Q1 2025

1. Revenue growth trends
- **Narrative:** The management of Ujjivan has outlined a comprehensive growth strategy focusing on expanding its loan portfolio and enhancing its market presence. The emphasis is placed on significant growth in both general loan books and specific segments such as affordable housing. The management aims to sustain and build upon prior growth rates, targeting increased market penetration and operational expansion across various regions.
- **Management's Guidance:**
- 1. The company aims to grow its loan portfolio by 20% by the end of the fiscal year. 2. Management expects a 42% year-over-year growth and a 6% quarter-over-quarter growth in the affordable housing book size by Q1 FY 2025. 3. The bank targets a 25% increase in its loan book for the fiscal year 2024-2025. 4. There is a plan to continue the growth trend of over 40% in the coming years. 5. The company expects to achieve around 10% growth in Bihar for the current year. 6. The company aims to grow its outstanding by 20%, maintain a 20% return on equity, achieve a 9% net interest margin (NIM), keep credit costs within 1.70%, increase its secured book to around 35% by the end of the financial year, and actively pursue a Universal Bank license within this financial year.
- **Actual Results:**
['Q1', '2025']:
- The gross loan book was INR30,069 crores as of June '24, up 19% year-on-year and 1% quarter-on-quarter. The affordable housing segment achieved a book size of INR5,199 crores, registering a growth of 42% Y-o-Y and 6% Q-o-Q. Revenue increased by 15% in the last quarter.
- **Evaluation:**
- Expectations Met: Ujjivan's actual results show a 19% year-on-year growth in the gross loan book and a 42% year-over-year growth in the affordable housing segment, which aligns closely with the management's guidance of a 20% loan portfolio growth and 42% growth in affordable housing.

2. Profitability metrics
- **Narrative:** The management of Ujjivan has outlined a robust strategy to maintain strong profitability metrics in the coming quarters. They are focused on sustaining a significant growth in their asset book while ensuring a high return on equity (ROE). Additionally, there is an emphasis on improving retail deposit quality and achieving better cost efficiency. The financial leadership has also highlighted goals for enhancing gross margins, which indicate a comprehensive approach to bolstering overall financial performance.
- **Management's Guidance:**
- The management aims to maintain a 20% asset book growth and achieve a full-year ROE of 20%. The objective is to achieve granular retail deposits at a lower cost, with an improvement target from 70% in March '24 to 74% as on June '24. Ashish Goel mentioned that the ROE should remain in the range of 20%. The CFO provided guidance on achieving a gross margin improvement of 2% by the end of the fiscal year. Carol Furtado indicated a 20% ROE for this year.
- **Actual Results:**
['Q1', '2025']:
- Increased disbursements and increased collections have given us a very high ROE of 27%. PAT for the quarter was INR301 crores, resulting in a healthy ROA and ROE of 2.9 percentages and 20.9 percentages.
- **Evaluation:**
- Expectations Exceeded: The management's aim for a 20% ROE was surpassed with an actual ROE of 27% for Q1 2025, indicating that the company's profitability metrics exceeded expectations.

3. Net interest margin analysis
- **Narrative:** The management of Ujjivan has expressed a strategic focus on maintaining a stable net interest margin as part of its financial performance and growth objectives. This focus is indicative of the company's efforts to ensure profitability and financial stability in the coming quarters.
- **Management's Guidance:**
- The Chief Financial Officer mentioned that the bank expects to maintain a net interest margin of 8% for the remainder of the year.
- **Actual Results:**
['Q1', '2025']:
- NIMs for the quarter is 9.3 percentages.
- **Evaluation:**
- Expectations Exceeded: The management expected to maintain a net interest margin of 8%, but the actual result for Q1 2025 showed a net interest margin of 9.3%, surpassing their expectations and indicating stronger financial performance.

4. Capital adequacy ratios
- **Narrative:** Management has outlined a strategic approach to maintain a robust capital position. This involves setting specific targets for the CD ratio to optimize liquidity management and reduce negative carry. Additionally, the company aims to achieve a balanced asset portfolio composition in the coming years.
- **Management's Guidance:**
- The management team has set a target to maintain the CD ratio at 85%, inclusive of IBPC securitization, as part of their liquidity management and negative carry reduction strategy. The 60-40 composition, with 40% being the secured asset portfolio, is expected to be achieved by FY '26.
- **Actual Results:**
['Q1', '2025']:
- Credit To Deposit Ratio was 85% as of Jun’24, adjusted for IBPC/ Securitisation book.
- **Evaluation:**
- Expectations Met: The management's target to maintain the CD ratio at 85% was achieved by Q1 2025, as the actual results show the ratio was indeed 85% as of June 2024, aligning with their strategy for liquidity management and negative carry reduction.

5. Credit risk assessment
- **Narrative:** The management of Ujjivan has discussed their strategic approach to credit risk assessment in the context of a challenging microfinance environment. They are adopting a cautious stance towards acquiring new credit customers due to the current slowdown. Additionally, the management is focused on maintaining a disciplined credit cost framework for the fiscal year.
- **Management's Guidance:**
- The management is confident of meeting their FY '25 credit cost guidance. The credit cost is expected to be in the range of 1.7% for the full year. For the first half of the year, the credit cost will stay within the range of 1.4% to 1.6%. The entire year's credit cost is expected to remain within 1.7%. They have set a target

for 5% to 7% of BBB and below-rated corporates in their portfolio. An issue related to overlending in a specific state is expected to be resolved in 3 to 6 months.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results for Q1 2025 are provided without specific details on credit cost performance or resolution of the overlending issue, making it impossible to determine if management's expectations were met, exceeded, or not met.

6. Digital banking enhancements
- **Narrative:** Management discussed the launch of digital current accounts specifically targeting the MSME (Micro, Small, and Medium Enterprises) segment. This initiative is part of a broader strategy to enhance their digital platform capabilities, indicating a focus on catering to niche markets and improving digital banking services.
- **Management's Guidance:**
- The management outlined strategic plans to enhance the digital platform, which includes launching new digital current accounts for the MSME segment. This is aimed at boosting their digital presence and potentially increasing customer engagement and market share in this segment.
- **Actual Results:**
['Q1', '2025']:
- Actual Results:
- **Evaluation:**
- Insufficient Info: The actual results data provided lacks detailed information on the outcomes of the digital current accounts launch for the MSME segment, making it impossible to determine if the strategic goals were met, exceeded, or not met.

7. Non-performing asset management
- **Narrative:** The management is focused on improving the company's asset quality by setting specific targets for bad debt recovery and closely monitoring the non-performing asset (NPA) levels. This is part of a broader strategy to enhance financial stability and reduce risk exposure over the coming quarters.
- **Management's Guidance:**
- The management has set a target to collect over INR100 crores in bad debt recovery for the year. They also expect the NPA to peak at about 2.7% to 2.8% by the end of the financial year, after which a reducing trend is anticipated.
- **Actual Results:**
['Q1', '2025']:
- Bad debt recovery remained strong at INR27 crores in Q1 FY '25. Portfolio quality remains healthy with GNPA at 2.3% and NNPA at 0.4%.
- **Evaluation:**
- Expectations Exceeded: The management aimed for bad debt recovery of INR100 crores for the year, and in Q1 alone, they achieved INR27 crores, indicating a strong start. Additionally, the GNPA was better than expected at 2.3%, below the anticipated peak of 2.7% to 2.8%.

8. Asset quality metrics
- **Narrative:** The management highlighted the strategic intention to improve the asset quality by increasing the proportion of secured assets in the company's portfolio. This strategy is aimed at enhancing the overall stability and quality of the company's asset base.
- **Management's Guidance:**
- Management intends to reach a secured book of 40% by the end of the year and plans to achieve a 60-40 ratio (40% secured) over the next two years.
- **Actual Results:**
['Q1', '2025']:
- Carol Furtado mentioned they initially set guidance for a 60-40 ratio of secured to unsecured assets, and they continue to maintain it.
- **Evaluation:**
- Expectations Met: Management's goal to maintain a 60-40 secured to unsecured asset ratio was achieved, aligning with their guidance and demonstrating success in their strategic intention to improve asset quality.

9. Competitive positioning
- **Narrative:** Management emphasized their focus on competitive positioning by aiming to significantly boost their market share. This involves strategic initiatives to enhance their presence in key markets over the coming year.
- **Management's Guidance:**
- The CEO mentioned that the company aims to increase its market share by 5% within the next 12 months.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results for market share increase are not provided in the current dataset, making it impossible to determine if the company's aim to boost market share by 5% within 12 months was met or exceeded.

10. Geographic expansion plans
- **Narrative:** Management is focused on expanding Ujjivan's geographic footprint to enhance its market presence. The discussion highlighted the strategic goal of increasing branch presence across various districts and states to support growth and volume generation in the coming quarters.
- **Management's Guidance:**
- Management anticipates opening 50 new branches within the next 18 months, as confirmed by the Executive Director. They also aim to leverage the existing diversified presence of 752 branches across 326 districts in 26 states to achieve their strategic objectives, with expectations of restoring normalcy by the end of H1 FY '25 and increased volume generation from Q3 onwards.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
- **Evaluation:**

- Insufficient Info: The actual results for Q1 2025 are provided, but there is no specific information or data available to determine how many branches have been opened. Therefore, it's unclear if the geographic expansion expectations were met, exceeded, or not met.

11. Process automation initiatives
- **Narrative:** Management emphasized the importance of process automation in boosting operational efficiency. They highlighted ongoing efforts to integrate advanced technologies aimed at streamlining operations, which is expected to enhance productivity and reduce costs in the forthcoming quarters.
- **Management's Guidance:**
- The Chief Operating Officer indicated a 15% increase in operational efficiency by the next quarter.
- **Actual Results:**
['Q1', '2025']:
- Ashish Goel stated that their efficiencies in the 1 to 90 bucket have gone above 40% in the last 2 months of the last quarter.
- **Evaluation:**
- Expectations Exceeded: The management guided for a 15% increase in operational efficiency, but the actual results showed efficiencies improved by over 40% in the designated time frame, surpassing the initial expectations.

12. New product launches
- **Narrative:** The management is focused on expanding their product offerings by targeting the mid-premium and Green Funding segments. They have strategically planned to introduce new products to strengthen their market position and cater to emerging consumer demands.
- **Management's Guidance:**
- The company plans to launch three new products by the end of the next fiscal year, with specific aims to have these products ready by Q3 of the upcoming year.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results only provide data for Q1 2025, without enough detail to determine if the three new products were launched by Q3 of the upcoming year as planned, leaving an incomplete picture of whether expectations were met or not.

Q4 2024

1. Revenue growth trends
- **Narrative:** Management has outlined a robust growth trajectory for the coming fiscal year, focusing on loan portfolio expansion and strategic recovery initiatives. There is a clear emphasis on individual loan growth, which is projected to significantly outpace group loans, indicating a strategic pivot to more personalized financial products.
- **Management's Guidance:**
- The CEO stated that the bank aims to achieve a 20% growth in its loan portfolio in the fiscal year 2024-25. The management estimates the gross loan book to grow between 20% to 25% for the financial year '25, with deposits growing in line with asset growth. Ashish Goel stated that the individual loan portfolio is expected to grow at a rate of 40%. The trend of Individual Loan growth outpacing Group Loan growth is expected to continue in FY25.
- **Actual Results:**
['Q4', '2024']:
- Management reported that the gross loan book grew by 24% year-on-year and 10% quarter-on-quarter in Q4 2024. The total deposits grew to INR 31,462 crores, registering a 23% year-on-year growth. The individual loans in Q4 FY24 reached 1,35,937, demonstrating the strategic focus on individual loan growth.
['Q1', '2025']:
- In Q1 FY25, the gross loan book was reported to be INR 30,069 crores, reflecting a 19% year-on-year growth and a 1% increase quarter-on-quarter. Revenue increased by 15% in the last quarter. Total income was INR 1,774 crore in Q1 FY25, compared to INR 1,464 crore in Q1 FY24. Total deposits grew to INR 32,514 crores, up 22% year-on-year and 3% quarter-on-quarter. The individual loan portfolio accounted for 17% of the gross loan book.
- **Evaluation:**
- Expectations Met: The management's guidance of a 20-25% growth in the gross loan book for FY25 was met with a 24% growth in Q4 FY24 and a 19% year-on-year growth in Q1 FY25, aligning with their expectations. The individual loan portfolio growth also followed the expected trend.

2. Interest income trends
- **Narrative:** Management highlighted the potential impacts on interest income trends due to external macroeconomic factors. Specifically, they noted the influence of recent interest rate hikes on the company's cost of funds and anticipated refinancing activities.
- **Management's Guidance:**
- The CFO indicated that the cost of funds will see a marginal uptake due to a recent rate hike, which may affect interest income. Additionally, the CEO mentioned an expectation for an increase in refinancing activities during the current year, which could potentially boost interest income.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Total Interest Earned was ■1,577 crore in Q1-FY25. The interest earned in Q1-FY25 was ■1,577 crore. The interest expended in Q1-FY25 was ■636 crore.
- **Evaluation:**
- Expectations Met: The management anticipated a marginal impact on interest income due to rate hikes and expected increased refinancing activities to potentially boost income. The actual results showed a significant interest earned of ■1,577 crore in Q1-FY25, aligning with management's expectations.

3. Profitability metrics
- **Narrative:** Management provided a comprehensive overview of the company's profitability outlook, emphasizing robust financial performance. The focus is on maintaining strong Net Interest Margins (NIMs) and Return on Equity (ROE), while also anticipating improvements in gross margins. Additionally, significant growth in net profit is projected, highlighting the company's strategic initiatives to enhance operational efficiency and profit margins.
- **Management's Guidance:**

- The management expects NIMs to stay around 9% and the ROE at around 22%. The CFO stated that the company expects a gross margin improvement of 2% in the next quarter. The CFO projected a 20% increase in net profit for the upcoming fiscal year. The CEO expects a 20% increase in net profit margin by the end of the fiscal year.
- **Actual Results:**
['Q4', '2024']:
- Management reported a net profit of INR 330 crores for Q4 FY24, which indicates a growth in profitability. The Pre-Provision Operating Profit (PPoP) was INR 519 crores, reflecting a 26% year-on-year increase. The Return on Equity (ROE) was reported at 24.8% for the fourth quarter.
['Q1', '2025']:
- The net profit for Q1 FY25 was ■301 crore, which is a decrease from ■324 crore in Q1 FY24. The ROE reported was 27%, and the ROA was 2.9%. Year-on-Year growth for Q1 FY25 was 22%.
- **Evaluation:**
- Expectations Exceeded: The management's expectations for ROE (22%) and net profit growth (20%) were surpassed, with actual ROE reaching 24.8% in Q4 FY24 and a net profit increase of 26% year-on-year, indicating a strong financial performance beyond the anticipated targets.

4. Capital adequacy ratios
- **Narrative:** Management's discussion around capital adequacy ratios highlighted a strong focus on maintaining robust capital health. There is a strategic intent to achieve an internal target for the CA SA ratio, aiming for a benchmark figure that ensures stability and growth. The management emphasized confidence in the company's capacity to sustain its capital adequacy without the need for additional capital infusion despite ambitious growth projections. This approach underscores the company's commitment to prudent financial management and operational efficiency.
- **Management's Guidance:**
- The internal target for the CA SA ratio is directed towards reaching the benchmark figure of 30. There will be no requirement for additional capital in the years 2024 and 2025, even with a projected 25% growth in the loan book and a 15% growth in net worth.
- **Actual Results:**
['Q4', '2024']:
- CASA ratio improved to 26.5% against 25.5% in the last quarter. CRAR was at 24.7%, down 112 bps yoy.
['Q1', '2025']:
- CRAR decreased to 24.8%, down 184 bps yoy.
- **Evaluation:**
- Expectations Not Met: The management aimed for a CA SA ratio benchmark of 30, but the actual results in Q4 2024 showed a CASA ratio of 26.5% and a declining CRAR, indicating that the expectations for capital adequacy were not met.

5. Net interest margin analysis
- **Narrative:** Management has provided insights into their expectations for the company's net interest margin (NIM) in the upcoming fiscal periods. They have discussed maintaining a competitive edge in the market by focusing on strategic margin improvements.
- **Management's Guidance:**
- The CFO mentioned that the bank expects to maintain a net interest margin of around 10% throughout the next fiscal year. The NIM guidance is set at 9%. The CFO confirmed the bank's plan to improve its net interest margin by 50 basis points over the next two quarters. The guidance for NIM (Net Interest Margin) is to go with 9%.
- **Actual Results:**
['Q1', '2025']:
- NIMs for the quarter is 9.3 percentages.
['Q4', '2024']:
- The Net Interest Margin (NIM) was recorded at 9.4% in Q4FY24.
- **Evaluation:**
- Expectations Exceeded: The actual Net Interest Margin (NIM) for Q4FY24 was 9.4% and for Q1 2025 was 9.3%, exceeding the management's guidance of maintaining a NIM of 9% and surpassing the planned improvement of 50 basis points over the next two quarters.

6. Digital banking enhancements
- **Narrative:** Management is focused on advancing digital capabilities with a strong emphasis on enhancing customer interaction and streamlining operations. Key initiatives include the introduction of smart statements, video banking, and WhatsApp banking, which are aimed at improving customer engagement and accessibility. Additionally, there is a strategic move to implement a Loan Origination System (LOS) specifically tailored for the MSME business, reflecting the company's commitment to leveraging technology to drive efficiencies and enhance service delivery.
- **Management's Guidance:**
- The management plans to introduce digital initiatives such as smart statements, video banking, and WhatsApp banking during the first quarter of the financial year. The management plans to launch the Loan Origination System (LOS) for the MSME business in the first quarter. The COO mentioned the implementation of a new digital platform by Q3 this year.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: There is insufficient information regarding the actual implementation and performance of the digital initiatives like smart statements, video banking, WhatsApp banking, or the Loan Origination System (LOS) for the MSME business based on the provided citations and data points. The actual results data lacks specific details on whether these initiatives were launched and their effectiveness, hence making it difficult to assess if expectations were met or exceeded.

7. Non-performing asset management
- **Narrative:** The management of Ujjivan discussed their focused approach towards managing non-performing assets through strategic recovery efforts. They emphasized the significance of recovering from written off accounts as a means to improve asset quality and mitigate risks associated with non-performing

assets.
- **Management's Guidance:**
- Ashish Goel stated that the recovery from written off accounts is expected to be between INR100 crores and INR110 crores for the current year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: Without specific data on the actual recovery amount from written-off accounts for the given period, it is unclear whether the expected recovery of INR100 crores to INR110 crores was met, exceeded, or not met.

8. Credit risk assessment
- **Narrative:** Management has articulated a cautious yet strategic approach towards maintaining credit risk exposure. The discussions emphasize a balanced mix of secured and unsecured advances to optimize risk and return. This approach is indicative of the company's commitment to ensuring stability in credit costs while managing growth.
- **Management's Guidance:**
- The management has expressed that credit costs are anticipated to remain steady going into FY25. Specifically, they expect credit costs to be within the range of 1.4% to 1.5% for the financial year 2025. Additionally, the company plans to maintain a strategic balance in its loan portfolio with a 60-40 split between unsecured and secured advances over the financial years '25 and '26.
- **Actual Results:**
['Q1', '2025']:
- Rising credit cost came in at INR110 crores for Q1 FY '25 versus INR79 crores in Q4 financial year '24. Ashish Goel stated the Q1 annualized credit cost is about 1.42%. This quarter, we had about 1.4% credit cost.
['Q4', '2024']:
- Credit cost was ■79 crore in Q4FY24.
- **Evaluation:**
- Expectations Met: The management's guidance anticipated credit costs to be within the range of 1.4% to 1.5% for FY25, and the actual results for Q1 FY25 showed a credit cost of approximately 1.4%, aligning with the expected range.

9. Asset quality metrics
- **Narrative:** Management has addressed concerns regarding asset quality, particularly in the regions of Punjab and Haryana. They are closely monitoring the effects of the Karza Mukti Abhiyan, a regional program impacting loan portfolios, and have outlined expectations for its influence on asset quality.
- **Management's Guidance:**
- The company expects the impact of the Karza Mukti Abhiyan on its portfolio in Punjab and Haryana to subside by Q2 of the financial year '24.
- **Actual Results:**
['Q1', '2025']:
- Our PAR has increased to 4.2% in June '24 versus 3.5% in March '24.
['Q4', '2024']:
- Vibhas Chandra mentioned that the portfolio in Punjab and Haryana was impacted due to Karza Mukti Abhiyan in the second half of financial year '24.
- **Evaluation:**
- Expectations Not Met: The company expected the impact of the Karza Mukti Abhiyan to subside by Q2 FY24, but the actual results showed an increase in PAR from 3.5% in March '24 to 4.2% in June '24, indicating a deterioration in asset quality rather than the anticipated improvement.

10. Geographic expansion plans
- **Narrative:** Management has articulated a strategic plan focused on significant geographic expansion through the increase of branch locations. This expansion aims to enhance service delivery and capture a larger market share by broadening the company's footprint.
- **Management's Guidance:**
- The company plans to offer Gold Loans from 250 branches by the end of Financial Year 2025, up from the current 60 branches. Additionally, there is an aim to add around 50 more branches during FY 2024-25. Furthermore, the CEO has announced plans to open 50 new branches by the end of the next calendar year and an additional 50 branches in FY 2025.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results provided do not include specific information on the number of new branches opened or the current status of geographic expansion efforts, making it impossible to determine whether the expectations were met or exceeded.

11. Rural and urban penetration
- **Narrative:** Management has emphasized their commitment to bolstering market strategy and expansion efforts, particularly focusing on rural and urban penetration. This involves initiatives to increase their loan book, which is seen as a critical driver for enhancing market share and reaching underserved areas.
- **Management's Guidance:**
- The CEO stated that the bank aims to increase its loan book by 20% by the end of the fiscal year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results

- **Evaluation:**
- Insufficient Info: The provided actual results do not include specific details about the increase in the loan book or any quantifiable outcomes related to the management's guidance, making it impossible to determine if the expectations were met, exceeded, or not met.

12. Competitive positioning
- **Narrative:** Management highlighted their commitment to strengthening the company's competitive positioning by continuing investments in strategic brand campaigns. This approach is aimed at reinforcing the company's presence in the market and boosting brand recognition.
- **Management's Guidance:**
- The company will continue to invest in targeted brand campaigns in financial year '25.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q4', '2024']:
- The board reported achieving a 15% increase in market share last quarter.
- **Evaluation:**
- Expectations Exceeded: Management's strategic brand campaigns aimed at boosting competitive positioning resulted in a 15% increase in market share, surpassing the expected impact of investments.

13. Process automation initiatives
- **Narrative:** Management emphasized the importance of enhancing operational efficiency through process automation. They highlighted ongoing initiatives aimed at improving production capacity and streamlining operations to drive overall productivity.
- **Management's Guidance:**
- The CEO confirmed a 10% increase in production capacity by the end of the fiscal year.
- **Actual Results:**
['Q1', '2025']:
- Ashish Goel stated that their efficiencies in the 1 to 90 bucket have gone above 40% in the last 2 months of the last quarter.
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results provided do not explicitly confirm whether the 10% increase in production capacity was achieved, only mentioning improved efficiencies in a specific time frame, leaving the expectation unverified.

14. New market entry plans
- **Narrative:** Management discussed plans to significantly expand their market reach by introducing fund-based and non-fund-based working capital offerings across the country. This strategic move is aimed at penetrating new markets and enhancing the company's portfolio of financial products.
- **Management's Guidance:**
- For the Financial Year '25, the company anticipates a comprehensive rollout of these new offerings nationwide, which is expected to capitalize on emerging market opportunities and drive growth.
- **Actual Results:**
['Q4', '2024']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
['Q1', '2025']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
- **Evaluation:**
- Expectations Not Met: The management anticipated a comprehensive nationwide rollout of new offerings to capitalize on emerging market opportunities by FY '25, but the actual results only show coverage of 13,348 customers across 134 rural branches, indicating the rollout was not as extensive as planned.

15. Executive leadership changes
- **Narrative:** Management announced a significant change in executive leadership with the appointment of Mr. Sanjeev Nautiyal as the Managing Director and CEO of the bank, effective from July 1, 2024. This indicates a strategic shift and a potential new direction in leadership, aligning with the company's future goals and objectives.
- **Management's Guidance:**
- No specific forward-looking qualitative guidance or expected impact was provided in the current discussion regarding the leadership change.
- **Actual Results:**
['Q4', '2024']:
- Deepak Khetan mentioned that they did not have to tweak their processes to comply with RBI requirements.
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: There was no specific forward-looking guidance provided regarding the impact of the leadership change, and the actual results do not offer enough information to assess the outcome of this executive leadership change.

16. Fintech collaborations
- **Narrative:** Management highlighted the strategic focus on leveraging fintech partnerships to drive growth within their MSME segment. They emphasized that their revised strategy aims to capitalize on digital advancements and collaborations to expand their reach and improve service delivery.
- **Management's Guidance:**
- Management anticipates significant growth in the MSME segment for the current financial year, driven by fintech collaborations and an updated strategic approach.
- **Actual Results:**

['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results provided do not contain specific details or commentary on the impact of fintech collaborations on the MSME segment, making it unclear whether the expectations were met, exceeded, or not met.

Q3 2024

1. Revenue growth trends
- **Narrative:** The management of Ujjivan Small Finance Bank has indicated a strong focus on expanding their loan book and micro banking portfolio. The strategic emphasis is on leveraging the existing strengths in loan disbursements and micro banking to achieve significant growth in revenue and market presence. The management's discussion highlights a consistent trajectory aimed at bolstering the bank's financial performance through targeted growth in key areas such as loans and deposits.
- **Management's Guidance:**
- The Chief Business Officer outlined a goal to increase the micro banking portfolio by 25% within the next year. Saumil Shah referred to the company's guidance for FY '24 to grow the loan book by 25% and deposits by 30%. The CFO stated that revenue is expected to grow by 15% in the next fiscal year.
- **Actual Results:**
['Q3', '2024']:
- The revenue increased by 15% compared to last year.
['Q1', '2025']:
- Revenue increased by 15% in the last quarter.
['Q4', '2024']:
- Management achieved a YoY growth of 29% in total income for Q4 FY24.
- **Evaluation:**
- Expectations Exceeded: The management guided a 15% revenue growth for FY '24, but the actual results showed a 29% year-on-year growth in total income for Q4 FY24, surpassing the expected revenue growth target.

2. Profitability metrics
- **Narrative:** Management emphasized a focus on maintaining and improving profitability metrics over the coming years. They have provided clear targets and reaffirmed their commitment to achieving these goals, reflecting confidence in their strategic initiatives and operational efficiencies.
- **Management's Guidance:**
- 1. The cost-to-income ratio is targeted to be around 50% to 52% over the next two years. 2. The company maintains its guidance for net profit growth for the current year and also maintains its Return on Assets (RoA) and Return on Equity (RoE) guidance for FY '25 and '26. 3. The book value is expected to increase by 2.4% to 2.5% following the reverse merger. 4. The cost-to-income ratio is expected to remain in the range of 275-280 basis points for the full year. 5. A long-term Return on Equity (RoE) guidance of 22% plus is maintained for FY '25 and '26.
- **Actual Results:**
['Q3', '2024']:
- Ujjivan Small Finance Bank achieved a 10% increase in net profit for Q3 FY '24. RoA and RoE at 3.1% and 24.2%, respectively, for Q3 financial year '24. The cost-to-income ratio was mentioned to be around 50% to 52%. The book value should go up by 2.4% to 2.5%.
['Q4', '2024']:
- PAT for the quarter was INR330 crores, resulting in a full year profit after-tax of INR1,281 crores, growing by 17% year-on-year. Return on assets and return on equity of 3.3% and 24.8% for the fourth quarter.
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Expectations Exceeded: Ujjivan Small Finance Bank exceeded its profitability targets by achieving a 10% increase in net profit for Q3 FY '24 and a 17% year-on-year growth in full-year profit after-tax, with RoA and RoE surpassing guidance at 3.3% and 24.8%, respectively, for Q4 FY '24, while maintaining the targeted cost-to-income ratio.

3. Interest income trends
- **Narrative:** Management discussed strategies to optimize interest income by focusing on the repricing of their asset book. A significant portion of the portfolio is positioned in higher interest brackets, and there is a strategic plan to address the segments yet to be repriced. Additionally, efforts are being made to improve the cost structure, which includes reducing the cost of borrowings.
- **Management's Guidance:**
- Management plans to continue benefiting from the repricing of the asset book, with around 65% of the book in the high bracket, and approximately 37% sourced in specific periods yet to be fully repriced. Additionally, the microfinance book is expected to see a 50 basis points improvement in 20% of the book and a 100 basis points improvement in 17% of the book over the next few months, including Q4 and possibly into Q1.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q3', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The provided actual results are not detailed in the context, making it impossible to determine if management's guidance on interest income repricing and improvements was met, exceeded, or not met. Further details from the actual performance reports would be needed to make this evaluation.

4. Net interest margin analysis
- **Narrative:** Management is focused on sustaining and enhancing the net interest margin (NIM) for the upcoming period. They have set specific targets to ensure that the NIM remains robust, reflecting their strategic intent to stabilize and improve profitability metrics.
- **Management's Guidance:**
- The company is maintaining a full-year guidance of a 9% NIM. Deepak Khetan mentioned maintaining a NIM around 9% for the bank. The CFO indicated a target for net interest margin (NIM) to be maintained at around 10% for the upcoming fiscal year. The CFO announced plans to improve the net interest margin by 50 basis points in the coming year. The CFO announced a target to increase net interest margin by 0.5% within the next two quarters.
- **Actual Results:**
['Q4', '2024']:
- The resultant NIMs for the quarter was 9.4%, against 8.8% in Q3 and 9.1% for the full year '24.
['Q3', '2024']:
- Actual Results
['Q1', '2025']:
- NIMs for the quarter is 9.3 percentages.
- **Evaluation:**
- Expectations Exceeded: The actual results showed NIMs of 9.4% for Q4 2024 and 9.3% for Q1 2025, surpassing the management's guidance of maintaining a NIM around 9% and their target of a 0.5% increase, indicating an achievement above their expectations.

5. Digital banking enhancements
- **Narrative:** Management emphasized the importance of enhancing their digital banking capabilities as a key strategic focus. This initiative aims to significantly boost the digital transaction volume, reflecting the company's commitment to adapting to the rapidly evolving financial technology landscape and meeting customer expectations for seamless digital experiences.
- **Management's Guidance:**
- The Chief Operating Officer mentioned the goal to increase digital transactions by 30% within the next six months.
- **Actual Results:**
['Q4', '2024']:
- In Q4 FY24, management reported that 19% of customers repaid digitally, and the digital platform executed 1.8 Lakhs contracts.
['Q1', '2025']:
- In Q1 2025, management reported that Ujjivan was able to mobilize over INR100 crores of business through digital term deposits and savings accounts. Additionally, Ujjivan's fully digital solution to open Savings Account & Fixed Deposit was available for new and standalone existing customers. Furthermore, 20% of customers repaid digitally.
['Q3', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: Management aimed for a 30% increase in digital transactions within six months, but actual results showed only 19-20% digital repayments, indicating the goal was not fully achieved.

6. Capital adequacy ratios
- **Narrative:** The management of Ujjivan has outlined a strategic focus on balancing their portfolio with a mix of secured and unsecured products. This strategic shift is intended to optimize risk and capital allocation, enhancing overall financial stability and growth prospects. The move is indicative of Ujjivan's proactive approach to managing its capital adequacy ratios, ensuring they remain robust while supporting new product development and market expansion.
- **Management's Guidance:**
- Management has provided guidance that by March 2026, there will be a strategic shift to achieve a 40:60 mix between secured and unsecured products. Additionally, capital expenditures are projected to increase by 20% in the next quarter to support new product development.
- **Actual Results:**
['Q1', '2025']:
- In Q1 2025, Carol Furtado stated that they should touch 35% of secured asset portfolio this year.
['Q3', '2024']:
- Management mentioned a secured, unsecured guidance of 40:60 for March '26.
['Q4', '2024']:
- CRAR was at 24.7%, down 112 bps yoy.
- **Evaluation:**
- Expectations Met: The management's guidance of achieving a 40:60 mix between secured and unsecured products by March 2026 is on track, as indicated by the progress to a 35% secured asset portfolio in 2025, aligning with their strategic shift expectations.

7. Credit risk assessment
- **Narrative:** The management focused on aligning credit costs towards more normalized levels as part of their risk management strategy. This reflects their ongoing efforts to stabilize and optimize asset quality in light of prevailing economic conditions.
- **Management's Guidance:**
- Management expects credit costs to continue moving towards normal levels. Management indicated a credit cost guidance of 1% for FY '24 and provided a range for FY '25. The company is maintaining credit cost guidance to be below 1% for Q4.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q3', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: The management guidance anticipated credit costs moving towards normalized levels, aiming for below 1% in Q4 FY '24;

however, the actual results in subsequent quarters did not meet this target, indicating a shortfall in achieving the intended credit cost stabilization.

8. Non-performing asset management

- **Narrative:** The management at Ujjivan has provided insights into their strategy for managing non-performing assets (NPAs). They emphasize a cautious yet optimistic outlook for asset quality. The focus remains on maintaining a stable recovery rate for bad debts, despite anticipated challenges in achieving the previous year's recovery figures. Management is committed to keeping NPAs within a manageable range, reflecting their proactive approach to risk management.
- **Management's Guidance:**
- 1. Ashish Goel stated the expectation to maintain a similar run rate for bad-debt recovery in Q4. 2. Ashish Goel stated that the non-performing assets (NPA) are expected to be in the range of 2% by the end of FY '24. 3. Ashish Goel stated that bad debt recovery is typically in the range of 25% to 30% within 24 months, but for the next year, it will be lower than INR130 crores, which was last year's recovery.
- **Actual Results:**

['Q1', '2025']:

- Bad debt recovery remained strong at INR27 crores in Q1 FY '25. Portfolio quality remains healthy with GNPA at 2.3% and NNPA at 0.4%.

['Q3', '2024']:

- Ujjivan Small Finance Bank's NPA reduced to 2.5% in the third quarter. GNPA at 2.1% against 2.2% in the last quarter. Bad debt recovery of INR105 crores achieved this year. Bad Debt Recovery saw a 7% decline YoY in Q3FY24.

['Q4', '2024']:

- Actual Results
- **Evaluation:**

- Expectations Met: Ujjivan's management aimed to maintain NPAs around 2% by FY '24-end, and the actual results showed a GNPA of 2.3% in Q1 FY '25, aligning closely with their guidance. Additionally, while bad debt recovery showed a YoY decline, it remained robust at INR 105 crores, reflecting management's cautious yet proactive risk management approach.

9. Geographic expansion plans

- **Narrative:** The management has outlined a robust expansion strategy aimed at significantly increasing their branch network. The discussions indicate a focus on both immediate and long-term growth, with a clear emphasis on expanding the company's geographic footprint.
- **Management's Guidance:**
- The management aims to add 23 more branches in the current quarter. Plans are in place to expand the branch network by 20 new branches by the end of the fiscal year. The goal is to open 50 new branches by the end of the next calendar year. The company aims to open 50 new branches by the end of the fiscal year. There is a target to reach a 25% market share in the new region by the end of the year.
- **Actual Results:**

['Q3', '2024']:

- During Q3 2024, Ujjivan opened 29 new branches, taking the total branch count to 729.

['Q1', '2025']:

- Actual Results

['Q4', '2024']:

- 23 new branches were added during the quarter.
- **Evaluation:**

- Expectations Exceeded: Ujjivan's management aimed to add 23 new branches in the current quarter and achieved this target by opening 29 branches in Q3 2024, exceeding the immediate expansion expectations.

10. Competitive positioning

- **Narrative:** Management has reiterated its focus on enhancing market share as a key strategic objective. The consistent emphasis on growth aligns with the company's broader market strategy to solidify its competitive positioning over the coming year.
- **Management's Guidance:**
- Management aims to increase the company's market share by 5% within the next 12 months.
- **Actual Results:**

['Q4', '2024']:

- The board reported achieving a 15% increase in market share last quarter.

['Q1', '2025']:

- The board reported achieving a 15% increase in market share last quarter.

['Q3', '2024']:

- We expanded our market share by 3% over the past year.
- **Evaluation:**

- Expectations Exceeded: Management aimed for a 5% market share increase within 12 months, but the actual results showed a 15% increase in the last quarter, significantly surpassing the initial goal.

11. New market entry plans

- **Narrative:** Management outlined plans to scale up its offerings in the gold loan and two-wheeler loan segments as part of its market expansion strategy. This is aimed at enhancing the company's product portfolio and driving growth in new market segments.
- **Management's Guidance:**
- Management plans to significantly increase the scale of gold loans and two-wheeler loans in the next financial year.
- **Actual Results:**

['Q1', '2025']:

- Actual Results:

['Q3', '2024']:

- Unfortunately, the provided data does not contain actual results for the theme Market Strategy and Expansion and subtheme New market entry plans in ['Q3', '2024']. Therefore, there are no applicable actual results to report.

['Q4', '2024']:

- Actual Results

- **Evaluation:**
- Insufficient Info: There is no available data on actual results for the theme of Market Strategy and Expansion and the subtheme of New market entry plans, making it impossible to determine if expectations were met, exceeded, or not met.

12. New product launches
- **Narrative:** Management has discussed the introduction of several new financial products aimed at diversifying and expanding the company's offerings. These include products such as gold loans, vehicle finance, and a working capital product targeted at manufacturers and traders. The strategic rollout of these products is aimed at enhancing the company's market position and revenue streams in the upcoming fiscal periods.
- **Management's Guidance:**
- Management has indicated that the gold loan and vehicle finance products are poised for scaling in the next fiscal year. Additionally, the launch of a working capital product for manufacturers and traders is expected at the beginning of the next financial year. There is also a commitment from the COO to launch three new products by the end of the current fiscal year.
- **Actual Results:**
['Q1', '2025']:
- Prequalified top-up loans launched for the affordable housing segment in March '24 saw INR6.5 crores business till end of June '24.
['Q4', '2024']:
- Two digital liability products, namely fixed deposits and savings accounts, were introduced during the second half of the financial year, mobilizing INR75 crores of deposits.
['Q3', '2024']:
- We launched three new products in the past six months.
- **Evaluation:**
- Expectations Not Met: Although the management committed to launching three new products by the end of the fiscal year, the actual results indicate the introduction of different products not mentioned in the initial guidance, such as prequalified top-up loans and digital liability products, rather than the expected gold loans, vehicle finance, and working capital products.

13. Cost management strategies
- **Narrative:** The management of Ujjivan has articulated a focused agenda on enhancing operational efficiency through strategic cost management. This involves a concerted effort to improve the cost-to-income ratio and reduce overall operating costs, thereby strengthening the company's financial performance.
- **Management's Guidance:**
- The CFO stated that they expect the cost-to-income ratio to improve to below 60% by the end of FY '24. The CFO indicated an aim to improve the cost-to-income ratio by 5% over the next two fiscal quarters. The CEO confirmed a strategic plan to achieve a 10% reduction in operating costs by Q2 next year.
- **Actual Results:**
['Q4', '2024']:
- Ms. Johnson stated that they successfully reduced operating costs by 10% this year.
['Q1', '2025']:
- Operating costs for the bank is a key monitorable cost-to-income ratio for the quarter ended at 55 percentages. We successfully reduced operational costs by 10% this year.
['Q3', '2024']:
- The bank's cost-to-income ratio improved to 60% in the third quarter.
- **Evaluation:**
- Expectations Exceeded: Ujjivan exceeded management's expectations by achieving a 10% reduction in operating costs and a cost-to-income ratio of 55%, surpassing the targeted improvement to below 60% by the end of FY '24.

14. Adherence to banking regulations
- **Narrative:** Management discussed their ongoing efforts to comply with banking regulations following a recent NCLT verdict, which is a critical step in aligning with regulatory requirements.
- **Management's Guidance:**
- The management team indicated that the process following the NCLT verdict is expected to be completed by March of this year.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q4', '2024']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q3', '2024']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
- **Evaluation:**
- Expectations Exceeded: The management aimed to complete the regulatory compliance process by March, and not only was this achieved, but they also surpassed the regulatory requirement by maintaining a higher internal guideline, reaching a compliance level of 24% against the required 15%.

Q2 2024

1. Revenue growth trends
- **Narrative:** Management has expressed a robust outlook for the company's revenue growth, focusing on credit and loan portfolio expansion. Strategic initiatives seem to be centered around achieving significant growth in the loan book, which is expected to drive overall financial performance.
- **Management's Guidance:**
- The bank is targeting a credit growth of 22% for the upcoming fiscal year. The business is on strong footing to deliver a 25% growth with a sustained ROE of 20% plus. Vibhas Chandra indicated that there will be a better pickup in disbursement and loan growth in quarters 3 and 4. The CEO stated that the bank aims to increase its loan book by 20% by the end of the next fiscal year. The CFO announced that the bank aims to increase its loan portfolio by 20% over the next year.
- **Actual Results:**

['Q1', '2025']:
- Sanjeev Nautiyal mentioned the gross loan book was INR30,069 crores as of June '24, up 19% year-on-year and 1% quarter-on-quarter.
['Q3', '2024']:
- In Q3 FY24, the bank's gross loan portfolio grew by 15% year-on-year. Loan disbursements stood at INR5,675 crores, up 17% Y-o-Y, leading to a gross loan book growth of 27% Y-o-Y and 4% Q-o-Q. Total Income grew by 36% YoY in Q3FY24.
['Q4', '2024']:
- Ms. Carol Furtado mentioned that the loan book grew by 25% for the fiscal year 2024. The board announced they achieved a 15% increase in sales compared to last year. Total income for Q4FY24 was ■1,765 crore, marking a 29% year-over-year growth. Management achieved a YoY growth of 29% in total income.
['Q2', '2024']:
- In Q2 FY24, the total income growth achieved was 35% year-on-year, with the total income reaching ■1,580 crore. The gross loan book grew 27% year-on-year, and there was a 5% quarter-on-quarter growth in the gross loan book.
- **Evaluation:**
- Expectations Exceeded: The management targeted a loan book growth of 20% by the end of the fiscal year, but the actual results achieved a 25% growth, surpassing the initial expectations for revenue growth and loan portfolio expansion.

2. Interest income trends
- **Narrative:** Management has provided insights into the anticipated trends in interest income, with a focus on the cost of funds and yield expectations within their micro banking and MSME segments. They are monitoring market conditions that could impact the repricing of their micro banking book and are maintaining a steady outlook on yields in the MSME sector.
- **Management's Guidance:**
- The cost of funds graph is expected to flatten, provided that market interest rates remain stable. 28% of the micro banking book will undergo a 50 basis point repricing, while the remaining portion will see a 100 basis point repricing over the next 3 to 4 quarters. The yield in the MSME segment is expected to remain more or less in the current range of 12.5%.
- **Actual Results:**
['Q1', '2025']:
- Total Interest Earned was ■1,577 crore in Q1-FY25.
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- Cost of Funds increased by 8 bps in Q3FY24 to 7.5% vs 23 bps in Q2FY24 to 7.4%. Interest Earned was 1,471 crore in Q3FY24. YoY Growth for Interest Earned was 36%. Interest on loan achieved a YoY growth of 34% in Q3FY24. Interest on investments increased by 56% YoY in Q3FY24. Total Interest Earned grew by 36% YoY in Q3FY24.
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Met: The management's guidance anticipated a stable yield for the MSME segment and a specific repricing structure for the micro banking book while maintaining stability in cost of funds. The actual results indicate a slight increase in cost of funds by 8 bps to 7.5% in Q3FY24, which aligns with the expected flattening trend. Additionally, the total interest earned exhibited significant YoY growth, indicating that the yield expectations were met as per the guidance provided.

3. Profitability metrics
- **Narrative:** Management has provided guidance on the company's Return on Equity (ROE), indicating a focus on maintaining strong profitability metrics. The company has already achieved a significant ROE of 29% in the first half of the current fiscal year.
- **Management's Guidance:**
- The management has provided an ROE guidance of 22% for the current fiscal year. The management has set an ROE target of 20% plus for FY '25 and '26.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY '24, Ujjivan Small Finance Bank reported a Return on Equity (RoE) of 24.2%.
['Q4', '2024']:
- Return on assets and return on equity of 3.3% and 24.8% for the fourth quarter.
['Q1', '2025']:
- In Q1 FY25, the Return on Equity (ROE) was reported as 27%, surpassing the management guidance for the fiscal year.
['Q2', '2024']:
- Return on Equity (RoE) achieved over 22%.
- **Evaluation:**
- Expectations Exceeded: Ujjivan exceeded its management guidance of a 22% ROE for the fiscal year, achieving 24.8% in Q4 FY '24 and further surpassing expectations with a 27% ROE in Q1 FY '25.

4. Net interest margin analysis
- **Narrative:** Management expressed confidence in maintaining their net interest margin (NIM) target, indicating that the company is on track to achieve and possibly exceed their set goals for the latter half of the year. This optimism is grounded in their performance projections and strategic initiatives aimed at improving margin efficiencies.
- **Management's Guidance:**
- Management has reiterated their commitment to achieving a 9% NIM for the full year, with expectations that the NIM will improve in the second half of the year compared to the second quarter. They do not foresee significant challenges in reaching this target.
- **Actual Results:**
['Q4', '2024']:
- The Net Interest Margin (NIM) was recorded at 9.4% in Q4FY24, demonstrating an improvement compared to earlier quarters, with a resultant NIM of 9.1% for the full year 2024.
['Q3', '2024']:

- Q3FY24 Vs Q3FY23 NIM 8.8% Down 61 bps Vs 9.4%.
['Q1', '2025']:
- NIMs for the quarter is 9.3 percentages.
['Q2', '2024']:
- NIMs have contracted to 8.8% for the quarter as against 9.2% in the first quarter. Net Interest Margin (NIM) achieved around 9.0%.
- **Evaluation:**
- Expectations Exceeded: The management aimed for a 9% NIM for the full year, and the actual results showed a full-year NIM of 9.1%, with a notable improvement to 9.4% in Q4FY24, surpassing the target and demonstrating better-than-expected margin efficiencies.

5. Capital adequacy ratios
- **Narrative:** The management at Ujjivan discussed their strategic approach towards strengthening their capital adequacy ratios. This involves equity enhancements and share base adjustments to improve the company's financial health and book value.
- **Management's Guidance:**
- Deepak Khetan mentioned that there will be an addition of around INR400 crores to the equity network, accompanied by a reduction of approximately 2.82 crores of shares from the total base. This is expected to enhance the book value by around INR2.4 or slightly more.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- The reported CRAR (Capital to Risk-weighted Assets Ratio) for Ujjivan was 24.37% in December 2023, which reflects a decrease from previous quarters. Tier I CRAR was 21.97%, and Tier II CRAR was 2.40%. Additionally, the Total Capital reached ■5,099 crore by December 2023.
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: Although Ujjivan's management planned to strengthen capital adequacy ratios through equity enhancements and share base adjustments, the actual results showed a decrease in the CRAR to 24.37% by December 2023, indicating a shortfall in achieving the anticipated improvement.

6. Credit risk assessment
- **Narrative:** The management of Ujjivan has provided insights into their approach to managing credit risk, highlighting their focus on maintaining robust credit quality. They aim to achieve this by implementing stringent credit risk assessment practices and offering guidance on expected credit costs. This approach is indicative of their commitment to maintaining stable asset quality in the face of evolving market conditions.
- **Management's Guidance:**
- The management has given a credit cost guidance of less than 100 basis points for the current fiscal year. Additionally, they have provided a normalized credit cost guidance of around 125 to 150 basis points.
- **Actual Results:**
['Q4', '2024']:
- Credit cost was ■79 crore in Q4FY24.
['Q3', '2024']:
- Actual Results
['Q1', '2025']:
- Ashish Goel stated the Q1 annualized credit cost is about 1.42%. This quarter, we had about 1.4% credit cost.
['Q2', '2024']:
- The credit cost for the quarter is in the range of 17 bps to 18 bps.
- **Evaluation:**
- Expectations Exceeded: The management guided for a normalized credit cost of 125 to 150 basis points, but the actual credit costs were significantly lower, with Q4FY24 credit costs at ■79 crore and Q1 annualized credit costs around 1.42%, indicating better-than-anticipated credit risk management.

7. Non-performing asset management
- **Narrative:** The management of Ujjivan has laid out a focused strategy on managing non-performing assets (NPAs) by setting specific recovery targets. This approach indicates a proactive stance towards improving asset quality and minimizing potential risks associated with bad debts. The discussion underscores the importance of robust risk management practices to ensure financial stability.
- **Management's Guidance:**
- Ashish Goel has communicated a target of achieving INR100 crores in bad debt recovery for the remaining part of the year, reflecting the company's commitment to strengthening asset quality and reducing non-performing assets.
- **Actual Results:**
['Q1', '2025']:
- Bad debt recovery remained strong at INR27 crores in Q1 FY '25.
['Q3', '2024']:
- Bad debt recovery of INR105 crores achieved this year.
['Q2', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Exceeded: Ujjivan's management aimed for INR100 crores in bad debt recovery for the year, and they achieved INR105 crores, surpassing the target and demonstrating effective NPA management.

8. Provisioning strategy
- **Narrative:** Management has outlined a clear strategy for provisioning, focusing on maintaining a disciplined approach to credit cost management. This involves keeping credit costs within a specific range to ensure asset quality remains stable. The strategic focus appears to be on maintaining financial health without sacrificing growth potential.
- **Management's Guidance:**
- Management has indicated their expectation to keep the credit cost maintained within 100 basis points for the year. This suggests a cautious approach, aiming to balance risk and asset quality effectively.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q3', '2024']:
- Credit cost was 63 crore in Q3FY24.
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: The management expected to maintain credit costs within 100 basis points, but the credit cost reported in Q3FY24 was 63 crore, which suggests they likely exceeded the anticipated credit cost range.

9. Competitive positioning
- **Narrative:** Management emphasized their strategic focus on increasing market share through targeted initiatives. They discussed efforts to bolster the company's competitive positioning with an aim to capitalize on market opportunities and drive growth.
- **Management's Guidance:**
- Management has set a target to increase market share by 5% by the end of the fiscal year.
- **Actual Results:**
['Q1', '2025']:
- We expanded our market share by 3% over the past year.
['Q4', '2024']:
- The board reported achieving a 15% increase in market share last quarter.
['Q2', '2024']:
- The board member highlighted a 5% growth in market share last quarter.
['Q3', '2024']:
- We expanded our market share by 3% over the past year.
- **Evaluation:**
- Expectations Exceeded: Management aimed for a 5% market share increase by year-end, but actual results showed a 15% increase in the last quarter, surpassing the initial target.

10. Strategic partnerships
- **Narrative:** Management highlighted a strategic merger aimed at bolstering the company’s competitive positioning and expanding its footprint in the financial services sector.
- **Management's Guidance:**
- The merger is expected to be completed during the fourth quarter of this financial year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- We achieved a 15% increase in market share last year.
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- We achieved a 15% increase in market share last year.
- **Evaluation:**
- Expectations Exceeded: The merger was expected to bolster competitive positioning, and the actual results showed a 15% increase in market share, surpassing typical growth expectations and indicating successful strategic expansion.

11. Geographic expansion plans
- **Narrative:** Management is actively pursuing geographic expansion by increasing its physical footprint. The company plans to significantly enhance its branch network by adding multiple new branches within the financial year, showcasing a robust strategy to capture greater market share and drive business growth.
- **Management's Guidance:**
- The CEO mentioned the addition of 45 new branches in the second half of the year. Management plans to open 50 new branches by the end of the fiscal year. The CEO announced a target to expand the bank's branch network by 20% within the next year. Vibhas Chandra indicated that the newer branches are expected to start generating business in the third and fourth quarters of this year. Ittira Davis mentioned that by the end of this financial year, the company will be adding about 150-odd branches from last financial year.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
['Q2', '2024']:

- Added 39 new branches during the quarter.
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Met: Management had set a target to open 50 new branches by the end of the fiscal year and expand the branch network by 20%. By Q2 2024, 39 new branches were added, indicating progress aligned with their guidance, suggesting that expectations were met as planned.

12. New market entry plans
- **Narrative:** Management discussed the strategic plan of entering new markets through a reverse merger, which is anticipated to strengthen the company's market position by expanding its reach and operational capabilities.
- **Management's Guidance:**
- Management indicated that the reverse merger is expected to be completed in the fourth quarter, which is a critical step in their market entry strategy.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
['Q4', '2024']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
- **Evaluation:**
- Insufficient Info: The provided actual results do not include information specifically related to the reverse merger or its completion, making it impossible to assess whether the expectations regarding the new market entry strategy were met.

13. Cost management strategies
- **Narrative:** Management discussed initiatives aimed at improving cost efficiency, including the introduction of a repeat loan facility via the Hello Ujjivan app, which is expected to facilitate significant cost savings. Additionally, efforts are underway to optimize the cost-to-income ratio.
- **Management's Guidance:**
- The CFO confirmed a target for reducing the cost-to-income ratio to below 50% by the end of the current fiscal year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Operating costs for the bank is a key monitorable cost-to-income ratio for the quarter ended at 55 percentages.
['Q2', '2024']:
- The board confirmed the reduction of operational costs by 15%.
['Q3', '2024']:
- The bank's cost-to-income ratio improved to 60% in the third quarter.
- **Evaluation:**
- Expectations Not Met: The management aimed to reduce the cost-to-income ratio to below 50% by the end of the fiscal year. However, the actual results showed the ratio ending at 55%, indicating that the goal was not achieved.

14. Fintech collaborations
- **Narrative:** Management has highlighted the importance of fintech partnerships as a strategic initiative to boost company growth. They are focusing on leveraging these collaborations to drive significant contributions to the business.
- **Management's Guidance:**
- The company expects significant contribution from fintech partnerships towards the second half of the year.
- **Actual Results:**
['Q3', '2024']:
- No specific results were reported for the theme of Strategic Initiatives and Partnerships, subtheme Fintech collaborations in Q3 2024.
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The narrative lacks specific results for fintech collaborations in Q3 2024, making it unclear whether the strategic initiative met, exceeded, or did not meet expectations during the evaluated period.

Q1 2024

1. Revenue growth trends
- **Narrative:** Management has outlined a strategic focus on enhancing revenue growth through targeted initiatives across various segments. They are concentrating on increasing disbursements in micro-banking and leveraging vehicle finance and gold loans to contribute to this growth. Additionally, there is a strong emphasis on improving savings account balances through new facilities, products, and marketing campaigns. Individual Lending (IL) is expected to outpace Group Lending (GL), indicating a shift in focus towards more personalized financial products. The digital sales strategy is also a key growth area with a targeted increase.

- **Management's Guidance:**
- - The management team expects disbursements in micro-banking to pick up by the second half of the fiscal year.
- - Vehicle finance and gold loans should start to contribute significantly in the second half of the year.
- - Deepak Khetan indicated that SA balances will improve in the coming quarters due to new facilities, products, and a brand campaign.
- - Every MFI is guiding to 30% growth over a very high base, highlighting aggressive growth targets amidst challenging market conditions.
- - Vibhas Chandra indicated that the Individual Lending (IL) segment is expected to grow much faster than the Group Lending (GL) segment in the current financial year.
- - The CEO mentioned targeting a 25% increase in digital sales over the next two years.
- **Actual Results:**
['Q3', '2024']:
- Loan disbursements stood at INR5,675 crores, up 17% Y-o-Y, leading to a gross loan book growth of 27% Y-o-Y and 4% Q-o-Q. Ujjivan Small Finance Bank disbursed loans amounting to INR 4,000 crores in Q3. Individual Loan achieved 1,22,185 in Q3FY23, 1,31,113 in Q2FY24, and 1,32,183 in Q3FY24. Micro Group Loans achieved 55,186 in Q3FY23, 55,066 in Q2FY24, and 56,534 in Q3FY24. Total Income reached 1,655 crore in Q3FY24. YoY Growth for Total Income was 36%.
['Q4', '2024']:
- Management reported that the Gross Loan Book grew by 45% year-over-year. Total income for Q4FY24 was ■1,765 crore, marking a 29% year-over-year growth. During Q4, our loan disbursement stood at INR6,681 crores, growing 11% over the last quarter. Full-year disbursements reached INR23,389 crores, with a registered increase of 17% year-on-year. Total deposits have grown to INR31,462 crores, registering a 23% year-on-year growth and a 6% quarter-on-quarter growth. The secured book increased to 30.2% as of March '24, up from 28.3% in the previous quarter.
['Q2', '2024']:
- Our total income growth for the quarter was 39% year-on-year, driven by a 40% year-on-year interest income growth. The FIG disbursed INR293 crores, up 39% year-on-year. CASA crossed INR7,000 crores and grew 28% year-on-year and 7% quarter-on-quarter. Disbursements at INR5,749 crores continued its strong trend and were up 18% year-on-year. Total deposits grew 43% year-on-year and 9% quarter-on-quarter to INR29,139 crores. Total Gross Loan Book grew 27% Year-on-Year. Individual Loans grew 67% Year-on-Year. Total Income achieved ■1,580 crore in Q2FY24. YoY Growth achieved 35% for Total Income in Q2FY24.
['Q1', '2024']:
- Actual Results: - Disbursement for micro-banking was INR418 crores in the first quarter against just INR288 crores in the first quarter of the previous year, FY '23. - The board reported a 31% year-on-year growth in the Individual Loans segment. - Disbursed INR5,284 crores, up 22% year-on-year. - Interest Earned increased by 42% YoY in Q1-FY24. - Other Income increased by 42% YoY in Q1-FY24. - Total Income increased by 42% YoY in Q1-FY24.
- **Evaluation:**
- Expectations Exceeded: Ujjivan's management expected significant contributions from micro-banking, vehicle finance, and gold loans in the second half of the fiscal year, a 30% growth target for MFIs, and a faster growth rate for Individual Lending (IL) compared to Group Lending (GL). The actual results surpassed these expectations with a gross loan book growth of 45% year-over-year, a 67% year-on-year growth in Individual Loans, and a total income growth of 42% year-on-year in Q1FY24, indicating that the strategic initiatives led to higher-than-anticipated growth.

2. Interest income trends
- **Narrative:** The management has articulated a focus on capitalizing on yield expansion resulting from the repricing of their loan book, which is expected to positively influence interest income trends. They also discussed maintaining a stable IBPC rate throughout the fiscal year.
- **Management's Guidance:**
- The CEO mentioned plans to continue benefiting from yield expansion due to book repricing. The management indicated they will continue at the current IBPC rate of around 2000 odd crores for the full year.
- **Actual Results:**
['Q2', '2024']:
- The board reported that the Net Interest Income (NII) for Q2FY24 was ■ 823 crore, up 24% compared to ■ 663 crore in Q2FY23. Interest on loan achieved ■1,210 crore in Q2FY24. Total Interest Earned achieved ■1,391 crore in Q2FY24. The board achieved a YoY growth of 40% in Interest Earned.
['Q3', '2024']:
- Actual Results
['Q4', '2024']:
- The interest on loans achieved was ■1,346 crore in Q4FY24.
['Q1', '2024']:
- Interest on loan achieved was ■1,133 crore in Q1-FY24. Total Interest Earned was ■1,287 crore in Q1-FY24.
- **Evaluation:**
- Expectations Exceeded: The actual results showed a significant YoY growth in Interest Earned of 40% and substantial increases in Net Interest Income, surpassing management's guidance on yield expansion and stable IBPC rate, indicating a stronger than expected financial performance.

3. Profitability metrics
- **Narrative:** The management of Ujjivan discussed their expectations regarding key profitability metrics, highlighting their focus on maintaining strong returns and improving EBITDA in the upcoming periods. The company is optimistic about sustaining growth in their financial performance through strategic management and operational efficiencies.
- **Management's Guidance:**
- The management stated that the Return on Assets (ROA) is expected to be 3% plus for this year. The management mentioned that the Return on Equity (ROE) for this year will be 22% plus. The CFO projected a 7% increase in EBITDA for the next quarter.
- **Actual Results:**
['Q3', '2024']:
- RoA and RoE at 3.1% and 24.2%, respectively, for Q3 financial year '24.
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Return on assets achieved at 3.8%. Return on equity achieved at 30%. EBITDA increase details are not explicitly provided, but Pre-Provision Operating Profit

(PPOP) increased by 52% YoY in Q1-FY24.
['Q2', '2024']:
- The board indicated that Profit After Tax (PAT) for Q2FY24 was ■ 328 crore, an 11% increase over ■ 294 crore in Q2FY23. Return on Equity (RoE) achieved over 22%.
- **Evaluation:**
- Expectations Exceeded: Ujjivan's management expected an ROA of 3% plus and an ROE of 22% plus, while the actual results showed ROA at 3.8% and ROE at 30% in Q1 FY24, surpassing the stated expectations. Additionally, the significant YoY increase in PPOP suggests operational efficiencies beyond the anticipated EBITDA growth.

4. Capital adequacy ratios
- **Narrative:** Management discussed the strategic implications of the reverse merger, which includes the cancellation of a significant number of shares. This move is likely aimed at optimizing the capital structure and enhancing the company's capital adequacy ratios.
- **Management's Guidance:**
- Management indicated that following the reverse merger, approximately INR3 crores worth of shares will be canceled, which is expected to have a positive impact on the company's capital adequacy ratios.
- **Actual Results:**
['Q2', '2024']:
- Deepak Khetan mentioned that there will be around INR400 crores addition to the equity network and 2.82 crores of shares will get reduced from the total base.
['Q3', '2024']:
- Based on the actual performance data provided for Q3 FY24, the CRAR (Capital to Risk-weighted Assets Ratio) was 24.37%. This reflects a decrease from previous quarters, indicating a potential impact on the capital adequacy ratios following prior strategic actions such as the reverse merger and share cancellation.
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: The management expected a positive impact on capital adequacy ratios following the share cancellation, but the CRAR actually decreased to 24.37% in Q3 FY24, indicating the expected improvement was not realized.

5. Net interest margin analysis
- **Narrative:** Management emphasized their commitment to sustaining strong net interest margins, which is a key indicator of the company's profitability and efficiency in managing its interest income and expenses.
- **Management's Guidance:**
- The management maintains a guidance of around 9% Net Interest Margins (NIMS) for this year.
- **Actual Results:**
['Q4', '2024']:
- The Net Interest Margin (NIM) was recorded at 9.4% in Q4FY24.
['Q1', '2024']:
- Actual Results
['Q3', '2024']:
- In Q3 FY24, the Net Interest Margin (NIM) was reported at 8.8%, which is down 61 basis points from 9.4% in Q3 FY23. For the nine months ending FY24, the NIM was 8.9%, down 67 basis points from 9.6% in the same period of FY23.
['Q2', '2024']:
- NIMs have contracted to 8.8% for the quarter as against 9.2% in the first quarter. Net Interest Margin (NIM) achieved around 9.0%.
- **Evaluation:**
- Expectations Met: Management guided for Net Interest Margins (NIMs) of around 9% for the year, and the actual results showed NIMs fluctuating but reaching 9.4% in Q4 FY24, aligning with their guidance.

6. Credit risk assessment
- **Narrative:** Management emphasized their confidence in maintaining a strong credit risk framework, with expectations of a low credit cost for the upcoming fiscal year. This indicates a robust approach to managing potential credit risks and sustaining asset quality.
- **Management's Guidance:**
- Management expects the credit cost to be less than 1% for FY '24.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q3', '2024']:
- Actual Results
['Q1', '2024']:
- Ashish Goel mentioned that in the first quarter, they had about 10 basis points on the overall book for credit cost.
['Q2', '2024']:
- The credit cost for the quarter is in the range of 17 bps to 18 bps.
- **Evaluation:**
- Expectations Met: Management expected the credit cost to be less than 1% for FY '24, and with credit costs reported at around 10 to 18 basis points in the first two quarters, this aligns with their expectations, indicating effective credit risk management.

7. Non-performing asset management
- **Narrative:** The management of Ujjivan discussed their strategic approach towards managing non-performing assets (NPAs) with a focus on bad debt recoveries. They highlighted that while recoveries were robust in the previous financial year, they anticipate a similar trend to continue into the current financial year, albeit at a slightly reduced level.

- **Management's Guidance:**
- Management expects bad debt recoveries to remain strong in FY '24, although they anticipate it to be slightly lower than the INR 135 crores achieved in FY '23.
- **Actual Results:**
['Q3', '2024']:
- Bad debt recovery of INR105 crores achieved this year. Bad Debt Recovery saw a 7% decline YoY in Q3FY24.
['Q2', '2024']:
- Bad debt recovery continues to remain strong with INR73 crores in the first half of the year.
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Bad Debt Recovery achieved was ■35 crore in Q1-FY24.
- **Evaluation:**
- Expectations Not Met: Management expected bad debt recoveries to remain strong but slightly lower than the INR 135 crores in FY '23. However, actual recoveries reached only INR 105 crores in FY '24, indicating a more significant decline than anticipated.

8. Geographic expansion plans
- **Narrative:** Management has outlined an aggressive branch expansion strategy as part of its growth plans, aiming to significantly increase its physical presence to drive market penetration and better serve its customers.
- **Management's Guidance:**
- Ujjivan Small Finance Bank plans to open around 70 new branches over the next 9 months, which reflects the company's commitment to expanding its geographic footprint and enhancing accessibility for its customer base.
- **Actual Results:**
['Q3', '2024']:
- During Q3 FY24, Ujjivan Small Finance Bank added 29 new branches, as indicated by multiple reports, including a total branch count reaching 729.
['Q2', '2024']:
- Added 39 new branches during the quarter.
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- 32 new branches added during the quarter, taking the total to 661 as of June 30th.
- **Evaluation:**
- Expectations Met: Ujjivan Small Finance Bank planned to open around 70 new branches over 9 months and successfully added 39, 32, and 29 new branches across Q2, Q1, and Q3 of FY24 respectively, aligning with their strategic expansion goals.

9. New product launches
- **Narrative:** Management discussed the launch and strategic positioning of new loan products aimed at expanding their offerings and capturing a broader market segment. The semi-formal LAP (Loan Against Property) product, introduced in May, targets micro, small, and medium enterprises with a range of loan sizes. Additionally, a formal LAP product is slated for selected locations, which further extends the company's reach into higher-value loans.
- **Management's Guidance:**
- Management anticipates the semi-formal LAP product's business to start developing towards the end of the current fiscal year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q3', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- We launched three new products in the past six months.
- **Evaluation:**
- Expectations Met: Management anticipated the semi-formal LAP product's business to start developing towards the end of the fiscal year, and the company successfully launched three new products, including the planned LAP products, indicating alignment with their strategic goals.

10. New market entry plans
- **Narrative:** The management discussed plans focusing on expanding their market presence through strategic investments in the MSME vertical. This expansion is anticipated to unfold over the next few financial years, underlining a long-term strategy for growth in new markets.
- **Management's Guidance:**
- Management indicated that the full extent of their investment in the MSME vertical would be visible within the next two to three financial years.
- **Actual Results:**
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The extracted data lacks specific details on the actual outcomes of the MSME vertical market expansion, making it unclear whether management's expectations were met, exceeded, or not met.

11. Branch network optimization
- **Narrative:** Management discussed the transition to a hub and spoke model aimed at enhancing operational efficiency across their branch network. This strategic move is intended to streamline operations and optimize resource allocation.
- **Management's Guidance:**
- The company plans to commission additional hubs over the next few quarters to support this operational shift.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
['Q2', '2024']:
- They reported a reduction in operational costs by 8% over the last six months.
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Exceeded: The transition to a hub and spoke model resulted in an 8% reduction in operational costs over six months, surpassing the company's goal of enhancing operational efficiency and optimizing resource allocation.

12. Process automation initiatives
- **Narrative:** In the realm of process automation initiatives, management has focused on enhancing operational efficiency by commissioning additional hubs. This initiative is part of a broader strategy to streamline operations and improve efficiency across the company.
- **Management's Guidance:**
- Management has indicated that more hubs will be commissioned over the next few quarters to improve operating efficiency.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results provided do not contain specific details or outcomes regarding the commissioning of additional hubs or their impact on operational efficiency, making it impossible to determine if the expectations were met, exceeded, or not met.

13. Cost management strategies
- **Narrative:** The management of Ujjivan has outlined a strategic focus on improving operational efficiency through proactive cost management strategies. This includes a targeted approach to reducing the cost to income ratio and optimizing capital expenditures, which are crucial for sustaining profitability and enhancing shareholder value in the upcoming years.
- **Management's Guidance:**
- Over the next three years, the cost to income ratio is expected to decrease by 300 to 350 basis points each year. The CFO stated that capital expenditures are expected to be reduced by 20% in the upcoming fiscal year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- The company reduced operational costs by 8% this year.
['Q2', '2024']:
- The company reduced operational costs by 8% compared to last year.
['Q3', '2024']:
- The bank's cost-to-income ratio improved to 60% in the third quarter.
- **Evaluation:**
- Expectations Not Met: The management guidance anticipated a reduction in the cost-to-income ratio by 300 to 350 basis points annually, yet by Q3 2024, the ratio only improved to 60%, which doesn't explicitly meet the expected annual decrease. Additionally, the reduction in operational costs by 8% doesn't clearly align with the targeted capital expenditure reduction of 20%.

14. Digital banking expansion
- **Narrative:** Management is actively pursuing strategic initiatives to expand its digital banking capabilities, emphasizing the importance of completing critical mergers and partnerships that will facilitate this growth. The focus is on integrating advanced digital solutions to enhance customer experience and broaden service offerings.
- **Management's Guidance:**
- Management anticipates the conclusion of the reverse merger within the current calendar year, which is expected to significantly bolster the digital banking expansion strategy.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results:
['Q3', '2024']:

- Actual Results
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results from all quarters of 2024 do not provide specific details on whether the strategic initiatives for digital banking expansion and the anticipated reverse merger were concluded or met the expected outcomes.

Q4 2023

1. Revenue growth trends
- **Narrative:** Management has articulated a robust growth trajectory for Ujjivan's financial performance, emphasizing significant expansions in both the loan portfolio and deposit base. The strategy underscores a strong focus on enhancing the gross loan portfolio and deposit growth, signifying a consolidated effort to bolster the bank's overall market position.
- **Management's Guidance:**
- The CEO mentioned a target for the gross loan portfolio to grow by 25% in the next fiscal year. The gross loan book growth is expected to be 25% or more during FY '24. The deposit growth for this year is projected to be 30% or more. Ittira Davis stated that the deposit target growth is 30%, with the CASA ratio expected to increase to 30% by the end of the financial year '24. The management mentioned a target for deposit growth of around 30%. The CFO stated that the bank aims to achieve a credit growth of 30% year-on-year for the fiscal year 2023-2024.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the gross loan book grew by 27% year-on-year, and total deposits increased by 28% year-on-year. The CASA ratio was higher at 25.5% compared to 24.1% as of September 2023.
['Q4', '2023']:
- The gross loan book grew by 30% compared to the previous year, and the bank's total deposits increased by 32% year-on-year.
['Q2', '2024']:
- The actual results for Ujjivan in Q2 FY24 reported a growth of 27% year-on-year in the Total Gross Loan Book, which aligns with the management's guidance of 25% or more growth. Additionally, the deposit growth achieved over 30%, meeting the management's target. Total income achieved YoY growth of 35% for the quarter, and total deposits grew by 43% year-on-year.
['Q1', '2024']:
- In Q1 FY24, Ujjivan reported that the Gross Loan Book crossed INR 25,000 crores, reaching INR 25,326 crores as of June 30th, which is an increase of 30% year-on-year. Deposits grew by 45% year-on-year to INR 26,660 crores. Retail term deposits showed significant growth, increasing by 71% year-on-year.
- **Evaluation:**
- Expectations Met: Ujjivan's gross loan book and deposit growth were largely in line with management's guidance, achieving 27% and 28% growth respectively by Q3 FY24, closely matching the targeted 25% loan growth and 30% deposit growth for the fiscal year.

2. Profitability metrics
- **Narrative:** Management has expressed a strong focus on maintaining and improving key profitability metrics to ensure robust financial performance. The strategic goal includes sustaining a high Return on Equity (ROE), enhancing Return on Assets (ROA), and improving EBITDA margins, which indicates a comprehensive approach to strengthening the company's profitability profile over the upcoming quarters.
- **Management's Guidance:**
- 1. The guidance for Return on Equity (ROE) is to maintain 22% or more. 2. The CFO indicated a target for return on assets (ROA) to reach 2% by the end of the next financial year. 3. The CFO projected an EBITDA margin improvement to 25% by the end of the fiscal year. 4. A guidance of 22% on the ROE for the next period has been given.
- **Actual Results:**
['Q3', '2024']:
- Ujjivan Small Finance Bank reported a Return on Equity (RoE) of 24.2% and a Return on Assets (RoA) of 3.1% for Q3 FY '24, surpassing their guidance of maintaining an RoE of 22% and reaching an RoA of 2% by the end of the next financial year. The bank also achieved a net profit of INR 300 crores for the quarter.
['Q1', '2024']:
- Return on assets achieved at 3.8%. Return on equity achieved at 30%.
['Q4', '2023']:
- The Return on Assets (RoA) was 3.9%, up 162 basis points compared to 2.3%. The Return on Equity (RoE) was 30.3%, up 1,161 basis points compared to 18.7%.
['Q2', '2024']:
- Return on Equity (RoE) achieved over 22%.
- **Evaluation:**
- Expectations Exceeded: Ujjivan Small Finance Bank surpassed its management guidance by achieving a Return on Equity (RoE) of 24.2% and a Return on Assets (RoA) of 3.1% for Q3 FY '24, exceeding their targets of 22% RoE and 2% RoA, indicating a stronger than expected profitability performance.

3. Net interest margin analysis
- **Narrative:** Management has provided insight into the anticipated net interest margin (NIM) performance for the upcoming year. The discussion highlighted a focus on achieving a NIM of at least 9%, with specific considerations including the contributions from the gold loan portfolio. Additionally, the management aims to maintain a disciplined approach to controlling the basis points spread.
- **Management's Guidance:**
- Management expects the net interest margin to be 9% or more in the coming year. Additionally, the yield guidance includes expectations from the gold loan portfolio. Furthermore, the management is targeting to keep the basis points spread under 100.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the net interest margin (NIM) was reported at 8.8%, which marked a decrease of 61 basis points compared to 9.4% in Q3 FY23.

['Q1', '2024']:
- NIM decreased by 40 bps to 9.2% from 9.6%.
['Q4', '2023']:
- The Net Interest Margin (NIM) was 9.1%, down 85 basis points compared to 10.0%.
['Q2', '2024']:
- Net Interest Margin (NIM) achieved around 9.0%.
- **Evaluation:**
- Expectations Not Met: Management expected the net interest margin to be at least 9% for the year, but actual results consistently fell below this target, with Q3 FY24 NIM at 8.8% and other quarters also failing to meet the guidance.

4. Mobile app features
- **Narrative:** Management emphasized the strategic focus on enhancing the capabilities of their mobile app, specifically by enabling loan applications through the app. This initiative is part of a broader digital transformation effort aimed at improving customer accessibility and streamlining operations.
- **Management's Guidance:**
- Management indicated that the bank is actively working towards the implementation of loan application functionality in their mobile app, suggesting a potential rollout in the near future.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
['Q4', '2023']:
- e5bce993a16565f785ccb7868d920f54 --> Total downloads of this app have crossed 1,30,000 within a few months of launch. 1f125f3d556a65bff2b41ad63264d424 --> Ujjivan achieved 1,30,000+ downloads for their digital platform. 3a0b2916564698c298d111274c11131e --> Mobile app login rate of 84% for Diksha+ and 82% for Chillar Bank.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Met: The management's goal of enabling loan applications through the mobile app as part of their digital transformation efforts was met, as evidenced by the high download and login rates, indicating successful implementation and customer engagement.

5. Capital adequacy ratios
- **Narrative:** During the Q4 2023 earnings call, Ujjivan's management emphasized their strong commitment to maintaining robust capital adequacy ratios. They outlined a strategic approach to ensure financial stability and sustainability without the need for immediate capital infusion.
- **Management's Guidance:**
- Management indicated that they do not anticipate the need for additional capital in the next two years, aiming to uphold a capital adequacy target of not dipping below 20%.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, the Capital to Risk-weighted Assets Ratio (CRAR) was reported at 25.19%, which is above the management's target of not dipping below 20%. This indicates that Ujjivan has successfully maintained a strong capital adequacy ratio, aligning with their guidance of not requiring additional capital infusion in the near term.
['Q3', '2024']:
- In Q3 FY24, Ujjivan reported a CRAR of 24.37%, which indicates a decrease from their previous quarters but still above the management's target of not dipping below 20%. This shows that the company has maintained its commitment to keeping a strong capital adequacy ratio as guided in Q4 2023.
['Q4', '2023']:
- In Q4 FY23, Ujjivan reported a capital adequacy ratio of about 25%, exceeding their minimum target of not going below 20%.
['Q1', '2024']:
- Capital to Risk-weighted Assets Ratio (CRAR) was 26.7%, up 666 basis points as of June 2022, which was 20.0%.
- **Evaluation:**
- Expectations Met: Ujjivan successfully maintained capital adequacy ratios above their target of not dipping below 20% across all reported quarters, aligning with management's guidance of not requiring additional capital infusion.

6. Digital banking enhancements
- **Narrative:** Management highlighted their strategy to significantly advance digital banking capabilities. A key element of this strategy includes the commercial launch of digital deposit services, which is expected to enhance customer experience and streamline banking operations. Additionally, management emphasized a broader digital transformation initiative aimed at increasing digital transaction volumes.
- **Management's Guidance:**
- The commercial launch of digital deposits is planned for early in the current fiscal year. There is a targeted increase in digital transactions by 30% within the next six months.
- **Actual Results:**
['Q2', '2024']:
- Cashless collection increased to 37%.
['Q3', '2024']:
- 19% of Diksha+ customers repaid digitally. 13% of Chillar Bank customers repaid digitally.
['Q4', '2023']:
- UPI Transactions increased from 16 lakhs in Q4-FY22 to 76 lakhs in Q4-FY23. Digital Transaction percentage increased from 76% in Q4-FY22 to 81% in Q4-FY23.
['Q1', '2024']:
- Actual Results

- **Evaluation:**
- **Expectations Exceeded**: The digital transformation initiatives, particularly the increase in digital transactions, surpassed the targeted 30% increase, as evidenced by significant growth in digital transaction volumes and UPI transactions from Q4 FY22 to Q4 FY23.

7. Credit risk assessment
- **Narrative:** The management of Ujjivan has focused on maintaining stringent control over credit risk assessment to enhance the company's asset quality. They have emphasized their strategy to minimize credit costs, which is a critical component of their risk management process. This strategy reflects their commitment to sustaining a healthy balance sheet and optimizing financial performance.
- **Management's Guidance:**
- The management expects to maintain credit costs below 100 basis points and achieve a return on equity (ROE) of around 22% for the financial year 2024. Additionally, they have reiterated their guidance on keeping credit costs under 100 basis points for the next year.
- **Actual Results:**
['Q1', '2024']:
- Ashish Goel mentioned that in the first quarter, they had about 10 basis points on the overall book for credit cost.
['Q3', '2024']:
- The credit cost was 1% this year.
['Q4', '2023']:
- Ashish Goel mentioned that in the first quarter, they had about 10 basis points on the overall book for credit cost.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: The management aimed to maintain credit costs below 100 basis points, but the actual credit cost for the year reached 1%, which is above their target, failing to meet the expected credit cost guidance.

8. Asset quality metrics
- **Narrative:** Management focused on improving the asset quality by strategically reducing the unsecured lending portion of their portfolio. This indicates a cautious approach towards risk management, aimed at enhancing the stability and robustness of their asset base.
- **Management's Guidance:**
- The CEO mentioned a target to reduce the unsecured book to around 68% from the current 73%.
- **Actual Results:**
['Q3', '2024']:
- Secured loan book percentage improved to 28.3%, up 83 basis points versus the last quarter.
['Q4', '2023']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: The management aimed to reduce the unsecured book to 68%, but the secured loan book percentage only improved to 28.3%, indicating that the unsecured portion remains higher than targeted.

9. Provisioning strategy
- **Narrative:** Management's discussion highlighted stability in the provisioning strategy, indicating a conservative approach towards risk management. The decision to maintain the current provisioning policy reflects confidence in the existing framework's ability to handle potential credit risks without necessitating adjustments.
- **Management's Guidance:**
- Management indicated that there will be no change in the provisioning policy for the next financial year.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q4', '2023']:
- Management mentioned achieving a 99% PCR (Provision Coverage Ratio) in the past. Floating provision of ■250 Cr created in Jun'21 continues to be on books and can be utilized for making specific provisions in extraordinary circumstances with prior approval of RBI. For FY 21 - 22 ■250 Cr was utilized towards NNPA/ PCR calculation. During June 2022, the Bank had utilized ■220 Cr for NNPA/ PCR calculation and ■30 Cr was utilized as part of Tier II capital. In the current quarter only ■120 Cr is utilized for NNPA/ PCR calculation, ■30 Cr has been utilized as part of Tier II capital.
['Q2', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Met: Management's guidance to maintain the existing provisioning strategy was followed without any changes, as reflected in the consistent application of provisions and utilization strategy for credit risk management across the reported quarters.

10. Non-performing asset management
- **Narrative:** In the discussion on non-performing asset management, Ujjivan's management emphasized their focus on enhancing recovery efforts for bad debts. They highlighted the potential of recoveries from an active technical write-off book, underscoring a strategic approach to manage non-performing assets effectively.
- **Management's Guidance:**
- The management expects bad debt recoveries to continue during FY '24. Additionally, they anticipate recoveries from more than INR 1,000 crore of the active

technical write-off book in the current or coming years.
- **Actual Results:**
['Q3', '2024']:
- Pritesh Bumb mentioned almost INR31 crores in bad debt recovery from the earlier write-off pool. Bad debt recovery of INR105 crores achieved this year. Bad Debt Recovery saw a 7% decline YoY in Q3FY24.
['Q2', '2024']:
- Bad debt recovery continues to remain strong with INR73 crores in the first half of the year.
['Q4', '2023']:
- The total gross NPA addition was INR 335 crores and upgrades and recovery were INR 506 crores for FY '23.
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Met: Ujjivan's management expected continuous bad debt recoveries from their active technical write-off book during FY '24, which aligns with actual results indicating INR 105 crores of bad debt recovery achieved for the year, despite a slight 7% YoY decline in Q3FY24.

11. Geographic expansion plans
- **Narrative:** Management has outlined an aggressive geographic expansion strategy, with plans to significantly increase the branch network in the coming financial year. This expansion includes a noteworthy entry into the state of Andhra, which represents a strategic move to tap into new regional markets and enhance their footprint across India.
- **Management's Guidance:**
- The CEO anticipates opening 100 branches in the financial year '24, including expansion into Andhra. The Chief Business Officer mentioned plans to increase the branch count by 50 within the next 12 months. The CEO reiterated intentions to add approximately 100 branches during FY '24. The CEO also announced plans to establish 50 new branches by the end of the current fiscal year. The Head of Operations confirmed the branch network will grow by 50 new branches by Q4 of 2024.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q4', '2023']:
- Added 31 branches during Q4FY23, total branch count now 629.
['Q2', '2024']:
- Added 39 new branches during the quarter.
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Met: Management anticipated opening 100 branches in FY '24, with 50 by the end of the fiscal year. By Q2 2024, Ujjivan added 70 branches, aligning with the target and confirming that expectations were met.

12. Competitive positioning
- **Narrative:** Management has emphasized the importance of increasing market share as a key strategic priority. The discussion highlighted a focused approach towards enhancing the company's competitive edge by targeting an increase in market share over a specified timeframe.
- **Management's Guidance:**
- Management expects an increase in market share by 5% over the next two years.
- **Actual Results:**
['Q3', '2024']:
- We expanded our market share by 3% over the past year.
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- In Q1 FY24, Ujjivan reported being 1st among Small Finance Banks (SFBs) for cards issued. The company ranked 24th among all banks for card transactions at ATMs and 34th among all banks for card transactions at POS.
['Q2', '2024']:
- The board member highlighted a 5% growth in market share last quarter.
- **Evaluation:**
- Expectations Met: Management expected a 5% increase in market share over two years, and the actual results show a 5% growth in market share last quarter, aligning with the management's guidance.

13. Cost management strategies
- **Narrative:** Management has outlined a focused strategy on improving operational efficiency through cost management initiatives. A key element of this strategy is to lower the cost-to-income ratio, indicating a strong emphasis on cost control as a means to enhance profitability.
- **Management's Guidance:**
- Management has provided guidance that the cost-to-income ratio is expected to be reduced to below 60% by the end of the next fiscal year.
- **Actual Results:**
['Q1', '2024']:
- The company reduced operational costs by 5% compared to the previous year.
['Q2', '2024']:
- The company reduced operational costs by 8% compared to last year.
['Q3', '2024']:
- The bank's cost-to-income ratio improved to 60% in the third quarter.
['Q4', '2023']:
- Cost to Income ratio was 64% in Q4-FY22, 59% in Q1-FY23, 52% in Q2-FY23, 53% in Q3-FY23, and 55% in Q4-FY23.

- **Evaluation:**
- Expectations Met: Management aimed to reduce the cost-to-income ratio to below 60% by the end of the fiscal year, and this was achieved in Q3 2024 when the ratio improved to 60%, aligning with the management's guidance.

14. Digital banking expansion
- **Narrative:** Management has focused on strategic initiatives to expand digital banking capabilities, emphasizing the completion of significant corporate restructuring activities to support this expansion.
- **Management's Guidance:**
- The CEO mentioned that the company is aiming for the conclusion of the reverse merger by September, although it might extend further depending on the workload of the NCLT.
- **Actual Results:**
['Q1', '2024']:
- Actual Results
['Q3', '2024']:
- Actual Results
['Q4', '2023']:
- Actual Results
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results provided do not include specific information about the completion of the reverse merger or the expansion of digital banking capabilities, making it impossible to determine if expectations were met.

15. Executive leadership changes
- **Narrative:** Management discussed the transition plan for leadership, specifically focusing on ensuring a smooth handover with a new CEO appointment aimed at maintaining strategic continuity and organizational stability.
- **Management's Guidance:**
- The CEO mentioned that a successor will be in place well before January 2025.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results: **Actual Results**:
['Q4', '2023']:
- Actual Results
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific information regarding the appointment of the new CEO, making it impossible to determine whether the management's guidance on leadership transition was met or exceeded.

Q3 2023

1. Revenue growth trends
- **Narrative:** Management highlights a strong focus on expanding the company's loan book, with targets set for significant growth in the upcoming fiscal year. This expansion is seen as a key driver for revenue growth, reflecting a strategic priority to enhance financial performance.
- **Management's Guidance:**
- The company expects to grow its gross loan book by about 25% in FY '24. The bank aims to increase its loan book by 20% over the next year. Deepak Khetan provided a broad growth guidance of 25% for the year 2024.
- **Actual Results:**
['Q4', '2023']:
- The gross loan book grew 10% quarter-on-quarter to INR 24,085 crores after a total write-off of INR 67 crores. The gross loan book was INR 24,085 crores, up 33% year-on-year.
['Q2', '2024']:
- The total gross loan book grew 27% year-on-year as of Q2 FY24, surpassing the management's guidance of 25% growth for the fiscal year 2024.
['Q1', '2024']:
- The gross loan book crossed INR 25,000 crores and as of June 30th was INR 25,326 crores, up 30% year on year and 5% quarter-on-quarter. The board reported a total year-on-year gross growth of 26% in the loan book.
['Q3', '2023']:
- Ujjivan's gross loan book grew 5% sequentially to INR 21,895 crores, while Carol Furtado stated that the loan book grew by 18% year-on-year.
- **Evaluation:**
- Expectations Exceeded: The gross loan book growth surpassed the management's guidance of 25% for FY '24, achieving 27% year-on-year growth by Q2 FY '24, indicating stronger-than-expected expansion.

2. Interest income trends
- **Narrative:** Management has expressed a positive outlook on interest income trends, driven by strategic financial maneuvers. The discussions highlighted expectations of substantial growth in net interest income, supported by potential adjustments in interest rates.
- **Management's Guidance:**
- The Chief Financial Officer projected a 20% increase in net interest income for the next quarter. The CFO mentioned a potential rate hike for new disbursements

linked to EBLR by 90 to 100 bps. The industry, including Ujjivan Small Finance Bank, expects a turnaround or a decline in interest rates to start sometime in the second half of the financial year.
- **Actual Results:**
['Q1', '2024']:
- Net interest income was up 32% year-on-year and 7% quarter-on-quarter.
['Q2', '2024']:
- The board reported that the Net Interest Income (NII) for Q2FY24 was ■ 823 crore, up 24% compared to ■ 663 crore in Q2FY23.
['Q3', '2023']:
- M. D. Ramesh Murthy noted a 12% increase in net interest income.
['Q4', '2023']:
- Interest Earned in Q4-FY23 was ■1,185 crore.
- **Evaluation:**
- Expectations Exceeded: The management projected a 20% increase in net interest income, but the actual results showed a year-on-year increase of 32% in Q1 and a 24% increase in Q2, surpassing the expected growth.

3. Profitability metrics
- **Narrative:** Management has indicated a positive outlook for the company's profitability metrics, focusing on improving EBITDA margins and sustaining strong return on assets (ROA). They are targeting specific financial metrics to ensure long-term profitability and sustainability.
- **Management's Guidance:**
- The CFO projected a 12% increase in EBITDA margin by the end of the fiscal year. Deepak Khetan stated that the long-term sustainable return on assets (ROA) is expected to be between 2.25% to 2.5%. Deepak Khetan stated that the long-term sustainable ROA should be around 2.5%.
- **Actual Results:**
['Q1', '2024']:
- Return on assets achieved at 3.8%.
['Q4', '2023']:
- The Return on Assets (RoA) was 3.9%, up 162 basis points compared to 2.3%.
['Q2', '2024']:
- The board stated that Profit Before Provisioning and Operating Profit (PPoP) for Q2FY24 was ■ 483 crore, up 26% from ■ 385 crore in Q2FY23. The board indicated that Profit After Tax (PAT) for Q2FY24 was ■ 328 crore, an 11% increase over ■ 294 crore in Q2FY23.
['Q3', '2023']:
- Ujjivan reported a return on assets (ROA) of 4.1% for Q3 FY23, which is above the management's guidance range of 2.25% to 2.5% for long-term sustainable ROA. Additionally, the net profit for the period was ■293 crore.
- **Evaluation:**
- Expectations Exceeded: The actual Return on Assets (ROA) significantly surpassed management's long-term guidance of 2.25% to 2.5%, achieving 3.9% and 4.1% in different quarters, indicating strong profitability metrics well above expectations.

4. Capital adequacy ratios
- **Narrative:** Management has articulated a strategic direction focused on achieving a balanced portfolio of secured and unsecured debts. This approach reflects their aim to optimize the capital structure and enhance financial stability over the long term.
- **Management's Guidance:**
- The management has set a target to achieve a 50-50 balance between secured and unsecured debts within the next five years.
- **Actual Results:**
['Q2', '2024']:
- CRAR was 26.70% in September 2022 and changed to 25.19% by September 2023.
['Q3', '2023']:
- Actual Results
['Q4', '2023']:
- We are at about 25% capital adequacy ratio.
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The management's guidance focused on achieving a 50-50 balance between secured and unsecured debts over five years, but the actual results provided only pertain to capital adequacy ratio changes, which do not directly address the debt structure target. Hence, there is insufficient information to evaluate whether expectations were met regarding the debt balance strategy.

5. Credit risk assessment
- **Narrative:** Management has detailed their expectations for credit costs in the upcoming fiscal year, indicating a focus on maintaining a stable credit risk environment. They have provided specific guidance on expected credit cost percentages, highlighting a strategic approach to managing credit risk effectively.
- **Management's Guidance:**
- Mr. Davis mentioned that FY '24 is expected to be a good year with credit cost around 1%. Ashish Goel confirmed that they are guiding for 100 basis point on the gross number for credit costs.
- **Actual Results:**
['Q1', '2024']:
- Ashish Goel mentioned that in the first quarter, they had about 10 basis points on the overall book for credit cost.
['Q4', '2023']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- Ashish Goel confirmed the guidance for credit costs at 100 basis points on the gross number.

- **Evaluation:**
- **Expectations Exceeded**: Management guided for a 100 basis point credit cost for FY '24, and in Q1 2024, they achieved a significantly lower credit cost of 10 basis points, indicating better-than-expected risk management performance.

6. Asset quality metrics
- **Narrative:** Management discussed the strategic adjustments in the secured and unsecured book ratio, aiming to balance their portfolio more efficiently in the long term.
- **Management's Guidance:**
- The CEO stated that the secured and unsecured book ratio is expected to reach 50-50 within five years.
- **Actual Results:**
['Q4', '2023']:
- Management highlighted a significant reduction in the stress book, reflected by GNPA+RF Book at 30.8%.
['Q2', '2024']:
- GNPA at 2.2% as against 2.4% in June. EMI collection efficiency of 98.3%. The slippages have been consistently about 50 basis points for the last five quarters.
['Q3', '2023']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results primarily focus on asset quality metrics such as GNPA and collection efficiency, without specific data on the secured and unsecured book ratio. Hence, it's unclear if the strategic goal of reaching a 50-50 ratio was met.

7. Provisioning strategy
- **Narrative:** Management discussed the provisioning strategy in the context of risk management and asset quality. They highlighted the anticipated adjustments in their provisioning levels to address potential risks in the loan portfolio.
- **Management's Guidance:**
- The management expects provisions to move up towards 1% on average gross loan book next year.
- **Actual Results:**
['Q4', '2023']:
- Actual Results
['Q2', '2024']:
- Actual Results:
['Q3', '2023']:
- Actual Results
['Q1', '2024']:
- Provisions were recorded at 136 crores with a percentage of 5.3%.
- **Evaluation:**
- Expectations Not Met: Management expected provisions to average 1% of the gross loan book, but in Q1 2024, provisions were recorded at 5.3%, significantly higher than anticipated, indicating that expectations were not met.

8. Geographic expansion plans
- **Narrative:** Ujjivan Small Finance Bank Limited is actively pursuing its geographic expansion strategy, focusing on increasing its presence in Tier 2 and Tier 3 towns, particularly in the housing sector. The management has outlined plans to significantly expand their branch network, targeting both deposit-rich areas and new markets such as Telangana.
- **Management's Guidance:**
- The company plans to add between 50 and 70 branches in fiscal year 2024, emphasizing deposit-rich areas. Additionally, they aim to open 100 new branches by the end of the fiscal year, with specific branch openings in Telangana.
- **Actual Results:**
['Q2', '2024']:
- Added 39 new branches during the quarter.
['Q4', '2023']:
- Added 31 branches during Q4FY23, total branch count now 629. Five new branches were opened in Telangana this year.
['Q3', '2023']:
- Actual Results
['Q1', '2024']:
- 32 new branches added during the quarter, taking the total to 661 as of June 30th.
- **Evaluation:**
- Expectations Met: The management planned to open 100 branches in FY24, and by Q2 FY24, they added 39 new branches, progressing well towards their target. Additionally, they focused on deposit-rich areas and opened branches in Telangana as guided, aligning with their geographic expansion strategy.

9. New market entry plans
- **Narrative:** Management highlighted their intention to expand into the gold loan market by establishing operations in approximately 50 new branches. This move is aimed at enhancing their product offerings and capturing a larger share of the financial services market.
- **Management's Guidance:**
- Management intends to start operations in about 50 branches for the gold loan market next financial year.
- **Actual Results:**
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results

['Q3', '2023']:
- Vibhas Chandra mentioned that they have entered into the gold loan market and launched it in some branches.
['Q4', '2023']:
- Actual Results
- **Evaluation:**
- Expectations Met: Management intended to start operations in approximately 50 branches for the gold loan market in the next financial year, and by Q3 2023, they had already entered the market and launched in some branches, aligning with their stated expansion plans.

10. Strategic partnerships
- **Narrative:** Management discussed strategic adjustments and system upgrades in the Micro and Small Enterprises (MSE) book to drive growth in this segment.
- **Management's Guidance:**
- Management anticipates growth in the MSE segment following the completion of strategic adjustments and system upgrades.
- **Actual Results:**
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- Actual Results
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The provided actual results lack specific details or metrics to determine whether the strategic adjustments and system upgrades in the MSE segment led to the anticipated growth, making it difficult to evaluate the outcome against management's guidance.

11. Customer acquisition strategies
- **Narrative:** Management highlighted their focus on customer acquisition, emphasizing the importance of both attracting new customers and retaining existing ones. They noted a balanced strategy where a significant proportion of disbursements were made to new customers, indicating efforts to expand their customer base while maintaining relationships with current clients.
- **Management's Guidance:**
- Management indicated that approximately 35% to 40% of disbursements in the MFI segment were directed toward new customers, suggesting a strategic emphasis on expanding market presence and enhancing customer acquisition efforts.
- **Actual Results:**
['Q1', '2024']:
- The bank acquired 2.6 lakh new customers this quarter.
['Q2', '2024']:
- Acquired 2.6 lakh new customers in Q2FY24.
['Q3', '2023']:
- Acquired 2.3 lakh new customers in Q3-FY23.
['Q4', '2023']:
- Acquired 3.0 lakh new customers in Q4-FY23 and 9.4 lakh customers in FY23.
- **Evaluation:**
- Expectations Met: Management's guidance indicated that 35% to 40% of disbursements would target new customers, and the actual results show consistent customer acquisition numbers across the quarters, aligning with the strategic emphasis on expanding market presence.

12. Cost management strategies
- **Narrative:** Management has focused on maintaining a stable cost-to-income ratio as part of their operational efficiency and cost management strategy. This indicates a concerted effort to manage expenses while optimizing income generation processes.
- **Management's Guidance:**
- Management expects the cost-to-income ratio to remain around 55% by the end of the fiscal year.
- **Actual Results:**
['Q1', '2024']:
- We reduced operational costs by 10% in the last fiscal year.
['Q2', '2024']:
- The board confirmed the reduction of operational costs by 15%.
['Q3', '2023']:
- Cost to Income Ratio was 73% for 9M-FY23.
['Q4', '2023']:
- Cost to Income ratio was 64% in Q4-FY22, 59% in Q1-FY23, 52% in Q2-FY23, 53% in Q3-FY23, and 55% in Q4-FY23.
- **Evaluation:**
- Expectations Met: Management expected the cost-to-income ratio to remain around 55% by the end of the fiscal year, and the actual results show the ratio was indeed 55% in Q4-FY23, aligning with their guidance.

13. New product launches
- **Narrative:** Management emphasized the importance of expanding their product portfolio as part of their growth strategy. The introduction of new products such as a 3 in 1 account, National Pension Scheme (NPS), and mutual funds is expected to enhance customer offerings and drive growth.
- **Management's Guidance:**
- Management anticipates that these new initiatives will begin to take effect in the second half of 2024. Additionally, the company aims to launch three new products by the third quarter of the next year.
- **Actual Results:**

['Q2', '2024']:
- Carol Furtado mentioned that they have launched a product since May with an offering ranging from INR15 lakhs to INR1.5 crores and a tenure of up to 12 years.
['Q4', '2023']:
- Carol Furtado mentioned that they have launched a product since May with an offering ranging from INR15 lakhs to INR1.5 crores and a tenure of up to 12 years.
['Q3', '2023']:
- The team delivered 20 new product features in the past six months.
['Q1', '2024']:
- Actual Results
- **Evaluation:**
- Expectations Exceeded: The company not only launched its planned new products by Q3 2023, but also delivered 20 new product features in the past six months, surpassing the expectation of launching three new products by the third quarter of the next year.

14. Adherence to banking regulations
- **Narrative:** Management has been actively discussing the strategic steps they are taking to ensure compliance with banking regulations, emphasizing the importance of regulatory approvals for their structural changes. This includes a focus on mergers and acquisitions that are aligned with regulatory expectations to strengthen their market position.
- **Management's Guidance:**
- Management anticipates the completion of the proposed merger by September this year, contingent on receiving the necessary regulatory and shareholder approvals. Additionally, the reverse merger process is projected to be finalized by September '23, pending regulatory clearances.
- **Actual Results:**
['Q2', '2024']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q3', '2023']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q1', '2024']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q4', '2023']:
- In Q4 2023, the company reported that the regulatory requirement is 15%, while they internally kept a guideline at the board level of 20%. They achieved a compliance level of 24%, exceeding both regulatory and internal guidelines.
- **Evaluation:**
- Expectations Exceeded: Ujjivan surpassed the regulatory compliance expectations by maintaining a compliance level of 24%, which exceeded both the regulatory requirement of 15% and their internal guideline of 20%, demonstrating superior adherence to banking regulations.

15. Executive leadership changes
- **Narrative:** Management discussed plans for a smooth leadership transition by identifying potential candidates to collaborate with the Managing Director during his extended tenure.
- **Management's Guidance:**
- The Managing Director indicated that the Board would work towards identifying potential candidates to ensure a seamless transition during his extended tenure.
- **Actual Results:**
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The actual results provide no specific information or commentary on the success or effectiveness of the leadership transition process, making it impossible to determine whether the expectations set by management were met, exceeded, or not met.

Q2 2023

1. Interest income trends
- **Narrative:** Management discussed recent strategic rate hikes aimed at improving interest income. They highlighted a positive market response to a previous rate hike in August and are anticipating the results of a more recent rate hike.
- **Management's Guidance:**
- Management is expecting positive traction and results from the recent rate hikes, indicating an upward trend in interest income in the coming quarters.
- **Actual Results:**
['Q1', '2024']:
- Interest on loan achieved was ■1,133 crore in Q1-FY24. Total Interest Earned was ■1,287 crore in Q1-FY24.
['Q2', '2023']:
- NII was ■ 663 cr, up 69% year-on-year from Q2-FY22, which was ■ 391 cr.
['Q3', '2023']:
- M. D. Ramesh Murthy noted a 12% increase in net interest income.
['Q4', '2023']:
- Interest Earned in Q4-FY23 was ■1,185 crore.

- **Evaluation:**
- **Expectations Met**: Management anticipated an upward trend in interest income following rate hikes, and the actual results show a consistent increase in interest income over the quarters, aligning with their expectations.

2. Revenue growth trends
- **Narrative:** The management of Ujjivan has consistently emphasized a robust growth strategy, setting ambitious targets for both gross advances and assets under management (AUM). They have outlined plans to significantly increase the company's financial portfolio, focusing on both loan growth and deposit expansion as key drivers of revenue growth.
- **Management's Guidance:**
- The company maintains a 30% gross advances growth guidance with deposits growing a little faster. The management team indicated an AUM growth of 30%. The management is guiding for a 30% growth in AUM. The management stated a 30% growth target for the financial year. Deepak Khetan confirmed that deposit growth will be higher than 30% loan book growth for this fiscal year.
- **Actual Results:**
['Q4', '2023']:
- The bank's total deposits increased by 32% year-on-year. The loan book grew by 30% compared to the previous year. Gross Loan Book was ■ 24,085 Crores, up 33% yoy. Total deposits grew 40% Y-o-Y to ■ 25,538 Cr.
['Q1', '2024']:
- The gross loan book crossed INR 25,000 crores and as on June 30th was INR 25,326 crores, up 30% year on year and 5% quarter-on-quarter. Deposits grew 45% year-on-year and 4% quarter-on-quarter to INR 26,660 crores. Retail term deposits grew 71% year-on-year to INR 10,970 crores.
['Q3', '2023']:
- Actual Results
['Q2', '2023']:
- The bank's Gross Loan Portfolio grew by 31% year-on-year. The bank's deposit base increased by 45% year-on-year. AUM growth will be 30%.
- **Evaluation:**
- Expectations Exceeded: Ujjivan's actual results showed a 33% growth in the gross loan book and a 40% increase in total deposits year-on-year, surpassing the management's guidance of 30% growth for both metrics.

3. Net interest margin analysis
- **Narrative:** The management of Ujjivan Financial Services Limited discussed their projections for the company's net interest margins (NIMs) for the upcoming financial year. The focus is on maintaining a robust NIM to support the company's financial performance and growth objectives.
- **Management's Guidance:**
- Ujjivan Financial Services Limited projects NIMs (Net Interest Margins) to be around 9.5% for the year.
- **Actual Results:**
['Q4', '2023']:
- NIM (Net Interest Margin) was 8.8% for FY23.
['Q3', '2023']:
- NIM was 9.4% for Q3FY23 and 9.6% for 9M FY23.
['Q1', '2024']:
- NIM decreased by 40 bps to 9.2% from 9.6%.
['Q2', '2023']:
- NII at ■ 663 Cr | NIM at 9.8% | Cost-to-income ratio at 52%.
- **Evaluation:**
- Expectations Not Met: The management projected NIMs to be around 9.5% for the financial year, but the actual NIM for FY23 was 8.8%, which fell short of the projected target.

4. Profitability metrics
- **Narrative:** Management discussed their expectation for controlling operational costs effectively, aiming to maintain a healthy balance between revenue generation and cost management.
- **Management's Guidance:**
- The management expects the cost-to-income ratio to be comfortably below 60% for the entire year.
- **Actual Results:**
['Q1', '2024']:
- Pre-Provision Operating Profit and PAT have reached new highs of INR458 crores and INR324 crores respectively.
['Q2', '2023']:
- H1 cost-to-income ratio is at 55%.
['Q4', '2023']:
- This year, cost-to-income ratio dropped from 64% in Q4 last year to 55% this quarter.
['Q3', '2023']:
- Deepak Khetan stated that this year, for nine months, the cost-to-income ratio is around 55%.
- **Evaluation:**
- Expectations Exceeded: The management expected the cost-to-income ratio to be below 60% for the year, and the actual results showed a consistent ratio of 55% across multiple quarters, surpassing the initial guidance.

5. Credit risk assessment
- **Narrative:** The management of Ujjivan has been focused on maintaining a disciplined approach to credit risk assessment, aiming to optimize credit costs and ensure asset quality. The strategic focus is on normalizing credit costs to create a sustainable financial environment within the company.
- **Management's Guidance:**
- The CFO indicated that credit costs for FY '23 are expected to be less than 1%. Furthermore, Ashish Goel mentioned that credit costs are projected to stabilize at 100 to 150 basis points in a normalized year, with this normalization expected to start from FY '24.
- **Actual Results:**

['Q1', '2024']:
- Ashish Goel mentioned that in the first quarter, they had about 10 basis points on the overall book for credit cost.
['Q4', '2023']:
- Actual Results
['Q2', '2023']:
- Actual Results
['Q3', '2023']:
- Ashish Goel confirmed the guidance for credit costs at 100 basis points on the gross number.
- **Evaluation:**
- Expectations Exceeded: The management aimed for credit costs below 1% for FY '23, and the actual results in Q1 2024 showed a credit cost of only 10 basis points, indicating a significantly better outcome than anticipated.

6. Non-performing asset management
- **Narrative:** In the context of non-performing asset management, Ujjivan's management has provided insights into their expectations for the remainder of the year. They have acknowledged the performance of NPA recoveries and collections, indicating a continued positive trend, albeit at a slightly diminished rate compared to earlier quarters.
- **Management's Guidance:**
- Management anticipates that the NPA recoveries and collections will remain strong for the rest of the year, though they may not reach the levels observed in the first and second quarters.
- **Actual Results:**
['Q3', '2023']:
- Ashish Goel highlighted a reduction in the non-performing asset ratio to 1.5%.
['Q1', '2024']:
- Q1 slippages at INR103 crores and upgrade and recoveries at INR77 crores. Deepak Khetan mentioned that INR77 crores is the NPA recovery and upgrade in addition to the INR35 crores of bad debt recovery. Deepak Khetan detailed that the starting NPA was 631, with a slippage of 103, an upgrade of 77, and a write-off of 60, leading to a closing NPA of 597. Bad Debt Recovery achieved was ■35 crore in Q1-FY24.
['Q2', '2023']:
- In Q2 2023, the company reported that the bad debt recovery was approximately INR 26 crores for the quarter. Additionally, there was a mention of slippages being around INR 75 crores and upgrades at INR 146 crores. The restructured micro banking portfolio saw collections of almost INR 600-odd crores out of a total of INR 944 crores.
['Q4', '2023']:
- The bank's NPA ratio reduced to 1.9% from 2.5%. The GNPA was around INR19 crores this quarter, while upgrades and recoveries were INR59 crores for the fiscal. Slippages were INR335 crores with upgrades and recoveries of INR506 crores. GNPA is down to 2.6% from 7.1% at the beginning of the year. NNPA are currently in the range of 0.04% to 0.05% for the last 3 consecutive quarters. This quarter slippage is INR19 crores, fresh -- the gross NPA addition was INR19 crores. And upgrade and recoveries were around INR59 crores. The bank successfully reduced non-performing assets to 2% this quarter. The total gross NPA addition was INR 335 crores and upgrades and recovery were INR 506 crores for FY '23.
- **Evaluation:**
- Expectations Met: Management anticipated strong NPA recoveries remaining below early year levels, and actual results show a consistent reduction in NPA ratios and solid recovery figures, aligning with the guidance provided.

7. Provisioning strategy
- **Narrative:** In Q2 2023, Ujjivan's management emphasized a cautious yet proactive provisioning strategy aimed at maintaining robust asset quality. The focus is on keeping provisions at or below 1% of the overall loan book, with a strategic emphasis on ensuring strong recovery processes. This approach is intended to safeguard the company's financial health while providing flexibility to manage potential future risks.
- **Management's Guidance:**
- The management plans to keep provisions below 1% for the fiscal year, supplemented by strong recoveries. The company will continue to maintain about 1% as a floating provision. The company plans to carry a 1% floating provision of their overall book for at least the next two quarters.
- **Actual Results:**
['Q4', '2023']:
- Actual Results
['Q3', '2023']:
- Actual Results
['Q1', '2024']:
- Provisions were recorded at 136 crores with a percentage of 5.3%.
['Q2', '2023']:
- Actual Results
- **Evaluation:**
- Expectations Not Met: Management aimed to keep provisions below 1% of the overall loan book, but in Q1 2024, provisions were at 5.3%, significantly exceeding the target, indicating a deviation from the strategic provisioning goals.

8. Geographic expansion plans
- **Narrative:** Management outlined a strategic plan for geographic expansion, focusing on increasing branch presence to strengthen their market position. The expansion is contingent on the successful implementation of their digital strategy, which is expected to facilitate broader outreach and operational efficiency.
- **Management's Guidance:**
- The company plans to add about 40 to 45 branches this financial year. Depending on the success of the digital strategy, the number of new branches could increase to 75 to 100 in the next financial year.
- **Actual Results:**
['Q4', '2023']:
- Total number of new branches during FY '23 was 54. Added 31 branches during Q4FY23, total branch count now 629.
['Q3', '2023']:

- Actual Results
['Q1', '2024']:
- 32 new branches added during the quarter, taking the total to 661 as of June 30th.
['Q2', '2023']:
- Added 15 branches during Q2FY23, bringing the total branch count to 590.
- **Evaluation:**
- Expectations Met: The company planned to add 40 to 45 branches during the financial year, and they successfully opened 54 new branches, aligning with their strategic goals for geographic expansion.

9. Rural and urban penetration
- **Narrative:** Management emphasized the strategic focus on expanding the branch network in semi-urban and Tier 2 and Tier 3 cities. This expansion strategy also includes a commitment to ensure that a significant portion of new branches are located in previously underserved rural areas, aligning with regulatory requirements.
- **Management's Guidance:**
- Management plans to allocate 25% of new branches in untapped rural areas, which is part of their regulatory compliance strategy.
- **Actual Results:**
['Q1', '2024']:
- Actual Results
['Q3', '2023']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
['Q2', '2023']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
['Q4', '2023']:
- 13,348 customers across 134 rural branches were covered under the FLP for URC program.
- **Evaluation:**
- Expectations Met: Management planned to allocate 25% of new branches in untapped rural areas, and the actual results show that 134 rural branches were covered, indicating alignment with their strategic focus and regulatory compliance strategy.

10. New market entry plans
- **Narrative:** The management discussed plans for a reverse merger aimed at facilitating entry into new markets. This strategic move is expected to position the company favorably for expansion and increased market presence.
- **Management's Guidance:**
- The CEO mentioned that the reverse merger is expected to be completed by September of next year.
- **Actual Results:**
['Q1', '2024']:
- Vibhas Chandra mentioned that they have entered into the gold loan market and launched it in some branches.
['Q2', '2023']:
- Vibhas Chandra mentioned that they have entered into the gold loan market and launched it in some branches.
['Q3', '2023']:
- Vibhas Chandra mentioned that they have entered into the gold loan market and launched it in some branches.
['Q4', '2023']:
- Vibhas Chandra mentioned that they have entered into the gold loan market and launched it in some branches.
- **Evaluation:**
- Insufficient Info: The actual results focus on the entry into the gold loan market but do not provide specific information about the completion of the reverse merger or its impact, leaving the connection between the merger and market entry unclear.

11. Customer acquisition strategies
- **Narrative:** The management of Ujjivan discussed their approach to customer acquisition, focusing on graduating customers to individual loans as part of their strategy to enhance customer engagement and retention. This process typically occurs after two years, indicating a structured pathway for customer transition and growth within their financial products portfolio.
- **Management's Guidance:**
- Management highlighted that customers are generally transitioned to individual loans after completing an average of 24 EMIs. This strategy is aimed at fostering long-term customer relationships and increasing the lifetime value of each customer.
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, Ujjivan acquired 2.6 lakh new customers, reflecting a continued focus on expanding their customer base as part of their customer acquisition strategy. The company also reported that customer acquisition accounts in retail branch banking reached 341.1 thousand, up from 335.5 thousand in the previous quarter, indicating an effective execution of their strategy to transition more customers to individual loans after the initial engagement period.
['Q3', '2023']:
- In Q3 FY23, Ujjivan acquired 2.3 lakh new customers, with close to 95% of customer acquisition happening through the graduation of group loan customers.
['Q2', '2023']:
- Acquired 2.2 lakh new customers in Q2-FY23 vs 1.9 lakh in Q1-FY23.
['Q4', '2023']:
- Acquired 3.0 lakh new customers in Q4-FY23 and 9.4 lakh customers in FY23.
- **Evaluation:**
- Expectations Exceeded: Ujjivan's strategy to transition customers to individual loans after completing 24 EMIs has been highly effective, as evidenced by the acquisition of 2.6 lakh new customers in Q1 FY24, surpassing the numbers in previous quarters and demonstrating strong execution in expanding their customer base and enhancing engagement.

12. Adherence to banking regulations
- **Narrative:** Management discussed the anticipated timeline for the amalgamation process with the promoter, Ujjivan Financial Services. This discussion highlighted the company's commitment to adhering to regulatory requirements and ensuring compliance throughout the process.
- **Management's Guidance:**
- The management expects the process of amalgamation with the promoter Ujjivan Financial Services to take approximately 12 months, contingent upon receiving necessary regulatory approvals.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, the management reported that the regulatory requirement is 15%. Internally, they have maintained a guideline at the board level of 20%, and they are currently at 24%.
['Q1', '2024']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q2', '2023']:
- Actual Results
['Q4', '2023']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
- **Evaluation:**
- Insufficient Info: The provided actual results focus on regulatory compliance levels, but do not offer specific information about the timeline or progress of the amalgamation process with Ujjivan Financial Services, making it unclear if the 12-month expectation was met.

13. Cost management strategies
- **Narrative:** Management has focused on improving operational efficiency by setting clear targets for cost management. The key strategy discussed is to maintain a disciplined approach to managing the cost-to-income ratio. This reflects the company's commitment to optimizing expenses while ensuring revenue growth, thereby enhancing overall profitability.
- **Management's Guidance:**
- Ujjivan Financial Services Limited aims to maintain a cost-to-income ratio comfortably below 60% for the financial year '23.
- **Actual Results:**
['Q1', '2024']:
- The company reduced operational costs by 5% compared to the previous year.
['Q3', '2023']:
- Cost to Income Ratio was 73% for 9M-FY23.
['Q2', '2023']:
- Cost to Income Ratio was 82% in Q2-FY22, 71% in Q3-FY22, 62% in Q4-FY22, 59% in Q1-FY23, and 52% in Q2-FY23.
['Q4', '2023']:
- Cost to Income ratio was 64% in Q4-FY22, 59% in Q1-FY23, 52% in Q2-FY23, 53% in Q3-FY23, and 55% in Q4-FY23.
- **Evaluation:**
- Expectations Met: Ujjivan Financial Services Limited aimed to maintain a cost-to-income ratio below 60% for FY23. The actual results show that the ratio was maintained below 60% in Q1, Q2, and Q4 of FY23, aligning with management's guidance.

Q1 2023

1. Revenue growth trends
- **Narrative:** Management has articulated a strategic focus on significant loan book growth and granular retail growth to enhance the company's revenue trajectory. This includes targeting a substantial increase in the loan book by the end of the fiscal year and expanding the deposit base through granular retail growth efforts. They are leveraging full branch capacities and targeting diverse customer segments, including government and local municipalities, to achieve this growth.
- **Management's Guidance:**
- The CFO stated that the bank aims to achieve a loan book growth of 30% by the end of the fiscal year. The Managing Director and Chief Executive mentioned a target of 25% loan growth by the end of the fiscal year. The company is focusing on granular retail growth to increase its deposit base in the coming quarters, with branches working at full capacity and targeting various segments including government and local municipalities. The CEO mentioned that a 30% growth rate is reasonable for microfinance banks in the current recovery year.
- **Actual Results:**
['Q4', '2023']:
- The loan book grew by 30% compared to the previous year.
['Q1', '2023']:
- Ujjivan achieved the strongest Q1 disbursement with ■ 4,326 Cr, up 230% year-on-year. Retail deposits were up 65% year-on-year, and CASA was up 86% year-on-year. Total deposit was ■ 18,449 Cr, up 35% year-on-year.
['Q2', '2023']:
- The bank's Gross Loan Portfolio grew by 31% year-on-year. The bank's deposit base increased by 45% year-on-year.
['Q3', '2023']:
- The Gross Loan Book increased to ■21,895 Crore by December 2022, from ■18,162 Crore in March 2022. Ujjivan's gross loan books grew 5% sequentially to INR 21,895 crores. Total Deposits reached ■23,203 crore, with Retail Deposits at ■14,284 crore, which is 62% of Total Deposits. Retail deposits grew 72% Y-o-Y; contributing to 62% of total deposits in Dec’22 vs 53% in Dec’21. The gross loan book for Micro Group Loans is 59%, for Individual Loans is 12%, for MSE is 8%, for Affordable Housing is 14%, for FIG Lending is 5%, and for Others is 2%. Total growth year-on-year is 40%, and the growth quarter-on-quarter is 6%. The company achieved a 15% increase in sales last quarter. Total Income was ■1,221 crore in Q3-FY23. Retail Branch banking CASA grew 45% Y-o-Y; contributes 72% to total CASA.
- **Evaluation:**
- Expectations Met: The loan book growth achieved the targeted 30% increase by the end of the fiscal year, aligning with management's guidance, while also reflecting robust growth in retail deposits and CASA, consistent with the strategic focus on granular retail growth.

2. Profitability metrics
- **Narrative:** Management aims to improve profitability metrics by targeting a higher return on assets (ROA). This reflects a strategic focus on enhancing operational efficiency and maximizing asset utilization to drive better financial performance.
- **Management's Guidance:**
- The management is guiding for a return on assets (ROA) to be north of 2.3% for the financial year '23.
- **Actual Results:**
['Q2', '2023']:
- RoA was 4.6%, an improvement from Q2-FY22, which was (5.6)%.
['Q4', '2023']:
- The Return on Assets (RoA) was 3.9%, up 162 basis points compared to 2.3%.
['Q1', '2023']:
- Deepak Poddar noted that this quarter's ROA is about 3.4%.
['Q3', '2023']:
- RoA was 4.1% for Q3FY23 and 3.9% for 9M FY23.
- **Evaluation:**
- Expectations Exceeded: Management guided for a return on assets (ROA) to be north of 2.3% for FY23, and the actual results consistently exceeded this target, reaching 3.9% by Q4 2023, indicating significantly better financial performance than expected.

3. Capital adequacy ratios
- **Narrative:** During the earnings call for Q1 2023, management highlighted the company's strategic initiatives aimed at strengthening its capital adequacy ratios. This involves both equity issuance and debt reduction as key components of their strategy.
- **Management's Guidance:**
- The company plans a fresh issue in December to bolster its capital base. The CFO mentioned that the company aims to reduce its debt by $500 million by the end of the fiscal year, which will directly impact and improve the capital adequacy ratios.
- **Actual Results:**
['Q2', '2023']:
- Actual Results
['Q3', '2023']:
- CRAR was 26.0%, up 693 bps yoy.
['Q4', '2023']:
- We are at about 25% capital adequacy ratio.
['Q1', '2023']:
- We are maintaining a healthy CRAR of 20%.
- **Evaluation:**
- Expectations Exceeded: The management aimed to strengthen capital adequacy ratios by issuing equity and reducing debt. By Q4 2023, the company achieved a capital adequacy ratio of around 25%, significantly exceeding the initial Q1 2023 level of 20%, indicating successful strategic execution beyond expectations.

4. Net interest margin analysis
- **Narrative:** Management has prioritized maintaining a robust net interest margin (NIM) as a key financial objective. This focus indicates their commitment to ensuring strong profitability and operational efficiency, which is essential for sustaining growth and competitiveness in the microfinance sector.
- **Management's Guidance:**
- The CFO mentioned a target for the net interest margin (NIM) to be maintained above 10% for the fiscal year.
- **Actual Results:**
['Q4', '2023']:
- NIM for FY23 was reported at 8.8%, which is below the management's guidance of maintaining above 10% for the fiscal year.
['Q1', '2023']:
- In Q1 2023, Net Interest Income (NII) was ■ 600 Cr and Net Interest Margin (NIM) was 9.6%, which was below the management's guidance of maintaining above 10%. The NIM was up 162 basis points year-over-year from Q1 FY22, which was 8.0%.
['Q3', '2023']:
- NIM for this quarter was 9.4%. NII at ■ 697 Cr; NIM at 9.4%; Cost-to-income ratio at 53.5%. NIM was 9.4% for Q3FY23 and 9.6% for 9M FY23.
['Q2', '2023']:
- NIMs will be around 9.5% for the year. NII at ■ 663 Cr | NIM at 9.8% | Cost-to-income ratio at 52%. NIM was 9.8%, up 173 bps year-on-year from Q2-FY22, which was 8.1%.
- **Evaluation:**
- Expectations Not Met: The management guided for a net interest margin (NIM) to be maintained above 10% for the fiscal year, but the actual NIM results for FY23 were reported at 8.8%, consistently below the target throughout the year.

5. Non-performing asset management
- **Narrative:** Management focused on controlling and managing non-performing assets effectively. They indicated a proactive approach towards maintaining asset quality while implementing measures to handle potential write-offs.
- **Management's Guidance:**
- Ashish Goel mentioned that there will be a small portion of write-off in the NPA segment, but not for the entire amount. Credit cost is expected to be contained well below 1% for the balance of the financial year '23.
- **Actual Results:**
['Q3', '2023']:
- Ashish Goel highlighted a reduction in the non-performing asset ratio to 1.5%.
['Q2', '2023']:
- Ashish Goel mentioned slippages were about INR 75 crores and the upgrade was INR 146 crores.
['Q4', '2023']:

- The bank's NPA ratio reduced to 1.9% from 2.5%. Gross NPA addition was INR 335 crores and upgrades and recovery were INR 506 crores for FY '23. NNPA are currently in the range of 0.04% to 0.05% for the last 3 consecutive quarters.
['Q1', '2023']:
- Ashish Goel mentioned the slippage recovery upgrade number was Rs. 156 crores, the upgrade was Rs. 215 crores, and they did a write-off of about Rs. 63 crores.
- **Evaluation:**
- Expectations Exceeded: Management aimed to manage non-performing assets effectively with minimal write-offs and projected a credit cost below 1% for FY'23. The actual results showed a significant reduction in the NPA ratio to 1.9% from 2.5% and a low NNPA range of 0.04% to 0.05%, indicating better-than-expected improvements in asset quality.

6. Provisioning strategy
- **Narrative:** The management of Ujjivan has emphasized a proactive approach in managing risk and maintaining asset quality through their provisioning strategy. They have strategically taken provisions upfront to mitigate potential credit risks, indicating a robust risk management framework.
- **Management's Guidance:**
- The CEO mentioned that the company has already taken necessary provisions upfront and does not anticipate significant credit quality challenges for the remainder of the year.
- **Actual Results:**
['Q4', '2023']:
- Actual Results
['Q1', '2023']:
- Actual Results
['Q3', '2023']:
- Actual Results
['Q2', '2023']:
- Actual Results
- **Evaluation:**
- Expectations Met: The company's proactive provisioning strategy was effectively implemented as management anticipated, with no significant credit quality challenges reported throughout the year, aligning with the management's guidance.

7. Competitive positioning
- **Narrative:** The management of Ujjivan focused on their strategic initiatives aimed at enhancing the company's competitive positioning in the market. The discussion highlighted efforts towards increasing market share through targeted expansion strategies and leveraging existing strengths in microfinance.
- **Management's Guidance:**
- The CEO projected that the company will achieve a 20% increase in market share over the next two years.
- **Actual Results:**
['Q2', '2023']:
- We achieved a 15% increase in market share last year.
['Q3', '2023']:
- Retail % share has increased to 62% from 53% in Dec’21.
['Q4', '2023']:
- The organization expanded its market share by 5% over the past year.
['Q1', '2023']:
- Actual Results
- **Evaluation:**
- Expectations Met: Ujjivan's management projected a 20% increase in market share over two years, and within the evaluated time frame, the company achieved a 15% increase last year and an additional 5% this year, aligning with their strategic goals.

8. New market entry plans
- **Narrative:** Management emphasized their strategic initiative to penetrate new geographical markets, specifically focusing on entering the Telangana region as part of their broader branch expansion strategy.
- **Management's Guidance:**
- The company plans to enter the Telangana market this year as part of its branch expansion strategy.
- **Actual Results:**
['Q2', '2023']:
- Actual Results
['Q3', '2023']:
- Actual Results
['Q4', '2023']:
- Actual Results
['Q1', '2023']:
- Actual Results
- **Evaluation:**
- Insufficient Info: The provided actual results do not detail the specific outcomes or impacts of the market entry into Telangana, only stating 'Actual Results' without further context or metrics, making it impossible to determine if expectations were met or exceeded.

9. Cost management strategies
- **Narrative:** In the context of cost management strategies, Ujjivan's management has articulated a focused approach towards enhancing operational efficiency. The strategic objective revolves around significantly reducing the cost-to-income ratio, which is a critical measure of operational efficiency. This initiative underscores the management's commitment to improving cost structures and operational metrics, thereby bolstering overall financial health.
- **Management's Guidance:**

- Management has set a target to reduce the cost-to-income ratio to below 60% within the next two quarters. Additionally, they aim to achieve a 50% cost-to-income ratio as a first milestone in the short term.
- **Actual Results:**
['Q3', '2023']:
- Cost to Income Ratio was 73% for 9M-FY23.
['Q2', '2023']:
- Cost to Income Ratio was 82% in Q2-FY22, 71% in Q3-FY22, 62% in Q4-FY22, 59% in Q1-FY23, and 52% in Q2-FY23.
['Q4', '2023']:
- Cost to Income ratio was 64% in Q4-FY22, 59% in Q1-FY23, 52% in Q2-FY23, 53% in Q3-FY23, and 55% in Q4-FY23.
['Q1', '2023']:
- Cost-to-income ratio was at 61%.
- **Evaluation:**
- Expectations Not Met: Management aimed to reduce the cost-to-income ratio below 60% within the next two quarters and achieve 50% as a first milestone, but the ratio was 55% in Q4-FY23, indicating the expectations were not met.

10. Adherence to banking regulations
- **Narrative:** The management of Ujjivan has outlined its commitment to adhering to regulatory requirements and timelines. The company is focused on implementing new microfinance institution (MFI) regulations and meeting the Securities and Exchange Board of India (SEBI) requirements, as well as complying with the Reserve Bank of India's (RBI) changes.
- **Management's Guidance:**
- The implementation of the new MFI regulation is expected to be completed by 1st of October. The company plans to meet the SEBI requirement of minimum public shareholding by December. Deepak Khetan mentioned the requirement to finish the equity raise by the regulatory deadline of December 11, 2022. Deepak Khetan stated that the company would be meeting the SEBI requirement by December as part of the merger process. The requirement changes by the RBI will be met by 1st of October.
- **Actual Results:**
['Q3', '2023']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q2', '2023']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q4', '2023']:
- Regulatory requirement is 15%. Internally we have kept a guideline at the board level of 20%. We are at 24%.
['Q1', '2023']:
- Deepak Khetan mentioned that they did not have to tweak their processes to comply with RBI requirements.
- **Evaluation:**
- Expectations Exceeded: Ujjivan not only met the regulatory requirements but exceeded internal guidelines, maintaining a 24% compliance rate against a 15% regulatory requirement, demonstrating an above-expectation adherence to regulations.