



TM

## Ujjivan Small Finance Bank

23 June 2024

## Strategic update along with guidance revision

## ANALYST MEET UPDATE

Sector: Banks

Rating: NOT RATED

CMP: Rs 48

Target Price: NA

## Stock Info

Sensex/Nifty	77,209 / 23,501
Bloomberg	UJJIVANS IN
Equity shares	1,932 mn
52-wk High/Low	Rs 63 / 37
Face value	Rs 10
M-Cap	Rs 93bn/ USD 1.1bn
3-m Avg value	USD 7mn

## Financial Snapshot (Rs mn)

Y/E March	FY22	FY23	FY24
NII	17,736	26,979	34,095
PPP	6,371	14,850	19,171
PAT	(4,146)	10,999	12,815
EPS (Rs)	(2.2)	5.1	6.6
EPS Gr. (%)	(5,097)	(337)	30
BV/Sh (Rs)	14.3	19.3	28.7
Adj. BV/Sh (Rs)	13.8	19.3	28.3

## Ratios

NIM (%)	8.4	9.8	9.5
C/I ratio (%)	70.1	54.8	54.3
RoA (%)	(1.9)	3.9	3.5
RoE (%)	(14.0)	31.8	26.4
Payout (%)	-	15	23

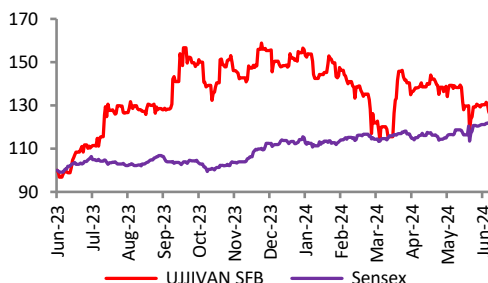
## Valuations

P/E (x)	NA	9.4	7.2
P/BV (x)	3.4	2.5	1.7
P/Adj. BV	3.5	2.5	1.7

## Shareholding pattern (%)

	Dec'23	Mar'24	6-May'24
Promoter	73.6	73.5	0.0
-Pledged			
FII	3.7	3.49	27.0
DII	3.99	2.32	7.8
Others	18.7	20.7	65.3

## Stock Performance



We attended the analyst meet hosted by Ujjivan SFB yesterday. Management presented the strategic objectives for the medium term and highlighted some of the prevalent issues within its gamut of operations. The key takeaway for us was the revision in FY25 outlook on the back of stress seen in its micro-banking portfolio (MBL) in a few pockets in states of Punjab, Haryana, Gujarat, Kerala and UP (~5 out of 29 districts) on the back of various social and economic factors. The bank revised its FY25 outlook in terms of growth at 20% (lower end of the 20-25% range earlier), credit costs ~1.7% (1.4-1.5% earlier), and RoE of 20% (22% earlier). The bank will be applying for a universal banking license during FY25. On consensus basis, the stock trades at FY25 P/B of 1.4x for FY25 RoA / RoE of 3% / 22%.

Key drivers for the earnings revisions were: (1) reduction in FY25 gross loan growth guidance to 20% (vs 20-25% previously, 24% in FY24) mainly driven by reduced growth outlook in micro-banking (~70% of the portfolio) due to pockets of stress in different states. The bank has a target to increase secured mix from 30% in FY24 to 35% in FY25 and 40% by FY26 on the back of scale-up in MSME, micro-mortgages and new product segments of gold loans and vehicle finance. (2) Despite increase in secured mix, the management maintained its FY25 NIM guidance of 9% (FY24 NIM at 9.1%) as it expects the yield compression to be only marginal due to its strategic positioning in relatively higher yielding sub-segments within secured products. Further, improved CA growth on the back of ramp up in MSME should aid lower cost of funds. (3) CIR to stay elevated, slightly above 54-55% levels seen in FY24 due to augmentation of collection team which will be partly offset by reduced hiring, in-line with moderation in business growth outlook and scale up in newer business segments of MSME, micro-mortgages which saw increased business investments in FY24. (4) FY25 credit cost guidance increased to ~1.7% (vs 1.4%-1.5% previously, <1% in FY24) mainly driven by stress in micro-banking loans. However, credit costs in other portfolios are expected to be lower on a yoy basis in FY25. (5) Steady state RoE is expected to be around 20% assuming 40%:60% :: secured : unsecured mix and normalised credit costs of 130-150bps.

Credit cost guidance increased to ~1.7% (vs 1.4%-1.5% previously, <1% in FY24) The key takeaway from the meet was the stress seen in MBL in a few pockets in states of Punjab, Haryana, Gujarat, Kerala and UP (~5 out of 29 districts) on the back of various social and economic factors. **Punjab / Haryana** witnessing stress due to Karza Mukti Abhiyan. Consequently, the bank had stopped group loan (GL) disbursements in 2QFY24, in these states. **Kerala** witnessing economic slowdown and the bank reduced new customer acquisition in this state in 1QFY24. While Kerala is only 2% of the portfolio, it has a GNPA of 3-4%. In **Gujarat**, there is oversupply and pricing indiscipline as 28 new players have entered the state in last 2 years. Out of the 7-8 districts in Gujarat which are witnessing stress, 2-3 districts are also impacted by economic slowdown due to weakness in diamond and textile businesses. **UP** witnessed stress due to political uncertainty related to elections in 4-5 districts (viz Agra, Firozabad, Hathras, Faizabad triangle) out of 29 where the bank is present. There are signs of it subsiding with the bank relatively immune with 18 MOB (loans disbursed between Oct'22 to Mar'24) 90+ PAR at 0.82% vs industry at 1.61%. There are only five districts where NPA > 2% in UP. **Overall, the bank expects the impact to be limited as (i) collection efficiency has improved in Punjab in last 2 months, (ii) small players in Gujarat are expected to slow down on disbursements as a follow-**

Manjith Nair

manjithnair@systematixgroup.in  
+91 22 6704 8065

Pashmi Chheda

pashmichheda@systematixgroup.in  
+91 22 6704 8063

Nirali Chheda

niralichheda@systematixgroup.in  
+91 22 6704 8019

up to the larger players, (iii) states of Karnataka, West Bengal, Tamil Nadu, UP and Bihar, wherein Ujjivan has a matured presence, have a relatively low PAR of 1.4-1.5% and GNPA of 1.1-1.25%. Further, Ujjivan's MBL portfolio has better asset quality vs industry, with 24 MOB (loans disbursed from Apr'22 onwards) 90+ PAR % / 30+ PAR % at 1.36% / 2.08%, lower as compared to 2.46% / 3.73% for the industry. **Considering the above events, the bank has increased the credit cost guidance to ~1.7% (vs 1.4%-1.5% previously, <1% in FY24) mainly driven by stress in MBL. However, credit costs in other portfolios are expected to be lower on a yoy basis in FY25.** The bank had anticipated the stress in 2HFY24 and hence had reduced growth in MBL, which grew by 20% in 2H vs 32% in 1H. It has hired 150 additional on-ground credit officers (collection team size of 1,876 as of Mar'24) to monitor the situation. The bank's individual loan portfolio continues to perform better than group loan portfolio in terms of asset quality due to higher customer income profile, stringent underwriting, more end-use driven loans and higher ticket sizes as compared to group loans. From an industry perspective, the bank expects the crisis to be of a much smaller magnitude as compared to previous events of Andhra crisis, demonitization, COVID and mostly localized to a few districts in different states. Further with MFI industry maturing, better availability of data in terms of credit bureau scores, SROs etc, the industry remains better placed to manage the risk.

In **housing book**, the post-COVID book is 73% of the housing book and has better asset quality with PAR/GNPA at 1.6%/0.6% vs 3.9%/1.5% for overall housing book. In **MSME**, the post-COVID new book (Apr'22 onwards i.e. 24 MOB) is now ~50% of the total book and has NPA of 1.4%, Nil delinquency in 12 MOB (vs overall MSME GNPA at 8.4% as of Mar'24). Risk in the old portfolio is contained with no incremental NPA addition. The bank has a floating provision buffer of Rs 2.5bn (84bps of Gross loans as of Mar'24) and PCR of 87%.

**FY25 gross loan growth guidance reduced to 20% (lower end of the 20-25% guided range previously, 24% in FY24) mainly driven by reduced growth outlook in micro-banking (~70% of the portfolio).** While Ujjivan's MBL portfolio has better asset quality vs industry with 24 MOB 90+ PAR % / 30+ PAR % at 1.36% / 2.08%, lower as compared to 2.46% / 3.73% for industry, its reduction in growth in these states is mainly stemming out of caution as the bank believes it to be an industry-wide phenomena. However, individual loans (23% of MBL and 16% of total portfolio) will continue to see higher growth than group loans. In FY24, Individual loans grew by 53% yoy vs group loan growth of 13% yoy, overall MBL growth of 20% yoy. Growth in other key segments of MSME, affordable housing and micro-mortgages will continue to be around 40-50% levels, seen in FY24. New segments of gold loans and vehicle finance will scale up to 15x and 3x on a low base. **The bank has a target to increase secured mix from 30% in Mar'24 to 35% in FY25 and 40% by FY26.**

**Deposit growth (FY24: 23% yoy) to be in-line with credit growth:** C-D ratio is likely to remain around FY24 levels of 95% and 87% (ex IBPC/Securitisation). The bank has **CASA target of 30% in 2 years (26.5% Mar'24)**. Focus is to drive retail CA growth from retail traders and suppliers to MSMEs on the back of ramp up in MSME growth. MSME mapped CA is witnessing 2x growth.

**FY25 NIM guidance remained unchanged at 9% (FY24 NIM: 9.1%):** Despite increase in secured mix to 35% by FY25 (vs 30% in FY24), management remained confident of broadly maintaining the margins as yield compression is expected to be only marginal due to better product, customer and geographic profiling. Management believes that yields in their MBL portfolio are fair and as such doesn't expect any impact in case RBI were to act upon its observation regarding usurious pricing by some players in the sector. **CIR** to stay elevated, slightly above 54-55% levels seen in FY24. Hiring plans would be moderated to be in line with business growth outlook.

**Steady state RoE on the book, assuming 40%:60%::secured:unsecured mix and normalised credit costs of 130-150bps, is expected to be ~20%.**

**Ujjivan SFB would be submitting the proposal for universal banking license in FY25.** Management remains confident that the bank also satisfies the qualitative aspect of the requirement viz portfolio diversification. They believe that the bank is well diversified across states with no single state constituting dominant part of the book. The planned strategy towards increasing proportion of secured book would also support their case with the management willing to look at increasing the share further, if the regulator so desires. Conversion to universal bank would have multiple positive implications like - lower PSL requirements, more product diversification, lower capital requirements (~5-6% capital release) amongst others.

## MSME is the next growth driver for both assets and liabilities.

As per management, the MSME book was heavily impacted during COVID due to presence in multiple segments, lack of penetration in target markets leading to lower scale and manual legacy processes. In FY23/FY24, the bank strategically revamped the segment by (i) rationalising locations with most locations now being semi-urban and a few urban, (ii) identified its target customer segment of semi formal businesses where the business is registered under GST, has started to have banking behaviour but may not have done a formal audit of the business lines, (iii) mapped its offerings to the requirements of this segment and established 3 distinct business lines - LAP, working capital and supply chain finance. It further put in place separate leadership, field teams for each of the businesses and dedicated RMs focusing to get the liability relationship of the customer with the aim to be the sole banker, (iv) tech revamp with dedicated LOS, digital underwriting, monitoring and collection system.

**LAP:** The bank has exposures up to Rs 30mn ticket size, yields between 11.5-12.5% and provides funnel for working capital relationships.

**Working capital (WC):** Aims to meet the business banking needs with products like, short term fund based – OD/ CC, WCDL, Non-Fund – BG, LC. The bank has exposures up to Rs 50mn ticket size and yields between 10.5-11.5%. The bank aims to be the sole banker to the customer targeting its liability relationship and fee income.

**Supply chain finance:** Aims to meet the ultra-short term funding needs. Targets MSME dealerships and vendors of the corporate anchor through MoUs with the anchor. The bank has exposures up to Rs 20mn ticket size. **FY25 to see accelerated growth on the back of fintech tie-ups (2 in place, 2 more in pipeline).**

Post the business investments in FY24, in FY25 it looks to scale up the different verticals and expects to benefit due to formalisation of MSMEs as increasingly micro businesses are coming under GST ambit thus driving data trails and improving their banking behaviour. **It targets MSME portfolio growth of over 50% in FY25 and short term book (working capital loans, supply chain finance) share of more than 20%. From 2023, all the new originations are on floating rates linked to repo rate.**

**Asset Quality:** In MSME, the post-COVID new book (Apr'22 onwards i.e. 24 MOB) is now ~50% of the total book and has NPA of 1.4%, Nil delinquency in 12 MOB (vs overall MSME GNPA at 8.4% as of Mar'24). Risk in the old portfolio is contained with no incremental NPA addition in last 12 months.

**Exhibit 1: Dedicated lines of business with full stack of offerings to MSMEs**

	LAP	Working Capital (WC)	Supply Chain Finance
<b>Goal</b>	To scale book growth and build funnel of prospective WC customers	To be a one-stop for MSMEs, financing needs, while building liability book and fee income	To meet urgent funding requirements of MSMEs by unlocking their funds held up in supply chain
<b>Segment</b>	MSE Proprietorships & Partnerships as Traders, Job workers, Small manufacturers from Semi-Formal & Formal segments	SME Companies and Firms as Manufacturers, Traders and Service Providers in Formal segment. Target's graduating legacy LAP customers	SME Companies and Firms engaged as distributors and vendors to large corporates
<b>Products</b>	Long Term LAP, LRD, DLOD, surrogate income assessment	Short Term Fund Based – OD/ CC, WCDL, Non-Fund – BG, LC	Ultra-Short Term anchor-led Dealer and Vendor Financing, The bank has MoUs with the anchor.
<b>Exposure</b>	Upto ticket size of Rs. 30mn	Upto ticket size of Rs. 50mn	Upto ticket size of Rs. 20mn
<b>Yield</b>	11.5-12.5%	10.5-11.5%	NA

Source: Company, Systematix Institutional Research

## Affordable housing and micro mortgages to drive higher share of secured businesses

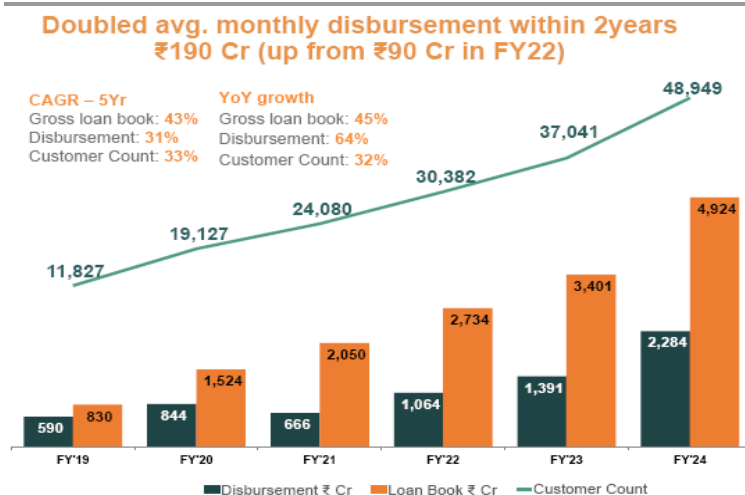
**Affordable housing (AFH)** was started as the bank's MFI customers were using the small ticket loans for house upgradation, renovation, extension, house repair. The bank has a geographically diversified mix of West (39%), South (27%), North (18%), East (15%). ~60% of the housing book is coming from HL, salaried, formal segment. In the last 2 years, Ujjivan's AFH disbursements have grown by 45% (2 year CAGR) vs 21% growth for leading HFC's. **Key deliverables for FY25 include (i) process digitisation** - while LOS is in place, the bank plans to rollout LMS (lead management system) in 2HFY25, (ii) **unit level profitability** - ensuring both customer and employee profitability (iii) **state level collateral policy** - to drive better sourcing and pricing (iv) **retail asset centres** to drive penetration in high potential markets - add 4 new centres (18 o/s) (v) **renewed focus on higher yielding self-employed non-professional segment** in tier2/3 locations vs focus on salaried segment post COVID.

**Micro-mortgages (Rs 2bn AUM, 4% of total housing portfolio)** is a high yielding new business initiative which caters to the customers graduating from micro -lending but are not yet ready for affordable housing and business loan propositions. Products include micro-LAP, micro home improvement loans and micro business loans. The bank follows local market relevant policies suitable for specific income groups in each geography. Ratio for ETB: NTB customers is 50:50.

**FY25 targets include:** (i) 40% loan growth (ii) plans to scale micro mortgages to 7 states in addition to 7 existing. (iii) GNPA of around 1% (iv) while the segment has turned profitable in FY24, the bank plans to further increase RoI with focus on operational efficiency.

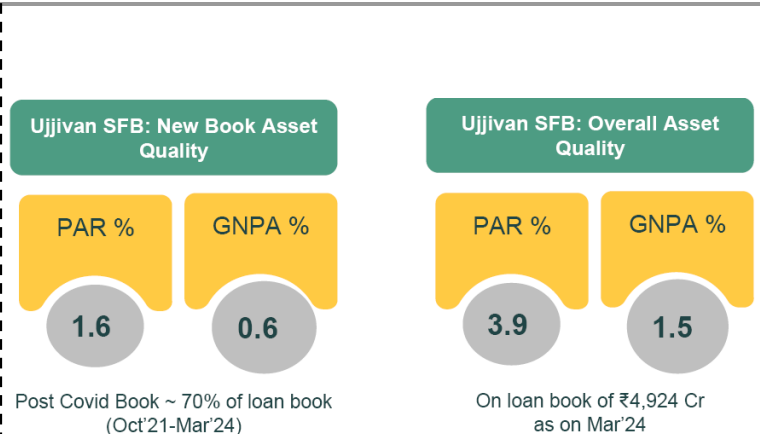
**Asset Quality:** In affordable housing, the post-COVID (Oct'21-Mar'24) book is 73% of the housing book and has better asset quality with PAR/GNPA at 1.6%/0.6% vs 3.9%/1.5% for overall housing book. Every customer as well as property is personally visited by credit officer to do underwriting. The bank has reduced exposure to under-construction projects as it saw stress during COVID. To ensure credit quality in **micro-mortgages**, 40% of the credit officers have been moved internally from Individual loan credit background. This gives a better understanding of the customer as 50% of micro-mortgage customers are graduated from MBL. Average LTV is between 27-34% providing adequate collateral cushion.

**Exhibit 2: Ujjivan's affordable housing disbursements have grown by 45% 2 year CAGR vs 21% for industry**



Source: Company, Systematix Institutional Research

**Exhibit 3: New book is exhibiting better asset quality trends**



Source: Company, Systematix Institutional Research



## Microlending, exhibiting better asset quality vs industry

**Microlending (Rs 208bn, 70% of the total portfolio)** comprises of group loans (GL) and individual loans (IL) given to graduating customers from group loans. The bank has 5mn customers (80mn customers industry wide). The loan book is diversified with state wise loan book concentration of < 15%.

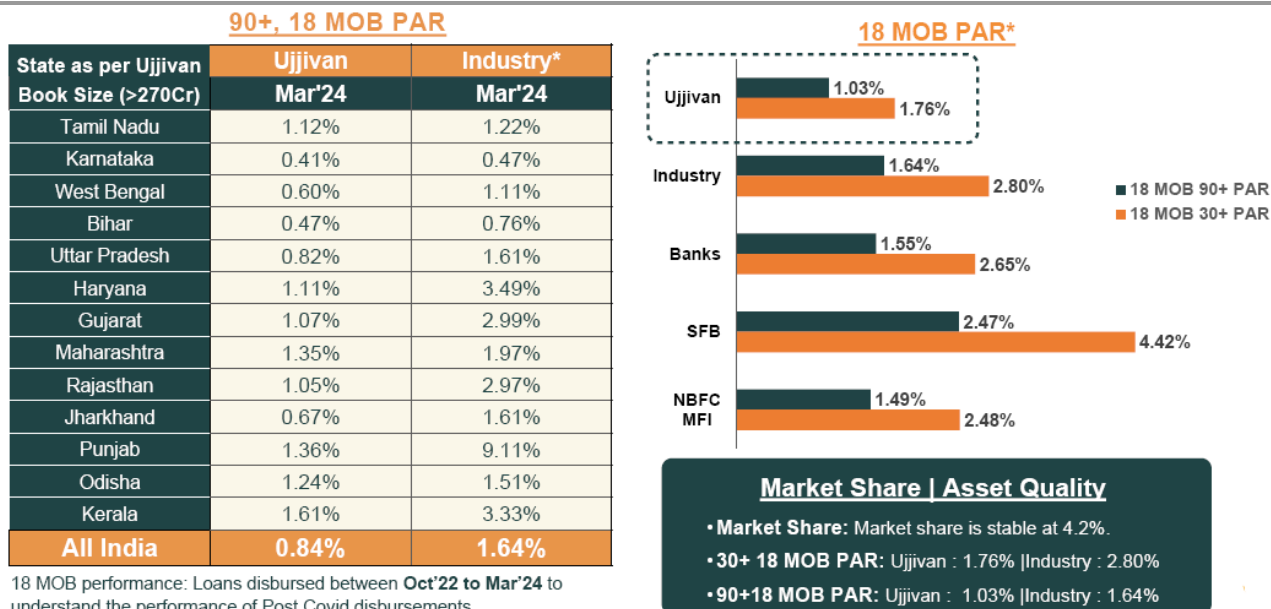
IL growth (60% 2yr CAGR) is faster than GL growth (24% 2yr CAGR) for last 2 years. 20% of IL customers are sourced from open market from other MFI's who migrate to the bank in pursuit of better products. Individual loans are more end-use driven like secured livestock loans. **Secured livestock loan book to reach 12% of the overall IL portfolio by Mar'25 from existing 2.5%. In FY25 the bank plans to do LOS upgrade for IL products to drive efficiency.** The bank is seeing increasing trend of customers wanting to avail higher ticket secured loan products of gold loans, 2W loans, Micro mortgages and secured livestock loans. **In last 4-5 months, about ~1% of the MBL book has been converted to secured loans.**

**Asset Quality:** Ujjivan's asset quality is better vs industry reflected in 18 MOB 90+ PAR and 30+ PAR being lower vs industry across various states. This is driven by some of its industry first practices like (i) independent collection team (1200+ collections staff), rare in MFI industry. Most of the collections staff is outsourced which gives flexibility to increase decrease collection team size, (ii) independent credit assessment team.

That said, the bank has seen stress in the micro-banking loans (MBL) in a few pockets in states of Punjab, Haryana, Gujarat, Kerala and UP (~5 out of 29 districts) on the back of various social and economic factors. **Overall, the bank expects the impact to be limited as (i) collection efficiency has improved in Punjab in last 2 months, (ii) small players in Gujarat are expected to slow down on disbursements as a follow-up to the larger players, (iii) states of Karnataka, West Bengal, Tamil Nadu, UP and Bihar, wherein Ujjivan has a matured presence, have a relatively low PAR of 1.4-1.5% and GNPA of 1.1-1.25%.**

The bank's individual loan portfolio continues to perform better than group loan portfolio in terms of asset quality due to higher customer income profile, stringent underwriting, more end-use driven loans and higher ticket sizes vs group loans.

**Exhibit 4: Ujjivan's MBL portfolio's asset quality, collections amongst industry best**



Source: Company, Systematix Institutional Research

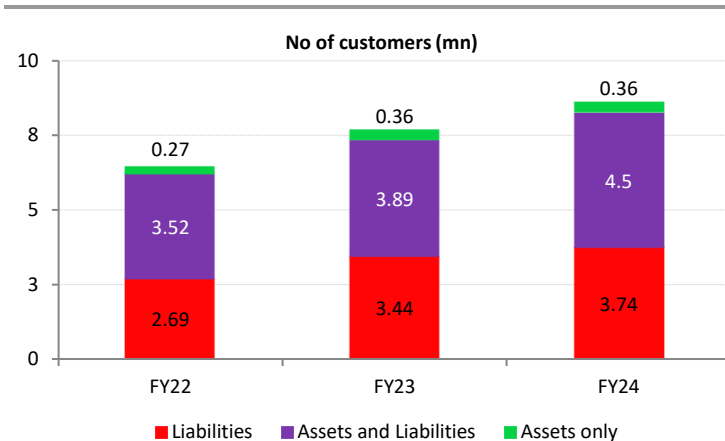
## Liabilities strategy is to drive retail deposit growth aided by ramp-up in MSME

In FY24 the bank was able to maintain CASA ratio at 26.5% (stable yoy), increase retail TD share to 43.7% (vs 39.6% yoy) and reduce bulk deposit share to 29.4% (vs 33% yoy). This was led by (i) initiation of relationship manager (RM) channel to drive better customer service which helped increase wallet share. On the back of this, the bank was able to reduce its SA rate from 6% to 5% in 2HFY24 while still holding customer accounts. (ii) new products include Maxima savings and current accounts, Navratna accounts. (iii) upgraded video banking and video KYC helped digital customer acquisition. The bank's liabilities only customer base has increased by 18% (2 year CAGR) vs 15% growth in total customers.

In FY25, the bank will also focus on 3 more segments; (i) **youth population** is 27% of total population which require seamless banking and digital onboarding. (ii) **minor segment** of age <18yrs (5% of total banking deposits in the system) which require FD, RD along with ease to access accounts. The bank has started a product with no minimum balance facility and complete operations by the guardian. (iii) **CA accounts** from tier-2/3 retail segment which require low avg monthly balance, digital mode of collection, small ticket loans. **The bank plans to drive retail CA growth on the back of ramp up in MSME growth. MSME mapped CA is witnessing 2x growth.**

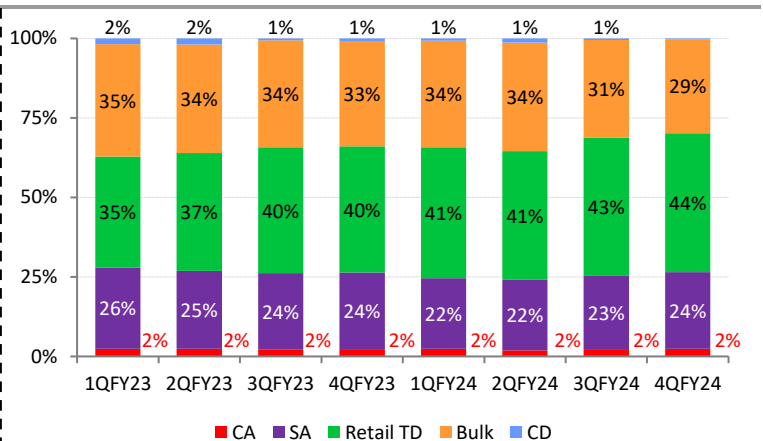
**FY25 Deposit growth (FY24: 23% yoy) to be in-line with credit growth (20% in FY25). C-D ratio is likely to remain around FY24 levels of 95% and 87% (ex IBPC/Securitisation). The bank has CASA target of 30% in 2 years (26.5% Mar'24).**

**Exhibit 5: Customer base increased by 15% (CAGR) in 2 years**



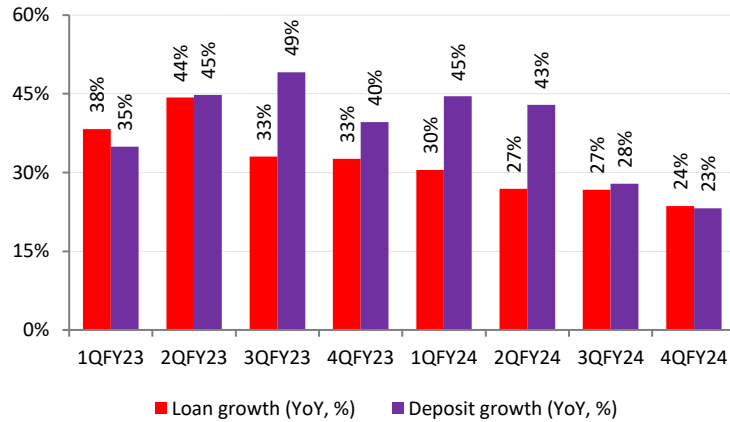
Source: Company, Systematix Institutional Research

**Exhibit 6: Bulk deposit mix reduced to 29.4% (vs 33% yoy)**

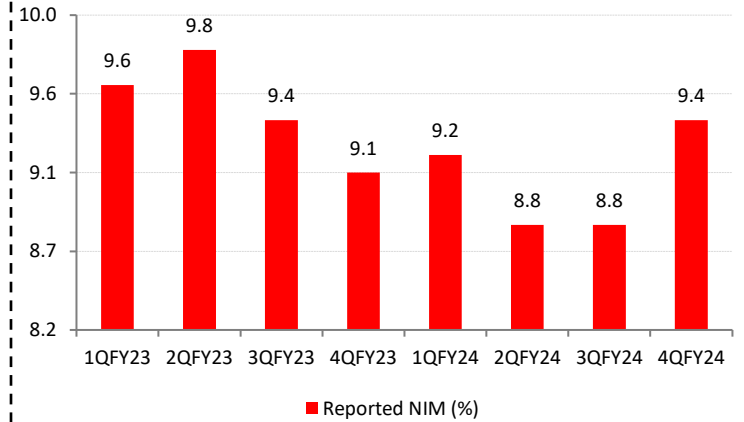


Source: Company, Systematix Institutional Research

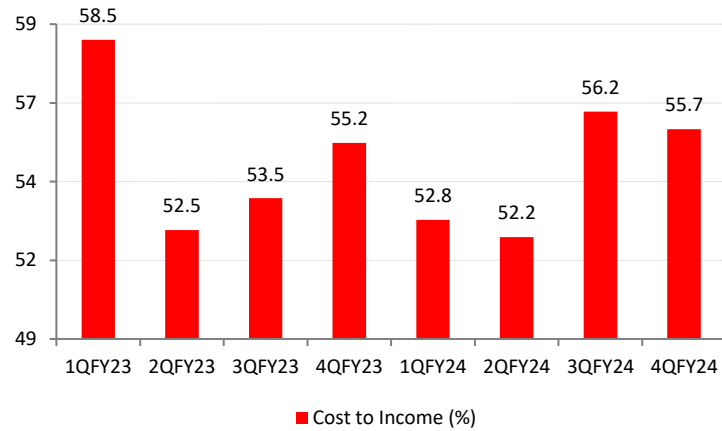
## Key charts

**Exhibit 7: FY25 gross loan growth guidance reduced to 20% (lower end of 20-25% previously guided range, 24% in FY24)**

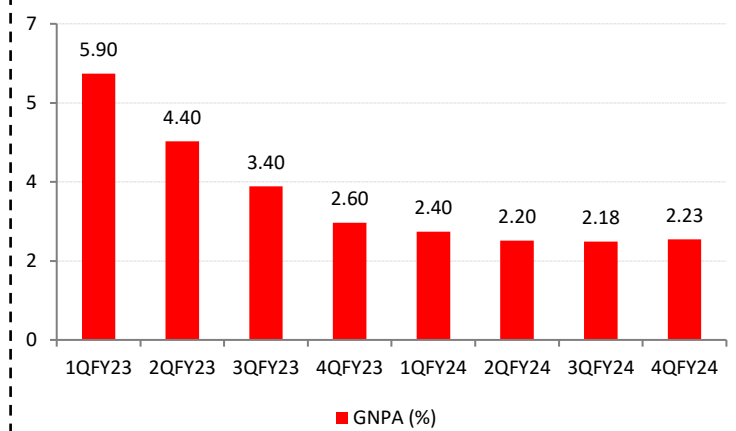
Source: Company, Systematix Institutional Research

**Exhibit 8: FY25 NIM guidance remained unchanged at 9% (FY24 NIM: 9.1%)**

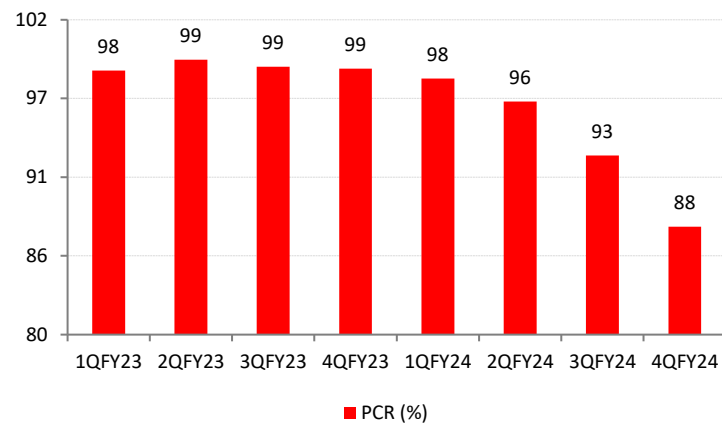
Source: Company, Systematix Institutional Research

**Exhibit 9: CIR to stay elevated, slightly above 54-55% levels seen in FY24**

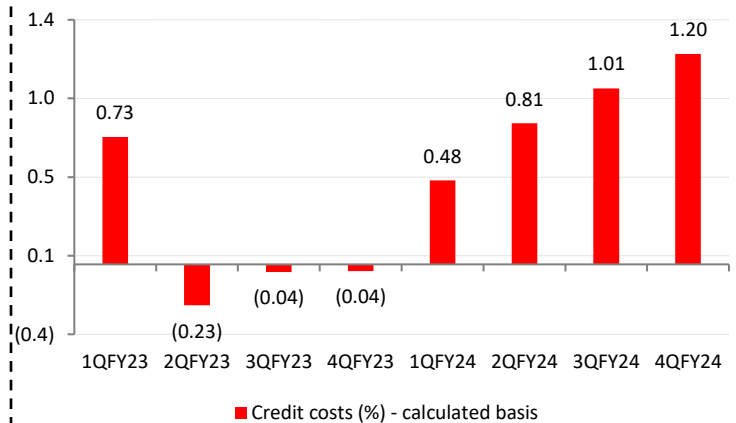
Source: Company, Systematix Institutional Research

**Exhibit 10: GNPA stable for last 3-4 quarters**

Source: Company, Systematix Institutional Research

**Exhibit 11: PCR at 88% remains better vs peers**

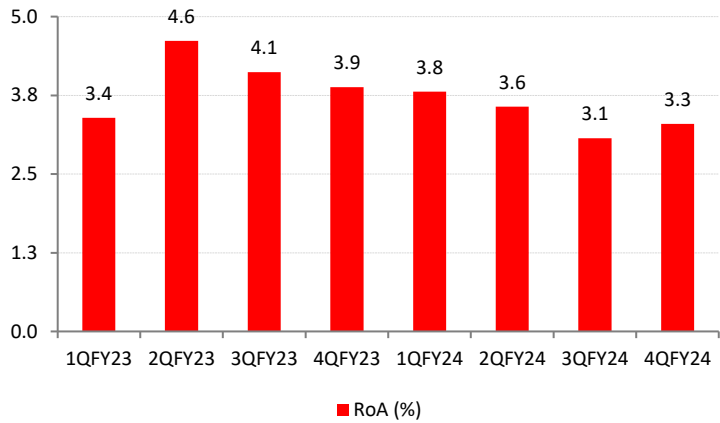
Source: Company, Systematix Institutional Research

**Exhibit 12: Credit cost guidance, for FY25, increased to ~1.7% (vs 1.4%-1.5% previously, <1% in FY24)**

Source: Company, Systematix Institutional Research

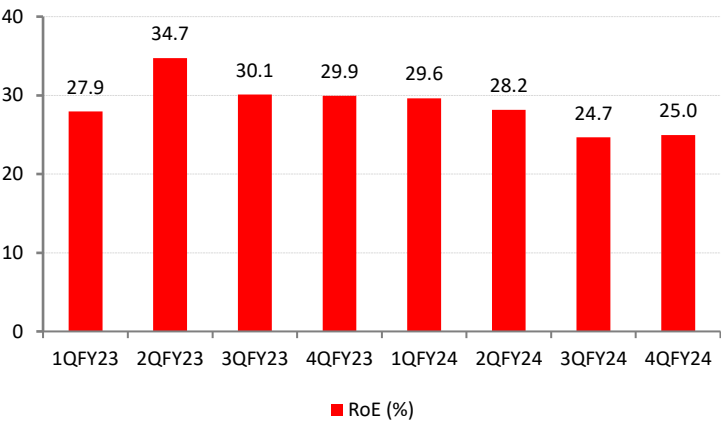


Exhibit 13: RoA to reduce on the back of higher credit costs



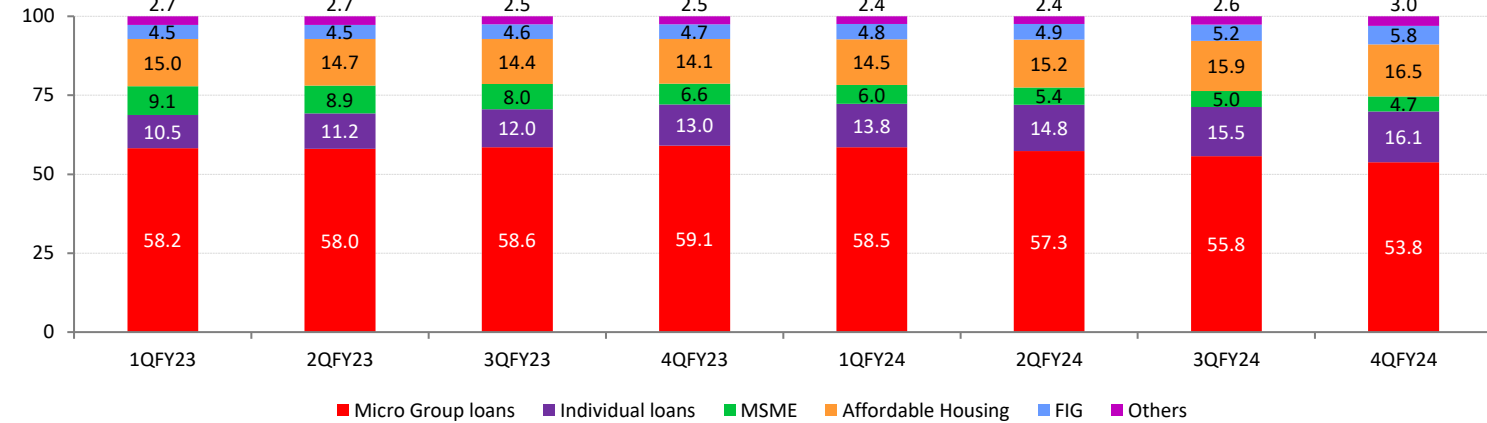
Source: Company, Systematix Institutional Research

Exhibit 14: FY25 RoE guidance reduced to 20% (vs 22% earlier)



Source: Company, Systematix Institutional Research

Exhibit 15: Advances mix (%): 70% of the portfolio consists of micro banking loans (micro group loans + individual loans)



Source: Company, Systematix Institutional Research

## FINANCIALS

## Profit &amp; Loss Statement

YE: Mar (Rs mn)	FY21	FY22	FY23	FY24
Interest Income	28,061	28,128	41,650	56,772
Interest Expenses	10,775	10,392	14,671	22,677
<b>Net Interest Income</b>	<b>17,286</b>	<b>17,736</b>	<b>26,979</b>	<b>34,095</b>
Change (%)	5.8	2.6	52.1	26.4
Commission, Exchange & Brokerage Inc.	1,563	2,452	3,610	4,550
Add: Other income	1,461	1,147	2,282	3,318
<b>Net Income</b>	<b>20,309</b>	<b>21,335</b>	<b>32,871</b>	<b>41,962</b>
Change (%)				
Operating Expenses	12,301	14,964	18,021	22,791
Operating Profit	8,008	6,371	14,850	19,171
Change (%)	25.7	(20.4)	133.1	29.1
Provisions	7,906	11,875	178	2,149
<b>PBT</b>	<b>102</b>	<b>(5,504)</b>	<b>14,672</b>	<b>17,022</b>
Tax	19	(1,358)	3,673	4,207
Tax Rate (%)				
<b>PAT</b>	<b>83</b>	<b>(4,146)</b>	<b>10,999</b>	<b>12,815</b>
Change (%)	(97.6)	(5,096.9)	(365.3)	16.5
Proposed Dividend	-	-	0.8	1.5

Source: Company, Systematix Institutional Research

## Dupont

YE: Mar (%)	FY21	FY22	FY23	FY24
Interest Income	14.5	12.8	14.6	15.4
Interest Expended	5.6	4.7	5.2	6.2
<b>Net Interest Income</b>	<b>8.9</b>	<b>8.1</b>	<b>9.5</b>	<b>9.2</b>
Commission, Exchange & Brokerage	0.8	1.1	1.3	1.2
Other Fee Income	0.5	0.4	0.8	0.8
Profit on sale of investment	0.3	0.1	0.0	0.1
<b>Net Income</b>	<b>10.5</b>	<b>9.7</b>	<b>11.5</b>	<b>11.4</b>
Operating Expenses	6.3	6.8	6.3	6.2
<b>Operating Income</b>	<b>4.1</b>	<b>2.9</b>	<b>5.2</b>	<b>5.2</b>
Provisions	4.1	5.4	0.1	0.6
<b>PBT</b>	<b>0.1</b>	<b>(2.5)</b>	<b>5.2</b>	<b>4.6</b>
Tax	0.0	(0.6)	1.3	1.1
<b>PAT</b>	<b>0.0</b>	<b>(1.9)</b>	<b>3.9</b>	<b>3.5</b>
Leverage	6.1	7.4	8.2	7.6
<b>RoE</b>	<b>0.3</b>	<b>(14.0)</b>	<b>31.8</b>	<b>26.4</b>

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY21	FY22	FY23	FY24
Capital	19,720	19,705	22,059	20,038
Reserves & Surplus	12,467	8,321	20,032	36,097
<b>Net Worth</b>	<b>32,188</b>	<b>28,026</b>	<b>42,091</b>	<b>56,135</b>
Change (%)	1.0	(12.9)	50.2	33.4
<b>Deposits</b>	<b>1,31,358</b>	<b>1,82,922</b>	<b>2,55,377</b>	<b>3,14,622</b>
Change (%)	21.8	39.3	39.6	23.2
CASA Ratio (%)	20.6	27.3	26.4	26.5
<b>Borrowings</b>	<b>32,473</b>	<b>17,636</b>	<b>26,415</b>	<b>21,708</b>
Other Liabilities	7,786	7,538	9,286	11,758
<b>Total Liabilities</b>	<b>2,03,805</b>	<b>2,36,122</b>	<b>3,33,169</b>	<b>4,04,222</b>
Change (%)	10.7	15.9	41.1	21.3
Investments	25,165	41,529	85,103	97,660
Cash & Bank balance	25,775	21,758	24,836	25,368
<b>Loans</b>	<b>1,44,940</b>	<b>1,63,032</b>	<b>2,12,897</b>	<b>2,68,829</b>
Change (%)	3.2	12.5	30.6	26.3
Fixed Assets	2,807	2,494	2,829	4,267
Other Assets	5,118	7,309	7,504	8,098
<b>Total Assets</b>	<b>2,03,805</b>	<b>2,36,122</b>	<b>3,33,169</b>	<b>4,04,222</b>

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY21	FY22	FY23	FY24
<b>Spreads Analysis (%)</b>				
Yield on Advances	18.2	16.7	19.7	20.6
Yield on Earning Assets	15.0	13.3	15.2	15.9
Cost of Deposits	6.5	5.7	6.0	-
Cost of Funds	6.9	5.7	6.1	7.3
NIM	9.3	8.4	9.8	9.5
<b>Profitability Ratios (%)</b>				
Cost/Income	60.6	70.1	54.8	54.3
PPOP / Avg. assets	4.1	2.9	5.2	5.2
RoE	0.3	(14.0)	31.8	26.4
RoA	0.04	(1.9)	3.9	3.5
<b>Asset Quality (%)</b>				
GNPA (Rs bn)	10.7	12.8	6.3	6.1
NNPA (Rs bn)	4.2	1.0	0.1	0.8
GNPA (%)	7.1	7.1	2.6	2.1
NNPA (%)	2.9	0.6	0.0	0.3
PCR	60.3	92.2	98.6	87.5
<b>Capitalisation (%)</b>				
CAR	26.4	19.0	25.8	24.7
Tier I	25.1	17.7	22.7	22.6
Tier II	1.4	1.3	3.1	2.1
Average Leverage on Assets (x)	6.1	7.4	8.2	7.6
<b>Valuations</b>				
Book Value (Rs)	16	14	19	29
Adj. Book Value (Rs)	14	14	19	28
Price-BV (x)	2.9	3.4	2.5	1.7
Price-Adj. BV (x)	3.4	3.5	2.5	1.7
EPS (Rs)	0.04	(2.2)	5.1	6.6
EPS Growth (%)	(98)	(5,097)	(337)	30
Price-Earnings (x)	NA	NA	9.4	7.2
Dividend (Rs)	-	-	0.8	1.5
Dividend Yield (%)	-	-	1.6	3.1

Source: Company, Systematix Institutional Research

## Institutional Equities Team

<b>Nikhil Khandelwal</b>	<b>Managing Director</b>	<b>+91-22-6704 8001</b>	<b>nikhil@systematixgroup.in</b>
--------------------------	--------------------------	-------------------------	----------------------------------

### Equity Research

Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Abhishek Mathur	FMCG	+91-22-6704 8059	abhishekmathur@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Sameer Pardikar	IT & ITES	+91-22-6704 8041	sameerpardikar@systematixgroup.in
Santosh Yellapu	Capital Goods	+91-22-6704 8094	santoshiyellapu@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Deeksha Bhardwaj	Strategy & Economics	+91-22-6704 8017	deekshabhardwaj@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Hinal Kothari	Metals & Mining	+91-22-6704 8076	hinalkothari@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Kalash Jain	Midcaps	+91-22-6704 8038	kalashjain@systematixgroup.in
Krishna Zaveri	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8023	krishnazaveri@systematixgroup.in
Mahek Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8040	mahekshah@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niralichheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Ronak Dhruv	NBFCs & Diversified Financials	+91-22-6704 8045	ronakdhruv@systematixgroup.in
Rushank Mody	Pharmaceuticals and Healthcare	+91-22-6704 8046	rushankmody@systematixgroup.in
Swati Saboo	Midcaps	+91-22-6704 8043	swatisaboo@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeetarathod@systematixgroup.in

### Equity Sales & Trading

Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Jignesh Desai	Sales	+91-22-6704 8068	jigneshdesai@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Shreya Chaudhary	Sales	+91-22-6704 8033	shreyachaudhary@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in
Niraj Singh	Dealer	+91-22-6704 8096	nirajsingh@systematixgroup.in

### Corporate Access

Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Darsha Hiwrale	Associate Corporate Access	+91-22-6704 8083	darshahiwrale@systematixgroup.in

### Production

Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in

### Operations

Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Hiren Patel	Assistant Manager	+91-22-6704 8056	hirenpatel@systematixgroup.in

## DISCLOSURES/APPENDIX

## I. ANALYST CERTIFICATION

I, **Manjith Nair, Pashmi Chheda; Nirali Chheda**, hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

## II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

- The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
- The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
- The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
- The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
- The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
- SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
- The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

## STOCK RATINGS

**BUY (B):** The stock's total return is expected to exceed 15% over the next 12 months.

**HOLD (H):** The stock's total return is expected to be within -15% to +15% over the next 12 months.

**SELL (S):** The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

**NOT RATED (NR):** The analyst has no recommendation on the stock under review.

## INDUSTRY VIEWS

**ATTRACTIVE (AT):** Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

**NEUTRAL (NL):** Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

**CAUTIOUS (CS):** Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

## III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

**SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.**

**Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.**



#### **Systematix Shares and Stocks (India) Limited:**

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id [contactus@systematixgroup.in](mailto:contactus@systematixgroup.in). Visit us at: [www.systematixgroup.in](http://www.systematixgroup.in)

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id [compliance@systematixgroup.in](mailto:compliance@systematixgroup.in)

Details of Email id grievance redressal cell : [grievance@systematixgroup.in](mailto:grievance@systematixgroup.in)

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917