

# UJJIVAN AR 2018 SUMMARY

## Financial Highlights

- Total income of 1582 Cr at 13.2 % growth Yoy with its 7 Cr profit
- PAR at 4%, GNPA at 3.6% at NNPA at 07%
- cost to income 67 % against last year 53 % due to banking transition
- Average debt to net worth at 2.9
- Gross loan book per branch from Rs 14 Cr to Rs 16 Cr
- Gross loan book per employee 60 Lakh to 70 lakh
- Customer retention ratio down from 86 % to 85 %
- Book value at Rs 146
- capital adequacy at 23 %
- Headcount up from 10167 to 11242

## Management Discussion and Analysis

- Disbursement at 8052 Cr at 13% growth rate with loan book at 7560 Cr (18.5% growth)
- 7.6 Lakh new borrower added
- 65% of legacy loans converted in to deposits. However, major share is wholesale deposit
- 14 % growth in employee salary
- No red flag in management salary
- 17% attrition
- Continues to feature in best places to work
- New initiative for risk and ALM management integrating with SAS
- Average lending ticket size increased from Rs 25.7K to Rs 29.6K
- Housing loan grew at 227% and MSM E at 298%. Together, their share increased from 4 % to 72 %
- TAT reduced from 10 days to 4 days
- 3 Lakh microfinance Customers onboarded to banking

## Demonetization Impact:

- Rs 177 Cr write off and 311 Cr of credit cost
- Repayment up from 89 % to 97.3 %
- N NP A stood at 0.7 %
- UP, Maharashtra and Karnataka were key contributors to NPA. UP PAR reduced from 50% to 21 %, Karnataka 19% to 7 % and Maharashtra 16.4 to 7.46 due to write-offs
- More than 99% repayment on post demonetisation loans

## Banking Development

- 187 branches converted and remaining to be converted this year
- Received scheduled bank status within 7 months of operation
- Deposit base at 3772 Cr out of which 11 % from retail
- cost of fund reduced from 11.4 % to 10 %
- Lot of new technology developments
- 7000 handheld devices for instant account opening
- 64 seat phone banking
- ALM, CRM and many technology upgrades with Wipro as system integrator
- 146 biometric ATMs enabled
- Mobile app with 4.7 score
- Focus on biometric, paperless and faster turnaround time
- 3554 new hires
- 7 000 employees trained on banking
- 14 IIM graduates hired as a part of management development program along with 118 management trainees
- Insurance tie-ups with multiple vendors
- Introduction of Insta kits and Insta debit cards

- Introduction of green pin concept
- switch to Indian post leading improvement
- 1255 recruitments specifically for banking requirement

## Future plans

- To grow MS ME and home loan verticals to contribute more to overall portfolio
- Launch new financial products like 2 wheeler loans
- Recruit 3000 new employees
- focus on retail deposits this year and improve CASA
- Convert all remaining branches into bank branches
- Rs 400-500 Cr of additional investment in technology over next 5 years
- No more BC model going further
- Evolule (handheld) device count to increase from 7000 to 10000
- One more phone banking support to be opened
- 35 % of legacy loan get to be closed
- Lot of employee executives seem to belong from Ghosh previous company and have been staying with Ujjivan, for a long time
- Increased efforts on ATL and BTL marketing

## Others

- Company follows strong provisioning norms doing provisions beyond RBI mandate
- New hires in housing and technology

## Risks

- will have to do priority sector lending including agri loans. Are these subjected to political risk? How much regulation says as minimum to allocate?
- How unsecured individual lending will be taken care of?
- why ULIP based insurance products are being sold?

# To be Understood

- ALM mismatch analysis
- RBI statutory requirement on capital adequacy

Note: Kindly note that this document is not for stock recommendation but only for academic purposes.