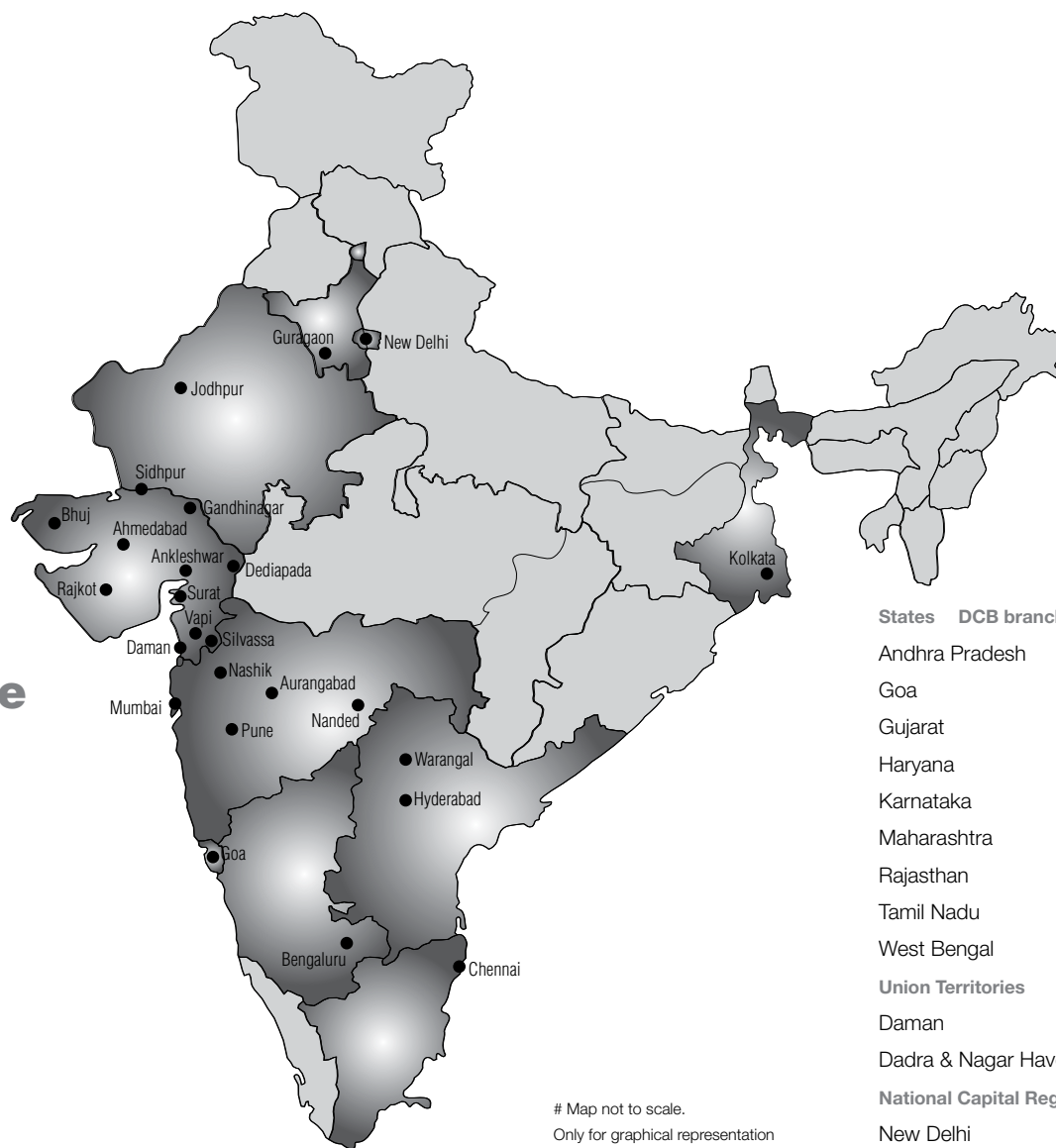


**DEVELOPMENT CREDIT  
BANK**



## DCB presence in India



States	DCB branch network
Andhra Pradesh	10
Goa	4
Gujarat	12
Haryana	1
Karnataka	4
Maharashtra	35
Rajasthan	1
Tamil Nadu	2
West Bengal	3
<b>Union Territories</b>	
Daman	1
Dadra & Nagar Haveli	1
<b>National Capital Region (NCR)</b>	
New Delhi	6

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## **Vision**

Our vision is to be the most innovative and responsive neighbourhood community Bank in India serving entrepreneurs, individuals and businesses.

## **Values**

- Treat Everyone with Dignity – Respect
- Do What is Right – Ethical
- Be Open & Transparent – Fair
- Sense of Urgency, Passion & Energy – Dynamic
- Go the Extra Mile, Find Solutions – Stretch
- Improve Continuously – Excellence
- Play as a Team, to Win – Teamwork
- Support the Society – Contribute

## COMPANY INFORMATION

### Board of Directors

Mr. Nasser Munjee  
*Chairman*

Mr. Murali M. Natrajan  
*MD & CEO*

Ms. Nasim Devji

Mr. A. A. Sabuwala

Mr. D. E. Udhwadia

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. Abhijit Bose  
*Head Retail Assets*

Mr. Anoop Prabhakar  
*Head Corporate Banking*

Mr. J. K. Vishwanath  
*Chief Credit Officer*

Mr. Praveen Kutty  
*Head Retail & SME Banking*

Mr. Rajesh Verma  
*Head Treasury, Correspondent Banking  
& Trade Finance*

Mr. Ravi Kumar  
*Chief Internal Auditor*

Mr. R. Venkatesh  
*Head HR, Technology & Operations*

Mr. Sachin Patange  
*Chief Compliance Officer*

Mr. Sridhar Seshadri  
*Financial Controller*

### Company Secretary

Mr. H. V. Barve

### Statutory Auditors

S.R. Batliboi & Co.

## CHAIRMAN'S STATEMENT 2011

Over the past five years, DCB has attempted to emerge from very difficult circumstances. In this period, the world experienced possibly the worst financial crisis in living memory. The consequences of the meltdown were felt on the Indian economy, though briefly, during 2008 and 2009. For an emerging bank, the negative effects of the economic turmoil were not easy to absorb on a delicate small Balance Sheet. We quickly recognized the challenges and took timely corrective actions. A new CEO was appointed with a clear mandate to reshape the Bank's Balance Sheet and give a new vigor and direction to the Bank. For a period of 6 to 9 months it was necessary to somewhat shrink parts of the Balance Sheet before setting off on a steady growth path again in a new direction. We chose to provide conservatively for Non Performing Advances (NPAs), we exited non-core businesses and substantially reduced manpower. We strengthened the management team at the senior and middle levels, most importantly we re-oriented the Bank towards Current and Savings Accounts (CASA) and retail deposits in order to improve the cost of funds and provide stable deposits. We upgraded the Finance team and empowered the senior and middle management to drive the contours of a new business model.

I am delighted to report that the above actions are starting to yield results. Based entirely on the new strategy and approach, the Balance Sheet has expanded to ₹ 7,372 Crore as on 31 March 2011 from ₹ 6,137 Crore as on 31 March 2010. We have made substantial progress in de-risking the Balance Sheet by replacing unsecured Personal Loans, Commercial Vehicle Loans and Construction Equipment Loans with secured advances. Branch Banking, Retail Mortgages, MSME (Micro Small Medium Enterprise) and SME (Small Medium Enterprise) have performed admirably well. We stabilized the Corporate Bank and continued to meet our Priority Sector Lending obligations. In line with our strategy, DCB has a balanced portfolio with almost equal contribution from Retail Mortgages, MSME/SME and Corporate Bank. We are extremely proud of the performance of the Bank in its core segment namely MSME and SME. We have supported the growth of advances by providing high quality Trade Finance and Cash Management services. We continue to manage our Treasury function efficiently taking measured risks and ensuring adequate liquidity at affordable costs. In the coming year, more attention will be paid to fee income generation which can help to further improve the financial performance of the Bank. Last year, we had emphasized the core philosophy of the Bank as being neighborhood banking. Steadily this approach is getting engrained in every branch seeking to understand its neighborhood and striving to offer the best in class products and services.

We are systematically tackling NPAs. Gross NPAs have fallen from 8.69% as on 31 March 2010 to 5.86% as on 31 March 2011. Importantly, Net NPAs are now below 1% and stand at 0.97% on 31 March 2011 as against 3.11% in the previous year. The unsecured Personal Loans NPAs have been 100% provided and the overall Provision Coverage Ratio for DCB stands at 87.64% as on 31 March 2011.

The focus of attention of DCB is to achieve a CASA and Retail deposit led growth of the Balance Sheet. This was not easy. The economy at times witnessed severe liquidity challenges during the second half of the FY 2011. However, DCB managed to grow Retail CASA by 15.5% and maintained CASA ratio at 35.2% which is considered better than other banks of similar size. We continued to rely on Retail deposits which contributed 81.2% of the Total Deposits as on 31 March 2011. These results clearly demonstrate the hard work, intensive concentration on the task at hand and a major commitment of our management team and staff. It is precisely this dynamic that will drive DCB to scale greater heights in coming years.

The bottom line of all these efforts is the fact that the Bank's financial performance improved substantially and as against a Loss of ₹ 78.45 Crore in FY 2010, we delivered a Profit of ₹ 21.43 Crore in FY 2011.

We are continuing to invest time and effort behind ensuring that the branches, frontline and the support functions such as Operations, Technology, Credit, National Processing Center and Product Teams are working closely with each other to deliver the best possible service to our customers.

The processes in the Finance department, controls, reporting standards and MIS have been significantly improved over the last two years. This is in a way evident from the fact that we could announce annual results within a fortnight of the close of the financial year. Clearly, there is a lot of hard work being put in by all the functions namely Finance, Operations, Technology, Marketing, Audit, Credit, Human Resources and Administration.

The theme of our Annual Report this year is Defining Partnerships. Successful enterprises are based on forging these partnerships to drive a common agenda. DCB continues to do this through the concept of neighborhood banking. The front cover of our annual report this year is somewhat counterintuitive – plants do not pop out of pools of water. It requires a vision, a dream and much determination to make the impossible happen. It also suggests rebirth – bursting forth into the clear air and light using a workable algorithm. We think DCB is achieving just that – a catharsis which has enabled it to breathe again and play its part in the banking industry in India.

**Nasser Munjee**  
Chairman

April 13, 2011

## NOTICE TO MEMBERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of DEVELOPMENT CREDIT BANK LIMITED ("the Bank") will be held at Rama Watumall Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 on Wednesday, June 1, 2011 at 2.30 p.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Audited Profit and Loss Account and Cash Flow Statement of the Bank 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. Rajabbhai A. Momin, who retires by rotation, and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Narayan K. Seshadri, who retires by rotation, and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Suhail A. Nathani, who retires by rotation, and, being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors of the Bank and authorize 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 including any statutory modification or re-enactment thereof for the time being in force, 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 of the Bank at a remuneration and on the other terms and conditions as may be fixed by the Board of Directors."

### Special Business:

#### 6. Appointment of Branch Auditors

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, including any statutory modification or re-enactment thereof for the time being in force, ("the Act") the Board of Directors of the Bank be and is hereby authorized 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 a remuneration and on the other terms and conditions as may be fixed by the Board of Directors."

#### 7. Issue of Securities/Shares, including issue of Securities/Shares to Qualified Institutional Buyers

To consider, and if thought fit, to pass, with or without modification, 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 including 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"),

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 VIII of ICDR Regulations, 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 rights 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 Chapter VIII of ICDR Regulations, 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 ₹ 300 Crore (Rupees Three Hundred Crore only) or equivalent thereof in one or more foreign currency and/or Indian Rupees, inclusive of such premium as may be fixed on the 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-organization 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 authorized 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 ICDR Regulations:

- (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 ICDR Regulations 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 ICDR Regulations from time to time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization 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 utilization 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 authorized 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 authorized 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 authorized to form a committee or delegate all or any of its powers to any Director(s) or Committee of Directors/ Company Secretary/other person authorized by the Board to give effect to the aforesaid Resolutions and is authorized 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 pursuance 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."

Place: Mumbai  
Date: April 27, 2011

By Order of the Board of Directors  
For Development Credit Bank Limited

Registered Office:  
301, Delta Plaza,  
414, Veer Savarkar Marg,  
Prabhadevi, Mumbai - 400 025

H. V. Barve  
Company Secretary

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**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/HERSELF AND SUCH 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 item nos. 6 and 7 of the Notice is annexed hereto.
- 5) The Register of Members and Share Transfer Books of the Bank will remain closed from Wednesday, May 25, 2011 to Wednesday, June 1, 2011 (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 (Final 2002-2003) Account has already been transferred to IEPF in November, 2010. The Balance in Unclaimed Dividend (Final 2003-04) Account will be due for transfer as per above, in the month of November 2011. Members are requested to take note thereof and ensure prompt collection of their 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, Kantilal Maganlal Estate, C-13 Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078, and Members holding shares in dematerialized form should approach their respective depository participants for the same.



**Details of Directors seeking re-appointment in the Annual General Meeting scheduled on Wednesday, June 1, 2011  
(Pursuant to Clause 49 (IV) (G) (i) of the Listing Agreement)**

<b>Name of Director</b>	<b>Mr. Rajabbhai A. Momin</b>	<b>Mr. Narayan K. Seshadri</b>	<b>Mr. Suhail Nathani</b>
<b>Date of Birth</b>	30-01-1944	13-04-1957	03-05-1965
<b>Date of Appointment</b>	13-01-2005	30-09-2004	29-01-2009
<b>Expertise in Specific Functional Area</b>	Co-operation, Accounting & Audit	Accountancy, Finance and Risk Management	Law
<b>Qualification</b>	B. Com., F.C.A.	B. Sc., Chartered Accountant	M.A. in Law
<b>Board Membership of Other Public Limited Companies as on March 31, 2011</b>	1. Platinum Jubilee Investments Limited	1. PI Industries Limited 2. Magma Fincorp. Limited 3. Kalpataru Power Transmission Limited 4. Wabco TVS (India) Limited 5. SBI Capital Markets Limited 6. TVS Investments Limited 7. IRIS Business Services Limited	1. Phoenix Mills Limited
<b>Chairman/ Member of the Committee of the Board of Directors of the Bank as on March 31, 2011</b>	Chairman: NIL  Member: 1. Credit Committee 2. Shareholders' Grievance Committee 3. Customer Service Committee	Chairman: 1. Audit Committee 2. Risk Management Committee 3. Fraud Reporting & Monitoring Committee Member: 4. Capital Raising Committee 5. Nomination Committee	Chairman: 1. Customer Service Committee  Member: 1. Executive Committee 2. Capital Raising Committee 3. Audit Committee 4. Shareholders' Grievance Committee
<b>Chairman/ member of the Committee of Directors of the other Companies in which he is a Director as on march 31, 2011.</b>			
<b>a. Audit Committee</b>	NIL	1. Magma Fincorp Limited (Chairman) 2. PI Industries Limited (Member) 3. WABCO-TVS (India) Limited (Member) 4. Kalpataru Power Transmission Limited (Member)	1. Phoenix Mills Limited (Member)
<b>b. Shareholders' Grievance Committee</b>	NIL	WABCO-TVS (India) Limited (Chairman)	–
<b>c. Other Committees</b>	NIL	PI Industries Limited: 1. Managing Committee (Member) 2. Remuneration Committee (Member) Magma Fincorp Limited: 1. Nomination & Remuneration Committee (Member) SBI Capital Markets Limited: 1. Committee of Directors (Member) 2. Risk Management Committee (Member)	Phoenix Mills Limited 1. Compensation Committee (Chairman)
<b>Number of Shares held in the Bank as on March 31, 2011</b>	13,841	NIL	NIL

## ANNEXURE TO THE NOTICE

Explanatory Statement as required by section 173(2) of the Companies Act, 1956, annexed to and forming part of the Notice dated April 27, 2011.

### 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 NOS. 7

The Special Resolution proposed at Item No.7 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 VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") for an amount not exceeding ₹ 300 Crore (Rupees Three Hundred Crore only) inclusive of ₹ 150 Crore (Rupees one hundred fifty Crore only) approved by Special Resolution at Item No. 9 in previous Annual General Meeting held on 1st June 2010.

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/Equity Shares. Assuming maintenance of conservative ratio of 12% capital adequacy on incremental assets, the proceeds of the issue of Securities/Equity Shares would enable the Bank to add approximately ₹ 2,500 Crore of risk weighted assets.

The proposed issuance of Securities in terms of the Special Resolution at Item No.7 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/Equity Shares 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/Equity Shares 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.

Since the Special Resolutions proposed at Item Nos.7 of the Notice 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 No.7 of the Notice.

The Directors of the Bank may be deemed to be concerned or interested in the Special Resolution at Item No.7 to the extent that their respective shareholding in the Bank may be affected in case of issue of Securities to the Investors pursuant thereto.

The Board of Directors recommends for your approval the Special Resolution at Item Nos.7 of the Notice.

Place: Mumbai  
Date: April 27, 2011

Registered Office:  
301, Delta Plaza,  
414, Veer Savarkar Marg,  
Prabhadevi, Mumbai - 400 025

By Order of the Board of Directors  
For Development Credit Bank Limited

H. V. Barve  
Company Secretary