

Ujjivan Financial Services NP over 102% in June quarter

GUWAHATI, JULY 30: Ujjivan Financial Services Ltd has said that its fiscal first quarter net profit more than doubled from a year ago because of strong loan portfolio growth and a decrease in operating expenses, stated a press release.

The loan book rose 66.5% to Rs.5,850.6 crore in the June quarter, whereas operating expense ratio decreased to 7.22% as on 30 June, from 7.98% last year.

Net profit rose to Rs.71.37 crore in the April-June period from Rs.35.24 crore a year ago.

"Ujjivan had a successful initial public offering, which helped to decrease funding cost in April-June quarter," said Sudha Suresh, chief financial officer of Ujjivan.

The company raised around Rs.880 crore in April this year. Net interest income (NII), or the core income a bank earns by giving loans, increased 77% to Rs.172.05 crore for the quarter against Rs.97.24 crore a year ago on account of increase in business volume.

Net interest margin, or the difference

between the yield a bank earns from loans and what it pays on deposits, stood at 12.97% against 11.59% a year ago.

Loan processing fees declined on a quarter-on-quarter basis as only Rs.1,878 crore of loans were disbursed in the June quarter against Rs.2,090 crore in the previous quarter. Gross non-performing assets stood at 0.18%.

"Housing segment and medium-sized enterprises will be the focus of Ujjivan in coming quarters and form 13.4% of total loan portfolio in the June quarter compared to 11.6% last year," said Suresh.

Ujjivan expects to start its small finance bank operations by the first quarter of next calendar year. "Short-term funding cost will be 200-300 basis points lower once we become a bank. To strengthen asset-liability mismatch, we will focus on mid and long-term debt like non-convertible debentures and bonds," said Suresh.