BUY AB Capital

Ticking all boxes – growth, asset quality, and profitability

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BFSI - NBFCs | Result Update | May 05, 2026 | CMP (Rs): 346 | TP (Rs): 400

ABCAP reported a steady Q4FY26, with strong growth across lending business segments and stable profitability metrics. The NBFC business remained the key contributor, with AUM at Rs1.6trn (+27% YoY), record quarterly disbursements of ~Rs250bn, and continued traction in retail and MSME segments. Asset quality improved, with GS2+GS3 at 2.4% and credit cost at 1.04%, while profitability remained healthy with RoA at 2.31%. The management remains confident about delivering 24–25% AUM growth, stable credit costs, and RoA expansion to ~2.5% over the next few quarters. The Housing Finance business continued to scale, with AUM at ~Rs475bn (+53% YoY), improving asset quality (Stage 2+3 at 0.76%), and RoA at 2.07%, with guidance of ~2.1–2.2% RoA and target of Rs1trn AUM in next 2-3 years. In AMC, QAAUM grew 17% YoY despite volatile markets in Q4, while Life Insurance delivered 15% YoY growth in individual APE and healthy VNB margin expansion to 20.6% in FY26. Health Insurance also maintained strong momentum, with GWP growth of 39% YoY and improvement in combined ratio to 103% during FY26. Overall, the management highlighted continued focus on leveraging digital platforms and AI-led initiatives across businesses to improve productivity, customer experience, and risk management, while maintaining growth in retail and MSME segments. We build in a capital raise of ~Rs20bn in FY27E in NBFC to fund its strong growth. We maintain BUY and Mar-27E TP of Rs400 (valuing the SA NBFC at 2x FY28E P/B and subsidiaries at ~Rs163/sh, after applying 20% holdco discount).

Steady performance with healthy growth

ABCAP reported a steady Q4FY26, with broad-based growth and stable profitability. NBFC AUM grew 27% YoY (+8% QoQ) to Rs1.60trn, with disbursements at ~Rs250bn (+28% YoY). Retail+MSME formed 68% of disbursements and ~85% of incremental growth. Asset quality improved (GS2+GS3 at 2.4%, credit cost at 1.04%), with 2.31% RoA (NII: +18% YoY to Rs81.70bn). HFC AUM rose 53% YoY to ~Rs475bn, with disbursements at Rs79.8bn (+37% YoY), Stage 2+3 at 0.76%, and RoA at 2.07%, aided by operating leverage and lower credit cost. AMC QAAUM grew 17% YoY to ~Rs4.74trn, with equity AUM at ~Rs1.97trn and SIP inflows at Rs12.04bn. Life Insurance saw 15% YoY growth in individual APE, with VNB margin at 20.6% (+260bps YoY). Health Insurance saw 39% YoY premium growth, with combined ratio improving to 103%.

Positive outlook supported by steady execution

Outlook remains constructive, supported by ABCAP's diversified platform, continued traction in retail and MSME lending, and improving asset quality, which underpin RoA expansion. NBFC is guided to deliver ~24–25% growth, with RoA trending to ~2.5%. HFC is entering a stronger scale-up phase, with target RoA of ~2.1–2.2% and incremental support from the recent capital infusion. Insurance continues to see steady growth with improving product mix and operating metrics. AMC performance remains supported by consistent flows and fund performance. With growth visibility, stable credit costs, and ongoing investments in digital and AI to enhance productivity, we remain constructive on ABCAP. We retain BUY and Mar-27E TP of Rs400, valuing the standalone NBFC at 2x FY28E P/B and subsidiaries at ~Rs163/sh after a 20% holdco discount.

AB Capital: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Net profits	29,572	31,093	37,164	44,667	54,189
AUM growth (%)	20.4	24.5	23.4	20.2	19.2
NII growth (%)	5.9	17.9	31.4	20.0	20.1
NIMs (%)	6.3	6.1	6.1	6.1	6.1
PPOP growth (%)	23.8	6.8	22.2	21.0	21.2
Adj. EPS (Rs)	11.4	11.9	14.0	16.7	20.2
Adj. EPS growth (%)	(1.1)	4.8	17.9	18.9	21.3
Adj. BV (INR)	96.6	109.6	128.6	145.3	165.5
Adj. BVPS growth (%)	14.0	13.4	17.4	13.0	13.9
RoA (%)	2.1	1.9	2.0	2.0	2.0
RoE (%)	12.5	11.5	11.8	12.2	13.0
P/E (x)	30.4	29.1	24.6	20.7	17.1
P/ABV (x)	3.6	3.2	2.7	2.4	2.1

Source: Company, Emkay Research

Target Price – 12M	Mar-27
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	15.6

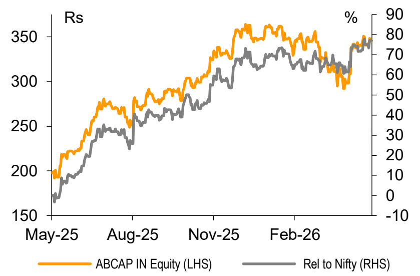
Stock Data	ABCAP IN
52-week High (Rs)	369
52-week Low (Rs)	186
Shares outstanding (mn)	2,620.5
Market-cap (Rs bn)	906
Market-cap (USD mn)	9,531
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	5.9
ADTV-3M (Rs mn)	2,389.0
ADTV-3M (USD mn)	25.1
Free float (%)	27.2
Nifty-50	24,119.3
INR/USD	95.1

Shareholding,Mar-26	
Promoters (%)	68.5
FPIs/MFs (%)	7.0/14.5

Price Performance

(%)	1M	3M	12M
Absolute	16.0	(0.2)	74.6
Rel. to Nifty	9.2	6.6	76.2

1-Year share price trend (Rs)



Avinash Singh
avinash.singh@emkayglobal.com
+91-22-66121327

Kishan Rungta
kishan.rungta@emkayglobal.com
+91-22-66242490

Exhibit 1: Quarterly financial performance

	Q4FY26	Q4FY25	% YoY	Q3FY26	% QoQ
Aditya Birla Capital (Consolidated)					
Consolidated Revenue (Rs mn)	158,760	141,550	12%	141,810	12%
Consolidated PAT (Rs mn)	10,900	6,500	68%	9,830	11%
Lending Book (Rs bn)	2,074	1,574	32%	1,904	9%
Gross Premium (Rs mn)	115,130	86,370	33%	83,410	38%
Total AUM (Rs bn)	5,913	5,113	16%	5,982	-1%
Aditya Birla Finance					
Lending Book (Rs bn)	1,599	1,264	27%	1,482	8%
Net Interest Margin (%)	6.08	6.07	0.0ppts	6.12	0.0ppts
Net Interest Income (Rs mn)	21,900	17,860	23%	21,270	3%
Credit Provisioning (%)	1.04	1.21	-0.2ppts	1.23	-0.2ppts
Profit After Tax (Rs mn)	8,250	6,520	27%	7,720	7%
Return on Assets (%)	2.31	2.25	0.1ppts	2.25	0.1ppts
Aditya Housing Finance					
Lending Book (Rs bn)	475	311	53%	422	12%
Net Interest Margin (%)	5.03	5.13	-0.1ppts	5.22	-0.2ppts
Credit Provisioning (%)	0.09	0.36	-0.3ppts	0.31	-0.2ppts
Profit After Tax (Rs mn)	2,000	940	113%	1,770	13%
Return on Assets (%)	2.07	1.44	0.6ppts	1.96	0.1ppts
Return on Equity (%)	15.45	10.95	4.5ppts	14.94	0.5ppts
Aditya Birla Sun Life AMC					
MFQAAUM (Rs bn)	4,359	3,817	14%	4,432	-2%
Revenue (Rs mn)	4,250	5,010	-15%	5,624	-24%
Cost to Income Ratio	48%	39%	24%	36%	34%
PAT (Rs mn)	1,871	2,280	-18%	2,740	-32%
Aditya Birla Sun Life Insurance	**FY26**	**FY25**	**%YoY**		
Individual APE (Rs mn)	47,250	41,150	15%		
Individual New Business Premium (Rs mn)	52,750	46,330	14%		
Net VNB (%)	20.6	18.0	2.6ppts		
Opex Ratio (incl Commission; %)	21.2	20.4	0.8ppts		
PAT (Rs mn)	1,710	900	90%		
Aditya Birla Health Insurance					
Retail Premium (Rs mn)	11,560	8,960	29%		
Group Premium (Rs mn)	10,490	8,510	23%		
Gross Premium (Rs mn)	22,060	17,470	26%		
Combined Ratio (%; for FY25/FY26)	103	105	-2.0ppts		
Profit Before Tax (Rs mn)	2,170	2,020	7%		

Source: Company, Emkay Research

Exhibit 2: SOTP-based valuation

Entity	Metrics	Mar-28E (Rs mn)	Multiple (x)	Valuation (Rs mn)	Ownership	Value (Rs mn)	Per share (Rs)
NBFC	Net worth	316,842	2.0	633,684	100%	633,684	237
HFC	Net worth	112,458	2.0	224,915	86%	192,685	72
AMC	PAT	12,597	26	329,093	45%	148,553	55
Life Insurance	EV	213,789	1.4	299,305	51%	152,645	57
Health Insurance	Deal value	106,520	1.0	101,194	46%	46,448	17
AB Money	MCAP	8,190	1.0	7,781	74%	5,758	2
Total						**1,179,773**	**441**
Holding company discount on owned subs			**20%**			**109,218**	**41**
Fair value (Mar-27E)						**1,070,555**	**400**
No of shares (mn)						2,677	
Target price – Mar-27E (Rs)						**400**	

Source: Company, Emkay Research

Earnings conference call highlights

NBFC

- The management highlighted that AUM reached Rs1.6trn, reflecting 8% QoQ and 27% YoY growth. Disbursements during the quarter were the highest ever, at ~Rs250bn.
- Growth remained largely driven by retail and MSME segments, which contributed ~85% to incremental AUM growth and 68% to total disbursements.
- The MSME book grew 31% YoY to Rs914bn and now accounts for ~57% of total AUM, with ~81% secured and ~19% unsecured.
- Asset quality metrics improved, with GS2 and GS3 at ~2.4%. Credit cost for the quarter was 1.04% and the Stage 3 book carries a PCR of ~48%.
- Profitability remained strong, with PAT at Rs8.25bn and RoA at 2.31%.
- Operationally, turnaround time across retail and MSME journeys reduced by over 30%, supported by integration with digital infrastructure and upgrades to underwriting platforms.
- Personal and consumer loan disbursements grew 60% for the year.
- Within asset quality, GS3 stood at 1.3% for personal loans and ~1% for secured MSME. The management indicated that retail and MSME segments will remain the key focus areas for growth.
- The management noted that Udyog Plus, the proprietary B2B platform, nearly doubled in scale during the year, with AUM crossing Rs50bn.
- The management highlighted that AI is being used across origination, underwriting, and collections, including AI-led fraud detection, credit assessment copilots, and pre-delinquency management.

HFC

- The management highlighted that AUM grew 53% YoY to Rs474.8bn, with disbursements at Rs253.32bn in FY26, the highest ever, up 44% YoY.
- Stage 2 and 3 assets declined to 0.76%, while RoA improved to 2.07% for FY26.
- The management stated that RoA improvement was supported by operating leverage and disciplined execution.
- Processing capacity scaled up ~4x over the last three years, with turnaround time improving from 21 days to 12 days and productivity improving significantly.
- AI-led initiatives are being deployed across sales, underwriting, and operations, including tools for document checks, credit assessment, and customer interaction.
- The management indicated plans to expand distribution, with 100+ branches in FY27 and target AUM of Rs1trn over the next 24–30 months.
- RoA is expected to be at 2.1–2.2% going forward.
- ABCAP concluded the equity fund raise of Rs27.5bn in Aditya Birla Housing from Advent International post receipt of all requisite approvals.

AMC

- The management highlighted that mutual fund quarterly average AUM grew 14% YoY to ~Rs4.75trn.
- Equity mutual fund AUM stood at ~Rs1.97trn.
- SIP contribution for Mar-26 was Rs12.04trn, with continued growth in SIP registrations and investor base. PMS and AIF assets increased significantly from Rs113bn to Rs385.7bn.
- Fund performance remained strong, with over 75% of equity AUM in the top two quartiles for one-year returns.

- The management highlighted that investment performance improvements and strengthening of the investment team have supported investor confidence and flows into flagship funds.
- The management indicated continued focus on strengthening portfolio construction and expanding offerings across mutual funds and alternate assets.

Life Insurance

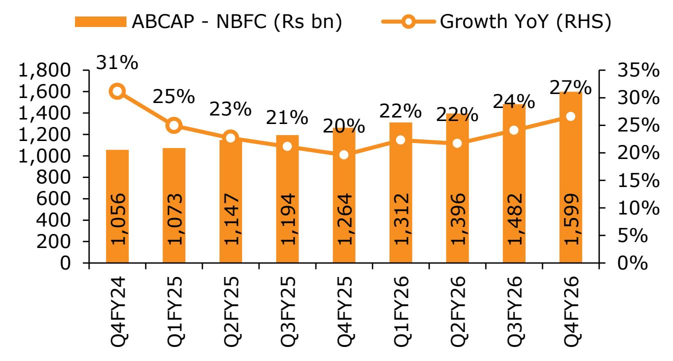
- The management highlighted that individual first-year premiums grew 15% YoY.
- VNB margin expanded by 260bps YoY to 20.6%.
- Growth in the partnership channel was driven by both existing partners and new tie-ups.
- The management indicated improvement in mindshare across existing bank partnerships.
- Product mix shifted toward traditional products, including protection.
- The management highlighted that despite GST changes, profitability improved during the period.

Health Insurance

- The management highlighted that gross written premium grew 39% YoY.
- Combined ratio improved from 105% in FY25 to 103% in FY26.
- The Health First model has been extended to the corporate segment.
- The management highlighted that the model focuses on health engagement and personalized customer interaction.
- The management indicated continued focus on execution across the health insurance business.

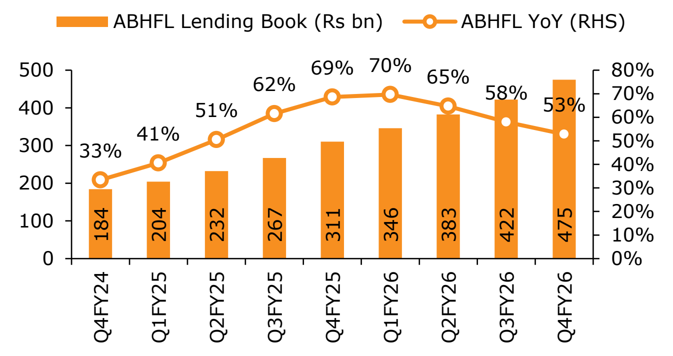
Story in charts

Exhibit 3: ABCAP posted loan book growth of 27% YoY



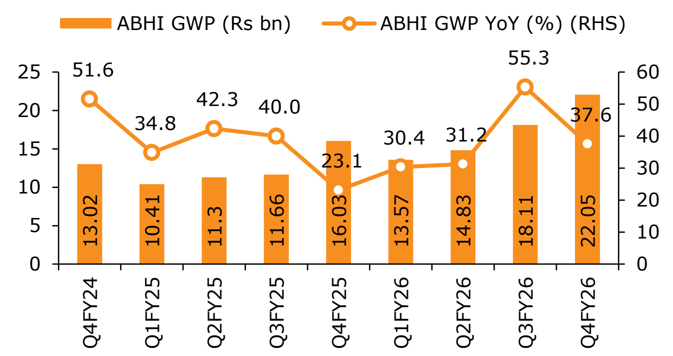
Source: Company, Emkay Research

Exhibit 4: ABHFL reported strong loan book growth



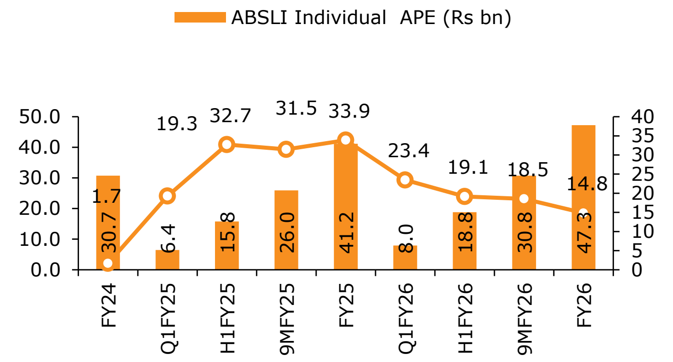
Source: Company, Emkay Research

Exhibit 5: ABHI's GDPI grew 38% YoY



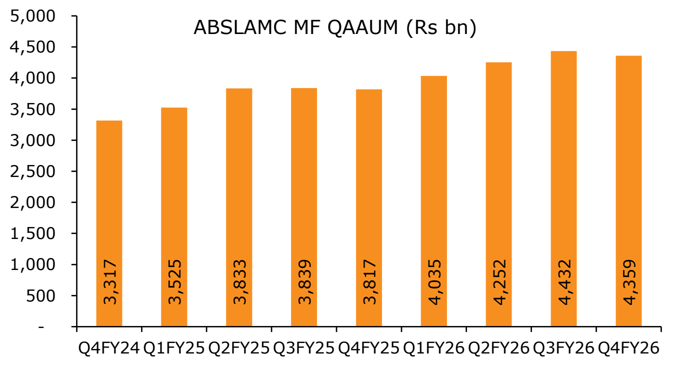
Source: Company, Emkay Research

Exhibit 6: ABSLI's Individual APE grew 15% YoY in FY26



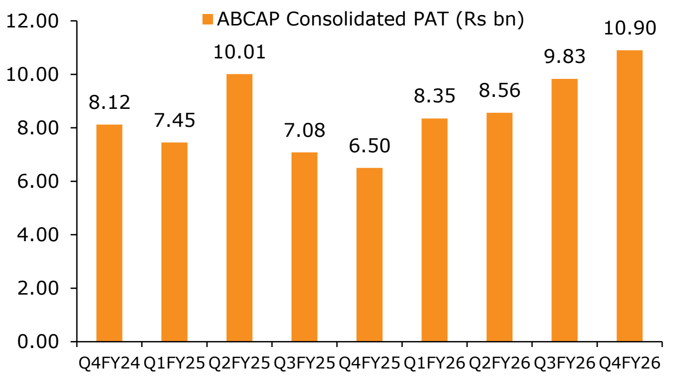
Source: Company, Emkay Research

Exhibit 7: ABSLAMC's MF QAAUM declined 2% QoQ



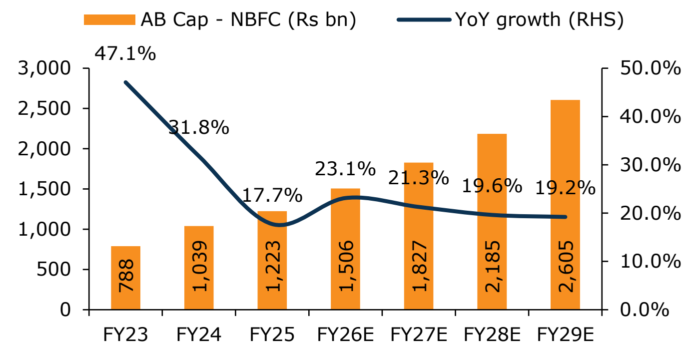
Source: Company, Emkay Research

Exhibit 8: ABCAP's consolidated PAT grew 11% QoQ



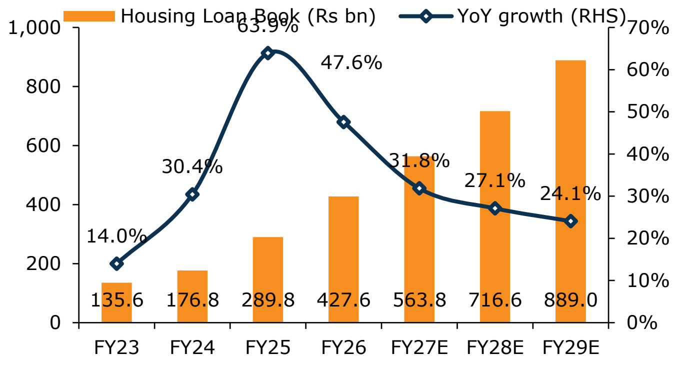
Source: Company, Emkay Research

Exhibit 9: We expect ABFL's loan book to grow ~21% in FY27E



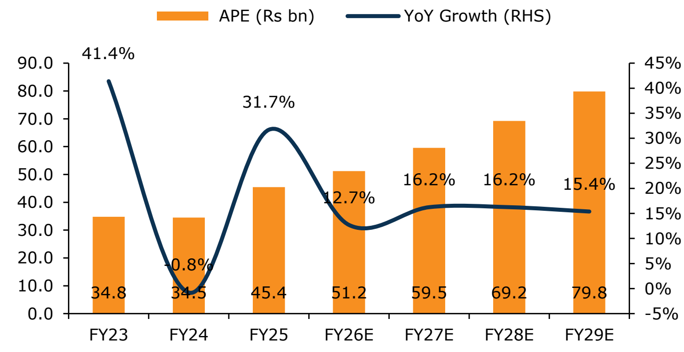
Source: Company, Emkay Research

Exhibit 10: We expect ABHFL's loan book to see 28% CAGR over FY26-29E



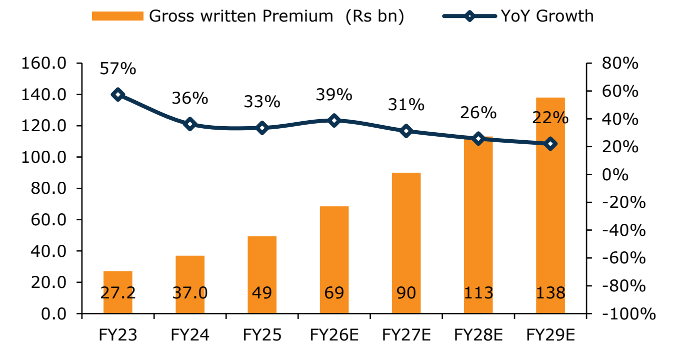
Source: Company, Emkay Research

Exhibit 11: We expect ABSLI's APE to grow ~16% in FY27E



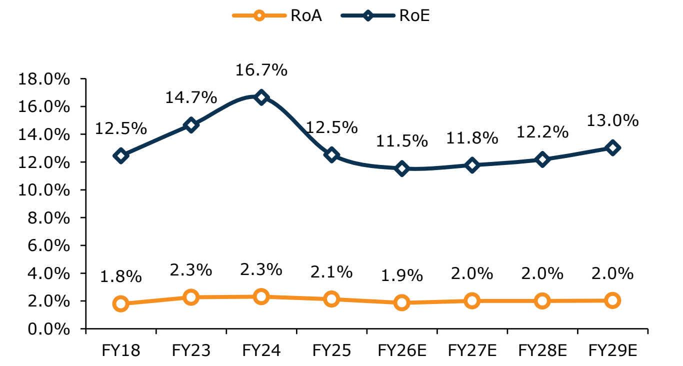
Source: Company, Emkay Research

Exhibit 12: We expect ABHI's GDPI to grow 31% in FY27E



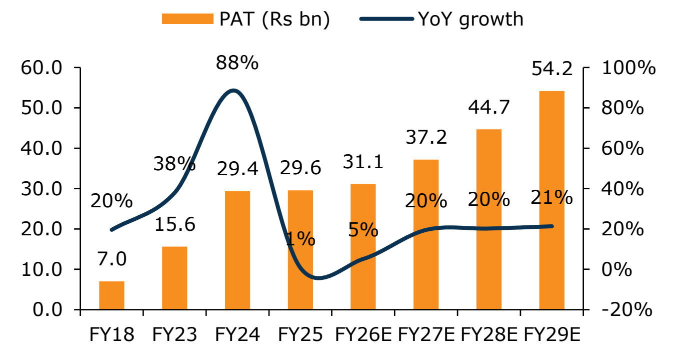
Source: Company, Emkay Research

Exhibit 13: We expect ABCAP (standalone) to deliver RoA of ~2% in FY27E



Source: Company, Emkay Research

Exhibit 14: We expect ABCAP's (standalone) PAT to grow at ~20% over FY26-29E



Source: Company, Emkay Research

Exhibit 15: Aditya Birla Housing Finance – Financial summary

(Rs mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Income Statement					
Interest income	24,363	37,234	50,959	65,813	82,531
Interest expenses	15,307	23,102	31,037	39,521	49,591
Net interest income	**11,245**	**17,554**	**24,359**	**31,830**	**39,854**
Other income	11	5	30	30	30
Total income	**11,256**	**17,559**	**24,389**	**31,860**	**39,884**
Employee expenses	4,188	5,245	6,294	7,553	9,441
Other expenses	1,931	2,528	2,933	3,431	4,117
Opex	**6,119**	**8,293**	**9,765**	**11,730**	**14,447**
Profit before provisions	**5,137**	**9,266**	**14,624**	**20,130**	**25,437**
Provisions	535	943	1,291	1,603	1,967
Profit before tax	**4,602**	**8,323**	**13,333**	**18,527**	**23,470**
Tax expenses	960	1,849	2,800	3,891	4,929
Recurring profit after tax	**3,642**	**6,473**	**10,533**	**14,637**	**18,542**
Other comprehensive income	0	0	0	0	0
Profit attributable to equity shareholders	**3,642**	**6,473**	**10,533**	**14,637**	**18,542**
Exceptionals	0	0	0	0	0
Reported profit attributable to shareholders	**3,642**	**6,473**	**10,533**	**14,637**	**18,542**
Balance Sheet					
Shareholders' equity	37,831	59,788	97,821	112,458	130,999
Borrowings	261,015	378,908	489,264	623,992	782,850
Other liabilities	5,429	8,649	8,757	12,872	15,613
Total equity and liabilities	**304,275**	**447,344**	**595,842**	**749,322**	**929,462**
Assets					
Cash and cash equivalents	3,771	6,037	13,530	9,315	11,557
Loans and advances	289,777	427,611	563,763	716,573	889,010
Fixed assets	1,381	1,337	2,255	2,723	3,200
Other assets	9,345	12,359	16,294	20,710	25,694
Total Assets	**304,275**	**447,344**	**595,842**	**749,322**	**929,462**
Key ratios (%)					
Loan yield	11.4	11.3	11.2	11.1	11.1
Cost of funds	7.3	7.2	7.2	7.1	7.1
Spread	4.1	4.1	4.0	4.0	4.1
Net interest margin	4.8	4.9	4.9	5.0	5.0
C/I ratio	54.4	47.2	40.0	36.8	36.2
Credit cost	0.23	0.26	0.26	0.25	0.24
RoA (normalized)	1.56	1.80	2.12	2.29	2.31
RoE (normalized)	12.05	13.26	13.37	13.92	15.23
Asset Quality					
GNPA	0.7	0.4	0.5	0.6	0.6
NNPA	0.3	0.2	0.2	0.2	0.2
Capital adequacy					
Tier 1 Ratio	14.3	15.9	24.2	21.9	20.7
CRAR	16.5	19.0	25.0	22.6	21.2
D/E (x)	6.9	6.3	5.0	5.5	6.0
Leverage (x)	8.0	7.5	6.1	6.7	7.1
RoA Tree (%)					
Interest income	10.0	9.9	9.8	9.8	9.8
Interest expenses	6.3	6.1	6.0	5.9	5.9
Net interest income	**4.6**	**4.7**	**4.7**	**4.7**	**4.7**
Other income	0.0	0.0	0.0	0.0	0.0
Total income	**4.6**	**4.7**	**4.7**	**4.7**	**4.8**
Employee expenses	1.7	1.4	1.2	1.1	1.1
Depreciation	0.2	0.1	0.1	0.1	0.1
Other expenses	0.8	0.7	0.6	0.5	0.5
Opex	**2.5**	**2.2**	**1.9**	**1.7**	**1.7**
Profit before provisions	2.1	2.5	2.8	3.0	3.0
Provisions	0.2	0.3	0.2	0.2	0.2
Profit before tax	1.9	2.2	2.6	2.8	2.8
Tax expense	0.4	0.5	0.5	0.6	0.6
RoA	**1.5**	**1.7**	**2.0**	**2.2**	**2.2**

Source: Company, Emkay Research

Exhibit 16: ABSL AMC – Financial summary

(Rs mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income Statement						
Fund management and advisory fee	**13,532**	**16,848**	**18,450**	**20,511**	**22,827**	**25,154**
Investment and other income	2,874	3,010	2,145	3,666	3,747	3,938
Total income	**16,406**	**19,858**	**20,595**	**24,177**	**26,573**	**29,092**
Total expenses	**6,324**	**7,413**	**7,940**	**8,845**	**9,845**	**10,917**
Profit before tax	**10,082**	**12,445**	**12,656**	**15,333**	**16,729**	**18,175**
Tax expenses	2,508	3,139	2,905	3,787	4,132	4,489
Profit after tax	**7,804**	**9,306**	**9,751**	**11,546**	**12,597**	**13,686**
Balance Sheet						
Shareholders' equity	31,689	37,269	40,417	44,598	47,958	51,566
Total liabilities	3,330	3,876	3,738	4,260	4,721	5,206
Investments	31,222	36,917	39,462	43,859	47,303	51,140
Total assets	**35,019**	**41,144**	**44,154**	**48,857**	**52,679**	**56,772**
MF QAAUM	3,317,000	3,817,000	4,359,000	5,191,589	5,841,490	6,629,358
Key ratios (%)						
Profitability						
Fee yield	0.45	0.47	0.45	0.43	0.41	0.40
C/I ratio	46.7	44.0	43.0	43.1	43.1	43.4
PAT/QAAUM	0.26	0.26	0.24	0.24	0.23	0.22
RoA (normalized)	24.8	24.4	22.9	24.8	24.8	25.0
RoE (normalized)	27.4	27.0	25.1	27.2	27.2	27.5

Source: Company, Emkay Research

Exhibit 17: Aditya Birla Sun Life Insurance – Financial summary

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Policyholders' account						
Gross written premium	172,601	206,388	247,790	293,765	348,333	412,395
Net earned premium	167,242	200,428	240,356	284,952	337,883	400,023
Investment income	96,900	64,010	86,672	101,268	119,222	140,514
Other income	3,513	1,150	1,380	1,636	1,939	2,296
Total revenue	267,655	265,588	328,408	387,856	459,045	542,833
Commission expenses	12,260	20,103	26,235	30,818	36,542	43,262
Operating expenses	19,648	21,954	26,328	30,928	36,335	42,617
Benefits cost	230,971	221,971	269,717	318,846	377,216	445,955
Total expenses	264,858	266,276	324,975	383,787	453,882	536,321
Surplus/Deficit	2,797	-688	3,433	4,069	5,163	6,513
Shareholders' account						
Transfer from policyholders' account	2,181	2,867	3,433	4,069	5,163	6,513
Investment income	3,499	3,458	4,139	4,647	4,863	5,116
Expenses	3,677	5,316	5,582	6,419	7,382	8,490
Profit before tax	2,003	1,009	1,990	2,297	2,644	3,139
Tax expenses	151	13	99	115	132	157
Profit after tax	**1,852**	**996**	**1,890**	**2,182**	**2,512**	**2,982**
Balance Sheet						
Sources of Funds						
Shareholders' funds	34,750	40,003	49,393	51,575	54,087	57,070
Policyholders' Funds: Insurance reserves and provisions	837,512	960,390	1,113,219	1,309,611	1,542,770	1,819,020
Total	**880,379**	**1,014,243**	**1,170,728**	**1,369,302**	**1,604,973**	**1,884,206**
Application of Funds						
Shareholders' investments	40,042	50,443	62,284	65,036	68,203	71,964
Policyholders' investments	461,518	565,876	655,925	771,642	909,022	1,071,793
Assets Held to cover linked liabilities	360,053	378,640	438,894	516,322	608,247	717,160
Other assets	-341,288	-359,356	-425,268	-500,020	-588,746	-693,872
Total	**880,379**	**1,014,243**	**1,170,728**	**1,369,302**	**1,604,973**	**1,884,206**
Embedded Value Account						
Embedded value	115,390	138,120	154,470	182,539	213,789	249,532
Annualised premium equivalent (APE)	34,505	45,444	51,214	59,531	69,201	79,838
New business value	6,970	8,180	10,550	12,323	14,463	16,766
New business margin (%)	20.2	18.0	20.6	20.7	20.9	21.0
EV operating profit	16,960	22,130	18,190	26,569	30,751	35,243
Operating RoEV (%)	18.8	19.2	13.2	17.2	16.8	16.5
Key Ratios						
Return on equity (%)	5.8	2.7	4.2	4.3	4.8	5.4
Commission expenses/TWRP (%)	9.5	13.2	14.4	14.2	14.2	14.2
Operating expenses/TWRP (%)	15.2	14.4	14.4	14.3	14.1	14.0
Total expenses (% of TWRP)	24.7	27.5	28.8	28.5	28.3	28.2
Total expenses (% of Avg AUM)	4.09	4.53	4.06	3.56	3.59	3.60
Conservation ratio (%)	86.2	83.8	83.0	83.5	84.4	85.2

Source: Company, Emkay Research

Exhibit 18: Aditya Birla Health Insurance – Financial summary

Policyholder Account (Y/E Mar, Rs mn)	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Gross direct premium (GDPI)	37,013	49,404	68,551	89,992	113,148	138,041
Gross written premium (GWP)	37,013	49,404	68,551	89,992	113,148	138,041
Net written premium (NWP)	30,716	36,473	49,356	67,494	88,256	110,433
Net earned premium (NEP)	26,001	33,041	43,859	58,717	77,875	99,344
Net incurred claims	17,761	23,625	30,394	39,810	52,332	66,461
Net commission expenses	4,491	3,487	5,281	7,424	9,708	12,148
Operating expenses	7,725	8,665	11,352	15,186	19,328	23,964
Total expenses	8,684	11,206	15,925	22,022	29,977	35,777
Underwriting result	**(2830)**	**(2734)**	**(4032)**	**(3644)**	**(3975)**	**(2737)**
Investment income	1,641	2,135	2,639	3,445	4,722	6,029
Insurance result	-1,189	-599	-1,393	-199	747	3,292
Operating profit	**-296**	**945**	**-530**	**-259**	**1,229**	**2,800**
Shareholder Account						
Operating profit	**-296**	**945**	**-530**	**-259**	**1,229**	**2,800**
Investment income	576	686	891	1,021	1,120	1,282
Expenses and provisions	2,112	1,579	30	30	30	30
Profit before tax	-1,833	51	331	732	2,319	4,053
Tax expense	0	0	0	0	0	0
Profit after Tax	**-1,833**	**51**	**331**	**732**	**2,319**	**4,053**
Balance Sheet						
Source of Funds						
Shareholders' funds	27,713	31,718	32,049	32,781	35,100	39,153
Fair value gains	4	15	15	16	17	18
Net worth including fair value gains	27,717	31,732	32,064	32,797	35,117	39,170
Borrowings						
Total	**27,717**	**31,732**	**32,064**	**32,797**	**35,117**	**39,170**
Application of Funds						
Investments						
Shareholders	7,240	9,129	13,609	14,267	16,355	20,002
Policyholders	25,831	34,905	42,745	60,687	81,668	104,762
Other assets	1,743	1,918	1,956	1,995	2,035	2,076
Cash and bank balances	1,455	245	1,760	1,936	2,130	2,343
Other current assets	2,431	4,507	5,182	5,960	6,854	7,882
Net current assets	-24,076	-31,147	-43,173	-61,081	-81,869	-104,598
Accumulated losses	16,979	16,928	16,928	16,928	16,928	16,928
Total	**27,717**	**31,732**	**32,064**	**32,797**	**35,117**	**39,170**
Key ratios						
Retention ratio	83.0	73.8	72.0	75.0	78.0	80.0
Incurred claims ratio	68.3	71.5	69.3	67.8	67.2	66.9
Net commission ratio	14.6	9.6	10.7	11.0	11.0	11.0
Expense ratio	25.1	23.8	23.0	22.5	21.9	21.7
Combined ratio	108.1	104.8	103.0	101.3	100.1	99.6
GWP/Net worth	1.3	1.6	2.1	2.7	3.2	3.5
NWP/Net worth	1.1	1.1	1.5	2.1	2.5	2.8
Return on equity (%)	-6.6	0.2	1.0	2.3	6.8	10.9

Source: Company, Emkay Research

AB Capital: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	145,247	168,285	215,826	260,803	312,594
Interest Expense	79,814	91,120	114,427	139,150	166,498
Net interest income	**65,433**	**77,166**	**101,399**	**121,652**	**146,095**
NII growth (%)	5.9	17.9	31.4	20.0	20.1
Non interest income	4,176	1,120	1,232	1,356	1,491
Total income	**75,717**	**84,731**	**102,631**	**123,008**	**147,586**
Operating expenses	21,973	27,357	32,543	38,172	44,775
PPOP	**53,744**	**57,374**	**70,088**	**84,836**	**102,811**
PPOP growth (%)	23.8	6.8	22.2	21.0	21.2
Provisions & contingencies	14,476	15,694	20,070	24,718	29,879
PBT	**39,268**	**41,680**	**50,018**	**60,117**	**72,932**
Extraordinary items	-	-	-	-	-
Tax expense	9,696	10,587	12,855	15,450	18,744
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**29,572**	**31,093**	**37,164**	**44,667**	**54,189**
PAT growth (%)	38.4	5.1	19.5	20.2	21.3
Adjusted PAT	**29,572**	**31,093**	**37,164**	**44,667**	**54,189**
Diluted EPS (Rs)	**11.4**	**11.9**	**14.0**	**16.7**	**20.2**
Diluted EPS growth (%)	(1.1)	4.8	17.9	18.9	21.3
DPS (Rs)	**-**	**-**	**-**	**-**	**-**
Dividend payout (%)	**-**	**-**	**-**	**-**	**-**
Effective tax rate (%)	24.7	25.4	25.7	25.7	25.7
Net interest margins (%)	6.3	6.1	6.1	6.1	6.1
Cost-income ratio (%)	29.0	32.3	31.7	31.0	30.3
PAT/PPOP (%)	55.0	54.2	53.0	52.7	52.7
Shares outstanding (mn)	2,607.0	2,619.6	2,676.8	2,676.8	2,676.8

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	26,070	26,196	26,768	26,768	26,768
Reserves & surplus	225,866	260,815	317,407	362,074	416,263
Net worth	**251,936**	**287,011**	**344,175**	**388,842**	**443,031**
Borrowings	**1,111,357**	**1,384,147**	**1,707,349**	**2,052,099**	**2,446,218**
Other liabilities & prov.	**29,706**	**34,701**	**47,788**	**74,628**	**114,402**
Total liabilities & equity	**1,392,999**	**1,705,859**	**2,099,312**	**2,515,569**	**3,003,651**
Net loans	1,223,445	1,506,351	1,826,863	2,185,485	2,605,222
Investments	128,294	166,914	206,082	250,908	304,307
Cash, other balances	-	-	-	-	-
Interest earning assets	**1,375,507**	**1,678,100**	**2,065,829**	**2,475,732**	**2,956,423**
Fixed assets	3,698	3,331	3,857	4,395	4,979
Other assets	13,794	24,429	29,626	35,442	42,249
Total assets	**1,392,999**	**1,705,859**	**2,099,312**	**2,515,569**	**3,003,651**
BVPS (Rs)	96.6	109.6	128.6	145.3	165.5
Adj. BVPS (INR)	96.6	109.6	128.6	145.3	165.5
Gross loans	1,263,510	1,599,160	1,945,275	2,336,720	2,795,760
Total AUM	**1,263,510**	**1,599,160**	**1,945,275**	**2,336,720**	**2,795,760**
On balance sheet	1,263,510	1,599,160	1,945,275	2,336,720	2,795,760
Off balance sheet	0	0	0	0	0
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	17.7	23.1	21.3	19.6	19.2
AUM growth (%)	20.4	24.5	23.4	20.2	19.2
Borrowings growth (%)	20.4	24.5	23.4	20.2	19.2
Book value growth (%)	14.0	13.4	17.4	13.0	13.9

Source: Company, Emkay Research

Asset quality and other metrics

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
GNPL - Stage 3	27,770	20,240	23,183	27,365	32,535
NNPL - Stage 3	15,274	10,565	12,287	14,230	16,267
GNPL ratio - Stage 3 (%)	2.3	1.3	1.3	1.3	1.2
NNPL ratio - Stage 3 (%)	1.2	0.7	0.7	0.7	0.6
ECL coverage - Stage 3 (%)	45.0	47.8	47.0	48.0	50.0
ECL coverage - 1 & 2 (%)	-	-	-	-	-
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	1.3	1.1	1.2	1.2	1.2
NNPA to networth (%)	6.1	3.7	3.6	3.7	3.7
Capital adequacy					
Total CAR (%)	18.2	16.8	17.1	16.2	15.5
Tier-1 (%)	15.9	13.8	15.1	14.2	13.5
Miscellaneous					
Total income growth (%)	10.1	11.9	21.1	19.9	20.0
Opex growth (%)	8.9	24.5	19.0	17.3	17.3
PPOP margin (%)	4.8	4.2	4.2	4.2	4.3
Credit costs-to-PPOP (%)	26.9	27.4	28.6	29.1	29.1
Loan-to-Assets (%)	87.8	88.3	87.0	86.9	86.7
Yield on loans (%)	13.4	12.8	13.0	13.0	13.1
Cost of funds (%)	7.8	7.3	7.4	7.4	7.4
Spread (%)	5.5	5.5	5.5	5.6	5.6

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	30.4	29.1	24.6	20.7	17.1
P/B (x)	3.6	3.2	2.7	2.4	2.1
P/ABV (x)	3.6	3.2	2.7	2.4	2.1
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0	0	0	0	0
Dupont-RoE split (%)					
NII/avg AUM	6.3	6.1	6.1	6.1	6.1
Other income	-	-	-	-	-
Securitization income	-	-	-	-	-
Opex	1.9	2.0	2.0	1.9	1.9
Employee expense	1.0	1.0	1.0	0.9	0.9
PPOP	**4.8**	**4.2**	**4.2**	**4.2**	**4.3**
Provisions	1.3	1.1	1.2	1.2	1.2
Tax expense	0.9	0.8	0.8	0.8	0.8
RoAUM (%)	**2.6**	**2.3**	**2.2**	**2.2**	**2.3**
Leverage ratio (x)	5.5	5.9	6.1	6.5	6.8
RoE (%)	**12.5**	**11.5**	**11.8**	**12.2**	**13.0**

Quarterly data

Rs mn, Y/E Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
NII	18,590	19,940	21,270	21,900
NIM (%)	6.0	6.1	6.1	6.1
PPOP	13,250	13,350	14,580	14,270
PAT	6,890	7,140	7,720	8,250
EPS (Rs)	2.85	2.95	3.19	3.41

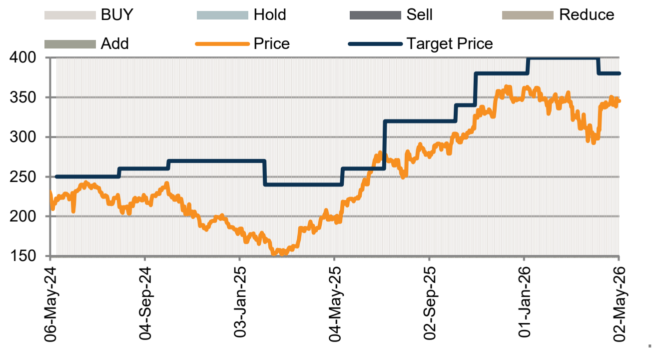
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
06-Apr-26	311	380	Buy	Avinash Singh
17-Mar-26	319	400	Buy	Avinash Singh
04-Feb-26	347	400	Buy	Avinash Singh
06-Jan-26	361	400	Buy	Avinash Singh
31-Oct-25	324	380	Buy	Avinash Singh
06-Oct-25	304	340	Buy	Avinash Singh
11-Sep-25	290	320	Buy	Avinash Singh
05-Aug-25	282	320	Buy	Avinash Singh
07-Jul-25	276	320	Buy	Avinash Singh
20-Jun-25	260	260	Buy	Avinash Singh
05-Jun-25	225	260	Buy	Avinash Singh
14-May-25	218	260	Buy	Avinash Singh
10-Apr-25	182	240	Buy	Avinash Singh
03-Apr-25	193	240	Buy	Avinash Singh
27-Feb-25	158	240	Buy	Avinash Singh
04-Feb-25	168	240	Buy	Avinash Singh
06-Jan-25	176	270	Buy	Avinash Singh
05-Dec-24	199	270	Buy	Avinash Singh
31-Oct-24	203	270	Buy	Avinash Singh
04-Oct-24	228	270	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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Seshadri Kumar Sen

Digitally signed by Seshadri Kumar Sen
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