

Ujjivan Small Finance Bank (UJJIVANS) - BUY

Result Update

Current Market Price (CMP) Rs. 43	Target Price Rs. 55
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Rationale:

- Ujjivan SFB posted about 75% yoy earnings decline, led by elevated provisions (credit cost of ~3.5%), while operating profit declined about 30% yoy.
- The asset-quality ratios have now begun to improve with a performance meaningfully better than peers.
- While provisions are likely to remain elevated for some more time, we find the valuations reasonable.
- Retain BUY with a FV of Rs55 (Rs50 earlier).

Q4FY25 Earnings Update:

Positives:

- Gross NPL ratio was down ~50 bps qoq to ~2.2%, while net NPL ratio flat qoq at ~0.5%.
- Slippages were flat qoq at ~4.6% in Q4FY25.
- Co. has reported significantly better asset quality than peers in the microfinance business across most states.

Negatives:

- Net Interest Income (NII) declined ~7% yoy—considerably weaker than ~17% yoy growth in net advances
- NIM (Net Interest Margin) declined ~30 bps qoq, led by lower yield on advances.

[Click here](#)

For detailed report dated 02nd May 2025. Note: CMP & valuation may differ due to difference in dates



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