



# ANNUAL REPORT 2012-2013

Journey to

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**DhanlaxmiBank**   
established 1927



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



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



# Board of Directors



**Tekkar Yashwanth Prabhu**  
Chairman



**P G Jayakumar**  
Managing Director & CEO



**K Srikanth Reddy**



**K Vijayaraghavan**



**P Mohanan**



**K Jayakumar**



**Chella K Srinivasan**



**Manoranjan Dash (RBI)**

# General Managers

As on 31.03.13



**Ravikumar P S**  
GM & Chief  
Credit Officer



**Ravindran K Warriar**  
GM & Company  
Secretary



**Manikandan P**  
GM - Business  
Development & Planning



**Rangarajan H**  
GM - Human  
Resources

## **Vision**

Banking on Relationships forever

## **Mission**

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



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



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





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



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

**Registered Office & Corporate Office**

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

Kindly refer to the website for other offices.

**Company Secretary**

Ravindran K. Warriar

**Auditors**

Sagar & Associates, Chartered Accountants, Hyderabad

**Legal Advisors**

M/s Varghese & Jacob, Ernakulam

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

M/s B. S. Krishnan Associates, Ernakulam

**Stock Exchanges**

National Stock Exchange of India Limited (NSE)

Bombay Stock Exchange Limited (BSE)

Cochin Stock Exchange Limited (CSE)

**Registrar & Transfer Agents**

Karvy Computershare Private Limited, Plot No. 17-24

Vithal Rao Nagar, Madhapur, Hyderabad – 500 081

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# Chairman's Statement

Dear Shareholders,

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

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

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

Against the above backdrop, your Bank managed to acquit itself fairly well judging from the heavy odds stacked against it. It successfully emerged out of the huge losses incurred in 2011-12 through careful planning and meticulous execution. The change in the business model and a revision in the organization structure paved the way for notable improvements in key areas viz. improvement in the net interest income, reduction in operational expenses across the board,

faster NPA recoveries and confidence building among the workforce. The challenge was daunting but, gratifyingly, the response was measured and adequate. The trade unions played a positive role in facilitating the transition. I should, however, add a note of caution: while the progress was noteworthy, we still have to cover considerable ground to fully emerge out of the shadows.

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

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

Thanking you and with best regards,

**Tekkar Yashwanth Prabhu**  
Chairman

# Managing Director & CEO's Statement

Dear Shareholders,

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

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

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

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

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

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