

Aditya Birla Capital (ABCAP) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.346	Fair Value (FV) Rs.410
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Rationale:

- ABCL maintained its strong growth trajectory with better-than-expected asset quality outcomes.
- While Net interest margin (NIM) was a tad weak in Q4FY26, changing business mix remains a promising proposition.
- Co. (standalone) reported PAT of Rs780 cr in Q4FY26, up 19% yoy and 5% below our estimates.
- We build in 23-24% loan growth over FY27-29E. Macro headwinds, prompting a slowdown, remains a risk nonetheless.
- ABCL reflects a simple growth story with an investment thesis, banking on relentless execution without losing focus on risk management.
- Retain BUY with a revised FV of Rs410 (Rs390 earlier).

👍 Positives:

- Net interest income (NII) growth was strong at 23% yoy, driven by 27% AUM growth.
- Disbursements were up 28% yoy to Rs24900 cr, driven by strong growth in personal and consumer loans.
- Gross stage-2 and 3 ratios moderate 18-19 bps qoq to 1.1% and 1.3%, respectively.
- Aditya Birla HFC reported ~2X earnings growth to Rs2 bn following 53% AUM and 52% NII growth.
- ABSL Insurance' FY26 Value of New Business (VNB) margin was 20.6%, up from 18% in FY25.

👎 Negatives:

- Calculated margins for ABCL though remained a tad weak (down 8 bps qoq).
- Life insurance business' partnerships shine but proprietary channels remain weak.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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