

- Ujjivan is a well diversified SFB with major presence in TN 14%, Karnataka 13%, WB 12% and MH 10%.
- As on FY25, 57% of AUM constitutes MFI loans, 23% Affordable Housing, 6% MSME, 9% NBFCs and 5% from other retail products. We expect the share of MFI loans to decline to 49% by FY27E.
- Ujjivan was the first bank to have acknowledged the oncoming sectorial issues of overleveraging and possible disruption due to implementation of MFIN guardrails during Q4FY24 itself and thus it turned cautious ahead of others and slowed down its group loan disbursements (down 25% in FY25).
- Among all SFBs/MFIs, Ujjivan has delivered the best pre-quarter update for Q4FY25 which provides confidence that it has turned around. On a QoQ basis from Q3FY25 to Q4FY25, its PAR has declined significantly from 5.4% to 4.5%, GNPA from 2.7% to 2.2% & Collection Efficiency from 96.0% to 96.9%.
- We expect Ujjivan to accelerate its loan growth to 24% CAGR over FY25-27E from 12% in FY25. We expect profitability to stage a strong comeback from Q2FY26 onwards and thus expect ROA to expand to 1.8% in H2FY26 and 2.2% in FY27E. We value the stock at 1.8x FY26 BV, at a 10% discount to its mean multiple which it commanded in the previous upcycle and arrive at a target of Rs. 61. We apply a 10% discount as the new MFIN Guardrails shall structurally reduce the industry growth rate.

Figures in Rs Cr

Year	NII	Growth	PAT	Growth	EPS	PE	BVPS	P/BV	ROA	ROE
FY24	3,409	26%	1,282	17%	6.6	6.6	28.7	1.5	3.5%	26.4%
FY25E	3,695	8%	740	-42%	3.8	11.5	31.5	1.4	1.7%	12.7%
FY26E	3,817	3%	732	-1%	3.8	11.6	34.1	1.3	1.5%	11.6%
FY27E	4,840	27%	1,366	87%	7.1	6.2	39.6	1.1	2.2%	19.2%

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