

Aditya Birla Capital (ABCAP) posted another strong quarter, with consistent execution across businesses and improving profitability. Lending remained the core driver as the NBFC saw healthy AUM growth of 24%, record disbursements, better asset quality, and gradual lift in margin, keeping it on track for achieving the medium-term RoA expansion target of 2.5%. Housing Finance continued to scale up rapidly, with best-in-class asset quality and rising operating leverage; the Rs27.5bn capital infusion from Advent International materially strengthens the franchise, extending the growth visibility and balance-sheet headroom for the next phase. Other businesses stayed supportive, with strong AMC profitability (Q3 PAT: +12% QoQ), robust growth, and margin expansion in Life Insurance driven by favorable product mix/strong growth, with improving Combined Ratio in Health Insurance. Overall, the quarter reinforces confidence on ABCAP's diversified model, capital strength, and clearer path to sustained growth/returns, with the HFC deal emerging as a key strategic catalyst. We maintain BUY, with Dec-26E TP of Rs400 (valuing the SA NBFC at 2.5x FY27E P/B and subsidiaries at ~Rs145/sh, after applying 25% holdco discount).

Strong Q3 execution, with improving margins and asset quality

ABCAP logged a resilient Q3 with strong growth and better profitability across businesses. Consol PAT rose 41% YoY to Rs9.83bn, on 30% YoY revenue growth. The NBFC business delivered healthy momentum with AUM up 24% YoY and 6% QoQ to Rs1.48trn, RoA improving to 2.25%, and asset quality strengthening as GS2+GS3 declined to 2.8% (down by 23bps QoQ), while credit cost was benign at ~1.23%. NIM improved marginally to 6.12%, though the mix shift toward higher-yielding Personal and Consumer loans and lower funding costs would support margin and RoA expansion ahead. The HFC business continued to outperform, with AUM growth of 58% YoY and 10% QoQ to Rs422.bn, RoA rising to 1.96%, and best-in-class asset quality with Stage 2+3 at 0.95%. This kept it firmly on track to achieving the ~2-2.2% RoA target in coming quarters, further strengthened by the Rs27.5bn capital infusion from Advent International. In Life Insurance, individual APE grew 19% YoY, with VNB margin expanding to ~14.6%, driven by a favorable product mix and rider attachment. Health Insurance saw strong GWP growth of 55% YoY in Q3, along with an improvement in the combined ratio to ~111% (9MFY26). AMC business was steady with PAT up 14% QoQ to Rs2.7bn, supported by 7% QoQ growth in revenue/healthy QAAUM growth. Overall, the quarter reflects consistent execution, strengthening balance sheets, and a clear trajectory toward higher returns.

Positive outlook with improving earnings visibility

The outlook remains positive as ABCAP's diversified platform, strong lending momentum, and improving asset quality support sustained the RoA expansion in the medium term. The HFC business is entering a stronger growth phase, aided by operating leverage and the recent Advent capital infusion, while Life and Health Insurance are scaling up with improving margin and unit economics. With earnings visibility improving and given strengthening of the balance sheet, we remain constructive on the stock. We reiterate BUY with Dec-26E TP of Rs400, valuing the NBFC at 2.5x FY27E P/B and subsidiaries at ~Rs145/sh after a 25% holdco discount.

AB Capital: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profits	21,366	29,572	33,287	40,071	49,794
AUM growth (%)	0.0	20.4	24.2	20.1	19.5
NII growth (%)	1.5	5.9	30.3	23.8	19.0
NIMs (%)	6.8	6.3	6.3	6.5	6.5
PPOP growth (%)	45.0	23.8	13.6	26.6	19.8
Adj. EPS (Rs)	11.5	11.4	12.8	15.4	19.1
Adj. EPS growth (%)	(65.6)	(1.1)	12.4	20.4	24.3
Adj. BV (INR)	84.7	96.6	107.1	122.5	141.6
Adj. BVPS growth (%)	(61.6)	14.0	10.8	14.4	15.6
RoA (%)	3.0	2.1	2.2	2.2	2.3
RoE (%)	17.5	12.5	12.5	13.4	14.5
P/E (x)	30.1	30.4	27.1	22.5	18.1
P/ABV (x)	4.1	3.6	3.2	2.8	2.4

Source: Company, Emkay Research

Target Price – 12M	Dec-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	15.9

Stock Data	ABCAP IN
52-week High (Rs)	369
52-week Low (Rs)	149
Shares outstanding (mn)	2,617.5
Market-cap (Rs bn)	904
Market-cap (USD mn)	10,016
Net-debt, FY26E (Rs mn)	NA
ADTV-3M (mn shares)	5.5
ADTV-3M (Rs mn)	1,639.1
ADTV-3M (USD mn)	18.2
Free float (%)	27.2
Nifty-50	25,727.6
INR/USD	90.3

Shareholding, Dec-25

Promoters (%)	68.6
FPIs/MFs (%)	5.2/15.4

Price Performance

(%)	1M	3M	12M
Absolute	(4.4)	3.4	100.3
Rel. to Nifty	(2.1)	3.5	81.9

1-Year share price trend (Rs)



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Exhibit 1: Quarterly Financial Performance

	Q3FY26	Q3FY25	YoY chg	Q2FY26	QoQ chg
Aditya Birla Capital (Consolidated)					
Consolidated Revenue (Rs mn)	141,810	109,490	30%	124,810	14%
Consolidated PAT (Rs mn)	9,830	7,080	39%	8,560	15%
Lending Book (Rs bn)	1,904	1,462	30%	1,779	7%
Gross Premium (Rs mn)	83,410	61,140	36%	68,300	22%
Total AUM (Rs bn)	5,982	5,034	19%	5,502	9%
Aditya Birla Finance					
Lending Book (Rs bn)	1,482	1,194	24%	1,396	6%
Net Interest Margin (%)	6.12	5.99	0.1ppts	6.06	0.1ppts
Net Interest Income (Rs mn)	21,270	17,340	23%	19,940	7%
Credit Provisioning (%)	1.23	1.36	-0.1ppts	1.16	0.1ppts
Profit After Tax (Rs mn)	7,720	6,000	29%	7,140	8%
Return On Asset (%)	2.25	2.10	0.2ppts	2.20	0.0ppts
Aditya Housing Finance					
Lending Book (Rs bn)	422	267	58%	383	10%
Net Interest Margin (%)	5.22	4.94	0.3ppts	5.07	0.1ppts
Credit Provisioning (%)	0.31	0.19	0.1ppts	0.34	0.0ppts
Profit After Tax (Rs mn)	1,770	840	111%	1,500	18%
Return On Asset (%)	1.96	1.42	0.5ppts	1.82	0.1ppts
Return On Equity (%)	14.94	10.66	4.3ppts	13.95	1.0ppts
Aditya Birla Sun Life AMC					
MFQAAUM (Rs bn)	4,432	3,839	15%	4,252	4%
Revenue (Rs mn)	5,624	4,840	16%	5,070	11%
Cost to Income Ratio	36%	38%	-5%	38%	-4%
PAT (Rs mn)	2,740	2,240	22%	2,410	14%
Aditya Birla Sun Life Insurance					
	9MFY26	9MFY25	%YoY		
Individual APE (Rs mn)	30,760	25,950	19%		
Ind. New Business Premium (Rs mn)	33,970	30,140	13%		
Net VNB (%)	14.6	10.8	3.8ppts		
Opex Ratio (incl commissions; %)	22.9	20.8	2.1ppts		
PAT (Rs mn)	1,090	520	110%		
Aditya Birla Health Insurance					
Retail Premium (Rs mn)	9,250	4,780	94%		
Group Premium (Rs mn)	8,870	6,880	29%		
Gross Premium (Rs mn)	18,120	11,660	55%		
Combined Ratio - for 9M (%)	111	114	-3.0ppts		
Profit Before Tax (Rs mn)	-760	-810	NM		

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 2: SOTP-based valuation

Entity	Metrics	Mar-27E	Multiple (x)	Valuation (Rs mn)	Ownership	Value	Rs per share
NBFC	Net worth (Rs mn)	239,294	2.5	586,270	100%	586,270	225
HFC	Net worth (Rs mn)	88,684	2.5	217,275	100%	217,275	83
AMC	MCAP	224,280	1.0	213,066	45%	96,178	37
Life Insurance	EV (Rs mn)	195,600	1.5	283,620	51%	144,646	55
Health Insurance	Deal value	94,685	1.0	89,950	46%	41,287	16
AB Money	MCAP	9,920	1.0	9,424	74%	6,974	3
Total						1,092,630	419
Holdco discount on owned subs			25%			126,590	49
Fair value (Mar-26E; Rs)						966,040	371
No of shares (mn)						2,607	
Target price - Dec-26 (Rs)						400	

Source: Company, Emkay Research

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Earnings conference call highlights

NBFC

- The management continues to see healthy momentum in the personal and consumer loans business, post strategic calibration.
- As one of the leading lenders to MSMEs, ABCAP continues to strengthen its position in the NBFC space and consistently outpaces the industry growth in this segment.
- The company's MSME business loans segment now represents 56% of the total portfolio, with 82% secured by collateral and 18% unsecured; this positions it well to capture opportunities from Union Budget measures supporting MSME liquidity through comprehensive supply chain finance solutions.
- Asset quality improved significantly across all segments, driven by advanced AI-powered underwriting frameworks and strong risk management, while 73% of the book remains secured with a provision coverage ratio of 44.3%.
- Secured business loans to SMEs grew 24% YoY, primarily driven by scaling direct sourcing efforts through the branch network.
- Going forward, the company will focus on improving the retail and MSME segment mix, leveraging proprietary digital platforms, increasing direct sourcing through branch expansion, and continuing technology investments while maintaining its commitment to sustainable returns.
- The management mentioned that the improvement in margins was driven by an improvement in the product mix.
- 73% of the exposure was secured by collateral, 82% of the MSME is secured by collateral and cashflow.
- The unsecured loan portfolio has been recalibrated over the past 18 months, with a deliberate exit from higher-risk segments. As a result, bounce rates have moderated and asset quality metrics are stabilizing. The impact on yields and margins is expected to materialize over the next couple of quarters.
- Almost 70% of the loans are floating, and the management will continue to leverage its ability to reduce the cost of funds further.
- Growth guidance for FY27 remains in the 24–25% range, which implies doubling of the loan book over three years.
- The sourcing mix in the Personal and Consumer Loans segment is becoming fully digitalized, which is increasingly reflected in operating metrics. In unsecured loans, a significant proportion of customers continue to rely on their CAs and accountants, resulting in a higher share of DSA-led sourcing.
- RoA for the NBFC business, excluding the one-off, is ~2.28% and is expected to expand to 2.5% in the next 4-5 quarters.

HFC

- The company announced a Rs27.5bn primary capital infusion by Advent International, valuing the housing finance business at Rs192.5bn post-money and providing growth capital for the next 2–2.5 years.
- Upon completion, ABCL will hold 85.7% stake in the company, while Advent International will hold 14.3%. The transaction is subject to CCI approval, expected by end Mar-26.
- Advent's global experience, its institutional depth, and strategic orientation will significantly strengthen its ability to scale up responsibly and accelerate the next phase of growth and innovation.
- The company is witnessing encouraging traction from AI-enabled copilots across sales, underwriting, customer service, and audit functions.
- The Account Aggregator (AA) usage has increased to ~62% from 39% in FY25. These initiatives have contributed to a ~1.3x YoY improvement in sales manager productivity.

AMC

- The company reported average AUM of Rs4.81trn in its asset management business, up 20% YoY, with improving fund performance supporting higher inflows, particularly in equity and passive products.
- SIP assets were stable, and the ETF business continued to outpace the industry growth, reinforcing the franchise's positioning in low-cost and index-based offerings.
- The company reiterated its priority of scaling up the equity offering through consistent SIP inflows, a broad-based distribution network, sustained performance, and deeper market engagement.

Life Insurance

- Partnership-led growth of 26% was driven by both existing partners and new tie-ups with Bank of Maharashtra, IDFC Bank, and Axis Bank, where the company has achieved meaningful mindshare. Within existing bank partnerships, mindshare has improved consistently over 9MFY26.
- At Axis Bank, the company was earlier present in select zones, contributing ~20% of the bank's total business. With access now expanded to another three zones, coverage is expected to increase to ~50% of Axis Bank's business, going forward.
- Within the individual business, product mix has shifted toward traditional products, including protection, and which now account for ~70; ULIPs have declined to ~30% of the mix. This mix shift has supported margin expansion over 9MFY26. The company will continue to calibrate the product mix in line with customer demand while optimizing margins.
- The Credit Life business recorded 37% growth, driven by higher attachment ratios across all large partner counters, with particularly strong improvement within the company's own NBFC and housing finance businesses.
- Margins expanded due to a controlled ULIP mix, higher protection-led value accretive growth in the partnership business, and improved rider attachment.
- VNB margins expanded despite the GST impact; ~40% of the impact has already been mitigated through revised distributor commercial arrangements, with the balance to be managed through product strategy and management actions going forward.

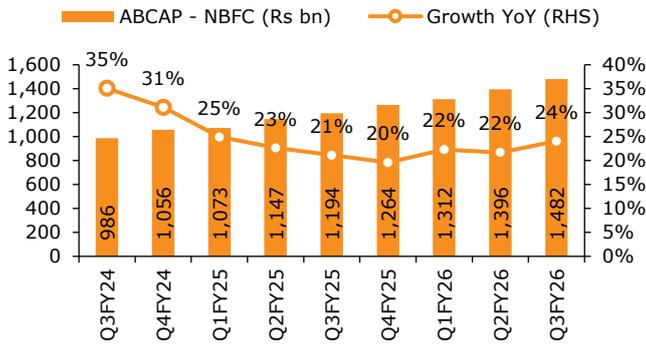
Health Insurance

- The differentiated Health First insurance model has now been extended to the corporate segment, which is expected to further strengthen the company's competitive positioning.
- The company believes its strong growth and superior unit economics are driven by a digitally enabled, differentiated Health First model, which provides a select advantage by attracting a higher share of health-conscious consumers.
- This is further reinforced by a hyper-personalized health engagement framework, enabling deeper insights into the health profiles of its customer base.
- Looking ahead, the company remains optimistic about the long-term growth prospects of the health insurance sector.
- Supported by its differentiated Health First model and strong execution focus, ABHI is well positioned to outpace market growth.

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

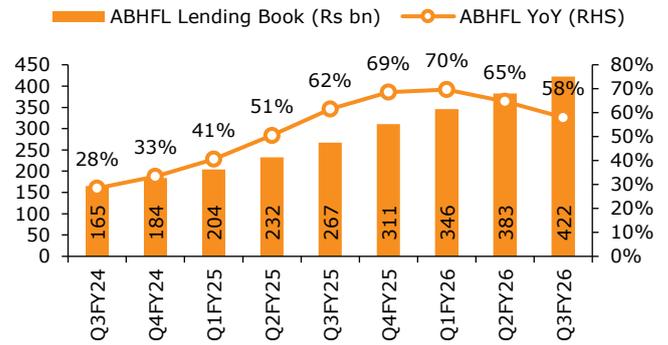
Story in charts

Exhibit 3: ABFL posts loan book growth of 24% YoY



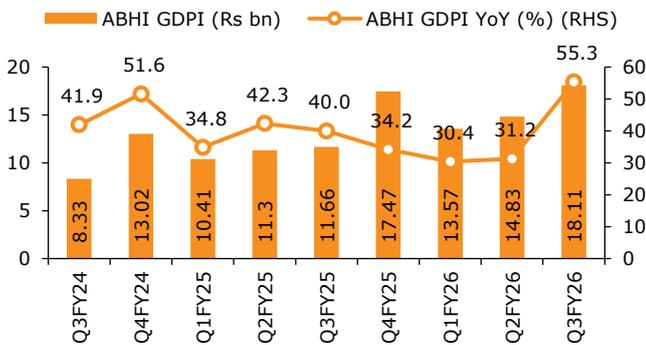
Source: Company, Emkay Research

Exhibit 4: ABHFL reports strong loan book growth



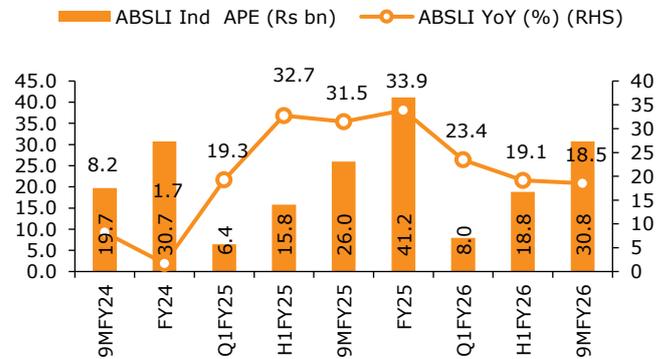
Source: Company, Emkay Research

Exhibit 5: ABHI's GDPi grows 55% YoY



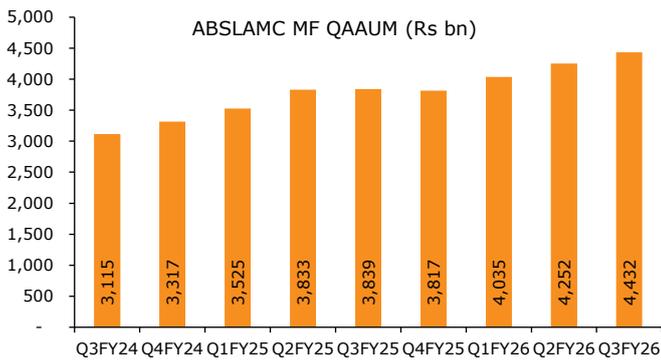
Source: Company, Emkay Research

Exhibit 6: ABSLI's APE grows 19% YoY in 9MFY26



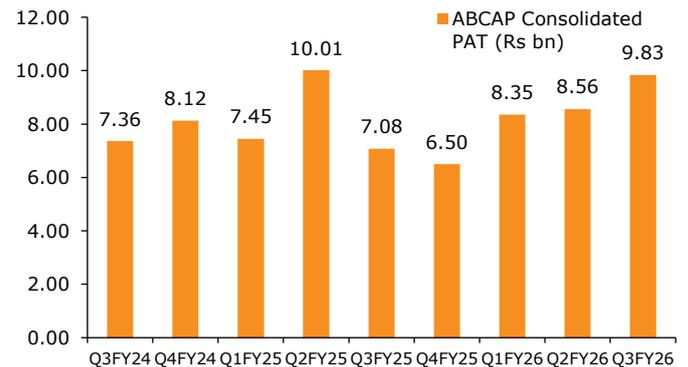
Source: Company, Emkay Research

Exhibit 7: ABSLAMC reports 4% QoQ growth in MFAUM



Source: Company, Emkay Research

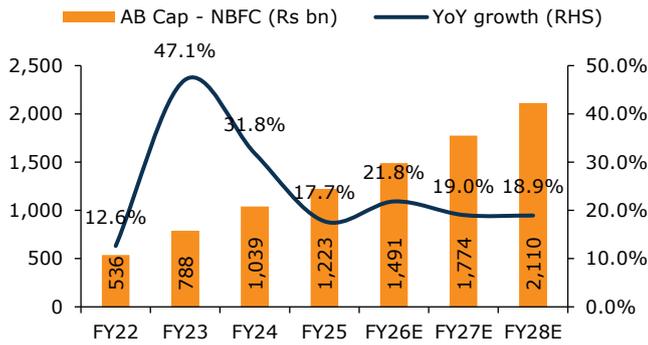
Exhibit 8: ABCAP's consolidated PAT grows 15% QoQ



Source: Company, Emkay Research

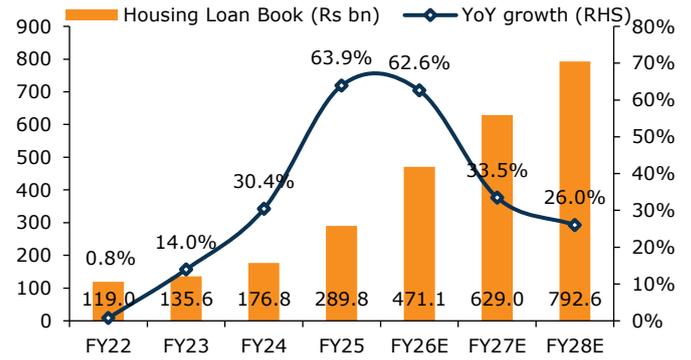
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Exhibit 9: We expect ABFL's loan book to grow 22% in FY26E



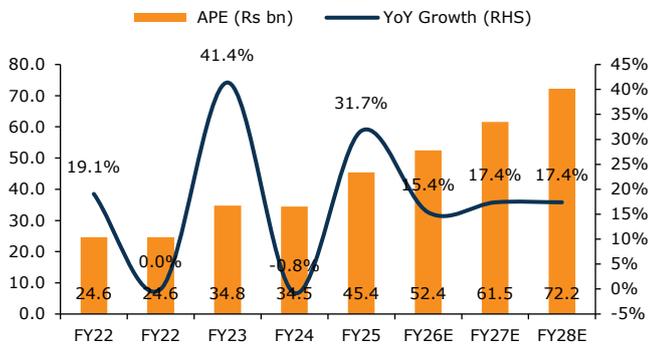
Source: Company, Emkay Research

Exhibit 10: We expect ABHFL's loan book to grow 63% in FY26E



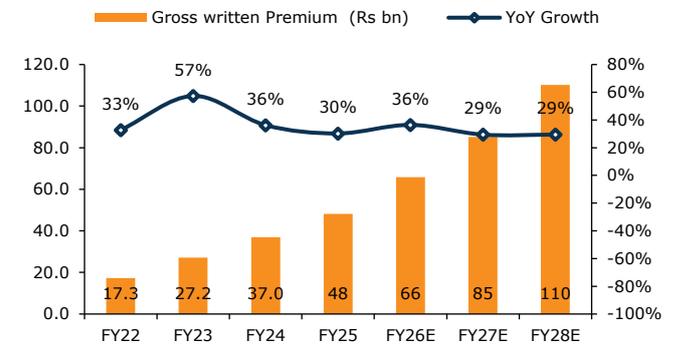
Source: Company, Emkay Research

Exhibit 11: We expect ABSLI's APE to grow ~15% in FY26E



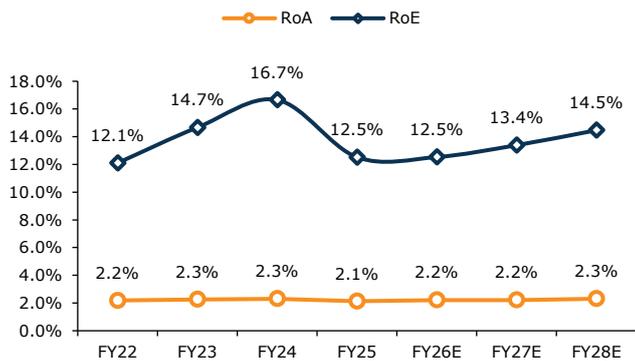
Source: Company, Emkay Research

Exhibit 12: ABHI's GDPI is expected to grow 36% in FY26E



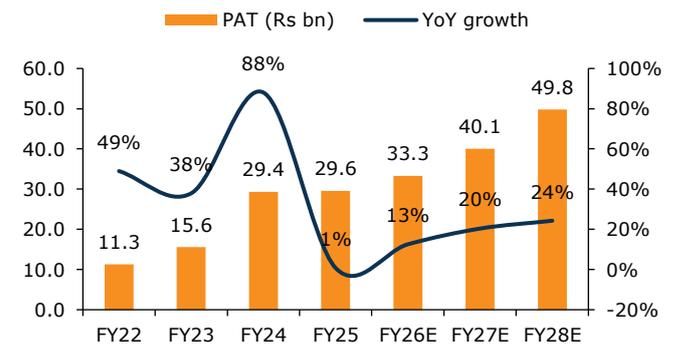
Source: Company, Emkay Research

Exhibit 13: We expect ABCAP (standalone) to deliver RoE of ~15% in FY28E



Source: Company, Emkay Research

Exhibit 14: ABCAP's (standalone) PAT expected to grow ~19% over FY25-28E



Source: Company, Emkay Research

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Exhibit 15: Aditya Birla Housing Finance – Financial Summary

(Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Income Statement					
Interest income	17,185	24,363	39,948	57,755	74,987
Interest expense	10,142	15,307	24,574	34,898	44,467
Net interest income	8,208	11,245	18,001	26,004	34,292
Other income	12	11	30	30	30
Total income	8,220	11,256	18,031	26,034	34,322
Employee expense	2,834	4,188	5,235	6,282	7,539
Other expense	1,336	1,931	2,413	2,799	3,275
Opex	4,427	6,119	8,178	9,895	11,899
Profit before provisions	3,793	5,137	9,853	16,139	22,423
Provisions	28	535	1,100	1,660	1,935
Profit before tax	3,765	4,602	8,752	14,480	20,489
Tax expense	858	960	1,838	3,041	4,303
Recurring profit after tax	2,907	3,642	6,914	11,439	16,186
Other Comprehensive Income	0	0	0	0	0
Profit attributable to equity shareholders	2,907	3,642	6,914	11,439	16,186
Exceptionals	0	0	0	0	0
Reported profit attributable to shareholders	2,907	3,642	6,914	11,439	16,186
Balance Sheet					
Shareholders' Equity	22,598	37,831	49,745	88,684	104,870
Borrowings	159,467	261,015	431,198	565,896	713,718
Other liabilities	2,548	5,429	13,669	13,660	13,827
Total equity and liabilities	184,613	304,275	494,611	668,240	832,415
Assets					
Cash and cash equivalents	2,798	3,771	6,132	15,724	10,304
Loans and advances	176,779	289,777	471,134	628,961	792,587
Fixed assets	880	1,381	2,151	3,271	3,963
Other assets	4,155	9,345	15,194	20,284	25,561
Total Assets	184,613	304,275	494,611	668,240	832,415
Key ratios (%)					
Loan yield	11.8	11.4	11.2	11.1	11.1
Cost of funds	7.3	7.3	7.1	7.0	7.0
Spread	4.5	4.1	4.1	4.1	4.1
Net interest margin	5.3	4.8	4.7	4.7	4.8
C/I ratio	53.9	54.4	45.4	38.0	34.7
Credit cost	0.02	0.23	0.29	0.30	0.27
RoA (normalized)	1.86	1.56	1.82	2.08	2.28
RoE (normalized)	13.75	12.05	15.79	16.53	16.73
Asset Quality					
GNPA	1.8	0.7	0.5	0.8	0.8
NNPA	1.2	0.3	0.2	0.3	0.4
Capital adequacy					
Tier 1 Ratio	14.7	14.3	14.3	19.6	18.5
CRAR	16.8	16.5	15.4	20.4	19.1
D/E (x)	7.1	6.9	8.7	6.4	6.8
Leverage (x)	8.2	8.0	9.9	7.5	7.9
RoA Tree (%)					
Interest income	10.6	10.0	10.0	9.9	10.0
Interest expense	6.2	6.3	6.2	6.0	5.9
Net interest income	5.0	4.6	4.5	4.5	4.6
Other income	0.0	0.0	0.0	0.0	0.0
Total income	5.1	4.6	4.5	4.5	4.6
Employee expense	1.7	1.7	1.3	1.1	1.0
Depreciation	0.2	0.2	0.1	0.1	0.1
Other expense	0.8	0.8	0.6	0.5	0.4
Opex	2.7	2.5	2.0	1.7	1.6
Profit before provisions	2.3	2.1	2.5	2.8	3.0
Provisions	0.0	0.2	0.3	0.3	0.3
Profit before tax	2.3	1.9	2.2	2.5	2.7
Tax expense	0.5	0.4	0.5	0.5	0.6
RoA	1.8	1.5	1.7	2.0	2.2

Source: Company, Emkay Research

Exhibit 16: ABSL AMC – Financial Summary

(Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Income Statement					
Fund management and advisory fee	13,532	16,848	18,719	20,628	22,335
Investment & other income	2,874	3,010	3,655	3,411	4,093
Total income	16,406	19,858	22,373	24,039	26,428
Total expense	6,324	7,413	8,128	8,252	8,544
Profit before tax	10,082	12,445	14,245	15,787	17,884
Tax expense	2,508	3,139	3,593	3,982	4,511
Profit after tax	7,804	9,306	10,652	11,805	13,373
Balance Sheet					
Shareholders' Equity	31,689	37,269	43,958	51,372	59,770
Total Assets	35,019	41,144	49,373	59,248	71,097
MF QAAUM	3,317,000	3,817,000	4,352,802	4,954,074	5,625,347
- o/w Equity AAUM	1,520,000	1,691,000	1,973,397	2,289,141	2,655,403
Total QAAUM	3,458,000	4,056,000	4,743,702	5,431,989	6,157,212
Key ratios (%)					
Profitability					
Fee yield	0.43	0.45	0.43	0.41	0.39
C/I ratio	38.5	37.3	36.3	34.3	32.3
PAT/QAAUM	0.25	0.25	0.24	0.23	0.23
RoA (normalized)	24.8	24.4	23.5	21.7	20.5
RoE (normalized)	27.4	27.0	26.2	24.8	24.1

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 17: Aditya Birla Sun Life Insurance – Financial Summary

Y/E March (Rs mn)	FY24	FY25E	FY26E	FY27E	FY28E
Policyholders' account					
Gross written premium	172,601	206,388	244,343	291,743	348,372
Net earned premium	167,242	200,428	237,013	282,990	337,921
Investment income	96,900	64,010	86,677	101,327	119,461
Other income	3,513	1,150	1,360	1,624	1,940
Total revenue	267,655	265,588	325,051	385,941	459,322
Commission expense	12,260	20,103	23,773	28,384	33,894
Operating expenses	19,648	21,954	25,725	30,432	36,001
Benefits cost	230,971	221,971	269,855	319,981	380,558
Total expense	264,858	266,276	322,010	381,971	454,243
Surplus/Deficit	2,797	-688	3,041	3,970	5,079
Shareholders' account					
Transfer from policyholders' account	2,181	2,867	3,041	3,970	5,079
Investment income	3,499	3,458	4,121	4,803	5,035
Expenses	3,677	5,316	5,582	6,419	7,382
Profit before tax	2,003	1,009	1,580	2,355	2,732
Tax expense	151	13	79	118	137
Profit after tax	1,852	996	1,501	2,237	2,595
Balance Sheet					
Sources of Funds					
Shareholders' Funds	34,750	40,003	49,004	51,241	53,836
Policyholders' Funds: Insurance reserves and provisions	837,512	960,390	1,113,356	1,310,868	1,547,231
Total	880,379	1,014,243	1,170,476	1,370,225	1,609,183
Application of Funds					
Shareholders' Investments	40,042	50,443	61,793	64,614	67,886
Policyholders' Investments	461,518	565,876	656,005	772,382	911,651
Assets Held to Cover Linked Liabilities	360,053	378,640	438,948	516,818	610,005
Other Asset	-341,288	-359,356	-425,218	-500,408	-590,366
Total	880,379	1,014,243	1,170,476	1,370,225	1,609,183
Embedded Value Account					
Embedded Value	115,390	138,120	167,877	195,600	227,642
Annualized Premium Equivalent (APE)	34,505	45,444	52,428	61,539	72,237
New Business value	6,970	8,180	9,437	11,692	14,086
New Business Margin (%)	20.2	18.0	18.0	19.0	19.5
EV Operating Profit	16,960	22,130	21,757	27,223	31,543
Operating RoEV (%)	18.8	19.2	15.8	16.2	16.1
Key Ratio					
Return on Equity (%)	5.8	2.7	3.4	4.5	4.9
Commission expense/TWRP (%)	9.5	13.2	13.1	13.2	13.2
Operating expenses/TWRP (%)	15.2	14.4	14.2	14.1	14.0
Total expense (% of TWRP)	24.7	27.5	27.3	27.3	27.2
Total expense (% of Avg AUM)	4.09	4.53	3.82	3.39	3.43
Conservation ratio (%)	86.2	83.8	85.2	86.2	86.8

Source: Company, Emkay Research

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Exhibit 18: Aditya Birla Health Insurance – Financial Summary

Policyholder Account (Y/E Mar, Rs mn)	FY24	FY25E	FY26E	FY27E	FY28E
Gross Direct Premium (GDPI)	37,013	48,217	65,795	85,143	110,211
Gross Written Premium (GWP)	37,013	48,217	65,795	85,143	110,211
Net Written Premium (NWP)	30,716	36,473	49,346	66,412	88,169
Net Earned Premium (NEP)	26,001	33,041	42,910	57,879	77,290
Net incurred claims	17,761	23,625	29,736	39,068	51,553
Net commission expense	4,491	3,487	5,329	7,305	9,699
Operating expense	7,725	8,665	11,350	14,943	19,309
Total Expense	8,684	11,206	15,925	22,022	29,977
Underwriting result	(2830)	(2734)	(4032)	(3644)	(3975)
Investment income	1,641	2,135	2,690	3,365	4,639
Insurance result	-1,189	-599	-1,342	-279	664
Operating profit	-296	945	-816	-72	1,369
Shareholder Account					
Operating profit	-296	945	-816	-72	1,369
Investment income	576	686	875	971	1,074
Expenses and provisions	2,112	1,579	30	30	30
Profit before tax	-1,833	51	29	869	2,414
Tax expense	0	0	0	0	0
Profit after Tax	-1,833	51	29	869	2,414
Balance Sheet					
Source of Funds					
Shareholders fund	27,713	31,718	31,747	32,616	35,029
Fair value gains	4	15	15	16	17
Net worth including fair value gains	27,717	31,732	31,762	32,632	35,046
Borrowings					
Total	27,717	31,732	31,762	32,632	35,046
Application of Funds					
Investments					
Shareholders	7,240	9,129	13,337	14,119	16,291
Policyholders	25,831	34,905	42,159	59,627	81,266
Other Assets	1,743	1,918	1,956	1,995	2,035
Cash & Bank Balances	1,455	245	1,760	1,936	2,130
Other current assets	2,431	4,507	5,182	5,960	6,854
Net Current Assets	-24,076	-31,147	-42,618	-60,037	-81,475
Accumulated losses	16,979	16,928	16,928	16,928	16,928
Total	27,717	31,732	31,762	32,632	35,046
Key ratios (%)					
Retention ratio	83.0	75.6	75.0	78.0	80.0
Incurred claims ratio	68.3	71.5	69.3	67.5	66.7
Net commission ratio	14.6	9.6	10.8	11.0	11.0
Expense ratio	25.1	23.8	23.0	22.5	21.9
Combined ratio	108.1	104.8	103.1	101.0	99.6
GWP/Net worth	1.3	1.5	2.1	2.6	3.1
NWP/Net worth	1.1	1.1	1.6	2.0	2.5
Return on Equity	-6.6	0.2	0.1	2.7	7.1

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

AB Capital: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	126,454	145,247	181,170	218,766	260,280
Interest Expense	64,686	79,814	95,890	113,190	134,676
Net interest income	61,767	65,433	85,281	105,576	125,604
NII growth (%)	1.5	5.9	30.3	23.8	19.0
Non interest income	6,992	4,176	1,411	1,552	1,707
Total income	68,759	75,717	86,692	107,128	127,312
Operating expenses	20,185	21,973	25,661	29,876	34,765
PPOP	43,395	53,744	61,031	77,252	92,547
PPOP growth (%)	45.0	23.8	13.6	26.6	19.8
Provisions & contingencies	13,557	14,476	16,231	23,321	25,529
PBT	29,838	39,268	44,800	53,931	67,017
Extraordinary items	-	-	-	-	-
Tax expense	8,473	9,696	11,514	13,860	17,223
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	21,366	29,572	33,287	40,071	49,794
PAT growth (%)	144.2	38.4	12.6	20.4	24.3
Adjusted PAT	21,366	29,572	33,287	40,071	49,794
Diluted EPS (Rs)	11.5	11.4	12.8	15.4	19.1
Diluted EPS growth (%)	(65.6)	(1.1)	12.4	20.4	24.3
DPS (Rs)	-	-	-	-	-
Dividend payout (%)	-	-	-	-	-
Effective tax rate (%)	28.4	24.7	25.7	25.7	25.7
Net interest margins (%)	6.8	6.3	6.3	6.5	6.5
Cost-income ratio (%)	28.2	29.0	29.6	27.9	27.3
PAT/PPOP (%)	57.1	55.0	54.5	51.9	53.8
Shares outstanding (mn)	2,600.0	2,607.0	2,607.0	2,607.0	2,607.0

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Asset quality					
GNPL - Stage 3	26,490	27,770	35,179	44,482	54,643
NNPL - Stage 3	13,271	15,274	19,348	22,241	27,321
GNPL ratio - Stage 3 (%)	2.5	2.3	2.4	2.5	2.6
NNPL ratio - Stage 3 (%)	1.3	1.2	1.3	1.3	1.3
ECL coverage - Stage 3 (%)	49.9	45.0	45.0	50.0	50.0
ECL coverage - 1 & 2 (%)	-	-	-	-	-
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	1.5	1.3	1.2	1.4	1.3
NNPA to networth (%)	6.0	6.1	6.9	7.0	7.4
Capital adequacy					
Total CAR (%)	16.2	18.2	17.6	16.7	16.0
Tier-1 (%)	14.1	16.8	16.3	15.6	15.1
Miscellaneous					
Total income growth (%)	11.8	10.1	14.5	23.6	18.8
Opex growth (%)	3.2	8.9	16.8	16.4	16.4
PPOP margin (%)	5.6	4.8	4.5	4.7	4.8
Credit costs-to-PPOP (%)	26.4	26.9	26.6	30.2	27.6
Loan-to-Assets (%)	88.0	87.8	87.7	87.6	87.5
Yield on loans (%)	12.4	13.4	13.4	13.4	13.4
Cost of funds (%)	7.9	7.8	7.7	7.5	7.4
Spread (%)	4.5	5.5	5.7	6.0	6.0

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	26,000	26,070	26,070	26,070	26,070
Reserves & surplus	194,339	225,866	253,153	293,224	343,018
Net worth	220,339	251,936	279,223	319,294	369,088
Borrowings	922,921	1,111,357	1,380,293	1,658,365	1,981,531
Other liabilities & prov.	37,432	29,706	40,627	46,919	61,194
Total liabilities & equity	1,180,693	1,392,999	1,700,143	2,024,578	2,411,812
Net loans	1,039,165	1,223,445	1,490,716	1,774,451	2,110,330
Investments	116,349	128,294	159,302	193,172	233,957
Cash, other balances	-	-	-	-	-
Interest earning assets	1,167,948	1,375,507	1,678,979	1,999,563	2,382,273
Fixed assets	3,812	3,698	4,357	5,008	5,745
Other assets	8,933	13,794	16,808	20,007	23,794
Total assets	1,180,693	1,392,999	1,700,143	2,024,578	2,411,812
BVPS (Rs)	84.7	96.6	107.1	122.5	141.6
Adj. BVPS (INR)	84.7	96.6	107.1	122.5	141.6
Gross loans	1,056,962	1,241,180	1,514,963	1,809,706	2,155,546
Total AUM	1,056,962	1,241,180	1,514,963	1,809,706	2,155,546
On balance sheet	1,056,962	1,241,180	1,514,963	1,809,706	2,155,546
Off balance sheet	0	0	0	0	0
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	0.0	17.7	21.8	19.0	18.9
AUM growth (%)	0.0	20.4	24.2	20.1	19.5
Borrowings growth (%)	0.0	20.4	24.2	20.1	19.5
Book value growth (%)	(61.6)	14.0	10.8	14.4	15.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	30.1	30.4	27.1	22.5	18.1
P/B (x)	4.1	3.6	3.2	2.8	2.4
P/ABV (x)	4.1	3.6	3.2	2.8	2.4
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	7.1	6.3	6.3	6.5	6.5
Other income	-	-	-	-	-
Securitization income	-	-	-	-	-
Opex	2.2	1.9	1.9	1.8	1.8
Employee expense	1.1	1.0	0.9	0.9	0.9
PPOP	5.6	4.8	4.5	4.7	4.8
Provisions	1.5	1.3	1.2	1.4	1.3
Tax expense	0.9	0.9	0.8	0.8	0.9
RoAUM (%)	3.2	2.6	2.5	2.5	2.6
Leverage ratio (x)	5.4	5.5	6.1	6.3	6.5
RoE (%)	17.5	12.5	12.5	13.4	14.5

Quarterly data					
Rs mn, Y/E Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
NII	17,340	17,860	18,590	19,940	21,270
NIM (%)	6.0	6.1	6.0	6.1	6.1
PPOP	11,929	12,300	13,250	13,350	14,580
PAT	6,000	6,520	6,890	7,140	7,720
EPS (Rs)	2.48	2.70	2.85	2.95	3.19

Source: Company, Emkay Research

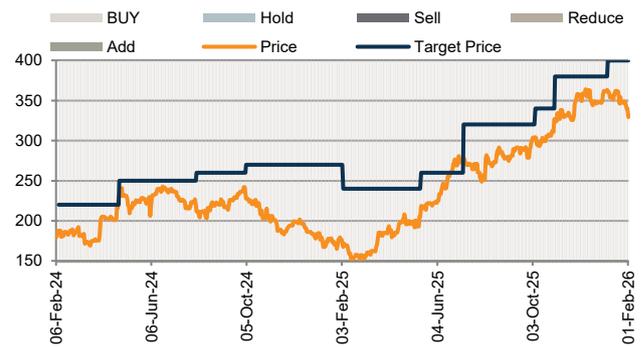
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RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
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
02-Sep-24	227	260	Buy	Avinash Singh
20-Aug-24	218	260	Buy	Avinash Singh
02-Aug-24	212	260	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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REDUCE	5% upside to 15% downside
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