

BUY

TP: Rs 949 | ▲ 23%

**ADITYA BIRLA SUN LIFE
AMC**

Diversified Financials

22 January 2026

Stable performance

- Reported operating performance above our expectations with core revenue growth of 7.4% YoY and 3.6% QoQ
- Total MF QAAUM increased 15.5% YoY and 4.2% QoQ. Equity MF AUM rose 11% YoY and 3.6% QoQ
- Maintain BUY with TP of Rs 949 (earlier Rs 982), valuing the stock at 20x Dec'27E EPS

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Operating performance above expectations: ABSLAMC reported core revenue growth of 7.4% YoY and 3.6% QoQ to Rs 4,781 mn vs our estimate Rs 4,711 bn. MF QAAUM grew strong 15.5% YoY and 4.2% QoQ (up 11% YoY and 5.5% QoQ in Q2FY26). Revenue yields remained stable at 43bps in Q3FY26. EBITDA rose 5.6% YoY and 2.5% QoQ to Rs 2,897 mn vs our estimate of Rs 2,842 mn. However, EBITDA margin moderated to 60.6% vs 61.3% in Q2FY26 vs 61.6% in Q3FY25. PAT increased by 20.1% YoY and 11.7% QoQ to Rs 2,695mn vs our expectations of Rs 2,564mn. This is despite the one-time impact of Rs 28mn, on account of implementation of New Labor Codes.

Healthy AUM growth: Overall AUM grew 20.1% YoY and 4.5% QoQ. Total MF QAAUM increased 15.5% YoY and 4.2% QoQ to Rs 4.4 trn. Equity MF AUM rose by 11% YoY and 3.6% QoQ to Rs 1.9 trn with equity yields remaining stable at 64-65bps range. However, equity share in MF mix stood at 45% vs. 45.2% in Q2FY26.

Market share decline continues: Overall market share declined to 6.12% vs 6.14% in Q2FY26, while equity market share also moderated to 4.09% vs 4.15% in Q2FY26. However, B-30 AUM stood at Rs 770bn, up 12% YoY and 3% QoQ and constituting 17.4% (17.6% in Q2FY26) of the overall MF QAAUM. On the fund performance, the number of funds in the first quartile have increased on a 1Y horizon with higher percentage of equity AUM. However, performance over 3Y horizon remains an area of improvement, which we believe will progressively translate into a stronger 3Y metrics over time.

Maintain BUY: The company reported healthy operating performance during the quarter. However, PAT was impacted by one-time expenses on account of New Labor Codes. While its funds' performance has improved, sustaining performance over a longer duration (of 3-5 years) would be key, going ahead. Further, the company aims to arrest market share loss with a multi-pronged strategy of improved fund performance and stronger distributor engagements. Hence, we maintain BUY TP of Rs 949 valuing the stock at 20x its Dec'27E EPS.

Key changes

| Target | Rating |
|--------|--------|
| ▼ | ◀ ▶ |

| | |
|------------------|-------------------|
| Ticker/Price | ABSLAMC IN/Rs 774 |
| Market cap | US\$ 2.4bn |
| Free float | 25% |
| 3M ADV | US\$ 2.4mn |
| 52wk high/low | Rs 908/Rs 556 |
| Promoter/FPI/DII | 75%/6%/11% |

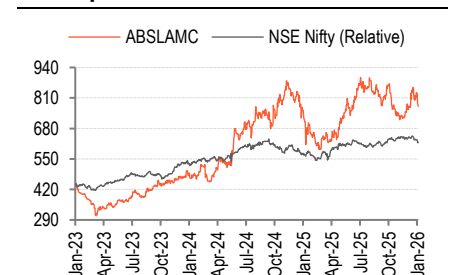
Source: NSE | Price as of 22 Jan 2026

Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|-------------------------|-------|--------|--------|
| Core PBT (Rs mn) | 9,435 | 10,837 | 12,863 |
| Core PBT (YoY) | 30.9 | 14.9 | 18.7 |
| Adj. net profit (Rs mn) | 9,306 | 10,629 | 12,264 |
| EPS (Rs) | 32.3 | 36.8 | 42.5 |
| Consensus EPS (Rs) | 32.3 | 36.8 | 42.5 |
| MCap/AAAUM (%) | 6.0 | 5.2 | 4.5 |
| ROAAAUM (bps) | 24.8 | 24.7 | 24.9 |
| ROE (%) | 27.0 | 27.3 | 28.6 |
| P/E (x) | 24.0 | 21.0 | 18.2 |

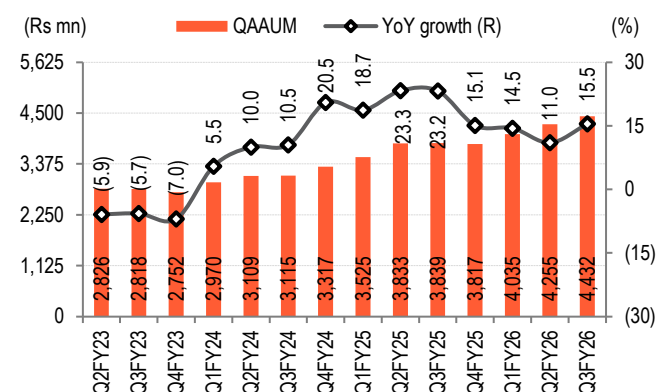
Source: Company, Bloomberg, BOBCAPS Research

Stock performance

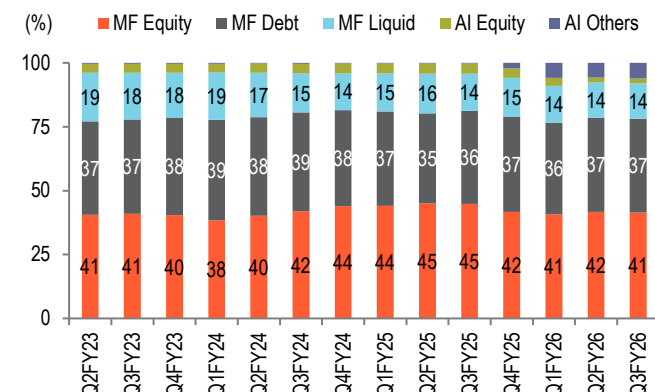


Source: NSE

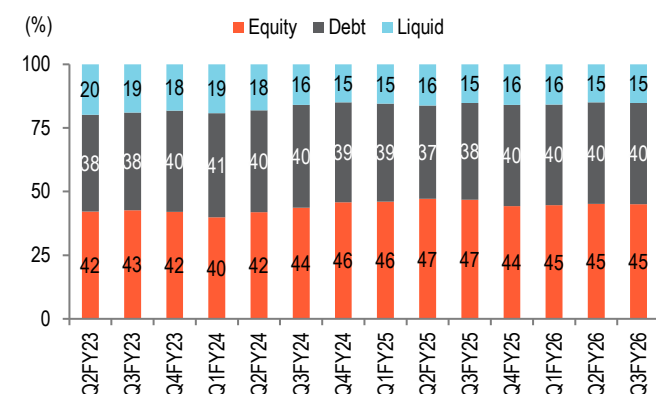


Fig 1 – QAAUM grew 15.5% at Rs 4,432 bn in Q3FY26

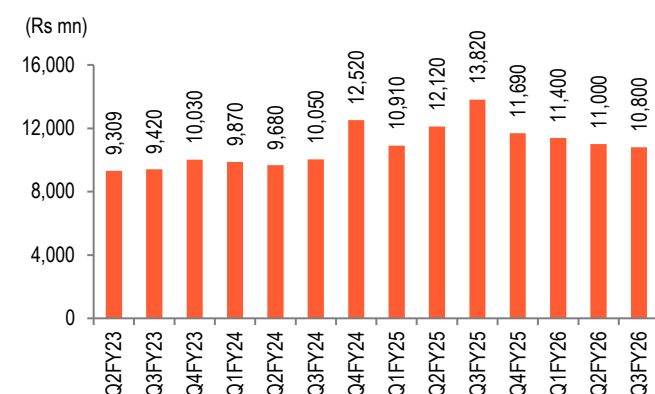
Source: Company, BOBCAPS Research

Fig 2 – MF Equity QAAUM share stayed on similar levels

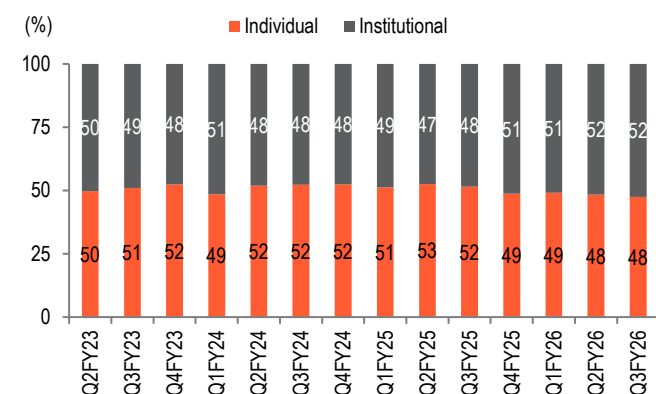
Source: Company, BOBCAPS Research

Fig 3 – Equity mix trend as % of MF QAAUM stands at 45%

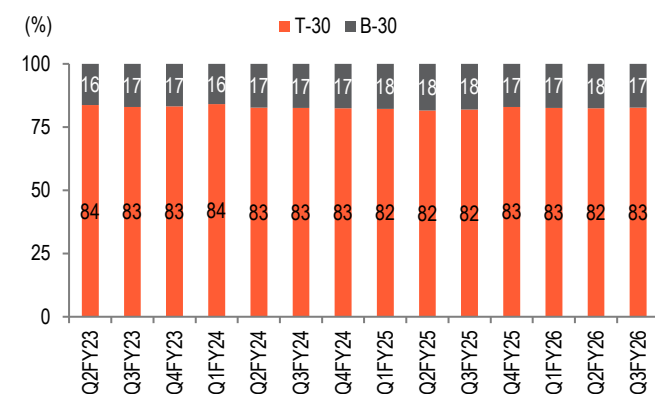
Source: Company, BOBCAPS Research

Fig 4 – SIP flows moderated at Rs 10,800 mn

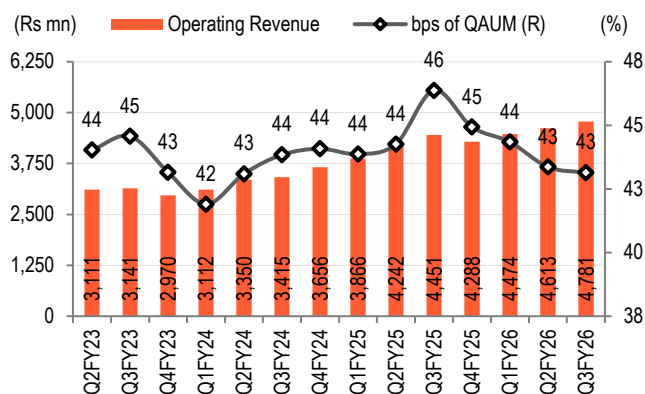
Source: Company, BOBCAPS Research

Fig 5 – Individual MAAUM share stood at 48%

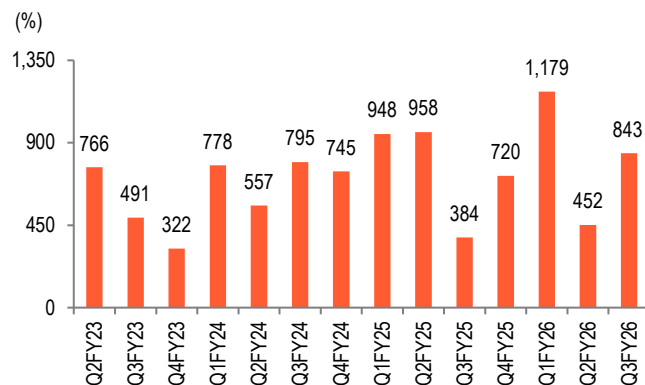
Source: Company, BOBCAPS Research

Fig 6 – B-30 MAAUM stood at 83%

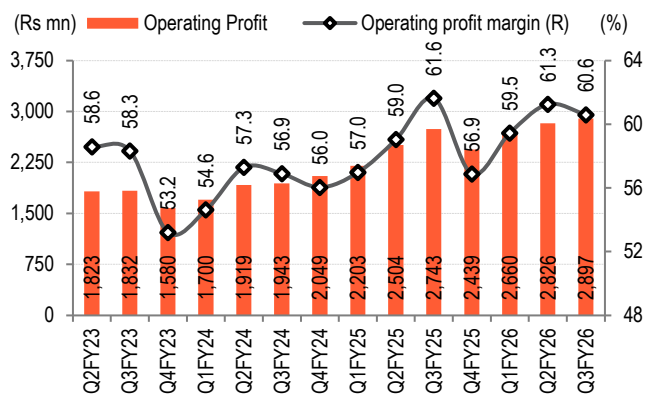
Source: Company, BOBCAPS Research

Fig 7 – Operating revenue grew 7.4% YoY to Rs 4,781 mn

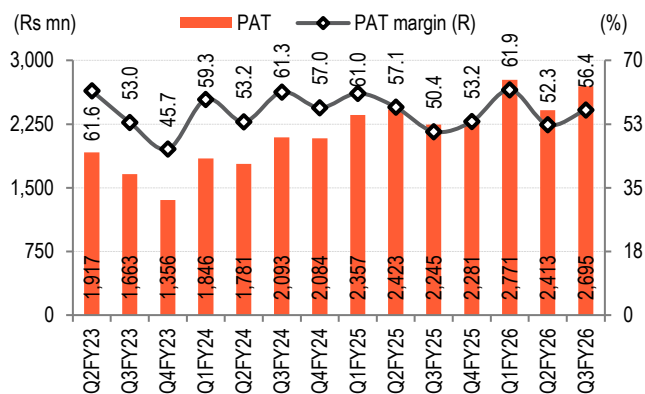
Source: Company, BOBCAPS Research

Fig 8 – Other Income rose significantly on YoY basis

Source: Company, BOBCAPS Research

Fig 9 – Operating profit margin came in at 60.6%

Source: Company, BOBCAPS Research

Fig 10 – PAT grew 20.1% YoY at Rs 2,695 mn

Source: Company, BOBCAPS Research

Fig 11 – Quarterly result snapshot

| (Rs mn) | Q3FY26 | Q3FY25 | YoY (%) | Q2FY26 | QoQ (%) |
|---|--------------|--------------|---------------|--------------|--------------|
| Revenue from Operations | | | | | |
| Asset Management Services | 4,781 | 4,451 | 7.4 | 4,613 | 3.6 |
| Other Income | 843 | 384 | 119.4 | 452 | 86.8 |
| Total Income | 5,624 | 4,835 | 16.3 | 5,065 | 11.0 |
| QAAUM | 44,32,328 | 38,39,000 | 15.5 | 42,55,000 | 4.2 |
| Yields as % of QAAUM (bps) | 43.1 | 46.4 | (3bps) | 43.4 | (0bps) |
| Yields as % of QAAUM (bps) (total revenue) | 50.8 | 50.4 | 0bps | 47.6 | 3bps |
| Expenses | | | | | |
| Fees and Commission Expenses | 161 | 124 | 29.9 | 145 | 11.1 |
| Employee Benefits Expenses | 1,049 | 877 | 19.6 | 951 | 10.3 |
| Other Expenses | 674 | 707 | (4.7) | 692 | (2.6) |
| Total Operating Expenses | 1,884 | 1,708 | 10.3 | 1,788 | 5.4 |
| Fees and Commission Expenses as % of QAAUM (bps) | 1.5 | 1.3 | 0bps | 1.4 | 0bps |
| Employee Benefits Expenses as % of QAAUM (bps) | 9.5 | 9.1 | 0bps | 8.9 | 1bps |
| Other Expenses as % of QAAUM (bps) | 6.1 | 7.4 | (1bps) | 6.5 | (0bps) |
| Total Operating Expenses as % of QAAUM (bps) | 17.0 | 17.8 | (1bps) | 16.8 | 0bps |
| EBITDA | 2,897 | 2,743 | 5.6 | 2,826 | 2.5 |
| EBITDA Margin (%) | 60.6 | 61.6 | (104bps) | 61.3 | (66bps) |
| Depreciation, Amortisation and Impairment | 117 | 111 | 4.9 | 108 | 7.8 |
| Finance Costs | 12 | 17 | (27.9) | 13 | (3.1) |
| Statutory impact of new Labour Codes | 28 | - | - | - | - |
| Profit Before Tax | 3,583 | 2,999 | 19.5 | 3,156 | 13.5 |
| Tax Expense | | | | | |
| Current Tax | 782 | 743 | | 893 | |
| Deferred Tax | 105 | 11 | | (150) | |
| Total Tax Expense | 888 | 754 | 17.7 | 743 | 19.5 |
| Tax Rate (%) | 24.8 | 25.2 | | 23.5 | |
| Profit After Tax | 2,695 | 2,245 | 20.1 | 2,413 | 11.7 |
| As % of QAAUM | 24.3 | 23.4 | 1bps | 22.7 | 2bps |
| Core Operating Income | 2,897 | 2,743 | 5.6 | 2,826 | 2.5 |
| Core PBT | 2,740 | 2,615 | 4.8 | 2,705 | 1.3 |
| Core PAT | 2,061 | 1,957 | 5.3 | 2,068 | (0.3) |

Source: Company, BOBCAPS Research

Fig 12 – Quarterly result snapshot

| (Rs mn) | Q3FY26 | Q3FY25 | YoY (%) | Q2FY26 | QoQ (%) |
|------------------------------|------------------|------------------|-------------|------------------|------------|
| QAAUM | | | | | |
| Mutual Fund | 44,32,328 | 38,39,000 | 15.5 | 42,55,000 | 4.2 |
| AI Equity | 86,000 | 1,62,000 | (46.9) | 87,000 | (1.1) |
| AI Others | 2,96,000 | 8,000 | 3,600.0 | 2,70,000 | 9.6 |
| Total | 48,14,000 | 40,09,000 | 20.1 | 46,08,000 | 4.5 |
| QAAUM Mix (%) | | | | | |
| Mutual Fund | 92.1 | 95.8 | (369bps) | 92.3 | (27bps) |
| AI Equity | 1.8 | 4.0 | (225bps) | 1.9 | (10bps) |
| AI Others | 6.1 | 0.2 | 595bps | 5.9 | 29bps |
| Total | 100 | 100 | | 100 | |
| MF QAAUM | | | | | |
| Equity | 19,94,000 | 17,95,000 | 11.1 | 19,24,000 | 3.6 |
| Debt including ETFs | 17,67,000 | 14,63,000 | 20.8 | 16,94,000 | 4.3 |
| Liquid including ETFs | 6,71,000 | 5,81,000 | 15.5 | 6,37,000 | 5.3 |
| Total | 44,32,328 | 38,39,000 | 15.5 | 42,55,000 | 4.2 |
| MF Market Share (ex-ETF) (%) | 6.1 | 6.2 | (12bps) | 6.1 | (2bps) |
| MF AUM Mix (%) | | | | | |
| Equity | 45.0 | 46.8 | (177bps) | 45.2 | (23bps) |
| Debt including ETFs | 39.9 | 38.1 | 176bps | 39.8 | 6bps |
| Liquid including ETFs | 15.1 | 15.1 | 1bps | 15.0 | 17bps |
| Total | 100.0 | 100.0 | | 100.0 | |
| Individual MAAUM (Rs mn) | 21,19,000 | 19,73,000 | 7.4 | 20,66,000 | 2.6 |
| Investor folios (mn) | 10.8 | 10.5 | 2.9 | 10.7 | 0.9 |
| SIP and STP Flows (Rs mn) | 10,800 | 13,820 | (21.9) | 11,000 | (1.8) |
| Geographical Spread | | | | | |
| T-30 | 82.7 | 82.0 | 74bps | 82.5 | 25bps |
| B-30 | 17.3 | 18.0 | (74bps) | 17.5 | (25bps) |

Source: Company, BOBCAPS Research

Key Takeaways

Financial Performance

- Asset Management services revenue grew 7.4% YoY, reaching Rs 4,781 mn; while Other income grew by 119.4% YoY to Rs 843 mn.
- Employee benefit expenses rose significantly on a YoY basis, due to a one-time gratuity impact of Rs 28 mn arising from the New Labor Codes, and ESOP costs of Rs 46.6 mn related to ABCL granting ESOPs to select employees.
- ESOP expenses are expected to increase further and will continue to be reflected in employee costs over the next 3 quarters.
- The company highlighted that other expenses were lower due to fewer activities in Q3FY26, unlike the previous quarter, which included summits. Management indicated that the appropriate way to assess other expenses is by considering the average of two quarters.
- Management expects overall expense growth to be in line with inflation, except for employee costs, which are expected to be higher due to ESOP expenses.
- Yields for the quarter stood at: Equity: 64-65 bps, Debt: 24 bps, Liquid: 13 bps. However, the management expects impact on yields due to circular would be minimal.
- Yields this quarters were similar to the book yields. The management highlighted this was because of no NFOs launched this quarter.
- Alternatives revenue for Q3FY26 stands at Rs 340 mn, contributing 4.5% of total revenue.
- The company is confident that improving fund performance and increased engagement will drive market share gains going forward.

SIPs

- SIP AUM as of Q3FY26 stood at Rs 870 bn.
- The company report SIP contribution of Rs 10.8 bn in Q3FY26
- Net inflows in equity SIPs have improved after excluding STPs from SIPs

Others

- The company has received improved net flows in equity schemes including flexicap fund, balanced advantage funds, multi-asset allocation fund
- Management highlighted that the company has filed an application for SIF launch. Approval is still awaited, and the launch is expected by Feb-26.
- The company plans to launch an Equity Long-Short Fund and an Equity Taxation Hybrid Fund going ahead.
- Employee count stood at 1,683 as of Q3FY26.

Valuation Methodology

Maintain BUY: The company reported above expectations operating performance during the quarter. However, PAT was impacted by one-time expenses on account of new Labor Codes. While its funds' performance has witnessed improvement, sustaining performance over a longer duration (of 3-5 years) would be key, going ahead. Further, the company aims to arrest market share loss with multi-pronged strategy of improved fund performance and stronger distributor engagements.

Additionally, with respect to industry trends, near-to-medium term headwinds including the removal of additional TER (5bps) on exit loads, change in the definition of TER and rationalisation of brokerage limits, all which are likely to impact the industry and thereon the company. These challenges are showing up in the monthly industry numbers as well. Further, the TER changes suggest that the companies may pass on most of the impact, coupled with the ongoing renegotiations with distributors. Hence, until greater clarity emerges, there would be medium-term overhang. Additionally, Nifty 50 index returns for Oct'25, Nov'25, and Dec'25 was moderate and stood at 4.5% MoM, 1.9% MoM and -0.3% MoM respectively, which would weigh on the industry inflows. In Dec'25, the industry witnessed net outflows to the tune of Rs 665.9bn with equity inflows declining by 6% MoM, which have been on a declining trend in the past four months (except in Oct'25).

Due to the above factors, we have revised our target multiple to 20x from the ascribed multiple of 22x. Hence, we maintain BUY TP of Rs 949 (earlier Rs 982) valuing the stock at 20x its Dec'27E EPS.

Fig 13 – Revised estimates

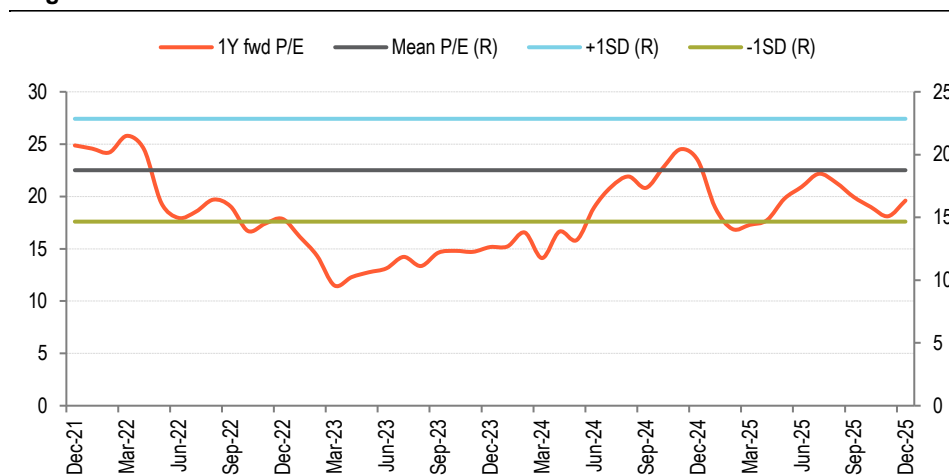
| (Rs mn) | New | | | Old | | | Change (%) | | |
|------------------|--------|--------|--------|--------|--------|--------|------------|-------|-------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Total Revenue | 22,264 | 25,388 | 28,971 | 22,449 | 26,102 | 30,112 | (0.8) | (2.7) | (3.8) |
| Operating Profit | 11,161 | 13,251 | 15,585 | 11,145 | 13,182 | 15,378 | 0.1 | 0.5 | 1.3 |
| PAT | 10,629 | 12,264 | 14,167 | 10,570 | 12,192 | 13,983 | 0.6 | 0.6 | 1.3 |

Source: BOBCAPS Research

Fig 14 – Actual vs Estimates

| (Rs mn) | Q3FY26A | Q3FY26E | Variance (%) |
|-------------------------|---------|---------|--------------|
| QAAUM (Rs bn) | 4,432 | 4,432 | - |
| Revenue from operations | 4,781 | 4,711 | 1.5 |
| Operating profit | 2,897 | 2,842 | 1.9 |
| PAT | 2,695 | 2,564 | 5.1 |

Source: Company, BOBCAPS Research

Fig 15 – 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) | FY24A | FY25A | FY26E | FY27E | FY28E |
|-----------------------------------|--------|--------|--------|--------|--------|
| Investment mgmt. fees | 13,532 | 16,848 | 18,929 | 21,898 | 25,206 |
| YoY (%) | 10.3 | 24.5 | 12.4 | 15.7 | 15.1 |
| Operating expenses | 5,922 | 6,958 | 7,767 | 8,647 | 9,620 |
| Core operating profits | 7,610 | 9,890 | 11,161 | 13,251 | 15,585 |
| Core operating profits growth (%) | 7.9 | 30.0 | 12.9 | 18.7 | 17.6 |
| Depreciation and Interest | 402 | 455 | 324 | 388 | 462 |
| Core PBT | 7,208 | 9,435 | 10,837 | 12,863 | 15,123 |
| Core PBT growth (%) | 8.1 | 30.9 | 14.9 | 18.7 | 17.6 |
| Other income | 2,874 | 3,010 | 3,335 | 3,489 | 3,766 |
| PBT | 10,082 | 12,445 | 14,172 | 16,352 | 18,889 |
| PBT growth (%) | 27.0 | 23.4 | 13.9 | 15.4 | 15.5 |
| Tax | 2,278 | 3,139 | 3,543 | 4,088 | 4,722 |
| Tax rate (%) | 22.6 | 25.2 | 25.0 | 25.0 | 25.0 |
| Reported PAT | 7,804 | 9,306 | 10,629 | 12,264 | 14,167 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY24A | FY25A | FY26E | FY27E | FY28E |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Equity capital | 1,441 | 1,442 | 1,442 | 1,442 | 1,442 |
| Reserves & surplus | 30,248 | 35,826 | 39,015 | 43,779 | 49,868 |
| Net worth | 31,689 | 37,269 | 40,457 | 45,221 | 51,311 |
| Borrowings | - | - | - | - | - |
| Other liab. & provisions | 3,330 | 3,876 | 4,128 | 4,360 | 4,744 |
| Total liab. & equities | 35,019 | 41,144 | 44,586 | 49,582 | 56,055 |
| Cash & bank balance | 32,070 | 37,951 | 41,172 | 45,958 | 52,230 |
| Other assets | 2,949 | 3,193 | 3,414 | 3,623 | 3,825 |
| Total assets | 35,019 | 41,144 | 44,586 | 49,582 | 56,055 |

Per Share

| Y/E 31 Mar (Rs) | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|-------|-------|
| EPS | 27.1 | 32.3 | 36.8 | 42.5 | 49.1 |
| Dividend per share | 13.5 | 24.0 | 25.8 | 26.0 | 28.0 |
| Book value per share | 110.0 | 129.2 | 140.2 | 156.8 | 177.9 |

Valuations Ratios

| Y/E 31 Mar (x) | FY24A | FY25A | FY26E | FY27E | FY28E |
|--------------------|-------|-------|-------|-------|-------|
| P/E | 28.6 | 24.0 | 21.0 | 18.2 | 15.8 |
| P/BV | 7.0 | 6.0 | 5.5 | 4.9 | 4.4 |
| Dividend yield (%) | 1.7 | 3.1 | 3.3 | 3.4 | 3.6 |

DuPont Analysis

| Y/E 31 Mar (bps of AAAUM) | FY24A | FY25A | FY26E | FY27E | FY28E |
|---------------------------|-------|-------|-------|-------|-------|
| Operating income | 43.3 | 44.9 | 44.0 | 44.5 | 44.5 |
| Operating expenses | 18.9 | 18.5 | 18.1 | 17.6 | 17.0 |
| EBITDA | 24.3 | 26.3 | 26.0 | 26.9 | 27.5 |
| Depreciation and Others | 1.3 | 1.2 | 0.8 | 0.8 | 0.8 |
| Core PBT | 23.0 | 25.1 | 25.2 | 26.1 | 26.7 |
| Other income | 9.2 | 8.0 | 7.8 | 7.1 | 6.7 |
| PBT | 32.2 | 33.2 | 33.0 | 33.2 | 33.4 |
| Tax | 7.3 | 8.4 | 8.2 | 8.3 | 8.3 |
| ROAAAUM | 24.9 | 24.8 | 24.7 | 24.9 | 25.0 |

Ratio Analysis

| Y/E 31 Mar | FY24A | FY25A | FY26E | FY27E | FY28E |
|--|-------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Investment mgmt. fees | 10.3 | 24.5 | 12.4 | 15.7 | 15.1 |
| Core operating profit | 7.9 | 30.0 | 12.9 | 18.7 | 17.6 |
| EPS | 30.8 | 19.1 | 14.2 | 15.4 | 15.5 |
| Profitability & Return ratios (%) | | | | | |
| Operating income to Total inc. | 82.5 | 84.8 | 85.0 | 86.3 | 87.0 |
| Cost to Core income ratio | 43.8 | 41.3 | 41.0 | 39.5 | 38.2 |
| EBITDA margin | 56.2 | 58.7 | 59.0 | 60.5 | 61.8 |
| Core PBT margin | 53.3 | 56.0 | 57.3 | 58.7 | 60.0 |
| PBT margin (on total inc.) | 61.5 | 62.7 | 63.7 | 64.4 | 65.2 |
| ROE | 27.4 | 27.0 | 27.3 | 28.6 | 29.4 |
| Dividend payout ratio | 49.8 | 74.4 | 70.0 | 70.0 | 70.0 |

Annual Average AUM

| Y/E 31 Mar | FY24A | FY25A | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|-------|-------|
| AAAUM (Rs bn) | 3,128 | 3,754 | 4,298 | 4,926 | 5,661 |
| YoY Growth (%) | 11.6 | 20.0 | 14.5 | 14.6 | 14.9 |
| % of AAAUM | | | | | |
| Equity | 43 | 46 | 48 | 50 | 52 |
| Debt | 33 | 29 | 27 | 25 | 22 |
| Liquid | 22 | 22 | 23 | 23 | 23 |
| Others | 2 | 2 | 2 | 3 | 3 |

Source: Company, BOBCAPS Research

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Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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BUY – Expected return >+15%

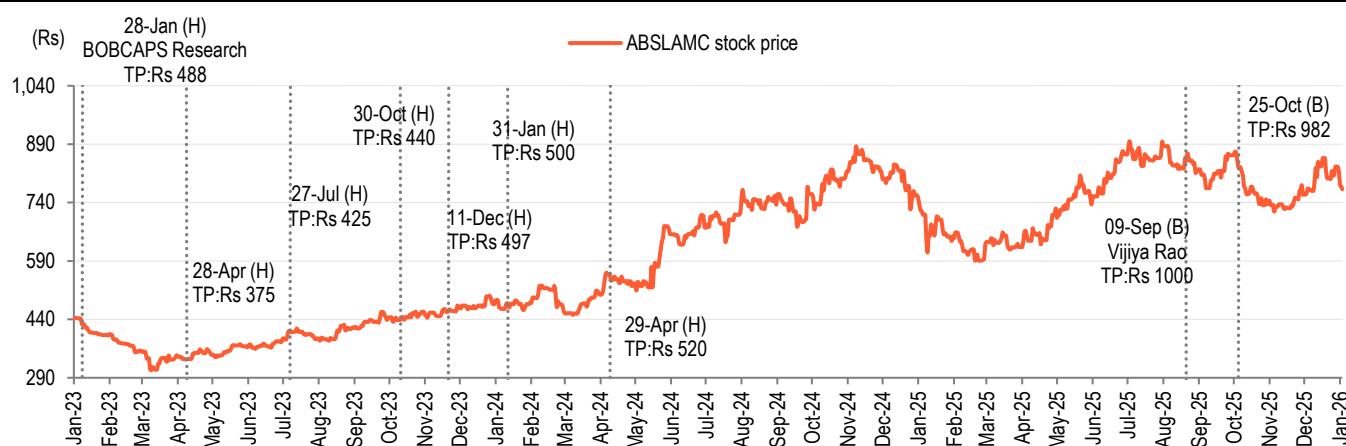
HOLD – Expected return from -6% to +15%

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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