

# Aditya Birla Capital | BUY

Strong performance across subsidiaries

In 1QFY26, Aditya Birla Capital (ABCL) reported an adj. PAT of INR 6.8bn (+9%/+3% YoY/QoQ) which was 3% above JMFe, leading to RoA/RoE of 1.9%/11%. NII growth of +4%/+9% QoQ/YoY was supported by strong AUM growth (+4%/+22% QoQ/YoY) primarily led by high-yielding P&C segment (+6%/+2% QoQ/YoY). Lower other income (-7%/+13% QoQ/YoY) was offset by lower than expected opex (-1%/+11% QoQ/YoY, -5% JMFe) leading to a in-line PPoP (+6%/+9% QoQ/YoY, +2% JMFe). Credit costs remained largely steady at ~1.3% (+12bps QoQ). Management guided for P&C segment to contribute to better margins going forward while it remains cautious on lending in unsecured business loans. The housing sub reported healthy quarter with PAT beat of +7% led by strong AUM growth of +70%/+11% YoY/QoQ. ABSLAMC reported a strong quarter with PAT growing +18%/+22% QoQ/YoY to INR 2.8bn. ABSLI (Aditya Birla Sun Life Insurance) also reported a good set of numbers with strong 27% YoY VNB growth, and ~110bps YoY margin expansion to 7.5%, even as it cut down on group business in 1Q. The company is showing consistent growth led by "One ABC" focus and "Udyog plus" platform which is also leading to operating leverage (1.7% opex/AAUM vs 1.9% QoQ). In addition, the credit guarantee on its unsecured loan segments offer comfort on asset quality which aids in keeping credit costs contained. We expect core NBFC business to return avg RoA/RoE of 2.1%/12.7% over FY26E/FY27E. We value ABCL at 1.8x FY27E adj. book and value subs at INR 136 leading to revised TP of INR 315 (based on SOTP). Maintain BUY.

- **NBFC business (ABCL-standalone) – largely in-line operating performance; healthy growth:** ABCL reported NII of INR 16.2bn (+6%/+9% QoQ/YoY) supported by strong AUM growth (+4%/+22% QoQ/YoY). CoF (calc.) and yields (calc.) were largely stable QoQ resulting in broadly stable NIMs (+4bps QoQ). Lower non-interest income (-7%/+13% QoQ/YoY) was offset by lower than expected operating expenses (-1%/+11% QoQ/YoY, -5% JMFe) leading to largely in-line PPoP of INR 13.1bn (+6%/+9% QoQ/YoY, +2% JMFe). Credit cost was in-line with expectations at 1.3% vs 1.2% QoQ which resulted in PAT of INR 6.8bn (+3%/+9% QoQ/YoY, +3% JMFe). Strong AUM growth was primarily led by growth in the high-yielding P&C segment (+6%/+2% QoQ/YoY) supported by strong disbursement growth (+29%/+65% QoQ/YoY). Growth was moderate in the secured (+4%/+27% QoQ/YoY) and corporate (+4%/+28% QoQ/YoY) segments. However growth in the unsecured businesses moderated sequentially to +4% QoQ (vs. +8% QoQ in 4Q25). Management highlighted partial build-up of stress in the unsecured portfolio, specifically in STUL (small-ticket unsecured loans) which forms ~1.3% of the overall AUM. However, management is confident of keeping it in check owing to proactive action on this portfolio in-terms of stricter underwriting measures. Also within the unsecured business portfolio, 53% of stage 3 assets in the segment is covered under govt. guarantee scheme which provides confidence. Management remains confident that further growth in the P&C and unsecured business loans segments should drive the margins up going forward. GS3/NS3 inched up marginally (+3bps/+12bps QoQ) at 2.27%/1.35%. GS3 was down -30bps QoQ at 2.5% for P&C business, -10bps QoQ at



Ajit Kumar

ajit.k@jmfl.com | Tel: (91 22) 66303489

Mayank Mistry

mayank.mistry@jmfl.com | Tel: (91 22) 62241877

Raghvesh

raghvesh@jmfl.com | Tel: (91 22) 66303099

Shreyas Pimple

shreyas.pimple@jmfl.com | Tel: (91 22) 66301881

Gayathri Shivaram

gayathri.shivaram@jmfl.com | Tel: (91 22) 66301889

Shubham Karvande

Shubham.karvande@jmfl.com | Tel: (01 22) 6630 3696

## Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	315
Upside/(Downside)	13.1%
Previous Price Target	300
Change	5.0%

## Key Data – ABCAP IN

Current Market Price	INR278
Market cap (bn)	INR727.0/US\$8.3
Free Float	31%
Shares in issue (mn)	2,600.0
Diluted share (mn)	
3-mon avg daily val (mn)	INR1,614.2/US\$18.4
52-week range	283/149
Sensex/Nifty	81,019/24,723
INR/US\$	87.7

## Price Performance

%	1M	6M	12M
Absolute	1.2	66.2	31.6
Relative*	4.3	60.6	27.9

\* To the BSE Sensex

Aditya Birla Capital SOTP	Holding (%)	Valuation Methodology	Holding Company Discount	Value Per Share	Contribution to TP (%)
Aditya Birla Capital (Parent)	100.0%	1.8x FY27E P/ABV	-	179	57%
Aditya Birla Housing Finance	100.0%	1.8x FY27E P/B	-	36	11%
Aditya Birla SunLife Insurance	51.0%	1.6x FY27E P/EV	15%	51	16%
Aditya Birla SunLife AMC (listed)	45.0%	20x FY27E P/E	15%	36	12%
Aditya Birla Money (listed)	73.6%	Current Market Cap	15%	2	1%
Others (Health Insr, PE)			15%	11	4%
<b>Total (rounded off)</b>				<b>315</b>	<b>100%</b>

Source: Company, JM Financial

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

2.2% for corporate/mid-market. However, it was up +70bps QoQ at 5.4% for the unsecured business and +10bps for the secured business. Adjusting for the loans which are secured by govt schemes, GS3 for unsecured loans stands lower at 2.5% (-5bps QoQ). Overall stage-3 PCR was down -380bps QoQ at ~41%. Management highlighted that the unsecured loans which are covered under govt scheme, 75% of principal is covered and PCR of ~35-36% is sufficient on this book. We expect the margins to grow from here with further growth in the P&C segment, while CoFs tailwinds from rate cuts should also aid margin benefit. We build in EPS CAGR of 17% led by AUM CAGR of 23% over FY25-27E.

- **ABHFL – PAT beat led by strong AUM growth:** AUM growth during the quarter was healthy at +11%/+70% QoQ/YoY led by strong disbursements of INR 54bn (+7%/+74% QoQ/YoY) in spite of seasonal headwinds. Loan growth was broad based with construction finance (+16%/+109% QoQ/YoY), Prime LAP (+12%/+92% QoQ/YoY), Affordable HL (+11%/+62% QoQ/YoY), Affordable LAP (+10%/+81% QoQ/YoY) and Prime HL growth (10%/+49% QoQ/YoY). Calc. NIMs was broadly stable at 4.6% with both yields (calc.) and CoF (calc.) largely stable. NII growth of +13%/+64% QoQ/YoY (+3% JMFfe) was supported by the strong AUM growth. Lower than expected opex (+2%/+42% QoQ/YoY, -6% JMFfe) led to a strong PPop beat (+27%/+95% QoQ/YoY, +13% JMFfe). Higher provisions (+79% JMFfe) offset the PPop beat leading to an overall PAT beat of +7% JMFfe (INR1.2bn, +27%/+92% QoQ/YoY). Asset quality improved marginally as GS-3 declined 4 bps QoQ to 0.6% and GS-2 was largely flat QoQ at 0.72%. PCR on stage 3 declined to ~52% (vs 55% QoQ). We value ABHFL at 1.8x FY27E BV implying a value of INR 36/share in return for 1.6%/16% avg RoA/RoE over FY26E/FY27E.
- **Aditya Birla Sun Life AMC – A strong quarter and outlook:** ABSL AMC reported strong 1QFY26 results – core revenues grew (16% YoY, 4% QoQ) and PAT grew (18% QoQ, 22% YoY) to INR 2.8bn. Other Income grew (64% YoY, 24% QoQ) to INR 1.2bn - equity AUM grew (11% YoY, 13% QoQ) to INR 1,889bn, ahead of QAAUM growth of (10% YoY, 6% QoQ), indicating strong momentum for 2Q and the rest of FY26. We expect ABSL AMC to report a 15% EPS CAGR over FY26 - FY28e, value the AMC at 20x FY27e PAT of INR 12.4bn.
- **Insurance subs reported strong numbers:** ABSLI (Aditya Birla Sun Life Insurance) reported strong 27% VNB YoY growth, with ~110bps YoY margin expansion to 7.5%, even as it cut down on group business in 1Q. The company is targeting margins of 18%+ in FY26, against 18.0% in FY25, with consistent 20-25% growth. The insurer had added Axis Bank as a partner in FY25 and is adding Equitas Bank in FY26. We value it at 1.6x FY27e EV of INR 190bn. Meanwhile, the health insurance subsidiary reported a strong growth of 40% in gross premiums (on a like-to-like basis) and reported a PAT loss of INR 360mn, down 29% YoY. It had reported a full year PAT of INR 50mn – its first, in FY25. We value the business at 1.5x trailing GWP (Gross Written Premiums) of INR 49.4bn.
- **Maintain BUY with SOTP based TP of INR 315:** The company is showing consistent growth led by “One ABC” focus and “Udyog plus” platform which is also leading to operating leverage (1.7% opex/AAUM vs 1.9% QoQ). In addition, the credit guarantee on its unsecured loan segments offer comfort on asset quality which aids in keeping credit costs contained. We expect core NBFC business to return avg RoA/RoE of 2.1%/12.7% over FY26E/FY27E. We value ABCL at 1.8x FY27E adj. book and value subs at INR 136 leading to revised TP of INR 315 (based on SOTP). Maintain BUY.

## Aditya Birla Capital (std) – 1QFY26 Results Snapshot

### Exhibit 1. ABCL: 1QFY26 Key Financial Performance

Earnings Table (INR mn)	1Q'25	4Q'25	1Q'26	YoY (%)	QoQ (%)	1Q26F	Deviation
<b>Net Interest Income</b>	<b>14,891</b>	<b>15,317</b>	<b>16,194</b>	<b>8.7%</b>	<b>5.7%</b>	<b>15,912</b>	<b>1.8%</b>
<b>Total Income</b>	<b>17,090</b>	<b>17,996</b>	<b>18,688</b>	<b>9.3%</b>	<b>3.8%</b>	<b>18,724</b>	<b>-0.2%</b>
Employees Cost	2,582	2,735	2,959	<b>14.6%</b>	<b>8.2%</b>		
Other Expenditure	2,501	2,950	2,660	6.4%	-9.8%		
Total Operating Expenses	5,083	5,685	5,619	10.5%	-1.2%	5,910	-4.9%
<b>Operating Profit (PPP)</b>	<b>12,007</b>	<b>12,311</b>	<b>13,069</b>	<b>8.8%</b>	<b>6.2%</b>	<b>12,814</b>	<b>2.0%</b>
Provisions & Write Offs	3,678	3,524	3,992	8.5%	13.3%	4,037	-1.1%
<b>PBT</b>	<b>8,329</b>	<b>8,787</b>	<b>9,077</b>	<b>9.0%</b>	<b>3.3%</b>	<b>8,776</b>	<b>3.4%</b>
Tax	2,122	2,250	2,320	9.4%	3.1%	2,238	3.7%
<b>Reported Profit</b>	<b>6,208</b>	<b>6,536</b>	<b>6,757</b>	<b>8.8%</b>	<b>3.4%</b>	<b>6,538</b>	<b>3.3%</b>

#### Balance Sheet Data (INR bn)

Assets Under Management	1,073.1	1,263.5	1,312.3	22.3%	3.9%	1,320.4	-1%
Disbursements	134.4	195.2	158.5	17.9%	-18.8%	175.7	-10%

#### Ratios Analysis (%)

Yield (%) - calc	12.7%	11.8%	11.8%	-93bps	2bps	11.8%	3bps
CoFs (%) - calc	8.1%	7.7%	7.7%	-47bps	-5bps	7.7%	-5bps
NIM (%) - calc	5.6%	5.0%	5.0%	-56bps	4bps	4.9%	10bps
Cost to Income (%)	29.7%	31.6%	30.1%	32bps	-152bps	31.6%	-150bps

#### Credit Quality

Gross Stage 3 (%)	2.54%	2.24%	2.27%	-27bps	3bps		
Net Stage 3 (%)	1.30%	1.23%	1.35%	5bps	12bps		
Coverage Ratio (%)	49.5%	45.0%	41.2%	-826bps	-379bps		
Credit costs (%)	1.5%	1.2%	1.3%	-18bps	12bps	1.3%	9bps

Source: Company, JM Financial

## Key Takeaways from concall:

### NBFC:

- The environment is settled in P&C book. Company has recalibrated processes in this segment and will continue to monitor as small ticket unsecured MSMEs is showing uncertainty.
- 53% of stage 3 assets within the unsecured business loan segment is covered under Govt guarantee scheme.
- 6.4mn customer acquisition was done using ABCD app. Comprehensive B2B MSME platform AUM reached INR36.6bn.
- Will continue to increase branches to scale up direct sourcing mix.
- Unsecured SME book is around INR120bn, of which ~1.6% is supply chain which is of short-term and low risk, 6.5% is business loans where portfolio performance is looking good, and 1.3% of the overall book is – STUL (small ticket unsecured loans) where the management is slightly cautious and have taken proactive action on this portfolio with stricter underwriting measures.
- In the stage 3 within unsecured portfolio which are covered under govt schemes, ~75% of the principal gets covered under guarantee and it takes around 12-18 months for recovery.
- ~INR17bn is unsecured LAP where company is seeing uncertainty and had tightened underwriting 18-24 months back (tenure of ~3 years).
- As P&C segment mix grows, margin will start improving.
- Management does not plan any capital infusion for next 9-12 months.
- Management believes 35% PCR is sufficient in unsecured business as ~50% is guaranteed. But in case the recovery gets delayed, company will evaluate and make higher provisions.
- Credit cost for the current quarter stood at 1.3% and management expects that it will remain in a similar range for FY '26.

### HFC:

- Crossed 0.1mn active retail customers.
- CoFs declined 11bps QoQ. Company has passed on 15bps rate cut to customers as of 15Jul'25.
- Growth is going down as competition is increasing. However, not seeing significant change as it is mainly in prime segment which is being overcome by affordable loans.
- INR2.5bn infused in HFC during the quarter which has major capital requirement.
- Q1 new disbursements were lower than previous year which led to lower opex.

### AMCs:

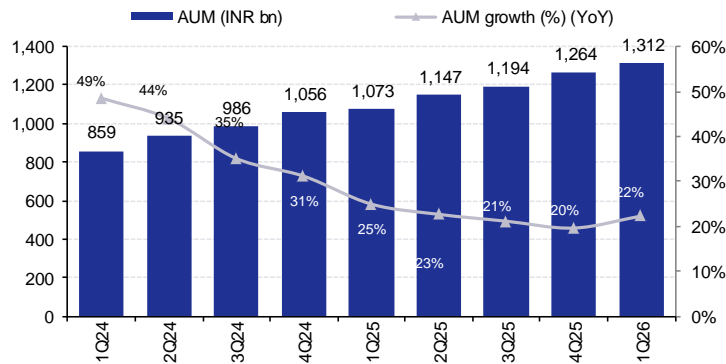
- Preparing to start India Equity Innovation fund. And fund raising is underway for ABSL India Special Opportunities Fund, ABSL Structured Opportunities Fund II, ABSL Money Manager Fund, India ESG Engagement Fund (IFSC), ABSL Flexi Cap Fund (IFSC), and ABSL Global Bluechip Fund (IFSC)

### Life Insurance:

- Akshay plan launched in protection plan and Super term protection mix.
- Ranked 2 in group business. Remains focused on margins expansion.
- Digital renewal now stands at 81% of total renewal premium.
- Opex ratio was higher on account of lower group fund business as planned.

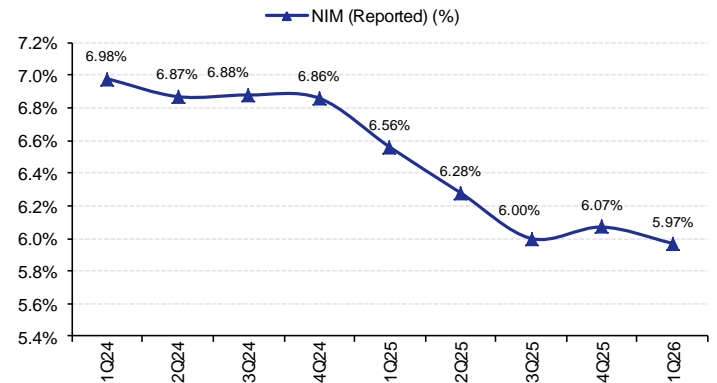
## Aditya Birla Capital - NBFC – 1QFY26 Trends

Exhibit 2. Aditya Birla Capital: AUM growth



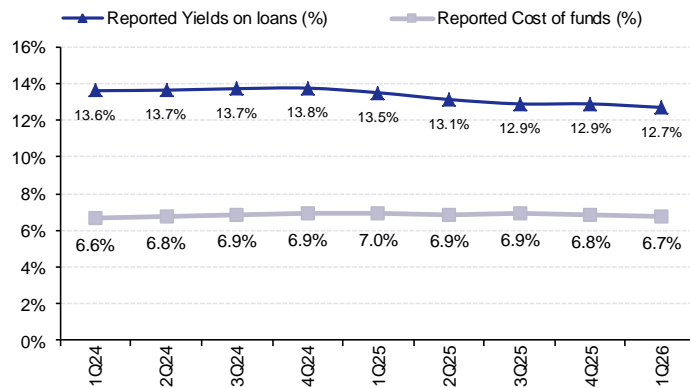
Source: JM Financial, Company

Exhibit 3. Aditya Birla Capital: Margin trend



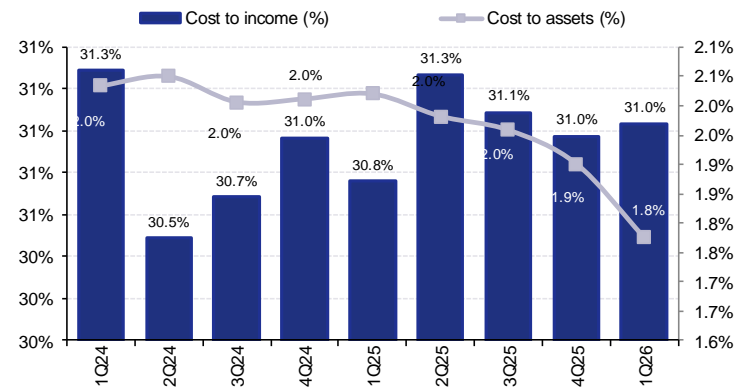
Source: JM Financial, Company

Exhibit 4. Aditya Birla Capital: Yields and funding costs



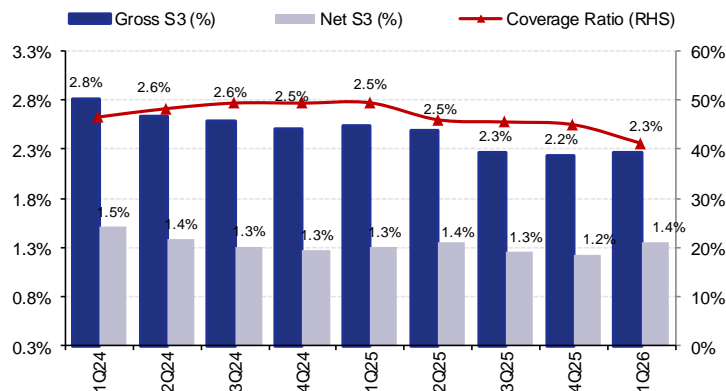
Source: Company, JM Financial

Exhibit 5. Aditya Birla Capital: cost ratio trend



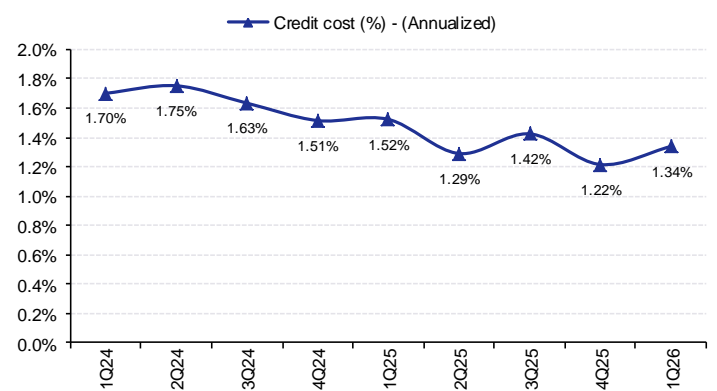
Source: Company, JM Financial

Exhibit 6. Aditya Birla Capital: Asset quality trend



Source: Company, JM Financial

Exhibit 7. Aditya Birla Capital: credit cost trend



Source: Company, JM Financial

**Exhibit 8. ABCL: Change in our estimates**

Old vs. New Estimates	FY26E, Old	FY26E, New	Change	FY27E, Old	FY27E, New	Change	FY28E, Old	FY28E, New	Change
<b>Income Statement (Rs mn)</b>									
Net Interest Income	73,854	71,912	-2.6%	90,228	87,728	-2.8%	1,10,300	1,07,042	-3.0%
Non-Interest Income	12,511	12,377	-1.1%	14,129	13,833	-2.1%	16,080	15,592	-3.0%
<b>Total Income</b>	<b>86,365</b>	<b>84,289</b>	<b>-2.4%</b>	<b>1,04,357</b>	<b>1,01,561</b>	<b>-2.7%</b>	<b>1,26,380</b>	<b>1,22,634</b>	<b>-3.0%</b>
Operating Expenses	25,411	23,730	-6.6%	29,746	27,149	-8.7%	34,759	30,970	-10.9%
<b>Pre-provisioning Profits</b>	<b>60,954</b>	<b>60,559</b>	<b>-0.6%</b>	<b>74,611</b>	<b>74,412</b>	<b>-0.3%</b>	<b>91,621</b>	<b>91,664</b>	<b>0.0%</b>
<b>Reported Profits</b>	<b>32,127</b>	<b>32,509</b>	<b>1.2%</b>	<b>39,832</b>	<b>40,374</b>	<b>1.4%</b>	<b>48,548</b>	<b>49,871</b>	<b>2.7%</b>
<b>Balance Sheet (Rs bn)</b>									
Borrowings	1,356	1,389	2.5%	1,695	1,736	2.5%	2,119	2,171	2.5%
Net Advances	1,498	1,498	0.0%	1,850	1,850	0.0%	2,296	2,296	0.0%
Total Assets	1,675	1,707	1.9%	2,060	2,099	1.9%	2,540	2,588	1.9%
<b>Key Ratios (%)</b>									
NIM (%)	4.87%	4.70%	-0.17%	4.88%	4.67%	-0.21%	4.84%	4.62%	-0.22%
ROA (%)	2.09%	2.10%	0.00%	2.13%	2.12%	-0.01%	2.11%	2.13%	0.02%
ROE (%)	12.0%	12.1%	0.1%	13.1%	13.3%	0.1%	13.9%	14.3%	0.3%
EPS (Rs.)	12.3	12.5	1.2%	15.3	15.5	1.4%	18.6	19.1	2.7%
BV (Rs.)	109.0	109.1	0.1%	124.2	124.6	0.3%	142.9	143.7	0.6%

Source: Company, JM Financial

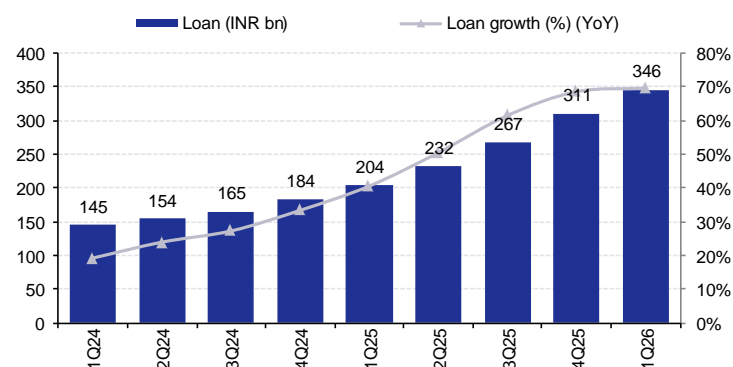
## Aditya Birla Housing Finance – 1QFY26 trends

### Exhibit 9. Aditya Birla Housing: 1QFY26 Key Performance

Earnings Table (INR mn)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)	1Q26F	Deviation
Net Interest Income	2,295	3,348	3,767	64.2%	12.5%	3,671	2.6%
<b>Total Income</b>	<b>2,304</b>	<b>3,350</b>	<b>3,772</b>	<b>63.7%</b>	<b>12.6%</b>	<b>3,674</b>	<b>2.7%</b>
Operating Expenses	1,364	1,902	1,942	42.4%	2.1%	2,059	-5.7%
<b>Operating Profit (PPP)</b>	<b>940</b>	<b>1,448</b>	<b>1,831</b>	<b>94.7%</b>	<b>26.5%</b>	<b>1,615</b>	<b>13.4%</b>
Total Provisions	93	237	290	212.4%	22.1%	161	79.3%
<b>PBT</b>	<b>848</b>	<b>1,210</b>	<b>1,541</b>	<b>81.8%</b>	<b>27.3%</b>	<b>1,453</b>	<b>6.0%</b>
Tax	191	271	346	81.6%	28.1%	334	3.6%
<b>Reported Profit</b>	<b>657</b>	<b>940</b>	<b>1,195</b>	<b>81.8%</b>	<b>27.1%</b>	<b>1,119</b>	<b>6.8%</b>
<b>Loan Book (INR bn)</b>							
AUM	204.0	310.5	346.1	69.6%	11.4%	335.4	3.2%
Disbursements	30.7	58.2	54.0	76.1%	-7.1%	59.9	-9.9%
<b>Ratios Analysis (%)</b>							
Yields (%) - calc	11.1%	11.0%	10.9%	-25bps	-7bps	10.9%	-1bps
CoF (%) - calc	7.5%	7.5%	7.5%	3bps	1bps	7.5%	1bps
NIM (%) - calc	4.7%	4.6%	4.6%	-14bps	-5bps	4.6%	4bps
Cost to Income (%)	59.2%	56.8%	51.5%	-772bps	-531bps	56.0%	-457bps
<b>Credit Quality</b>							
Gross Stage 3 (%)	1.60%	0.66%	0.62%	-98bps	-4bps		
Net Stage 3 (%)	1.05%	0.30%	0.41%	-64bps	11bps		
Coverage Ratio (%)	34.6%	55.0%	52.4%	1780bps	-260bps		
<b>Loan Portfolio (Rs bn)</b>							
Prime HL	61.2	83.2	91.4	49.3%	9.8%		
LAP (Prime)	36.7	63.7	71.3	94.1%	12.0%		
LAP (Affordable)	18.4	30.1	33.2	81.0%	10.3%		
Construction Finance	24.5	44.1	51.2	109.2%	16.1%		
Affordable Housing	81.6	119.6	132.2	62.0%	10.6%		
<b>Total</b>	<b>222.3</b>	<b>340.7</b>	<b>379.3</b>	<b>70.6%</b>	<b>11.3%</b>		

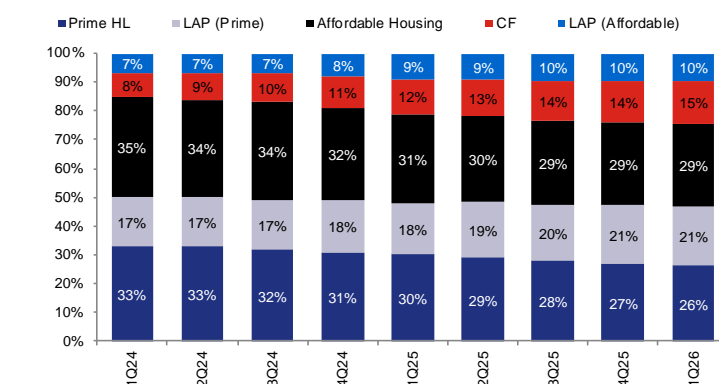
Source: Company, JM Financial

Exhibit 10. Aditya Birla Housing: Trend in loan growth



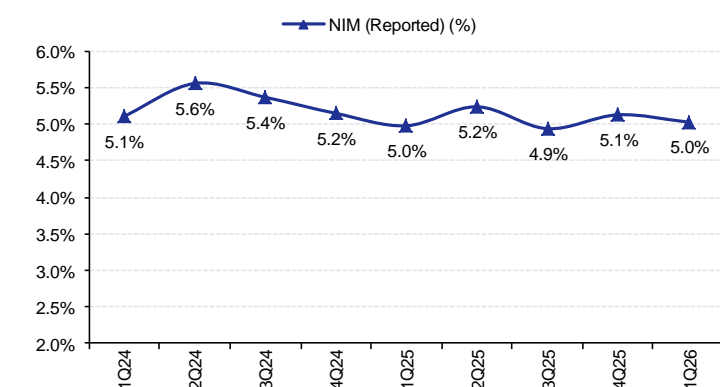
Source: Company, JM Financial

Exhibit 11. Aditya Birla Housing: Trend in loan composition



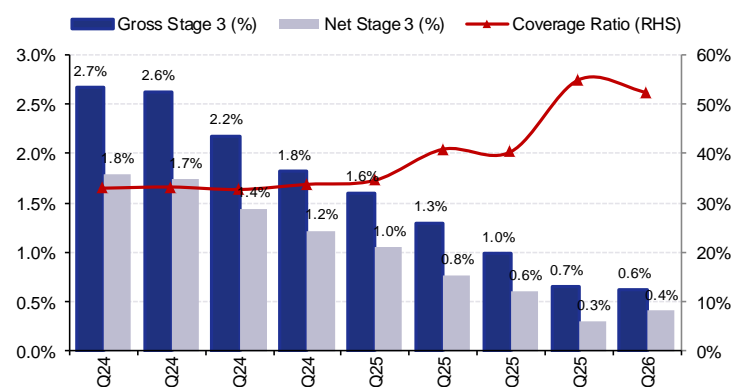
Source: Company, JM Financial

Exhibit 12. Aditya Birla Housing: Trend in margins



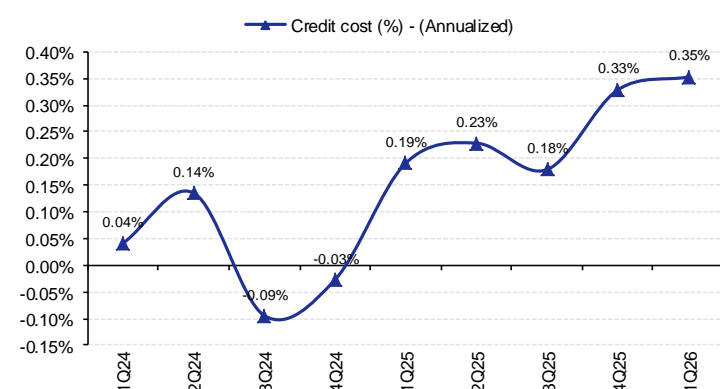
Source: Company, JM Financial

Exhibit 13. Aditya Birla Housing: Trend in asset quality



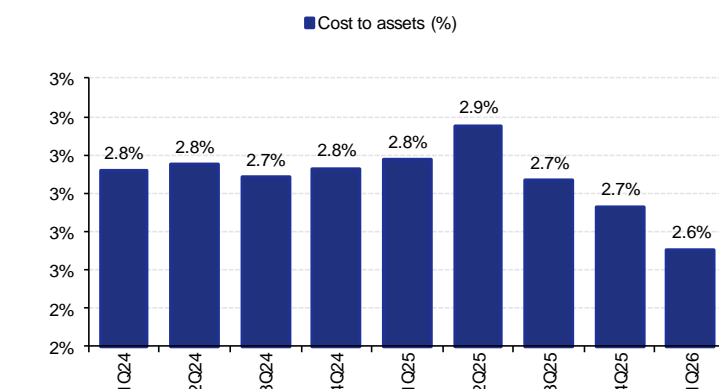
Source: Company, JM Financial

Exhibit 14. Aditya Birla Housing: Trend in credit costs



Source: Company, JM Financial

Exhibit 15. Aditya Birla Housing: Trend in cost ratios



Source: Company, JM Financial



## Financial Tables (Standalone) – Aditya Birla Housing Finance

Income Statement						(INR mn)					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E	Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income (NII)	7,042	9,056	13,952	18,277	24,969	Equity Capital	5,012	6,347	6,347	6,347	6,347
Non Interest Income	1,104	2,200	2,844	3,474	4,281	Reserves & Surplus	17,586	31,484	37,347	46,065	59,767
<b>Total Income</b>	<b>8,146</b>	<b>11,256</b>	<b>16,796</b>	<b>21,752</b>	<b>29,250</b>	Borrowed Funds	1,59,467	2,61,015	3,78,472	5,29,861	7,15,312
Operating Expenses	4,427	6,526	8,489	9,394	10,020	Current Liabilities & Provisions	2,548	5,429	10,825	14,930	20,037
<b>Pre-provisioning Profits</b>	<b>3,719</b>	<b>4,730</b>	<b>8,306</b>	<b>12,357</b>	<b>19,230</b>	<b>Total Liabilities</b>	<b>1,84,613</b>	<b>3,04,275</b>	<b>4,32,991</b>	<b>5,97,203</b>	<b>8,01,462</b>
Loan-Loss Provisions	-46	535	702	1,051	1,461	Net Advances	1,76,779	2,89,777	4,18,456	5,82,429	7,82,142
Others Provisions	0	0	0	0	0	Investments	2,657	7,414	5,858	2,912	3,911
<b>Total Provisions</b>	<b>-46</b>	<b>535</b>	<b>702</b>	<b>1,051</b>	<b>1,461</b>	Cash & Bank Balances	2,798	3,771	4,185	5,824	7,821
<b>PBT</b>	<b>3,765</b>	<b>4,194</b>	<b>7,604</b>	<b>11,306</b>	<b>17,769</b>	Loans and Advances	201	360	519	723	971
Tax	858	960	1,741	2,588	4,067	Other Current Assets	963	1,471	1,864	2,407	2,716
<b>PAT (Pre-Extra ordinaries)</b>	<b>2,907</b>	<b>3,234</b>	<b>5,863</b>	<b>8,718</b>	<b>13,702</b>	Fixed Assets	880	1,381	1,965	2,710	3,638
Extra ordinaries (Net of Tax)	0	0	0	0	0	Deferred Tax Assets	334	100	143	197	264
<b>Reported Profits</b>	<b>2,907</b>	<b>3,234</b>	<b>5,863</b>	<b>8,718</b>	<b>13,702</b>	<b>Total Assets</b>	<b>1,84,613</b>	<b>3,04,275</b>	<b>4,32,991</b>	<b>5,97,203</b>	<b>8,01,462</b>
Dividend	0	0	0	0	0	Source: Company, JM Financial					
<b>Retained Profits</b>	<b>2,907</b>	<b>3,234</b>	<b>5,863</b>	<b>8,718</b>	<b>13,702</b>						
Source: Company, JM Financial											

Key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
<b>Growth (YoY) (%)</b>					
Borrowed funds	33.6%	63.7%	45.0%	40.0%	35.0%
Advances	30.4%	63.9%	44.4%	39.2%	34.3%
Total Assets	31.2%	64.8%	42.3%	37.9%	34.2%
NII	14.4%	28.6%	54.1%	31.0%	36.6%
Non-interest Income	340.9%	99.3%	29.3%	22.2%	23.2%
Operating Expenses	59.1%	47.4%	30.1%	10.7%	6.7%
Operating Profits	2.6%	27.2%	75.6%	48.8%	55.6%
Core Operating profit	1.7%	27.7%	76.5%	49.1%	55.9%
Provisions	NA	NA	31.2%	49.7%	38.9%
Reported PAT	20.7%	11.3%	81.3%	48.7%	57.2%
<b>Yields / Margins (%)</b>					
Interest Spread	3.42%	2.79%	2.94%	2.81%	2.89%
NIM	4.38%	3.74%	3.82%	3.58%	3.60%
<b>Profitability (%)</b>					
ROA	1.79%	1.32%	1.59%	1.69%	1.96%
ROE	13.75%	10.70%	14.38%	18.14%	23.12%
Cost to Income	54.4%	58.0%	50.5%	43.2%	34.3%
<b>Asset quality (%)</b>					
Gross NPA	1.83%	0.66%	0.60%	0.60%	0.62%
LLP	0.08%	0.42%	0.25%	0.31%	0.30%
<b>Capital Adequacy (%)</b>					
Tier I	14.7%	14.3%	12.1%	11.0%	10.9%
CAR	16.8%	16.5%	13.9%	12.6%	12.2%
Source: Company, JM Financial					

Dupont Analysis					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
NII / Assets	4.33%	3.70%	3.78%	3.55%	3.57%
Other Income / Assets	0.68%	0.90%	0.77%	0.67%	0.61%
Total Income / Assets	5.01%	4.60%	4.56%	4.22%	4.18%
Cost / Assets	2.72%	2.67%	2.30%	1.82%	1.43%
PPP / Assets	2.29%	1.93%	2.25%	2.40%	2.75%
Provisions / Assets	-0.03%	0.22%	0.19%	0.20%	0.21%
PBT / Assets	2.31%	1.72%	2.06%	2.19%	2.54%
Tax rate	22.8%	22.9%	22.9%	22.9%	22.9%
ROA	1.79%	1.32%	1.59%	1.69%	1.96%
Leverage	7.7	8.1	9.0	10.7	11.8
ROE	13.8%	10.7%	14.4%	18.1%	23.1%
Source: Company, JM Financial					

Valuations					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Shares in Issue	501.2	634.7	634.7	634.7	634.7
EPS (INR)	5.8	5.1	9.2	13.7	21.6
EPS (YoY) (%)	20.7%	-12.1%	81.3%	48.7%	57.2%
BV (INR)	45	60	69	83	104
BV (YoY) (%)	14.8%	32.2%	15.5%	20.0%	26.1%
Source: Company, JM Financial					

## Financial Tables (Standalone) - ABCL

Income Statement						(INR mn)
Y/E March	FY24A	FY25A	FY26A	FY27E	FY28E	
Net Interest Income (NII)	56,654	60,480	71,912	87,728	1,07,042	
Non Interest Income	14,911	15,237	12,377	13,833	15,592	
<b>Total Income</b>	<b>71,565</b>	<b>75,717</b>	<b>84,289</b>	<b>1,01,561</b>	<b>1,22,634</b>	
Operating Expenses	20,185	21,973	23,730	27,149	30,970	
<b>Pre-provisioning Profits</b>	<b>51,381</b>	<b>53,744</b>	<b>60,559</b>	<b>74,412</b>	<b>91,664</b>	
Loan-Loss Provisions	-916	-2,683	17,214	20,580	25,170	
Others Provisions	14,473	17,159	0	0	0	
<b>Total Provisions</b>	<b>13,557</b>	<b>14,476</b>	<b>17,214</b>	<b>20,580</b>	<b>25,170</b>	
<b>PBT</b>	<b>37,824</b>	<b>39,268</b>	<b>43,345</b>	<b>53,831</b>	<b>66,494</b>	
Tax	8,473	9,696	10,836	13,458	16,624	
<b>PAT (Pre-Extra ordinaries)</b>	<b>29,352</b>	<b>29,572</b>	<b>32,509</b>	<b>40,374</b>	<b>49,871</b>	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
<b>Reported Profits</b>	<b>29,352</b>	<b>29,572</b>	<b>32,509</b>	<b>40,374</b>	<b>49,871</b>	
Dividend	0	0	0	0	0	
<b>Retained Profits</b>	<b>29,352</b>	<b>29,572</b>	<b>32,509</b>	<b>40,374</b>	<b>49,871</b>	

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E March	FY24A	FY25A	FY26A	FY27E	FY28E	
Equity Capital	26,000	26,070	26,070	26,070	26,070	
Reserves & Surplus	1,94,339	2,25,866	2,58,375	2,98,748	3,48,619	
Stock option outstanding	22,934	17,483	18,357	19,275	20,238	
Borrowed Funds	9,22,921	11,11,357	13,89,196	17,36,495	21,70,619	
Deferred tax liabilities	0	0	0	0	0	
Preference Shares	14,499	12,223	14,978	18,418	22,711	
Current Liabilities & Provisions	0	0	0	0	0	
<b>Total Liabilities</b>	<b>11,80,693</b>	<b>13,92,999</b>	<b>17,06,976</b>	<b>20,99,006</b>	<b>25,88,258</b>	
Net Advances	10,39,165	12,23,445	14,97,714	18,50,498	22,96,079	
Investments	1,16,349	1,28,294	1,57,055	1,88,751	2,18,127	
Cash & Bank Balances	12,434	23,768	29,096	35,950	44,606	
Loans and Advances	0	0	0	0	0	
Other Current Assets	1,208	7,521	11,131	9,452	12,146	
Fixed Assets	4,365	4,392	5,381	6,617	8,160	
Miscellaneous Expenditure	0	0	0	0	0	
Deferred Tax Assets	4,930	3,679	4,508	5,543	6,835	
<b>Total Assets</b>	<b>11,80,693</b>	<b>13,92,999</b>	<b>17,06,976</b>	<b>20,99,006</b>	<b>25,88,258</b>	

Source: Company, JM Financial

Key Ratios					
Y/E March	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Growth (YoY) (%)</b>					
Borrowed funds	30.4%	20.4%	25.0%	25.0%	25.0%
Advances	31.8%	17.7%	22.4%	23.6%	24.1%
Total Assets	40.4%	18.0%	22.5%	23.0%	23.3%
NII	43.6%	6.8%	18.9%	22.0%	22.0%
Non-interest Income	223.0%	2.2%	-18.8%	11.8%	12.7%
Operating Expenses	42.7%	8.9%	8.0%	14.4%	14.1%
Operating Profits	71.6%	4.6%	12.7%	22.9%	23.2%
Core Operating profit	44.5%	9.7%	20.1%	24.1%	24.3%
Provisions	50.0%	6.8%	18.9%	19.6%	22.3%
Reported PAT	88.9%	0.8%	9.9%	24.2%	23.5%
<b>Yields / Margins (%)</b>					
Interest Spread	4.22%	3.49%	3.35%	3.45%	3.49%
NIM	5.67%	4.76%	4.70%	4.67%	4.62%
<b>Profitability (%)</b>					
ROA	2.90%	2.30%	2.10%	2.12%	2.13%
ROE	17.5%	12.5%	12.1%	13.3%	14.3%
Cost to Income	28.2%	29.0%	28.2%	26.7%	25.3%
<b>Asset quality (%)</b>					
Gross NPA	2.52%	2.25%	2.12%	2.07%	2.04%
LLP	0.89%	0.43%	1.35%	1.31%	1.30%
<b>Capital Adequacy (%)</b>					
Tier I	16.95%	15.93%	14.81%	14.07%	13.45%
CAR	18.97%	18.22%	17.19%	16.59%	16.11%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26A	FY27E	FY28E
NII / Assets	5.60%	4.70%	4.64%	4.61%	4.57%
Other Income / Assets	1.47%	1.18%	0.80%	0.73%	0.67%
Total Income / Assets	7.08%	5.88%	5.44%	5.34%	5.23%
Cost / Assets	2.00%	1.71%	1.53%	1.43%	1.32%
PPP / Assets	5.08%	4.18%	3.91%	3.91%	3.91%
Provisions / Assets	1.34%	1.12%	1.11%	1.08%	1.07%
PBT / Assets	3.74%	3.05%	2.80%	2.83%	2.84%
Tax rate	22.4%	24.7%	25.0%	25.0%	25.0%
ROA	2.90%	2.30%	2.10%	2.12%	2.13%
Leverage	5.4	5.5	6.0	6.5	6.9
ROE	17.5%	12.5%	12.1%	13.3%	14.3%

Source: Company, JM Financial

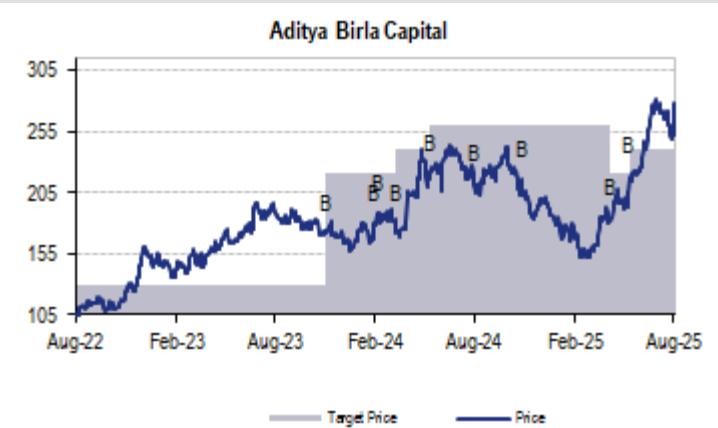
Valuations					
Y/E March	FY24A	FY25A	FY26A	FY27E	FY28E
Shares in Issue	2,600.0	2,607.0	2,607.0	2,607.0	2,607.0
EPS (INR)	11.3	11.3	12.5	15.5	19.1
EPS (YoY) (%)	88.5%	0.5%	9.9%	24.2%	23.5%
P/E (x)	24.6	24.5	22.3	18.0	14.5
BV (INR)	85	97	109	125	144
BV (YoY) (%)	92.4%	14.0%	12.9%	14.2%	15.4%
P/BV (x)	3.28	2.88	2.55	2.23	1.93
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Div. yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-Feb-20	Buy	110	
7-Nov-20	Buy	110	0.0
22-Feb-21	Buy	130	18.2
6-Nov-23	Buy	220	69.2
2-Feb-24	Buy	220	0.0
9-Feb-24	Buy	220	0.0
11-Mar-24	Buy	240	9.1
14-May-24	Buy	260	8.3
2-Aug-24	Buy	260	0.0
30-Oct-24	Buy	260	0.0
8-Apr-25	Buy	220	-15.4
14-May-25	Buy	240	9.1

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

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Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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