

BUY

TP: Rs 59 | ▲ 34%

**UJJIVAN SMALL
FINANCE BANK**

| Banking

| 09 September 2025

Pathway to FY30: Rising scale & efficiency to improve RoA

- Advances to grow 3x in FY25-FY30 with increased focus on secured segment; supported by branch expansion and a capital raise of Rs 20bn
- Improvement in CC and operating efficiency to offset NIMs pressure and support return ratios
- Maintain BUY with TP of Rs 59 (unchanged), ascribing 1.5x Jun'27E ABV

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Advances to grow 3x during FY25-FY30 with focus on secured segment:

At its September 2025 analyst meet, UJJIVANS outlined its strategic vision and growth pathway till FY30. The bank plans to triple its gross loan book (GLB) to Rs 1trn by FY30 vs Rs 0.3trn as of FY25, implying ~25% CAGR during FY25-30. Loan growth to be driven by its focus on mass, aspiring and emerging affluent customer segments (Fig 1). Further, share of secured mix is expected to increase to 65–70% by FY30 from ~45% in Q1FY26. The strategic shift to secured mix is likely to aid in loan diversification, improve AQ and improve earnings visibility.

Branch expansion & productivity to support advances growth: The bank plans to add ~400 new branches, taking the network to ~1,150 by FY30 (752 in Q1FY26). Average GLB/ branch and liability/ branch is targeted to rise to Rs 870mn and Rs 1bn vs Rs 440mn and 510mn, respectively as of now. Productivity improvement is expected to be driven by deeper product penetration and strengthening presence in tier 2/3 towns and semi-urban areas.

Rs20bn capital raise to support business growth: UJJIVAN's capital profile remains adequate with Tier I of 21.2% (Jun'25). Further, the bank plans to raise capital of Rs 20bn via QIP over the next 18–24 months to support growth plans.

Improvement in CC and operating efficiency to offset NIMs pressure and support return ratios: UJJIVANS is targeting a CASA ratio of 35% by FY30 (vs 24.3% in Q1FY26), driven by NTB customer acquisition and broader product offerings — expected to lower CoF by 100bps. NIMs may moderate to 6–7% (from 7.7%), but pressure will be offset by lower credit costs (~1–1.5% vs. 2.45% in FY25) aided by rising share of secured loans. Operating efficiency is set to improve, with C/I ratio and opex/avg assets declining to ~55% and <5% by FY30 vs. 62% and 6.3%, respectively in FY25. These factors are expected to improve its return ratios, with RoA/RoE likely to rise to ~1.8–2.0% and ~16–18% (vs 1.6%/12.4% in FY25).

Key changes

Target	Rating
◀ ▶	◀ ▶

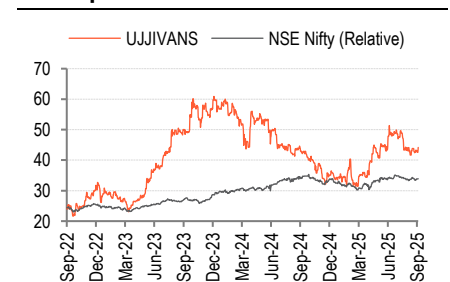
Ticker/Price	UJJIVANS IN/Rs 44
Market cap	US\$ 971.0mn
Free float	100%
3M ADV	US\$ 5.3mn
52wk high/low	Rs 52/Rs 31
Promoter/FPI/DII	0%/20%/17%

Source: NSE | Price as of 8 Sep 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	36,363	40,135	47,520
NII growth (%)	6.7	10.4	18.4
Adj. net profit (Rs mn)	7,261	7,806	10,420
EPS (Rs)	3.8	4.0	5.4
Consensus EPS (Rs)	3.7	4.3	5.8
P/E (x)	11.8	10.9	8.2
P/BV (x)	1.4	1.3	1.1
ROA (%)	1.6	1.5	1.7
ROE (%)	12.4	12.2	14.5

Source: Company, Bloomberg, BOBCAPS Research

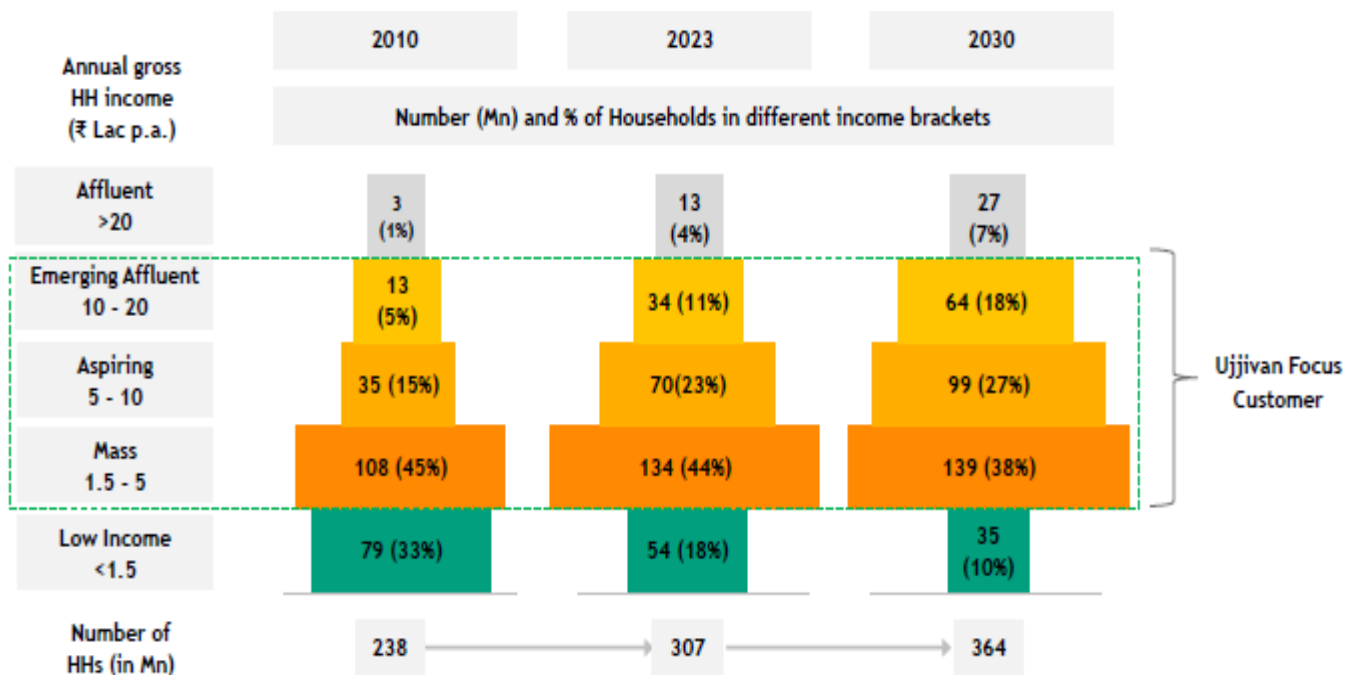
Stock performance

Source: NSE



Maintain BUY: UJJIVANS expects to get universal banking license by December 2025. However, the growth plan unveiled is agnostic of it securing a universal license. The license will further support the bank in terms of reduced CRAR requirement of 11.5% vs 15% currently and lower PSL requirements to 40% vs 60% currently. The bank's asset quality metrics remain better than peers, due to prudent underwriting and risk management practices. We maintain BUY with TP of Rs 59 (unchanged), set at 1.5x Jun'27E ABV.

Fig 1 – Focus On “Mass”, “Aspiring” & “Emerging Affluent” customer segments

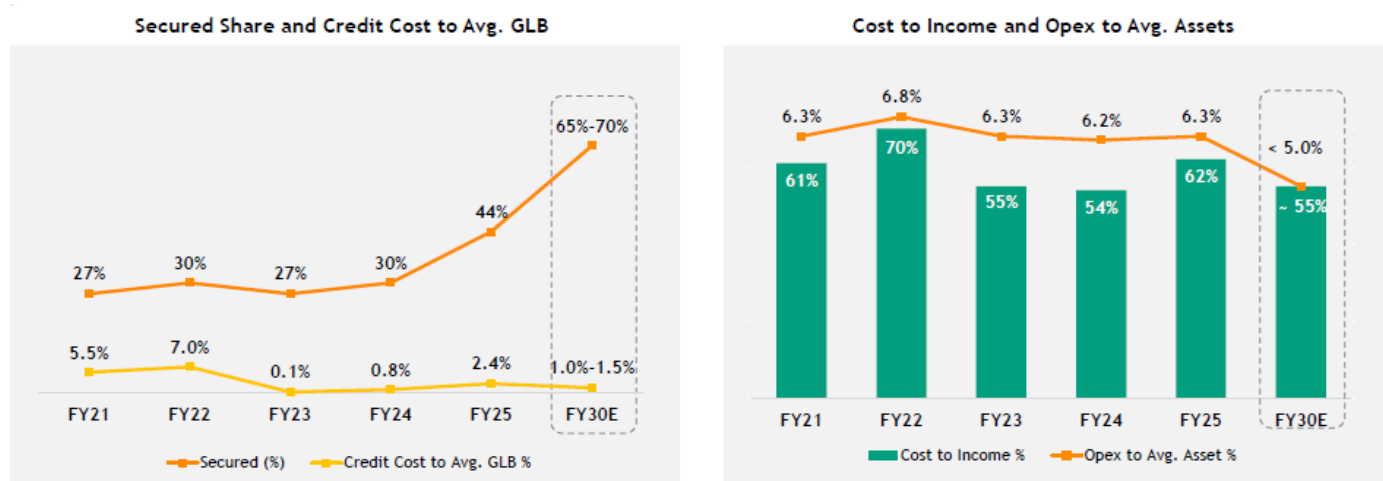


Source: Company

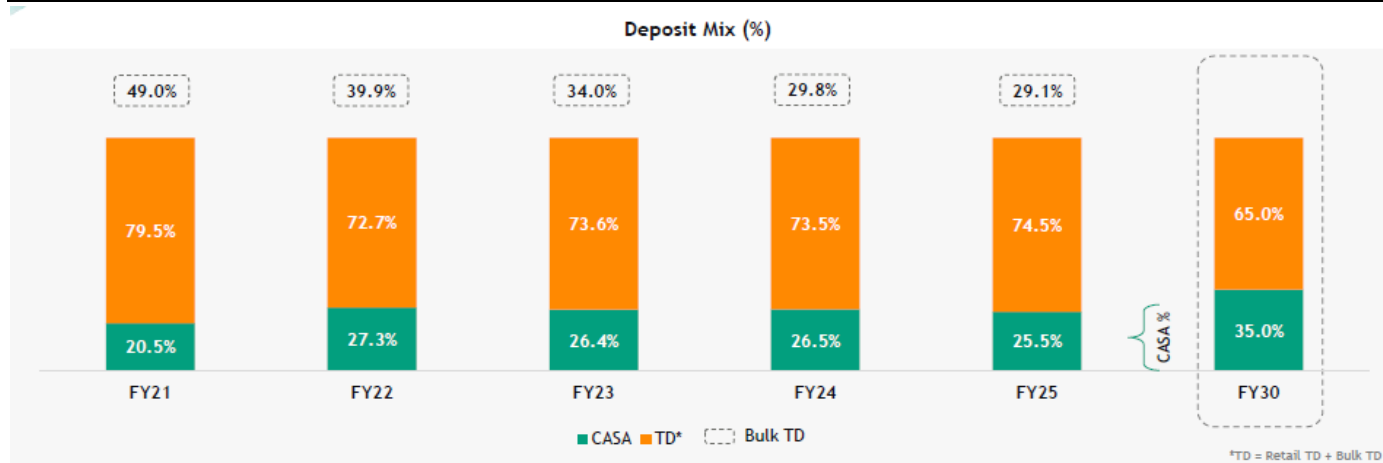
Fig 2 – Pathway to FY30 – aiming for higher sustained profitability



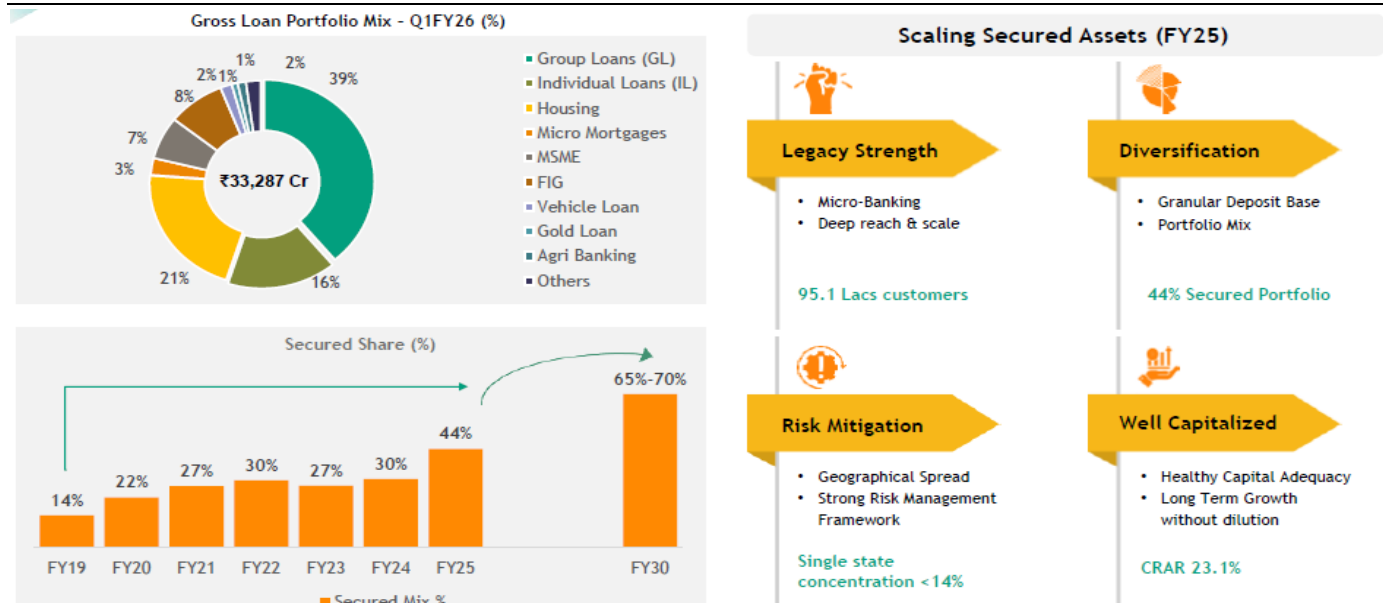
Source: Company

Fig 3 – Improving asset mix with margin discipline, going forward


Source: Company

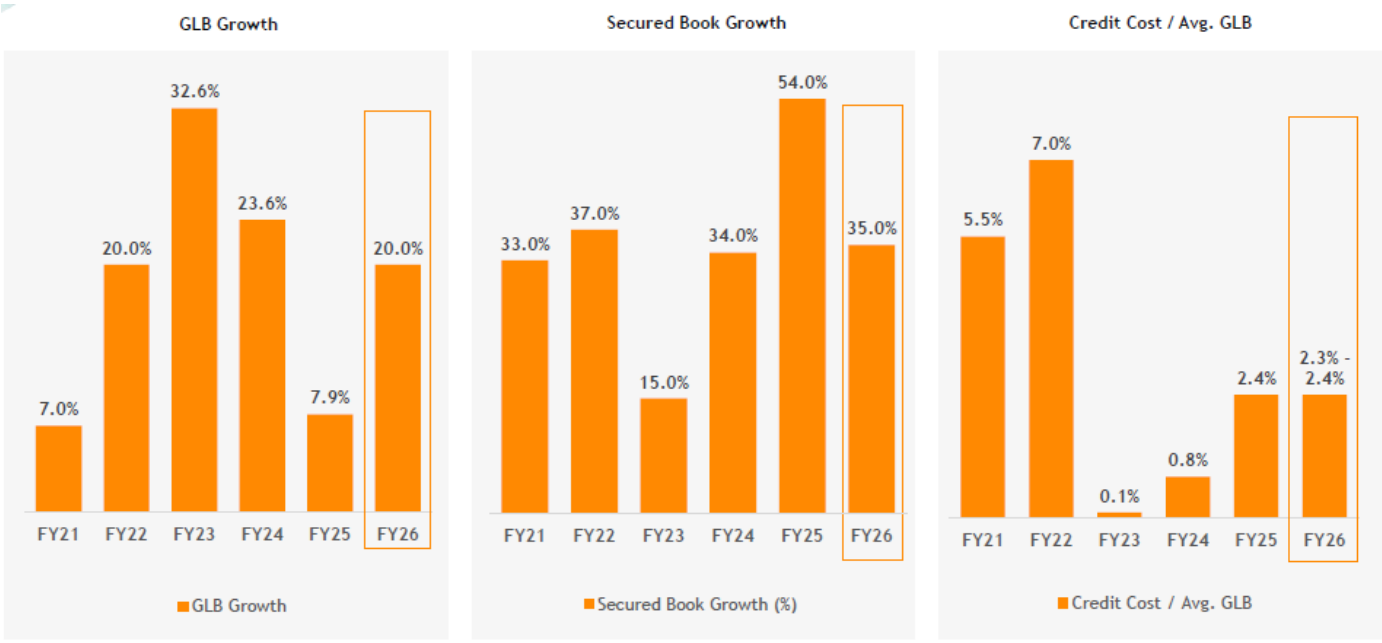
Fig 4 – Diversified deposit profile with increasing CASA% by FY30


Source: Company

Fig 5 – Growing with diversification


Source: Company

Fig 6 – Diversification with credit cost trends



Source: Company

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	34,095	36,363	40,135	47,520	56,955
NII growth (%)	26.4	6.7	10.4	18.4	19.9
Non-interest income	7,868	8,462	9,678	11,453	13,628
Total income	41,962	44,825	49,812	58,973	70,583
Operating expenses	22,791	27,932	31,877	37,337	44,394
PPOP	19,171	16,892	17,935	21,635	26,190
PPOP growth (%)	29.1	(11.9)	6.2	20.6	21.1
Provisions	2,149	7,477	7,527	7,741	9,290
PBT	17,022	9,416	10,408	13,894	16,900
Tax	4,207	2,155	2,602	3,473	4,225
Reported net profit	12,815	7,261	7,806	10,420	12,675
Adjustments	0	0	0	0	0
Adjusted net profit	12,815	7,261	7,806	10,420	12,675

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	19,314	19,350	19,350	19,350	19,350
Reserves & surplus	36,821	41,484	48,197	56,950	67,597
Net worth	56,135	60,834	67,547	76,300	86,947
Deposits	3,14,622	3,76,305	4,40,277	5,25,250	6,26,623
Borrowings	21,708	28,454	30,161	34,685	39,888
Other liab. & provisions	11,757	11,299	14,662	16,649	28,196
Total liab. & equities	4,04,222	4,76,892	5,52,647	6,52,884	7,81,654
Cash & bank balance	25,368	31,698	29,601	31,621	37,724
Investments	97,660	1,17,300	1,37,843	1,61,253	1,91,939
Advances	2,68,829	3,13,900	3,70,402	4,44,482	5,33,379
Fixed & Other assets	12,365	13,994	14,800	15,527	18,612
Total assets	4,04,222	4,76,891	5,52,647	6,52,884	7,81,654
Deposit growth (%)	23.2	19.6	17.0	19.3	19.3
Advances growth (%)	26.3	16.8	18.0	20.0	20.0

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	6.6	3.8	4.0	5.4	6.6
Dividend per share	1.5	0.0	0.6	0.9	1.0
Book value per share	29.1	31.4	34.9	39.4	44.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	6.7	11.8	10.9	8.2	6.7
P/BV	1.5	1.4	1.3	1.1	1.0
Dividend yield (%)	3.4	0.0	1.3	2.0	2.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	9.2	8.3	7.8	7.9	7.9
Non-interest income	2.1	1.9	1.9	1.9	1.9
Operating expenses	6.2	6.3	6.2	6.2	6.2
Pre-provisioning profit	5.2	3.8	3.5	3.6	3.7
Provisions	0.6	1.7	1.5	1.3	1.3
PBT	4.6	2.1	2.0	2.3	2.4
Tax	1.1	0.5	0.5	0.6	0.6
ROA	3.5	1.6	1.5	1.7	1.8
Leverage (x)	7.7	7.5	8.0	8.4	8.8
ROE	26.6	12.4	12.2	14.5	15.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	26.4	6.7	10.4	18.4	19.9
Pre-provisioning profit	29.1	(11.9)	6.2	20.6	21.1
EPS	10.4	(43.1)	7.4	33.5	21.6
Profitability & Return ratios (%)					
Net interest margin	9.1	8.8	8.1	8.3	8.3
Fees / Avg. assets	53.3	48.0	47.0	47.5	47.5
Cost-Income	54.3	62.3	64.0	63.3	62.9
ROE	26.6	12.4	12.2	14.5	15.5
ROA	3.5	1.6	1.5	1.7	1.8
Asset quality (%)					
GNPA	2.2	2.2	2.3	2.1	1.9
NNPA	0.3	0.5	0.6	0.5	0.4
Slippage ratio	2.3	4.2	3.7	2.3	2.0
Credit cost	0.9	2.6	2.2	1.9	1.9
Provision coverage	87.3	77.7	75.6	76.6	76.7
Ratios (%)					
Credit-Deposit	85.4	83.4	84.1	84.6	85.1
Investment-Deposit	31.0	31.2	31.3	30.7	30.6
CAR	24.7	23.1	21.8	21.6	21.1
Tier-1	22.6	21.4	20.3	20.2	19.7

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

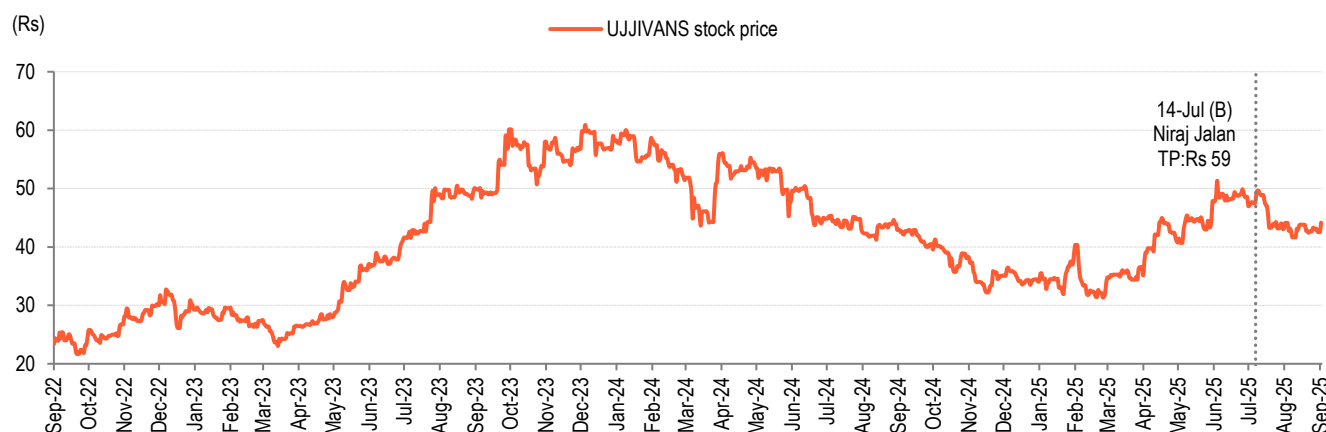
HOLD – Expected return from -6% to +15%

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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