

CMP: INR 44

Rating: BUY

Target Price: INR 65

Stock Info

BSE	542904
NSE	UJJIVANSFB
Bloomberg	UJJIVANS IN
Reuters	UJJI.BO
Sector	Banks
Face Value (INR)	10
Equity Capital (INR Cr)	519
Mkt Cap (INR Cr)	79350
52w H/L (INR)	56 / 30
Volume ('000)	12,176

Shareholding Pattern %

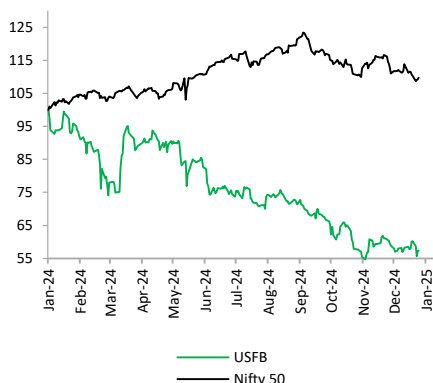
(As on March, 2025)

Promoters	0
Public & Others	100

Stock Performance (%)

	1m	6m	12m
Ujjivan SFB	2.9	-22	-40
Nifty 50	-2.2	-5.1	9.4

Ujjivan SFB Vs Nifty



Abhishek Jain
abhishek.jain@arihantcapital.com
Harshit Jain
harshit.jain@arihantcapital.com

Company reported a net profit of INR 833.9 mn, below our estimate of INR 1233 mn, against INR 1086.2 mn in Q3FY25. (vs INR 3296 mn for Q4FY24) (-75% YoY, -23% QoQ). NII stood at INR 8643 mn, lower than our estimate of INR 9380 mn (-7% YoY, -3% QoQ). They reported PPOP of INR 3598 mn, which was below our estimate of INR 3832 mn (vs INR 3592 mn for Q3FY25) (vs INR 5186 mn for Q4FY24). Provisions came at INR 2645 mn (+19% QoQ/ +235% YoY). PBT came in at INR 953 mn, below our estimate of INR 1549 mn (vs INR 1364 mn for Q3FY25) (vs INR 4396 mn for Q4FY24). GNPA/ NNPA stood at 2.18%/ 0.49% v/s 2.68%/ 0.56% in Q3FY25 and 2.23%/ 0.28% in Q4FY24.

- NIMs down 60 bps YoY led by increasing cost of funds:** NIMs during the quarter came in at 8.8% v/s 8.8% in Q2FY24 v/s 9.4% in Q3FY23 (-60 bps YoY). The decline in NIMs was primarily due to the increasing cost of funds, during the quarter, which was in accordance with the industry performance. The Cost of funds came at 7.5% in Q3FY24 v/s 7.4% in Q2FY24 and 6.6% in Q3FY23 and are expected to flatten out as the deposits repricing is mostly complete. NIMs are expected to be within the range of 9 – 9.5%.
- Deterioration in asset quality:** Asset quality on an overall basis showed some deterioration as GNPA ratio was down 50 bps sequentially to 2.18% and net NPA book was also down by 7 bps to 0.49% QoQ. The collection efficiency in micro banking witnessed consistent improvement in all states other than Karnataka, reaching 99.6% in March 2025. Collections in Eastern (West Bengal, Bihar, Jharkhand), Northern (Punjab, Haryana, Rajasthan), and Western parts (Gujarat, Maharashtra) witnessed growth during the quarter.
- Robust growth in MSME book:** The MSME (Micro, Small and Medium Enterprises) loan book reached INR 20.47 bn, up by 21% QoQ and 45% YoY. This growth was led by revamped and newer products like LAP (Loan Against Property), working capital and supply chain finance. The gold loan gained momentum witnessing an increase of 71% QoQ, taking the loan book to INR 1.96 bn as of 31st March 2025. The vehicle finance loans saw a growth of 166% YoY and 25% QoQ.

OUTLOOK & VALUATION

NIMs declined by 30 bps QoQ and 110 bps YoY to 8.3% in Q4 FY25, reflecting portfolio mix changes. On the asset quality front, collection efficiency improved across key geographies, including Eastern (West Bengal, Bihar, Jharkhand), Northern (Punjab, Haryana, Rajasthan), and Western (Gujarat, Maharashtra) regions. The bank aims to accelerate loan book diversification, with a strategic focus on expanding Housing and MSME segments, while leveraging higher-yielding products such as Micro Mortgage, Vehicle, Agri, and Gold Loans to drive growth and profitability. We maintain our BUY rating on the stock with a target price of INR 66, valuing the bank at 1.5x FY26E ABV.

Exhibit 1: Financial Performance

Particulars. (INR in Cr)	FY22	FY23	FY24	FY25E	FY26E	FY27E
NII	17,736	26,979	34,095	43,580	48,857	59,253
PPOP	5,905	14,850	19,171	24,522	27,091	35,581
PAT	-4,146	10,999	12,815	15,527	17,344	23,071
EPS (INR / Share)	-2.4	5.6	6.6	7.9	8.9	11.8
ABVPS (INR / Share)	15.6	20.3	27.9	36.7	45.2	56.6
NIM (%)	8.40%	9.83%	9.54%	9.97%	9.16%	9.26%
ROA (%)	-1.8%	3.3%	3.2%	3.1%	2.9%	3.2%
ROE (%)	-14.8%	26.1%	22.8%	21.0%	19.0%	20.2%
P / ABV (x)	2.8	2.2	1.6	1.2	1.0	0.8

Source: Company reports, Arihant Capital Research

Q4FY25 - Quarterly Performance (Standalone)

Quarterly Result Update (Rs Mn)	Q4FY25	Q3FY25	Q4FY24	Q-o-Q	Y-o-Y
Interest Income	15,734	15,911	15,285	-1.1%	2.9%
Interest Expended	7,091	7,043	5,950	0.7%	19.2%
Net Interest Income	8,643	8,867	9,335	-2.5%	-7.4%
Other Income	2,697	1,722	2,361	56.6%	14.2%
Operating Income	11,340	10,589	11,697	7.1%	-3.0%
Operating Expenses	7,742	6,997	6,511	10.6%	18.9%
Employee Expenses	4,196	3,712	3,273	13.0%	28.2%
Other Operating Expenses	3,546	3,286	3,238	7.9%	9.5%
PPOP	3,598	3,592	5,186	0.2%	-30.6%
Provisions	2,645	2,228	790	18.7%	234.8%
PBT	953	1,364	4,396	-30.1%	-78.3%
Tax Expenses	119	278	1,099	-57.2%	-89.2%
Net Income	834	1,086	3,296	-23.2%	-74.7%
Balance Sheet Analysis					
Advances	313,900	296,210	268,830	6.0%	16.8%
Deposits	376,300	344,940	314,620	9.1%	19.6%
Total Assets	476,890	452,260	404,220	5.4%	18.0%
CASA Deposits	96,120	86,620	83,350	11.0%	15.3%
CASA (%)	25.5%	25.1%	26.5%	43bps	-95bps
CAR (%)	23.1%	23.9%	24.7%	-80bps	-159bps
Spreads					
NIMs (%)	8.30%	9.00%	9.40%	-70bps	-110bps
Cost of Funds	7.60%	7.60%	7.20%	0bps	40bps
Yield on Average Advances	17.83%	18.80%	20.51%	-97bps	-269bps
Asset Quality					
GNPA (%)	2.20%	2.70%	2.23%	-50bps	-3bps
NNPA (%)	0.50%	0.60%	0.28%	-10bps	22bps
Returns & Expenses					
RoA	0.70%	1.20%	3.36%	-50bps	-266bps
RoE	5.60%	8.80%	24.80%	-320bps	-1920bps
Cost / Income Ratio	68.28%	66.08%	55.67%	219bps	1261bps

Quarterly Result Update (Rs Mn)	Q4FY25	Q3FY25	Q4FY24	Q-o-Q	Y-o-Y
Group Loans	13,090	136,630	160,090	-90.4%	-91.8%
Micro Individual Loans	51,820	49,530	47,990	4.6%	8.0%
MSE	20,470	16,940	14,140	20.8%	44.8%
Affordable Housing	73,080	63,930	49,240	14.3%	48.4%
FIG	27,850	22,570	17,310	23.4%	60.9%
Others	13,880	13,110	8,160	5.9%	70.1%
Total Advances	203,420	304,660	297,790	-33.2%	-31.7%

Source: Company reports, Arianth Capital Research

Conference Call Highlights:

Guidance

- The bank will continue to diversify its loan book at a fast pace, led by Housing and MSME, supported by higher-yielding Micro Mortgage, Vehicle, Agri, and Gold Loan businesses, in the coming period.
- They are aiming to achieve 2% ROA for new products in the next 3 years as they reach target levels of Gold loan book of INR 10 bn and Vehicle loan of INR 15 bn.

Highlights

- NIM was down 30 bps QoQ and 110 bps YoY to 8.3% in Q4 FY25.
- Operating expenses increased by 11% YoY and 8% sequentially during the quarter. It increased mainly due to direct business expenses on account of higher disbursements, investments in new lines of businesses, the full-year expense impact of branches opened in FY24 and technology investments.
- The cost of fund stood at 7.6% in Q4 FY25, flat on a sequential basis.
- The disbursements for Q4 FY25 was at INR 74.40 bn, up by 39% QoQ and by 11% YoY.
- Within disbursements, secured book contribution increased to 44% versus 30% YoY.
- The gross loan book was at INR 321.22 bn as on 31st March 2025, up 5% QoQ and 8% YoY.
- Deposit growth for the quarter stood at 20% YoY and 9% to INR 376.30 bn.
- The MSME (Micro, Small and Medium Enterprises) loan book reached INR 20.47 bn, up by 21% QoQ and 45% YoY. This growth was led by revamped and newer products like LAP (Loan Against Property), working capital and supply chain finance.
- The growth in the secured book was significant, crossing INR 139.88 bn, up by 17% sequentially and 56% YoY.
- The vehicle finance loans saw a growth of 166% YoY and 25% QoQ.
- The gold loan gained momentum witnessing an increase of 71% QoQ, taking the loan book to INR 1.96 bn as of 31st March 2025.
- Asset quality on an overall basis showed some deterioration as GNPA ratio was down 50 bps sequentially to 2.18% and net NPA book was also down by 7 bps to 0.49% QoQ.
- The collection efficiency in micro banking witnessed consistent improvement in all states other than Karnataka, reaching 99.6% in March 2025. The overall bucket-ex collection efficiency reached 99.5% in March 2025, despite Karnataka's subdued performance.
- Collections in Eastern (West Bengal, Bihar, Jharkhand), Northern (Punjab, Haryana, Rajasthan), and Western parts (Gujarat, Maharashtra) witnessed growth during the quarter.

Profit & Loss Statement (in INR Mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	28,128	41,650	56,772	63,544	79,606	96,552
Interest Expended	10,392	14,671	22,677	27,181	31,319	37,300
Net Interest Income	17,736	26,979	34,095	36,363	48,857	59,253
Other Income	3,133	5,892	7,868	8,462	9,771	11,851
Operating Income	20,869	32,871	41,962	44,825	58,629	71,103
Operating Expenses	14,964	18,021	22,791	27,932	31,538	35,522
Employee Expenses	8,126	9,203	11,832	14,995	15,053	17,657
Other Operating Expenses	6,838	8,818	10,959	12,938	16,485	17,865
PPOP	5,905	14,850	19,171	16,892	27,091	35,581
Provisions	11,408	178	2,149	7,477	3,913	4,750
PBT	-5,503	14,672	17,022	9,416	23,178	30,831
Tax Expenses	-1,358	3,673	4,207	2,155	5,834	7,760
Net Income	-4,146	10,999	12,815	7,261	17,344	23,071

Balance Sheet (in INR Mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Equity & Liabilities						
Share Capital	19,283	21,547	19,314	19,350	21,547	21,547
Reserves & Surplus	8,321	20,032	36,097	40,588	68,968	92,039
Net Worth	28,026	42,091	56,135	60,834	91,238	114,310
Deposits	182,922	255,377	314,622	376,305	467,854	574,303
Borrowings	17,636	26,415	21,708	28,454	28,903	14,987
Other Liabilities and Provisions	7,461	9,286	11,758	11,299	14,612	16,196
Total Capital & Liabilities	236,045	333,169	404,222	476,892	602,608	719,796
Assets						
Cash & Balances with RBI	16,822	23,053	25,183	31,334	70,432	85,498
Balances with Other Banks & Call Money	4,859	1,783	185	364	3,277	3,978
Investments	41,529	85,103	97,660	117,300	118,975	131,318
Advances	163,032	212,897	268,829	313,900	391,289	474,988
Fixed Assets	2,494	2,829	4,267	4,569	9,706	14,639
Other Assets	7,309	7,504	8,098	9,425	8,928	9,375
Total Assets	236,045	333,169	404,222	476,892	602,608	719,796

Source: Company reports, Arianth Capital Research

Ratios	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Growth rates						
Advances (%)	12.5%	30.6%	26.3%	16.8%	24.7%	21.4%
Deposits (%)	39.3%	39.6%	23.2%	19.6%	24.3%	22.8%
Total assets (%)	15.8%	41.1%	21.3%	18.0%	21.1%	19.4%
NII (%)	2.6%	52.1%	26.4%	6.7%	12.1%	21.3%
Pre-provisioning profit (%)	-27.0%	151.5%	29.1%	-11.9%	10.5%	31.3%
PAT (%)	-5144.8%	365.3%	16.5%	-43.3%	11.7%	33.0%
Balance sheet ratios						
Credit/Deposit (%)	89.1%	83.4%	85.4%	83.4%	83.6%	82.7%
CASA (%)	27.3%	26.4%	28.0%	28.5%	29.0%	29.0%
Advances/Total assets (%)	69.1%	63.9%	66.5%	65.8%	64.9%	66.0%
Leverage (x) (Asset/Shareholder's Fund)	8.4	7.9	7.2	7.8	6.6	6.3
CAR (%)	19.0%	24.8%	28.9%	26.6%	30.6%	31.4%
CAR - Tier I (%)	17.7%	21.8%	26.4%	24.5%	28.9%	30.1%
Operating efficiency						
Cost/income (%)	71.7%	54.8%	54.3%	62.3%	53.8%	50.0%
Opex/total assets (%)	6.3%	5.4%	5.6%	5.9%	5.2%	4.9%
Opex/total interest earning assets	7.1%	6.6%	6.4%	6.5%	6.0%	5.6%
Profitability						
NIM (%)	8.4%	9.8%	9.5%	8.5%	9.2%	9.3%
RoA (%)	-1.8%	3.3%	3.2%	1.5%	2.9%	3.2%
RoE (%)	-14.8%	26.1%	22.8%	11.9%	19.0%	20.2%
Asset quality						
Gross NPA (%)	7.1%	4.0%	3.1%	3.2%	3.1%	3.0%
Net NPA (%)	0.6%	1.1%	0.6%	0.7%	0.7%	0.8%
PCR (%)	92.2%	75.9%	81.6%	81.1%	78.8%	76.1%
Credit cost (%)	7.0%	0.1%	0.8%	2.4%	1.0%	1.0%
Per share data / Valuation						
EPS (INR)	-2.4	5.6	6.6	3.7	8.9	11.8
BVPS (INR)	16	22	29	31	47	58
ABVPS (INR)	16	20	28	30	45	57
P/E (x)	-18.3	7.8	6.7	11.8	5.0	3.7
P/BV (x)	2.7	2.0	1.5	1.4	0.9	0.8
P/ABV (x)	2.8	2.2	1.6	1.5	1.0	0.8

Source: Company reports, Arianth Capital Research

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
Building No. 10, 1st Floor
Andheri Ghatkopar Link Road
Chakala, Andheri (E)
Mumbai – 400093
Tel: (91-22) 42254800

Registered Office

6 Lad Colony,
Y.N. Road,
Indore - 452003, (M.P.)
Tel: (91-731) 4217100/101
CIN: L66120MP1992PLC007182

Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

Research Analyst
Registration No.

Contact

Website

Email Id

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.com

instresearch@arihantcapital.com

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Arihant Capital Markets Ltd

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800