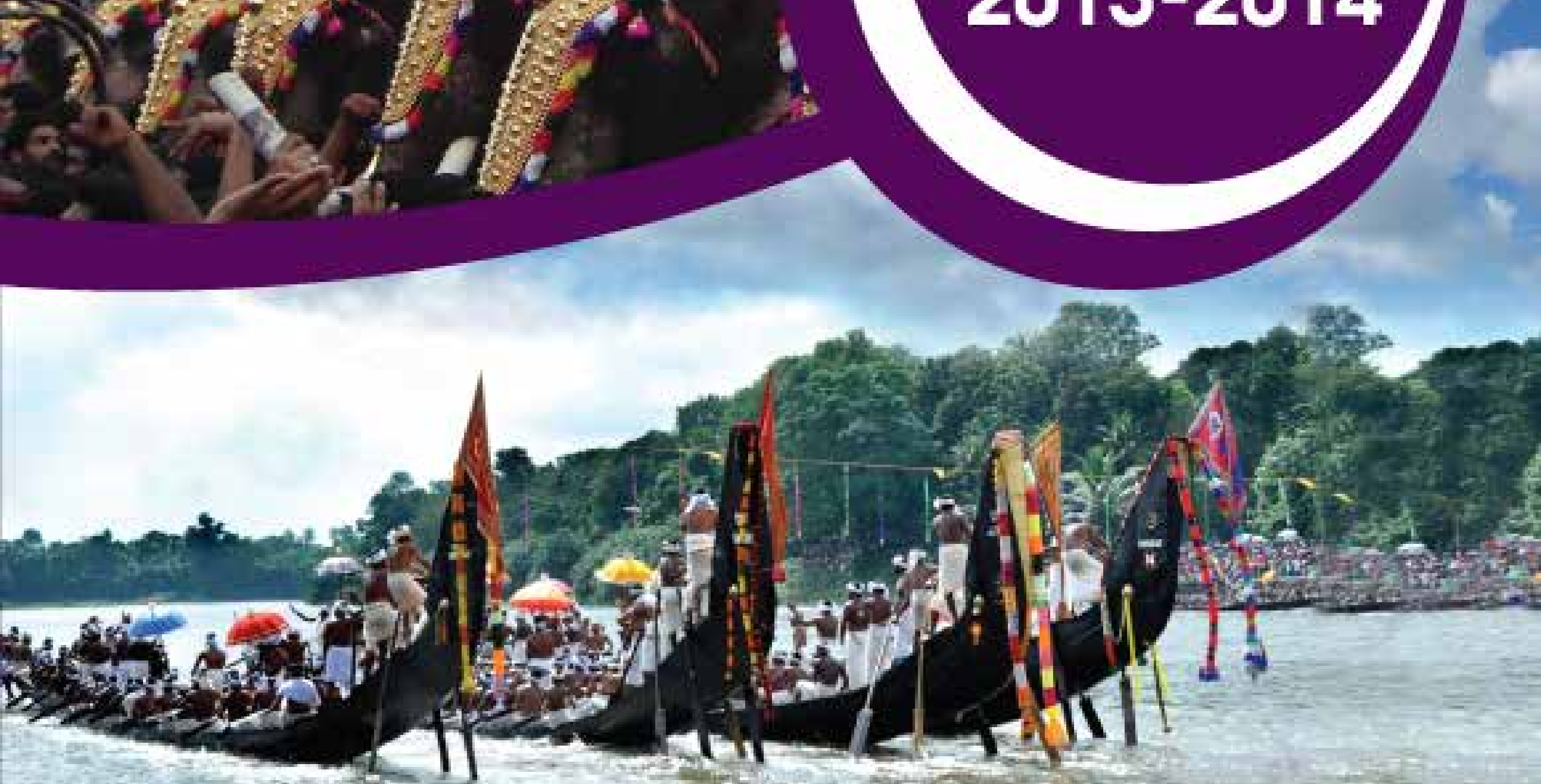
DhanlaxmiBank

established 1927

ANNUAL REPORT 2013-2014



Journey to Prosperity...

Inauguration of Our Bank's Sabarimala Sannidhanam branch for Mandala Makaravilakku season 2013-14 on 16th Nov 2013 by Sri V S Sivakumar, Hon'ble Minister for Health and Devaswoms in the presence of Adv.M P Govindan Nair, Hon'ble President, Travancore Devaswom Board, Sri Subhash Vasu, Hon'ble Member, Travancore Devaswom Board, Sri B Ravindran Pillai renowned NRI businessman, Sri P Venugopal IAS, Hon'ble Devaswom Commissioner, Sri.P G Jayakumar, Managing Director & CEO and Sri P Manikandan, General Manager of our Bank.

Sri Salim Gangadharan, Regional Director, Smt. Uma Shankar, General Manager, DBS, Sri. K V Viswanathan, PIO and General Manager and Sri K M Valsan, Asst.Manager, Reserve Bank of India, Thiruvananthapuram, interacting with the Board of Directors and Top Management officials of our Bank on the occasion of quarterly discussion held at Corporate Office Thrissur on 28th August 2013

Board of Directors

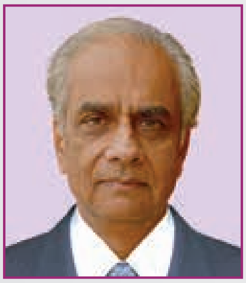
Tekkar Yashwanth Prabhu
Chairman

P. G. Jayakumar
Managing Director & CEO

K. Srikanth Reddy

K. Vijayaraghavan

P. Mohanan



K. Jayakumar

Chella K. Srinivasan

Raja Selvaraj

Manikandan P
Chief General Manager

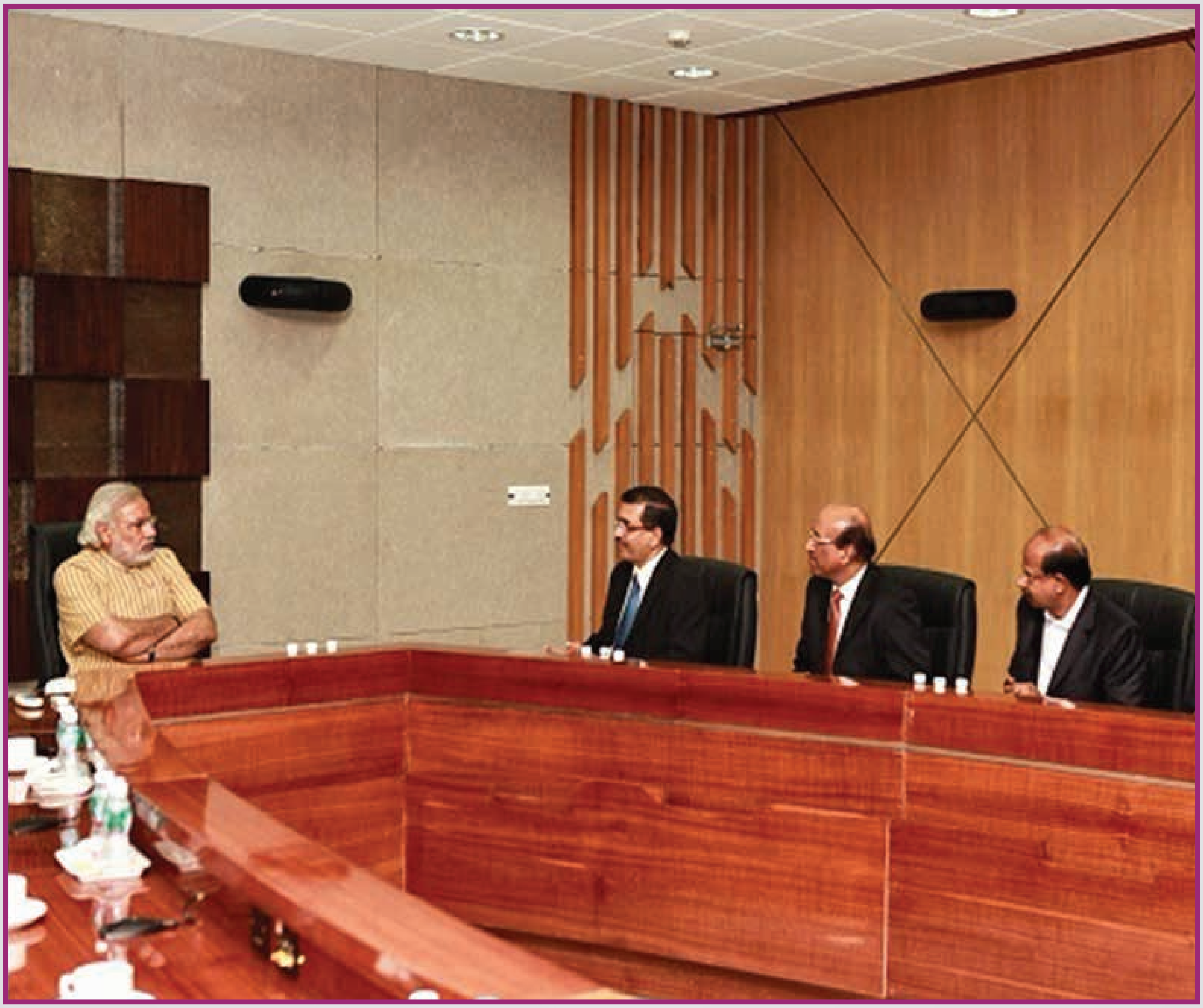
Krishnan K S
Chief Financial Officer

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.



Sri P G Jayakumar, MD & CEO, Sri P S Ravikumar, General Manager and Sri P Manikandan, General Manager of our Bank in a discussion with Sri Narendra Modi during their visit to Ahmedabad,Gujarat.

Our MD & CEO Sri P G Jayakumar seeking the blessings of Holy Mother Mata Amritanandamayi Devi at M A Math, Amrithapuri, Vallikkavu, Kollam on 24th Aug 2013.

His Excellency Zamorin Raja of Kozhikode Sri P K S Raja with his wife Smt. Kamala Raja lighting the lamp on the occasion of our Bank's 86th Anniversary celebrations held at Kozhikode in the presence of Sri P G Jayakumar, MD & CEO, Sri P Manikandan, General Manager and Sri Satheesh Kumar, Regional Manager of our Bank.

Registered and Corporate Office

Dhanlaxmi Bank Limited, PB No.9, Dhanalakshmi Buildings,
Naickanal, Thrissur-680001.

Kindly refer to the website for other offices.

Secretary to Board & Company Secretary

Krishnan K S

Auditors

Sagar & Associates, Chartered Accountants,Hyderabad

Legal Advisors

M/s B. S. Krishnan Associates, Ernakulam

M/s Varghese & Jacob, Ernakulam

M/s C. K. Karunakaran & Associates, Ernakulam

Stock Exchanges

National Stock Exchange of India Limited (NSE)

BSE Limited (formerly known as Bombay Stock Exchange Limited)

Cochin Stock Exchange (CSE)

Registrar & Transfer Agents

Karvy Computershare Private Limited, Plot No.17-24
Vithal Rao Nagar, Madhapur, Hyderabad-500081

Table of Contents

Directors' Report

To The Members,

The Board of Directors is pleased to place before you, the 87th Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2014 and the Profit and Loss Account for the year ended on that date.

Performance Highlights

The salient features of the Bank's performance for the financial year ended March 31, 2014 are:

- The total Deposits of the Bank increased from ₹ 11202.13 crore as on 31.03.2013 to ₹ 12133.21 crore as on 31.03.2014
- The total Advances of the Bank increased from ₹ 7954.00 crore as on 31.03.2013 to ₹ 8205.76 crore as on 31.03.2014
- Achieved operating profit of ₹ 6.07 Crore for the financial year 2013-14
- Interest expended reduced by ₹ 19.75 Crore during the financial year 2013-14 as compared to previous FY 2012-13
- Net NPA at 3.80% and Gross NPA at 5.98%.
- Basel II CRAR at 10% and Basel III CRAR at 8.67%.
- Book value per share is ₹ 58.47.

Capital and Reserves

The Bank's Paid up capital and reserves is ₹ 736.32 crore as on 31.03.2014. The capital adequacy ratio as per Basel II and Basel III was 10% and 8.67% respectively.

During the year the Bank had issued and allotted 4,07,98,300 Equity shares of ₹ 10 each for an aggregate amount of ₹ 183.98 crore (including premium) by way of Qualified Institutional Placement and Preferential issue of shares to augment capital funds to further improve our Capital Adequacy Ratio.

Total Business

The Total Business of the Bank as on 31.03.2014 stood at ₹ 20338.97 crore as against ₹ 19156.13 crore as on 31.03.2013 and registered a growth of 6.17%.

Deposits

The total deposits of the Bank increased to ₹ 12133.21 crore from ₹ 11202.13 crore as on March 31,2013 registering a growth of 8.31%

Advances

The Bank's total advance increased from ₹ 7954.00 crores as on 31.03.2013 to ₹ 8205.76 crores as on 31.03.2014 registering a growth of 3.17%.

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 increased from ₹ 2572.65 crore as at the end of March 2013 to ₹ 2933.93crore as at the end of March 2014. The Bank's priority sector advances stood at 36.14% (an increase of 7.07% over March 2013) and its agricultural advance reached 19.19% of the adjusted net bank credit. The weaker section advances was at 13.62%, thus surpassing the prescribed norm of 10%. Lending under various socio-economic schemes has shown satisfactory progress.

Profitability

The bank's operating profit during the year was ₹ 6.07 crore as against ₹ 51.40 crore during the previous year. The bank declared a net loss of ₹ 251.91 crore during the year under report as against net profit of ₹ 2.62 crore during the previous year.

Dividend

In view of the net loss recorded by the Bank during the year, regrettably no dividend could be recommended to the shareholders.

Non-Performing Assets

The continued global recession during the FY 2013-14 had its adverse impact on Indian Economy. This, along with some issues specific to the Bank, affected the borrowers of the bank, leading to an unprecedented rise in non-performing assets. The various monitoring/recovery measures employed by Bank helped it much in restricting further slippages into NPA and ensuring good recovery from the existing NPA accounts. During the year the new slippage to NPA in our Bank was.

₹ 488.08 crore, in comparison with the figure of ₹ 504.78 crore during the previous year. The total recovery in NPA during the current fiscal was. ₹ 312.20 crores. The corresponding figure for the previous year was ₹ 227.71 crore. The current year recovery includes assignment of 32 assets of 14 borrowers to Assets Reconstruction Company with gross NPA of value ₹ 102.86 crore. from the books of the Bank. The process will continue, studying each case individually. The automation process in NPA identification has turned to be a complete success due to concerted efforts of Recovery and IT Teams.

Customer Service

The Bank attaches the highest importance to the quality of customer service rendered across its branches / offices. It has taken a series of measures during the year through deployment of techonology for significantly enhancing service quality. A well defined and full-fledged Customer Grievance Redressal Mechanism is put in place in the Bank.

The 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 has a 24 x 7 Phone Banking Call Centre at Thrissur as an outsourced model to cater to customer needs across the country.

The Bank is a member of Banking Codes & 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. In the annual Compliance survey conducted by BCSBI on implementation of BCSBI Code, the Bank has achieved "Above Average" rating for compliance amidst total 48 banks (including public sector, private sector and foreign banks) surveyed across the major parameters such as customer centricity, information dissemination, customer feedback and transparency. Also the Bank has been successful in achieving a "High Level" of compliance with regard to the "Grievance Redressal" segment thereby placing us amongst the top five private sector banks on the said parameter.

During the financial year 2013-14, the Bank received 6462 complaints as against a total of 8686 complaints received in the previous financial year. The organized structure for handling complaints at Branches, Regional offices, ATM Reconciliation Desk, Call Centre and Corporate Office who are in turn handling all transactions and services for the customers has helped the Bank in better customer service and reduction in number of complaints.

Branch Expansion

The Bank's customer outlets stood at 676 as on 31.03.2014, comprising 266 branches, 396 ATMs and 12 processing centres 1 treasury 1 ARB. No branch or ATM was opened during the year. We have concentrated on consolidating our operations across the country and thereby aiming at utilizing our branches to their fullest potential

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 85 recommendations and the implementation of remaining items is in process.

Particulars	Contact Centre	RO & CO	ATM Recon	Banking Ombudsman	Total
No. of Complaints Outstanding At the Beginning of the Year	12	1	0	4	17
No. of Complaints Received during the year	3138	372	2897	55	6462
No. of Complaints Resolved during the year	3141	366	2862	57	6426
No. of Complaints Pending during the year	9	7	35	2	53

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

- New Retail Internet Banking facility was launched to serve the customers in a better way. The salient features of this facility include NEFT/RTGS Payments facility, option to do loan repayment, online password generation facility, fund transfer facility within the bank, online deposit process, ATM/ Debit card related request facility, payment gateways, payment history, standing instructions view/modification, opening of Term deposits and recurring deposits, multiple browser support and new look and feel by way of Graphical User Interface changed across all pages also One Time Password (OTP) for consummating all the financial transactions to make it more safe and secure.
- Single Point Contact (SPC) has been identified at branches for Internet banking related issues to ensure that the customer issues are attended properly in time. Have also introduced registration for internet banking via scanned Channel Request Form (CRF).
- Phase II of Mobile Banking facility has been launched with enhanced features, Mobile and DTH Recharge facility, Mobile Shopping and Bill Payments system, ATM Card Hotlisting facility, Reissuance request facility for debit card, facility to request debit card pin and facility to view details and payment data of Dhanlaxmi Bank Credit cards with enhanced daily and monthly transaction limits for financial transactions.
- M/s. KSCEWWFB has authorized our bank to collect the subscription amounts from their 12 district offices linked to our branches. All the 12 linked branches were advised to collect the subscription amount from the district offices of Kerala Shops and Commercial Establishments Workers Welfare Fund Board (KSCEWWFB). The process will enhance the growth under CASA.
- The Bank has launched PoS (Point of Sale) machine facility for our customers, effective from 1st January, 2014. We have partnered with M/s BTI Payments (P) Ltd, Bangalore, for deploying POS machines.
- Flashremit tie up with UAE Exchange Centre LLC AbuDhabi was entered, which facilitates instantaneous credit to our customer's account and provides credits to non- bank customers account within the cut- off time for NEFT payments.
- In order to meet the working capital requirements of Traders segments, we have launched Dhanam Business Loan product. This is a demand loan repayable in maximum of 5 years, subject to annual review or running account repayable on demand in the form of secured CC/overdraft subject to annual review/renewal. The limit for lending to Priority sector has also been enhanced.
- Daily ATM Cash Withdrawal limit and POS Limit for Classic 1 Debit Cards issued towards normal CASA Accounts was enhanced.
- A new on-line Business Correspondent model using the latest "tablet" technology has been launched.
- The Bank is now Aadhaar complied and offers Aadhaar based payment services. We facilitate Direct Transfer of cash subsidy / benefits from various government schemes.
- To ensure that service to our valued customers is not affected for want of PAN, we have entered into an arrangement with UTI-ITSL (UTI Infrastructure Technology and Services Ltd) for obtaining PAN number for our valued customers as well as walk-in customers. We have been enrolled as Pan Service Agent (PSA) and the Agency Code Number allotted to us is 3KRV 1057.
- Special Banking services at Sabarimala like last year with additional facilities like managing a multilingual information center (4 southern languages) at Sannidhanam to make the pilgrims aware about the various facilities available at Sabarimala. POS machines and Payment gateways to help the devotees for making donations.
- Online Portal was launched by Travancore Devaswom Board (TDB) in alliance with our Bank through which devotees can do online booking / reservation of accommodation and poojas at Sannidhanam. The site provides with the payment modes like DD, Cash, NEFT, and Payment Gateway (agreement process underway).

- The Bank has introduced w.e.f. 21.01.2014, a new facility to customers for knowing their account balance through a missed Call. The customer will get an SMS alert informing his account balance when he / she gives a missed call to the given number from his / her registered mobile number. This is a less time consuming, effortless and costless and speedy way for a customer to know his balance in the account.
- We have launched Pay - Smart to facilitate Fee / Chit collection for our clients. Pay Smart enables smart management of the customer's collections and there are smart options for payments.

Investor Education and Protection Fund

During the year the Bank had transferred the unclaimed, unpaid dividend for the year 2005-06, an amount of ₹ 6, 20,149/- to the Investor Education and Protection Fund (IEPF) constituted under Section 205C of the Companies Act, 1956.

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 2013-14.

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1968

The provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Bank. However, the Bank is constantly pursuing its goal of technological upgradation in a cost efficient manner for delivering quality customer service.

The Company, being a banking company and an Authorised Dealer in Foreign Exchange, has taken all possible steps to encourage export credit.

There are no such employees whose particulars are required to be given in terms of Section 217(2A) of the Companies Act,1956 read with the Companies (Particulars of employees) Rules 1975 as amended vide GSR 289(e) March 31, 2011[Companies (particulars of Employees) Amendment Rules 2011]

Green Initiatives in Corporate Governance

As a responsible corporate citizen, the Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs ("MCA"). In conformance with such initiatives, the Bank will effect electronic delivery of documents including the notice and explanatory statement of Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2014, to the email address which the shareholders have previously registered with their Depository Participant (DP) as their valid e mail address. Investors desirous of refreshing /updating their e mail addresses are requested to do so immediately in their respective DP accounts. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/CSDL will be deemed to be their registered e mail address for serving notices/documents including those covered under section219 of the Companies Act, 1956.

Shareholders holding shares in physical form desirous of availing electronic form of delivery of documents are requested to update their e mail addresses with Bank's Registrar and Transfer Agents by a written request if they wish to avail this facility. A request format for registering e-mail ids with the Registrar is enclosed. Shareholders holding shares in demat segment are requested to inform their e-mail ids to their respective DPs.

ANTI-MONEY LAUNDERING (AML)

Transactions processed through the Core Banking Solution is monitored for detecting suspicious transaction using Infrasoft Technologies - AML application, to discharge the obligation cast on the Bank under Prevention of Money Laundering Act.

The Offsite Monitoring Teams set up for post facto verification of KYC Compliance while establishing new customer relationships by the branches are stabilized fully now.

The Bank has attached great importance to compliance of KYC/AML/CFT norms by the customers as per the Reserve Bank of India directive, in the interest of nation.

Change in the Board

Mr. Chella K Srinivasan and Mr. K. Jayakumar were inducted to the Board of Directors w.e.f 17.05.2013 as Additional Directors. Mr. K. Vijayaraghavan and Mr. P. Mohanan, who were Additional Directors, were appointed to the office of Director liable to retire by rotation along with Mr. Chella K Srinivasan and Mr. K. Jayakumar at the 86th Annual General Meeting of the Bank held on 27.08.2013.

Mr. Manoranjan Dash was appointed by Reserve Bank of India as Additional Director from 23.05.2013 and he held office till 31.10.2013. Mr. Raja Selvaraj was appointed by Reserve Bank of India as Additional Director from 01.11.2013.

Auditors

The shareholders at the 86th Annual General Meeting held on August27, 2013 appointed M/S Sagar and Associates, Chartered Accountants, Hyderabad as the Central Auditors for the audit of Bank's account for the year 2013-14

M/S Sagar and Associates, Chartered Accountants, Hyderabad vacate office at the end of Annual General Meeting to be held this year but are eligible for reappointment for the financial year 2014-15.

Explanation for Auditors' comments in the Report.

The Auditors' report for the year 2013-14 does not contain any qualifications. However, there are following matters of expressions.

Expression of matter

Without Qualifying our opinion, we draw attention to :

(a) 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 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 and Enhancement in Gratuity Limits-Prudential Regulatory Treatment". Accordingly, out of the unamortized amount of. ₹ 10.21 crore as on 01/04/2013, the Bank has amortized. ₹ 3.15 crore for pension and ₹ 1.96 crore for Gratuity being proportionate amount for the year ended March31,2014 and balance amount to be amortized in future periods for Pension is ₹ 3.14 core and Gratuity is ₹ 1.96 crore.

(b) Note No. 26 of the Schedule 18 to the financial statements, which describes creation of Deferred Tax Liability (DTL) on Special Reserve under section 36(1)(viii)of the Income Tax Act,1961 pursuant to RBI'S Circular No.DBOD.No.BP.BC.77/21.04.018/2013-14 dated December 20,2013, whereby the DTL of Rs. 2.03 crore pertaining to periods upto March 31,2013 has been adjusted to the general reserve of the Bank in accordance with the accounting treatment prescribed by the Reserve Bank of India.

(c) Note No. 27 of the Schedule 18 to the financial statements, regarding reconciliation of few general ledger balances in Other assets(Schedule No:11) Exchange fluctuations (Schedule No:5) and physical verification of Fixed Assets (Schedule No:10) is in progress

Since the above comments are self explanatory, no explanation is offered in this regard.

Management Discussion and Analysis Report

This has been dealt with in a separate section in the Annual Report

Director's responsibility statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act,1956 with respect to the Director's Responsibility Statement, it is hereby confirmed that :

1. In the preparation of annual accounts for the financial year ended March 31,2014, the applicable accounting standards have been followed and proper explanation has been furnished to the extent of departures from these standards.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14 and of the profit/loss of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Banking Regulation Act, 1949 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts for the financial year ended on March31, 2014 on a going concern basis.

Acknowledgements

The Board of Directors places on record its gratitude to the Government of India, Reserve Bank of India, State Governments, Securities and Exchange Board of India and other Regulatory bodies including stock exchanges where the Bank's shares are listed for their support and guidance. The Board also places on record its gratitude to the bank's customers, shareholders, other stakeholders and well wishers for their valued patronage. The Board expresses its sincere appreciation for the dedicated services rendered by officers and employees of the bank at all levels.

By Order of the Board

Place: Thrissur　　Sd/

Date : 14.08.2014　　(Tekkar Yashwanth Prabhu)

Chairman

Annexure to Directors' Report for the year ended March 31, 2014

Statutory Disclosures Regarding ESOP

A. Summary

Sr. No.	Particulars	ESOP Scheme
1	Number of options granted	3,999,225
2	The Pricing Formula	Closing price prior to the date of meeting of the Remuneration Committee in which the options are granted, on the Stock Exchange where there is highest trading volume on the said date
3	Number of options vested	725,615
4	Number of options exercised	20,719
5	Total number of shares arising as a result of exercise of options	20,719
6	Number of options lapsed	3,252,891
7	Variation in the terms of options	NA
8	Money realised by exercise of options (₹)	2,452,094
9	Total number of options in force	725,615
B.	**Employee-wise details of options granted to**	
(i)	Senior managerial personnel	No options were granted during the current year
(ii)	Employees who were granted, in any one year, options amounting to 5% or more of the options granted during the year	No options were granted during the current year
(iii)	Indentified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	No options were granted during the current year
C.	**Diluted Earning per Share pursuant to issue of shares**	
	on exercise of options calculated in accordance with Accounting Standard (AS) 20	(26.45)
D	**The impact on the Profits and EPS of the fair value method is given in the table below**	
		₹
	Profits as reported	(2,519,141,000)
	Add - Intrinsic Value Cost	0
	Less - Fair Value Cost	(10,572,554)
	Profits as adjusted	(2,508,568,446)
		₹
	Earnings Per Share (Basic) as reported	(26.45)
	Earnings Per Share (Basic) adjusted	(26.34)
	Earnings Per Share (Diluted) as reported	(26.45)
	Earnings Per Share (Diluted) adjusted	(26.34)
E.	**Weighted average exercise price and fair value of options**	
	Weighted average exercise price of options whose	
	(a) Exercise price equals market price	No options were granted during the current year
	(b) Exercise price is greater than market price	
	(c) Exercise price is less than market price	
	Weighted average fair value of options whose	
	(a) Exercise price equals market price	No options were granted during the current year
	(b) Exercise price is greater than market price	
	(c) Exercise price is less than market price	
F.	**Method and Assumptions used to estimate the fair value of options granted during the year**	
	No options were granted during the current year	

Management Discussion and Analysis Report

GLOBAL ECONOMY

The global financial system is undergoing a series of transitions along the path towards greater financial stability. After a prolonged period of strong portfolio inflows, emerging markets are facing a transition to more volatile external conditions and higher risk premiums. One need to address financial and macroeconomic vulnerabilities and bolster resilience, as they shift to a regime in which financial sector growth is more balanced and sustainable. The euro area is moving towards a more robust and safer financial sector, including a stronger monetary union with a common framework for risk mitigation, while strengthening financial systems and reducing excessive debt levels. Finally, the global banking system is phasing in stronger regulatory standards. Global growth remains in low gear, averaging only 2½ percent during the first half of FY 2014, which is about the same pace as in the second half of FY 2013. In a departure from previous developments since the Great Recession, the advanced economies have recently gained some speed, while the emerging market economies have slowed. The emerging market economies, however, continue to account for the bulk of global growth. Within each group, there are still broad differences in growth and position in the cycle.

Following sharp fiscal tightening earlier this year, activity in the United States is already regaining speed, helped by a recovering real estate sector, higher household wealth, easier bank lending conditions, and more borrowing. Real GDP growth has disappointed in the emerging market and developing economies, while it has been broadly in line with the projections in advanced economies. The reasons for the weaker growth across emerging market and developing economies may include tightening capacity constraints, stabilizing or falling commodity prices, less policy support, and slowing Real GDP growth.

Globally, banks continued their efforts for repairing their balance sheets and improving their capital ratios, albeit at an uneven pace across countries. Implementing regulatory reforms at the global level will require banks to further improve their asset quality. It will be imperative at least for some too-big-to-fail banks to rationalize their business mix as regulations may require them to ring-fence their core commercial banking services from investment activities.

The Global Financial Stability Report (GFSR) of April 2013 noted that many euro area banking systems remain relatively weak as capital buffers are low relative to reported impaired loans, the asset quality continues to deteriorate and profitability is poor. Banks in EMDEs, in general, maintained their regulatory capital ratios. The global banking system is faced with multiple risks in the years ahead, as it is faced with pressures on profitability, growing regulatory compliance costs, and revenue-growth difficulties amid weak credit and economic growth.

INDIAN ECONOMY

The Indian economy is now on the pace of a major transformation, with expectations of policy initiatives by the newly elected Central Government. The economy is on the road to smart recovery due to positive business sentiments, improved consumer confidence and more controlled inflation. The sectors which were significantly impacted by the crisis and slowdown in the economy are now showing definite signs of improvement. The challenge for maintaining disinflationary momentum over the medium term, however, remains on the horizon. A moderate recovery is likely to be seen in FY 2015 when real GDP may grow by 5.3%-5.5%.

India's trade deficit during April-December 2013 has been 25 per cent lower than last year. Consequent to lower trade deficit, CAD declined from 4.9 per cent of GDP in Q1 to 1.2 per cent of GDP in Q2 of 2013-14 and the full year CAD is likely to be below 2.5 per cent of GDP. This, along with recouping the reserve loss due to the Reserve Bank's swap windows helped mitigate external sector risks. However,as capital flows to EMDEs could moderate over 2014-15, there is no scope for complacency and the breather provided by a reduction in the immediate risks, needs to be used to develop the resilience of the external sector over the medium-term.

Inflation in terms of the all India Consumer Price Index (CPI)-Combined (Rural+Urban) declined to 9.87 per cent in December 2013 from a high of 11.16 per cent in November 2013 induced by a fall in vegetable prices. Despite the moderation, inflation remained persistent with the average CPI inflation at 9.9 per cent during first nine months of 2013-14. Excluding food and fuel components, CPI inflation stood at 8.0 per cent in December 2013 with significant contributions from housing, transport & communications and miscellaneous group, which includes services.

KERALA ECONOMY

Population is one of the important drivers of economic growth. It helps to determine the size of work force as well. The growth rate of Kerala's population during the last ten years is 4.9 per cent, the lowest rate among Indian states. In 2012-13, Kerala recorded 8.4 per cent economic growth rate, the highest among Southern States and much above the national average. Karnataka posted 6.4 per cent growth rate, Andhra Pradesh 5.6 per cent and Tamil Nadu slightly above 4 per cent. The all-India average was 4.4 per cent, according to provisional figures available with the Central authorities. An analysis of the growth pattern of NSDP reveals that the Services sector continues to dominate the economy. Segments such as Transport, Communication, Trade, Hotels, Banking & Insurance and Real Estate performed relatively well. Compared to 2011-12, the secondary sector recovered marginally in 2012-13. Wholesale price index of agricultural commodities increased by 973 points in Kerala in 2013 (up to September) compared to the corresponding period of 2012. The weighted contribution of important agricultural commodities to Wholesale Price Index had increased by 18.98 per cent in 2013 compared to the corresponding period in 2012. Deposit mobilization is an inevitable activity of all banks for augmenting credit flow to the development and priority sectors of the state. Overall Bank deposits in Kerala increased by 16.77 per cent from. ₹ 200572 crore in March 2012 to ₹ 234217 crore in March 2013. Scheduled Commercial Banks in Kerala accounted for 3.32 per cent of deposits of the country.

REGULATORY MEASURES AND MONETORY POLICIES

The year 2012-13 was marked by periods of significant stress in liquidity conditions. These were brought on by a number of factors including high government cash balances maintained with the Reserve Bank, strong seasonal demand for currency, the Reserve Bank's intervention in the foreign exchange market and divergence between deposit mobilization and credit off-take of banks. The Reserve Bank undertook a number of measures for liquidity management.

The cash reserve ratio (CRR) was reduced in three stages by a cumulative 75 basis points in 2012-13, taking it to 4.0 per cent of net demand and time liabilities (NDTL) of banks, its lowest level since 1974. The statutory liquidity ratio (SLR) was reduced by 100 basis points to 23.0 per cent of NDTL of banks in August 2012. Besides the liquidity injected through the daily liquidity adjustment facility (LAF) operations, the Reserve Bank purchased government securities worth 1.5 trillion through open market operations (OMOs) during 2012-13. The RBI introduced the term money market in October 2013 to enhance monetary policy transmission and provide a term money-yield curve. Liquidity to banks through the term money window increased from ₹ 19, 500 crore in end-October 2013 to ₹ 1, 20,000 crore in end-March 2014.

During early 2013-14, liquidity conditions generally improved mainly because of drawdown of government cash balances and narrowing of the gap between deposit and credit growth. In order to contain exchange rate volatility in the domestic forex market, the Reserve Bank undertook several policy measures to restore stability. In consultation with the Central Government, gold imports were restricted to reduce the pressure on CAD. Interest rates increased by 200 bps bringing the MSF rate to 10.25%, resulting in tightening of liquidity. There was a cap on overnight repo borrowing at 0.5% of NDTL, OMO sales of G-secs and a hike in the daily CRR maintenance requirement from 70% to 99%. The RBI provided an unconventional dollar swap window to public sector oil marketing companies (for oil imports) and banks {for FCNR(B) deposits and Tier-I Capital} for a limited period till November 2013.

Opportunities and Threats

India is one of the top 10 economies globally, with vast potential for the banking sector to grow. The last decade witnessed an impressive surge in transactions through ATMs, and internet and mobile banking. In 2014-15, the county ₹ 81 trillion (US$1.34 trillion) banking industry is set for a higher trajectory. Two new banks have already received licenses from the government. Furthermore, the Reserve Bank of India's (RBI) new norms will provide incentives to banks to spot potential bad loans and take corrective steps that will curb the practices of rogue borrowers.

Yet, the issue of quality of assets is likely to be a continued source of concern during 2014-15 warranting high degree of attention. Profitability of the Banks will largely be determined by their capacity to reduce the quantum of bad loans. The implementation of the Financial Inclusion Plan (FIP) 2010-13, introduced for the first time in April 2010, has led to the establishment of banking outlets in more than 2 lakh villages. The Direct Benefit Transfer, as envisaged by the Central Government for delivery of social welfare benefits by direct credit to the Bank accounts of beneficiaries, will bring more common men into the banking system. In order to take financial inclusion to the next stage of providing universal coverage and facilitating Electronic Benefit Transfer (EBT), banks have been advised to draw up the next FIP for the period 2013-16. The tough macro-economic situation in India is driving private-sector banks to sharpen their focus on emerging sectors and rural markets to boost growth. Banks have been given conditional freedom to open branches in tier-1 Indian cities without seeking the RBI's prior approval in each case. These will likely push banks to expand their operations in the county.

Today, banks are turning their focus to servicing clients. Banks in the county, including those in the public sector, are emphasizing on enhancing their technology infrastructure, in order to improve customer experience and gain a competitive edge. The popularity of internet and mobile banking is higher than ever before, with Customer Relationship Management (CRM) and data warehousing expected to drive the next wave of technology in banks. Indian banks are also progressively adopting an integrated approach to risk management. Most banks already have in place the framework for asset-liability match, credit and derivatives risk management.

The principal risk facing India is the inward spillover from global financial market volatility. Protracted economic and financial volatility (triggered by advanced economies' exit from unconventional monetary policies), a lengthy Euro area growth slowdown, and higher oil prices are the main external risks. Slow progress in structural reforms, high inflation, failure to ease supply constraints, and resorting to expansionary fiscal policy are key domestic downside risks. On the upside, going beyond announced reforms or faster - than-envisaged legislative progress would lead to higher growth and reduce economic vulnerabilities.

In May 2013, RBI issued guidelines on restructuring of advances. As per the guidelines, loans that are restructured (other than due to delay in project completion upto a specified period in the infrastructure sector and non infrastructure sector)from April1,2015 onwards would be classified as nonperforming. General provision on standards accounts restructured after June1, 2013 was increased to 5.0%. The general provision required on standards accounts restructured prior to that date has been increased to 3.5% from March 31, 2014, and would further increased to 4.25%from March 31, 2015 and 5.0%from March 31, 2016. Further in June2013, prudential norms pertaining to risk weights, provisioning and loan-to value-ratio for individual housing loans were revised. Accordingly, individual housing loans of up to ₹ 7.5 million now attract risk weight of 50.0%with standard asset provisioning of 0.4%. For individual housing loans of above, ₹ 7.5 million, the loan - to value ratio was set at 75.0% and risk weight was lowered from 125.0% to 75.0%.

Financial Performance

The Bank's operating profit during the year was ₹ 6.07 crore as against. ₹ 51.40 crore during the previous year. The total business of the Bank as on March 31, 2014 stood at. ₹ 20338.97 crore registering a growth of 6.17% over last year. While the Deposits grew by 8.31% to reach. ₹ 12133.21 crore, the advances touched. ₹ 8205.76 crore registering a growth of 3.17%. The percentage of Gross NPA and Net NPA as on March 31, 2014 was 5.98% and 3.80% respectively. The capital adequacy ratio under Basel II and III as at the end of the financial year was 10% and 8.67% respectively. The Bank declared a net loss of. ₹ 251.91 crore for the year ended March31, 2014 as against the net profit of. ₹ 2.62 crore during the previous year. The book value per share was ₹ 58.47.

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 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

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 pharmaceuticals, 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.

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.

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.

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 Institution. As usual this year also your bank has enrolled seventeen borrowers under the scheme.

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. 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:

- Out standings in the area of Micro Credit was ₹ 416.71 crores as on 31.03.2014.
- The bank's total agriculture advances stand at 19.19% of ANBC as against a target of 18% and direct agriculture advances stands at 14.69% as on 31.03.14 against the direct agriculture target of 13.50% of ANBC. The bank has extended 13.62% of ANBC to weaker section as against a target of 10% of ANBC.
- Focus on grass root level lending to SHGs through Direct SHG - Bank Linkage Lending Model in Kerala & Tamil Nadu.

- There are 23218 numbers of SHGs maintaining savings bank account with our various branches. Credit facilities availed by SHGs from the Bank stood at ₹ 348.12 crore as on 31.03.2014. Kisan Credit Cards amounting to ₹ 5.82 crores were issued to 204 farmers as on 31.03.2014.
- Tie-up with dairies for providing cattle loans under JLG model and with NGOs for providing rural housing loans to SHG members.

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 (VISA). 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. Regulatory guidelines pertaining to credit card operations are complied with.

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 / directives of Board on the process flow for credit disbursement / administration are put in place by the department.

BUSINESS DEVELOPMENT AND PLANNING

This department is serving as a research team, in introduction of new products /business lines designed on the basis of a broad assessment of market trends to satisfy growing needs of customers. It also acts as an effective coordinator between the Management, various regional administrative offices and the branches which are the business generating units.

The department is also responsible for implementing the RBI/ BCSBI guidelines/ Damodaran Committee recommendations on customer service and management of complaints including from Banking Ombudsman.

During last year, many products, campaigns and new services were introduced to serve the customers better:

- Dhanam Abhivriddhi product was introduced with a view to expand the relationships of the existing customers, to increase the retail portfolio of the Bank. The salient feature of the product is that the principal amount will double within a specified time limit (depending on the prevailing ROI).
- Introduction of Core term deposit mobilization campaign with a view to increasing Bank's core deposits, to step up the Bank's share of retail deposits to total deposits and improve the Bank's profitability.
- Introduction of New Savings Bank Account Products with a view to widening the scope of Bank's customer offerings in premium savings account segment. The accounts namely Dhanam Preferred, Dhanam Premium & Dhanam Privilege, for fulfilling the needs of the customers seeking better facilities.
- Launched Sabarimala Welcare Policy that is applicable for all the pilgrims visiting Sabarimala during the Mandala Makaravilaku Season from the period 15th November 2013 to 31st January 2014 in tie up with our Corporate Agent Bajaj Allianz General Insurance Co Ltd.
- Bank Tied up with UTI-ITSL (UTI Infrastructure Technology and Services Ltd) for obtaining PAN numbers for valued customers as well as walk-in customers of the Bank.
- Provided display board of Mandatory Information for the benefit of Customers / General Public to all branches. The notice board also indicates a list of items on which detailed information is available in booklet form.
- Introduction of opening of FDR (Fixed Deposit Receipt) via Retail Internet Banking (RIB). The Retail Internet Banking user shall be able to open Fixed Deposit Products online without coming to the branch. It will create FDR without receipt. The user has choice to get physical receipt via branch. The Bank has also extended the facility to non cumulative term deposits in RIB as an added option to our esteemed customers.
- Reviewed the requirement of third party form and introduced a onetime Third Party Form with effect from 16.01.2014. With a view to reducing the operational inconveniences while ensuring that compliance and authenticity of transactions is established.

- M/s. KSCEWWFB has authorized our bank to collect the subscription amounts from their 12 district offices. Each of their branches has been linked to our branches. All the 12 linked branches were advised to collect the subscription amount from the district offices of Kerala Shops and Commercial Establishments Workers Welfare Fund Board (KSCEWWFB). The process is expected to enhance the growth under CASA.
- In order to ensure better customer service a revised Approval Mechanism is introduced for Renewal of Overdue Term Deposits.
- Revision is made in the Schedule of Charges (SoC) of Dhanam Basic Savings Bank Deposit Account & Dhanam Basic Savings Bank Deposit Account - Small With a view increase the number of accounts.

  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. The Central Processing Centre of the bank also functions under the ambit of this department.

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 many reputed organizations viz. Travancore Devaswom Board (TDB), Cochin Devaswom Board, Guruvayur Devaswom Board, Kerala State Financial Enterprises (KSFE), Kerala State Beverages Corporation (KSBC), Kerala 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.

Adding one more golden feather to its cap, your Bank entered into banking relationship with'INS Dronacharya' a major wing of Southern Naval Command, Kochi.

Bank has won compliments from these government institutions for the services rendered. As a Bank committed to the social cause, your bank has large number of micro credit initiatives. Bank continues its commitment to various schemes for the benefit of weaker sections of the society, particularly in Kerala.

YOUR BANK'S OPERATIONS AT SABARIMALA

Travancore Devaswom 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 Lord Ayyappa 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 seasonal 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.

Bank has 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. Your Sannidhanam, Pampa, Erumeli, Mavelikkara and Nanthancode branches are functioning from the TDB premises.

In addition to the regular services provided, this year we have facilitated Travancore Devaswom Board with the new services also during the financial year 2013-14 viz.

(1) A multilingual information center at Sannidhanam to help the pilgrims to know the various facilities and details available at Sabarimala in their regional language. This new introduction adds glory to the Bank's continuous effort to take the service experience to the next level.

(2) POS machines and Payment gateways to help the devotees for making donations are also part of new initiatives.

THIRD PARTY PRODUCTS DISTRIBUTION

Life Insurance

Bank in tether with M/s. Bajaj Allianz Life Insurance Company has insured more than 2750 Customers with Premium Collection of. ₹ 5.75 Crores

Non-Life Insurance

On Non Life insurance Front, Bank distributed 22825 Policies with Premium of ₹ 6.27 Crores. Policies were issued on various heads such as Motor insurance (Commercial Vehicles, Two Four Wheelers) Medical Insurance, Liability, Health, Property, Rural and Marine Insurance

Bullion Sale

The Bank sells different denominations of retail gold coins (1.5 Gms to 50 Gms) Coins and Silver Bars(50 Gms and 100 Gms). Under Retail Bullion Category Bank has sold 25.05 Kgs of Gold and 3.65 Kgs of Silver.

Mutual Funds

Bank has around 50 Ongoing SIPs till March 2014. In total ₹ 26 Lakhs in Equity worth AUM (Asset Under Management) is being managed by Bank.

FOREX BUSINESS

Forex business is one of the most important focus area of the bank in deposit mobilization and exchange earnings. At the end of the year 2013-14, Bank had Rupee Drawing Arrangement (RDA) with 2 Exchange Houses under the DDA Procedure and 9 Exchange House under the Speed Remittance arrangement. There has been a increase in remittance volumes under Speed remittance arrangements owing to competitive pricing of transactions vis-à-vis peer banks. The increase in routing transactions is also contributed by other factors like timely and seamless processing of the transaction, support and services extended to the exchange house in the remittance operations.

The below depicted table shows the remittance transactions and volume processed for the FY ending 2013-14.

Speed Remittance Transactions

Particulars	FY 12-13	FY 13-14	% Increase Over FY 12-13
Number of Transactions	169709	284537	68%
Value of Inward Remittance (In Crore)	919.98	1659.75	80%

The major gain for the bank in the remittance operations in the FY was establishing confidence of exchanges which resulted in routing transactions through us. The relationship with Doha Bank has become more vibrant in the FY and our bank is now one of their most preferred correspondent bank in India for remittance operations. Deputation arrangement with Doha Bank has resulted in new building HNI NRI customer base from Qatar.

In the financial year 2013-14 bank has gone live with STP model remittance to UAE Exchange Centre Abudhabi under the Brand FlashRemit.

On the NRI business front NRI deposits of the bank stood at 1374 crores at the end of FY 2013-14. NRI business clocked an encouraging growth of 33% over FY 2012-13.

The bank is exploring possibilities in starting tie-ups with leading banks and exchange houses based in other GCC locations.

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.

In the FY 2013-14, we have launched on-line Business Correspondents model using tablets, for delivery of Banking services at an affordable cost to vast section of disadvantaged and low income group.

As on 31st March 2014, we have appointed 94 Business Correspondents. Bank opened accounts through Business Correspondent model and the balance outstanding as on 31st March 2014 in these accounts is ₹ 44.52 lakh. Direct Benefit Transfers like scholarships, cooking gas subsidy etc are distributed through Business Correspondents.

Bank is in the process of appointing 206 more BCs in the current financial year, taking the total number of BCs to 300. Further, Bank will be providing Credit products through Business Correspondent Model.

CENTRAL PROCESSING CENTRE

Dhanlaxmi Bank has a full fledged Central Processing Centre (CPC) to support branch operations and customer service across the country. To have better operational control and facilitate the Branches to function in a smooth and hassle free manner, CPC is structured into eight teams under the respective Team Leaders. All teams function under a set process and encourage cross functional learning ensuring continual improvement. CPC handles many routine and time bound activities for the branch thereby enabling 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 core banking 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 through hub and spoke model. Document scrutiny by RPCs (Regional Processing Centres) and account activation at CPC.
- Opening of loan accounts including loan account modifications, interest rate changes, limit extensions, loan rescheduling, re structuring etc.
- Making customer and account level static data changes such as address, contact details etc
- Processing customer requests for cheque books, debit cards, internet banking related requests, mobile banking related requests including logistics management 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 and 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.
- Other Centralised activities such as Bulk PAN verification, Aadhar number updation and processing of Direct Benefit Funds etc

CURRENCY CHESTS

Your Bank is having two Currency Chests, one attached to Pushpagiri Branch, Thrissur and the other one attached to Attukal Branch, Thiruvananthapuram. Both the Chests are equipped with state of the art machines for currency counting, sorting and counterfeit detection.

PUBLIC RELATIONS AND PUBLICITY

It is very evident that the existence of the bank has little value without the existence of the customer. The key task of the bank is not only to create and win more and more customers but also to retain them through effective customer service. Customers are attracted through promises and are retained through satisfaction of expectations, needs and wants. Marketing as related to banking is to define an appropriate promise to a customer through a range of services (products) and also to ensure effective delivery through satisfaction. 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.

ALTERNATE CHANNELS

ATMs

Bank has a total of 396 ATMs spread across India to cater the requirements of customers. In the Financial Year 2012-13, we have relocated 15 ATMs to more convenient locations, which has enhanced customer service. In the Debit Card sphere, following value additions were done in the FY 2013-14:

- Introduced ATM cards for Minors (above age 10)
- PIN is made mandatory for debit cards at Point of Sale (PoS) effective from 1st December 2013, in tune with regulatory guidelines

PoS

Bank has launched Point of Sale (PoS) business in the FY 2013-14, as a part of merchant acquisition service. The PoS terminals will enable merchants to accept card payments. PoS machine is a technological instrument provided to a Merchant Establishment (ME) to carry out the sale of goods or services to customers in a cashless environment. All the customer has to do is swipe his/her Debit, Credit or Prepaid Card.

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 58,000+ leads have been generated through the website.
- The corporate website has approximately 2.4 lac page views / hits per month

PAYMENT GATEWAYS

Bank is tied up with 7 more aggregators to start payment gateway integration. These vendors are ATOM, CC AVENUE, EBS, PAYUIN, PAYMATE, IBIBO and TIMESOFMONEY. With these vendors, your bank option shall be made available for many online merchants website for our customers.

MOBILE BANKING/PAYMENTS AND SMS BANKING

Interbank Mobile Payment Service (IMPS) is an instant interbank electronic fund transfer service through mobile phones. IMPS facilitate customers to use mobile instruments as a channel for accessing their banks accounts and remitting funds there from. Bank is a member of NPCI and is listed for offering IMPS services. The 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.

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.

AWARDS AND ACCOLADES

Bank has won two prestigious awards from NPCI (National Payments Corporation of India) in the 9th NPCI User Group Meeting held on 27th December 2013.

1. Special Jury Award in the NFS (National Finance Switch) Operational Excellence Award - for excellent performance in key parameters in respect of ATMs and Switch connected to NFS ATM Network.
2. Best improvement award in the charge back ratio as an Acquirer in NFS

IT INITIATIVES

Account Balance Information through a 'Missed call'

Bank has introduced a novel method where by our customer will get the account balances through a missed call. To make use of this facility, customer can give a missed call to 080-67747700 which would in turn provide balance details of all CASA accounts through SMS in the mobile number registered with the Bank.

This customer friendly technology initiative would be at:

- No cost (It's a missed call)
- No time (immediate SMS)
- No effort (just dial)
- No limits (Provides the balances of all running accounts)

Customer Care Center at Thrissur

In view of administrative and cost effectiveness, Bank had shifted the existing call centre setup at Bengaluru to a new infrastructure operating from Thrissur. This call centre will function as a touch point for handling all the customer related queries.

For the benefit of customers, Bank has retained the toll free number.

IVR functionality is also retained so that a genuine customer can conduct online enquiry for Balance, Last 5 Transaction

Details and Cheque status. The IVR prompts are available in four languages viz, English, Hindi, Malayalam and Tamil.

Launch of Pay-smart Application

A full-fledged application to facilitate Fee/Chit Collection of our clients has been developed in-house and launched to branches.

Reintroduction of E-Statement

Monthly E-Statements in PDF format are sent to all customers in the first week of every month. The statement includes the details of all CASA accounts, TD Accounts and Loan Accounts linked to the customer id of the customer.

Introduction of NG-RTGS

Bank has successfully migrated the RTGS platform to NGRTGS (Next Generation RTGS) as per RBI mandate

Cheque Truncation System

Roll out of CTS is completed in western grid and northern grid locations with a semi outsourced model with partner M/S FTL. Currently a lion's- share of the clearing process is handled through CTS resulting in faster clearing process and settlement on T+1 basis.

Facelift of Retail & Corporate Internet Banking.

We have revamped and launched a new Internet Banking platform for Retail transactions. This new platform is feature rich coupled with enhanced security features with 2 factor authentication and image verification.

During the financial year 10 fixed deposit products were made available for online deposit opening through Retail Internet Banking.

Payment gateway for AIMS

We have provided a payment gateway through Tech Process for Amrita Institute of Medical Science for Application Fee collection.

Treasury Operations

Financial Year 2013-14 was a challenging year with overall economic slowdown on the backdrop of halted investment cycle, firm inflation and tight monetary condition. Although Market witnessed heightened volatility initially on the news of fed tapering, it got absorbed finally without major difficulties. We expect gradual economic recovery in 2014-15 with better investment prospect on the backdrop of improved current account deficit, global economic recovery and growth inducing policy initiatives of the new federal government. However, a weak monsoon could upset prospect of early economic recovery at the expected level. Bank's gross investments portfolio stood at ₹ 4599.04 crores as on March 31, 2014 as against ₹ 4529.88 crores as on March 31, 2013. Investment deposit ratio as on March 31, 2014 was 37.90%

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 out 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) and Concurrent Audit of branches, Central Processing Centre (CPC and Trade Finance), Regional Processing Centres (RPCs), and Integrated Treasury. A system of Credit Audit is also in vogue in order to monitor the documentation of big advances. RBIA of the branches is done at periodic intervals as per the risk rating awarded to the branch in the previous audit. During the year 2013-14, 207 branches were subjected to RBIA.

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.

INFORMATION SECURITY

Many significant initiatives were taken by Information Security Group during the year 2013-14 and gist of the same is furnished below:

- Revised Information System Security Policy in accordance with changed business requirements, relevant laws and regulations.
- Conducted Business Impact Analysis (BIA) for all Business units to determine criticality, sensitivity and dependency of information assets based on the present business needs. Based on BIA reports Business Continuity Plan is being revised.
- Gap analysis was performed on prescribed 9 domains as per recommendations of RBI working group on information security, electronic banking, technology risk management and cyber frauds and measures taken to

improve the compliance level. This activity is scheduled on a quarterly basis.

- Conducted vulnerability assessment testing for IT Environment.
- Conducted application security testing for all critical applications.
- Conducted External/Internal penetration tests for IT Environment.
- Organized Information Security Awareness training for end users in co-ordination with Staff Training College, Thrissur.
- Fire and Safety training and mock drill conducted at DR site in co-ordination with vendor.
- Conducted BCP/DR test for the selected branch successfully without affecting the functioning of the branch.
- Provided information and guidance to Information Technology team on latest threats and vulnerabilities.
- To improve end user awareness, weekly bulletin named 'infosec' is published by ISG highlighting the emerging risks to information assets.

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

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

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

"KNOW YOUR CUSTOMER" (KYC) AND "ANTI MONEY LAUNDERING" (AML)

The Bank has attached great importance to Know Your Customer and Anti-Money Laundering. The customer transactions of all the branches of the Bank have been brought under the ambit of AML software. The alerts generated from the AML software are monitored on a daily basis and suspicious transactions are reported to FIU-India. Apart from that, all monthly reports like Cash Transaction Report (CTR), Non Profit Organization Transactions Report (NTR) are also submitted to FIU-IND through their online gateway.

Our new AML software is now equipped with the Alert scenarios prescribed by the Indian Bank Association.

RISK MANGEMENT

The design of risk management functions and structure is bank specific, dictated by the size, complexity of functions, the level of technical expertise and the quality of MIS. 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 continued with the system of comprehensive risk profiling of the Bank in line with regulatory guidelines that will facilitate integrated 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 and the Credit Committees ensures adherence to the implementation of the risk management policies and controlling credit commitments on behalf of the Bank within prescribed limits.

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 according to the RBI guidelines which will be effective from 01.04.2014. 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. Bank also has a Credit Policy and Integrated Treasury Policy which were reviewed during the year.

BASEL II AND BASEL III GUIDELINES

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. Bank has adopted a common framework for additional disclosures under Pillar III for adhering to market discipline of Basel II and Basel III guidelines. This requires the Bank to disclose its risk exposures, risk assessment processes and its capital adequacy to the market in a more consistent and comprehensive manner. The Bank has taken necessary steps to comply with the 'Guidelines on implementation of Basel- III capital regulations in India' in a phased manner as directed by the RBI.

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 counterparty 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 Credit Risk Management (CRM) policy, which is reviewed annually deals with various areas of credit risk, goals to be achieved, current practices and future strategies. It further details the risk appetite, credit risk identification, measurement, monitoring / controlling mechanisms and concentration risk. 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 counterparty and for taking credit decisions in a consistent manner. As at 31.03.2014, the bank 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 market scenario. 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 of ₹ 5 crore and above on a quarterly basis. Rating migration analysis covering all advances above ₹ 25 lakhs is also being conducted on an annual basis. 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.

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.

The CRMC which is involved in implementing Credit Risk Management Policy and controlling credit commitments on behalf of the Bank consists of the Bank's senior management including MD & CEO as members. CRMC met 6 times in the year 2013-14 to monitor adherence to prudential exposure norms, rating migration analysis, industry analysis, credit rating validations, and revised format for IRMD rating validation etc. and also to discuss on amendments/review of Credit Risk Management Policy, and to discuss / recommend new credit products.

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 on a weekly basis. 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 Net worth 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 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 31 times to deliberate on various ALM issues and manage liquidity, interest-rate and earnings risks.

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 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 7 times in the financial year 2013-14 to discuss new product, process and systems, Risk Control Self Assessment (RCSA) and its monitoring and for revising the Operational Risk Management Policy.

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 in majority of the branches and other business functions. Collation of "Loss Events" is also being continued a first measure to move towards The Standardized Approach (TSA)/Advanced Measurement Approach (AMA) for capital calculation.

HUMAN RESOURCES

Bank has already moved from a vertical based business model to a branch centric business model in order to accelerate growth, improve profitability and enhance service quality. Bank has also been fine tuning the business processes in accordance with the bank's desired goals. The Bank's employee strength, which was 2601 as on 31st March 2013, stood reduced to 2430 as on 31st March 2014. The number of sales executives including Business Development Executives also reduced to 238 as on 31st March 2014 from the level of 355 as on 31st March 2013.

During the financial year 2013-14, 10 Subordinate staffs were promoted to clerical cadre, 35 clerical staffs were promoted to Scale I and 94 Officers were promoted to the next higher cadre. As part of career progression, 311 Senior Officers were promoted to Scale I officer. Bank had implemented New Pension Scheme (NPS) as per the 9th Bi-partite settlement through M/s. Stock Holding Corporation of India Ltd (SHCIL).

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 2013-14, training was given to 1259 employees which accounted for 52 % of the workforce as on 31.03.2014.

Industrial relations in the Bank have been cordial and harmonious. The representatives of Workmen Union, Officers Association and Management have been working collectively for all-round growth and prosperity of the Bank.

CORPORATE SOCIAL RESPONSIBILITY

The Bank's CSR policy strictly conforms to the guidelines of RBI and Ministry of Corporate Affairs.

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 2013-14, the bank gave the scholarship to two MBA students.

Your Bank was one among the participants for the Marathon-TCS Fit4life- at cochin organized by Tata consultancy sevices for the employees of various. Corporates. Your Bank was represented by a team of 45 members who successfully completed the 8.2 km run. Autism Society Thrissur is the charity partner for your bank for this event.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal controls

The Bank is having a full-fledged Inspection and Vigilance Department, which ensures adherence to the set rules and regulations by the Branches/Regional Offices/Departments at the Administrative Office. Internal Inspectors conduct inspection at regular intervals and such reports are placed to Audit Committee of Executives (ACE)/Audit Committee of Board(ACB) as the case may be. ACE/ACB reviews the reports and ensures that corrective steps are taken to rectify the lapses/irregularities pointed out.

Risk Management Practices

It is imperative to have good risk management practices not only to manage risk inherent in the banking business but also the risks emanating from financial markets as a whole. The Bank has put in place risk management architecture and practices that is overseen by a Committee of Directors. The bank has in place a robust risk management structure which proactively identifies the risk faced by the Bank and helps in mitigating it, while maintaining proper tradeoff between risk and return thereby maximizing the shareholder value.

Business Continuity Plan has been totally revamped to suit the present scenario covering all critical processes of the Bank. The Bank has also set up an operationalised Disaster Recovery Centre for its Core Banking Operations and also made use of the same during the year.

Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure with Credit Risk Management Committee, Market Risk Management Committee and Operational Risk Management Committee at senior management level, operational risk management specialists in all Regional Officers and dedicated mid-office at Treasury Department/ International Banking Division at operational level.

The Bank continued with the system of comprehensive risk profiling of the bank in line with regulatory guidelines that will facilitate integrated risk management.

The Bank has also taken steps to move into the advanced approaches under the Basel II framework as stipulated by the Reserve Bank of India.

The Bank has taken necessary steps to comply with the Guidelines on implementation of Basel-III capital regulations in India in a phased manner as directed by RBI.

HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS

Human Resources policies and practices of the Bank focus on attracting, motivating and retaining qualified and skilled manpower. Concurrent with these objectives, steps are taken to improve manpower efficiency. Given the market challenges, there has been considerable focus on optimizing the existing resources - through internal job postings, transfers and skill development initiatives. Training and development has assumed significant importance. The Bank's Staff Training College identifies the gaps in resource capability of the personnel and train them for qualitative improvement.

The development of employees is essential to the future strength of our business. We have implemented a systematic approach to identifying, developing and deploying talented employees to ensure an appropriate supply of high caliber individuals.

Industrial relations in the Bank have been cordial and harmonious. The representatives of workmen Union, Officers Association and Management have been working collectively achieving all-round growth making the Bank progressively healthier. On account of cordial industrial relations, Bank has achieved considerable growth over the years.

Report on Corporate Governance

Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with Stock Exchanges and forming part of the report of the Board of Directors.

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices and professional management thereby enhancing shareholder's value of protecting the interest of the stakeholders such as depositors, customers, creditors, suppliers and employees. The Bank is committed to highest standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

The required details on Corporate Governance are given here under:

1. BOARD OF DIRECTORS

Composition of Board

The composition and category of the Directors along with their attendance at Board Meetings, Annual General Meeting and shareholdings in the Bank as on March 31, 2014 are given below.

SL. No	Name of Director	Category of Director	No of Board Meetings		Attendance of last AGM as on 27.08.2013	No of shares held	%of holding
			Held during the Tenure	Attended			
1.	Sri. Tekkar Yashwanth Prabhu, Chairman	INE	15	15	Present	200	0.00
2.	Sri. Jayakumar P. G., MD & CEO	Whole time Director	15	15	Present	-	-
3.	Sri. K. Srikanth Reddy, Director	INE	15	15	Present	20000	0.02
4.	Sri. K. Vijayaraghavan, Director	INE	15	15	Present	400	0.00
5.	Sri. P. Mohanan,Director	INE	15	15	Present	200	0.00
6.	Sri. Chella K. Srinivasan, Director	INE	14	13	Present	200	0.00
7.	Sri. K. Jayakumar, Director	INE	14	10	Present	200	0.00
8.	Sri. Raja Selvaraj, RBI Additional Director	RBI Nominee	7	5	NA	-	-

INE- Independent, Non-Executive Director

Board Meetings

A total of 15 Board Meeting were held during the year and the dates are as under 29.04.2013, 17.05.2013, 17.07.2013, 12.08.2013, 26.08.2013, 27.08.2013, 28.09.2013, 30.10.2013, 09.11.2013, 18.12.2013, 25.01.2014, 10.02.2014, 05.03.2014, 28.03.2014,29.03.2014.

Committee position of Directors in the Bank as on March31, 2014

The name of each committee with the name of its respective Chairman as on 31.03.2014 is furnished below.

1.	Audit Committee	Sri. K. Vijayaraghavan
2.	Shareholders' Grievance Redressal Committee	Sri. Tekkar Yashwanth Prabhu
3.	Large Value Fraud Monitoring Committee	Sri. K. Vijayaraghavan
4.	Customer Service Committee	Sri. Tekkar Yashwanth Prabhu
5.	Risk Management Committee	Sri. Tekkar Yashwanth Prabhu
6.	Nomination Committee	Sri. Tekkar Yashwanth Prabhu
7.	Management Committee	Sri. K. Srikanth Reddy
8.	Human Resource Development Committee	Sri. Tekkar Yashwanth Prabhu
9.	Remuneration Committee	Sri. Tekkar Yashwanth Prabhu
10.	Information Technology Committee	Sri. K. Srikanth Reddy
11.	Committee of Directors	Sri. K. Srikanth Reddy
12.	NPA Monitoring Committee	Sri. K. Vijayaraghavan
13.	Equity Issuance Committee	Sri. Tekkar Yashwanth Prabhu

Directorship of Directors in other Public Limited Companies

None of the Directors holds Directorship in any other public Limited Company

2. COMMITTEES OF THE BOARD

1. Audit Committee

i) The Board of the Bank has constituted a four member Audit Committee. All the members of the Committee are non-executive Directors, with Sri. K. Vijayaraghavan as its Chairman and Sri. P. Mohanan, Sri. Chella K Srinivasan and Sri. Raja Selvaraj 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.

The Committee met 7 times during the year.

2. SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE

i) Sri. Tekkar Yashwanth Prabhu, Chairman of the committee and Sri. Jayakumar P. G., Sri. K. Srikanth Reddy and Sri. K. Vijayaraghavan are the other 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.

During the year, the Bank received 2 complaints from shareholders and 1 complaint was pending to be resolved at the beginning of the financial year, which has been resolved.

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	Sri. Krishnan K. S.,Chief Financial Officer & Company Secretary	048- 6617000 0487 6617254 (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) Number of investor complaints received and attended to by the Bank during the year 2013-14 are as follows:

Sl. No.	Nature of complaint	No. of complaints pending as on 01.04.2013	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2014
1	Transfer related Complaints	Nil	Nil	Nil	Nil
2	Dividend related Complaints	Nil	2	2	Nil
3	Others	1	0	1	Nil
	Total	**1**	**2**	**3**	**Nil**

The Committee met 3 times during the year.

3. LARGE VALUE FRAUD MONITORING COMMITTEE:

The Committee has been constituted to exclusively monitor large frauds of ₹ 1 Crore and above.

Sri. K. Vijayaraghavan is the chairman of the committee and other members are Sr. P. G. Jayakumar, Sri. Chella K. Srinivasan and Sri. K. Jayakumar. 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.

The Committee met 2 times during the year.

4. 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.

The committee is chaired by Sri. Tekkar Yashwanth Prabhu and the other members of the committee are Sri. P. G. Jayakumar, Sri. K. Srikanth Reddy, Sri. P. Mohanan and Sri. K. Jayakumar. The Committee met 4 times during the year.

5. 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.

Sri. Tekkar Yaswant Prabhu is the chairman of the committee and the other members are Sri. P. G. Jayakumar, Sri. K. Vijayaragavan, Sri. P. Mohanan and Sri. Chella K. Srininvasan.

A total of 4 meetings were held during the year

6. 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.

Sri. Tekkar Yashwanth Prabhu is the Chairman of the committee and the other members are Sri. P. G. Jayakumar, Sri. K. Srikanth Reddy and Sri. P. Mohanan.

The committee met 3 times during the year.

7. MANAGEMENT COMMITTEE:

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

Sri. K. Srikanth Reddy is the Chairman of the Committee and the other members are Sri. P. G. Jayakumar, Sri. K. Vijayaraghavan, Sri. P. Mohanan and Sri. K. Jayakumar.

The Committee met 3 times during the year.

8. 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

Sri Tekkar Yashwanth Prabhu is the Chairman of the Committee. Sri. P. G. Jayakumar, Sri. K. Srikanth Reddy and Sri. P. Mohanan are the other members.

The committee met 4 times during the year.

9. 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. The Committee comprises of Sri. Tekkar Yashwanth Prabhu, as Chairman and Sri. K. Srikanth Reddy, Sri. P. Mohanan and Sri. K. Jayakumar as members;

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.

The Committee has not met during the year

10. INFORMATION TECHNOLOGY COMMITTEE

The Committee was reconstituted with the following members on 26.07.08 to examine IT related topics in question. The Committee comprises of Sri. K. Srikanth Reddy as Chairman and Sri Jayakumar P. G., Sri Chella K. Srinivasan and Sri. K. Jayakumar as members.

The Committee has not met during the year.

11. COMMITTEE OF DIRECTORS

The Board of Directors has constituted a Committee of Directors, to approve all financial sanctions/exposures between ₹ 6 Crore and ₹ 25 Crore.

Sri. K. Srikant Reddy is the Chairman of the Committee and Sri. P. Mohanan, Sri. P. G. Jayakumar and Sri. Chella K. Srinivasan are the other members.

The Committee met 8 times during the year.

12. NPA MONITORING COMMITTEE

The Committee was constituted on 19.11.2012 for over viewing/guiding the

NPA Management and boarder line accounts.

Sri. K. Vijayaraghavan is the chairman of the Committee and Sri. P. G. Jayakumar, Sri. P. Mohanan and Sri. Chella K. Srinivasan are other members.

The Committee met 3 times during the Year.

13. EQUITY ISSUANCE COMMITTEE

The Board has constituted a committee in the name and style of Equity Issuance Committee for the purpose of organizing further issue of capital and all other matters connected with its implementation

Sri. Tekkar Yashwanth Prabhu is the Chairman of the Committee. Sri. P. G. Jayakumar, Sri. K. Vijayaragavan, Sri. K. Srikanth Reddy and Sri. Chella K. Srinivasan are the other members.

The Committee met 4 times during the year.

Composition of Committees of Directors and Attendance at the Meetings

Audit Committee			Shareholders' Grievance Redressal Committee		
Name	No of Meetings		Name	No of Meetings	
	Held during the tenure	Attended		Held during the tenure	Attended
Sri. K. Vijayaraghavan	07	07	Sri. Tekkar Yashwanth Prabhu #	02	02
Sri. P. Mohanan	07	07	Sri. Jayakumar. P. G.	03	03
Sri. Chella K. Srinivasan#	05	05	Sri. K. Srikanth Reddy	03	03
Sri. K. Srikanth Reddy *	02	02	Sri. K. Vijayaraghavan	03	03
Sri. Manoranjan Dash**	02	01			
Sri. Raja Selvaraj##	03	02			

#inducted to the Committee w.e.f. 17.07.2013

##inducted to the Committee w.e.f. 01.11.2013

*Ceased to be a member of the Committee w.e.f 17.07.2013

**Ceased to be Director of the Bank w.e.f 31.10.2013

Large Value Fraud Monitoring Committee			Customer Service Committee		
Name	No of Meetings		Name	No of Meetings	
	Held during the tenure	Attended		Held during the tenure	Attended
Sri. K. Vijayaraghavan	02	02	Sri. Tekkar Yashwanth Prabhu	04	04
Sri. Jayakumar. P. G.	02	02	Sri. Jayakumar. P. G.	04	04
Sri. K. Srikanth Reddy *	01	01	Sri. K. Srikanth Reddy	04	04
Sri. Chella K. Srinivasan#	01	01	Sri. P. Mohanan	04	04
Sri. K. Jayakumar #	01	01	Mr. K. Jayakumar #	04	03

#inducted to the Committee w.e.f. 17.07.2013

*Ceased to be a member of the Committee w.e.f 17.07.2013

#inducted to the Committee w.e.f. 17.07.2013

Risk Management Committee			Nomination Committee		
Name	No of Meetings		Name	No of Meetings	
	Held during the tenure	Attended		Held during the tenure	Attended
Sri. Tekkar Yashwanth Prabhu	04	04	Sri. Tekkar Yashwanth Prabhu	03	03
Sri. Jayakumar. P. G.	04	04	Sri. Jayakumar. P. G.	03	03
Sri. K. Vijayaraghavan	04	04	Sri. K. Srikanth Reddy	03	03
Sri. P. Mohanan	04	04	Sri. P. Mohanan	03	03
Sri. Chella K. Srinivasan#	04	03			

#inducted to the Committee w.e.f. 17.07.2013

Management Committee			Human Resource Development Committee		
Name	No of Meetings		Name	No of Meetings	
	Held during the tenure	Attended		Held during the tenure	Attended
Sri. K. Srikanth Reddy	03	02	Sri. Tekkar Yashwanth Prabhu	04	03
Sri. P. G. Jayakumar	03	03	Sri. Jayakumar. P. G.	04	04
Sri. K. Vijayaraghavan	03	03	Sri. K. Srikanth Reddy	04	04
Sri. P. Mohanan	03	03	Sri. P. Mohanan	04	04
Sri. K. Jayakumar #	02	02			

#inducted to the Committee w.e.f. 17.07.2013

Committee of Directors			NPA Monitoring Committee		
Name	No of Meetings		Name	No of Meetings	
	Held during the tenure	Attended		Held during the tenure	Attended
Sri. K. Srikanth Reddy	08	07	Sri. K. Vijayaraghavan	03	03
Sri. P. Mohanan	08	08	Sri. Jayakumar. P. G.	03	03
Sri. Jayakumar. P. G.	08	08	Sri. K Srikanth Reddy*	01	01
Sri. Chella K. Srinivasan#	07	07	Sri. P. Mohanan	03	03
			Sri. Chella K. Srinivasan#	02	02

#inducted to the Committee w.e.f. 17.07.2013

*Ceased to be a member of the Committee w.e.f 17.07.2013

Equity Issuance Committee		
Name	No of Meetings	
	Held during the tenure	Attended
Sri. Tekkar Yashwanth Prabhu	04	04
Sri. Jayakumar. P. G.	04	04
Sri. K. Vijayaraghavan	04	04
Sri. K. Srikanth Reddy	04	04
Sri. P. Mohanan*	01	01
Sri. Chella K. Srinivasan#	03	03

#inducted to the Committee w.e.f. 17.07.2013

*Ceased to be a member of the Committee w.e.f 17.07.2013

Details of General Body Meetings held in the last three years.

GENERAL BODY MEETINGS

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

AGM Number	Date & Time	Venue
86th	27.08.2013 11.00 AM	Kousthubham Auditorium, Thrissur
85th	27.09.2012 3.00 PM	Kousthubham Auditorium, Thrissur
84th	22.06.2011 1.30 PM	LuLu International Convention Centre, Thrissur

Details of special resolutions passed in the previous 3 AGMs.:

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).

At the 86th AGM, two Special Resolutions were passed, one for introduction of ESOP Scheme 2013 of the Bank replacing the existing ESOP Scheme 2009 and the another for issue of 75,50,000 equity shares of ₹ 10/- each at a premium of ₹ 40/- aggregating to ₹ 37.75 Cr. equity shares through Preferential Allotment.

Remuneration paid to Directors during the year ended March31, 2014

1. The bank paid a total remuneration of ₹ 24.32 lakhs during the year to Sri. P. G. Jayakumar, Managing Director & CEO of the Bank.
2. Details of remuneration paid to other non Executive Directors (paid in the form of sitting fees for Board/Committee meetings attended by them)

   Sri. Tekkar Yashwanth Prabhu - ₹ 550000, Sri. K. Srikanth Reddy - ₹ 650000, Sri. P. Mohanan - ₹ 670000, Sri. K. Vijayaraghavan - ₹ 600000, Sri. Chella K. Srinivasan - ₹ 470000, Sri. K. Jayakumar - ₹ 260000.

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Resume of Directors seeking appointment/re-appointment at the 87th Annual General Meeting is given below :

a) Name : Sri. K. Srikanth Reddy

Age : 61 Years

Qualifications : B.Com, MBA, Long Defense Management Course

Experience : He was in civil services for over 16 years and worked in Ministries of Planning and Programme Implementation, Food Processing Industries, Defense, Communications, Welfare and Tourism and Civil Aviation. Now running own agricultural farms in Andhra Pradesh.

Present position : Non - executive Independent Director.

Sector : Minority

Sri. K. Srikanth Reddy was appointed as additional Director on 29.10.2007. He was elected as Director at the 81st AGM held on 27.09.2008. He was re-appointed at the 82nd AGM held on 31.07.2009, at the 85th AGM held on 27.09.2012 and at the 86th AGM held on 27.08.2013.

He holds 20000 shares of the Bank. He is the chairman of Management Committee, Information Technology Committee, and Committee of Directors and is a member of the following committees of Board: Shareholders' Grievance Redressal Committee, Human Resource Development Committee, Remuneration Committee, Customer Service Committee, Nomination Committee and Equity Issuance Committee.

b) Name : Sri. K. Vijayaraghavan

Age : 69 Years

Qualifications : MA,CAIIB

Experience : He had worked as Lecturer in SD College, Alleppy, Kerala. He joined Reserve Bank of India (RBI) as officer in 1968 and worked in almost all the departments of the bank He is a specialized person in Rural Credit and Development and very closely associated with State Level Banking Committees. He retired from RBI in 2003 as Chief General Manager, Mumbai.

Present position : Non - executive Independent Director.

Sector : Majority

Mr. K. Vijayaraghavan was appointed as Additional Director on October 31, 2012 and was elected as Director at the 86th AGM held on 27.08.2013. He holds 400 shares of the Bank. He is the chairman of Audit Committee , NPA Monitoring Committee and Large Value Fraud Monitoring Committee and is a member of the following committees of Board: Shareholders' Grievance Redressal Committee, Equity Issuance Committee, Risk Management Committee and Management Committee.

c) Name : Sri. P. Mohanan

Age : 66 Years

Qualifications : MA,LLB

Experience : Mr. P. Mohanan, retired as General Manager of Canara Bank was in charge of the Bank's Operation in the state of Kerala. He has 35 years of Banking and Financial Expertise. He has undergone various management programs such as Executive Development Program at IIM, Ahmadabad, ISB Hyderabad and Training in Microfinance at Bank Rakia, Indonesia.

Present position : Non - executive Independent Director.

Sector : Majority

Mr. P. Mohanan was appointed as Additional Director on October 31, 2012. He holds 200 shares of the Bank. He is a member of the following committees of Board: Risk Management Committee, Management Committee, Nomination Committee, Audit Committee, Customer Service Committee, NPA Monitoring Committee, Remuneration Committee, Committee of Directors and Human Resource Development Committee.

d) Name : Sri. Chella K. Srinivasan

Age : 53 Years

Qualifications : B.Com, FCA

Experience : He is a Practicing Chartered Accountant for more than 29 years and has professional expertise in Accounting, Auditing and Corporate Taxation.

He is the National Executive Vice President of the INDO- American Chamber of Commerce- IACC. and was a member of the Vision Committee of the Institute of Chartered Accountants of India.

Present position : Non-executive Independent Director.

Sector : Majority

Mr. Chella K. Srinivasan was appointed as Additional Director on May 17, 2013. He holds 200 shares of the Bank. He is a member of the following committees of Board:

Large Value Fraud Monitoring Committee, Information Technology Committee, Risk Management Committee, Audit Committee, NPA Monitoring Committee, Committee of Directors and Equity Issuance Committee.

e) Name : Sri. K. Jayakumar IAS (Retired)

Age : 62 Years

Qualifications : MA,Msc.

Experience : He has served as Secretary to Government in sectors like Agriculture & Tourism and retired as Chief Secretary to the Government of Kerala. He was also a Director of NABARD and Chief Commissioner for Travancore Devaswom Board. He had also served as Agriculture Production Commissioner for over 5 years. Presently he is the Vice Chancellor of the Malayalam University.

Present position : Non - executive Independent Director.

Sector : Majority

Mr. K. Jayakumar was appointed as Additional Director on May 17, 2013. He holds 200 shares of the Bank. He is a member of the following committees of Board: Management Committee, Large Value Fraud Monitoring Committee, Information Technology Committee, Customer Service Committee and Remuneration Committee

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.

Information supplied to the Board

The Board is regularly presented with all information under the following heads whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board/Committee Meetings or are tabled in course of the Board/Committee Meetings.

Besides, all periodical returns and statements as prescribed by RBI are placed before the Board. All the policy documents relating to different aspects of Bank's functioning are also placed before the Board for their approval.

Among others, the following information are also furnished to the Board:

1. Review of annual operating plans of business, capital budgets, updates.
2. Quarterly results of the Bank and its operating divisions or business segments.
3. Minutes of meetings of Audit committee and all other Committees.
4. Any materially relevant default in financial obligations to and by the Bank.
5. Significant developments in human resources and industrial relations fronts.
6. Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.
7. Materially important show cause, demand, prosecution and penalty notices.

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.

GENERAL SHAREHOLDER INFORMATION

87th AGM	**Date**	**20.09.2014**
	Time	**11.30 AM**
	Venue	**Vadakke Samooha Madom, Thrissur**
Name and other details regarding Compliance Officer		**Sri. Krishnan K S** Chief Financial Officer & Company Secretary Dhanlaxmi Bank Ltd. Naickanal, Thrissur - 680001
Financial Year		2013-14
Date of Book Closure		September 17, 2014 to September 20, 2014, both days inclusive.
Dividend Payment Date		Not Applicable
Listing on Stock Exchanges		The equity shares of the Bank are listed on - Cochin Stock Exchange Ltd. BSE 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 – 500081. 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, Dhanlaxmi 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 2014 are as under:

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	50.50	43.50	50.55	43.65
May 2013	48.50	40.15	48.65	40.10
June 2013	41.45	29.60	41.60	29.60
July 2013	38.50	26.10	38.55	26.10
August 2013	33.95	24.20	33.95	24.20
September 2013	42.80	30.00	42.65	30.00
October 2013	48.00	40.20	48.05	40.50
November 2013	48.05	38.15	48.10	38.05
December 2013	43.40	38.45	43.30	38.30
January 2014	42.00	32.90	42.10	32.90
February 2014	35.40	27.90	35.25	28.00
March 2014	36.70	28.60	36.85	29.00

Distribution of shareholding as on 31.03.2014:

S. no.	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	70575	85.47	104580400.00	8.30
2	5001 - 10000	6308	7.64	50945700.00	4.05
3	10001 - 20000	2989	3.62	45252140.00	3.59
4	20001 - 30000	963	1.17	24589290.00	1.95
5	30001 - 40000	442	0.54	16031330.00	1.27
6	40001 - 50000	318	0.39	15212390.00	1.21
7	50001 - 100000	490	0.59	36320550.00	2.88
8	100001 & above	489	0.59	966414390.00	76.74
	Total	**82574**	**100.00**	**1259346190.00**	**100.00**

Category - wise distribution of shareholding as on 31.03.2014:

S. no.	Description	Cases	Shares	% Equity
1	Banks	5	211473	0.17
2	Clearing Members	163	435229	0.35
3	Directors	6	21200	0.02
4	Foreign Institutional Investors	18	40156402	31.89
5	H U F	1039	1367472	1.09
6	Indian Financial Institutions	1	1075000	0.85
7	Insurance Companies	2	442277	0.35
8	Bodies Corporates	939	15652062	12.43
9	Mutual Funds	3	2965	0.00
10	Non Resident Indians	1386	16181959	12.85
11	Resident Individuals	79008	50381750	40.01
12	Trusts	4	6830	0.01
	Total	**82574**	**125934619**	**100.00**

As on 31.03.2014, 39,13,320 shares constituting 3.11% and 12,20,21,299 shares constituting 96.89% 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.

UNPAID DIVIDEND

All Dividends remaining unclaimed or unpaid including the balance in Dividend Account upto and including financial year 1993-94 have been transferred to the General Reserve Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar Of Companies,Kerala,Company Law Bhavan, Bharath Matha College, P. O., Kochi-682021

In terms of Section 205A of the Companies Act 1956, the amount which has remained unclaimed/unpaid for a period of 7 years from the date of transfer to the unpaid /unclaimed Dividend Account has to be transferred to the "Investors' Education and Protection Fund"(The Fund) and there after, no claim can be made by any shareholder against the Bank or the fund for the dividend amount of that year. Since no dividend was declared for the financial year 2006-07, no amount is due for transfer to this fund in 2014-15.

On May 10, 2012, the Ministry of Corporate Affairs has notified Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, whereby companies are required to identify and upload information regarding unclaimed amounts due to be transferred to IEPF on the Ministry's website and also on Bank's website.

Accordingly, the details of such unpaid/unclaimed amounts along with their respective due dates for transfer to IEPF are provided for the benefit of investors. The shareholders may please claim their unclaimed/unpaid amount due to them by making a request to the Company giving their particulars before the same are transferred to IEPF

INTERNAL CONTROL SYSTEMS

Insider Trading Code

The Bank has articulated a Code of prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider Trading) (Amendment) Regulation 2002 to prevent practices of Insider Trading. The Company Secretary has been designated as Compliance Officer for this purpose. The Chairman, Managing Directors, Directors, and Senior Management of the Bank have affirmed compliance with this code.

Code of Conduct

The Bank has formulated a Code of Conduct for its Directors and Officers, This manual contains comprehensive regulation on ethical standards to be mandatorily observed by the Chairman, Managing Director, Directors and Core Management Team consisting of Officers from Scale IV and above who have affirmed compliance with the code of conduct.

Whistle Blower Policy

Bank has formulated a Whistle Blower Policy with a view to provide a mechanism for employees of the Bank to approach the Chairman of the Audit Committee of the Bank/Ethics Counsellor (Chief of Internal Vigilance) in case they observe any unethical and improper practices or any other alleged wrongful conduct in the bank and to prohibit managerial functionaries from taking any adverse personal action against those employees.

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.

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I P. G. Jayakumar, Managing Director and Chief Executive Officer of the Bank, hereby declare that the Bank's Code of Conduct has been accepted and has been complied with, by all Board Members and Core Management Personnel of the Bank, as required under Clause 49(1D) of the Listing Agreement "on Corporate Governance".

By Order of the Board

Place: Thrissur
Sd/

Date: 14.08.2014
(P. G. Jayakumar)

MD & CEO

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, 2014, 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/-
(B. Srinivasa Rao)
Partner
M. No.: 202352
Date: June 20, 2014
Place: Hyderabad

Independent Auditor's Report

To
The Shareholders

Report on the Financial Statements

1. We have audited the accompanying financial statements of **THE DHANLAXMI BANK LTD, THIRSUR** as at 31st March, 2014, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the 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 audited by us and the remaining 262 Branches audited by other branch auditors. The branches audited by us and those audited by other auditors have been selected by Bank in accordance with the guidelines issued by the Reserve Bank of India.

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014 of 262 Branches have 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:

   (a) 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 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 and Enhancement in Gratuity Limits-Prudential Regulatory Treatment." Accordingly, out of the unamortized amount of ₹ 10.21 crore as on 01/04/20l3, the Bank has amortized ₹ 3.15 crore for Pension and ₹ 1.96 crore for Gratuity being proportionate amount for the year ended March 31, 2014 and balance amount to be amortized in future periods for Pension is ₹ 3.14 crore and for Gratuity is ₹ 1.96 crore.

   (b) Note No.26 of the Schedule 18 to the financial statements, which describes creation of Deferred Tax Liability (DTL) on Special Reserve under section 36 (1) (viii) of the Income Tax Act, 1961 pursuant to RBI's Circular No. DBOD. No. BP.BC. 77 / 21.04.018 / 2013-

14 dated December 20, 2013, whereby the DTL of ₹ 2.03 Crores pertaining to periods upto March 31, 2013 has been adjusted to the general reserve of the Bank in accordance with the accounting treatment prescribed by the Reserve Bank of India.

(c) Note No.27 of the Schedule 18 to the financial statements, regarding reconciliation of few general ledger balances in Others assets (Schedule No: 11), exchange fluctuations (Schedule No: 5) and Physical verification of Fixed Assets (Schedule No:10) is in progress.

8. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956 in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2014;

   ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

   iii. in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

10. Subject to the limitations of the audit 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 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

12. We further report that:

   i. The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.

   ii. In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.

   iii. The reports on the accounts of the branches have been dealt with in preparing our report in the manner considered necessary by us.

   iv. As per information and explanation given to us, the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956,

   v. On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SAGAR & ASSOCIATES
Chartered Accountants
F. R. NO:003510S

(B. SRINIVASARAO)
M. NO:0202352
Date: May 23, 2014
Place: Kochi

Balance Sheet
As at March 31, 2014

(₹ in '000)

	Schedule No	As at 31-Mar-14	As at 31-Mar-13
Capital and Liabilities			
Capital	1	1,259,346	851,363
Share Application Money Pending Allotment		-	354,000
Reserves and Surplus	2	6,103,853	6,454,615
Deposits	3	121,332,061	112,021,320
Borrowings	4	13,355,809	15,920,910
Other Liabilities and Provisions	5	4,824,820	2,693,694
Total		**146,875,889**	**138,295,902**
Assets			
Cash and Balances with Reserve Bank of India	6	6,301,588	5,097,998
Balances with Banks and Money at call and short notice	7	10,451,827	4,273,341
Investments	8	44,823,049	45,094,892
Advances	9	79,359,626	77,770,583
Fixed Assets	10	2,123,510	1,357,552
Other Assets	11	3,816,289	4,701,536
Total		**146,875,889**	**138,295,902**
Contingent Liabilities	12	10,119,997	11,332,856
Bills for collection		2,252,991	1,720,850

(Raghu Mohan N)
AGM- Finance and Accounts

Krishnan K. S
Chief Financial Officer

(Ravindran K Warrier)
Company Secretary

(P. G. Jayakumar)
Managing Director & CEO

Mr T Y Prabhu
Chairman

Mr. K Srikanth Reddy
Director

Mr P Mohanan
Director

Mr. K Vijayaraghavan
Director

Mr. Chella K Srinivasan
Director

Mr. Raja Selvaraj
Director

As per our Report of even Date
For **Sagar & Associates**
Chartered Accountants
Firm Registration No.003510S

CA. Srinivasa Rao B. (Partner)
Membership No 0202352

Place: Kochi
Date: May 23,2014

Profit & Loss Account
for the year ended March 31, 2014

(₹ in '000)

	Schedule No	Year ended 31-Mar-14	Year ended 31-Mar-13
Income			
Interest Earned	13	12,919,484	13,079,989
Other Income	14	734,280	1,142,981
Total		**13,653,764**	**14,222,970**
Expense			
Interest expended	15	10,118,270	10,315,765
Operating Expenses	16	3,474,885	3,393,213
Provisions and Contingencies		2,579,750	487,767
Total		**16,172,905**	**14,196,745**
Net Profit for the year		(2,519,141)	26,225
Profit brought forward		(1,188,796)	(1,201,877)
Transfer from Dividend Payable Account including Dividend Tax			
Total		**(3,707,937)**	**(1,175,652)**
Appropriations			
Transfer to Statutory Reserve		-	-
Transfer to Capital Reserve		511	13,143
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		(3,708,448)	(1,188,795)
Total		**(3,707,937)**	**(1,175,652)**
Earnings Per Share (in ₹)			
Basic EPS		-	0.31
Diluted EPS		-	0.31

(Raghu Mohan N)
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Firm Registration No.003510S

CA. Srinivasa Rao B. (Partner)
Membership No 0202352

Place: Kochi
Date: May 23,2014

Cash Flow statement
for the year ended March 31, 2014

(₹ in '000)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Net profit before income tax	(2,518,641)	26,569
Adjustments for :		
Depreciation on fixed assets	312,874	309,605
Depreciation on Investments	929,685	35,078
Amortisation of premia on investments	94,459	76,651
Loan Loss provisions including write off	1,330,809	729,800
Provision against standard assets	4,900	(63,900)
Provision for wealth tax	500	344
Provision for Deferred Tax Asset	400	(259,142)
Provision for NPA (Investments)	50,000	-
Provision for restructured assets	101,962	28,938
Provision for fraud	4,646	4,558
Provision for OIS MTM Loss	(986)	2,359
(Profit)/ Loss on sale of fixed assets	(1,178)	-
Adjustments for :		
(Increase)/ Decrease in Investments	(802,301)	(1,605,049)
(Increase)/ Decrease in Advances	(2,919,852)	9,080,141
Increase / (Decrease) in Borrowings	(2,295,101)	(2,371,185)
Increase/ (Decrease) in Deposits	9,310,741	(6,022,783)
(Increase) / Decrease in Other assets	863,499	500,984
Increase/ (Decrease) in Other liabilities and provisions	2,020,603	(1,602,495)
Direct taxes paid (net of refunds)	0	(471)
Net cash flow from operating activities	**6,487,019**	**(1,129,998)**

(₹ in '000)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from investing activities		
Purchase of fixed assets	(281,102)	(241,889)
Proceeds from sale of fixed assets	37,871	51,616
Net cash used in investing activities	**(243,231)**	**(190,273)**
Cash flows from financing activities		
Proceeds from issue of equity shares	53,983	354,000
(Redemption of) / Proceeds from issue of Tier II capital instruments	(270,000)	1,077,000
Proceeds from Share Premium (net of share issue expenses)	1,354,304	-
Dividend provided last year paid during the year including dividend tax	-	-
Net cash generated from financing activities	**1,138,287**	**1,431,000**
Net increase in cash and cash equivalents	**7,382,075**	**110,729**
Cash and cash equivalents as at April 1st	9,371,339	9,260,610
Cash and cash equivalents as at March 31st	16,753,414	9,371,339

(Raghu Mohan N)
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Chartered Accountants
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CA. Srinivasa Rao B. (Partner)
Membership No 0202352

Place: Kochi
Date: May 23,2014

(₹ in '000)

	As at 31-Mar-14	As at 31-Mar-13
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		
12,59,34,619 Equity Shares of ₹ 10 each	1,259,346	851,363
(Previous year 8,51,36,319 Equity shares of ₹ 10 each)		
Total	**1,259,346**	**851,363**
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening Balance	772,614	772,614
Additions: Transfer from Profit and Loss Account	-	
	772,614	**772,614**
II. Revenue and Other Reserves		
Opening Balance	826,195	826,195
Deduction due to withdrawal	(20,345)	-
Adjustments during the year		
	805,850	**826,195**
III. Balance in Profit and Loss Account	**(3,708,448)**	**(1,188,796)**
IV. Securities Premium Account		
Opening Balance	5,634,659	5,634,659
Additions during the year (net of share issue expenses)	1,354,304	
	6,988,963	**5,634,659**
V. Capital Reserves		
Opening Balance	350,085	339,644
Additions: Due to Revaluation of Premises	837,154	-
Transfer from Profit and Loss Account	511	13,143
Deduction due to depreciation on revalued premises	(2,733)	(2,702)
	1,185,017	**350,085**
VI. Special Reserve U/S.36(1)(Viii) of Income Tax Act, 1961		
Opening Balance	59,857	59,857
Additions: Transfer from Profit and Loss account	-	-
	59,857	59,857
Total	**6,103,853**	**6,454,614**

(₹ in '000)

		As at 31-Mar-14	As at 31-Mar-13
SCHEDULE 3 - DEPOSITS			
A	**I. Demand Deposits**		
	(i) From Banks	82,732	85,649
	(ii) From Others	8,957,322	9,387,273
		9,040,054	**9,472,922**
	II. Savings Bank Deposits	**17,634,857**	**15,687,173**
	III. Term Deposits		
	(i) From Banks	12,448,041	14,205,103
	(ii) From Others	82,209,109	72,656,121
		94,657,150	**86,861,225**
	Total	**121,332,061**	**112,021,320**
B	**I. Deposits of Branches in India**	121,332,061	112,021,320
	II. Deposits of Branches outside India	-	-
	Total	**121,332,061**	**112,021,320**
SCHEDULE 4 - BORROWINGS			
I.	**Borrowings in India**		
	(i) Reserve Bank of India	6,630,000	7,829,546
	(ii) Other Banks	1,669,523	-
	(iii) Other Institutions and Agencies	1,714,838	3,105,101
		10,014,361	**10,934,647**
II.	**Tier II bonds in India**		
	Upper Tier II bonds	275,000	275,000
	Lower Tier II bonds	2,677,000	2,947,000
		2,952,000	**3,222,000**
III.	**Borrowings Outside India #**	389,448	1,764,263
		389,448	**1,764,263**
	# Book credit balances in foreign currency mirror accounts		
	Total	**13,355,809**	**15,920,910**
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
i.	Bills Payable	1,783,556	458,670
ii.	Interest accrued	681,201	687,199
iii.	Others (including Provisions)	2,360,063	1,547,825
	Total	**4,824,820**	**2,693,694**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
i.	Cash on Hand (including foreign currency notes)	1,422,981	1,801,379
ii.	Balances with Reserve Bank of India		
	(a) In current accounts	4,878,607	3,296,619
	(b) In other accounts	-	-
		4,878,607	**3,296,619**
	Total	**6,301,588**	**5,097,998**

(₹ in '000)

		As at 31-Mar-14	As at 31-Mar-13
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	**In India**		
	(i) Balances with Banks :		
	(a) In current accounts	622,934	559,056
	(b) In other deposit accounts	6,017,000	1,964,285
		6,639,934	**2,523,341**
	(ii) Money at Call and Short Notice		
	(a) With banks	2,700,000	1,750,000
	(b) With other institutions	899,110	-
		3,599,110	**1,750,000**
	Total	**10,239,044**	**4,273,341**
II.	**Outside India**		
	(a) In current account	212,783	-
	(b) In other deposit accounts	-	-
		212,783	-
	Total	**10,451,827**	**4,273,341**
SCHEDULE 8 - INVESTMENTS			
A	**Investments in India in**		
	(i) Government Securities	37,794,341	41,804,117
	(ii) Approved securities	-	-
	(iii) Shares	78,660	33,111
	(iv) Debentures and Bonds	739,704	1,032,652
	(v) Subsidiaries/Joint Ventures	-	-
	(vi) Others	6,210,344	2,225,012
	Total	**44,823,049**	**45,094,892**
B	**Investments outside India**	-	-
		44,823,049	**45,094,892**
	(i) Gross Value of Investments		
	(a) In India	45,990,384	45,298,803
	(b) Outside India	-	-
		45,990,384	**45,298,803**
	(ii) Provision for Depreciation		
	(a) In India	1,167,335	203,911
	(b) Outside India	-	-
		1,167,335	**203,911**
	(iii) Net Value of Investments		
	(a) In India	44,823,049	45,094,892
	(b) Outside India	-	-
		44,823,049	**45,094,892**
SCHEDULE 9 - ADVANCES			
A	(i) Bills Purchased and discounted	1,328,684	1,354,387
	(ii) Cash Credits, Overdrafts and Loans repayable on Demand	23,764,505	16,317,267
	(iii) Term Loans	54,266,437	60,098,929
	Total	**79,359,626**	**77,770,583**
B	(i) Secured by Tangible assets	74,522,234	69,926,444
	(ii) Covered by Bank/Govt Guarantee	320,804	248,445
	(iii) Unsecured	4,516,588	7,595,694
	Total	**79,359,626**	**77,770,583**

(₹ in '000)

		As at 31-Mar-14	As at 31-Mar-13
C	**I. Advances in India**		
	(i) Priority sectors	28,695,554	22,499,222
	(ii) Public Sector	1,272,492	364,013
	(iii) Banks	3,064,602	32,998
	(iv) Others	46,326,978	54,874,349
	Total	**79,359,626**	**77,770,583**
	II. Advances Outside India	-	-
	Total	**79,359,626**	**77,770,583**

SCHEDULE 10 - FIXED ASSETS			
A	Premises		
	At cost as per last Balance sheet	336,882	349,230
	Additions during the year due to revaluation	837,154	-
	Additions/Adjustments during the year	-	18,483
	Deductions during the year	-	30,831
	Depreciation to date	102,481	94,564
	Net Block	**1,071,555**	**242,318**
B	Other Fixed Assets (includes Furniture and Fixture and Computers)		
	At cost as per last Balance sheet	2,317,302	2,157,481
	Additions/Adjustments during the year	251,825	212,182
	Deductions during the year	87,909	52,361
	Depreciation to date	1,562,697	1,306,225
		918,521	1,011,077
	Capital Work In progress	133,434	104,157
	Net Block	**2,123,510**	**1,357,552**

SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued	1,859,405	1,650,761
II.	Inter Office Adjustments (Net)	34,036	106,357
III.	Tax paid in advance and Tax Deducted at Source (net of provisions)	592,376	742,651
IV.	Deferred Tax Asset	370,591	400,481
V.	Stationery and stamps	6,458	9,219
VI.	Non Banking Assets acquired in satisfaction of claims	34,091	548
VII.	Others	919,332	1,791,519
	Total	**3,816,289**	**4,701,536**

SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the bank not acknowledged as debts	405,890	40,456
II.	Liabilities on account of outstanding forward exchange contracts	5,548,394	4,390,841
III.	Guarantees given on behalf of constituents in India	2,632,211	3,491,201
IV.	Acceptance endorsements and other obligations	714,624	1,550,435
V.	Liability on account of interest rate swaps	500,000	1,500,000
VI.	Other items for which Bank is contingently liable #	318,878	359,923
	#(Disputed Income Tax Liability)		
	Total	**10,119,997**	**11,332,856**

Schedules to the Financial Statements
for the year ended March 31, 2014

(₹ in '000)

	Year ended 31-Mar-14	Year ended 31-Mar-13
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/bills	9,368,544	9,715,109
II. Income on Investments	3,245,622	3,250,990
III. Interest on balance with RBI/other inter Bank funds	305,318	77,222
IV. Others	-	36,668
Total	**12,919,484**	**13,079,989**
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	66,596	88,434
II. Profit/(Loss) on sale of Investments (Net)	143,452	247,931
III. Profit on sale of land, building and other Assets (Net)	1,178	3,976
IV. Profit on exchange transactions (Net)	4,648	79,793
V. Income from Insurance	2,960	44,272
VI. Miscellaneous Income	515,446	678,575
Total	**734,280**	**1,142,981**
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	9,189,000	9,161,410
II. Interest on RBI/Inter Bank Borrowing	538,905	742,668
III. Others	390,365	411,687
Total	**10,118,270**	**10,315,765**
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and Provisions for Employees	1,892,157	1,867,568
II. Rent, Taxes and Lighting	413,448	450,736
III. Printing and Stationery	31,636	22,984
IV. Advertisement and Publicity	6,078	5,144
V. Depreciation to Banks property	312,874	309,605
VI. Directors Fee, Allowance and Expense	3,215	2,090
VII. Auditors Fee and Expense (including Branch Auditors)	5,679	6,558
VIII. Law charges	26,173	7,901
IX. Postage,Telegram,Telephone etc	67,971	103,869
X. Repairs and Maintenance	32,347	31,679
XI. Insurance	103,860	114,143
XII. Other Expenditure	579,447	470,936
Total	**3,474,885**	**3,393,213**
Provisions & Contingencies		
I. Provision for NPA (incl BDW)	1,330,809	739,533
II. Provision for Standard Assets	4,900	(63,900)
III. Provision for Restructured Advances	101,962	28,937
IV. Provision for Dep. On Investments	929,685	35,078
V. Provision for NPI	50,000	-
VI. Provision for Income Tax/ Wealth Tax	500	344
VII. Provision for Deferred Tax	400	(259,142)
VIII. Porvision for Fraud	4,646	4,558
IX. Provision for OIS MTM Loss	(986)	2,359
X. Other Provisions	157,834	-
Total	2,579,750	487,767

SCHEDULE 17 - PRINCIPAL ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014

1. BASIS OF PREPARATION

Financial Transactions are recorded, prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and comply 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 current practices prevailing within the banking industry in India.

2. REVENUE RECOGNITION

a) Interest income from loans and advances, investments (including deposits placed with banks and other institutions) are recognized over the period of the loans and advances, Investments, Deposits etc on accrual basis. However interest accrued and other dues in the nature of non interest income (example inspection/ valuation charges) relating to Advances/ Investments, classified as Non performing Advances/ Investments under RBI guidelines, are recognised only on realisation.

b) Dividend on investments in shares and units of mutual funds are accounted on accrual basis when the bank's right to receive the dividend is established.

c) Insurance claims and locker rent are accounted on receipt basis.

d) Commission income on issuance of Bank Guarantee / Letter of Credit is recognised over the period of the underlying liability.

e) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognised in the year of receipt without spreading it over the period of loan/ facility.

f) All other amounts collected from customers as Non interest income or recovery of expenses towards provision of various services / facilities are accounted / recognised on receipt basis.

3. EXPENSES RECOGNITION

A) Interest Expenses:

All interest expenses relating to deposits accepted and borrowings are recognised on accrual basis. Interest on unclaimed matured deposits is provided as per RBI directives.

B) Employee benefits

The liability on employee benefits are recognized in accordance with Accounting Standard 15 (revised) specified in Companies (Accounting Standards) Rules, 2006.

a) Provident Fund:

The contribution made by the bank to Dhanlaxmi Bank Ltd Employees Provident Fund, administered by the trustees is charged to Profit & Loss account.

b) Pension Fund

The contribution towards Dhanlaxmi Bank Ltd Employees' Pension Fund, managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognized in the accounts.

c) Gratuity:

The bank makes annual contribution to Dhanlaxmi Bank Ltd Employees' Gratuity Trust Fund administered and managed by the trustees. The net present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date.

d) Compensation for absence on Privilege / Sick / Casual Leave

The employees of the bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the accounts.

C) Other operating Expenses are generally accounted on accrual basis. In the case of Rent where rent agreement is expired, rent is accounted on the basis of expired agreement till new rent agreement is signed.

4. NET PROFIT

Net Profit is arrived at after provisions for contingencies, which include Provision for:

i) Depreciation on Investments;

ii) Standard Assets and Non-Performing Advances and investments;

iii) Taxation in accordance with statutory requirements.

5. ADVANCES

A) Valuation / Measurement

a) Advances are classified into Standard, Sub-standard, Doubtful and Loss assets in accordance with the Reserve Bank of India guidelines and are stated net of provisions made towards non performing advances.

b) Provision for non performing advances comprising Sub-standard, Doubtful and Loss assets is made in accordance with the Reserve Bank of India guidelines.

c) In addition, general provision in respect of standard assets/restructured assets are created as per Reserve Bank of India guidelines from time to time.

B) Recording / presentation

a) Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of advance without adjusting the same at individual account level. Provision held against an individual account is adjusted against individual account's balance only at the time of write off of the account.

6. INVESTMENTS

A) Classification

(a) In accordance with the RBI guidelines, investments are categorised in to "Held for Trading", "Available for Sale" and "Held to Maturity" and further classified under five groups, viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds and other investments for the purposes of disclosure in the Balance Sheet.

(b) Investments which are held for sale within 90 days from the date of purchase are classified as "Held for Trading".

(c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

(d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Valuation

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments is treated as a revenue item. The transaction cost, including brokerage, commission etc paid at the time of acquisition of investments are charged to revenue.

The valuation of investments is made in accordance with the RBI Guidelines:

a. Held for Trading/Available for Sale - Each security in this category is valued at the market price or fair value and the net depreciation of each group is recognised in the Profit and Loss account. Net appreciation, if any, is ignored.

The market value of investments where current quotations are not available is determined as per the norms prescribed by RBI.

b. Held to Maturity - These are carried at their acquisition cost. Any premium on acquisition of debt instruments is amortised over the remaining maturity of the security. Any diminution, other than temporary, in the value of such securities is provided for.

c. Repurchase and reverse repurchase transactions - These are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and the clean price of the second leg is recognised as interest income / interest expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is provided for.

d. In respect of securities included in any of the three categories of investments where interest / principal is in arrears, for more than 90 days, income is not reckoned and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing advances. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.

C) Transfer Between Categories

Transfer between categories is done at the lower of the acquisition cost / book value / market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for. Transfer of securities from/to Held to Maturity category should be done only once in a year, normally at the beginning of the year.

D) Profit or Loss on sale / Redemption of Investments

a. Held for Trading and Available for Sale - Profit or loss on sale / redemption is included in the Profit and Loss account.

b. Held to Maturity - Profit or loss on sale / redemption of investments is included in the Profit and Loss account. In case of profits, the same is appropriated to Capital Reserve after adjustments for tax and transfer to statutory reserve.

E) Repo and Reverse Repo Transactions

The balances under Repo account are classified under Schedule 4 and the balances in Reverse Repo are classified under Schedule 7. The balances in Repo interest expenditure A/c and Reverse Repo interest income A/c are classified under Schedule 15 and under Schedule 13 respectively.

7. FIXED ASSETS

a) The Fixed Assets are stated at historical cost less depreciation.

b) The revalued assets are stated at the revalued amount less depreciation. The appreciation in value consequent to revaluation is credited to Asset Revaluation Reserve. Depreciation on assets revalued is charged on written down values including the additions made on revaluation, and an equivalent amount towards the additional depreciation provided on revaluation, is transferred from the Asset Revaluation Reserve to profit and loss account.

c) Depreciation on fixed assets other than computers is provided on written down value method, at the rates specified in Schedule XIV of the Companies Act, 1956. Computer hardware is depreciated at 33.33% on straight-line method as per RBI Guidelines.

d) Amount expended towards acquisition of 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 years on straight-line basis.

8. Transactions involving foreign exchange

i) Monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated to Indian Rupee equivalent at the exchange rates notified by FEDAI as on the Balance Sheet date.

ii) Forward Exchange contracts are translated to Indian Rupee equivalent at the exchange rate prevailing on the date of commitments. Gain/Losses on outstanding forward exchange contracts are taken to revenue as per the FEDAI guidelines.

iii) Income and Expenditure in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.

9. IMPAIRMENT OF ASSETS

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

10. TAXES ON INCOME

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognised subject to prudence and judgment that realisation is more likely than not. Deferred tax assets and liabilities are measured using tax rates under tax laws that have been enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change.

11. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets specified in Companies (Accounting Standards) Rules, 2006, the Bank recognises provisions when it has a present obligation as a result of a past event.

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 can not be reasonably estimated, a disclosure is made in the financial statements.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of Income that may never be realised.

SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

1. CAPITAL COMMITMENTS ₹ 1616 LAKHS (PREVIOUS YEAR ₹ 951 LAKHS)

2. (a) Provisions and Contingencies

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Provision for depreciation on Investments	92,97	3,51
Provision for Non Performing Investments	5,00	-
Provision for Standard Assets	49	(6,39)
Provision for Fraud	46	46
Provision for OIS MTM Loss	(10)	24
Provision for NPA (including Bad Debts written off and write back)	133,08	73,95
Provision for diminution in value of Restructured Accounts	10,20	2,89
Provision for Income Tax, Wealth Tax etc.	5	3
Deferred Tax Assets	4	(25,91)
Other Provisions	15,78	-
Total	**257,97**	**48,78**

(b) Floating Provisions

₹ in Lakhs

Particulars	2013-14	2012-13
(a) Opening balance	2,00	2,00
(b) Additional Provisions made during the year	-	-
(c) Amount of draw down made during the year	66	-
(d) Closing balance	1,34	2,00

3. CAPITAL ADEQUACY

₹ in Lakhs

Sr. No.	Items	March 31, 2014		March 31, 2013	
		Basel II	Basel III	Basel II	Basel III
(i)	Capital to Risk/Weighted Assets Ratio (%)	10.00	8.67	11.06	NA
(ii)	Tier I Capital (%)	6.99	6.93	8.05	NA
(iii)	Tier II Capital (%)	3.01	1.74	3.01	NA
(iv)	Percentage of the shareholding of the Government of India in nationalized banks	NA	NA	NA	NA
v)	Amount of equity capital raised	176,23	176,23	NIL	NIL
vi)	Amount of Additional Tier 1 capital raised : of which PNCPS : PDI :	NIL	NIL	NIL	NIL
vii)	Amount of Tier 2 capital raised ;	NIL	NIL	107,70	107,70
	Of which Debt Capital Instrument:	NIL	NIL	107,70	107,70
	Preference Share Capital Instruments : [Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL	NIL	NIL

4. INVESTMENTS

₹ in Lakhs

Items			March 31, 2014	March 31, 2013
(1)	**Value of Investments**			
(i)	Gross Value of Investments			
	(a)	In India	4599,04	4529,88
	(b)	Outside India	-	-
(ii)	Provisions for Depreciation on investments			
	(a)	In India	11,673	2,039
	(b)	Outside India	-	-
(iii)	Net Value of Investments			
	(a)	In India	4482,30	4509,49
	(b)	Outside India	-	-
(2)	**Movement of provisions held towards depreciation on investments.**			
(i)	Opening balance		20,39	16,39
(ii)	Add: Provisions made during the year		97,47	7,51
(iii)	Less: (Write-off/write-back of excess provisions during the year)		1,13	3,51
(iv)	Closing Balance		116,73	20,39

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, 2014	As on March 31, 2013
		2014	2013	2014	2013	2014	2013		
Securities sold under repos									
i)	Government Securities	0	25,00	1131,81	925,00	278,05	246,11	817,68	750,00
ii)	Corporate Debt Securities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Securities purchased under reverse repos									
i)	Government Securities	0	30,00	422,45	175,00	41,05	1,82	NIL	175,00
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, 2014

₹ 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	9,14	9,14	-	-	-
(ii)	Financial Institutions	-	-	-	-	-
(iii)	Banks	145,81	145,81	-	-	-
(iv)	Private Corporate	90,04	90,04	26,30	7,64	19,51
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others(Security Receipt and PTC)	110,92	110,92	-	-	110,92
(vii)	Provision held towards depreciation and NPI	(22,02)	(22,02)			(4,68)
	Total	**333,89**	**333,89**	**26,30**	**7,64**	**125,75**

The above composition of Non-SLR Investments excludes RIDF/RHF/MSME deposits of ₹ 36898 lakhs.

b. Non Performing Non-SLR Investments

₹ in Lakhs

Particulars	2013-14	2012-13
Opening balance	6,95	7,04
Additions during the year	20,00	NIL
Reductions during the year	NIL	9
Closing balance	26,95	6,95
Total provisions held	11,95	6,95

Sale and Transfers to / from HTM Category

During the F Y 2013-14 the value of sales and transfers of securities (excluding one time transfer as permitted by RBI) to / from HTM category does not 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 2013-14

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
NIL							
Sale in terms of % to 31/03/2014 Position							NIL
HTM Position as on 31/03/2013							
Total		**2402,98 lakhs**					
5% of 31/03/2013 Position		120,15 lakhs					

7. DERIVATIVES

Forward Rate Agreement/ Interest Rate Swap

₹ in Lakhs

	Particulars	March 31, 2014	March 31, 2013
	The notional principal of swap agreements	50,00	150,00
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1.05	67
iii)	Collateral required by the bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	1.05	67
v)	The fair value of the swap book	49,86	149,76

Note: (a) OIS: The bank has outstanding OIS(Overnight Index Swap) position of ₹ 5000 lakhs as at the end of March 2014 and has MTM loss of ₹ 13.73 lakhs. These positions are trading swaps. List of Outstanding transactions are detailed as below.

Sr. No.	Pay/Receive	start date	Maturity date	coupon	Notional (₹ In lakhs)	Frequency	counter party	MTM (₹ In lakhs)
1	Pay	12/5/2011	12/5/2016	8.38%	2500	2	Axis Bank	1.05
2	Receive	24/05/2011	24/05/2016	8.13%	2500	2	Axis Bank	(14.78)
	Total							**(13.73)**

(b) FRA: There is no FRA contract outstanding as on 31 March 2014

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 2014 (instrument-wise)	NIL
(iii)	National 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	-	-
	b) For trading	-	5000.00
(ii)	Marked to Market Positions [1]	-	4986.27
	a) Asset (+)		-
	b) Liability (-)	-	
(iii)	Credit Exposure [2]	-	1.05
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	-	-
	a) on hedging derivatives	-	-
	b) on trading derivatives	-	5.99
(v)	Maximum and Minimum of 100*PV01 observed during the year	-	-
	a) on hedging	-	-
	b) on trading		
	Maximum	-	1.8800
	Minimum		0.3122

8. ASSET QUALITY

i. Non-Performing Assets

₹ in Lakhs

Items	March 31, 2014	March 31, 2013
(i) Net NPAs to Net Advances (%)	3.80	3.36
(ii) Movement of NPAs (Gross)		
(a) Opening balance	380,27	104,27
(b) Additions during the year	488,08	504,78
(c) Reductions during the year	382,53	228,78
(d) Closing balance	485,82	380,27
(iii) Movement of Net NPAs		
(a) Opening balance	261,02	58,00
(b) Additions during the year	395,74	426,73
(c) Reductions during the year	353,53	200,85
(d) Add: ECGC Collection	13	--
(e) Less: CGTMSE	31	-
(f) Less: Diminution in fair value of restr. NPA accounts	1,85	
(g) Add: Floating Provision	70	22,86
(h) Add: Counter Cyclical Buffer provision	18,65	
(i) Less: Provision buffer-Sale to ARC	18,67	
(j) Closing balance	301,88	261,02
(iv) Movement of provisions for NPAs		
(excluding provisions on standard assets)		
(a) Opening balance	119,01	46,03
(b) Provisions made during the year	171,68	100,30
(c) Write-off/ write-back of excess provisions	109,01	27,32
(d) Closing balance	181,68	119,01

ii. Details of Loan Assets subjected to Restructuring as on March 31, 2014

₹ in lakhs

Sl No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
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	21095.83	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	1592.57	464.32	792.10	287.75	110.81	1654.98
2	Fresh Restructuring during the year	No. of Borrowers	2	1	0	0	3	0	0	0	0	0	2	0	0	0	2	4	1	0	0	5
		Amount Outstanding	9887.53	2560.70	0	0	12448.23	0	0	0	0	0	323.10	0	0	0	323.10	10210.63	2560.7	0	0	12771.33
		Provision thereon	1162.38	504.86	0	0	1667.24	0	0	0	0	0	16.16	0	0	0	16.16	1178.54	504.86	0	0	1683.40
3	Upgradations to restructured standard category during the FY	No. of Borrowers	0	0	0	0	0	0	1	0	0	1	10484	0	0	0	10484	10484	1	0	0	10485
		Amount Outstanding	0	0	0	0	0	0	37.35	0	0	37.35	14621.35	0	0	0	14621.35	14621.35	37.35	0	0	14658.7
		Provision thereon	0	0	0	0	0	0	7.53	0	0	7.53	0	0	0	0	0	0	7.53	0	0	7.53
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
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0	1
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	0	37.39	0	0	37.39	0	37.39	0	0	37.39
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	12.16	0	0	12.16	0	12.16	0	0	12.16
6	Write-offs of restructured accounts during the FY/Sold to ARC	No. of Borrowers	0	0	0	0	0	0	0	0	0	0		1	0	1	2	0	1	0	1	2
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0		5466.11	0	117.47	5583.58	0	5466.11	0	117.47	5583.58
		Provision thereon	0	0	0	0	0	0	0	0	0.00	0.00	0	792.1	0	100.60	892.7	0	792.1	0	100.60	892.70
7	Restructured accounts as on March 31 of the FY (closing figures*)	No. of Borrowers	5	1	0	0	6	5	1	0	0	6	7	1	1	1	10	17	3	1	1	22
		Amount Outstanding	10378.10	2560.70	0	0	12938.80	1629.35	37.35	0	0	1666.70	541.01	37.39	818.89	14.35	1411.64	12548.46	2635.44	818.89	14.35	16017.14
		Provision thereon	1270.17	504.86	0	0	1775.03	31.03	7.53	0	0	38.56	20.24	12.16	311.21	10.67	354.28	1321.44	524.55	311.21	10.67	2167.86

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

₹ in Lakhs

Sr. No.	Item	March 31, 2014	March 31, 2013
(i)	No. of accounts	16	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	7728	-
(iii)	Aggregate consideration	10000	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss over net book value.	2272	-

The Bank has sold impaired assets worth ₹ 10286 lakhs to an asset reconstruction company for a consideration of ₹ 10000 lakhs (i.e. ₹ 5 crore in cash and ₹ 95 crore in Security Receipts) and adjusted in accounts in terms of the guidelines of RBI in this regard during the current quarter.

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

A. Details of non-performing financial assets purchased:

₹ in Lakhs

		Particulars	March 31, 2014	March 31, 2013
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, 2014	March 31, 2013
1.	No. of accounts sold	14	-
2.	Aggregate outstanding	7728	-
3.	Aggregate consideration received	10000	-

v. Provisions on Standard Assets

₹ in Lakhs

Item	March 31, 2014	March 31, 2013
Provisions towards Standard Assets	28,25	27,76

vi. Unsecured advances against intangible assets:

As at March 31, 2014, 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, 2014	March 31, 2013
(i)	Interest Income as a percentage to Working Funds (%)	9.42	9.90
(ii)	Non-interest income as a percentage to Working Funds (%)	0.54	0.87
(iii)	Operating Profit as a percentage to Working Funds (%)	0.04	0.39
(iv)	Return on Assets (%)	(1.84)	0.02
(v)	Business (Deposits plus advances) per employee - ₹ in Lakhs	774.32	674.74
(vi)	Profit/(Loss) per employee - ₹ in Lakhs	(10.37)	0.10

Provision Coverage Ratio (PCR)

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

Particulars	March 31, 2014	March 31, 2013
Provision Coverage Ratio	44.01%	31.78%

10. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of assets and liabilities as at March 31, 2014 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	96,45	293,79	381,01	525,43	1438,85	1513,86	3360,60	4171,46	284,98	66,79	12133,21
Advances	51,32	135,73	169,10	78,26	565,82	615,72	1140,96	3119,77	904,94	1154,35	7935,96
Borrowings	0	714,19	116,95	0	26,97	80,21	22,91	229,15	94,80	50,40	1335,58
Investments	4,68	99,39	0	55,79	115,20	46,42	15,15	353,68	513,50	3395,23	4599,04
Foreign currency Assets	137,71	82,11	32	2,81	61,58	23,34	115,11	0	0	0	422,98
Foreign currency Liabilities	101,74	107,01	0	1,53	43,26	15,20	98,81	6,65	30,94	4	405,18

11. LENDING TO SENSITIVE SECTOR

i) Exposure to Real Estate Sector

₹ in Lakhs

Category	March 31, 2014	March 31, 2013
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)	26276	25934
Of which individual housing loans up to ₹ 20 lakh (15 Lakh)	7621	8856
(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)	15230	27346
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
(iv) Other Direct Exposure (C)	46012	68637
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)	87518	121917

ii) Exposure to Capital Market

₹ In Lakhs

	Particulars	March 31, 2014	March 31, 2013
(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	1329
(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
(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;	249	3188
(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	1578	4544

12. RISK CATEGORY WISE COUNTRY EXPOSURE

₹ in Lakhs

Risk Category	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013
Insignificant	8,44	-	21,76	-
Low	15	-	4	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**8,59**	**-**	**21,80**	**-**

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. PROVISION FOR TAX

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Income Tax	-	-
Wealth Tax	5	3
Fringe Benefit Tax	-	-
Deferred Tax	4	(25,91)

14. Based on thematic study conducted in May 2013 by RBI officials and subsequent correspondence and explanations, RBI has imposed penalty of ₹ 2 crores which was paid on 24.06.2013

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

Customer complaints

Particulars	2013-14
(a) No. of complaints pending at the beginning of the year	17
(b) No. of complaints received during the year	6462
(c) No. of complaints redressed during the year	6426
(d) No. of complaints pending at the end of the year	53

Unimplemented awards of Banking Ombudsmen

Particulars	2013-14
(a) No. of unimplemented awards at the beginning of the year	NIL
(b) No. of Awards passed by the Banking Ombudsmen during the year	NIL
(c) No. of Awards implemented during the year	NIL
(d) No. of unimplemented Awards during the year	NIL

16. DISCLOSURE OF LETTER OF COMFORTS (LOCS) ISSUED BY THE BANK

During the year the Bank has issued Letter of Comforts amounting to ₹ 1424 lakhs.

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

a) Concentration of Deposits

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Total Deposits of twenty largest depositors	2795,75	2326,28
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	23.04%	22.41%

b) Concentration of Advances

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Total Advances to twenty largest borrowers	1464,73	1398,89
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	17.85%	17.72%

c) Concentration of Exposures

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Total Exposure to twenty largest borrowers/customers	1210,47	1628,47
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers /customers	13.44%	20.62%

d) Concentration of NPAs

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Total Exposure to top four NPA accounts	145,58	164,83

(II) SECTOR-WISE NPAs

Sector	Percentage of NPAs to total Advances in that Sector as on March 31, 2014	Percentage of NPAs to total Advances in that Sector as on March 31, 2013
Agriculture and allied activities	1.35%	0.40%
Industry (Micro & small, Medium and Large)	5.50%	10.08%
Services	6.15%	5.99%
Personal Loans	5.55%	3.87%

(III) MOVEMENT OF NPAs

₹ in Lakhs

Particulars	2013-14	2012-13
Opening balance	38027	10,427
Additions (Fresh NPAs) during the year	48808	50,478
Sub-total (A)	**86835**	**60,905**
Less:-		
(i) Up gradations	14585	7308
(ii) Recoveries (excluding recoveries made from upgraded accounts)	16635	15,462
(iii) Write-offs	1884	108
(iv) Technical write off	5149	
Sub-total (B)	**38253**	**22,878**
Closing balance (A-B)	**48582**	**38,027**

(IV) OVERSEAS ASSETS, NPA AND REVENUE

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
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

The details of the Employees Stock Option Plan-2009 currently in vogue in the Bank as at March 31, 2014 are as under:

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	32,52,891
9.	Vested and unexercised	7,25,615
10.	Total number of options in force	7,25,615
11.	Money realized	₹ 2,452,094

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.

c) The movement of stock options during the year ended March 31,2014 is summarized below :

₹ in Lakhs

Particulars	Number of options
Outstanding at the beginning of the year	8,72,170
Granted during the year	Nil
Forfeited during the year	146555
Exercised during the year	Nil
Expired during the year	Nil
Outstanding at the end of the year	7,25,615
Exercisable at the end of the year	7,25,615

The Remuneration Committee of Board at its meeting held on 28th February, 2012 deliberated the need to replace the said ESOP 2009 with a new Employees Stock Option Scheme 2013 (ESOS, 2013) with a view to overhaul the entire process and terms governing the ESOS 2009. With the price of the shares of the Bank halving when compared to the price in the year 2009, the price at which the options were granted under ESOP 2009 became unattractive and hence Remuneration Committee felt the need for replacing the ESOP 2009 with a new ESOS 2013. Further, the new ESOS 2013 will enable the grantees of the options under ESOP 2009, who are yet to exercise their options granted and vested under ESOP 2009 within the exercise period specified there under, either to swap their options with the Stock Options granted under ESOS, 2013 which shall vest on them immediately on swap and be subject to the new exercise price and exercise period under the ESOS 2013 or to exercise the options as per the new exercise price within the exercise period as specified under the ESOP, 2009.

Accordingly Board of the Bank had given approval to implement the Employees Stock Option Scheme 2013 (ESOS 2013) at its meeting dated 17/07/2013 subject to approval of shareholders and passed the resolution that ESOS 2013 shall replace ESOP 2009 and become effective which is 15th day from the date of approval of the scheme by shareholders or date of in principle approval by the stock exchanges whichever is later.

We have received in Principle approval from stock exchanges on 26/03/2014 and hence the effective date for the implementation of ESOS 2013 will be 11/04/2014.

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	625	266	267
Interest cost on benefit obligation	910	303	225
Expected return on plan assets	(769)	(264)	-
Net actuarial gain/(loss) recognized in the year	667	216	161
Past Service Cost PSL- amortization	-	-	-
Expenses recognized in the Profit and Loss account	**1,433**	**521**	**653**

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)	11,449	3,660	2,289
Fair value of plan assets at the end of the year (ii)	10,307	3,141	-
Difference (ii)-(i)	(1,142)	(519)	(2,289)
Unrecognized past service liability	-	-	-
Net asset/(liability) recognized in the Balance Sheet	**(1,142)**	**(519)**	**(2,289)**

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	11,015	3,406	2,151
Interest cost	910	303	225
Current Service Cost	625	266	267
Benefits paid	(304)	(532)	(515)
Net actuarial gain/(loss) on obligation	667	216	161
Past service cost	-	-	-
Settlements	(1,464)	-	-
Present value of the defined benefit obligation at the end of the year.	**11,449**	**3,659**	**2,289**

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	10,436	2,736	-
Expected return on plan assets	769	264	-
Contributions by employer	869	672	515
Benefit paid	(303)	(532)	(515)
Settlements	(1,464)	-	-
Actuarial gain/(loss)	-	-	-
PF transfer	-	-	-
Fair value of plan assets at the end of the year	10,307	3,140	-
Total Actuarial Gain/(Loss) to be recognized immediately	**(667)**	**(216)**	**(161)**

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	2333	-	-
State Government securities	3152	605	-
Investment in Public Sector Undertakings	640	-	-
Investment in Private Sector Undertakings	1980	451	-
Others	2029	1799	-
Total	**10134**	**2855**	**-**

F. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Pension	Gratuity	Leave
	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method
Discount rate	9.30%	9.30%	9.30%
Expected rate of return on assets	9.30%	9.00%	-
Future salary increase	5.00%	5.00%	5.00%

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 $1/5^{th}$ 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 amount of ₹ 511 lakhs shall be amortised in next year.

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, 2014

(This section has been intentionally left blank)

	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	March 31,2014	March 31,2013	March 31,2014	March 31,2013	March 31,2014	March 31,2013	March 31,2014	March 31,2013	March 31,2014	March 31,2013	March 31,2014	March 31,2013
Revenue	37035	37754	55459	62370	44031	41700	-	-	12	406	136538	142230
Results	490	1498	89	2260	48	1223	-	-	(20)	159	607	5140
Unallocated Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Operating Profit	-	-	-	-	-	-	-	-	-	-	607	5140
Total provisions	-	-	-	-	-	-	-	-	-	-	25789	7469
Tax Expenses	-	-	-	-	-	-	-	-	-	-	9	(2591)
Extra ordinary items	-	-	-	-	-	-	-	-	-	-	-	-
Profit After Tax	-	-	-	-	-	-	-	-	-	-	(25191)	262
Other Information												
Segment Assets	566715	500134	497116	520083	394892	350203	-	-	-	-	1458724	1370420
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	10035	11529
Total Assets	-	-	-	-	-	-	-	-	-	-	1468759	1381949
Segment Liabilities	556281	541933	467489	456217	371357	307199	-	-	-	-	1395127	1305349
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	73632	76600
Total Liabilities	-	-	-	-	-	-	-	-	-	-	1468759	1381949

21. RELATED PARTY DISCLOSURES (AS 18)

	2013-14	2012-13
a) Key Management personnel	Sri. P. G. Jayakumar MD &CEO	Sri. P G Jayakumar MD & CEO
b) Nature of transaction: Remuneration (including perquisites)	₹ 24,32,400/-	₹ 24,22,414/-

22. LEASES (AS 19)

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

₹ in lakhs

Period	March 31, 2014	March 31, 2013
Not later than one year		
• Rented Premises	30,35	31,20
• IT equipments	61	1,22
Later than one year and not later than five years		
• Rented Premises	155,00	142,08
• IT equipments	0	61
Later than five years		
• Rented Premises	34,22	28,80
• IT equipments	0	-
Total	**22018**	**20,390.43**
Total minimum lease payments recognized in the Profit and Loss Account for the year		
• Rented Premises	25,91	29,22
• IT equipments	1,22	1,22

23. EARNINGS PER SHARE (AS 20)

Particulars	March 31, 2014	March 31, 2013
Net Profit/ (Loss) after tax (₹ in lakhs)	(251,91)	2,62
Weight average number of equity shares for Basic EPS	-	85,136,319
Weight average number of equity shares for Diluted EPS	-	85,136,319
Earnings per share (Basic)	-	₹ 0.31
Earning per share (Diluted)	-	₹ 0.31

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, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Depreciation on Fixed Assets	-	-	82	91
Leave Encashment	47	64	-	-
Provision for Standard Assets	17	-	-	65
Amortization of HTM Securities	321	249	-	-
Carry forward loss	3611	3848	-	-
Special Reserve u/s 36(1)(viii)	-	-	204	-
Others	-	-	4	-
Total	**3996**	**4161**	**290**	**156**
Net balance	**3706**	**4005**		

The Bank had hitherto not been creating Deferred Tax Liability (DTL) on the Special Reserve created under section 36 (1) (viii) of the Income Tax Act, 1961 in accordance with the requirements of Accounting Standard (AS) 22, Accounting for Taxes on Income. However, during the year, the Bank pursuant to RBI circular no. DBOD. No. BP.BC.77/21.04.018/ 2013-14 dated 20.12.2013, has created DTL of ₹ 203.45 lakhs on such Special reserve for the period up to 31.03.2013, not fully charged to the Profit and Loss account and has adjusted the same directly from the Reserves.

25. BANCASSURANCE BUSINESS

₹ in Lakhs

Sr. No.	Nature of Income	2013-14
1	For selling life insurance policies	29
2	For selling non life insurance policies	--
3	For selling mutual fund products	30
	Total	**59**

26. DRAW DOWN OF RESERVES

Pursuant to RBI Circular No. DBOD. No. BP.BC.77/21.04.018/2013-14 dated 20.12.2013, the Bank has created Deferred Tax Liability (DTL) of ₹ 203.45 lakhs for the period up to 31.03.2013 on special reserve under section 36(1)(viii) of Income Tax Act, 1961, by way of draw down from general reserves.

27. OTHER ASSETS (SCHEDULE NO: 11) & OTHER LIABILITIES (SCHEDULE NO :5)

Reconciliation of rent advance /security deposit for premises occupied by branches/ offices, etc (as per Schedule No 11), exchange fluctuations (as per Schedule No.5) and physical verification of fixed assets (Schedule No 10) is in progress. In the opinion of the management no material impact of reconciliation of accounts is anticipated.

28. The Bank had entered into an agreement with M/S Bajaj Allianz Life insurance Company Ltd.(BALIC) for sale of products of BALIC on specified terms and conditions. BALIC issued a demand notice to the Bank claiming a penalty amount of 1511 lakhs (for 2011-12) and ₹ 2123 lakhs (for 2012-13) totaling ₹ 3634 lakhs for non-achievement of targets along with interest at 12% per annum for delay in paying the amount beyond fifteen days. Considering the initiatives taken by both the parties to renegotiate the terms and conditions of the agreement and as legally advised, the demand of penalty of ₹ 3634 lakhs is shown as contingent liability (Schedule No. 12)

29. The Bank had entered into a deal with M/s Shriram City Union Finance Ltd. (SCUF) for the buyout of retail loans portfolio including SME Advances for a purchase consideration of ₹ 35071 lakhs and SCUF was appointed as the collection and service agent for the Bank. SCUF prepaid the outstanding amount of certain loans in violation of the agreement and when the matter was taken up with SCUF, they defaulted subsequent monthly pay outs. The Bank approached the security trustee for appropriating the fixed deposits with Canara Bank. Aggrieved by this, SCUF obtained an injunction order from the Hon. High Court of Madras. The matter was reported to the Reserve Bank of India. The account has been classified by the Bank as a non-performing asset.

30. Pending settlement of wage revision w.e.f. 1st November 2012, an adhoc provision of ₹ 1202 lakhs is made during the current year.

31. In terms of RBI circular DBOD No. BP. 95/ 21.04.048/ 2013-14 dated February 7, 2014 Banks were permitted to utilise up to 33% countercyclical provision buffer/ floating provision held by them as on 31.03.2013 for making specific provisions for non-performing assets, as per the policy approved by their Board of Directors. Accordingly, the Bank has utlised an amount of ₹ 875 lakhs for making specific provisions for non-performing assets.

32. In terms of RBI circular DBOD.BP.BC.No.41/21.04.141/2013-14 dated August 23, 2013 on "Investment portfolio of banks - Classification, Valuation and Provisioning", the Bank has opted to amortise the depreciation on the Available for Sale (AFS) and Held for Trading (HFT) portfolios on each of the valuation dates in the current financial year ie 2013-14 in equal installments. The Bank had amortised such depreciation during the quarters ended September and December 2013. During the quarter and year ended 31st March 2014, depreciation in respect of AFS and HFT portfolio has been recognised in full.

33. DISCLOSURE IN TERMS OF AS 10- FIXED ASSETS (REVALUATION OF PREMISES)

During the year, Bank's owned premises were revalued by approved valuers and the market value of the premises has been taken. The following information has been disclosed as per the ICAI guidelines;

(₹ in lakhs)

Gross Amount of Revaluation	8371
Depreciation on revalued assets	1
WDV of such revalued assets	8370

34. 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

(Raghu Mohan N)
AGM- Finance and Accounts

K. S. Krishnan
Chief Financial Officer

(Ravindran K Warrier)
Company Secretary

(P. G. Jayakumar)
Managing Director & CEO

Mr T Y Prabhu
Chairman

Mr. K Vijayaraghavan
Director

Mr. P Mohanan
Director

Mr. K Srikanth Reddy
Director

Mr. Chella K Srinivasan
Director

Mr. K. Jayakumar
Director

Mr. Raja Selvaraj
Director

As per our Report of even Date
For **Sagar & Associates**
Chartered Accountants
Firm Registration No.003510S

CA. Srinivasa Rao B. (Partner)
Membership No 0202352

Place: Kochi
Date: May 23,2014

DISCLOSURES UNDER BASEL III NORMS AS ON MARCH 31, 2014

1. Scope of Application and Capital Adequacy

TABLE DF 1 - SCOPE OF APPLICATION

i) Qualitative Disclosures:

a. Dhanlaxmi Bank has no subsidiaries.

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

ii) Quantitative Disclosures:

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

TABLE DF 2- CAPITAL ADEQUACY

Qualitative disclosures:

BASEL- III GUIDELINES ISSUED BY RBI

Reserve Bank of India issued Guidelines based on the Basel III reforms on capital regulation on May 2012, to the extent applicable to Banks operating in India. The Basel III capital regulation has been implemented from April 01, 2013 in India in phases and it will be fully implemented as on March 31, 2018. The Basel III Capital Regulations have been consolidated in Master Circular - Basel III Capital Regulations vide circular No. DBOD. No. BP. BC. 2/ 21.06.201/2013-14 dated July 1 2013.

Basel III Capital regulations continue to be based on three-mutually reinforcing pillars viz, minimum capital requirements, supervisory review of capital adequacy and market discipline of the Basel II capital adequacy framework. The circular also prescribes the risk weights for the balance sheet assets, non-funded items and other off-balance sheet exposures and the minimum capital funds to be maintained as ratio to the aggregate of the risk weighted assets and other exposures, as also, capital requirements in the trading book, on an ongoing basis and operational risk. The Basel-III norms mainly seek to:

a) Raise the quality of capital to ensure that the Banks are capable to absorb losses on both as going concern and as gone concern basis,

b) Increase the risk coverage of the capital framework

c) Introduce leverage ratio to serve as a backstop to the risk-based capital measure

d) Raise the standards for the supervisory review process and public disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers, viz., capital conservation buffer and countercyclical buffer. Both the buffers are intended to protect the Banking sector from stressed situations and business cycles. The Capital Conservation Buffer requirements would start from March 31, 2016 and are to be fully implemented by March 31, 2019.

a. Summary

(i) Tier I Capital : 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

(a) Common Equity Tier I

The Bank has authorized share capital of ₹ 200 Cr. comprising 20 Cr. equity share of ₹ 10/- each. As on 31st March 2014, the Bank has issued, subscribed and paid-up capital of ₹ 125,93,46,190/-, constituting 12,59,34,619 Equity Shares of ₹ 10/- each. The Bank's shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) and Cochin Stock Exchange Limited (CSE)

(b) Additional Tier I Capital

As on March 31, 2014 the Bank does not have Additional Tier I Capital.

(ii) Tier 2 Capital includes Revaluation Reserve, Special Reserves, Standard Asset Provisions and

Tier II Bonds.

Debt Capital Instruments:

The Bank has been raising capital funds by means of issuance of Upper Tier 2 and Subordinated bonds. The details of Upper Tier 2 and Subordinated Debt (Unsecured Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Notes/ Debentures), issued by the Bank and outstanding as on March 31, 2014 are given below. As these Bonds are not fully compliant with the eligibility criteria set under Basel III Capital Regulations, these are phased out and considered in computation of Tier 2 Capital under the transitional provisions.

Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue- ₹ in Crores
Series VIII	Payable annually @ 10.30%	30.09.2009	30.04.2015	150.00
Upper Tier II Series I	Payable annually @ 10% for the first 10 years	28.07.2010	30.07.2025	27.50
Series IX	Payable annually @ 11%	20.01.2012	20.07.2018	10.00
Series X- A	Payable half yearly @ 11.90%	29.05.2012	29.04.2018	54.50
Series X- B	Payable half yearly @ 11.95%	29.05.2012	29.05.2019	14.20
Series XI-A	Payable half yearly @ 11.90%	03.08.2012	03.05.2018	29.30
Series XI-B	Payable half yearly @ 11.95%	03.08.2012	03.08.2019	3.70
Series XIII-B	Payable half yearly @ 11.95%	10.12.2012	10.12.2019	5.00
Series XIV-A	Payable half yearly @ 11.90%	24.01.2013	24.10.2018	1.00

Of this ₹ 54.75 crore is eligible for Tier 2 Capital.

Quantitative Disclosures:

Risk exposure and assessment

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP document. 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.

Composition of Capital as on 31.03.2014

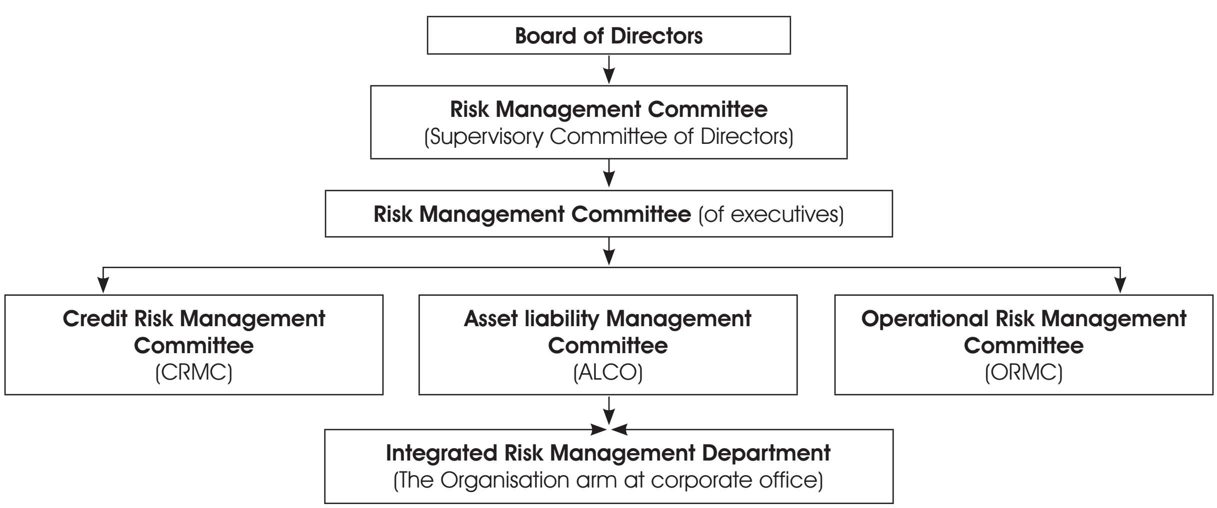
Items	₹ in million
Paid-up share capital	1259.35
Reserves	8756.18
Common Equity Tier 1 Capital before deductions	10015.52
Less amounts deducted from Tier I capital, including unamortized pension fund expenditure.	(4476.53)
(a) Common Equity Tier 1 Capital	**5539.0**
(b) Additional Tier-I Capital	0.00
(c) Total Tier-I Capital (a+b)	**5539.0**
Directly issued Tier II capital instruments subject to phase out	547.5
General Provisions /Revaluation Reserves	844.9
(d) Total Tier-2 Capital	**1392.4**
Total Eligible capital (c+ d)	**6931.4**

The Bank is following Standardized Approach, Standardized Duration Approach and Basic Indicator Approach for measurement of capital charge in respect of Credit Risk, Market Risk and Operational Risk respectively. The Capital requirements for Credit Risk; Capital requirements for Market Risk; Capital requirements for Operational Risk and the Common Equity Tier 1, Tier 2 and Total Capital Ratios are given below: -

₹ in Crores

	Items	31.03.2014
(a)	Capital requirements for credit risk	604.85
	Portfolios subject to standardized approach	604.85
	Securitization exposures	0
(b)	Capital requirements for market risk Standardized duration approach	55.50
	Interest rate risk	37.43
	Foreign exchange risk(including gold)	3.25
	Equity position risk	14.82
(d)	Capital requirements for operational risk	59.45
	Basic Indicator Approach	59.45
(d)	Common Equity Tier 1, Tier 2 and Total Capital Ratios	
	Common Equity Tier 1 CRAR (%)	6.93%
	Tier 2 CRAR (%)	1.74%
	Total CRAR % for the Bank	8.67%

Structure and Organization of the Risk Management function in the Bank



Scope and Nature of Risk Reporting and/or Measurement Systems

The Bank has adopted an integrated approach for the management of risk. The Bank's Integrated Risk Management Department (IRMD) is the organizational arm for risk management functions. 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 IRMD 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.
- IRMD 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 lacs 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 with Branch Operational Manager jointly,
- Regional Credit Committee
- Corporate Credit Committee at Corporate Office level
- Committee of Directors
- Board of Directors

Head Integrated Risk Management Department 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.

TABLE DF 3 - 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 installment 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 installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

   e) the installment 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) Credit Audit System by Inspection Department has been put in place where the scope has been enhanced to cover exposure of ₹ 3 cores and above on select basis (for exposure of ₹ 5 crore and above, credit audit is compulsory).

l) Legal Audit is being conducted for all the advances ₹ 1 Crore and above, backed by mortgage of properties, once in a year.

m) The review of accounts is usually done once a year. But in case of deterioration of the quality of advance the frequency of review is shortened to half yearly or quarterly as per the case.

n) The Credit Officers take care of the security creation and account management

o) Credit Policy & Monitoring Group takes care of the monitoring of the loan assets.

p) Bank has started quarterly industry study which would provide necessary information to increase/hold/decrease exposure under various industries.

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 Crore

Overall credit exposure		31.03.2014	TOTAL 31.03.2014
Fund Based	Loans & advances	8205.76	10475.13
	Cash, RBI and Banks	630.16	
	Others (Fixed Assets & other Assets)	1639.21	
Non Fund Based	LC, BG etc	334.68	1360.86
	Forward Contracts / Interest rate SWAPS	466.09	
	Others	560.09	
Investments (Banking Book only)	-	3143.67	3143.67
Total of Credit Risk exposure	-	**14979.66**	**14979.66**

(b) Geographic distribution of exposures:

(₹ in Crore)

Exposures	31.03.2014		
	Fund based	Non Fund Based	TOTAL
Domestic operations	13618.80	1360.86	14979.66
Overseas operations	Bank has no overseas operations		

(c) Industry type distribution of exposures as on 31.03.2014:

(₹ in million)

	Fund	Non Fund	Total
Coal	-	-	-
Food Processing	1,976.91	56.31	2,033.23
Sugar	71.48	-	71.48
Vegetable Oils and Vanaspati	9.93	-	9.93
Textile/ Apparels/ Garments	2,402.07	240.95	2,643.02
Paper & Paper Products	110.78	7.87	118.65
Chemicals and Chemical Products	1,862.17	449.04	2,311.21
Of Which Drugs and Pharmaceuticals	1,434.23	441.49	1,875.72
Of Which Others	427.94	7.55	435.49
Rubber & Rubber Products	368.62	3.73	372.35
Cement	86.60	12.00	98.60
Metal & Metal Products	1,760.70	11.39	1,772.09
All Engineering	1,791.69	110.36	1,902.05
Automobile	1,782.26	74.67	1,856.93
Gems & Jewellery	6,039.42	1.65	6,041.07
Construction	1,956.01	134.67	2,090.68
Infrastructure	9,235.26	646.74	9,882.00
Of Which Power	3,568.88	6.20	3,575.08
Of Which Telecommunication	971.15	-	971.15
Of Which Roads	345.31	-	345.31
Of Which Railways	176.46	-	176.46
Of Which Others	4,173.46	640.54	4,814.01
NBFC	7,647.85	51.95	7,699.80
Trading	1,652.41	210.58	1,862.99
Other Industries	4,775.90	1,334.91	6,094.40
Residuary Other Advances	37,668.20	-	37,668.20
Gross Advances	81,198.26	3,346.83	84,528.67

(d) Residual maturity breakdown of assets as on 31.03.2014:

(₹ in crore)

Maturity Pattern Assets	Advances	Investments	Foreign Currency
Day 1	51.32	4.68	137.71
2 to 7 Days	135.73	99.39	82.11
8 to 14 days	169.10	0.00	0.32
15 to 28 days	78.26	55.79	2.81
29 days up to 3 months	565.82	115.20	61.58
Over 3 months and up to 6 months	615.72	46.42	23.34
Over 6 months and up to 1 year	1140.96	15.15	115.11
Over 1 year and up to 3 years	3119.77	353.68	0.00
Over 3 years and up to 5 years	904.94	513.50	0.00
Over 5 years	1154.35	3395.23	0.00
Total	**7935.96**	**4599.04**	**422.98**

(e) Non-performing assets:

₹ In Million

No	Items	31.03.2014
1	**Gross NPAs**	**4858.24**
1.1	Substandard	2704.83
1.2	Doubtful 1	1254.36
1.3	Doubtful 2	177.35
1.4	Doubtful 3	91.32
1.5	Loss	630.38
2	**Net NPAs**	**3018.78**
3	**NPA Ratios**	
3.1	Gross NPAs to Gross Advances (%)	5.98
3.2	Net NPA s to Net Advances (%)	3.8
4	**Movement of NPAs (gross)**	
4.1	Opening balance	3802.72
4.2	Additions	4880.84
4.3	Reductions	3825.32
4.4	Closing balance	4858.24
5	**Movement of provisions for NPAs**	
5.1	Opening balance	1190.1
5.2	Provisions made during the quarter	1716.81
5.3	Write-off	513.61
5.4	Write back of excess provisions	576.5
5.5	Closing balance	1816.8
6	**Amount of non-performing investments**	
7	**Amount of provisions held for non - performing investments**	
8	**Movement of Provisions held for NPIs**	
8.1	Opening balance	69.50
8.2	Provisions made during the period	50
8.3	Write-off/ Write back of excess provisions	0
8.4	Closing balance	119.50

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, ie, CRISIL, CARE, India Ratings& Research Pvt. Ltd., ICRA, BrickWork Ratings, SMERA 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	The external rating assigned by an agency is considered only if it fully takes into account the credit exposure of the Bank. 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/ counterparty 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 paripassu 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):

Particulars	31.03.2014 (₹ in Crores)
Below 100% risk weight	7975.61
100% risk weight	3765.83
More than 100% risk weight	670.02
Total Exposure	12411.46

TABLE DF 5 - 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 counterparty 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 counterparty 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 counterparty as per RBI guidelines are: -

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

Information about risk concentrations of collaterals within the mitigation taken as on 31.03.2014:

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Crore)	Risk Concentration %
Gold	1262.95	78.35%
Cash & Bank Deposits	348.91	21.65%
KVP/IVP/NSC	0.00	0.00%
LIC Policy	0.00	0.00%
Total	**1611.86**	**100.00%**

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 : ₹ 1611.86 Crores

(ii) Other eligible Collateral (after Hair Cuts) : ₹ Nil

DF TABLE 6- SECURITISATION - STANDARDIZED APPROACH:

Qualitative Disclosures:

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

DF TABLE 7 - 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.

Quantitative Disclosures:

(in crores)

Particulars	Amount of capital requirement 31.03.2014
Interest rate risk	37.43
Equity position risk	14.82
Foreign exchange risk	3.25

TABLE DF 08-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.

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; Policy on KYC & AML; 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 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 09- INTEREST RATE RISK IN THE BANKING BOOK (IRRBB):

(a) 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).

(b) Quantitative Disclosures

The impact on earnings and economic value of equity for notional interest rate shocks as on 31.03.2014.

Earnings at Risk

(₹ in Crores)

Change in interest rate	Change in NII
± 25 bps	**6.21**
± 50 bps	**12.43**
± 75 bps	**18.64**
± 100 bps	**24.86**

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 31.03.2014	**6.96%**

TABLE DF -10 : GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

Qualitative disclosures

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on a number of financial parameters like net worth, capital adequacy ratio, rating etc of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach

Quantitative disclosures

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The derivative exposure is calculated using Current Exposure Method and the balance outstanding as on March 31, 2014 is given below.

(₹ in Million)

Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	4160.99	104
Interest Rate Derivative Contracts	500	5.11

Table DF - 11 : Composition of Capital

Part II : Template to be used before 31 March, 2017 (i.e., during the transition period of Basel III regulatory requirements)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves			(₹ in million)
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	8,248.31		
2	Retained earnings	1,578.46		
3	Accumulated other comprehensive income (and other reserves)	188.75		
4	Directly issued capital subject to phase out fromCET1 (only applicable to non-joint stock CET1 (only applicable to non-joint stock companies)	0		
	Public sector capital injections grandfathered until January 1, 2018	0		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**10,015.53**		
	Common Equity Tier 1 capital: regulatory adjustments			

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves				(₹ in million)
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability) - (accumulated loss-₹ 3707.9 mio & other intangible assets-₹ 346.97 mio)	4054.87		
10	Deferred tax assets	370.59		
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitization gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid- in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	NA		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA		
22	Amount exceeding the 15% threshold	NA		
23	of which: significant investments in the common stock of financial entities	NA		
24	of which: mortgage servicing rights	NA		
25	of which: deferred tax assets arising from temporary differences	NA		
26	National specific regulatory adjustments (26a+26b+26c+26d)	51.07		
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank	-		
26d	*of which:* Unamortized pension funds expenditures	51.07		
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealized losses on AFS debt securities (not relevant in Indian context)	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory adjustments to Common equity Tier 1**	4476.53		
29	**Common Equity Tier 1 capital (CET1)**	5,539.00		
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves				(₹ in million)
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments issued by subsidiaries subject to phase out	-		
36	Additional Tier 1 capital before regulatory adjustments	-		
Additional Tier 1 capital: regulatory instruments				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	Total regulatory adjustments to Additional Tier 1 capital	-		
44	Additional Tier 1 capital (AT1)	-		
44a	Additional Tier 1 capital reckoned for capital adequacy			
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**5,539.00**		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	547.50		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	844.89		
51	Tier 2 capital before regulatory adjustments	1,392.39		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves			(₹ in million)
55	Significant investments in the capital Banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the Bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT	-		
57	Total regulatory adjustments to Tier 2 capital	-		
58	**Tier 2 capital (T2)**	1,392.39		
58a	**Tier 2 capital reckoned for capital adequacy**	1,392.39		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	0		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	1,392.39		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	6,931.39		
	Risk Weighted Assets in respect of Amounts subject to Pre-Basel III Treatment	-		
	of which:	-		
	of which:	-		
60	**Total risk weighted assets (60a + 60b + 60c)**	79979.73		
60a	of which: total credit risk weighted assets	67205.84		
60b	of which: total market risk weighted assets	6168.38		
60c	of which: total operational risk weighted assets	6605.50		
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	6.93%		
62	Tier 1 (as a percentage of risk weighted assets)	6.93%		
63	Total capital (as a percentage of risk weighted assets)	8.67%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	NA		
65	of which: capital conservation buffer requirement	NA		
66	of which: Bank specific countercyclical buffer requirement	NA		
67	of which: G-SIB buffer requirement	NA		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) National minima (if different from Basel III)	-		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	4.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	6.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-		
77	Cap on inclusion of provisions in Tier 2 under standardized approach	-		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-		

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves			(₹ in million)
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes to Template

Row No. of	Particulars	(₹ in million)
10	Deferred tax assets associated with accumulated losses	361.09
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	9.50
	Total as indicated in row 10	370.59
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of Bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 Capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	396.56
	Eligible Revaluation Reserves included in Tier 2 capital	448.32
	Total of row 50	844.88
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

DF-12 : Composition of Capital - Reconciliation Requirements

Step 1		As on reporting date (₹ in million)	As on reporting date
A	**Capital & Liabilities**		
i.	**Paid-up Capital**	1,259.35	
	Reserves & Surplus	6,103.85	
	Minority Interest	-	
	Total Capital	7,363.20	

Step 1		As on reporting date (₹ in million)	As on reporting date
ii	**Deposits**	121,332.06	
	of which: Deposits from Banks	12,530.77	
	of which: Customer deposits	108,801.29	
	of which: Other deposits (pl. specify)	-	
iii	**Borrowings**	13,355.81	
	of which: From RBI	6,630.00	
	of which: From Banks	1,669.52	
	of which: From other institutions & agencies	2,104.29	
	of which: Others - book credit balances in foreign currency minor accounts	-	
	Of which: Tier 2 Capital instruments	2,952.00	
iv.	**Other liabilities & provisions**	4,824.82	
	Total	146,875.89	
B	**Assets**		
i	**Cash and balances with Reserve Bank of India**	6,301.59	
	Balance with Banks and money at call and short notice	10,451.83	
ii	**Investments:**	44,823.05	
	of which: Government securities	37,794.34	
	of which: Other approved securities	-	
	of which: Shares	78.66	
	of which: Debentures & Bonds	739.70	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (SR : ₹ 950 mio; PTC-₹ 112.42 mio, RIDF-₹ 3689.79 mio, COD : ₹ 1458.13 mio)	6,210.34	
iii	**Loans and advances**	79,359.63	
	of which: Loans and advances to Banks	3,064.60	
	of which: Loans and advances to customers	76,295.02	
iv	**Fixed assets**	2,123.51	
v	**Other assets**	3,816.29	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	370.59	
vi	**Good will on consolidation**	-	
vii	**Debit balance in Profit & Loss account**		
	Total Assets	**146,875.89**	

	Step 2	Balance sheet as in financial statements As on reporting date	Balance sheet under regulatory scope of consolidation As on reporting date	Ref No.
A	**Capital & Liabilities**			
I	**Paid-up Capital**	**1,259.35**		**(a)**
	of which: Amount eligible for CET1	1,259.35		**(a) (i)**
	of which: Amount eligible for AT1	-		
	Reserves & Surplus	6,103.85		**(b)**
	of which : Amount eligible for CET1	6,842.12		**(b) (i)**
	Statutory Reserve	772.61		**(b) (ii)**

	Step 2	Balance sheet as in financial statements As on reporting date	Balance sheet under regulatory scope of consolidation As on reporting date	Ref No.
	Share Premium	6,988.96		**(b) (iii)**
	General Reserve	80.59		**(b) (iv)**
	Capital Reserve (excluding Revaluation Reserves)	188.75		**(b) (v)**
	Special reserve under Section 36(i) (viii)	59.86		**(b) (vi)**
	Balance in P/L a/c at the end of the previous FY	(1,188.80)		**(b)(vii)**
	Current Financial Year Profit (Not eligible)	-		**-**
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	448.32		**(b) (ix)**
	Minority Interest	-		
	Total Capital	7,363.20		**(a)+(b)**
ii	**Deposits**	121,332.06		**(c)**
	of which: Deposits from Banks	12,530.77		**(c) (i)**
	of which: Customer deposits	108,801.29		**(c) (ii)**
	of which: Other deposits (pl. specify)	-		
iii	**Borrowings**	13,355.81		**(d)**
	of which: From RBI	6,630.00		**(d) (i)**
	of which: From Banks	1,669.52		**(d) (ii)**
	of which: From other institutions &	2,104.29		**(d) (iii)**
	of which: Others (Book Credit balances in foreign currency accounts)			**(d) (iv)**
	of which: Capital instruments -Tier 2	2,952.00		**(d) (v)**
iv.	**Other liabilities & provisions**	4,824.82		**(e)**
	of which: Standard Asset provision included under Tier 2 Capital	336.71		**(e) (i)**
	of which: DTLs related to goodwill	0		
	of which: Details related to intangible	0		
	Total assets	146,875.89		**(a)+(b)+(c)+(d)+(e)**
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	6,301.59		**(f)**
	Balance with Banks and money at call	10,451.83		**(g)**
ii	**Investments:**	44,823.05		**(h)**
	of which: Government securities	37,794.34		**(h) (i)**
	of which: Other approved securities	-		**-**
	of which: Shares	78.66		**(h) (ii)**
	of which: Debentures & Bonds	739.70		**(h) (iii)**
	of which: Subsidiaries / Joint Ventures /	-		**-**
	of which: Others (SR : ₹ 950 mio; PTC-₹ 112.42 mio, RIDF-₹ 3689.79 mio, COD : ₹ 1458.13 mio)	6,210.34		**(h) (iv)**
iii	**Loans and advances**	79,359.63		**(i)**
	of which: Loans and advances to Banks	3,064.60		**(i) (i)**
	of which: Loans and advances to Customers	76,295.02		**(i) (ii)**

	Step 2	Balance sheet as in financial statements As on reporting date	Balance sheet under regulatory scope of consolidation As on reporting date	Ref No.
iv	**Fixed assets**	2,123.51		**(j)**
v	**Other assets**	3,816.29		**(k)**
	of which: Goodwill and intangible assets			**-**
	Out of which : Goodwill			
	Other Intangibles (excluding MSRs)	-		**-**
	Deferred tax assets	-		**(k) (i)**
vi	**Good will on consolidation**	370.59		
vii	**Debit balance in P& L account**			
	Total Assets	**146,875.89**		**(f)+(g)+(h)+(i)+(j)+(k)**

(Explanatory notes for Item No. (b) (vii): Debit balance in Profit & Loss account have been deducted from Reserves and Surplus reported under Capital & Liabilities in the Balance sheet

Step 3 : Extract of Basel III common disclosure template (with added column)- Table DF-11 (Part II)

Common Equity Tier 1 Capital : Instruments and reserves

		Component of regulatory capital reported by Bank	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation from Step 2
1	Directly issued qualifying common share (and equivalent for non-jont stok companies) capital plus related stock surplus	8,248.31	**(a)+(b)(iii)**
2	Retained earnings	853.20	**(b)(ii)+(b)(iv)**
3	Accumulated other comprehensive income (and other reserves)	188.75	**(b)(v)**
4	Directly issued capital subject to phase out from CET-1 (only applicable to non-joint stock companies)	-	**-**
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CER 1)	-	**-**
6	Common Equity Tier 1 capital before regulatory adjustments	9,290.26	**(a)+(b)(ii)+(b)(iii)+(b)(iv)+(b)(v)**
7	Prudential valuation adjustments		**-**
8	Goodwill (net of related tax liability)		**-**

TABLE DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Item	Particular	Equity Shares	Upper Tier II Series I
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	680A01011	INE680A09022
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Ineligible

Item	Particular	Equity Shares	Upper Tier II Series I
6	Eligible at solo/group/ group & solo	Solo	Solo
7	Instrument type	Common Shares	Upper Tier 2 Capital Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	1259.35	247.50
9	Par value of instrument	Shares of ₹ 10/ each	₹ 1 million
10	Accounting classification	Shareholder's Equity	Liability
11	Original date of issuance	Various	28.07.2010
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	No maturity	30.07.2025
14	Issuer call subject to prior supervisory approval	No	Yes, Exercise of Call Option is subject to prior approval of RBI (Dept. of Banking Operations & Development)
15	Optional call date, contingent call dates and redemption amount	NA	Bank can exercise Call Option to redeem the Bonds at par at the end of 10^{th} Year from the Deemed Date of Allotment, subject to prior approval from RBI. Optional Call Date is 30.07.2020 and redemption amount is in full.
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	10%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes
22	Noncumulative or cumulative	Non cumulative	Cumulative
23	Convertible or non-convertible	Non convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated claim in case of liquidation	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	Yes
37	If yes, specify non-compliant features	NA	does not have Point of Non Viability Trigger

TABLE DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Item	Particular	Lower Tier II Series VIII	Lower Tier II Series IX
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE680A09014	INE680A08057
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment		
4	Transitional Basel III rules	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (₹ in million, as of most recent reporting date)	300.00	0
9	Par value of instrument	₹ 1 million	₹ 1 million
10	Accounting classification	Liability	Liability
11	Original date of issuance	30.09.2009	20.01.2012
12	Perpetual or dated	Dated	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	30.04.2015	20.07.2018
14	Issuer call subject to prior supervisory approval	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	NA	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	10.30%	11%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	No
37	If yes, specify non-compliant features	Tenor less than 10 years; does not have Point of Non Viability Trigger	NA

TABLE DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Item	Particular	Lower Tier II Series X-A	Lower Tier II Series X-B	Lower Tier II Series XI-A
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE680A09030	INE680A09048	INE680A09055
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (₹ in million, as of most recent reporting date)	0	0	0
9	Par value of instrument	₹ 1 million	₹ 1 million	₹ 1 million
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	29.05.2012	29.05.2012	03.08.2012
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	29.04.2018	29.05.2019	03.05.2018
14	Issuer call subject to prior supervisory approval	No Call Option	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	11.90%	11.95%	11.90%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA

TABLE DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Item	Particular	Lower Tier II Series XI-B	Lower Tier II Series XIII-B	Lower Tier II Series XIV-A
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE680A09063	INE680A08065	INE680A08073
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	0	0	0
9	Par value of instrument	₹ 1 million	₹ 1 million	₹ 1 million
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	03.08.2012	10.12.2012	24.01.2013
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	03.08.2019	10.12.2019	24.10.2018
14	Issuer call subject to prior supervisory approval	No Call Option	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	11.95%	11.95%	11.90%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA

TABLE DF-14: FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

Sl. No.	Instru-ments	Full Terms and Conditions	
1	Series VIII	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of promissory notes.
		Amount Subscribed	₹ 1500 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	30.09.2009
		Date of Redemption	30.04.2015
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	10.3%,Annual
		Listing	NSE
2	Upper Tier II-Series 1	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Upper Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 275 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	28.07.2010
		Date of Redemption	30.07.2025
		Put and Call option (if yes, give details)	Only Call Option. Call option may be exercised by the Bank only if the instrument has run for at least ten years. Call Option shall be exercised by the Bank only with the prior approval of RBI (Department of Banking Operations & Development). In effect, the Bank reserves Call Option to redeem the Bonds at par at the end of 10th Year from the Deemed Date of Allotment (subject to prior approval from RBI)
		Coupon rate and Frequency	10%, annual
		Listing	NSE
3	Series IX	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 100 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	20.01.2012
		Date of Redemption	20.07.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11%,Annual
		Listing	NSE
4	Series X A	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 545 million
		Face value of the Bond	₹ 10 lakhs
		Date of Allotment	29.05.2012
		Date of Redemption	29.04.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.9%,Semi annual
		Listing	NSE
5	Series X B	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 142 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	29.05.2012
		Date of Redemption	29.05.2019
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.95%,Semi annual
		Listing	NSE

Sl. No.	Instru-ments	Full Terms and Conditions	
6	Series XI A	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 293 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	03.08.2012
		Date of Redemption	03.05.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.90%,Semi annual
		Listing	NSE
7	Series XI B	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 37 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	03.08.2012
		Date of Redemption	03.08.2019
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.95%,Semi annual
		Listing	NSE
8	Series XIII B	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 50 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	10.12.2012
		Date of Redemption	10.12.2019
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.95%,Semi annual
		Listing	NSE
9	Series XIV A	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	₹ 10 million
		Face value of the Bond	₹ 1 million
		Date of Allotment	24.01.2013
		Date of Redemption	24.10.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.90%,Semi annual
		Listing	NSE

PRODUCT BOUQUET

DhanlaxmiBank established 1927

Personal Banking		Corporate Banking	NRI Banking	Micro,Agri & SME Banking	Technology Banking
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 Bank Accounts Accounts with Sweep Facility Smart Salary Savings Bank Accounts Insta Money **Term Deposits** Cumulative Deposit Certificates Term Deposits Tax Advantage 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 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	**Technology Products** 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 Direct Benefit Transfer through Aadhaar enabled accounts **Other Services** Depository Services Locker Facilities Electronic Clearing System SWIFT Facility Door Step Banking

TWO PRESTIGIOUS AWARDS WON BY THE BANK FROM NPCI (NATIONAL PAYMENTS CORPORATION OF INDIA) IN THE 9TH NPCI USER GROUP MEETING HELD ON 27TH DECEMBER 2013.

Operational Excellence Award - Special Jury Award in the NFS (National Finance Switch) for excellent performance in key parameters in respect of ATMs and Switch connected to NFS ATM Network.

Best improvement award in the charge back ratio as an Acquirer in NFS (National Finance Switch).

ജയകുമാർ പി.ജി

പ്രതിസന്ധികളെ അതിജീവിച്ച് ധനലക്ഷ്മി ബാങ്ക്

വളരെ ചെറിയരീതിയിൽ തുടങ്ങി ദേശീയതലത്തിലേക്ക് വളർന്ന ഒരു ബാങ്ക്. പിന്നെ പൊടുന്നനെ ഒരു വീഴ്ച, എല്ലാവരെയും അമ്പരപ്പിച്ചുകൊണ്ടുള്ള തിരിച്ചുവരവ്. ഇങ്ങനെ ചുരുക്കിയെഴുതാം ധനലക്ഷ്മി ബാങ്കിന്റെ 87 വർഷം നീണ്ട പ്രവർത്തനത്തെ. മലയാളികളുടെ വിശ്വാസ്യത സ്വന്തമാക്കിയ ധനലക്ഷ്മി ബാങ്കിന്റെ സിഇഒയും മാനേജിംഗ് ഡയറക്ടറുമായ ജയകുമാർ പി ജിയും ചീഫ് ക്രെഡിറ്റ് ഓഫീസർ രവികുമാർ പി എസും എർണ്ണസ്റ്റ് കേരളയോടു സംസാരിക്കുന്നു.

നവംബർ 16 ശനി 2013
തിരുവനന്തപുരം
www.keralakaumudi.com
ബിസിനസ് കേരളകൗമുദി

ശബരിമല തീർത്ഥാടകർക്ക് പ്രത്യേക സൗകര്യങ്ങളൊരുക്കി ധനലക്ഷ്മി ബാങ്ക്

കൊച്ചി: ബാങ്കിംഗ് സേവനങ്ങൾ എല്ലാ തീർത്ഥാടകർക്കും ഉറപ്പുവരുത്തുന്ന നടപടികളുടെ ഭാഗമായി ധനലക്ഷ്മി ബാങ്കിന്റെ എരുമേലി, പമ്പ ശാഖകൾ ഇന്ന് പ്രവർത്തനം തുടങ്ങും. രണ്ടു മാസം നീണ്ടുനിൽക്കുന്ന ബാങ്കിന്റെ ഉത്സവകാല ശാഖ ദേവസ്വം മന്ത്രി വി.എസ്. ശിവകുമാർ ഇന്ന് രാവിലെ ഏഴിന് ഉദ്ഘാടനം ചെയ്യും. തിരുവിതാംകൂർ ദേവസ്വം ബോർഡ് പ്രസിഡന്റ് എം. പി ഗോവിന്ദൻ നായർ, ബോർഡ് അംഗങ്ങളായ സുഭാഷ് വാസു, പി.കെ. കുമാരൻ, ബോർഡ് കമ്മിഷണർ വേണുഗോപാൽ, ധനലക്ഷ്മി ബാങ്ക് മാനേജിംഗ് ഡയറക്ടർ പി.ജി. ജയകുമാർ, ജനറൽ മാനേജർ പി. മണികണ്ഠൻ, ഡെപ്യൂട്ടി ജനറൽ മാനേജർ എം. മുരളീധരൻ എന്നിവർ ചടങ്ങിൽ പങ്കെടുക്കും. സന്നിധാനത്തും പമ്പയിലും പ ണമിടപാടുകൾക്ക് എ.ടി.എം സൗകര്യങ്ങൾ, ക്രെഡിറ്റ് ഡെബിറ്റ് കാർഡുകൾ ഉപയോഗിച്ച് സംഭാവനകൾ നൽകുന്നതിന് പേയ്മെന്റ് ഗേറ്റ്‌വേ, പോയിന്റ് ഓഫ് സെയിൽ, സൗകര്യങ്ങളും ബാങ്കിന്റെ ശാഖകളിലൂടെ ലഭിക്കും. ബാങ്കിന്റെ ശാഖകൾ വഴി അപ്പം, അരവണ, നെയ്യഭിഷേക കൂപ്പണുകളും വിതരണം ചെയ്യും. ഈ സംവിധാനം ഉപയോഗിച്ച് സന്നിധാനത്തുള്ള പ്രത്യേക കൗണ്ടർ വഴി അതിവേഗത്തിൽ പ്രസാദങ്ങൾ വാങ്ങാം.

മാതൃഭൂമി

ധനലക്ഷ്മി ബാങ്കിൽ നാണയമേള

തൃശ്ശൂർ: പൊതുജനങ്ങൾക്ക് നാണയലഭ്യത ഉറപ്പുവരുത്തുക എന്ന ലക്ഷ്യത്തോടെ ധനലക്ഷ്മി ബാങ്ക് നാണയമേള ആരംഭിക്കുന്നു.

കേരളത്തിലെ വിവിധ ജില്ലകളിലെ തിരഞ്ഞെടുക്കപ്പെട്ട ശാഖകൾ വഴിയാണ് നാണയവിതരണം നടത്തുന്നത്. സപ്തംബർ 12ന് തൃശ്ശൂർ പുഷ്പഗിരി ബ്രാഞ്ചിലും എറണാകുളം ജില്ലയിലെ പാലാരിവട്ടം ബ്രാഞ്ചിലും 13ന് കോഴിക്കോട് ജില്ലയിലെ ചേവരമ്പലം ബ്രാഞ്ചിലും കണ്ണൂർ മെയിൻ ബ്രാഞ്ചിലുമാണ് മേള സംഘടിപ്പിക്കുന്നത്. 10, 5, 2, 1 രൂപയുടെ നാണയങ്ങൾ യഥാക്രമം 1000, 500, 200, 100 രൂപയുടെ പാക്കറ്റുകളായിട്ടാണ് വിതരണം ചെയ്യുന്നത്.

ദേശാഭിമാനി

ധനലക്ഷ്മി ബാങ്ക്: ആദ്യപാദത്തിൽ 3.58 കോടി ലാഭം

തൃശൂർ: ധനലക്ഷമി ബാങ്ക ഈ വർഷത്തിലെ ആദ്യപാദത്തിൽ 3.58 കോടി രൂപയുടെ അറ്റാദായം നേടി. മുൻവർഷത്തിൽ ഇതേ കാലയളവിൽ ബാങ്ക 11.81 കോടി രൂപയുടെ നഷ്ടം നേരിട്ടിരുന്നു. മൂലധന പര്യാപതത 10.36ശതമവനത്തിൽനിന്നും 11.73ശതമാനമായി ഉയർന്നു. ഏപ്രിലിൽ 69.85 കോടി രൂപയുടെ ഓഹരി മൂലധനം സമാഹരിച്ചിരുന്നു. അടുത്തതായി 100 കോടി രൂപയുടെ ഓഹരിമൂലധനം സമാഹരിക്കുന്നതിനുള്ള തയ്യാറെടുപ്പിലുമാണെന്ന ബാങ്ക വാർത്താക്കുറിപ്പിൽ അറിയിച്ചു.

Dhanlaxmi Bank aims to reduce NPAs in 2013-14

BS REPORTER
Kolkata, 5 August

Even as the credit quality of many of its rivals may be hit by the uncertain macroeconomic environment, Dhanlaxmi Bank is confident of a decline in its non-performing assets (NPAs) this financial year. The lender aims to cut its gross NPA ratio to 2.5 per cent and its net bad loan ratio to 1.5 per cent by the end of March 2014. This would mean 232-basis-point and 186-basis-point improvements in the bank's gross and net bad loan ratios, respectively, on an annual basis.

"The NPAs were mostly from the advances sanctioned during the previous two-three years. Some of the corporate advances sanctioned during that period became non-performing, which resulted in a spike in the bad loan ratio. We have stepped up our recovery efforts and are confident of recovering 70 per cent of the existing NPAs. We have properties as collateral against these loans, and we will sell these to recover our dues," Managing Director and Chief Executive Officer P G Jayakumar told *Business Standard*.

To tackle bad loans, the private lender has formed dedicated teams at regional, zonal and corporate office levels. Jayakumar said he wasn't alarmed by the bank's NPA levels, as the entire industry had seen a rise in bad loans. "The situation is very much under control. There is no unusual spike in NPAs in our gold and mortgage portfolios. Rather, the bank perceives gold and mortgage as better portfolios in view of the availability of good and easily marketable collateral, which could be recovered easily in case of a default," he added.

This financial year, Dhanlaxmi Bank aims to increase its advances 20 per cent. This would help it trim its bad loan ratio. In 2012-13, the bank's advances declined 9.9 per cent, owing to its decision to shed un-remunerative businesses and halt inorganic growth in the credit portfolio. Now, the bank now aims to focus on small and medium enterprises and retail, including gold loans, agriculture and micro-credit segments, to reduce concentration risk and improve profitability.

10 മാർച്ച് 2014
കേരളകൗമുദി

അമൃതപുരിയിൽ ധനലക്ഷ്മി ബാങ്കിന്റെ മൂന്നാമത്തെ എ.ടി.എം

കൊച്ചി: അമൃതപുരിയിലെ അമൃതവിശ്വവിദ്യാപീഠം കാമ്പസിൽ ധനലക്ഷ്മി ബാങ്കിന്റെ മൂന്നാമത്തെ എ.ടി.എം പ്രവർത്തനം ആരംഭിച്ചു. ഇന്നലെ നടന്ന ചടങ്ങിൽ എ.ടി.എമ്മിന്റെ ഉദ്ഘാടനം സ്വാമി തുരീയാമൃതാനന്ദപുരി നിർവഹിച്ചു. ധനലക്ഷ്മി ബാങ്കിന്റെ അമൃതപുരിയിലെ മൂന്നാമത്തെ എ.ടി.എമ്മാണിത്. അമൃത വിശ്വവിദ്യാപീഠത്തിലെ എല്ലാ വിദ്യാർത്ഥികൾക്കും അദ്ധ്യാപകർക്കും പ്രയോജനപ്പെടുന്ന വിധത്തിലാണ് ഈ എ.ടി.എം സ്ഥാപിച്ചിട്ടുള്ളത്.

അമൃതപുരിയിൽ ധനലക്ഷ്മി ബാങ്കിന്റെ പുതിയ എ.ടി.എം സ്വാമി തുരീയാമൃതാനന്ദപുരി ഉദ്ഘാടനം ചെയ്യു

TIMES BUSINESS
THE TIMES OF INDIA, KOCHI | THRISSUR | TUESDAY, AUGUST 6, 2013

Ravi Pillai ups stake in Dhanlaxmi Bank

Shenoy Karun | TNN

Kochi: Ravi Pillai, chairman of Bahrain-based RP Group, increased his stake to 4.95% in Thrissur-based Dhanlaxmi Bank Ltd. Pillai, who made his fortune as a leading industrial contractor in oil and natural gas sector in the Middle East, is spending Rs 5.25 crore this time after he had invested Rs 25.2 crore in the bank four months ago.

"Dhanlaxmi Bank is raising Rs 37.75 crore through the allotment of preferential shares, which is the first tranche of the Rs 100 crore fund raising plan approved by the Reserve Bank of India. Altogether 75.5 lakh shares are being issued this time and Pillai is subscribing to 10.5 lakh shares," said a source in the know of developments at Dhanalaxmi Bank.

When contacted, Pillai said, "Other banks based in Kerala and outside have approached us to invest in them. We are happy to invest in any good project in India."

Apart from Pillai, two more Keralites are investing in Dhanlaxmi Bank. George V Nereaparambil, chairman of Sharjah-based Geo Group and B Mohanachandran Nair, owner of Prasanthi Cashew Company, Kollam are snapping up shares of the bank. Nair already has 17.01 lakh shares, which he had bought in March 2013.

"Nereaparambil will own 4.95% of the shares after buying 52.5 lakh shares, while Mohanachandran Nair is increasing his stake to 2.60% through the purchase of 12.5 lakh shares," the source said.

Nereaparambil, who set up a successful lighting and air conditioning industry in the Middle East, is the largest shareholder, after the government of Kerala, in Cochin International Airport Ltd (CIAL). He is spending Rs 26.25 crore for the 4.95% ownership of the bank.

According to the official filings, as on June 30, 2013, institutional investors hold 26.97% of the overall shares of the bank - which includes mutual funds, financial institutions and foreign institutional investors.

The rest is held by non-institutions like corporate bodies, clearing members and individuals. Among all the shareholders, including institutions, P Raja Mohan Rao is the single largest shareholder, who owns 5.85% of the overall shares.

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Remarkable Turnaround

Dhanlaxmi Bank has bounced back from in the red for four successive quarters an reported a small net profit of ₹28.66 cro during the financial year ending March 2 And, in the first quarter of FY2013-14, it continued with the trend recording a net at ₹2.62 crore as against a net loss of ₹11 crore in the corresponding previous year This has been an accomplishment especi MD and CEO of the bank P.G. Jayakuma

Sri P G Jayakumar, MD & CEO of our Bank lighting the lamp on the occasion of inauguration of two days National Conference on "Innovation in Banking for Future Growth" held on 3rd and 4th March 2014 conducted at Amrita School of Arts and Sciences, Kochi in the presence of Swami Purnamritananda Puri, General Secretary, Mata Amritanandamayi Math, Dr. U Krishnakumar, Director, Smt. Sony Vijayan, HOD, Dept. of Commerce & Management, Sri Girish S, Asst. Professor, Dept. of Commerce & Management of Amrita School of Arts & Sciences, Kochi.

Sri. M P Bhaskaran Nair, President, Cochin Devaswom Board, Sri Therambil Ramakrishnan, MLA in the presence of Sri K S Krishnan, General Manager, Sri L Chandran, Deputy General Manager, Sri E K Raju Antony, Deputy General Manager and Sri K R Suresh Babu, Regional Manager of our Bank on the occasion of the Bank's 86th Anniversary celebrations conducted at Thrissur on 14.11.2013.

As a part of the Bank's 86th Anniversary celebrations and Corporate Social Responsibility activity, Sri P S Ravikumar, General Manager of our Bank handing over Water Purifier for the inmates of Sevasadanam, Kanattukara, Thrissur

The team members of our Bank who participated in the 5 Miles Marathon 'TCS Fit4life' organized by Tata Consultancy Services at Kochi on 10th February 2014.

Images of functions held at various locations in connection with the Financial Literacy/Account opening camps conducted by the Bank during the Financial Year.

Images of functions held at various branches on the occassion of our banks's 86th Annual Day Celebrations

Banking on Relationships forever