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Buy Aditya Birla Capital, target price Rs 220: Motilal Oswal



Promoters held 68.98 per cent stake in the company as of 31-Dec-2023, while FIIs owned 9.77 per cent, DIIs 8.35 per cent.

Motilal Oswal has buy call on [Aditya Birla Capital Ltd.](#) with a target price of Rs 220. The current market price of [Aditya Birla Capital Ltd.](#) is Rs 177.6.

Aditya Birla Capital Ltd., incorporated in the year 2007, is a Large Cap company (having a market cap of Rs 43373.72 Crore) operating in NBFC sector.

[Aditya Birla Capital Ltd.](#) key Products/Revenue Segments include Dividend, Interest and Income From Sale Of Share & Securities for the year ending 31-Mar-2023.

Financials

For the quarter ended 31-12-2023, the company reported a Consolidated Total Income of Rs 8814.99 Crore, up 14.03 % from last quarter Total Income of Rs 7730.38 Crore and down -8.77 % from last year same quarter Total Income of Rs 9662.32 Crore. Company reported net profit after tax of Rs 714.89 Crore in latest quarter.

Promoter/FII Holdings

Promoters held 68.98 per cent stake in the company as of 31-Dec-2023, while FIIs owned 9.77 per cent, DIIs 8.35 per cent.

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Aditya Birla Capital share price jumps 11% a day after Q3 result; Motilal Oswal, Emkay see a 32% upside

Aditya Birla Capital share price surged as much as 11 per cent in intraday trade on BSE on Friday, February 2, a day after the company reported its December quarter scorecard. Aditya Birla Capital share price opened at ₹169 against the previous close of ₹167 and jumped 11 per cent to the intraday high of ₹185.35. Around 12:45 pm, the stock was 8.80 per cent up at ₹181.70 on the BSE.

Aditya Birla Capital on Thursday reported a 29 per cent year-on-year (YoY) rise in Q3FY24 consolidated revenue at ₹9,997 crore from ₹7,743 crore in the same quarter last year.

The company said its total AUM (assets under management), including AMC, life insurance and health insurance, grew by 13 per cent year-on-year to ₹4,10,444 crore.

"The strong momentum across businesses led to a 34 per cent year-on-year and 6 per cent sequential growth in the overall lending portfolio (NBFC and HFC) to ₹1,15,139 crore as on December 31, 2023," Aditya Birla Capital said.

The stock ended 2.31 per cent lower in the previous session after the company's Q3 results.

Motilal Oswal, Emkay see a 32% upside

Analysts and brokerage firms have faith in the growth prospects of the stock.

Following Q3 earnings, Motilal Oswal Financial Services reiterated a buy call on the stock with a target price of ₹220, implying a 32 per cent upside potential.

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Buy Aditya Birla Capital; target of Rs 220: JM Financial

JM Financial's research report on Aditya Birla Capital

In 3QFY24, Aditya Birla Capital (ABCAP) reported a consol. PAT of INR7.4bn, up 39% YoY, 4% QoQ. NBFC business reported a beat in NII of INR 14.6bn (+18% YoY, +8.1% QoQ, +2.5% JMFe) on the back of steady margins (+1bp QoQ) and healthy AUM growth of +5.4% QoQ (despite lower Paytm sourced disbursements). Opex grew +45% YoY, +22% QoQ on account of higher employee costs (+20% QoQ) and other expenses (+26% QoQ) leading to a lower growth in PPop of INR 11.2bn (+33% YoY, +3.1% QoQ). Credit cost was down -12bps QoQ at 1.63% resulting in a PAT of INR 5.7bn. Mgmt guided to double its loan book in next 3 years while focusing more on retail and SME loans to contribute 75% of total book (vs c.67% currently). Additional capital infusion of INR 8bn (total 16bn out of INR 30n raised by the group) in ABFL led to CRAR of 16.7% (14.5% Tier-1). In housing business, AUM growth was strong at +7.1% QoQ while the margins declined -19bps QoQ leading to sequentially flat (+0.9% QoQ) NII of INR 2.1bn. Higher opex led PPop to de-grow sequentially by -4.3% QoQ. However, provision write-back of INR 25mn led to a beat in PAT of INR 782mn (+29% YoY, +4.5% QoQ). ABSL AMC saw a total AAUM growth of +11% YoY as the share of equity AUM (+23%YoY) increased to 46% (vs 43% YoY). As of Dec'23, overall AAUM market share (ex ETF) stood at 7.1% (vs 7.9% YoY). ABSL AMC reported PBT of 34bps in 3QFY24 (2bps YoY) as other income improved 3bps over last year. ABSLI outperformed the overall industry in terms of individual APE growth of 8.2% YoY vs 7% for the industry on the back of healthy growth in new business policies sold (17% YoY 9MFY24). Net VNB was up 6.5% YoY to INR 3.45bn for 9MFY24 with net VNB margins up 5bps YoY to 15.6%.

Outlook

We believe NBFC business is now well placed with a strong focus on retailization. Company has also invested in digitization of major operations which will drive operating leverage for the consolidated business as a whole on the back of its One ABC focus. This is likely to augur cross selling opportunities while recent capital raise will play a vital role in tapping the growth going forward. We value ABCL on our SOTP-based valuation to derive a TP of INR 220.