

Issue Details

| | | | |
|-------------------|---|---------------------|---------------------------------|
| Issue Size | Rs. 2,702 Crore – Rs. 2,768 Crore | Price Band: | Rs.695 – Rs.712 |
| IPO Date: | 29 th Sept 2021 to 01 st Oct 2021 | Offer Ratio: | QIB: 50%, NII: 15%, Retail: 35% |
| Bid Lot: | 20 Equity Shares and in multiples thereof | | |

Company Profile

Aditya Birla Sun Life AMC Limited is ranked as the largest non-bank affiliated AMC in India by QAAUM (Quarterly average assets under management) since March 31, 2018, and among the four largest AMCs in India by QAAUM since September 30, 2011, according to CRISIL. The AMC managed total AUM of Rs.2,936.42 billion under their suite of mutual fund (excluding domestic FoFs), portfolio management services, offshore and real estate offerings, as of June 30, 2021. Since their inception in 1994, the AMC has established a geographically diversified pan-India distribution presence covering 284 locations spread over 27 states and six union territories. Their distribution network is extensive and multi-channeled with a significant physical as well as digital presence, and included over 66,000 local KYD-compliant MFDs, over 240 national distributors and over 100 banks, as of June 30, 2021. The AMC caters to a wide range of customers from individuals to institutions through this Pan-India network and offering of customer solutions, which positions them well to attract a large segment of the Indian mutual fund market across varying customer requirements and risk profiles and to develop a broad customer franchise with a strong retail customer base.

The AMC managed 118 schemes comprising 37 equity schemes (including, among others, diversified, tax saving, hybrid and sector schemes), 68 debt schemes (including, among others, ultra-short-duration, short-duration and fixed-maturity schemes), two liquid scheme, five ETFs and six domestic FOFs, as of June 30, 2021. Their flagship schemes include Aditya Birla Sun Life Frontline Equity Fund and Aditya Birla Sun Life Corporate Bond Fund, both of which have grown to become leading funds in India under their management. Their total QAAUM (excluding domestic FoFs) has grown over the years and was Rs.2,754.54 billion, Rs.2,692.78 billion, Rs.2,475.22 and Rs.2,464.80 billion as of June 30, 2021 and March 31, 2021, 2021 and 2019, respectively. In addition, they provide portfolio management services, offshore and real estate offerings and have managed total AUM of Rs.115.15 billion as part of such services, as of June 30, 2021.

The AMC's MAAUM (Monthly average assets under management) from institutional investors was Rs.1,503.04 billion as of June 30, 2021, which was fourth largest among its peers, according to CRISIL. Similarly, their MAAUM from individual investors was Rs.1,333.53 billion 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. The company's online engagement has seen continued growth in recent years, and their proportion of digital transactions in total transactions (excluding SIP and STP installments) increased from 70.92% for the Financial Year 2019 to 87.75% for the Financial Year 2021. Similarly, the number of investors that they added through digital channels increased from 63.66% for the Financial Year 2020 to 80.98% for the Financial Year 2021.

Competitive Strengths

- Largest Non-bank Affiliated Asset Manager in India
- Well-Recognized and Trusted Brand with Experienced Promoters
- Rapidly Growing Individual Investor Customer Base Driven by Strong Systematic Flows and B-30 Penetration
- Diverse Product Portfolio with Superior Fund Performance supported by Research Driven Investment Philosophy
- Pan-India, Diversified Distribution Network
- Long-term Track Record of Innovation in and Use of Technology
- Franchise Led by Experienced and Stable Management and Investment Teams

Object of the Offer

Since the Offer is an offer for sale, the Company will not receive any proceeds from the Offer.

Financials (Restated Consolidated)

| Particulars (Rs. In Million) | As at June 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|---------------------|---------------------------|---------------------------|---------------------------|
| Equity Share Capital | 1,440.00 | 180.00 | 180.00 | 180.00 |
| Other Equity | 16,581.57 | 16,866.13 | 12,988.73 | 12,025.65 |
| Net Worth | 18,021.57 | 17,046.13 | 13,168.73 | 12,205.65 |
| Total Borrowings | - | - | - | - |
| Revenue from Operations | 3,332.42 | 11,910.28 | 12,338.35 | 14,060.67 |
| EBITDA | 2,162.04 | 7,388.87 | 7,026.92 | 6,839.03 |
| Profit Before Tax | 2,058.89 | 6,958.88 | 6,607.29 | 6,457.67 |
| Net Profit for the year | 1,549.44 | 5,262.80 | 4,944.02 | 4,467.99 |

Comparison with peers

| Company | FV/Share (Rs.) | EPS (Basic) | RONW | NAV (Rs.per share) | P/E |
|--|----------------|-------------|--------|--------------------|-------|
| Aditya Birla Sun Life AMC Limited [#] | 5 | 18.27 | 30.87% | 59.19* | [•] |
| Listed Peers | | | | | |
| HDFC Asset Management Company Limited | 5 | 62.28 | 27.76% | 224.28 | 50.90 |
| Nippon Life India Asset Management Limited | 10 | 11.04 | 21.94% | 50.29 | 38.46 |
| UTI Asset Management Company Limited | 10 | 38.97 | 15.27% | 255.31 | 30.14 |

(1) Diluted EPS for peers sourced from the annual report for the Financial Year 2020, whereas for Aditya Birla SL AMC it is based on the Restated Consolidated Financial Information of Company.

(2) P/E Ratio has been computed based on the closing market price of equity shares on NSE on September 3, 2021, divided by the Diluted EPS provided under Note 1 above.

(3) RONW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth as on March 31, 2021. Net worth has been computed as sum of paid-up share capital and other equity.

(4) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

* NAV per Share (in Rs.) = Restated net worth at the end of the period/year / Number of equity shares outstanding at the end of the period/year.

Pursuant to a resolution passed by the company's Board on April 5, 2021 and a resolution of shareholders dated, April 6, 2021, each equity share of face value of Rs.10 each has been split into two equity shares of face value of Rs.5 each. Accordingly, the issued, subscribed and paid up capital of the Company was subdivided from 180,00,000 equity shares of face value of Rs.10 each to 360,00,000 equity shares of face value of Rs.5 each. Stock split of shares are retrospectively considered for the computation of EPS in accordance with Ind AS 33 for all periods presented and for the computation of NAV per share for all periods presented.

⁵ The Board of Directors pursuant to a resolution dated April 5, 2021 and the shareholders special resolution dated April 6, 2021 have approved the issuance of seven bonus shares of face value Rs.5 each for every one existing fully paid up equity share of face value Rs.5 each and accordingly 25,20,00,000 bonus shares were issued and allotted. Bonus shares are retrospectively considered for the computation of EPS in accordance with Ind AS 33 for all periods presented and for the computation of NAV per share for all periods presented. As of the date of this red herring prospectus, 288,000,000 Equity Shares are outstanding.

Key Risk Factors

- The extent to which the Coronavirus disease (COVID-19) may affect the company's business and operations in future is uncertain and cannot be predicted.
- The company's revenue and profit are largely dependent on the value and composition of the AUM of the schemes managed by them and any adverse change in their AUM may result in a decline in the company's revenue and profit.
- The company depend on third party distribution channels and other intermediaries, and problems with these distribution channels and intermediaries or failure to continue to expand their current third -party distribution channels and intermediaries could adversely affect their business and financial performance.
- Any concentration in the company's investment portfolio could have an adverse effect on their business, results of operations, financial condition and cash flows.
- The company is dependent on the strength of their brand and reputation, as well as the brand and reputation of other Aditya Birla group entities and Sun Life group entities.
- Credit risks related to the debt portfolio of the company's funds may expose the funds to losses, which may have an adverse effect on their business, results of operations, financial condition and cash flows.
- There are outstanding legal proceedings involving the company, certain schemes managed by the Company, and ABCL (one of their Promoters) that, if determined against them, could adversely impact their reputation and may have an adverse effect on their business, results of operations, financial condition and cash flows.
- The company depend on the services provided by certain third parties for their operations. Any deficiency or interruption in their services could adversely affect the company's business operations and reputation.
- The company in past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.
- The company may engage in strategic transactions and other business combinations that are subject to risks and may adversely affect their business, results of operations and cash flows.
- The company has certain contingent liabilities, which, if they materialize, may adversely affect their results of operations, financial condition and cash flows.
- The company's Promoters are selling Equity Shares in the Offer and will receive proceeds as part of the Offer for Sale.
- The company is currently set up as a joint venture between ABCL and Sun Life AMC. ABCL and Sun Life AMC will continue to significantly influence the company after completion of the Offer.
- Fluctuations in the market value of the company's investments could adversely affect their results of operations and financial condition.
- Volatile conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.
- Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the company's Equity Shares, independent of their operating results.
- The company has certain contingent liabilities, which, if they materialize, may adversely affect their results of operations, financial condition and cash flows.

(Please refer the entire list of risk factors given in section II (page 25 onwards) given in RHP)

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Registration details:

JM Financial Services Ltd.
Stock Broker – Registration No. - INZ000195834
Corporate Identity Number: U67120MH1998PLC115415
Registered office Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.
Tel: (91 22) 6630 3030 |Fax: (91 22) 6630 3223
Corporate office Address: 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.
Tel: (91 22) 6704 3000/3024 3000 |Fax: (91 22) 6704 3139.