

ABCAP reported mixed results in Q3FY25, with: 1) NBFC performing well on asset quality, but weaker on growth, NIMs, and RoA owing to a shift toward secured products; 2) HFC delivered strong growth, but the investments in growth kept RoA in check; 3) AMC business delivered steady operating performance amid volatile equity market; 4) Life Insurance delivered a strong quarter in growth and profitability, despite implementation of new surrender regulations; and 5) Health Insurance reported improved operating and financial performance despite the implementation of 1/n premium accounting regulations. The management expects the merger of ABCAP-ABFIN to complete by Mar-25. Overall, we see the NBFC to transition through the lower RoA in the near term before moving back to over 2.5%. To reflect the Q3 developments and outlook, we adjust FY25-27 estimates and reiterate our BUY rating, with Dec-25E TP revised downwards by ~11% to Rs240 (from Rs270). The current valuations imply less than 1x FY26E P/BV for the lending businesses, reflecting exaggerated near-term concerns.

**AB Capital: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profit	47,958	33,350	32,111	40,574	50,094
AUM growth (%)	47.2	31.3	20.0	19.6	19.9
NII growth (%)	42.4	42.3	11.0	23.7	22.3
NIMs (%)	6.6	6.8	6.1	6.3	6.4
PPOP growth (%)	39.9	45.0	10.2	25.8	23.8
Adj. EPS (Rs)	8.5	11.4	11.7	15.6	19.3
Adj. EPS growth (%)	33.0	33.6	2.6	33.9	23.5
Adj. BV (Rs)	84.1	103.1	115.5	131.1	150.4
Adj. BVPS growth (%)	31.1	22.7	12.0	13.5	14.7
RoA (%)	2.3	2.3	2.0	2.1	2.2
RoE (%)	11.5	12.3	10.7	12.7	13.7
P/E (x)	20.3	15.2	14.8	11.1	9.0
P/ABV (x)	2.1	1.7	1.5	1.3	1.1

Source: Company, Emkay Research; Note: AUM, NII, NIMs, PPOP, and ROA correspond to ABFL

**External environment impacts the lending businesses**

The NBFC saw improvement in asset quality with GS3 and NS3 improving sequentially to 2.3% and 1.25%, respectively (vs 2.5% and 1.3%), while the AUM stood at Rs1,194bn growing 21% YoY and 4% QoQ on account of slowdown in disbursements in the unsecured segments. This, resulted in a 30bps compression in yields and in NIMs contracting by ~28bps (6% In Q3FY25 vs 6.28% sequentially), thus impacting the RoA by 20bps to 2.1%. The HFC business saw strong AUM growth of 62% YoY/15% QoQ, driven by strong growth in disbursements. While the NIMs stood at 4.94%, the opex remained elevated due to high growth, with cost-to-income ratio at 58.34% (+4.39ppts YoY; +0.94ppts QoQ) dragging the RoA to 1.42%. AMC delivered steady operating performance during the quarter amid volatile market conditions reporting revenue growth of 30% YoY/5% QoQ. For 9MFY25, Life Insurance business clocked ~31% YoY Retail APE growth, whereas increased attachment of riders resulted in VNB Margin at 10.8% despite implementation of the new surrender regulations. Health Insurance business delivered strong GWP growth of 40% YoY during Q3 despite implementation of the 1/n regulation, whereas the Combined Ratio for 9MFY25 improved to 114% (-7ppts YoY).

**On track to achieve medium-term targets**

While the quarter saw slowdown in NBFC disbursements due to change in the product mix, with secured mix rising to 74%, the management informed that disbursement in Personal, Consumer Loan, and MSME unsecured has started picking up, and this would support margins going forward. Further, while sustaining ~75% of the portfolio in secured loans, the marginal improvement in credit cost (due to changing mix) will drive RoA expansion to ~2.5% in the medium term. In the HFC business, while NIMs are largely stable with improvement in Opex to AUM at 1.6-1.7% from the current 2.8% (driven by improved efficiency and productivity), the management aims to expand the RoA to 2-2.1% over the medium term. In the life insurance business, the management targets Retail APE CAGR of ~20% over the next 3 years and 17-18% VNB margin for FY25, which is likely to be driven by repricing-led impact, increased attachment of rider benefits, and productivity improvements. With a focus on profitability, the management plans to aggressively expand the Health Insurance franchise while improving the Combined Ratio.

**We reiterate BUY with a revised down TP of Rs240**

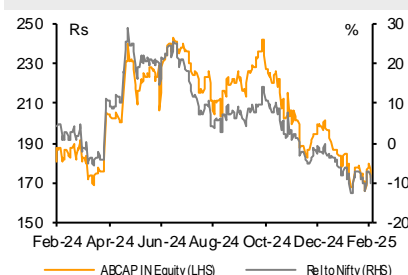
To reflect the Q3 developments and the management commentary, we have adjusted our FY25-27 estimates leading to ~7-9% cut in consolidated PAT, owing to cuts in NBFC profits due to NIM compression and marginally higher credit cost. We reiterate our BUY rating with a revised down Dec-25E TP of Rs240. Overall, ABCAP operating subsidiaries continue to make good progress and the merger of holding company with the NBFC in Mar-25 should simplify the corporate structure.

Target Price – 12M	Dec-25
<b>Change in TP (%)</b>	<b>(11.1)</b>
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	39.2
CMP (03-Feb-25) (Rs)	172.5

Stock Data	Ticker
52-week High (Rs)	247
52-week Low (Rs)	163
Shares outstanding (mn)	2,606.7
Market-cap (Rs bn)	450
Market-cap (USD mn)	5,156
Net-debt, FY25E (Rs mn)	0
ADTV-3M (mn shares)	4
ADTV-3M (Rs mn)	699.1
ADTV-3M (USD mn)	8.0
Free float (%)	-
Nifty-50	23,361
INR/USD	87.2
<b>Shareholding, Sep-24</b>	
Promoters (%)	68.9
FPIs/MFs (%)	10.4/9.1

**Price Performance**

(%)	1M	3M	12M
Absolute	(6.5)	(16.3)	(4.4)
Rel. to Nifty	(3.9)	(13.0)	(10.5)

**1-Year share price trend (Rs)**

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## Exhibit 1: Quarterly Financial Performance

	Q3FY25	Q3FY24	% YoY	Q2FY25	% QoQ
<b>Aditya Birla Capital (Consolidated)</b>					
Consolidated Revenue (Rs mn)	109,490	99,970	10%	120,070	-9%
Consolidated PAT (Rs mn)	7,080	7,360	-4%	10,010	-29%
Lending Book (Rs bn)	1,462	1,151	27%	1,379	6%
Gross Premium (Rs mn)	61,140	51,120	20%	58,010	5%
Total AUM (Rs bn)	5,034	4,104	23%	5,012	0%
<b>Aditya Birla Finance</b>					
Lending Book (Rs bn)	1,194	986	21%	1,147	4%
Net Interest Margin (%)	5.99	6.88	-0.9ppts	6.28	-0.3ppts
Net Interest Income (Rs mn)	17,340	16,490	5%	17,110	1%
Credit Provisioning (%)	1.36	1.48	-0.1ppts	1.25	0.1ppts
Profit After Tax (Rs mn)	6,000	5,720	5%	6,290	-5%
Return On Asset (%)	2.10	2.41	-0.3ppts	2.34	-0.2ppts
Return On Equity (%)	13.9	17.0	-3.1ppts	15.6	-1.7ppts
<b>Aditya Housing Finance</b>					
Lending Book (Rs bn)	267	165	62%	232	15%
Net Interest Margin (%)	4.94	5.37	-0.4ppts	5.24	-0.3ppts
Credit Provisioning (%)	0.19	-0.10	0.3ppts	0.24	-0.1ppts
Profit After Tax (Rs mn)	840	780	8%	800	5%
Return On Asset (%)	1.42	2.01	-0.6ppts	1.53	-0.1ppts
Return On Equity (%)	10.66	14.58	-3.9ppts	11.54	-0.9ppts
<b>Aditya Birla Sun Life AMC</b>					
MFQAAUM (Rs bn)	3,839	3,115	23%	3,833	0%
Revenue (Rs mn)	4,840	3,410	42%	4,242	14%
Cost to Income Ratio	38%	46%	-17%	44%	-13%
PAT (Rs mn)	2,240	2,090	7%	2,424	-8%
<b>Aditya Birla Sun Life Insurance</b>					
	9MFY25	9MFY24	% YoY		
Individual APE (Rs mn)	25,950	19,740	31%		
Ind. New Business Premium (Rs mn)	30,140	22,310	35%		
Net VNB (%)	10.8	15.6	-4.8ppts		
Opex Ratio (Incl Commission) (%)	20.8	19.7	1.1ppts		
PAT (Rs mn)	520	710	-27%		
<b>Aditya Birla Health Insurance</b>					
Retail Premium (Rs mn)	4,780	4,625	3%	5,510	-13%
Group Premium (Rs mn)	6,880	3,815	80%	4,900	40%
Gross Premium (Rs mn)	11,660	8,330	40%	10,410	12%
Combined Ratio (%) (For 9M)	114	121	-7.0ppts	112	
Profit Before Tax (Rs mn)	-810	-1,300	NM	-510	NM

Source: Company, Emkay Research

**Exhibit 2: We arrive at SOTP-based Dec-25E TP of Rs240**

Entity	Metrics	Mar-26E	Multiple (x)	Valuation (Rs mn)	Ownership	Value	Rs per share
NBFC	Net worth (Rs mn)	217,624	1.5	326,436	100%	326,436	126
HFC	Net worth (Rs mn)	44,359	1.5	66,538	100%	66,538	26
AMC	MCAP	188,920	1.0	188,920	45%	85,278	33
Life Insurance	EV (Rs mn)	159,019	1.3	206,725	51%	105,430	41
Health Insurance	Deal value	93,428	1.0	93,428	46%	42,883	16
AB Money	MCAP	8,890	1.0	8,890	74%	6,579	3
<b>Total</b>						<b>633,144</b>	<b>244</b>
<b>Holding company discount on non-wholly owned subs</b>			<b>25%</b>			<b>60,043</b>	<b>23</b>
<b>Fair value (Mar-25E)</b>						<b>573,102</b>	<b>220</b>
No of shares (m)						2,600	
<b>Target price – Dec-25E (Rs)</b>						<b>240</b>	

Source: Company, Emkay Research

**Exhibit 3: Changes in Estimates**

(Rs mn)	FY25E			FY26E			FY27E		
Profit before tax	Old	Revised	% Change	Old	Revised	% Change	Old	Revised	% Change
NBFC	37,118	32,866	-11.5	46,215	41,604	-10.0	57,170	51,520	-9.9
Housing Finance	3,947	4,272	8.2	5,073	5,781	14.0	6,680	7,468	11.8
Asset Management	12,373	11,928	-3.6	14,314	13,667	-4.5	16,445	15,567	-5.3
Life Insurance	1,561	1,601	2.5	1,927	1,981	2.8	2,264	2,330	2.9
Health Insurance	66	-273	NM	358	353	-1.3	992	995	0.3
AB Money	350	350	-	350	350	-	350	350	-
Others and Elimination	-7,005	-6,760	-3.5	-8,073	-7,717	-4.4	-9,245	-8,762	-5.2
<b>Total PBT</b>	<b>48,409</b>	<b>43,983</b>	<b>-9.1</b>	<b>60,164</b>	<b>56,019</b>	<b>-6.9</b>	<b>74,656</b>	<b>69,469</b>	<b>-6.9</b>
Tax expense	12,419	11,283	-9.1	15,434	14,371	-6.9	19,152	17,821	-6.9
<b>Profit after tax</b>	<b>35,990</b>	<b>32,700</b>	<b>-9.1</b>	<b>44,730</b>	<b>41,648</b>	<b>-6.9</b>	<b>55,504</b>	<b>51,648</b>	<b>-6.9</b>
Minority interest	740	589	NM	1,052	1,074	2.1	1,522	1,553	2.1
<b>Adjusted PAT</b>	<b>33,437</b>	<b>30,298</b>	<b>-9.4</b>	<b>43,677</b>	<b>40,574</b>	<b>-7.1</b>	<b>53,983</b>	<b>50,094</b>	<b>-7.2</b>
<b>Total Assets</b>									
NBFC	1,351,972	1,333,964	-1.3	1,616,670	1,594,571	-1.4	1,937,765	1,910,093	-1.4
Housing Finance	231,597	317,903	37.3	283,639	382,587	34.9	340,705	454,939	33.5
Life Insurance	1,070,573	1,076,831	0.6	1,236,642	1,251,028	1.2	1,451,087	1,476,429	1.7
Asset Management	40,271	40,271	-	48,326	48,326	-	57,991	57,991	-
Health Insurance	27,783	27,717	-0.2	28,141	28,071	-0.3	29,134	29,066	-0.2
<b>Total</b>	<b>2,787,707</b>	<b>2,860,681</b>	<b>2.6</b>	<b>3,290,105</b>	<b>3,379,982</b>	<b>2.7</b>	<b>3,908,030</b>	<b>4,018,592</b>	<b>2.8</b>
<b>Per share (Rs)</b>									
Adj EPS (Basic)	12.9	11.7	-9.4	16.8	15.6	-7.1	20.8	19.3	-7.2
BVPS	116.7	115.5	-1.0	133.5	131.1	-1.8	154.3	150.4	-2.5

Source: Company, Emkay Research

## Earnings Conference Call Highlights

### Aditya Birla Finance

- In the P&C segment, industry continues to witness slowdown in growth. ABFL's growth will continue in a risk-calibrated way in this loan segment; the management also indicated that this segment has started seeing growth in disbursements.
- PCR reduced due to change in product mix with secured book at 74% from 67%. 3/4th of the book is secured and even in the unsecured book there is an ECGC guarantee. Change in product mix has resulted in dip in margins. Management also indicated that it is focusing on growing its secured loan to SME segment and has ~450 branches through which the business is sourced for the MSME segment.
- Credit cost will be in the 1.5% range and the management targets a stable credit cost going forward.
- Q2 was stronger in terms of disbursements, but on a YoY basis, Q3 saw a QoQ blip in disbursements. Management expects strong growth in AUM in Q4.
- There was no transaction executed on the ARC front in this quarter.
- Disbursement slowing down in Q3 was on account of calibration in personal and consumer segment and some seasonality. The management expects Q4 to be better.
- Increasing sourcing through branches, the company has built its own digital journey for consumer loan. ABCD app is another platform through which loans are being sourced.
- Progression toward 2.1 to 2.5% ROA journey; margin compression on account of change in the product mix. As share of unsecured segment starts growing, the margin expansion should kick in. Also, the 74% secured mix would result in bringing down credit cost, which will also support in improving ROA.
- PCR would improve as PL and CL segments grow.
- Increase in stage 2 & 3 in the PL&CL is elevated due to the de-growing book and forward flows of ~Rs400-600mn on a quarterly basis.

### Aditya Birla Housing Finance

- The company witnessed accelerated growth during the quarter given the market opportunity; the ABG ecosystem has contributed to 13% of the disbursements, up from 9-10% earlier.
- Last 6-7 quarters have seen healthy traction in disbursements. Over the last 18-24 months, the company has made a lot of investments in distribution, investments in digital platforms in terms of Sales Management Processes, and CRM. Channel partners are directly able to log in to the business thus resulting in greater productivity. Management sees similar trajectory of growth in AUM over the next few years with the portfolio mix being largely stable.
- Business Transfer-In cases contributed to 8-10% of retail disbursements.
- Opex to AUM, which is currently at 2.8%, is expected to improve to 1.6%-1.7% with improvement of 110-121bps. Hence, with 4.7% NIMs and similar credit costs, the ROA should be in the range of 2 to 2.1%.

### Aditya Birla Sun Life AMC

- The uptake in equity investment performance driven by improved perceptions and stronger narratives has resulted in healthy equity net sales during the quarter.
- Management continues to strengthen the team in the alternate business to enhance the PMS and AIF offerings.
- With 22 products currently available, the management plans to expand the product portfolio further.

**Life Insurance**

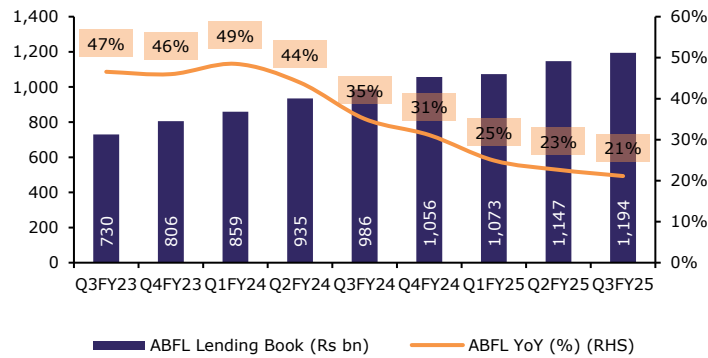
- Management has taken several steps to realign the commission structures and has increased the attachment of riders in ULIPs. Target is to achieve 17-18% VNB Margin for FY25.
- Healthy growth across partnership and proprietary channel was driven by improvement in productivity and investments in capacity.
- Superior growth driven by superior fund performance in Group Fund as well as Group Retail business.
- Life Insurance business has seen re-filing and relaunch of the products in the new surrender regulations era. Appropriate reductions in the IRRs have been passed on to the customers; however, there has been some impact on account of the timing, and hence, the management expects healthy margins in Q4FY25.

**Health insurance**

- Market share among SAHI has increased.
- The company saw strong 46% YoY growth during 9MFY25 without the impact of 1/n regulation.
- Management mentioned that the company will continue to grow the corporate business with focus on Mid-Corporate, and SME segments, with sharp emphasis on profitability.
- CoR without impact of 1/n at 110% for 9MFY25.

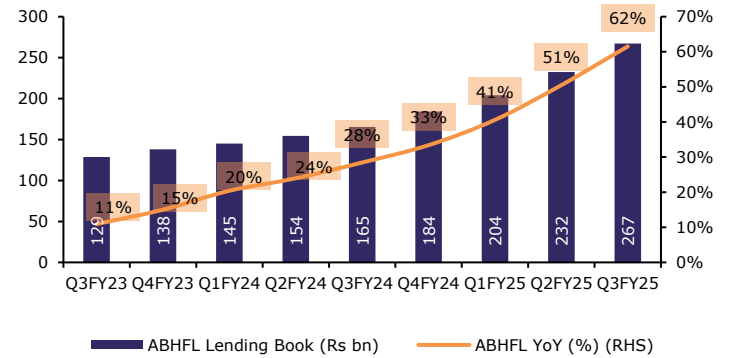
## Story in Charts

**Exhibit 4: ABFL posts a loan book growth of 21% YoY driven by growth in secured loans**



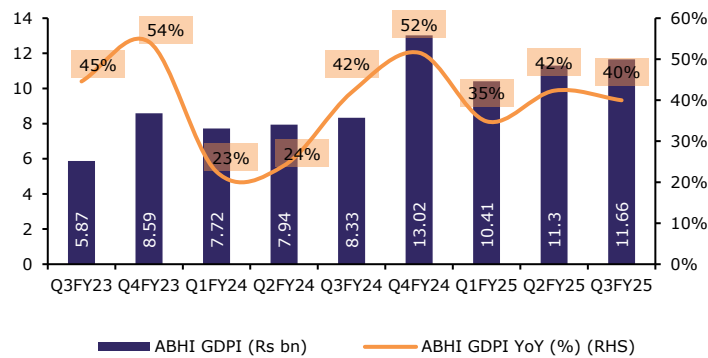
Source: Company, Emkay Research

**Exhibit 5: ABHFL reports strong loan book growth of 62% YoY driven by strong disbursements**



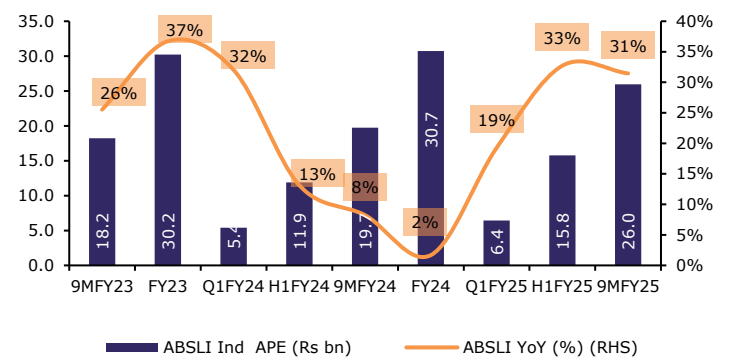
Source: Company, Emkay Research

**Exhibit 6: ABHI's GDPI grows 40% YoY despite implementation of the 1/n regulation**



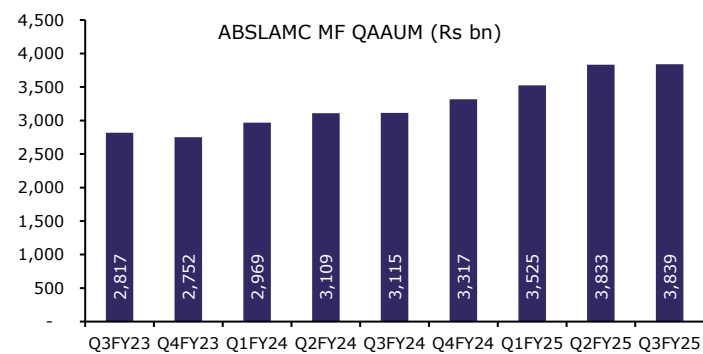
Source: Company, Emkay Research

**Exhibit 7: ABSLI's APE grows 31% YoY to Rs26bn during 9MFY25**



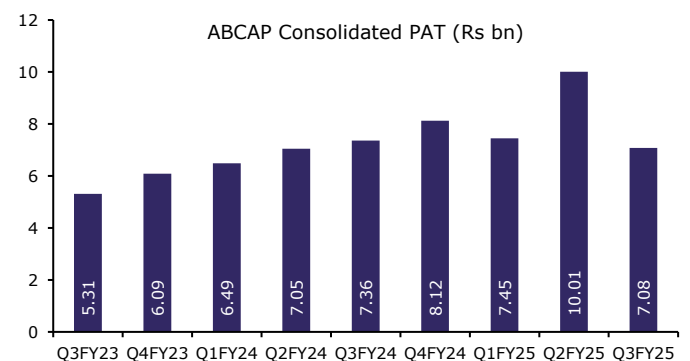
Source: Company, Emkay Research

**Exhibit 8: ABSLAMC reports flat MFQAAUM on a QoQ basis**

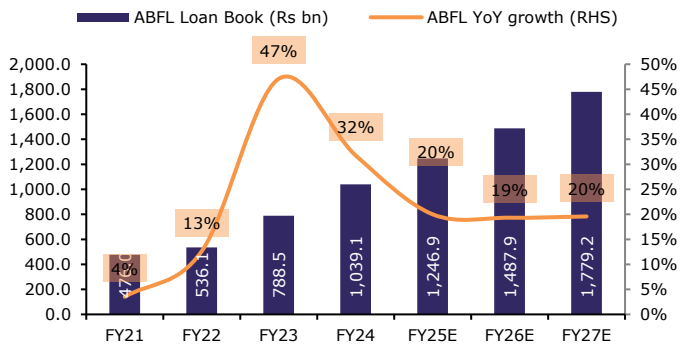


Source: Company, Emkay Research

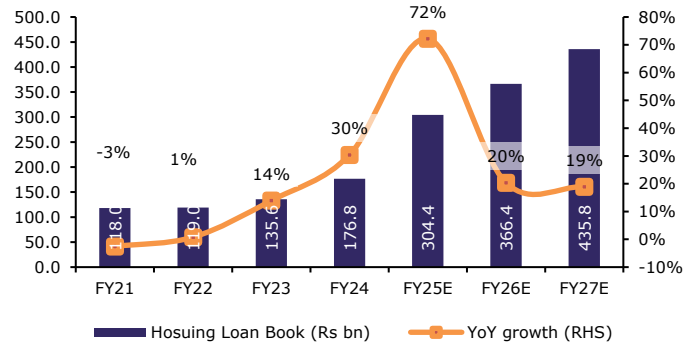
**Exhibit 9: ABCAP's consolidated PAT declines 4% YoY**



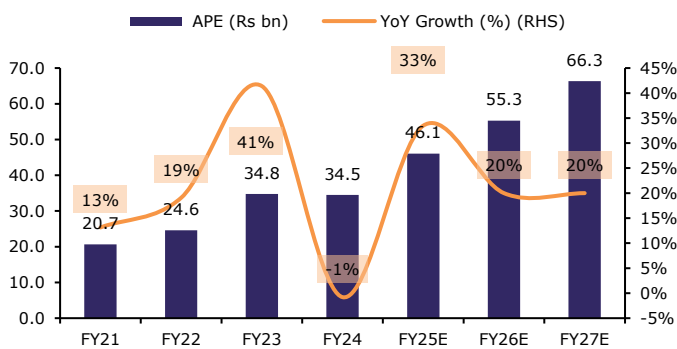
Source: Company, Emkay Research

**Exhibit 10: We expect ABFL's loan book to grow 20% during FY25E**

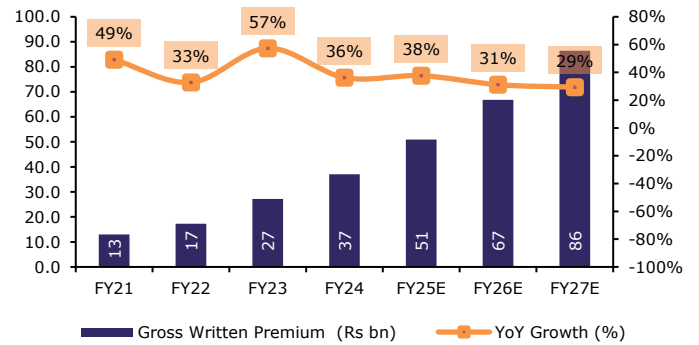
Source: Company, Emkay Research

**Exhibit 11: We expect ABHFL's loan book to grow 72% in FY25E**

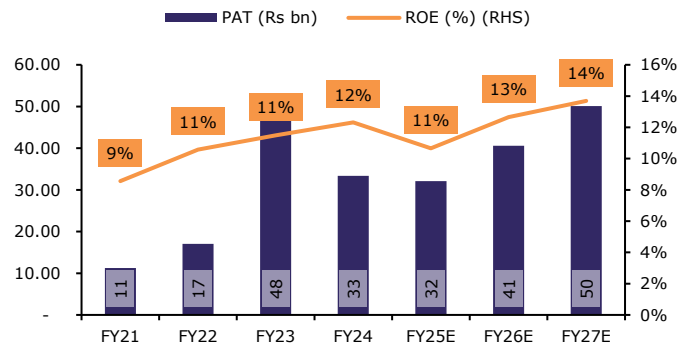
Source: Company, Emkay Research

**Exhibit 12: We expect ABSLI's APE to grow 33% during FY25E**

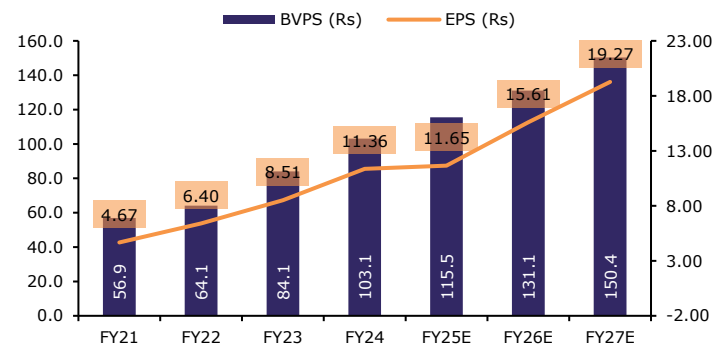
Source: Company, Emkay Research

**Exhibit 13: ABHI's GDPI is expected to grow 38% during FY25E**

Source: Company, Emkay Research

**Exhibit 14: We expect ABCAP to deliver RoE of 11% in FY25E**

Source: Company, Emkay Research

**Exhibit 15: ABCAP's consolidated EPS is expected to grow to Rs11.65 in FY25E**

Source: Company, Emkay Research

**Exhibit 16: ABCAP (Consolidated) – Financial Summary**

(Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Profit before tax</b>					
NBFC	20,902	29,871	32,866	41,604	51,520
Housing Finance	3,085	3,765	4,272	5,781	7,468
Asset Management	7,939	10,082	11,928	13,667	15,567
Life Insurance	1,538	2,003	1,601	1,981	2,330
Health Insurance	-2,188	-1,833	-273	353	995
General Insurance Broking	970				
AB Money	467	350	350	350	350
Others and Elimination	23,519	1,169	-6,760	-7,717	-8,762
<b>Total PBT</b>	<b>56,352</b>	<b>45,824</b>	<b>43,983</b>	<b>56,019</b>	<b>69,469</b>
Tax expense	8,112	11,435	11,283	14,371	17,821
<b>Profit after tax</b>	<b>48,241</b>	<b>34,389</b>	<b>32,700</b>	<b>41,648</b>	<b>51,648</b>
Minority interest	283	1,039	589	1,074	1,553
<b>Group Net income</b>	<b>47,958</b>	<b>33,350</b>	<b>32,111</b>	<b>40,574</b>	<b>50,094</b>
Preference dividend	0	0	0	0	0
One-off adjustments	-27,391	-4,330	-1,813		
<b>Adjusted Group Net Income</b>	<b>20,567</b>	<b>29,020</b>	<b>30,298</b>	<b>40,574</b>	<b>50,094</b>
<b>Total Assets</b>					
NBFC	841,228	1,112,118	1,333,964	1,594,571	1,910,093
Housing Finance	140,721	184,613	317,903	382,587	454,939
Life Insurance	711,886	880,379	1,076,831	1,251,028	1,476,429
Asset Management	27,881	35,019	40,271	48,326	57,991
Health Insurance	27,681	27,717	27,717	28,071	29,066
Other Businesses & Elimination	58,142	81,174	63,994	75,400	90,074
<b>Total</b>	<b>1,807,541</b>	<b>2,321,018</b>	<b>2,860,681</b>	<b>3,379,982</b>	<b>4,018,592</b>
<b>Per share (Rs)</b>					
Adjusted EPS (Basic)	8.51	11.36	11.65	15.61	19.27
Reported EPS (Basic)	19.83	13.06	12.35	15.61	19.27
BVPS	84.06	103.14	115.49	131.10	150.37

Source: Company, Emkay Research



## Exhibit 17: Aditya Birla Finance — Financial Summary

(Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Income Statement</b>					
Interest income	78,060	120,445	142,245	172,123	207,171
Interest expense	38,572	64,682	80,541	95,589	113,368
<b>Net interest income</b>	<b>43,797</b>	<b>62,340</b>	<b>69,191</b>	<b>85,593</b>	<b>104,707</b>
Other income	308	622	716	823	946
<b>Total income</b>	<b>44,105</b>	<b>62,962</b>	<b>69,906</b>	<b>86,415</b>	<b>105,654</b>
Employee expense	7,228	9,379	10,786	12,727	15,018
Depreciation	861	1,204	1,232	1,437	1,673
Other expense	6,079	8,985	10,063	12,075	14,490
<b>Opex</b>	<b>14,168</b>	<b>19,567</b>	<b>22,081</b>	<b>26,240</b>	<b>31,181</b>
<b>Profit before provisions</b>	<b>29,937</b>	<b>43,395</b>	<b>47,825</b>	<b>60,176</b>	<b>74,472</b>
Provisions	9,035	13,524	14,959	18,572	22,952
<b>Profit before tax</b>	<b>20,902</b>	<b>29,871</b>	<b>32,866</b>	<b>41,604</b>	<b>51,520</b>
Tax expense	5,364	7,662	8,447	10,692	13,241
<b>Reported profit attributable to shareholders</b>	<b>15,610</b>	<b>22,209</b>	<b>24,420</b>	<b>30,912</b>	<b>38,279</b>
<b>Balance Sheet</b>					
Shareholders' Equity	114,262	152,435	186,855	217,624	255,903
Borrowings	707,707	922,922	1,108,383	1,333,237	1,599,956
Other liabilities	19,259	36,761	38,726	43,711	54,234
<b>Total equity &amp; liabilities</b>	<b>841,228</b>	<b>1,112,118</b>	<b>1,333,964</b>	<b>1,594,571</b>	<b>1,910,093</b>
<b>Assets</b>					
Cash & cash equivalents	3,876	1,913	2,296	2,739	3,276
Investments	37,027	58,624	69,828	86,298	106,749
Loans & advances	788,495	1,039,053	1,246,931	1,487,892	1,779,151
Fixed assets	3,101	4,205	4,922	5,725	6,667
Other assets	8,729	8,323	9,988	11,918	14,251
<b>Total Assets</b>	<b>841,228</b>	<b>1,112,118</b>	<b>1,333,964</b>	<b>1,594,571</b>	<b>1,910,093</b>
<b>Gross loans</b>	<b>804,520</b>	<b>1,056,850</b>	<b>1,268,031</b>	<b>1,516,553</b>	<b>1,817,933</b>
GNPA	25,070	26,490	31,460	36,659	43,171
NNPA	13,488	13,271	17,303	18,329	20,290
<b>Key ratios (%)</b>					
Asset yield	12.4	13.9	13.1	13.3	13.4
Cost of funds	6.6	7.9	7.9	7.8	7.7
Spread	5.8	6.0	5.2	5.4	5.6
Net interest margin	6.6	6.8	6.1	6.3	6.4
Opex % of AAUM)	2.1	2.14	1.93	1.92	1.91
C/I ratio	32.1	31.1	31.6	30.4	29.5
Credit cost	1.4	1.5	1.3	1.4	1.4
RoA	2.26	2.3	2.0	2.1	2.2
RoE	14.7	16.7	14.4	15.3	16.2
Tier I	13.9	14.1	15.5	15.0	14.6
CRAR	16.4	16.2	17.3	16.5	15.9
D/E (x)	6.2	6.1	5.9	6.1	6.3
Leverage (x)	7.4	7.3	7.1	7.3	7.5
<b>Per share (Rs)</b>					
Reported EPS - Basic	23.47	33.39	36.72	46.48	57.56
Reported EPS - Diluted	23.47	33.39	36.72	46.48	57.56
DPS	0.00	0.00	0.00	0.00	0.00
BVPS	172.6	220.9	270.8	315.4	370.9
<b>RoA Tree (%)</b>					
Interest income	11.1	12.33	11.63	11.75	11.82
Interest expense	5.5	6.62	6.59	6.53	6.47
<b>Net interest income</b>	<b>6.2</b>	<b>6.38</b>	<b>5.66</b>	<b>5.85</b>	<b>5.98</b>
Other income	0.0	0.06	0.06	0.06	0.05
<b>Total income</b>	<b>6.3</b>	<b>6.45</b>	<b>5.72</b>	<b>5.90</b>	<b>6.03</b>
Employee expense	1.0	0.96	0.88	0.87	0.86
Depreciation	0.1	0.12	0.10	0.10	0.10
Other expense	0.9	0.92	0.82	0.82	0.83
<b>Opex</b>	<b>2.0</b>	<b>2.00</b>	<b>1.81</b>	<b>1.79</b>	<b>1.78</b>
<b>Profit before provisions</b>	<b>4.2</b>	<b>4.44</b>	<b>3.91</b>	<b>4.11</b>	<b>4.25</b>
Provisions	1.3	1.38	1.22	1.27	1.31
<b>Profit before tax</b>	<b>3.0</b>	<b>3.06</b>	<b>2.69</b>	<b>2.84</b>	<b>2.94</b>
Tax expense	0.8	0.78	0.69	0.73	0.76
<b>Recurring profit after tax</b>	<b>2.20</b>	<b>2.27</b>	<b>2.00</b>	<b>2.11</b>	<b>2.18</b>

Source: Company, Emkay Research

## Exhibit 18: Aditya Birla Housing Finance — Financial Summary

(Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Income Statement</b>					
Interest income	13,640	17,185	25,744	35,387	42,317
Interest expense	7,484	10,142	15,920	22,061	26,349
Net interest income	6,569	8,208	11,222	15,001	17,976
<b>Other income</b>	<b>22</b>	<b>12</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Total income</b>	<b>6,591</b>	<b>8,220</b>	<b>11,252</b>	<b>15,031</b>	<b>18,006</b>
Employee expense	1,790	2,834	4,109	5,342	6,144
Other expense	833	1,336	1,871	2,432	2,821
<b>Opex</b>	<b>2,782</b>	<b>4,427</b>	<b>6,280</b>	<b>8,264</b>	<b>9,527</b>
<b>Profit before provisions</b>	<b>3,809</b>	<b>3,793</b>	<b>4,972</b>	<b>6,767</b>	<b>8,480</b>
Provisions	724	28	701	986	1,011
<b>Profit before tax</b>	<b>3,085</b>	<b>3,765</b>	<b>4,272</b>	<b>5,781</b>	<b>7,468</b>
Tax expense	676	858	974	1,318	1,703
<b>Recurring profit after tax</b>	<b>2,409</b>	<b>2,907</b>	<b>3,298</b>	<b>4,463</b>	<b>5,766</b>
Other Comprehensive Income	54	0	0	0	0
<b>Profit attributable to equity shareholders</b>	<b>2,464</b>	<b>2,907</b>	<b>3,298</b>	<b>4,463</b>	<b>5,766</b>
Exceptionals	0	0	0	0	0
<b>Reported profit attributable to shareholders</b>	<b>2,464</b>	<b>2,907</b>	<b>3,298</b>	<b>4,463</b>	<b>5,766</b>
<b>Balance Sheet</b>					
Shareholders' Equity	19,680	22,598	34,896	44,359	50,124
Borrowings	119,372	159,467	279,695	334,932	401,175
Other liabilities	1,669	2,548	3,313	3,296	3,640
<b>Total equity &amp; liabilities</b>	<b>140,721</b>	<b>184,613</b>	<b>317,903</b>	<b>382,587</b>	<b>454,939</b>
<b>Assets</b>					
Cash & cash equivalents	2,047	2,798	4,819	5,800	6,899
Loans & advances	135,570	176,779	304,414	366,423	435,801
Fixed assets	721	880	1,516	1,751	1,995
Other assets	2,384	4,155	7,155	8,613	10,243
<b>Total Assets</b>	<b>140,721</b>	<b>184,613</b>	<b>317,903</b>	<b>382,587</b>	<b>454,939</b>
<b>Key ratios (%)</b>					
Loan yield	11.0	11.8	11.3	11.0	11.1
Cost of funds	6.6	7.3	7.3	7.2	7.2
Spread	4.4	4.5	4.0	3.9	3.9
Net interest margin	5.2	5.3	4.7	4.5	4.5
C/I ratio	42.2	53.9	55.8	55.0	52.9
Credit cost	0.57	0.02	0.29	0.29	0.25
RoA (normalized)	1.89	1.86	1.37	1.33	1.44
RoE (normalized)	13.06	13.75	11.47	11.26	12.20
<b>Asset Quality</b>					
GNPA	3.3	1.8	1.5	1.8	1.7
NNPA	2.2	1.2	0.9	1.0	1.0
<b>Capital adequacy</b>					
Tier 1 Ratio	18.0	14.7	15.2	16.3	15.6
CRAR	21.6	16.8	16.8	17.7	16.8
D/E (x)	6.1	7.1	8.0	7.6	8.0
Leverage (x)	7.2	8.2	9.1	8.6	9.1
<b>RoA Tree (%)</b>					
Interest income	10.2	10.6	10.2	10.1	10.1
Interest expense	5.6	6.2	6.3	6.3	6.3
<b>Net interest income</b>	<b>4.9</b>	<b>5.0</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>
Other income	0.0	0.0	0.0	0.0	0.0
<b>Total income</b>	<b>4.9</b>	<b>5.1</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>
Employee expense	1.3	1.7	1.6	1.5	1.5
Depreciation	0.1	0.2	0.1	0.1	0.1
Other expense	0.6	0.8	0.7	0.7	0.7
<b>Opex</b>	<b>2.1</b>	<b>2.7</b>	<b>2.5</b>	<b>2.4</b>	<b>2.3</b>
<b>Profit before provisions</b>	<b>2.9</b>	<b>2.3</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>
Provisions	0.5	0.0	0.3	0.3	0.2
<b>Profit before tax</b>	<b>2.3</b>	<b>2.3</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
Tax expense	0.5	0.5	0.4	0.4	0.4
<b>RoA</b>	<b>1.8</b>	<b>1.8</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>

Source: Company, Emkay Research

**Exhibit 19: Aditya Birla Sun Life AMC — Financial Summary**

(Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Income Statement</b>					
<b>Fund management &amp; advisory fee</b>	<b>12,266</b>	<b>13,532</b>	<b>16,726</b>	<b>18,844</b>	<b>20,540</b>
Investment & other income	1,271	2,874	2,685	2,765	3,318
<b>Total income</b>	<b>13,537</b>	<b>16,406</b>	<b>19,411</b>	<b>21,608</b>	<b>23,857</b>
<b>Total expense</b>	<b>5,598</b>	<b>6,324</b>	<b>7,483</b>	<b>7,941</b>	<b>8,290</b>
<b>Profit before tax</b>	<b>7,939</b>	<b>10,082</b>	<b>11,928</b>	<b>13,667</b>	<b>15,567</b>
Tax expense	1,975	2,508	2,967	3,400	3,872
<b>Profit after tax</b>	<b>5,964</b>	<b>7,804</b>	<b>8,961</b>	<b>10,267</b>	<b>11,695</b>
<b>Balance Sheet</b>					
Shareholders' Equity	25,170	31,689	35,955	40,842	46,409
<b>Total Assets</b>	<b>27,881</b>	<b>35,019</b>	<b>40,271</b>	<b>48,326</b>	<b>57,991</b>
MF QAAUM	2,752,040	3,317,000	3,948,580	4,394,902	4,903,001
- o/w Equity AAUM	876,040	1,520,000	1,839,200	2,078,296	2,390,040
Total QAAUM	2,861,800	3,458,000	4,144,630	4,619,797	5,161,012
<b>Key ratios (%)</b>					
<b>Profitability</b>					
Fee yield	0.41	0.43	0.44	0.43	0.42
C/I ratio	41.4	38.5	38.5	36.7	34.7
PAT/QAAUM	0.20	0.25	0.24	0.23	0.24
RoA (normalized)	22.8	24.8	23.8	23.2	22.0
RoE (normalized)	25.3	27.4	26.5	26.7	26.8

Source: Company, Emkay Research

**Exhibit 20: Aditya Birla Sun Life Insurance – Financial Summary**

Y/E March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Policyholders' account</b>					
Gross written premium	150,697	172,601	215,610	258,732	310,479
Net earned premium	145,395	167,242	209,142	250,970	301,165
Investment income	34,576	96,900	137,580	93,277	109,770
Other income	3,409	3,513	4,393	5,271	6,326
Total revenue	183,380	267,655	351,115	349,519	417,261
Commission expense	8,436	12,260	15,331	18,398	22,077
Operating expenses	20,965	19,648	24,051	28,862	34,634
Benefits cost	149,317	230,971	308,170	298,110	355,780
Total expense	180,451	264,858	350,027	348,339	416,056
Surplus/Deficit	2,929	2,797	1,088	1,180	1,205
<b>Shareholders' account</b>					
Transfer from policyholders' account	2,929	2,181	1,088	1,180	1,205
Investment income	2,389	3,499	4,089	4,280	4,510
Expenses	3,780	3,677	3,577	3,480	3,385
Profit before tax	1,538	2,003	1,601	1,981	2,330
Tax expense	154	151	121	149	176
<b>Profit after tax</b>	<b>1,385</b>	<b>1,852</b>	<b>1,480</b>	<b>1,831</b>	<b>2,154</b>
<b>Balance Sheet</b>					
<b>Sources of Funds</b>					
Shareholders' Funds	29,261	34,750	36,230	38,061	40,215
Policyholders' Funds: Insurance reserves and provisions	677,645	837,512	1,032,484	1,204,850	1,428,097
<b>Total</b>	<b>711,886</b>	<b>880,379</b>	<b>1,076,831</b>	<b>1,251,028</b>	<b>1,476,429</b>
<b>Application of Funds</b>					
Shareholders' Investments	32,981	40,042	41,747	43,857	46,340
Policyholders' Investments	362,456	461,518	568,959	663,943	786,965
Assets Held to Cover Linked Liabilities	305,074	360,053	443,873	517,975	613,950
Other Asset	11,375	18,765	22,251	25,252	29,173
<b>Total</b>	<b>711,886</b>	<b>880,379</b>	<b>1,076,831</b>	<b>1,251,028</b>	<b>1,476,429</b>
<b>Embedded Value Account</b>					
Embedded Value	90,140	115,390	136,533	159,019	185,675
Annualised Premium Equivalent (APE)	34,783	34,505	46,060	55,272	66,326
New Business value	8,000	6,970	7,277	9,175	11,275
New Business Margin (%)	23.0	20.2	15.8	16.6	17.0
EV Operating Profit	17,200	16,960	18,143	21,986	26,155
Operating RoEV (%)	22.6	18.8	15.7	16.1	16.4
<b>Key Ratio</b>					
Return on Equity (%)	5.1	5.8	4.2	4.9	5.5
Commission expense/TWRP (%)	7.6	9.5	9.6	9.6	9.6
Operating expenses/TWRP (%)	18.9	15.2	15.1	15.1	15.1
Total expense (% of TWRP)	26.5	24.7	24.7	24.7	24.7
Total expense (% of Avg AUM)	4.49	4.09	4.11	4.14	4.24
Conservation ratio (%)	83.4	86.2	87.6	85.5	85.5

Source: Company, Emkay Research

**Exhibit 21: Aditya Birla Health Insurance – Financial Summary**

<b>Policyholder Account (Y/E Mar, Rs mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Gross Direct Premium (GDPI)	27,170	37,013	50,943	66,814	86,439
Gross Written Premium (GWP)	27,170	37,013	50,943	66,814	86,439
Net Written Premium (NWP)	22,548	30,716	40,754	56,725	75,202
Net Earned Premium (NEP)	18,378	26,001	35,735	48,740	65,964
Net incurred claims	11,886	17,761	23,764	31,925	43,206
Net commission expense	1,435	4,491	5,094	6,240	8,272
Operating expense	8,701	7,725	10,678	14,181	18,800
Total Expense	6,231	8,684	11,206	15,925	22,022
Underwriting result	(2749)	(2830)	(2734)	(4032)	(3644)
Investment income	1,101	1,641	2,881	3,309	4,618
Insurance result	-1,647	-1,189	148	-723	974
Operating profit	873	-296	-919	-297	303
<b>Shareholder Account</b>					
<b>(Y/E Mar, Rs mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Operating profit	873	-296	-919	-297	303
Investment income	435	576	676	680	723
Other income					
Expenses and provisions	3,497	2,112	30	30	30
Profit before tax	-2,188	-1,833	-273	353	995
Tax expense	0	0	0	0	0
Profit after Tax	-2,188	-1,833	-273	353	995
<b>Balance Sheet</b>					
<b>(Y/E Mar, Rs mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Source of Funds</b>					
Shareholders fund	27,677	27,713	27,713	28,066	29,062
Fair value gains	4	4	4	5	5
Net worth including fair value gains	27,681	27,717	27,717	28,071	29,066
<b>Borrowings</b>					
Total	27,681	27,717	27,717	28,071	29,066
<b>Application of Funds</b>					
<b>Investments</b>					
Shareholders	7,995	7,240	9,415	9,733	10,628
Policyholders	21,548	25,831	35,980	50,929	70,882
Other Assets	1,435	1,743	1,778	1,814	1,850
Cash & Bank Balances	170	1,455	1,600	1,760	1,936
Other current assets	2,621	2,431	2,795	3,214	3,697
Net Current Assets	-18,444	-24,076	-36,708	-51,657	-71,546
Accumulated losses	15,147	16,979	17,252	17,252	17,252
Total	27,681	27,717	27,717	28,071	29,066
<b>Key ratios</b>					
<b>(Y/E Mar, %)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Retention ratio	83.0	83.0	80.0	84.9	87.0
Incurred claims ratio	64.7	68.3	66.5	65.5	65.5
Net commission ratio	6.4	14.6	12.5	11.0	11.0
Expense ratio	38.6	25.1	26.2	25.0	25.0
Combined ratio	109.6	108.1	105.2	101.5	101.5
GWP/Net worth	1.0	1.3	1.8	2.4	3.0
NWP/Net worth	0.8	1.1	1.5	2.0	2.6
Return on Equity (%)	-9.5	-6.6	-1.0	1.3	3.5

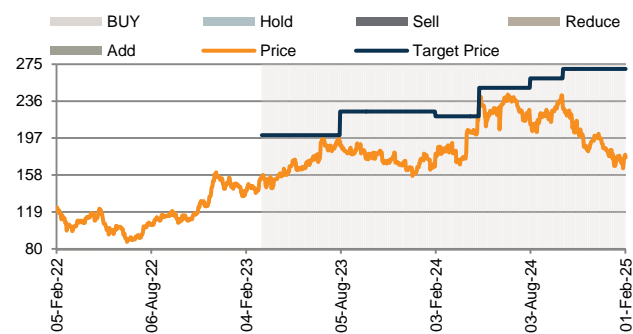
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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
04-Jul-24	237	250	Buy	Avinash Singh
05-Jun-24	216	250	Buy	Avinash Singh
14-May-24	220	250	Buy	Avinash Singh
26-Apr-24	231	250	Buy	Avinash Singh
09-Feb-24	188	220	Buy	Avinash Singh
02-Feb-24	180	220	Buy	Avinash Singh
30-Nov-23	168	225	Buy	Avinash Singh
05-Nov-23	173	225	Buy	Avinash Singh
03-Aug-23	193	225	Buy	Avinash Singh
12-May-23	163	200	Buy	Avinash Singh
06-Mar-23	156	200	Buy	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>SELL</b>	<15% downside

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