

## Aditya Birla Sun Life AMC

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ABSLAMC IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	185.3 / 2.2
52-Week Range (INR)	912 / 511
1, 6, 12 Rel. Per (%)	-3/-15/7
12M Avg Val (INR M)	336

Financials & Valuations (INR b)			
Y/E Mar	FY25	FY26E	FY27E
AAUM	3,754	4,229	4,882
MF Yield (bps)	42.7	41.7	40.7
Rev from Ops	16.8	18.6	20.9
Core PAT	7.1	7.8	8.9
PAT	9.3	10.1	11.5
PAT (bps as AAUM)	25	24	24
Core EPS	24	27	31
EPS	32	35	40
EPS Grw. (%)	19	9	14
BVPS	129	145	160
RoE (%)	27	26	26
Div. Payout (%)	74	57	62
Valuations			
Mcap/AUM (%)	4.9	4.4	3.8
P/E (x)	19.9	18.3	16.0
P/BV (x)	5.0	4.4	4.0
Div. Yield (%)	3.7	3.1	3.9

Shareholding pattern (%)			
As On	Mar-25	Dec-24	Mar-24
Promoter	74.9	74.9	75.3
DII	10.9	11.5	12.1
FII	5.3	5.0	4.4
Others	8.8	8.5	8.2

FII Includes depository receipts

**CMP: INR642**

**TP: INR780 (+21%)**

**Buy**

### Better-than-expected income leads to beat on PAT

- Aditya Birla Sun Life AMC's (ABSLAMC) 4QFY25 operating revenue grew 17% YoY to ~INR4.3b (in line), leading to a ~0.9bp YoY improvement in yield on management fees to 44.9bp (vs. our est. of 45.4bp). For FY25, revenue grew 25% YoY to INR16.8b.
- Total opex grew 15% YoY to INR1.8b (in line), with a cost-to-income ratio of 43.1% (vs. 44% in 4QFY24). EBITDA came in at INR2.4b (in line), up 19% YoY, with margins at 56.9% (vs 56% in 4QFY24 and our est. 57.6%).
- The better-than-expected other income led to a 12% beat on PAT to INR2.3b, up 10% YoY/2% QoQ. For FY25, PAT grew 19% YoY to INR9.3b.
- Market volatility led to a temporary dip in SIP flows. However, management remains confident that SIP momentum will recover as fund performance continues to improve (85% of funds are meeting the benchmarks).
- We have kept our estimates largely unchanged. **Reiterate a BUY rating with a TP of INR780, based on 25x Mar'27E core EPS.**

### AUM growth remains flat QoQ; equity mix declines YoY

- Total MF QAAUM grew 15% YoY/flat QoQ to INR3.82t, led by 9%/13%/18%/16%/13% YoY growth in Equity/Debt/ETF/ Hybrid funds/Index. Equity QAAUM contributed 35% to the mix in 4QFY25 vs. 37% in 4QFY24.
- The alternate and offshore business is gaining traction, with AUM growing 16% YoY to INR153b in 4QFY25. PMS/AIF AUM grew 268% YoY to INR113b, driven by the inclusion of ESIC AUM from 4QFY25, while offshore AUM grew 14% YoY to INR121b. Several fundraising events are currently underway across the AIF/PMS, offshore, and real estate segments.
- SIP flows increased 5% YoY to INR13.2b. However, they declined 5% QoQ, mainly due to a 19% QoQ decline in SIP registrations to 543k in 4QFY25. About 95%/89% of total SIPs have a tenure of over 5/10 years.
- The distribution mix remained stable in overall AUM. The direct channel continued to dominate the mix with a 43% share, followed by MFDs (32%), national distributors (17%), and banks (8%). However, in equity AUM, MFDs contributed 54% to the distribution mix.
- Opex as a % of QAAUM remained flat YoY at 19.4bp in 4QFY25 (in line with estimates). Employee costs grew 17% YoY to INR988m (6% more than the estimate), while other expenses grew 11% YoY to INR739m (6% lower than the estimate).
- Other income improved 87% sequentially to INR720m, mainly due to benefits from rate cuts leading to an improvement in the MTM of debt funds.

### Key takeaways from the management commentary

- Inflows into equity funds strengthened, driven by improved investment performance and a focused on-ground sales push. During the quarter, the company also organized an exclusive event to deepen relationships with key distribution partners.
- For 4QFY25, yields for Equity/Debt/Liquid stood at 68-69bp/24-25bp/12-13bp. For PMS/AIF, they stood at 1%+, for Offshore (GIFT City) at 1%+, and for other Offshore (except GIFT City) at 30-40bp.
- Management plans to add 30 new emerging locations in FY26 to the existing 89. ESOP costs for the quarter stood at INR13m. For next year, no material ESOP costs are expected as most of the costs have been absorbed.

### Valuation and view

- Market share across segments is expected to improve with an improving fund performance (~85% of funds are beating benchmarks). The expansion of the alternate and offshore business, strong fund performance, market share improvement, and re-bounce in SIP flows will be beneficial for the company's profitability.
- We have kept our estimates largely unchanged. **Reiterate a BUY rating with a TP of INR780, based on 25x Mar'27E core EPS.**

Y/E March	Quarterly Performance												(INR m)	
	FY24				FY25				FY24	FY25	4QFY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
<b>Revenue from Operations</b>	<b>3,112</b>	<b>3,350</b>	<b>3,415</b>	<b>3,656</b>	<b>3,866</b>	<b>4,242</b>	<b>4,451</b>	<b>4,288</b>	<b>13,532</b>	<b>16,848</b>	<b>4,357</b>	<b>-2</b>	<b>17.3</b>	<b>(3.7)</b>
Change YoY (%)	2.2	7.7	8.7	23.1	24.3	26.6	30.4	17.3	10.3	24.5	19.2			
Fees & Commission	82	82	87	99	105	121	124	122	351	471	131.3	-7.4	22.6	(1.9)
Employee Expenses	774	798	794	842	892	894	877	988	3,208	3,652	929	6.4	17.4	12.7
Other expenses	557	550	591	666	667	723	707	739	2,364	2,836	787	-6.1	11.0	4.6
Total Operating Expenses	1,412	1,431	1,472	1,607	1,664	1,738	1,708	1,849	5,922	6,958	1,848	0	15.1	8.3
Change YoY (%)	15	11	12	16	18	21	16	15	13.5	17.5	15.0			
<b>EBITDA</b>	<b>1,700</b>	<b>1,919</b>	<b>1,943</b>	<b>2,049</b>	<b>2,203</b>	<b>2,504</b>	<b>2,743</b>	<b>2,439</b>	<b>7,610</b>	<b>9,890</b>	<b>2,509.6</b>	<b>-3</b>	<b>19.1</b>	<b>(11.1)</b>
EBITDA margin (%)	54.6	57.3	56.9	56.0	57.0	59.0	61.6	56.9	56.2	58.7	57.6	-72 bp	84 bp	-475 bp
<b>Other Income</b>	<b>778</b>	<b>557</b>	<b>795</b>	<b>745</b>	<b>948</b>	<b>958</b>	<b>384</b>	<b>720</b>	<b>2,874</b>	<b>3,010</b>	<b>346</b>	<b>108</b>	<b>(3.3)</b>	<b>87.2</b>
Depreciation/Reversal	66	92	88	101	91	98	111	98	346	398	115	-15	(3.0)	(12.5)
Finance Cost	8	17	15	17	14	14	17	11	56	57	18	-37	(34.9)	(36.0)
<b>PBT</b>	<b>2,403</b>	<b>2,368</b>	<b>2,635</b>	<b>2,676</b>	<b>3,045</b>	<b>3,351</b>	<b>2,999</b>	<b>3,050</b>	<b>10,082</b>	<b>12,445</b>	<b>2,724</b>	<b>12</b>	<b>14.0</b>	<b>1.7</b>
Tax Provisions	557	587	542	592	688	928	754	770	2,278	3,139	684	12	30.0	2.0
<b>Net Profit</b>	<b>1,846</b>	<b>1,781</b>	<b>2,093</b>	<b>2,084</b>	<b>2,357</b>	<b>2,423</b>	<b>2,245</b>	<b>2,281</b>	<b>7,804</b>	<b>9,306</b>	<b>2,040</b>	<b>12</b>	<b>9.5</b>	<b>1.6</b>
Change YoY (%)	79.4	-7.1	25.9	53.7	27.7	36.1	7.2	9.5	30.8	19.2	-2.1			
<b>Core PAT</b>	<b>1,249</b>	<b>1,362</b>	<b>1,462</b>	<b>1,504</b>	<b>1,623</b>	<b>1,730</b>	<b>1,957</b>	<b>1,743</b>	<b>5,579</b>	<b>7,055</b>	<b>1,780</b>	<b>-2</b>	<b>15.9</b>	<b>(11.0)</b>
Change YoY (%)	-0.4	2.5	12.8	34.9	30.0	27.0	33.9	15.9	11.4	26.5	18.4			

**Key Operating Parameters (%)**

	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Revenue / AUM (bps)	41.9	43.1	43.8	44.1	43.9	44.3	46.4	44.9
Opex / AUM (bps)	19.0	18.4	18.9	19.4	18.9	18.1	17.8	19.4
PAT / AUM (bps)	24.9	22.9	26.9	25.1	26.7	25.3	23.4	23.9
Cost to Operating Income Ratio	45.4	42.7	43.1	44.0	43.0	41.0	38.4	43.1
EBITDA Margin	54.6	57.3	56.9	56.0	57.0	59.0	61.6	56.9
Tax Rate	23.2	24.8	20.6	22.1	22.6	27.7	25.2	25.2
PAT Margin	59.3	53.2	61.3	57.0	61.0	57.1	50.4	53.2
Core PAT Margin	40.1	40.7	42.8	41.1	42.0	40.8	44.0	40.6

## Key takeaways from the management commentary



### Mutual Fund (MF) Business

- Inflows into equity funds improved during the quarter, supported by better investment performance and a strong ground-level sales effort. Additionally, the company hosted an exclusive event to strengthen relationships with key distribution partners.
- MF revenues for FY25 stood at INR16b, compared to INR13b in FY24.
- Over the past year, 85% of the funds have consistently met their benchmarks, as tracked internally by the management team.
- SIP AUM for the quarter stood at INR756b.
- SIP collections during the quarter were INR40b.
- SIP growth and net additions moderated, in line with broader industry trends, with ABSLAMC performing in line with market dynamics.
- Market volatility resulted in a decline in SIP inflows. However, management remains confident that SIP trends will improve as fund performance continues to strengthen.
- Management expects the recent uptick in gross and net sales momentum to continue, driven by deeper engagement initiatives.
- A few years ago, the company engaged Mercer Consultancy, and its recommendations have since been successfully implemented, with the associated benefits now being realized.

### Non-Mutual Fund (Non-MF) Business

- PMS/AIF AUM grew 268% YoY to reach INR113b in 4QFY25, primarily driven by the inclusion of ESIC AUM. Offshore AUM also grew 14% YoY to INR121b during the same period.
- A new product in the pipeline is the ABSL India Equity Innovation Fund in the PMS/AIF category.
- Ongoing fundraising efforts include the India ESG Engagement Fund (IFSC), ABSL Flexi Cap Fund (IFSC), and ABSL Global Bluechip Fund (IFSC).
- To broaden its international AUM, the company onboarded an additional resource focused on overseas markets.
- Real Estate AUM stood at INR5b, with fund-raising underway for a Credit Opportunities Scheme.
- As of Mar'25, the ESIC mandate, which is primarily debt-oriented, stood at INR75b and is included in the PMS/AIF AUM.

- Revenue from alternatives remained largely flat QoQ at INR320-330m, compared to INR340m in 3QFY25, reflecting market volatility.

### Yields

- Yields: Equity/Debt/Liquid stood at 68-69bp/24-25bp/12-13bp.
- Yields on Equity book declined sequentially, largely due to a 1.5% decline in the equity mix.
- Net Yields: PMS/AIF stood at 1%+, Offshore – GIFTCITY stood at 1%+, and other overall offshore (except GIFTCITY) stood at 30-40bp
- No further TER increases were implemented for the debt segment during the quarter.

### Financials

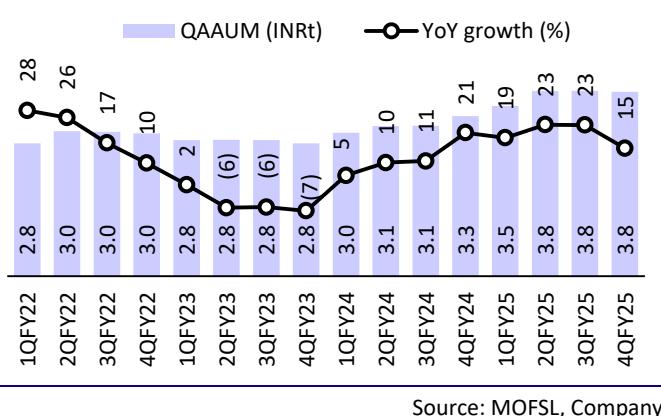
- As of Mar'25, the employee count stood at 1,628.
- Employee costs increased INR111m sequentially, primarily driven by year-end variable pay provisioning and staff welfare expenses.
- ESOP costs for the quarter stood at INR13m. Management indicated that no material ESOP expenses are expected for the next year, as most costs have already been absorbed.
- Other income improved sequentially, benefiting from rate cuts that boosted debt fund returns.
- The branch network expanded to 300+ locations, including 89 emerging market locations. Management has guided for the addition of approximately 30 more emerging locations in FY26.

### Exhibit 1: Summary of our revised estimates

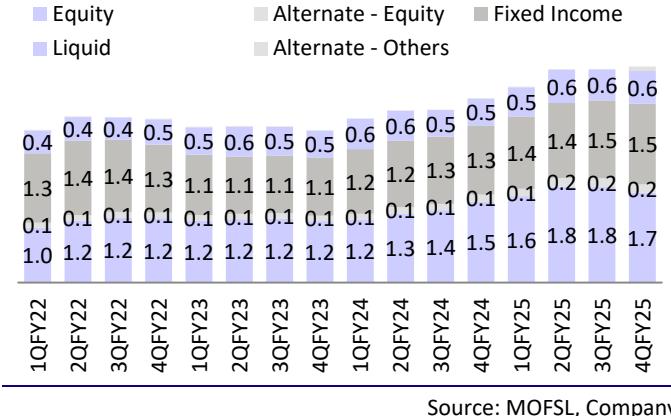
Y/E Mar	New Est.			Old Est.			Change (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
AAUM	3,754	4,229	4,882	3,759	4,235	4,887	0%	0%	0%
MF Yield (bps)	42.7	41.7	40.7	42.8	41.8	40.8	-1bps	-1bps	-1bps
Rev from Ops	16.8	18.6	20.9	16.9	18.6	21.0	0%	0%	0%
Core PAT	7.1	7.8	8.9	7.1	7.8	8.9	-1%	0%	0%
PAT	9.3	10.1	11.5	9.1	10.1	11.5	3%	0%	0%
PAT (bps as AAUM)	25	24	24	24	24	24	7bps	0bps	1bps
Core EPS	24	27	31	25	27	31	-1%	0%	0%
EPS	32	35	40	31	35	40	2.7%	0.1%	0.2%
EPS Grw. (%)	19	9	14	16	12	14			
BVPS	129	145	160	124	140	155			
RoE (%)	27	26	26	27	27	27			
Div. Payout (%)	74	57	62	54	57	63			

## Key exhibits

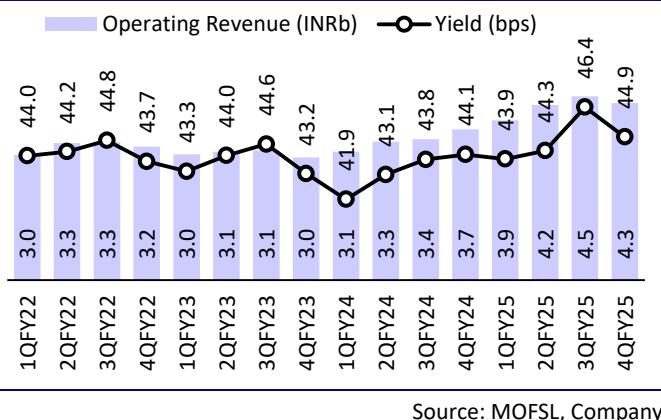
### Exhibit 1: AUM grew 15% YoY in 4QFY25



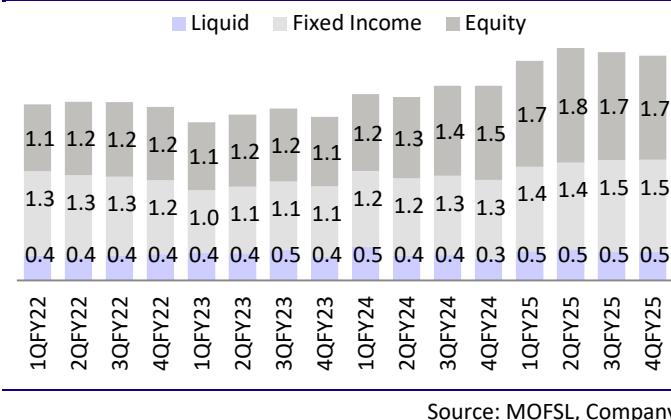
### Exhibit 2: AUM mix (INR t)



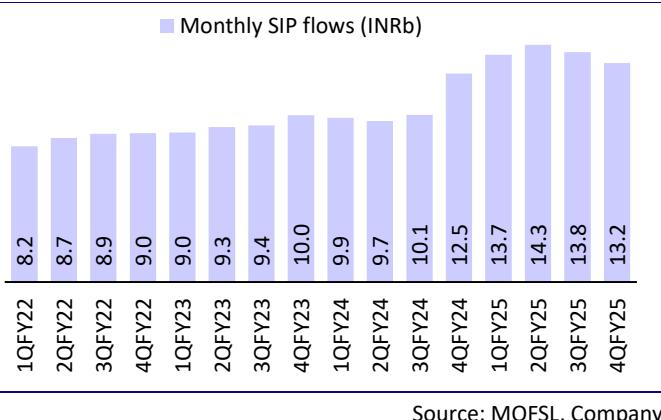
### Exhibit 3: Yields declined sequentially in 4QFY25



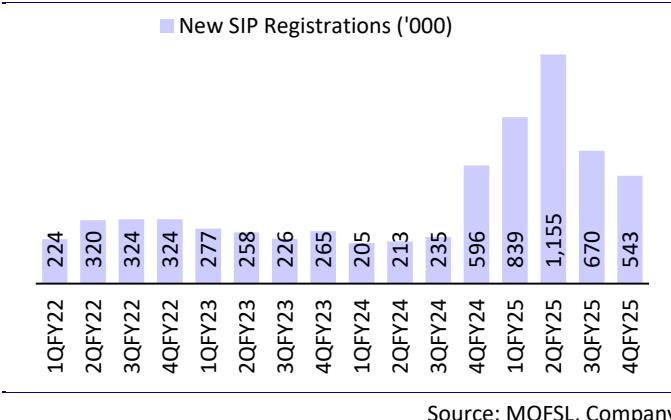
### Exhibit 4: Equity AUM remained flat QoQ in MF AUM (INR t)

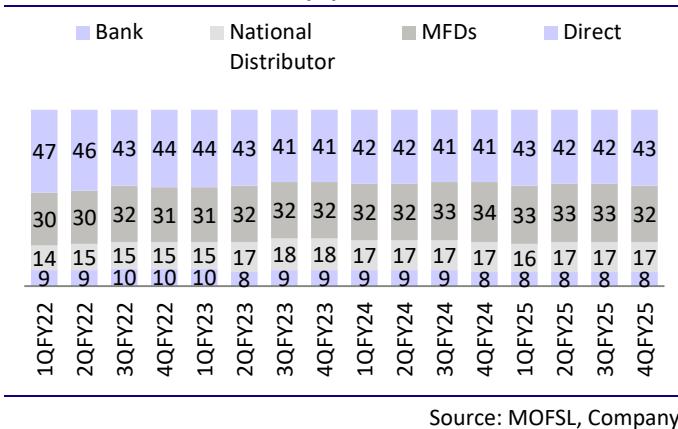


### Exhibit 5: SIP flows declined sequentially

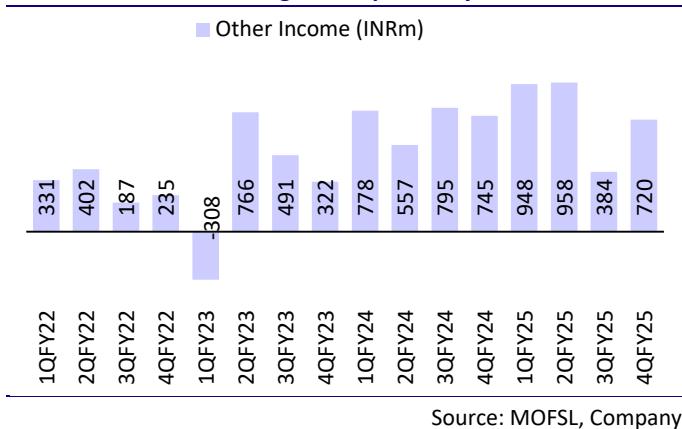


### Exhibit 6: New SIP registrations on a declining trend

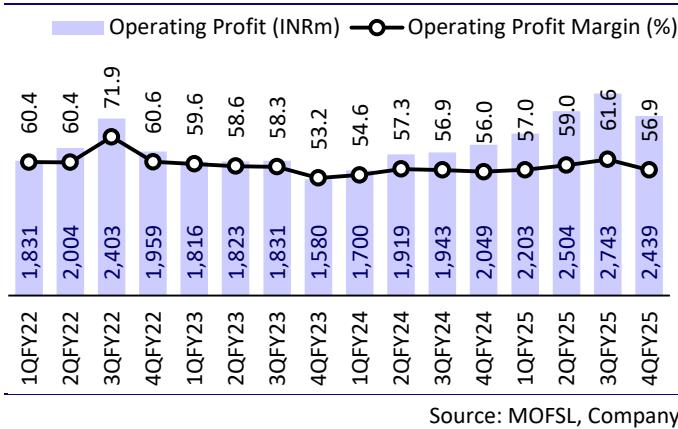


**Exhibit 7: Distribution mix (%)**


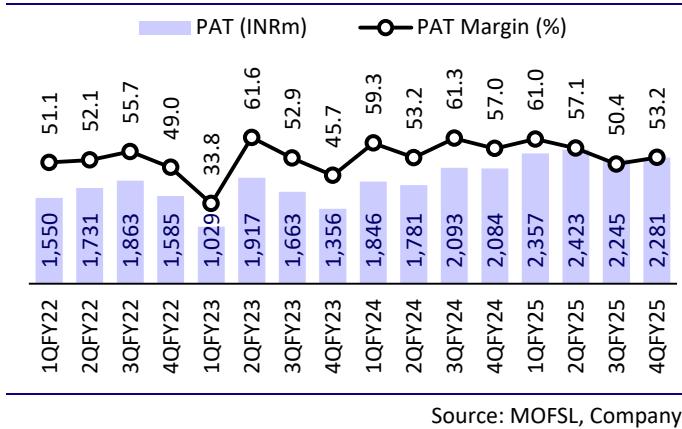
Source: MOFSL, Company

**Exhibit 8: Other income grew sequentially in INRm**


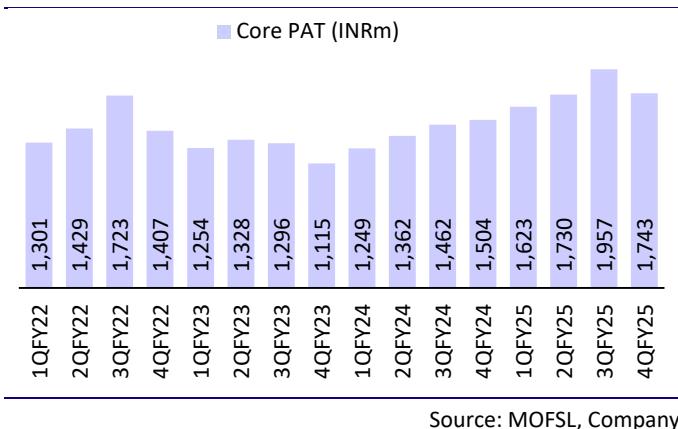
Source: MOFSL, Company

**Exhibit 9: Operating profit trends**


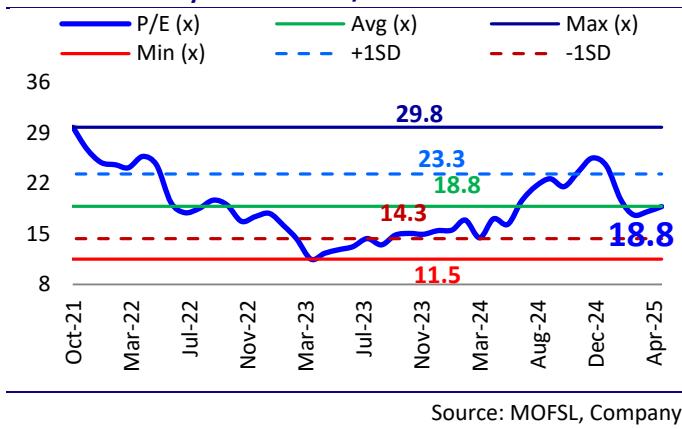
Source: MOFSL, Company

**Exhibit 10: PAT trends**


Source: MOFSL, Company

**Exhibit 11: Core PAT trends**


Source: MOFSL, Company

**Exhibit 12: One-year forward P/E**


Source: MOFSL, Company

## Financials and valuations

Income Statement							INR m	
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Investment management fees	11,597	10,679	12,930	12,266	13,532	16,848	18,554	20,896
Change (%)	(12.6)	(7.9)	21.1	(5.1)	10.3	24.5	10.1	12.6
Operating Expenses	5,321	4,670	4,992	5,216	5,922	6,958	7,701	8,528
<b>Core Operating Profits</b>	<b>6,276</b>	<b>6,010</b>	<b>7,937</b>	<b>7,050</b>	<b>7,610</b>	<b>9,890</b>	<b>10,853</b>	<b>12,368</b>
Change (%)	4.0	-4.2	32.1	-11.2	7.9	30.0	9.7	14.0
Dep/Interest/Provisions	420	430	147	382	402	455	473	493
<b>Core PBT</b>	<b>5,856</b>	<b>5,580</b>	<b>7,791</b>	<b>6,668</b>	<b>7,208</b>	<b>9,435</b>	<b>10,380</b>	<b>11,875</b>
Change (%)	3.6	-4.7	39.6	-14.4	8.1	30.9	10.0	14.4
Other Income	751	1,379	1,156	1,271	2,874	3,010	3,144	3,519
<b>PBT</b>	<b>6,607</b>	<b>6,959</b>	<b>8,947</b>	<b>7,938</b>	<b>10,082</b>	<b>12,445</b>	<b>13,523</b>	<b>15,394</b>
Change (%)	2.3	5.3	28.6	-11.3	27.0	23.4	8.7	13.8
Tax	1,663	1,696	2,219	1,975	2,278	3,139	3,381	3,849
Tax Rate (%)	25.2	24.4	24.8	24.9	22.6	25.2	25.0	25.0
<b>PAT</b>	<b>4,944</b>	<b>5,263</b>	<b>6,728</b>	<b>5,964</b>	<b>7,804</b>	<b>9,306</b>	<b>10,142</b>	<b>11,546</b>
Change (%)	10.7	6.4	27.8	-11.4	30.9	19.3	9.0	13.8
Core PAT	4,382	4,220	5,858	5,009	5,579	7,055	7,785	8,906
Change (%)	12.0	-3.7	38.8	-14.5	11.4	26.5	10.3	14.4
Dividend	3,978	1,400	3,298	2,952	3,889	6,924	5,760	7,200

Balance Sheet							INR m	
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Equity Share Capital	180	180	1,440	1,440	1,441	1,442	1,440	1,440
Reserves & Surplus	12,989	16,866	20,525	23,730	30,248	35,826	40,209	44,554
<b>Net Worth</b>	<b>13,169</b>	<b>17,046</b>	<b>21,965</b>	<b>25,170</b>	<b>31,689</b>	<b>37,269</b>	<b>41,649</b>	<b>45,994</b>
Borrowings	0	0	0	0	0	0	0	0
Other Liabilities	2,551	2,799	2,382	2,711	3,330	3,876	4,263	4,689
<b>Total Liabilities</b>	<b>15,720</b>	<b>19,846</b>	<b>24,347</b>	<b>27,881</b>	<b>35,019</b>	<b>41,144</b>	<b>45,912</b>	<b>50,684</b>
Cash and Investments	14,038	18,393	22,848	25,896	33,167	39,120	43,686	48,235
Change (%)	5.4	31.0	24.2	13.3	28.1	18.0	11.7	10.4
<b>Loans</b>	<b>1</b>	<b>0</b>						
Net Fixed Assets	872	782	750	723	1,128	1,081	1,189	1,308
Current Assets	808	670	750	1,263	724	943	1,037	1,141
<b>Total Assets</b>	<b>15,720</b>	<b>19,846</b>	<b>24,347</b>	<b>27,881</b>	<b>35,019</b>	<b>41,144</b>	<b>45,912</b>	<b>50,684</b>

E: MOFSL Estimates

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>AAAUM (INR B)</b>	<b>2,513</b>	<b>2,445</b>	<b>2,926</b>	<b>2,802</b>	<b>3,127</b>	<b>3,754</b>	<b>4,229</b>	<b>4,882</b>
Change (%)	1.3	-2.7	19.7	-4.2	11.6	20.0	12.7	15.4
Equity (Including Hybrid)	36.5	34.9	39.5	42.1	42.6	45.4	45.2	46.2
Debt	35.0	40.7	32.7	23.0	21.9	20.3	20.2	19.6
Liquid	28.2	23.7	26.4	28.6	26.2	25.9	25.8	25.0
Others	0.4	0.6	1.4	6.3	9.3	8.4	8.9	9.3

E: MOFSL Estimates

## Financials and valuations

Cashflow	INR m							
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Cashflow from operations</b>	<b>5014</b>	<b>6067</b>	<b>6624</b>	<b>6153</b>	<b>9350</b>	<b>10074</b>	<b>10894</b>	<b>12346</b>
PBT	6,607	6,959	8,947	7,938	10,082	12,445	13,523	15,394
Depreciation and amortization	365	374	356	343	346	398	414	431
Tax Paid	-1,663	-1,696	-2,219	-1,975	-2,278	-3,139	-3,381	-3,849
Deferred tax	76	-9	115	96	266	194	81	89
Interest, dividend income (post-tax)	0	0	0	0	0	0	0	0
Interest expense (post-tax)	41	42	37	29	44	42	45	47
Change in Working Capital	(412)	396	(611)	(279)	891	134	213	234
<b>Cash from investments</b>	<b>-908</b>	<b>-4540</b>	<b>-4368</b>	<b>-3077</b>	<b>-8440</b>	<b>-6119</b>	<b>-5522</b>	<b>-5549</b>
Capex	-268	-284	-324	-317	-751	-352	-522	-549
Others	-641	-4,255	-4,044	-2,761	-7,689	-5,768	-5,000	-5,000
<b>Cash from financing</b>	<b>-4022</b>	<b>-1427</b>	<b>-1845</b>	<b>-2788</b>	<b>-1328</b>	<b>-3767</b>	<b>-5809</b>	<b>-7247</b>
Equity	0	0	0	0	1	2	-2	0
Interest costs	-41	-42	-37	-29	-44	-42	-45	-47
Dividend Expense	-3,978	-1,400	-3,298	-2,952	-3,889	-6,924	-5,760	-7,200
Others	-3	15	1,489	193	2,605	3,197	-2	0
<b>Change of cash</b>	<b>84</b>	<b>99</b>	<b>411</b>	<b>287</b>	<b>-418</b>	<b>188</b>	<b>-437</b>	<b>-451</b>
Opening Cash	385	469	568	979	1,266	848	1,034	599
<b>Closing Cash</b>	<b>469</b>	<b>568</b>	<b>979</b>	<b>1,266</b>	<b>848</b>	<b>1,034</b>	<b>599</b>	<b>149</b>
FCFF	4,746	5,782	6,300	5,836	8,599	9,722	10,372	11,796
Valuations	2020	2021	2022	2023	2024	2025	2026E	2027E
BVPS (INR)	46	59	76	87	110	129	145	160
Change (%)	7.9	29.4	28.9	14.6	25.9	17.6	11.8	10.4
Price-BV (x)	<b>14.1</b>	<b>10.9</b>	<b>8.4</b>	<b>7.4</b>	<b>5.8</b>	<b>5.0</b>	<b>4.4</b>	<b>4.0</b>
EPS (INR)	17.2	18.3	23.4	20.7	27.1	32.3	35.2	40.1
Change (%)	10.7	6.4	27.8	-11.4	30.9	19.3	9.0	13.8
Price-Earnings (x)	<b>37.5</b>	<b>35.2</b>	<b>27.5</b>	<b>31.1</b>	<b>23.7</b>	<b>19.9</b>	<b>18.3</b>	<b>16.0</b>
Core EPS (INR)	15.2	14.6	20.3	17.4	19.4	24.5	27.0	30.9
Change (%)	12.0	-3.7	38.8	-14.5	11.4	26.5	10.3	14.4
Core Price-Earnings (x)	<b>42.3</b>	<b>43.9</b>	<b>31.6</b>	<b>37.0</b>	<b>33.2</b>	<b>26.3</b>	<b>23.8</b>	<b>20.8</b>
DPS (INR)	183.3	77.8	11.5	10.3	13.5	24.0	20.0	25.0
Dividend Yield (%)	<b>28.5</b>	<b>12.1</b>	<b>1.8</b>	<b>1.6</b>	<b>2.1</b>	<b>3.7</b>	<b>3.1</b>	<b>3.9</b>

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SELL	< - 10%
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