ANNUAL REPORT 2012-2013

Journey to PROSPERITY

DhanlaxmiBank
established 1927

In the function organized on 23.11.2012 to declare Ernakulam as the first district to achieve total and meaningful Financial Inclusion, RBI Governor Dr. D Subbarao and Shri Salim Gangadharan, Regional Director, RBI, Thiruvanthapuram visited our stall. During the occasion, RBI Governor distributed DRI loans. Also seen in the picture are our MD & CEO, Shri P G Jayakumar, Shri Manikandan P, GM, Business Development & Planning, Shri Muraleedharan M, Zonal Head, Kochi Zone and Shri Suresh Babu K R, Regional Head, Ernakulam

Hon Chief Minister of Kerala Shri Oommen Chandy and Hon Minister of Finance, Shri K M Mani visiting our stall at the event held on 23.11.2012 to declare Ernakulam as the first district to achieve total and meaningful Financial Inclusion in the presence of RBI Governor Dr. D Subbarao. Also seen in the picture are our MD & CEO, Shri P G Jayakumar and Shri Manikandan P, GM, Business Development & Planning

Board of Directors

Tekkar Yashwanth Prabhu
Chairman

P G Jayakumar
Managing Director & CEO

K Srikanth Reddy

K Vijayaraghavan

P Mohanan

K Jayakumar

Chella K Srinivasan

Manoranjan Dash (RBI)

General Managers

As on 31.03.13

Ravikumar P S
GM & Chief
Credit Officer

Ravindran K Warrier
GM & Company
Secretary

Manikandan P
GM - Business
Development & Planning

Rangarajan H
GM - Human
Resources

Vision

Banking on Relationships forever

Mission

To Become a Strong and Innovative Bank with Integrity and Social Responsibility to Maximise Customer Satisfaction as well as that of the Employees, Shareholders and the Society

Meeting of the Board of Directors held on 17.07.2013 at our Administrative Office, Marine Drive, Kochi.

His Highness Sri Padmanabhadasa Uthradom Thirunal Marthanda Varma Maharaja lighting the lamp on our 86th anniversary celebrations held on 14.11.2012 at Thiruvananthapuram in the presence of Shri K N Satheesh, District Collector, Thiruvananthapuram, Shri K P Ramachandran Nair, Chairman, Attukal Bhagavathy Temple Trust, Prof P G Raveendranath, Managing Director, The Kerala Land Development Corporation Ltd and our bank officials Shri Muraleedharan M, Zonal Head, Kochi Zone and Shri Satheesh Kumar, Regional Head, Thiruvananthapuram

Inauguration of the Business Correspondent model under the Financial Inclusion programme by Shri G Sukumaran Nair, General Secretary, Nair Service Society at Perunna on 07.05.2013 in the presence of Shri Harikumar Koyikkal, Director, NSS, Shri V V Sasidharan Nair, Secretary, NSS Social Service Department and our bank officials Shri P G Jayakumar, MD & CEO, Shri Manikandan P, GM, Business Development & Planning and Shri M P Sreekumar, Regional Head, Thiruvananthapuram

Distribution of DRI loans in association with SNDP Union, Vypeen inaugurated by Shri. Vellappally Natesan, General Secretary, SNDP Union on 13.11.2012 in the presence of Shri K Babu, Hon Minister for Fisheries, Ports & Excise, Shri M N Soman, SNDP Yogam President, Smt Preethi Natesan and our bank official Shri Suresh Babu K R, Regional Head, Ernakulam

Registered Office & Corporate Office

Dhanlaxmi Bank Limited, PB No.9, Dhanalakshmi Buildings,
Naickanal, Thrissur – 680 001

Kindly refer to the website for other offices.

Company Secretary

Ravindran K. Warrier

Auditors

Sagar & Associates, Chartered Accountants, Hyderabad

Legal Advisors

M/s Varghese & Jacob, Ernakulam
M/s C. K. Karunakaran & Associates, Ernakulam
M/s B. S. Krishnan Associates, Ernakulam

Stock Exchanges

National Stock Exchange of India Limited (NSE)
Bombay Stock Exchange Limited (BSE)
Cochin Stock Exchange Limited (CSE)

Registrar & Transfer Agents

Karvy Computershare Private Limited, Plot No. 17-24
Vithal Rao Nagar, Madhapur, Hyderabad – 500 081

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Chairman's Statement

Dear Shareholders,

I am happy to welcome you all to the Annual General Meeting and like to share with you my thoughts and perceptions on the macro economic scenario prevailing amidst which your bank has progressed during the year 2012-13.

From a macro perspective, the year that went by was hardly encouraging for the global as well as Indian economies. Across the spectrum, growth was subdued, risks were on the ascent and recovery was too slow for comfort. Global growth projected for the year 2013 by the IMF is around 3% which remains unchanged when compared with the performance in the previous year. The key reasons for the economic fragility are the poor performance of the Emerging Market Economies, growing recession in the Euro Zone and fiscal tightening measures in US. The forecast for the year 2014 (3.8%) does not inspire much confidence in the light of certain structural weaknesses continuing to haunt the global economy.

Indian economy too was affected by the global developments and the year ended with the GDP at a decadal low of 5%. The poor performance stemmed from growing fiscal imbalances, crippling infrastructure bottlenecks, sluggish demand, supply side constraints, volatile equity markets, rising inflation and a weak rupee. As a result, the investment climate stood seriously affected. The banking sector whose fortunes are intertwined with the economy also went through a difficult phase. The prognosis for the economy for the current year is not very promising though a bountiful monsoon, fast tracking of large infra projects and other reform measures to boost FDI inflow could help turn the tide in the months to come.

Against the above backdrop, your Bank managed to acquit itself fairly well judging from the heavy odds stacked against it. It successfully emerged out of the huge losses incurred in 2011-12 through careful planning and meticulous execution. The change in the business model and a revision in the organization structure paved the way for notable improvements in key areas viz. improvement in the net interest income, reduction in operational expenses across the board, faster NPA recoveries and confidence building among the workforce. The challenge was daunting but, gratifyingly, the response was measured and adequate. The trade unions played a positive role in facilitating the transition. I should, however, add a note of caution: while the progress was noteworthy, we still have to cover considerable ground to fully emerge out of the shadows.

Your Bank has a great history of over 85 years. Often perceiving challenges as opportunities, it has weathered many a storm during this long journey and consequently built a reputation for bouncing back from the difficulties on each occasion with grit and determination. The year 2012-13 saw the Bank script a saga of revival imbued with a positive outlook, a strong sense of purpose and unfailing commitment. Even amidst an array of constraints, the Bank could mobilize capital of over ₹ 100 crores to facilitate future business expansion. The Bank is fully back on track and stands on the threshold of a new era geared to battle challenges of the market place with renewed vigour and confidence. Powered by a resurgent workforce and state of the art technology, it has equipped itself to harness the exciting possibilities of the future in right time and in the right manner. While retail banking will be the mantra for future, the Bank would strive to continually provide a better value proposition to its constituents. The Board of the Bank is committed to ensure that these developmental endeavours are carried to their logical conclusion.

You have extended unstinted support to the Bank through tough and difficult times. Going forward, this support would become crucial as the Bank navigates through a fiercely competitive landscape. I have no doubt that, with your continued backing and guidance, the Bank will deliver much better results in the current year, and grow from strength to strength.

Thanking you and with best regards,

Tekkar Yashwanth Prabhu
Chairman

Managing Director & CEO's Statement

Dear Shareholders,

I have immense pleasure in sharing with you a bird's eye view of the progress of the Bank during the year 2012-13.

It was a watershed year – eventful in every sense of the term. When it dawned, the 85 year old Bank was in the throes of a crucial transition. It was at cross roads struggling to find its bearings as the misplaced priorities of the earlier 3 years under the 'vertical' business model had resulted in continuous losses to the Bank. Urgent and concerted efforts were needed on several fronts to put the organization on an even keel. The immediate need, however, was on reverting to the time tested branch centric model and putting in place a new organizational structure to facilitate a smooth transition to this model.

A multi pronged strategy to bring the organization back into shape was set in motion. Speed was the essence of this endeavour. The key elements of the strategy centred around formulating a credible pricing policy, a sharp reduction in high cost market borrowings, rationalization of manpower through reduction and redeployment, an overwhelming emphasis on restoring asset quality, a massive trimming of operational expenses and inspiring the workforce to contribute better even while making sacrifices for the organization's larger well being. These strategies brought about a favourable turnaround in the Bank's fortunes especially with the operating profit rising to ₹ 51.40 crores for the year ended 31st March 2013 as against an operating loss of ₹ 97.90 crores in the previous year. The Bank also recorded a modest net profit of ₹ 2.62 crores for the whole of 2012-13 (loss of ₹ 115.63 crores in the previous year). Cost to income ratio, a reliable indicator of a Bank's operational efficiency improved from a high of 209 % in Q4 of 2011-12 to a moderate 68% in Q4 of 2012-13. This reflected in the improved overall efficacy of the Bank. Challenges are daunting, but we are confident to surmount them to ensure great prosperity for our beloved organization in times to come.

It was a time when confidence needed to be restored all around. The undersigned and the senior officials of the Bank travelled across the country to reach out to the employees as well as the customers. The entire workforce was personally met through several Town Halls with a view to motivating them with the assurance that the Bank is on solid ground and what is needed is their increasing contribution to growth and profitability through better service quality. A large body of customers, especially those who had left the Bank in recent years, was contacted during the visits to reassure them of the Bank's firm commitment to their well being. Keeping in view the growing menace of NPAs, an aggressive recovery effort was mounted that yielded encouraging results. Another area of focus was improving the skill sets of the employees for equipping them to face emerging challenges with confidence.

The turnaround strategies, crafted with the guidance and support of the RBI, yielded handsome dividends. Six months down the line, while the confidence of the employees stood restored, our customers brought us back into the reckoning with increased patronage. The Bank's trade unions were working hand in hand with the management for taking the Bank to greater heights. The Bank is today firmly on a growth trajectory and is well positioned to harness business opportunities on the horizon with clarity and conviction. I should say, in grateful acknowledgement, that the support of the RBI and our Board during the difficult times was invaluable. I take this opportunity to acknowledge the encouragement and support given to us by the existing and new shareholders without which we could not have recorded the turnaround and set in motion our journey to prosperity.

I am happy to report that the revised business model is well in place, the rationalisation process underway gained much progress and the journey to prosperity is on the fast forward track.

Your support to the Bank at a critical time in its history was truly heartwarming. We greatly value your understanding and look forward to your continued guidance in taking the Bank to greater heights. On our part, the Bank is keen to assure you that it is forging ahead well in all key areas of activity. I have no doubt that God's own Bank in God's own country will earn its rightful place in the comity of banks, sooner than later.

Thanking you and with warm regards,

P. G. Jayakumar
Managing Director and CEO

Directors' Report

Report of the Board of Directors

We have pleasure in presenting the Bank's 86th Annual Report along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31.03.2013.

Performance Highlights

The salient features of the Bank's performance for the year 2013 are:

- Achieved Operating Profit of ₹51.40 crores for FY 13 against Operating Loss of ₹97.90 crores for FY 12.
- Yield on Advance improved from 11.34% in FY 12 to 12.69% in FY 13.
- Interest expenses declined by 10% during FY 13 as compared to FY 12.
- Net Interest Income grew by 11.67% during the year.
- Net Interest Margin (NIM) improved to 2.33% from 1.81% in the previous year.
- Achieved Non-Interest Income of ₹114.30 crores.
- Employee cost declined by 31.83% in FY 13.
- Other operating expenses declined by 29.08% during the year.
- In FY 13, out of the gross slippage of NPA of ₹504.78 crores, we could recover ₹228.78 crores during the year, thereby containing the level.
- Cost to income ratio declined from 125.03% for FY 12 to 86.85% for FY 13. The ratio came down from 209.49% in Q4 of FY 12 to 68.45% in Q4 of FY 13.
- CRAR of the Bank under Basel II as on 31.03.2013 stood at 11.06% against 9.49% as at 31.03.2012.
- Bank raised Equity Capital of ₹35.40 crores in the year and another ₹69.85 crores in April 2013. Taking into account the additional infusion in April 13, CRAR of the Bank would be 11.91%.

Capital and Reserves

The Bank's Capital and Reserves increased from ₹728.25 crores as on 31.03.2012 to ₹765.99 crores as on 31.03.2013. The capital adequacy ratio as per Basel I was 9.89% as on 31.03.2013 as against 8.79% as on 31.03.2012. Under Basel II, it was 11.06% as on 31.03.2013 against 9.49% as on 31.03.2012. The benchmark prescribed by RBI is 9%.

Branch Expansion

The Bank's customer outlets stood at 676, as on 31.03.2013, comprising 268 branches, 396 ATMs and 12 processing centres. We have concentrated on consolidating our operations across the country and thereby aiming at utilizing our branches to their fullest potential.

Deposits

Total deposits of the Bank as on 31.03.2013 stood at ₹11202.13 crores, in which net Inter Bank Deposits were only ₹494 crores. Total Deposits as on 31.03.2012 were ₹11804.41 crores wherein Inter Bank Deposits and Certificates of Deposit were ₹1185 crores. The decrease of ₹602.28 crores was mainly on account of repayment of Inter Bank Deposits & Certificates of Deposit during FY 13 consequent to the Bank's decision to shed high cost and bulk deposits.

Advances

Total advances of the Bank stood at ₹7954.00 crores as on 31.03.2013, in which retail assets bought out was ₹323 crores only. Against this, the total advances as on 31.03.12 was ₹8830.85 crores, in which the retail assets bought out was ₹961 crores. The decline of ₹876 crores in total advances was mainly on account of the repayment of low yielding bought out loan portfolio to the tune of ₹638 crores. During the year, the Credit Deposit Ratio declined from 74.19% to 69.42%. Yield on Advance improved from 11.34% in FY 12 to 12.69% in FY 13.

Total Business

During the FY 13, there was a rationalization of the business portfolio in order to reduce the cost of funds and improve the yield on advances. The total business of the Bank stood at ₹19156.13 crores as on 31.03.2013 as against ₹20635.26 crores as on 31.03.2012. The growth in total business achieved during the year was eclipsed by the repayment of high cost Inter Bank Deposits/Certificates of Deposit and repayment of low yielding corporate advances along with bought out loan portfolio.

Priority Sector Advances

The Bank continued its efforts during the year in facilitating the growth of the productive sectors of the economy. Priority sector advances decreased from ₹2810.34 crores as at the end of March 2012 to ₹2572.65 crores as at the end of March 2013 - a fall of ₹237.69 crores during 2012-13, mostly due to repayment of bought out advances in bulk. Direct agricultural outstanding grew from ₹781.71 crores to ₹1217.19 crores during the same period. The share of priority sector advances and agricultural credit in adjusted net bank credit was 29.07% and 15.87% vis-à-vis the RBI mandated targets of 40% and 18% respectively. The outstanding under the credit to weaker sections of society was ₹1134.89 crore representing 12.82% of adjusted Net Bank Credit vis-à-vis the guideline of 10% set by RBI.

Profitability

As against a net loss of ₹115.63 crores for the previous year, the Bank posted a net profit of ₹2.62 crores in the current year. Bank achieved operating profit of ₹51.40 crores against operating loss of ₹97.90 crores in the previous year.

Dividend

In its journey to prosperity, Bank has made progress and posted net profit. However, no dividend could be recommended to the shareholders as the Bank needs to garner more profits to do so.

Non-Performing Assets

The Indian economy faced continued slowdown in the activities at the back of rising interest rate regime and recessionary scenario globally during the FY 2013. The economic condition affected the borrowers of our Bank also, particularly those in the industrial and infrastructure sector. During the year, accounts having balance of ₹504.78 crores turned into NPA which was abnormally high compared to previous years slippage of ₹87.76 crores. However, through concerted efforts, the Bank could recover ₹227.71 crores (₹52.97 crores for the corresponding previous year). The Bank could successfully utilize all recovery measures open to it under law including the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) for achieving this record performance. Further the Bank re-empowered its branches for quality credit dispensations and management aiming to bring down the NPA and build up healthy advance portfolio.

Customer Service

The Bank attaches top priority to the quality of service rendered across its branches/offices. It has taken several measures during the year through deployment of technology and otherwise for significantly enhancing service quality.

A Customer Service Committee of the Board monitors the implementation of customer service measures periodically. Customer Service Committees comprising of Bank personnel as well as our constituents have been formed at the apex level and at branches for monitoring service quality and bringing about improvements in this area on an ongoing basis. The Bank is member of the Banking Codes and Standards Board of India (BCSBI) and is actively implementing the Code of Commitment to Customers as also the Code for Micro and Small Enterprises formulated by the BCSBI. The Bank has 24 x 7 phone banking call centre at Bangalore as an outsourced model, which is functioning satisfactorily.

During the current FY 2012-13, Bank received 8686 complaints as against a total of 13100 complaints received in the previous FY 2011-12. The empowerment of branches for handling all transactions and services for the customers has helped the Bank in better customer service and reduction in number of complaints.

Particulars	Contact Centre	ZO & CO	ATM Recon	Banking Ombudsman	Total
No. of Complaints Outstanding at the Beginning of the FY 2012-13	14	7	4	3	28
No. of Complaints Received during the FY 2012-13	3488	476	4661	61	8686
No. of Complaints Resolved during the FY 2012-13	3490	482	4665	60	8697
No. of Complaints Pending at close of FY 2012-13	**12**	**1**	**0**	**4**	**17**

Damodaran Committee on Customer Service

The Reserve Bank of India had constituted a Committee under the Chairmanship of Shri M. Damodaran, former Chairman, SEBI to interalia:

- Examine the functioning of Banking Ombudsman Scheme - its structure, legal framework and recommend steps to make it more effective and responsive.
- Review the role of Board of Directors of banks and the role of Regulators in customer service matters.
- Evaluate the existing system of grievance redressal mechanism prevalent in banks, its structure and efficacy and recommend measures for expeditious resolution of complaints. The committee may also lay down a suitable time frame for disposal of complaints including last escalation point within that time frame.
- Examine the possible methods of leveraging technology for better customer service with proper safeguards including legal aspects in the light of increasing use of Internet and IT for bank products and services and recommend measures to enhance consumer protection.
- Review the existing system of attending to customer service in banks – approach, attitude and fair treatment to customers from retail, small and pensioners segments.

We have received a total of 107 recommendations from the Committee since inception. Out of the 100 recommendations applicable to your Bank, we have implemented 80 recommendations and the implementation of remaining items is in process.

The following important products and services were introduced during the year for the benefit of the customers:

- Foreclosure charges/pre-payment penalties on home loans on floating interest basis were waived.
- Penalty interest on premature closure of all fixed deposits was completely withdrawn.
- Credit of NEFT proceeds directly to the loan accounts of the customers was enabled.
- Forex and Loan Modules were enabled for our Corporate Internet Banking customers thereby facilitating corporate users to access features viz. Card Rates, Outstanding Forex Contracts, Forex Transaction History, Loan Summary, Loan Detail, Loan Repayment Schedule etc.
- Withdrawal slips were reintroduced for better customer facilitation.
- Popularized 'AADHAAR' card as a proof of identity and address thereby paving the way for easy account opening process.
- Initialized provision for Statement of account in SWIFT format for corporate customers to upload the statements directly into their ERP system.
- Provided MICR, IFSC code and branch contact details in passbooks for customers to have easy access to the branches and the alternate channels.
- Displayed the list of unclaimed deposit accounts on the Bank's website as a proactive initiative to reach out to customers Process guidelines detailing the steps to be taken by customers in claiming the unclaimed deposits have also been issued.
- Facilitated printing of gross interest paid and tax deducted separately in the customer passbook and savings account statements thereby making it easy for customers to understand interest earnings and tax deductions separately.
- Introduced "Dhanam Green Loan" product for funding purchase of solar power equipment with a view to promote use of non-conventional energy sources among our customers. This loan has a subsidy scheme under the Jawaharlal Nehru National Solar Mission managed by NABARD.
- Released the revised Kissan Credit Card Scheme with an innovative measure of providing interest at Savings Bank Interest rate for credit balances in the account.
- Introduced a new gold loan product that facilitates greater flexibility through provision for partial release of ornaments and redeposit of ornaments without any restrictions.
- Started an evening counter for the convenience of customers at our High Road Branch, Thrissur with effect from 17th August, 2012.
- Enabled online Income Tax Return Filing Module for our customers in collaboration with TaxSpanner.com.

Investor Education and Protection Fund

During the year, there is no unclaimed amount transferred for the year 2004-05.

Listing on Stock Exchanges

The equity shares of the Bank are listed on the Bombay Stock Exchange Ltd., National Stock Exchange Ltd., and Cochin Stock Exchange Ltd. The Bank confirms that it has paid the listing fees to all the Stock Exchanges for the year 2012-13.

Conservation of energy

All efforts are being made to reduce energy consumption to the maximum extent possible.

Technology Absorption

Being a Banking Company, the required technology is deployed keeping in view the nature of activities.

Foreign Exchange Earnings and Outgo

Being an authorized dealer in Foreign Exchange, all possible measures are taken by the Bank to increase foreign exchange earnings.

The Companies (Disclosure of Particulars in respect of Board of Directors) Rules, 1968

The statement containing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and the rules thereunder, is given in an Annexure appended hereto and forms part of this report. In terms of Section 219(1) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Bank

Director's Responsibility Statement

The Directors confirm that in the preparation of the annual accounts for the year ended 31 Mar. 2013:

- the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- the accounting policies, framed in accordance with the guidelines of the Reserve Bank of India were applied consistently
- reasonable and prudent judgement and estimates were made wherever required so as to present a true and fair view of the state of affairs of the Bank as at the end of the financial year and profit of the Bank for the year ended 31st March 2013
- proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing Banks in India
- the accounts have been prepared on a 'going concern' basis
- that proper systems are in place to ensure compliance of all laws applicable to the Bank.

Change in the Board

Shri Ghanshyam Dass, Director resigned with effect from 16.07.2012 and Shri Shailesh V. Haribhakti, Director retired at the 85th Annual General Meeting of the Bank held on 27.09.2012. Shri S. Santhanakrishnan and Shri Sateesh Kumar Andra, Directors resigned with effect from 31.10.2012. Shri Ghyanendra Nath Bajpai, Chairman resigned with effect from 06.11.2012 following completion of his term as Non-Executive Chairman. The Board places on record its appreciation for the valuable services and guidance rendered by them to the Bank during their tenure. Shri Jayakumar P. G. had been appointed as MD & CEO of the Bank for a period of one year from 18.05.2012. Further RBI has given him extension for one more year as MD & CEO with effect from 18.05.2013. Shri K. Vijayaraghavan and Shri P. Mohanan have been appointed as Additional Directors with effect from 31.10.2012. Shri Tekkar Yashwanth Prabhu has been appointed as Director and Part-time Chairman of the Bank for a period of 3 years with effect from 07.11.2012. Mr. Chella K. Srinivasan and Mr. K. Jayakumar have been appointed as Additional Directors with effect from 17.05.2013. Mr. Manoranjan Dash has been appointed as Additional Director on the Board by Reserve Bank of India.

Acknowledgements

The Board places on record its gratitude to:

- The Reserve Bank of India, The Ministry of Finance, Government of India, State Governments, Securities and Exchange Board of India, Indian Bank's Association, Insurance Regulatory and Development Authority, Stock Exchanges and other regulatory bodies for their continued assistance and guidance.
- The customers, shareholders, other stakeholders and well wishers for their valued patronage.
- The clerical and officer associations for their active participation through feedback, suggestions and support.
- The employees for their active involvement and contribution to the Bank's growth and development.

By Order of the Board

Sd/

Place : Kochi — **Tekkar Yashwanth Prabhu**

Date : 17.07.2013 — Chairman

Management Discussion and Analysis Report

A. GLOBAL ECONOMY

The global banking system was affected by the weakening of global growth, escalation of the sovereign debt crisis and financial market stress. While US banks have been able to reduce their leverage and reliance on wholesale funding, European banks' dependence on wholesale funding remains high. The fundamentals of the banking sector in emerging economies were better, reflecting higher economic growth and relative balance sheet strength on the back of higher domestic funding and sound capital base. Significant progress has been made on the regulatory front, such as Basel III, SIFIs and shadow banking, but implementation challenges remain. Many advanced countries have made substantial progress in putting in place effective resolution regimes and bail-in mechanisms. The European Union and European Central Bank (ECB) have undertaken various measures to address funding and deleveraging risks, but concerns remain. In the long term, banks should focus on cost reduction strategies and work towards restoring investor confidence.

The global banking system in 2011 and 2012, so far, witnessed severe setbacks as it continued to be affected by tepid recovery in global growth; the re-emergence of the euro area sovereign debt crisis; and funding and deleveraging risks for global banks. Uncertainties emanating from the ongoing euro area sovereign debt crisis, the downgrade in the outlook of several advanced economies (AEs), and stability issues of euro area banks amidst bank recapitalisation concerns, among other factors, kept international financial markets and the banking system volatile during most of 2011-12.

An analysis of the performance of the top 100 global banks shows that the share of emerging economies in global banking continued to increase. Among emerging and developing countries, Chinese banks have registered substantial gains in the top 100 bank ratings. On the global policy reforms front, there has been some progress in rule framework for the Basel Rule, systemically important financial institutions (SIFIs), shadow banking, resolution regimes and bail-in mechanisms.

B. INDIAN ECONOMY

The economy of India is the tenth-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS. On a per-capita-income basis, India ranked 141st by nominal GDP and 130th by GDP (PPP) in 2012, according to the IMF. India is the 19th-largest exporter and the 10th-largest importer in the world. Economic growth rate slowed to around 5.0% for the 2012-13 fiscal year compared with 6.2% in the previous fiscal. It is to be noted that India's GDP grew by an astounding 9.3% in 2010-11. Thus, the growth rate has nearly halved in just three years.GDP growth went up marginally to 4.8% during the quarter through March 2013, from about 4.7% in the previous quarter. The government has forecasted a growth of 6.1%-6.7% for the year 2013-14, whilst the RBI expects the same to be at 5.7%.

During the last financial year, growth has slowed markedly, even as inflation remained above the Reserve Bank's comfort level. Monetary Policy has responded to this evolving growth-inflation dynamics through calibrated easing. After lowering the cash reserve ratio (CRR) by 125 basis points (bps) during Q4 of 2011-12, the Reserve Bank frontloaded a reduction in its repo rate by 50 bps in April 2012. Even as elevated inflation and the twin deficits have severely restricted.

India's external debt as at end-September 2012 was significantly higher than in the preceding quarter, with a rise in both long-term as well as short-term components of debt. In particular, there was a surge in non-resident external rupee-denominated deposits (NRE), reflecting the continued interest shown by non-residents due to better returns and rupee depreciation.

India's export performance continued to show the adverse impact of low growth and uncertainty in the advanced as well as major Emerging Market and Developing Economies (EMDEs). The downturn in the global manufacturing cycle in both advanced economies and EMDEs has impacted the overall world trade volume, which is also reflected in negative export growth of major EMDEs, including India, Brazil, Russia, South Africa and Indonesia.

The government has taken several steps to curtail deficit and put government finances on a more sustainable path. In a significant move, in January 2013, the government partially deregulated the prices of diesel, allowing full adjustment of prices for bulk consumers and a staggered increase for others. On the other hand, the annual supply of subsidised LPG cylinders per household has been increased to nine, from the cap of six announced in September 2012. These measures on the whole constitute an important signal to address fiscal imbalances, though its impact in the current fiscal year is expected to be negligible.

C. KERALA ECONOMY

Kerala economy is dominated by the service industry. Kerala leads over several other Indian states and territories in terms of per capita GDP and economic productivity. In terms of Human Development Index, Kerala's record is by far the best in India (The 2011 census shows the state's HDI to be 0.920, which is higher than that of most developed countries). Kerala's low GDP and productivity figures juxtaposed with higher development figures than in most Indian states is often dubbed the "Kerala Phenomenon" or the "Kerala Model" of development by economists, political scientists, and sociologists. This phenomenon arises mainly from Kerala's land reforms, social upliftment of entire communities and reforms introduced by the communist party which had held its sway over the state for a long period of time. Some describe Kerala's economy as a "democratic socialist welfare state". Others use the term "Money Order Economy".

The state is witnessing an influx of migrant labourers, mostly from Orissa, West Bengal and Bihar. The annual remittances being sent by the 2 million non Keralite workers in the state, totals ₹1.75 billion or 4 per cent of Kerala's gross domestic product. These migrant labourers are becoming the unexpected backbone of Kerala economy. Their presence and impact would be seen in the fast pace infrastructural development that the state is expecting to see in the years to come.

Kerala is also widely known for exporting skilled labour, with about 3.4 million Keralites living abroad, many in Arabian Gulf Countries. Remittance accounts for almost 30-32% of the state GDP, according to a Kerala Migration Survey, conducted by the Centre for Development Studies (CDS). Money transfer from the Arabian Gulf Countries to the state touched an all-time high of ₹58,150 crore in 2012-13 as against ₹49,965 crore in 2011-12.

D. REGULATORY MEASURES AND MONETARY POLICIES

The Reserve Bank has been managing the growth-inflation dynamics based on the tenet that low and stable inflation secures sustained high medium-term growth and facilitates consumers' and investors' decision-making. The macroeconomic priorities that have shaped recent monetary policy making include the need to address growth slowdown, restrain inflation pressures and mitigate vulnerabilities in the external sector. After a quick recovery in the post-crisis period, domestic economic growth significantly decelerated in 2011-12 and further during 2012-13 on account of both sluggish global growth and domestic bottlenecks. Taking cognizance of falling growth, the Reserve Bank lowered policy interest rate and the SLR by 100 bps each, and the CRR by 75 bps in 2012-13 on top of a 125 bps cut in the CRR in Q4 of 2011-12. It also undertook durable liquidity injections through outright purchases of G-secs as a part of open market operations (OMOs) totaling about ₹1.5 trillion during the year. After front-loading a 50 bps policy rate cut in April 2012, the Reserve Bank had to hold rate in the absence of the expected momentum on fiscal consolidation and elevated inflation concerns. However, since September 2012, a renewed commitment to containing the fiscal deficit provided space to the Reserve Bank for further policy easing. In response, the policy rates were lowered further by 50 bps in Q4 of 2012-13. Rising CAD risks, however, prompted the Reserve Bank to exercise caution while easing.

E. PERFORMANCE OF THE BANKING SYSTEM

Aggregate deposits of All Scheduled Commercial Banks grew to ₹67504 billion as at the last fortnight of March 2013 recording a 14% growth on year to year basis. Bank Credit grew to ₹52604 billion clocking a 12% growth. The investment portfolios of banks moved up by 13% to touch ₹20061 billion.

F. CREDIT SANCTION

Credit Risk is defined as the possibility of losses associated with attenuation in the credit quality of borrowers or counterparties. Credit risk is managed through a framework which sets out Policies and procedures covering its measurement and management.

To manage the credit risk, a comprehensive Credit Policy has been put in place in the Bank with the following broad objectives:

- Maintain quality of loan assets.
- Ensure reasonable return on the assets.
- Ensure an acceptable risk profile.
- Achieve proper sectoral/geographical distribution of assets.
- Compliance with regulatory norms in respect of exposure caps, pricing, IRAC guidelines, targeted credit etc.

Bank is adopting a careful assessment of risk-return tradeoff, which is critical to its success. Bank has also created dedicated and distinct teams to take care of various functions and sub functions. Branch centric model has been introduced and branches are given more delegated financial powers for sanctioning the loans.

The practice of providing an internal rating to borrowers, besides the external rating, has been put in place by the Bank. The credit policy of the Bank has prescribed exposure cap to ensure a fairly diversified spread of the credit portfolio to avoid credit concentrations either to a sector or to any borrower/ group. Bank expects to achieve its earnings objectives and to satisfy its customers' needs while maintaining a sound portfolio.

As part of these exercises, the credit dispensation function was trifurcated as Credit Sourcing, Credit Sanction and Credit Monitoring. Branches are allocated to individual credit officers and monitoring officers for speedy decision. Recovery of the non-performing assets was handled by a separate team with the requisite expertise. To enable taking a focused view within the credit portfolio, Bank has fixed targets for the following segments and achievement under these segments is monitored regularly.

- Corporate Banking
- SME
- Retail Assets
- Agri & Microcredit

F.1 CORPORATE BANKING

Bank provides its corporate and institutional clients a wide range of commercial and transactional banking products, backed by high quality service and relationship management. Funded and non-funded products including working capital finance, term loan finance, trade services, foreign exchange, cash management, distribution products and syndication services for debt and equity are offered by the Bank.

The main focus is on growth sectors like pharma-ceuticals, infrastructure, hospitality, education, etc. The Credit policy framework is intended to provide efficient delivery of products and services to corporates with all possible safeguards for prudent management of credit portfolio under this segment. Since the advances are of varied nature under this segment and deeper understanding of the industry is required for the management of credit portfolio, the central credit team takes care of the exposure under this segment.

F.2 LENDING TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Micro, Small and Medium Enterprises (MSME) segment is a key business area for the Bank. MSMEs play a vital role in the development of the economy and generation of employment. Bank is able to participate in both fund and non-fund based credit limits, diversification of risk and cross-selling.

Importantly, Bank can also fulfill their priority sector obligations by lending to MSME. One of the routes for achieving financial inclusion is by supporting small and micro enterprises, which in turn provide employment opportunities to the financially excluded. The Bank offers complete banking solutions to micro, small and medium scale enterprises across industry segments, including manufacturers, retailers, wholesalers/ traders and services. The entire suite of financial products – including cash credit, overdrafts, term loans, bills discounting, letter of credit, bank guarantees, cash management services and other structured products – is made available to these customers. Bank has entered into agreement with Credit Guarantee Trust Fund for Micro and Small Enterprises to provide collateral free credit facilities to the borrowers in this segment.

F.3 PRIORITY SECTOR ADVANCES

Your Bank continued its prudent approach towards priority sector lending in conformity with the national policies, regulatory expectations and fulfillment of social objectives. The Bank's priority sector advances stood at 29.07% (a marginal decrease of 1.80% from March 2012) and its agricultural advance reached 15.87% of the adjusted net bank credit. The weaker section advances was at 12.82%, thus surpassing the prescribed norm of 10%. Lending under various socio-economic schemes has shown satisfactory progress.

F.4 RETAIL ADVANCES

Retail exposure is mostly in the segments of mortgage, vehicle loan, education loan and other commercial loans. Bank has developed an array of parameterized retail credit products to suit the requirements of retail customers. Customized credit products are available for individuals, traders, contractors, businessmen, professionals, etc. The products are mostly decentralized and are offered through the branch channels.

F.5 CREDIT GUARANTEE FUND TRUST FOR MICRO & SMALL ENTERPRISES (CGTMSE)

Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) is launched to reassure the lender that, in the event of a MSE unit, which availed collateral free credit facilities, fails to discharge its liabilities to the lender, the Guarantee Trust would make good the loss incurred by the lender up to 75/80/85 per cent of the credit facility. Your Bank is one of the Member Lending Institutions. As usual this year also your Bank has enrolled seven borrowers under the scheme.

F.6 MICROFINANCE AND AGRICULTURE LENDING

The Bank has been working with various Self Help Groups to cater to a wide consumer base through its own branch network, rather than concentrate on providing microfinance and agriculture loans only. Bank has NGO partners who work with the objective of providing credit for income generation activities by providing training, vocational guidance, and marketing support to their members. The Bank continued to focus on agriculture lending as a large portion of India's un-banked population relies on agriculture as their main source of livelihood. The Bank provides various loans to farmers through its suite of specifically designed products – such as Kissan Credit Card plus SB scheme, crop loans, livestock loans, plantation loans, supply chain financing etc. The Bank targets specific sectors to capture supply chain of certain crops from the production stage to the sales stage. On the basis of these cash flows, the Bank is able to finance specific needs of the farmers. Bank has given specific focus on lending to poultry farmers, rubber, pineapple and other fruit growers through government agriculture departments, associations, commodity board etc.

Highlights of the Bank's Microfinance and Agri-business during the year were:

- Outstandings in the area of Micro Credit was ₹368.26 crores as on 31.03.2013.
- The Bank's total agriculture advances stand at 15.87% of ANBC as against a target of 18% and direct agriculture advances stands at 13.75% as on 31.03.13 against the direct agriculture target of 13.50% of ANBC. The Bank has extended 12.82% of ANBC as on 31.03.13 to weaker section as against a target of 10% of ANBC for 2012-13.
- Focus on grass root level lending to SHGs through Direct SHG – Bank Linkage Lending Model in Kerala & Tamil Nadu.
- There are 21464 number of SHGs maintaining savings bank account with our various branches. Credit facilities availed by SHGs from the Bank stood at ₹174 crore as on 31.03.2013. Kisan Credit Cards amounting to ₹5.98 crores were issued to 150 farmers as on 31.03.2013.
- Tied-up with dairies for providing cattle loans under JLG model and with NGOs for providing rural housing loans to SHG members.

F.7 CREDIT CARDS

A robust system as per international standards is in place for credit card operations in the Bank. Bank is issuing globally valid Platinum and Gold credit cards in association with the Visa International Service Association. The end to end activity of credit card operations is managed by a well experienced vendor and closely monitored by the Bank. All credit card processes, such as on-line authorization, cardholder alerts on the credit card activities are automated and the system is functioning smoothly. The core activities like, sourcing and sanctioning of applications are managed by the Bank and non-core activities are outsourced to a vendor. 24/7 customer care center is in place to assist the cardholders instantaneously.

G. CREDIT MONITORING

In order to ensure safety and quality of credit portfolio, Credit Monitoring Team plays a key role in the post sanction credit process such as, timely and orderly dispensation of credit, security creation, account management, monitoring the conduct of the assets, quality of asset portfolio, safeguarding securities charged to the bank, reporting of irregularities and adherence to terms of sanction through continuous liaison with the branches. This team helps to strengthen the post sanction activities in the weak prone areas and plug the gaps. Remedial measures are taken proactively to prevent slippages.

Detailed guidelines and well defined procedures as amended from time to time as per the regulatory guidelines on the process flow for credit disbursement/administration are put in place by the department.

H. NON-PERFORMING ASSETS

The Indian economy faced continued slow down in the activities at the back of rising interest rate regime and recessionary scenario globally during the year ended 31st March 2013. The economic condition affected the borrowers of your Bank also, particularly those in the industrial and infrastructure sector. During the year, accounts having balance of ₹504.78 crores turned into NPA which was abnormally high compared to previous years slippage of ₹87.76 crores. However, through concerted efforts, the Bank could recover ₹227.71 crores (₹52.97 crores for the corresponding previous year). The Bank could successfully utilize all recovery measures open to it under law including the provisions of securitization and reconstruction of Financial Asset and Enforcement of security interest Act for achieving this record performance. Further the Bank better re-empowered its Branches for quality credit dispensations and management aiming to bring down the NPA and build up healthy Advance portfolio.

I. BUSINESS DEVELOPMENT AND PLANNING

The department is responsible for initiatives towards overall business development. The department works as an effective link between the business units, Regional Heads, Zonal Heads and the MD & CEO.

In the last year, branches and staff were provided with adequate training to empower them in effectively handling the branch centric model. As the branch increasingly became the focal point of growth, many campaigns, schemes and processes were introduced to help them serve you better.

- Special Banking Service at Sabarimala including distribution of Prasadam coupons.
- Relaunched a full fledged Financial Inclusion drive by signing up with over 100 Business Correspondents with support from major NGOs.
- CASA and Lakshmi Recurring Deposit campaigns for strengthening the base of low cost deposits.
- Consolidated the CASA variants in order to reduce the cost of deposits.
- Introduced Dhanam Basic Savings Account with added features to emphasis the thrust on Financial Inclusion and cater to the needs to low income group.
- Designated Customer Relationship Manager (CRM) in each branch for providing immediate customer service and customer complaint redressal.
- Reduced charges in National Electronic Funds Transfer (NEFT) System to popularize the channel.
- Proactively reached out to customers through SMS, emails etc. to sensitize them about CTS 2010 standard cheques and their validity.
- Disabled Cash Retraction in ATMs so as to safeguard the Bank against possible frauds.
- Revised policy on Collection of Cheques to include compensation in case of delayed collection of local cheques.
- Waived off service charges for accounts opened during the CASA campaigns.
- Implemented proactive reverse of funds to other bank customers in case of non-disbursement of cash in ATMs without waiting for the other bank customer to raise a chargeback.
- Empanelled with NPCI for participating in the Aadhaar Payment Bridge System for customers to receive direct benefit transfers.

Amongst other things, the department handles Business Development, New Product & Service Development, Government Business, Liability and Third Party Products Portfolio, Infrastructure and Administration Support, Centralised Operations, Currency Chests, Public Relations and Publicity, Implementation of RBI/BCSBI guidelines/Damodaran Committee recommendations on customer service and management of complaints including from Banking Ombudsman. The Central Processing Centre of the Bank also functions under the ambit of this department.

I.1 GOVERNMENT BUSINESS

Your Bank is honoured to be bankers to scores of Government, Quasi-government, Body Corporates, Statutory Bodies Institutions under the Centre and State governments. In the state of Kerala, we have the privilege to be bankers to many reputed organizations viz. Travancore Devaswam Board (TDB), Cochin Devaswam Board, Guruvayur Devaswom Board, Kerala State Financial Enterprises (KSFE), Kerala State Beverages Corporation (KSBC), Head Load Workers Welfare Board, Greater Cochin Development Authority (GCDA) , Abkari Workers Welfare Fund Board, Shops and Establishments Workers Welfare Fund Board, Tailor Workers Welfare Fund Board, Motor Workers Welfare

Fund Board, Poultry Development Corporation, Building and Constructions Workers Welfare Fund Board etc. At the Central level, we also serve government undertakings like LIC, GIC, NABARD, HUDCO, Army Welfare Housing Organisation, National Co-op Development Corporation, NTPC-SAIL Pvt. Ltd., Tourism Finance Corporation of India, PEC Ltd., Railway Vikas Nigam Ltd. and Power Finance Corporation.

Bank has been complimented by these government institutions for the services rendered. As a Bank committed to the social cause your Bank has large number of micro credit initiatives. Your Bank won the "Best Bank" award twice from the Honourable Chief Minister of Kerala. Bank continues our commitment to all these schemes for the poor and weaker sections of the society, particularly in Kerala.

I.1.1 YOUR BANK'S OPERATIONS AT SABARIMALA

Travancore Devaswam Board is an autonomous body constituted under the Travancore Cochin Hindu Religious Institutions Act XV of 1950. It is entrusted with the task of administrating 1248 temples in the erstwhile princely state of Travancore comprised in the State of Kerala which were earlier administrated by the ruler of Travancore prior to the integration of the Princely states of Travancore and Cochin in 1949.

Your Bank became the principal bankers to TDB in late 1970s when a major nationalized Bank opted to withdraw from the scene. Your Bank voluntarily accepted to become the Banker to Sabarimala Sannidhanam and the temples administered by TDB in a spirit of public service. Since then the Bank has been extending the best of services to the TDB and the temples administered by it.

Over the years, the Bank has expanded its services by opening satellite branches at Sannidhanam, Pampa, Erumeli and Nilakkal during the season viz. mid November to mid January every year and during the monthly poojas. The Bank has also deployed modern office equipments like Cash Sorting/Counting machines, Coin Counting/Bundling machines and has also extended anywhere banking services under Centralised Banking System at these branches. We have established ATMs at Pamba and Sannidhanam for the benefit of millions of Lord Ayyappa devotees. The personnel of the Bank have displayed unmatched commitment, to this sacred work despite numerous hardships. Our Sannidhanam, Pampa, Erumeli, Mavelikkara and Nanthancode branches are functioning from the TDB premises.

Your Bank handles the following activities at Sabarimala

- Operating seasonal branches at Sabarimala Sannidhanam, Pamba, Erumeli and Nilakkal. The branches also handle transactions of traders, shopkeepers, staff employed in Sabarimala during the season.
- Sale of Appam, Aravana and Neyyabhishekam coupons are done by all our branches across the country.
- Distribution of prasadam at Sabarimala through 10-15 counters running 24 X 7 (6 shifts of 4 hours each) throughout the season. Year 2012-2013 was the fifth consecutive year in which the Bank was in charge of distribution of Appam & Aravana.
- Counting of Kanikka (cash and coins contributed by devotees into various bhandarams placed in front of the sanctum sanctorum) and crediting to accounts maintained by TDB with us.
- Exchanging of foreign currency deposited by devotees by way of Kanikka and crediting to accounts maintained by TDB with us.
- Distribution of coins received at Sabarimala. Bank has been appreciated by the RBI for its efforts and contribution to fair distribution of coins.

I.2 THIRD PARTY PRODUCTS DISTRIBUTION

I.2.1 LIFE INSURANCE

Bank in tether with M/s Bajaj Allianz Life Insurance Co. has insured 5000+ customers with premium collection of ₹15 crores.

I.2.2 NON-LIFE INSURANCE

On Non-Life Insurance front, Bank distributed 30140 Policies with premium of ₹7.49 crores. Policies were issued on various heads such as Motor Insurance (Commercial Vehicle, 2 & 4 Wheeler), Medical Insurance, Liability, Health, Property, Rural & Marine Insurance.

I.2.3 BULLION SALE

The Bank sells different denominations of retail gold coins (2g to 50g coins) & silver bars (50g to 100g). Under retail bullion category, Bank has sold 503 Kilograms of Gold & 34.4 Kilograms of silver.

I.2.4 MUTUAL FUNDS

Bank has around 15373 ongoing SIPs till March 2013. In total ₹90 crores (₹80 crores under Equity & ₹10 crores under Debt) worth AUM (Asset Under Management) been managed by Bank.

I.3 FOREX BUSINESS

Forex business continues to be one of the most important focus areas of the Bank in deposit mobilization and exchange earnings. At the end of the FY 2012-13, Bank had Rupee Drawing Arrangement (RDA) with 4 Exchange Houses under the DDA Procedure and 9 Exchange Houses under the Speed Remittance arrangement. There has been a sharp increase in remittance volumes under Speed remittance arrangements owing to competitive pricing of transactions vis-à-vis peer banks. The increase in routing transactions was also contributed by other factors like timely and seamless processing of the transactions; support and services extended to the exchange house in the remittance operations.

The table depicted below shows the remittance transactions and volume processed for the FY ending 2012-13.

Speed Remittance Transactions			
Particulars	**FY 11-12**	**FY 12-13**	**% Increase over FY 11-12**
Number of Transactions	98305	256726	161%
Value of Inward Remittance (In ₹ crore)	487.64	919.98	89%

Bank also gained in earning the confidence of certain exchanges which resulted in routing of all their transactions through us. This has in fact resulted in more commission on the transactions processed. The relationship with Doha Bank has become more vibrant in FY 13 and your Bank is now one of their most preferred correspondent banks in India for remittance operations. On an average your Bank is processing transactions to the tune of ₹28 crores per month through Doha Bank remittance arrangement. Deputation arrangement with Doha Bank has resulted in new building HNI NRI customer base from Qatar. The new tie up initiated in the last year with Al Zaman Qatar is running successfully and picking up volumes. The Bank is exploring possibilities in starting tie-ups with leading banks and exchange houses based in other GCC locations like Qatar, Saudi Arabia and Oman.

The Bank has also gone live with the Straight Through Protocol (STP) model remittance to UAE Exchange Centre Abudhabi under the Flash Remit branch. In coordination with the exchanges, STP model remittances will shortly be extended to other exchange houses.

On the NRI business front NRI deposits of the Bank has crossed ₹1000 crores and stood at ₹1028 crores at the end of FY 13. NRI business clocked an encouraging growth of 38% over FY 2011-12 with overall book growth of ₹283.32 crores.

I.4 FINANCIAL INCLUSION AND BUSINESS CORRESPONDENTS MODEL

Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy. Financial inclusion is delivery of banking services at an affordable cost ('no frills'/Basic Savings Bank Deposit Accounts) to the vast sections of disadvantaged and low income group. Your Bank has initiated number of measures to promote financial inclusion widely. State Level Bankers Committee (SLBC) and Reserve Bank of India had allotted four villages in Kerala and one village in Tamil Nadu for the purpose of financial inclusion activities.

In Kerala, Bank adopted the Business Correspondent model for providing banking service in the villages allotted by SLBC. In Tamil Nadu, a satellite branch was set up in the allotted village. Apart from the allotted villages, Bank adopted 10 additional villages in Kerala.

Bank partnered with FINO Limited (Service provider) and Fino Fintech Foundation (Corporate Business Correspondent). Corporate Business Correspondent appointed one Customer Service Provider (CSP) in each village.

Accounts of the socially deprived/BPL members were opened using mobile technology in the presence of link branch staff.

Bank opened 20,581 accounts through Business Correspondent model up to 2012-13 and the balance outstanding in these accounts is ₹2.82 lakhs.

Our New initiatives for implementing a new Financial Inclusion application to enable to capture online transactions happened at the Business Correspondents of the Bank.

1. We propose to open 3 branches, subject to regulatory approval, in the three villages allocated to us by SLBC in Kerala as part of the Financial Inclusion plan.
2. As on 31st March 2013 we had 14 BCs through the arrangement with FINO FINTECH FOUNDATION a section 25 Company and technology support is provided by M/s FINO Limited.
3. We have now partnered with M/s AGS Transact Technologies Limited for technology support and will partner with different NGOs for appointment of Business Correspondents.
4. We propose to appoint 100 BCs in the current financial year and will be increased to 200, 300 & 400 (cumulative) for the three years after analysing the performance of the project.
5. We will be providing Credit products through Business Correspondent Model.
6. Direct Benefit Transfers like scholarships, cooking gas subsidy etc. can be distributed through Business Correspondents.

I.5 CENTRAL PROCESSING CENTRE

Dhanlaxmi Bank has a fully operational Central Processing Centre (CPC) to support the branch operations and customer service. It handles many routine and timebound activities for the branch thereby providing branches with sufficient time to interact with the customers. Account opening and customer service request processing is done through a workflow management system that is completely integrated with the corebanking system. The automation is capable of crashing account opening and service request processing time to hours as compared to 5-6 days taken earlier. CPC handles a variety of activities such as

- Opening of new CASA accounts based on the forms collected by the branches and scrutinized at the Regional Processing Centres (RPC).
- Opening of loan accounts including loan account modifications, interest rate changes, limit extensions, loan rescheduling, etc. based on necessary approvals.
- Making customer and account level static data changes such as address, contact detail updation.
- Processing customer requests for cheque books, debit cards, internet banking related requests, mobile banking related requests including dispatch of deliverables.
- Production and dispatch of security stationery such as cheque books, demand drafts/bankers's cheques, pregenerated account opening kits, etc. to branches.
- Depository Participant operations.
- Electronic Clearing Services such as ECS Fund transfer, Mandate Registration, Schedule of Charges, Direct Debit lodgments and transactions.
- Local and Outstation Cheque collection, Fund Transfer for Corporate customers through Cash Management Service.
- All NEFT and RTGS operations.
- Electronic channel transaction reconciliation of NEFT Inward/Outward, RTGS Inward/Outward, ATM, IMPS, POS, Internet Banking, Payment Gateway, Forex card and Bullion reconciliation transactions.

I.6 CURRENCY CHESTS

The two basic functions of Currency Chests are to facilitate branches to remit their surplus cash and distribution of re-issuable notes and coins to public through branches. The cash balances maintained in the Currency Chests are part of Balances with Reserve Bank of India and the same is reckoned for calculation of Cash Reserve Ratio. Your Bank has two Currency Chests, one in Thrissur and the other in Thiruvananthapuram. Both the Currency Chests have been equipped with state of the art machines for currency counting, sorting and counterfeit detection. During FY 13, inward cash remittances have gone up by 14.63% while outward cash remittances have gone up by 13.22%.

I.7 PUBLIC RELATIONS AND PUBLICITY

To understand how banking services can be marketed better, one must examine banking as a service industry, in the content of a swiftly changing environment, redefine marketing to suit a banker's needs, analyse how the marketing of financial services differs from that of other products, identify the tasks involved there in and set forth a series of steps for effective bank marketing. Bank had consciously kept a tight leash on our expenditures during the last financial year. To ensure that the Bank continues its publicity and marketing efforts, despite the financial limitations, it concentrated on localized and regional initiatives in reaching out to its customers. As a part of its community involvement, Bank participated in and encouraged local events and functions thereby growing with the society.

I.8 ATMs

Bank has 396 ATMs as on 31st March 2013. Bank also issues Gift cards which enables the customer for 'gifting' on special occasions.

J. ALTERNATE CHANNELS

J.1 INTERNET BANKING

- Forex and Loans modules were enabled in May 2012 in our Corporate Internet Banking for our corporate customers.
- Online IT Return filing via Tax Spanner was launched in July 2012.
- Payments for Prepaid Mobile and DTH (Direct to Home) Recharge via online Debit Card were launched through our enhanced Retail Internet Banking. This enables our customers to pay the respective payments hassle-free.

J.2 CORPORATE WEBSITE

- Bank maintains its corporate website (www.dhanbank.com) with a dedicated internal team.
- The website is updated on a daily basis with product updates, information to customers, latest news while also ensuring availability of information as required by regulators in an easy fashion.
- Over 11,000+ leads have been generated through the website.
- The corporate website has approximately 1.8 lakh page views/hits per month.

J.3 PAYMENT GATEWAYS

Bank is tied up with 6 more aggregators to start payment gateway integration. These vendors are ATOM, CC AVENUE, EBS, PAYUIN, PAYMATE and TIMESOFMONEY. With these vendors, your Bank option shall be made available for many online merchants website for our customers.

J.4 MOBILE BANKING/PAYMENTS AND SMS BANKING

Interbank Mobile Payment Service (IMPS) is an instant interbank electronic fund transfer service through mobile phones. IMPS facilitates customers to use mobile instruments as a channel for accessing their banks accounts and remitting funds therefrom. Bank is a member of NPCI and is listed for offering IMPS services. 4.98 Lakhs MMIDs (Mobile Money Identifier - Codes required for IMPS) have been created. These users shall be able to receive funds via IMPS. IMPS can be done from any user of other bank via Mobile or Internet as their Bank's IMPS function availability. Bank has also launched Phase 2 of Mobile Banking which includes m-Commerce, Bill Payment, Credit Card Payment and Debit Card blocking/Card/PIN reissuance requests via Mobile.

A summary of transactions routed through various channels such as Internet Banking, Mobile Banking etc. is listed below:

Sl. No.	Transactions	No. in lakhs	Amount ₹ crores
1	Retail Internet Banking Transactions (Since inception)	4.74	547
2	Retail Internet Banking Transactions (FY 13)	2.47	279
3	Fixed Deposits opened through Internet Banking (Since inception)	0.03	17
4	Fixed Deposits opened through Internet Banking (FY 13)	0.01	7
5	Corporate Internet Banking Transactions (Since inception)	0.09	279
6	Corporate Internet Banking Transactions (FY 13)	0.08	228
7	Payment Gateway Transactions (Since inception)	1.38	35
8	Payment Gateway Transactions (FY 13)	0.80	17
9	Online Debit Card Transactions (Since inception)	1.00	8
10	Online Debit Card Transactions (FY13)	0.72	6
11	Mobile Banking Transactions (Since inception)	0.04	1.12
12	SMS sent	112	

J.5 NACH (NATIONAL AUTOMATED CLEARING HOUSE)

NACH is owned by NPCI (National Payments Corporation of India) and promoted by Finance Ministry of India. The main objective of this system to execute DIRECT CASH TRANSFER SCHEME or any same kind of scheme to the eligible citizens of India based on AADHAAR CARD NUMBER [ABPS] or to execute the same scheme to Non-AADHAAR CARD Holders also; based on bank account number [ECS & NACH-Debit /Credit].

Your Bank has been on board for NACH since March, 2013. Your Bank has become beneficiary/destination bank to receive subsidy to the customer account based on the Aadhaar Number or Bank Account Number. Our eligible customers can receive funds from the government agencies under the respective schemes to their accounts in your Bank. Your Bank has already started receiving direct benefit transfers into accounts of customers who have provided their Aadhaar Numbers for linkage to their accounts.

K. INFORMATION TECHNOLOGY

K.1 IMPLEMENTATION OF CHEQUE TRUNCATION SYSTEM (CTS) – SOUTHERN GRID

RBI through its technology arm, National Payments Corporation of India (NPCI) had decided to implement Electronic Image based clearing known as Cheque Truncation System (CTS). Accordingly, the Bank has completed CTS implementation in 17 identified cheque shops under southern grid replacing MICR based clearing. This has facilitated faster realization of clearing instruments for Banks customers.

K.2 IMPLEMENTATION OF FULL FLEDGED RETAIL INTERNET BANKING

We have successfully launched enhanced version of Retail Internet Banking module. The product is highly feature rich build on a secured technology platform so as to take care all the transactional requirements of Bank's clientele from their devices. Secure features include Two Factor Authentication system for all the financial transactions.

K.3 AUTOMATED DATA FLOW (ADF)

RBI has directed all Banks to introduce a system to facilitate direct access to RBI to generate the mandatory/periodical reports submitted by Bank to RBI. This project was undertaken in-house and progressing well.

K.4 AUTOMATED SABARIMALA PRASADAM DISTRIBUTION

As the sole banker for Travancore Devaswam Board, we have initiated an automated process to streamline the distribution of the holy offerings of Lord Ayyappa viz. Appam, Aravana, Modakam etc to the devotees during the Makaravilakku season. This has been extended even for the monthly Poojas as requested by TDB.

K.5 AUTOMATED CLASSIFICATION OF ASSETS

We have automated the identification and movement of NPA using a new independent application avoiding all manual interventions. This system helps the Bank in monitoring of borderline accounts and also to take the necessary remedial actions.

K.6 PERIODIC DISASTER RECOVERY DRILLS

In line with regulatory directives, Bank has put in place the system to conduct DR drills periodically. Last year also we conducted these drills covering all applications.

K.7 SMS ALERTS

Two new SMS alerts introduced to inform customers in advance reminding the loan repayment/EMI due date & maturity date of deposit.

K.8 INTRODUCTION OF NEFT CONTINUOUS CREDIT

The feature of continuous release of credit messages is being introduced with the objective of providing maximum time to beneficiary/destination banks to process the inward NEFT transactions, thereby facilitating more efficiency in handling of growing transaction volumes in the system. With the introduction of this feature, for all outward NEFT transactions will be processed at the same instant and credited to the beneficiary bank. All the inward NEFT payments will be credited to customer account at the same instant and account balance will also gets updated. The amount can be withdrawn after receiving credit confirmation from RBI. By the introduction of this facility we have eliminated the NEFT batch settlement delays in receiving the inward/outward NEFT payments.

L. TREASURY OPERATIONS

During the Financial Year 2012-13, Domestic Treasury was vibrant in its operations duly taking advantage of the yield and price movements. Treasury was active in its trading both in Domestic and Forex operations. The turnover in SLR securities increased by 93.23% and touched a record high of ₹70,636 crores in FY 2012-13. Treasury was also active in trading in Non- SLR securities.

The Profits from sale of Investments increased by 179.48% to ₹24.79 crores for the FY 2012-13 as against ₹8.87 crores for the FY 2011-12.

The ten-year G sec yield came down from 8.57% as at the end of March 2012 to 7.95% as at the end of March 2013. Despite the softness in yields, due to judicious mix of investments, the yield on investments (excluding RIDF) went up by 14 bps from 8.02% as at the end of March 2012 to 8.16% as at the end of March 2013.

The Gross Investments of the Bank increased by 7.50 % in FY 2012-13 from ₹4,376.55 crores as at the end of March 2012 to ₹4,704.88 crores as at the end of March 2013.

The slump in the growth rate of our economy during last year had an impact on our merchant transactions as well and this resulted in the reduction of profits from foreign exchange operations. The profit from foreign exchange operations was at ₹7.98 crores in FY 2012-13 as against ₹11.88 crores in FY 2011-12. Despite the reduction in exchange profits, the overall profit from Domestic and Forex operations increased by 57.92% to ₹32.77 crores in FY 2012-13 from ₹20.75 crores in FY 2011-12. Besides this Treasury also contributed to Bank's Bullion operations.

Despite tightness of liquidity in the system, the Bank could manage its liquidity quite comfortably. The Bank was always maintaining adequate surplus SLR Investments to take care of any contingencies. During the year 2012-13, the Bank reduced its dependence on Inter Bank Deposits (one year and less). The Inter Bank Deposits accepted by the Bank stood at ₹690 crores as at the end of March 2013 as against ₹1,525 crores as at the end of March 2012. The Inter Bank deposits placed by the Bank as on 31st March 2013 stood at ₹175 crores as against ₹0.43 crores as at the end of 31st March 2012.

Treasury also accessed cross border markets to augment resources of the Bank and support customer foreign trade business and trade finance activities. The foreign currency borrowings of the Bank stood at USD 32.50 million as on 31st March 2013.

M. INTERNATIONAL BANKING DEPARTMENT

Globally, currencies were highly volatile during the period. Anticipated phasing out of economic stimulus package in USA; Euro zone crisis especially banking crisis in Cyprus etc. had influenced currencies and precious metals heavily. USD/INR was traded between 51 to 55 during this period.

Foreign exchange business of the Bank during the period was ₹8915 crores constituting Export, Import and miscellaneous remittances. All the ten exchange houses where the Bank had remittance arrangements contributed steady business. Remittances through these exchange houses were ₹598 crores.

N. INSPECTION AND VIGILANCE

The Bank has a detailed inspection Manual and a robust Inspection Policy, which are updated periodically. The Policy takes care of modifications in the audit methodology in line with the changes brought in the organizational structure and business models with the objective of auditing an activity at the place of its origin. This comprises of Risk Based Internal Audit (RBIA) of branches, Concurrent Audit of branches, Central Processing Centre (CPC), Regional Processing Centres (RPC), Trade Finance, Retail Asset (RA) and Integrated Treasury. A system of Credit Audit was introduced during this year in order to monitor the documentation of big advances. RBIA of the branches is done at periodic intervels as per the risk rating awarded to the branch in the previous audit. During the year 2012-13, 213 branches were subjected to RBIA. Besides, 192 RBIA reports were subjected to first review and 161 RBIA reports were taken up for final review during the year. 63 branches, 9 RPCs, Retail Asset Operations at Mumbai, CPC and Integrated Treasury were also covered under the purview of Concurrent Audit. These branches and Treasury put together cover 67.18 % of Total Deposits, 81.05 % of Total Advances and 73.03% of the Total Business. Out of this, audit of 33 Branches, 8 RPCs, RA at Mumbai and CPC were undertaken by our own internal audit officers.

Offsite Surveillance System (OSS), which is a web based technology provides data to monitor and analyze exceptions and thus facilitates tracking of risks of transaction level. The system has enabled identification of revenue recovery, timely escalation of post migration issues to CBS for resolution, defects in settling variance and other system parameters etc. Besides facilitating analysis of specific day to day exceptions and monitoring of the same. The alerts generated by the system are thoroughly checked and scrutinized. Based on the severity of the divergence, OSS escalates the observations to the respective branches for compliance. Further, OSS also extends necessary MIS support to internal auditors and concurrent auditors.

ISO 9001:2008 Surveillance Audit was carried out at 12 departments of the Bank's Head Office by external auditors and recertification was obtained.

Vigilance Department of the Bank is responsible for implementing policies laid down in this regard by the Government of India, RBI and the Bank's Board and monitoring it periodically. All fraud related issues are handled as per regulatory norms. The Bank ensures timely reporting of frauds to the RBI. The Bank also conducts investigations into frauds/serious complaints/ irregularities and takes remedial measures for non-recurrence of the same. The Preventive Vigilance Committee meetings at branches and follow-up of the proceedings are a notable initiative taken by the Bank.

O. INFORMATION SECURITY

The year 2012-13 saw remarkable achievements for the Bank in the Information Security perspective. Significant initiatives taken by Information Security Group during the year are given below.

- Gap analysis and quarterly reviews for prescribed 9 domains was conducted.
- Developed Information Security Policy and procedures in concern with the Bank's security perspective.
- Acceptable Usage Policy for end user awareness was circulated.
- Conducted vulnerability assessment/penetration testing for IT Environment.
- Conducted application security testing for all critical applications.
- Conducted External/Internal penetration tests for IT Environment.
- Developed Business Continuity Management Policy on Bank's business perspective.
- Conducted Business Impact Analysis for all Departments.
- Successfully conducted BCP/DR planned drill for select branch(s).
- Initiated end user awareness by publishing weekly INFOSEC bulletin on Bank's Information Security perspective.
- Started initiation for ISO 27001 on Bank's Information technology, Security techniques and Information security management systems.
- Initiated security awareness bulletin for guiding the Information Technology team on latest threats and vulnerabilities.

P. LEGAL

The Bank is having a well defined Legal Policy which takes care of the functions of the Legal Department of the Bank, inter-alia the following:

- to devise ways and means to suggest preventive legal measures in tune with the statutory provisions, regulatory prescriptions and judicial expositions.
- to suggest best legal practices in documentation and legal steps to be initiated from time to time.
- to minimize the legal risks in the decision making process of the Bank in general and other Departments of the Bank in particular, thus mitigating the legal and operating risks in a time bound manner.

The Bank is having a well structured and defined Documentation Manual, updated from time to time, in tune with the statutory changes and judicial decisions.

Legal Department takes care of the updation of legal knowledge among the field functionaries by circulating an internal journal called "Legal Pro" which conveys latest judicial decisions and statutory changes affecting bankers.

Legal Department also takes care of the outsourcing activities of the Bank by formulating a well defined Outsourcing Policy, reviewed and updated periodically.

Q. ANTI MONEY LAUNDERING

Bank has given great importance to prevent Money Laundering activities and for Combating of Financing to Terrorism. Keeping this in view, Bank has put in place an updated Policy on KYC and AML. Bank also files reports like Cash Transaction Report (CTR), Non Profit Organization Transaction Report (NTR), Counterfeit Currency Report (CCR) and Suspicious Transaction Report (STR) to Financial Intelligence Unit (FIU-IND), Govt. of India on a monthly basis through their online gateway.

The Bank is also in the process of implementation of a new AML Software to take care of the guidelines of IBA for generation of alerts for monitoring of such activities and reporting of the same.

R. RISK MANGEMENT

The Bank has adopted an integrated approach for the management of risk. Effective internal policies are developed in tune with the business requirements and best practices, which address the risk management aspects of the different risk classes namely, credit risk, market risk and operational risk. The Policies, procedures and practices adopted in the Bank are benchmarked to the best in the industry on a continuous basis and the Bank has a clear goal to reach an advanced level of sophistication in risk management.

The Bank's risk management structure is overseen by the Board of Directors and appropriate policies to manage various types of risks are in place. The Bank has a Board level subcommittee for Risk Management. At the executive level, the Bank has a Risk Management Committee of Executives (RMCE), Asset Liability Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Management Committee (ORMC). These Committees along with the Investment Committee ensures adherence to the implementation of the risk management policies.

The risk management policies like ICAAP (Internal Capital Adequacy Assessment Process) Policy, Credit Risk Management Policy, Asset Liability Management Policy, Operational Risk Management Policy and Integrated Risk Management Policy were comprehensively reviewed during the year. The Bank has also developed a Stress testing Policy and formulated different stress scenarios. The impact of various risks under stress situation on the profitability of the Bank and on the CRAR of the Bank are analyzed and reviewed periodically.

Considering the market scenario and bank specific issues, the Bank has conducted a study of historical data focusing on the top five risk events faced by the Bank as a result of rapid expansion in the previous years viz. Reputation Risk, Capital Risk, Profitability Risk, Credit Risk and Liquidity Risk. A detailed analysis of the above top five risks was done along with mitigation strategies which enabled the Bank management to assess the material risk exposures incurred by the Bank and to evaluate the potential vulnerability.

R.1 BASEL II

The Bank is Basel II compliant and assesses the capital adequacy under the New Capital Adequacy Framework (NCAF) on a quarterly basis as per RBI guidelines.

Under Pillar I the Bank computes capital for credit risk under Standardized Approach, for market risk under Standardized Duration Approach and for Operational Risk under Basic Indicator Approach. **Under Pillar II,** the Bank has put in place the ICAAP (Internal Capital Adequacy Assessment Process) frame work for integrating capital planning with budgetary planning and to capture the residual risks which are not addressed in **Pillar I** like credit concentration risk, interest rate risk in the banking book, liquidity risk, earnings risk, strategic risk, reputation risk etc. **Under Pillar III** the Bank discloses its risk philosophy, risk exposures, risk assessment and its capital adequacy to the market in a more consistent and comprehensive manner.

R.2 CREDIT RISK

The Bank is exposed to credit risks through its lending and investment activities. The Bank assesses the credit risk at the portfolio level as well as at the exposure or counter-party level. It has a robust credit risk management framework comprising of the three distinct building blocks namely Policy & Strategy, Organisational structure and Operations/Systems.

The Bank has a Board approved Credit Risk Management (CRM) policy, which is reviewed annually. It deals with various areas of credit risk, goals to be achieved, current practices and future strategies. The CRM policy details the risk appetite, credit risk identification, measurement, monitoring/controlling mechanisms and concentration risk. During the year, Bank's CRM Policy was reviewed in line with RBI guidelines.

The credit risk management aims at ensuring sustained growth of healthy credit portfolio. Bank has stipulated minimum standards for origination, benchmarks for certain key financial risk parameters, and has a multi-tier credit approval system based on exposure, rating and transaction risks. Exposure caps in terms of individual, group, industry/sector and segment level are defined to control risk concentrations and to ensure a fairly diversified spread of credit portfolio.

Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counter-party and for taking credit decisions in a consistent manner. The Bank presently has 14 rating/scoring models covering Corporates, SME, Traders, NBFC, Small Loans, Non-SLR investments, inventory/construction finance, asset buy out, individuals and micro credit. All these models were reviewed and revised during the year based on the portfolio specific characteristics of the Bank, best practices prevalent in the industry and in line with AFI report. All exposures of ₹2 lakhs and above will come under the purview of rating.

The Bank has put in place Rating Migration Analysis of all credit exposures above ₹10 crore on a quarterly basis. Rating migration analysis covering all advances above ₹25 lakhs is also being conducted on an annual basis. From the quarter ended December 2012, the scope of quarterly Rating migration analysis has been widened to cover credit exposures of ₹5 crores and above. As a step to move towards advanced approaches, the Bank has attempted to compute the Probability of Default (PD) based on 3 year rating migration data. In the case of retail asset, pool/segment rating methodology is also applied to monitor defaults. Credit risks inherent in investments in non-SLR Bonds are being assessed independently by mid office treasury using the internal rating models.

During the year 2012-13, the Bank undertook functions of rating validation and development and revision of rating models and completed 1051 internal rating validations. Bank has been using B2ReCAP software for calculation of Risk-Weighted Assets (RWA) and Regulatory Capital for Credit Risk.

The Bank has been conducting quarterly industry analysis/study as a proactive credit risk management practice, which would facilitate an effective review of distribution of credit portfolio across various industries/sectors, assessing the degree of credit concentration, basis for selection of industry to which increased exposure can be considered and provide necessary information to increase/hold/decrease exposure. During the year FY 2012-13, the Bank has conducted industry analysis on the sectors – Textiles, Gold, Education Loan, Loan Against Property and Auto Loans.

The Credit Risk Management Committee (CRMC consisting of the Bank's senior management including MD & CEO is responsible for the implementation of the credit risk policy/strategy approved by the Board. CRMC met 12 times in the year 2012-13 to monitor adherence to prudential exposure norms, rating migration analysis, industry analysis etc. and to discuss on amendments to Credit Policy, to discuss/recommend new credit products.

R.3 MARKET RISK

Market Risk is defined as the possibility of loss to a bank caused by changes in the market variables. Market risk arises from changes in interest rates, foreign exchange rate, equity prices and commodity price. Small changes in these market variables can cause substantial changes in income and economic value of the Bank. Besides, market risk is also about the bank's ability to meet its obligations as and when they fall due, which can vary with market conditions.

One of the major risks under Market Risk is the Liquidity Risk which is the risk to a bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. Liquidity obligation of the Bank arises from withdrawal of deposits, repayment of borrowed funds at maturity and meeting credit and working capital needs. The primary tool of monitoring liquidity is the mismatch/gap analysis, which is monitored over successive time bands on a static basis. The Bank is generating daily Structural Liquidity Statement which is used by the Treasury Department for effective liquidity management. Apart from the above, the trend in the major liquidity ratios are measured and analyzed fortnightly. The Bank also prepares liquidity projections on a weekly basis. Moreover, the funds readily available as a back stop to meet contingency situations are measured and analyzed on a continuous basis.

Interest Rate Risk is another major risk involved in market risk. It is the exposure of a Bank to financial loss through movements in interest rates. The immediate impact of changes in interest rates is on bank's earnings due to change in Net Interest Income (NII). The change in net interest income in the event of adverse change in interest rates is measured in terms of EAR (Earning at Risk) using Traditional gap analysis. A long-term impact of changing interest rates is on bank's market value of equity (MVE) or Networth as the economic value of bank's assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The Bank measures the impact on EVE on a monthly basis using Duration Gap Analysis. Bank uses VaR limits in the trading portfolios to determine the potential loss on a 10 day holding period basis with a 99% confidence level.

The Asset Liability Management Committee (ALCO) consisting of the Bank's senior management is responsible for reviewing Bank's liquidity position and ensuring/adhering to the limits set by the Board. ALCO plays an important role in deciding the business strategy of the Bank in line with the Bank's budget, Corporate Goals and risk tolerance levels decided by the Board having regard to the Capital Adequacy and Regulatory prescriptions. During the year, ALCO met 23 times to deliberate on various ALM issues and manage liquidity, interest-rate and earnings risks.

R.4 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank has a comprehensive policy on Operational Risk Management to ensure that all the operational risks within the Bank are identified, monitored and reported in a structured manner. The Operational Risk Management Committee (ORMC) consisting of the Bank's senior management including MD & CEO is responsible for the implementation of the Operational risk policy/strategy approved by the Board. ORMC met 11 times in the financial year 2012-13 to discuss new product, process and systems, Risk Control Self Assessment (RCSA) and its monitoring and for revising the Operational Risk Management Policy to include legal risk aspects.

Every new product or service introduced is subject to risk review and sign-off process where all relevant risks are identified and assessed. To mitigate operational risks arising from frauds, the Bank has put in place "Fraud Risk Management policy". The above framework lays down the steps to be adopted for preventive vigilance. People risk is mitigated by implementation of directives laid down in operational risk, human resources and training policies. The risk of probable losses due to technical failures and business disruptions are mitigated through business continuity planning, adequate backup facilities, the existence of disaster setup and regular testing rolled out by the Department of Information Technology. Operational risk from external events, were brought down by transferring the risk outside the Bank by means of appropriate insurance cover.

Bank had rolled out the Risk Control Self Assessment (RCSA) to pro-actively identify emerging risks at operational level for devising mitigants at source itself during 2010-11 and has successfully completed RCSAs of Thrust branches and other business functions.

Collation of "Loss Events" is brought in the ambit of Operational Risk Management as a first measure to move towards The Standardized Approach (TSA)/Advanced Measurement Approach (AMA) for capital calculation.

S. HUMAN RESOURCES

In the year 2012-13, the Bank moved from a vertical based business model to a branch centric business model, as part of a conscious, strategic decision to accelerate growth, improve profitability and enhance service quality. As part of the reorganization, the Bank has identified excess staff in the system and initiated steps to rationalize the employee strength. Consequent to this, the Bank's employee strength, which was 3468 as on 31st March 2012, stood reduced to 2601 as on 31st March 2013. The number of sales executives including Business Development Executives also reduced to 355 on 31st March 2013 from the level of 492 as on 31st March 2012.

Promotion Policy, Transfer Policy and Performance Management System (PMS) were revisited and fine tuned in line with the current business needs.

Training is an integral part of the Bank's strategy. Training is being imparted to employees on various fronts keeping in view the changed business model. During the year 2012-13, training was given to 1781 employees which accounted for 68.50 % of the workforce as on 31.03.2013.

T. CORPORATE SOCIAL RESPONSIBILITY

The Bank strengthened its endeavours in this area during the year. It continued its association with "Walkers Park" in Thrissur. In alliance with Trichur Management Association, it had initiated in the year 2010 scholarship programs for deserving MBA students seeking financial assistance. During the year 2012-13, the Bank gave the scholarship to two MBA students.

As part of our 86th Foundation day, public functions were organized in different branches across the country on the anniversary day. Various programs conducted like free medical checkup camp, free dental and eye check up camp for the public, etc.

Bank also provides assistance to underprivileged and weaker sections of the society in terms of sponsorship. During FY 13, Bank has assisted 2 sportsmen from the lower strata to compete in national level games.

Report on Corporate Governance

This report on Corporate Governance forms part of the Directors' Report to the shareholders

The Board of Directors and the Management of this Bank believe that a strong system of corporate governance is critically important to usher in a value-based organization that is socially responsible and commercially vibrant. The Bank is committed to adhering to the highest standards of corporate governance through constantly benchmarking itself against global best practices.

The essence of the Bank's corporate governance philosophy flows from the following:

- All Directors except MD & CEO are Non Executive Independent Directors.
- The Directors have distinguished themselves in different walks of life through experience and expertise.
- The Board is professional in character with a strong commitment to shareholder value, transparency, accountability, ethical standards and regulatory compliances.
- The Board's approach to and outlook on every aspect of governance is propelled by a keenness to further realization of the Bank's Vision and Mission.

1. **Board of Directors:**

   a) **Movement of Directors during the year**

Name of the Director	Appointment	Cessation
Mr. Ghyanendra Nath Bajpai		Part-time Chairman w.e.f. 06.11.2012
Mr. Ghanshyam Dass		Director w.e.f. 16.07.2012
Mr. S. Santhanakrishnan		Director w.e.f. 31.10.2012
Mr. Sateesh Kumar Andra		Director w.e.f. 31.10.2012
Mr. Shailesh V. Haribhakti		Director w.e.f. 27.09.2012
Mr. Jayakumar P.G.	MD & CEO w.e.f. 18.05.2012 for a period of one year	
Mr. K. Vijayaraghavan	Additional Director w.e.f. 31.10.2012	
Mr. P. Mohanan	Additional Director w.e.f. 31.10.2012	
Mr. Tekkar Yashwanth Prabhu	Part-time Chairman of the Bank w.e.f. 07.11.2012 for a period of 3 years.	

   b) **Composition of the Board as on 31.03.2013:**

   The composition of the Board is in compliance with Para IA of Clause 49 of the Listing Agreement.

   All Directors except MD & CEO are **Non-Executive and independent Directors.**

The particulars of Directors, and the sectors they represent, for the purpose of Section 10-A (2) of the Banking Regulation Act, 1949 are given below:

Sl. No.	Name of the Director/ Designation	Executive / Non-executive	Sector which the Director represents
1	Mr. Tekkar Yashwanth Prabhu – Part-time Chairman	Non Executive	Majority – Banking
2	Mr. Jayakumar P. G., MD & CEO	Executive	Majority – Banking
3	Mr. K. Srikanth Reddy	Non-Executive	Majority – Agriculture & Rural Economy
4	Mr. K. Vijayaraghavan	Non-Executive	Majority – Banking
5	Mr. P. Mohanan	Non-Executive	Majority – Banking & SSI

All the non-executive Directors have furnished a declaration to the effect that they are Independent Directors as per Clause 49 I (A) of the Listing Agreement.

c) Number of Board Meetings held during the year 2012-13 with dates

During the year 2012-13, 13 Board meetings were held on the following dates :
05.05.2012, 30.05.2012, 28.06.2012, 04.08.2012, 25.08.2012, 18.09.2012, 27.09.2012, 31.10.2012, 14.11.2012, 11.12.2012, 24.01.2013, 28.02.2013 and 30.03.2013

d) Attendance of Directors

Sl. No.	Director	Number of Board Meetings		Last AGM Attendance
		Held	Attended	
01	Mr. Tekkar Yashwanth Prabhu #	13	5	Not Applicable
02	Mr. Jayakumar P.G. ##	13	13	Present
03	Mr. K Srikanth Reddy	13	13	Present
04	Mr. K. Vijayaraghavan ###	13	5	Not Applicable
05	Mr. P. Mohanan ###	13	4	Not Applicable
06	Mr. Ghyanendra Nath Bajpai *	13	8	Present
07	Mr. Shailesh V. Haribhakti **	13	7	Present
08	Mr. S. Santhanakrishnan ***	13	8	Present
09	Mr. Ghanshyam Dass ****	13	0	Not Applicable
10	Mr. Sateesh Kumar Andra ***	13	5	Not Present

Appointed as Part-time Chairman w.e.f. 07.11.2012
Appointed as MD & CEO of the Bank w.e.f. 18.05.2012
Appointed as Director w.e.f. 31.10.2012
* Resigned w.e.f. 06.11.2012
** Retired w.e.f. 27.09.2012
*** Resigned w.e.f. 31.10.2012
**** Resigned w.e.f. 16.07.2012

e) Directors' Shareholding as on 31.03.2013

Sl.No.	Director	No. of shares held	% of holding
1	Mr. Tekkar Yashwanth Prabhu	200	0.00
2	Mr. K. Srikanth Reddy	20,000	0.02
3	Mr. K. Vijayaraghavan	200	0.00
4	Mr. P. Mohanan	200	0.00

f) The Committees of Directors functioning in the Bank during the year ending 31.03.2013 were as under:

1. Audit Committee
2. Shareholders' Grievance Redressal Committee
3. Large Value Fraud Monitoring Committee
4. Customer Service Committee
5. Risk Management Committee
6. Nomination Committee
7. Management Committee
8. Human Resources Development & Remuneration Committee
9. Human Resource Development Committee

10. Remuneration Committee
11. Information Technology Committee
12. Committee of Directors (Proposals)
13. Committee of Directors (MD & CEO)
14. NPA Monitoring Committee

Details of Committee positions held by the Directors of the Bank and also of other companies are given below.

g) Committee position of Directors in the Bank as on 31.03.2013:

Sl. No.	Name of the Director	Member	Chairman
1	Mr. Tekkar Yashwanth Prabhu	1. Human Resource Development Committee 2. Nomination Committee 3. Risk Management Committee 4. Remuneration Committee 5. Customer Service Committee	1. Human Resource Development Committee 2. Nomination Committee 3. Risk Management Committee 4. Remuneration Committee 5. Customer Service Committee
2	Mr. Jayakumar P. G.	1. Shareholders' Grievance Redressal Committee 2. Large Value Fraud Monitoring Committee 3. Information Technology Committee 4. NPA Monitoring Committee 5. Management Committee 6. Human Resource Development Committee 7. Customer Service Committee 8. Nomination Committee 9. Risk Management Committee 10. Committee of Directors (Proposals)	
3	Mr. K. Srikanth Reddy	1. Shareholders' Grievance Redressal Committee 2. Management Committee 3. Human Resource Development Committee 4. Remuneration Committee 5. Audit Committee 6. Customer Service Committee 7. Information Technology Committee 8. Large Value Fraud Monitoring Committee 9. NPA Monitoring Committee 10. Nomination Committee 11. Committee of Directors (Proposals)	1. Management Committee 2. Shareholders' Grievance Redressal Committee 3. Large Value Fraud Monitoring Committee 4. Committee of Directors (Proposals)

Sl. No.	Name of the Director	Member	Chairman
4	Mr. K. Vijayaraghavan	1. Large Value Fraud Monitoring Committee 2. Audit Committee 3. Risk Management Committee. 4. Shareholders' Grievance Redressal Committee 5. Information Technology Committee 6. NPA Monitoring Committee 7. Management Committee	1. Audit Committee 2. NPA Monitoring Committee
5	Mr. P. Mohanan	1. Management Committee 2. Nomination Committee 3. Audit Committee 4. Customer Service Committee 5. Risk Management Committee 6. NPA Monitoring Committee 7. Committee of Directors (Proposals) 8. Remuneration Committee 9. Human Resource Development Committee.	

h) Committee Position of Directors in other Public Limited Companies as on 31.03.2013:

Sl. No.	Name of the Director	Public Companies in which holding Directorship	Membership in Board Committees	Committees of which Chairman
1	Mr. Tekkar Yashwanth Prabhu	-	-	-
2	Mr. Jayakumar P. G.	-	-	-
3	Mr. K. Srikanth Reddy	-	-	-
4	Mr. K. Vijayaraghavan	-	-	-
5	Mr. P. Mohanan	-	-	-

2. Audit Committee

i) The Board of the Bank has constituted a three member Audit Committee. All the three members of the Committee are non-executive Directors, with Mr. K. Vijayaraghavan as its Chairman and Mr. K. Srikanth Reddy and Mr. P. Mohanan as the other members.

ii) Brief description of the terms of reference:

Apart from the mandatory items to be taken care by the Audit Committee in accordance with Para II (D) of Clause 49 of the Listing Agreement, the role of the Committee includes the following:

a. Providing direction as also overseeing the operations of the total audit function in the Bank.

b. Reviewing the Risk Based Internal Audit (RBIA)/audit function – the system, its quality and effectiveness in terms of follow-up.

c. Reviewing the (RBIA) reports of all branches (First Review) and final review of branches having High, Medium and above Risk level with "Increasing" trend.

d. Focusing on the follow-up of:
   - Reconciliation of inter-branch adjustment accounts
   - Long outstanding entries in inter-bank accounts and nostro accounts
   - Arrears in balancing of books at various branches
   - Frauds and
   - Other key areas of housekeeping
e. Reviewing half yearly reports from the Compliance Officers of the Bank.
f. Following-up all the issues brought out in the Long Form Audit Report (LFAR) and interacting with the Statutory Auditors before finalisation of the annual financial accounts and reports.
g. Following-up on all the issues/concerns raised in the Annual Financial Inspection (AFI) reports of Reserve Bank of India in respect of Regional Offices/Zonal Offices and Head Office.
h. Reviewing with the Management, the quarterly and annual financial statements.
i. Review of Revenue leakage detected in RBIA/Revenue/Concurrent Audit.
j. Review of Concurrent Audit of Depository Department.
k. Review of dishonored cheques of ₹ 1 crore and cheques issued by broker entities.
l. Review of Forex Transactions.
m. Review of Concurrent audit of Integrated Treasury and branches (quarterly).
n. Summary of Risk Control Self Assessment (RCSA) of functions/branches done together with open and closed issues.
o. Working of the Vigilance Department – month wise.
p. Quarterly report on the activity of Inspection Department.
q. Review of the functioning of the meetings of Audit Committee of Executives.
r. Review of Inspection reports on Zonal Offices.
s. Quarterly/Annual review of frauds.

iii) Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
07	30.05.2012, 04.08.2012, 25.08.2012, 18.09.2012, 27.09.2012, 14.11.2012 and 24.01.2013

The details of attendance of each Director are as under:

Sl. No.	Name of the Director	Number of Audit Committee Meetings	
		Held	Attended
1	Mr. K. Vijayaraghavan #	07	02
2	Mr. K. Srikanth Reddy	07	07
3	Mr. P. Mohanan #	07	02
4	Mr. S. Santhanakrishnan *	07	05
5	Mr. Shailesh V. Haribhakti **	07	05
6	Mr. Ghanshyam Dass ***	07	00
7	Mr. Sateesh Kumar Andra *	07	00

Inducted to the Committee w.e.f. 31.10.2012

* Resigned w.e.f. 31.10.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 16.07.2012

3. Shareholders' Grievance Redressal Committee

i) Mr. Jayakumar P. G., Mr. K. Srikanth Reddy and Mr. K. Vijayaraghavan are members of the Committee. The Committee reviews redressal of investors' complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of dividend warrants and other related matters. The Committee reviews reports from the Registrar and Share Transfer Agents to monitor grievances redressal and also reviews the Reconciliation of Share Capital Audit Report and Half-Yearly Secretarial Audit Reports.

During the year, the Bank received 6 complaints from shareholders, out of which 5 have been resolved and 1 pending to be resolved as on 31.03.2013 which was resolved subsequently on 03.04.2013.

ii) Details of Compliance Officer and Registrar & Transfer Agent are as follows:

Description of delegated authority	Full address of delegated authority	Telephone Numbers	Fax Numbers	E-mail ID
Name and designation of Compliance Officer of the Bank	Mr. Ravindran K. Warrier Secretary to Board & Company Secretary	0487 - 6617000 0487 2334612 (D)	0487 2335367	investors@dhanbank.co.in
Registrar & Share Transfer Agent	M/s. Karvy Computershare (P) Ltd.	040 23420818	040 23420814	einward.ris@karvy.com

iii) Details of number of meetings of Shareholders' Grievance Redressal Committee held and their dates are as follows:

No. of meetings held during the year 2012-13	Dates of Meetings
03	30.05.2012, 31.10.2012 and 15.02.2013

The attendance of each member of the committee is given below:

Sl. No.	Name of the Director	No. of meetings held during the Director's tenure	No. of meetings attended
1	Mr. Jayakumar P. G. #	03	03
2	Mr. K. Srikanth Reddy	03	03
3	Mr. K. Vijayaraghavan ##	03	01
4	Mr. S. Santhanakrishnan *	03	02
5	Mr. Ghanshyam Dass **	03	00

\# Inducted to the Committee w.e.f. 18.05.2012

\## Inducted to the Committee w.e.f. 11.12.2012

* Resigned w.e.f. 31.10.2012

** Resigned w.e.f. 16.07.2012

iv) Number of investor complaints received and attended to by the Bank during the year 2012-13 are as follows:

Sl. No.	Nature of complaint	No. of complaints pending as on 01.04.2012	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2013
1	Transfer related Complaints	Nil	Nil	Nil	Nil
2	Dividend related Complaints	Nil	3	3	Nil
3	Others	Nil	3	2	1$
	Total	Nil	6	5	1

$ The Compliant was resolved on 03.04.2013

4. Large Value Fraud Monitoring Committee:

The Committee has been constituted to exclusively monitor large frauds of ₹ 1 crore and above. The major functions of the Fraud Monitoring Committee is to monitor and review all the frauds of ₹ 1.00 Cr. and above so as to:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same:
- Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI:
- Monitor progress of CBI/Police investigation and recovery position:
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time:
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls:
- Put on place other measures as may be considered relevant to strengthen preventive measures against frauds.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
02	28.06.2012 and 25.01.2013

The attendance of each member of the Committee is given below:

Sl. No.	Name of the Director	Number of Large Value Fraud Monitoring Committee Meetings	
		Held	Attended
1	Mr. Jayakumar P. G. #	02	02
2	Mr. K. Srikanth Reddy	02	01
3	Mr. K. Vijayaraghavan ##	02	01
4	Mr. S. Santhanakrishnan *	02	01
5	Mr. Shailesh V. Haribhakti **	02	01
6	Mr. Ghanshyam Dass ***	02	00
7	Mr. Sateesh Kumar Andra *	02	01

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 11.12.2012

* Resigned w.e.f. 31.10.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 16.07.2012

5. Customer Service Committee:

Customer Service Committee monitors the progress in bringing about improvements in the quality of service provided to customers of the Bank. The Committee also reviews the implementation of guidelines and procedures prescribed by RBI that have a bearing on customer service of the Bank and makes suitable recommendations.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
04	28.06.2012, 31.10.2012, 25.01.2013 and 30.03.2013

The details of attendance of each Director are as under:

Sl. No.	Name of the Director	Number of Customer Service Committee Meetings	
		Held	Attended
1	Mr. Tekkar Yashwanth Prabhu ##	04	02
2	Mr. Jayakumar P.G. #	04	04
3	Mr. K. Srikanth Reddy	04	04
4	Mr. P. Mohanan ##	04	01
5	Mr. S. Santhanakrishnan *	04	02
6	Mr. Ghanshyam Dass **	04	00
7	Mr. Sateesh Kumar Andra *	04	02

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 11.12.2012

* Resigned w.e.f. 31.10.2012

** Resigned w.e.f. 16.07.2012

6. Risk Management Committee:

Risk Management Committee of the Board oversees the implementation of Risk Management guidelines prescribed by the Reserve Bank of India. The Committee reviews the procedures laid down to ensure that the Bank controls the risks through a properly defined framework.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Date of Meeting
04	28.06.2012, 27.09.2012, 25.01.2013 and 30.03.2013

The details of attendance of each Director are as under:

Sl. No.	Name of the Director	Number of Risk Management Committee Meetings	
		Held	Attended
1	Mr. Tekkar Yashwanth Prabhu ##	04	02
2	Mr. Jayakumar P.G. #	04	04
3	Mr. K. Vijayaraghavan ##	04	02
4	Mr. P. Mohanan ##	04	01
5	Mr. Ghyanendra Nath Bajpai *	04	02
6	Mr. Shailesh V. Haribhakti **	04	02
7	Mr. S. Santhanakrishnan ***	04	02
8	Mr. Ghanshyam Dass ****	04	00

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 11.12.2012

* Resigned w.e.f. 06.11.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 31.10.2012

**** Resigned w.e.f. 16.07.2012

7. Nomination Committee:

The Committee undertakes the process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as Director on the Board, based on the specific criteria prescribed by Reserve Bank of India.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
03	05.05.2012, 18.09.2012 and 31.10.2012

The details of attendance of each Director are as under:

Sl. No.	Director	Number of Nomination Committee Meetings	
		Held	Attended
1	Mr. Tekkar Yashwanth Prabhu ##	03	00
2	Mr. Jayakumar P. G. #	03	02
3	Mr. K. Srikanth Reddy	03	01
4	Mr. P. Mohanan ##	03	00
5	Mr. Ghyanendra Nath Bajpai *	03	03
6	Mr. Shailesh V. Haribhakti **	03	02
7	Mr. S. Santhanakrishnan ***	03	03

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 11.12.2012

* Resigned w.e.f. 06.11.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 31.10.2012

8. Management Committee:

Management Committee exercises sanction of one-time settlement & write-off and administrative powers.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
03	28.06.2012, 31.10.2012 and 15.02.2013

The details of attendance of each Director are as under:

Sl. No.	Director	Number of Management Committee Meetings	
		Held	Attended
1	Mr. Jayakumar P. G. #	03	03
2	Mr. K. Srikanth Reddy	03	03
3	Mr. K. Vijayaraghavan ##	03	01
4	Mr. P. Mohanan ##	03	01
5	Mr. S. Santhanakrishnan *	04	02

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 11.12.2012

* Resigned w.e.f. 31.10.2012

9. Human Resources Development & Remuneration Committee:

The Committee oversees the overall manpower planning of the Bank and conducts interviews for lateral recruitment and internal promotions to Scale VI and above and includes the following;

1. to oversee the framing, review and implementation of compensation policy of the bank on behalf of the board

2. to ensure the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio
3. to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment
4. for determining the modalities of providing appropriate incentives to employees, including stock options (i) to foster employee commitment and a feeling of ownership (ii) to retain employees or skill groups among them (iii) attract talented professionals (iv) to instill a sense of belonging to the Bank, among employees.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
02	24.12.2012 & 30.01.2013

The details of attendance of each Director are as under:

Sl. No.	Director	Number of HRD & Remuneration Committee Meetings	
		Held	Attended
1	Mr. Tekkar Yashwanth Prabhu #	02	02
2	Mr. Jayakumar P.G. #	02	02
3	Mr. K. Srikanth Reddy #	02	02
4	Mr. P. Mohanan #	02	02

Inducted to the Committee w.e.f. 11.12.2012

The HRD & Remuneration Committee was dissolved and a HRD Committee and Remuneration Committee formed vide item no. G.18 of Board Meeting 28.02.2013.

10. Human Resources Development Committee:

The Committee reconstituted on 28.02.2013 to oversee the overall manpower planning of the Bank and conducts interviews for lateral recruitment and internal promotions to Scale VI and above.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
01	28.06.2012

The details of attendance of each Director are as under:

Sl. No.	Director	Number of HRD Committee Meetings	
		Held	Attended
1	Mr. Tekkar Yashwanth Prabhu ##	01	00
2	Mr. Jayakumar P.G. #	01	01
3	Mr. K. Srikanth Reddy	01	01
4	Mr. P. Mohanan #	01	00
5	Mr. Ghyanendra Nath Bajpai *	01	01
6	Mr. Shailesh V. Haribhakti **	01	01
7	Mr. Ghanshyam Dass ***	01	00

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 28.02.2013

* Resigned w.e.f. 06.11.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 16.07.2012

11. Remuneration Committee:

The Board constituted a Remuneration Committee on 29.02.2008, which was reconstituted on 27.09.2008, 06.10.2009 and 28.02.2013,

1. to oversee the framing, review and implementation of compensation policy of the bank on behalf of the board.
2. to ensure the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
3. to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
4. for determining the modalities of providing appropriate incentives to employees, including stock options (i) to foster employee commitment and a feeling of ownership, (ii) to retain employees or skill groups among them, (iii) attract talented professionals, (iv) to instill a sense of belonging to the Bank, among employees.

Remuneration and other perquisites paid to the Part-time Chairman and Managing Director & CEO are as approved by the Reserve Bank of India. Non-executive Directors are being paid sitting fees for each meeting attended by them. During the year, no remuneration, excepting sitting fees and re-imbursement of actual travel and out-of-pocket expenses was paid.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Date of Meeting
01	28.02.2012

The details of attendance of each Director are as under:

Sl. No.	Name of the Director	Number of Remuneration Committee Meeting	
		Held	Attended
1	Mr. Tekkar Yashwanth Prabhu #	01	01
2	Mr. K. Srikanth Reddy #	01	01
3	Mr. P. Mohanan #	01	01
4	Mr. K. Vijayaraghavan $	01	01
5	Mr. Ghyanendra Nath Bajpai *	01	00
6	Mr. Shailesh V. Haribhakti **	01	00
7	Mr. Sateesh Kumar Andra ***	01	00

Inducted to the Committee w.e.f. 28.02.2013

$ Ceased to be a member w.e.f. 28.02.2013

* Resigned w.e.f. 06.11.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 31.10.2012

12. Information Technology Committee

The Committee dissolved on 30.04.08 and revived with the following members on 26.07.08 to examine IT related topics in question. The Committee comprises of Mr. Jayakumar P. G., Mr. K. Srikanth Reddy and Mr. K. Vijayaraghavan as members. The Committee has not met during the year 2012-13.

13. Committee of Directors (Proposals)

The Board of the Bank has constituted a Committee of Directors (Proposals) (vide item E-41 of the Board Meeting held on 13.08.2010), to approve all financial sanctions/exposures between ₹ 6 crores and ₹ 25 crores.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
03	28.06.2012, 04.08.2012 and 11.12.2012

The details of attendance of each Director are as under:

Sl. No.	Director	Number of Committee of Directors (Proposals) Meetings	
		Held	Attended
1	Mr. P. Mohanan ##	03	01
2	Mr. Jayakumar P. G. #	03	03
3	Mr. K. Srikanth Reddy	03	01
4	Mr. S. Santhanakrishnan *	03	02
5	Mr. Shailesh V. Haribhakti **	03	02
6	Mr. Ghanshyam Dass ***	03	00

Inducted to the Committee w.e.f. 18.05.2012

Inducted to the Committee w.e.f. 31.10.2012

* Resigned w.e.f. 31.10.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 16.07.2012

14. Committee of Directors (MD & CEO)

Consequent to the resignation of Mr. Amitabh Chaturvedi, MD & CEO, Reserve Bank of India (RBI) vide letter dated February 08, 2012 has advised to constitute a Committee of Directors to oversee the operations and administrations of the Bank till a regular MD & CEO is appointed and the discretionary powers of the MD & CEO for sanction of credit proposals to be exercised by the above Committee of Directors. Therefore the Board of the Bank has constituted a Committee of Directors (MD & CEO) comprising of Mr. S. Santhanakrishnan and Mr. Shailesh V. Haribhakti, Mr. Ghanshyam Dass and Mr. Sateesh Kumar Andra.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
03	16.04.2012, 05.05.2012 and 30.05.2012

The details of attendance of each Director are as under:

Sl. No.	Director	Number of Committee of Directors (MD & CEO) Meetings	
		Held	Attended
1	Mr. S. Santhanakrishnan *	03	03
2	Mr. Shailesh V. Haribhakti **	03	02
3	Mr. Ghanshyam Dass ***	03	00
4	Mr. Sateesh Kumar Andra *	03	03

* Resigned w.e.f. 31.10.2012

** Retired w.e.f. 27.09.2012

*** Resigned w.e.f. 16.07.2012

Reserve Bank of India vide letter dated May 16, 2012 has conveyed their approval for the appointment of Mr. Jayakumar P. G. as MD & CEO of the Bank for a period of 1 year from the date of assuming charge i.e.18.05.2012. Consequent to this Committee of Directors (MD & CEO) was dissolved w.e.f. 18.05.2012.

15. NPA Monitoring Committee

The Committee constituted on 19.11.2012 vide item no. D-98 for over viewing/guiding the NPA Management and border line accounts.

Meetings, dates and attendance during the year

No. of meetings held during the year 2012-13	Dates of Meetings
02	11.12.2012 and 25.01.2013

The details of attendance of each Director are as under:

Sl. No.	Director	Number of Committee of Directors (MD & CEO) Meetings	
		Held	Attended
1	K. Vijayaraghavan	02	02
2	Jayakumar P. G.	02	02
3	K. Srikanth Reddy	02	02
4	P. Mohanan	02	02

16. General Body Meetings

Location and time where last three Annual General Meetings (AGM) were held:

AGM Number	Date & Time	Venue
85th	27.09.2012 3.00 PM	Kousthubham Auditorium, Thrissur
84th	22.06.2011 1.30 PM	LuLu International Convention Centre, Thrissur
83rd	15.07.2010 11 AM	LuLu International Convention Centre, Thrissur

Details of special resolutions passed in the previous 3 AGMs:

At the 83rd AGM, two Special Resolutions were passed, one for Changing the name of the Bank from 'The Dhanalakshmi Bank Limited' to 'Dhanlaxmi Bank Limited' and the other for Issue of 2.10 crore Equity Shares of ₹ 10/- each to the Qualified Institutional Buyers (QIBs) by a Qualified Institutional Placement (QIP).

At the 84th AGM, three Special Resolutions were passed, one for Issue of not exceeding 2, 07, 52,000 equity shares on preferential basis, other one was to amend the terms of the Dhanalakshmi Bank Employees Stock Option Scheme 2009 (ESOP Scheme) and the last one for altering the Articles of Association of the Bank so as to include 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.

At the 85th AGM, one Special Resolution was passed for amending the Clause 10 (vesting option) of the Dhanalakshmi Bank Employees Stock Option Scheme 2009 (ESOP Scheme).

17. Disclosures

Related Party Transactions

During the financial year, the Bank did not enter into any related party transactions with its Directors or Senior Management or their Relatives that would potentially conflict with and/or adversely affect the interests of the Bank, excepting the remuneration paid to the Managing Director & CEO.

Disclosure of Accounting Treatment

In preparation of financial statements, there has been no treatment different from that prescribed in the Accounting Standard that is being followed.

Risk Management

Bank follows an integrated approach to managing risks and the processes are embedded in the fundamental business model. The Risk Management Landscape in the Bank covers the stages of identifying, assessing, measuring, managing, controlling and reporting risk concerns across all the risk classes viz., Credit, Market and Operational Risks.

The organization of Risk Management function in the Bank spans various levels of oversight from operatives to the Board, offering lines of defense and escalation. The Risk Management Policies adopted and reviewed periodically articulate, codify the strategy, structure, processes and systems to manage bank-wide risks. These are administered by the structured/internalized roles and functions of the Committees namely Risk Management Committee of the Board (RMCB), Risk Management Committee of Executives (RMCE), Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC) and the Operational Risk Management Committee (ORMC). Key risk management activities are reviewed by the Board-level Risk Management Committee (RMCB) and reported to the Board.

Remuneration of Directors

Name & Designation	Date	Salary	Perquisites	Total
Mr. Jayakumar P. G., Executive Director and MD & CEO in charge	01.04.2012 to 17.05.2012	10,67,174#	-	10,67,174
Mr. Jayakumar P. G., MD & CEO *	18.05.2012 to 31.03.2013	20,90,323	-	20,90,323

Included leave encashment of ₹ 7,35,083/-

* Appointed as MD & CEO w.e.f. 18.05.2012

All other Directors are not paid any remuneration other than the sitting fees for attending the meetings of the Board/Committee of Directors.

During the year:

– The Bank has complied with the directives issued by the Stock Exchanges/Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters related to capital markets and no penalties have been imposed by them.

– The Bank has complied with all the mandatory requirements and has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:
  - The Nomination Committee undertakes the process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as a Director on the Board.
  - The Company has framed Whistle Blower Policy and affirmed that no personnel have been denied access to the Audit Committee.

18. Means of Communication

The Board took on record the unaudited financial results subjected to a "Limited Review" by the Auditors, in the prescribed proforma of the Stock Exchanges within 45 days of the closure of every quarter and announced immediately thereafter, the results to all the Stock Exchanges where the Bank's shares are listed. The Board also approved the audited annual results within 60 days. The highlights of quarterly results and audited annual results were published in leading one national and one vernacular newspaper within 48 hours of the conclusion of the Board Meeting in which they were taken on record and information was also placed on the website of the Bank at www.dhanbank.com.

19. General Shareholder Information

86th AGM	**Date**	**August 27, 2013**
	Time	**11.00 am**
	Venue	**Kousthubham Auditorium, Thrissur**
Name and other details regarding Compliance Officer		**Mr. Ravindran K. Warrier** Secretary to Board & Company Secretary Dhanlaxmi Bank Ltd. Naickanal, Thrissur - 680 001
Financial Year		2012-13
Date of Book Closure		August 24, 2013 to August 27, 2013, both days inclusive.
Dividend Payment Date		No dividend has been declared by the Board.
Listing on Stock Exchanges		The equity shares of the Bank are listed on - Cochin Stock Exchange Ltd. Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd.
Stock Code – Equity Shares		532180 – Bombay Stock Exchange Ltd. DHANBANK - National Stock Exchange of India Ltd.
Registrar and Transfer Agents		M/s. Karvy Computershare Private Ltd. Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081. Phone : 040 23420818 Fax : (040) 23420814 E-mail : einward.ris@karvy.com
Dematerialisation of shares and liquidity		The equity shares are available for dematerialisation with ISIN No. INE 680A01011.
Registered Office and Address for Correspondence		P.B.No.9, Dhanalakshmi Buildings, Naickanal, Thrissur – 680 001. E-mail : investors@dhanbank.co.in

Market Price Data

The monthly high and low prices of the Bank's shares traded in The National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd., (BSE) during each month in the financial year ended 31 March 2013 are as under:

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	79.20	60.15	79.20	60.40
May 2012	65.00	49.55	64.95	50.20
June 2012	56.75	51.60	56.50	51.65
July 2012	63.80	49.45	63.80	49.00
August 2012	53.00	42.70	54.00	42.55
September 2012	57.20	44.25	57.10	45.15
October 2012	62.90	52.80	63.00	53.10
November 2012	68.30	54.60	68.40	54.45
December 2012	73.25	63.55	73.30	63.55
January 2013	72.40	62.10	72.30	62.20
February 2013	64.65	50.00	68.20	50.10
March 2013	54.50	44.05	55.35	44.10

Distribution of shareholding as on 31.03.2013:

	Distribution of Shareholding as on 31.03.2013				
Sl. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	upto 1 – 5000	70950	87.00	102725250.00	12.07
2	5001 – 10000	5646	6.91	45638730.00	5.36
3	10001 – 20000	2648	3.25	40063790.00	4.71
4	20001 – 30000	809	0.99	20766400.00	2.44
5	30001 – 40000	326	0.40	11758610.00	1.38
6	40001 – 50000	293	0.36	13909200.00	1.63
7	50001 – 100000	462	0.57	34931490.00	4.10
8	100001 & Above	421	0.52	581569720.00	68.31
	Total	**81555**	**100.00**	**851363190.00**	**100.00**

Category-wise distribution of shareholding as on 31.03.2013:

Sl. No.	Description	Cases	Shares	% Equity
1	Banks	5	197200	0.23
2	Clearing Members	140	368435	0.43
3	Directors	4	20600	0.02
4	Foreign Institutional Investors	19	24754568	29.08
5	H U F	1010	1388160	1.63
6	Insurance Companies	2	442277	0.52
7	Bodies Corporates	1064	10497398	12.33
8	Mutual Funds	5	426905	0.50
9	Non-Resident Indian	1386	5083400	5.97
10	Resident Individuals	77914	41949996	49.28
11	Trusts	6	7380	0.01
	Total	**81555**	**85136319**	**100.00**

As on 31.03.2013, 40,32,397 shares constituting 4.74% and 8,11,03,922 shares constituting 95.26% of the paid up capital were held in physical and electronic mode respectively.

As per SEBI directives, the settlement of the Bank's shares is to be compulsorily done in Demat form.

In the case of physical transfers, the share transfer instruments as and when received are duly processed and shares in respect of valid share transfer instruments transferred in the names of transferee, complying with the rules in force.

20. Compliance status of Clause 49 of the listing agreement

All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect by the Managing Director & CEO in charge is annexed as Annexure I to this report.

The Bank has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A certificate to this effect from the Bank's Statutory Auditors is annexed as Annexure II to this report.

ANNEXURE I

MANAGING DIRECTOR & CEO CERTIFICATION ON COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF THE BANK

TO THE MEMBERS OF DHANLAXMI BANK LIMITED

I affirm that the Board of Directors and Senior Management Personnel of the Bank have complied with the Code of Conduct during the financial year ended 31 March 2013.

Sd/-
JAYAKUMAR P. G.
MD & CEO

Place : Kochi
Date : 17.07.2013

ANNEXURE II

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the shareholders of Dhanlaxmi Bank Limited

We have examined the compliance of conditions of Corporate Governance by **Dhanlaxmi Bank Limited** (formerly "The Dhanalakshmi Bank Limited") for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Bank with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither as assurance as to future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For Sagar & Associates
Chartered Accountants
F.R.No.: 003510S

Sd/-
(V. Vidyasagar Babu)
M. No.: 27357

Date : July 05, 2013
Place : Hyderabad

Auditors' Report
31st March, 2013

To
The Shareholders

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Dhanlaxmi Bank** as at 31st March, 2013, which comprise the Balance Sheet as at March 31, 2013, and Profit and Loss Account and Cash Flow Statement for the year then ended and a summary of significant Accounting Policies and other explanatory information. Incorporated in these financial statements are the returns of 10 Branches, Dhanam Retail Centralised Solutions and Treasury Division, auditied by us, 148 Branches audited by other branch auditors. Also incorporated in the Balance Sheet and Profit and Loss Account are the returns of 116 branches which have not been subjected to audit. The unaudited branches account for 12% of advances, 13% of deposits, 5% of interest income and 10% of interest expense. The branches audited by us and those audited by other auditors have been selected by Bank.

Management's Responsibility for the Financial Statements

2. Management of the Bank is responsible for the preparation of these financial statements that give true and fair view of the financial position and financial performance of the Bank in accordance with Banking Regulation Act, 1949 and complying with Reserve Bank of India Guidelines issued from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. The financial information as at and for the year ended 31st March 2013 of 148 branches has been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of such other auditors.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. Without qualifying our opinion, we draw attention to Note No. 19 of the Schedule 18 to the financial statements, regarding deferment of pension liability and gratuity liability of the Bank, pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) 15, Employees Benefits

vide circular no. DBOD.BP.BC/80/21.04.018/2010-11, dated 09-02-2011 on "Re-opening of Pension Option to the employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment". Accordingly, out of the unamortized amount of ₹ 15.32 crore as on 01.04.2012, the Bank has amortized ₹ 3.15 crore for Pension and ₹ 1.96 crore for Gratuity being proportionate amount for the year ended March 31, 2013 and balance amount to be amortized in future periods for Pension is ₹ 6.29 crore and for Gratuity is ₹ 3.92 crore.

8. In our opinion as shown by the books of the Bank, and to the best of our information and according to the explanations given to us, we report that:

   (i) the Balance Sheet read with the significant accounting policies and notes thereon, is a full and fair balance sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the bank as at 31st March, 2013, in conformity with accounting principles generally accepted in India;

   (ii) the Profit and Loss Account, read with the significant accounting policies and notes thereon, shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by accounts, and

   (iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms 'A' & 'B', respectively, of the third Schedule to the Banking Regulation Act, 1949.

10. Subject to the limitations of the auditi indicated in paragraphs 1 to 6 above and as required by the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 and subject also to the limitations of disclosure required therein, we report that;

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.

   (b) The transactions of the Bank which have come to our notice have been within the powers of the Bank.

   (c) The returns received from the Offices and Branches of the Bank, as supplemented with the information furnished by the Management, have been found adequate for the purposes of our audit.

11. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

For Sagar & Associates
Chartered Accountants
Firm Registration No.: 003510S

Sd/-
V. Vidyasagar Babu
Partner
Membership No.: 27357

Place : Kochi
Date : May 17, 2013

Balance Sheet
As at March 31, 2013

(₹ in '000)

	Schedule	As at March 31, 2013	As at March 31, 2012
Capital And Liabilities			
Capital	1	851,363	851,363
Share Application Money Pending Allotment		354,000	-
Reserves and Surplus	2	6,454,615	6,431,092
Deposits	3	112,021,320	118,044,103
Borrowings	4	15,920,910	17,215,095
Other Liabilities and Provisions	5	2,592,670	4,223,210
Total		**138,194,878**	**146,764,863**
Assets			
Cash and Balances with Reserve Bank of India	6	5,097,998	8,679,453
Balances with Banks and Money at call and short notice	7	2,523,341	581,157
Investments	8	46,844,892	43,601,572
Advances	9	77,770,583	87,580,524
Fixed Assets	10	1,357,552	1,486,942
Other Assets	11	4,600,511	4,835,215
Total		**138,194,878**	**146,764,863**
Contingent Liabilities	12	10,809,535	33,615,648
Bills for collection		2,244,171	3,633,763
Significant Accounting Policies	17		
Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Financial Statements.

For and on behalf of the Board of Directors

Sd/- **Tekkar Yashwanth Prabhu**
Chairman

Sd/- **P. Mohanan**
Director

Sd/- **P. G. Jayakumar**
Managing Director & CEO

Sd/- **K. Srikanth Reddy**
Director

Sd/- **K. Vijayaraghavan**
Director

Sd/- **Raghu Mohan N.**
Head – Finance & Accounts

Sd/- **Ravindran K. Warrier**
Company Secretary

As per our Report of even date

For Sagar & Associates
Chartered Accountants
Firm Registration No.: 003510S

Sd/- **V. Vidyasagar Babu**
Partner
Membership No.: 27357

Place : Kochi
Date : May 17, 2013

Profit & Loss Account
For the year ended March 31, 2013

(₹ in '000)

	Schedule	Year ended March 31, 2013	Year ended March 31, 2012
Income			
Interest Earned	13	13,079,989	13,936,543
Other Income	14	1,142,981	1,436,418
Total		**14,222,970**	**15,372,961**
Expense			
Interest expended	15	10,315,765	11,461,344
Operating Expenses	16	3,393,213	4,889,603
Provisions and Contingencies		487,767	178,284
Total		**14,196,746**	**16,529,230**
Net Profit for the year		26,225	(1,156,269)
Profit brought forward		(1,201,877)	100
Transfer from dividend payable account including dividend tax			
Total		**(1,175,653)**	**(1,156,169)**
Appropriations		-	-
Transfer to Statutory Reserve		-	-
Transfer to Capital Reserve		13,143	45,708
Transfer to Special Reserve U/S 36(1)(viii) of Income Tax Act		-	-
Transfer to Other Reserve		-	-
Proposed dividend		-	-
Dividend tax		-	-
Balance carried forward to Balance Sheet		(1,188,796)	(1,201,877)
Total		**(1,175,653)**	**(1,156,169)**
Earnings Per Share (in ₹) Basic EPS		0.31	(13.58)
Diluted EPS		0.31	(13.58)
Significant Accounting Policies	17		
Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Financial Statements.

For and on behalf of the Board of Directors

Sd/- **Tekkar Yashwanth Prabhu**
Chairman

Sd/- **P. Mohanan**
Director

Sd/- **P. G. Jayakumar**
Managing Director & CEO

Sd/- **K. Srikanth Reddy**
Director

Sd/- **K. Vijayaraghavan**
Director

Sd/- **Raghu Mohan N.**
Head – Finance & Accounts

Sd/- **Ravindran K. Warrier**
Company Secretary

As per our Report of even date

For Sagar & Associates
Chartered Accountants
Firm Registration No.: 003510S

Sd/- **V. Vidyasagar Babu**
Partner
Membership No.: 27357

Place : Kochi
Date : May 17, 2013

Cash Flow Statement
For the year ended March 31, 2013

(₹ in '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Cash flow from operating activities		
Net profit before income tax	26,569	(1,167,326)
Adjustments for :		
Depreciation on fixed assets	309,605	294,667
Depreciation on Investments	35,078	71,232
Amortisation of premia on investments	76,651	75,654
Loan Loss provisions including write off	729,800	86,217
Provision against standard assets	(63,900)	4,185
Provision for wealth tax	344	470
Provision for Deferred Tax Asset	(259,142)	-
Provision for NPA (Investments)	-	(4,064)
Provision for restructured assets	28,938	3,690
Provision for fraud	4,558	-
Provision for OIS MTM Loss	2,359	-
(Profit) on sale of fixed assets	-	(10,459)
Adjustments for :		
(Increase) in Investments	(3,355,049)	(7,347,627)
(Increase) in Advances	9,080,141	2,976,900
Increase/(Decrease) in Borrowings	(2,371,185)	10,854,039
Increase in Deposits	(6,022,783)	(7,252,214)
(Increase)/Decrease in Other Assets	493,502	188,893
Increase in Other Liabilities and Provisions	(1,602,495)	1,595,147
Direct taxes paid (net of refunds)	(471)	(75,000)
Net cash flows from operating activities	**(2,887,480)**	**294,404**

(₹ in '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Cash flows from investing activities		
Purchase of fixed assets	(241,889)	(457,580)
Proceeds from sale of fixed assets	51,616	27,244
Net cash used in investing activities	**(190,273)**	**(430,336)**
Cash flows from financing activities		
Proceeds from issue of equity shares	354,000	6
Proceeds from issue of Upper and Lower Tier II capital instruments net of repayment	1,077,000	100,000
Proceeds from Share Premium (net of share issue expenses)	-	(4,938)
Dividend provided last year paid during the year including dividend tax	-	(50,133)
Net cash generated from financing activities	**1,431,000**	**44,935**
Net increase in cash and cash equivalents	**(1,646,753)**	**(90,997)**
Cash and cash equivalents as at April 1st	9,260,610	9,351,605
Cash and cash equivalents as at March 31st	**7,613,857**	**9,260,609**

For and on behalf of the Board of Directors

Sd/- **Tekkar Yashwanth Prabhu**
Chairman

Sd/- **P. Mohanan**
Director

Sd/- **P. G. Jayakumar**
Managing Director & CEO

Sd/- **K. Srikanth Reddy**
Director

Sd/- **K. Vijayaraghavan**
Director

Sd/- **Raghu Mohan N.**
Head – Finance & Accounts

Sd/- **Ravindran K. Warrier**
Company Secretary

As per our Report of even date

For Sagar & Associates
Chartered Accountants
Firm Registration No.: 003510S

Sd/- **V. Vidyasagar Babu**
Partner
Membership No.: 27357

Place : Kochi
Date : May 17, 2013

(₹ in '000)

	As at March 31, 2013	As at March 31, 2012
SCHEDULE 1 - CAPITAL		
Authorised Capital		
20,00,00,000 Equity Shares of ₹10 each	**2,000,000**	**2,000,000**
Issued, Subscribed and Paid up		
8,51,36,319 Equity Shares of ₹10 each	851,363	851,363
Total	**851,363**	**851,363**
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening Balance	772,614	772,614
Add: Transfer from Profit and Loss Account	-	-
	772,614	**772,614**
II. Revenue and Other Reserves		
Opening Balance	826,195	826,195
Add : Transfer from Profit and Loss Account	-	-
Adjustments during the year	-	-
	826,195	**826,195**
III. Balance in Profit and Loss Account	**(1,188,796)**	**(1,201,877)**
IV. Securities Premium Account		
Opening Balance	5,634,659	5,639,597
Additions during the year (net of share issue expenses)	-	(4,938)
	5,634,659	**5,634,659**
V. Capital Reserves		
Opening Balance	339,644	296,680
Add: Transfer from Profit and Loss Account	13,143	45,708
Less: Due to Depreciation of Revalued Premises	(2,702)	(2,744)
	350,085	**339,644**
VI. Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	59,857	59,857
Add: Transfer from Profit and Loss account	-	-
	59,857	**59,857**
Total	**6,454,615**	**6,431,092**

(₹ in '000)

	As at March 31, 2013	As at March 31, 2012
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	85,649	342,392
(ii) From Others	9,387,273	8,300,193
	9,472,922	**8,642,585**
II. Savings Bank Deposits	**15,687,173**	**14,197,537**
III. Term Deposits		
(i) From Banks	6,997,103	15,464,118
(ii) From Others	79,864,121	79,739,862
	86,861,225	**95,203,980**
Total	**112,021,320**	**118,044,103**
B. I. Deposits of Branches in India	112,021,320	118,044,103
II. Deposits of Branches outside India	-	-
Total	**112,021,320**	**118,044,103**
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	7,829,546	7,979,741
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	3,105,101	4,551,122
	10,934,647	**12,530,863**
II. Tier II bonds in India		
Upper Tier II bonds	275,000	275,000
Lower Tier II bonds	2,947,000	1,870,000
	3,222,000	**2,145,000**
III. Borrowings Outside India #	1,764,263	2,539,232
	1,764,263	**2,539,232**
# Book credit balances in foreign currency mirror accounts		
Upper Tier II bonds		
Total	**15,920,910**	**17,215,095**
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	458,670	480,147
II. Interest accrued	687,199	2,172,864
III. Unsecured Redeemable Bonds #	-	-
IV. Others (including Provisions)	1,446,801	1,570,199
Total	**2,592,670**	**4,223,210**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash on Hand (including foreign currency notes)	1,801,379	1,575,023
II. Balances with Reserve Bank of India		
(a) In current accounts	3,296,619	7,104,430
(b) In other accounts	-	-
	3,296,619	**7,104,430**
Total	**5,097,998**	**8,679,453**

(₹ in '000)

	As at March 31, 2013	As at March 31, 2012
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks :		
(a) In current accounts	559,056	544,071
(b) In other deposit accounts	1,964,285	37,085
	2,523,341	**581,157**
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	-
	-	-
Total	**2,523,341**	**581,157**
II. Outside India		
(a) In current account	-	-
(b) In other deposit accounts	-	-
	-	-
Total	**2,523,341**	**581,157**
SCHEDULE 8 - INVESTMENTS		
A. Investments in India in		
(i) Government Securities	43,554,117	41,636,659
(ii) Approved securities	-	187
(iii) Shares	33,111	58,012
(iv) Debentures and Bonds	1,032,652	802,652
(v) Subsidiaries/Joint Ventures	-	-
(vi) Others	2,225,012	1,104,062
Total	**46,844,892**	**43,601,572**
B. Investments outside India	-	-
	46,844,892	**43,601,572**
(i) **Gross Value of Investments**		
(a) In India	47,048,803	43,765,464
(b) Outside India	-	-
	47,048,803	**43,765,464**
(ii) **Provision for Depreciation**		
(a) In India	203,911	163,891
(b) Outside India	-	-
	203,911	**163,891**
(iii) **Net Value of Investments**		
(a) In India	46,844,892	43,601,572
(b) Outside India	-	-
Total	**46,844,892**	**43,601,572**
SCHEDULE 9 - ADVANCES		
A. (i) Bills Purchased and discounted	1,354,387	2,351,909
(ii) Cash Credits, Overdrafts and Loans repayable on Demand	16,317,267	15,088,779
(iii) Term Loans	60,098,929	70,139,836
Total	**77,770,583**	**87,580,524**

(₹ in '000)

	As at March 31, 2013	As at March 31, 2012
B. (i) Secured by Tangible assets	69,926,444	76,124,102
(ii) Covered by Bank/Govt. Guarantee	248,445	2,335,269
(iii) Unsecured	7,595,694	9,121,154
Total	**77,770,583**	**87,580,524**
C. **I. Advances in India**		
(i) Priority sectors	22,499,222	28,103,400
(ii) Public Sector	364,013	174,563
(iii) Banks	32,998	379
(iv) Others	54,874,349	59,302,182
Total	**77,770,583**	**87,580,524**
II. Advances Outside India	-	-
Total	**77,770,583**	**87,580,524**
SCHEDULE 10 - FIXED ASSETS		
A. Premises		
At cost as per last Balance Sheet	349,230	352,411
Additions during the year due to revaluation of Premises	-	-
Additions/Adjustments during the year	18,483	2,668
Deductions during the year	30,831	5,849
Depreciation to date	94,564	94,780
Net Block	**242,318**	**254,450**
B. Other Fixed Assets (includes Furniture and Fixture and Computers)		
At cost as per last Balance Sheet	2,157,481	1,739,914
Additions/Adjustments during the year	212,182	455,536
Deductions during the year	52,361	37,969
Depreciation to date	1,306,225	1,017,921
	1,011,077	**1,139,560**
Capital Work In progress	104,157	92,932
Net Block	**1,357,552**	**1,486,942**
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued	1,650,760	1,548,529
II. Inter Office Adjustments (Net)	5,333	10,153
III. Tax paid in advance and Tax Deducted at Source (net of provisions)	742,651	755,593
IV. Deferred Tax Asset	400,481	132,194
V. Stationery and stamps	9,219	5,754
VI. Non Banking Assets acquired in satisfaction of claims	548	548
VII. Others	1,791,518	2,382,443
Total	**4,600,511**	**4,835,215**
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	40,456	39,407
II. Liabilities on account of outstanding forward exchange contracts	4,390,841	20,149,849
III. Guarantees given on behalf of constituents in India	3,491,201	5,384,177
IV. Acceptance, endorsements and other obligations	1,027,114	1,182,292
V. Liability on account of interest rate swaps	1,500,000	6,500,000
VI. Other items for which Bank is contingently liable #	359,923	359,923
#(disputed income tax liability)		
Total	**10,809,535**	**33,615,648**

(₹ in '000)

	Year ended March 31, 2013	Year ended March 31, 2012
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/bills	9,715,108	10,753,875
II. Income on Investments	3,250,990	3,135,840
III. Interest on balance with RBI/other inter Bank funds	77,222	43,592
IV. Others	36,668	3,236
Total	**13,079,989**	**13,936,543**
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	88,434	84,996
II. Profit/(Loss) on sale of Investments (Net)	247,931	88,734
III. Profit on sale of land, building and other Assets (Net)	3,976	10,459
IV. Profit on exchange transactions (Net)	79,793	118,800
V. Income from Insurance	44,272	82,881
VI. Miscellaneous Income	678,575	1,050,549
Total	**1,142,981**	**1,436,418**
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	9,161,411	10,155,937
II. Interest on RBI/Inter Bank Borrowing	419,910	851,209
III. Others	734,445	454,198
Total	**10,315,765**	**11,461,344**
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and Provisions for Employees	1,867,568	2,739,556
II. Rent, Taxes and Lighting	450,736	402,107
III. Printing and Stationery	22,984	62,970
IV. Advertisement and Publicity	5,144	108,299
V. Depreciation to Banks property	309,605	294,667
VI. Directors Fee, Allowance and Expense	2,090	2,319
VII. Auditors Fee and Expense (including Branch Auditors)	10,442	9,572
VIII. Law charges	7,901	6,402
IX. Postage, Telegram, Telephone etc.	103,869	156,865
X. Repairs and Maintenance	31,678	33,327
XI. Insurance	114,143	146,305
XII. Other Expenditure	467,052	927,214
Total	**3,393,213**	**4,889,603**

SCHEDULE 17 - PRINCIPAL ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

BACKGROUND

Dhanlaxmi Bank Limited was incorporated in November 1927 at Thrissur, in Kerala by a group of ambitious entrepreneurs. Dhanlaxmi Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. Dhanlaxmi Bank is a banking company governed by The Banking Regulation Act, 1949. It became a scheduled commercial bank since 1977.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and in compliance with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies Accounting Standard Rules, 2006 to the extent applicable and incompliance of the current practices prevailing within the banking industry in India.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expense for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future period.

PRINCIPAL ACCOUNTING POLICIES

1. REVENUE RECOGNITION

- Items of income and expenditure are accounted for on accrual basis, except as stated hereunder:
  - o Interest / Discount on loans & advances / Bills is recognized on accrual basis other than on those stipulated in RBI's prudential norms on income recognition, asset classification and provisioning relating to NPAs where the income is recognized on realization.
  - o Rent on safe deposit lockers, dividends, depository participant business etc. are accounted for on cash basis.
- Loan processing fee on retail assets is accounted for upfront when it becomes due. Loan processing fees for buyout/other loans would be recognized over the period of tenor of the loan on constant yield basis. Service charges to be paid on buyout loans would be recognized as and when due.
- Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.
- Interest on income tax refunds is accounted in the year in which the same is received/adjusted by the income tax department.
- The Bank imports Bullion on consignment basis and sells it to the customers. The Profit & Loss on sale is arrived after reducing all the direct and indirect costs.
- In respect of accounts covered under one time settlement, the recoveries are adjusted against book balance and the net balance is written off.
- Income accounted for in the preceding year and remaining unrealized is de-recognized in respect of advances classified as NPA during the year. Interest on NPA is transferred to interest suspense account and recognised in Profit and Loss Account when realized.
- In respect of sale of Assets under securitization the Bank has followed RBI guidelines as under:
  - o Sale price received shall be duly accounted for and shall be apportioned to each asset on the basis of respective valuations given to the asset.
  - o If the sale price is below Net Book Value (i.e. Outstanding book balance less interest suspense and provisions held) {Net NPA}, then short fall should be debited to profit and loss account.
  - o If sale value is higher than the Net NPA balance, then excess provisions shall not be reversed but should be utilized to meet the short fall / loss on account of sale of other non-performing Assets.

- o At the end of each reporting year, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts are limited to the actuarial realization of the financial assets assigned to the instruments in the concerned scheme, the bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting year end. The cash consideration received in respect of accounts written off shall be credited to Profit and Loss Account and the value of Security Receipts shall be classified under investments and the corresponding provision shall be retained.

- All income other than the transactions specified above are accounted on proportionate basis over the period of the contract.

2. INVESTMENTS

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as mentioned below:

a) Classification

Investments in Government, other approved securities, shares, debentures, bonds and other securities are categorized into (a) Held to Maturity (b) Held for Trading and (c) Available for Sale in terms of RBI guidelines.

b) Basis of Classification

Investments that are held principally for resale within 90 days from the date of purchase are classified under "Held for Trading" category.

Investments which the Bank intends to hold till maturity are classified as HTM securities.

Investments which are not classified in the above categories are classified under "Available for Sale" category.

c) Acquisition Cost

In determining acquisition cost of an investment:

- Brokerage, Commission, etc. paid at the time of acquisition, are charged to revenue at the time of settlement.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.
- Cost of investments is based on the following basis:
  - o Held to Maturity – Weighted Average
  - o Held for Trading – Weighted Average
  - o Available for sale – Weighted Average

d) Valuation of Investments is done as under

- Held to Maturity: 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis.
- 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Quoted investments are valued based on the trades/quotes on the recognized stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued as per the RBI guidelines which is presently at the break-up value, if the latest balance sheet is available, or at ₹1, per company.

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for.

Investment valuation norms for various categories is as given in table below:

Particulars	Valuation Norms
Central Government Securities	Prices published by PDAI/FIMMDA
State Government Securities	At YTM published by PDAI/FIMMDA
Other Approved Securities	YTM published by PDAI/FIMMDA duly adjusted as per RBI guidelines
Bonds, Debentures and Preference Shares	As per rates / methodologies prescribed by FIMMDA
Equity Shares	**Quoted:** Valued as per currently traded quotes on the stock exchange. **Unquoted:** Valued at book value as per the latest Balance Sheet. Where Balance Sheets are not available, at ₹1/- per Company.
Units of Mutual Fund	Re-purchase price/NAV declared by the Mutual Fund as at the close of the year
Other Securities	As per guidelines prescribed by RBI

Non-performing investments are identified and depreciation/provision is made thereon based on the RBI guidelines. The depreciation/ provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit or Loss Account until received.

e) Sale of Investments

Profit on sale of investments in the 'Held to Maturity' category is credited to the profit and loss account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit on sale of investments in 'Available for Sale' and 'Held for Trading' categories is credited to profit and loss account.

The shifting of securities from one category to another is done with the approval of the Board as per RBI guidelines. The shifting is effected at acquisition cost/book /market value on the date of transfer, whichever is the least and the depreciation if any at the time of shifting is fully provided for.

Repo and Reverse Repo Transactions

In a repo transaction, the bank borrows monies against pledge of securities. The book value of the securities pledged is credited to the investment account. Borrowing costs on repo transactions are accounted for as interest expense. In respect of repo transactions outstanding at the balance sheet date, the difference between the sale price and book value, if the former is lower than the latter, is provided as a loss in the income statement.

In a reverse repo transaction, the bank lends monies against incoming pledge of securities. The securities purchased are debited to the investment account at the market price on the date of the transaction. Revenues thereon are accounted as interest income.

In respect of repo transactions under Liquidity Adjustment Facility (LAF) with RBI, monies borrowed from RBI are credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse repo transactions under LAF, monies paid to RBI are debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted as interest income.

3. ADVANCES

Advances are classified as performing and non-performing based on the Reserve Bank of India guidelines and further into Standard, Sub-Standard, Doubtful and Loss Assets and are stated net of bills rediscounted, specific provisions, floating provisions, interest in suspense for non-performing advances and claims received from Export Credit Guarantee Corporation.

Specific loan loss provisions in respect of Non-Performing Advances (NPAs) are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed in the RBI guidelines.

The Bank maintains general provision for standard assets at levels stipulated by RBI from time to time. Provision for standard assets is included under Other Liabilities. Provisions made in excess of these regulatory levels or provisions which are not made with respect to specific non-performing assets or assets which are restructured / securitized are categorized as floating provisions.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance/securities, which would generally include, among others, alteration of repayment period/repayable amount/the amount of installments/rate of interest (due to reasons other than competitive reasons). Restructured accounts are reported as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made.

The Bank buys loans through the direct assignment route. In respect of direct assignment, where the purchase consideration is higher than the principal amount of the portfolio, the resultant additional upfront amount is classified as 'Other Assets' which will amortise during the life of the advances on constant yield basis. In other cases, these are accounted at the deal value.

4. FIXED ASSETS AND DEPRECIATION

Fixed assets, except those revalued, are stated at cost less accumulated depreciation. Cost includes cost of purchase and all expenditure like site preparation, installation costs, professional fees and other expenses incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the futures benefit/functioning capability from/of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a written down value basis except on computers. The rates of depreciation are given below:

Particulars	Rate of Depreciation
Owned Premises	5.00% per annum
Office Equipment	18.10% per annum
Motor Cars	25.89% per annum
Electrical Items	13.91%
Items (exculding staff assets) costing less than ₹5,000/-	Fully depreciated in the year of purchase
Computer Hardware expenditure	33.33% per annum on Straight Line Basis
Computer software and system development expenditure	20.00% per annum on Straight Line Basis
All other assets	As per the rates specified in Schedule XIV of the Companies Act,1956

Software is capitalized where it is reasonably estimated that the software has an enduring useful life. Software is amortized over an estimated useful life of 5 year.

For assets purchased and sold during the year, depreciation is provided on pro rata basis by the Bank.

5. IMPAIRMENT OF ASSETS

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment of loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

6. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- Monetary assets and liabilities are translated at the exchange rates prevailing at the close of the year as advised by FEDAI and the resulting net gain/loss is recognized in the revenue account.
- Profit or loss on outstanding forward foreign currency contracts are accounted for at the exchange rates prevailing at the close of the year as per FEDAI/ RBI guidelines.
- Income and expenditure items are accounted at the exchange rates ruling on the date of transaction.
- Contingent liabilities in respect of outstanding forward foreign currency exchange contracts, guarantees and letters of credit are stated at the exchange rates prevailing at the close of the year.
- Premium/discount on hedge swaps are recognized as interest income/expenses and are recognized/ amortized over the period of the transactions.

7. EMPLOYEE STOCK OPTION SCHEME ("ESOS")

Dhanlaxmi Bank Limited Employees Stock Option Scheme, 2009 ("ESOP Scheme") provides for the grant of equity shares of the Bank to its eligible employees and Directors in the whole time employment of the Bank / Managing Director. The Scheme provides that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee's compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. In this regard the Bank has complied with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

8. EMPLOYEE BENEFIT

The defined employee benefit schemes are as under:-

- **Provident Fund**
  The contribution as required by the statute is made to the Staff PF Trust of the Bank is debited to the Profit and Loss Account. The obligation of the Bank is limited to such contribution.
- **Gratuity**
  The Bank has a defined benefit gratuity plan for Officers and Workmen. Every Officer / workman who has rendered continuous services of five years or more is eligible for Gratuity on superannuation, resignation, termination, disablement or on death. The scheme is funded by the bank and is managed by a separate staff trust. The liability for the same is recognized on the basis of actuarial valuation and certificate issued by independent actuary.
- **Pension**
  The bank has a defined benefit pension Plan. The plan includes those employees who had joined under IBA pattern of the Bank upto and including 31st March, 2012 and had opted for the pension scheme. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation and certificate issued by independent actuary.

9. LEASE ACCOUNTING

Lease payments for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS - 19, Leases.

10. INCOME TAX

Income tax expense comprises current tax provision, the net change in the deferred tax asset or liability in the year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantially enacted tax rates at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

11. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS - 29, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

12. EARNINGS PER SHARE

The Bank reports basic and diluted earnings per equity share in accordance with AS - 20, Earnings per Share, issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit for the year by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti dilutive.

13. SEGMENT REPORTING

The Bank has recognized Business segments as primary reporting segment and Geographical segments as secondary segment in line with RBI guidelines on compliance with Accounting Standard 17, Segment Reporting issued by ICAI.

Primary Segments: *Business segments*

a. **Treasury Operations:** Includes the entire investment portfolio of the bank.

b. **Corporate/Wholesale Banking:** Includes all advances to trusts, partnership firms, companies and statutory bodies which are not included under "Retail Banking".

c. **Retail Banking:** The exposure upto ₹5.00 crores to individual, HUF, Partnership firm, Trust, Private Ltd. Companies, Public Ltd. Companies, Co-operative Societies etc. or to a small business is covered under retail banking. Small business is one where average of last three years annual turnover (actual for existing & projected for new entities) is less than ₹50 crores.

d. Unallocated segment includes all other operations not covered under Treasury, Wholesale Banking and Retail Banking segments.

Secondary Segments: *Geographical segments*

Since the Bank is having domestic operations only, no reporting does arise under this segment.

SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

1. CAPITAL COMMITMENTS ₹ 951 LAKHS (PREVIOUS YEAR ₹ 719 LAKHS)

2. (a) Provisions and Contingencies

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Provision for depreciation on Investments	351	756
Provision for Non-Performing Investments	-	(41)
Provision for Standard Assets	(639)	42
Provision for Fraud	46	11
Provision for OIS MTM Loss	24	-
Provision for NPA (including Bad Debts written off and write back)	7,395	862
Provision for diminution in value of Restructured Accounts	289	37
Provision for Income Tax, Wealth Tax etc.	3	5
Deferred Tax Assets	(2,591)	111
Total	**4,878**	**1,782**

(b) Floating Provisions

₹ in Lakhs

Particulars	2012-13	2011-12
(a) Opening balance	200	200
(b) Additional Provisions made during the year	-	-
(c) Amount of draw down made during the year	-	-
(d) Closing balance	200	200

3. CAPITAL ADEQUACY

₹ in Lakhs

Sr. No.	Items	March 31, 2013		March 31, 2012	
		Basel I	Basel II	Basel I	Basel II
(i)	Capital to Risk/weighted Assets Ratio (%)	9.89	11.06	8.79	9.49
(ii)	Tier I Capital (%)	7.20	8.05	6.88	7.42
(iii)	Tier II Capital (%)	2.69	3.01	1.91	2.07
(iv)	Percentage of the shareholding of the Government of India in nationalized banks	-	-	-	-
(v)	Amount of Subordinated debt raised as Tier-II capital	10,770	10,770	1,000	1,000
(vi)	Amount raised by issue of IPDI	-	-	-	-
(vii)	Amount raised by issue of Upper Tier II instruments	-	-	-	-

4. INVESTMENTS

₹ in Lakhs

Items	March 31, 2013	March 31, 2012
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	470,488	437,655
(b) Outside India	-	-
(ii) Provisions for Depreciation on investments		
(a) In India	2,039	1,639
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	468,449	436,016
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	1,639	923
(ii) Add: Provisions made during the year	751	716
(iii) Less: (Write-off/write-back of excess provisions during the year)	351	-
(iv) Closing Balance	2,039	1,639

5. REPO TRANSACTIONS

₹ in Lakhs

Particulars	Minimum outstanding during the year ended March 31		Maximum outstanding during the year ended March 31		Daily Average outstanding during the year ended March 31		As on March 31, 2013	As on March 31, 2012
	2013	2012	2013	2012	2013	2012		
Securities sold under repos								
i) Government Securities	2,500	2,000	92,500	172,000	24,611	90,312	75,000	72,500
ii) Corporate Debt Securities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Securities purchased under reverse repos								
i) Government Securities	3,000	5,000	17,500	42,500	182	19,364	17,500	NIL
ii) Corporate Debt Securities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

6. NON-SLR INVESTMENT PORTFOLIO

a. Issuer wise composition of Non-SLR investments as on March 31, 2013

₹ in Lakhs

Sr. No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	Public Sector Units	914.04	914.04	NIL	NIL	NIL
(ii)	Financial Institutions	NIL	NIL	NIL	NIL	NIL
(iii)	Banks	NIL	NIL	NIL	NIL	NIL
(iv)	Private Corporate	10,875.93	10,806.31	2,000	134.34	130.84
(v)	Subsidiaries/Joint Ventures	NIL	NIL	NIL	NIL	NIL
(vi)	Others (Security Receipt and PTC)	3,683.43	3,683.43	NIL	NIL	NIL
(vii)	Provision held towards depreciation and NPI	(1600.34)	(1532.72)	NIL	(134.34)	(130.84)
	Total	**13,873.06**	**13,871.06**	**2,000**	**0.0**	**0.0**

The above composition of Non-SLR Investments excludes RIDF/RHF/MSME deposits of ₹ 19,035.29 lakhs and LAF lending of ₹ 17,500.00 lakhs.

b. Non-Performing Non-SLR Investments

₹ in Lakhs

Particulars	2012-13	2011-12
Opening balance	704	744
Additions during the year	NIL	NIL
Reductions during the year	9	40
Closing balance	695	704
Total provisions held	**695**	**704**

Sale and Transfers to / from HTM Category

During the F Y 2012-13, the value of sales and transfers of securities (excluding one time transfer as permitted by RBI) to/ from HTM category doesnot exceed 5% of the book value of investments held in HTM category at the beginning of the year. The details of HTM category is mentioned hereunder:

Details of HTM Category during the F Y 2012-13

Particulars of period, value Date of Sale & Security Details			Sales in Regular Market attracting 5% Cap				Profit Booked
Quarter	Value Date of Sale	Name of Security	FV (₹ in Cr.)	Sale ₹ In Cr. (FV*Price)	B.V ₹ in Cr.	Amount in ₹ Ps	Sub Total for the Quarter Amt in ₹ Ps
Jan. 13	11-01-2013	8.13% GOI 21-09-2022	100.00	100.80	99.49	1.31	1.31
		Total	**100.00**	**100.80**	**99.49**	**1.31**	**1.31**
Sale in terms of % to 31-03-2013 Position						3.55	

HTM Position as on 31-03-2012	2011-12
Total	2,813.56
5% of 31-03-2012 Position	140.68

7. DERIVATIVES

Forward Rate Agreement/ Interest Rate Swap

₹ in Lakhs

Sr. No.	Particulars	March 31, 2013	March 31, 2012
i)	The notional principal of swap agreements	15,000	65,000
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	67	257
iii)	Collateral required by the bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	67	189
v)	The fair value of the swap book	14,976	64,977

Exchange Traded Interest Rate Derivatives

₹ in Lakhs

Sr. No.	Particulars	
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2013 (instrument-wise)	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument- wise)	NIL
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument- wise)	NIL

Disclosures on risk exposure in derivatives

Qualitative Disclosure

Bank discusses its risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion includes:

a) the structure and organization for management of risk in derivatives trading ;

b) the scope and nature of risk measurement, risk reporting and risk monitoring systems;

c) policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants; and

d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

Quantitative Disclosures

₹ in Lakhs

Sr. No.	Particular	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)		
	a) For hedging	NIL	NIL
	b) For trading	NIL	15,000
(ii)	Marked to Market Positions [1]	NIL	14,976
	a) Asset (+)		
	b) Liability (-)		
(iii)	Credit Exposure [2]	NIL	67
(iv)	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives b) on trading derivatives	NIL	1.3082
(v)	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	NIL	NIL
	b) on trading Maximum Minimum	NIL	2.9262 0.3437

8. ASSET QUALITY

i. Non-Performing Assets

₹ in Lakhs

Items	March 31, 2013	March 31, 2012
(i) Net NPAs to Net Advances (%)	3.36	0.66
(ii) Movement of NPAs (Gross)		
(a) Opening balance	10,427	6,709
(b) Additions during the year	50,478	9,182
(c) Reductions during the year	22,878	5,464
(d) Closing balance	38,027	10,427
(iii) Movement of Net NPAs		
(a) Opening balance	5,800	2,747
(b) Additions during the year	42,673	7,028
(c) Reductions during the year	20,085	3,826
(d) ECGC Collection	-	28
(e) Floating Provision	2,286	177
(f) Closing balance	26,102	5,800
(iv) Movement of provisions for NPAs		
(excluding provisions on standard assets)		
(a) Opening balance	4,603	3,910
(b) Provisions made during the year	10,030	2,331
(c) Write-off/ write-back of excess provisions	2,732	1,638
(d) Closing balance	11,901	4,603

ii. Details of Loan Assets subjected to Restructuring as on March 31, 2013

₹ in Lakhs

Sl. No.	Type of Restructuring / Asset Classification / Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figs)	No. of Borrowers	3	0	0	0	3	5	0	1	0	6	10490	1	1	2	10494	10498	1	2	2	10503
		Amount Outstanding	1155.10	0	0	0	1155.10	1590.38	0	42.45	0	1632.83	14831.32	5466.11	669.05	129.35	21096	17576.80	5466.11	711.5	129.35	23883.76
		Provision thereon	34.93	0	0	0	34.93	16.94	0	10.54	0	27.48	412.45	792.1	277.21	110.81	1593	464.32	792.1	287.75	110.81	1654.98
2	Fresh Restructuring during the year	No. of Borrowers	0	0	0	0	0	1	0	1	0	2	10490	1	0	0	10491	10491	1	1	0	10493
		Amount Outstanding	0	0	0	0	0	9.26	0	42.45	0	51.71	14831.32	5466.11	0	0	20297	14840.58	5466.11	42.45	0.00	20349.14
		Provision thereon	0	0	0	0	0	0.72	0	10.54	0	11.26	412.45	792.1	0	0	1205	413.17	792.1	10.54	0	1215.81
3	Upgradations to restructured standard category during the FY	No. of Borrowers	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1
		Amount Outstanding	0	0	0	0	0	172.23	0	0	0	172.23	0	0	0	0	0	172.23	0	0	0	172.23
		Provision thereon	0	0	0	0	0	3.15	0	0	0	3.15	0	0	0	0	0	3.15	0	0	0	3.15
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1
		Amount Outstanding	0	0	0	0	0	0	0	0	0	5466.11	0	0	0	0	0	0	5466.11	0	0	5466.11
		Provision thereon	0	0	0	0	0	0	0	0	0	792.1	0	0	0	0	0	0	792.1	0	0	792.1
6	Write-offs of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Restructured accounts as on March 31 of the FY (closing figures*)	No. of Borrowers	3	0	0	0	3	5	0	1	0	6	10490	1	1	2	10494	10498	1	2	2	10503
		Amount Outstanding	1155.10	0	0	0	1155.10	1590.38	0	42.45	0	1632.83	14831.32	5466.11	699.05	129.35	21096	17576.8	5466.11	711.50	129.35	23883.76
		Provision thereon	34.93	0	0	0	34.93	16.94	0	10.54	0	27.48	412.45	792.1	277.21	110.81	1593	464.32	792.1	287.75	110.81	1654.98

iii. **Details of financial assets sold to Securitisation / Reconstruction Company**

₹ in Lakhs

Sr. No.	Item	March 31, 2013	March 31, 2012
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss over net book value.	-	-

iv. **Details of non-performing financial assets purchased/sold**

A. **Details of non-performing financial assets purchased**

₹ in Lakhs

Particulars		March 31, 2013	March 31, 2012
1. (a)	No. of accounts purchased during the year	-	-
(b)	Aggregate outstanding	-	-
2. (a)	Of these, number of accounts restructured during the year	-	-
(b)	Aggregate outstanding	-	-

B. **Details of non-performing financial assets sold**

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
1. No. of accounts sold	-	-
2. Aggregate outstanding	-	-
3. Aggregate consideration received	-	-

v. **Provisions on Standard Assets**

₹ in Lakhs

Item	March 31,2013	March 31,2012
Provisions towards Standard Assets	2,776	3,415

vi. **Unsecured advances against intangible assets**

As at March 31, 2013, the amount of unsecured advances against intangible assets was ₹ Nil and the estimated value of the intangible collaterals was ₹ Nil.

9. **BUSINESS RATIO**

Sr. No.	Items		March 31,2013	March 31, 2012
(i)	Interest Income as a percentage to Working Funds	(%)	9.90	8.78
(ii)	Non-interest income as a percentage to Working Funds	(%)	0.87	0.90
(iii)	Operating Profit as a percentage to Working Funds	(%)	0.39	(0.62)
(iv)	Return on Assets	(%)	0.02	(0.73)
(v)	Business (Deposits plus advances) per employee – ₹ in Lakhs		729.69	592.92
(vi)	Profit/(Loss) per employee – ₹ in Lakhs		0.10	(3.33)

Provision Coverage Ratio (PCR)

The PCR (ratio of provisioning of Gross non-performing assets)

Particulars	March 31, 2013	March 31, 2012
Provision Coverage Ratio	31.78%	45.59%

10. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of assets and liabilities as at March 31, 2013 are as follow:

₹ in Lakhs

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	9165	24,684	28,936	24,215	134,265	131,828	293,029	434,097	37,517	2,477	1,120,213
Advances	7,923	13,729	13,211	8,460	66,107	78,473	125,387	288,286	81,209	94,921	777,706
Borrowings	1,819	75,000	-	-	6,786	14,856	14,080	28,283	3,865	14,520	159,209
Investments	-	24,516	12,912	7,263	22,699	3,982	1,741	23,733	67,734	305,908	470,488
Foreign Currency Assets	13,983	6,968	816	69	10,864	7,514	7,929	-	-	-	48,143
Foreign Currency Liabilities	12,723	8,909	185	7	10,712	5,586	7,207	1,140	106	40	46,615

11. LENDING TO SENSITIVE SECTOR

i) Exposure to Real Estate Sector

₹ in Lakhs

Category	March 31, 2013	March 31, 2012
a) Direct exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; **(A)**	25,934	37,329
Of which individual housing loans up to ₹ 20 lakh (15 lakh)	8,856	6,516
(ii) Commercial Real Estate –		
Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; **(B)**	27,346	45,125
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	-	-
b. Commercial Real Estate	-	-
(iv) Other Direct Exposure (C)	**68,637**	**103,698**
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). **(D)**	-	-
Total Exposure to Real Estate Sector (A+B+C+D)	**121,917**	**186,152**

ii) Exposure to Capital Market

₹ in Lakhs

	Particulars	March 31, 2013	March 31, 2012
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1329	1,379
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	27	140
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	3,188	4,764
(vi)	Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading;	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-
	Total Exposure to Capital Market	**4,544**	**6,283**

12. RISK CATEGORY WISE COUNTRY EXPOSURE

₹ in Lakhs

Risk Category	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013	Exposure (net) as at March 31, 2012	Provision held as at March 31, 2012
Insignificant	2176	-	1,686	-
Low	4	-	8	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**2,180**	**-**	**1,694**	**-**

As the Bank's exposure for the year in respect of risk Category-wise Country Exposure (Foreign Exchange Transactions) is less than 1% of total assets of the Bank, no provision is considered necessary.

a. DETAILS OF SINGLE BORROWER LIMIT, GROUP BORROWER LIMIT EXCEEDED BY THE BANK

The bank has not exceeded the single borrower as well as group borrower limit during the year.

13. PROVISIONS

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Income Tax	-	-
Wealth Tax	3	4.71
Fringe Benefit Tax	-	-
Deferred Tax	(2591.42)	110.56

14. No penalty has been imposed during the year 2012-13 by RBI.

15. DISCLOSURE FOR CUSTOMER COMPLAINTS/UNIMPLEMENTED AWARDS OF BANKING OMBUDSMAN

Customer complaints

Particulars	2012-13
(a) No. of complaints pending at the beginning of the year	28
(b) No. of complaints received during the year	8686
(c) No. of complaints redressed during the year	8697
(d) No. of complaints pending at the end of the year	17

Unimplemented awards of Banking Ombudsmen

Particulars	2012-13
(a) No. of unimplemented awards at the beginning of the year	NIL
(b) No. of Awards passed by the Banking Ombudsmen during the year	1
(c) No. of Awards implemented during the year	1
(d) No. of unimplemented Awards during the year	NIL

16. DISCLOSURE OF LETTER OF COMFORTS (LOCs) ISSUED BY THE BANK
The Bank has not issued any Letter of Comfort during the year 2012-13.

17. (I) CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

a) Concentration of Deposits

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Total Deposits of twenty largest depositors	232,628	264,165
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	22.41%	25.70%

b) Concentration of Advances

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Total Advances to twenty largest borrowers	139,889	146,024
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	17.72%	16.53%

c) Concentration of Exposures

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Total Exposure to twenty largest borrowers/customers	162,847	185,378
Percentage of Exposures to twenty largest borrowers /customers to Total Exposure of the bank on borrowers /customers	20.62%	14.13%

d) Concentration of NPAs

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Total Exposure to top four NPA accounts	16,483	2,082

(II) SECTOR-WISE NPAs

Sector	Percentage of NPAs to total Advances in that Sector as on March 31, 2013	Percentage of NPAs to total Advances in that Sector as on March 31, 2012
Agriculture and allied activities	0.40%	1.15%
Industry (Micro & small, Medium and Large)	10.08%	1.23%
Services	5.99%	0.60%
Personal Loans	3.87%	2.41%

(III) MOVEMENT OF NPAs

₹ in Lakhs

Particulars	2012-13	2011-12
Opening balance	10,427	6,709
Additions (Fresh NPAs) during the year	50,478	9,182
Sub-total (A)	**60,905**	**15,891**
Less:-		
(i) Upgradations	7,308	1,742
(ii) Recoveries (excluding recoveries made from upgraded accounts)	15,462	3,555
(iii) Write-offs	108	167
Sub-total (B)	**22,878**	**5,464**
Closing balance (A-B)	**38,027**	**10,427**

(IV) OVERSEAS ASSETS, NPA AND REVENUE

₹ in Lakhs

Particulars	March 31, 2013	March 31, 2012
Total Assets	-	-
Total NPAs	-	-
Total Revenue	-	-

(V) OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

₹ in Lakhs

Name of the SPV sponsored	
Domestic	**Overseas**
Nil	Nil

18. ESOP SCHEME

On May 11, 2010, 20,000 options were issued at an exercise price of ₹ 144.70 to new joinees in addition to 3,979,225 options granted on 6 August 2009 to employees under two different plans at a uniform option price of ₹ 118.35. Out of the above, 20,149 shares were exercised during 2010-11 and 570 shares are exercised in 2011-12 year and none of the employees were exercised the options during the current year (2012-13). All the options granted to the employees under the first plan ('Existing Employees') and second plan (Joining employees) were fully vested as on 31-03-2013.

Based on the information provided by the client, the details of the Employees Stock Option Plan-2009 as at March 31, 2013 are as follows:

Sr. No.	Particulars	Employee Stock Option Plan-2009
1.	Details of Approval	Remuneration Committee resolution, dated August 6, 2009.
2.	Implemented through	Directly by the bank
3.	Total number of shares	4,042,470
4.	Price per option	₹118.35
5.	Granted	39,99,225
6.	Vested	39,99,225
7.	Exercised	20,719
8.	Cancelled options	31,06,336
9.	Vested and unexercised	8,72,170
10.	Total number of options in force	8,72,170
11.	Money realized	₹ 2,452,094

12.	Senior Managerial Personnel	Options Granted	Options Vested	Options Lapsed	Options Exercised	Balance
			-	-	-	

Exercise period will commence from the date of vesting of option and will end on 10 years from the date of grant of options or 10 years from the date of vesting of Option, whichever is later.

Note:

a) The compensation Committee has granted a total of 3,999,225 options convertible into 3,999,225 Equity shares which represent 6.24% of the paid up share capital of the Bank. The fair market value one day before the date of grant is ₹ 118.35 which is also the exercise price of the option.

b) The Bank accounts for 'Employee Share Based Payments' using the fair value method.

The movement of stock options during the year ended March 31,2013 is summarized below :

Particulars	Number of options
Outstanding at the beginning of the year	2,418,615
Granted during the year	Nil
Forfeited during the year	1,546,445
Exercised during the year	Nil
Expired during the year	Nil
Outstanding at the end of the year	872,170
Exercisable at the end of the year	872,170

19. EMPLOYEE BENEFITS (AS 15)

The summarized position of various defined benefits recognized in the profit and loss account and balance sheet along with the funded status are as under:

A. Expenses recognized in Profit and Loss Account

₹ in Lakhs

Particulars	Pension	Gratuity	Leave
Current Service Cost	511	246	257
Interest cost on benefit obligation	887	300	188
Expected return on plan assets	(905)	(101)	-
Net actuarial gain/(loss) recognized in the year	372	224	151
Past Service Cost PSL-amortization	-	-	-
Expenses recognized in the Profit and Loss account	**865**	**669**	**596**

B. The amount recognized in the Balance Sheet

₹ in Lakhs

Particulars	Pension	Gratuity	Leave
Present Value of obligation at the end of the year (i)	11,015	3406	2,151
Fair value of plan assets at the end of the year (ii)	10,436	2737	-
Difference (ii)-(i)	(579)	(669)	(2,151)
Unrecognized past service liability	-	-	
Net asset/(liability) recognized in the Balance Sheet	**(579)**	**(669)**	**(2,151)**

C. Changes in the present value of the defined benefit obligations

₹ in Lakhs

Particulars	Pension	Gratuity	Leave
Present value of obligation at the beginning of the year	10,605	3,281	1,955
Interest cost	887	300	188
Current Service Cost	511	246	257
Benefits paid	(317)	(586)	(400)
Net actuarial gain/(loss) on obligation	456	165	151
Past service cost	-	-	-
Settlements	(1127)	-	-
Present value of the defined benefit obligation at the end of the year.	**11,015**	**3,406**	**2,151**

D. Change in the fair value of plan assets

₹ in Lakhs

Particulars	Pension	Gratuity	Leave
Fair value of plan assets at the beginning of the year	10,001	2,943	-
Expected return on plan assets	904	101	-
Contributions by employer	890	337	399
Benefit paid	(317)	(586)	(399)
Settlements	(1,127)	-	-
Actuarial gain/(loss)	84	(59)	-
PF transfer	-	-	-
Fair value of plan assets at the end of the year	10,436	2,736	-
Total Actuarial Gain/(Loss) to be recognized immediately	**(372)**	**(224)**	**(150)**

E. Details of the Plan Asset

The details of the plan assets (at cost) are as follows:

₹ in Lakhs

Particulars	Pension	Gratuity	Leave
Central Government securities	2,331	-	-
State Government securities	3,162	668	-
Investment in Public Sector Undertakings	689	0	-
Investment in Private Sector Undertakings	2,000	261	-
Others	2,016	1,780	-
Total	**10,198**	**2,709**	**-**

F. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

	Pension	Gratuity	Leave
Method used	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method
Discount rate	8.25%	8.25%	8.25%
Expected rate of return on assets	9.00%	9.00%	-
Future salary increase	4.50%	4.50%	4.50%

Note:-

Consequent on the reopening of the pension option and enhancement of the gratuity limit following the amendments to Payment of Gratuity Act 1972, RBI has allowed amortisation of the additional expenses over a period of five years beginning with the financial year ending March 31 2011 subject to a minimum of 1/5th of the total amount involved every year. Out of the total liability of ₹ 2,554 lakhs arising on account of above mentioned amendments, ₹ 511 lakhs has been charged to the Profit and Loss Account in the current year and the balance unrecognised portion shall be amortised with in next two years.

20. SEGMENT REPORTING (AS 17)

The Bank has recognized Business segments as primary reporting segment and Geographical segments as secondary segment in line with RBI guidelines on compliance with Accounting Standard 17.

I. Primary Segments: *Business segments.*
   a) Treasury Operations
   b) Corporate / Wholesale Banking
   c) Retail banking
   d) Other banking business operations

II. Secondary Segments: *Geographical segments.*
   Since the Bank is having domestic operations only, no reporting does arise under this segment.

SEGMENT RESULTS – March 31, 2013

(This section has been intentionally left blank)

₹ in Lakhs

	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue	37,754	33,870	62,370	72,463	41,700	47,260	-	-	406	137	142,230	153,730
Results	1,498	(1,448)	2,260	(4,094)	1,223	(3,248)	-	-	159	-	5,140	(8,790)
Unallocated Expenses	-	-	-	-	-	-	-	-	-	-	-	1,001
Operating Profit	-	-	-	-	-	-	-	-	-	-	5,140	(9,790)
Total provisions	-	-	-	-	-	-	-	-	-	-	7,469	1,658
Tax Expenses	-	-	-	-	-	-	-	-	-	-	(2,591)	115
Extra ordinary items	-	-	-	-	-	-	-	-	-	-	-	-
Profit After Tax	-	-	-	-	-	-	-	-	-	-	262	(11,563)
Other Information	-	-	-	-	-	-	-	-	-	-	-	-
Segment Assets	500,134	516,178	520,083	567,874	350,203	374,656	-	-	-	-	1,370,420	1,458,708
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	11,529	8,941
Total Assets	-	-	-	-	-	-	-	-	-	-	1,381,949	1,467,649
Segment Liabilities	541,933	510,692	456,217	532,690	307,199	351,443	-	-	-	-	1,305,349	1,394,825
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	76,600	72,824
Total Liabilities	-	-	-	-	-	-	-	-	-	-	1,381,949	1,467,649

21. RELATED PARTY DISCLOSURES (AS 18)

	2012-13	2011-12
a) Key Management Personnel	Sri P. G. Jayakumar MD & CEO	Sri Amitabh Chaturvedi MD & CEO
b) Nature of transaction: Remuneration (including perquisites)	₹ 24,22,414/-	₹ 38,42,254 (Resigned w.e.f. February 06, 2012)

22. LEASES (AS 19)

The details of maturity profile of future operating lease payments are given below

₹ in Lakhs

Period	March 31, 2013	March 31, 2012
Not later than one year		
• Rented Premises	3,120	3,280
• IT equipments	122	409
Later than one year and not later than five years		
• Rented Premises	14,208	14,016
• IT equipments	61	-
Later than five years		
• Rented Premises	2,880	4,000
• IT equipments	-	-
Total	**20,390.43**	**21,705**
Total minimum lease payments recognized in the Profit and Loss Account for the year		
• Rented Premises	2,922	2,738
• IT equipments	122	409

23. EARNINGS PER SHARE (AS 20)

Particulars	March 31, 2013	March 31, 2012
Net Profit/(Loss) after tax (₹ in lakhs)	262.25	(11,562.69)
Weight average number of equity shares for Basic EPS	85,136,319	85,136,268
Weight average number of equity shares for Diluted EPS	85,136,319	83,309,976
Earnings per share (Basic)	₹ 0.31	₹ (13.58)
Earning per share (Diluted)	₹ 0.31	₹ (13.58)

24. ACCOUNTING FOR TAXES ON INCOME (AS 22)

The major components of Deferred Tax are as follows:

₹ in Lakhs

Particulars	Deferred tax assets		Deferred tax liabilities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Depreciation on Assets	-	-	91.45	420.21
Leave Encashment	63.6	634.20	-	-
Provision for Standard Assets	-	1,107.95	**64.58**	-
Amortization of Held to Maturity Securities	248.73	-	-	-
Carry forward loss	3,848.52	-	-	-
Total	**4,160.85**	**1,742.15**	**156.03**	**420.21**
Net balance	**4,004.82**	**1,321.94**	**-**	**-**

25. BANCASSURANCE BUSINESS

₹ in Lakhs

Sr. No.	Nature of Income	2012-13
1	For selling life insurance policies	367.15
2	For selling non-life insurance policies	75.57
3	For selling mutual fund products	43.93
4	Others	-
	Total	**486.65**

26. DRAW DOWN OF RESERVES

The bank has not undertaken any draw down of reserves during the year.

27. OTHER ASSETS (SCHEDULE NO. 11) AND OTHER LIABILITIES (SCHEDULE NO. 5)

The reconciliation of entries in other assets and liabilities are in progress. The impact if any on the accounts are not ascertainable now, as the work is in progress. The management is of the opinion that the overall impact, if any, on the accounts may not be significant and is not ascertainable at this stage.

28. Previous year figures have been re-grouped/ re-classified wherever considered necessary to conform to current year's classification.

Signatories to Schedule 1 to 18

Sd/- **Tekkar Yashwanth Prabhu**
Chairman

Sd/- **P. Mohanan**
Director

Sd/- **P. G. Jayakumar**
Managing Director & CEO

Sd/- **K. Srikanth Reddy**
Director

Sd/- **K. Vijayaraghavan**
Director

Sd/- **Raghu Mohan N.**
Head – Finance & Accounts

Sd/- **Ravindran K. Warrier**
Company Secretary

As per our Report of even date

For Sagar & Associates
Chartered Accountants
Firm Registration No.: 003510S

Sd/- **V. Vidyasagar Babu**
Partner
Membership No.: 27357

Place : Kochi
Date : May 17, 2013

BASEL II (PILLAR III) DISCLOSURES

TABLE DF 1 – SCOPE OF APPLICATION

Qualitative Disclosures:

a. Dhanlaxmi Bank has no subsidiaries.

b. Not applicable since the Bank does not have any subsidiaries.

Quantitative Disclosures:

c & d. Since the Bank does not have any subsidiaries, there are no quantitative disclosures.

TABLE DF 2 – CAPITAL STRUCTURE

Qualitative disclosures:

a. Summary

Tier I capital of the Bank includes

- Equity Share Capital
- Reserves & Surpluses comprising of
  - ✓ Statutory Reserves
  - ✓ Capital Reserves
  - ✓ Share Premium and
  - ✓ Balance in P & L Account

Tier II Capital includes

- Revaluation Reserve
- Special Reserves
- Standard Asset Provisions and
- Tier II Bonds

Quantitative Disclosures:

₹ in Lakhs

	Items	31.03.2013 – Audited	31.03.2012
(a)	The amount of Tier I capital, with separate disclosure of :		
	Paid-up share capital	8514	8514
	Reserves	77888	62067
	Innovative Instruments	-	-
	Other capital instruments	-	-
	Sub-total	86402	70581
	Less amounts deducted from Tier I capital, including goodwill and investments.	20586	5858
	Total Tier I capital	65816	64722
(b)	The total amount of Tier II capital (net of deductions from Tier II capital)	24635	18044
(c)	Debt capital instruments eligible for inclusion in Upper Tier II capital	-	-
	• Total amount outstanding	2750	2750
	• Of which amount raised during the current year	-	-
	• Amount eligible to be reckoned as capital funds	2750	2750
(d)	Subordinated debt eligible for inclusion in Lower Tier II capital		
	Total amount outstanding	28470	18700
	Of which amount raised during the current year	10770	1000
	Amount eligible to be reckoned as capital funds	17770	10540
(e)	Other deductions from capital, if any	-	-
(f)	Total eligible capital- Tier I + Tier II (a+b-e)	90451	82767

TABLE DF 3 – CAPITAL ADEQUACY

Qualitative disclosures:

The Bank has put in place a robust Risk Management Architecture with due focus not only on Capital optimization, but also on Profit Maximisation. The Bank has put in place the "Internal Capital Adequacy Assessment Process" Policy. Capital requirement for current business levels and framework for assessing capital requirement for future business levels has been made. Capital need and capital optimization are monitored periodically by the Committee of Top Executives. The Top Executives deliberate on various options available for capital augmentation in tune with business growth. The Bank has worked out CRAR based on both Basel I and Basel II guidelines. The Bank maintains Basel II CRAR of more than 9% and Tier I CRAR of more than 6%. Besides the Bank complies with the prudential floor for maintenance of capital as per the Revised Framework.

Quantitative Disclosures: ₹ in Lakhs

	Items	31.03.2013	31.03.2012
(a)	Capital requirements for credit risk		
	• Portfolios subject to standardized approach	61842	72260
	• Securitisation exposures	-	-
(b)	Capital requirements for market risk Standardized duration approach		
	• Interest rate risk	6268	1630
	• Foreign exchange risk (including gold)	325	326
	• Equity position risk	69	83
(c)	Capital requirements for operational risk		
	• Basic Indicator Approach	5117	4170
(d)	Total and Tier I CRAR for the Bank		
	• Total CRAR (%)	11.06	9.49
	• Tier I CRAR (%)	8.05	7.42
(e)	Total and Tier I CRAR for the consolidated Group		
	• Total CRAR (%)	NA	NA
	• Tier I CRAR (%)	NA	NA
(f)	Total and Tier I CRAR for the Significant subsidiary which are not under consolidated group		
	• Total CRAR (%)	NA	NA
	• Tier I CRAR (%)	NA	NA

TABLE DF 4 – CREDIT RISK: GENERAL DISCLOSURES

Qualitative disclosures:

(a) General: -

Definitions of past due and impaired (for accounting purposes)
The bank has adopted the definition of the past due and impaired (for accounting purposes) as defined by the Regulator for income recognition and asset classification norms which is furnished below:-

1. Non-performing Assets

An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank. A non-performing asset (NPA) is a loan or an advance where;

a) interest and/or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
b) the account remains 'out of order' as indicated at paragraph 2 below, in respect of an Overdraft/Cash Credit (OD/CC),
c) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
d) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
e) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,

An account is classified as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

2. 'Out of Order' status

An account is treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as **'out of order'**.

3. **'Overdue'**

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Strategies and Processes for Credit Risk Management

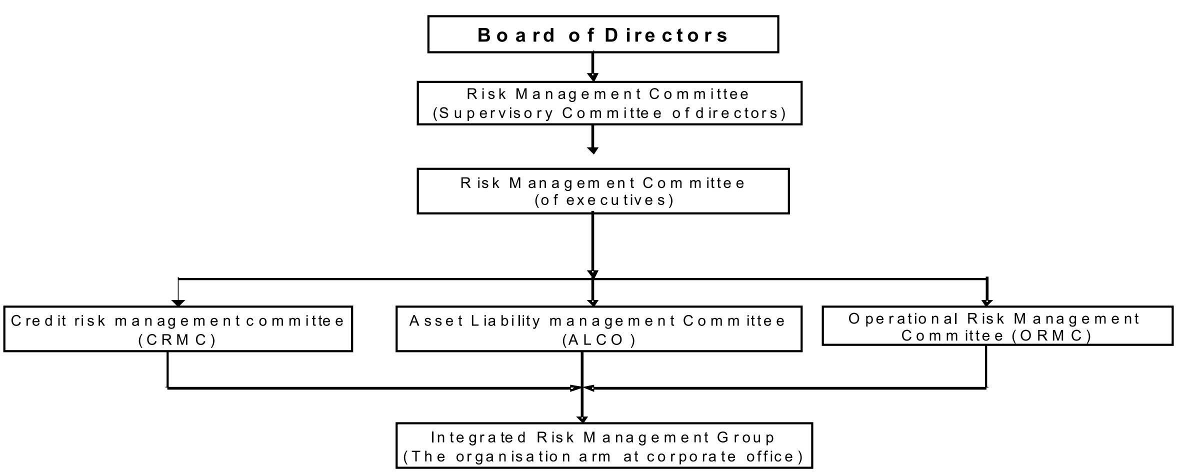
Credit Risk Management Committee (CRMC) headed by MD & CEO is the top level functional committee for Credit risk. The committee considers and takes decisions necessary to manage and control credit risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of approval of policies on standards for presentation of credit proposal, fine-tuning required in various rating models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/RBI guidelines or otherwise required for managing credit risk.

The Bank's strategies to manage the credit risks in its lending operations are as under:

a) The Bank has a Comprehensive Board Approved Credit Risk Management Policy which is reviewed and revised annually. In addition to the above, various strategies with regard to Credit risk management are covered under Banks Credit Policy, Credit Monitoring Policy and Recovery Policy which are periodically reviewed by the Board.
b) Defined segment exposures delineated into Retail, SME and Corporates;
c) Industry wise exposure caps on aggregate lending by Bank.
d) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds in line with RBI guidelines.
e) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels.
f) A well defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts.
g) A clear and well defined delegation of authority within the Bank in regard to decision making linking exposure, rating and transaction risks.
h) Regular review of all credit structures and caps, continuously strengthening credit processes, and monitoring oversight which are regularly reviewed and duly approved by the Board of the Bank.
i) Credit Risk management Cell is validating the rating assigned to all individual credit exposures of ₹ 25 lakh and above.
j) Bank has an ever improving procedures and structures with respect to Credit Approval Process, Credit Rating, Prudential Limits, Documentation, Credit Monitoring and Review Mechanism.
k) A Loan Review Mechanism for constantly evaluating the quality of loan book, by way of review of sanctions made, renewal process, submission of monitoring reports, credit related MIS, is in place.
l) The Credit Officers takes care of the security creation and account management
m) Credit Policy & Monitoring Group takes care of the monitoring of the loan assets.
n) Bank has started quarterly industry study which would provide necessary information to increase/hold/decrease exposure under various industries.

Structure and Organization of the Risk Management function in the Bank

GOVERNANCE STRUCTURE OF
RISK MANAGEMENT IN THE BANK



Scope and Nature of Risk Reporting and/or Measurement Systems

The Bank has developed a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Major initiatives of IRMG are -

✓ Risk rating system is drawn up in a structured manner incorporating the parameters from the five main risk areas 1) Financial Risk, 2) Industry/Market Risk, 3) Business Risk, 4) Management Risk, and 5) Facility Risk.

✓ Risk rating system is made applicable for loan accounts with total limits of ₹ 2 lakhs and above.
✓ Different rating models are used for different types of exposures, for eg; Traders, SME, NBFC, Corporate, small loans, retail loans etc.
✓ IRMG validates the ratings of all exposures of ₹ 25 lakhs and above.
✓ An independent analysis is carried out of the various risks attached to the credit proposals including industry analysis.
✓ Carries out rating migration analysis of the credit exposures of ₹ 5 crores & above on a quarterly basis. Rating Migration analysis covering all exposures of ₹ 25 lakhs and above is conducted on an annual basis.
✓ Evaluates the asset quality by tracking the delinquencies and migration of borrower from one rating scale to another in various industry, business segment etc.

Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. The Bank has in place the following hierarchical functionaries with powers delegated for credit sanction and administration:

- Branch Head and Branch Operations Manager jointly,
- Regional Credit Committee
- Zonal Credit Committee
- Corporate Credit Committee at Corporate Office level
- Committee of Directors
- Management Committee at Board level
- Board of Directors

Head Integrated Risk Management Group is a member of the CCC. The Bank has implemented a software solution to get system support for calculation of Risk Weighted Assets for CRAR computation.

Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants

The Bank has put in place a Board approved policy on Credit Risk Mitigation Techniques and Collateral Management, covering the credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes. Apart from the Basel defined collateral, the Bank ensures securities by way of inventories, Book Debts, plant & machineries, Land & Buildings and other moveable/ immovable assets/properties. The Bank also accepts personal/corporate guarantee as an additional comfort for credit risk mitigation. The securities are subjected to proper valuation as prescribed in the Credit Policy of the Bank.

Bank has laid down detailed guidelines on documentation to ensure legal certainty of Bank's charge on collaterals. In order to ensure that documents are properly executed, the function has been brought under the purview of Credit Officers. The Credit Officers at branches ensure documentation, ground level follow up, collection of feedback, closer monitoring of accounts, quality of asset portfolios, statistical analyses, reporting of irregularities, providing guidelines, compliance with policy prescriptions and adherence to terms of sanction.

The Bank has an exclusive set up for Credit monitoring functions in order to have greater thrust on post sanction monitoring of loans and strengthen administering the various tools available under the Bank's policies on loan review mechanism. For effective loan review, the Bank has the following in place: -

- On site monitoring tools like Inspection of assets/books/stock of the borrower, stock audit, operations in the account, payment of statutory dues etc.
- Recording of loan sanctioned by each sanctioning authority by the next higher authority.
- Off site monitoring tools like Financial Follow Up Reports, verification of various statutory returns, Audit Reports etc.

Quantitative disclosures:

(a) Total Gross credit exposures: (After accounting offsets in accordance with applicable accounting regime and without taking into account the effects of credit risk mitigation techniques e.g. Collateral and netting)

₹ in Lakhs

Overall credit exposure		31.03.2013	31.03.2012	Total 31.03.2013	Total 31.03.2012
Fund Based	Loans & advances	795400	886838	950229	1038912
	Cash, RBI and Banks	76213	92606		
	Others (Fixed Assets & other Assets)	78616	59468		
Non Fund Based	LC, BG etc.	47135	58657	72516	82773
	Forward Contracts/ Interest rate SWAPS*	1445	9852		
	Others	23936	14264		
Investments (Banking Book only)	–	257798	290706	257798	290706
Total of Credit Risk exposure	**–**	**1280543**	**1412391**	**1280543**	**1412391**

* Credit Equivalent Amount

(b) Geographic distribution of exposures:

₹ in Lakhs

Exposures	31.03.2013			31.03.2012		
	Fund based	Non-Fund Based	Total	Fund Based	Non-fund based	Total
Domestic operations	1208027	72516	1280543	1329618	82773	1412391
Overseas operations	Bank has no overseas operations					

(c) Industry type distribution of exposures:

₹ in Lakhs

		Total Lending Exposures			
		Fund Based Outstanding		NFB Outstanding	
Sl. No.	Industry	31.03.2013	31.03.2012	31.3.2013	31.03.2012
1	Mining and Quarrying	1247.59	0		0
2	Food Processing	15831.69	5083	714.16	366
3	Sugar	170.27	216		
4	Edible oils and vanaspati	104.28	562		
5	Textiles	18203.16	19757	8803.26	6508
6	Paper & paper products	1152.44	1265	55	2
7	Chemicals and chemical products	10616.34	14430	4518.4	4695
7.1	*Of which, fertilizer*				
7.2	*Of which, Drugs & Pharmaceuticals*	*6699.34*	*8759*	4498.4	*4515*
7.3	*Others*	*3917*	*5671*	20	*180*
8	Rubber and rubber products	3266.45	4343	152.57	27
9	Cement & Cement products	2476.38	4403	120	20
10	Metal & Metal products	16054.77	29517	1122.33	119
11	All Engineering	19193.4	6980	1995.4	2149
12	Automobiles	10522.58	4699	847.81	440
13	Gems & Jewellery	35984.94	23067	6138.8	12435
14	Construction	33941.14	2082	1463.93	120
15	Infrastructure	68728.48	72963	11099.72	8694
15.1	*Of which, Power*	*26230.9*	*29586*	364.93	464
15.2	*Of which, Telecommunications*	*9572.85*	*7499*		
15.3	*Of which, Roads & ports*	*9616.32*			
15.4	*Of which, Other infrastructure*	*23308.41*	*35878*	10734.79	
16	NBFC	42777.72	41073	30	3006
17	Trading	11031.48	11719	1589.44	595
18	Other Industries	61562.57	81190	7208.4	4258
	Total	**352865.68**	**323349**	**61477.34**	**43434**
19	Residuary other advances (to balance with Total advances)	436765.47	559736	1582.07	18703
	Grand Total	**789631.15**	**883085**	**47441.29**	**62137**

(d) Residual maturity breakdown of assets:

₹ in Lakhs

Maturity Pattern Assets	Advances 31.03.2013	Advances 31.03.2012	Investments 31.03.2013	Investments 31.03.2012	Foreign Currency 31.03.2013	Foreign Currency 31.03.2012
Day 1	7923	24253	0	0	13983	8,953
2 to 7 Days	13729	27018	24516	33225	6968	5,896
8 to 14 days	13211	11337	12912	13637	816	838
15 to 28 days	8460	15702	7263	29371	69	383
29 days up to 3 months	66107	75953	22699	56838	10864	66,140
Over 3 months and up to 6 months	78473	68925	3982	0	7514	31,254
Over 6 months and up to 1 year	125387	104722	1741	1870	7929	17,050
Over 1 year and up to 3 years	288286	326714	23733	15354	0	0
Over 3 years and up to 5 years	81209	83875	67734	59851	0	0
Over 5 years	94921	137306	305908	227509	0	65
Total	**777706**	**875805**	**470488**	**437655**	**48143**	**130,578**

(e) Non-performing assets:

₹ in Lakhs

No.	Items	Amount 31.03.2013	31.03.2012
1	**Gross NPAs**	**38027**	**10427**
1.1	Substandard	31594	5359
1.2	Doubtful 1	2056	1790
1.3	Doubtful 2	1787	1004
1.4	Doubtful 3	705	791
1.5	Loss	1885	1483
2	**Net NPAs**	**26102**	**5800**
3	**NPA Ratios**		
3.1	Gross NPAs to Gross Advances (%)	4.82	1.18
3.2	Net NPA s to Net Advances (%)	3.36	0.66
4	**Movement of NPAs (gross)**		
4.1	Opening balance	10427	6709
4.2	Additions	50478	9182
4.3	Reductions	22878	5464
4.4	Closing balance	38027	10427
5	**Movement of provisions for NPAs**		
5.1	Opening balance	4603	3910
5.2	Provisions made during the year	10030	2331
5.3	Write-off	-	1638
5.4	Write back of excess provisions	2732	0
5.5	Closing balance	11901	4603
6	**Amount of non-performing investments**	695	704.00
7	**Amount of provisions held for non–performing investments**	695	704.00
8	**Movement of Provisions held for NPIs**		
8.1	Opening balance	704	744.00
8.2	Provisions made during the period	-	-
8.3	Write-off/ Write back of excess provisions	(9)	(40)
8.4	Closing balance	695	704.00

TABLE DF 5 – DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

Qualitative disclosures

(a) For Portfolios under the standardized approach

1	Names of credit rating agencies used	Bank has approved all the external credit rating agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts, i.e., CRISIL, CARE, India Ratings & Research Pvt. Ltd., ICRA, BrickWork Ratings and International Credit Rating Agencies, i.e., Standard and Poor, Moody's and FITCH.
2	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same.	No change
3	Types of exposure for which each agency is used	All the above identified Rating Agency rating are used for various types of exposures as follows :
		(i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), **Short-Term Rating** given by ECAIs will be applicable
		(ii) For Domestic Cash Credit, Overdrafts and other Revolving Credits (irrespective of the period) and/or Term Loan exposures of over one year, **Long-Term Rating** will be applicable.
		(iii) For Overseas exposures, irrespective of the contractual maturity, Long-Term Rating given by IRAs will be applicable.
		(iv) Rating by the agencies is used for both fund based and non-fund based exposures.
		(v) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
4	Description of the process used to transfer public issue rating on to comparable assets in the banking book.	Long-term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/counter-party) Ratings or Issuer (borrower-constituent/counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :
		(i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures , any other unrated exposure on the same counter-party will be assigned the same Risk Weight, if the exposure ranks pari passu or junior to the rated exposure in all aspects
		(ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank's unrated exposures if the Bank's exposure ranks pari passu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than Maturity of rated debt.

Quantitative disclosures

Amount of bank's outstandings (rated & unrated) in major risk buckets - under standardized approach after factoring risk mitigants (i.e., collaterals):

₹ in Lakhs

Particulars		31.03.2013			31.03.2012		
		Fund based	Non-fund based	Total	Fund based	Non-fund based	Total
Below 100% risk weight		710505	14879	725384	758447	19073	777519
100% risk weight		371900	40538	412438	437351	58845	496196
More than 100% risk weight		125623	141	125764	133821	4855	138676
Total Exposure		**1208028**	**55558**	**1263586**	**1329619**	**82773**	**1412391**
Deducted (Risk mitigants)	Below 100% RW	127881	1694	129575	1610	84002	70737
	100% RW	12465	2347	14812	4136	15605	17973
	More than 100% RW	44937	68	45005	1998	50565	80039
Net Exposure		**1022745**	**51449**	**1074194**	**1187192**	**75028**	**1262219**

TABLE DF 6 – CREDIT RISK MITIGATION- STANDARDIZED APPROACH

Qualitative Disclosure

(a) General

Policies and processes for collateral valuation and management:

The Bank has put in place a Board approved policy on Credit Risk Mitigation techniques and collateral management, covering the credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes.

A description of the main types of collateral taken by the Bank

Collateral used by the Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely: -

- ✓ Cash and fixed deposits of the counter-party with the Bank.
- ✓ Gold: value arrived at after notionally converting these to 99.99% purity.
- ✓ Securities issued by Central and State Governments.
- ✓ Kisan Vikas Patra and National Savings Certificates.
- ✓ Life Insurance Policies restricted to their surrender value.
- ✓ Debt securities rated by an approved Rating Agency.
- ✓ Unrated debt securities issued by banks, listed in Stock Exchange.
- ✓ Units of Mutual Funds.

Bank has no practice of on balance sheet netting for credit risk mitigation. The main types of guarantor counter- party and their creditworthiness

Bank accepts guarantees of individuals or corporates of adequate networth, as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor and are unconditional and irrevocable.

Main types of guarantor counter-party as per RBI guidelines are: -

- ✓ Sovereigns (Central/ State Governments)
- ✓ Sovereign entities like ECGC, CGTSI
- ✓ Bank and primary dealers with a lower risk weight than the counter-party
- ✓ Other entities rated AA (-) and above. The Guarantees has to be issued by entities with a lower risk weight than the counter-party.

Information about risk concentrations of collaterals concentration within the mitigation taken:

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Lakhs)		Risk Concentration %	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Gold	139921	108488	73.88	72.24
Cash & Bank Deposits	49310	41432	26.04	27.59
KVP/IVP/NSC	133	213	0.07	0.14
LIC Policy	28	37	0.01	0.02
Total	**189392**	**150170**	**100**	**100**

Majority of the financial collaterals held by the Bank are by way of Gold, own deposits, Life Insurance Policies and other approved securities. Bank does not envisage market liquidity risk in respect of financial collaterals.

Concentration on account of collateral is also relevant in the case of land & building. However, as land & building is not recognized as eligible collateral under Basel II standardized approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

Quantitative Disclosures:

For the disclosed Credit Risk portfolio under the Standardised Approach, the total
Exposure that is covered by:

(i) Eligible Financial Collateral : ₹ 189392 lakhs
(ii) Other eligible Collateral (after Hair Cuts) : ₹ Nil

TABLE DF 7 – SECURITISATION – STANDARDIZED APPROACH

Qualitative Disclosures:

❖ Bank has not securitized any of its standard assets till date.

TABLE DF 8 – MARKET RISK IN TRADING BOOK- STANDARDIZED MODIFIED DURATION APPROACH

Qualitative Disclosures:

(a) General :

Strategies and processes

The overall objective of market risk management is to maximize shareholder value by improving the bank's competitive advantage and reducing loss from all types of market risk loss events. For effective management of market risk, bank has put in place a well established framework with the Integrated Treasury Policy and Asset Liability Management Policy. The Asset Liability Management Committee is responsible for establishing market risk management and Asset liability management in the Bank. ALCO is a decision making unit responsible for balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks. ALCO ensures adherence to the limits set by RBI as well as the Board.

Scope and nature of risk reporting/ measurement systems

The Bank has put in place regulatory/ internal limits for various products and business activities relating to trading book. Various exposure limits for market risk management such as overnight limit, VaR limit, Daylight limit, Aggregate Gap limit, Investment limits etc. are in place. The reporting system ensures time lines, reasonable accuracy with automation, highlight portfolio risk concentrations and include written analysis. The reporting formats and frequency are periodically reviewed to ensure that they suffice for risk monitoring, measuring and mitigation requirements of the Bank. Bank also subjects Non-SLR investments to credit rating.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Board approved policies viz., Integrated Treasury Policy and Asset Liability Management Policy provides the framework for risk assessment, identification, measurement and mitigation, risk limits & triggers, risk monitoring and reporting.

Liquidity risk of the Bank is assessed through Statement of Structural Liquidity Statement which is prepared on a daily basis. The Bank also reviews various liquidity ratios on a fortnight basis in order to control the liquidity position. Interest Rate risk is analyzed from earnings perspective using Traditional Gap Analysis on a fortnightly basis and economic value perspective using Duration Gap Analysis on a monthly basis. Stress tests are conducted at quarterly intervals to assess the impact of various contingencies on the bank's earnings and the capital position.

The Bank uses Standardized Duration approach for computation of market risk capital charge on the investment portfolio held under HFT and AFS, Gold and Forex Open positions. The market risk capital charge is calculated on a daily basis and reported to ALCO.

The portfolio covered by Standardized Duration approach for computation of market risk capital charge are investment portfolio held under HFT and AFS, Gold and Forex Open positions.

Quantitative Disclosures:

₹ in Lakhs

Particulars	Amount of capital requirement 31.03.2013	Amount of capital requirement 31.03.2012
Interest rate risk	**6268**	**1630**
Equity position risk	**69**	**83**
Foreign exchange risk	**325**	**326**

TABLE DF 09 – OPERATIONAL RISK

Qualitative disclosures:

(a) General

Strategies and processes:

The Bank's strategy is to ensure that the Operational risks which are inherent in Process, People and System and the residual risks are well managed by the implementation of effective Risk Management techniques. Keeping this in view, the Bank has been following risk management measures which address the risks before and after implementation of a process, product and system. All new products, processes and systems which are cleared by the Product & Process Approval Committee (PPAC) are risk vetted by the Operational Risk Management (ORM) cell, before implementation. The ORM cell has completed Risk & Control Self Assessment (RCSA) at Thrust Branches and other core functions highlighting the potential risks that can happen during the course of operations and to assess whether the controls are adequate to manage/ mitigate these risks. Risk Based Internal Audit is in place in all the Branches. The bank has a RCSA document approved by the Risk Management Committee of the Board (RMCB), in place.

The framework for Operational Risk Management is well-defined in the Operational Risk Management (ORM) Policy which is reviewed and revised annually. The ORM Committee at the executive level, which meets at regular intervals oversees bank-wide implementation of Board approved policies and process in this regard. The Bank has put in place important policies like Information System Security, Know Your Customer & Anti Money Laundering, Fraud Risk Management, Business Continuity and Disaster Recovery Management.

Scope and nature of risk reporting/measurement systems: -

The Bank has adopted Operational Loss Data Reporting Format from the Loss Data Methodology Document for collection of Loss Data, which will enable the Bank to eventually ease the transition to Advanced Measurement Approach for Capital Calculation. The ORM cell has a well-built internal Loss data collection system in place. The risk reporting consists of operational risk loss incidents/events occurred in branches/offices relating to people, process, technology and external events. The bank has implemented a software solution which is a modular Operational risk management solution which satisfies end-to-end operational risk management requirements (quantitative and qualitative).

Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Internal control mechanism is in place to control and minimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self Assessment, corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. Bank is using insurance for mitigating operational risk. The various Board approved policies viz., Operational Risk Management Policy, Outsourcing Policy, Compliance Policy, Internal Inspection & Audit Policy, Internet Banking Security Policy Information Systems Security Policy and Business continuity Plans addresses issues pertaining to Operational Risk Management.

Operational Risk capital assessment:

The Bank has adopted Basic Indicator Approach for calculating capital charge for Operational Risk, as stipulated by the Reserve Bank of India. The ORM Cell is now focusing on the qualitative and quantitative requirements (RCSA, KRI identification, Business line mapping etc.) prescribed by the regulator are being adopted by the Bank to move on to the Advanced Approaches in due course.

TABLE DF 10 – INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosures:

Strategies and processes

The Bank has put in place a comprehensive market risk management framework to address market risks. The Asset Liability Management Policy prescribes the measurement of the interest rate risk under two perspectives – Earnings perspective and Economic Value Perspective.

Under Earnings perspective, bank uses the Traditional gap analysis method to calculate the Earnings at Risk (EAR), which is the quantity by which net income might change in the event of an adverse change in interest rate. EAR is calculated on a fortnightly basis.

Under Economic value perspective, bank uses Duration Gap Analysis to assess the impact of interest rate risk. The Duration gap analysis monitors the impact of changes in the interest rates on the Market Value of Equity (MVE). It is calculated on a monthly basis.

The framework for managing interest rate risk (EVE) under Pillar II of Basel II is put in place through ICAAP Policy document.

Scope and nature of risk reporting/measurement systems

Interest rate risk under duration gap analysis is evaluated on a monthly basis. The likely drop in Market Value of Equity for a 200 bps change in interest rates is computed. Earnings at Risk based on Traditional Gap Analysis are calculated on a fortnightly basis and adherence to tolerance limits set in this regard is monitored and reported to ALCO. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank.

Policies for hedging/mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants

Bank has operationalised mitigating/hedging measures prescribed by Integrated Treasury Policy, ALM Policy and Stress Testing Policy. The strategy adopted by ALCO for mitigating the risk is by clearly articulating the acceptable levels of exposure to specific risk types (interest rate, liquidity etc.). The process for mitigating the risk is initiated by altering the mix of asset and liability composition and with the proper pricing of advances and deposits.

Brief description of the approach used for computation of interest rate risk

The interest rate risk (EVE) is computed through Duration Gap Analysis. The step-by-step approach for computing modified duration gap is as follows:

i) Identify variables such as principal amount, maturity date/re-pricing date, coupon rate, yield, frequency and basis of interest calculation for each item/category of Rate Sensitive Asset/Rate Sensitive Liability (RSA/RSL).

ii) Plot each item/category of RSA/RSL under the various time buckets. For this purpose, the absolute notional amount of rate sensitive off-balance sheet items in each time bucket are included in RSA if positive or included in RSL if negative.

iii) The mid-point of each time bucket is taken as a proxy for the maturity of all assets and liabilities in that time bucket.

iv) Determine the coupon and the yield curve for arriving at the yields based on current market yields or current replacement cost for computation of Modified Duration (MD) of RSAs and RSLs.

v) Calculate the MD in each time band of each item/category of RSA/RSL using the maturity date, yield, coupon rate, frequency, yield and basis for interest calculation.

vi) Calculate the MD of each item/category of RSA/RSL as weighted average MD of each time band for that item.

vii) Calculate the weighted average MD of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG).

Quantitative Disclosures

The impact on earnings and economic value of equity for notional interest rate shocks as on 31.03.2013.

Earnings at Risk

₹ in Lakhs

Change in interest rate	Change in EaR
± 25 bps	**466**
± 50 bps	**932**
± 75 bps	**1398**
± 100 bps	**1864**

The Bank is computing market value of equity based on Duration Gap Analysis.

For a 200 bps rate shock, the drop in equity value as on 31.03.2013	7.52 %

Prudential floor limit for minimum capital requirements:

The guidelines for implementation of the New capital adequacy framework issued by RBI, stipulates higher of the following amounts as minimum capital required to be maintained by the bank.

(a) Minimum capital as per Basel II norms for Credit, Market and Operational risks.

(b) Minimum capital as per Basel I norms for Credit and market risks.

The minimum capital required to be maintained by the Bank as on 31.03.2013 as per Basel I norms is ₹ 82273.47 Lakhs and as per Basel II norms is ₹ 73620.57 Lakhs.

Capital (Tier I and Tier II) maintained by the Bank as on 31.03.2013 is ₹ 90450.04 Lakhs, which is above the Basel II prudential floor limit.

Balance Sheet Abstract and Company's General Business Profile

A. Registration Details

Registration Number	09307	State Code	09
Balance sheet date	**31.03.2013**		

B. Capital raised during the year (₹ '000s)

Public issue	Nil	Bonus issue	Nil
Rights Issue	Nil	Private Placement	Nil

C. Position of mobilisation and deployment of funds (₹ '000s)

Total Liabilities	138,194,878	Total assets	138,194,878
Sources of funds			
Paid up capital	851,363	Reserves and Surplus	6,456,615
Secured Loan	Nil	Unsecured Loans	127,942,230
Application of funds			
Net Fixed assets	1,357,552	Investments	46,844,892
Net current Assets	87,399,764	Misc. Expenditure	Nil
Accumulated Losses	Nil		

D. Performance of the Company (₹ '000s)

Total Income	14,222,970	Total Expenditure	13,708,978
Profit before tax	(232,573)	Profit after tax	26,225
Earnings per share			
Basic and Diluted	0.31	Dividend rate	NA

E. Generic Names of three principal products/services of the company

(As per monetary terms)

Item Code	NA
Product Description	Banking Company

For and on behalf of the Board of Directors

Sd/- **Tekkar Yashwanth Prabhu**
Chairman

Sd/- **P. Mohanan**
Director

Sd/- **P. G. Jayakumar**
Managing Director & CEO

Sd/- **K. Srikanth Reddy**
Director

Sd/- **K. Vijayaraghavan**
Director

Sd/- **Raghu Mohan N.**
Head – Finance & Accounts

Sd/- **Ravindran K. Warrier**
Company Secretary

As per our Report of even date

For Sagar & Associates
Chartered Accountants
Firm Registration No.: 003510S

Sd/- **V. Vidyasagar Babu**
Partner
Membership No.: 27357

Place : Kochi
Date : May 17, 2013

PRODUCT BOUQUET

DhanlaxmiBank
established 1927

Personal Banking		Corporate Banking	NRI Banking	Micro,Agri & SME Banking	Technology Products
Current Accounts Super Power Current Accounts Power Current Accounts Premium Current Accounts Suvidha Current Accounts Regular Current Accounts **Savings Accounts** Basic Savings Bank Accounts Regular Savings Accounts Accounts with Sweep Facility Smart Salary Savings Accounts Insta Money **Term Deposits** Cumulative Deposit Certificates Term Deposits Tax Advantage Deposits Recurring Deposits Senior Citizen's Deposits Doubling Term Deposits	**Loans** Housing Loans Car Loans Personal Loans Educational Loans Business Loans Loans against National Savings Certificates Loans against Insurance Policies Gold Loans / Overdraft against Gold Loan Against Property Mortgage Loans **Forex Services** Foreign Currency Cash Foreign Currency Demand Drafts International Remittances Forex Travel Card **Investments** Financial Planning Life Insurance General Insurance Gold coins Silver bars Mutual Funds	**Forex & Trade** Letters of Credit / Bank Guarantees Packing / Post Shipment Credit Bill / Invoice Discounting Forward Contracts **Advances** Project Finance Working capital Finance Cash Credit / Over Draft Trade Advance Term loans Machinery and Equipment Loans **Other Services** Corporate Salary Accounts Cash Management Services	**Accounts & Deposits** NRE Accounts NRO Accounts Recurring and Term Deposits FCNR(B) Deposits Resident Foreign Currency Accounts **Money Transfer** Draft Drawing Arrangements Rupee Drawing Arrangements Money Transfer Services	**Micro Credit** Micro Credit Loans SHG Loans **Agri** Agri Gold Loan Kissan Credit Card cum Savings Accounts **SME** Working Capital Facilities Cash Credit / Over Draft **Trade Facilities** Packing Credit Post Shipment Credit Buyers / Suppliers Credit Letter of Credit / Bank Guarantees Bill / Invoice Discounting	Retail Internet Banking Corporate Internet Banking Bill Payment Facility Mobile Banking Interbank Mobile Payment Service (IMPS) e-IT Return filing Mobile / DTH Prepaid recharge Gift Cards International Debit Cards Gold / Platinum Credit Cards RTGS / NEFT Payment Gateways **Other Services** Depository Services Locker Facilities Electronic Clearing System SWIFT Facility Door Step Banking

(This section has been intentionally left blank)

ഇളങ്ങട്ടെ അറിവിന്റെ നിറദീപം: കൊച്ചി മലയാള മനോരമയിലെ വിദ്യാരംഭച്ചടങ്ങുകൾക്ക് തുടക്കം കുറിച്ച് പ്രശസ്ത നിരൂപക ഡോ. എം. ലീലാവതി ദീപം തെളിയിക്കുന്നു. ഗായകൻ മധു ബാലകൃഷ്ണൻ, ധനലക്ഷ്മി ബാങ്ക് മാനേജിങ് ഡയറക്ടർ ആൻഡ് സിഇഒ പി.ജി. ജയകുമാർ, കൊച്ചി സർവകലാശാല വൈസ് ചാൻസലർ ഡോ. രാമചന്ദ്രൻ തെക്കേടത്ത്, ജസ്റ്റിസ് എം.ആർ. ഹരിഹരൻനായർ, എഴുത്തുകാരൻ സേതു, കൊച്ചി റേഞ്ച് ഐജി കെ. പത്മകുമാർ, കേരള പബ്ലിക് സർവീസ് കമ്മിഷൻ ചെയർമാൻ ഡോ. കെ.എസ്. രാധാകൃഷ്ണൻ, സംസ്കൃത സർവകലാശാല വൈസ് ചാൻസലർ ഡോ. ജെ. പ്രസാദ് എന്നിവർ സമീപം. ചിത്രം: മനോര

Dhanlaxmi Bank to raise ₹200 crore

Dhanlaxmi Bank plans to raise up to ₹200 crore of capital by early next month, its chief executive and managing director PG Jayakumar said on Monday. "We have appointed ICICI Securities and Motilal Oswal Securities as our merchant bankers and they will make a presentation to the board on December 11. We will probably raise the money by January 5," Jayakumar said. **BS REPORTER**

Dhanlaxmi sees positive balance sheet this year

Ravi Menon | TNN

Kochi: Private sector lender Dhanlaxmi Bank expects its balance sheet to turn positive in calendar 2012, following its revival/turnaround plan, which is currently underway, beginning to yield positive results in the first quarter of fiscal 2013, bank MD P G Jayakumar said.

Thrissur-based Dhanlaxmi Bank posted operating losses of Rs 76.71 crore in the fourth quarter of fiscal 2012, an increase of 110% as compared to a quarter earlier. The employee cost of the bank increased to Rs 73 crore from Rs 58 crore a year ago, which is considered higher than that of its industry peers. "We have been rationalizing salary costs as well as effected staff cuts since February. The impact of these measures is discernible since April. Many of the outgoing staff were relieved in April and May after serving their 3-month notice periods, so the fall in expenses is visible only from the current quarter," Jayakumar said. The bank has about 3,700 people on its rolls currently. As a result of the cost-cutting measures specified in the turnaround plan, operating expenses declined 30% and 35% in April and May respectively. The bank has slashed salaries by at least 30% across the board, while rental expenditure has been targeted for a 30% reduction. "We have vacated costly rental locations and are expecting to feel the positive impact of rental reductions starting this month," Jayakumar said.

> **As a result of the cost-cutting measures specified in the bank's turnaround plan, operating costs declined 30% in April and 35% in May**

The bank has been shoring up its capital base which has helped push up its Capital Adequacy Ratio (CAR) which was 9.88% as of February 1 this year. Plans are on to raise a second tranche of Rs 130 crore in Tier 2 capital by the end of June.

A Tier 1 capital raise of about Rs 200 crore is also scheduled for the second quarter of this fiscal. These are expected to boost the bank's CRR to a 10.5-11% range.

ധനലക്ഷ്മി ബാങ്ക് പുരോഗതിയിലെന്ന് മാനേജ്മെന്റ്

തൃശൂർ: ധലക്ഷ്മി ബാങ്ക് സമഗ്ര പുരോഗതിയിലേക്ക് നീങ്ങുകയാണെന്ന് മാനേജ്മെന്റ് അറിയിച്ചു. 2011-12 സാമ്പത്തിക വർഷം 116 കോടിയുടെ നഷ്ടത്തിലായിരുന്ന ബാങ്ക് ലാഭത്തിലേക്ക് തിരിച്ചു വന്നു. ഈ കാലയളവിൽ ബാങ്ക് 51 കോടിയുടെ പ്രവർത്തന ലാഭം നേടിയതായും മാനേജ്മെന്റ് അറിയിച്ചു.

പ്രവർത്തന ചെലവിന്റെ അനുപാതം 2011-12ലെ നാലാം പാദത്തിലെ 209 ശതമാനത്തിൽ നിന്നും 2012-13ലെ നാലാം പാദത്തിൽ 66 ശതമാനമായി കുറഞ്ഞു. കഴിഞ്ഞ വർഷം ബാങ്കിന്റെ സാമ്പത്തിക ഘടന പുനക്രമീകരിച്ച് വളർച്ചയുടെ പാതയിലേക്കുള്ള കുതിപ്പിന് സജ്ജമായി. ഇക്കാലയളവിൽ കൂടുതലായുണ്ടായ 504 കോടി രൂപയുടെ നിഷ്ക്രിയ ആസ്തിയിൽ 228 കോടി രൂപയും തിരിച്ചെടുക്കാൻ ബാങ്കിന് കഴിഞ്ഞു.

ബാങ്കിന്റെ പ്രവർത്തന മികവ് വിലയിരുത്തി, റിസർവ് ബാങ്ക് ഓഫ് ഇന്ത്യ ബാങ്കിന്റെ മാനേജിങ് ഡയറക്ടറും ചീഫ്എക്സിക്യൂട്ടീവ് ഓഫീസറുമായ പി ജി ജയകുമാറിന്റെ കാലാവധി നീട്ടിയതായും ബിസിനസ് ഡെവലപ്മെന്റ് ആൻഡ് പ്ലാനിങ് ജനറൽ മാനേജർ പി മണികണ്ഠൻ വാർത്താകുറിപ്പിൽ അറിയിച്ചു.

ധനലക്ഷ്മി ബാങ്ക് എം.ഡി. ആൻഡ് സി.ഇ.ഒ ആയി ജയകുമാറിന് തുടരാം

തൃശൂർ: ധനലക്ഷ്മി ബാങ്ക് മാനേജിംഗ് ഡയറക്ടർ ആന്റ് സി.ഇ.ഒ ആയ പി.ജി. ജയകുമാറിന്റെ കാലാവധി ഒരു വർഷത്തേക്ക് കൂടി നീട്ടിക്കൊണ്ട് റിസർവ്വ് ബാങ്ക് ഓഫ് ഇന്ത്യയുടെ അനുമതി ലഭിച്ചു. കഴിഞ്ഞ വർഷ...

പാരമ്പര്യത്തിന്റെ കരുത്തിൽ പുത്തൻ കുതിപ്പിന് ധനലക്ഷ്മി ബാങ്ക്

പി.ജി. ജയകുമാർ

കൊച്ചി: സംസ്ഥാനത്തെ പ്രമുഖ സ്വകാര്യ ബാങ്കായ ധനലക്ഷ്മി ബാങ്ക് വൻ മുന്നേറ്റത്തിന് ഒരുങ്ങുന്നു. പുതിയ ഇടപാടുകാരെ ആകർഷിച്ചും വിട്ടുപോയവരെ തിരിച്ചു കൊണ്ടുവന്നും പരമ്പരാഗത ബാങ്കിംഗ് രീതിയിലേക്ക് മടങ്ങിയെത്തി ബിസിനസിൽ വൻ വർദ്ധന നേടാനാണ് ശ്രമമെന്ന് ധനലക്ഷ്മി ബാങ്ക് മാനേജിംഗ് ഡയറക്ടർ പി.ജി. ജയകുമാർ പറഞ്ഞു. പുതുതലമുറ ബാങ്കുകളുടെ പാത പിന്തുടർന്ന് നടപ്പാക്കിയ പരിഷ്കാരങ്ങൾ തിരിച്ചടി നേരിട്ടതിനാലാണ് ജനകീയ ബാങ്കിംഗിലേക്ക് ധനലക്ഷ്മി ബാങ്ക് തിരിച്ചെത്തുന്നത്.

1977 മുതൽ ധനലക്ഷ്മി ബാങ്കിൽ സേവനമനുഷ്ഠിക്കുന്ന പി.ജി. ജയകുമാറിനെയാണ് ഇതിനായി ബാങ്ക് മാനേജ്മെന്റ് ചുമതലപ്പെടുത്തിയിട്ടുള്ളത്. കേരളത്തിൽ പരമ്പരാഗത ബാങ്കിംഗ് ജീവിതം ആരംഭിച്ച് അതേ ബാങ്കിലെ പരമോന്നത പദവിയിലെത്തുന്നത് ഇന്ത്യയിൽ ആദ്യമാണ്. ജീവനക്കാരുടെ കൂട്ടായ്മയിലും ചെലവ് ചുരുക്കിയുള്ള പ്രവർത്തനത്തിലൂടെയും ബാങ്കിന് കരുത്ത് പകരാനാണ് ജയകുമാറിന്റെ ശ്രമം.

ബാങ്കിൽ വർഷങ്ങളുടെ പ്രവർത്തനപരിചയമുള്ള പ്രാഗല്ഭ്യം തെളിയിച്ചവരെ ശാഖാ മാനേജർമാരായി നിയമിച്ച് ഇടപാടുകാരുമായുള്ള ബന്ധം ഊഷ്മളമാക്കാനുള്ള നടപടികൾക്ക് തുടക്കമിട്ടു. മൂലധനം വർധിപ്പിക്കാനുള്ള ബാങ്കിന്റെ ശ്രമം വിജയം കണ്ടു തുടങ്ങിയെന്ന് അദ്ദേഹം കൂട്ടിച്ചേർത്തു. മേയ് മാസത്തിൽ ടിയർ രണ്ടു ബോണ്ടുക... കോടി രൂപ സമാഹരിച്ചു. മൂലധന പര്യാപ്തത അനു...

ധനലക്ഷ്മി ബാങ്ക് ഡയറക്ടർമാർ ചുമതലയേറ്റു

തൃശൂർ ● ധനലക്ഷ്മി ബാങ്ക് ഡയറക്ടർമാരായി മുൻ ചീഫ് സെക്രട്ടറി കെ. ജയകുമാർ, ഇന്ത്യ അമേരിക്ക ചേംബർ ഓഫ് കൊമേഴ്സ് നാഷനൽ എക്സിക്യൂട്ടീവ് വൈസ് പ്രസിഡന്റ് ചെല്ല കെ. ശ്രീനിവാസൻ, റിസർവ് ബാങ്ക് പ്രതിനിധി മനോരഞ്ജൻ ദാസ് എന്നിവർ ചുമതലയേറ്റു.

തിളക്കം വീണ്ടെടുത്ത് ധനലക്ഷ്മി ബാങ്ക്

ധനലക്ഷ്മി ബാങ്ക് വായ്പാ പലിശ കുറച്ചു

തൃശൂർ: സംസ്ഥാനത്തെ പ്രമുഖ സ്വകാര്യ ബാങ്കായ ധനലക്ഷ്മി ബാങ്ക് ഭവന, വാഹന വായ്പകളുടെ പലിശ നിരക്ക് ഗണ്യമായി കുറച്ചു. സാധാരണ ഉപഭോക്താക്കളുടെ ആവശ്യങ്ങൾ തിരിച്ചറിഞ്ഞാണ് നിരക്കിൽ കുറവു വരുത്തിയതെന്ന് ബാങ്ക് പത്രക്കുറിപ്പിൽ പറഞ്ഞു. കാർഷിക, വ്യവസായ ആവശ്യങ്ങൾക്കായി സ്വർണപ്പണയത്തിൻ മേൽ വായ്പ നൽകുന്ന 'ധനം ഗോൾഡ് പവർ' എന്ന പുതിയ പദ്ധതിയും ബാങ്ക് തുടങ്ങി. ആവശ്യത്തിനു പണം എടുക്കാനും അടയ്ക്കാനും സൗകര്യപ്രദമായ വായ്പയാണിത്.

Dhanlaxmi Bank

A financial supermarket

Dhanlaxmi Bank, the Kerala-based bank was promoted by enterprising good samaritans from the cultural capital of Kerala, Thrissur in the year 1927. It was promoted to support a social cause. This was continued to be the soul of this great institution as envisioned by its founders.

During the year 1977, Reserve Bank of India elevated the bank to the status of a Scheduled Commercial Bank. From a very humble beginning, today, the bank has grown into a pan-India entity with 676 outlets. 280 branches, 396 ATMs and processing centres, across the country as on 31.03.13 spread over 15 States with a workforce of around 2,600. The bank serviced a business of Rs. 19,000 crore as on March 31, 2013.

In fact, the bank's guiding principle since inception was "Relationships for ever". Its way of doing business has always been about putting the customer first. Today, the bank is proud to reiterate this commitment while striving to build a lasting relationship with over 2 million constituents.

heritage of eight decades of reputation and peoples' trust and goodwill, has a wide range of products and services to suit their banking needs. With over 680 touch points across India at their service, our focus has always been on customising services and personalising relations.

At Dhanlaxmi Bank, we offer solutions for the entire spectrum of financial needs to the customers of all hues right from retail banking to corporates. From banking transaction accounts to demat services, investment advisory and sale and distribution of third party products. Over the years we got transformed into a financial supermarket for all the banking and allied services. We are at par with the best in the industry with regard to technology products and services like retail Internet banking, corporate Internet banking, NEFT, RTGS, Mobile Banking, NRI remittances facilities etc. With a view to making available value-added services to the NRIs, we now have 133 NRI focussed branches across India. On the socio-economic front, we are a leading player in dispensation of micro and agri credit among Kerala-based banks (both public and private) having received several awards in this sector over the years.

Kerala to enhance our service to the financially excluded sections of the population."

The bank's IT structure compares with the best in the industry, and deployment of advanced technology we hope to achieve a quantum leap in service quality.

"We look forward to growing at the rate of 20 to 25% business during the current financial year. We aim to realise NIM of 3.5 and reduce Net NPA to 1.5% by the year-end.

We propose to raise capital of Rs.100 crores in the next 60 days to support our business expansion plans. This year our efforts are to leverage the new branches opened in Mumbai and NCR of Delhi.

The bank hopes to grow faster from the current year by enhancing our services to the younger population of the country.

P G Jayakumar, the MD and CEO of the bank rose from the ranks and has served in various positions for over 35 years before becoming the [illegible] guide its fortu[illegible]

ധനലക്ഷ്മി ബാങ്കിന്റെ സ്റ്റാളിൽ വച്ച് ഡി ആർ ഐ പദ്ധതിയിൽപ്പെട്ട 686 ഗുണഭോക്താക്കൾക്കുള്ള വായ്പയുടെ വിതരണോദ്ഘാടനം റിസർവ് ബാങ്ക് ഗവർണർ ഡോ. ഡി. സുബ്ബറാവു നിർവ്വഹിക്കുന്നു

ഡി.ആർ.ഐ. വായ്പാ വിതരണോദ്ഘാടനം

തൃശൂർ: അർത്ഥപൂർണ്ണമായ സാമ്പത്തിക ഉൾപ്പെടുത്തൽ കൈവരിച്ച ഇന്ത്യയിലെ ആദ്യ ബാങ്കിംഗ് ജില്ലയായി എറണാകുളത്തെ പ്രഖ്യാപിച്ച ചടങ്ങിന്റെ ഭാഗമായി ധനലക്ഷ്മി ബാങ്കിന്റെ സ്റ്റാളിൽ വച്ച് ഡി ആർഐ പദ്ധതിയിൽപെട 686 ഗുണഭോക്താക്കൾക്കുള്ള വായ്പയുടെ വിതരണോദ്ഘാടനം ഭാരതീയ റിസർവ് ബാങ്ക് ഗവർണർ ഡോ. ഡി. സുബ്ബറാവു നിർവ്വഹിച്ചു.

റിസർവ് ബാങ്ക് തിരുവനന്തപുരം റീജ്യനൽ ഡയറക്ടർ സലിം ഗംഗാധരൻ, ധനലക്ഷ്മി ബാങ്ക് മാനേജിംഗ് ഡയറക്ടറും സിഇഒയുമായ പി. ജി. ജയകുമാർ, ബിസിനസ് ഡെവലപ്മെന്റ് വിഭാഗം മേധാവി പി. മണികണ്ഠൻ, കൊച്ചി സോണൽ ഹെഡ് എം. മുരളീധരൻ, റീജ്യനൽ ഹെഡ് കെ. ആർ. സുരേഷ്ബാബു എന്നിവർ പങ്കെടുത്തു.

കെ. ജയകുമാർ ഡയറക്ടർ ബോർഡിൽ

മുൻ ചീഫ് സെക്രട്ടറിയും തുഞ്ചത്ത് എഴുത്തച്ഛൻ മലയാളം സർവകലാശാലയുടെ വൈസ് ചാൻസലറുമായ കെ. ജയകുമാർ ധനലക്ഷ്മി ബാങ്ക് ഡയറക്ടറായി ചുമതലയേറ്റു. കഴിഞ്ഞ ദിവസം നടന്ന ബാങ്കിന്റെ ഡയറക്ടർ ബോർഡാണ് ജയകുമാറിനെ നിയമിച്ചത്.

ശബരിമല

നാണയം എണ്ണിതിട്ടപ്പെടുത്താൻ അഞ്ച് ആധുനികമെഷീനുകൾ

തൃശൂർ: ശബരിമലയിൽ നാണയം എണ്ണിതിട്ടപ്പെടുത്തുന്നതിനായി ധനലക്ഷ്മിബാങ്കിന്റെ അഞ്ച് ആധുനിക മെഷീനുകളാണ് പ്രവർത്തിക്കുന്നത്. കോറസ്സിന്റെ രണ്ട് മെഷീനും എ.ജി.എസ്. കമ്പനിയുടെ മൂന്ന് മെഷീനും. കഴിഞ്ഞ വർഷം നാല് മെഷീനുകളാണ് പ്രവർത്തിപ്പിച്ചിരുന്നത്. കഴിഞ്ഞ ആഴ്ച വരെ മൂന്നു കോടി രൂപയുടെ നാണയം എണ്ണി പായ്ക്കറ്റുകളിലാക്കി പമ്പയിൽ എത്തിച്ച് ബാങ്കിന്റെ വിവിധ ശാഖകൾ വഴി വിതരണം ചെയ്തിട്ടുണ്ട്. ഏതാനും ദിവസങ്ങളായി ഉണ്ടായ അഭൂതപൂർവ്വമായ ഭക്തജനത്തിരക്കു മൂലം വിപാലിച്ചതിലും കൂടുതൽ നാണയങ്ങൾ കാണിക്കയിൽ ലഭിക്കുകയുണ്ടായി. ഇത് പെട്ടന്ന് എണ്ണുന്നതിനായി ബാങ്കിന്റെ 10 ജീവനക്കാരെ അധികമായി നിയോഗിച്ചിട്ടുണ്ട്. കഴിഞ്ഞ ആ[illegible] ഇ എണ്ണിയിരുന്നതിനേക്കാൾ ദിനംപ്രതി നാലിരട്ടി ഇപ്പോൾ എണ്ണുന്നുണ്ട്. ഇതോടൊപ്പം തന്നെ 25 ലക്ഷത്തോളം രൂപയുടെ നാണയങ്ങൾ റിസർവ് ബാങ്ക് പമ്പയിൽ നിന്നു വിവിധ ബാങ്കുകളിലേക്ക് വിതരണം ചെയ്തിട്ടുണ്ട്.

Dhanlaxmi returns to ₹4.39 crore profit in Q3

TIMES NEWS NETWORK

Kochi: After hitting losses for 12 months, Thrissur-based private lender Dhanlaxmi Bank Ltd reversed to profit in the third quarter ended on December 31, 2012.

The bank registered a profit of Rs 4.39 crore, compared with a loss of Rs 36.87 crore in the same period of the previous fiscal.

The employees cost of the bank has come down significantly to Rs 44.86 crore from Rs 72.79 crore in the prior-year quarter. Total expenditure declined to Rs 338.01 crore from Rs 427.31 crore a year ago.

Capital adequacy ratio stood at 11.58% at the end of the third quarter against 9.88% in the same period of last year.

Net Non-Performing Assets (NPAs) were 2.93%, and average annualised return on assets reached 0.14%.

എൻ.എസ്.എസ്സും ധനലക്ഷ്മി ബാങ്കും ചേർന്ന് ബിസിനസ് കറസ്പോണ്ടൻസ് കേന്ദ്രങ്ങൾ ആരംഭിക്കുന്നതിന്റെ സംസ്ഥാനതല ഉദ്ഘാടനം എൻ.എസ്.എസ് ജനറൽ സെക്രട്ടറി ജി.സുകുമാരൻനായർ നിർവഹിക്കുന്നു

എൻ.എസ്.എസ്സും ധനലക്ഷ്മി ബാങ്കും ചേർന്ന് 500 ബിസിനസ് കറസ്പോണ്ടൻസ് കേന്ദ്രം തുടങ്ങും

[illegible]ങ്ങനാശ്ശേരി: നായർ സർവ്വീസ് സൊസൈറ്റിയും ധനലക്ഷ്മി ബാങ്കും സംയുക്തമായി സ[illegible] ണിയൻ ഹാളിൽ എൻ.എസ്.എസ്. ജനറൽ സെക്രട്ടറി ജി. സുകുമാരൻനായർ നിർവഹിച്ചു. മായ സേവനങ്ങളും ലഭ്യമാക്കും. എല്ലാ ബാങ്ക് ഇടപാടുകളും ഓൺലൈനായി നടത്തുന്നതി[illegible]

ധനലക്ഷ്മി ബാങ്ക് വീണ്ടും ലാഭപാതയിലേക്ക്

കൊച്ചി: നടപ്പു സാമ്പത്തിക വർഷത്തിലെ മൂന്നാം ത്രൈമാസ കാലയളവിൽ രാജ്യത്തെ പ്രമുഖ സ്വകാര്യ ബാങ്കായ ധനലക്ഷ്മി ബാങ്ക് ലാഭത്തിലേക്ക് മടങ്ങിയെത്തി. ഒക്ടോബർ മുതൽ ഡിസംബർ വരെയുള്ള മൂന്നു മാസത്തിൽ ധനലക്ഷ്മി ബാങ്കിന്റെ അറ്റാദായം 4.39 കോടി രൂപയാണ് ഉയർന്നത്. മുൻവർഷം ഇതേകാലയളവിൽ ബാങ്ക് 36.87 കോടി രൂപയുടെ നഷ്ടം രേഖപ്പെടുത്തിയിരുന്നു. ജീവനക്കാരുടെ ശമ്പളച്ചെലവിൽ വന്ന ഗണ്യമായ കുറവാണ് പ്രധാനമായും ബാങ്കിന് ഗുണമായത്. ധനലക്ഷ്മി ബാങ്കിനെ പുത്തൻതലമുറ ബാങ്കാക്കി മാറ്റുന്നതിനായി മുൻ മാനേജിംഗ് ഡയറക്ടർ അമിതാഭ് ചതുർവേദിയുടെ കാലത്ത് ഉയർന്ന ശമ്പളത്തിൽ നിരവധി ജീവനക്കാരെ തിരുകിക്കയറ്റിയതാണ് ബാങ്കിന്റെ ലാഭക്ഷമതയെ പ്രതികൂലമായി ബാധിച്ചതെന്ന ആരോപണങ്ങൾ ശരിവയ്ക്കുന്നതാണ് ഇത്തവണത്തെ പ്രവർത്തന ഫലം. അമിതാഭ് ചതുർവേദിയുടെ കാലയളവിൽ മാനദണ്ഡങ്ങൾ പാലിക്കാതെ നൽകിയ വായ്പകളുടെ തിരിച്ചടവു മുടങ്ങിയതുമൂലം ബാങ്കിന്റെ നിഷ്ക്രിയ ആസ്തി വർദ്ധിക്കാൻ കാരണമായി.

കഴിഞ്ഞ വർഷം മാനേജിംഗ് ഡയറക്ടറായി ചുമതലയേറ്റെടുത്ത പി.ജി. ജയകുമാർ പരമ്പരാഗത ബാങ്കിംഗ് സംസ്കാരത്തിലേക്ക് ബാങ്കിനെ മടക്കിക്കൊണ്ടുവന്നതാണ് മികച്ച പ്രകടനത്തിലേക്ക് മടങ്ങിയെത്താൻ സഹായിച്ചത്. ഡിസംബർ 31 ന് ബാങ്കിന്റെ മൂലധന പര്യാപ്തത അനുപാതം 11.58 ശതമാനത്തിലാണ്.

തീർഥാടക സേവനവുമായി ധനലക്ഷ്മി ബാങ്ക്

തൃശൂർ: ശബരിമല തീർഥാടകർക്കായി ബാങ്കിംഗ് സേവനങ്ങളുമായി ധനലക്ഷ്മി ബാങ്കിന്റെ സന്നിധാനം, പമ്പ, എരുമേലി ശാഖകൾ. ഡിമാന്റ് ഡ്രാഫ്റ്റുകൾ വഴി പണമടക്കുന്നതിനുള്ള സൗകര്യങ്ങൾ ഈ ശാഖയിലുണ്ട്. സന്നിധാനത്തും പമ്പയിലും എ.ടി.എമ്മും പ്രവർത്തിക്കുന്നു. വിസാ ശൃംഖലയിൽ അംഗമായുള്ള എല്ലാ ബാങ്കുകളുടേയും ഇടപാടുകാർക്ക് ധനലക്ഷ്മി ബാങ്ക് എ.ടി.എം. പ്രയോജനപ്പെടുത്താം. സന്നിധാനത്തും മാളികപ്പുറത്തും പ്രസാദവിതരണ കൗണ്ടറുകൾ കഴിഞ്ഞ നാലു വർഷമായി ബാങ്ക് നടത്തിവരുന്നു. ബാങ്കിന്റെ ശാഖകൾവഴി അപ്പം, അരവണ, നെയ്യഭിഷേക കൂപ്പണുകളും വിതരണം ചെയ്യുന്നുണ്ട്. ഈ സംവിധാനം ഉപയോഗിക്കുന്നവർക്ക് സന്നിധാനത്തുള്ള പ്രത്യേക കൗണ്ടർ വഴി അതിവേഗത്തിൽ പ്രസാദം വാങ്ങുവാൻ സൗകര്യം ഒരുക്കിയിട്ടുണ്ട്.

അന്നദാനത്തിനുള്ള സംഭാവനകൾ സ്വീകരിക്കുന്നതിനും ശബരിമല മാസ്റ്റർ പ്രോജക്ടിലേക്കുള്ള സംഭാവനകൾ വരവ് വെക്കുന്നതിനായി ട്രാവൻകൂർ ദേവസ്വം ബോർഡ് തുടങ്ങിയിട്ടുള്ള അക്കൗണ്ടുകളിലേക്ക് ധനലക്ഷ്മി ബാങ്കിന്റെ എല്ലാ ശാഖകൾ വഴിയും പണമടക്കാവുന്നതാണ്.

പുണ്യം പൂങ്കാവനം എന്ന ശുചിത്വ പദ്ധതിയിലും ബാങ്ക് സജീവമാ[illegible]

ധനലക്ഷ്മി ബാങ്കിന് പുതിയ ഡയറക്ടർമാർ

കൊച്ചി: ധനലക്ഷ്മി ബാങ്കിന്റെ പുതിയ ഡയറക്ടർമാരായി മുൻ ചീഫ് സെക്രട്ടറിയും മലയാളം സർവകലാശാല വൈസ് ചാൻസലറുമായ കെ. ജയകുമാർ, ഇന്തോ അമേരിക്കൻ ചേംബർ ഒഫ് കൊമേഴ്സ് നാഷണൽ എക്സിക്യൂട്ടീവ് വൈസ് പ്രസിഡന്റ് ചെല്ലാ കെ. ശ്രീനിവാസൻ, റിസർവ് ബാങ്ക് പ്രതിനിധി മനോരഞ്ജൻ ദാഷ് എന്നിവർ ചുമതലയേറ്റു. ഇതോടെ ബാങ്കിന്റെ മൊത്തം ഡയറക്ടർമാരുടെ എണ്ണം ഏഴായി. കഴിഞ്ഞ ദിവസം തൃശൂരിൽ നടന്ന ഡയറക്ടർ ബോർഡിൽ ബാങ്കിന്റെ സമഗ്ര വളർച്ചയ്ക്ക് സ്വീകരിക്കേണ്ട നടപടികളും ബിസിനസ് അവലോകനവും ചർച്ച ചെയ്തു. ഇതിന്റെ തുടർച്ചയായി ചെറുകിട ഇടത്തരം വ്യവസായങ്ങൾ, കാർഷിക രംഗം, മൈക്രോ ക്രെഡിറ്റ്, സാമ്പത്തിക ഉൾപ്പെടുത്തൽ എന്നിവയ്ക്ക് ഊന്നൽ നൽകി പുതിയ പദ്ധതികൾക്ക് ബാങ്ക് രൂപം നൽകും. പുതിയ ഡയറക്ടർമാരെ ചെയർമാൻ ടി. വൈ പ്രഭു, മാനേജിംഗ് ഡയറക്ടർ പി. ജി ജയകുമാർ എന്നിവർ സ്വാഗതം ചെയ്തു.

Inauguration of our Sabarimala branch for Mandalam - Makaravilakku season 2012-13 on 16.11.2012 by Shri. V S Sivakumar, Hon Minister for Health and Devaswoms in the presence of Adv M P Govindan Nair, Hon President, Travancore Devaswom Board and Shri Subash Vasu, Hon Member

Inauguration of our 396th ATM at our Administrative Office, Marine Drive, Kochi on 14.11.2012 by our MD & CEO Shri. P G Jayakumar in the presence of Shri Ravikumar P S, GM & CCO, Shri Ravindran K Warrier, GM & Company Secretary, Shri Manikandan P, GM, Business Development & Planning, Shri H Rangarajan, GM, HR, Shri Asok Hastagiri, DGM, IRMG and Shri Ajith Prasad G S, DGM, Credit.

Our MD & CEO Shri P G Jayakumar seeking the blessings of Holy Mother Mata Amritanandamayi Devi after garlanding HER during Amma's visit to Brahmasthana Mahotsavam, Thrissur on 02.04.2013

Bank's proposed new 11 storeyed Corporate Office building coming up at Punkunnam, Thrissur



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