

PNB GILTS LIMITED

**Analyst Meet
14 November 2002**

PRESENTATION STRUCTURE

- Macroeconomic Overview
 - Performance Summary
 - Key Developments
 - New Initiatives
 - Future Plans
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MACROECONOMIC OVERVIEW

	Sept. 30, 2002	March 31, 2002	Forecast (Credit Policy)
GDP	6.00% (Q-I)	5.40%	5.5%
Forex Reserves	\$ 62.72 bn	\$ 54.10 bn	Healthy Growth
Inflation	3.58%	1.40%	3-4%
10 Year G- Sec.	7.19%	7.26%	6.75%-7.00%

PERFORMANCE SUMMARY

(Rs. Crore)

	Q 2 2002-03	Q 2 2001-02	Half Year 2002-03	Half Year 2001-02
Total Income	60.16	42.10	72.68	104.25
Total Expenditure	17.61	15.94	39.01	32.94
PBT	42.33	25.99	33.23	71.06
PAT	30.01	16.63	20.21	45.59
Equity Capital	135.01	135.01	135.01	135.01
Net Worth	435.16	379.51	435.16	379.51

TOTAL TURNOVER (Quarterly Comparison)



(Rs. Crores)

	Q 2 2002-03		Q 2 2001-02	
	SLR	NON- SLR	SLR	NON- SLR
Primary	3180	195	2190	165
Secondary	20005	452	24792	123
Total	23185	647	26982	288

TOTAL TURNOVER (Half Yearly Comparison)



(Rs. Crores)

	Half Year 2002-03		Half Year 2001-02	
	SLR	NON- SLR	SLR	NON- SLR
Primary	4925	245	4347	176
Secondary	31540	577	45419	211
Total	36465	822	49767	387

SOURCES OF FUNDS



	(Half year 2002-03)		(Half year 2001-02)	
SOURCE	AVG. AMT (Rs. Cr)	AVG. RATE (%)	AVG. AMT (Rs. Cr)	AVG. RATE (%)
Call/Notice	901.78	6.11	445.28	7.28
Refinance	61.14	6.50	175.26	7.00
ICD	38.74	5.73	178.10	7.32
LAF	1.09	8.00	12.73	8.88
Repo	169.72	5.41	13.47	6.97
TOTAL	1167.09	6.06	824.24	7.25

COMPONENTS OF INCOME



(In Rs Crores)

	Q 2 2002-03	Q 2 2001-02	Half Year 2002-03	Half Year 2001-02
Total Income	60.16	42.10	72.68	104.26
Trading Profit	29.92	13.75	7.82	44.13
Interest Income	29.50	27.92	63.72	59.36
U/W Fee	0.52 (0.85)	0.44 (0.93)	0.71 (1.59)	0.76 (1.58)
Average Stock	1347	1064	1567	1112.59

() total underwriting fee earned during the year

COMPONENTS OF EXPENDITURE

(Rs. Crore)

	Q 2 2002-03	Q 2 2001-02	Half Year 2002-03	Half Year 2001-02
Interest Expenditure	15.65	14.19	35.74	30.04
Administration & Others	1.96	1.75	3.27	2.89
Total Expenditure	17.61	15.94	39.02	32.93

RATIO ANALYSIS

Ratio	Q 2 2002-03	Q 2 2001-02	Half year 2002-03	Half year 2001-02
RONW (ann.) (%)	28.57	17.92	9.79	25.49
ROCE (ann.) (%)	15.46	15.56	11.62	20.07
Avg. Leverage (Times)	2.09	1.80	2.55	1.81
PAT per Employee (Rs. In Crores)	0.68	0.37	0.46	0.99

AVERAGE RETURN ON FUNDS DEPLOYED



(Half year Sep. 30, 2002)

Security Type	Interest Yield (%)	Total Return (%)
Dated Securities	9.24	9.76
Treasury Bills	6.14	6.68
PSU Bonds	12.13	24.84
TOTAL	9.20	10.37

RESEARCH & RISK MANAGEMENT

- Research Department that :
 - Monitors and Analyses Factors affecting interest rates
 - Conducts Technical Analysis of G-Secs
 - Undertakes research on Non-SLR Papers
- Strong integration between Research and Dealing

RISK MANAGEMENT

- This includes:
 - Framing & implementing Risk Management Systems and Tools
 - Future Plans:
 - To market Risk Management Systems and Tools to potential customers as an advisory product
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KEY DEVELOPMENTS IN LAST SIX MONTHS

EMPHASIS ON RELATIONSHIP BASED BUSINESS



	Half year 2002 -03			Half year 2001-02		
	Total Turnover	Relation Based	Share (%)	Total Turnover	Relation Based	Share (%)
Vol (Rs. Cr)	32184	9065	28.16	45713	10292	22.51
No. of Deals	7288	3245	44.53	7974	2316	29.04

WHY FOCUS ON RELATIONSHIP BASED TURNOVER

In a market where interbank players move in tandem taking a view on interest rates, PNB Gilts has added new client groups to this market, which have different needs for investing in debt products. These clients provide stable market base & exit route under adverse market conditions.

STEPS TO ENHANCE RELATIONSHIP BASED TURNOVER

- Creating awareness about Government Securities/ debts markets
- Undertaking origination & distribution of non SLR debt
- Enhancing Market Penetration
- Expanding Client Base
- Increasing CSGL Clients
- New Initiatives
 - Wholesale
 - Midsegment
 - Retail Clients

CREATING AWARENESS ABOUT GOVERNMENT SECURITIES

- Organizing Seminars at various centers like Sangli, Solapur, Bhopal, Bangalore, Agra, Kolhapur
- Specific Training Programs on request for RRBs, Cooperative banks, Corporates etc
- Faculty support in programs organized by BIRD, NABARD, Staff Training Colleges of Banks, NAFCUB, PHDCCI etc at Jaipur, Lucknow, Jalandhar, Nainital, Kolkata
- Direct Marketing through visits, presentations
- Mailers to non bankers clients

ENHANCING MARKET PENETRATION

- Company has wide geographical reach across country through its corporate and 5 branches
 - Market penetration to be enhanced using PNB Network
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FOCUS ON MIDSEGMENT CLIENTS

CLIENT GROUP	As on 31-03-2002	As on 30-09-2002	Increase (%)
Cooperative banks	357	815	128.29
PFs & Other Trusts	654	865	32.26
Others	7	32	357.14
TOTAL	1018	1712	68.17

Total number of clients have increased from 1740 in April'02 to 2220 in October'02.

INCREASING CSGL CLIENTS

	As on 31-03-02	As on 30-09-02	Increase (%)
No. of Accounts	63	77	22.22
Portfolio Held	782	2616	234.53

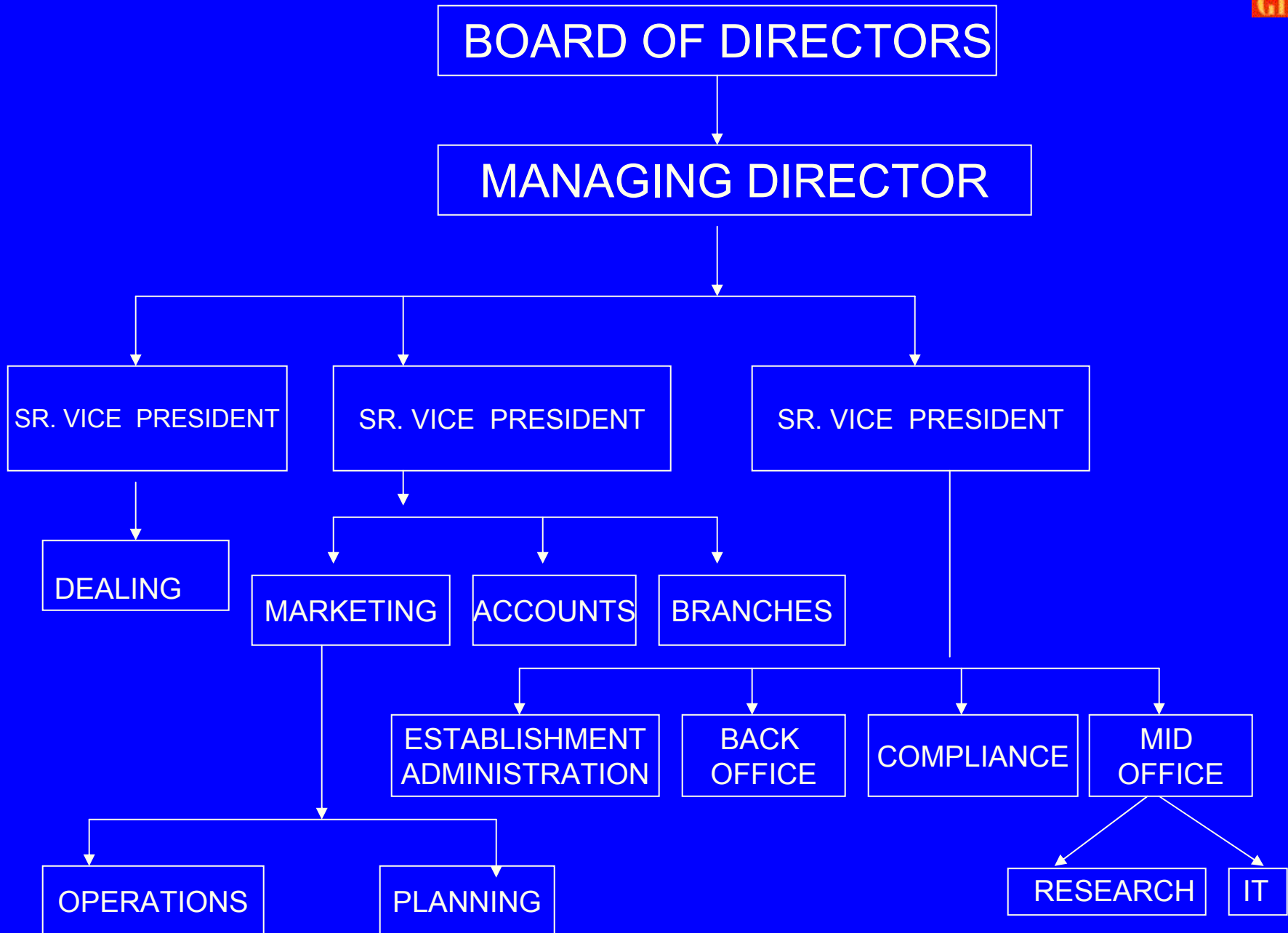
NEW INITIATIVES

- Segregation of Marketing into operations and strategic planning functions
- Client Segregation
 - Wholesale
 - Midsegment
 - Retail
- Focus Area – Midsegment clients
- Fee based initiatives
 - Advisory services as a product
 - Applied for Merchant Banking license
- Resource mobilization options in place

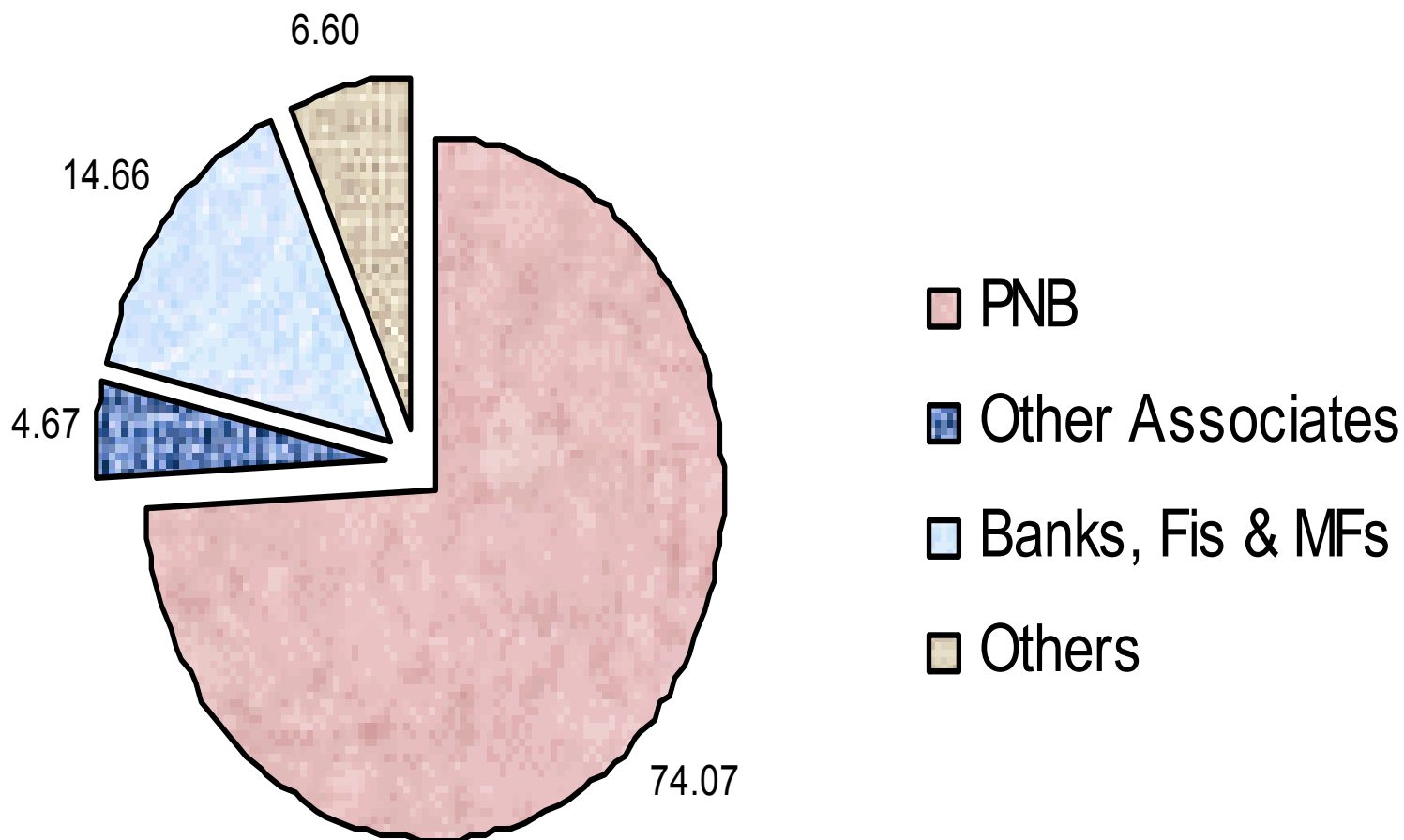
FUTURE PLANS

- Relationship based Turnover: Focus on developing mid segment further with objective of achieving 50% turnover from this segment by utilizing PNB Network.
- Expand Client base: target 2500 clients by end of FY 2002-03.
- CSGL clients: Increase focus in this area by adding more clients.
- Income stream diversification: develop fee based activities.
- Develop capabilities to become full service investment bank.

ORGANIZATION STRUCTURE



SHAREHOLDING PATTERN



Thank You
