



SH:91/2017-18

September 30, 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: Summary of Proceedings of 90th Annual General Meeting

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a summary of the proceedings of the 90th Annual General Meeting of the Bank held on Saturday, September 30, 2017.

A copy of the Chairman's Speech delivered at the 90th Annual General Meeting is also enclosed herewith.

Kindly take the same on record.

Thanking you,

Yours faithfully,

Santosh Kumar Barik
Company Secretary

Proceedings of the 90th Annual General Meeting of the Shareholders of Dhanlaxmi Bank Limited, Thrissur held on Saturday, September 30, 2017 at 10.00 A.M at Vadakke Samooham Auditorium, Shornur Road, Thrissur - 680001

The 90th Annual General Meeting (hereinafter referred to as the "Meeting") of Dhanlaxmi Bank Limited was held on Saturday, September 30, 2017 at 10.00 A.M at Vadakke Samooham Auditorium, Shornur Road, Thrissur - 680001.

The Meeting was chaired by Dr. Jayaram Nayar, Chairman of the Bank.

113 Members holding 226274 shares attended the Meeting in person. 31 shareholders holding 66141212 shares attended the Meeting by proxy.

The Meeting was attended by following Directors:-

1. Dr. Jayaram Nayar, Chairman of the Bank & Chairman of Stakeholders' Relationship Committee of Board
2. Shri. G. Sreeram, Managing Director & CEO
3. Shri. 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. Shri. Gopinathan C.K, Director
6. Shri. P.S Sreekumar, Director

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, the text of which is reproduced in the Annexure to these Minutes.

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 32 proxies from shareholders holding 66156355 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 Mr. 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, circulated to the Members were taken as read.

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

The adoption and approval of accounts for the financial year ended March 31, 2017, being the first item in the Notice of the Meeting, was taken up for discussion. On Chairman's invitation, Company Secretary read out the Independent Auditor's Report for the financial year ended March 31, 2017. Thereafter, all the items of business as set out in the Notice of the Meeting were taken up in succession in the order as given in the Notice:-

Ordinary Business

1. 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
2. To appoint Statutory Central Auditors and to authorize the Board of Directors to fix their remuneration
3. To re-appoint Sri. Gopinathan C.K as Director of the Bank

Special Business

4. To re-appoint Sri. P.S Sreekumar as Independent Director of the Bank
5. To appoint Sri. Vijaya Raghavan Gopala Pillai as Independent Director of the Bank
6. 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
7. To authorize the Board of Directors to issue redeemable secured / unsecured non-convertible debentures (NCDs)



After transacting all the above business, Chairman invited Members to put up their suggestions and questions on the performance of the Bank. Several Members asked queries on a variety of subjects related to the Bank and also gave numerous suggestions. Chairman replied to the queries by Members.

Shri. Gopinathan C.K, Director delivered the vote of thanks to the Chair and other participants of the Meeting.

Chairman informed that the details of the voting results along with Scrutinizer's report will be available on the website of the Bank and will also be informed to the Stock Exchanges where the shares of the Bank are listed, in accordance with the provisions of the Companies Act, 2013 and the SEBI Regulations.

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

This summary of the proceedings is furnished pending approval of the Minutes of the Meeting by Chairman.



Santosh Kumar Barik
Company Secretary



CHAIRMAN'S SPEECH AT THE 90TH ANNUAL GENERAL MEETING

Dear Shareholders,

I stand before you, with utmost humility and encouraged by the vicissitudes and legacy of ninety years of history of God's Own Bank in God's Own Country. It is, but with a deep sense of gratitude that I reflect today on your continued support, trust and loyalty extended over these years. You have been a strong and solid support framework during the trying times that your Bank has had to go through in arriving at the milestone of the 90th birthday.

Against the backdrop of this varied history, it gives me immense pleasure to be here to present to you the highlights of the performance of the Bank during the financial year 2016-17 and to welcome you all to the Annual General Meeting. The Directors' Report and the Audited Financial Statements for the year ended 31st March 2017 are already with you and with your permission, I take them as read.

I would like to submit a brief overview of the economic environment in which your Bank performed during the fiscal year 2016-17.

Economic scenario:

It is heartening to note that IMF, in its recent (July 2017) Outlook forecasts 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, points 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.

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.

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.

Performance of your Bank:

I now turn to the salient features of the Bank’s performance for the financial year ended March 31, 2017:

- **Profit & Loss – Key Highlights**

- I am happy to report that 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

- **Balance Sheet- Key Highlights**

- Despite the asset quality challenges faced during the previous financial years, your 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%

- **Asset Quality- Key Highlights**

- 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

Human Resource policies and practices of your 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.



Your Bank will continue also to strive to leverage technology by harnessing it with personalized service. Your Bank's profit of tomorrow will be through Service, Technology, Value Profit Chain (STVP).

The Bank will continue to put in place robust risk management architecture and practices. The risk hierarchy will be 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.

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 risks, both operational and external.

Corporate Social Responsibility (CSR):

The Bank's CSR policy 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 gave scholarship to two MBA students.

Customer Service:

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 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.

Goals for FY 2017 -2018:

Your 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.

Acknowledgment:

The Board of Directors places on record its profound thankfulness to the Government of India, Reserve Bank of India, various State Governments, Securities and Exchange Board of India, other regulatory bodies and the stock exchanges where the Bank's shares are listed, for their support and guidance. The Board also places on record its appreciation for the valuable services rendered by M/s Sridhar & Co, Chartered Accountants, the Bank's Statutory Auditors, during the year under review. The Board further places on record its gratitude to the Bank's customers, shareholders, other stakeholders and well-wishers for their esteemed and continued patronage. The single most important pillar of any institution is its personnel, more so in the case of a service entity like a bank. The Board expresses its sincere appreciation for the dedicated services rendered by the officers and employees of the Bank at all levels.

Conclusion:

Before I conclude, I would like to assure you, that your Bank has endeavored to put in place appropriate plans and strategies to bring about business growth with quality and



profitability. As the Bank celebrates its 90th Anniversary Day, I seek your continued support and patronage to take the Bank into the league of successful Indian banks.

Thank you, Dear Shareholders.

