

Retail Equity Research

Aditya Birla Capital Ltd

Finance & Investments

CMP Rs. 218

Rating: Overweight

BSE CODE: 540691 NSE CODE: ABCAPITAL

Aditya Birla Capital Limited (ABCL) has demonstrated strong financial performance for Q1 FY2025, with consolidated profit after tax rising by 15% year-on-year to ₹745 crore and revenue increasing by 26% to ₹10,258 crore. This growth is driven by the robust performance across its lending, asset management, and insurance segments. Notably, the lending portfolio, which includes NBFC and Housing Finance businesses, saw a 27% year-on-year growth, with significant improvements in Assets Under Management (AUM) for both sectors.

The asset management business also performed well, with mutual fund AUM rising 19% year-on-year and equity AUM up by 37%. The insurance sector showed strong results, with life insurance premiums increasing by 28% and health insurance premiums by 35%. ABCL's focus on digital transformation is highlighted by the successful launch of its D2C platform, ABCD, and the B2B platform Udyog Plus.

Company Data

| | | |
|--------------------------|-----|-------------|
| Market Cap (cr) | Rs. | 57,432.37 |
| Enterprise Value (cr) | Rs. | 1,52,164.33 |
| Outstanding Shares (cr) | | 260.46 |
| 52 week high | Rs. | 247.00 |
| 52 week low | Rs. | 155.00 |
| 1m average volume (lacs) | | 56.89 |
| Face value | Rs. | 10.00 |

| Consolidated (cr) | FY22 | FY23 | FY24 |
|-------------------|----------|----------|----------|
| Sales | 22231.73 | 30163.15 | 34524.36 |
| Growth(%) | 15% | 36% | 14% |
| EBITDA | 5659.55 | 10336.14 | 12247.12 |
| EBITDA Margin(%) | 25.5% | 34.3% | 35.5% |
| PAT | 1,705.97 | 4,795.77 | 3,334.98 |
| Growth(%) | 51% | 181% | -30% |
| EPS | 7.1 | 19.8 | 12.8 |
| P/E | 15.2 | 7.7 | 13.7 |
| P/B | 1.7 | 1.8 | 1.7 |
| EV/EBITDA | 13.9 | 11.4 | 12.3 |
| ROE(%) | 11% | 23.6% | 12% |
| ROCE(%) | 8% | 9.9% | 8.9% |
| ROIC(%) | 64% | 35.9% | 24.5% |
| D/E | 3.77 | 4.17 | 4.11 |

Concall Highlights

- Strong Financial Performance:** PAT increased by 15% YoY to ₹745 Crore; total revenue grew by 26% YoY to ₹10,258 Crore, with notable growth across NBFC, housing finance, mutual funds, and insurance segments.
- Effective Risk Management:** Improved credit quality with reduced gross stage 2 and stage 3 ratios in both NBFC and Housing Finance segments, and credit costs well within guidance.
- Enhanced Omnichannel and Digital Expansion:** Successful launch of the D2C platform ABCD and B2B platform Udyog Plus, alongside expansion of the branch network to improve customer engagement and service.
- Strategic Developments and Approvals:** Progress in the amalgamation of Aditya Birla Finance with Aditya Birla Capital and approval to sell a 50% stake in ABIBL, supporting strategic realignment and capital strengthening.

Key highlights

Comprehensive Financial Services: Aditya Birla Capital Limited (ABCL) offers a wide range of financial solutions, including lending, insurance, and asset management, serving diverse customer needs across different life stages and geographies. Its key subsidiaries include Aditya Birla Finance, Aditya Birla Housing Finance, Aditya Birla Sun Life Insurance, Aditya Birla Sun Life AMC, and Aditya Birla Health Insurance.

Aditya Birla Finance (ABF) As of H1FY24, ABF manages an AUM of ₹93,522 crore, offering retail, SME, and HNI loans. The company has 375 branches, serving 5.9 million customers. The loan portfolio is diversified with 49% business loans, 20% personal and consumer loans, and 31% corporate/mid-market loans.

Aditya Birla Housing Finance (ABHF) ABHF focuses on home loans and loan against property (LAP) products. As of H1FY24, the company has an AUM of ₹15,439 crore with 58,436 customers, and its portfolio includes prime and affordable housing loans, with an average ticket size of ₹26 lakh.

Aditya Birla Sun Life AMC (ABSL AMC) ABSL AMC manages ₹3,10,899 crore in mutual fund AUM, with 44% in equity, 42% in debt, and 14% in liquid funds. It serves 7.89 million folios and collects ₹968 crore in monthly SIPs. The company's individual AUM is ₹1,59,069 crore.

Aditya Birla Sun Life Insurance (ABSLI) As of H1FY24, ABSLI has an AUM of ₹76,994 crore and a total premium income of ₹6,827 crore. The company's product mix includes 79% traditional plans, 18% ULIPs, and 3% protection plans, distributed through a network of 54,000 agents and over 17,500 bank branches.

Aditya Birla Health Insurance (ABHI) ABHI has a 10% market share in the health insurance sector, offering wellness-oriented health insurance products. The company continues to expand its footprint in the competitive health insurance space.

Strong Financial Growth and Reach As of H1FY24, ABCL's total lending portfolio stood at ₹1,08,961 crore, with a total AUM of ₹4,04,354 crore. The company operates 1,403 branches, having added 71 new branches in Q2FY24, and gross premium collections reached ₹8,388 crore.

Digital Transformation and Nationwide Presence ABCL has rapidly advanced its digital capabilities, making 90% of its services available online by FY21. With over 950 branches, 2,00,000 agents, and channel partners, the company has a significant presence across India, further enhanced by its focus on customer experience and operational efficiency through digital innovations.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

| | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
|-------------------|----------|----------|----------|-----------|----------|
| Sales | 7,044.97 | 7,720.55 | 8,800.06 | 10,939.96 | 8,832.43 |
| Growth(%) | -12% | 10% | 14% | 24% | -19% |
| Expenses | 4,489.87 | 4,898.63 | 5,763.64 | 7,318.92 | 5,588.71 |
| Operating Profit | 2,555.10 | 2,821.92 | 3,036.42 | 3,621.04 | 3,243.72 |
| Growth(%) | 13% | 10% | 8% | 19% | -10% |
| Other Income | 70.23 | 62.01 | 60.34 | 166.37 | 130.07 |
| Depreciation | 42.80 | 47.95 | 49.57 | 53.50 | 55.44 |
| Interest | 1,671.01 | 1,827.05 | 1,997.42 | 2,121.77 | 2,244.02 |
| Profit before tax | 911.52 | 1,008.93 | 1,049.77 | 1,612.14 | 1,074.33 |
| Tax | 245.82 | 284.15 | 289.47 | 324.03 | 295.09 |
| Net profit | 648.76 | 705.05 | 735.76 | 1,245.41 | 758.84 |
| Growth(%) | 6% | 8% | 4% | 41% | -64% |

Financial Consolidated

Profit & Loss

(Rs Cr)

| | Mar-20 | Mar-21 | Mar-22 | Mar-23 | Mar-24 |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Sales | 16,696.41 | 19,259.72 | 22,231.73 | 30,163.15 | 34,524.36 |
| Growth(%) | 10% | 15% | 15% | 36% | 14% |
| Expenses | 10,934.12 | 13,966.29 | 16,694.09 | 19,971.84 | 22,471.06 |
| Operating Profit | 5,762.29 | 5,293.43 | 5,537.64 | 10,191.31 | 12,053.30 |
| Growth(%) | 8% | -8% | 5% | 84% | 18% |
| Other Income | 253.82 | 282.47 | 350.52 | 310.75 | 340.13 |
| Depreciation | 102.56 | 114.45 | 121.91 | 144.83 | 193.82 |
| Interest | 4,633.81 | 3,915.76 | 3,479.53 | 4,722.00 | 7,617.25 |
| Profit before tax | 1,279.74 | 1,545.69 | 2,286.72 | 5,635.23 | 4,582.36 |
| Tax | 413.63 | 440.04 | 626.65 | 811.16 | 1,143.47 |
| Net profit | 919.78 | 1,126.54 | 1,705.97 | 4,795.77 | 3,334.98 |
| Growth(%) | 6% | 22% | 51% | 181% | -30% |

Balance Sheet

(Rs Cr)

| Report Date | Mar-20 | Mar-21 | Mar-22 | Mar-23 | Mar-24 |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Equity Share Capital | 2,413.76 | 2,415.28 | 2,416.31 | 2,417.99 | 2,600.02 |
| Reserves | 10,162.03 | 11,327.30 | 13,075.80 | 17,892.76 | 24,217.24 |
| Borrowings | 55,966.43 | 53,043.73 | 58,425.47 | 84,737.50 | 1,10,139.34 |
| Other Liabilities | 44,977.93 | 57,698.32 | 66,897.49 | 75,304.26 | 94,666.69 |
| Total | 1,13,520.15 | 1,24,484.63 | 1,40,815.07 | 1,80,352.51 | 2,31,623.29 |
| Net Block | 1,180.63 | 1,258.80 | 1,305.39 | 1,278.74 | 1,652.33 |
| Capital Work in Progress | 74.32 | 44.95 | 44.62 | 44.04 | 94.23 |
| Investments | 48,414.86 | 57,702.78 | 67,355.17 | 80,382.86 | 99,538.91 |
| Other Assets | 63,850.34 | 65,478.10 | 72,109.89 | 98,646.87 | 1,30,337.82 |
| Total | 1,13,520.15 | 1,24,484.63 | 1,40,815.07 | 1,80,352.51 | 2,31,623.29 |

Cash Flow

(Rs Cr)

| | Mar-20 | Mar-21 | Mar-22 | Mar-23 | Mar-24 |
|------------------------------|----------|----------|----------|----------|----------|
| Cash from Operating Activity | 4270.98 | 63.96 | -5069.51 | -24028.6 | -24100.5 |
| Cash from Investing Activity | -3069.55 | 2429.08 | -1445.55 | -2674.68 | -4590.29 |
| Cash from Financing Activity | 874.71 | -2580.62 | 5836.44 | 26385.21 | 28514.3 |
| Net Cash Flow | 2076.14 | -87.58 | -678.62 | -318.06 | -176.49 |

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