

**DhanlaxmiBank**   
established 1927

# JM Financial India Conference

Mr. Bipin Kabra

November 12, 2010



Overview

---



A Bank in Transformation

---



Financials - How the Numbers Stack up?

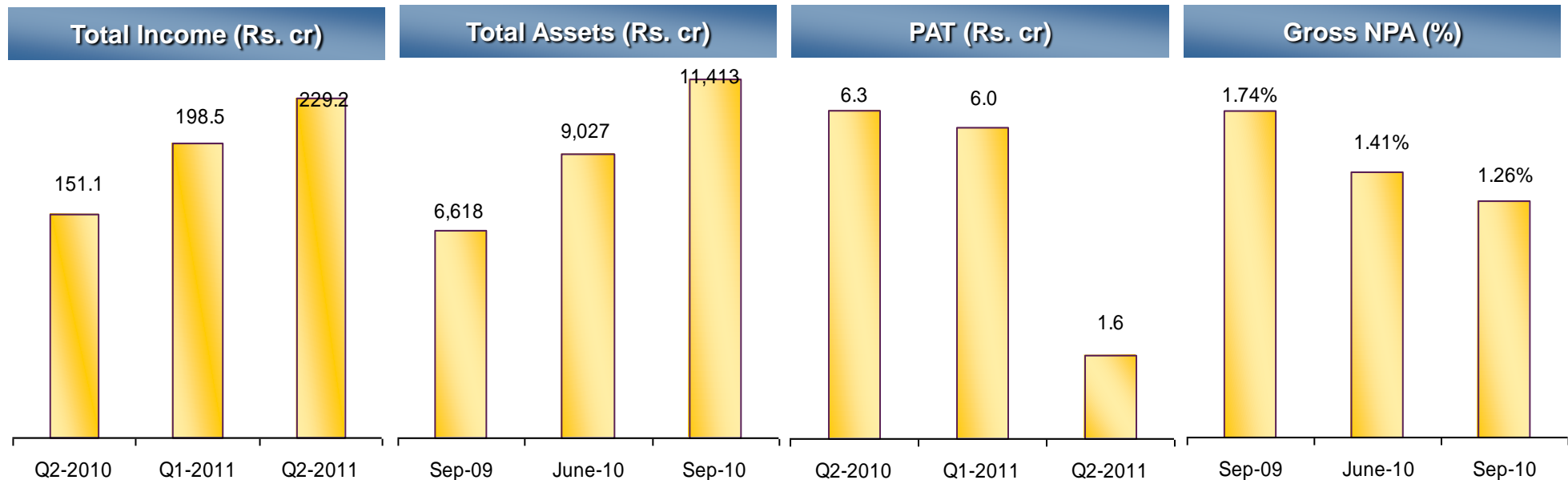


---

## Overview

# An Emerging Private Sector Bank

- Pan - India presence through a network of 274 branches and 450 ATMs covering 14 states
- Core Banking Solution mechanism upgraded to the latest version of FlexCube (2009 version)
- A broad and loyal customer base of 1.5 million as at Sept 30, 2010
- Total asset base of Rs. 114 billion as at Sept 30, 2010, increasing at a rapid pace of 73% (y-o-y)
- Capital adequacy of 14.6%, with a Tier-I ratio of 11.7% as at Sept 2010
- Employee strength increased to 4,508 as on Sept 30, 2010 from 4,490 as at June 30, 2010





---

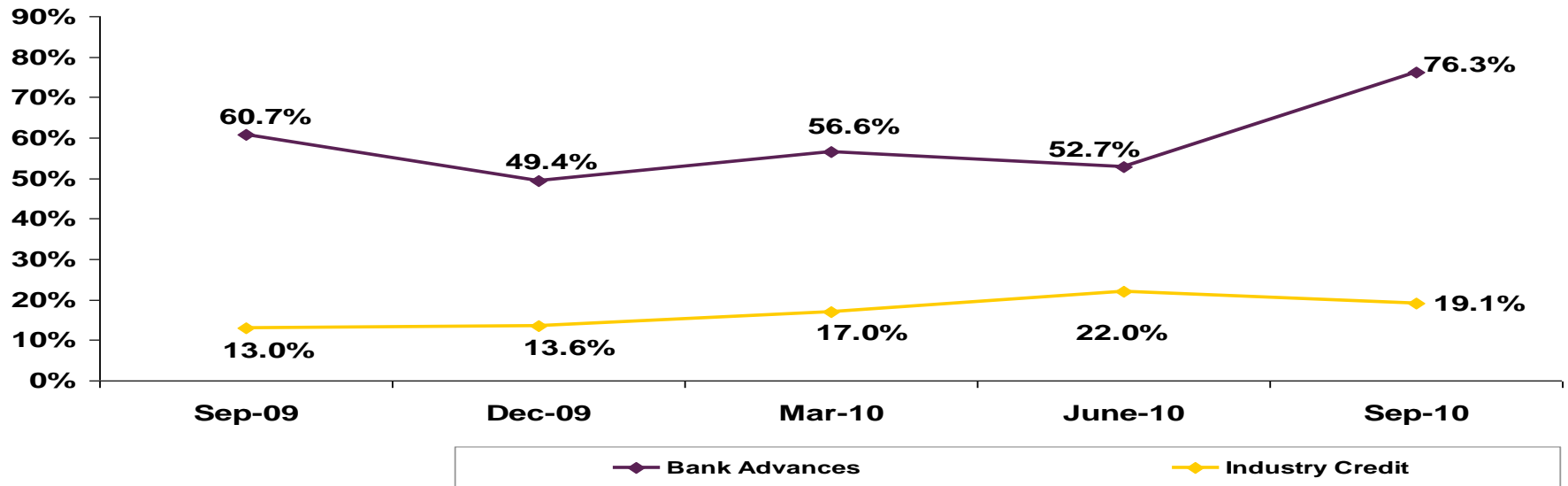
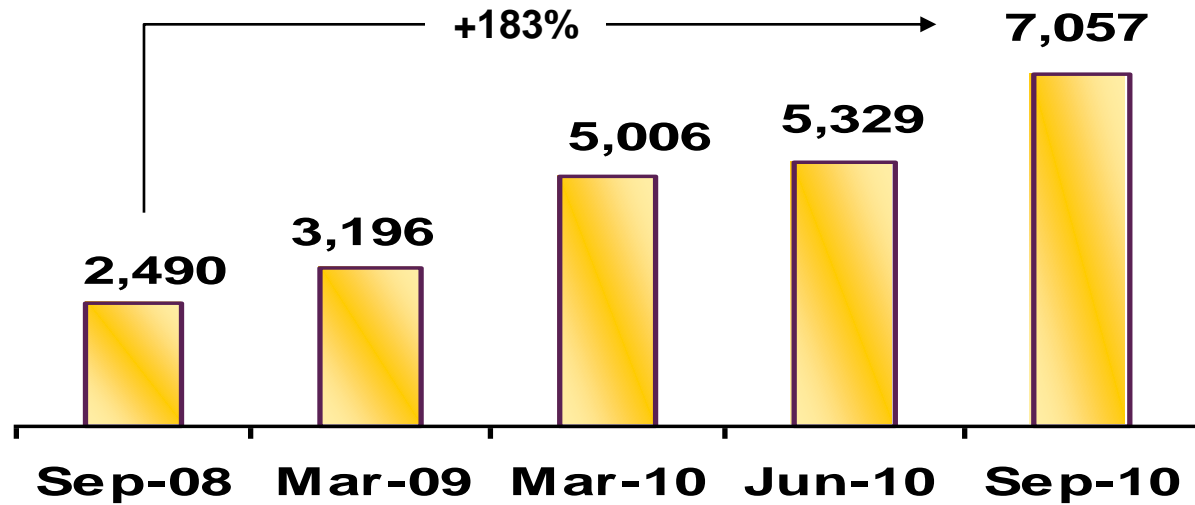
## A Bank in Transformation

## First phase - completed

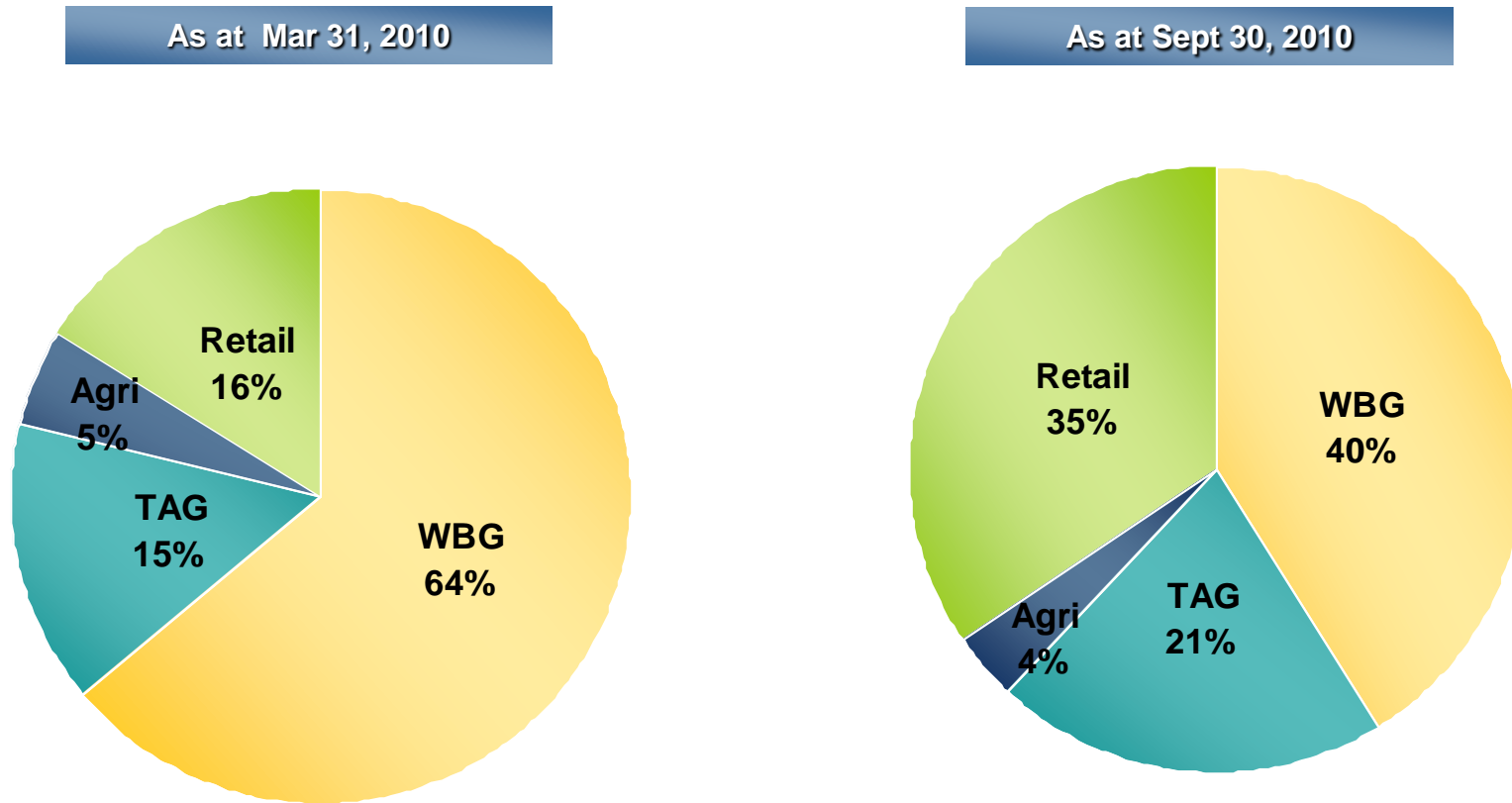
---

- **Capacity built**
- ***Products rolled out***
- ***Processes established***
- ***Technology infrastructure implemented***
- ***Organisation structure redesigned***
- ***Business de-risked***

# Revamp towards a favourable business mix on track - Growth in loan book



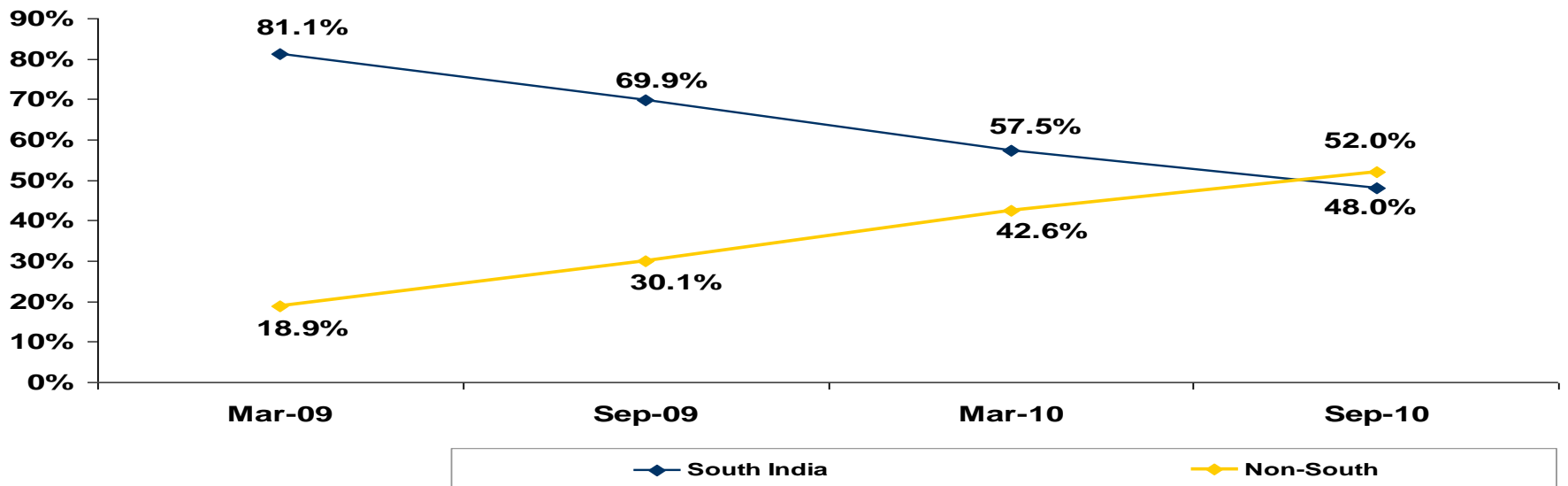
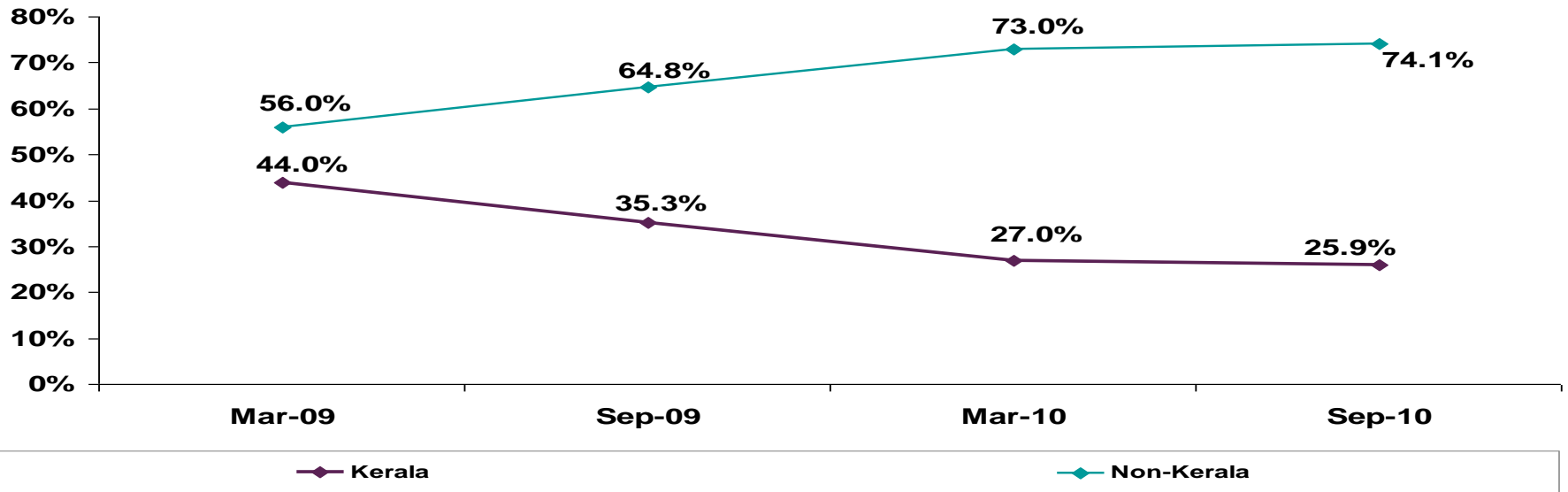
# Revamp towards a favourable business mix on track - Loan book de-risked



- Share of retail segment has increased in FY 2011
- In the medium term, we target to achieve a “near” equal share of all three segments in the overall loan portfolio



# Revamp towards a favourable business mix on track - Region-wise



# Secured Category of Retail Asset Business

## Retail Asset products launched in July 2010

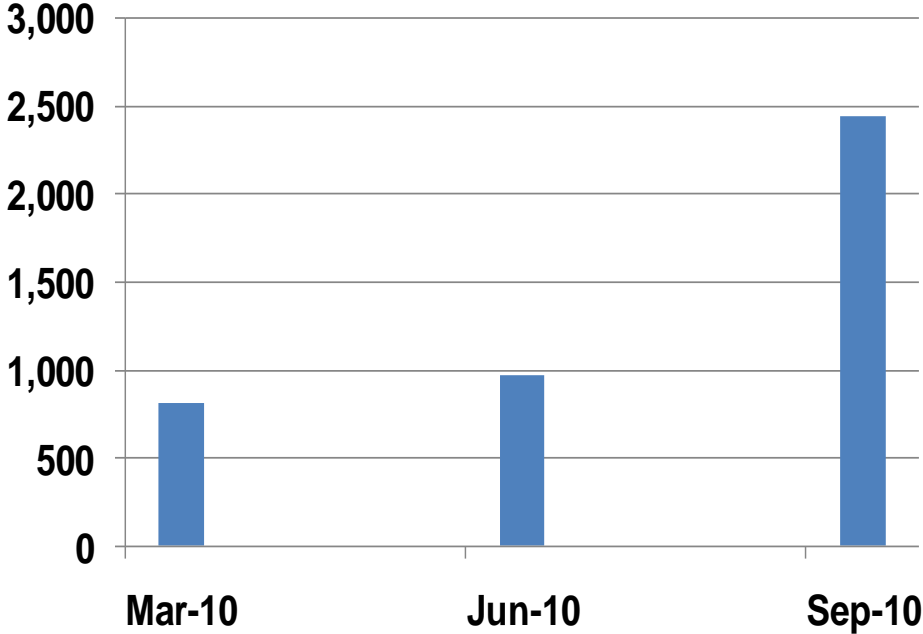
- **Mortgages**
  - Home Loan, Commercial Property
  - LAP, LRD
- **Vehicles**
  - Commercial vehicles
  - Dealer funding
  - Auto loan
- **Construction Equipment**
- **Loan against Gold / Securities**

*Launched Credit Cards' business in March 2010*

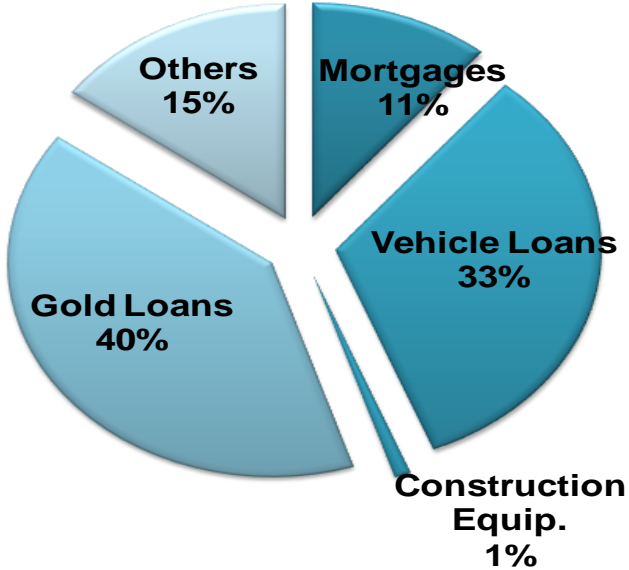
## Quick update on the Retail Asset segment

Activity	Current	Additions by March 2011
Geographical coverage	23 Locations	2 Locations
Manpower	311	89
Product & Policy	8	2
System Implementation	8 Modules	5 Modules
Distribution Spread	Branches - 135 DSA count - 258 DST count - 141	Branches - 20 DSA count - 242 DST count - 500
Tie Ups	5	30 (Advanced Discussions)

# Retail growth and share of various sub-segments (Sept 30, 2010)



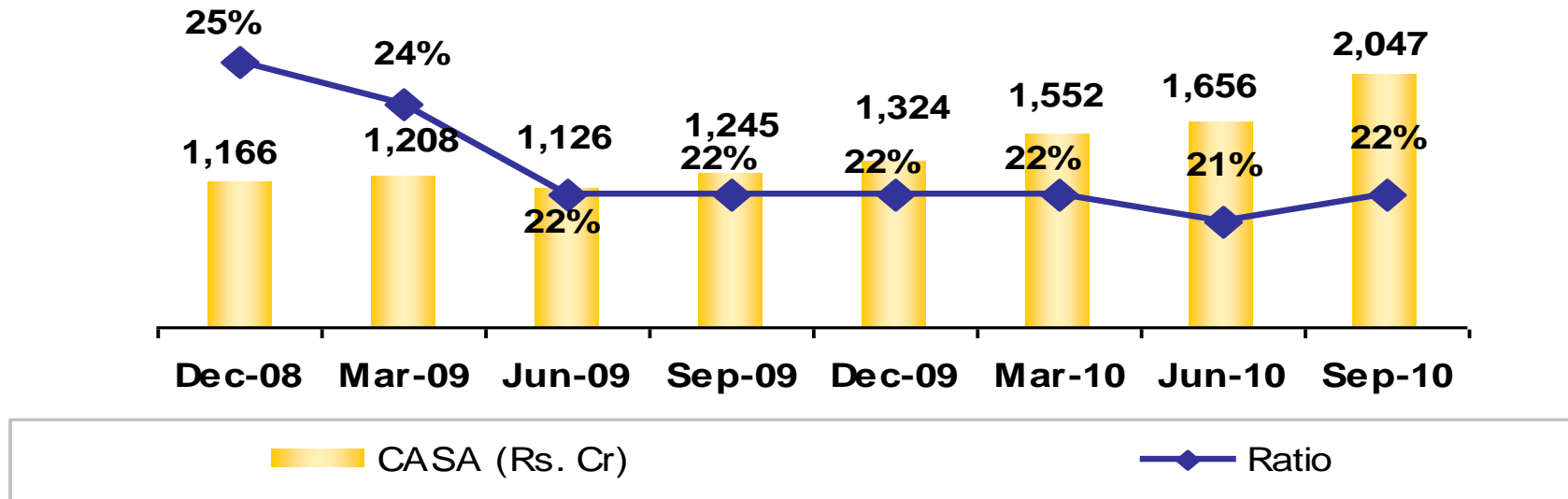
■ Business size (Rs. in crores)



Overall structure is in place for incremental business growth...

- ***Launched all retail asset products across all locations***
- ***Attracted quality manpower across all locations***
- ***Distribution network in place and scaling up as per plan***
- ***Systems online for all products***
- ***Emphasis on productivity across channels***
- ***Continued efforts to further tie-ups with manufacturers and builders***

## Revamp towards a favourable business mix on track - Liabilities



- **Change of culture at Branches from Lending to Liabilities**
- **Approx. 35% of the incremental liabilities from new branches**



## Leverage our Multichannel distribution network

- **Insurance distribution tie up with Bajaj Allianz**
  - **Business rose to Rs. 44 crores in Q2 - FY11 (10 crores in Q2 - FY10)**
  - **No. of policies increased to 22,022 in Q2 - 2011 from 5,654 in Q2 - 2010**
  - **Under cross sell initiatives, we sold nearly 11,000 micro insurance policies**
- **MF product distribution tie-up with ICICI Prudential, Kotak, UTI, Fidelity & HDFC**
  - **Over 21,000 mutual fund accounts opened in Q2 vis-à-vis 9,059 in Q1 - 2011**
  - **2<sup>nd</sup> largest private sector bank in terms of fresh SIPs mobilised in Sept 2010 (CAMS)**
- **Strengthened existing relationship with Destimoney Securities**

## Strategic Initiative - 15% stake in Destimoney Securities

- **DSPL is a 100% subsidiary of Destimoney Enterprises**
  - **Destimoney enterprises is owned by New Silk Route**
- **Nation-wide network of 14 branches and 108+ franchisees with a client base of over 27,000**
- **Member of NSE and BSE; DP with NSDL and CDSL**
- **Back-end systems are capable to handle over Rs. 750 crores worth of ADTO;**
  - **strong on-line platform (48% business generated online)**
- **Broking tie-up with Dhanlaxmi Bank since Jan 2010**
- **Total investment: Rs. 13 crores**

## Key benefits for Dhanlaxmi Bank

- **We will be sole and exclusive banking partners for the firm, leading to**
  - **key contributions to the overall CASA deposits**
  - **turning “dormant / low balance” retail deposit accounts into “transaction-oriented / high balance”**
- **Improved visibility for the Bank driven by:**
  - **a complementary product portfolio**
  - **more customer touch points**
  - **additional marketing opportunities**



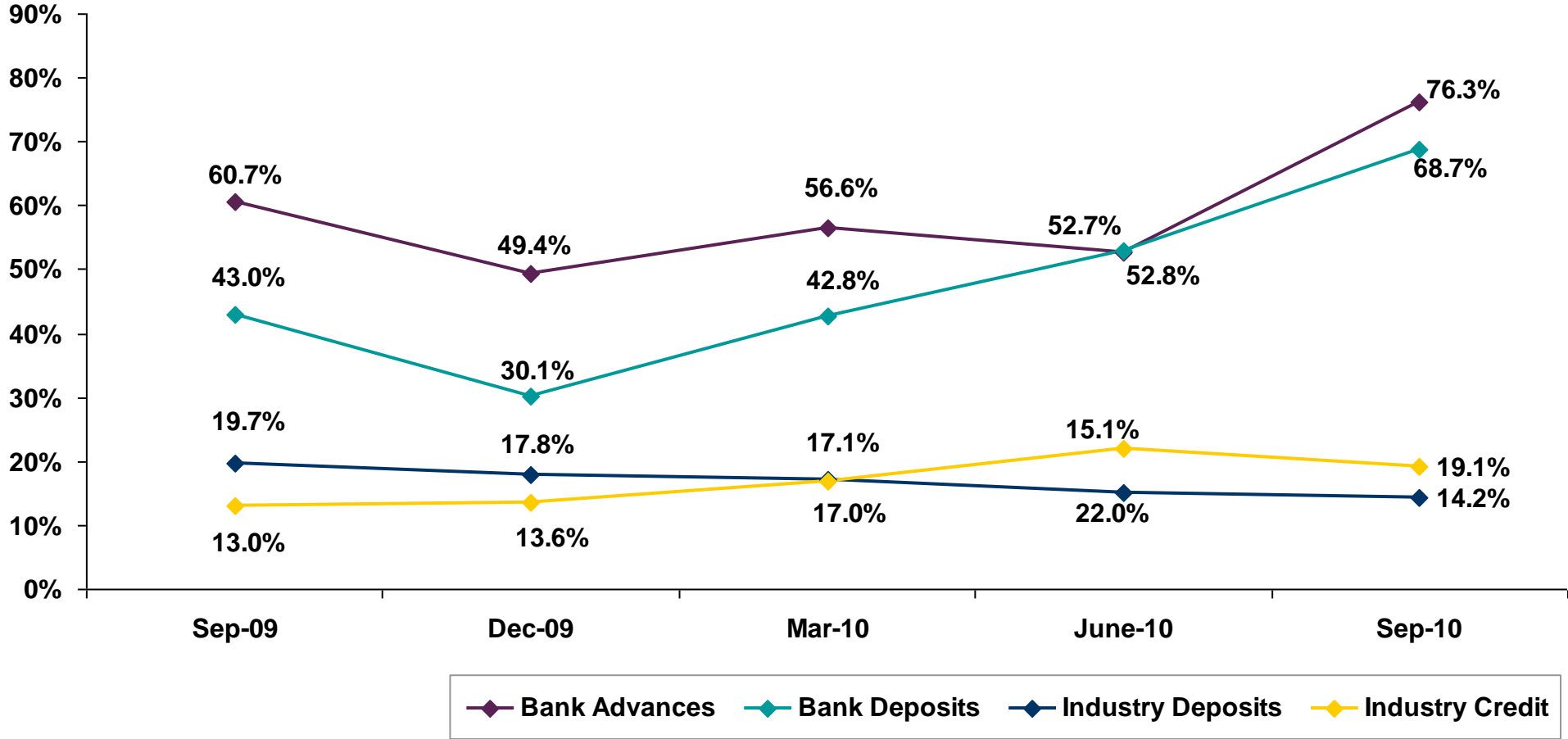
---

## Financials - How the Numbers Stack up?

# Balance Sheet

(Rs. in Crores)	Sept 30, 2010	June 30, 2010	Mar 31, 2010	Sept 30, 2009	Y-o-Y growth
Capital	85	64	64	64	32.8%
Reserves	743	382	376	377	97.1%
Deposits	9,497	7,747	7,098	5,629	68.7%
Borrowings	378	398	121	140	170.0%
Other Liabilities	710	436	428	407	74.4%
<b>Total</b>	<b>11,413</b>	<b>9,027</b>	<b>8,087</b>	<b>6,618</b>	<b>72.5%</b>
Cash / bank balance	1,230	920	750	678	81.4%
Investments	2,711	2,474	2,028	1,698	59.7%
Advances	7,057	5,329	5,006	4,002	76.3%
Fixed assets	111	86	79	48	131.3%
Other Assets	304	218	223	192	58.3%
<b>Total</b>	<b>11,413</b>	<b>9,027</b>	<b>8,087</b>	<b>6618</b>	<b>72.5%</b>

# Deposits - Advances growth consistently better than the Industry



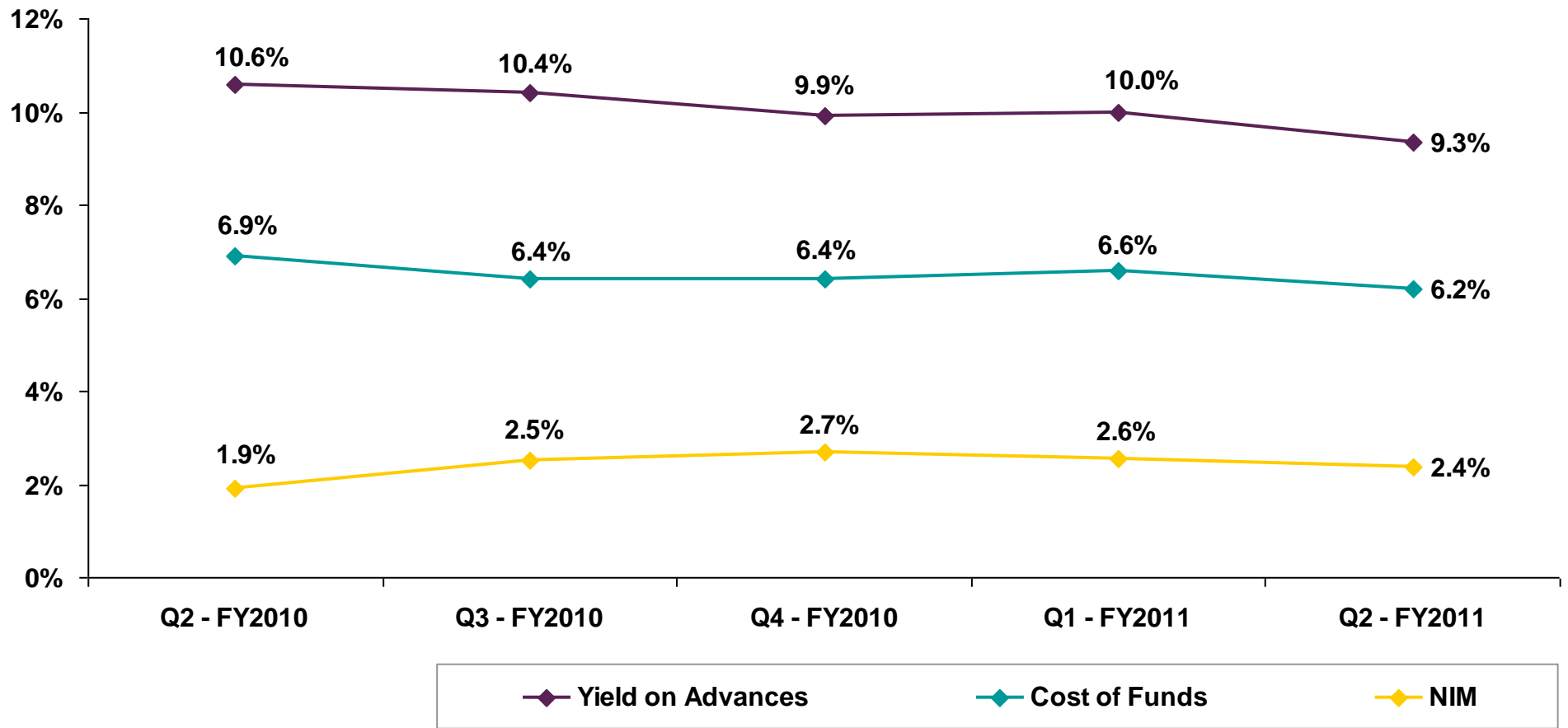
# Composition of the Investment Book

Particulars	June 30, 2010	
	(Rs. in Crores)	(%)
<b>Held-to-maturity</b>	1,937.4	71.5
<i>SLR</i>	1,809.4	66.7
<i>Non - SLR</i>	128.0	4.7
<b>Available for Sale</b>	773.1	28.5
<i>SLR</i>	589.4	21.7
<i>Non - SLR</i>	183.7	6.8
<b>Held-for-trading</b>	0.5	-
<b>Total</b>	<b>2,711.1</b>	<b>100.0</b>

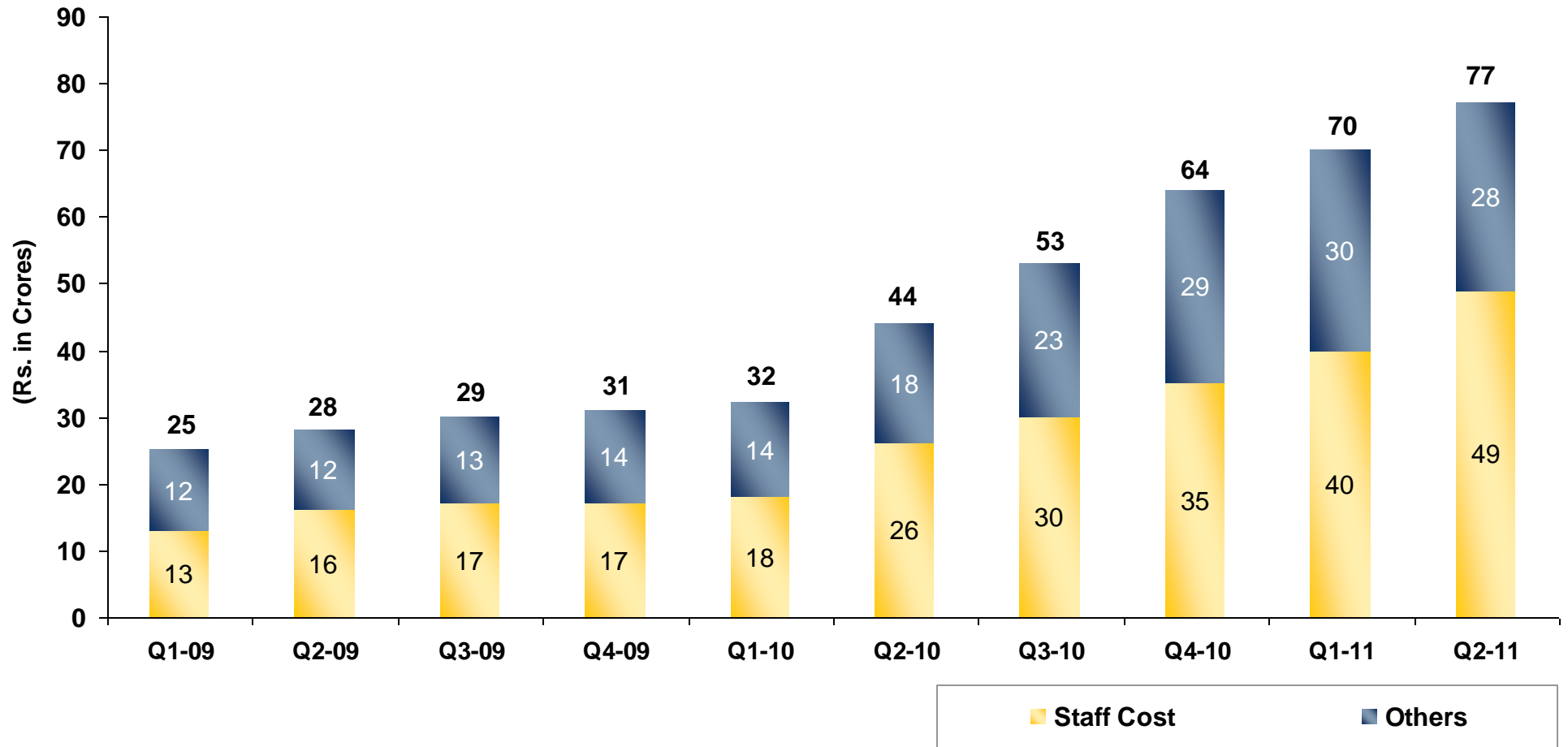
# Profit and Loss Statement

(Rs. in Crores)	H1 - FY2011	H1 - FY2010	Y-o-Y growth	Q2 - FY2011	Q2 - FY2010	Y-o-Y growth
Interest income	360.4	244.3	47.5%	192.4	123.7	55.5%
Interest expenses	259.3	186.8	38.8%	139.7	96.5	44.8%
<b>Net interest income</b>	<b>101.1</b>	<b>57.5</b>	<b>75.8%</b>	<b>52.7</b>	<b>27.2</b>	<b>93.8%</b>
Non Interest income	67.3	42.4	58.7%	36.8	27.4	34.3%
Operating expenses	147.2	75.8	94.2%	77.4	43.5	77.9%
<i>Staff cost</i>	89.2	44.2	101.8%	49.1	26.0	88.8%
Provisions	10.3	4.2	145.2%	8.3	2.8	196.4%
Profit before tax	10.9	19.9	(45.2)%	3.8	8.3	(54.2)%
<b>Profit after tax</b>	<b>7.7</b>	<b>16.4</b>	<b>(53.0)%</b>	<b>1.6</b>	<b>6.3</b>	<b>(74.6)%</b>

# Trend in Net Interest Margin



# Trend in Operating Expenses

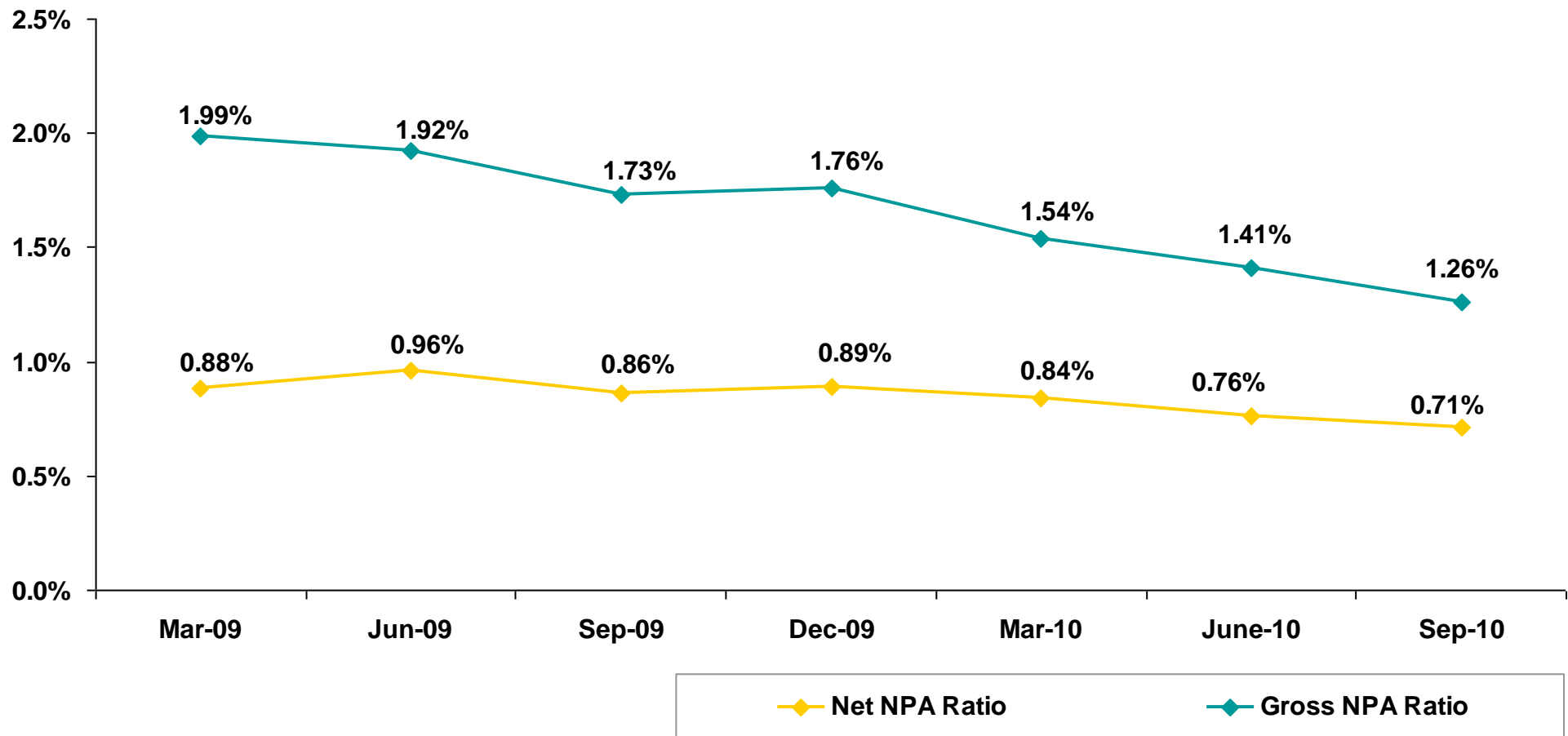


## Key Ratios (%)

	H1 - FY2011	H1 - FY2010	Q2 - FY2011	Q2 - FY2010	FY2010
Cost / Income ratio	87.41	75.82	86.52	79.71	83.29
Credit - Deposit ratio	74.31	71.09	74.31	71.09	70.53
Return on Equity	1.84	7.41	0.78	5.70	5.30
Return on Assets	0.26	0.54	0.20	0.50	0.35

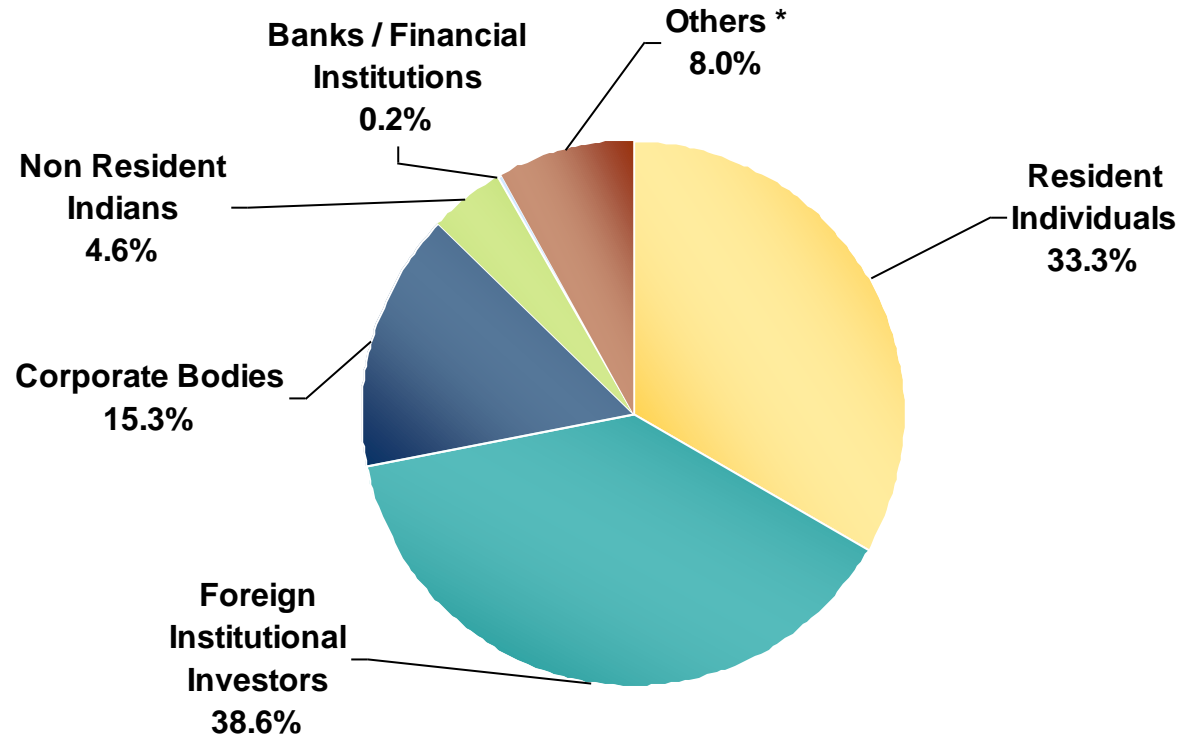
	Sept 30, 2010	June 30, 2010	Mar 31, 2010	Dec 31, 2009	Sept 30, 2009
Gross NPAs (Rs. in crores)	89.71	75.66	77.50	77.88	70.26
Net NPAs (Rs. in crores)	50.41	40.36	41.94	39.14	34.43
<b>Basel I</b>					
Capital adequacy	13.09%	10.36%	12.47%	13.36%	14.93%
- Tier I	10.47%	7.39%	8.45%	9.14%	10.15%
<b>Basel II</b>					
Capital adequacy	14.60%	11.01%	12.99%	14.29%	15.90%
- Tier I	11.68%	7.85%	8.80%	9.78%	10.80%

# Asset Quality



# Over 44,000 Shareholders form Part of the Dhanlaxmi Family

Shareholding Pattern as at September 30, 2010



\* Includes insurance companies, Mutual funds, Trusts and Clearing members

Investment limits for FIIs / NRIs at 49% and 24% respectively



---

**Thank You**

---

# Appendix

## Business volumes vis-à-vis personnel and branch infrastructure

Particulars	Banking sector in India	Private Sector Banks	Dhanlaxmi Bank
Business per employee	8.7 crores	8.0 crores	3.7 crores
Advances per branch	48.6 crores	60.9 crores	25.8 crores
Deposits per branch	66.0 crores	79.2 crores	34.8 crores
Cost per employee	10.6 lakhs	12.4 lakhs	8.2 lakhs

*Considering the above banking sector averages, our current employee and branch infrastructure is sufficiently capable to generate the following business volumes:*

Business	Average utilisation of current capacity
Advances	13,000 crores
Deposits	18,000 crores
Business	31,000 crores

