BUY
TP: Rs 59 | ⮝ 24%

UJJIVAN SMALL FINANCE BANK

| Banking | 14 July 2025

Asset quality holds firm amid lending mix transformation

- **Diversifying to secured segments; rebalancing unsecured book to relatively high-yield IL from MGL**
- **Asset quality performance remains better vs peers with normalisation in MFI slippages expected from 2HFY26**
- **Initiate coverage on UJJIVANS with a BUY and TP of Rs 59 (1.5x FY27E ABV)**

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Structural shift to high-yielding IL vs MGL and rising focus on secured book: UJJIVANS strategy is to de-risk its balance sheet through increasing focus on secured portfolio. This was evident from the rise in the share of secured book disbursement to 40% of total disbursement in FY25 vs 24% in FY24. As a result, share of secured loans increased to 43% of gross advances as of Mar'25 from 30% (Mar'24). In the secured space, housing consisted of 23% of the total gross advances, followed by FIG (9%), MSME (6%), Others (4%) and Agri Banking (1%) as of Mar'25. Within the unsecured book, the bank is undergoing a structural shift to higher yielding IL (28% of gross MFI loans as of Mar'25 vs. 23% as of Mar'24) vs MGL (72% as of Mar'25 vs. 77% as of Mar'24). In addition to relatively higher yields, IL also saw better AQ with GNPA of 1.8% vs MGL's (2.9%) in FY25. We expect advances to grow at 19% CAGR in FY25-27E, largely led by secured and IL book.

Asset quality performance remains better vs peers: UJJIVANS's AQ remains better compared to peers with GNPA ratio of 2.2% (-50bps QoQ) as on Mar'25. Slippages increased sharply to Rs 11.3bn (+2.4x YoY) in FY25. Slippage was largely from MFI portfolio, which accounted for 83-87% of total slippages in the last three quarters of FY25. This indicates that the AQ of secured non-MFI portfolio remained largely healthy. Further, UJJIVANS's MGL book 31-180 PAR consistently fared better vs the industry (Fig 62). UJJIVANS's MFI book X CE improved to 99.3% (provisional) as of Jun'25 vs. 99.0% (Feb'25). In addition, the SMA (1-90 DPD) in the MFI book improved to 2.7% as of Mar'24 vs 3.0% in Feb'25, indicating signs of improvement in AQ. We expect slippages to normalise from 2HFY26 and AQ to fare better vs peers.

Initiate coverage on UJJIVANS with a BUY and TP of Rs 59: With AQ stress in MFI book seems to have peaked out, bank's credit cost is expected to decline; leading to improvement in RoA/ RoE to 1.9/15.5% by FY27E. UJJIVANS's adequate capital position, healthy credit growth with MFI stress receding, recovery in earnings and awaited RBI's approval for conversion to a universal bank (applied in Feb'25) will lead to stock re-rating. We initiate coverage on UJJIVANS with a BUY rating and TP of Rs 59 (1.5x FY27E ABV) vs. currently trading at 1.2x FY27E ABV.

Ticker/Price	UJJIVANS IN/Rs 48
Market cap	US$ 1.1bn
Free float	100%
3M ADV	US$ 8.7mn
52wk high/low	Rs 52/Rs 31
Promoter/FPI/DII	0%/20%/8%

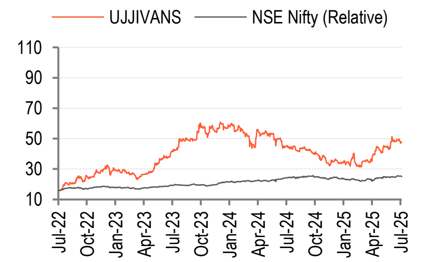
Source: NSE | Price as of 11 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	36,363	40,464	47,310
NII growth (%)	6.7	11.3	16.9
Adj. net profit (Rs mn)	7,261	8,608	11,322
EPS (Rs)	3.8	4.4	5.9
Consensus EPS (Rs)	3.7	4.3	5.9
P/E (x)	12.7	10.7	8.1
P/BV (x)	1.5	1.3	1.2
ROA (%)	1.6	1.7	1.9
ROE (%)	12.4	13.3	15.5

Source: Company, Bloomberg, BOBCAPS Research

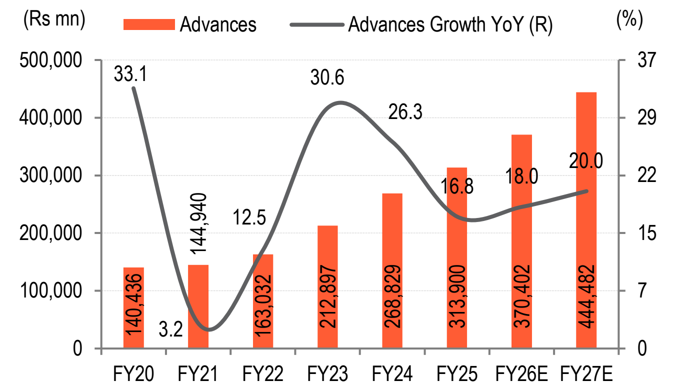
Stock performance



Source: NSE

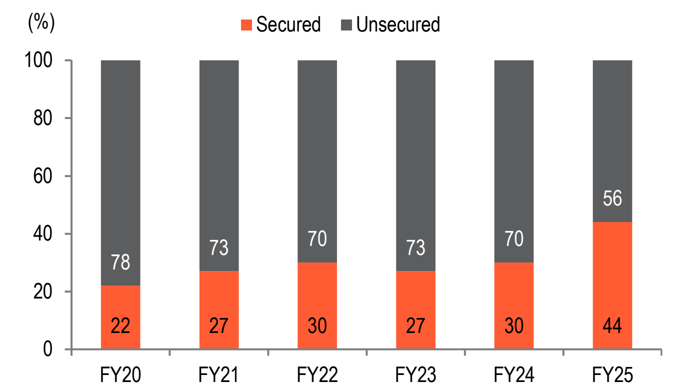
Story in charts

Fig 1 – Advances to deliver a CAGR of 19% in FY25-27E



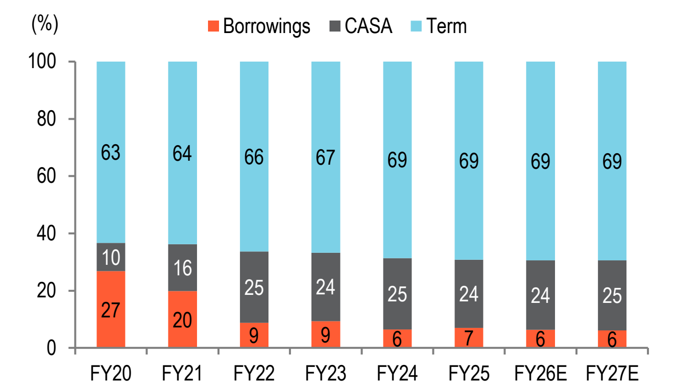
Source: Company, BOBCAPS Research

Fig 2 – With rising focus on secured segments



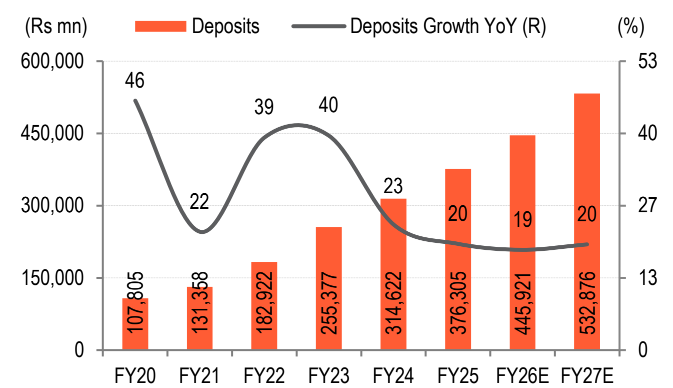
Source: Company, BOBCAPS Research

Fig 3 – Liability mix largely supported by deposits



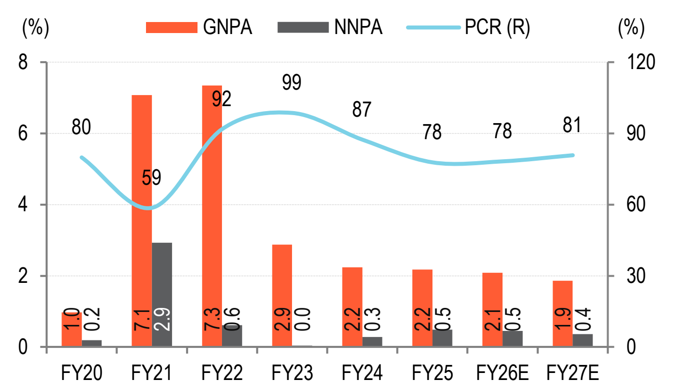
Source: Company, BOBCAPS Research

Fig 4 – Deposits to report CAGR of 19% in FY25-27E



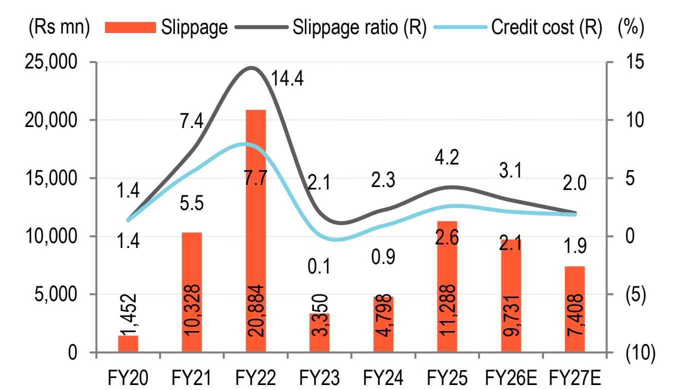
Source: Company, BOBCAPS Research

Fig 5 – Asset quality performance remains better



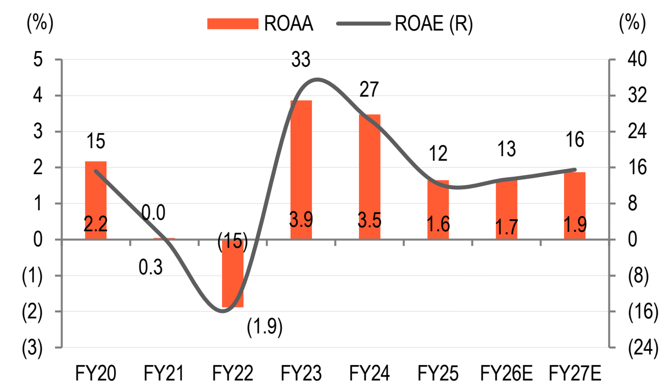
Source: Company, BOBCAPS Research

Fig 6 – Slippage trend and credit cost to improve…



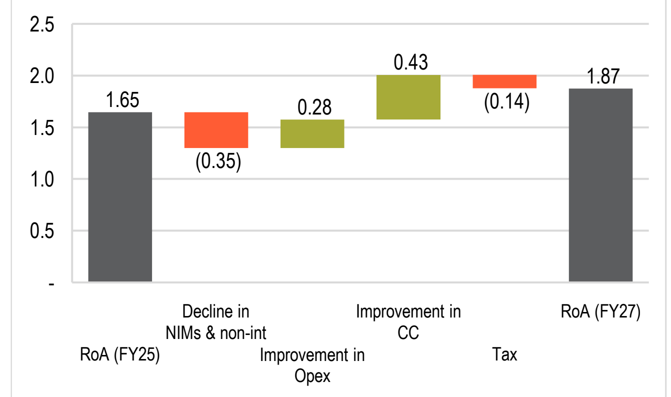
Source: Company, BOBCAPS Research

Fig 7 – …Leading to improvement in return ratios…



Source: Company, BOBCAPS Research

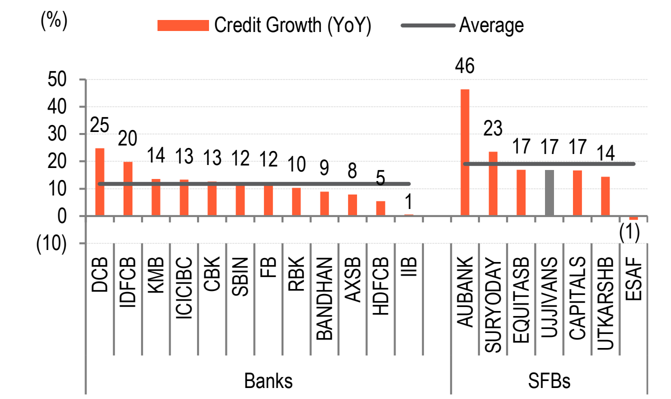
Fig 8 – …ROA trajectory during FY25-27E



Source: Company, BOBCAPS Research

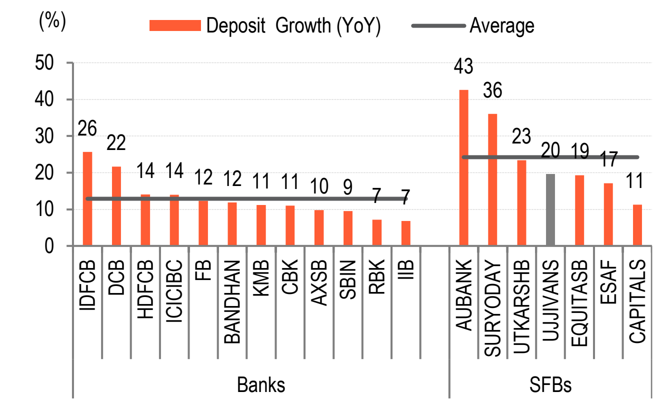
Peer comparison (Banks and SFBs as of FY25)

Fig 9 – Credit growth in-line with SFBs average



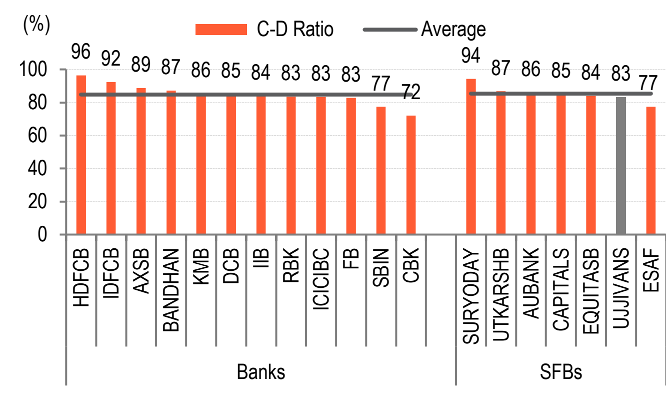
Source: Company, BOBCAPS Research

Fig 10 – Deposit growth marginally lower than SFBs average



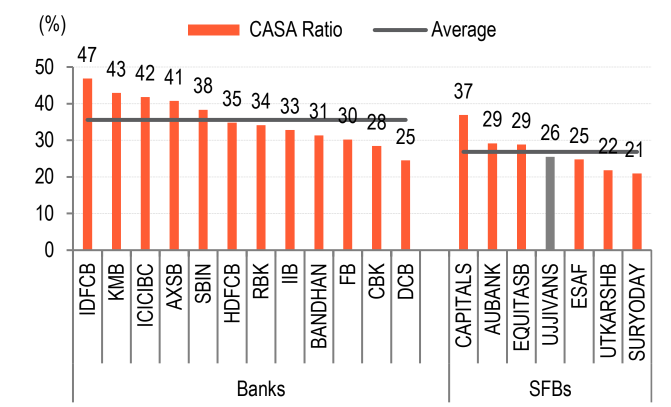
Source: Company, BOBCAPS Research

Fig 11 – CD ratio in line with peers



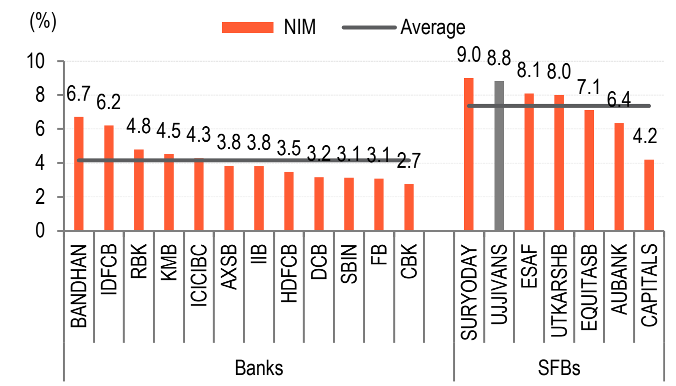
Source: Company, BOBCAPS Research

Fig 12 – CASA ratio lower vs peers



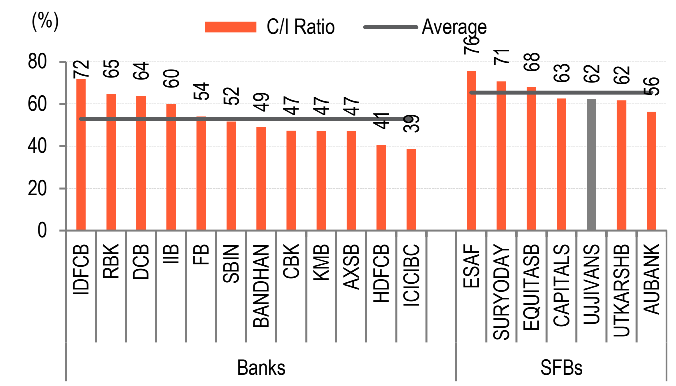
Source: Company, BOBCAPS Research

Fig 13 – NIMs to moderate as focus shifts to secured book



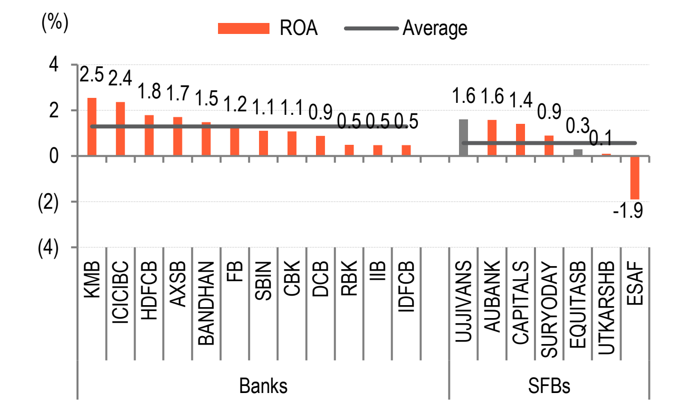
Source: Company, BOBCAPS Research

Fig 14 – CI ratio largely in line with SFBs average



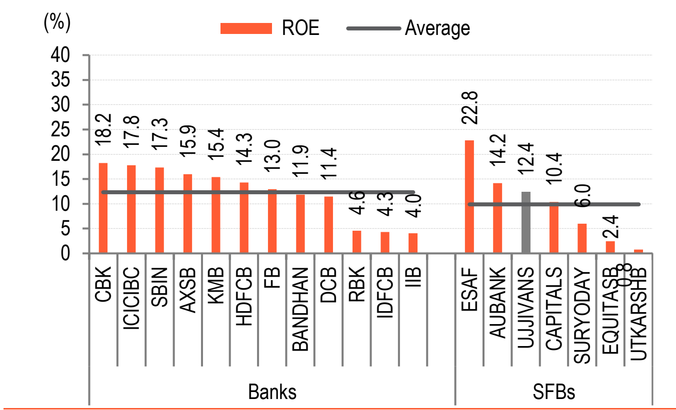
Source: Company, BOBCAPS Research

Fig 15 – Return profile better than peers



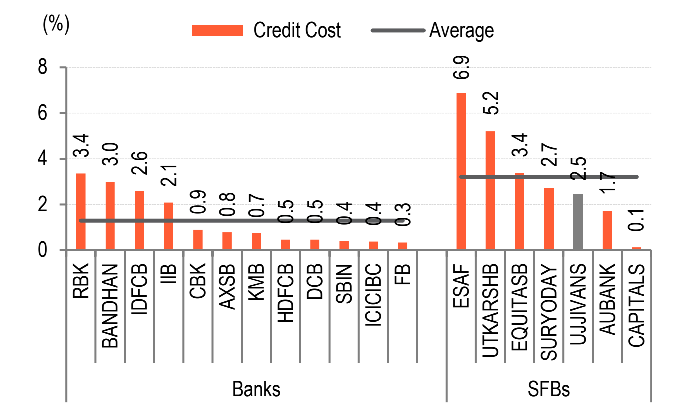
Source: Company, BOBCAPS Research

Fig 16 – Return ratios set to improve in near term



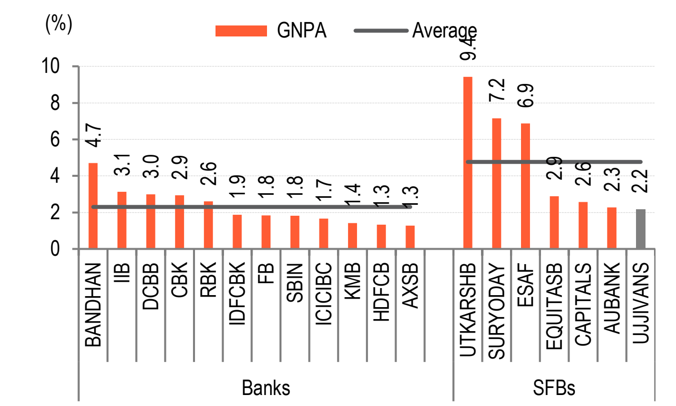
Source: Company, BOBCAPS Research

Fig 17 – Credit cost to improve as MFI stress peaked out



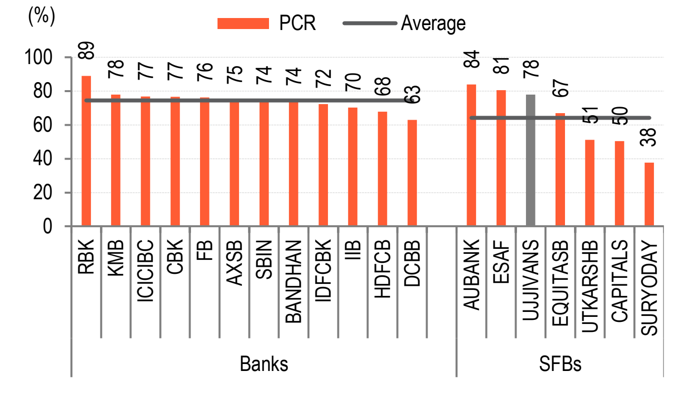
Source: Company, BOBCAPS Research

Fig 18 – Asset quality better compared to peers



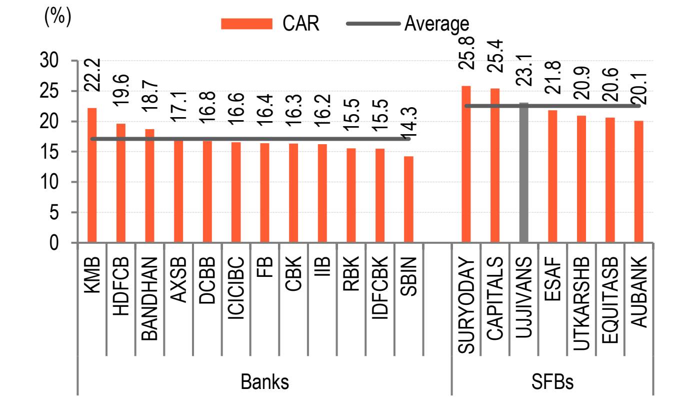
Source: Company, BOBCAPS Research

Fig 19 – PCR above SFB average



Source: Company, BOBCAPS Research

Fig 20 – Adequate capital position



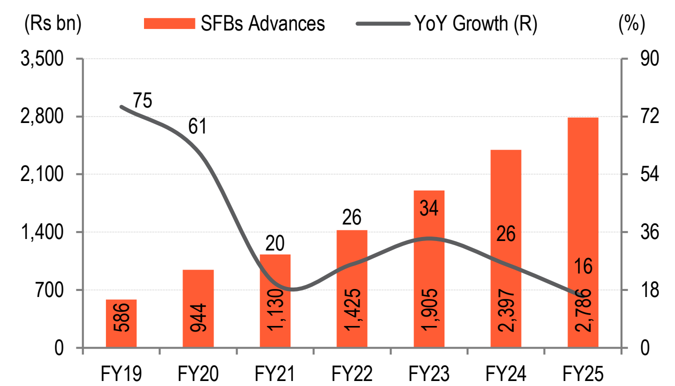
Source: Company, BOBCAPS Research

SFBs Industry performance

Small Finance Banks (SFBs) reported healthy credit growth at a CAGR of 24.2% during FY20-25 to reach at Rs 2,786bn as of Mar'25. As a result, the share of SFBs advances in overall system credit increased to 1.5% in FY25 from 0.9% in FY20. However, the SFBs credit growth moderated 16.2% YoY in FY25 compared to 25.8% YoY in FY24 mainly due to cautious disbursements given headwinds in the MFI industry. Further, the SFBs have been diversifying their product portfolio and increasing the share of secured book such as housing finance, vehicle loans, LAP, gold loans among others.

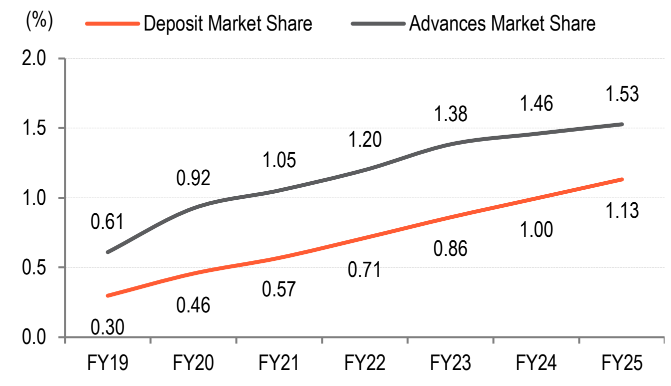
Deposits grew at a higher CAGR of 33.5% during FY20-25 to reach at Rs 2,656bn as of Mar'25. Within deposits, the share of CASA deposits increased to 31% in FY25 compared to 20% in FY20. Further, the credit deposit ratio improved to 105% in FY25 from a high of 151% in FY20. However, the incremental credit deposit ratio improved to 72% in FY25 vs. 142% in FY20. Asset quality is expected to normalize from 2HFY26 which is likely to result in an improvement in the profitability metrics.

Fig 21 – SFBs advances and YoY growth



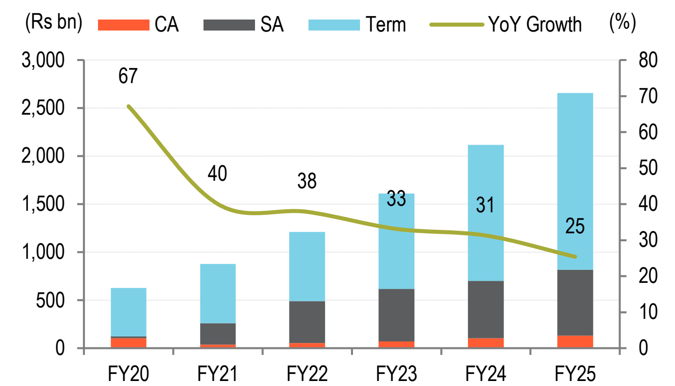
Source: Company, BOBCAPS Research

Fig 22 – SFBs' Deposit and Advances market share



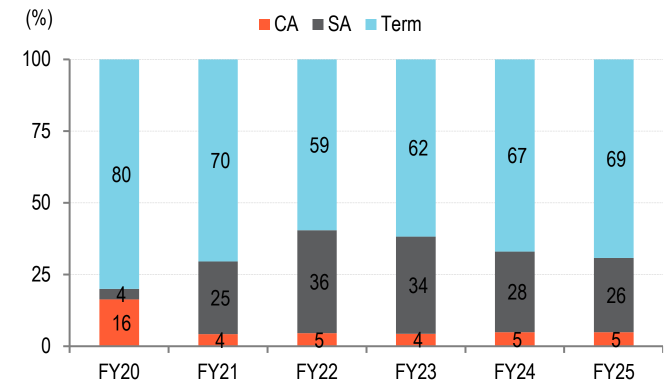
Source: Company, BOBCAPS Research

Fig 23 – SFBs deposits breakup



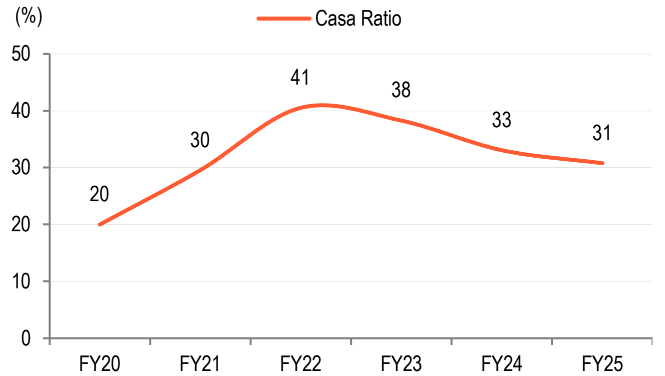
Source: Company, BOBCAPS Research

Fig 24 – SFBs Deposit mix%



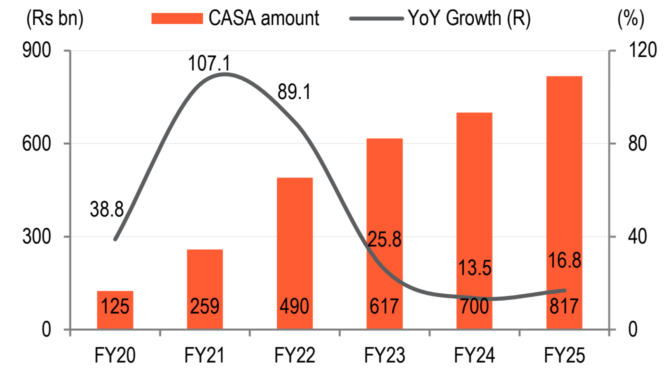
Source: Company, BOBCAPS Research

Fig 25 – SFBs CASA Ratio



Source: Company, BOBCAPS Research

Fig 26 – SFBs CASA and YoY growth



Source: Company, BOBCAPS Research

Journey towards universal banking license so far…

Fig 27 – Ujjivan's performance vs RBI's benchmark for universal banking license

RBI's Eligibility Criteria	Ujjivan's Positioning vs Norms
Minimum 5 years of scheduled bank status with strong performance	Began operations as a small finance bank w.e.f. February 1, 2017, with 8+ years of steady banking track record
Networth ≥ ₹10 Bn (as per latest audited quarter)	Reported net worth of Rs 60.8 bn as of Mar'25
CRAR: meeting prescribed SFB requirement of 15%	Strong capital position with CRAR at 23.1% as of Mar'25
Listed on a recognized stock exchange within three years from the commencement of operations as SFB	Complied and listed on both NSE and BSE as on December 12, 2019
Profitable in the last two financial years	PAT of Rs 11 bn in FY23, Rs 12.8 bn in FY24 and Rs 7.3 bn in FY25, indicating consistent profitability for last 3 financial years
GNPA ≤ 3% and NNPA ≤ 1% in the last two financial years	Stable asset quality for 3 years: GNPA / NNPA FY23: 2.9% / 0.04% FY24: 2.2% / 0.28% FY25: 2.2% / 0.50%

Source: Company, BOBCAPS Research

UJJIVANS applied for universal banking license to RBI in February 2025. The bank is well placed across all RBI parameters to secure a universal banking license, as evident in (Fig 27). In addition, RBI would prefer to grant universal license to SFBs with diversified loan portfolio. In-line with this, UJJIVANS has diversified its portfolio with the share of its secured book rising to 43% as of Mar'25 vs 30% as of Mar'24.

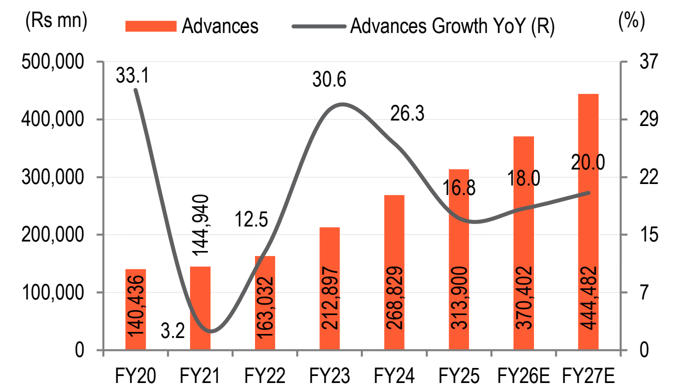
Universal banking license will benefit UJJIVANS in terms of a) lower priority sector lending (PSL) requirement to 40% for banks vs 75% for SFBs[1], which will provide capital to lend to better credit profile borrowers and support loan book diversification b) lower minimum CRAR requirement of 9% for banks vs 15% for SFBs, which will free-up additional capital and support in higher return profile c) dropping "small" tag in their names will support higher deposit mobilisation and lower risk perception d) SFBs need to maintain ticket size norms of minimum 50% of the loans comprising single-borrower loans of up to Rs 2.5mn vs not applicable for banks, will ensure product diversification.

[1] *In June 2025, RBI reduced SFBs PSL requirement from 75% of Adjusted Net Bank Credit (ANBC) to 60% of ANBC or Credit Equivalent of Off-Balance Sheet Exposures (CEOBE) (whichever is higher) to be applicable from FY26 onwards.*

Advances strategy to diversify and augment share of secured book

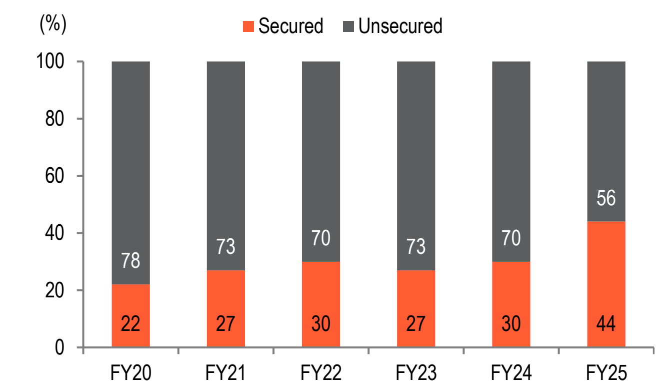
UJJIVANS advances grew at a CAGR of 17.5% CAGR during FY2020-25 to Rs 313.9bn as of Mar'25. Bank's credit strategy is to diversify and augment the share of its secured portfolio as witnessed in the rising share of secured book to 44% as of Mar'25 vs. 30% as of Mar'24. As a result, the share of unsecured MFI book declined to 56% as of Mar'25 vs 70% as of Mar'24. We expect the bank to gradually improve the share of secured book in the medium term.

Fig 28 – Advances to deliver a CAGR of 19% in FY25-27E



Source: Company, BOBCAPS Research

Fig 29 – With focus on secured lending



Source: Company, BOBCAPS Research

Diversified secured lending portfolio mainly includes Housing, FIG Lending, MSME, vehicle finance and gold loans. A brief overview of the portfolio segments is as below.

Fig 30 – Segment overview

Segments	Purpose
Micro Group Loans	MGL provides credit to individuals who are unserved or underserved, mainly for income generating activities.
Individual Loan	Purpose-based lending to individuals to meet their immediate personal & financial needs.
Housing	Housing includes two products: 1) Affordable Housing – lending to low and middle-income families in buying or building homes and 2) Micro Mortgages – offer small-ticket housing loans to MFI borrowers and NTB customers.
MSME	MSME includes 3 sub-segments, 1) LAP - secured loans to semi-formal and formal MSMEs 2) Working capital - loans to formal MSMEs 3) Supply Chain Finance - short-term dealer and vendor financing for formal MSMEs.
Financial Institutions Group (FIG)	Wholesale lending caters to NBFC, MFI and HFC, government departments, PSUs, large corporates and MFs and support onward lending requirements of the clients.
Agri Banking	Provides loans to farmers related to working capital for crop production, term loan for farm maintenance, farm development, consumption needs of farmer households, among others.
Others	Others mainly include, a) Vehicle loan - focus on Tier II and Tier III markets providing 2W finance, b) gold loan - focus on unorganized market for loans towards agri and allied activities and small businesses, and c) others.

Source: Company, BOBCAPS Research

Fig 31 – Segment details (Rs mn)

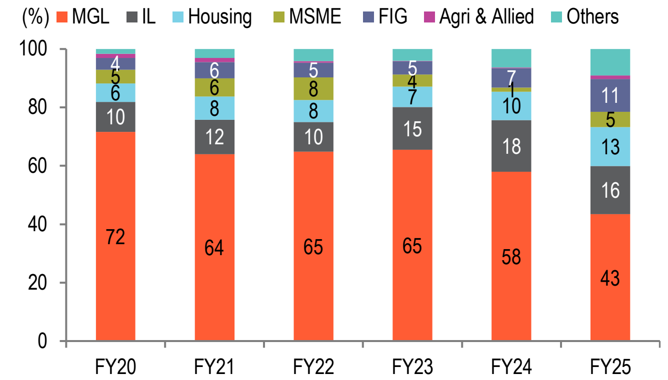
Segments	Period	Disbursement (FY25)	Disbursement (% of total)	Advances (FY25)	Advances (% of total)	Disb ATS	Loan ATS	Yield (%)	GNPA (%)
MGL	6m-36m	1,01,850	43.4	1,30,900	40.7	6.0	5k -1lakh	22.9 - 24.2	2.9
IL	6m-36m	38,620	16.5	51,820	16.1	13.0	51k -3lakh	23.3 - 24.8	1.8
Affordable Housing	39m-240m	31,460	13.4	73,080	22.8	147.8	12 lakh	12.1	1.1
- Micro Mortgages	24m-120m	5,770	2.5	7,230	2.3	56.8	5.3 lakh	19.4	0.2
MSME	3m-140m	12,110	5.2	20,470	6.4	611.5	69 - 168 lakh	10.0 -12.0	5.5
FIG	NA	26,400	11.3	27,850	8.7	NA	NA	NA	0.2

Source: Company, BOBCAPS Research

Secured loans disbursement increasing rapidly

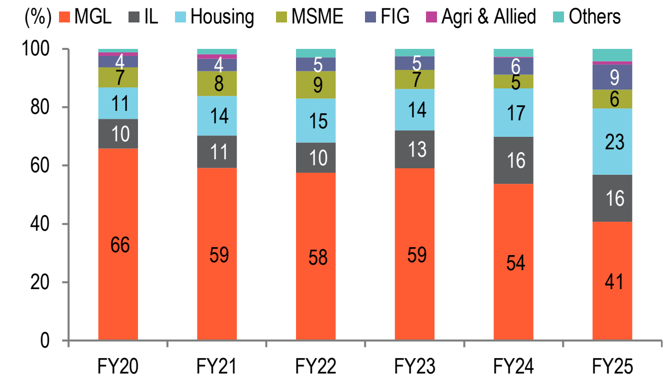
The bank witnessed significant growth in secured book disbursements to Rs 94.2bn (+65% YoY) in FY25, which was in line with its strategy to improve the share of secured portfolio. Share of secured disbursement increased to 40% in FY25 vs. 18% in FY20. Unsecured disbursement saw a de-growth to Rs 140.5bn (-21% YoY) in FY25, given its strategy of portfolio diversification and reduce the systemic risk associated with unsecured segment. As a result, total disbursement was flat at 0.3% YoY in FY25.

Fig 32 – Disbursement mix rising towards secured lending…



Source: Company, BOBCAPS Research

Fig 33 – …Resulting in a decline in unsecured mix



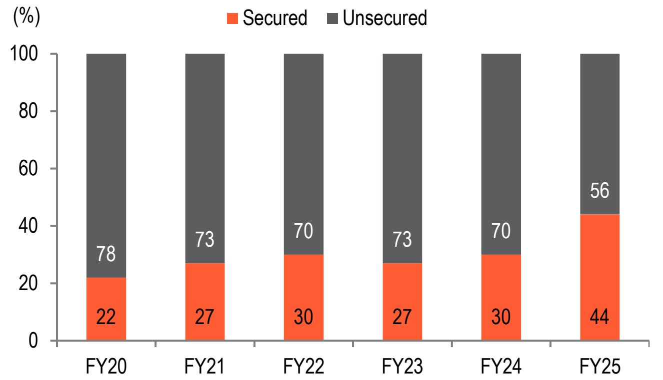
Source: Company, BOBCAPS Research

Although MFI loan mix remains high vs peers with structural shift to higher-yielding individual loans vs group loans

Despite a decline in UJJIVANS's share of unsecured book to 57% as of Mar'25, it remains high vs peers (Fig 35). Group loan and individual loan are classified as unsecured portfolio. Within the unsecured space, the decline was witnessed in the group loans share to 41% of total gross advances as of Mar'25 vs 54% (Mar'24) and a high of 66% (Mar'20). However, the individual loan increased by 8% YoY to Rs 51.8bn and accounted for 16% of total gross advances as of Mar'25 vs 10% (Mar'20). Also, the share of individual loan increased to 28% of gross MFI loans as of Mar'25 vs. 23% as of Mar'24. We note that more than 90% of individual loans have graduated from group loans. The bank analyses the credit behaviour of the group loan borrower generally for 36 months before graduating them to individual loans.

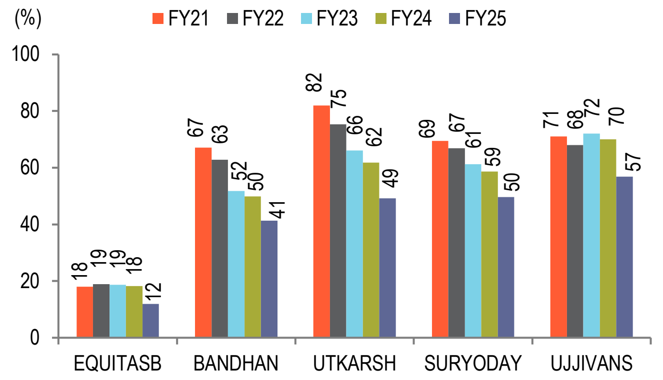
The bank's strategy to increase individual loan as compared to group loan was also due to its high-yielding nature wherein the yields on advances are 100 bps higher vs group loans. In addition, the asset quality of individual loans was better with GNPA ratio of 1.8% (FY25) vs group loans with GNPA ratio of 2.9% (FY25). We expect individual loans to remain a growth driver in the microfinance portfolio.

Fig 34 – Falling share of unsecured MFI loans



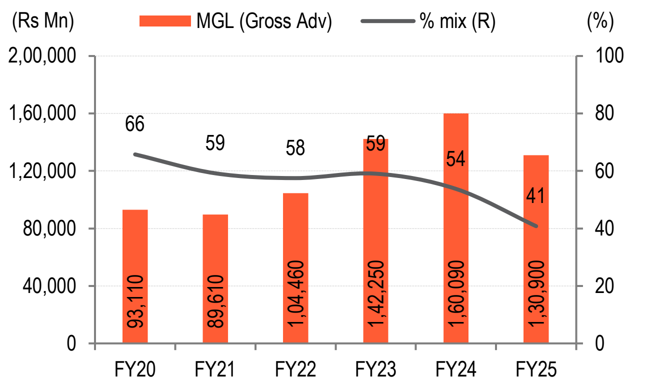
Source: Company, BOBCAPS Research

Fig 35 – UJJIVANS's MFI share higher vs peers



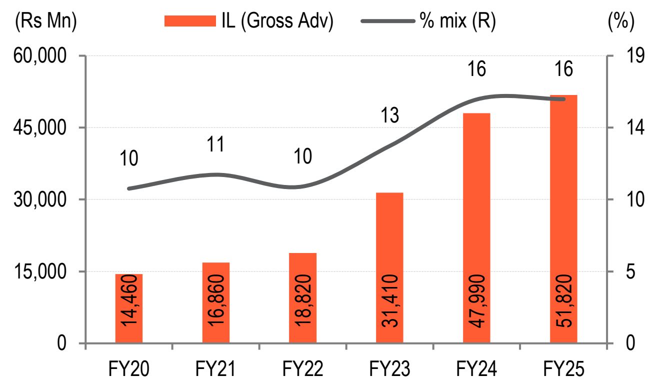
Source: Company, BOBCAPS Research

Fig 36 – Structural shift from MGL to IL in the MFI space



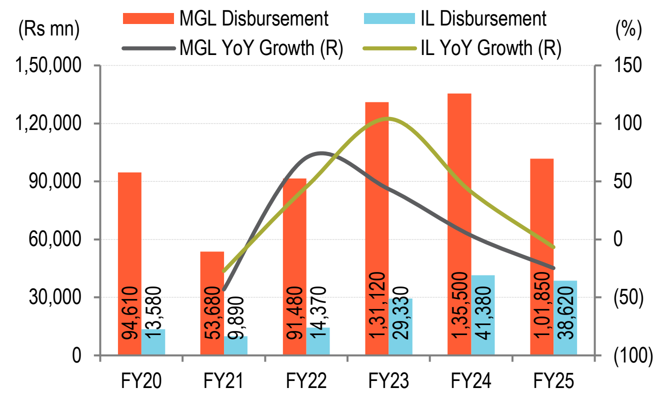
Source: Company, BOBCAPS Research

Fig 37 – >90% of IL are graduates from MGL



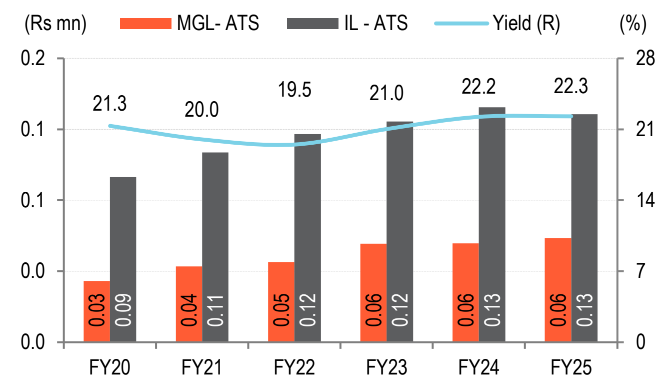
Source: Company, BOBCAPS Research

Fig 38 – Strategy to reduce disbursement in MGL



Source: Company, BOBCAPS Research

Fig 39 – ATS and Yield% of MFI portfolio



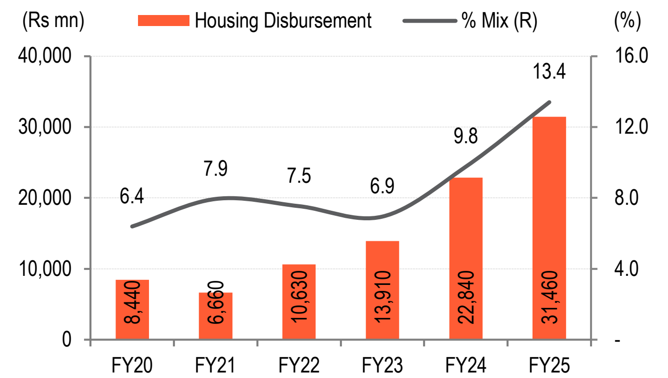
Source: Company, BOBCAPS Research

Housing – Focus to increase penetration in secured segment with focus on high yielding micro mortgage

Housing segment consists of affordable housing (AHL) and micro mortgage (MM) portfolio. The bank provides housing loans through its 565 branches out of 753 branches across 23 states in India. Housing customer segment remains fairly divided between the salaried (53% of total) and self-employed (47%) in FY25. Average LTV for housing was comfortable at 48% with AHL at 50% and MM at 43% in FY25. Tenure of AHL and MM was 6-7 years and 5 years, respectively. AHL's average ticket size was higher at ~Rs 1.6mn vs MM at ~Rs 0.6mn in FY25.

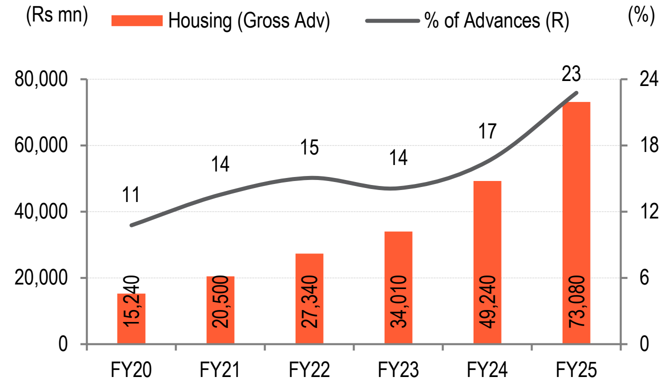
Share of housing segment increased consistently to 23% of total gross advances in FY25 vs 11% in FY20. Of which, AHL segment accounted for 90.1% of total housing loans while MM was 9.9% in FY25. AHL loans increased 39% YoY to Rs 65.9bn, while MM increased at a higher pace by 258% YoY to Rs 7.2bn as of Mar'25. The significant rise in MM was driven by its low base, along with bank's strategy to ramp up share, given its high yields of 19.4% vs AHL's yield of 12.1% in Q4FY25.

Fig 40 – Housing finance – disbursement trend



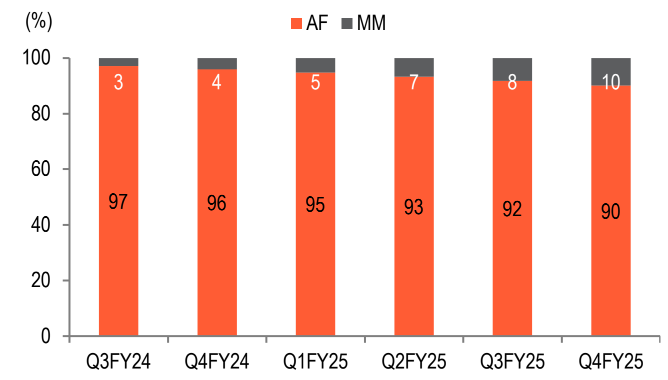
Source: Company, BOBCAPS Research

Fig 41 – Housing advances and % mix rising



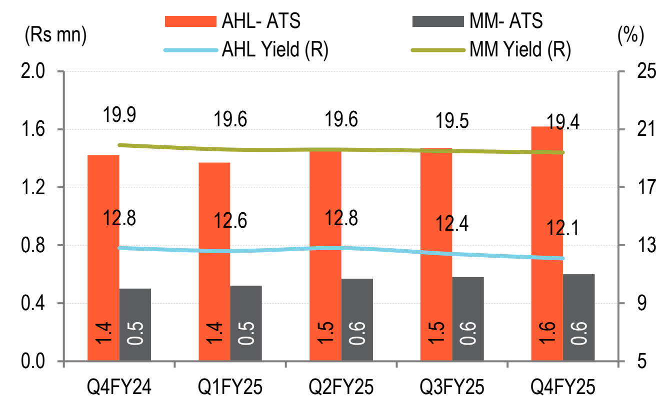
Source: Company, BOBCAPS Research

Fig 42 – Share of MM book in total housing portfolio increasing gradually



Source: Company, BOBCAPS Research

Fig 43 – ATS and Yield of AHL and MM segments



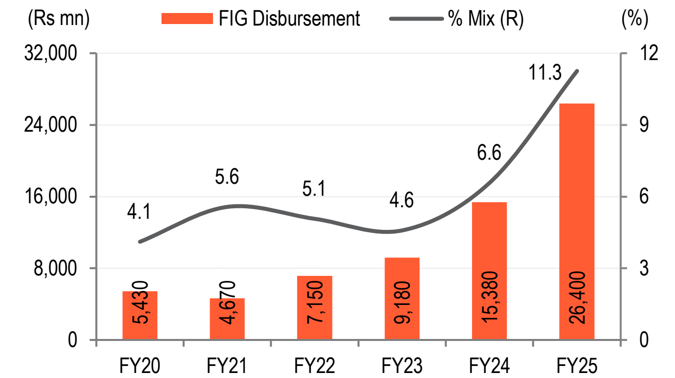
Source: Company, BOBCAPS Research

FIG Lending – broadening wholesale secured client base, but expected to remain 8-10% of total advances

UJJIVAN started Financial Institutions & Government Banking (FIG) wholesale segment in 2017 for deposit accretion from banks and financial institutions. The bank gradually entered in wholesale lending to NBFC, MFI and HFC, government departments, Public Sector Undertaking (PSU), large corporates and mutual funds in FY19. UJJIVANS provides term loan, working capital and onward lending requirements of its clients on the loan portfolio side. While the bank provides transactional banking solutions, bulk deposits and margin fixed deposits, among others on the liabilities side.

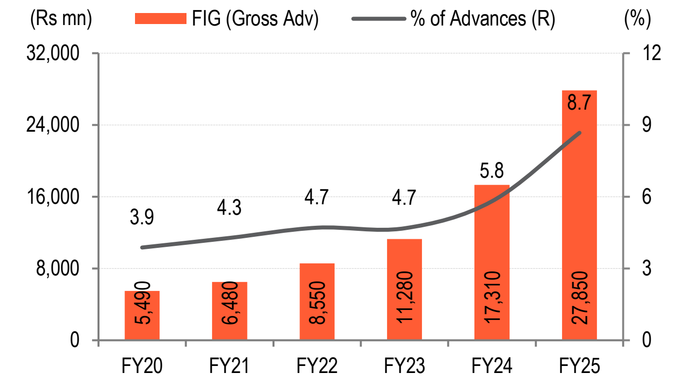
UJJIVANS generally lends to NBFCs typically rated A+ and above who are engaged in MSME, vehicle finance and gold loans. Further, the bank commenced Working Capital Demand Loan (WCDL) product in October 2024, which contributed >20% of the FIG loan book. FIG loans have a lower yield on advances with a spread of ~1.25%-2.75% based on the borrower's credit profile. However, this segment witnessed nil slippage in the last couple of years. FIG portfolio grew at a high pace of 61% YoY to Rs 27.9bn as of Mar'25. FIG's share in total gross advances increased to 8.7% (FY25) vs. 5.8% (FY24). Management indicated that the share of FIG book will remain in the range of 8-10%.

Fig 44 – FIG disbursement share increased to 11.3% in FY25 vs. 4.1% in FY20



Source: Company, BOBCAPS Research

Fig 45 – FIG advances grew at 38% CAGR in FY20-25



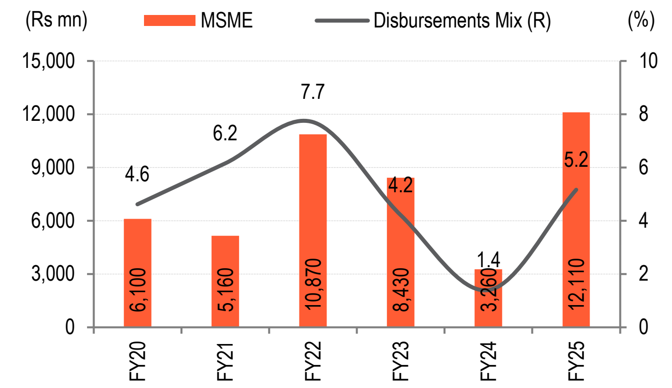
Source: Company, BOBCAPS Research

MSME Finance – expanding secured product suite

UJJIVANS relaunched MSME product in April'23 and introduced new business lines such as Working Capital (WC) and Supply Chain Finance (SCF). MSME financing segment includes three products: a) Loan Against Property (LAP) which is a vintage product b) WC with products such as OD/ CC, WCDL and BG c) SCF with products such as Dealer and Vendor Financing. The bank expanded WC business to major hubs such as Ahmedabad, Surat, Indore, Jaipur, Kolkata and Coimbatore.

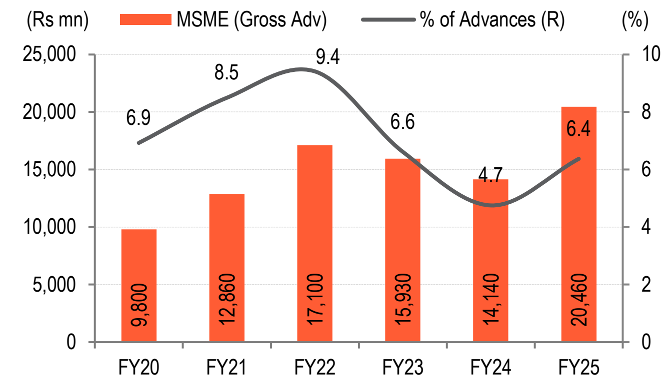
MSME advances increased at 16% CAGR during FY20-25 to Rs 20.5bn, as of Mar'25. LAP accounted for 76% of total MSME advances, followed by WC at 17% and SCF at 7% as of Mar'25. We note that the average ticket size (ATS) of MSME advances (excluding SCF) increased substantially to ~Rs 6.1mn in FY25 vs Rs 1.4mn in FY20. Of which, ATS of LAP and overdraft portfolio is ~Rs 5.5-6mn and ~Rs 10mn, respectively. While the MSME's yield on advances declined consistently to ~11.2% in FY25 vs ~17.3% in FY20. Management stated that current account balances from MSME customers rose 70% YoY in FY25; which was in line with its strategy to augment liability through MSME assets.

Fig 46 – MSME Finance disbursement mix rising



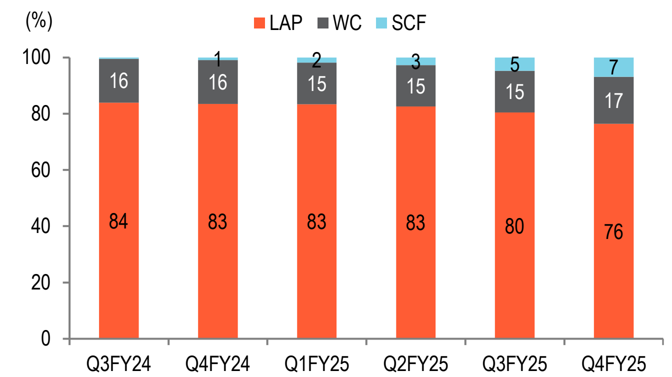
Source: Company, BOBCAPS Research

Fig 47 – MSME Finance & Mix%



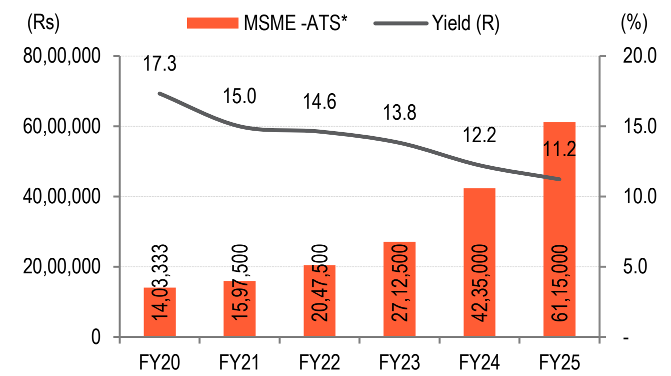
Source: Company, BOBCAPS Research

Fig 48 – MSME Advances - Segment mix



Source: Company, BOBCAPS Research

Fig 49 – ATS of MSME and Yield %



Source: Company, BOBCAPS Research; * Excluding SCF

Others advance – mainly includes vehicle and gold loans – Plans to scale up and report 2% RoA in 2-3 years

Others loan segment mainly includes vehicle loans and gold loans, among others. Vehicle loan segment largely includes financing 2Ws and electric 3W loans, as it has synergies with the customer segment that UJJIVANS operates in. The bank focuses on Tier II and Tier III markets, mainly catering to salaried & self-employed customers. It plans to introduce mid-premium 2W and used car financing in FY26. The bank focuses on top OEMs and sources vehicle loans through tie-ups with dealer network. Vehicle finance book stood at Rs 4.7bn (+25% QoQ) with a high yield of ~20% in FY25.

UJJIVANS's target segment in gold loans includes focus on unorganised market where customers require loans for agri and allied activities, small businesses. Around 50% of the gold loan business is sourced from South India. The branches offering gold loans increased sharply to 200 in Mar'25 from 63 in Mar'24. The bank plans to diversify geographically and provide gold loan product in North an East India. Around 72% of business is generated by its gold loan team with ~28% coming from referrals from Branch Banking and Microfinance team. Gold loan portfolio stood at Rs 2.0bn (+71% QoQ) with a yield of ~14% in FY25.

Growth in new products such as vehicle and gold loans will support the bank's asset diversification strategy to secured products. Management expects vehicle and gold portfolios to increase to Rs 15bn and Rs 10bn, respectively in the next 2-3 years. The bank expects these products to deliver healthy profitability with RoA of 2% as the portfolio reaches a scale.

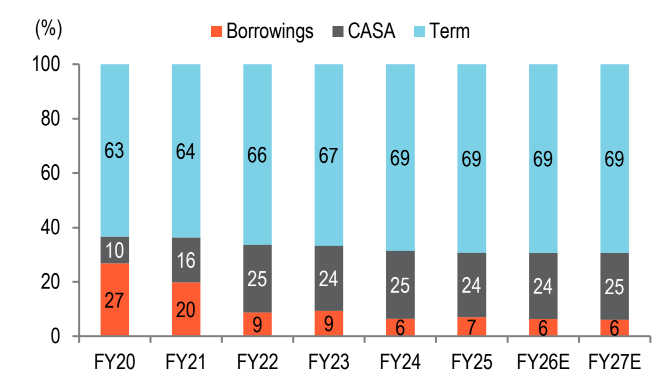
Deposit franchise supported by focus on rising retail deposits

UJJIVAN's reliance on deposits in total funding (total deposits + borrowings) increased to 93% as of Mar'25 vs 73.2% as of Mar'20. Absolute level of borrowings declined to Rs 28.5bn or 7% of total funding as of Mar'25, from a high of Rs 39.5bn or 26.8% as of Mar'20. Deposits grew at a higher CAGR of 28.4% as compared to advances CAGR of 17.5% during FY2020-25, resulting in an improvement in the credit to deposit ratio to 83% as of Mar'25 compared to 130% as of Mar'20.

During the same period (FY20-25), retail deposits (CASA + retail term deposits) grew at a CAGR of 40.4% to Rs 266.8bn as of Mar'25. Hence, share of retail deposits to total deposits increased to 71% (Mar'25) vs 45% (Mar'20), which remain comparable to peers. Within retail deposits, CASA deposits grew at 46% CAGR during FY20-25 to Rs 96.2bn as of Mar'25. This resulted in an increase in the share of low-cost CASA deposits to 26% (Mar'25) vs 14% (Mar'20). Despite a rise in CASA deposits, UJJIVANS's share remains relatively lower vs peers.

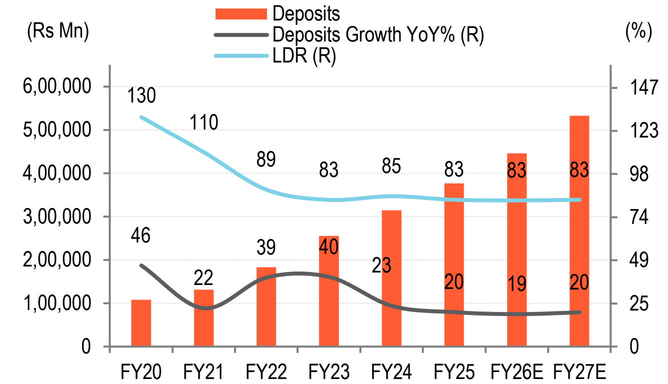
The granular nature of deposits was also reflected in the lower share of 20 largest depositors to total deposits at 17% as of Mar'25 from a high of 29% as of Mar'20. In addition, the deposit sourced from individual increased to 57% of total deposits as of Mar'25 vs 48% as of Mar'20, indicating rising granular deposits. The higher share of retail and granular deposits resulted in the cost of deposits falling to 7.2% in FY25 vs 8.1% in FY20. With the onset of RBI's repo rate cut, UJJIVANS has reduced its savings and peak term deposit rates by ~25-50 bps across select tenures in Q1 FY26. Despite the reduction in rates, UJJIVANS's interest rates being offered remains high vs peers to attract deposits. We expect cost of funds to decline in FY26; but compared to peers, it will likely stay higher.

Fig 50 – Funding mix - largely supported by deposits



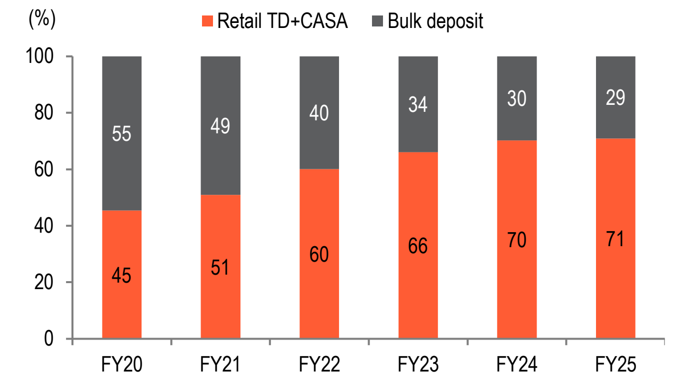
Source: Company, BOBCAPS Research

Fig 51 – Deposits to report CAGR of 19% in FY25-27E



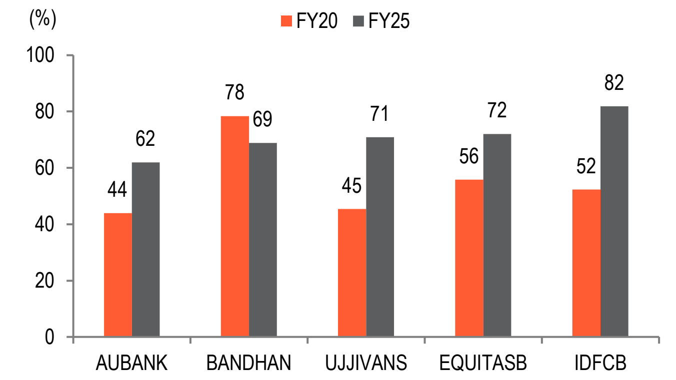
Source: Company, BOBCAPS Research

Fig 52 – Deposits mix largely led by retail deposits



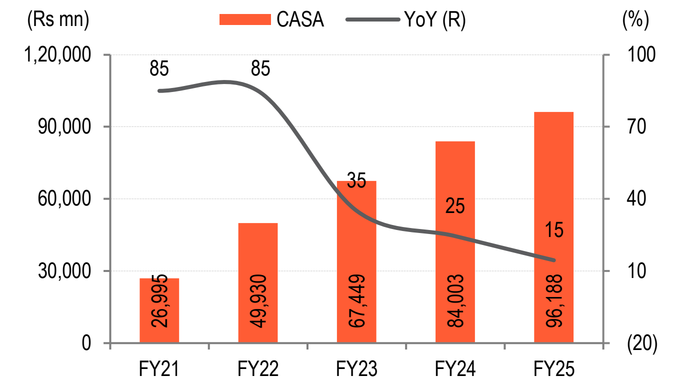
Source: Company, BOBCAPS Research

Fig 53 – Retail TD + CASA largely in line with peers



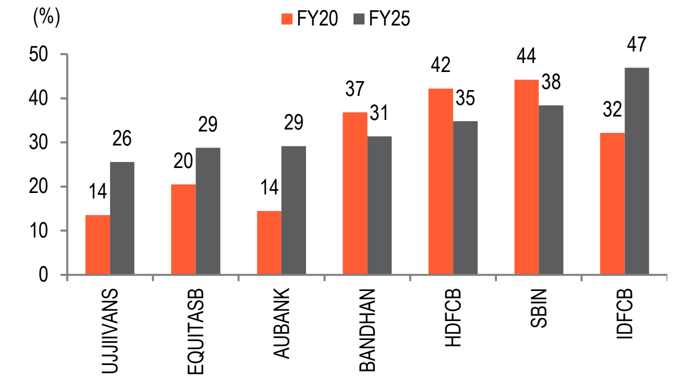
Source: Company, BOBCAPS Research

Fig 54 – CASA deposits rising steadily



Source: Company, BOBCAPS Research

Fig 55 – UJJIVAN's CASA relatively lower than peers



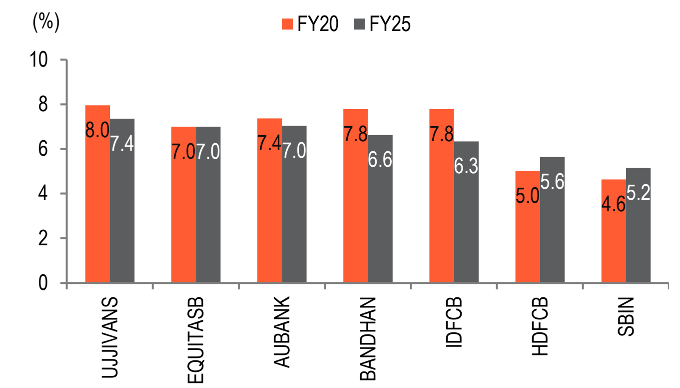
Source: Company, BOBCAPS Research

Fig 56 – Interest rate on savings deposits

Bank Name (%)	Upto ₹0.10 Mn	₹0.10 – ₹0.50 Mn	₹0.50 – ₹1 Mn	₹1 – ₹2.5 Mn	>₹2.5 Mn
AU SFB	2.75	2.75	3.00	6.50	6.50-6.75
Equitas	2.75	3.50	4.50	7.00	7.00-7.25
Ujjivan	**3.00**	**4.00**	**6.00**	**7.00**	**7.00-7.50**
Bandhan	3.00	3.00	5.00	6.00	6.00-6.50
IDFC	3.00	3.00	5.00	6.00	6.00-6.25
HDFC	2.50	2.50	2.50	2.50	2.50
SBI	2.50	2.50	2.50	2.50	2.50

Source: Company, BOBCAPS Research

Fig 57 – UJJIVANS's cost of funds remains relatively higher than peers



Source: Company, BOBCAPS Research

Asset quality better vs peers with steady secured retail book

UJJIVANS's GNPA ratio improved to 2.2% (-50bps QoQ) in FY25 vs peak of 7.3% in FY22. Rising stress in the MFI sector led to an increase in its slippages to Rs 11.3bn or slippage ratio of 4.2% in FY25 vs Rs 4.8bn or 2.3% in FY24. We note that MFI slippages accounted for 83-87% of total slippages in the last three quarters of FY25, thereby accounting for majority of the bank's stress while non-MFI secured book's (43% of gross loans as of FY25) asset quality remains steady.

Despite a rise in slippages, the bank's GNPA ratio improved marginally vs last year, mainly due to higher write-offs (including technical write-offs) of Rs 8.7bn (+3.2x YoY) in FY25. The higher w/offs included two ARC sale transactions of NPA assets of Rs 6.3bn, for which the bank utilised floating provision of Rs 693mn in FY25. As of Mar'25, the bank had a floating provision of Rs 1.8bn, of which Rs 1.3bn is used for GNPA & PCR calculation, Rs 0.3 bn towards Tier II capital and the rest Rs 0.2bn were idle provisions.

The bank implemented guardrail 2.0 from April 2025, which will only impact its MGL portfolio (41% of gross advances). The impact will largely be in terms of slower disbursement and higher client rejection rates (42.7% in Mar'25 vs 39.1% in Mar'24), due to guardrail restrictions such as cap on 3 lender and Rs 2 lakh indebtedness (MFI loans and unsecured retail loans) for a borrower. We note that UJJIVAN's MGL portfolio saw improvement in disbursement quality with >3 lender book and Rs 2 lakh indebtedness (<= 3 lender) portfolio declined to 10% and 3.2%, respectively as of Feb'25 compared to 13% and 3.5%, respectively as of Nov'24.

Further, PAR 31-180 in Karnataka and Tamil Nadu remains better at 2.6% and 4.5% respectively vs the industry at 4.7% and 6.3% as of Dec'24. The MFI book NDA CE in Karnataka (13.1% of its total MGL loans) improved to 98.7% in Mar'25 after a dip to 96.8% in Feb'25. UJJIVANS's NDA CE for the overall MFI book improved to 99.5% as of Mar'25 vs. 99.0% as of Feb'25. Also, the PAR 0+ in MGL improved to 5.7% (-90bps QoQ) in Q4FY25. In addition, the SMA book (1-90 DPD) in the MFI portfolio improved to 2.7% as of Mar'24 vs. 3.0% in Feb'25, indicating signs of improvement in asset quality.

Improved asset quality metrics in the MFI book vs peers was on account of a) disbursement was w.r.t. to categorisation of branches[2] based on their collections and portfolio quality b) rising share of individual loans in the MFI book (28% of MFI book as of Mar'25 vs 13% as of Mar'20), which has relatively better asset quality compared to group loans (IL PAR 0+ at 4.2% vs MGL at 5.7% in Q4FY25), c) diversified portfolio with no state accounting for >15% share, and d) off-role collection team increased to 2,000+ in Mar'25 from 1,200+ as of Jun'24.

As per the bank's provisional figures, the CE largely remains steady with MFI book X CE at 99.3% (Jun'25) vs. 99.5% (Mar'25). While provisional GNPA increased marginally to 2.5% (Jun'25) vs. 2.2% (Mar'25). Overall, we expect the bank's slippages to normalise from 2HFY26 and its asset quality to fare better vs peers.

[2] *Bank divided its branches into green, amber and red based on their CE. The disbursement at branches were basis the colour with green branches operating BAU while red branches saw restricted disbursement in last 2-3 quarters given their weak CE.*

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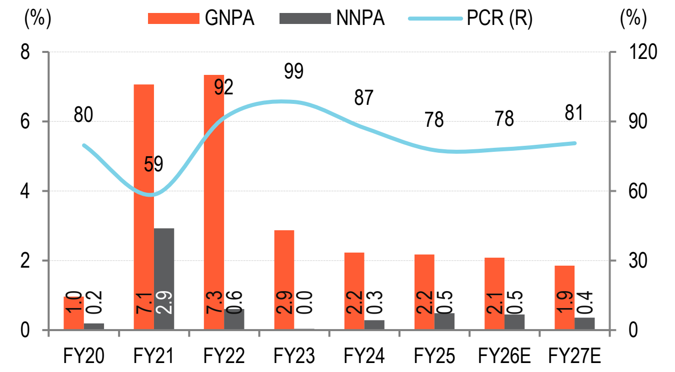
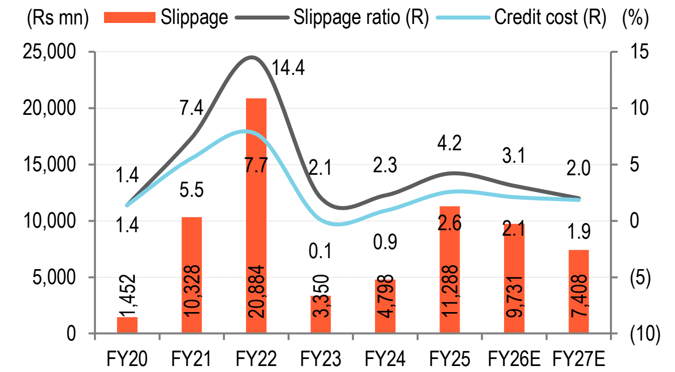
Fig 58 – AQ expected to improve in FY26-27E



Source: Company, BOBCAPS Research

Fig 59 – AQ was impacted by higher slippages in FY25…



Source: Company, BOBCAPS Research

Fig 60 – …higher slippages were largely from MFI-GL (41% of loans)

GNPA - Segment wise (%)	FY23	FY24	FY25
MFI - GL	2.0*	2.7*	2.9
MFI - IL			1.8
MSME	8.8	8.4	5.5
AHL	2.6	1.5	1.1
FIG	0.4	0.3	0.2
Others	4.6	1.6	1.3
Total GNPA	**2.9**	**2.2**	**2.2**

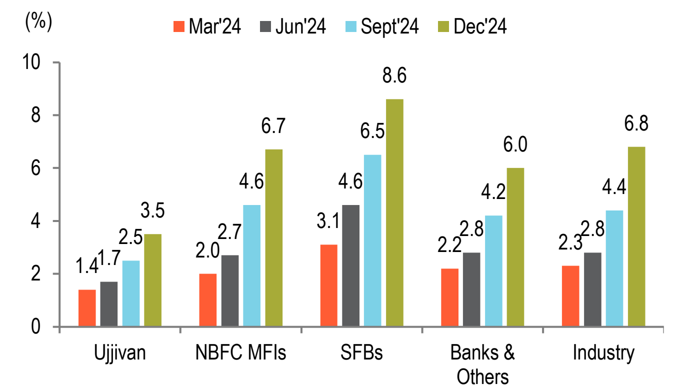
Source: Company, BOBCAPS Research; * GNPA for MFI – GL and MFI – IL is not available for FY23 and FY24

Fig 61 – …however, AQ was supported by high w/offs

GNPA Movement	FY21	FY22	FY23	FY24	FY25
Opening GNPA	1,371	10,706	12,841	6,306	6,125
Additions (Slippages)	10,328	20,884	3,350	4,798	11,290
Upgradation	331	5,818	6,263	4,628	1,606
Recoveries	155	5,200	3,994	1,606	1,800*
Write Off	738	7,886	4,827	2,739	8,650
Closing GNPA	10,706	12,841	6,306	6,125	6,965
Slippage ratio%	7.4	14.4	2.1	2.3	4.2
Recoveries & Upgrades (%) ^	35.4	102.9	79.9	98.9	55.6
Write-offs (%) ^	53.8	73.7	37.6	43.4	141.2

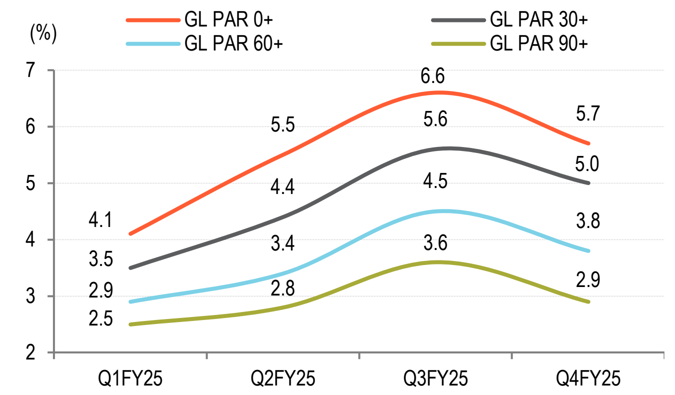
Source: Company, BOBCAPS Research | * Upgradation and recoveries clubbed together
^ Calculated on opening GNPA

Fig 62 – UJJIVANS's MGL book fared consistently better than industry with lower 31 to 180 PAR (%)



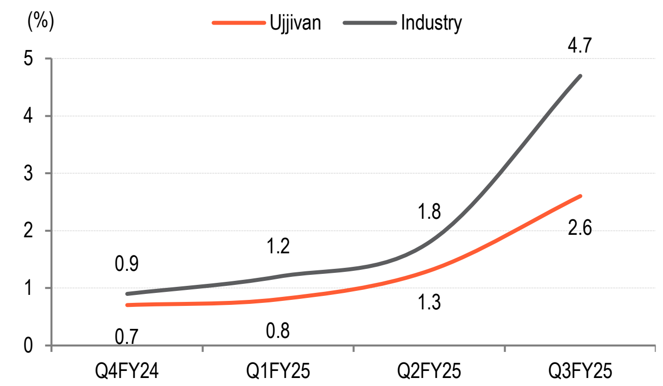
Source: Company, BOBCAPS Research; SFBs & Overall Industry data is excluding Ujjivan data

Fig 63 – UJJIVANS's MGL PAR seems to have peaked out in Q3FY25



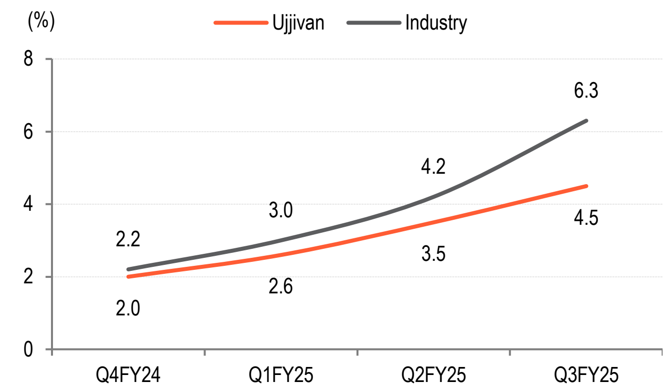
Source: Company, BOBCAPS Research

Fig 64 – UJJIVANS's PAR 31-180 in Karnataka (13% of total loans) way better than industry



Source: Company, BOBCAPS Research

Fig 65 – UJJIVANS's PAR 31-180 in TN (14% of total loans) better than industry



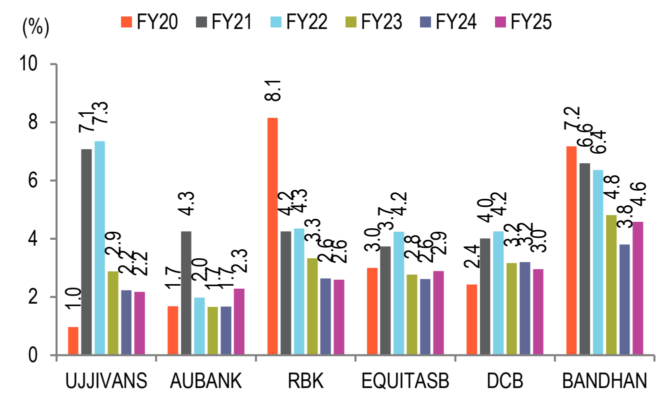
Source: Company, BOBCAPS Research

Fig 66 – CE- segment wise – improving gradually

Segment wise- CE (%)	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25
MFI - GL				98	97	97	96	96	95	95	96	96
MFI - IL	98	98	98	98	98	98	98	97	97	96	97	97
MSME	96	98	98	97	96	97	98	98	98	98	98	98
AHL	89	90	89	88	88	87	89	87	90	91	91	92
FIG	100	100	100	100	100	100	100	100	100	100	100	100
Others	90	85	89	91	91	92	95	92	94	96	95	96
Total CE	**98**	**98**	**98**	**98**	**97**	**97**	**97**	**96**	**96**	**96**	**96**	**96**
Total CE (Incl. addl. collections)	108	109	107	108	107	106	106	106	106	107	107	110
Micro banking bucket X CE	**NA**	**NA**	**NA**	**99.4**	**99.1**	**99.2**	**99.2**	**99.2**	**99.3**	**99.2**	**99.0**	**99.5**

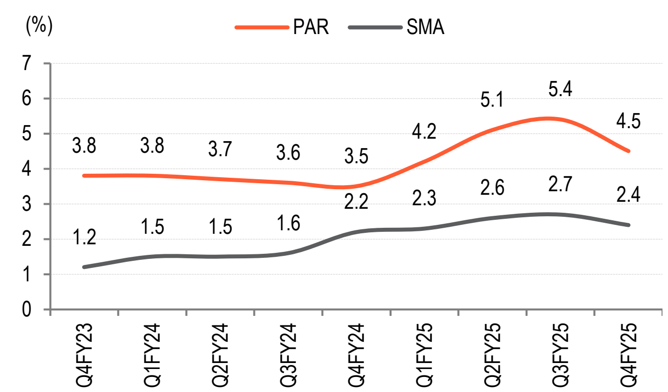
Note-Collection efficiency - collections for the period against dues for the period. It does not include arrears
Source: Company, BOBCAPS Research

Fig 67 – UJJIVANS's GNPA lower among peers



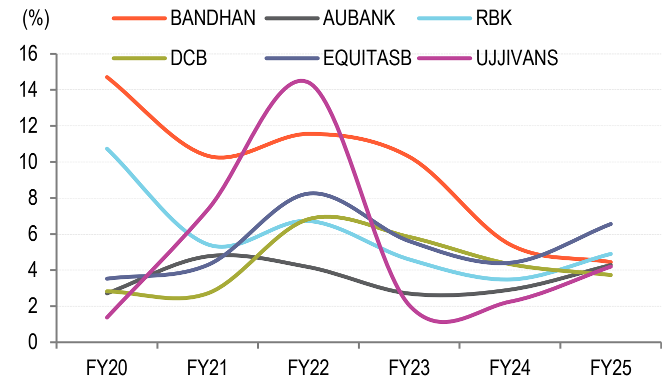
Source: Company, BOBCAPS Research

Fig 68 – PAR & SMA - early buckets show signs of easing in AQ



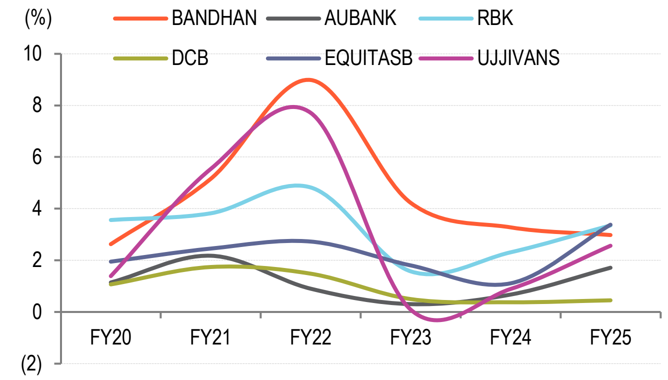
Source: Company, BOBCAPS Research

Fig 69 – UJJIVANS's slippages vs. peers



Source: Company, BOBCAPS Research

Fig 70 – UJJIVANS's credit cost vs. peers



Source: Company, BOBCAPS Research

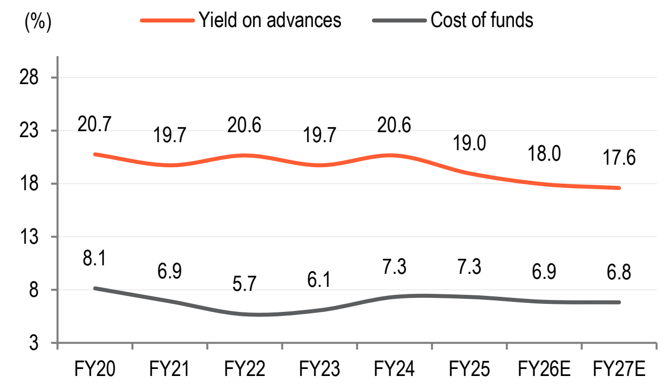
Profitability likely to improve on credit cost moderation

UJJIVANS's net interest margins (NIM) declined to 8.8% in FY25 vs 9.1% in FY24. This was due to the bank's strategy to reduce the share of high-yielding unsecured MFI portfolio (57% of gross advances in FY25 vs 70% in FY24), coupled with interest reversal due to slippages (4.2% in FY25). The decline in unsecured MFI portfolio is expected to result in NIMs moderation in the medium term. However, the bank plans to ramp up share of higher yielding secured portfolio such as vehicle finance (~20%+ yield on advances), micro mortgage (~19%+), gold loans (~14%+). In addition, the strategy is to increase the share of individual loans (yield of ~23.3% - 24.8%) in the MFI segment, which is ~100bps higher vs group MFI loans and is likely to support NIMs. We expect NIMs to moderate in the medium term, which will be partly cushioned by fall in cost of deposits with bank reducing its savings and peak term deposit rates by ~25-50 bps across select tenures during Q1FY26.

Despite a rise in net interest income to Rs 36.4bn (+6.7% YoY), operating profits declined to Rs 16.9bn (-11.9% YoY), due to rise in operating expenses (opex) to Rs 27.9bn (+22.6% YoY). Rise in opex led to an increase in the cost-to-income ratio to 62.3% (FY25) vs 54.3% (FY24). The increase in opex was mainly due to investments in expanding the secured portfolio and liability business, which required employee addition and technology investments. Also, the opex increased in FY25 due to full-year expenses impact of the branches opened in FY24 (123 net branches added in FY24). The bank witnessed net addition of employees of 1,808 in FY25 to support business expansion in secured book and to increase collection efforts, mainly in the MFI book. However, we expect the bank's cost-to-income ratio to improve gradually in the medium term, as the bank increases disbursement that was muted at 0.3% YoY in FY25.

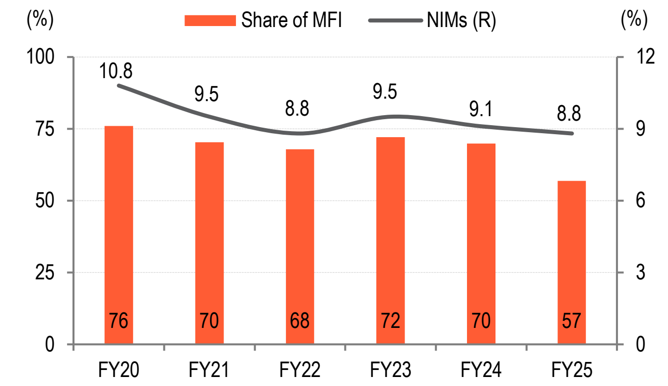
With fall in operating profits and a sharp rise in credit cost to 2.6% in FY25 vs 0.9% in FY24, net profits declined to Rs 7.3bn in FY25 vs Rs 12.8bn in FY24. The steep rise in credit cost was mainly due to stress in the MFI portfolio. We expect credit cost to improve, given that the MFI asset quality stress seems to have largely peaked out. However, credit cost is expected to remain high in H1FY26 with normalisation expected in H2FY26. The expected credit cost moderation will mainly drive improvement in return metrics. Also, as per management, the new secured products such as vehicle loan and gold loan are expected to yield 2% RoA in the next 18-24 months. With expected moderation in credit cost, new secured products expected to yield higher RoA with scale and gradual improvement in operating efficiency. We expect return ratios to improve in FY26-FY27.

Fig 71 – NIMs expected to moderate in H1FY26 given asset repricing



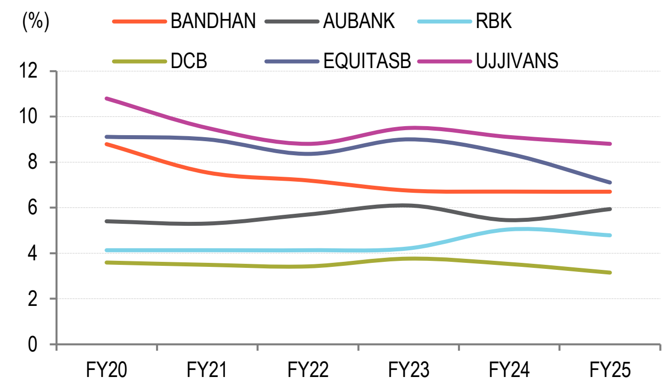
Source: Company, BOBCAPS Research

Fig 72 – NIMs expected to moderate with an expected rise in secured portfolio



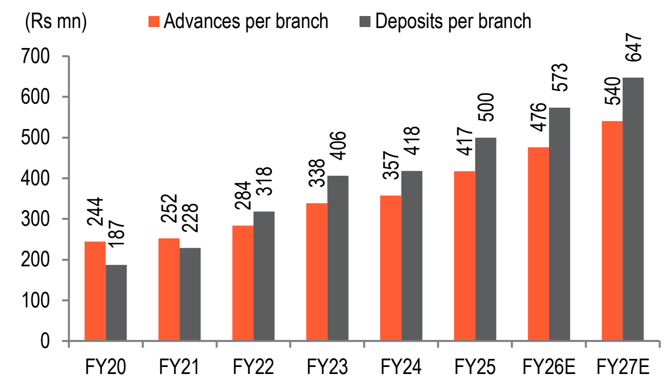
Source: Company, BOBCAPS Research

Fig 73 – UJJIVAN's NIMs are higher due to relatively higher MFI share vs peers



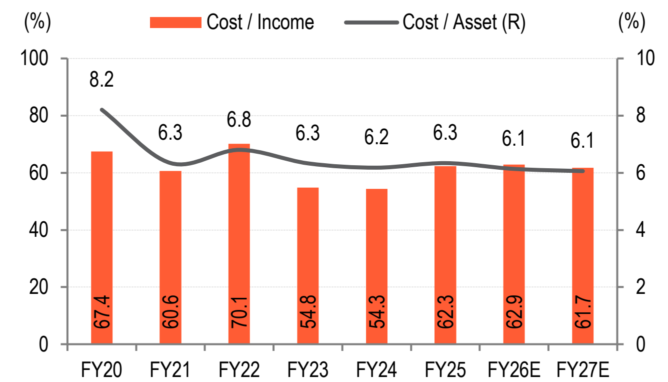
Source: Company, BOBCAPS Research

Fig 74 – Deposits/ Advances per branch to improve



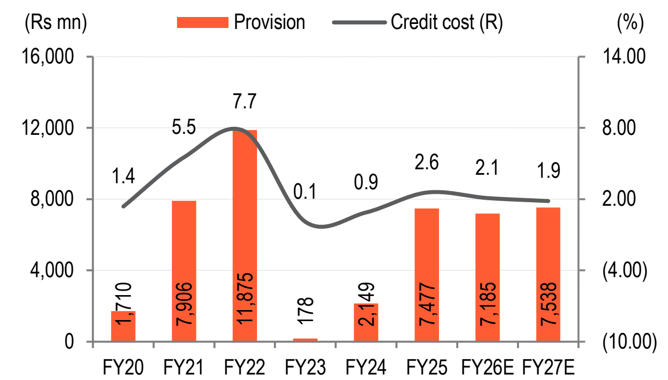
Source: Company, BOBCAPS Research

Fig 75 – Operating leverage to gradually improve



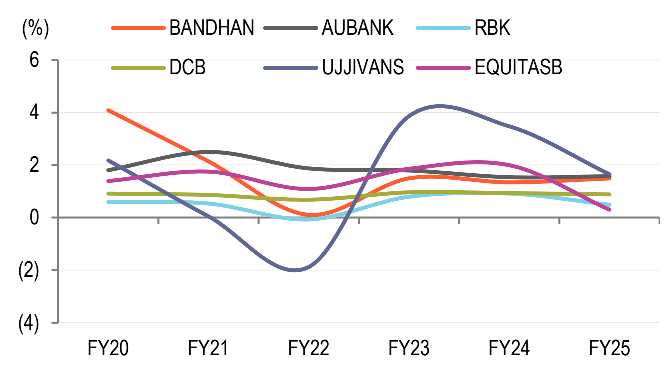
Source: Company, BOBCAPS Research

Fig 76 – Credit cost to improve with AQ stress largely peaked out



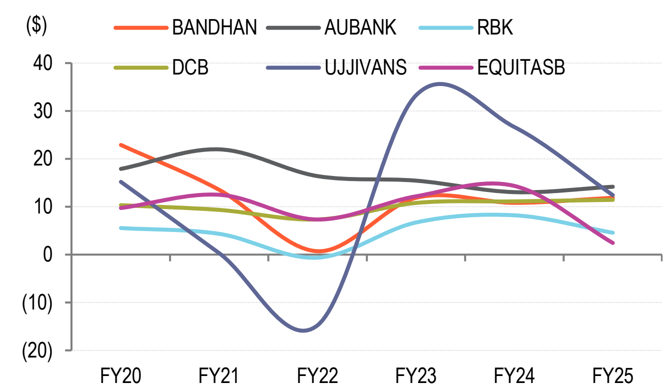
Source: Company, BOBCAPS Research

Fig 77 – UJJIVANS's RoA higher given relatively high share of MFI book



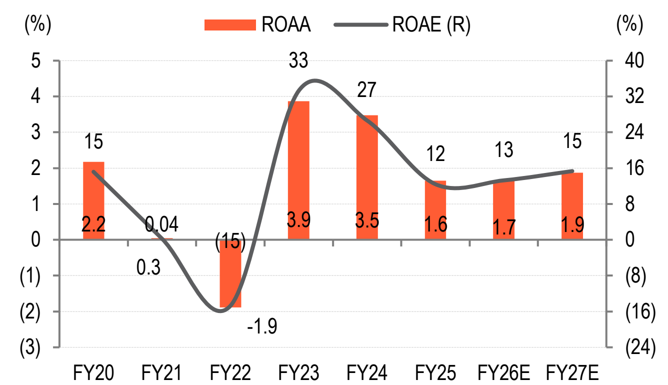
Source: Company, BOBCAPS Research

Fig 78 – UJJIVANS's RoE vs peers



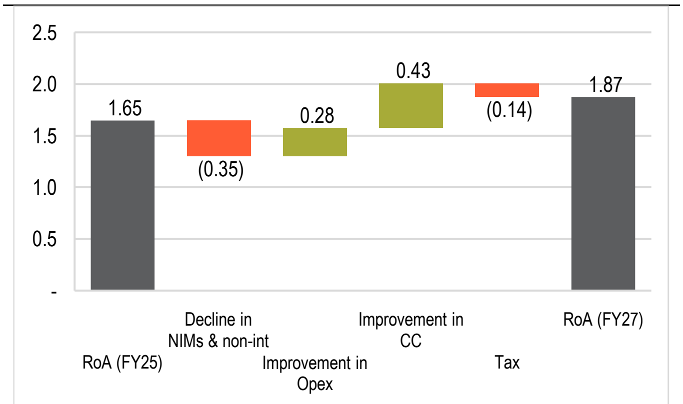
Source: Company, BOBCAPS Research

Fig 79 – Return ratios set to improve



Source: Company, BOBCAPS Research

Fig 80 – ROA trajectory during FY25-27E

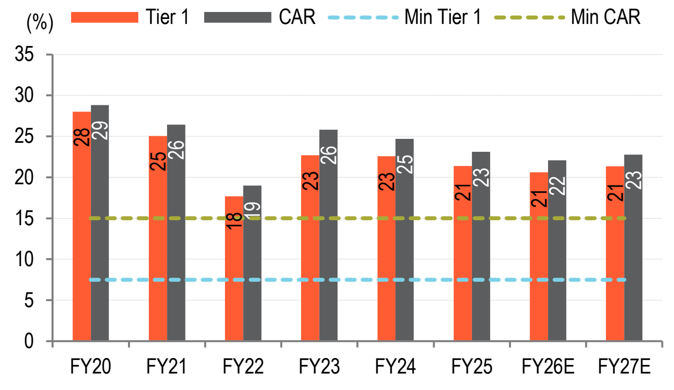


Source: Company, BOBCAPS Research

Adequate capital profile

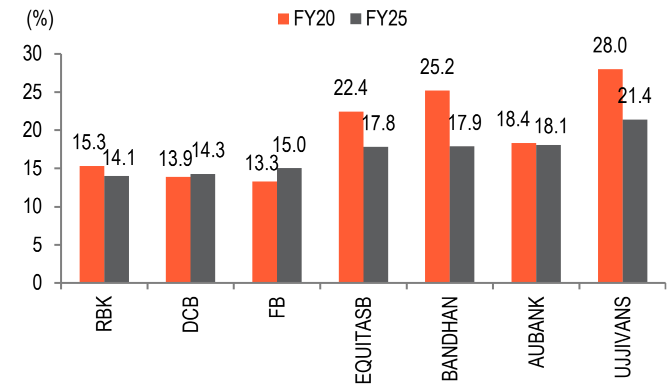
UJJIVANS's capital ratios remain adequate and higher than peers with Tier I and CRAR of 21.4% and 23.1% respectively, as of Mar'25. The bank has an adequate cushion against the minimum regulatory requirement of Tier I and CRAR of 7.5% and 15%, respectively, expected to support higher growth in disbursements and withstand any adverse asset quality shocks. Last capital infusion was Rs 4.8bn in FY2023, via Qualified Institutions Placement (QIP) at a premium of Rs11 per share. This QIP supported the bank's Tier I capital and helped comply with SEBI's minimum public shareholding requirement of 25%. The bank's capital ratios remain adequate for its current scale of operations, aided by its internal accruals and last capital infusion. We expect the bank's capital ratios to remain adequate and support credit growth.

Fig 81 – Capital ratios remain adequate



Source: Company, BOBCAPS Research

Fig 82 – UJJIVANS's Tier 1 capital best among peers



Source: Company, BOBCAPS Research

Company overview

UJJIVANS is a Bengaluru-headquartered small finance bank (SFB) and is the third largest SFB in India, in terms of advances. UJJIVANS was a subsidiary of Ujjivan Financial Services Limited (UFSL) that commenced operations as an NBFC-MFI in 2005. UJJIVANS commenced banking operations in Feb'17, with all the assets and liabilities of UFSL transferred to the subsidiary. Subsequently, UJJIVANS was listed on the exchanges in Dec'19 as per RBI's listing requirement, post which UFSL's stake stood at 83.32%. Further, UJJIVANS completed its reverse merger with UFSL post receipt of regulatory approvals, with effect from April 30, 2024.

On May 6, 2024, UJJIVANS allotted 1,41,27,02,033 fully paid equity shares of Rs10 each of bank to UFSL's eligible shareholders who were holding equity shares. The allotment was as per share exchange ratio specified in the scheme - 116 equity shares, each of UJJIVANS for every 10 equity shares of UFSL. With a pan India presence, the bank operates with 753 banking outlets across 26 states and Union Territories, as of March 2025.

Management

Fig 83 – Key Management

Name	Position	Background & Experience
Mr. Sanjeev Nautiyal	MD & CEO	Mr Sanjeev Nautiyal has 30+ years of experience in Banking- Retail, SME, Financial Inclusion, Operations, HR, and Treasury. He previously served as Deputy MD, Financial Inclusion & Micro Markets at SBI. Also, he was earlier appointed as MD & CEO of SBI Life Insurance and Independent Director of LIC of India. He holds BA and MBA degrees. Additionally, he is a Certified Associate of the Indian Institute of Bankers. Mr Sanjeev was appointed as MD & CEO of UJJIVANS w.e.f. July 01, 2024 for a 3Y period.
Mr. Sadananda Balakrishna Kamath	Chief Financial Officer	Mr. Kamath joined UJJIVANS in December 2024 as Chief Financial Officer. He has 32+ years of experience in BFSI, Hospitality and FMCG sectors with expertise in Corporate Finance and Corporate Governance. Majority of his experience of ~27 years was associated with Tata Group of companies in various positions (CFO, CS and compliance officer) across Tata Consumer products Ltd, Indian Hotels Company Ltd and Tata Capital Housing Finance Ltd. He worked as CFO at Credit Access Grameen Ltd., largest NBFC-MFI during 2020-Aug'2024. He is a Qualified Chartered Accountant & Company Secretary.
Mr. Martin Pampilly S	Chief Operating Officer	Mr. Martin has 28+ years of experience in Retail Banking operations, customer experience, sustainable banking and micro-finance operations. He joined UFSL in 2009 and later served as the Head of Operations till Jan'17. Post this, he was appointed as Head of Operations at UJJIVANS in Feb'17. He established the bank's operations vertical. Previously, he has worked at ANZ Grindlays Bank, Bank Muscat, Centurion Bank of Punjab and Centillion Solutions & Services in the

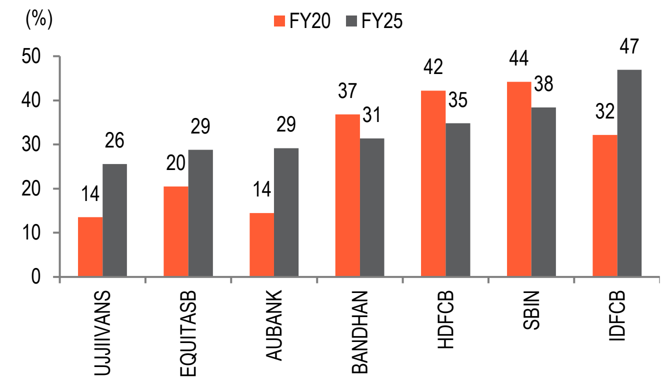
Name	Position	Background & Experience
		operations and customer service domain. He is a Computer Science Graduate from St. Joseph's College of Arts & Sciences, Bangalore.
Mr. Brajesh Joseph Cherian	Chief Risk Officer	Mr Brajesh has 24+ years of experience with specialisation in Risk Management, Regulatory Compliance, Corporate Banking, Retail Banking, SME Credit, Trade Finance, and Treasury. He began his career with South Indian Bank and subsequently worked at Axis Bank in India and the UAE, where he was also appointed as Deputy CEO of Dubai Operations. Before joining Ujjivan in 2016, he held the position of Vice President of Compliance and Risk at Axis Bank in Mumbai. He holds a Bachelor's degree in Pharmacy from Dr. MGR Medical University and an MBA from Sikkim Manipal University. He is a Certified Associate of Indian Institute of Bankers and has completed a strategic leadership programme at Wharton Business School, USA.

Source: Company, BOBCAPS Research

Key risks

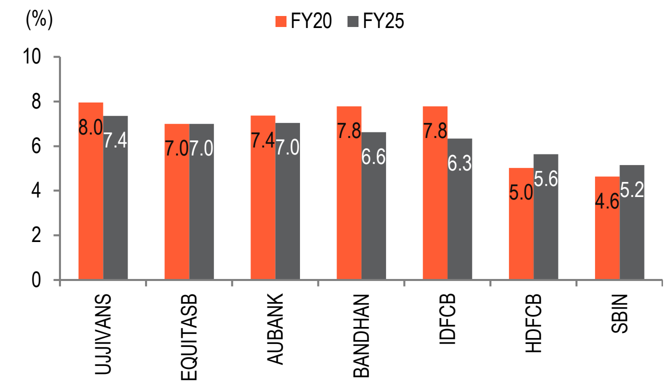
Relatively lower CASA ratio vs peers; ability to raise deposits at competitive rates consistently: UJJIVANS's CASA ratio at 26% in FY25 remains relatively lower vs peers, which resulted in higher cost of funds (7.4% in FY25). Also, we note that UJJIVANS's interest rates remain high vs peers to attract deposits. The bank's ability to improve CASA share and raise deposits at competitive rates on a consistent basis remains to be seen.

Fig 84 – CASA ratio lower among peers



Source: Company, BOBCAPS Research

Fig 85 – UJJIVANS's cost of funds remains relatively higher than peers



Source: Company, BOBCAPS Research

Operating expenses higher than expected levels – The bank's cost-to-income ratio stays elevated as it is investing in new secured products, branches, employees and technology. However, if the bank's cost-to-income stays elevated beyond expected levels, it might impact the return profile.

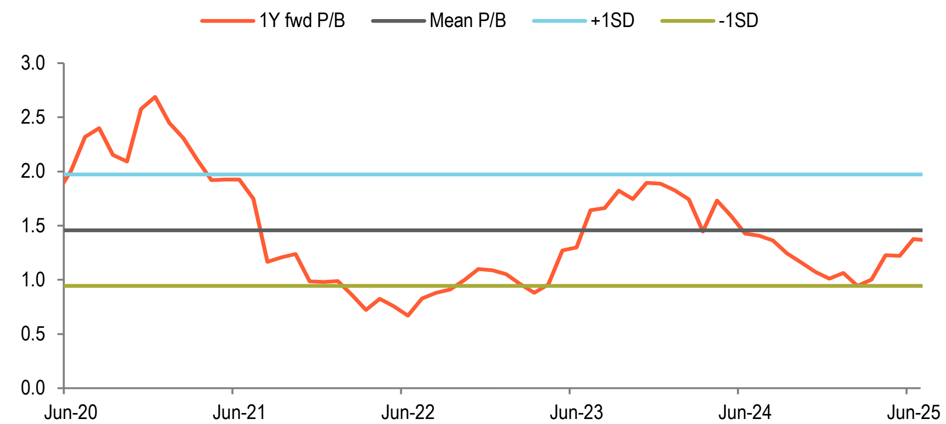
Marginal profile of borrowers and prolongation of MFI asset quality stress: We note that the bank is diversifying its portfolio to secured advances; however, borrower base largely remains marginal given their vulnerability to economic downturns. In addition, if MFI stress continues longer than expected, it would lead to higher slippages and will in turn adversely impact profitability and asset quality profile.

Valuation methodology

UJJIVANS is currently trading at a favourable risk-reward proposition at 1.2x FY27E ABV vs 5Y average of 1.4x. Current valuation remains attractive, supported by portfolio diversification, better asset quality vs peers with the stress that seems to be peaking out in MFI book likely to result in lower credit cost and improvement in its return metrics.

We expect the bank to witness advances CAGR of ~19% over FY25-FY27E and deliver improvement in RoA/RoE to 1.7%-1.9% / 13.3%-15.5% in FY26-FY27E. UJJIVANS's adequate capital position, healthy advance growth, expected normalisation of credit cost in the MFI portfolio, improvement in return ratio, and awaited RBI's approval for conversion to a universal bank (applied in Feb'25) is expected to support the stock's re-rating and price performance. We initiate coverage on UJJIVANS with a BUY and TP of Rs 59, implying 1.5x FY27E ABV.

Fig 86 – UJJIVANS trades at 1YF P/ABV of 1.4x



Source: Company, BOBCAPS Research

Fig 87 – Key assumptions

Parameter	FY23A	FY24A	FY25E	FY26E	FY27E
Advances (Growth YoY %)	30.6	26.3	16.8	18.0	20.0
Net Interest Income (Growth YoY %)	52.1	26.4	6.7	11.3	16.9
PPoP (Growth YoY %)	133.1	29.1	(11.9)	10.5	21.3
PAT (Growth YoY %)	(365.3)	16.5	(43.3)	18.5	31.5
NIM (%)	9.5	9.1	8.8	8.2	8.2
GNPA (%)	2.9	2.2	2.2	2.1	1.9
CAR (%)	25.8	24.7	23.1	21.9	22.4

Source: Company, BOBCAPS Research

Fig 88 – Valuation summary

Gordon growth model	Assumptions
Cost of equity (%)	11.4
Blended ROE (%)	13.4
Initial high growth period (yrs)	10.0
Payout ratio of high-growth phase (%)	15.0
Long-term growth (%)	3.4
Long term dividend payout ratio (%)	75.0
Justified P/BV Multiple (x)	1.5

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Net interest income	**26,979**	**34,095**	**36,363**	**40,464**	**47,310**
NII growth (%)	52.1	26.4	6.7	11.3	16.9
Non-interest income	5,892	7,868	8,462	9,688	11,487
Total income	32,871	41,962	44,825	50,152	58,798
Operating expenses	18,021	22,791	27,932	31,490	36,164
PPOP	14,850	19,171	16,892	18,662	22,634
PPOP growth (%)	133.1	29.1	(11.9)	10.5	21.3
Provisions	178	2,149	7,477	7,185	7,538
PBT	14,672	17,022	9,416	11,477	15,096
Tax	3,673	4,207	2,155	2,869	3,774
Reported net profit	**10,999**	**12,815**	**7,261**	**8,608**	**11,322**
Adjustments	0	0	0	0	0
Adjusted net profit	**10,999**	**12,815**	**7,261**	**8,608**	**11,322**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Equity capital	21,547	19,314	19,350	19,350	19,350
Reserves & surplus	20,544	36,821	41,484	48,887	58,397
Net worth	42,091	56,135	60,834	68,237	77,747
Deposits	2,55,377	3,14,622	3,76,305	4,45,921	5,32,876
Borrowings	26,415	21,708	28,454	30,161	34,685
Other liab. & provisions	9,286	11,757	11,299	9,440	10,127
Total liab. & equities	**3,33,169**	**4,04,222**	**4,76,892**	**5,53,759**	**6,55,435**
Cash & bank balance	24,836	25,368	31,698	29,806	32,056
Investments	85,103	97,660	1,17,300	1,38,732	1,63,330
Advances	2,12,897	2,68,829	3,13,900	3,70,402	4,44,482
Fixed & Other assets	10,333	12,365	13,994	14,819	15,567
Total assets	**3,33,169**	**4,04,222**	**4,76,891**	**5,53,759**	**6,55,435**
Deposit growth (%)	39.6	23.2	19.6	18.5	19.5
Advances growth (%)	30.6	26.3	16.8	18.0	20.0

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
EPS	6.0	6.6	3.8	4.4	5.9
Dividend per share	1.3	1.5	0.0	0.6	0.9
Book value per share	20.5	29.1	31.4	35.3	40.2

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
P/E	8.0	7.2	12.7	10.7	8.1
P/BV	2.3	1.6	1.5	1.3	1.2
Dividend yield (%)	2.6	3.2	0.0	1.3	2.0

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Net interest income	9.5	9.2	8.3	7.9	7.8
Non-interest income	2.1	2.1	1.9	1.9	1.9
Operating expenses	6.3	6.2	6.3	6.1	6.0
Pre-provisioning profit	5.2	5.2	3.8	3.6	3.7
Provisions	0.1	0.6	1.7	1.4	1.2
PBT	5.2	4.6	2.1	2.2	2.5
Tax	1.3	1.1	0.5	0.6	0.6
ROA	3.9	3.5	1.6	1.7	1.9
Leverage (x)	8.6	7.7	7.5	8.0	8.3
ROE	33.3	26.6	12.4	13.3	15.5

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
YoY growth (%)					
Net interest income	52.1	26.4	6.7	11.3	16.9
Pre-provisioning profit	133.1	29.1	(11.9)	10.5	21.3
EPS	(349.0)	10.4	(43.1)	18.4	31.5
Profitability & Return ratios (%)					
Net interest margin	9.5	9.1	8.8	8.2	8.2
Fees / Avg. assets	51.7	53.3	48.0	47.0	47.5
Cost-Income	54.8	54.3	62.3	62.8	61.5
ROE	33.3	26.6	12.4	13.3	15.5
ROA	3.9	3.5	1.6	1.7	1.9
Asset quality (%)					
GNPA	2.9	2.2	2.2	2.1	1.9
NNPA	0.0	0.3	0.5	0.5	0.4
Slippage ratio	2.1	2.3	4.2	3.1	2.0
Credit cost	0.1	0.9	2.6	2.1	1.9
Provision coverage	98.5	87.3	77.7	78.1	80.7
Ratios (%)					
Credit-Deposit	83.4	85.4	83.4	83.1	83.4
Investment-Deposit	33.3	31.0	31.2	31.1	30.7
CAR	25.8	24.7	23.1	21.9	22.4
Tier-1	22.7	22.6	21.4	20.5	21.0

Source: Company, BOBCAPS Research

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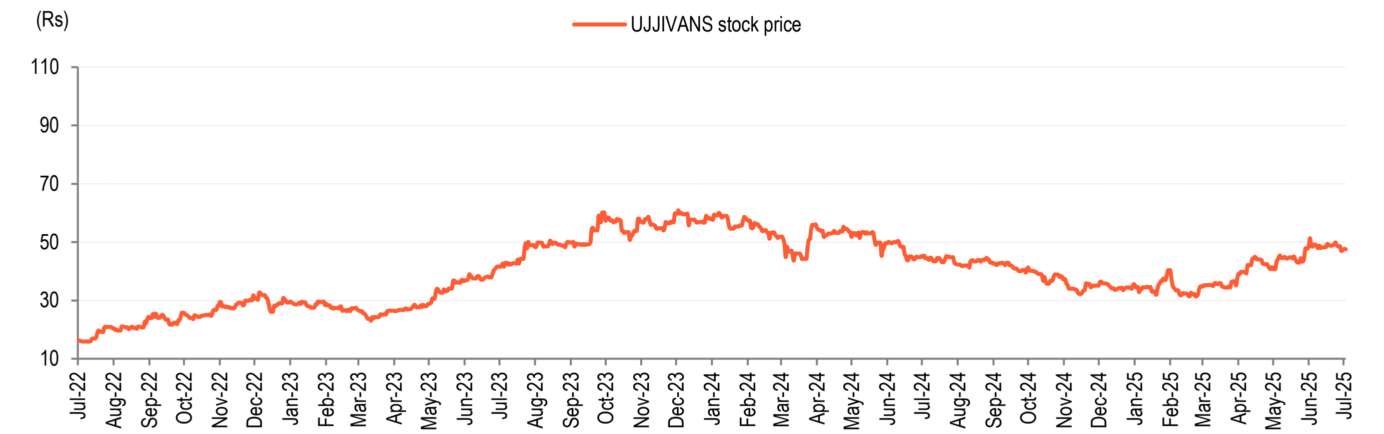
Recommendation scale: Recommendations and Absolute returns (%) over 12 months
BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%
Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): UJJIVAN SMALL FINANCE BANK (UJJIVANS IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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