

# Aditya Birla Sun Life AMC

## Market share stabilizes with improved net flows

### Our view – Sequential drop in yield was expected given increased AUM

**Revenue Yield** – Overall revenue yield has deteriorated QoQ driven by fall in equity yield: The calculated revenue yield for 1Q was at 44bps, down by -1bp QoQ but flat YoY. The Equity segment yield has fallen to 67-68bps in 1QFY26 as compared to 68-69bps in 4QFY25. The decline in yield was mainly on account of increase in equity AUM leading to lower TER. The company has not made any changes in the brokerage structure. While there is some room to reduce commissions, the action has not been taken given the need to grow and build scale.

**Equity business** – Market share stabilized as the management continues to focus on certain funds: The equity mutual fund average AUM was Rs. 1,802bn for 1Q up 11% YoY. Overall MF AAUM was up 6% QoQ and 14% YoY. Overall MF market share was broadly stable on sequential basis at 6.24% in 1Q. The decline in market share seen in FY25 has stabilized backed by focused equity funds identified by the company.

We maintain 'ADD' rating on ABSL with a revised price target of Rs 1025: We value ABSL at 27x FY27 P/E, at which the stock would trade at an FY27 P/B of 6.5x.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

### Other Highlights (See "Our View" above for elaboration and insight)

- **Revenue:** Revenue from operations at Rs 4,474mn was up 4.3%/15.7% QoQ/YoY, lagging/leading MF QAAUM growth of 5.7/14.5% QoQ/YoY.
- **Share of Equity in AUM:** Share of Equity in MF AAUM (including Hybrid funds) at 44.7% was up/down 36/-132bps QoQ/YoY (calculated on rounded off figures)
- **Share of B-30 in AUM:** Share of B-30 in AUM at 17.4% was up 40bps QoQ but down -30bps YoY.
- **Channel mix:** Share of MFDs, Banks, NDs and Direct was 34%, 8%, 16% and 42%, respectively in overall AUM (Ex-ETF)
- **Operating profit margin:** Operating profit margin for the quarter, at 59.5%, was up 257bps QoQ and 248bps YoY.

### Exhibit 1: Result table

Rs mn	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ
Revenue from operation	4,474	3,866	15.7%	4,288	4.3%
As % of QAUM <sup>^</sup>	0.44%	0.44%	0bps	0.45%	-1bps
Fees and Commission Expenses	135	105	28.8%	122	10.8%
As % of revenue	3.0%	2.7%	31bps	2.8%	18bps
Employee Benefit Expenses	926	892	3.8%	988	-6.3%
As % of revenue	20.7%	23.1%	-237bps	23.0%	-234bps
Other Expenses	753	667	12.9%	739	1.9%
As % of revenue	16.8%	17.2%	-42bps	17.2%	-40bps
<b>Total Expense</b>	<b>1,814</b>	<b>1,664</b>	<b>9.0%</b>	<b>1,849</b>	<b>-1.9%</b>
<b>Operating Profit</b>	<b>2,660</b>	<b>2,203</b>	<b>20.8%</b>	<b>2,439</b>	<b>9.0%</b>
As % of QAUM <sup>^</sup>	0.3%	0.2%	1bps	0.3%	1bps
As % of revenue	59.5%	57.0%	248bps	56.9%	257bps
Other Income	1,179	948	24.3%	720	63.8%
Finance cost	13	14	-8.4%	11	19.1%
Depreciation	103	91	12.5%	98	5.3%
<b>Profit before Tax</b>	<b>3,723</b>	<b>3,045</b>	<b>22.3%</b>	<b>3,050</b>	<b>22.0%</b>
Tax Expense	952	688	38.3%	770	23.7%
<b>Profit After Tax</b>	<b>2,771</b>	<b>2,357</b>	<b>17.6%</b>	<b>2,281</b>	<b>21.5%</b>
As % of QAUM <sup>^</sup>	0.3%	0.3%	1bps	0.2%	4bps
As % of revenue	61.9%	61.0%	97bps	53.2%	875bps

Source: Company, YES Sec-Research, <sup>^</sup>Annualised

Recommendation	: ADD
Current Price	: Rs 875
Target Price	: Rs 1,025
Potential Return	: +17%

### Stock data (as on July 24, 2025)

Nifty	25,062
52 Week h/l (Rs)	912 / 556
Market cap (Rs/USD mn)	253515 / 2934
Outstanding Shares (mn)	289
6m Avg t/o (Rs mn):	257
Div yield (%):	3.0
Bloomberg code:	ABSLAMC IN
NSE code:	ABSLAMC

### Stock performance



### Shareholding pattern (As of Mar'25 end)

Promoter	74.9%
FII+DII	16.3%
Others	8.8%

### Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	1025	960

### Financial Summary

Rs mn	FY26E	FY27E	FY28E
Net Revenue	19,482	22,062	25,240
YoY Growth	15.6%	13.2%	14.4%
EBIDTA Margin	59.7%	59.5%	59.8%
PAT	10,030	10,968	12,539
YoY Growth	7.8%	9.4%	14.3%
ROE	25.5%	25.2%	26.0%
EPS (Rs)	34.8	38.0	43.5
P/E (x)	25.2	23.0	20.1
BV (Rs)	143.1	158.3	175.7
P/BV (x)	6.1	5.5	5.0

### Δ in earnings estimates

Rs.	FY26E	FY27E	FY28E
EPS (New)	34.8	38.0	43.5
EPS (Old)	32.5	36.6	41.8
% change	7.0%	4.0%	4.0%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Revenue yield aspects

- **Overall revenue yield**
  - Overall revenue yield has come down sequentially.
  - **Reason for fall in yield**
    - The decline in yields is mainly on account of increase in equity AUM.
  - **On Distribution Commission**
    - The company has not made any changes in the brokerage structure.
    - The company has a long-term vision to scale further and hence will take a balanced approach on distribution commission based on margins.
    - There is some room to reduce commissions but the action has not been taken given the need to grow and build scale.
- **Segmental yield**
  - Equity – 67-68bps
  - Debt – 24-25 bps
  - Liquid – 13-14 bps

### Flows Aspects

- Net sales for Q1FY26 has improved and exceeded net sales of 1QFY25.
- The decline in overall market share seen in FY25 has stabilized and the overall market share was broadly flat in 1QFY26.
- The market share in 1QFY26 was backed by focused equity funds identified by the company to get market share.
- **Focus Funds**
  - The company has created a list of 5 focus funds i.e. Frontline fund, Balance Advantage Fund, Multi Cap Fund, Flexicap Fund and GenNext Fund.
  - The company is encouraging sales team to engage on focus funds.

### Specialised Investment Fund (SIF)

- The company has taken approval from the Board to have separate brand 'Apex' for the SIF.
- The company has also identified product opportunity to be created in this space covering Fixed Income, Credit, Arbitrage plus equity and long-short.
- The company has internal capability to manage all the categories other than long-short fund for which the team will be finalized soon.

### Operating expenses

- **Employee cost**
  - Employee expense was Rs 926mn, down -6.3% QoQ but up 3.8% YoY
  - **Reason for QoQ decrease**
    - The decrease in employee expense was on account of variable pay which was a little higher in the last quarter
  - The ESOP expense for Q1 was Rs 16mn as compared to Rs 16mn in Q4FY25
  - **Guidance**
    - The company would like to have 100 employees in direct sales.
    - The company will further hire someone to build alternates business.
    - GIFT city subsidiary which will take 6 months and will warrant some investment in people.

(Con call takeaways continue on the next page)

- **Non-employee cost**
  - Other operating expense was Rs. 888mn up by 3.1% QoQ and 15.1% YoY.

## SIP business

- **SIP AUM**
  - The SIP AUM stood at Rs 840bn.
- **SIP registrations**
  - The SIP registrations for the quarter were 0.58mn, down -30.5% YoY.
  - The number of contributing SIP accounts were at 3.86mn as of June 2025.
- **Monthly flows**
  - The monthly SIP book was Rs. 11.4bn, up by 4.5% YoY.

## Channel aspects

- **On Institutional business**
  - The institutional business is predominantly direct to customer.
  - The institutional business of the company has 55 people and it handles 9000 corporates across large 8 cities.
  - The target is to increase coverage to next 12 cities and increase number of corporates to 12000.

## Key AUM aspects

- **Total company AUM**
  - The total company level average AUM was Rs. 4,433bn, up 21% YoY
- **Total mutual fund AUM**
  - The mutual fund quarterly average AUM was Rs. 4,035bn, up 14% YoY.
- **Equity mutual fund AUM**
  - The equity mutual funds average AUM was Rs. 1,802bn for the quarter, comprising 44.7% of total mutual fund AUM.
- **Folios serviced**
  - The outstanding folio count serviced amounts to 10.7mn.
  - ABSL AMC has added 0.1mn folios in 1QFY26.
- **B-30 AUM**
  - The share of B-30 AUM was at 17.4% of total mutual fund AUM.
- **Individual MAAUM**
  - The individual MAAUM was at Rs 2,038 bn and contributed 50.5% to the total AUM.

## Passive Business

- **AUM**
  - The total passive fund AUM was at Rs 364 bn as of June 2025, up 22% YoY.
- **Folios**
  - Number of folios served are 1.23mn.

(Con call takeaways continue on the next page)

## Alternative Assets

- **PMS / AIF**
  - The total QAAUM in the PMS and AIF segment was Rs. 287.0 bn.
  - **ESIC Mandate**
    - The ESIC QAAUM was at Rs 243bn.
    - The company had started to receive flow from ESIC mandate in Q4FY25 that it had won earlier in FY25.
    - The ESIC mandate provides headline number but does not contribute meaningfully to profits.
  - **Fund Raising**
    - Fund raising is currently underway for ABSL India Special Opportunities Fund and ABSL Structured Opportunities Fund II.
    - The company is preparing to launch ABSL India Equity Innovation Fund.
- **Offshore**
  - The total QAAUM in the Offshore segment was Rs 106 bn, down -5% YoY.
  - The company witnessed withdrawal from 3 large customers due to portfolio restructuring undertaken by them in view of global uncertainty.
  - Fund raising is currently underway for ABSL Global Bluechip Fund (IFSC), ABSL India ESG Engagement Fund and ABSL Flexi Cap Fund.
- **Revenue of the Alternates business**
  - The non-mutual fund revenue in Q1 was around Rs 320mn.

## Profitability aspects

- **Operating Profit**
  - Operating profit for 1QFY26 was Rs. 2.66bn, up 21% YoY
- **Profit After Tax**
  - PAT for 1QFY26 was Rs. 2.77 bn, up 18% YoY.

## Exhibit 2: Other Business Parameters

Rs mn	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ
MF QAAUM	4,034,788	3,525,000	14.5%	3,817,237	5.7%
Individual share	51%	53%	-217bps	48%	218bps
Monthly SIP Book	11,400	10,910	4%	11,690	-2%
Equity QAAUM Market Share	4.2%	4.7%	-51bps	4.2%	-4bps

### AAUM Mix

Alternate and Offshore - Others	257,000	9,000	2756%	86,000	199%
Domestic - Liquid	636,000	546,000	16%	611,000	4%
Domestic - Fixed Income	1,597,000	1,358,000	18%	1,515,000	5%
Alternate and Offshore - Equity	141,000	142,000	-1%	153,000	-8%
Domestic - Equity	1,802,000	1,621,000	11%	1,691,000	7%

### QAAUM Mix (% proportion)

Alternate and Offshore - Others	5.8%	0.2%	555bps	2.1%	368bps
Domestic - Liquid	14.3%	14.9%	-51bps	15.1%	-72bps
Domestic - Fixed Income	36.0%	36.9%	-92bps	37.4%	-133bps
Alternate and Offshore - Equity	3.2%	3.9%	-68bps	3.8%	-59bps
Domestic - Equity	40.6%	44.1%	-345bps	41.7%	-104bps

### Channel Mix - Ex-ETF (% proportion)

Bank	8%	8%	0bps	8%	0bps
National Distributor	16%	16%	0bps	17%	-100bps
MFDs	34%	33%	100bps	32%	200bps
Direct	42%	43%	-100bps	43%	-100bps

### Geographical Spread

T-30	83%	82%	30bps	83%	-40bps
B-30	17%	18%	-30bps	17%	40bps

Source: Company, YES Sec - Research

## Exhibit 3: Quarterly Actuals Vs Estimates

Q1FY26 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue	4,474	4,531	(1.3)
EBITDA	2,660	2,598	2.4
PAT	2,771	2,694	2.9

Source: Company, YES Sec - Research

## ANNUAL CONSOLIDATED FINANCIALS

### Exhibit 4: Balance sheet statement

(Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	1,441	1,442	1,442	1,442	1,442
Total Reserves	30,248	35,826	39,838	44,225	49,241
<b>Shareholder's Funds</b>	<b>31,689</b>	<b>37,269</b>	<b>41,281</b>	<b>45,668</b>	<b>50,683</b>
Trade Payables	576	681	715	751	788
Lease liabilities	791	681	713	713	678
Other financial liabilities	667	900	945	992	1,042
Total Financial Liabilities	2,034	2,262	2,373	2,457	2,508
Current tax liabilities	35	25	26	27	28
Provisions	442	515	541	568	597
Deferred Tax Liabilities (net)	614	807	848	890	934
Other non-financial liabilities	206	267	280	294	309
Total Non-Financial Liabilities	1,296	1,614	1,695	1,779	1,868
<b>TOTAL LIABILITIES</b>	<b>35,019</b>	<b>41,144</b>	<b>45,348</b>	<b>49,904</b>	<b>55,060</b>
Cash and Bank	848	1,034	1,426	1,848	2,520
Trade receivables	407	579	608	638	670
Investments	31,222	36,917	40,609	44,669	49,136
Other Financial assets	140	188	197	207	217
Total Financial Assets	32,617	38,717	42,839	47,362	52,543
Current tax assets (net)	177	177	186	195	205
Property, plant and equipment	299	340	341	331	309
Right of use assets	701	580	612	613	577
Capital Work in Progress	6	6	7	7	7
Intangible assets under development	13	8	8	9	9
Other intangible assets	109	147	128	98	56
Other non-financial assets	1,097	1,169	1,228	1,289	1,354
Total Non-Financial Assets	2,401	2,427	2,509	2,541	2,517
<b>TOTAL ASSETS</b>	<b>35,019</b>	<b>41,144</b>	<b>45,348</b>	<b>49,904</b>	<b>55,060</b>

Source: Company, YES Sec – Research

### Exhibit 5: Profit & Loss statement

(Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue excl. treasury income	13,532	16,848	19,482	22,062	25,240
Operating Expense					
Fees and Commission	351	471	544	614	694
Employee Expense	3,208	3,652	4,054	4,581	5,176
Other Expenses	2,364	2,836	3,260	3,735	4,282
<b>Total Expenses</b>	<b>5,922</b>	<b>6,958</b>	<b>7,857</b>	<b>8,929</b>	<b>10,152</b>
<b>Operating Profit</b>	<b>7,610</b>	<b>9,890</b>	<b>11,624</b>	<b>13,132</b>	<b>15,088</b>
Other Income	2,874	3,010	2,326	2,132	2,345
Depreciation	346	398	446	499	559
Finance Cost	56	57	59	62	66
<b>Profit before Tax</b>	<b>10,082</b>	<b>12,445</b>	<b>13,445</b>	<b>14,703</b>	<b>16,808</b>
Tax	2,278	3,139	3,415	3,734	4,269
<b>Net Profit</b>	<b>7,804</b>	<b>9,306</b>	<b>10,030</b>	<b>10,968</b>	<b>12,539</b>

Source: Company, YES Sec – Research

## Exhibit 6: Cash flow statement

(Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	10,082	12,445	13,445	14,703	16,808
Depreciation	346	398	178	200	224
Change in working cap	812	34	5	5	6
Tax paid	(1,839)	(2,947)	(3,415)	(3,734)	(4,269)
Others	(2,552)	(2,845)	(2,266)	(2,070)	(2,280)
<b>Cash flow from operations</b>	<b>6,848</b>	<b>7,085</b>	<b>7,947</b>	<b>9,104</b>	<b>10,489</b>
Capex	(301)	(303)	(161)	(161)	(161)
Change in investments	(4,976)	(3,083)	(3,692)	(4,061)	(4,467)
Others	169	335	(77)	(81)	(85)
<b>Cash flow from investments</b>	<b>(5,107)</b>	<b>(3,050)</b>	<b>(3,929)</b>	<b>(4,302)</b>	<b>(4,712)</b>
Equity raised/(repaid)	1	108	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Dividend (incl tax)	(1,512)	(3,889)	(6,018)	(6,581)	(7,523)
Others	(174)	(207)	2,392	2,202	2,418
<b>Cash flow from financing</b>	<b>(1,686)</b>	<b>(3,989)</b>	<b>(3,626)</b>	<b>(4,379)</b>	<b>(5,105)</b>
<b>Net change in cash</b>	<b>55</b>	<b>46</b>	<b>392</b>	<b>422</b>	<b>671</b>

Source: Company, YES Sec – Research

## Exhibit 7: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	19,482	22,062	25,240	18,871	21,360	24,437	3.2	3.3	3.3
Operating Profit	11,624	13,132	15,088	11,097	12,526	14,394	4.8	4.8	4.8
Profit After Tax	10,030	10,968	12,539	9,372	10,544	12,054	7.0	4.0	4.0

Source: Company, YES Sec – Research

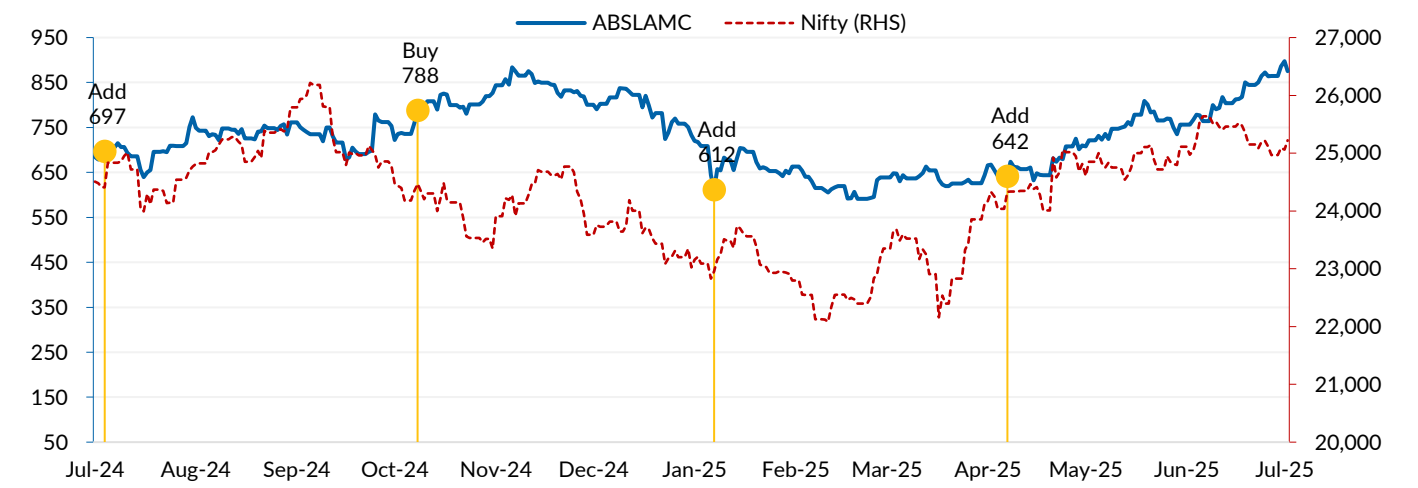
## Exhibit 8: Ratio analysis

Y/e 31 Mar	FY24	FY25	FY26E	FY27E	FY28E
<b>Growth ratios (%)</b>					
AAUM	11.6%	20.0%	11.4%	12.9%	13.0%
Revenue excl. investment income	10.3%	24.5%	15.6%	13.2%	14.4%
Total Expenses	13.5%	17.5%	12.9%	13.6%	13.7%
Operating Profit	7.9%	30.0%	17.5%	13.0%	14.9%
Profit Before Tax	27.0%	23.4%	8.0%	9.4%	14.3%
Net profit	30.8%	19.3%	7.8%	9.4%	14.3%
<b>As a % of Avg AUM</b>					
Revenue excl. investment income	0.43%	0.45%	0.47%	0.47%	0.47%
Operating Expense	0.19%	0.19%	0.19%	0.19%	0.19%
Operating Profit	0.24%	0.26%	0.28%	0.28%	0.28%
PBT	0.32%	0.33%	0.32%	0.31%	0.31%
Net profit	0.25%	0.25%	0.24%	0.23%	0.23%
<b>Operating Ratios</b>					
Operating Profit Margin	56.2%	58.7%	59.7%	59.5%	59.8%
PBT Margin	74.5%	73.9%	69.0%	66.6%	66.6%
PAT Margin	57.7%	55.2%	51.5%	49.7%	49.7%
ROE	27.4%	27.0%	25.5%	25.2%	26.0%
Dividend Payout Ratio	49.8%	74.4%	60.0%	60.0%	60.0%
<b>Per share</b>					
EPS, Rs.	27.1	32.3	34.8	38.0	43.5
Book Value, Rs.	110.0	129.2	143.1	158.3	175.7
<b>Valuation Ratios</b>					
P/E, x	32.3	27.1	25.2	23.0	20.1
P/BV, x	8.0	6.8	6.1	5.5	5.0
Mcap to AUM, %	8.1%	6.7%	6.0%	5.3%	4.7%
Dividend Yield, %	1.5%	2.7%	2.4%	2.6%	3.0%

Source: Company, YES Sec – Research



## Recommendation Tracker



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Name of the Research Analyst : Shivaji Thapliyal, Suraj Singhania

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