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Issue Details	
Price Band (Rs)	Rs. 695 -712
Face Value (Rs)	5
Issue Size (Rs)	2,768.26Cr
Issue Type	Book Building
Minimum lot	20
Issue Opens	September 29, 2021
Issue Closes	October 01, 2021
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	October 06, 2021
Unblocking of Funds	October 07, 2021
Credit of shares to Demat Account	October 08, 2021
Listing on exchange	October 11, 2021

Other Detail	
Book Running Lead Managers	Kotak Mahindra Capital Company Limited, BofA Securities India Limited, Citigroup Global Markets India Private Limited, Axis Capital Limited, HDFC Bank Limited, ICICI Securities Limited, IIFL Securities Limited, JM Financial Limited, Motilal Oswal Investment Advisors Limited, SBI Capital Markets Limited, YES Securities (India) Limited
Registrar	KFin Technologies Private Limited

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# Aditya Birla Sun Life Amc Ltd.

## Company Background

Incorporated in 1994, Aditya Birla Sun Life AMC ("ABSL") is set up as a joint venture between Aditya Birla Capital Limited ("ABCL") and Sun Life AMC. ABSL managed 118 schemes comprising 37 equity schemes (including, among others, diversified, tax saving, hybrid and sector schemes), 68 debt, 2 liquid schemes, 5 ETFs, and 6 domestic FoFs, as of June 30, 2021. Their Total Quarterly Average Assets Under Management ("QAAUM") excluding their domestic FoFs has grown over the years and was Rs.2,75,454 Crore as of June 30, 2021. In addition, they provide portfolio management services, offshore and real estate offerings and they managed total AUM of Rs.115.15 billion as part of such services, as of June 30, 2021.

## Issue Details

The offer comprises Offer for sale of up to 3,88,80,000 Equity Shares aggregating upto Rs.2,768.26Cr.

## Issue Objectives

- To achieve the benefits of listing the Equity Shares on the Stock Exchanges and
- The sale of up to 3,88,80,000 Equity Shares by the Selling Shareholders.

## IPO Share Allotment Pattern

Category	Allocation	Number of Shares	Issue Size at Rs.695 (Rs.Cr)	Issue Size at Rs.712 (Rs.Cr)
QIB	50%	1,84,68,000	1,283.53	1,314.92
Non-Institutional	15%	55,40,400	385.06	394.48
Retail	35%	1,29,27,600	898.47	920.45
ABCL Shareholder Reservation		19,44,000	135.11	138.41
<b>Total</b>		<b>3,88,80,000</b>	<b>2,702.16</b>	<b>2,768.26</b>

Source: Company RHP, ACMIL Research

## Outlook and Valuations

ABSL is ranked as the largest non-bank affiliated AMC in India by quarterly average assets under management since March 31, 2018, and among the four largest AMCs in India by quarterly average assets under management since September 30, 2011. With its established brand name, strong financial track record, under-penetration of mutual fund products and rising investment awareness, we believe the company is well-positioned to capitalise on favourable industry dynamics. The stock trades at 38.96x its FY21 EPS of Rs.18.27/- at the upper price band of Rs.712/- . **We recommend subscribing to the issue from a long-term perspective.**

## Investment Rationale

### Well-Recognized and Trusted Brand with Experienced Promoters

ABSL benefits from the strong track record, reputation and experience of their Promoters, ABCL (an Aditya Birla group company) and Sun Life AMC, and their respective affiliates, which have enabled them to build a brand that their customers trust and that has a strong recall. The Aditya Birla group is a multi-national conglomerate and, over the last 7 decades, has grown to become one of India's largest and most respected corporate groups. The company benefits immensely from the Aditya Birla brand's association with trust, quality and reliability due to the Aditya Birla group's long established, successful and diversified business presence in India.

Sun Life is a leading international financial services organization providing insurance, wealth and asset management solutions to individual and corporate clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Hong Kong, Australia and several countries across Asia. The company benefits from Sun Life's global experience including in the areas of fund management, distribution, products and offshore business development. Sun Life also provides them with support in launching new products in India and overseas.

### Largest Non-Bank Affiliated Asset Manager in India

ABSL has maintained their position as the largest non-bank affiliated AMC in India by QAAUM since March 31, 2018 as well as among the 4 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.

### Diverse Product Portfolio with Superior Fund Performance supported by Research Driven Investment Philosophy

ABSL also provides portfolio management services, offshore funds and alternative investments. Further, their 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. They consistently demonstrate strength in their variety of product offerings and have a long history and track record of innovation in schemes, with certain of their schemes being the first of their kind in India. The performance of certain of the key open-ended schemes relative to the performance of the relevant benchmark index and the average of the performance of comparable schemes of peers, as of June 30, 2021

Scheme and Relevant Benchmark	Date of Inception	Total QAAUM (₹ billions)	1-year Annualized Return	3-year Annualized Return	5-year Annualized Return	10-year Annualized Return	Since Inception
<b>Equity schemes</b>							
<b>Aditya Birla Sun Life Frontline Equity</b>	Aug'2002	198.95	54.56%	12.48%	12.46%	13.16%	19.88%
NIFTY 50 Total Return Index			54.58%	15.00%	15.08%	12.14%	
Peer average			52.60%	13.45%	13.56%	12.48%	
<b>Aditya Birla Sun Life Flexi Cap Fund</b>	Aug'1998	137.44	63.51%	14.57%	15.67%	15.24%	22.57%
S&P BSE AllCap Total Return Index			63.29%	15.22%	15.55%	12.93%	
Peer average			58.05%	15.08%	14.66%	14.30%	
<b>Aditya Birla Sun Life Tax Relief 96 Fund</b>	Mar'1996	136.76	35.52%	8.64%	12.15%	13.73%	23.12%
S&P BSE 200 Total Return Index			58.77%	15.40%	15.63%	12.95%	
Peer average			58.67%	13.54%	13.51%	13.93%	
<b>Aditya Birla Sun Life Equity Hybrid '95</b>	Feb'1995	77.36	49.53%	10.08%	10.46%	12.07%	19.19%
CRISIL Hybrid 35+65 Aggressive			37.86%	14.27%	13.62%	11.88%	
Peer average			48.30%	12.55%	12.28%	12.31%	
<b>Debt schemes</b>							
<b>Aditya Birla Sun Life Corporate Bond</b>	Mar'1997	240.47	6.18%	9.28%	8.43%	9.05%	9.30%
NIFTY Corporate Bond Total Return Index			7.23%	9.36%	8.35%	9.04%	
Peer average			5.58%	8.39%	7.97%	8.51%	
<b>Aditya Birla Sun Life Savings Fund</b>	Apr'2003	184.54	4.84%	7.20%	7.36%	8.38%	7.65%
CRISIL Ultra Short Term Debt			4.55%	6.75%	6.93%	8.03%	
Peer average			4.09%	5.66%	6.16%	7.45%	
<b>Aditya Birla Sun Life Low Duration Fund</b>	May'1998	169.37	4.90%	7.20%	7.08%	7.90%	7.40%
NIFTY Low Duration Debt			4.63%	6.93%	6.995%	8.06%	
Peer average			4.77%	6.66%	6.86%	7.95%	
<b>Aditya Birla Sun Life Banking &amp; PSU Debt</b>	Apr'2002	150.28	5.42%	8.87%	8.24%	9.16%	8.61%
NIFTY Banking and PSU Debt			5.52%	8.62%	7.63%	8.51%	
Peer average			5.03%	8.34%	7.75%	8.51%	
<b>Liquid schemes</b>							
<b>Aditya Birla Sun Life Liquid Fund</b>	Jun'1997	316.83	3.20%	5.44%	6.03%	7.54%	7.20%
CRISIL Liquid Fund Total Return Index			3.71%	5.70%	6.19%	7.40%	
Peer average			3.16%	5.34%	5.95%	7.46%	
<b>Aditya Birla Sun Life Overnight Fund</b>	Nov'2018	105.50	3.00%	-	-	-	4.28%
CRISIL Overnight Index			3.18%	-	-	-	
Peer average			3.01%	-	-	-	

Source: Company RHP, ACMIL Research

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

Company's individual investor MAAUM grew a CAGR of 18.38% from Rs.546.13 billion as of March 31, 2016 to Rs.1,269.82 billion as of March 31, 2021, and further to Rs.1,333.53 billion as of June 30, 2021. Correspondingly, their individual investor MAAUM mix increased from 39.95% as of March 31, 2016 to 47.01% as of June 30, 2021, which was the 2nd highest increase among the 5 largest AMC's in India by QAAUM. Consistent with their market leading position in individual investor MAAUM, their total investor folios more than doubled from 2.93 million as of March 31, 2016 to 7.07 million as of March 31, 2021.

## Pan-India, Diversified Distribution Network

ABSL has established a geographically diversified pan-India distribution presence that is not only extensive but multi-channelled, with a significant physical as well as digital presence. The EM areas are untapped markets in India which have a high potential of assisting them in growing their AUM and expanding to new catchment areas without material capital expenditure.

In the 3 months ended June 30, 2021 and the financial year 2021, they converted 5 and 15 EM locations, respectively, into branch offices. Their capability to build deep and strong relationships with distributors is demonstrated by their highly diversified distribution network, which included over 66,000 local KYD-compliant MFDs over 240 national distributors and over 100 banks, as of June 30, 2021.

## Long-term Track Record of Innovation in and Use of Technology

ABSL has a history of innovation in the mutual fund area in the use of technology to service their investors. They are committed to enhancing their digital platforms and expanding their online reach. They utilize automation and digitization initiatives primarily towards improving scalability by ensuring superior and continuously improving customer service as well as increasing efficiency and reducing costs. They have deployed a number of technology initiatives viz. implementation of digital paperless on-boarding, video facility for KYC processes, transaction processing via social media applications, data analytics to generate models for pre-approved offers, and voice-based customer services, as well as features such as optical character recognition, facial recognition, geo-tagging and e-signatures.

## Financial Snapshot (Consolidated)

Particulars (Rs.Mn)	FY19	FY20	FY21	Q1FY21
Equity share capital	180	180	180	1,440
Net worth	12,206	13,169	17,046	18,021
Net asset value per share	42	46	59	63
Revenue from Operations	14,061	12,338	11,910	3,332
EBITDA	6,839	7,027	7,389	2,162
EBITDA %	51.54%	60.59%	69.19%	71.30%
Net Profit	4,468	4,944	5,263	1,549
Net Profit Margin	31.78%	40.07%	44.19%	46.50%
EPS(Rs.)	15.51	17.17	18.27	5.38^
ROE(%)	36.61%	37.54%	30.87%	8.60%^
AAUM(Rs.Bn)	2,465	2,475	2,693	2,755
Revenue/AUM	0.57	0.49	0.44	0.49*

Source: Company RHP, ACMIIL Research, ^Not annualized\*annualized

## Comparison With Listed Peers: FY21

Company	Standalone/ Consolidated	Total Income (Rs.Mn)	EPS	NAV	P/E	ROE (%)
Aditya Birla Sun Life AMC LTD.	Consolidated	12,058	18.27	59	38.96	30.87
HDFC Asset Management Company LTD.	Consolidated	22,017	62.16	224	50.90	27.76
Nippon Life India Asset Management LTD.	Consolidated	14,193	10.90	50	38.46	21.94
UTI Asset Management Company LTD.	Consolidated	11,986	38.97	255	30.14	15.27

Source: Company RHP, ACMIIL Research

**Risk and Concerns:** Reductions of the expense limits prescribed under SEBI regulations may impact the profitability and cause them to decrease marketing and other efforts on behalf of the funds.

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# Asit C. Mehta

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