



THE RISE



ANNUAL REPORT 2006-2007

THE RISE

*Rising from its past, DCB is taking flight in a new and competitive market-place.
Like a phoenix, DCB has EMERGED.*

*We began to spin the wheel last year and completed a process of re-engineering,
which has turned around the Bank from a period of successive losses to one of profit.*

*This is only the beginning; we intend to drive the Bank towards our vision of being
the gold standard in customer service. We have established a renewed commitment
from our employees, received encouragement from our customers and confidence
from our investors.*

*We fully intend to take this further based on our total commitment to the three core
values: Integrity, Professionalism and Confidentiality.*

Report



junction.com

CONTENTS

Vision & Mission	1
Chairman's Statement	2
Company Information	4
From the Managing Director & Chief Executive Officer	5
Senior Management	6
Profile	9
Products & Services at a glance	11
Directors' Report	13
Partners in Progress	21
Performance Highlights	22
Corporate Governance	23
Auditors' Report	35
Balance Sheet	36
Profit & Loss Account	37
Schedules	38
Cash Flow Statement	56



Feel the difference

Report  junction.com

VISION

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

MISSION

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

Chairman's Statement



Dear Shareholders,

This is the third Statement that I am presenting to shareholders as Chairman of DCB. Two years ago, when I took over, you will remember DCB had reported a loss of Rs. 160 crores and was viewed with great concern by major shareholders, regulators, employees and customers. At the first stormy AGM that I chaired in 2005, I asked for one year to bring some order and vision for the Bank and to steer a course that would give a new sense of direction and confidence to that same constituency.

I am happy to report that the past year and a half has been an intensive period of restructuring and re-emergence for DCB. Major management changes were instituted soon after the new CEO had been appointed and provisions made for non-performing assets. A private equity placement in February

2006 underscored the new DCB story and brought in much needed capital to see us through the first half of 2006. This was followed by a public issue in September 2006 which infused the capital so desperately needed to turn around the Bank. I am very grateful, especially to our promoters, for their unstinting support and to those existing shareholders, new investors and customers who have placed confidence in the management team in DCB for their support over a very difficult period for the Bank.

The current year has seen the beginnings of a transformation. I am happy to report that this year DCB has made a small though significant profit of Rs. 7.26 crores (after providing Rs. 10.5 crores as additional provision on standard assets as directed by the RBI) compared with a net loss of Rs. 85.2 crores last year. With very vigorous efforts in loan recoveries, the Special Assets Group brought net non performing assets down from 4.13% to 0.86% (with standard asset provision) during the year. As this report indicates, the Bank transformed an operating loss of Rs. 19.7 crores to an operating profit of Rs. 40.3 crores. *DCB has turned around.*

A public issue of capital of Rs. 187 crores at the end of September strengthened the balance sheet further and took the net worth of the Bank to Rs. 330 crores. The success of the public issue, at a time when markets were just recovering, signaled the new found confidence of a range of pedigree investors in the Bank. The additional capital allowed the Bank to begin lending operations and product delivery to customers which effectively began only in November 2006. Just four months of active operations has produced the results you see today.



On all parameters the Bank has made significant progress. Total assets, advances and deposits grew by around 41% over the previous year indicating that operations of the Bank began to gain traction after the infusion of much needed capital.

We decided, in the light of the substantial turnaround this year, we would mark the occasion in our annual report by symbolizing this re-emergence with the rising Phoenix, to take flight once again. DCB has re-emerged as a new Bank, in a new era, with new objectives. Everything has changed – the management, the ethos, our markets, our products and services, our expanded constituency, our look and feel and not least of all our vision for the future in an unfolding landscape. This landscape is a highly competitive one as the Indian banking system has itself transformed and strengthened over recent years but it offers new opportunities that were not available previously. DCB intends to seize these opportunities to drive growth vigorously on a trajectory which will meet “best practice” parameters within a two year period. Our base line “Feel the Difference” has been met from almost all parameters we might choose to adopt. We intend to keep following this precept in the years ahead in a process of continuous improvement in our products, services and service management – the manner in which we deliver our services.

Growth is very essential to DCB – substantial and steady growth. The Bank needs to achieve a critical mass which will allow it to play a significant role in its chosen business strategy. The next year will concentrate on growth opportunities that are at the same time profitable. Profitable growth is the new benchmark at the Bank.

In terms of its developmental role, the Bank intends to enter the field of micro finance in a major way. This year the Bank met its priority sector targets. Next year we wish to meet sub-targets as well – such

as direct lending to agriculture. We intend to do both profitably and we believe it is possible to do so. We intend to consolidate operations in our four major locations – Maharashtra, Gujarat, Andhra Pradesh and Goa and begin to explore some new geographies such as Rajasthan and Uttar Pradesh.

DCB has emerged. It is professionally managed, it is now profitable and it offers a range of services to meet the needs of the profile of our customers. Our Board of Directors is gradually being restructured and we can now reasonably say that we have an eminent and professional Board. All the ingredients are in place for the major growth objectives we seek. One of my favourite quotations is from Seneca (a Roman philosopher and statesman in the 4th century BC): “If you do not know to which port you are sailing, no wind is favourable”. I would like to believe that we know precisely to which port we are destined and we have built the wherewithal to arrive safely.

Nasser Munjee
Chairman

Place: Mumbai

Date: May 3, 2007

Company Information

CHAIRMAN

Mr. Nasser Munjee

DIRECTORS

Ms. Nasim Devji

Mr. Shabir Suleman Kassam

Dr. Vijay Kelkar

Mr. Amin Manekia

Mr. R. A. Momin

Mr. A. A. Sabuwala

Mr. Narayan K. Seshadri

Mr. Anuroop Singh

Mr. D. E. Udawadia (w.e.f. 27-01-2007)

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. Gautam Vir

SENIOR MANAGEMENT

Mr. Adil Kasad: Executive Vice President & Chief Financial Officer (CFO)

Mr. D. K. Vasal: Executive Vice President & Head - Legal & Compliance

Mr. Harihar Krishnamoorthy: Executive Vice President & Head - Treasury & Financial Institutions Group

Mr. Pravin Batra: Executive Vice President & Head - Corporate & Business Banking Group

Mr. P. N. Vasudevan: Executive Vice President & Head - Consumer Banking Group

Mr. Parag Patankar: Executive Vice President & Chief Operations and Technology Officer (COTO)

Mr. R. Venkatesh: Executive Vice President & Head - Human Capital

Mr. Susheel Kak: Executive Vice President & Chief Credit & Risk Officer (CCRO)

COMPANY SECRETARY

Mr. H. V. Barve

STATUTORY AUDITORS

M/s. N. M. Rajji & Co., Mumbai



From the Managing Director & Chief Executive Officer



Dear Shareholders,

It gives me great pleasure to welcome you to our enlarged family of shareholders and I would like to thank all of you for having shown confidence in DCB and faith in our ability to manage your Bank.

The year 2006 - 2007 was a make or break year in the history of DCB. Not only have we turned around a loss making bank in record time, but more importantly, we have secured the confidence and credibility of our shareholders, regulators and the financial community. We achieved this near impossible feat with the collective hard work and dedication of our incredible team of DCBians, the transparency, leadership, support and guidance of our Chairman and other colleagues on the Board and the whole hearted commitment of our promoter, AKFED. I take this opportunity to thank them for their contribution in our remarkable turnaround story, probably a case study in the Indian Financial Services Industry.

Our business partners have also ably supported us in our journey and I take this opportunity to thank all of them. Our customers have stood by us through thick and thin and their loyalty is reflected in our growing numbers.

DCB acquired over 1,62,000 customer accounts and received permission to open eight new branches this year. We rolled out various products in the consumer, corporate and agriculture spheres. We are now well poised to enter the micro finance sector with an extremely capable and dynamic team at the helm. DCB has a robust technology and software support which has recently been upgraded to the latest version. The year also saw the roll out of DCB's new Vision and Values across all branches and offices pan India, aligning all our employees towards the common goal of achieving GOLD standard in customer service in Indian Banking.

The economic environment is changing and we will see greater challenges in the years ahead. With a clear strategy focused on Customer Service, SME sector, mass market, mass affluent customers in the western region and within the footfall of our branches, we are confident of achieving significant growth in the coming year.

Once again, I would like to thank you for being a part of our family and assure you of our commitment to excellence, growth and high quality earnings in the years ahead.

Gautam Vir
Managing Director & CEO

Place: Mumbai
Date: May 3, 2007

Senior Management

Mr.. Gautam Vir – Managing Director & Chief Executive Officer (CEO)

Mr. Gautam Vir has over 29 years of banking experience across India, Asia Pacific, Middle East and Eastern Europe. He returned to India after 14 years in 2005 as Managing Director & CEO of the Development Credit Bank (DCB).

Mr. Vir is credited with turning around DCB. The Bank had a successful IPO in October 2006 against all odds.

Prior to joining DCB, he was the CEO of Hebros Bank (Sofia, Bulgaria) from 2000-2005. Mr. Vir has held very senior positions in Citibank N.A., Singapore, and Standard Chartered Bank, Dubai, where he was Head Personal Banking. He was involved in setting up the Citibank NRI business in India and after that from 1988 to 1991 was Vice President and Area Director, Eastern India, and commenced their retail business there.

Gautam Vir is an alumnus of St. Xavier's College, Kolkata, where he did his B.A. (Hons.) in Economics and also holds a P.G.D.M. from IIM Kolkata.

Mr. Adil Kasad – Executive Vice President & Chief Financial Officer (CFO)

Mr. Kasad brings with him over 22 years of top management experience across Finance, Corporate Secretarial, Legal, Compliance and other general management functions. He started his career with A. F. Ferguson & Co., Chartered Accountants in 1985. Prior to joining the Bank, Mr. Kasad was Senior Vice President & CFO of Countrywide's BPO and IT Services Operations in India.

A top ranking FCA, FCS, AICWA and LLB, Mr. Kasad is an alumnus of St. Xavier's School and Sydenham College of Commerce & Economics. He is also a member of the National CFO Guild of Senior Financial Professionals.

Mr. D. K. Vasal – Executive Vice President & Head - Legal & Compliance

Mr. Vasal is a B.Com., an LLB and a CAIIB. He has headed the legal departments of new generation private sector banks and the Standard Chartered Bank for ten years. Prior to joining the Bank, he was the Head Legal Counsel of Vedanta Resources Plc. (Sterlite Group).

Mr. Harihar Krishnamoorthy - Executive Vice President & Head - Treasury & Financial Institutions Group

Mr. Krishnamoorthy is a B.Com., an A.C.A., and a CAIIB. He has over 22 years of experience in banks such as the Standard Chartered Bank and Commerzbank.

Mr. Pravin Batra - Executive Vice President & Head - Corporate & Business Banking Group

Mr. Batra holds a B.E. degree and has also done his MMS. He has 20 years of banking experience, out of which 17 have been with Citibank NA in India and overseas in various capacities. Prior to joining the Bank, he was with IndusInd Bank as Senior Vice President & Head of Corporate Banking.

Mr. P. N. Vasudevan - Executive Vice President & Head – Consumer Banking Group

Mr. Vasudevan holds a B.Sc. degree and is also an Associate Company Secretary and a law graduate. He has 20 years of experience with Cholamandalam Investment & Finance Co. Ltd., where he last worked as Vice President - Financial Services Group.



Mr. Parag Patankar - Executive Vice President & Chief Operations and Technology Officer (COTO)

Mr. Patankar is a B.Tech. from IIT, Kanpur and has a PGDBM from IIM, Ahmedabad. He has 14 years of experience in the areas of project finance, banking and technology in organizations including ICICI Bank and 3i Infotech (formerly ICICI Infotech). Prior to joining the Bank, he was the Director, CIO & Business Head of Apnaloan.com, a company in the financial services industry co-founded by him.

Mr. R. Venkatesh - Executive Vice President & Head - Human Capital

Mr. Venkatesh holds a B.Com. degree and is an MBA in Personnel Management. Prior to joining the Bank, he was with Standard Chartered Bank as Head, Human Resources - Countries. He has over 15 years of experience in the areas of Human Resource Management and Mergers and Acquisitions.

Mr. Susheel Kak - Executive Vice President & Chief Credit & Risk Officer (CCRO)

Mr. Susheel Kak brings with him around 30 years of corporate and commercial banking experience. He has worked with several large nationalised, private and foreign banks.

Prior to joining the Bank, Susheel Kak was the Head of Corporate Banking, at IDBI Bank Ltd. Prior to this, he was with the Deutsche Bank AG (DB) holding various positions before taking over as Director & Head, Corporate Relationship and Global Banking, Northern Region. He also worked as Acting CEO of DB Financial Services Co., a joint venture of DB with the Unilever Group (Brooke Bond India Ltd). Mr. Susheel Kak is a CAIIB and holds a Bachelor's degree in Arts and Law from Mumbai University.

Left to Right(Standing): Adil Kasad, Harihar Krishnamoorthy, R. Venkatesh and Susheel Kak.

Left to Right(Seated): Parag Patankar, Pravin Batra, Gautam Vir and D. K. Vasal.



RISE

*The emergence from the thickets
of the past...*

REPORT  junction.com

integrity ♦ transparency ♦ customer-centricity & confidentiality ♦ team-work & respect for others ♦ creative & simple

www.reportjunction.com