

Proceedings of the 86th Annual General Meeting of Dhanlaxmi Bank Limited held on 27th August 2013, at 11.00 A.M, at Kosthubham Auditorium, Thrissur, 680001.

Members Present: 315

Directors Present: 7

- 1) **Mr. Tekkar Yashwanth Prabhu-Chairman**
- 2) **Mr. P.G. Jayakumar-Managing Director & CEO**
- 3) **Mr. K. Srikanth Reddy**
- 4) **Mr. K. Vijayaraghavan - Chairman, Audit Committee**
- 5) **Mr. P. Mohanan**
- 6) **Mr. Chella K Srinivasan**
- 7) **Mr. Jayakumar K**

In Attendance

Mr. Ravindran K Warriar, Secretary to Board & Company Secretary

By Invitation:

1. **Mr. Srinivasa Rao, representing M/s. Sagar & Associates, Statutory Auditor**
2. **Mr. Madhusudhanan, KSR&Co., Company Secretaries, Coimbatore,**

No. of Proxies present: 8

Mr. Tekkar Yashwanth Prabhu, Chairman presided over the meeting. Chairman ascertained whether there was proper quorum and on confirmation thereof by the Company Secretary, the Chairman called the meeting to order.

The meeting began with a prayer by Mr. Krishna Kumar V S.

The Chairman requested the members to observe silence for a minute as a mark of respect to the souls of the departed shareholders, Directors, employees and other well-wishers of the Bank.

When called upon by Chairman, Mr. Ravindran K Warriar, Company Secretary announced that 45 valid proxies from shareholders holding 2, 48, 49,424 shares have been lodged. The number of invalid proxies received was 12 representing 5318 shares.



Thereafter the Chairman introduced the Directors on the dais.

The Chairman delivering his speech outlined the global economic scenario. He highlighted the performance of banking sector in India and our Bank. He added that from a macro perspective, the year that went by was hardly encouraging for the global as well as Indian economies. Across the spectrum, growth was subdued, risks were on the ascent and recovery was too slow for comfort. Global growth projected for the year 2013 by the IMF is around 3% which remains unchanged when compared with the performance in the previous year. The key reasons for the economic fragility are the poor performance of the Emerging Market Economies, growing recession in the Euro Zone and fiscal tightening measures in US. The forecast for the year 2014 (3.8%) does not inspire much confidence in the light of certain structural weaknesses continuing to haunt the global economy.

Indian economy too was affected by the global developments and the year ended with the GDP at a decadal low of 5%. The poor performance stemmed from growing fiscal imbalances, crippling infrastructure bottlenecks, sluggish demand, supply side constraints, volatile equity markets, rising inflation and a weak rupee. As a result, the investment climate stood seriously affected. The banking sector whose fortunes are intertwined with the economy also went through a difficult phase. The prognosis for the economy for the current year is not very promising though a bountiful monsoon, fast tracking of large infra projects and other reform measures to boost FDI inflow could help turn the tide in the months to come.

Against the above backdrop, the Bank managed to acquit itself fairly well judging from the heavy odds stacked against it. It successfully emerged out of the huge losses incurred in 2011-12 through careful planning and meticulous execution. The change in the business model and a revision in the organization structure paved the way for notable improvements in key areas viz. improvement in the net interest income, reduction in operational expenses across the board, faster NPA recoveries and confidence building among the workforce. The challenge was daunting but, gratifyingly, the response was measured and adequate. The trade unions played a positive role in facilitating the transition. I should, however, add a note of caution: while the progress was noteworthy, we still have to cover considerable ground to fully emerge out of the shadows.

The Bank has a great history of over 85 years. Often perceiving challenges as opportunities, it has weathered many a storm during this long journey and consequently built a reputation for bouncing back from the difficulties on each occasion with grit and determination. The year 2012-13 saw the Bank script a saga of revival imbued with a positive outlook, a strong sense of purpose and unfailing commitment. Even amidst an array of constraints, the Bank could mobilize capital of over `Rs.100 Cr. to facilitate future business expansion. The Bank is fully back on track and stands on the threshold of a new era geared to battle challenges of the market place with renewed vigor and confidence. Powered by a resurgent workforce and state of the art technology, it has equipped itself to harness the exciting possibilities of the future in right time and in the right manner. While retail banking will be the mantra for future, the Bank would strive to continually provide a better value proposition to its constituents. The Board of the



Bank is committed to ensure that these developmental endeavors are carried to their logical conclusion.

He concluded his speech by extending unstinted support to the Bank through tough and difficult times. Going forward, this support would become crucial as the Bank navigates through a fiercely competitive landscape. He added that he have no doubt that, with your continued backing and guidance, the Bank will deliver much better results in the current year, and grow from strength to strength

Thereafter Chairman invited Mr. Jayakumar P G, Managing Director & CEO to address the shareholders.

Mr. Jayakumar P G, Managing Director & CEO thanked the shareholders for reposing the trust and confidence in the Bank during the turbulent times and sought their continued support in future also. He elaborated on the remedial measures taken by the Management and informed that the Bank could survive the toughest situation. He added that by comparing to the Net Loss of Rs.115.63 Cr. for the FY 2011-12 the Bank could mark a net profit of Rs.2.62 Cr. for FY 2012-13. The cost to income ratio has come down from 125% in Q4 of FY-12 to 87% in Q4 of FY-13. He expressed his concern over NPA which lead to the reduction in profits and assured the shareholders that the Bank is taking right & fast remedial measures to recover the NPA. He assured that during the current financial year more NPA recovery would happen as many of the procedural formalities are on the final stage. He added that the Bank has taken several remedial measures to turn around through the branch centric business model which empowered the Branches, several cost reduction measures, etc to name a few. He added that this is the stage for growth and sought the support of shareholders in all measures for this. He further told the members that the Bank is having an eminent Board of Directors and they have distinguished themselves in different walks of life through experience and expertise, well trained employees and well balanced trade union relations. He concluded his speech by thanking the shareholders for their continued trust, support and confidence reposed on the Bank and sought the same in future too.

With the consent of the Shareholders present, the Notice of the 86th Annual General Meeting dated 29 July 2013, circulated to the shareholders, was taken as read.

The Chairman proceeded to take up the business items in the order of the notice.

1. Item No.1 of Notice: To consider and adopt the Balance Sheet as at 31st March 2013 and Profit and Loss account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.

When called upon by Chairman and in compliance with Section 230 of the Companies Act, 1956, Mr. Ravindran K Warriar, Company Secretary read out the Auditors' report for the year ended 31 March 2013.

The Chairman invited the shareholders to raise their queries, if any.

Mr. Vijayarajan, a shareholder expressed his concern over the increasing trend of NPA in the Bank as the same is decreasing in other Banks. He advised to take effective



measures to reduce/prevent the NPA. He added that he would like to know the details of 4 accounts which turned to NPA for an amount of Rs.380 Cr. He also expressed his concern that no dividend has been declared by the Bank for the past 2 years. He sought clarification that whether the Bank has a separate Real Estate Policy or it is included in the Credit Policy and also the 'Provision for fraud' in the financial statements of the Bank. MD&CEO furnished the details of the 4 major accounts. MD&CEO also informed that provisions for 'NPAs and Frauds' have been made in accordance with the RBI guidelines.

Mr. Ramankutty. K. R another shareholder started his speech by congratulating the Management for the induction of 3 Kerala based Directors. Regarding the Auditors appointment, he advised the Management to have the Auditors from Kerala. He also expressed his concern over the increasing trend of NPA and advised to take effective measures to reduce the same. He congratulated the Bank for turning around by reducing the Operating costs and assured the support from shareholders

Thanking the shareholders for expressing their concern on the performance of the Bank, Chairman answered their queries one by one.

Picking up the threads, Chairman said that on the query regarding the increasing trend of NPA the Bank is taking measures for controlling the NPA; which is monitored by the Management and further by NPA Committee and Board. He added that strict and time bound procedures are following for early recovery of NPA and necessary steps are being taken to avoid increasing fresh NPA.

Regarding Dividend, Chairman said that the Bank is in the stage of growth and any dividend means a payout, which will have a strain on Capital Adequacy and the Board thought fit not to recommend any dividend.

Regarding share price, Chairman mentioned that nobody could predict the market.

He stated that the Board of Directors and the Top Management as drawn up a plan to build a stronger Bank. Your bank has a great history of 86 years and shared a hope that the bank would grow from strength to strength over the years. Chairman also observed that the MD and his team were putting in best efforts to sustained business growth and recovery of NPAs. Chairman, on behalf of the Board thanked all the share holders for the support extended by them to the Bank.

Thereafter, Mr. Anantharaman T S proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. V.R. Mahadevan.

“RESOLVED THAT the Balance Sheet of the Bank as at 31 March 2013 and Profit and Loss Account for the year ended 31 March 2013 annexed there to and the report of the Auditors' dated 17 May 2013 with Directors' Report dated 17 May 2013 attached thereto be and are hereby adopted”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.



2. Item No. 2 of Notice: To appoint a Director in place of Mr. K. Srikanth Reddy who retires by rotation and offers himself for re-appointment.

Chairman informed that as mentioned in the notice, Mr. K. Srikanth Reddy, who retires by rotation, offers himself for re-appointment.

Mr. D. Ananthasubramanian proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. G. Mahadevan.

“RESOLVED THAT Mr. K. Srikanth Reddy, be and is hereby appointed as Director whose period of office shall be liable to determination by retirement of Directors by rotation”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

3. Item No.3 of Notice: Appointment of Statutory Central Auditors for the year 2012-13 and to authorize the Board to fix their remuneration.

Mr. C K George proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. M. Vasudevan

“RESOLVED THAT M/s. Sagar & Associates, Chartered Accountants, Hyderabad, be and is hereby appointed as the Statutory Auditor of the Bank up to the conclusion of the next Annual General Meeting and that the Board of Directors be and is hereby authorized to fix their remuneration”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

4. Item No.4 of Notice: Appointment of Mr. K. Vijayaraghavan as a Director.

Mr. G. Mahadevan proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. D. Ananthasubramanian.

“Resolved that Mr. K. Vijayaraghavan who was appointed by the Board of Directors as an Additional Director on 31.10.2012 and who holds office up to the date of this Annual General Meeting of the Bank in terms of Section 260 of the Companies Act, 1956 (“Act”) and in respect of which the Bank has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Bank, be and is hereby appointed as a Director of the Bank”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously

5. Item No.5 of Notice: Appointment of Mr. P. Mohanan as a Director.

Mr. Ranganathan V P proposed the following resolution as an Ordinary Resolution which was seconded by Mr. C K George.



“Resolved that Mr. P. Mohanan who was appointed by the Board of Directors as an Additional Director on 31.10.2012 and who holds office up to the date of this Annual General Meeting of the Bank in terms of Section 260 of the Companies Act, 1956 (“Act”) and in respect of which the Bank has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Bank, be and is hereby appointed as a Director of the Bank”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

6. Item No.6 of Notice: Appointment of Mr. Chella K Srinivasan as a Director.

Mr. D. Ananthasubramanian proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. M. Vasudevan.

“**RESOLVED THAT** Mr. Chella K Srinivasan who was appointed by the Board of Directors as an Additional Director on 17.05.2013 and who holds office up to the date of this Annual General Meeting of the Bank in terms of Section 260 of the Companies Act, 1956 (“Act”) and in respect of which the Bank has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Bank, be and is hereby appointed as a Director of the Bank”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously

7. Item No.7 of Notice: Appointment of Mr. K. Jayakumar as a Director.

Mr. G. Mahadevan proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. Unnikrishnan P.

“Resolved that Mr. K. Jayakumar who was appointed by the Board of Directors as an Additional Director on 17.05.2013 and who holds office up to the date of this Annual General Meeting of the Bank in terms of Section 260 of the Companies Act, 1956 (“Act”) and in respect of which the Bank has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Bank, be and is hereby appointed as a Director of the Bank”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

8. Item No.8 of Notice: Appointment of Branch Auditors

Mr. Ranganathan V P proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. C K George.

“**RESOLVED THAT** pursuant to the provisions of Section 228 and other applicable provisions, if any of the Companies Act, 1956 (“Act”), the Board be and is hereby authorized to appoint as Branch Auditors of any branch office of the Bank, whether



existing or which may be opened hereafter, in consultation with the Bank's Auditor, any person(s) qualified to act as Branch Auditor within the provisions of Section 228 of the Act and to fix their remuneration".

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

9. Item No.9 of Notice: Implementation of Employees Stock Options Scheme, 2013.

Mr. V R Mahadevan proposed the following resolution as a Special Resolution, which was seconded by Mr. G. Mahadevan.

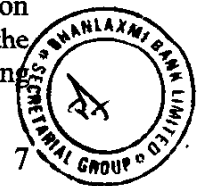
"RESOLVED THAT pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 ("the Guidelines") and pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and further subject to other applicable Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the Bank and further subject to necessary approval of stock exchanges and other appropriate authorities, consent of the shareholders of the Bank be and is hereby accorded to institute and implement the new scheme named as the Employees Stock Options Scheme, 2013 for granting Stock Options, from time to time, in one or more tranches, to eligible present and future employees of the Bank".

"RESOLVED FURTHER THAT the total number of shares created and issued under the Employees Stock Options Scheme, 2013 shall not at any time exceed a maximum of 6% of the fully paid issued share capital of the Bank, and that the holders of the Stock Options granted and vested in pursuance of the Scheme shall be entitled to exercise their Options subject to terms and conditions contained in the Scheme and thereby upon exercising their Stock Options be entitled to issue of 1 (one) fully paid up Equity Share of the Bank of Rs.10/- each for every one Option so exercised."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to introduce , the material terms whereof have been mentioned in the Explanatory Statement and subject to applicable provisions of the Guidelines and to make such modification(s), change(s), variation(s), alteration(s), or revision(s) in terms and conditions of the Employees Stock Options Scheme ,2013 including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend , withdraw, or revive the Employees Stock Options Scheme, 2013 ".

"RESOLVED FURTHER THAT the grant, vesting and exercise thereof and the price payable by the holders of the Stock Options at the time of exercising their Stock Options and other terms of grant, vesting and exercise shall be in such manner as may be determined by the Remuneration committee of the Board in terms of provisions of Employee Stock Options Scheme, 2013."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to decide on the extent of applicability or non-applicability or cessation or substitution of the Employee Stock Option Scheme, 2009 and also decide in respect of the rights accruing



to the Option grantees under the said Scheme vis-à-vis the new Scheme formulated as aforesaid.”

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Bank in terms of the Scheme shall rank pari passu in all respects with the existing fully paid Equity Shares of the Bank."

"RESOLVED FURTHER THAT in case Bank's Equity Share Capital or its valuation is affected due to any corporate actions like issue of bonus/rights shares, any split or consolidation of face value of Equity Shares or any event of merger/consolidation, capitalization or other reorganization of the Bank, offer of Equity Shares or sale of undertaking, approval is hereby accorded to the Board to make such adjustment with respect to Stock Options and take other action as it deems necessary or appropriate to reflect such corporate action, including but without limitation, the substitution of new Stock Options or adjustment of outstanding Stock Options, acceleration of exercise period or removal of restriction on outstanding Stock Options, by means of a new Scheme."

"RESOLVED FURTHER THAT the Options may be granted to eligible employees directly or through a Trust, as the Board may decide, subject to Guidelines."

"RESOLVED FURTHER THAT the Remuneration Committee as constituted by the Board be and is hereby authorized to identify the eligible employees, evolve a dynamic appraisal policy and determine the number of Stock Options and the number of tranches in which Stock Options may be granted to eligible employees in accordance with the Scheme."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such deeds, matters and things as may be necessary or expedient including getting the Equity Shares, issued upon exercise of Options, listed in one or more Stock Exchanges and to sign up agreements with Depositories and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without securing any further consent or approval of the members of the Bank in this regard, subject to the provisions of the Guidelines."

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

10. Item No. 10 of Notice: Issue of 75, 50,000 equity shares through Preferential Allotment.

Mr. Anantharaman T S proposed the following resolution as a Special Resolution, which was seconded by Mr. M. Vasudevan.

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) (the "Act"), the Banking Regulation Act, 1949, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), and the



provisions of the Securities and Exchange Board of India Act, 1992, including the rules, regulations and the guidelines notified there under and the circulars issued there under, the provisions of the Foreign Exchange Management Act, 1999 (the “FEMA”), the Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000 and any other rules, regulations notified under FEMA and circulars issued under FEMA, and subject to any approval, consent, permission and/or sanction, as may be required, from the Foreign Investment Promotion Board, Government of India, Secretariat for Industrial Assistance, Government of India, the Securities and Exchange Board of India (the “SEBI”), the Ministry of Finance (Department of Economic Affairs), the Reserve Bank of India, the Stock Exchanges, the enabling provisions of the Memorandum of Association and Articles of Association of the Bank, the listing agreements entered into by the Bank with the Stock Exchanges on which the Bank’s equity shares or any other securities are listed, subject to necessary approvals, permissions, consents and sanctions of other relevant statutory and other authorities, institutions or bodies, in India and other applicable countries, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and 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 thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent, authority and approval of the Bank be and is hereby accorded to the Board to offer, issue, and allot **75,50,000** equity shares of **Rs. 10/- each** (“Equity Shares”) (collectively referred to as “Issue Shares”) at a premium of **Rs. 40/-** per Equity Share aggregating to an amount of **Rs.37,75,00,000/-** to the investors named below (the “Investors”) on preferential allotment basis, at such time or times and on such terms and conditions and in such manner as may be decided by the Board in this connection (the “Issue”)

1	Dr.B.K.Raveendran Pillai	10,50,000
2	Mr.Mohanachandran Nair B	12,50,000
3	Mr. George N V	52,50,000

“RESOLVED FURTHER THAT the Issue Shares shall be issued and allotted by the Bank to the above-mentioned Investors, inter alia, subject to the following:

- The Issue Shares shall be allotted within such time period as specified under SEBI ICDR Regulations; and
- The Issue Shares to be issued and allotted in the manner aforesaid shall rank pari passu with the existing Equity Shares of the Bank in all respects”.

“RESOLVED FURTHER THAT the price of the Issue Shares has been calculated in accordance with provisions of Chapter VII of the SEBI ICDR Regulations. The “Relevant Date” for the purpose of calculating the price of the Issue Shares is the date 30 days prior to the date on which meeting of shareholders is held to consider proposed preferential allotment, in this case being **July 27, 2013**”.



“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of the Issue Shares, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and desirable for such purpose, including without limitation, issuing clarifications on the issue and allotment of the Issue Shares, resolving any difficulties, effecting any modification to the foregoing (including any modifications to the terms of the Issue), preparing, signing and filing applications with the appropriate authorities for obtaining requisite approvals, liaising with appropriate authorities to obtain the requisite approvals, entering into contracts, arrangements, agreements, memoranda, documents for appointment of agencies for managing, listing and trading of Issue Shares, to appoint such consultants, legal advisors, advisors and all such agencies as may be required for the issuance of the Issue Shares”.

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion. The Chairman declared that the resolution passed unanimously.

11. Vote of thanks:

Mr. D. Ananthasubramanian proposed the vote of thanks as follows.

Mr. D. Ananthasubramanian said that he has been a shareholder and well-wisher of this Bank for a long time now and was also associated with the Bank as its Chairman. He has seen this bank growing through the years.

He added that today he was happy to note that despite going through turbulent times during 2009-12, during the last financial year the Bank had turned around and posted operating profits from Q 4 of 2012 onwards. Further it has also closed the last financial year with a net profit. This has been on account of the bank showing improvement in controlling its costs amongst other things. He said that he could understand from the Annual Report that the cost to income ratio which stood at 209 % in Q4 of 2011-12 has considerably come down to a moderate 68% in Q4 of 2012-13.

Though there has been an increase in the NPA position, it is on lines with the industry level figures and a reflection of the general scenario on the economy. Bank has recovered a substantial amount of its NPAs and hope that it will put in sufficient measures for recoveries.

He added that the bank has been successful in raising capital of Rs 213 Cr. Tier I and Tier II capital till date. Further capital raising activities are planned and will be completed before the 1st half year of this financial year.

He informed that he was happy to note that the Bank has eminent personalities from the banking and financial sectors on the reconstituted Board. Their valuable experience and insight shall be surely of help to the Bank in the days to come. All these are signs of the Bank truly turning around and being on its growth path.



He concluded by commending the performance of the bank during the last year and thanked for this opportunity to thank all the employees of the Bank for having contributed wholeheartedly in the progress made by the Bank.

He also thanked the Board and Management of the Bank and the shareholders for attending this 86th Annual General Meeting of the Bank. He added that he was sure that this positive trend shall continue and bank shall make further progress in improving its performance in the years to come.

As all business of the notice having been concluded, the meeting was dissolved at 12.30 p.m.

07.09.2013

Sd/-
T Y PRABHU
CHAIRMAN

