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CLOCKWISE FROM TOP LEFT: THE BAJAJS - SHEKHAR; MADHUR; NIRAJ; RAJIV AND SANJIV BAJAJ



| Best Small Finance Bank |

# NEW BRANCHES PUSH LOAN GROWTH AT UJJIVAN

The small finance bank pushed niche products such as microfinance to emerge a winner.

BY ASHUTOSH KUMAR

# B

**BANGALORE-BASED** Ujjivan Small Finance Bank reported robust performance in FY24 due to expanded geographical presence, better customer acquisition strategy, shifting of customers from group to individual loans and push to affordable housing and micro mortgages.

Ujjivan has been adjudged the best small finance bank in Fortune India-Grant Thornton Bharat's list of India's Best Financiers for FY23. The bank's total income zoomed 36% from ₹4,754 crore in FY23 to ₹6,463 crore in FY24. Gross loan book grew 24% from ₹24,085 crore in FY23 to ₹29,780 crore in FY24. Deposits rose 23% to ₹31,462 crore compared with ₹25,538 crore in FY23.

The bank management has deployed a wide range of strategies to expand the business. The key is opening more branches to increase disbursements. Ujjivan added 123 branches in FY24, taking the total to 752, spread across 26 states. It plans to add 50 more in FY25. Also, de-

▶  
Ittira Davis, outgoing MD & CEO,  
Ujjivan Small Finance Bank, and Sanjeev  
Nautiyal, new MD & CEO



mand for niche products such as micro-finance and transition of customers from group to individual loans seem to have worked well. The bank acquired around 2.7 lakh new microfinance customers in Q4 FY24, taking the number of newly acquired customers for the year to 10.5 lakh, up 12% from previous fiscal.

Another initiative that worked was shifting about 1.4 lakh customers from group loans to individual loans; it expects individual loan growth to outpace group loan growth. According to data shared by the bank, group loan customers account for more than 80% of the current individual customer base.

Affordable housing and mortgage loans have also been two important engines of growth for the bank. Ujjivan hopes to see strong demand for its products in FY25 as well. It disbursed ₹2,284 crore for the full year, growth of 45% on a year-on-year basis, taking the affordable housing book to ₹5,000 crore. It is focusing on reducing manual intervention by enabling digital onboarding of customers, improving productivity and streamlining the approval process. One of the new offerings is pre-qualified top-up loans for existing customers. Ujjivan expects growth to continue on the micro mortgage front. It disbursed ₹128 crore in Q4 FY24, a significant improvement from ₹24 crore in the first quarter.

Analysts say value-added products offered during the course of the year have helped the bank. “Ujjivan Small Finance Bank has been seeing the benefit of the brand campaign and introduction of value-added products during the year, which has been driving deposit growth. Going forward, the bank (intends to) build a retail and granular deposit base and scale up its CASA deposit franchise to 30% over the

medium to long term,” Axis Securities said in a post-result note in May.

“The management remains confident that MSME business ramp-up will also contribute towards building current accounts as the asset product suite is designed towards meeting customers’ requirements. The bank will continue to expand geographically. It will continue to invest in technology and people to ramp up products and build a strong base. Thus, opex ratios will continue to remain elevated in FY25,” says the note by Axis Securities.

According to the brokerage, management transition is a key monitorable. RBI has approved the appointment of Sanjeev Nautiyal as managing director and CEO of Ujjivan Small Finance Bank, with effect from 1 July 2024. Nautiyal was previously deputy managing director in State Bank of India, handling financial inclusion and micro-markets.

Ujjivan has lined up several growth initiatives for the future. To begin with, in the current financial year, the bank plans a countrywide launch of fund-based and non-fund-based working capital offerings. To enhance outreach, it is working with four fintech partners, two of whom were on-boarded in the fourth quarter.

The bank also plans to enhance emerging businesses such as gold loans and vehicle finance. It plans to offer gold loans at 250 branches by the end of the current financial year, up from 60 branches currently. On the vehicle finance front, it will deepen its presence in existing eight states with both physical and digital experience, including introducing smart statements, video banking and WhatsApp banking. End-to-end digital services experience for customers in select areas is also on the cards. ■

## HOW IT FARED

### UJJIVAN SMALL FINANCE BANK

▼  
Total Income (FY24)  
**₹6,464 Cr**

Net Profit  
**₹1,282 Cr**

Net Interest Income  
**₹3,409 Cr**

Net Interest Margin  
**9.10%**

Gross NPA  
**2.23%**

Capital Adequacy  
**24.69%**

Net interest income = interest income – interest expense

FIGURES ARE STANDALONE. SOURCE: CAPITALINE, INVESTOR PRESENTATION

## WHAT IT DID RIGHT

- Brand campaign and introduction of value-added products
- Graduating 1.4 lakh customers from group loans to individual loans

## THE BANK ACQUIRED AROUND 2.7 LAKH NEW MICROFINANCE CUSTOMERS IN Q4 FY24