

# Realigning Infrastructure to Fulfil Growth Plans

Kerala's private sector bank Dhanalakshmi Bank is on a growth trajectory. Managing director and CEO of the bank Amitabh Chaturvedi elaborates on the plans of the bank in an e-mail interview with executive editor N. Mohan

**N. Mohan:** With your business about to touch Rs 12,000 crore, what changes in business perspectives are you envisaging?

**Amitabh Chaturvedi:** We have started to accelerate and have grown at 50% YoY as on 30 September 2009. To support the growth plan, we have to realign the infrastructure of the bank. We first took measures to improve upon the existing branches and ATMs. The recession to a large extent worked in our favour especially for buying and leasing new properties that we required for expansion. We have taken permission from the Reserve Bank of India for starting new branches and ATMs. We also introduced technology to improve the processes and speed up operation. Now, that we have created a solid foundation, we can expand rapidly in various segments like SME and retail banking.

**Corresponding to the business growth, what are the plans for augmenting staff strength and capacity building? At what levels are you planning to engage people? What are the domain experts you have in mind?**

Our focus last year was on building our infrastructure and building a professional team that can support and lead the growth envisaged. Today, we have a total staff strength of over 3,700 people and we are ready to add on more people as and when required.

**The bank has a major focus on corporate banking. Do you intend to have the same level of significance for retail and SME segments?**

Yes, we will have similar focus on not just SME and retail but also on MFI and a few other new lines of businesses like investment banking. We have the team in place for the businesses, and will soon be announcing our new initiatives in the businesses.

**The bank as part of its revamp is looking for a perceptible change in its customer profile. Can you elaborate on this aspect?**

What we are really looking at is expanding our customer base. We are now present across India and we also have plans to introduce several new products and services. This essentially means that we will be able to address the needs of

a much larger audience, which will also get reflected in our new communications strategy. We believe the image needs to be contemporary.

The new brand identity created by Fitch with the help of our marketing team, has been designed to reflect both the bank's growth aspirations as well as the changing demographics of India. The new logo attempts to infuse fresh life in order to appeal to its existing valued customers and attract a new breed of young customers.

**What are the bank's plans to expand outside Kerala? Are there plans to set up branches abroad?**

We now have branches in close to 14 states in India and will continue the expansion in the coming year through our ATMs and branch network and online banking. As of now we do not have plans to set up branches abroad.

**Can you give details of the bank's expansion plans in terms of alternate channels?**

Our focus will always be on enhancing our customers' convenience. We recently introduced internet banking and you will see a number of new innovative products there. We do have plans to tie up with other banks for providing value added services.

**Financial inclusion appears to be the buzz word for banks in the current decade. What are your initiatives in this realm?**

Dhanalakshmi Bank follows a Value Chain Project led lending strategy for growth. The bank ties up with local association like MILMA for reaching out to larger number of local people. We also feel that these associations apart from providing them a reach to the villagers are also instrumental in capacity building at the village level, which plays an important role in making an individual economically stable. The bank's micro finance outstanding was Rs 191.57 crore as at the end of September 2009.

**What new risk mitigation measures have you planned to secure against economic volatility in 2010?**

It is challenge to grow and yet control NPAs and we have been successful here. Our Net NPA is only 0.86% as of September 2009. We have an experienced team lead by Suresh Kumar, head of Credit Monitoring and Review. We have a detailed internal credit review process for all businesses which insulates us to a large extent.

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**Amitabh Chaturvedi** plans to announce new products and services to address a much larger audience