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Equity Research and Fundamental Analysis of Aditya Birla Capital Limited: Business Performance, Market Position and Strategic Growth Analysis

Prepared by

Rishabh Desai

MBA 2025-2027 | Roll No. 46 | D2

School of Business, Indira University

Tathawade, Pune – 411033

Under the guidance of

Prof. Anita Mathapathi

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Abstract

This paper examines the business performance, financial trends, competitive position and strategic growth prospects of Aditya Birla Capital Limited (ABCL), a diversified Indian financial-services group. The study considers its lending, housing finance, asset management, life insurance, health insurance, wealth and digital financial-services activities. It uses secondary information described in the underlying OJT report, including company annual reports and investor disclosures, together with financial trend analysis and strategic frameworks such as Porter`s Five Forces, PESTEL and SWOT. The report records FY2026 consolidated revenue of approximately Rs.53871 crore and consolidated profit after tax (PAT) of approximately Rs.3797 crore. The lending portfolio reached Rs.2,07,368 crore and aggregate assets under management (AUM) across asset management and insurance businesses reached approximately Rs.5,91,343 crore at 31 March 2026. The findings points to scale, diversification, distribution and digital cross-selling as important strengths, while credit costs, funding costs, regulatory changes, competition, market-linked AUM movements and execution complexity remain key risks. The paper recommends sustainable growth supported by disciplined underwriting, asset-quality monitoring, digital capability, customer-centric cross-selling and strong governance.

Keywords: Aditya Birla Capital Limited, equity research, fundamental analysis, financial services, NBFC, AUM, profitability, strategic analysis

1.Introduction

Financial-services companies play an important role in mobilising savings, extending credit, managing investments and providing protection against financial risks. India`s financial-services sectors includes banks, non-banking financial companies (NBFCs), housing finance companies, insurers, asset managers, brokers and digital financial platforms. Growth in formal credit, insurance awareness, mutual-fund participation and digital distribution creates opportunities for diversified financial-services groups.



Aditya Birla Capital Limited is studied here as a financial-services holding company with operations spanning loans, investments, insurance and related services. Unlike a single-business company, ABCL`s performance must be interpreted using several indicators: loan-book growth and credit quality for lending, AUM and fee income for asset management, and premium, persistency, claims and value-of-new-business indicators for insurance.

1.1 Research Problem

A rise in consolidated revenue alone does not establish the quality or sustainability of a financial-services group`s performance. It is necessary to consider the sources of growth, profitability, funding and credit costs, asset quality, capital needs and the contribution of different businesses.

1.2 Objectives

- To analyse ABCL`s revenue, PAT, lending and AUM trends.
- To evaluate the performance and strategic contribution of major business segments.
- To identify key revenue drivers, business-mix characteristics and growth opportunities.
- To assess the company`s competitive and regulatory environment.
- To develop practical recommendations based on the financial and strategic analysis.

2. Review of Concepts and Analytical Framework

2.1 Fundamental Analysis

Fundamental analysis evaluates a company`s business model, financial statements, growth drivers, profitability, risks and industry position. For ABCL, relevant measures include revenue and PAT growth, loan portfolio, credit costs, funding costs, AUM, insurance premiums, capital adequacy and operating efficiency.

2.2 Financial Trend and Ratio Analysis

Trend analysis compares performance across financial years, while ratio analysis standardises performance for comparison. Common calculations include revenue growth, PAT growth and net profit margin. For financial-services businesses, ratios should be interpreted with care because lending, insurance and asset-management operations have different economics and reporting indicators.

2.3 Strategic Frameworks

Porter`s Five Force assesses rivalry, customer and supplier bargaining power, substitutes and barriers to entry. PESTEL reviews political, economic, social, technological, environmental and legal influences. SWOT brings together internal strengths and weaknesses with external opportunities and threats. These frameworks complements, rather than replace, financial analysis.

3. Research Methodology

The study follows a descriptive and analytical research design based on secondary data. As stated in the underlying OJT report, no primary survey was undertaken. The material considered includes ABCL annual reports and investor disclosures, together with relevant regulatory and sector information from RBI, SEBI and IRDAI.

Method element	Description



Research design	Descriptive and analytical case study
Data type	Secondary data
Main company measures	Consolidated revenue, PAT, lending portfolio, AUM and selected segment indicators
Analysis techniques	Year-on-year trend analysis, financial interpretation, competitor context, Porter`s Five Forces, PESTEL and SWOT
Unit of presentation	Indian rupees; financial amounts generally expressed in Rs. Crore
Study period	Primarily FY 2024-25 and FY2025-26, with selected historical trend references

The findins are interpreted in the context of the figures presented in the OJT report. As the underlying report uses a mix of consolidated and segment-level measures, those indicators should not be added together or treated as directly comparable without checking their definitions and reporting bases.

4. Company Profile and Business Model

ABCL is part of the Aditya Birla Group and operates as a listed financial-services holding company. Its ecosystem includes NBFC lending, housing finance, asset management through Aditya Birla Sun Life AMC, life insurance, health insurance, wealth and broking, digital financial services and related businesses.

Business segment	Main economic driver	Key risk or consideration
NBFC lending	Interest income and loan-book growth	Credit quality, funding cost and credit losses
Housing finance	Home-loan and affordable-housing portfolio growth	Asset quality, interest-rate and funding risks
Asset management	AUM-linked management fees	Market movements, investment flows and fee pressure
Life insurance	Premium growth and long-term policy economics	Persistency, product mix and value of new business
Health insurance	Premium growth and policyholder coverage	Claims inflation, underwriting and service quality
Wealth and broking	Customer assets, transactions and advisory services	Competition, market activity and customer retention
Digital financial services	Digital acquisition, engagement and cross-selling	Cybersecurity, data quality and execution

The group`s diversified structure can broaden customer relationships and reduce dependence on one product category. At the same time, each business has distinct capital requirements, regulations and performance indicators, increasing the importance of disciplined governance and segment-level monitoring.

5. Results and Financial Analysis

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5.1 Consolidates Financial Indicators

Indicator	FY2024-25	FY2025-26	Change / interpretation
Consolidated revenue	Rs.47,342 crore	Rs. 53,871 crore	Approximately 14% growth
Consolidated PAT	Rs. 3,142 crore	Rs. 3,797 crore	Approximately 21% growth
Overall lending portfolio	Rs. 1.57 lakh crore	Rs. 2.07 lakh crore	Approximately 32% growth
Aggregate AUM	Rs. 5.09 lakh crore	Rs. 5.91 lakh crore	Approximately 16% growth
Life insurance individual FYP	Rs. 4100 crore	Rs. 4,725 crore	Approximately 15% growth
Health insurance GWP	Rs. 4,930 crore	Rs. 6,855 crore	Approximately 39% growth

Source: figures reported in the supplied OJT report, which attributes them to ABCL annual reports and investor materials. Figures and definitions should be checked against the original company disclosures before external publication.

5.2 Revenue and Profitability

Consolidated revenue increased from Rs. 47,342 crore in FY2025 to Rs. 53,871 crore in FY2026, an increase of approximately 13.8%, reported as 14% in the OJT report. PAT rose from Rs. 3,142 crore to Rs. 3,797 crore, an increase of approximately 20.9%. PAT therefore grew faster than revenue during the period. This is a positive indicator, but it does not by itself established the cause of the improvement. Funding costs, credit costs, business mix, operating expenses, minority interests and any one-off items should also be examined.

5.3 Lending and AUM

The reported lending portfolio increased from Rs. 1.57 lakh crore to Rs. 2.07 lakh crore, approximately 32%. This expansion can support interest income and customer reach, but faster loan growth also makes underwriting standards, collection performance, concentration risk and provisioning more important. Aggregate AUM increased from Rs. 5.09 lakh crore to Rs. 5.91 lakh crore, approximately 16%, supporting the scale of ABCL`s investment and insurance-related businesses. AUM can be affected by both net customer flows and market performance.

5.4 Segment Indicators

Segment	FY2026 indicator reported in OJT	Interpretation
NBFC	AUM Rs. 1,59,916 crore; PAT Rs. 3,001 crore	Core earnings engine with exposure to credit and funding cycles
Housing finance	AUM Rs. 47,452 crore; PAT Rs. 647 crore	Lending growth platform requiring continued asset-quality discipline
Asset management	Domestic QAAUM Rs. 4,35,866 crore; PAT Rs. 975 crore	Fee-based business whose scale is linked to AUM and flows
Life insurance	Individual FYP growth 15%; VNB margin 20.6%	Growth and profitability depend on product mix and long-term policy economics



Health insurance	GWP growth 39%; reported SAHI market share 13.7%	Strong premium growth; claims experience and underwriting remain important

6. Competitive and External Environment

6.1 Porter`s Five Forces

Force	Assessment in OJT report	Implication for ABCL
Competitive rivalry	High	Differentiate through trust, service, risk management and distribution
Customer bargaining power	High	Customers can compare rates, premiums, returns and digital service
Supplier bargaining power	Moderate	Funding providers, technology vendors and skilled employees affect costs
Threat of substitutes	Moderate	Banks, fintechs, direct investment products and competing insurers offer alternatives
Threat of new entrants	Moderate	Capital, regulation, technology, distribution and trust create barriers

6.2 PESTEL Analysis

Political and regulatory: Government priorities for financial inclusion, housing, credit and insurance influence sector development; RBI, SEBI and IRDAI requirements affect business practice.

Economic: GDP growth, interest rates, inflation, employment, liquidity and household income influence borrowing and investment flows.

Social: Financial awareness, urbanization and growing middle-class participation can increase demand for credit, insurance and investment products.

Technological: Digital onboarding, data analytics and AI may improve efficiency, but cybersecurity and data protection are essential.

Environmental: ESG considerations and climate-related risks may affect lending and investment decisions.

Legal: Compliance, disclosures, governance and customer-protection obligations shape operations across regulated businesses.

6.3 SWOT Analysis

Strengths	Weaknesses
Recognised group brand; diversified financial-services ecosystem; broad distribution; scale in lending and AUM.	Complex multi-business structure; exposure to credit costs and funding costs; execution and coordination challenges.



Opportunities	Threats
Retail/MSME and housing credit; growing SIP and insurance participation; digital cross-selling; wealth management; data and AI	Competition from banks and fintechs; regulatory change; credit deterioration; market volatility; cyber risk; rising insurance claims.

s7. Discussion

The FY2026 indicators presented in the OJT report suggest that ABCL expanded both business scale and reported profitability. PAT growth outpaced revenue growth, while lending and health-insurance premium indicators recorded substantial growth. The combination of balance-sheet lending and fee-or premium-linked activities can diversify sources of earnings.

However, diversification does not remove risk; it changes the mix of risks that management must control. Lending growth can raise credit exposure, asset-management earnings can be influenced by market levels and investor flows, and insurance performance depends on underwriting, claims and policy persistency. Consequently, a sound quity-reasearch assessment should combine consolidated results with business-specific operating indicators and should distinguish historical performance from expectations about future results.

8. Key Findings

· ABCL operates across multiple financial-services categories, creating a diversified business model.

· The OJT report records FY2026 consolidated revenue of Rs.53,871 crore and PAT of Rs.3,797 crore.

· The reported lending portfolio grew approximately 32% year-on-year, while aggregate AUM grew approximately 16%.

· Health-insurance GWP recorded the highest percentage growth among the selected indicators shown in the report, at approximately 39%.

· Digital distribution and cross-selling may help improve customer acquisition and engagement if products are suitable for customer needs.

· Credit costs, funding conditions, regulatory requirements, market volatility and execution across businesses remain material risks.

9. Recommendations

1. Strengthen credit discipline: continue measured lending growth supported by robust underwriting, portfolio monitoring, collections and early-warning systems.

2. Monitor asset quality and funding costs: Review credit costs, delinquencies, funding spreads, liquidity and capital buffers alongside loan-book growth.

3. Deepen responsible digital cross-selling: Use digital channels and customer data to offer relevant products with clear disclosures, consent and suitability checks.

4. Scale asset management and wealth services: Improve investor education, distribution and customer retention while tracking AUM flows and fee yields.

5. Improve insurance quality as well as volume: Track claims, persistency, product mix and value creation alongside premium growth.



6. Maintain regulatory and cyber resilience: Strengthen compliance, data governance, fraud prevention and operational continuity across business lines.

7. Improve segment-level disclosure and analysis: Compare like-for-like indicators and explain changes in recurring profitability, one-off items and reporting bases.

10. Limitations and Scope for Further Research

This paper is based primarily on secondary data summarized in the supplied OJT report. Confidential internal information was not available, and no primary survey was conducted. The paper does not present a formal discounted-cash-flow valuation, target price or investment recommendation. Some business indicators differ in definition and reporting basis, and historical performance does not guarantee future results.

Further research could build a detailed valuation model, compare ABCL with relevant peers using consistent metrics, test the sensitivity of earnings to interest rates and credit costs, and examine the relationship between lending growth and profitability. A more detailed analysis of segment-level capital use and recurring earnings would also strengthen the equity-research conclusion.

11.Conclusion

This study finds that ABCL`s reported FY2026 performance reflects expansion in consolidated revenue, PAT, lending and aggregate AUM. Its diversified business model and distribution ecosystem provide opportunities across credit, investments and insurance. Nevertheless, sustainable performance depends on balancing growth with credit, investments and insurance underwriting, market-linked risks, technology and regulatory compliance. From an equity-research perspective, ABCL should be assessed through both consolidated financial trends and the operating drivers of each business segment. The recommendations therefore emphasise profitable growth, risk controls, responsible digital distribution and clear segment-level monitoring.

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Research Integrity Note

This paper is a research-paper adaptation of the uploaded OJT report, not an independent audit of ABCL`s financial statements. Before formal submission or publication, verify every financial figure, segment definition, market-share statistic and reference against the original official disclosure. Add page numbers, URLs and access dates for sources actually consulted, and follow the university`s citation and formatting requirements.