

# Corporate Investor Presentation

March 2013

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# Agenda






- **Key Milestones Achieved**
- **Profile of Board of Directors**
- **Profile of Key Management Personnel**
- **Overview of Organization Structure**
- **Overview of Distribution Network**
- **Comprehensive range of Products**
- **Modern Information Technology Infrastructure & Systems**
- **Summary of Past Operations – Upgrades & Network Expansion**
- **Way Forward**
- **Improving Yields, Cost of Funds & NIM's**
- **Continuous efforts to reduce costs**
- **Summary of Financials**
- **Capital Issuances and Shareholding Pattern**

# Key Milestones Achieved

- **2013:** Raised Rs. 1050 million of Equity through a combination of Qualified Institutional Placement and Preferential Allotment issue.
- **2012:** Awarded the Asian Banker Technology Implementation award - International award for Best branch automation
- **2011:** Awarded the “Best Mid-sized Bank in Growth Category” by Business Today- KPMG survey  
Awarded the Information Week EDGE Award 2011 for IT transformation  
Total business\* of Rs. 2,00,000 Million
- **2010:** Launched new “Dhanlaxmi Bank” brand  
Raised Rs.3,800 Millions by way of Qualified Institutional Placement  
Opened 250<sup>th</sup> branch  
Total business\* of Rs. 1,00,000 Million
- **2009:** Recorded net profit of Rs.574.5 Million  
Awarded “Best Bank in the Private Sector” by the State Forum of Banker’s Club  
Opened 200<sup>th</sup> branch with first branch in east region in Kolkata
- **2008:** Total business\* of Rs.75,000 Million. Second Rights Issue
- **2007:** Total business\* of Rs. 50,000 Million. 80th Anniversary year
- **2002:** Raised Rs. 270 million in a Rights Issue
- **1998:** First north Indian branch opened in New Delhi
- **1996:** Raised Rs. 240 million in IPO and listed Equity Shares on the National Stock Exchange, Bombay Stock Exchange and the Cochin Stock Exchange
- **1989:** First branch outside southern region was opened in Mumbai.
- **1986:** Total business\* of Rs. 1000 Million.
- **1977:** Designated as scheduled commercial bank by the Reserve Bank of India (RBI)  
Opened first branch outside Kerala and crossed 50 strong branches network
- **1927 :** Incorporated in Thrissur, Kerala

\* Business refers to total of advances and deposits

# Profile of Board of Directors

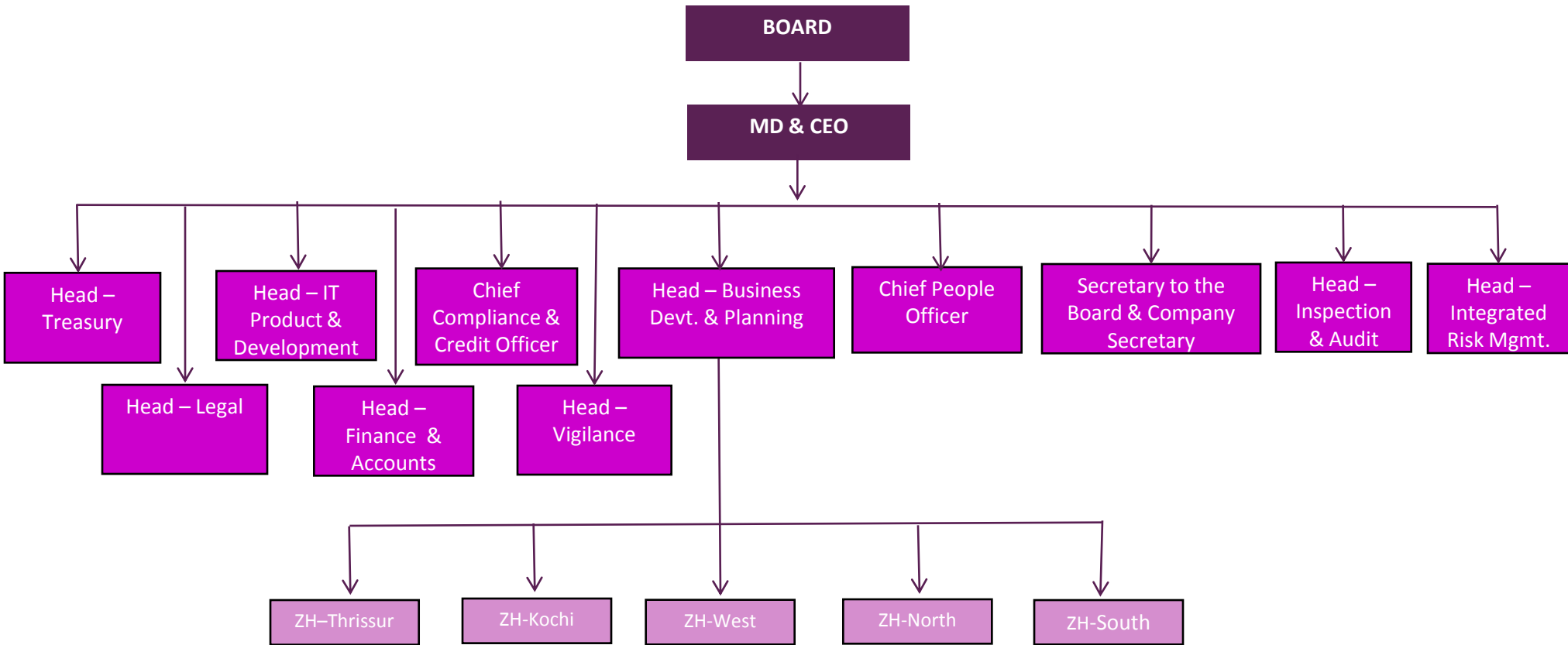
	Name	Designation	Experience & Other Directorships
	Mr. T.Y. Prabhu	Part-time Chairman	Headed Oriental Bank of Commerce as Chairman & Managing Director and was previously Executive Director of Union Bank of India. Was appointed by RBI as a member of the Advisory Group on Foreign Exchange Management Act , regulations relating to services like remittance. Also held the position of General Manager – International Operations in Canara Bank.
	Mr. K. Srikanth Reddy	Independent Director	Appointed as Independent Director on 29 <sup>th</sup> October, 2007. A member of the Indian Civil Services, he worked in many government departments including the Ministries of Planning and Program Implementation, Food and Processing Industries, Defense, Communications, Welfare and Tourism and Civil Aviation.
	Mr. P.G Jayakumar	MD & CEO	Took charge as MD&CEO on 6 <sup>th</sup> February, 2012. He has 35 years of experience in the Bank. Joining in 1977, he worked with the regional and zonal offices before joining the corporate office as General Manager in 2006. He was appointed as Executive Director in 2011.
	Mr. K. Vijayaraghavan	Independent Director	He has served on the boards of various banks such as Catholic Syrian Bank, South Indian Bank, Nedungadi Bank, State Bank of Travancore, State Bank of Patiala, Himachal Pradesh Financial Corp. and Syndicate Bank, as RBI nominee. He retired from RBI in 2003 as Chief General Manager, Mumbai.
	Mr. P. Mohanan	Independent Director	He has 35 years of Banking experience and retired as General Manager of Canara Bank. While at Canara Bank, he was part of the core team for the Canara Bank's IPO and also contributed in the formulation of Bank's corporate governance policy.

Cont'd

# Profile of Key Management Personnel

Name	Designation	Experience
Mr. P.S. Ravikumar	Chief Compliance & Credit Officer	<ul style="list-style-type: none"> <li>Experience of 34 years with Dhanlaxmi Bank in various departments</li> <li>Currently handling Credit Sourcing, Credit Processing, Monitoring, Collections and Recovery Management</li> <li>Also worked in Inspection &amp; Vigilance, Operations &amp; Zonal Head, Human Resource and Branch Banking departments of the Bank</li> </ul>
Mr. Ravindran K. Warriar	Secretary to the Board & Company Secretary	<ul style="list-style-type: none"> <li>Qualified CS with experience of 19 years in banking sector</li> <li>Involved in the management of the IPO, right issues and QIP. Held position of head of Planning</li> <li>Involved in setting up the insurance business and depository of the Bank</li> </ul>
Mr. P. Manikandan	Head - Business Development & Planning	<ul style="list-style-type: none"> <li>Experience of 33 years in banking sector</li> <li>Experience of 8 years in Planning, Operations, HRD, Inspection, Vigilance, Third Party Products, Premises and Cash Management System departments of the Bank</li> </ul>
Mr. H Rangarajan	Chief People Officer	<ul style="list-style-type: none"> <li>Experience of 37 years in banking sector</li> <li>Experience of 9 years in Retail Banking, and Branch Banking</li> <li>Worked in public sector bank for 24 years in different categories in various positions</li> </ul>
Mr. Srinivasaraghavan	Head - Treasury	<ul style="list-style-type: none"> <li>Qualified Cost Accountant with an experience of 29 years in banking and financial sector including 21 years in State Bank and 6 years in IDBI group</li> <li>Knowledge in treasury &amp; banking and worked in front, back and mid office of domestic and forex treasuries.</li> <li>Experience in Balance Sheet Management, Risk Management, Interest Rate Forecasting and Corporate Planning departments</li> </ul>
Mr. Chandran L	Head – Integrated Risk Management Dept.	<ul style="list-style-type: none"> <li>Experience of 22 years in banking / financial sector</li> <li>Worked in Branch, Zonal Office, Credit Department (SME &amp; Corporate underwriting) and as an Executive Assistant to MD &amp; CEO having a key role in formulation of Credit Policy, Credit Appraisal Formats and Credit Rating Models of the Bank.</li> <li>Worked in Government sector &amp; Public Sector Financial Institution for 7 years and Bank for 16 years in different capacities in various geographical areas.</li> </ul>
Mr. Raghu Mohan	Head - Finance & Accounts	<ul style="list-style-type: none"> <li>Qualified CA with an experience of 17 years in the Banking Sector</li> <li>Experience in the field of credit, credit risk management, treasury and branch management</li> </ul>
Mr. C. S. Ramakrishnan	Head - Inspection and Audit	<ul style="list-style-type: none"> <li>Experience of over 19 years in Banking Sector</li> <li>Experience in the field of audit, operations, business development, process improvement functions</li> </ul>

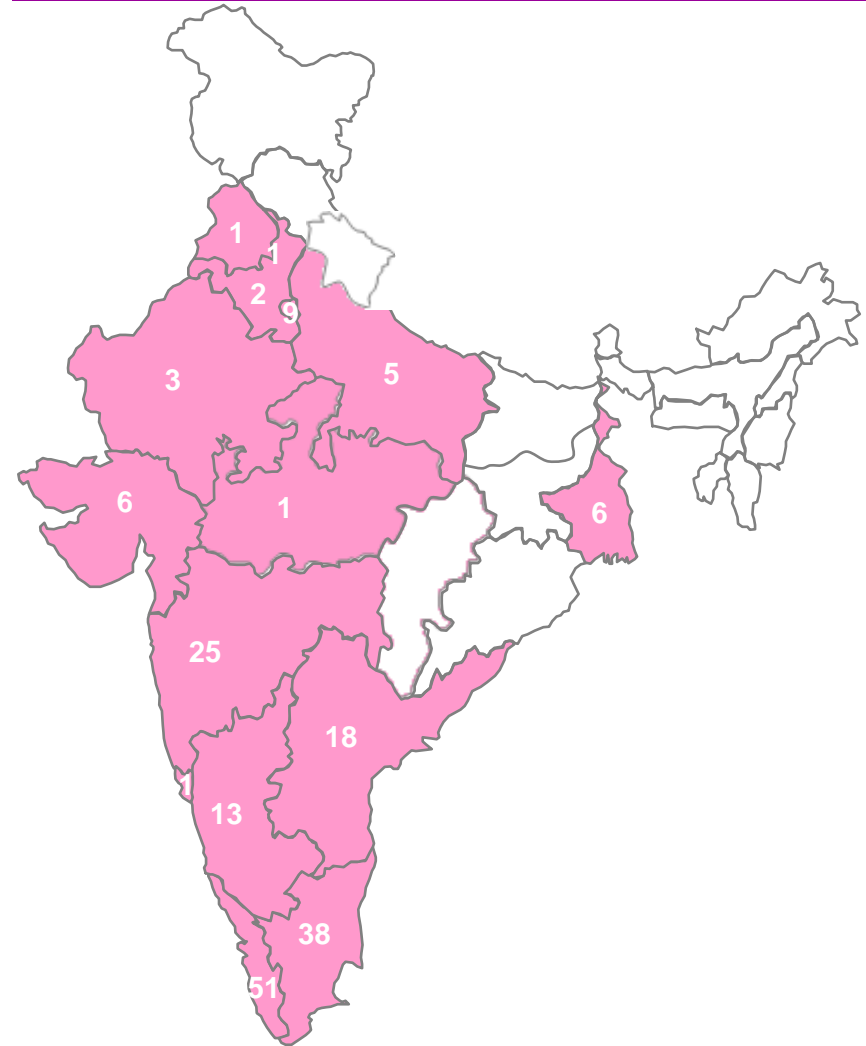
# Overview of Organization Structure



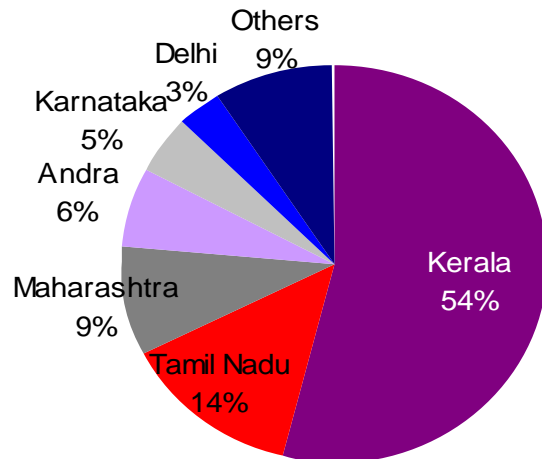
# Overview of Distribution Network

- As of March 31, 2013 Bank has 676 customer outlets which includes 280 branches, 400 ATMs
- As of March 31, 2013 Bank is present in 15 states/UTs with 280 branches :
  - ⇒ Metro Branches – 62
  - ⇒ Urban Branches – 89
  - ⇒ Semi-Urban Branches – 101
  - ⇒ Rural Branches – 28
- As of March 31, 2013 Bank has 173 on-site and 223 off-site ATMs
- As of March 31, 2013 Total customer base of around 1.77 million

## Branches Network – State-wise Branches (As on March 31, 2013)



## Branches Profile (As on March 31, 2013)





# Comprehensive range of Products

Deposits	Corporate Products	Retail Products	Other Services	Technology Related products
Current Account	Cash Credit	Agriculture / Kissan Vahana Loan/ Kissan Card	Forex Services	Retail & Corporate Internet Banking
Savings Account	Overdraft	Home Loan / Loan against property	Cash Management Services	Bill Payment
Term Deposit	Term Loans/ Real Estate Loans	Gold Loan	Depository Services	Internet / Mobile Banking
Corporate Salary	Corporate Loans	Vehicle Loan	Locker Services	Instapay
NRE Account	Project Finance	Live Stock Loan	Draft Drawing	e-IT Return Filing
NRO Account	Bill Advance and Packing Credit Advance	Personal Loans/ Educational Loan	Remittances – Real Time Gross Settlement (RTGS) / National Electronics Funds Transfer (NEFT)	Online trading
Foreign Currency Non Repatriable Fixed Deposit	Foreign Currency Loans	Loan against LIC policy/ Deposit/ Overdraft against Shares	Import Export related	SMS/ Email alerts
3 in 1 account (Saving Account, Demat Account & Trading Account)	Invoice / Dealer Financing	Micro Credit Loan/ Self Help Group Loans		Forex Card
	Lease Rental Discounting	Medical Equipment Loan		Money Transfer
	Office Equipment Loan	International Debit cards / Credit Cards / Gift Cards		

# Modern Information Technology Infrastructure & Systems

- All the operations at all Branches are under Core Banking System (CBS)
- Upgraded CBS to the latest version with Oracle 11g as the back-end
- Allied ATM network to Cashnet, CashTree and NFS Switch to enable our Card holders to access about 14000 ATMs of member Banks
- Bank was awarded three awards in FY12 for Information Technology systems:
  - ⇒ EDGE Award 2011 for Information Technology transformation
  - ⇒ Computer Society of India (CSI) national award for excellence in IT
  - ⇒ The Asian Banker Technology Implementation Award 2012 – International award for best Branch automation project.
- Utilizes technology to its advantage
  - ⇒ The Risk Management suite
  - ⇒ The LoanFlo does the Credit Proposal management with end to end tracking

Listed below are some of the key information technology packages already implemented:

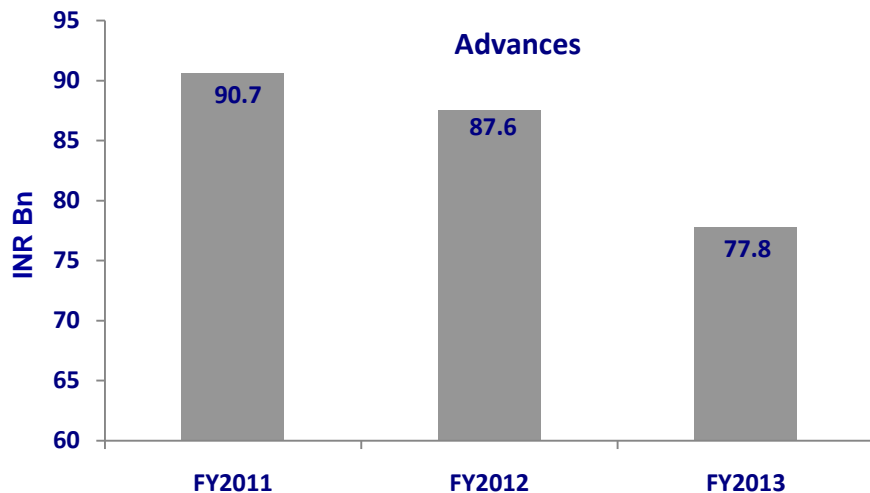
IT Solutions	Client Management	Operations	Credit , Risk Mgmt. & Accts.
<ul style="list-style-type: none"> <li>■ Lotus Domino Email Solution</li> <li>■ Data Centre and Disaster Recovery Centre</li> <li>■ Network Monitoring &amp; Facility Management</li> <li>■ Dataware House</li> <li>■ Document Management</li> <li>■ Offsite Surveillance</li> <li>■ Automated Reports</li> </ul>	<ul style="list-style-type: none"> <li>■ Mobile &amp; Email Alerts</li> <li>■ Gold- Bullion Biz</li> <li>■ Internet Banking – Retail &amp; Corporate</li> <li>■ Bill Payments</li> <li>■ Online Trading</li> <li>■ CRM Tools</li> <li>■ Mobile Banking</li> <li>■ ASBA</li> <li>■ Contact Centre with IVR</li> <li>■ NRI Remittance Solutions</li> </ul>	<ul style="list-style-type: none"> <li>■ Core Banking</li> <li>■ Integrated Treasury Management</li> <li>■ Cheque Truncation</li> <li>■ HRMS</li> <li>■ Payment Gateway</li> <li>■ SWIFT</li> <li>■ NEFT, RTGS</li> <li>■ LoanFlow- Loan Management</li> <li>■ FinnOne- Retail Assets</li> <li>■ Cash Management system</li> </ul>	<ul style="list-style-type: none"> <li>■ Anti Money Laundering</li> <li>■ Risk Management Tools</li> <li>■ Oracle Financials – Core Accounting</li> </ul>

Bank follows a hybrid methodology of utilizing in-house expertise and sourcing expertise from industry players.

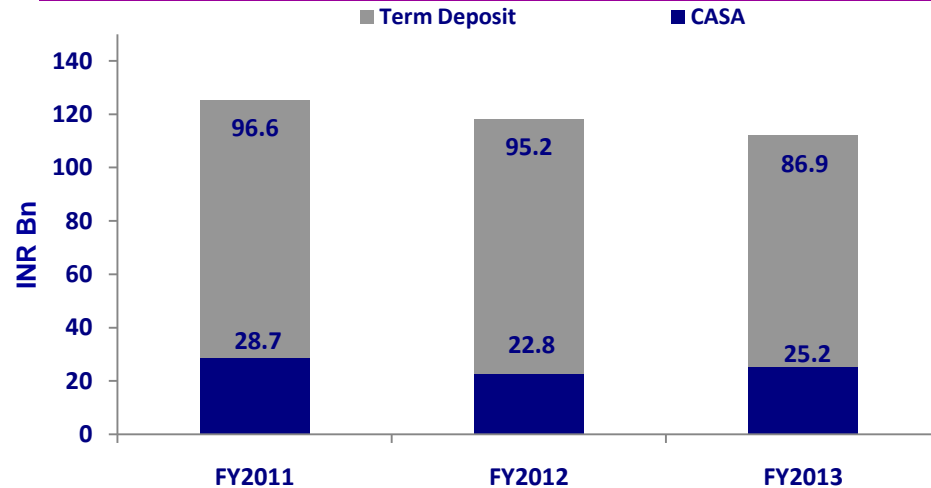
Enabling the IT infrastructure for financial inclusion project launched with Business correspondents (BC) by facilitating necessary tools like tablet, blue tooth printers etc. and integrating these with our system to enable online transactions.

# Summary of Past Operations- Upgrades & Network Expansion

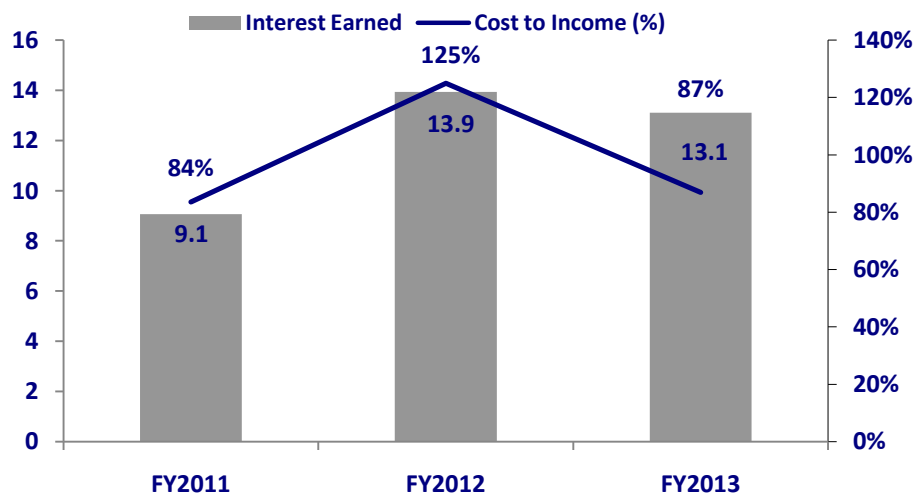
## Advances



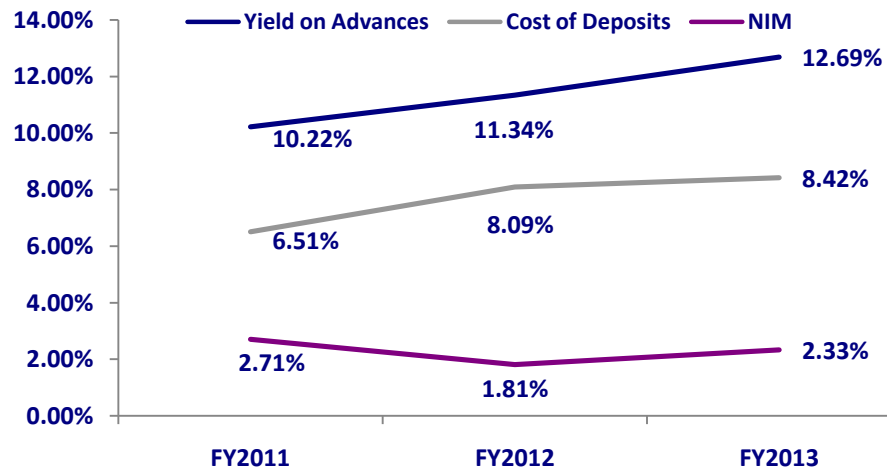
## Deposits



## Cost to Income Ratio & Interest Income

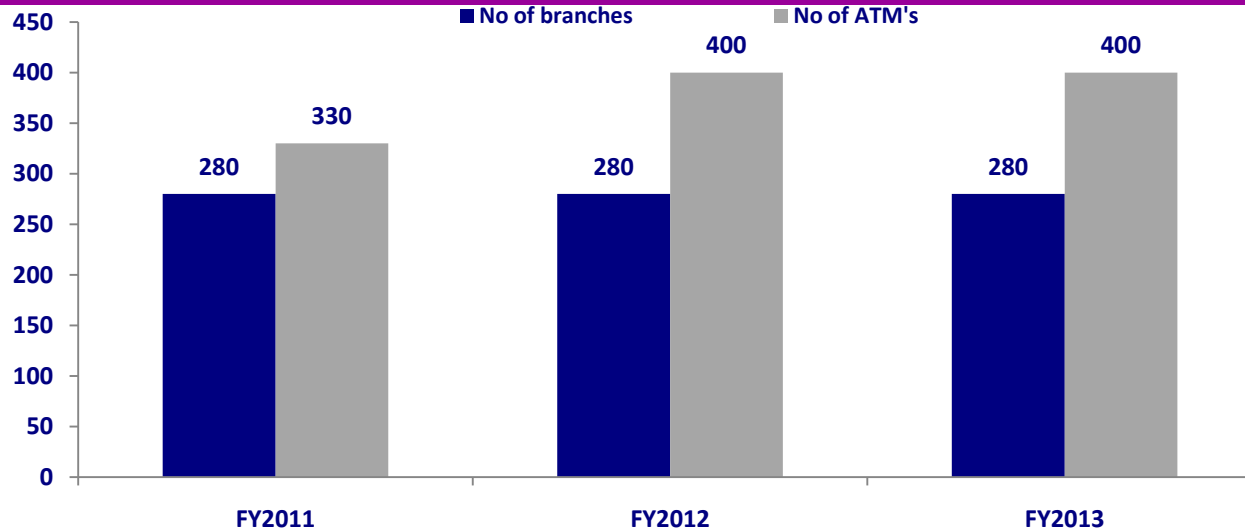


## Yield in Advances, Cost of Deposits and NIMs

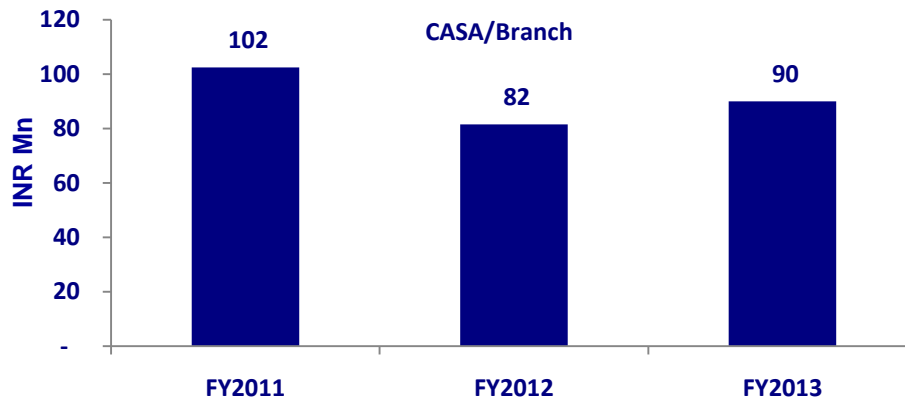


# Summary of Past Operations

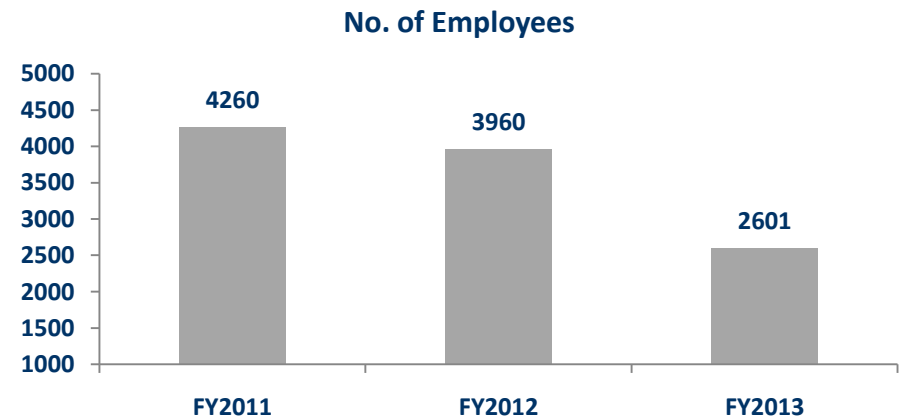
## Branches and ATMs



## CASA/ Branch



## Employees

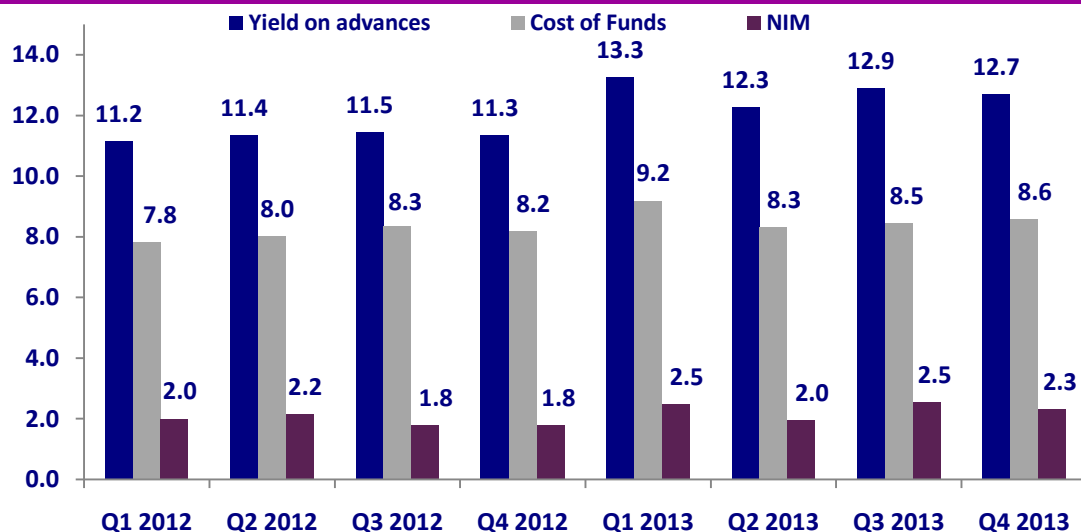


CASA – Current Account & Saving Account Deposit



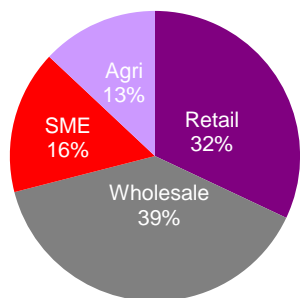
# Yields, Cost of Funds & Net Interest Margins

## Improvement in Yields and Cost of funds (COF's) (%)

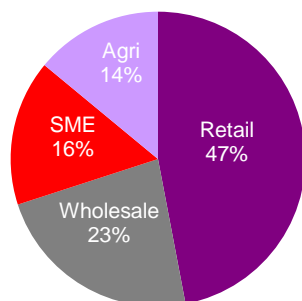


## Advances Mix (%)

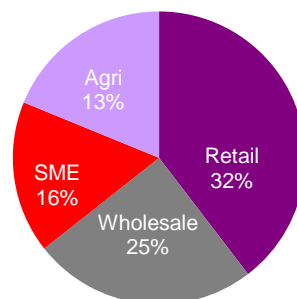
As of 31 Mar 2011



As of 31 Mar 2012



As of 31 March 2013

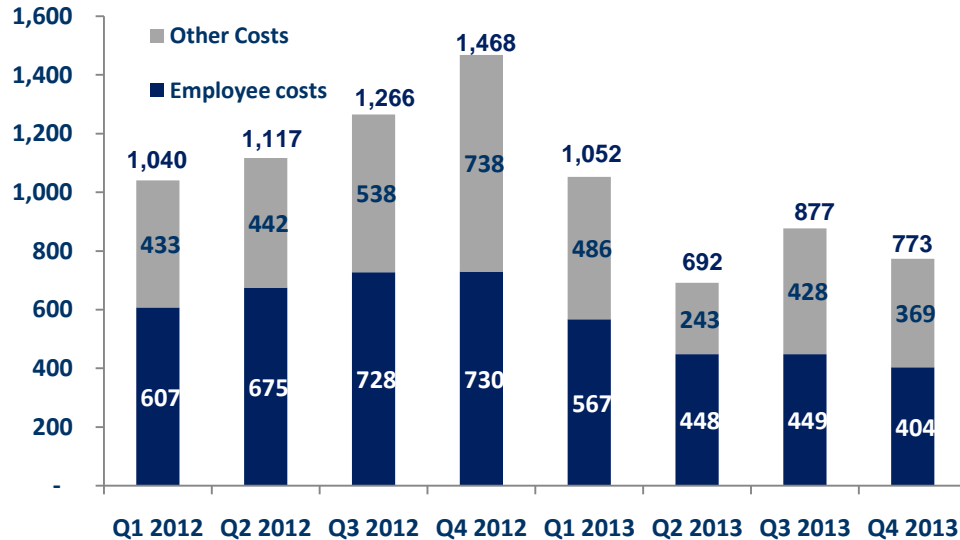


- The Bank is reducing low yielding corporate & retail loans and bulk deposits to improve margins.
- The Bank is now focusing on its key expertise of lending to SME's, along with increasing exposure to gold loans as a result of which yields on advances improved to 12.7% in Q4 FY13 from 11.3% in Q4FY12 last year. Although the proportion of retail loans reduced to 32% as of 31 March 2013 from 47% as of 31 March 2012, the yields increased as low yielding retail loans were replaced by higher yielding loans.
- The Bank is also reducing costly bulk deposits and focusing on mobilizing CASA and retail term deposits by effectively leveraging its branch network which will help reduce cost of funds
- As highlighted above, the improving yields have resulted in NIM's improving to 2.3% in Q4FY13 from 1.8% in Q4FY12



# Continuous efforts to reduce costs

## Reduction in Costs (Rs Million)

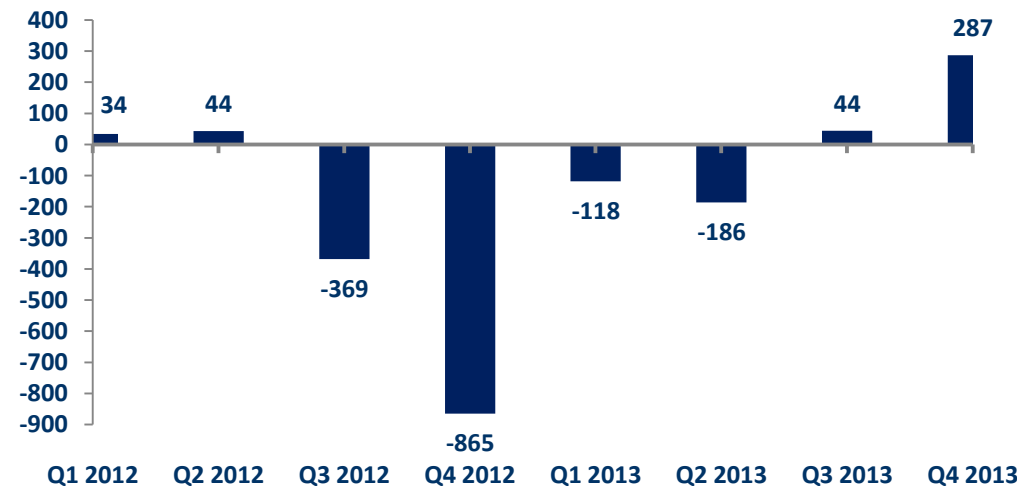


- Reducing costs coupled with improvement in margins has resulted in reduction in losses in FY13 period.
- In Q3FY13, Company shown a profit after 4 quarters of losses and in Q4FY13 the profitability further increased to Rs. 28.66 Crore (Vs Rs. 4.39 in Q3) primarily on account of better operational performance.

As part of the strategy to reduce costs, the Bank's current management has initiated the following corrective steps

- Reducing the employee strength to 2,601 as of March 31, 2013 as compared to 4,552 as of 31 Dec 2011 and those hired on high salaries have had to take a pay cut
- Reduction in other costs by discontinuing outsourcing activities
- Rationalization of existing network (surrendering excess office premises & relocating from high cost premises while maintaining its points of presence)

## Demonstrated efforts to reduce losses (PAT - Rs Million)



# Summary of Financials

## Profit & Loss Account

(Figures in INR Mn.)

Particulars	FY13	FY12
Interest income	13,080	13,937
Interest expenses	10,316	11,461
<b>NET INTEREST INCOME</b>	<b>2764</b>	<b>2,476</b>
Other Income	1,143	1,436
Operating expenses	3,393	4,891
Staff cost	1,868	2,740
Provisions	488	177
<b>PROFIT AFTER TAX</b>	<b>26</b>	<b>(1,156)</b>

## Balance Sheet

(Figures in INR Mn.)

Particulars	FY13	FY12
Capital	851	851
Reserves	6,809	6,431
Deposits	112,021	118,044
Borrowings	15,921	17,215
Other Liabilities	2,593	4,224
<b>TOTAL ASSETS</b>	<b>138,195</b>	<b>146,765</b>
Cash / Bank balance	7,621	9,261
Investments	46,845	43,602
Advances	77,770	87,581
Fixed assets	1,358	1,487
Other Assets	4,601	4,835
<b>TOTAL LIABILITIES</b>	<b>138,195</b>	<b>146,765</b>



# Summary of Financials

Particulars	FY13	FY12
Credit Deposit Ratio	69.42%	74.19%
<b>Deposits Composition</b>		
CASA (%)	22%	19%
Term Deposits (%)	78%	81%
<b>Quality &amp; Efficiency (%)</b>		
Gross NPA (%)	4.82%	1.18%
Net NPA (%)	3.36%	0.66%
Return on Assets (%)	0.02%	(0.75)%
<b>Basel II Capital Adequacy</b>	11.06%	9.49%
Tier I	8.05%	7.42%
Tier II	3.01%	2.07%

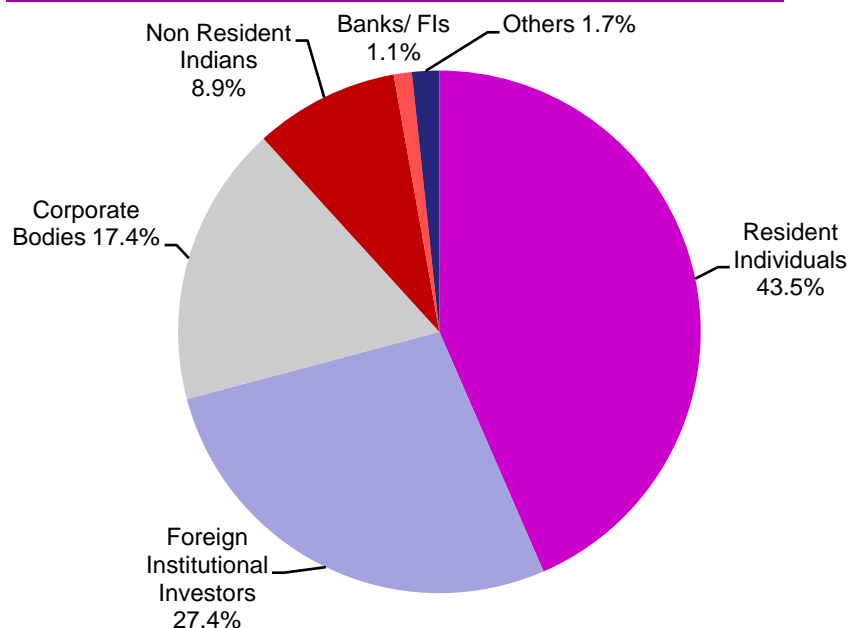
# Capital Issuances and Shareholding Pattern

- Raised Rs. 1077 million of Subordinated Debt in FY13
- Raised Rs. 1053 million of Equity in Q1FY14 through a combination of Qualified Institutional Placement (QIP) and Preferential Allotment issue which has further enhanced the Capital adequacy of the Bank to around 11.73%.

## Institutional Investors with shareholding greater than 1% (As on May 31, 2013)

Shareholder	% Stake
JUPITER SOUTH ASIA INVESTMENT CO. LTD.	4.24
CREDIT SUISEE (SINGAPORE) LIMITED	3.68
WELLINGTON MANAGEMENT COMPANY	3.42
COLLEGE RETIREMENT EQUITIES FUND	3.41
INDIA MAX INVESTMENT FUND LIMITED	2.86
LOTUS GLOBAL INVESTMENTS LTD	2.77
HYPNOS FUND LIMITED	2.58
ELARA INDIA OPPORTUNITIES FUND LIMITED	2.48
HDFC STANDARD LIFE INSURANCE COMPANY LTD	2.03
BHARTI AXA LIFE INSURANCE COMPANY LTD	1.92
INFOMERICS VALUATION AND RATING PRIVATE LTD	1.28
TATA AIA LIFE INSURANCE CO LTD	1.01
ING VYSYA LIFE INSURANCE COMPANY LIMITED	1.01

As of May 31, 2013



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



**Thank You**