

NOTICE

Notice is hereby given that the 86th Annual General Meeting of Dhanlaxmi Bank Limited will be held on Tuesday, August 27, 2013 at 11 a.m. at Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditor thereon.
2. To appoint a Director in place of Mr. K. Srikanth Reddy who retires by rotation and offers himself for re-appointment.

Mr. K. Srikanth Reddy was appointed as additional Director on 29.10.2007 & elected as Director at the 81st AGM held on 27.09.2008 and re-appointed at the 82nd AGM held on 31.07.2009 and at the 85th AGM held on 27.09.2012. The details of Mr. K. Srikanth Reddy who retires by rotation and offers himself for re-appointment, required under the Listing Agreement is given below.

Mr. K. Srikanth Reddy has been in civil services for over 16 years and worked in Ministries of Planning and Programme Implementation, Food Processing Industries, Defense, Communications, Welfare and Tourism and Civil Aviation. He is also running own agricultural farms in Andhra Pradesh.

Date of Birth	05.06.1953
Date of Appointment	29.10.2007
Qualification	B.Com., MBA, Long Defense Management Course
Expertise in specific functional area	Agriculture & Rural Economy
Directorships held in other Public companies (excluding foreign companies and Section 25 companies)	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	20,000

3. To appoint M/s Sagar & Associates, Chartered Accountants, Hyderabad, the retiring Auditor, as Statutory Auditor for the year 2013-14 and to authorize the Board to determine their remuneration.

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

SPECIAL BUSINESS

4. Appointment of Mr. K. Vijayaraghavan as a Director.

"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 upto 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."

5. Appointment of Mr. P. Mohanan as a Director.

"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 upto 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."

6. Appointment of Mr. Chella K. Srinivasan as a Director.

"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 upto 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."

7. Appointment of Mr. K. Jayakumar as a Director.

"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 upto 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."

8. 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 ("Act"), the Board be and is hereby authorised 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."

9. To Consider and if thought fit, to pass with or without any modification, the following resolution as a Special Resolution.

"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 ₹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 authorised 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 authorised 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 authorised 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."

10. To Consider and if thought fit, to pass with or without any modification, the following resolution as a Special Resolution.

"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 thereunder and the circulars issued thereunder, 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 ₹ **10/- each** ("Equity Shares") (collectively referred to as "Issue Shares") at a premium of ₹ **40/-** per Equity Share aggregating to an amount of ₹ **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")."

Sr. No.	Name of Investors	No. of Issue Shares proposed to be allotted
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 the 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."

By order of the Board

Sd/-

Ravindran K. Warriar
Secretary to Board &
Company Secretary

Place : Thrissur
Date : 29.07.2013

Notes:

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 10 above, are annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Bank. Proxies, in order to be effective, must be received at the Bank's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution/authority, as applicable.
3. The Register of Members and Share Transfer Books of the Bank will be closed from Saturday the 24th August 2013 to Tuesday the 27th August 2013, both days inclusive. Transfers received during book closure shall be considered after re-opening of the Register of Members.
4. Members holding shares in physical form are requested to advise any change of address, with PINCODE immediately to the Bank's Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Ltd., Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Bank or the Bank's Registrar and Share Transfer Agent.
5. The shareholders and Beneficial Owners who have not so far encashed/claimed the dividends for the financial years 2005-06, 2007-08, 2008-09, 2009-10 and 2010-11, have to submit the dividend warrant(s) if any available with them for revalidation to the Company Secretary, Dhanlaxmi Bank Ltd., Dhanalakshmi Building, Naickanal, Thrissur - 680 001.
6. In terms of Section 205C of the Companies Act, 1956 the dividends which are unclaimed for a period of seven years have to be transferred to "Investor Education and Protection Fund" (the Fund) maintained with Central Government and the shareholders/Beneficial Owners' cannot make any claim for the dividends once the unclaimed dividends are transferred to such Fund. The dividends remained unclaimed upto 2003-2004 has been transferred to the Fund.
7. Shareholders are advised to join the Government of India's Green Initiative by registering their e-mail IDs for the purpose of receipt of notices, reports and other communications from your Bank so as to cut down consumption of newspapers. If this initiative succeeds, it may do away with the printing thousands of copies of notices and annual reports and will also result in considerable savings in postal charges. Your Bank takes due note of the position those people who may not have facility to download notices and also those who are comfortable in reading only physical copies. Therefore this requirement is optional only and your Bank will continue to send physical copies of notices and reports in the usual course to those who have not registered their e-mail IDs.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 4

Mr. K. Vijayaraghavan was appointed as Additional Director on October 31, 2012. As per the provision of Section 260 of the Act, the Director shall hold office upto the date of forthcoming Annual General Meeting of the Company. He is eligible for appointment as Director whose period of office is liable to determination by retirement of directors by rotation. The Bank has received notice under Section 257 of the Act, in respect of the candidate, proposing his appointment as a Director of the Bank, along with requisite deposit.

Mr. K. Vijayaraghavan had worked as Lecturer in SD College, Alleppy, Kerala. He joined Reserve Bank of India (RBI) as officer in 1968 and worked in almost all the departments of the bank, Bankers Training College Mumbai, Central Office Mumbai, Regional Offices at New Delhi, Trivandrum, Chandigarh and Bangalore. He headed as Regional Director of Chandigarh and Karnataka. He is a specialized person in Rural Credit and Development and very closely associated with State Level Banking Committees. He retired from RBI in 2003 as Chief General Manager, Mumbai.

Mr. K. Vijayaraghavan published an article in 'Economic Times' in 1990 on "Rural Development – Latent Issues" and few articles on HRD, Priority Sector Financing, Credit Card Business and Income of Banks. He has undergone various training programs in BTC, NIRD, ASCI, IIM (A), University of Birmingham IMF Institute, Singapore.

He had served on the Boards of various Banks such as The Catholic Syrian Bank Ltd., The South Indian Bank Ltd., The Nedungadi Bank Ltd., State Bank of Travancore, South Malabar Gramin Bank, State Bank of Patiala, Himachal Pradesh Financial Corporation and Syndicate Bank as RBI Nominee.

The details of Mr. K. Vijayaraghavan, required under the Listing Agreement is given below:

Date of Birth	21.11.1945
Date of Appointment	31.10.2012
Qualification	MA, CAIIB
Expertise in specific functional area	Banking
Directorships held in other Public companies (excluding foreign companies and Section 25 companies)	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	400

The resolution at item no. 4 of the Notice is recommended for approval of the members.

Mr. K. Vijayaraghavan is interested in the Resolution at item no. 4, relating to his own appointment.

Item No. 5

Mr. P. Mohanan was appointed as Additional Director on October 31, 2012. As per the provision of Section 260 of the Act, the Director shall hold office upto the date of forthcoming Annual General Meeting of the Company. He is eligible for appointment as Director whose period of office is liable to determination by retirement of directors by rotation. The Bank has received notice under Section 257 of the Act, in respect of the candidate, proposing his appointment as a Director of the Bank, along with requisite deposit.

Mr. P. Mohanan, was a retired General Manager of Canara Bank in charge of the Bank's Operation in the state of Kerala. He has 35 years of Banking and Financial Expertise. Apart from the leading operations in the field, he worked in the Corporate Head Office at Bangalore extensively and participated in major policy decisions of the bank and their implementation during his term. While at Head Office he was part of the core team for the Bank's IPO and also contributed in the formulation of the Bank's Corporate Governance Policy. He was actively involved in the formation of various subsidiaries of the Bank and framing guidelines for their control and supervision. He held the position of Deputy General Manager of the Planning and Development Wing and also the Priority Credit Wing. Mr. P. Mohanan was also associated with the implementation of Core Banking Solutions, ATM network expansion and introduction of several technological products of the Bank.

Mr. P. Mohanan has undergone various management programs such as Executive Development Program at IIM, Ahmadabad, ISB Hyderabad and Training in Microfinance at Bank Rakia, Indonesia.

The details of Mr. P. Mohanan, required under the Listing Agreement is given below:

Date of Birth	20.04.1948
Date of Appointment	31.10.2012
Qualification	MA, LLB
Expertise in specific functional area	Banking & SSI
Directorships held in other Public companies (excluding foreign companies and Section 25 companies)	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	200

The resolution at item no. 5 of the Notice is recommended for approval of the members.

Mr. P. Mohanan is interested in the Resolution at item no. 5, relating to his own appointment.

Item No. 6

Mr. Chella K. Srinivasan was appointed as Additional Director on May 17, 2013. As per the provision of Section 260 of the Act, the Director shall hold office upto the date of forthcoming Annual General Meeting of the Company. He is eligible for appointment as Director whose period of office is liable to determination by retirement of directors by rotation. The Bank has received notice under Section 257 of the Act, in respect of the candidate, proposing his appointment as a Director of the Bank, along with requisite deposit.

Mr. Chella K. Srinivasan is a Practicing Chartered Accountant for more than 29 years and has professional expertise in Accounting, Auditing and Corporate Taxation. He has varied experience in Manufacturing, Insurance and NBFC Companies audits. On behalf of his firm, he has carried out inspection of NBFC registration as directed by Reserve Bank of India and also National Stock Exchange members on behalf of SEBI. He has rich experience in audit of Textile, Paper, Sugar, Steel manufacturing unit, Hotels and Insurance companies in the public sector.

Mr. Chella K. Srinivasan is the National Executive Vice President of the INDO-American Chamber of Commerce-IACC. He was a member of the Vision Committee of the Institute of Chartered Accountants of India. Mr. Srinivasan had handled bank audits when his firm M/s S. Viswanathan was the Statutory Auditor of the Bank of India and also Reserve Bank of India. He is handling the audit of many listed corporate entities and private companies with medium size turnover.

The details of Mr. Chella K. Srinivasan, required under the Listing Agreement is given below:

Date of Birth	07.05.1961
Date of Appointment	17.05.2013
Qualification	B. Com., FCA
Expertise in specific functional area	Accountancy
Directorships held in other Public companies (excluding foreign companies and Section 25 companies)	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	200

The resolution at item no. 6 of the Notice is recommended for approval of the members.

Mr. Chella K. Srinivasan is interested in the Resolution at item no. 6, relating to his own appointment.

Item No. 7

Mr. K. Jayakumar was appointed as Additional Director on May 17, 2013. As per the provision of Section 260 of the Act, the Director shall hold office upto the date of forthcoming Annual General Meeting of the Company. He is eligible for appointment as Director whose period of office is liable to determination by retirement of directors by rotation. The Bank has received notice under Section 257 of the Act, in respect of the candidate, proposing his appointment as a Director of the Bank, along with requisite deposit.

Mr. K. Jayakumar has served as Secretary to Government in sectors like Agriculture & Tourism and retired as Chief Secretary to the Government of Kerala. He was also a Director of NABARD and Chief Commissioner for Travancore Devaswom Board. He had also served as Agriculture Production Commissioner for over 5 years. Presently he is the Vice Chancellor of the Malayalam University.

The details of Mr. K. Jayakumar, required under the Listing Agreement is given below:

Date of Birth	06.10.1952
Date of Appointment	17.05.2013
Qualification	MA, MSc.
Expertise in specific functional area	Agriculture & Rural Economy
Directorships held in other Public companies (excluding foreign companies and Section 25 companies)	Nil
Memberships/Chairmanships of committees of other public Companies (includes only Audit Committee and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	200

The resolution at item no. 7 of the Notice is recommended for approval of the members.

Mr. K. Jayakumar is interested in the Resolution at item no. 7, relating to his own appointment.

Item No.8

In terms of Section 228 of the Companies Act, 1956, the Branch Offices of the Bank have to be audited either by Statutory Auditor or other qualified Auditors. Bank intends to entrust the Audit of Branch Offices either to the Statutory Auditor or to other qualified Auditors in consultation with Statutory Auditor on such remuneration and on such terms and conditions as the Board deems fit. The members are requested to authorise the Board of Directors of the Bank to appoint branch auditors in consultation with the Bank's Auditor and to fix their remuneration.

None of the Directors is concerned or interested in the Resolution under the above item. The Board recommends the passing of the above item as an Ordinary Resolution.

Item No. 9

Stock Options have always been recognised as an effective tool to attract, reward, retain and motivate the employees. Towards this objective, the Bank had earlier constituted an

The status of the Options as on **30th June, 2013** is as under:

Date of grant	Number of Options granted	Date of vesting	Percentage of options vested	Exercise Period	Exercise Price	Number of Lapsed Options
06.08.2009	3979225	06.08.2012	100%	Till 06.08.2019	₹ 118.35	3180436
11.05.2010	20000	11.05.2011	100%	Till 11.05.2020	₹ 144.70	20000
Total	3999225					3200436

The Remuneration Committee of Board at its meeting held on 28th February, 2012 deliberated the need to replace the said ESOP, 2009 with a new Employees Stock Option Scheme, 2013 (ESOS, 2013) with a view to overhaul the entire process and terms governing the ESOS, 2009. The price at which the options were granted under ESOP, 2009 has become unattractive and hence Remuneration Committee felt the need for replacing the ESOP, 2009 with a new ESOS, 2013. The Board of Directors is of the firm view that rewarding the employees would go a long way in rewarding the existing employees who have put in long years of service and to offer incentive to the new staff members.

The Remuneration Committee also felt the need to make the ESOS, 2013 a dynamic Scheme, such that the maximum number of Stock Options to be granted under the ESOS, 2013 is fixed as a percentage linked to the fully Paid-up Share Capital of the Bank from time to time, such that as the Share Capital accretion happens over a period of time, the number of Options available for grant under the ESOS, 2013 also increases accordingly. As such, it has been proposed to limit the maximum number of Stock Options that can be granted at any time shall not exceed 6% of the paid up share capital of the Bank at any time.

Further, the new ESOS, 2013 will enable the grantees of the options under ESOP, 2009, who are yet to exercise their options granted and vested under ESOP, 2009 within the exercise period specified there under, either to swap their options with the Stock Options granted under ESOS, 2013 which shall vest on them immediately on swap and be subject to the new exercise price and exercise period under the ESOS, 2013 or to exercise the options as per the new exercise price within the exercise period as specified under the ESOP, 2009.

The purpose of the ESOS, 2013 is to promote the success of the Bank by rewarding and motivating employees for high levels of individual performance that would have a direct bearing on the Bank's performance in a competitive landscape.

Employees Stock Option Scheme, 2009 (ESOP, 2009) on the basis of the approval by the shareholders on 31.07.2009 and as amended by the resolution of the shareholders on 22.06.2011 and in pursuance of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines").

In view of the above, the Remuneration Committee and the Board of Directors felt the need to introduce a new ESOS, 2013 in the place of the ESOP, 2009. The Remuneration Committee of the Board shall administer the scheme.

The salient features of the proposed ESOS, 2013 are as under:

(A) Total number of options to be granted

- (a) The total number of options to be granted under this scheme shall not exceed 6% of the fully paid-up equity shares of the Bank as existing from time to time. As the share capital accretion happens over a period of time, the number of Options available for grant under the ESOS, 2013 also increases accordingly.
- (b) One option entitles the holder of the option to apply for one equity share of the Bank.

(B) Identification of classes of employees entitled to participate in the ESOS

- (a) Persons who are in the employment of the Bank including the Managing Director/Whole-time/ Executive Directors are entitled to participate in ESOS, 2013.
- (b) An Employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the ESOS, 2013.

(C) Date of Grant

Date of Grant with respect to every tranche of Grant, shall mean the date next to the date on which time set out in ESOS, 2013 for issue of Award Rejection Notification expires.

(D) Requirements of vesting, period of vesting and maximum period of vesting

Grantees of the options granted and vested under ESOP, 2009 but are yet to be exercised as per the terms of the said Scheme can either:

- (i) swap their options under ESOS, 2013, which shall

- vest immediately on swap and be subject to the new exercise price to be fixed under ESOS, 2013 and exercise period as specified in ESOS, 2013; or
- (ii) exercise the options as per the new exercise price to be fixed under ESOS, 2013, within the exercise period as specified under the ESOP, 2009.

The aforesaid swapping of Options does not disentitle the grantees from getting fresh Options under ESOS, 2013, if they are otherwise eligible for grant under ESOS, 2013.

Options granted under ESOS, 2013 shall have a vesting period of three years from the Date of Grant. No Options will vest if the vesting criteria specified by the Remuneration Committee is not complied with. Vesting shall happen immediately in case of death or permanent disablement of the grantee. Vesting in case of retirement or superannuation shall happen within the vesting period or within 12 months from the date of retirement or superannuation whichever is earlier. In the event of death or permanent disability after retirement but before vesting, the whole of the options shall immediately vest. Options granted and/or vested shall lapse if the termination of the grantee arises due to a cause relating to willful or gross misconduct or neglect, felony, fraud, misappropriation, embezzlement, breach of trust, offence involving moral turpitude, willful insubordination and the like.

(E) Exercise Price or Pricing formula

At such price, in such manner, and on such terms and conditions as the Remuneration Committee may decide, provided that the Exercise Price per option shall not be less than the par value of the equity share of the Bank and shall not be more than the market price, as defined in the Guidelines.

(F) Exercise Period and the Process of Exercise

- (a) Exercise period will commence from the vesting date and extend upto three years. In case of retirement or superannuation of employees, the options of those employees shall also be exercised within 3 years from the date of vesting of options or as per the exercise period in the due course, whichever is earlier. Exercise period as regards death, permanent disability shall also be 3 years from the date of vesting of options by the legal heirs or successors or the grantee, as the case may be or as per the exercise period in the due course, whichever is earlier.
- (b) The employees shall exercise their options by giving a written notice in the prescribed form to the Remuneration Committee.
- (c) The options will expire if not exercised within the specified exercise period.
- (d) An option granted to an employee is not transferable.

(G) Appraisal Process for determining the eligibility of employees to the ESOS, 2013

The appraisal process and the criteria to be followed in respect of grant of options shall be such as may be decided by the Remuneration Committee.

The appraisal process will take into account the quantitative factors such as grade, length of service, track record and performance as per information derived from the records of the Bank and qualitative factors like potential of the Employees.

The decision of the Remuneration Committee in this matter shall be final and binding on the employees.

(H) Maximum number of options to be issued per employee and in aggregate

- (a) Under ESOS, 2013, no employee shall be entitled to get more than 0.5% (half percent) of the total number of issued and paid-up equity shares of the bank at the time of granting of the Options.
- (b) The aggregate number of options to be granted under this scheme shall not exceed 6% of the fully paid-up equity shares of the Bank from time to time.
- (c) The Remuneration Committee shall decide on the number of options to be granted to each employee within this limit based on the appraisal policy as aforesaid.

(I) Accounting Methods

The Bank shall conform to the accounting policies specified in Clause 13.1 of the Guidelines, and/or such other guidelines as may be applicable, from time to time.

(J) Method of valuation of the options

The Bank shall use the intrinsic value method for valuation of the options.

Since the Bank calculates the employee compensation cost using intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that would have been recognized if the fair value of the options had been used, will be disclosed in the Directors' Report and the impact of this difference on profits and on EPS of the Bank will also be disclosed in the Directors' Report.

Clause 6 of the Guidelines requires that any ESOS offering stock options to the employees of the Bank must be approved by the shareholders by way of a special resolution. Furthermore, as the scheme will entail further shares to be offered to persons other than existing shareholders of the Bank, consent of the members is required by way of a special resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956.

Any income tax or any other tax arising out of vesting or exercise of the stock options shall be borne by the employees.

Accordingly the resolution set as Item No.9 is being placed for the approval of shareholders by means of a Special Resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and Clause 6 of the Guidelines and all other applicable provisions of law for the time being in force.

The Board of Directors recommends the Resolution as set out in Item No.9 for the approval of the members by means of a Special Resolution.

A copy of the draft ESOS, 2013 as approved by the Board of Directors is available for inspection by the employees and the Shareholders at the Registered Office and at every Branch of the Bank during the prescribed office hours of the Registered Office/Branch.

No Director of the Bank other than the Managing Director & CEO is concerned or interested in the resolution. The Managing Director & CEO is deemed interested or concerned only to the extent of the Options that he may be entitled on the basis of the Appraisal Policy under ESOS, 2013.

Item No. 10

As a part of its future growth strategy, it is necessary for the Bank to augment long term capital for meeting strategic business needs of the Bank. Further the Bank would also require incremental capital to facilitate the additional capital requirements under Basel II norms.

The Board of Directors proposes to issue and allot **75,50,000** Issue Shares to the Investors on a preferential basis. The proceeds of the Issue are proposed to be utilized to augment the long term Tier 1 Capital Base of the Bank to meet growing business needs and to facilitate the additional capital requirements under the Basel II norms. The proposed Preferential Issue is undertaken in accordance with the SEBI ICDR Regulations.

The Bank has received inclination from the following Investors to subscribe to these Equity Shares:

Sr. No.	Name of Investors	No. of Issue Shares proposed to be allotted	Category
1	Dr. B. K. Raveendran Pillai	10,50,000	Non Resident Indian
2	Mr. Mohanachandran Nair B.	12,50,000	Resident Individual
3	Mr. George N. V.	52,50,000	Non Resident Indian

Information as required under Regulation 73 of the SEBI ICDR Regulations is as under:

a) Objects of the Issue:

The funds raised through the proposed issue of Issue Shares shall be used for

- To augment the long term Tier 1 Capital Base of the Bank to meet growing business needs; and
- To facilitate the additional capital requirements under the Basel II norms.

b) Proposal of Directors/Key Management Personnel to subscribe to the Issue:

The directors and key management personnel do not intend to apply/subscribe to any of the Issue Shares.

c) Undertakings:

The Bank hereby undertakes that it shall recompute the price of the specified securities in terms of the provisions of the SEBI ICDR Regulations where it is required to do so. The Bank also undertakes that if the amount payable on account of the recomputation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the specified securities shall continue to be locked in till the time such amount is paid by the allottees.

d) Shareholding pattern before and after the Issue:

The shareholding pattern of the Bank before and after the proposed preferential allotment of the Bank are as follows.

Pre-issue shareholding pattern of the Bank as on July 26, 2013.

Sr. No.	Description	Cases	Shares	% Equity
1	Banks	5	247077	0.23
2	Clearing Members	117	191506	0.18
3	Directors	6	21200	0.02
4	Foreign Institutional Investor	18	27265606	25.71
5	H U F	1061	1561812	1.47
6	Indian Financial Institutions	1	1075000	1.01
7	Insurance Companies	2	442277	0.42
8	Bodies Corporates	1112	16562822	15.62
9	Mutual Funds	5	539521	0.51
10	Non Resident Indians	1432	9634850	9.08
11	Resident Individuals	81223	48511118	45.74
12	Trusts	4	6830	0.01
	Total	84986	106059619	100.00

Post-issue shareholding pattern of the Bank on full subscription of the equity shares by the respective investors.

1	Banks	5	247077	0.22
2	Clearing Members	117	191506	0.17
3	Directors	6	21200	0.02
4	Foreign Institutional Investor	18	27265606	24.00
5	H U F	1061	1561812	1.37
6	Indian Financial Institutions	1	1075000	0.95
7	Insurance Companies	2	442277	0.39
8	Bodies Corporates	1112	16562822	14.58
9	Mutual Funds	5	539521	0.47
10	Non Resident Indians	1433	15934850	14.03
11	Resident Individuals	81223	49761118	43.80
12	Trusts	4	6830	0.01
	Total	84987	113609619	100.00

e) Proposed time within which allotment shall be completed:

The allotment of Issue Shares is proposed to be completed within a period of 15 days from **August 27, 2013** being the date of meeting of the shareholders for the preferential allotment of Issue Shares provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Bank within a period of 15 days from the date on which the Bank receives all approvals from the concerned authorities.

f) Identity and details of the proposed allottees with percentage of expanded capital to be held by them and change in control if any:

Sr. No.	Name	Category	Pre-Issue holding	% of Pre-Issue holding	Post Issue holding*	% of Post Issue holding*
1	Dr. B. K. Raveendran Pillai	NRI	42,00,000	3.96%	52,50,000	4.62%
2	Mr. Mohanachandran Nair	Resident	17,01,000	1.60%	29,51,000	2.60%
3	Mr. George N. V.	NRI	0	0	52,50,000	4.62%

g) Pricing of the Issue:

The issue price will be ₹ 50/- per Issue Share or any such other price as will be decided by the Board of Directors, which will be more than the minimum price as will be determined in accordance with the regulations for pricing of the Issue under Chapter VII of SEBI ICDR Regulations.

entered into by the Bank with the Stock Exchanges on which the Equity Shares of the Bank are listed, as and when it is proposed to increase the Equity Shares of the Bank by allotment of further Equity Shares, such Equity Shares shall be first offered to the existing shareholders of the Bank in the manner laid down under Section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution.

h) Change in Control:

The proposed preferential issue of Issue Shares would not result in any change in control of the Bank.

Additionally, the SEBI ICDR Regulations require matters to be stated in the resolution which is required to be passed under Section 81 (1A) of the Companies Act, 1956 and in the explanatory statement in respect of such resolution.

i) Auditor's Certificate:

The auditor's certificate required under Clause 73(2) of the SEBI ICDR Regulations certifying that the Issue is being made in accordance with the requirements contained in SEBI ICDR Regulations will be made available for inspection at the registered office of the Bank between 3.00 p.m. and 5.00 p.m. on any working day from the relevant date i.e. **July 27, 2013** up to the date of the meeting of the shareholders.

Hence, the consent of the shareholders by way of special resolution is being sought for issue of the Issue Shares on preferential basis to the investors.

The Board recommends the resolution for your approval of the members by special resolution.

j) Lock-in of proposed issue of Issue Shares:

The Issue Shares proposed to be issued to above proposed allottees shall be locked-in in terms of Regulation 78 of SEBI ICDR Regulations.

None of the Directors of your Bank shall be concerned or deemed to be interested in the said resolution.

Further the entire pre-issue shareholding of the proposed allottees, if any, shall be locked-in from the relevant date up to a period of six months from the date of preferential allotment.

As per Section 81 of the Companies Act, 1956 and the provisions of the Listing Agreement which have been

By order of the Board

Sd/-

Place : Thrissur
Date : 29.07.2013

Ravindran K. Warriar
Secretary to Board &
Company Secretary

DhanlaxmiBank 

Registered Office: Dhanlaxmi Bank Ltd., Naickanal, Thrissur – 680 001

ATTENDANCE SLIP

(Please complete the slip and hand it over at the entrance to the meeting hall)

Name & Address of the Member

Folio No. /DP ID & Client ID

I, hereby record my presence at the 86th Annual General Meeting of the Bank at Kousthubham Auditorium, Thrissur – 680 001 at 11 a.m., on Tuesday, August 27, 2013

Number of Shares Held

Signature of the Member/Proxy
(Strike out whichever is not applicable)

Shareholders who come to attend the meeting are requested to bring their copies of Annual Report with them.

DhanlaxmiBank 

Registered Office: Dhanlaxmi Bank Ltd., Naickanal, Thrissur – 680 001

PROXY FORM

I/We of in the District of being a member/members of Dhanlaxmi Bank Ltd., hereby appoint of in the district of or failing him/her of in the district of As my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf, at the 86th Annual General Meeting of the Bank to be held on Tuesday, August 27, 2013 and at any adjournment thereof.

Signed this day of 2013

Folio No./ DP ID & Client ID

Number of shares held

Signature of the Proxy

Affix 15
paise
Revenue
Stamp

Signature

- Notes: 1. The proxy to be valid should be deposited at the Registered Office of the Bank at Naickanal, Thrissur – 680 001, **at least 48 hours before the meeting.**
2. In the case of a body corporate, the proxy form should be signed by the authorized person duly enclosing thereto, a certified copy of the resolution of the Board under Section 187 of the Companies Act, 1956.