

Issue Details		
Issue Opens	29-09-21	
Issue Closes	01-10-21	
Issue Size (in Rs. Crs)	2768.26	
Issue Size (Shares)	3,88,80,000	
Authorised Shares	32,00,00,000	
Issued, Subscribed and Paid Up Sh. Pre offer	28,80,00,000	
Offer for Sale	2768.26	
Face Value	Rs. 5.00	
Lot Size (Sh)	20	
Price Band	Rs.695 - Rs.712	
Issue Type	Book Building	
Book Value (in Rs.)	62.57	
BRLMs	Kotak Mahindra Capital Co., BofA Securities India, Citigroup Global Markets India, Axis Capital, HDFC Bank, ICICI Securities, IIFL Securities, JM Financial, Motilal Oswal Investment Advisors, SBI Capital Markets, Yes Securities	
Registrar	KFin Technologies Pvt. Ltd.	
Listing Venue	BSE/NSE	
Finalization of Allotment	06-Oct -21	
Initiation of refund	07-Oct -21	
Credit to Demat Account	08-Oct -21	
Listing	11-Oct -21	
Issue Structure		
Categories	Allocation	
QIBs	50.00%	
Non-Institutional	15.00%	
Retail Portion	35.00%	
Total	100.00%	
Shareholding Pattern		
Categories	Pre Issue	Post Issue
Promoter & Promoter Group	100.00%	86.50%
Public	-	13.50%
Total	100.00%	100.00%

Company Background

Aditya Birla Sun Life AMC (ABSLAMC) is a joint venture between Aditya Birla Capital Ltd and Sun Life AMC. It is ranked as the **largest non-bank affiliated AMC** in India by Quarterly Average Assets Under Management (QAAUM) since March 31, 2018, and among the fourth largest AMCs in India by QAAUM since September 30, 2011. ABSLAMC managed a total **AUM of Rs.2,936.42 billion** under its ambit of a mutual fund, portfolio management services, offshore and real estate offerings, as of June 30, 2021.

Objects of the Issue

The net proceed from the IPO will be utilized towards the following purposes; (i) achieve the benefits of listing the company on the bourses; and (ii) carry out the Offer for Sale (OFS) of up to 3,88,80,000 equity shares by the Selling Shareholders.

Key Points

- ABSLAMC has **established & cemented a geographically diversified Pan-India distribution** presence covering 284 locations spread over 27 states and six union territories. The company's distribution network is extensive and multi-channelled with a significant physical as well as digital presence, and included over 66,000 KYD-compliant MFDs, over 240 national distributors and over 100 banks/financial intermediaries, as of June 30, 2021.
- ABSLAMC's flagship schemes include Aditya Birla Sun Life Frontline Equity Fund and Aditya Birla Sun Life Corporate Bond Fund, both of which have grown to become **leading funds** in India under its management.
- It has been managing **118 schemes** comprising 37 equity schemes (including, among others, diversified, tax saving, hybrid and sector schemes), 68 debt schemes (including, among others, ultra-short-duration, short-duration and fixed-maturity schemes), two liquid schemes, five ETFs and six domestic Fund of Funds (FoFs), as of June 30, 2021.
- It has maintained a **market-leading position** in B-30 penetration over the years, which has further contributed to the growth of the individual investor base as well as improvement in profitability. Its systematic transactions have achieved phenomenal growth, with number of outstanding SIPs more than tripling from 0.86 million as of March 31, 2016, to 2.80 million as of June 30, 2021.
- **Recommendation**
ABSLAMC caters to a wide range of customers from individuals to institutions through its **Pan-India network** which positions it well to attract a large segment of the Indian mutual fund market, besides, their **leadership position, product mix, cost base, scale & penetration** has enormously contributed to strong financial performance. **Hence, considering the above positive factors we recommend to subscribe the issue with medium to long term horizon.**

Particulars (Rs. Crs)	Q1FY22	Q1FY21	Var%	FY21	FY20	FY19
Revenue from Operations	333.24	256.62	29.86%	1192.69	1236.79	1407.54
Other Income	3.00	4.13	-27.36%	14.81	0.93	1.18
Profit Before Tax (PBT)	205.89	130.12	58.23%	695.89	660.73	645.77
Profit After Tax (PAT)	154.94	97.35	59.16%	526.28	494.40	446.80
PATM (%)	46.50	37.94	22.56%	44.13	39.97	31.74
*EPS (Rs.)	5.38	3.38	59.16%	18.27	17.17	15.51

*EPS readjusted for Split & Bonus

Source: Company's RHP, Ace Equity, AUM Research

Competitive Strengths

- ✦ ABSLAMC has maintained its position as the largest non-bank affiliated AMC in India by QAAUM since March 31, 2018 as well as among the fourth largest AMCs in India by QAAUM since September 30, 2011. Their total QAAUM grew at a CAGR of 14.55% from Rs.1,365.03 billion as of March 31, 2016 to Rs.2,692.78 billion as of March 31, 2021, and further to Rs.2,754.54 billion as of June 30, 2021. Further, its equity-oriented Monthly Average Assets Under Management (MAAUM) grew at a CAGR of 24.94% from Rs.323.45 billion as of March 31, 2016 to Rs.984.80 billion as of March 31, 2021, and further to Rs.1,080.44 billion as of June 30, 2021.
- ✦ ABSLAMC benefits from the strong track record, reputation and experience of its Promoters, Aditya Birla Capital (an Aditya Birla group company) and Sun Life AMC, and their respective affiliates, which have enabled it to build a brand that its customers trust and that has a strong recall.
- ✦ SIPs have become a material portion of ABSLAMC's AUM, and accounted for 41.70% of its total equity-oriented mutual fund AUM and 33.99% of its total individual investor mutual fund AUM, as of June 30, 2021. Its outstanding SIPs grew from 0.86 million as of March 31, 2016 to 2.80 million as of June 30, 2021, and its SIP AUM grew from Rs.85.23 billion to Rs.456.92 billion over the same period. Correspondingly, the Company's share of SIP AUM in total equity-oriented mutual fund AUM increased from 25.70% to 41.70% over the same period, higher than the industry share of 31.36% as of June 30, 2021.
- ✦ The Company consistently demonstrated strength in its variety of product offerings and have a long history and track record of innovation in schemes, with certain of its schemes being the first of their kind in India. Under ABSLAMC's management, its Aditya Birla Sun Life Frontline Equity Fund, which had QAAUM of Rs.198.95 billion as of June 30, 2021, has grown to become the fourth largest among the large cap equity schemes of the top 10 AMCs in India as of such date.
- ✦ The Company has established a geographically diversified pan-India distribution presence that is not only extensive but multi-channeled, with a significant physical as well as digital presence. As of June 30, 2021, ABSLAMC had a presence in 284 locations, comprising 194 branches in India (and three outside India), spread over 27 states and six union territories. Of these, 143 branches and all 90 of its EM representatives were located in B-30 cities.

Key Business Strategies

- ✦ ABSLAMC is committed to growing its geographic reach by both expanding their distribution network and deepening its existing presence. Company intends to continue to increase its footprint across India by focusing on growing its presence in B-30 cities and rural markets that remain underpenetrated and have less competition. It believes that entering these markets at an early stage will enable them to maximize both consumer mindshare and market share in such areas.
- ✦ Company strives to deliver best-in-class investor experience through their variety of product offerings and by consistently delivering on strong investment performance across all schemes. As a result of focused approach, company has achieved leadership scale and ranking in some of the major fund categories, including the large cap frontline equity and corporate bond fund categories.
- ✦ ABSLAMC sheer ability to embark investments in technology backbone will consistently reduce marketing and operational costs which in turn would improve their profitability. Investments embarked in technology hitherto have yielded increases in online sales of schemes, online payments, digital onboarding as well as customer interaction on digital channels.

Peers Comparison

Particulars	CMP (Rs.)	EPS (Rs.) FY21	P/E	Equity AUM (Rs. Crs)	Total AUM (Rs. Crs)
ABSLAMC	712.00	18.27	38.97	102,678	293,642
HDFC Asset Management Co.	3167.95	62.28	50.87	172,300	416,900
NAM-INDIA	437.20	11.04	39.60	99,270	240,364
UTI AMC	1098.35	38.97	28.18	98,660	187,210

Note: P/E of ABSLAMC is computed on the upper end of the price band

Financials

Financial Highlights- Consolidated (Values in Rs. Crore)			
Description	FY21	FY20	FY19
Inc / Exp Performance			
Gross Sales	1192.69	1236.79	1407.54
Total Income	1207.51	1237.72	1408.72
Total Expenditure	468.471	534.85	724.62
PBIDT	739.04	702.87	684.10
PBIT	701.59	666.35	651.70
PBT	695.89	660.73	645.77
PAT	526.28	494.40	446.80
Equity and Reserves			
Equity Paid Up	18.00	18.00	18.00
Reserves and Surplus	1686.61	1298.87	1202.57
Net Worth	1704.61	1316.87	1220.57
Capital Employed	1704.61	1316.87	1220.57
Assets and Liabilities			
Gross Block	130.24	124.44	117.50
Investments	1726.25	1263.36	1138.07
Cash and Bank balance	56.84	46.89	38.50
Net Current Assets (Including Current Investments)	-52.94	-24.70	-69.92
Total Current Liabilities	206.89	178.39	199.02
Total Assets	1984.55	1571.96	1498.46
Cash Flows			
Cash Flow from Operations	512.25	497.01	315.34
Cash Flow from Investing activities	-339.82	-66.08	62.42
Cash Flow from Finance activities	-162.50	-422.55	-383.57
Free Cash flow	613.53	551.96	401.66
Financial Ratios			
Current Ratio(x)	0.74	0.86	0.65
ROCE (%)	46.44	52.52	55.27
RONW (%)	34.84	38.97	37.89
PBIDTM (%)	61.96	56.83	48.60

Source: Company's RHP, Ace Equity, AUM Research

Aum Capital RESEARCH DESK

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