

Ujjivan Small Finance Bank – Recommended Stock -View Changed from Hold to Buy

Dear Investors,

Current View and Rationale: Following the Q3FY26 results, Ujjivan Small Finance Bank has demonstrated a healthy improvement in asset quality along with a reduction in credit costs, supported by strong visibility in loan growth over the coming periods. At the current juncture, the stock is trading at a reasonable valuation of ~2x P/B on a TTM basis. The bank is well positioned to benefit from a favourable monetary and policy environment backed by the RBI and the Government of India, supported by its healthy balance sheet and improving demand outlook.

In light of these factors, **we maintain a constructive short- to medium-term view on the stock and have upgraded our stance from Hold to BUY at a CMP of 65 as on 4 February 2026, with a medium-term investment horizon of six months. We assign a target price of 76, implying an upside potential of ~17% from the current market price.**

Recommendation History and Returns: We had initially recommended Ujjivan Small Finance Bank as a BUY on 16 October 2025 at a price of 48.5, with a target price of 56, implying an upside potential of approximately 15%. Subsequently, on 27 November 2025, in view of improving company fundamentals and strong visibility in loan growth, we revised the target price upward to 64, indicating an additional upside potential of ~17% from the then prevailing market price of 54.5 over the next 12 months.

The **stock further strengthened to a high of 68 on 23 January 2026, generated a return of ~40% within three months**, significantly outperforming the originally envisaged 12-month investment horizon and underscoring the strength of the bank's operational performance and sector tailwinds.

Thank you and best regards,

On behalf of Bajaj Capital's Research Team