DhanlaxmiBank
established 1927

Proceedings of the 84th Annual General Meeting of Dhanlaxmi Bank Ltd. held on 22nd June 2011, at 1.30 P.M, at LuLu International Conventional Centre, Thrissur, 680003.

Members Present: 295

Directors Present: 8

1) Mr. Ghyanendra Nath Bajpai-Chairman
2) Mr. Amitabh Chaturvedi-Managing Director&CEO
3) Mr. Vidyadhara Rao Chalasani
4) Mr. K. Srikanth Reddy
5) Mr. Shailesh V Haribhakti
6) Mr. S. Santhanakrishnan-Chairman, Audit Committee
7) Mr. Ghanshyam Dass
8) Mr. Sateesh Kumar Andra

In Attendance

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

By Invitation:

1. Mr. C. V. Gopalakrishnan, representing Walker Chandiok & Co, Statutory Auditors
2. Dr.K.S.Ravichandran, KSR&Co., Company Secretaries, Coimbatore,

No. of Proxies present: 42

Mr. Ghyanendra Nath Bajpai, 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, employees and other well-wishers of the Bank.

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When called upon by Chairman, Mr. Ravindran K Warrier, Company Secretary announced that 55 valid proxies from shareholders holding 1, 66, 16,448 shares have been lodged. The number of invalid proxies received was 8 representing 636 shares.

Thereafter the Chairman introduced the Directors on the dais.

The Chairman delivering his speech outlined the global economic scenario. He also highlighted the performance of banking sector in India and our Bank.
With the consent of the Shareholders present, the Notice of the 84th Annual General Meeting dated 24 May 2011, 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 2011 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 Warrier, Company Secretary read out the Auditors' report for the year ended 31 March 2011.

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

Shareholders who spoke complimented the Bank and its Management for the improvement in all the key parameters compared to the previous year. Shareholders appreciated the performance during the year, in particular growth and congratulated all Directors, Management, Officers and Staff of the Bank. They expressed their satisfaction on the growth of total deposits and advances of the Bank; which was far above the industry growth rate. One of the Shareholders suggested increasing the advances on Gold and housing loans. Shareholders expressed their disappointment on declaration of only 5% dividend though the profit has increased compared to the previous year. One of the shareholders, Mr. T.S. Rajamany, levelled several allegations about what purported to have happened while he was in the service of the Bank. One of the shareholders advised to arrange some public convenience say like 'Comfort Stations' as a part of Corporate Social Responsibility. Another shareholder, who compared the profit with the previous year, mentioned that a higher amount has been transferred to other reserves, which could have been utilized for a higher amount of dividend. He added that share price has also come down. He said that the Bad debts written-off were doubled compared to the previous year and he wanted to know the reasons and steps taken to recover such bad debts. He concluded by saying that advances to Commercial Real estates should be disbursed with due care only. One of the shareholders informed the Bank to give advance to agricultural sector and cottage industries. He suggested that the Bank has to focus on International Banking Business and also increase our Bank's network in all States by opening new branches. Some of shareholders requested the management to consider a bonus or rights issue.

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

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In the case of advances, Chairman replied that the Bank has been steadily increasing the loan under housing and gold. He informed that NPAs have come down substantially even though the size of loan portfolio has grown substantially. Regarding dividend, Chairman suggested to the shareholders to be patient as the Bank has to conserve resources for expansion of the business. In regard to share price, Chairman replied that the uncertainty in the global economic scenario, in particular after the geo political issues in the Middle East and North Africa broke out the entire markets is in pain. He added that the price value of all Banking sector stocks has gone down substantially. Regarding loans to weaker sections, he added that the Priority Sector Loans includes the loans given to weaker sections also. The Bank had been distributing such loans without compromising the net interest margin and is over the prescribed RBI ratio. The RBI has prescribed 40% for priority sector advances and the Bank is at 50%. While agreeing to consider the suggestion about installing public convenience arrangements as a part of Corporate Social Responsibility, he said that the Bank has already tied up an agreement with Trichur Corporation for maintaining a Walkers park in Trichur city and also started the service of Ambulance. In regard of allocation to reserves, Chairman replied that transfer to other reserves were higher during the year due to lesser transfer to capital reserves on account of profit on sale of HTM securities. In regard to Mr. T.S. Rajamany's allegation, he replied that they were too vague and too old and baseless. Nor were those connected with the agenda of the meeting. Regarding Bonus issue and other things, he advised the shareholders to wait for some more time as the Bank is undertaking all efforts to augment growth and look at profitability as the immediate plans.

At the request of Chairman Mr. Amitabh Chaturvedi, MD & CEO spoke by thanking share holders and other well wishers of the Bank for their solid support and confidence shown to the Bank and reiterated that without their support the Bank could not have reached this level.

Thereafter, Mr. C. K. Narayanan Namboodiripad proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. N. Subramanian.

"**RESOLVED THAT** the Balance Sheet of the Bank as at 31 March 2011 and Profit and Loss Account for the year ended 31 March 2011 annexed thereto and the report of the Auditors' dated 23 April 2011 with Directors' Report 23 April 2011 attached thereto and the appropriation of profits stated therein be and are hereby adopted".

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed by a majority of votes.

2. Item No. 2 of Notice: To declare dividend for the year 2010-11:

Chairman stated that the Board of Directors had recommended a dividend of 5% for the year ended 31 March 2011, subject to the approval by Reserve Bank of India.

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

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"**RESOLVED THAT** subject to the receipt of approval by Reserve Bank of India (RBI), the Bank be and is hereby declared a dividend of 5% or such other lower rate as the RBI may prescribe and the date of declaration shall be the date of receipt of RBI approval".

"**RESOLVED FURTHER THAT** such prescribed rate on the paid-up capital be paid to the members whose names appear on the Register of Members as on 22nd June 2011 and Register of beneficial owners as on 13th June 2011".

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed by a majority of votes.

3. Item No. 3 of Notice: To appoint a Director in place of Mr. Ghanshyam Dass who retires by rotation and offers himself for re-appointment.

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

Mr. G. Mahadevan proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. C. K Narayanan Namboodiripad.

"**RESOLVED THAT** Mr. Ghanshyam Dass, be and is hereby appointed as a 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, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed by a majority of votes.

4. Item No.4 of Notice: To appoint a Director in place of Mr. Sateesh Kumar Andra who retires by rotation and offers himself for re-appointment

Chairman informed that as mentioned in the notice, Mr. Sateesh Kumar Andra, who retires by rotation, offers himself for re-appointment.

Mr. N. Subramanian proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. V. N. Narayanan.

"**RESOLVED THAT** Mr. Sateesh Kumar Andra, be and is hereby appointed as a 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, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed by a majority of votes.

5. Item No.5 of Notice: Appointment of Statutory Central Auditors for the year 2011-12 and to authorize the Board to fix their remuneration.

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Mr. D. Ananthasubramanian proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. C.K. Narayanan Namboodiripad

"RESOLVED THAT M/s. Walker Chandiok & Co., New Delhi and M/s. Sharp & Tannan, Mumbai, be and are hereby appointed as Joint Statutory Auditors of the Bank upto 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, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed by a majority of votes.

6. Item No.6 of Notice: Appointment of Vidyadhara Rao Chalasani

Chairman informed that as mentioned in the notice, to appoint Mr. Vidyadhara Rao Chalasani, as a Director liable to retire by rotation.

Mr. N. Subramanian proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. G. Sivaswamy.

"RESOLVED THAT Mr. Vidyadhara Rao Chalasani shall henceforth be a 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 stands passed unanimously.

7. Item No.7 of Notice: Appointment of Branch Auditors.

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

"**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 Auditors, 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 stands passed unanimously.

8. Item No. 8 of Notice: Issue of not exceeding 2, 07, 52,000 equity shares on preferential basis

The Chairman informed the members that it is likely that a banking institution which was supposed to participate in the proposed preferential issue of shares is likely to

communicate its confirmation about regulatory clearance for making the investment as planned. The Chairman said that in any case for all the investors allotment will be made only after being satisfied about regulatory clearances from their side besides ensuring proper compliance of applicable regulations in India.

Mr. C. K. Narayanan Namboodiripad proposed the following resolution as a Special Resolution, which was seconded by Mr. G. Sivaswamy.

"**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof, for the time being in force) ("**Companies Act**"), and in accordance with applicable provisions of the Memorandum and Articles of Association of the Bank, Listing Agreements entered into by the Bank with stock exchanges where the equity shares of the Bank are listed ("**Stock Exchanges**"), 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 any other guidelines and clarifications issued by Securities and Exchange Board of India ("**SEBI**") and also by any other statutory/regulatory authorities, and subject to such permissions, consents, sanctions and approval of the Government of India/Reserve Bank of India ("**RBI**")/SEBI/Stock Exchanges/Foreign Investment Promotion Board ("**FIPB**") or any other authority, as may be necessary, and all other relevant third party consents and approvals as may be required, for issue and allotment of equity shares on preferential allotment basis and subject to the conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions which the Board of Directors of the Bank (the "**Board**" which term includes any Committee(s) duly constituted by the Board to exercise powers conferred upon the Board by this resolution) is authorised to agree to, the consent of the Bank be and is hereby given to the Board to create, issue, offer, and allot up to an aggregate of 2,07,52,000 (Two Crore Seven Lakh Fifty Two Thousand) equity shares of Rs. 10/- each of the Bank (each an "**Equity Share**" and collectively the "**Issue Shares**") at a premium of Rs. 130/- (Rupees One Hundred and Thirty only) per Equity Share aggregating to an issue price of Rs. 140/- (Rupees One Hundred and Forty only) per Equity Share not exceeding an aggregate issue price of Rs. 290,52,80,000 (Rupees Two Hundred and Ninety Crore and Fifty Two Lakh and Eighty Thousand only), to the following investors (hereinafter referred to as "**Investor(s)**"), on preferential allotment basis, at such time or times, in one or more tranches and on such terms and conditions and in such manner as may be decided by the Board in this connection:

- Customers Bancorp, Inc: up to 51,88,000 Equity Shares for a total subscription amount not exceeding Rs. 72,63,20,000;
- MKCP Mauritius Master Holdings II Limited or any subsidiaries or affiliates: up to 51,88,000 Equity Shares for a total subscription amount not exceeding Rs. 72,63,20,000;
- Multiples Private Equity FII I: unto 36, 31,600 Equity Shares for a total subscription amount not exceeding Rs. 50,84,24,000;
- Multiples Private Equity Fund: up to 15,56,400 Equity Shares for a total subscription amount not exceeding Rs. 21,78,96,000; and
- WCP Mauritius Holdings: unto 51,88,000 Equity Shares for a total subscription amount not exceeding Rs. 72,63,20,000.

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"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 a period of 15 days from the date of passing of this resolution provided that where the allotment of the said Issue Shares is pending on account of pendency of any approval of such allotment by any regulatory authority viz. Stock Exchanges/RBI/SEBI/FIPB, the allotment shall be completed within a period of 15 days from the date of such approval; 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 of this Annual General Meeting i.e. May 23, 2011".

"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), 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".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) of the Bank and to generally do all such acts, deeds and things as may be necessary or incidental to give effect to the aforesaid resolutions".

"RESOLVED FURTHER THAT all actions taken by the Board or Committees duly constituted for this purpose in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

The Chairman put the resolution to vote by a show of hands. All the shareholders gave assent to the motion, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed as a special resolution by a majority of votes.

9. Item No.9 of Notice: To amend the terms of the Dhanalakshmi Bank Employees Stock Option Scheme 2009 (ESOP Scheme)

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

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"RESOLVED THAT the consent of the members of the Bank be and is hereby accorded to amend Clauses (2), 4A (xxi), 6, 7.2, 7.4, 10.1(b), 10.1(c) of The Dhanalakshmi Bank Employees Stock Option Scheme (ESOP Scheme) full details whereof have been furnished as per particulars furnished in the explanatory statement given hereunder in respect of this item of business.".

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed as a special resolution by a majority of votes.

10. Item No. 10 of Notice: To alter the Articles of Association of the Bank.

Mr. N.D. Venkatachalapathy proposed the following resolution as a Special Resolution, which was seconded by Mr.G Sivaswamy

"**RESOLVED THAT** the consent of the members of the Bank be and is hereby accorded to insert the words "any other Whole time Director or any Director in the whole time employment of the Bank" between the words "The Chairman and / or Managing Director" and "shall not retire by rotation" appearing in Article 50(iii) of the Articles of Association of the Bank.".

The Chairman put the resolution to vote by show of hands. All the shareholders gave assent to the motion, except one shareholder who expressed his dissent. The Chairman declared that the resolution stands passed as a special resolution by a majority of vote.

11. Vote of thanks:

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

Mr. D Ananthasubramanian said that it gave him a great pleasure to propose a vote of thanks to this august audience. He had attended all AGMs of our Bank for the past 37 years with out a break. He added that the Bank has provided innovative facilities and personalized services, which has resulted in promoting all round growth and has earned the Bank a fair name and high position in the Banking sector. He mentioned that there were several good points in the report of which the Bank and its shareholders and customers can feel really proud of serving 12 millions customers is only one of them. He added that the report for next year attempts to portray some success stories of producers, sales organizations, caterers of services, entrepreneurs, new ventures etc.

He told that the Bank will grow faster under the able guidance of Mr.G.N.Bajpai, Chairman, Mr. Amitabh Chaturvedi, MD & CEO, other Directors, and employees of the Bank. He also thanked the shareholders for their great trust in the Bank and its growth and progress. He concluded by thanking shareholders for giving him the opportunity to deliver the vote of thanks.

As all business of the notice having been concluded, the meeting was dissolved at 3 p.m.

Sd/-
G N BAJPAI
CHAIRMAN

June 30, 2011

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