

SH: 100 / 2017-18

October 07, 2017

The General Manager Department of Corporate Services BSE Limited I Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street Fort, Mumbai – 400 001	The Manager Listing Department National Stock Exchange of India Limited 'Exchange Plaza', Bandra - Kurla Complex Bandra (E), Mumbai – 400 051
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Dear Sir,

Sub: Proceedings of 90th Annual General Meeting of the Bank

Please find enclosed the proceedings of the 90th Annual General Meeting of the Bank held on Saturday, September 30, 2017 at 10.00 A.M at Vadakke Samootham Auditorium, Shornur Road, Thrissur – 680001.

Kindly take the same on record.

Thanking you,

Yours faithfully,



Santosh Kumar Barik
Company Secretary

**PROCEEDINGS OF THE 90TH ANNUAL GENERAL MEETING OF
DHANLAXMI BANK LIMITED HELD ON SATURDAY, SEPTEMBER 30, 2017
AT 10.00 A.M AT VADAKKE SAMOOHAM AUDITORIUM, SHORNUR ROAD,
THRISSUR - 680001**

ATTENDANCE AT THE 90TH ANNUAL GENERAL MEETING

Members Present in Person	113 Members
Members Present by Proxy	31 Members represented by 8 Proxies
Directors Present	<ol style="list-style-type: none"> 1. Dr. Jayaram Nayar, Chairman of the Bank & Chairman of Stakeholders' Relationship Committee of Board 2. Sri. G. Sreeram, Managing Director & CEO 3. Sri. Chella K Srinivasan, Director & Chairman of Audit Committee of Board and Chairman of Nomination & Remuneration Committee of Board 4. Dr. Lakshmy Devi K.R, Director 5. Sri. Gopinathan C.K, Director 6. Sri. P.S Sreekumar, Director
Company Secretary	Sri. Santosh Kumar Barik
Statutory Central Auditors	M/s. Sridhar & Co., Chartered Accountants (represented by Sri. S. Unnikrishnan, Partner)
Secretarial Auditor	Sri. M. Vasudevan, Practising Company Secretary
Scrutinizer	Sri. M. Vasudevan, Practising Company Secretary

Dr. Jayaram Nayar, Chairman of the Bank, presided over the Meeting.

The Company Secretary requested Chairman to address the august gathering.

Chairman first introduced the Directors on the dais. Chairman ascertained whether there was proper quorum and on confirmation thereof by the Company Secretary, Chairman called the Meeting to order.

Thereafter, Chairman addressed the Meeting.

Delivering his speech, Chairman reflected on the continued support, trust and loyalty extended over the years by the Members of the Bank. Chairman observed that the Members were a strong and solid support framework during the trying times that the Bank has had to go through in arriving at the milestone of the 90th birthday.

Chairman noted that the IMF, in its recent (July 2017) outlook had forecast that growth in India is bound to pick up further in 2017 and 2018. India's growth for 2016, at 7.1 percent, was higher than anticipated. This was largely due to strong compensatory government spending. There was stronger momentum in the first part of the last financial year. The Economic Survey of the Government of India, however, pointed out that main problem in the growth process has been the sharp decline in fixed investment. Stressed balance sheets in the corporate sector took affected firms' spending plans adversely. During the second half of the financial year, there was the bold and well-intentioned but '*deep impact*' decision of demonetization.

Chairman further noted that demonetization has affected the economy through three different channels: a demand shock in so far as it suddenly reduced the supply of money and had an adverse wealth effect on private sector, especially of those holding unaccounted money. Consequentially aggregate demand seems to have fallen. There was some supply shock as economic agents still treat cash as a key input and the input was in shortage for quite some time. Finally, there was some uncertainty shock as economic agents readjusted to the 'sudden unknowns' in a 'constrained by cash shortage' scenario.

Chairman stated that the well-intentioned policy initiatives may have resulted in consumers postponing, if not reducing, discretionary consumption. There may also have been a scale back of investments. The combined effect of the three shocks may have slowed down the economy a bit, both on consumption and investment fronts. The economic gradualness seems to have affected aggregate demand and reduced the off take of credit from banks already under the double balance sheet problem- the strains of corporate balance sheets transferring their agonies to bank balance sheets – thus adversely affecting asset quality and consequential strains on profitability.

Chairman highlighted the following salient features of the Bank's performance for the financial year ended March 31, 2017:-

- The Bank made a net profit of Rs.8.81 crore in the fourth quarter of financial year 2016-17 from a loss of Rs.131.60 crore during the corresponding quarter of previous financial year
- For financial year 2016-17, net profits grew to Rs.12.38 crore from a loss of Rs.209.45 crore in financial year 2015-16
- For financial year 2016-17, operating profit grew to Rs.94.07 crore from Rs.3.28 crore reported during the financial year 2015-16
- Net interest income grew by Rs.26.92 crore from Rs.304.68 crore during financial year 2015-16 to Rs.331.60 crore during financial year 2016-17. Year-on-year growth was 8.84%
- Non-interest income grew by Rs.34.30 crore from Rs.76.72 crore during financial year 2015-16 to Rs.111.02 crore during financial year 2016-17. Year-on-year growth was 44.71%
- Operating expenditure reduced by Rs.174 crore from Rs.1277.71 crore during financial year 2015-16 to Rs.1103.71 crore during financial year 2016-17
- Net interest margin (NIM) improved to 2.76% during financial year 2016-17 from 2.47% during financial year 2015-16
- Cost of funds reduced to 6.61% during financial year 2016-17 from 7.5% during financial year 2015-16
- Cost income ratio stood at 78.75% during financial year 2016-17 compared to 99.14% during financial year 2015-16
- Despite the asset quality challenges faced during the previous financial years, the Bank has been recapitalized to absorb future credit shocks and maintain sustainable growth
- Capital adequacy ratio stood at 10.26% as on March 31, 2017 compared to 7.51% as on March 31, 2016. Tier I ratio was at 9.01% and Tier II ratio at 1.25%, meeting the norms prescribed by RBI
- CASA to total deposits stood at 29% during financial year 2016-17 as compared to 25% during financial year 2015-16
- CASA increased by Rs.483 crore to Rs.3325 crore during financial year 2016-17 from Rs.2842 crore during financial year 2015-16, registering growth of 17%

- Gross NPA reduced to Rs.315.60 crore during financial year 2016-17 from Rs.458.92 crore during financial year 2015-16
- Net NPA reduced to Rs.166.48 crore during FY 2016-17 from Rs.193.19 crore during financial year 2015-16
- Gross NPA stood at 4.78% and Net NPA stands at 2.58% as on March 31, 2017 compared to 6.36% and 2.78% respectively as on March 31, 2016

Chairman informed that the human resource policies and practices of the Bank will continue to focus on 5 P approach: parametric and personalized performance leading to productivity, thus enhancing bank profitability. The objective is to improve efficiency at the branch level through optimal utilization of skilled manpower. The Bank will continue also to strive to leverage technology by harnessing it with personalized service. The Bank's profit of tomorrow will be through Service, Technology, Value Profit Chain (STVP).

Chairman further informed that the Bank will continue to put in place robust risk management architecture and practices. The risk hierarchy headed by a Chief Risk Officer tries to proactively identify the risks faced by the Bank and helps in mitigating it while maintaining proper tradeoff between risk and return thereby maximizing the shareholder value.

Chairman stated that the Board is committed to maintaining the highest standards of Corporate Governance with a view to ensuring that the Bank is well placed to address all operational and external risks.

On the Bank's CSR policy, Chairman noted that it strictly conforms to the guidelines of RBI and Ministry of Corporate Affairs. The Bank strengthened its endeavors in this area during the year. It continued its association with "Walkers Park" in Thrissur. In alliance with Thrissur Management Association, the Bank had initiated scholarship programs for deserving MBA students seeking financial assistance. During the year 2016-17, the Bank had given scholarship to two MBA students.

On the area of customer service, Chairman informed that the Bank has taken several initiatives to enhance quality of customer service by introducing various customer friendly products and services. The customer service standards are reviewed periodically and efforts are taken to follow best practices. A robust complaint redressal mechanism is put in place to handle customers' enquiries and complaints. The Bank is a member of Banking Codes and Standards Board of India (BCSBI) and the code of commitment to customers issued by the BCSBI is strictly followed by the Bank. Customers have been provided with the facility to e-mail their complaints/suggestions. The Bank also continued to engage in financial inclusion activities in FY 2016-17 and extended

financial assistance to large number of Self Help Groups (SHG) and Micro Finance Institutions (MFI) operating in various parts of the country.

Chairman informed that the Bank is committed to sound governance practices, proactive management and long-term customer relationships. Going forward, the Bank hopes to focus on efficiency of operations without compromising on growth and quality. The Bank would try to bring down the level of non-performing assets by intensifying recovery steps and generate profits through various measures including rationalization of expenses. The Bank would try to protect and further improve the current levels of its key financials like net interest margin, return on assets, earnings per share, etc through focus on low-cost deposit mobilization, improvement in non-interest income, appropriate pricing of deposits and loans and effective credit monitoring.

Chairman placed on record the gratitude of the Board of Directors of the Bank to the Government of India, Reserve Bank of India, State Governments, Securities and Exchange Board of India, other regulatory bodies including stock exchanges where the Bank's shares are listed, statutory auditors, customers, shareholders, employees, other stakeholders and well wishers for their valued patronage, support and guidance and sought their continued support and patronage to take the Bank into the league of successful Indian banks.

After the address, Chairman informed the Members that the Register of Directors' Shareholdings and Proxy Register was placed at the Meeting and kept open for inspection by Members.

When called upon by Chairman, the Company Secretary announced that 8 proxies from 31 shareholders holding 6,61,41,212 shares have been lodged and all the proxies were valid. The Company Secretary informed the Members on the procedure for voting on the resolutions set out in the Notice of the Meeting. The Company Secretary further informed that the Bank has appointed Sri. M. Vasudevan, Practicing Company Secretary, Thrissur to scrutinize the voting process and provide the voting results in compliance with the provisions of the Companies Act, 2013 and SEBI Regulations.

With the consent of the Members present, the Notice of the 90th Annual General Meeting dated August 11, 2017 and Directors' Report dated August 11, 2017 were taken as read.

Chairman proceeded to take up the items of business in the order set out in the Notice of the Meeting.

1. Item No.1 of Notice - To receive, consider and adopt the Bank's Audited Balance Sheet as at March 31, 2017 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon

When called upon by Chairman, the Company Secretary read out the Independent Auditor's Report for the year ended March 31, 2017.

Thereafter, Sri. Anantharaman T.S proposed the following resolution as Ordinary Resolution, which was seconded by Sri. Chandran L:-

“RESOLVED THAT the Audited Balance Sheet of the Bank as at March 31, 2017 and Profit & Loss Account for the financial year ended on that date as certified by the Independent Auditors vide their Report dated 16 May, 2017 together with the Directors' Report dated August 11, 2017 be and are hereby received, adopted and approved.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	34	4,01,12,084	
Voting by ballot	33	5,15,71,468	
Total	67	9,16,83,552	99.998

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	2	1,450	
Voting by ballot	1	50	
Total	3	1,500	0.002

The resolution was passed as Ordinary Resolution.

2. Item No. 2 of Notice - To appoint Statutory Central Auditors and authorize the Board of Directors to fix their remuneration

Sri. M.B Harinarayanan proposed the following resolution as Ordinary Resolution, which was seconded by Sri. V.K Govindan:-

“RESOLVED THAT subject to approval of Reserve Bank of India and pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 30 of the Banking Regulation Act, 1949, guidelines issued by Reserve Bank of India and other applicable rules and regulations, including any statutory modification(s) or re-enactment(s) thereof, M/s. Sridhar & Co., Chartered Accountants, Thiruvananthapuram (Firm Regn. No. 003978S), who were the Statutory Central Auditors of the Bank from the conclusion of the previous Annual General Meeting to the conclusion of this Annual General Meeting, and being eligible have given their consent for re-appointment, be and are hereby re-appointed as Statutory Central Auditors of the Bank for the period commencing from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting, on such remuneration as shall be decided by the Board of Directors, plus applicable taxes, in addition to reimbursement of all travelling and out-of-pocket expenses as may be incurred by the Auditors in connection with the audit of the accounts of the Bank.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	31	4,01,09,411	
Voting by ballot	33	5,15,71,468	
Total	64	9,16,80,879	99.995

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	5	4,123	
Voting by ballot	1	50	
Total	6	4,173	0.005

The resolution was passed as Ordinary Resolution.

3. Item No.3 of Notice - To re-appoint Sri. Gopinathan C.K as Director of the Bank

Sri. Anantharaman T.S proposed the following resolution as Ordinary Resolution, which was seconded by Sri. M.B Harinarayanan: -

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Sri. Gopinathan C.K (DIN-01236752), who was appointed as Director liable to retire by rotation and being eligible offers himself for re-appointment, and in respect of whom the Bank has received a notice in writing proposing his candidature for the office of Director, be and is hereby re-appointed as a non-independent Director of the Bank in the Minority Sector and that he shall be liable to retire by rotation.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	31	4,01,09,411	
Voting by ballot	33	5,15,71,468	
Total	64	9,16,80,879	99.995

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	5	4,123	
Voting by ballot	1	50	
Total	6	4,173	0.005

The resolution was passed as Ordinary Resolution.

4. Item No.4 of Notice - To re-appoint Sri. P.S Sreekumar as Independent Director of the Bank

Sri. Narayanan Namboodiripad C.K proposed the following resolution as Special Resolution, which was seconded by Sri. C.S Ramakrishnan: -

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Sri. P.S Sreekumar (DIN-07555178), who was appointed as independent Director not liable to retire by rotation in accordance with the provisions of the Companies Act, 2013 for a period of one year with effect from the date of previous Annual General Meeting, and in respect of whom the Bank has received a notice in writing proposing his candidature for the office of Director, be and is hereby re-appointed as an independent Director of the Bank in the Majority Sector for a period of two years with effect from the date of this Annual General Meeting, i.e, September 30, 2017, and that he shall not be liable to retire by rotation.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	31	4,01,09,411	
Voting by ballot	34	5,15,71,518	
Total	65	9,16,80,929	99.996

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	5	4,123	
Voting by ballot	Nil	Nil	
Total	5	4,123	0.004

The resolution was passed as Special Resolution.

5. Item No.5 of Notice - To appoint Sri. Vijaya Raghavan Gopala Pillai as Independent Director of the Bank

Sri. Anantharaman T.S proposed the following resolution as Ordinary Resolution, which was seconded by Sri. V.K Govindan: -

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Sri. Vijaya Raghavan Gopala Pillai (DIN-0000029021), in respect of whom the Bank has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Bank in the Majority Sector for a period of two years with effect from the date of this Annual General Meeting, i.e, September 30, 2017, and that he shall not be liable to retire by rotation.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	33	4,01,10,786	
Voting by ballot	33	5,15,71,468	
Total	66	9,16,82,254	99.997

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	3	2,748	
Voting by ballot	1	50	
Total	4	2,798	0.003

The resolution was passed as Ordinary Resolution.

6. Item No.6 of Notice - To authorize the Board of Directors to arrange for the audit of the Bank's branches and to appoint and fix the remuneration of branch auditors in consultation with the Statutory Central Auditors

Sri. C.S Ramakrishnan proposed the following resolution as Ordinary Resolution, which was seconded by Sri. M.B Harinarayanan:-

“**RESOLVED THAT** pursuant to the provisions of Sections 139 and 143(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment(s) thereof, the Board of Directors be and is hereby authorized to arrange for the audit of the Bank's branches for the financial year 2017-18 and to appoint and fix the remuneration of branch auditors in consultation with the Statutory Central Auditors.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	32	4,01,10,661	
Voting by ballot	33	5,15,71,468	
Total	65	9,16,82,129	99.997

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	4	2,873	
Voting by ballot	1	50	
Total	5	2,923	0.003

The resolution was passed as Ordinary Resolution.

7. Item No.7 of Notice - To authorize the Board of Directors to issue redeemable secured / unsecured non-convertible debentures (NCDs)

Sri. Chandran L proposed the following resolution as Special Resolution, which was seconded by Sri. Sashikumar T.P:-

“RESOLVED THAT pursuant to Sections 42 and 71 of the Companies Act 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the Banking Regulation Act, 1949 and RBI circulars and guidelines and other applicable rules and regulations, including any statutory modification(s) or re-enactment(s) thereof, consent of the Members of the Bank be and is hereby accorded to authorize the Board of Directors (hereinafter referred to as the “Board” in this resolution, which term shall include any Committee of Directors or any Director or Key Managerial Personnel authorized by the Board to exercise the powers conferred on the Board by this resolution) to make offer(s) or invitation(s) to issue redeemable secured / unsecured non-convertible debentures (NCDs) including but not limited to subordinated debentures, bonds, Tier-II bonds and / or other debt securities, in one or more tranches, as and when the Board may think fit and on such terms, conditions, face value and amount as may be decided by the Board, subject to an

aggregate limit of Rs.150 crores (one hundred and fifty crores only) within a period of one year from the date of approval of this resolution.”

“RESOLVED FURTHER THAT the consent of the Members of the Bank be and is hereby accorded to authorize the Board to do all such acts, deeds and things as may be required to give effect to the above resolution including appointment of trustees, fixing the terms and conditions of the issue, preparation and authentication of offer letters, issue and allotment of bonds, decide on discount or premium on the bonds, creation of charge, payment of applicable stamp duties, authorizing officers or intermediaries in connection with the issue or any other matter incidental or ancillary thereto.”

The consolidated result of e-voting and voting at the venue for the resolution, as per the report of the Scrutinizer, was as follows:-

(i) Voted in favour of the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	32	4,01,09,536	
Voting by ballot	33	5,15,71,468	
Total	65	9,16,81,004	99.996

(ii) Voted against the resolution

Mode of voting	Number of Members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote e-voting	4	3,998	
Voting by ballot	1	50	
Total	5	4,048	0.004

The resolution was passed as Special Resolution.

After all the business set out in the Notice was transacted, Chairman requested the Members to put up their suggestions and questions, if any.

Sri. Suresh N.M enquired about the industrial and HR relations in the Bank, audit of bank's functioning, steps being taken to bring down the levels of NPA, raising of capital by the Bank, steps for business growth, closure of loss making branches etc.

Sri. Prasad Narayanan enquired on the composition of the Board of Directors of the Bank.

Chairman replied that the industrial / HR relations at the Bank were good. Chairman pointed out that the Bank was subject to both Risk Based Supervision and External Audit in accordance with regulatory and statutory requirements. Chairman further stated that the Bank was taking steps for ensuring recovery of non-performing assets. The Chair also emphasized that the Board was keen to ensure that the overall staff productivity rises to meet the challenges of business growth. Rationalization of network and of loss making branches was being undertaken with this end in view- of productivity, efficiency and profitability. The Bank had raised capital to ensure compliance with the capital adequacy requirements of the RBI. On the composition of the Board of Directors, Chairman stated that the Bank was bound to comply with RBI guidelines and other statutory regulations.

Following the question and answer session, Sri. Gopinathan C.K, Director rendered a vote of thanks. Sri. Gopinathan C.K said that the Bank will continue to strive to function effectively. The Bank had turned towards the path of profitability and was hopeful of achieving stated goals. Sri. Gopinathan C.K thanked all the Shareholder Members, Chairman, MD & CEO, Directors, regulators and employees for their whole-hearted support in the growth of the Bank.

Thereafter, Chairman thanked the Members for their dignified conduct at the Meeting and declared the Meeting as concluded at 11.00 A.M.

Sd/-
DR. JAYARAM NAYAR
CHAIRMAN