



**VIEWPOINT**

Result Update - Q3FY2026

**SECTOR**

Financial Services

**COMPANY DETAILS**

Market cap:	Rs. 90,962 cr
52-week high/low:	Rs. 369 / 148
NSE volume: (No of shares)	48.0 lakh
BSE code:	540691
NSE code:	ABCAPITAL
Free float: (No of shares)	76.5 cr

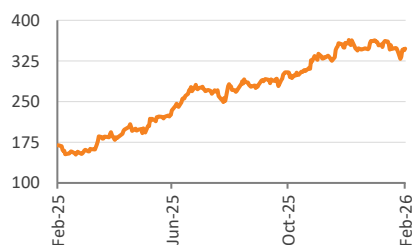
Source: NSE, BSE, Mirae Asset Sharekhan Research

**SHAREHOLDING (%)**

Promoters	68.6
FII	5.2
DII	14.7
Others	11.6

Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE CHART**



Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE PERFORMANCE**

(%)	1m	3m	6m	12m
Absolute	-4.9	6.4	25.6	105.9
Relative to Sensex	-3.2	6.1	21.9	98.8

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **Positive**

CMP: **Rs. 348**

Price Target: **Rs. 407**

**Quick Snapshot**

- AUM (NBFC+HFC) reached Rs. 190,386 crore (up 30.3% y-o-y, 7% q-o-q) with sharp improvements in asset quality and RoA.
- AMC business' PAT grew 21% y-o-y. Life insurance business' individual FYP rose 19% y-o-y, while health insurance gross premiums surged 55.2%.
- Advent International invested ~Rs. 2,750 crore in the housing finance arm at a Rs. 19,250 crore valuation (14.3% stake), providing 2-3 years of growth capital.
- We maintain a "Buy" rating with a PT of Rs. 407, on robust growth, improving margins, and sustained momentum.

**Result overview**

**Results Scorecard**

- Consolidated PAT grew strongly by 33.3% y-o-y and 9.4% q-o-q to Rs. 966 crore in Q3FY2026 driven by the lending business.

**NBFC business**

- AUM rose 24.1% y-o-y and 6.2% q-o-q to Rs. 148,182 crore driven by robust demand of unsecured business loans and personal and consumer loans. Disbursements rose 40.6% y-o-y to Rs. 21,417 crore.
- NII rose by 22.7% y-o-y and 6.7% q-o-q to Rs. 2,127 crore. Reported NIMs rose 12 bps y-o-y and 6 bps q-o-q to 6.12% due to faster drop in cost of funds.
- Credit costs fell by 16 bps to 1.14% (of AUM) as asset quality improved. Gross NPAs fell 76 bps y-o-y and 17 bps q-o-q to 1.51%.
- PAT rose 28.7% y-o-y and 8.1% q-o-q to Rs. 772 crore, with this RoA improved by 24 bps y-o-y and 5 bps q-o-q to 2.25%.

**HFC business**

- NII rose robustly by 63% y-o-y and 12% q-o-q to Rs. 472 crore driven by NIM expansion and AUM growth. NIM expanded by 28 bps y-o-y and 15 bps q-o-q to 5.22%.
- PAT grew by 111% y-o-y and 18% q-o-q to Rs. 177 crore. RoA improved by 54 bps y-o-y and 14 bps q-o-q to 1.96%.
- AUM saw continued robust growth by 58% y-o-y and 10% q-o-q driven by robust disbursement growth of 30% y-o-y and 7% q-o-q.
- Asset quality saw sharp improvement, Gross NPA fell by 123 bps y-o-y and 7 bps q-o-q to 0.54%.

**AMC Business**

- PAT rose 21% y-o-y and 12% to Rs. 270 crore.
- Domestic QAAUM (Mutual Fund) rose 15% to Rs 4,43,233 crore.

**Life & Health Insurance**

- Individual FYP (APE) grew 19% y-o-y to Rs. 3,076 crore (versus a 13% growth for private players and a 10% industry growth) for 9MFY26.
- Total gross premium grew by 13.7% y-o-y to Rs. 15471 crore in 9MFY26, Net VNB expanded by 380 bps to 14.6%.
- Gross written premium in health insurance (with 1/n) grew 55% to Rs. 1,812 crore.
- Management guided for a 20-22% CAGR in individual FYP over the next three years, with a continued focus on expanding the VNB margin to >18%.

**Our Call**

AB Capital is now poised to achieve its guided HFC RoA of 2.0-2.2% ahead of schedule, while NBFC RoA is projected to expand from 2.25% in Q3FY26 to 2.50% in the coming quarters. Driven by strong AUM growth, strategic cross-selling, growth in VNB margin, expansion in NIMs and the "One ABC" initiative, consolidated PAT is expected to see a 24% CAGR over FY25-28E. Consequently, we maintain a positive outlook with an SoTP-based price target of Rs. 407.

**Key Risks**

- Asset quality deterioration as focus on higher margin products.
- High competition may put pressure on margins.

**Valuation (Consolidated)**

Particulars	FY24	FY25E	FY26E	FY27E	FY28E
PBT	4,614	5,475	6,790	8,610	10,905
PAT	3,439	3,410	3,946	5,036	6,510
EPS (Rs.)	12.9	12.6	15.2	19.4	25.0
P/E (x)	26.7	27.2	22.6	17.7	13.7
P/BV (x)	3.3	3.0	2.7	2.3	2.1
RoE (%)	11.2	11.8	12.5	14.1	16.2

Source: Company; Mirae Asset Sharekhan estimates

### SoPT based valuation

Entity	Ownership	Value Per share (Rs. )
NBFC	100%	220
HFC	85.7%	75
AMC	45%	53
Life Insurance	51%	44
Health Insurance	46%	14
Others	-	1
<b>Target Price</b>		<b>407</b>

Note: Value per share post holding company discount given on HFC, AMC, Life Insurance, Health Insurance and AB Moneyw

### Concall highlights

#### NBFC business

- Despite recent yield stagnation, NBFC margins are projected to expand within two quarters as strategic shifts in the product mix begin to optimise overall returns.
- The NBFC segment targets a 24-25% growth rate, strategically positioned to double its loan book in three years.
- The segment aims to sustain credit costs between 1.2-1.3%, optimizing its portfolio mix through an increased focus on the retail and MSME sectors.
- The company aims to improve RoA to ~ 2.5% over the next 4-5 quarters, up from 2.25% now.

#### HFC Business

- ABHFL looks to achieve an RoA of 2.1%–2.2% ahead of schedule, surpassing the initial guidance of 6-8 quarters.
- By migrating to the next-generation ABC Stellar platform, ABHFL is set to enhance its onboarding and partner engagement through improved scalability, superior experience, and faster turnarounds.

#### AMC business

- Product suite was expanded with the launch of the ABSL India Special Opportunities Fund and the capital raise for the Structured Opportunity Fund Series II, while maintaining steady momentum in its Real Estate fund.
- Quarterly average ETF AUM grew by 40% y-o-y, significantly outpacing the industry growth of 24%.

#### Insurance business

- The life insurance business clocked a premium growth of 19%, outperforming the private life insurance industry's growth of 13% for the first nine months of the year.
- First-year premium (FIP) growth is seen at an over 20% CAGR for the next three years.
- Life insurance VNB margin expanded 380 bps y-o-y to 14.2% in Q3 FY26, intending to expand VNB margins to over 18%; company hopes to double net VNB in three years.
- The health insurance business saw an improvement in its combined ratio from 111% to 114% for the nine months. The business maintained its track record of consistently growing faster than the market, with a 39% growth in gross premium compared to the market growth of 21%, increasing its market share from 12.1% to 14.2%. In health insurance, market share rose by 210 bps y-o-y to 14.2%.
- Life insurance business maintains rank 2 in the ULIP AUM industry, with an AUM size exceeding Rs. 15,000 crore. The business resolved 40% of the GST impact through commercial arrangements with distributors, with the remaining balance to be managed through product strategy and relevant management action.

#### AI Strategy

- Digital and AI are core strategic pillars for ABHFL, with this it is showing traction in sales, underwriting, customer service, and audit, leading to improvement in productivity and asset quality.
- ABHI is consistently investing in data and analytics capabilities and plans to embed GenAI capabilities across key processes like sales, governance, claims underwriting, and customer engagement.
- The health insurance business has extended its "Health first" insurance model to corporate clients and is investing in AI-driven claims order authentication engines to improve customer satisfaction and reduce claim costs.

**Consolidated Performance**

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
PBT	1,322	1,030	28.3%	1,212	9.1%
PAT	966	724	33.3%	882	9.4%

Source: Company; Mirae Asset Sharekhan Research

**NBFC business**

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
AUM	1,48,182	1,19,437	24%	1,39,585	6%
Disbursements	21,417	15,233	41%	21,990	-3%
NII	2,127	1,734	23%	1,994	7%
NIM (% of AUM)	5.74%	5.81%	-6.6 (bps)	5.71%	3 (bps)
<b>PAT</b>	<b>772</b>	<b>600</b>	<b>29%</b>	<b>714</b>	<b>8%</b>
<b>GNPA (%)</b>	<b>1.51%</b>	<b>2.27%</b>	<b>-76 (bps)</b>	<b>1.68%</b>	<b>-17 (bps)</b>
<b>RoA</b>	<b>2.25%</b>	<b>2.01%</b>	<b>24 (bps)</b>	<b>2.20%</b>	<b>5 (bps)</b>

Source: Company; Mirae Asset Sharekhan Research

**HFC Business**

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
AUM	42,204	26,714	58%	38,367	10%
Disbursements	6165	4750	30%	5761.68	7%
NII	472	290	63%	420	12%
<b>NIM (% of AUM)</b>	<b>5.22</b>	<b>4.94</b>	<b>28</b>	<b>5.07</b>	<b>13</b>
<b>PAT</b>	<b>177</b>	<b>84</b>	<b>111%</b>	<b>150</b>	<b>18%</b>
<b>GNPA (%)</b>	<b>0.54%</b>	<b>1.77%</b>	<b>-123 (bps)</b>	<b>0.61%</b>	<b>-7 (bps)</b>
<b>RoA (%)</b>	<b>1.96</b>	<b>1.42</b>	<b>54 (bps)</b>	<b>1.82</b>	<b>14 (bps)</b>

Source: Company; Mirae Asset Sharekhan Research

**Additional Data**
**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	Grasim Industries Ltd	52.33
2	Birla Group Holdings Pvt Ltd	8.48
3	PI Opportunities Fund-I	3.03
4	Motilal Oswal Asset Management Co	2.06
5	Essel Mining & Industries Ltd	2.05
6	Life Insurance Corp of India	1.65
7	Hindalco Industries Ltd	1.51
8	Surya Kiran Investments Pte Ltd	1.44
9	Pilani Investment & Industries Cor	1.28
10	Vanguard Group Inc/The	1.00

Source: Bloomberg

**Key management personnel**

Name	Designation
Vishakha Mulye	MD & CEO
Pinky Mehta	CFO & ED
Kumar Mangalam Birla	Chairman Non Executive Director

Source: Company Website

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