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CHARTERED ACCOUNTANTS

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LIMITED REVIEW REPORT

**REVIEW REPORT TO
THE BOARD OF DIRECTORS,
DHANLAXMI BANK LIMITED**

1. We have reviewed the accompanying statement of unaudited financial results of Dhanlaxmi Bank Limited for the period ended 31st December, 2015 ("the Statement"), excluding the "Pillar 3" disclosures under Basel III Capital Regulations" disclosed on the Bank's website and in respect of which a link has been provided in Statement, being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. In the conduct of our Review we have relied on the review reports in respect of non-performing assets received from concurrent auditors of 78 branches specifically appointed for this purpose. These review reports cover 71 percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.
4. We refer to Note: 5 of published results, regarding funds of Rs. 7,838 lakhs not provided to pension trust for purchase of annuities for payment of pension/increase in dearness allowance. Had this provision been made in the accounts, operating expenses and loss would have been increased by Rs.7,838 lakhs.
5. Based on our review conducted as above, with the exception of the matter described in the paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

K Venkatachalam Aiyer & Co
Chartered Accountants
Firm Registration No 004610S



CA. K Narayanan, FCA
Partner | Membership No. 07024
Place: Kochi
Date: 12.02.2016

DHANLAXMI BANK LIMITED.
Registered & Corporate Office: P. B No.9, Dhanalakshmi Buildings,
Naickanal, Thrissur – 680 001

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ NINE MONTHS ENDED DECEMBER 31, 2015

(RS in Lakhs)

Particulars	For the Quarter ended			For the Nine Months ended		For the Year ended
	31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	(Audited)
1. Interest earned (a)+(b)+(c)+(d)	29336	29916	32197	91115	96841	128359
(a) Interest/discount on advances/bills	19577	20817	22450	63205	67765	89385
(b) Income on investments	8656	7869	8156	24571	24954	31000
(c) Interest on balances with Reserve Bank of India and other interbank funds	174	755	1092	1795	2716	5381
(d) Others	929	475	499	1544	1406	2593
2. Other income	1536	1769	2270	4587	6308	8495
3.Total Income (1 + 2)	30872	31685	34467	95702	103149	136854
4. Interest expended	22502	22789	24804	68847	74675	98475
5. Operating expenses (a) + (b)	9328	8358	9051	26017	25244	36721
(a) Employees cost	5505	4677	4801	14965	13844	21147
(b) Other operating expenses	3823	3681	4250	11052	11400	15574
6. Total Expenditure (4+5) (excluding provisions and contingencies)	31830	31147	33855	94864	99919	135196
7. Operating Profit(+)/Loss(-) before provisions and contingencies (3-6)	(958)	538	612	838	3230	1658
8. Provisions (other than tax) and Contingencies	4601	493	(1098)	8623	1617	26706
9. Exceptional items	-	-	-	-	(901)	(901)
10. Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	(5559)	45	1710	(7785)	2514	(24147)
11. Tax expense	-	-	-	-	-	-
12. Net Profit(+)/Loss (-) from Ordinary Activities after tax (10-11)	(5559)	45	1710	(7785)	2514	(24147)
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
14. Net Profit (+)/Loss (-) for the period (12-13)	(5559)	45	1710	(7785)	2514	(24147)
15. Paid-up equity share capital (Face value Rs.10)	17744	17744	17744	17744	17744	17744
16. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	44742

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17. Analytical Ratios						
(i) Percentage of share holding of Government of India	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Capital Adequacy Ratio						
Basel II	9.18%	9.81%	12.75%	9.18%	12.75%	9.71%
Basel III	9.06%	9.69%	11.68%	9.06%	11.68%	9.59%
(iii) Earnings Per Share(EPS) in Rupees						
a. EPS for the quarter/year (before extraordinary items)						
-Basic	(3.13)*	0.03*	0.96*	(4.39)*	1.42*	(13.61)*
-Diluted	(3.13)*	0.03*	0.96*	(4.39)*	1.42*	(13.61)*
b. EPS for the quarter/year (after extraordinary items)						
-Basic	(3.13)*	0.03*	0.96*	(4.39)*	1.42*	(13.61)*
-Diluted	(3.13)*	0.03*	0.96*	(4.39)*	1.42*	(13.61)*
(d) NPA Ratios						
- Gross NPA	68851	62814	57538	68851	57538	55829
- Net NPA	30811	28264	34188	30811	34188	25263
- % of Gross NPA	9.69%	8.75	7.37%	9.69%	7.37%	7.00%
- % of Net NPA	4.58%	4.14	4.52%	4.58%	4.52%	3.29%
(e) Return on Assets (average) – (Annualized)	(1.68)%	0.01%	0.50%	-0.79%	0.24%	(1.77)%

*Not annualized

Notes

- The above financial results for the quarter/ nine months ended 31st December 2015, reviewed by the Audit Committee of the Board, have been approved by the Board of Directors at their meeting held on February 12, 2016 and subjected to limited review by the Statutory Central Auditors.
- The working results for the quarter/ nine months ended December 31, 2015 have been arrived at after making provision for income tax, if any, and other usual and necessary provisions. Provisions for Non-Performing Assets, Standard Assets, Non-Performing Investments and Depreciation on Investments are made as per the guidelines and prudential norms issued by the Reserve Bank of India.
- There has been no change in the accounting policies followed during the quarter/nine months ended 31st December 2015 as compared to those followed in the preceding financial year ended 31st March, 2015.
- In accordance with RBI Circular DBR.BP.BC.No.31/21.04.018/15-16 dated 16-07-2015, the Bank has classified deposits placed with NABARD/sIDBI/NHB for meeting shortfall in Priority Sector Lending under 'Other Assets' which was hitherto included under 'Interest Earned- Income on Investments'. Figures for the previous periods have also been regrouped to conform to the current period's classification. This change in classification has no impact on the financial result of the Bank for the quarter/nine months ended December 31, 2015 or previous periods.
- The provision for Pension/ increase in DA to Retired/VRS opted employees in the year 2000 and 2004 to the extent of Rs 78.38 Crore has not been created in the account, pending receipt of direction from RBI in response to the representation given by the Bank on deferral of the same over a period of five years in a phased manner though commented in the last AFI report for the Financial Year ended 31.03.2015. Adequate provision shall be created strictly as per the direction of RBI. However, the Bank continues to pay the pension and increase in DA to the Retired / VRS opted employees on the respective due dates and such amount paid is charged to Profit and Loss Account.

6. In accordance with RBI circular DBR No BP.BC.1/21.06.201/2015-16 dated 1st July 2015, banks are required to make quarterly Pillar 3 disclosures under Basel III Capital Regulations. The Bank has made these disclosures, which are available in its website at the following link:
http://www.dhanbank.com/investor_relations/inv_basel.aspx. These disclosures have not been subjected to limited review by the statutory auditors of the Bank.
7. Provision Coverage Ratio as on 31-12-2015 is 66.35%
8. Details of investor complaints for the quarter ended December 31, 2015:
Beginning - Nil; Received - Nil; Disposed off - Nil; Closing - Nil
9. The figures for the previous periods/year have been regrouped wherever necessary to conform to the current period's classification..

UNAUDITED SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

Part A: Business Segments

(Rs in Lakhs)

Particulars	For the quarter ended			For the Nine months ended		Year ended
	31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue						
(a) Treasury	985	9388	10747	19656	30688	40456
(b) Retail Banking	12438	10488	15059	36819	40371	54041
(c) Corporate/ Wholesale Banking	17456	11809	8661	39227	31684	41751
(d) Other Banking Operations	-	-	-	-	-	-
(e) Unallocated	(7)	-	-	-	406	606
Total	30872	31685	34467	95702	103149	136854
Less: Inter-Segment Revenue	-	-	-	-	-	-
Income from Operations	30872	31685	34467	95702	103149	136854
2. Segment Results (Profit (+)/Loss (-) before tax and after interest from each segment)						
(a) Treasury	(1699)	223	297	(302)	1609	1725
(b) Retail Banking	2067	238	201	2403	737	(310)
(c) Corporate/ Wholesale Banking	(1319)	77	97	(1263)	478	(363)
(d) Other Banking Operations	-	-	-	-	-	-
(e) Unallocated	(7)	-	17	-	406	606
Total	(958)	538	612	838	3230	1658
Less : (i) Interest	-	-	-	-	-	-
(ii) Other Unallocable Expenditure net-off	4601	493	-1098	8623	716	25805
(iii) Unallocable income	-	-	-	-	-	-
Profit (+)/Loss(-) before tax	(5559)	45	1710	(7785)	2514	(24147)
3. Capital Employed						
(a) Treasury	38983	11855	15291	38983	15291	12540
(b) Retail Banking	5425	26828	42690	5425	42690	29382
(c) Corporate/ Wholesale Banking	12069	23397	33319	12069	33319	22421
(d) Other Banking Operations	-	-	-	-	-	-
(e) Unallocated	8078	8050	7809	8078	7809	8043
Total	64555	70130	99109	64555	99109	72386

Business Segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organization structure, the internal business reporting system and the guidelines prescribed by Reserve Bank of India.

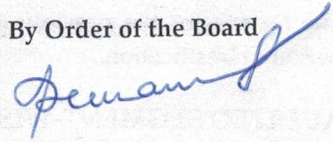
Part B: Geographical segments

The Bank has only the domestic geographic segment.

Place: Kochi

Date: 12th February 2016

By Order of the Board



(G. Sreeram)

Managing Director & CEO

