



# Aditya Birla Capital

Bloomberg	ABCAP IN
Equity Shares (m)	2605
M.Cap.(INRb)/(USDb)	561.1 / 6.7
52-Week Range (INR)	247 / 155
1, 6, 12 Rel. Per (%)	-4/-15/-2
12M Avg Val (INR M)	1447

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
<b>PBT Break-up</b>			
NBFC	29.9	38.7	44.8
Housing	3.8	5.2	7.5
AMC	10.1	12.2	13.8
Life Insurance	2.0	2.2	2.5
Health Insurance	-1.9	-1.5	-1.0
Other businesses	1.4	2.5	2.6
Consolidation adjustments	-5.4	-4.4	-3.4
<b>Consol PBT</b>	<b>39.7</b>	<b>54.8</b>	<b>66.6</b>
<b>Consol PAT Post MI and others</b>	<b>33.3</b>	<b>36.7</b>	<b>42.7</b>
Growth (%)	-30.5	10.1	16.2
<b>RoE (%)</b>	<b>11.2</b>	<b>12.9</b>	<b>13.4</b>
Con PE	21.2	15.2	13.1
Cons. PBV	2.1	1.9	1.6

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	68.9	68.9	69.0
DII	8.5	12.0	12.1
FII	11.1	7.2	7.4
Others	11.6	12.0	11.5

FII Includes depository receipts

**CMP: INR215 TP: INR270 (+25%) Buy**

## Strengthening all its key businesses; credit costs remain benign

### Disbursement momentum improve in PL; strong AUM growth in HFC

- Aditya Birla Capital (ABCAP)'s 2QFY25 consolidated revenue grew 36% YoY to ~INR120b and **consolidated PAT grew 42% YoY to ~INR10b**. 1HFY25 PAT grew ~30% YoY and we expect 2HFY25 PAT to grow ~24% YoY.
- During 2QFY25, the company sold its entire stake of ~50% in Aditya Birla Insurance Brokers and recognized a gain of ~INR2b (~INR1.7b, net of tax). **Adjusted for this one-off gain, consol. PAT grew 18% YoY.**

### NBFC: Personal loan disbursements improve and NIM moderate QoQ

- NBFC loan book grew ~23% YoY to ~INR1.15t. ABCAP's 2QFY25 disbursements grew ~17 YoY at ~INR193b. Loans to Retail, SME, and HNI customers constitute 65% of the total loan portfolio. Management guided for ~25% AUM CAGR over the next 2-3 years.
- Asset quality continued to improve with GS2 + GS3 assets declining ~20bp QoQ to ~4.3%. During the quarter, there was a decline in Stage 3 PCR because of an increase in the proportion of secured loans in its loan mix, which rose to ~74%. The management shared that there was no decline in its Stage 2 PCR and that the company will continue to make provisions based on its ECL model.
- Net Interest Margin (NIM) contracted ~25bp QoQ, primarily due to a compression in yields driven by a reduction in the Personal and Consumer (P&C) loans to 14% (PY: ~21%). The company has fully discontinued disbursements of small-ticket unsecured loans and has also taken several steps to calibrate the sourcing of P&C loans from digital partners.

### Housing Finance: Strong AUM growth; PCR on Stage 3 shore up to ~41%

- The HFC reported a broad-based growth across customer segments, with ~113% YoY growth in disbursements to ~INR40b. Loan book grew ~51% YoY to ~INR232b.
- NIM remained largely stable QoQ at ~4.2%. 2QFY25 RoA/RoE stood at 1.5%/11.5%.
- Asset quality improved with GS2 and GS3 declining ~40bp QoQ to ~2.2%. PCR improved ~6pp QoQ to ~41%.

### Asset Management: Healthy SIP inflows; QAAUM grows ~23% YoY

- The Quarterly Average AUM (QAAUM) rose 23% YoY to ~3.83t. Individual monthly average AUM grew 28% YoY to INR2.03t as of Sep'24.
- The domestic equity mix stood at ~47.1% (PQ: ~46%). The monthly SIP inflows grew ~47% YoY to ~INR14.2b in Sep'24.