BUY
TP: Rs 1,135 | ▲ 19%

ADITYA BIRLA SUN LIFE AMC

| AMC | 22 October 2026

Cost pressure weighs on margin; Maintain BUY

- **Revenue grew 4.9% YoY while EBITDA degrew 5.1% YoY, owing to high ESOP costs, provision reversal in Q2FY26 and passive team hiring**
- **Equity QAAUM grew 8.9% YoY while Debt QAAUM degrew 11.2%. AIF QAAUM surged due to EPFO and ESIC mandate**
- **Maintain BUY with TP of Rs 1,135 (earlier Rs 1,211), valuing the stock at 25x Sept'28E EPS**

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EBITDA hit by increased employee expenses: ABSLAMC reported core revenue growth of 4.9% YoY (up 4.5% QoQ) to Rs 4,838 mn in Q2FY27 with revenue yields slightly improving at 44bps vs 43bps in Q1FY27 vs. 42bps in Q4FY26. EBITDA was down 5.1% YoY with margins at 55.4%, declining 585bps. This was primarily driven by increased ESOP costs, a one-time Rs 60 mn provision reversal in Q2FY26, and normal increments plus passive-team hiring, which increased employee expenses by 32.8% YoY. Management expects employe expenses to grow in similar range going ahead. PAT came in at Rs 2,210 mn, down 8.4% YoY.

Moderate MF AUM growth: Equity QAAUM grew 8.9% YoY to Rs 2,095 bn in Q2FY27, with the mix improving to 47.4% from 45.2%. Debt QAAUM degrew 11.2% YoY to Rs 1,505 bn. PMS/ AIF QAAUM grew by 18x on YoY on account of receiving ESIC and EPFO mandate while ETF QAAUM grew 43.2% YoY, significantly outpacing industry growth of 26.9% YoY. The management highlighted EPFO and ESIC mandate are expense neutral but could add few bps to the profits over time. Going forward, yields are expected to broadly hold on current levels with fluctuations from telescopic pricing. SIP flows stood at Rs 10.9 bn, down 0.5%YoY. However, strong flows are expected from flexicap fund, balanced advantage fund, multi asset allocation fund, multi-cap fund, midcap fund and small cap funds.

Overall market share continues to decline: Overall market share declined further to 5.7% vs 5.8% in Q1FY27 vs 6.0% in Q4FY26, while equity market share increased to 3.9% vs 3.7% in Q1FY27. Management believes that improving fund performance and sharper strategic focus will help reverse the historical market share loss and drive market share gains.

Maintain BUY: The company reported moderate operating performance during the quarter. While its funds' performance is improving, sustaining performance for a longer duration (of 3-5 years) would be key monitorable. Further, the company aims to arrest market share loss with a multi-pronged strategy of improved fund performance and increased SIP flows. Hence, we maintain BUY TP of Rs 1,135, valuing the stock at 25x its Sept'28E EPS.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ABSLAMC IN/Rs 950
Market cap	US$ 2.9bn
Free float	25%
3M ADV	US$ 2.5mn
52wk high/low	Rs 1,225/Rs 708
Promoter/FPI/DII	75%/6%/11%

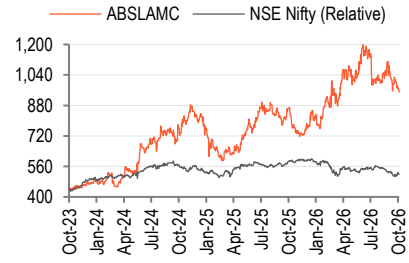
Source: NSE | Price as of 21 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Core PBT (Rs mn)	10,539	11,806	13,525
Core PBT (YoY)	11.7	12.0	14.6
Adj. net profit (Rs mn)	9,779	11,232	12,575
EPS (Rs)	33.9	38.9	43.5
Consensus EPS (Rs)	33.9	38.1	44.3
MCap/AAAUM (%)	6.4	5.8	5.0
ROAAAUM (bps)	22.9	23.8	22.8
ROE (%)	25.2	26.7	27.7
P/E (x)	28.1	24.4	21.8

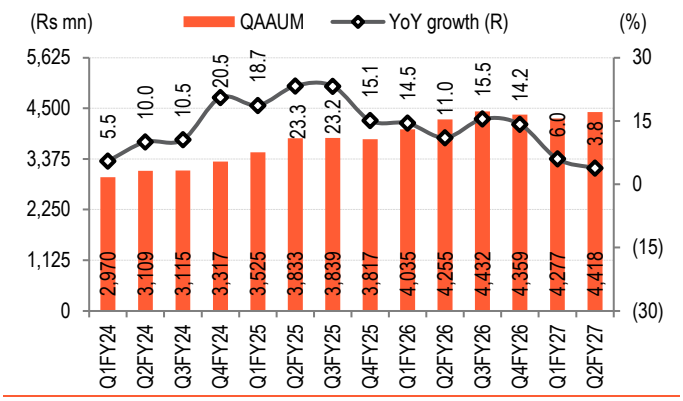
Source: Company, Bloomberg, BOBCAPS Research

Stock performance



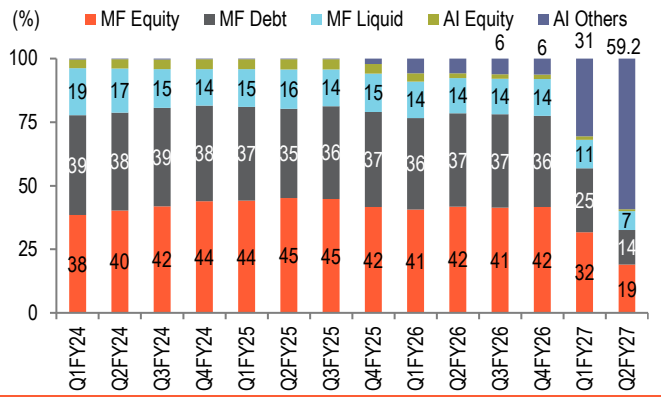
Source: NSE

Fig 1 – QAAUM grew 3.8% at Rs 4,418 bn in Q2FY27



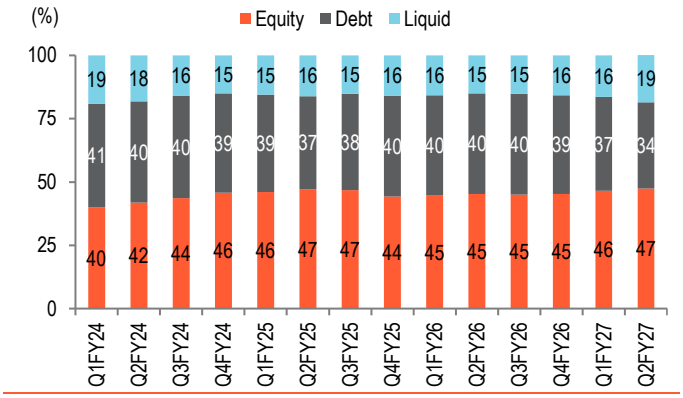
Source: Company, BOBCAPS Research

Fig 2 – AIF share increased on account of ESIC and EPFO mandate



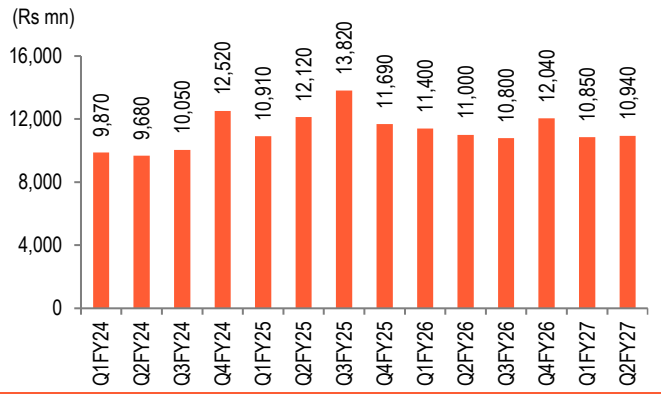
Source: Company, BOBCAPS Research

Fig 3 – Equity mix trend as % of MF QAAUM stands at 47%



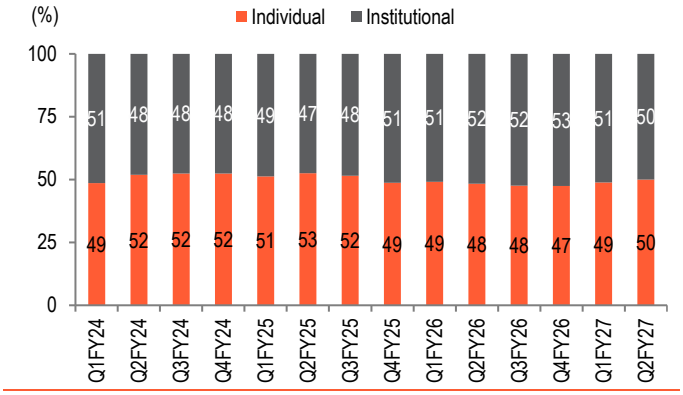
Source: Company, BOBCAPS Research

Fig 4 – SIP flows slowed down at Rs 10,940 mn due to supported by 4.2 mn SIP accounts



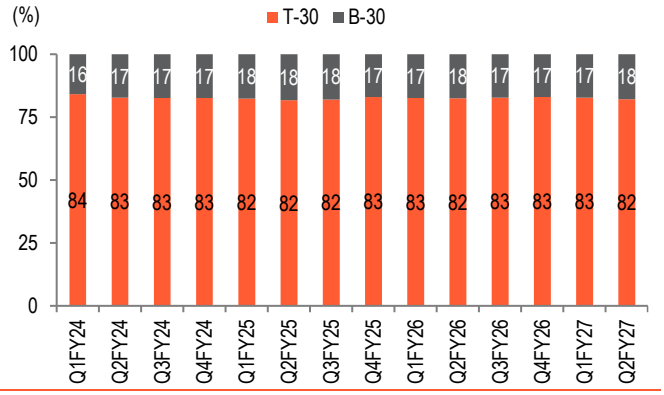
Source: Company, BOBCAPS Research

Fig 5 – Individual MAAUM share stood at 50%



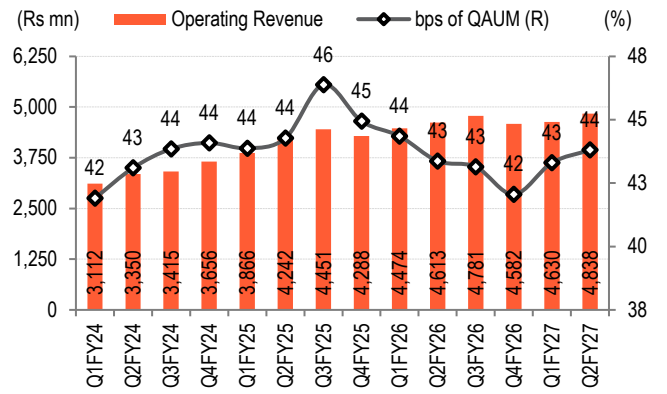
Source: Company, BOBCAPS Research

Fig 6 – T-30 MAAUM stood at 82%



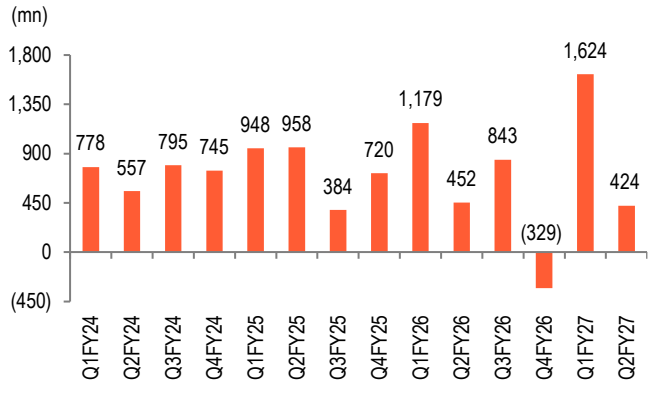
Source: Company, BOBCAPS Research

Fig 7 – Operating revenue grew 4.9% YoY to Rs 4,838 mn



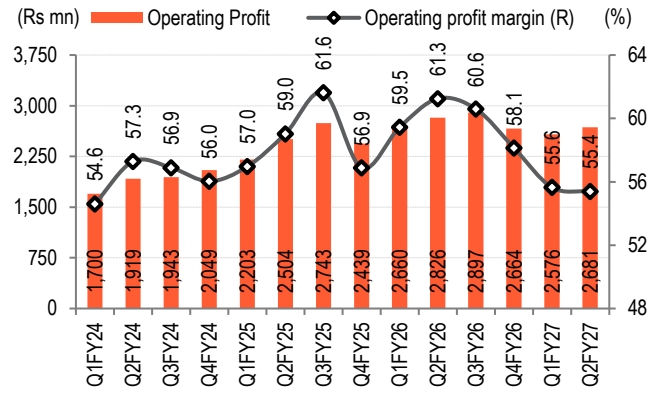
Source: Company, BOBCAPS Research

Fig 8 – Other Income came in at Rs 424 mn



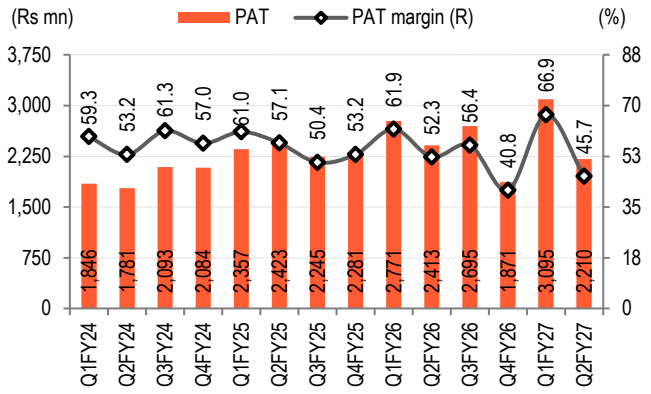
Source: Company, BOBCAPS Research

Fig 9 – Operating profit degrew 5.1% YoY, due to increased employee expenses



Source: Company, BOBCAPS Research

Fig 10 – PAT degrew 8.4% YoY at Rs 2,210 mn



Source: Company, BOBCAPS Research

Fig 11 – Quarterly result snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue from Operations					
Asset Management Services	4,838	4,613	4.9	4,630	4.5
Other Income	424	452	(6.1)	1,624	(73.9)
Total Income	**5,262**	**5,065**	**3.9**	**6,254**	**(15.9)**
QAAUM	44,17,870	42,55,000	3.8	42,76,752	3.3
Yields as % of QAAUM (bps)	43.8	43.4	0bps	43.3	1bps
Yields as % of QAAUM (bps) (total revenue)	47.6	47.6	0bps	58.5	(11bps)
Expenses					
Fees and Commission Expenses	160	145	10.5	154	4.2
Employee Benefits Expenses	1,263	951	32.8	1,163	8.5
Other Expenses	735	692	6.2	736	(0.2)
Total Operating Expenses	**2,158**	**1,788**	**20.7**	**2,053**	**5.1**
Fees and Commission Expenses as % of QAAUM (bps)	1.4	1.4	0bps	1.4	0bps
Employee Benefits Expenses as % of QAAUM (bps)	11.4	8.9	2bps	10.9	1bps
Other Expenses as % of QAAUM (bps)	6.7	6.5	0bps	6.9	(0bps)
Total Operating Expenses as % of QAAUM (bps)	**19.5**	**16.8**	**3bps**	**19.2**	**0bps**
EBITDA	**2,681**	**2,826**	**(5.1)**	**2,576**	**4.0**
EBITDA Margin (%)	55.4	61.3	(585)	55.6	(24)
Depreciation, Amortisation and Impairment	131	108	20.8	128	2.2
Finance Costs	11	13	(10.9)	11	0.9
Statutory impact of new Labour Codes	-	-		-	
Profit Before Tax	**2,962**	**3,156**	**(6.2)**	**4,061**	**(27.1)**
Tax Expense					
Current Tax	820	893		745	
Deferred Tax	(67)	(150)		221	
Total Tax Expense	**752**	**743**	**1.3**	**966**	**(22.1)**
Tax Rate (%)	25.4	23.5		23.8	
Profit After Tax	**2,210**	**2,413**	**(8.4)**	**3,095**	**(28.6)**
As % of QAAUM	20.0	22.7	(3bps)	28.9	(9bps)
Core Operating Income	**2,681**	**2,826**	**(5.1)**	**2,576**	**4.0**
Core PBT	**2,538**	**2,705**	**(6.2)**	**2,437**	**4.2**
Core PAT	**1,894**	**2,068**	**(8.4)**	**1,857**	**2.0**

Source: Company, BOBCAPS Research

Fig 12 – Quarterly result snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
QAAUM					
Mutual Fund	44,21,000	42,55,000	3.9	42,78,000	3.3
AI Equity	87,000	87,000	-	87,000	-
AI Others	65,49,000	2,70,000	2,325.6	19,15,000	242.0
Total	**1,10,57,000**	**46,08,000**	**140.0**	**62,80,000**	**76.1**
QAAUM Mix (%)					
Mutual Fund	40.0	92.3	(5,238bps)	68.1	(2,815bps)
AI Equity	0.8	1.9	(110bps)	1.4	(60bps)
AI Others	59.2	5.9	5,337bps	30.5	2,874bps
Total	**100**	**100**		**100**	
MF QAAUM					
Equity	20,95,000	19,24,000	8.9	19,88,000	5.4
Debt including ETFs	15,05,000	16,94,000	(11.2)	15,87,000	(5.2)
Liquid including ETFs	8,21,000	6,37,000	28.9	7,03,000	16.8
Total	**44,21,000**	**42,55,000**	**3.9**	**42,78,000**	**3.3**
MF Market Share (ex-ETF) (%)	5.7	6.1	(45)	5.8	(10)
MF AUM Mix (%)					
Equity	47.4	45.2	217bps	46.5	92bps
Debt including ETFs	34.0	39.8	(577bps)	37.1	(305bps)
Liquid including ETFs	18.6	15.0	360bps	16.4	214bps
Total	**100.0**	**100.0**		**100.0**	
Individual MAAUM (Rs mn)	21,77,000	20,66,000	5.4	21,06,000	3.4
Investor folios (mn)	11.4	10.7	6.5	11.1	2.7
SIP and STP Flows (Rs mn)	10,940	11,000	(0.5)	10,850	0.8
Geographical Spread					
T-30	82.1	82.5	(37bps)	82.8	(66bps)
B-30	17.9	17.5	37bps	17.2	66bps

Source: Company, BOBCAPS Research

Key Takeaways

Financial Performance

- Asset Management Services grew by 4.9% YoY in Q2FY7, reaching Rs 4,838 mn.
- EBITDA degrew 5.1% YoY to Rs 2,681 mn while margins came in at 55.4%. This was primarily due to increased ESOP cost of Rs 120-130 mn, a one-time Rs 60 mn provision reversal in Q2FY26, and normal increments plus passive-team hiring.
- The management expects employee and other costs are expected to stay in line with Q2FY27.
- B-30 MAAUM increased by 4% YoY to Rs. 780 bn with mix at 17.9% of MAAUM.

QAAUM

- MF QAAUM in Q2FY27 came in at Rs. 4,418 bn, up 3.8% YoY, with a market share of 5.69%.
- Equity QAAUM grew 8.9% YoY and stood at Rs. 2,095 bn, with a market share of 3.92%.
- Equity yields stood at 63-64 bps, debt yields stood at 24-25 bps, liquid at 12-13 bps, and ETF at 8 bps.
- Management expects the current yield levels to broadly hold, aside from telescoping-pricing effects as AUM scales.
- The company expects strong inflows in flexicap fund, balanced advantage fund, multi asset allocation fund, multi-cap fund, midcap fund and small cap funds.

PMS/AIF

- PMS/ AIF QAAUM grew by 18x YoY to Rs 6,636 bn for the Q2FY27. This was led by ESIC and EPFO mandate which the company received in Q1FY27.
- The EPFO and ESIC mandates are expense-neutral and run by the existing team plus a small dedicated team.
- PMS/ AIF revenue contributes 7.4% of gross revenue vs 7.1% in Q1FY27 and 4.3% on net revenue vs 4% in Q1FY27.
- Fundraising is underway for the Special Opportunities, Structured Opportunities, Money Manager and India Collector funds.
- Real estate AUM came in at Rs 9 bn (up 50% YoY). The management highlighted fundraising for Real Estate Credit Opportunities Fund Series 2 is targeted to close by December.

SIFs

- In the SIF segment, the Equity Long-Short Fund and Equity X Top 100 Long-Short Fund were launched, bringing the SIF platform to 3 products with approximately Rs 7,000 mn in Q2FY27.
- The management highlighted yields of SIF to be between equity and debt. However, yields for long short equity fund would be closer to equity yields.

Others

- SIP contribution came In at Rs 1,0950 mn, supported by 4.2 mn SIP accounts while SIP AUM stood at around Rs 860 bn.
- The investment book stood at around Rs 38,900 mn, with equity at ~17-18% and the rest in debt and corporate bonds.
- ABSL is the first in India to launch the BSE Total Market Cap Index Fund and ETF. Management expects these to become flagship products going ahead.
- The company has expanded GenAI capabilities aross chatbot to engage investors, and WhatsApp channels for personalised customer service, along with data analytics for acquisition, engagement and partner productivity.

Valuation Methodology

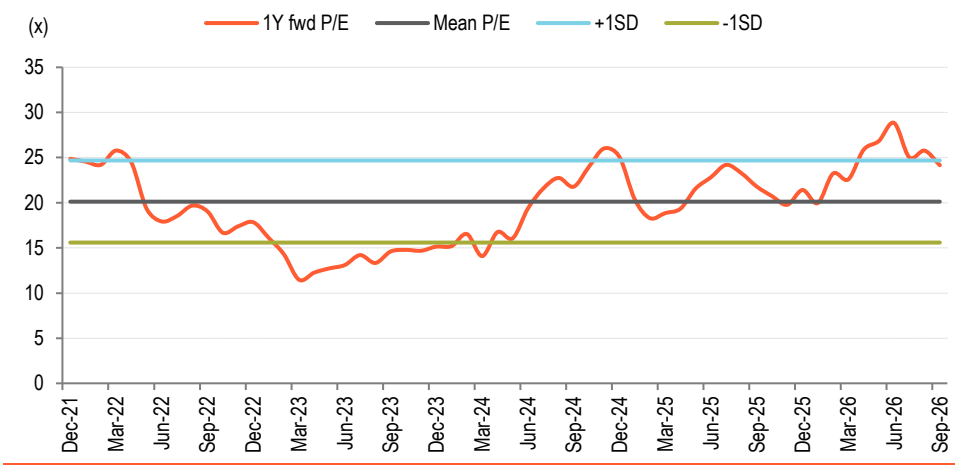
The company reported moderate operating performance during the quarter. While its funds' performance is improving, sustaining performance for a longer duration (of 3-5 years) would be key monitorable. Further, the company aims to arrest market share loss with a multi-pronged strategy of improved fund performance and increased SIP flows. Hence, we maintain BUY TP of Rs 1,135, valuing the stock at 25x its Sept'28E EPS.

Fig 13 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total Revenue	23,510	26,427	29,939	23,648	26,808	30,403	(0.6)	(1.4)	(1.5)
Operating Profit	12,334	14,087	15,921	12,588	14,725	16,650	(2.0)	(4.3)	(4.4)
PAT	11,232	12,575	14,193	11,530	13,145	14,806	(2.6)	(4.3)	(4.1)

Source: BOBCAPS Research

Fig 14 – P/E chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Correction in equity markets affecting fund performance
- Shifts in regulatory landscape
- Intensifying industry competition

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Investment mgmt. fees	**16,848**	**18,450**	**20,537**	**23,406**	**26,530**
YoY (%)	24.5	9.5	11.3	14.0	13.3
Operating expenses	6,958	7,403	8,202	9,319	10,609
Core operating profits	9,890	11,047	12,334	14,087	15,921
Core operating profits growth (%)	30.0	11.7	11.7	14.2	13.0
Depreciation and Interest	455	508	528	562	654
Core PBT	9,435	10,539	11,806	13,525	15,267
Core PBT growth (%)	30.9	11.7	12.0	14.6	12.9
Other income	3,010	2,145	2,973	3,021	3,409
PBT	12,445	12,684	14,779	16,546	18,676
PBT growth (%)	23.4	1.9	16.5	12.0	12.9
Tax	3,139	2,905	3,547	3,971	4,482
Tax rate (%)	25.2	22.9	24.0	24.0	24.0
Reported PAT	**9,306**	**9,779**	**11,232**	**12,575**	**14,193**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity capital	1,442	1,444	1,446	1,446	1,446
Reserves & surplus	35,826	38,973	42,118	45,739	50,401
Net worth	37,269	40,417	43,564	47,185	51,847
Borrowings	-	-	-	-	-
Other liab. & provisions	3,876	3,738	4,006	4,392	4,868
Total liab. & equities	**41,144**	**44,154**	**47,570**	**51,577**	**56,715**
Cash & bank balance	37,951	40,852	44,016	47,816	52,699
Other assets	3,193	3,303	3,553	3,761	4,015
Total assets	**41,144**	**44,154**	**47,569**	**51,577**	**56,715**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	32.3	33.9	38.9	43.5	49.1
Dividend per share	24.0	25.5	28.0	31.0	33.0
Book value per share	129.2	139.9	150.8	163.4	179.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	29.5	28.1	24.4	21.8	19.3
P/BV	7.4	6.8	6.3	5.8	5.3
Dividend yield (%)	2.5	2.7	2.9	3.3	3.5

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY25A	FY26A	FY27E	FY28E	FY29E
Operating income	44.9	43.2	43.6	42.5	40.4
Operating expenses	18.5	17.3	17.4	16.9	16.2
EBITDA	26.3	25.9	26.2	25.6	24.3
Depreciation and Others	1.2	1.2	1.1	1.0	1.0
Core PBT	25.1	24.7	25.0	24.5	23.3
Other income	8.0	5.0	6.3	5.5	5.2
PBT	33.2	29.7	31.4	30.0	28.5
Tax	8.4	6.8	7.5	7.2	6.8
ROAAAUM	24.8	22.9	23.8	22.8	21.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Investment mgmt. fees	24.5	9.5	11.3	14.0	13.3
Core operating profit	30.0	11.7	11.7	14.2	13.0
EPS	19.1	5.0	14.9	12.0	12.9
Profitability & Return ratios (%)					
Operating inome to Total inc.	84.8	89.6	87.4	88.6	88.6
Cost to Core income ratio	41.3	40.1	39.9	39.8	40.0
EBITDA margin	58.7	59.9	60.1	60.2	60.0
Core PBT margin	56.0	57.1	57.5	57.8	57.5
PBT margin (on total inc.)	62.7	61.6	62.9	62.6	62.4
ROE	27.0	25.2	26.7	27.7	28.7
Dividend payout ratio	74.4	75.5	72.0	71.2	67.2

Annual Average AUM

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
AAAUM (Rs bn)	3,754	4,270	4,714	5,513	6,564
YoY Growth (%)	20.0	13.8	10.4	17.0	19.0
% of AAAUM					
Equity	46	45	45	44	42
Debt	29	29	28	29	29
Liquid	22	24	25	25	25
Others	2	2	3	3	3

Source: Company, BOBCAPS Research

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Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

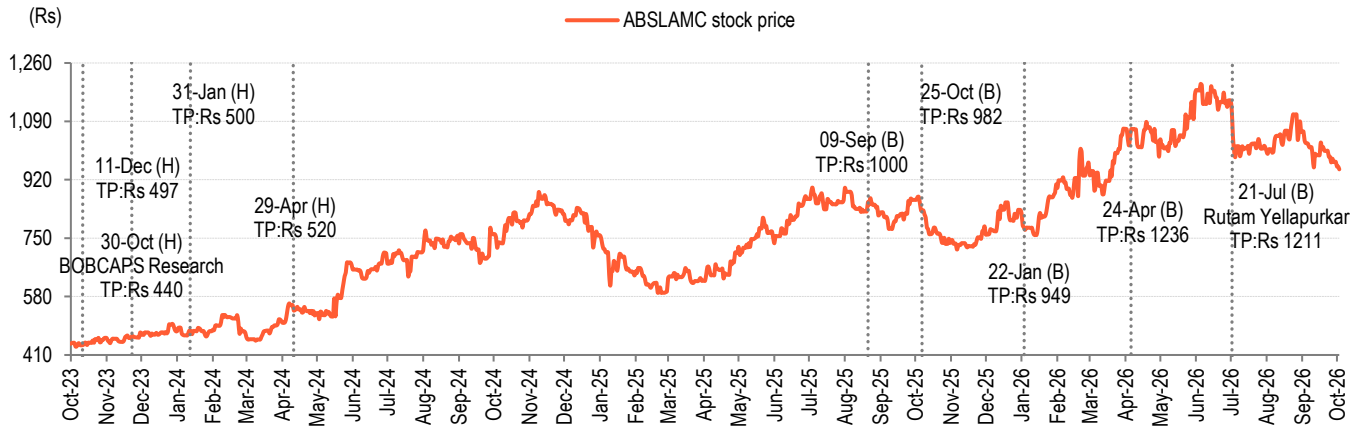
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ADITYA BIRLA SUN LIFE AMC (ABSLAMC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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