

Aditya Birla Sun Life AMC Ltd

Recommendation: SUBSCRIBE

September 28, 2021

Details of the Issue

Price Band	₹ 695 - ₹ 712
Issue Size	₹ 2,768 Cr
Opening Date	Sep 29, 2021
Closing Date	Oct 1, 2021
Face Value	₹5
Bid Lot	20
Listing on	BSE, NSE

Objects of the Issue

Carry out the OFS for selling shareholders

Lead Managers

Axis Capital Limited
BofA Securities India Limited
Citigroup Global Markets India Private Limited
HDFC Bank Limited
ICICI Securities Limited
IIFL Securities Ltd
JM Financial Consultants Private Limited
Kotak Mahindra Capital Company Limited
Motilal Oswal Investment Advisors Pvt Ltd
SBI Capital Markets Limited
Yes Securities (India) Limited

Registrar

KFintech Private Limited

Investment Details

No. of shares at cut-off	289
Max. Amount to be paid	₹ 1,99,360

Offer Details

Fresh Issue	NIL
OFS	₹ 2,768.25 cr

Company Background

Aditya Birla Sun Life AMC Limited ("ABSLAMC") 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 four largest AMCs in India by QAAUM since September 30, 2011, according to CRISIL.

ABSLAMC managed total AUM of ₹2,936.42 billion under its suite of mutual fund (excluding its domestic FoFs), portfolio management services, offshore and real estate offerings, as of June 30, 2021. The Company's distribution network is extensive and multi-channelled with a significant physical as well as digital presence, and included over 66,000.

The Company's total QAAUM (excluding its domestic FoFs) has grown over the years and was ₹2,754.54 billion, ₹2,692.78 billion, ₹2,475.22 billion and ₹2,464.80 billion as of June 30, 2021 and March 31, 2021, 2020 and 2019, respectively. In addition, ABSLAMC provides portfolio management services, offshore and real estate offerings and managed total AUM of ₹115.15 billion as part of such services, as of June 30, 2021.

The Company is currently set up as a joint venture between ABCL and Sun Life AMC. ABCL is the listed non-operating holding company of the financial services businesses of the Aditya Birla group, a Fortune 500 global conglomerate. Through its various subsidiaries, ABCL managed total Assets Under Management ("AUM") of ₹3,432.66 billion, had a consolidated lending book of over ₹571.82 billion and an active customer base of over 25 million customers, as of June 30, 2021. Sun Life Financial Inc., the ultimate holding company of Sun Life AMC, is a leading international financial services organization providing insurance, wealth and asset management solutions to individual and corporate clients. Sun Life Financial Inc. had a market capitalization of C\$37.43 billion and total AUM of C\$1,360.69 billion, as of June 30, 2021.

Strengths & Strategies

Growth of equity schemes in mix

The Company's equity-oriented Monthly Average Assets Under Management ("MAAUM") grew at a CAGR of 24.94% from ₹323.45 billion as of March 31, 2016 to ₹984.80 billion as of March 31, 2021, and further to ₹1,080.44 billion as of June 30, 2021. Correspondingly, its share of equity-oriented MAAUM in total MAAUM increased from 23.66% as of March 31, 2016 to 38.09% as of June 30, 2021. This 14.43% increase in equity mix was greater than the industry increase of 13.65% over the same period, and was the second highest increase among the five largest AMCs in India by MAAUM, according to CRISIL.

Growing Individual Investor Customer Base Driven By Strong Systematic Flows and B-30 Penetration

According to CRISIL, the Company was the fifth largest player in terms of market share in individual AUM among the top 10 AMCs as of June 30, 2021. Correspondingly, its individual investor MAAUM mix increased from 39.95% as of March 31, 2016 to 47.01% as of June 30, 2021, which was the second highest increase among the five largest AMCs in India by QAAUM, according to CRISIL.

Diverse Product Portfolio

As of June 30, 2021, the Company managed 112 mutual fund schemes, several of which have recorded superior performance compared to industry averages, as well as six domestic FoFs. ABSLAMC also provide portfolio management services, offshore funds and alternative investments. Further, its fund offerings can be customized to meet an individual's specific financial goals in the form of savings solutions, regular income solutions, tax saving solutions and wealth solutions.

Source: RHP, GEPL Capital Research

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Pan-India, Diversified Distribution Network

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, which were supplemented by 90 EM representatives. Of these, 143 branches and all 90 of its EM representatives were located in B-30 cities.

Strategies

- Continue to Increase Geographic Reach and Strengthen Relationships with its Distributors
- Continue to Focus on Delivering Sustained Investment Performance and Portfolio Differentiation
- Strengthen its Employee Value Proposition to Continue to Attract and Retain Good Quality Talent
- Leverage Digital Platforms to Increase Customer Acquisition and Enhance Customer Experience
- Enhance Product Portfolio By Developing Its Investment Offerings

We recommend a subscribe rating to the issue.

Financial Snapshot

Particulars	Q1FY22	Q1FY21	FY2021	FY2020	FY2019
Equity Share capital	1440	180	180	180	180
Total equity	18021.57	14156.58	17046.13	13168.73	12205.65
Total income	3362.45	2607.47	12058.41	12347.68	14072.5
PAT	1549.44	973.51	5262.8	4944.02	4467.99
EPS	5.38	3.38	18.27	17.17	15.51
ROE	8.6	6.88	30.87	37.54	36.61
NAV per share	62.57	49.15	59.19	45.72	42.38

(in Rs cr except per share data)

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NOTES

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