DHANLAXMI BANK LIMITED
Registered Office: "Dhanlaxmi Buildings",
Naickanal, Thrissur – 680 001.
Tel : (0487) 2334612, 6617000 Fax : 2335367
E-mail : investors@dhanbank.co.in
Website : www.dhanbank.com

Dear Members,

Notice is hereby given, pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 ("**Postal Ballot Rules**") that the resolutions appended below are proposed to be passed as Ordinary / Special Resolutions, as the case may be, through the postal ballot method. In the opinion of your Bank, postal ballot as a mode of passing resolution by shareholders, enables an enlarged and effective participation of shareholders in relation to matters that require approval of shareholders. The Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons thereof are annexed hereto along with a Postal Ballot Form for your consideration.

You are requested to read the instructions printed on the Postal Ballot Form and return the same duly completed in the enclosed self-addressed envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours (at or before 17:30 Hrs) on Tuesday the **10th May, 2011**. Please note that any Postal Ballot Form(s) received after the said date will be treated as not having been received in terms of Rule 5 (f) of the Postal Ballot Rules.

Upon completion of scrutiny of the Postal Ballot Forms, the Scrutinizer will submit his report to the Chairman. The result of the Postal Ballot will be formally announced by the Chairman of the Bank as soon as report is furnished by the Scrutinizer and the same will be posted in the website of your Bank; intimated to stock exchanges and also displayed in the notice board of your Bank at the Registered Office of the Bank at Dhanlaxmi Buildings, Naickanal, Thrissur – 680 001.

1. **To increase the Authorised Capital**

   To consider and if thought fit, to give ASSENT / DISSENT for the following resolution, which is proposed as an **Ordinary Resolution**:

   "**RESOLVED** that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, Banking Regulation Act, 1949 and other applicable provisions read with Article 2A of the Articles of Association of the Bank, the Authorised Share Capital of the Bank be and is hereby increased from Rs.100,00,00,000 [Hundred Crores] consisting of 10,00,00,000 [Ten Crores] equity shares of Rs.10 /- each to Rs.200,00,00,000 [Two Hundred Crores] consisting of 20,00,00,000 [Twenty Crores] equity shares of Rs.10/- each by creation of additional 10,00,00,000 [Ten Crores] equity shares of Rs. 10/- each ranking pari passu with the existing equity shares of the Bank in all respects when issued".

2. **To alter the capital clause of the Memorandum of Association**

   To consider and if thought fit, to give ASSENT / DISSENT for the following resolution, which is proposed as an **Ordinary Resolution**:

   "**RESOLVED** that the existing Clause V of the Memorandum of Association of the Bank be and is hereby substituted as follows:

   "V. The Authorised Capital of the Bank shall be Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided into 20,00,00,000 (Twenty Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each."

3. **To alter the Articles of Association**

   To consider and if thought fit, to give ASSENT / DISSENT for the following resolution, which is proposed as a **Special Resolution**:

   "**RESOLVED** that the existing Article 2 of the Articles of Association of the Bank under the caption "CAPITAL" be and is hereby substituted by the following clause as follows:-

   "2. The Authorised Share Capital of the Bank is Rs.200,00,00,000/- (Rupees Two hundred Crores only) divided into 20,00,00,000 (Twenty Crores only) equity shares of Rs. 10/- (Rupees Ten only) each."

4. **To cancel the unsubscribed capital in the issued capital**

   To consider and if thought fit, to give ASSENT / DISSENT for the following resolution, which is proposed as an **Ordinary Resolution**:

   "**RESOLVED** that in pursuance of Section 94(1)(e) of the Companies Act 1956 read in conjunction with Article No.29(c) of the Articles of Association of the Bank, 32,58,900 [Thirty Two Lakhs Fifty Eight Thousand Nine Hundred] Equity Shares out of the issued capital of the Bank, being shares neither taken nor agreed to be taken by any one, be and are hereby cancelled.

5. **Raising of additional long term funds through further issuance of securities**

   To consider and if thought fit, to give ASSENT / DISSENT for the following resolution, which is proposed as a **Special Resolution**:

   "**RESOLVED** that subject to approval of the Foreign Investment Promotion Board [FIPB] of the Government of India [GOI], Reserve Bank of India [RBI], and further subject to 'in-principle' approval of the Stock Exchanges and further subject to applicable provisions of the Companies Act, 1956, including any statutory modification or re enactment thereof, for the time being in force, the Banking Regulation Act, 1949, as amended from time to time, Foreign Exchange Management Act, 1999, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations"), including any amendments, modification, variation, or re-enactment thereof, and the provisions of any Rules/Regulations/ Guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board, Securities and Exchange Board of India (SEBI) and any other appropriate authorities, enabling provisions of the listing agreements entered into between the Bank and the stock exchanges where the Equity Shares of the Bank are listed, Memorandum and Articles of Association of the Bank and further subject to approval or clearance of any other authorities in India or in any other countries in relation to proposed issue of Equity Shares of Rs. 10/- each of the Bank, and further subject to conditions or modifications if any, the GOI or RBI or FIPB or SEBI or other authority may stipulate, the Board of Directors of the Bank (the "Board") or a duly constituted Committee of Directors, be and is hereby authorised to issue, offer and allot, from time to time, in one or more tranches, for the issue of not exceeding 5.50 Crore Equity Shares of Rs.10/- each to Qualified Institutional Buyers (QIBs), Foreign Institutional Investors (FIIs), Foreign Corporate Bodies (FCBs) / Companies / Mutual Funds / Pension Funds / Venture Capital Funds / Banks / Insurance Companies and other institutions, companies and corporations, whether Indian or foreign and such other persons or entities, whether or not such investors are existing members of the Bank or otherwise by a further issue of Equity Shares by a private

placement and / or by Qualified Institutional Placement (QIP) of Equity Shares and/or securities convertible into Equity Shares and / or Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) and / or the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (hereinafter collectively referred to as the "Securities") on such terms and conditions as to price and other conditions as the Board or Committee of Directors constituted by the Board of Directors specifically for the purpose of organizing, overseeing, supervising and implementing the proposed further issue and to take care of all other connected matters".

"RESOLVED FURTHER that the aforesaid further issue of Securities may be made through placement document or by whatever name the offer document may be styled ("Offer Document"), from time to time, in one or more tranches, as may be deemed appropriate by the Board or Committee of Directors in such form and manner and on such terms and conditions or such modifications thereto as the Board or Committee of Directors may determine in consultation with the merchant banker(s) and/or other advisors, with authority to retain oversubscription up to such percentage as may be permitted by the applicable Regulations and by relevant authorities."

"RESOLVED FURTHER that the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws".

"RESOLVED FURTHER that in respect of issue of Securities by way of a Qualified Institutional Placement:

i. the relevant date for the purpose of pricing of the Securities to be issued, if issued pursuant to Chapter VIII of the SEBI Regulations and/or other applicable regulation, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of Securities, subsequent to the receipt of members' approval in terms of Section 81 (1A) and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Securities;

ii. the issue and allotment of Securities shall be made only to QIBs within the meaning of the SEBI Regulations, such Securities shall be fully paid-up on its allotment, which shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by the SEBI Regulations, from time to time;

iii. the Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time by the SEBI Regulations; and

iv. the total amount raised in such manner should not, together with the over allotment option exceed five times the net worth of the Bank as per the audited balance sheet of the previous financial year"

"RESOLVED FURTHER that for the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the members of the Bank, the members shall be deemed to have given their approval thereto expressly by the authority of this resolution to the Board or Committee of Directors and the Board or Committee of Directors be and is hereby authorized for and on behalf of the members of the Bank:

i. to enter into and execute all such arrangements as the case may be with any lead managers, merchant bankers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, registrars, custodians, trustees, lawyers, consultants, book-runners, global co-ordinators and other intermediaries ("the Agencies") in relation to the QIP Issue or ADR / GDR Issue and to remunerate any of the Agencies in any manner including payment of commission, brokerage or fee for their services;

ii. to settle any questions, difficulties or doubts that may arise in regard to the QIP Issue including ADR / GDR issue;

iii. to seek and obtain the listing of the Securities, as may arise out of the QIP and/or the ADR / GDR and other issues as identified herein, as may be legally required and as the Board or Committee of Directors may consider necessary or expedient, in the best interest of the Bank;

iv. to approve prospectus, memorandum of private placement, offer document, circulars, notice and such other documents (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, underwriters and/or advisors in accordance with applicable laws, rules, regulations and guidelines;

v. to take decisions to open the issue, decide bid opening and closing date;

vi. to approve the issue price, the number of Securities to be allotted and the basis of allotment of Securities;

vii. to do all such acts, deeds, matters and things as the Board or Committee of Directors may at its discretion deem necessary or desirable for such purpose, including without limitation to the drafting, finalization, issue, entering into and execution of any arrangements or agreements;

viii. to delegate from time to time, all or any of the powers conferred herein upon the Board or Committee of Directors or the Chairman or the Director/s or any other Officer/s of the Bank."

"RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the Board or Committee of Directors be and is hereby authorised on behalf of the Bank to agree to and make and accept such conditions, modifications and alterations stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on behalf of the Bank to settle any questions, difficulties or doubts that may arise in regard to any such issue(s)/ offer(s) or allotment(s) or otherwise to alter or modify the terms of issue, if any, as it may in its absolute discretion deem fit and proper without being required to seek any further consent or approval of the Bank to the end and intent that the Bank shall be deemed to have given its approval thereto expressly by the authority of this resolution."

Place : Thrissur

By Order of the Board,

Date : 26th March, 2011

Ravindran K Warrier
Company Secretary.

Notes:

1. Explanatory Statement setting out all material facts as required under Section 173 and 192A of the Companies Act, 1956, is appended.
2. **Please find a Postal Ballot Form and also a self-addressed envelope attached herewith.**
3. The notice and the postal ballot form is expected to be despatched on **11th April, 2011**.

4. A period of 30 [thirty] days will be the voting period and it is reckoned from the aforesaid date of despatch of notice and the postal ballot form as aforesaid. As such voting through postal ballot comes to an end on close of office hours on **10th May 2011**. Only those postal ballot forms that physically reaches the scrutinizer on or before the close of working hours on that day will be counted for ascertaining the result of the voting.
5. **Please use the self-addressed envelop to return the postal ballot. No postage is required to be paid by the sender.**
6. The resolutions, if assented to by requisite majority, shall be taken as passed on the date of declaration of results by the Chairman.
7. The result of the postal ballot will be declared by a Public Notice in a leading English Newspaper and in one Vernacular Newspaper circulating in Kerala in which the Registered Office of the Bank is situated.
8. **Please read the instructions appended hereto for voting through Postal Ballot for clearly understanding the process and for effective compliance.**

EXPLANATORY STATEMENT UNDER SECTION 173 (2) READ WITH SECTION 192A (2) OF THE COMPANIES ACT, 1956.

For Items No.1 to 3:

As at December 31, 2010, your Bank's net worth was Rs.835 Crores, of which the paid-up capital stood at Rs. 85.13 Crores. Your Bank plans to maintain Capital-to-Risk-Weighted Assets Ratio [CRAR] at a minimum 12% out of which a minimum of 8% should come from Tier I capital. As per mandatory requirements stipulated by the Reserve Bank of India, a minimum CRAR of 9% is required to be maintained at all times, of which a minimum of 6% is required to be Tier I capital. Considering the regulatory requirements, business growth prospects and the policy of your Bank as regards capital adequacy, the Board of Directors of your Bank has decided to increase the capital of your Bank by making a further issue of shares. As a first step to pave way for such issues, at the meeting held on 21st January 2011, the Board of Directors of your Bank has decided to increase the authorised capital of your Bank from the present level of Rs.100 Crores [Hundred Crores] to Rs.200 Crores [Two Hundred Crores].

As per the applicable provisions of the Companies Act, 1956, increasing the share capital of your Bank and consequent alteration to the clauses of the Memorandum and Articles of Association would need the approval of the members. Increasing the authorised share capital and consequently altering the capital clause of the Memorandum require an ordinary resolution and consequential alteration to Articles of Association requires a special resolution of members.

Hence the resolutions at Items No.1 to 3 are for the above purposes. The Board of Directors your Bank recommends the passing of those resolutions accordingly.

For Item No.4:

Out of the present issued share capital of your Bank, 32,58,900 [Thirty Two Lakhs Fifty Eight Thousand Nine Hundred] equity shares have neither been taken or agreed to be taken by anyone nor have they been subscribed by anyone. The Board of Directors of your Bank has decided to cancel those shares and thereby align the issued, subscribed and paid up capital and make available those shares for being issued whenever necessary. This cancellation does not result in reduction of share capital. Neither the authorised capital nor the subscribed nor paid up capital undergoes any change as a result of this cancellation. For doing so, approval of the members of the Bank is necessary by way of an ordinary resolution. Hence the proposal under the above item is placed before you for your approval. The Board of Directors recommends the passing of an ordinary resolution for approving the said proposal.

For Item No.5:

Raising of additional long term funds through further issuance of securities

The Bank proposes to raise funds by issue of equity shares and/or any other financial instruments convertible into equity, not exceeding 5.5 Crores, by qualified institutional placement of Equity Shares and/or securities convertible into Equity Shares and / or Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) and / or the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through depository receipt mechanism) Scheme, 1993 (hereinafter collectively referred to as the "Securities") ("Issue") Therefore, the approval of shareholders by passing of resolution under Section 81(1A) of the Companies Act, 1956 shall have to be obtained in addition to other permissions, consents and approvals as may be required.

In respect of the issue of Securities as aforesaid by way of Qualified Institutions Placements, it will be ensured that:-

- issue of specified securities through Qualified Institutions Placement shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.
- the relevant date for the purpose of pricing of the Securities would, pursuant to Chapter VIII of the SEBI Regulations and/or other applicable regulations, be the date of the meeting in which the Board or Committee of Directors decides to open the proposed issue of the specified securities, subsequent to the receipt of Shareholders approval in terms of Section 81(1A) and other applicable provisions, if any of the Act, and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of securities;
- the issue and allotment of securities shall be made only to Qualified Institutional Buyers (QIBs) within the meaning of the SEBI Regulations and such securities shall be fully paid up on its allotment, which shall be completed within 12 months of the date of passing this Resolution;
- the total amount raised in such manner, including the over allotment option as per the terms of the issue of securities, would not exceed 5 times of the Company's networth as per the audited balance sheet of the previous financial year. The Bank made a QIP during the year 2010-2011 resulting in raising of Rs.380.73 Crores. The proposed Issue is slated for financial year 2011-2012 and the quantum proposed to be raised will be less than 5 times the net worth of the Bank; and
- the securities shall not be eligible to be sold for a period of 1 year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI Regulations.

For making any further issue of shares to any person/s other than existing equity shareholders of the Bank, approval of shareholders is required to be obtained by way of passing a Special Resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and in accordance with applicable regulations . Therefore, the Board of your Bank has recommended the Resolution in Item No. 5 contained herein to be passed by the shareholders, so as to enable it to make further issue of equity shares and/or other securities which will include issue on either a private placement/ QIP

basis / ADR or GDR basis. The said Special Resolution is only an enabling one seeking authority for the Board to raise funds from time to time as may be required.

The Board of Directors recommend passing of the Special Resolution set out herein in Item No. 5 of the Notice. None of the Directors of the Bank is concerned or interested in the resolution except to the extent of shareholding if any held by them.

For all the Items in the Notice

Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 (the said rules) enables a listed company, such as your Bank, to have resolutions of shareholders passed through a Postal Ballot process instead of calling and holding a physical extra-ordinary general meeting. Therefore as a matter of convenience to the Bank as well as voting shareholders and in order to facilitate larger participation by members in the decision making process as an effective Corporate Governance practice, it is thought fit to go through the postal ballot process rather than organizing a physical general meeting.

The Board of Directors has approved the appointment of Company Secretary in practice **DR.K.S.Ravichandran**, Partner, **KSR & Co.**, Indus Chambers, No.101, Government Arts College Road, Coimbatore – 641 018 to be the scrutinizer for the Postal Ballot Process. **Mr.C.V.Madhusudhanan**, Partner of the said firm will act as alternate scrutinizer, if necessary.

Attention of the members is invited to the instructions appended hereto, the compliance of which is necessary for their vote to be considered effective in respect of the resolutions stated herein.

Place : Thrissur

By Order of the Board,

Date : 26th March, 2011

Ravindran K Warrier
Company Secretary.

INSTRUCTIONS ON VOTING THROUGH POSTAL BALLOT

1. A Member desirous of exercising vote by Postal Ballot should complete the Postal Ballot Form in all respects and send it after signing the same to the Scrutinizer in the attached self-addressed envelope which should be properly sealed so as to reach the Scrutinizer not later than the close of working hours [17:30 Hrs] on **Tuesday**, the **10th May, 2011**. **Please note that any Postal Ballot Form(s) received after the said date will be treated as not having been received in terms of Rule 5 (f) of the Postal Ballot Rules.** The Members are requested to send the duly completed Postal Ballot Form well before that date duly taking note of the usual postal time any letter takes to reach its destination.
2. The Postal Ballot Form should be signed by the member as per specimen signature registered with the Bank. In case, shares are jointly held, this Form should be completed and signed by the first named member and in his/her absence, by the next named member. Holders of Power of Attorney (POA) on behalf of a member may vote on the Postal Ballot mentioning the Registration No. of the POA or enclosing an attested copy of POA. **Unsigned Postal Ballot Form will be rejected.**
3. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/ Authority and preferably with attested specimen signature(s) of the duly authorized signatory(s) giving requisite authority to the person voting on the Postal Ballot Form.
4. Members holding shares in dematerialized form are advised, in their own interest, to get their signatures verified by their Banker/ Depository Participant (DP). Signatures should be verified by the manager of the concerned Banker/DP by affixing a rubber stamp/seal mentioning name and address of the banker/ DP and name, stamp and signature of the Manager.
5. A member need not use all his/her votes not does he/she need to cast all his/her votes in the same way.
6. There will be only one Postal Ballot Form for every folio / client ID irrespective of the number of Joint Member(s). A member may request for a duplicate postal ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach the Scrutinizer on time. No other form or photocopy of the form is permitted.
7. The Bank has appointed **Dr.K.S.Ravichandran**, Managing Partner, **KSR & Co.**, Company Secretaries, Indus Chambers, #101, Government Arts College Road, Coimbatore as the Scrutinizer for the postal ballot. **Mr.C.V.Madhusudhanan**, Partner of the said firm will act as alternate scrutinizer, if necessary.
8. Members are requested not to send any paper along with the Postal Ballot Form in the enclosed self-addressed envelope to the said Scrutinizer. No postage is required to be paid by the sender.
9. Incomplete, improperly or incorrectly tick marked Postal Ballot Form will be rejected.
10. Members from whom no Postal Ballot Form is received or received after the aforesaid stipulated period shall not be counted for the purposes of passing of the resolution.
11. Votes will be rejected as invalid on the following grounds:
    a. If a member's signature does not tally with the specimen signature available with the Bank.
    b. If the member has marked both the "FOR" and also "AGAINST".
    c. If the Ballot Form received is torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against the resolutions or on one or more of the above grounds.
    d. On such other grounds which in the opinion of the Scrutinizer makes the votes invalid.
12. The Scrutinizer's decision on the validity of the votes cast through the postal ballot process will be final.
13. If any member has any query on any procedural aspects, they may write to Mr. Ravindran K. Warrier, Company Secretary, Dhanlaxmi Bank Limited, Dhanlaxmi Buildings, Naickanal, Thrissur – 680 001.

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KOCHI

THE HINDU • BUSINESS LINE
TUESDAY, APRIL 19, 2011

DhanlaxmiBank

Dhanlaxmi Bank Limited
Registered Office, Dhanlaxmi Buildings,
Naickanal, Thrissur – 680 001

NOTICE TO SHAREHOLDERS

Notice is hereby given under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, that the Bank has despatched the postal ballot papers together with necessary notice dated 28th March 2011 and explanatory statement from 11th April 2011 to 14th April 2011 for the purpose of securing approval of shareholders with regard to various resolutions as mentioned in the said notice. Postage prepaid envelopes have also been despatched wherein shareholders may return the ballot paper duly marking their assent or dissent to those resolutions. Dr. K. S. Ravichandran, Partner, KSR & Co., Company Secretaries, Indus Chambers, Ground Floor, No. 101, Govt. Arts College Road, Coimbatore – 641 018 has been appointed as the Scrutinizer for this purpose.

Shareholders may note that in view of delay in despatch of the notice and ballot papers by registered post, the last date for receipt of ballot papers by the scrutinizer will be 13th May 2011. Ballot papers received by the scrutinizer until the close of business hours on 13th May 2011 will alone be taken on record.

By Order of the Board of Directors,
Sd/-
Ravindran K Warrier
Secretary to Board &
Company Secretary

Place : Thrissur
Date : 16.04.2011