Since the portfolio of currency derivatives is a completely hedged book, the Bank has not computed the PV01 for these derivatives.
2. The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.
3. Currency derivative includes currency options and cross currency swaps.
4. Foreign exchange forward contracts have not been included in the above disclosure.
5. Credit exposure represents the replacement cost (obtained by marking to market) of all contracts with positive value (i.e. when the bank has to receive money from the counterparty).

4. ASSET QUALITY

4.1 Non-Performing Assets (NPAs): (Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
(i) Net NPAs to Net Advances (%)	**3.88%**	0.66%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**63.43**	146.16
(b) Additions during the year	**327.24**	103.48
(c) Reductions during the year	**85.11**	186.21
(d) Closing balance	**305.56**	63.43
(iii) Movement of Net NPAs		
(a) Opening balance	**26.98**	43.62
(b) Additions during the year	**145.06**	27.26
(c) Reductions during the year	**45.03**	43.90
(d) Closing balance	**127.01**	26.98
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)		
(a) Opening balance	**30.69**	96.62
(b) Provisions made during the year	**159.68**	68.48
(c) Write-off/write-back of excess provisions	**27.37**	134.41
(d) Closing balance	**163.00**	30.69

4.2 Details of Loan Assets subjected to Restructuring during the year:

(Rs. in crores)

As at March 31, 2009		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of borrowers +	–	–	248
	Amount outstanding @	–	–	79.04
	Sacrifice (diminution in the fair value)	–	–	0.42
Sub-Standard advances restructured	No. of borrowers	–	–	77
	Amount outstanding	–	–	9.93
	Sacrifice (diminution in the fair value)	–	–	0.86
Doubtful advances restructured	No. of borrowers	–	–	–
	Amount outstanding	–	–	–
	Sacrifice (diminution in the fair value)	–	–	–
Total	No. of borrowers +	–	–	325
	Amount outstanding @	–	–	88.97
	Sacrifice (diminution in the fair value)	–	–	1.28

+ includes borrowers who were restructured during the year but do not have an outstanding as on March 31, 2009.

@ includes balances as on March 31, 2009 for the restructured accounts.

(Rs. in crores)

Sr. No.	Particulars	31/03/2008
(i)	Total amount of loan assets subjected to restructuring, rescheduling, renegotiation;	21.02
	– of which under CDR	–
(ii)	The amount of Standard assets subjected to restructuring, rescheduling, renegotiation;	20.96
	– of which under CDR	–
(iii)	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation;	0.06
	– of which under CDR	–
(iv)	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation;	–
	– of which under CDR	–

4.3 Additional disclosures regarding restructured accounts*: (Rs. in crores)

Sr. No.	Disclosures	Number	Amount
1	Application received up to March 31, 2009 for restructuring, in respect of accounts which were standard as on September 1, 2008.	171	175.31
2*	Of (1), proposals approved and implemented as on March 31, 2009 and thus became eligible for special regulatory treatment and classified as standard assets as on the date of the balance sheet.	86	90.13
3	Of (1), proposals approved and implemented as on March 31, 2009 but could not be upgraded to the standard category.	6	6.42
4	Of (1), proposals under process/implementation which were standard as on March 31, 2009.	78	67.2
5	Of (1), proposals under process/implementation which turned NPA as on March 31, 2009 but are expected to be classified as standard assets on full implementation of the package.	1	11.56

* As compiled by management and relied upon by the auditors. This does not include 232 accounts where special regulatory treatment is not applicable.

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

(Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
(i) No. of accounts	–	4,764
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	–	16.08
(iii) Aggregate consideration	–	31.25
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain/loss over net book value	–	15.17

4.5 a) Details of non-performing financial assets purchased: (Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
1. (i) No. of accounts purchased during the year	–	–
(ii) Aggregate outstanding	–	–
2. (i) Of these, number of accounts restructured during the year	–	–
(ii) Aggregate outstanding	–	–

b) Details of non-performing financial assets sold: (Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
1. No. of accounts sold	–	–
2. Aggregate outstanding	–	–
3. Aggregate consideration received	–	–

4.6 Provisions on Standard Assets: (Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
Provisions on Standard Assets	**25.37**	28.12

5. BUSINESS RATIOS

Particulars	**31/03/2009**	31/03/2008
Interest Income as a percentage to Working Funds (%)	**9.13**	7.01
Non-Interest Income as a percentage to Working Funds (%)	**1.70**	2.17
Operating Profit as a percentage to Working Funds (%)	**1.07**	1.37
Return on Assets (%)[1]	**(1.25)**	0.48
Business per employee (Rs. in crores)[2,3]	**3.79**	4.54
Profit/(Loss) per employee (Rs. in crores)[2]	**(0.04)**	0.02

1. Assets have been considered as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of this ratio, employees have been considered as the average of the total employees at the beginning and at the end of the year.
3. For the purpose of this ratio, business per employee has been recorded as deposits plus advances (inter bank deposits have not been excluded).

6. ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of assets and liabilities as of 31/03/2009 (Rs. in crores)

Maturity Buckets	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets @	Foreign Currency Liabilities
1 to 14 days	278.05	184.49	523.73	68.82	8.51	17.20
15 to 28 days	56.14	65.03	200.98	–	–	–
29 days to 3 months	350.51	241.72	604.45	55.80	–	57.83
3 months to 6 months	372.53	121.37	607.99	84.65	–	1.3
6 months to 1 year	410.22	55.36	1,155.18	59.65	–	4.92
1 year to 3 years	1,373.90	401.25	1,490.65	38.61	–	1.56
3 years to 5 years	245.75	300.56	46.67	37.99	–	–
Over 5 years	186.92	251.95	17.24	–	4.95	–
Total	**3,274.02**	**1,621.73**	**4,646.89**	**345.52**	**13.46**	**82.81**

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

Maturity pattern of certain items of assets and liabilities as of 31/03/2008 (Rs. in crores)

Maturity Buckets	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 to 14 days	319.06	116.86	686.16	6.55	10.06	10.81
15 to 28 days	183.89	41.94	319.32	–	–	0.64
29 days to 3 months	505.95	444.75	1,124.83	59.11	–	62.06
3 months to 6 months	452.34	271.43	602.58	91.86	–	43.64
6 months to 1 year	740.56	295.69	1,516.97	269.28	–	19.73
1 year to 3 years	1,497.20	318.06	1,756.54	–	–	1.08
3 years to 5 years	172.06	312.13	62.71	–	–	–
Over 5 years	197.74	333.70	5.74	–	3.91	–
Total	**4,068.80**	**2,134.56**	**6,074.85**	**426.80**	**13.97**	**137.96**

7. LENDING TO SENSITIVE SECTOR

7.1 Exposure to Real Estate Sector (Rs. in crores)

Category	31/03/2009	31/03/2008
a) Direct exposure	**77.84[*]**	106.69[*]
(i) Residential Mortgages –		
Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
(*) Includes Individual housing loans up to Rs. 20 lakhs – Rs. 48.59 crores (previous year: Rs.20 lakhs – Rs. 54.75 crores)		
(ii) Commercial Real Estate –	**93.84**	117.37
Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	**50.07**	66.61
b. Commercial Real Estate.	**0.05**	0.21
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**1.81**	93.28

7.2 Exposure to Capital Market (Rs. in crores)

Particulars	31/03/2009	31/03/2008
a. 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;	–	–
b. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	2.57#	3.80#
c. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.25	–
d. 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;	20.07	5.00
e. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	41.84*	68.50*
f. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
g. Bridge loans to companies against expected equity flows/issues;	–	–
h. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	–	–
i. Financing to stockbrokers for margin trading;	–	–
j. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	–	–
Total Exposure to Capital Market	**64.73**	**77.30**

Includes Sanctioned but not disbursed Nil. (previous year: Rs. 5.76 lakhs).

* Includes Advances to Stock Brokers Rs. 8 crores (previous year: Rs. 12 crores) and Financial Guarantees issued on their behalf to Stock Exchanges Rs. 33.84 crores (previous year: Rs. 56.50 crores).

7.3 Country Risk Category wise Exposure (Rs. in crores)

Risk Category	Exposure (net) as at 31/03/2009	Provision held as at 31/03/2009	Exposure (net) as at 31/03/2008	Provision held as at 31/03/2008
Insignificant	23.36	–	37.91	–
Low	39.88	–	35.31	–
Moderate	13.07	–	2.17	–
High	–	–	–	–
Very High	–	–	–	–
Restricted	–	–	–	–
Off-credit	–	–	–	–
Total	**76.31**	**–**	**75.39**	**–**

8. LETTERS OF COMFORT

The Bank has issued letters of comfort to other Banks. Outstanding letters of comfort as on March 31, 2009 aggregate to Rs. 162.35 crores. In the Bank's assessment no financial impact is likely to arise.

9. COMPLIANCE WITH ACCOUNTING STANDARDS, READ WITH RBI GUIDELINES:

9.1 Segment Reporting:

Part A: Business Segments

Pursuant to the Guidelines issued by the Reserve Bank of India on Accounting Standard 17 (Segment Reporting) - Enhancement of disclosures dated April 18, 2007, effective March 31, 2008, the additional segments of Corporate Banking and Retail Banking have been included for the period from March 31, 2008. The figures for year ended March 31, 2008 have not been reclassified and therefore, are not comparable.

The Bank has revised its transfer pricing mechanism in the current year. In the prior periods segment revenue reflected the net transfer pricing impact, and hence are not comparable.

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

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

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

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

(Rs. in crores)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	313.90	161.36	232.10	272.30	376.44	284.85	20.55	18.16	942.99	736.67
Results	(9.99)	45.44	(26.26)	(13.26)	(45.02)	(11.23)	(6.83)	17.38	(88.10)	38.33
Unallocated expenses									–	–
Operating profit									75.34	109.61
Income taxes									(1.50)	(3.22)
Extraordinary profit / (loss)									–	–
Net profit / (Loss)									**(88.10)**	**38.33**
Other Information										
Segment assets	2,284.08	2,900.43	1,587.00	2,519.67	1,964.57	1,885.38	3.00	–	5,838.65	7,305.48
Unallocated assets									104.37	276.97
Total assets									**5,943.02**	**7,582.45**
Segment liabilities	1,094.90	2,288.95	842.37	1,186.48	3,395.36	3,184.99	4.78	–	5,337.41	6,660.42
Unallocated liabilities									605.61	922.03
Total liabilities									**5,943.02**	**7,582.45**

Part B: Geographic Segments

Since the Bank does not have overseas branches, the operations are entirely domestic.

9.2 Related Party Transactions:

i. Related Party Transactions in terms of AS-18 on "Related Party Disclosures" issued by the ICAI are disclosed below:

List of Related Parties and details of transactions entered into with them during the year:

Associate

Platinum Jubilee Investments Ltd.

As per para 4.5 of the Master circular on "Disclosure in Financial Statements – Notes to Accounts" dated 1st July, 2008, where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party.

Since Platinum Jubilee Investments Ltd. is the only entity in the category of associates, details pertaining to the same are not disclosed.

ii. Details of transactions entered into with the Key Management Personnel of the Bank are as under:

Mr. Gautam Vir – Managing Director (till January 15, 2009)

Managerial Remuneration – Rs. 1.03 crores (previous year Rs. 1.34 crores).

9.3 Deferred Tax:

i) In accordance with AS-22 on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, the Bank has recognised Deferred Tax Assets on such timing differences where there is a virtual certainty based on contracts and arrangements in place that such deferred tax assets can be reversed. Deferred Tax Assets have been recognised on unabsorbed depreciation to the extent of deferred tax liability arising on account of timing difference arising between book depreciation and tax depreciation.

ii) The composition of Deferred Tax Liabilities (DTL) & Deferred Tax Assets (DTA) is as under:

(Rs. in crores)

Sr. No.	Particulars	As at 31/03/09	As at 31/03/08
A.	DTA:		
(i)	Provision for Loan Losses/Non-Banking Assets	8.78	8.78
(ii)	Unabsorbed Depreciation	14.58	14.81
(iii)	Provision for Other Assets	0.71	0.71
	Total DTA	**24.07**	**24.30**
B.	DTL:		
(i)	Depreciation	14.58	14.81
	Total DTL	**14.58**	**14.81**
C.	**NET DTA**	**9.49**	**9.49**

9.4 Provisions, Contingent Liabilities and Contingent Assets:

i. In accordance with AS-29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the ICAI, the Bank has carried out financial assessment of the Contingent Liabilities and determination of provision for probable losses.

Movement in Provision for Contingent Liabilities during the year: (Rs. in crores)

Particulars	31/03/2009	31/03/2008
Opening Provision	–	–
Additions/(Deductions) made during the year	–	–
Closing Provision	–	–

ii. Description of Contingent Liabilities:

Sr. No.	Contingent Liability (*)	Brief Description
1.	Claim against the Bank not acknowledged as Debts.	An amount of Rs.101.36 crores is outstanding as at 31/03/2009, as claims against the Bank not acknowledged as Debts, including Rs. 88.70 crores being in the nature of a contingent liability on account of proceedings pending with Income Tax authorities. Of this, claims amounting to Rs. 29.04 crores, for which relief was granted to the Bank, has been appealed against by the Income Tax Department. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.
2.	Liability on account of forward exchange	The Bank enters into foreign exchange contracts and the notional amount of these contracts which are outstanding on the balance sheet date are disclosed under this head.
3.	Guarantees given on behalf of constituents, Acceptances, Endorsements and Others	As a part of its commercial banking activities, the Bank issues Letters of Credit and Guarantees on behalf of its customers.
4.	Other items for which the Bank is contingently liable.	These include: i. Value dated purchase of securities ii. Option contracts

* Also refer Schedule - 12.

10. FLOATING PROVISIONS, CUSTOMER COMPLAINTS AND AWARDS PASSED BY BANKING OMBUDSMAN:

10.1 Floating Provisions:

There are no floating provisions during the current year or in the previous year.

10.2 Customer Complaints +:

Sr. No.	Particulars	As at 31/03/09	As at 31/03/08
(a)	No. of Complaints Pending at the beginning of the year	**8**	7
(b)	No. of Complaints Received during the year	**417**	198
(c)	No. of Complaints Redressed during the year	**420**	197
(d)	No. of Complaints Pending at the end of the year	**5***	8

* Out of 5 pending complaints, 3 pertain to CDRF and 2 at contact centre.

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

10.3 Awards passed by the Banking Ombudsman+:

Sr. No.	Particulars	As at 31/03/09	As at 31/03/08
(a)	No. of unimplemented Awards at the beginning of the year	**–**	–
(b)	No. of Awards passed by Banking Ombudsman during the year	**–**	–
(c)	No. of Awards implemented during the year	**–**	–
(d)	No. of unimplemented Awards Pending at the end of the year	**–**	–

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

11. STAFF RETIREMENT BENEFITS:

The contribution to employees Providend Fund amounted to Rs. 4.37 crores for the year ended March 31, 2009 (Previous year Rs. 3.25 crores).

The Company has a gratuity trust approved by Income Tax namely “Development Credit Bank Ltd. Staff Gratuity Fund”. Every employee who has completed 5 years or more of service gets gratuity on departure at half month’s last drawn salary for each completed year of service, subject to a cap of Rs. 3.50 lakhs for employees joined after 01.04.2006.

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

(Rs. in crores)

Particulars	31/03/2009	31/03/2008
Opening obligations as on 01-04-2008	**8.09**	9.14
Interest Cost	**0.46**	0.70
Current Service Cost	**1.11**	1.28
Past Service Cost	**–**	–
Benefits Paid	**(2.50)**	(2.93)
Actuarial (gain) loss on Obligation	**(1.51)**	(0.10)
Present Value of obligation 31-03-2009	**5.65**	8.09
Fair value of plan Assets 01-04-2008	**7.87**	8.93
Expected Return on plan assets	**0.56**	0.69
Contributions	**2.23**	1.37
Benefits Paid	**(2.50)**	(2.93)
Actuarial gain (Loss) Plan Assets	**(2.12)**	(0.19)
Fair value of plan Assets 31-03-2009	**6.04**	7.87
Cost for the year		
Current Service Cost	**1.11**	1.28
Interest Cost	**0.46**	0.70
Expected Return on plan assets	**(0.56)**	(0.69)
Net Actuarial (gain) loss recognised in the year	**0.61**	0.09
Past Service Cost	**0.22**	–
Expenses Recognised in the statement of Profit & Loss	**1.84**	1.38

Particulars	**31/03/2009**	31/03/2008
Balance sheet – Details of provision for Gratuity		
Defined benefit obligation	**5.65**	8.09
Fair value of planned Assets	**6.04**	7.87
	(0.39)	0.22
Less: Unrecognised past service cost	**0.22**	–
Planned (Assets)/Liability	**(0.61)**	0.22
Actual return on Plan Assets	**(1.56)**	0.50
Assumptions		
Discount Rate	**6.70% P.A.**	8.00% P.A.
Expected Return on Plan Assets	**8.00% P.A.**	8.00% P.A.
Mortality	**LIC (94-96)**	LIC (94-96)
	ULTIMATE	ULTIMATE
Future Salary Increases	**5% P.A.**	8.25% P.A.

The Company expects to contribute Rs. 2.25 crores to gratuity in 2009-10.

All the plan assets are invested by the gratuity trust namely "Development Credit Bank Ltd. Staff Gratuity Fund" in Government securities created and issued by any State Government and/or units of mutual funds set up as dedicated funds for investment in Government securities and regulated by the SEBI.

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

12. DETAILS OF SINGLE BORROWER LIMIT (SBL), GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE BANK

During the year ended March 31, 2009, the Bank had no single borrower and group borrower, which exceeded the prudential exposure limits prescribed by RBI.

13. OTHER MATTERS

13.1 Amount of Provisions made for Income tax (including Deferred Tax) during the year (Rs. in crores)

Particulars	**31/03/2009**	31/03/2008
Provision for tax	**0.41**	(3.22)

13.2 Disclosure of Penalties imposed by RBI

No penalties have been imposed by the RBI on the Bank.

13.3 Employees' Stock Options

The Shareholders of the Bank had approved an ESOP plan Phase I in November 2005, enabling the Board and/or the Nomination Committee to grant such number of equity shares and/or equity linked instruments including options of the Bank not exceeding 4% of the Issued Capital or 60,00,000 Equity Shares of the Bank. The Shareholders, at the Annual General Meeting held in September 2006, had approved an additional 3% of the Issued Capital, aggregating the total Equity Share Capital reserved for all ESOPs to 7% of the Issued Capital from time to time. As the shares of the Bank were subsequently listed, confirmation of Shareholders was obtained at the Extra-Ordinary General Meeting held on 15th December, 2006, in line with the guidelines of the Securities & Exchange Board of India. Pursuant thereto, during the year the Nomination Committee of the Bank granted 3,45,000 options under Sub Plan 1 and 5,02,500 options under Sub Plan 2 at a price of Rs. 115.25 per option on April 1, 2008, 2,02,500 options under Sub Plan 2 at a price of Rs. 115.25 per option on May 6, 2008, 4,00,000 options under Sub Plan 1 and 2,83,550 options under Sub Plan 2 at a price of Rs. 48.80 per option on July 16, 2008, 3,25,000 options under Sub Plan 1 and 1,52,050 options under Sub Plan 2 at a price of Rs. 23.65 per option on October 31, 2008 and 94,050 options under Sub Plan 2 at a price of Rs. 18.80 per option on January 29, 2009.

Under the stock option scheme, options vest in a graded manner over a 5 year period, with 40% at the end of the 3rd year from the date of grant, 30% at the end of the 4th year from the date of the grant and 30% at the end of the 5th year from the date of the grant for Sub Plan 1 & 30% at the end of the 2nd year from the date of grant, 30% at the end of the 3rd year from the date of the grant, 20% at the end of the 4th year from the date of the grant and 20% at the end of the 5th year from the date of the grant for Sub Plan 2.

Method used for accounting for ESOP

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

Activity in options outstanding under Employees Stock Option Plan

Particulars	Stock options outstanding			
	31/03/2009		31/03/2008	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Options outstanding at the beginning of the year	83,93,017	46.58	59,62,574	40.00
Granted during the year	23,04,650	72.64	29,06,193	75.79
Exercised during the year	–		–	
Forfeited/Lapsed during the year	36,06,802	53.30	4,75,750	52.14
Options outstanding at the end of the year	70,90,865	51.66	83,93,017	46.58
Options exercisable	21,46,920	25.85	–	

Summary of stock options outstanding as on March 31, 2009 is given below:

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
Rs. 17.00 – Rs. 24.00	2,830,450	23.31	2.15
Rs. 25.00 – Rs. 109.00	3,345,615	58.08	3.30
Rs. 110.00 – Rs. 200.00	914,800	115.88	3.97

There are no stock options exercised during the year ended March 31, 2009.

Fair value Methodology

The fair value of options used to compute proforma net income and earnings per equity share have been estimated using the binomial option pricing model. The Bank estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for ESOPs granted during the year ended March 31, 2009 are:

Dividend Yield	-
Expected Volatility	49% - 63%
Risk Free Interest Rate	6.32%
Expected life of options	1 - 2 years

Impact of Fair Value Method on Net Profit and EPS

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

(Rs. in crores)

Net Profit/(Loss) (as reported)	(88.10)
Add: Stock based compensation expense accounted	0.82
	(87.28)
Less: Stock based compensation expense determined under fair value based method (pro forma)	2.54
Net Profit/(Loss) (pro forma)	(89.82)

The options granted before the listing of the Bank's equity on the stock exchange has not been fair valued for the purpose calculating the impact on Net profit and EPS.

Basic earnings per share (as reported)	Rs. (5.05)
Basic earnings per share (pro forma)	Rs. (5.15)
Diluted earnings per share (as reported)	Rs. (5.05)
Diluted earnings per share (pro forma)	Rs. (5.15)

13.4 Securitisation:

Advances/Receivables relating to retail assets portfolio as at March 31, 2009
– Rs. 50.12 crores (previous year - Rs. 71.74 crores)

13.5 Details of "Provisions & Contingencies" debited to Profit & Loss Account (Rs. in crores)

Particulars	31/03/2009	31/03/2008
Loan Loss Provisions	149.41	49.82
Sacrifice in One Time Settlement	0.21	13.05
Provision for Fringe Benefit Tax	1.09	1.03
Depreciation on Investments	3.53	3.07
Provision for Standard Assets	(2.75)	7.23
Provision for Other Assets	9.89	0.30
Provisions for Restructure Advances*	1.28	–
Provision for Income Tax	0.41	(3.22)
Provision for Assets Acquired in Satisfaction of Debts	0.35	–
Total	**163.42**	**71.28**

* Provision for restructured advances includes NPV provision on standard advances of Rs. 0.42 crores.

14. PRIVATE PLACEMENT OF BONDS

i) During the year the Bank has not raised any subordinated debt. The subordinated debts raised through private placement of Bonds are Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes to augment capital adequacy.

ii) The details of such outstanding subordinated debt are given below:

(Rs. in crores)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as on 31/03/2009	Equivalent Amount as on 31/03/2008
I (Option I)	31-03-2003	8.00	63	-	66.00
II (Option I)	30-09-2003	7.00	68	18.00	18.00
II (Option II)	30-09-2003	7.30	92	26.00	26.00
III (Option I)	31-03-2004	7.00	75	46.00	46.00
III (Option II)	31-03-2004	7.15	99	10.00	10.00
Total				**100.00**	**166.00**

15. ASSETS TAKEN UNDER OPERATING LEASE

(Rs. in crores)

Particulars	31/03/2009	31/03/2008
Minimum Lease Rent payable		
Payable not later than 1 year	13.27	12.60
Payable later than 1 year but not later than 5 years	48.99	52.54
Payable later than 5 years	13.79	23.51

16. FIXED ASSETS

The Fixed Assets (premises) has been revalued by an external valuer on 31st March, 2009 adopting Fair Market Value basis. The revalued amount of Rs. 83.42 crores has been substituted for historical costs of Rs. 31.41 crores.

17. DRAW DOWN FROM RESERVES

The Bank has not undertaken any draw down from reserves during the current year.

18. Net overnight open position outstanding as on March 31, 2009 is Rs. 1.20 crores (Previous year Rs. 4.69 crores).

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

20. The figures of previous year were audited by a firm of Chartered Accountants other than S. R. Batliboi & Co.

These are the Notes appended to and forming part of the Financial Statements for the year ended March 31, 2009.

Place: Mumbai

Date: June 19, 2009

Cash Flow Statement for the year ended 31st March, 2009

(Rs. in 000's)

		31/03/2009	31/03/2008
Cash Flow from Operating Activities			
Net Profit/(Loss) for the year		**(880,955)**	383,302
Adjustments for:			
Depreciation on Fixed Assets		**150,481**	133,059
Depreciation on Investments		**35,346**	30,727
Provision for Income Tax (including wealth tax)		**4,053**	(32,242)
Provision for Fringe Benefit Tax		**10,902**	10,315
Loss/(Profit) on Sale of Fixed Assets		**(47,272)**	(102,498)
Provision for Loan Losses		**1,494,125**	(628,681)
Provision for Standard Assets		**(27,471)**	72,347
Provision for Other Assets		**102,430**	2,998
Provision for Restructure Advances		**12,819**	–
Amortization of Premium on Investment		**132,693**	168,973
ESOP Compensation		**8,161**	16,407
Lease Terminal Adjustment		**–**	21,996
Leave Encashment Transition Liability		**–**	(48,379)
Adjustments for:			
(Increase)/Decrease in Investments		**4,960,314**	(3,078,995)
(Increase)/Decrease in Advances		**6,454,565**	(13,476,184)
Increase/(Decrease) in Deposits		**(14,279,590)**	16,596,479
Increase/(Decrease) in Borrowings		**(812,864)**	2,724,051
(Increase)/Decrease in Other Assets		**(298,346)**	(51,581)
Increase/(Decrease) in Other Liabilities & Provisions		**(243,231)**	721,962
Refund/(Payment) of Direct Taxes		**(10,902)**	–
Net Cash generated from Operating Activities	**A**	**(3,234,742)**	**3,464,056**
Cash Flow from Investing Activities			
Purchase of Fixed Assets		**(179,109)**	(407,842)
Proceeds from sale of Fixed Assets		**79,240**	148,282
Net Cash Flow from Investing Activities	**B**	**(99,869)**	**(259,560)**
Cash Flow from Financing Activities			
Proceeds from Issue of Capital		**–**	2,734,165
Repayment of Subordinated Debt		**(660,000)**	–
Net Cash Flow from Financing Activities	**C**	**(660,000)**	**2,734,165**
Net Increase/(Decrease) in Cash & Cash Equivalent	**A + B + C**	**(3,994,611)**	**5,938,661**
Cash and Cash equivalent at the beginning of the year		**10,615,530**	**4,676,869**
Cash and Cash equivalent at the end of the year		**6,620,919**	**10,615,530**

As per our report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per Surekha Gracias
Partner
Membership No. : 105488

Place : Mumbai
Date : June 19, 2009

Nasser Munjee
Chairman

Murali M. Natrajan
MD & CEO

Narayan K. Seshadri
Director

Bharat Sampat
EVP & CFO

H.V. Barve
V.P. & Company Secretary

BASEL II – Pillar 3 Disclosures

I. SCOPE OF APPLICATION

Development Credit Bank Limited ('the Bank') is a commercial bank, which was incorporated on 31st May, 1995. The Bank has no subsidiary.

II. CAPITAL STRUCTURE

Equity Capital :

The Bank has authorised share capital of Rs. 300.00 crores comprising 30,00,00,000 equity share of Rs.10/- each. As on March 31, 2009, the Bank has issued, subscribed and paid-up capital of Rs. 174.30 crores, constituting 17,42,98,854 shares of Rs.10/- each.

During the year the Bank has not raised any equity capital.

The provisions of the Companies Act, 1956 and other applicable laws and regulations govern the rights and obligations of the equity share capital of the Bank.

Lower Tier 2 Capital :

Subordinated Debt

As on March 31, 2009, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible Bonds) aggregating Rs.100 crores the details of which are stated below:

(Rs. in crores)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as on 31/03/09
II (Option I)	30.09.2003	7.00	68	18.00
II (Option II)	30.09.2003	7.30	92	26.00
III (Option I)	31.03.2004	7.00	75	46.00
III (Option II)	31.03.2004	7.15	99	10.00
Total				**100.00**

Composition of the Capital – Tier I and Tier II as on March 31, 2009

(Rs. in crores)

Tier I Capital	
Paid up Share Capital	174.30
Reserves	359.20
Gross Tier I Capital	533.50
Deductions	
Amounts deducted from Tier I capital	16.97
Net Tier I Capital	516.53
Tier II Capital	
Lower Tier II Bonds	–
Subordinated debts	25.60
General Provisions / IRA and Revaluation Reserves	55.52
Gross Tier II Capital	81.12
Deductions	–
Net Tier II Capital	81.12
Total eligible capital	597.65
Debt Capital instruments eligible for inclusion in Upper Tier 2 Capital	–
Total amount outstanding	–
Of which amount raised during the current year	–
Amount eligible to be reckoned as capital funds	–
Subordinated debt eligible for inclusion in Lower Tier 2 Capital	–
Total amount outstanding	100.00
Of which amount raised during the current year	–
Amount eligible to be reckoned as Capital funds	25.60
Tier I Capital Funds	516.53
Tier II Capital Funds	81.12
Total Eligible Capital Funds	597.65

III. CAPITAL ADEQUACY

Capital requirements for Credit Risk, Market Risk and Operational Risk as on March 31, 2009

Risk Type	Rs. in crores
Capital requirements for Credit Risk	390.34
Portfolio Subject to Standardised approach	389.15
Securitisation exposures	1.19
Capital requirements for Market Risk	4.74
Standardised Duration Approach	–
Interest Rate Risk	1.59
Foreign Exchange Risk (including gold)	3.15
Equity Risk	–
Capital requirements for Operational Risk	9.27
Basic Indicator Approach	9.27
Total Capital requirements at 9%	404.35
Total Capital Funds	597.65
CRAR	13.30%

Under Basel II, Bank's CRAR works out to be 13.30% as on March 31, 2009, which is lower by 0.14% as compared to 13.44% under Basel I.

IV. RISK MANAGEMENT FRAMEWORK

Bank is exposed to various types of risk such as Credit, Market, Operation, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. We have a Risk Management Department in place which oversees all types of risks in an integrated fashion.

The overall objective of the Risk Management function is:

- To integrate the sound principles of Risk Management system and practices into the overall functioning and set up of the Bank.
- To facilitate a long term view of risks and its management from a long term perspective.
- To provide the necessary base for the Board to convey its overall Risk Philosophy and Risk Appetite which will facilitate the executive management to fix the contours of risk.
- To provide a framework for the linkage between different types of risks across products and processes.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Committee of Directors on Risk Management (RMC) set up to focus upon risk management issues. BOD decides / revises the composition of RMC, frequency and quorum for meetings of RMC etc. from time to time. BOD oversees the functioning of RMC. BOD oversight of implementation of approved strategies and policies are the primary tool of ensuring compliance to BOD approved strategies and policies.

BASEL II – Pillar 3 Disclosures (contd.)

Committee of Directors on Risk Management (RMC):

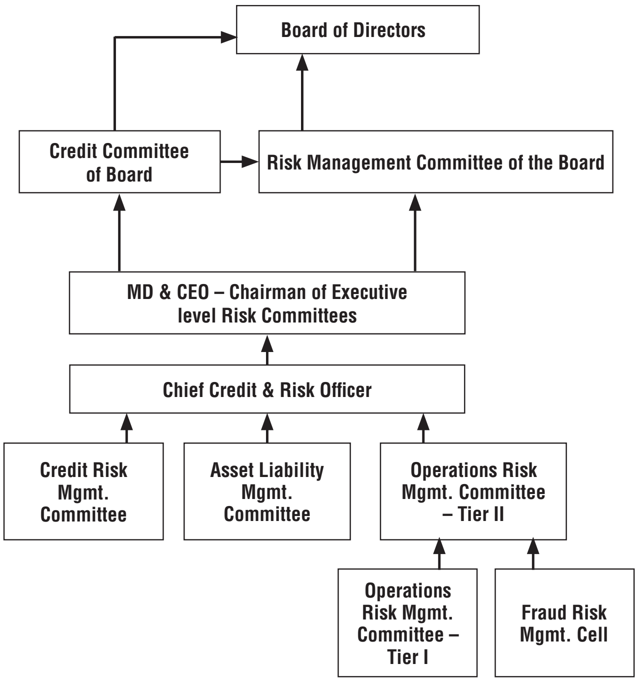
The Committee of Directors on Risk Management (RMC) is the primary tier to oversee implementation of BOD approved strategies and policies, recommend setting up of tolerance limits wherever required, monitoring of implementation of strategies and policies as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of Executive Level Committees for risk management. For this purpose, the minutes of the meetings of the Executive Level Committees are placed before RMC regularly. Matters relating to Credit risk are routed through the Credit Committee of Board (CCB) which also approves individual credit exposure in excess of executive delegated lending authority.

Executive Level Committees:

At Executive Management level, the organisational responsibilities for implementing and monitoring BOD approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

1.	Asset Liability Committee (ALCO)	All aspects of Market Risk management, monitoring & control
2.	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk management, monitoring & control
3.	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk management, monitoring & control

All the Executive level Committees meet at least once in a month. ALCO however meets more frequently depending upon market conditions. Managing Director is the Chairman of these meetings.



V. CREDIT RISK

Credit Risk defined

Credit risk is defined as the possibility / probability of losses associated with diminution in the credit quality of borrowers or counterparties. In bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality.

Credit Risk Management

Bank's Credit Risk Management Policy focuses on identification, measurement, monitoring and mitigation of credit risk, irrespective of its manner of manifestation. The Bank adopts an integrated approach to Credit Risk Management, which encompasses:

- Establishment and Articulation of *Corporate Priorities.*
- Institution and inculcation of an appropriate *Credit Culture*
- Determination of specific *Credit Risk Strategy* and *Profile*
- Implementation of appropriate *Credit Risk Controls*

Corporate Priorities

The Key Corporate Priority is to achieve Growth with Quality. To achieve this, the Bank has adopted a *Middle Path*, with balance maintained between growth ambition and risk containment, and accordingly neither to be driven solely by aggressive gain in market share as its primary objective, nor to adopt too conservative or restrictive a risk stance with avoidance of risk as its main objective. The Bank only enters those lines of business that it understands and finds acceptable within its risk appetite, and desist from areas where risks are disproportionately higher to returns.

Credit Culture

The Bank encourages building up of a Value and Performance driven culture at all levels within the Organisation, discipline to operate within laid down policy guidelines at all times, even at the expense of perceived or real short-term gains. The credit culture is top-down driven and Top Management invariably 'Walk the Talk'.

Credit Strategy and Risk Profile

The Bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation of and growth of Shareholder Funds, with a proper balance between risk and reward. Financial resources are allocated to best optimise the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of Target Markets/Segments.
- Establishing of characteristics of desirable customers within the target market.
- Assessing whether adequate resources are available to support the business.
- Ensuring that all Economic and Regulatory requirements are complied with.
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management.

The bank adopts a Qualitative Credit Assessments based upon empirically proven scoring models for homogenous groups of borrowers and specific identified sectors.

BASEL II – Pillar 3 Disclosures (contd.)

Credit Risk Controls

Credit risk controls focuses on identification, measuring, monitoring and managing the assumed risks and includes:

- A documented Loan Policy
- Approval process with delegated authorities.
- Asset quality and risk rating system
- Effective loan administration to ensure past-due management and bad loan detection.
- A loan review mechanism
- Portfolio management tools to manage portfolio risks.

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact.
- Established credit policy to have a minimum standard for assuming risk.
- Reliance on the competence of staff to identify and make sound credit decisions.

There is a clear separation in functional responsibilities between

- origination and sales
- credit assessment and approvals and
- post-sanction loan administration

The bank relies upon formal and conventional risk assessment, viz.:

- The capacity and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst case scenario'.
- Transparency and communication of all relevant facts-negative as well as positive- necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.

Know your Customer 'KYC' forms the bedrock of initiating and sustaining any relationship.

The Bank's selection of personnel and systems of rewarding performance is aligned to meet the Bank's stated key priorities.

There is a commitment to training and upgradation of staff skills.

Strong 'Ownership' of exposures is encouraged, through rewards as well as strong accountability.

The Bank encourages use of contemporary and appropriate Technology to measure, monitor and manage risks and to remain abreast of technological advancements in the industry.

Overdue Defined:

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.

i) Total Gross Credit Risk Exposure (Rs. in crores)

Particulars	
Fund Based *	5,479.38
Non-Fund Based **	6,863.80
Total Exposures	**12,343.18**

Note:

* Fund Based exposure includes Gross advances, Investment in HTM category, Deposit with banks, Fixed Assets and other assets.

** Non-fund based exposure includes Market and Non-market related exposures.

ii) Geographical Distribution of Exposures

(Rs. in crores)

Particulars	**Domestic**	**Overseas**
Fund Based	5,479.38	–
Non-Fund Based	6,863.80	–
Total Exposures	**12,343.18**	**–**

iii) Industry-Wise Distribution of Exposures

(Rs. in crores)

Industry Name	**Fund Based**	**Non-Fund Based**
Agriculture & Forestry	335.98	206.16
Automobiles	–	14.17
All Engineering	33.98	153.19
Cement	7.27	0.65
Chemicals, Dyes etc.	53.85	107.43
Coal	0.20	7.85
Cotton Textiles	–	0.05
Computer Software	2.51	63.8
Construction	103.09	48.51
Drugs & Pharma	44.14	20.31
Electricity	12.70	18.54
Electronics	0.12	315.38
Fertilisers	5.00	2.58
Food Processing	55.80	189.86
Iron & Steel	25.30	233.15
Jewellery	10.61	187.15
Leather & Leather Products	1.93	0.02
Manufacturing-Others	167.14	38.42
Mining	11.31	0.02
Other Metal & Metal Products	10.67	22.22
Paper & Paper Products	6.99	0.93
Power	13.67	35.06
Roads & Ports	8.10	289.03
Rubber	23.51	0.02
Sugar	–	–
Tea	8.46	–
Textiles - others	30.38	108.04
Telecommunications	26.61	24.24
Vegetable Oils	14.62	114.41
NBFCs	141.31	–
Wholesale & Retail Trade	258.10	283.62
Banking	–	4,049.84
Others	2,066.70	329.14
Residual assets	1,999.33	–
TOTAL GROSS CREDIT EXPOSURE	**5,479.38**	**6,863.80**

BASEL II – Pillar 3 Disclosures (contd.)

iv) Residual Contractual Maturity break down of assets

Assets	Next Day	2-7 Days	8-14 Days	15-28 Days	29 Days - 3 Months	3 Months - 6 Months	6 Months - 1 Year	1-3 Years	3-5 Years	Above 5 Years	TOTAL
Cash	29.59	–	–	–	–	–	–	–	–	–	**29.59**
Balance with RBI	34.43	8.42	9.68	10.65	12.95	11.88	34.95	125.23	1.74	0.54	**250.47**
Balances with Other Banks	42.83	319.93	–	0.05	–	5.19	0.08	5.19	-	0.07	**373.34**
Investments	0.14	85.47	100.68	66.72	250.40	124.18	58.91	296.30	261.98	376.95	**1,621.73**
Advances (excl. NPA provisions)	241.26	24.20	12.60	56.14	350.51	372.53	410.22	1,373.90	245.75	186.91	**3,274.02**
Fixed Assets	–	–	–	–	–	–	–	–	–	148.93	**148.93**
Other Assets (net)	10.18	1.02	32.17	0.76	1.63	3.99	5.24	169.88	0.19	19.89	**244.95**
Total	**358.43**	**439.04**	**155.13**	**134.32**	**615.49**	**517.77**	**509.40**	**1,970.50**	**509.66**	**733.29**	**5,943.03**

v) Advances and provisions

(Rs. in crores)

Particulars	31/03/2009
(i) Amount of NPAs (Gross)	
a. Substandard	265.33
b. Doubtful 1	4.67
c. Doubtful 2	8.58
d. Doubtful 3	0.01
e. Loss	26.97
(ii) NPA Ratios	
a. Gross NPAs to gross advances (%)	8.78%
b. Net NPAs to Net Advances (%)	3.88%
(iii) Movement of NPAs (Gross)	
a. Opening balance	63.43
b. Additions during the year	327.24
c. Reductions during the year	85.11
d. Closing balance	305.56
(iv) Movement of Net NPAs	
a. Opening balance	26.98
b. Additions during the year	145.06
c. Reductions during the year	45.03
d. Closing balance	127.01
(v) Movement of provisions for NPAs (excluding provision on Standard Assets)	
a. Opening balance	30.69
b. Provisions made during the year	159.68
c. Write-off/ write-back of excess provisions	27.37
d. Closing balance	163.00

Movement of provision held towards depreciation on investments:

(Rs. in crores)

Particulars	31/03/2009
(i) Opening balance	8.00
(ii) Add: Provision made during the year	4.40
(iii) Less: Write-off/write-back of excess provision during the year (including depreciation utilized on sale of securities)	12.39
(iv) Closing balance	0.01

vi) For portfolios under the standardised approach:

Names of credit rating agencies used, plus reasons for any changes:

Bank has used the ratings of the following domestic external credit rating agencies for the purposes of risk weighting their claims on domestic entities for capital adequacy purposes:

a) Credit Analysis and Research Limited;

b) CRISIL Limited;

c) FITCH Ratings; and

d) ICRA Limited.

Types of exposure for which each agency is used:

Bank has used the solicited ratings assigned by all the above approved credit rating agencies to risk weight all the eligible exposures (both on balance sheet and off balance sheet) to domestic entities for both short term and long term claims.

A description of the process used to transfer public issue ratings onto comparable assets in the banking book:

- Bank has used short term ratings for assets with maturity of less than one year and long-term ratings for assets maturing beyond one year as accorded by the approved external credit rating agencies.
- The chosen rating for the exposure has been used for both Risk Management purposes and Risk Weighting purpose.
- Bank has not cherry picked ratings. If Bank has chosen one CRA (Credit Rating Agencies) for a given “type of claim” then it has not used the rating of another CRA for the same type of claim. Bank has not used one rating of a CRA for one exposure and another CRA’s rating for another exposure on the same counter party unless only one rating is available for a given exposure.
- Notwithstanding the repayable on demand tag Cash Credit exposures has been subjected to Long-term rating.
- If an issuer has a long term external credit rating that warrants RW of 150%, all unrated exposures on the same issuer whether long or short is assigned the same 150% Risk Weight (RW) unless mitigated by recognised Credit Risk Mitigation (CRM) techniques.
- Bank has used only solicited rating from the recognised CRAs. (i.e. where the issuer has requested the CRA for the rating and has accepted the rating given by CRA). In case the issuer has multiple ratings from CRAs chosen by the bank, bank has chosen (if there are two ratings) one with

the higher RW. If there are three or more ratings with different RW the second lowest RW has been chosen.

- Where the issuer has a rating by a CRA for a specific investment instrument with RW lower than unrated exposure, but the bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided it ranks pari passu or Senior to the specific rated exposure and the maturity of bank's claim is not later than the rated exposure.
- If either the issuer or a single issue has been rated with a RW equal or higher than unrated claims, a claim on the same issuer which is unrated but ranks pari passu or junior to the rated exposure has been assigned the same RW as the rated exposure.
- No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored into the rating by the CRA.

Risk weight wise distribution of Gross Credit Exposure

(Rs. in crores)

Below 100% Risk weights	7,570.16
100% Risk weights	4,200.12
More than 100% Risk weights	572.90
Total Exposure	**12,343.18**

vii) Credit Risk Mitigation :

The general qualitative disclosure requirement with respect to credit risk mitigation including:

- policies and processes for collateral valuation and management;
- a description of the main types of collateral taken by the bank;
- the main types of guarantor counterparty and their creditworthiness; and
- information about (market or credit) risk concentrations within the mitigation taken

Bank has Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) policy in place approved by the board. The Bank uses a number of techniques to mitigate the credit risk. Exposures may be collateralized in whole or in part by cash or securities or deposits or guarantees from the counterparty or a third party etc.

The general principles applicable for use of credit risk mitigation techniques are as under:

(i) No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned a higher capital requirement than as otherwise identical transaction where such techniques are not used.

(ii) The bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes are made available on claims for which an issue-specific rating is used that already reflects that CRM.

(iii) Principal-only ratings have not been taken in the CRM framework. The rating should cover principal and interest.

Bank has therefore put in place robust procedures and processes to control these risks, including strategy; consideration of the underlying credit; valuation; policies and procedures; systems; control of roll-off risks; and management of concentration risk arising from the use of CRM techniques and its interaction with the bank's overall credit risk profile.

Eligible financial collateral

The following eligible collateral instruments are used for recognition in the comprehensive approach:

(i) Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) or deposits with the bank itself.

(ii) Gold: Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99 purity.

(iii) Securities issued by Central and State Governments.

(iv) Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.

(v) Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

(vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either:

a) Attracting 100 per cent or lesser risk weight i.e., rated at least BBB (-) when issued by public sector entities and other entities (including banks and Primary Dealers); or

b) Attracting 100 per cent or lesser risk weight i.e., rated at least PR3 / P3/F3/A3 for short-term debt instruments.

(vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:

a) issued by a bank;

b) listed on a recognised exchange;

c) classified as senior debt;

d) all rated issues of the same seniority by the issuing bank are rated at least BBB (-) or PR3/P3/F3/A3 by a chosen Credit Rating Agency;

e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or PR3/P3/F3/A3 (as applicable);

f) Banks should be sufficiently confident about the market liquidity of the security.

(viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's operation mutual funds where:

a) a price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and

b) Mutual fund is limited to investing in the instruments listed in this paragraph.

Eligible Financial Collateral

(Rs. in crores)

Exposure before applying eligible financial collateral	2,147.75
Exposure after applying eligible financial collateral	1,991.75

viii) Disclosure for standardized approach – Securitisation

The bank had undertaken some securitization deals, under which bank had transferred some commercial loans through securitization which had been

BASEL II – Pillar 3 Disclosures (contd.)

paid off and is nil as of 31st March, 2009. Bank has acquired some home loan portfolio under securitization.

Break-up of total outstanding exposures securitized by exposure type: Sold Portfolio

(Rs. in crores)

Exposure Type	Amount
	NIL

Break-up of total outstanding exposures securitized by exposure type: Bought Portfolio

(Rs. in crores)

Exposure Type	Amount
Home Loans	14.02

ix) Market Risk in Trading Book

a. Market risk management policy

Risk management policies

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies are reviewed periodically to incorporate therein, changed business requirements, economic environment and revised policy guidelines.

Risk management objectives

The objectives of Market risk management are as follows:

1. Proper management of Liquidity.
2. Management of interest rate risk and exchange risk of the investment portfolio.
3. Proper classification and valuation of investment portfolio.
4. Adequate and proper reporting of investments and derivative products.
5. Compliance with regulatory requirements.

Structure and Organisation of the market risk management function

The Board, through Risk Management Committee, approves the policies with regard to identification, measurement and control of market risks (Interest Rate Risk and Foreign Exchange Risk) and Liquidity Risk. Market Risk department is an independent function and reports to Chief Credit & Risk Officer. The market risk department exercises independent control over the process of market risk management and recommends changes in processes and methodologies for measuring market risk.

Strategies and processes

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading i.e. front Office,
- Monitoring & control i.e. middle office and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

1. Direct involvement of experienced line management.
2. Stringent controls and limits.
3. Strict segregation of front, middle and back office duties.
4. Comprehensive periodical reporting of positions.
5. Regular independent reviews of all controls and limits.
6. Rigorous testing and auditing of all pricing, trading and risk management.

The scope and nature of risk reporting and measurement systems

Reporting

The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its various regulators in compliance with regulatory requirements.

Measurement

The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee by Market Risk Management Department. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

b. Capital requirements for market risk (March 31, 2009)

(Rs. in crores)

For interest rate risk	1.59
For equity position risk	–
For foreign exchange (including gold) risk	3.15

x) Operational Risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank has developed a Board approved Operational Risk Management Policy to guide in management of Operational Risk .The policy is reviewed annually by **Risk Management Committee (RMC)** to make it more responsive to changing environment. The Bank has identified **Key Operational Risk Indicators (KORIs)** across various units, which are measured, monitored regularly and reported in **Operational Risk Management Committee (ORCO)** meeting monthly. The Bank has a robust system of reporting Operational Risk events across various units through identified Operational Risk Officers, who are given adequate training to identify and report such events as and when they occur. The Bank has very effective system of recording and reporting operational losses booked. The Bank also collects qualitative data on self assessment of operational risk faced by various units through **Risk & Control Self Assessment (RCSA)** exercise.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. All the new and existing process are subjected to rigorous review by **Process Development Committee (PDC)** and **Process Approval Committee (PAC)**, which comprise of senior management team with vast diversified experience in Banking. Atmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective Internal Audit. New products and services are also invariably subjected to Risk review.

The Market dynamics and competitive intensity requires Banks to provide customers with an array of products, services and delivery channels which has led to Outsourcing some of the services. The Bank has a comprehensive Outsourcing Policy directing on the evaluation process of the Outsourced Vendors, entering into agreement, monitoring their services, periodic inspection by the concerned Units and Reporting to RMC and ACB on a half-yearly basis. The Policy is subjected to annual review by RMC.

The Bank understands the criticality of business continuity in occurrence of any undesirable event and has put in place an exhaustive **Business Continuity Plan (BCP),** which is subject to periodic drills. The Bank has robust Information Technology with **Disaster Recovery site (DR)** for critical functions and backups, further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the **'Basic Indicator Approach (BIA)'** for assessment of Operational Risk Capital. The Bank has taken quantitative and qualitative steps in view of moving towards advanced approaches as prescribed by RBI.

Capital requirement for operational risk (March 31, 2009)

(Rs. in crores)

Capital required for operational risk as per Basic Indicator Approach	9.27

xi) Interest rate risk in the banking book (IRRBB)

Interest rate risk is the potential change in Net Interest Income or Economic Value of Equity (Balance Sheet Impact), caused by unexpected changes in market interest rates. Since NII or NIM of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on repricing dates exposes Bank's NII or NIM to interest rate risk. Interest rate risk results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets & liabilities in different maturities and different repricing dates.

Risk management framework & monitoring:

The Board of the Bank, through Risk Management Committee (RMC), has overall responsibility for management of risks and it set limits and policies for management of liquidity risk, market risk including Foreign exchange, interest rate, equity and commodity prices. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Managing Director and comprising of senior executives of the Bank is responsible for deciding the mix & maturity profile of the assets & liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board. The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk & foreign exchange risk. Amendments to ALM policy can be made based on the recommendations of the business unit, with the approval of the authority mentioned in the Policy. The amendments are then presented to the RMC for information.

Market Risk Management department is responsible for monitoring the limits laid down in the ALM Policy through various reports. These reports are prepared at regular intervals and exceptions/deviations are reported to the ALCO/RMC, as may be required by the ALM policy.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book through various limits, reports & tools such as Interest rate sensitive gaps, Earnings at Risk analysis, Duration gap analysis, Stress testing, etc. detailed as follows:

Interest rate sensitivity gap:

The Interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets & liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets & rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off balance sheet exposure). The rate sensitive assets & liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The direction of the gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

Earnings at Risk Analysis (ERA):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the Earnings at Risk on NII for 1% change in interest rates on the open periodic gaps.

Stress Testing:

The Bank measures the impact on net interest margin (NIM) / EaR after taking into account various possible movement in interest rates across tenor and their impact on the earnings is calculated for each of these scenarios. These reports are prepared on a monthly basis for measurement of interest rate risk.

Duration Gap Analysis:

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-balance sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following tables show the impact on NII & economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

A. Impact on NII

Currency	Change in interest rates (in bps) Impact on NII (Rs. in crores)			
	(100)	(50)	50	100
INR	(9.27)	(4.63)	4.63	9.27
USD	0.49	0.24	(0.24)	(0.49)
JPY	0.01	0.00	(0.00)	(0.01)
GBP	0.01	0.00	(0.00)	(0.01)
EUR	0.01	0.00	(0.00)	(0.01)
Total	**(8.75)**	**(4.37)**	**4.37**	**8.75**

B. Impact on Economic Value of Equity

Currency	Change in interest rates (in bps) Impact on Economic value of equity* (Rs. in crores)			
	(100)	(50)	50	100
INR	39.93	19.97	(19.97)	(39.93)

* No major exposure in foreign currencies

DEVELOPMENT CREDIT BANK LIMITED

Corporate Office & Registered Office: 301 Trade Plaza, 414, Veer Savarkar Marg, Prabhadevi , Mumbai – 400 025.

ATTENDANCE SLIP

Reg. Folio/DP ID & Client ID	
Name and address of the Shareholder	

1. I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Bank being held on Friday, September 18, 2009, at 3.00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.
2. Signature of the Shareholder/Proxy Present
3. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
4. Shareholder/Proxy holder desiring to attend the meeting may bring his/her copy of the Annual Report for reference at the meeting.

Note: PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING.

DEVELOPMENT CREDIT BANK LIMITED

Corporate Office & Registered Office: 301 Trade Plaza, 414, Veer Savarkar Marg, Prabhadevi , Mumbai – 400 025.

PROXY FORM

FOR OFFICE USE ONLY	
REGD. FOLIO / DP ID & CLIENT ID	
PROXY NO.	
NO. OF SHARES	

I/We ______________________________ of ______________________________ in the district of ______________________________ being a member/members of DEVELOPMENT CREDIT BANK LIMITED, hereby appoint ______________________________ of ____________________ in the district of ____________________ or failing him ____________________ of ____________________ in the district of ____________________ or failing him ____________________ of ____________________ in the district of ____________________ as my/our proxy to attend and vote for me/us on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Bank to be held on Friday, September 18, 2009, at 3.00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 and any adjournment thereof.

Signed this ____________________ day of ____________________ 2009.

Affix revenue stamp

Signature ____________________

Note: The Proxy Form must be deposited at the Registered Office of the Bank not less than 48 hours before the time for holding the meeting.

BOOK-POST

DCB

ANNUAL REPORT 2008-2009

If undelivered, please return to:

DEVELOPMENT CREDIT BANK LTD.
Share Department
Ground Floor, Next to DCB ATM,
154, S.V. Patel Road (E),
Dongri, Mumbai - 400 009.

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