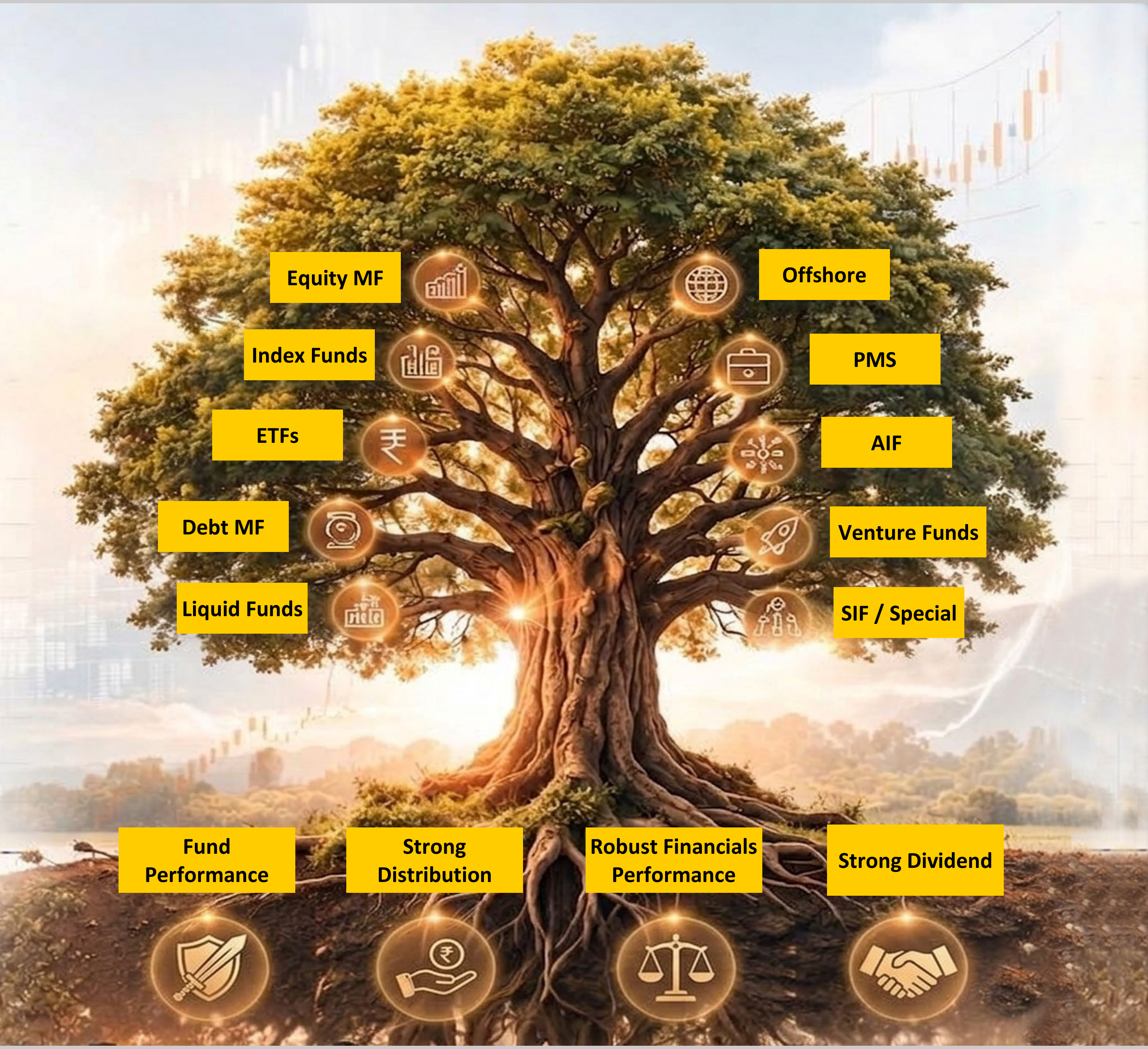
March 2026

Initiating Coverage | Sector: Financials – Non Lending

ICICI Prudential AMC



Rooted to scale, built to compound!

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Rooted to scale, built to compound!

- ICICI Prudential AMC (IPRUAMC) is India's second-largest asset management company and a clear leader in the active mutual fund QAAUM (13.5% market share and INR9.1t QAAUM as of Dec'25). Since inception in 1998, the company has built a scaled, diversified, and consistently profitable asset management platform, jointly promoted by ICICI Bank (~53%) and Prudential Corporation Holdings (~35%).
- IPRUAMC is well-positioned to benefit from structural expansion of India's MF industry. As the largest AMC by active QAAUM (13.5% share), it stands to gain from expected growth in MF QAAUM, which is projected to expand at ~17% CAGR over FY26-28E, supported by rising financialization and improving retail participation.
- The company has delivered sustained fund outperformance, with over 80% of AUM in the top two quartiles (on a one-year basis) since Apr'25 (~67% as of Feb'26) and more than 50% in the top two quartiles (on a three-year basis) since Dec'23.
- Yields remain among the best-in-class, with equity/debt yields at ~67bp/~32bp (3QFY26). Stability in yields, despite telescopic TER structures and a higher AUM base, is supported by a stable equity mix, strong performance, and disciplined distribution.
- Valuation and view: We expect IPRUAMC to deliver a FY26-28 revenue CAGR of ~15%, driven by sustained equity and systematic investment plan (SIP) inflows, improving product mix toward higher-yielding non-MF assets, and operating leverage. We expect EBITDA margins to sustain above 70% and core PAT to expand at ~16% CAGR over FY26-28. We initiate coverage with a BUY rating and a one-year TP of INR3,500, based on 42x FY28E core P/E.

ICICI Prudential AMC

BSE Sensex	S&P CNX
75,273	23,306

Stock Info

Bloomberg	ICICIAMC IN
Equity Shares (m)	494
M.Cap.(INRb)/(USDb)	1434 / 15.3
52-Week Range (INR)	3193 / 2529
1, 6, 12 Rel. Per (%)	2/-/-
12M Avg Val (INR M)	3316
Free float (%)	12.4

Financial Snapshot (INR b)

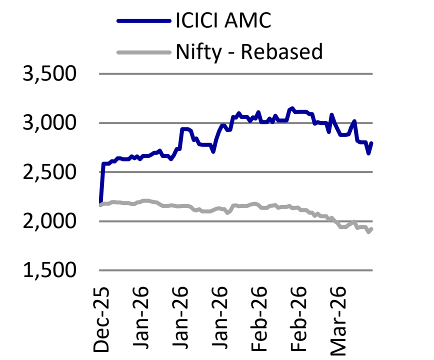
Y/E March	2026E	2027E	2028E
AAUM	10,197	11,909	13,915
MF Yield (bps)	47.9	46.9	45.9
Rev from Ops	57.1	65.6	75.3
Core PAT	30.7	35.6	41.2
PAT	33.6	39.0	45.1
PAT (bps as AAUM)	33	33	32
Core EPS	62	72	83
EPS	68	79	91
EPS Grw. (%)	27	16	16
BVPS	83	95	109
RoE (%)	88	88	89
Div. Payout (%)	83	85	85
Valuations			
Mcap/AUM (%)	14.0	12.0	10.3
P/E (x)	42.6	36.6	31.7
P/BV (x)	34.7	30.4	26.6
Div. Yield (%)	1.9	2.3	2.7

Shareholding Pattern (%)

As On	Dec-25
Promoter	87.6
DII	6.5
FII	2.7
Others	3.2

FII Includes depository receipts

Stock performance (one-year)



CMP: INR2,901 TP: INR3,500 (+21%) Buy

Rooted to scale, built to compound!

Superior growth with industry-leading RoE

- **ICICI Prudential AMC (IPRUAMC) is India's second-largest asset management company and a clear leader in the active mutual fund QAAUM (13.5% market share and INR9.1t QAAUM as of Dec'25). Since inception in 1998, the company has built a scaled, diversified, and consistently profitable asset management platform, jointly promoted by ICICI Bank (~53%) and Prudential Corporation Holdings (~35%).**
- **IPRUAMC is well-positioned to benefit from structural expansion of India's MF industry. As the largest AMC by active QAAUM (13.5% share), it stands to gain from expected growth in MF QAAUM, which is projected to expand at ~17% CAGR over FY26–28E, supported by rising financialization and improving retail participation.**
- **The company has delivered sustained fund outperformance, with over 80% of AUM in the top two quartiles (on a one-year basis) since Apr'25 (~67% as of Feb'26) and more than 50% in the top two quartiles (on a three-year basis) since Dec'23.**
- **Yields remain among the best-in-class, with equity/debt yields at ~67bp/~32bp (3QFY26). Stability in yields, despite telescopic TER structures and a higher AUM base, is supported by a stable equity mix, strong performance, and disciplined distribution.**
- **Backed by ICICI Bank and Prudential Corporation Holdings, IPRUAMC benefits from a strong banca partnership (~76% share of the bank's MF sales) while maintaining moderate dependence on the channel (ICICI Bank ~8.1% of equity AAUM in 3QFY26). A diversified mix—Banca 19.2%, MFD 37.3%, ND 15.5%, Direct 28%—supports resilient flows.**
- **IPRUAMC has diversified beyond mutual funds, with non-MF revenues rising to ~15% in FY25 (vs. ~7% in FY20) and expected to remain stable. With continued traction in PMS, AIF, and new SIF launches (iSIF), IPRUAMC is well-positioned to deliver superior core earnings growth vs peers.**
- **Valuation and view: We expect IPRUAMC to deliver a FY26-28 revenue CAGR of ~15%, driven by sustained equity and systematic investment plan (SIP) inflows, improving product mix toward higher-yielding non-MF assets, and operating leverage. We expect EBITDA margins to sustain above 70% and core PAT to expand at ~16% CAGR over FY26-28. We initiate coverage with a BUY rating and a one-year TP of INR3,500, based on 42x FY28E Core P/E.**

MF industry well-positioned to witness structural long-term growth

- **Robust economic growth:** India is expected to remain one of the fastest-growing major economies, supported by strong domestic consumption and relatively lower reliance on global demand.
- **Mutual fund AUM as a % of GDP** rose to ~21% in 1HFY26 from 7% in FY14, yet penetration remains well below developed and fast-growing peers (world average at ~64-182%), indicating significant headroom for structural growth.
- **Household allocation to MFs** rose to ~12% in FY25 (from ~8% in FY22), with inflows rising ~95% in FY24–25. However, penetration remains modest at ~9–10% of financial assets vs higher double-digit for global peers, implying strong growth headroom.
- MF penetration is steadily improving, driven by **regulatory initiatives** (SEBI's mandatory 2bp investor education spend), EPFO's ETF allocations, SIFs, MF Lite framework, and industry campaigns like 'Mutual Funds Sahi Hai'.
- **Retail participation** continues to strengthen, led by rising mobile penetration and increasing number of fintech brokers, with individual investors' share (retail & HNI) in total MF AUM rising to 60% in Feb'26 from ~53% in Feb'20.

Over 80% AUM in top two quartiles (1Y); over 50% in top two quartiles (3Y).

It is the only listed AMC with double-digit schemes in the top quartile.

IPRUAMC's consistent fund performance supports sustained flow momentum

- IPRUAMC has delivered consistent improvement in fund performance across key time horizons, reinforcing its competitive positioning among listed asset managers. On an **AUM-weighted basis**, over 80% of assets have remained within the top two quartiles on a one-year basis since Apr'25 (~67% in Feb'26), while more than 50% of AUM has ranked within the top two quartiles on a three-year basis since Dec'23, reflecting the stability of its investment processes.
- At the **scheme level**, IPRUAMC stands out as the only listed AMC with a double-digit number of schemes in the top quartile across both one-year and three-year return horizons, with 11 schemes in 1Q on a one-year basis and 12 schemes in 1Q on a three-year basis as of Feb'26.
- As equity participation in India continues to deepen, we believe IPRUAMC's improving performance track record positions it well to capture incremental retail flows.

IPRUAMC delivers industry-leading yields led by strong product mix, disciplined distribution strategy and strong performance.

Stable yields led by higher equity mix

- IPRUAMC continues to maintain one of the highest revenue yields among listed AMCs led by strong product mix, disciplined distribution strategy, and strong performance. In 3QFY26, equity and debt yields stood at ~67bp and ~32bp, as indicated by management, among the highest in the industry.
- Importantly, the company has sustained yields over the past years despite the telescopic TER structure, even as several peers have seen gradual yield compression due to shifts in product mix. A higher share of active equity AUM and strong retail participation have supported yield resilience.
- Going ahead, as the industry expands and operating leverage improves, stable yields should support sustained margin strength and earnings visibility.

IPRUAMC benefits from strong parentage backing and maintains a well-diversified presence across segments.

Strong parentage backing and diversified distribution supporting scalable growth

- IPRUAMC benefits from strong sponsor backing from ICICI Bank (53% stake) and Prudential Corporation Holdings (35% stake) as of Dec'25, providing both distribution reach and institutional credibility. The partnership with ICICI Bank offers access to a large retail customer base via 7,385 branch networks (Dec'25) and an integrated digital distribution ecosystem, while Prudential's global investment expertise strengthens investment processes and governance standards.
- IPRUAMC has built a well-diversified distribution platform, reducing reliance on any single channel. As of Dec'25, the equity AAUM distribution mix comprised MFDs (37%), direct channel (28%), banca (19%), and national distributors (16%), highlighting the breadth of its distribution network.
- Importantly, ICICI Bank contributes only ~8.1% of equity AAUM, indicating meaningful headroom for incremental penetration. As mutual fund penetration expands beyond metro markets and digital distribution deepens, this diversified distribution architecture positions IPRUAMC well for sustained AUM growth.

IPRU continues to remain amongst the most profitable players in the listed AMC universe.

Best-in-class profitability and capital efficiency

- The asset management business is inherently capital-light, and IPRUAMC has emerged as one of the most profitable players in the listed AMC universe. Over FY23-25, mutual fund AAUM, operating revenue, and PAT expanded at ~32% CAGR, reflecting strong operating momentum and industry tailwinds.
- In 9MFY26, operating revenue increased 24% YoY to INR42.5b, supported by stable yields and a higher equity QAAUM mix (~59.4% as of Dec'25), while PAT rose ~29% YoY to INR25.3b. Profitability metrics remain robust, with EBITDA margins above 70% and PAT margins above 50%, among the highest in the sector. Return ratios are also a key differentiator, with RoE of ~82% in FY25, significantly ahead of most listed peers.
- Looking ahead, we expect revenue and core PAT to expand at ~15–16% CAGR over FY26–28E, supported by continued industry expansion, operating leverage from rising AUM, and stable revenue yields. The company's strong cash generation and capital-light model also support a high dividend payout profile, enhancing shareholder returns.

The share of non-MF stood at ~15% of the overall revenue mix in FY25, up from ~7% in FY20, and is expected to rise further.

Diversified product platform strengthening the non-MF revenue mix

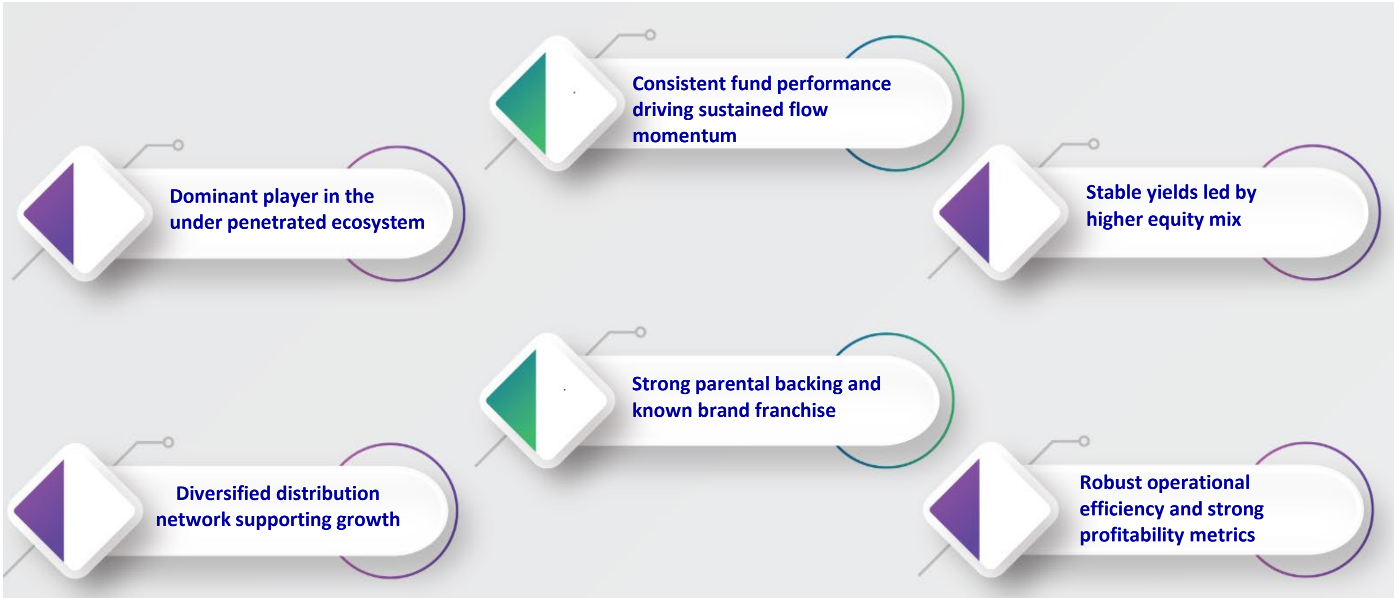
- IPRUAMC has progressively diversified its product platform beyond traditional mutual funds by scaling its alternatives and advisory businesses, including PMS, alternatives, and offshore mandates. As a result, non-mutual fund revenues have increased to ~15% of total revenue in FY25 from ~7% in FY20, reflecting growing traction in higher-yield products.
- The expansion of India's high-net-worth investor base and rising allocation toward alternative assets are expected to drive continued growth in this segment. With ongoing traction in alternatives and new product launches such as SIFs, the company is well-positioned to further strengthen its revenue mix.
- We expect mutual fund QAAUM to expand at ~17% CAGR over FY26-28, while higher-yield non-MF businesses should support blended yield stability and earnings diversification.

Valuation and view

- IPRUAMC remains well-positioned to benefit from India's structural financialization theme, aided by a strong brand franchise, diversified product mix across equity, hybrid, debt, and passive segments, and a steadily expanding retail and SIP investor base. Continued growth in retail participation and systematic flows should support steady AUM expansion over the medium term.
- While near-term flows may remain market-linked, the company's balanced AUM mix and diversified distribution provide relative earnings resilience across cycles. The inherently asset-light AMC model, combined with strong operating leverage, supports sustained margin strength and cash generation as incremental AUM scales over a largely fixed cost base.
- Healthy return ratios, consistent dividend payout, and a gradual shift toward higher-yielding retail equity assets and alternatives support steady earnings compounding and strong shareholder returns.
- We expect IPRUAMC to deliver ~15% revenue CAGR over FY26–28, driven by sustained equity/SIP inflows, improving product mix, and operating leverage, with EBITDA margins sustaining above 70% and Core PAT expanding at ~16% CAGR over the same period. **We initiate coverage with a BUY rating and a one-year TP of INR3,500, based on 42x FY28E Core P/E.**

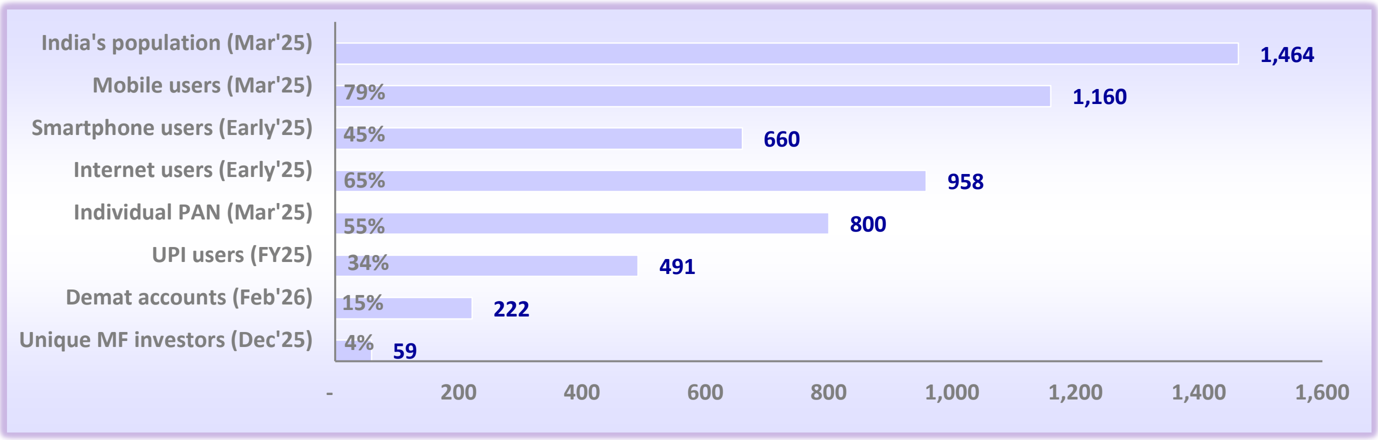
STORY IN CHARTS

Investment arguments



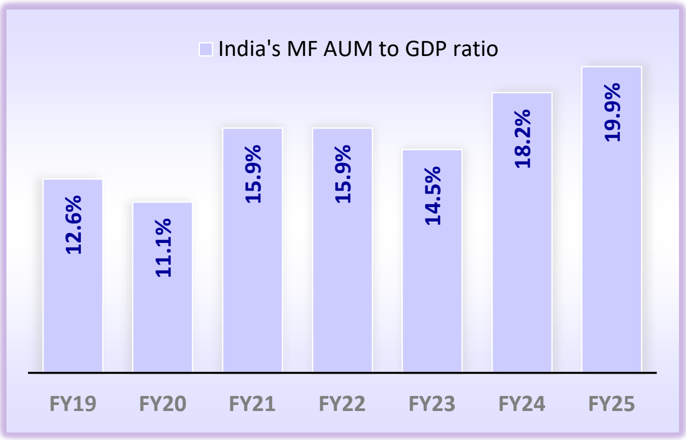
Source: Company, MOFSL

Mutual fund participation remains low despite strong digital and financial access (in m)



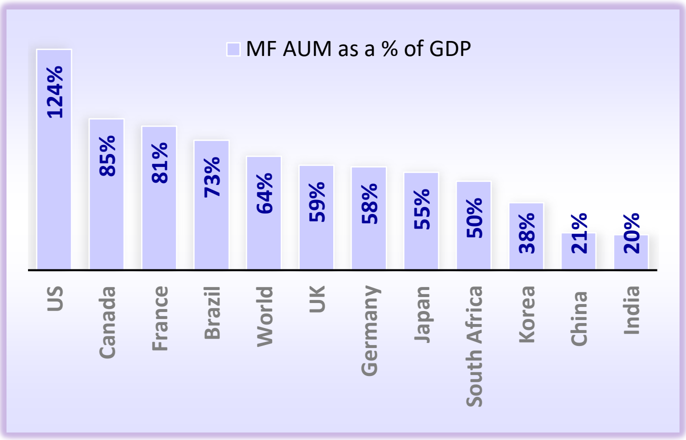
Source: Company, MOFSL

MF AUM to GDP ratio gradually improves



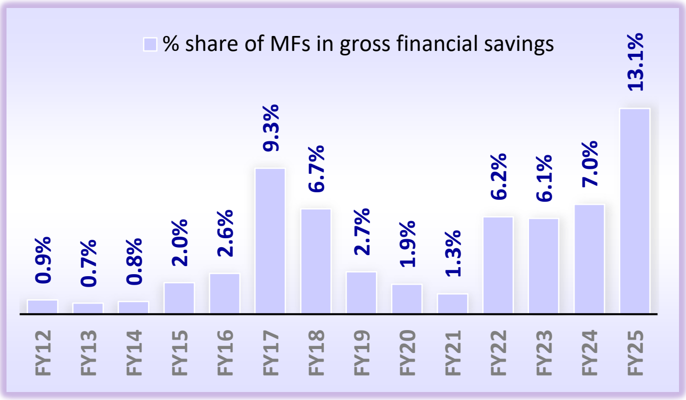
Source: Company, MOFSL

MF AUM as a % of GDP still below most developed countries



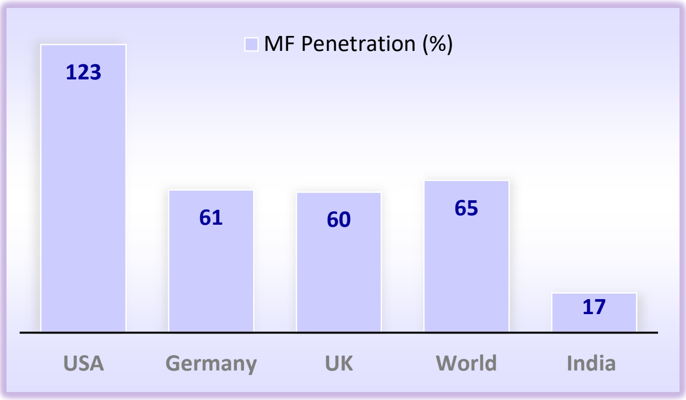
Source: Company, MOFSL

Share of MFs in gross financial savings trends upwards



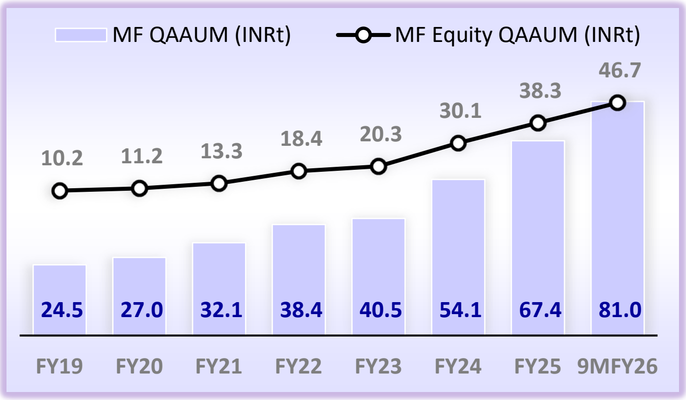
Source: Company, MOFSL

MF penetration in India vs. other countries in 2023 (%)



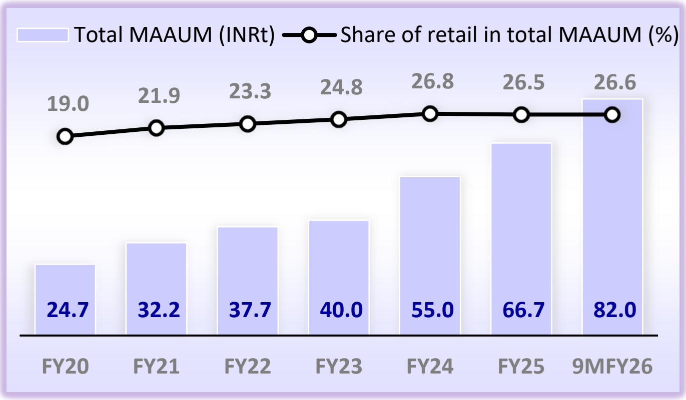
Source: Company, MOFSL

MF Equity QAAUM expanded at 28% CAGR over FY20-25 vs overall QAAUM at 20% CAGR



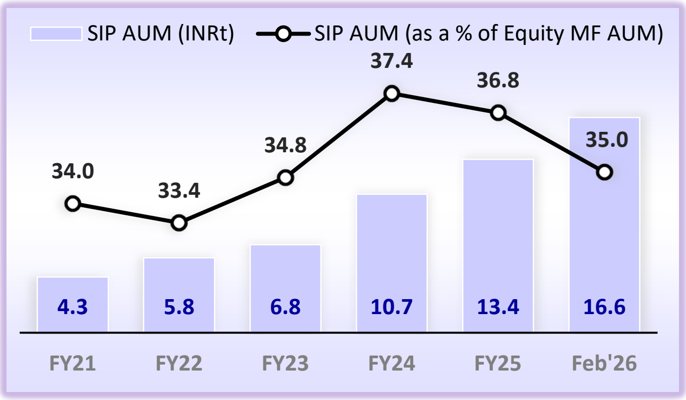
Source: AMFI, MOFSL

Share of retail in overall MAAUM remains stable



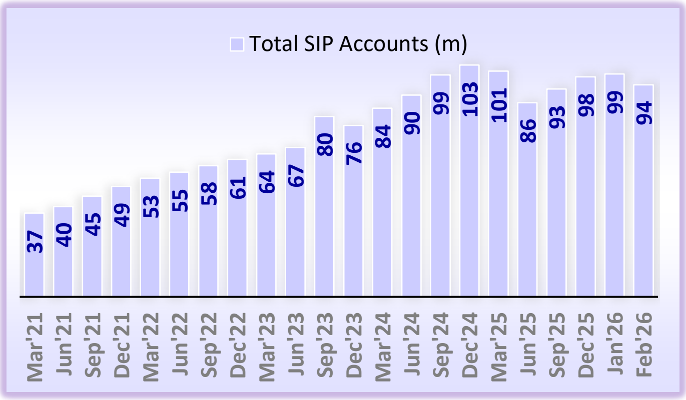
Source: AMFI, MOFSL

SIP AUM as a % of equity AUM declined in Feb'26



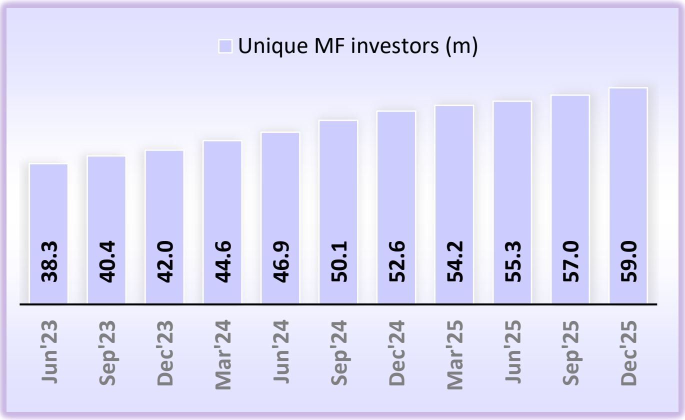
Source: AMFI, MOFSL

SIP registration trends remain volatile



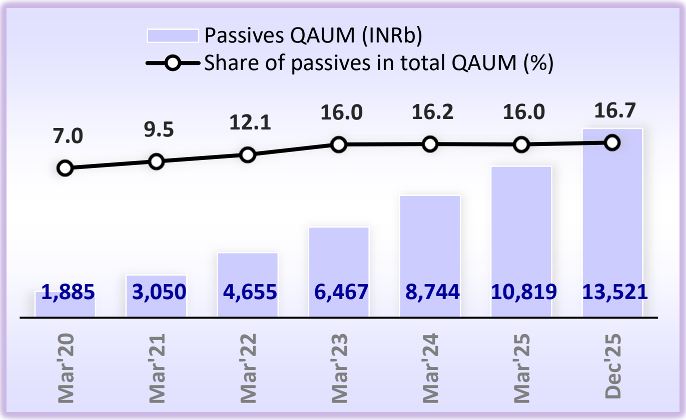
Source: AMFI, MOFSL

Number of unique MF investors continues to rise steadily



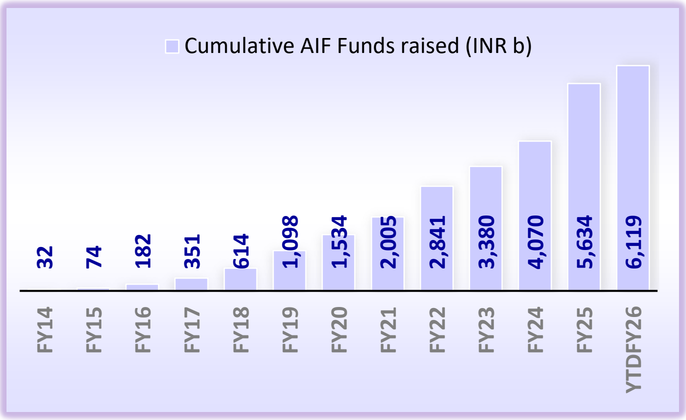
Source: AMFI, MOFSL

Share of passives rises steadily



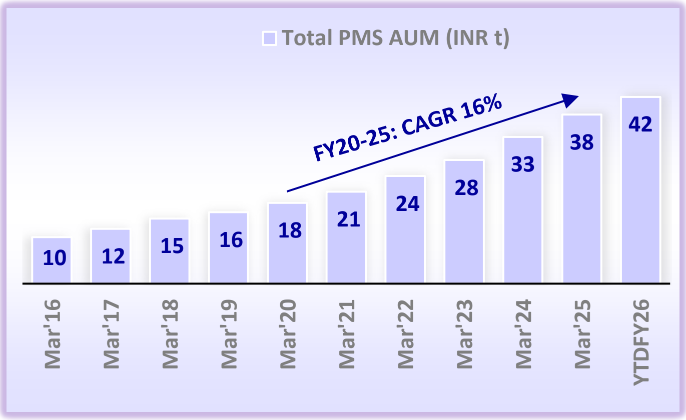
Source: AMFI, MOFSL

AIF funds raised continue to trend upwards



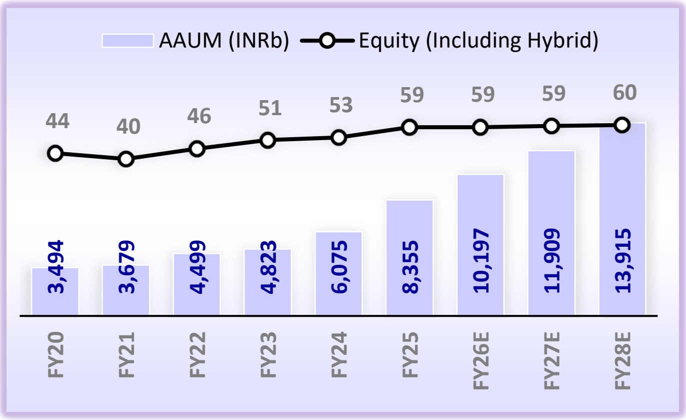
Source: SEBI, MOFSL

PMS AUM expanded at a 16% CAGR over FY20-25 and is expected to rise steadily



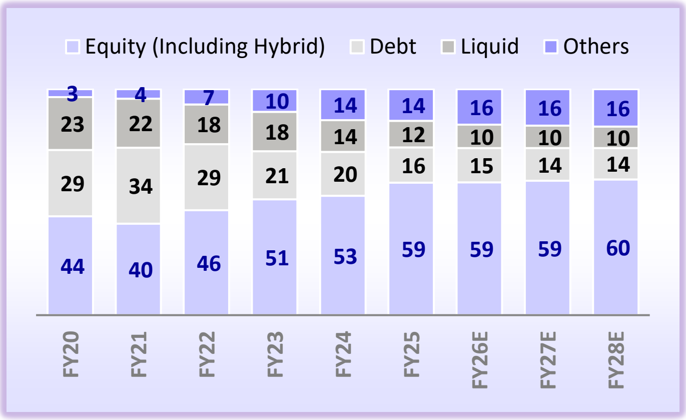
Source: SEBI, MOFSL

IPRUAMC's AAUM is projected to expand at a 17% CAGR over FY26-28



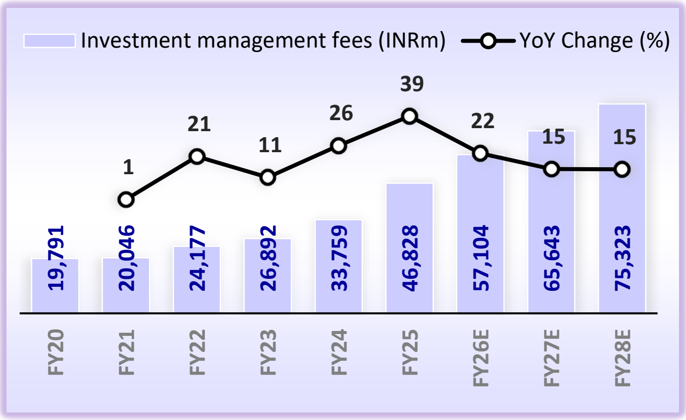
Source: Company, MOFSL

IPRUAMC's equity segment continues to dominate the AAUM mix



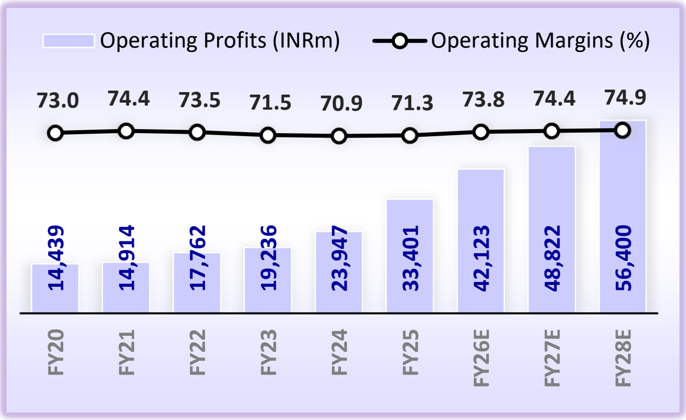
Source: Company, MOFSL

IPRUAMC's revenue is expected to expand at a CAGR of 15% over FY26-28



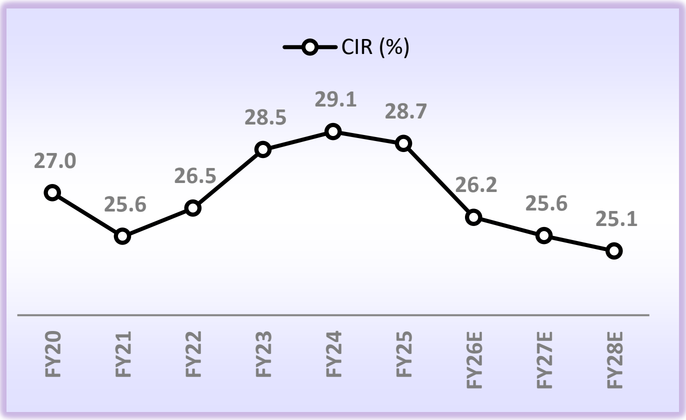
Source: Company, MOFSL

IPRUAMC's operating margins remain best-in-class



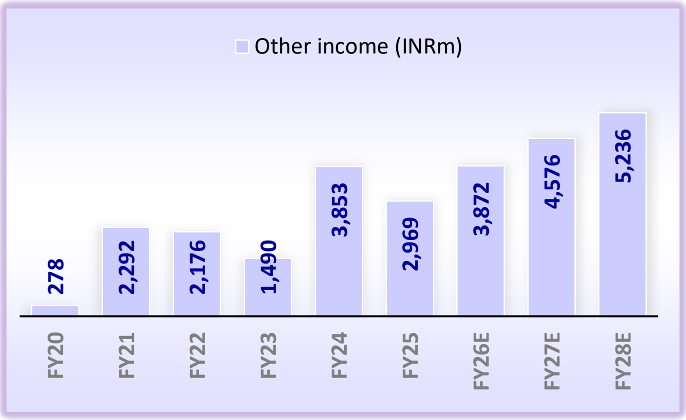
Source: Company, MOFSL

CIR of IPRUAMC is expected to improve gradually led by strong operating leverage



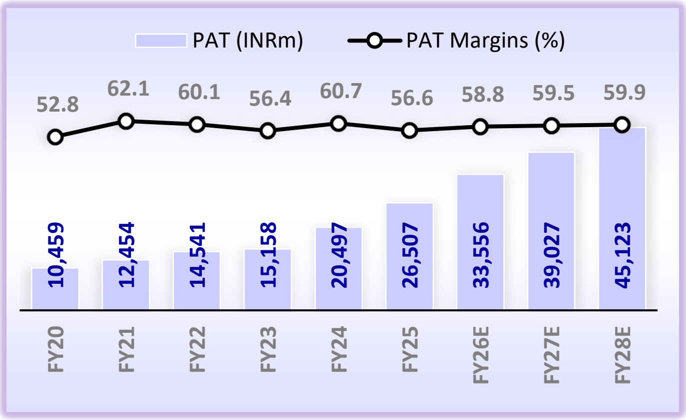
Source: Company, MOFSL

IPRUAMC's other income is projected to trend upwards



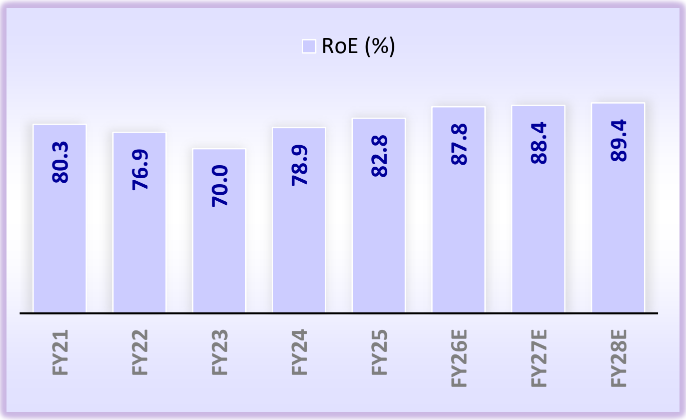
Source: Company, MOFSL

PAT expected to expand at a 16% CAGR over FY26-28



Source: Company, MOFSL

RoE is projected to remain above 85%



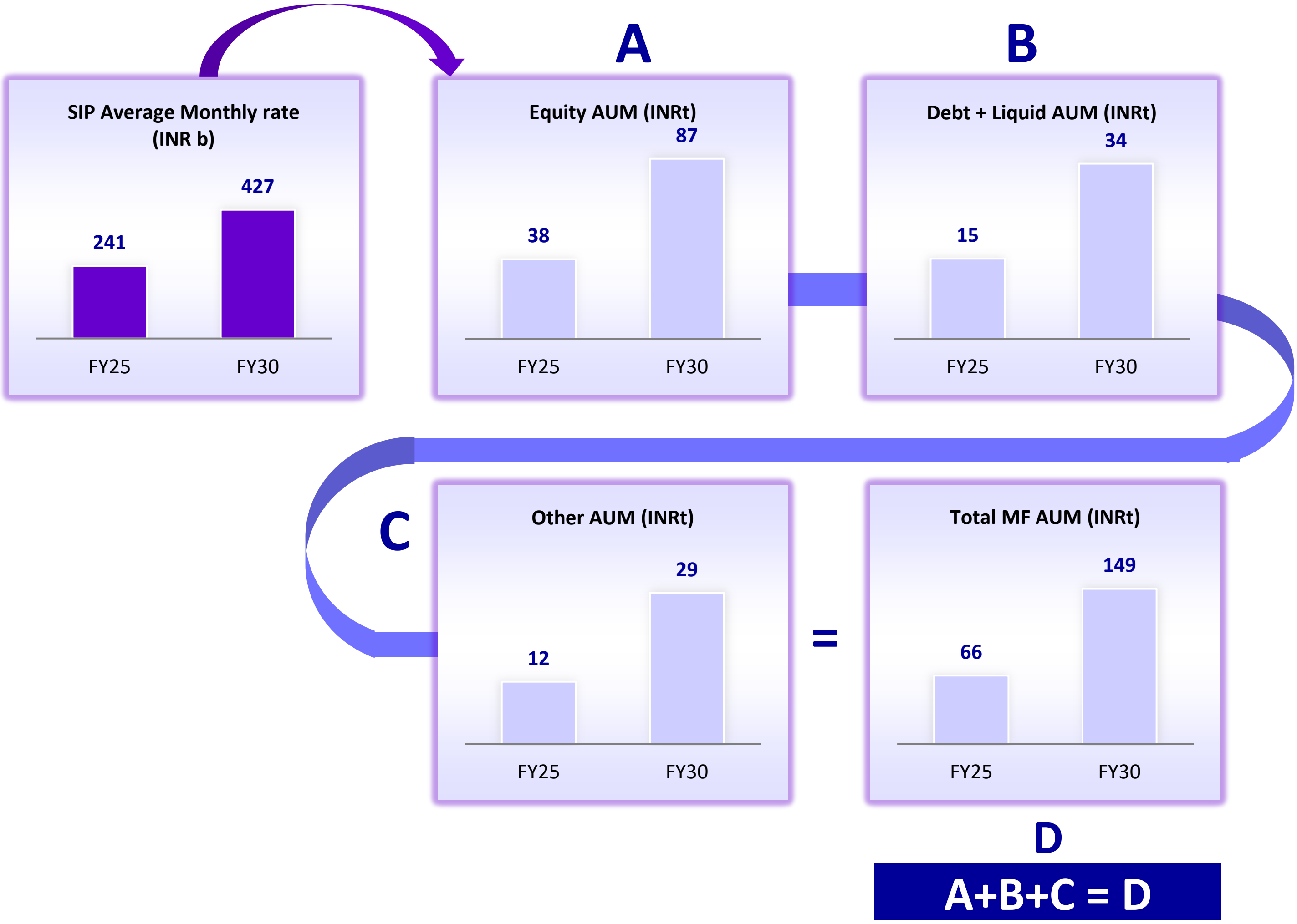
Source: Company, MOFSL

Strong tailwinds for MF industry growth

Robust empirical growth in the Indian mutual fund AUM

- The Indian MF industry has expanded significantly over the past five years, with closing AUM growing ~3x over FY20–25 to INR65.7t as of Mar'25 (INR80.2t as of Dec'25). Growth has been supported by a strong domestic economy, sustained equity market performance, and rising retail participation through systematic investment channels.
- Expansion has been largely equity-led, with equity AUM increasing ~10.3x over FY15–25 to INR38.3t as of Mar'25 (INR46.8t as of Dec'25). This reflects a structural shift in household assets (~23% in FY25 vs ~15.7% in FY19), as investors increasingly reallocate from traditional debt instruments to equity-oriented funds in pursuit of higher long-term returns.
- Looking ahead, we expect growth momentum to remain strong, supported by rising retail participation, increasing digital distribution, and continued financialization of household savings. We project industry AUM to expand at ~16% CAGR over FY26-30, reaching ~INR149t.

Exhibit 1: MF AUM to expand at ~16% CAGR over FY26-30, reaching INR149t

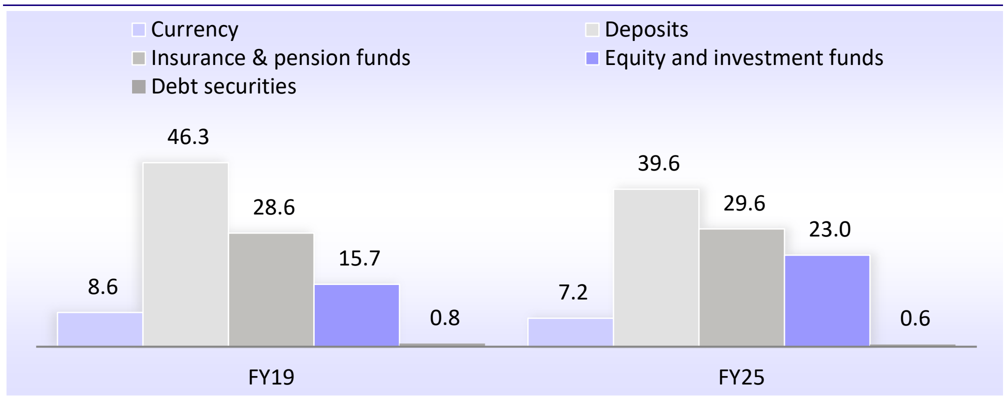


Source: Company, MOFSL

Equity schemes have gained prominence in the last five years

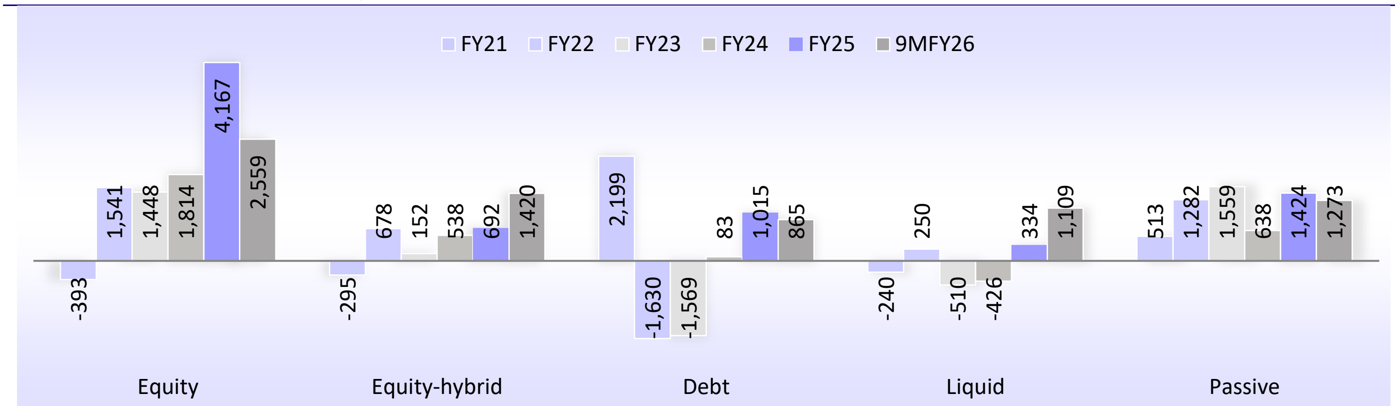
- Net equity inflows increased ~9.3x over FY20-25, reaching ~INR5.4t in FY25, with ~INR4.8t already recorded as of Feb'26 YTD. Consequently, equity schemes' share in industry QAAUM rose to ~58% as of Dec'25 from ~42% in Dec'20, highlighting the growing dominance of equities within the mutual fund landscape.
- Inflows have remained strong across small-cap, mid-cap, flexi-cap, multi-cap, and thematic funds, reflecting rising investor appetite for diversified equity strategies. As a result, equity-oriented schemes have gained share within the overall product mix, while debt schemes have seen a moderation in share.
- The shift toward equities and related investments is also reflected in household assets, with the share increasing to ~23% by FY25 from ~15.7% in FY19, indicating a gradual reallocation toward market-linked instruments.
- Looking ahead, equity schemes are expected to remain the primary driver of mutual fund industry growth over the medium term, supported by improving financial awareness, expanding digital distribution, a rising share in household assets, and sustained SIP inflows.

Exhibit 2: Share of equities in overall financial assets trended upwards of ~23% in FY25



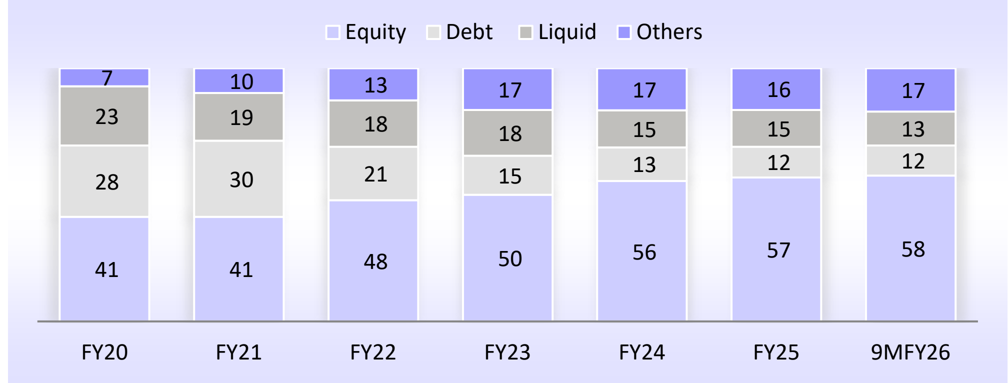
Source: Economic Survey 25-26, MOFSL

Exhibit 3: FY25 witnessed the highest net equity inflow in the last five fiscals



Source: AMFI, MOFSL

Exhibit 4: Equity schemes have gained ground over the last few years (QAAUM basis)

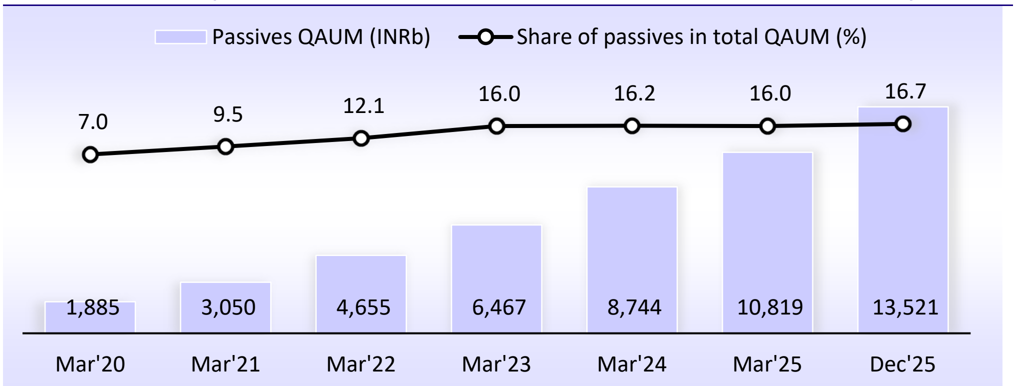


Source: AMFI, MOFSL

Passive funds have risen steadily over a small base

- Passive funds have gained steady traction, with their share in industry QAAUM rising to ~16.7% as of Dec'25 from ~7% in Mar'20, driven by greater investor awareness, lower costs, and improved digital accessibility.
- Growth was led by ETFs and index funds, supported by strong inflows and increased product launches across sectoral, thematic, and factor-based strategies. Passive AUM expanded at a ~33% CAGR over Dec'21–Dec'25 to ~INR13.5t, with ETFs accounting for the majority of assets. Moreover, with EPFO AUM increasing, large investments have been made in ETFs.
- As highlighted in our report, despite strong momentum, passive penetration in India remains well below global markets. In the US, passive funds account for over 50% of mutual fund industry AUM, indicating significant headroom for long-term growth in India.
- While passive products typically operate at lower yields than active strategies, their rapid AUM expansion can still generate meaningful revenue pools for AMCs. As seen in our analysis below, assuming industry yields of ~5bp, passive assets could generate ~INR6.8b in annual revenue.
- Given the low operating costs associated with passive strategies, incremental revenues are likely to flow through with high operating leverage, making passives an increasingly important contributor to the AMC AUM mix and profitability over time.

Exhibit 5: Share of passive funds in QAAUM has more than doubled in the last six years

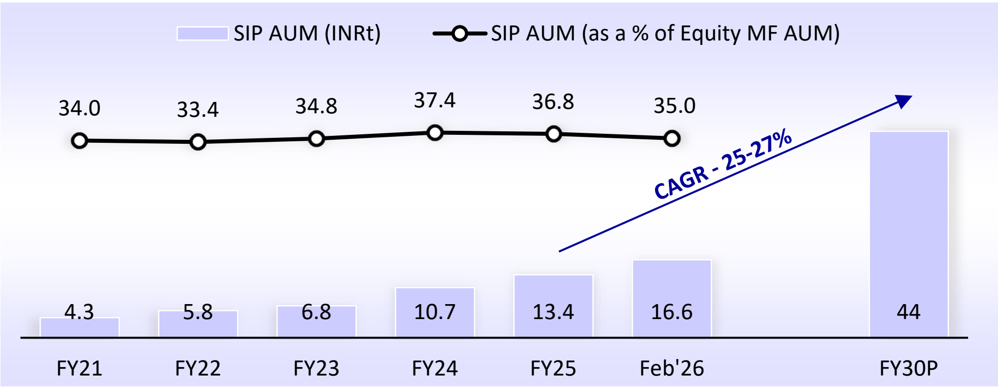


Source: Company, MOFSL

SIPs emerging as a key structural driver of retail participation

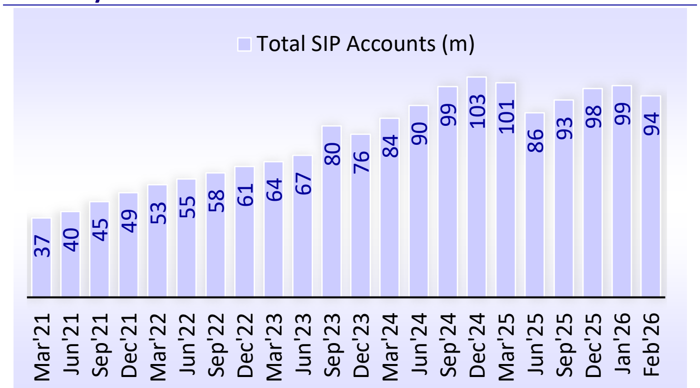
- SIPs have become a preferred investment route for mutual fund investors, supporting steady inflows while reducing market timing risks and overall industry volatility.
- Rising participation in equity funds, increasing financial awareness, and continued investor education initiatives are likely to support sustained SIP adoption. Accordingly, SIP inflows are projected to expand at ~25–27% CAGR over FY25–30, reinforcing their role as a structural driver of industry flows.
- Monthly SIP contributions have increased meaningfully, accounting for over 40% of equity inflows since Mar'23, creating a large and stable recurring inflow base that improves visibility of incremental industry AUM growth.
- The steady rise in SIP contributions and SIP accounts highlights an ongoing financialization of household savings, with SIPs expected to remain a key contributor to incremental AUM growth and flow visibility for asset managers over the medium term.

Exhibit 6: SIP AUM stood at INR16.6t as of Feb'26



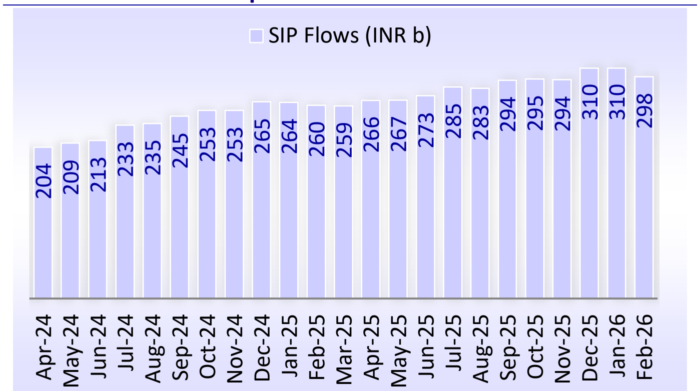
Source: RHP, MOFSL

Exhibit 7: SIP account trends remain volatile amid market volatility



Source: AMFI, MOFSL

Exhibit 8: SIP flows expected to remain resilient



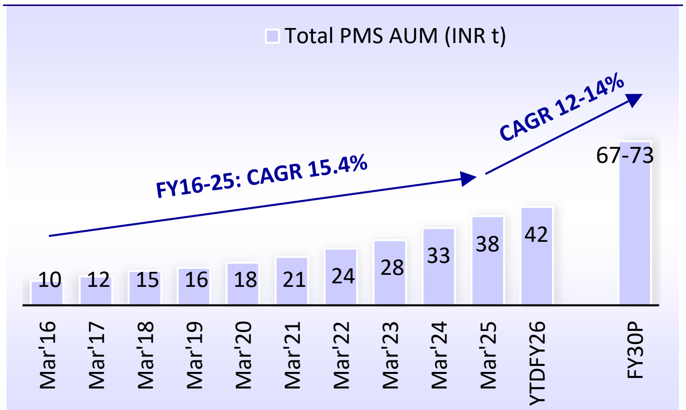
Source: AMFI, MOFSL

Need for PMS and AIF offerings as HNI population expands

- The growth of the HNI segment in India is a key factor for the alternates industry's expansion. India is adding millionaires at one of the fastest rates globally, driven by entrepreneurship, market-led wealth creation, and business exits. This is fueling demand for advisory services, family office solutions, estate planning, and refined products.

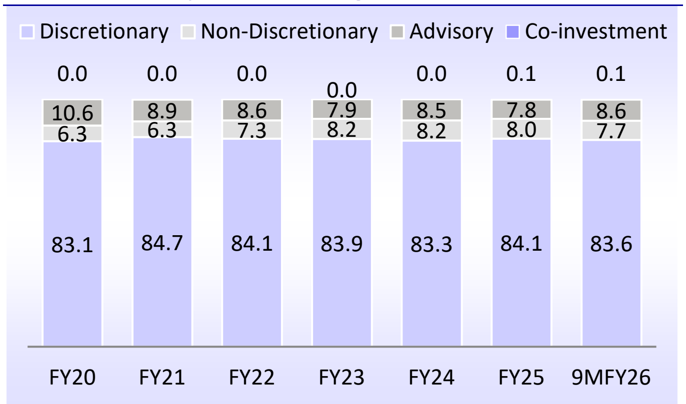
- According to Knight Frank, India had ~85,700 HNIs in 2024, which is expected to reach 93,753 by 2028. Investors are increasingly seeking customized portfolios—including multi-asset, goal-based, structured products, passive/index funds, ETFs, smart beta, and ESG—prompting firms to broaden their product offerings.
- **PMS:** Over the last nine years, the PMS industry has seen significant growth, supported by a maturing market, a rising number of HNIs, greater need for customized asset allocation based on risk-return profiles, and growing awareness of PMS as a product.
- As of Dec'25, the closing AUM of PMS asset managers stood at ~INR41.6t, reflecting a CAGR of 15.1% over the last nine years (Dec'16-Dec'25). This remarkable growth can be attributed to the increasing demand for customized and high-performance investment strategies from affluent investors.
- The key channels for PMS distribution in India include bank wealth management desks, specialized financial advisors, national distributors, and fintech platforms.
- PMS charges a management fee, commonly ranging at 1-3% per annum, and often includes performance fees, which can range from 10-20% of profits above a hurdle rate. Additionally, PMS investors pay brokerage, custody, and demat fees, along with occasional exit charges of around 1-3%, and a performance fee on profits earned above a predetermined hurdle rate. Overall, PMS tends to be more expensive for investors than mutual funds, but it is yield accretive for AMCs, given the higher risk involved.
- Demand for professional advisory services is expected to grow on the back of: 1) rising per capita income; 2) the advent of digital platforms resulting in lower distribution costs; 3) growth of HNIs in India; and 4) SEBI initiatives to enhance transparency.
- AMC-backed PMS providers are well-positioned to leverage the growing demand, driven by existing brand reputation, vast distribution network, and strong research and analysis capabilities.

Exhibit 9: PMS closing AUM expands at a 15.4% CAGR between Mar'16 and Mar'25



Source: RHP, MOFSL

Exhibit 10: Discretionary products have captured the highest market share in portfolio management services

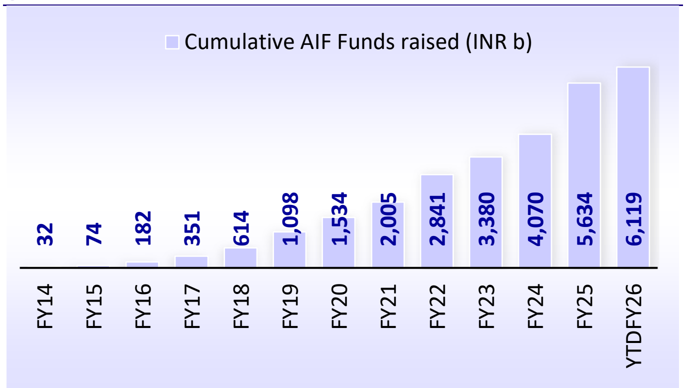


Source: SEBI, MOFSL

- **AIF:** Over the past few years, AIF has become one of the key segments in private markets in India. Total commitments have been growing at a steady pace, witnessing a ~28.6% CAGR between Dec'19 and Dec'25, with a total commitment of INR15.7t as of Dec'25. The segment is expected to remain one of the fastest-growing managed product categories over the next few years, as a rising number of HNIs, UHNIs, and institutional investors seek differentiated products that offer the potential for higher returns.

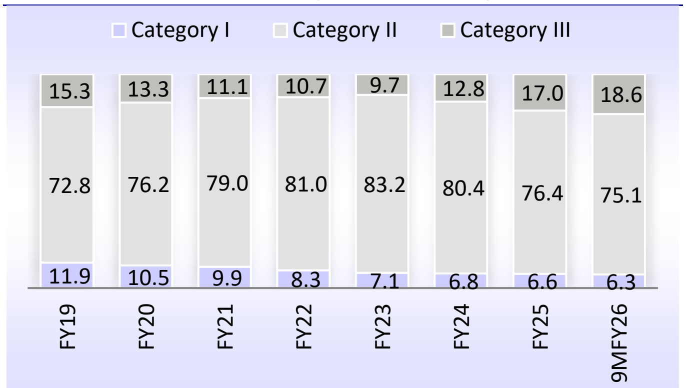
- Alternative investments have become popular in India due to the need for diversification from traditional asset classes. Enhanced yields compared with other asset classes support profitability and continue to drive growth in the investment landscape.
- Wealth managers play a significant role in AIF distribution, particularly among UHNIs and family offices. Category II AIFs (Private Equity, Private Credit, etc.) dominate the landscape, accounting for approximately 75-76% of total commitments.
- AIFs offer global investors the opportunity to invest in industries with significant growth potential, leverage the wave of India's changing economic landscape, potentially earn substantial rewards, and minimize risk through portfolio diversification. Key growth drivers for AIFs in India include: 1) emergence of experienced managers; 2) growing pool of UHNIs, HNIs, and institutions; 3) SEBI's proactiveness to promote new asset classes; 4) increasing investment opportunities in smaller cities; and 5) emergence of GIFT City in AIF.

Exhibit 11: Total commitments raised by AIFs continue to grow



Source: SEBI, MOFSL

Exhibit 12: Category II AIFs constitute the majority share of total commitments raised by AIFs over the years



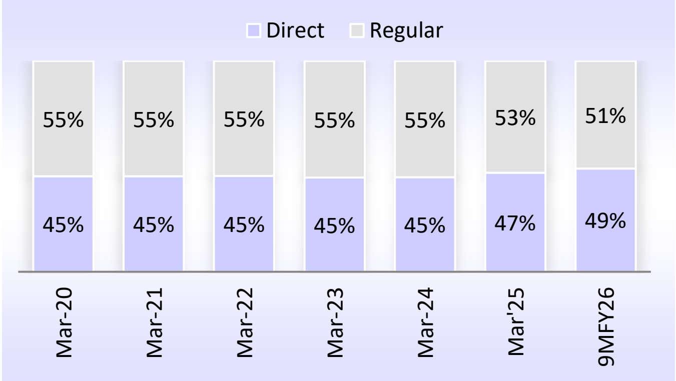
Source: SEBI, MOFSL

Distribution channels: Rising share of direct sales and B-30 share in mutual funds

- In Sep'12, SEBI mandated MF houses to offer products through the **direct route** alongside distributor-led channels. As highlighted in our previous report, the share of direct plans in the industry AUM (excl. FoF domestic schemes) has increased to ~48.6% as of Dec'25 from ~41.1% in Mar'19, reflecting the gradual shift toward cost-efficient investing.
- The direct channel is likely to gain further traction, driven by rising financial literacy, digital adoption, and the growing influence of fintech platforms offering seamless and low-cost investment options. Younger investors and corporates are expected to remain the key adopters of direct plans.
- Distributor-led channels, however, will remain structurally relevant, particularly for retail investors and first-time participants. Investors accessing mutual funds through distributors typically demonstrate longer holding periods and greater investment discipline, highlighting the continued role of advisors in supporting long-term investing and onboarding new investors.

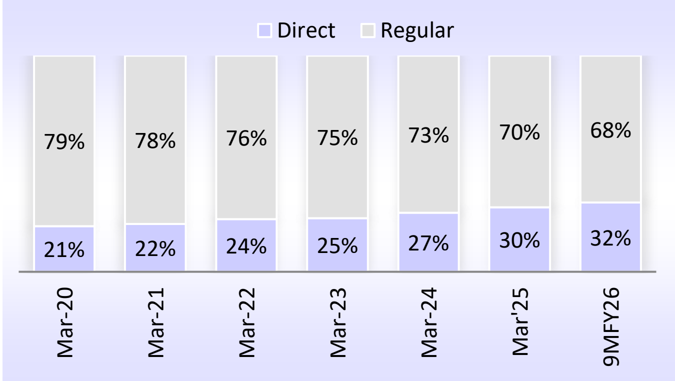
- Therefore, going forward, while the share of direct plans has been rising, regular plans are expected to retain dominance, supported by increasing retail participation, growing investor awareness, and expanding mutual fund penetration in B30 cities, where investors continue to rely on advisory support.
- **B30 cities** are emerging as the next key growth frontier for the MF industry, with their share of industry MAAUM rising to ~18% as of Dec'25 from ~16% in Mar'20, reflecting increasing participation from first-time investors, improving financial awareness, and rising digital penetration in these markets.
- With the investor base in these regions expanding rapidly and SIP adoption gaining traction, B30 markets are expected to contribute an increasing share of incremental industry AUM over the coming years. Continued investor education initiatives and expanding distributor presence in these regions are likely to further accelerate mutual fund penetration.
- Expanding into B30 geographies is advantageous for AMCs, as it broadens the potential investor base, supports the development of a more equity-oriented AUM mix, and helps improve operating leverage and cost efficiency.

Exhibit 13: Share of direct continues to trend upwards under overall AAUM



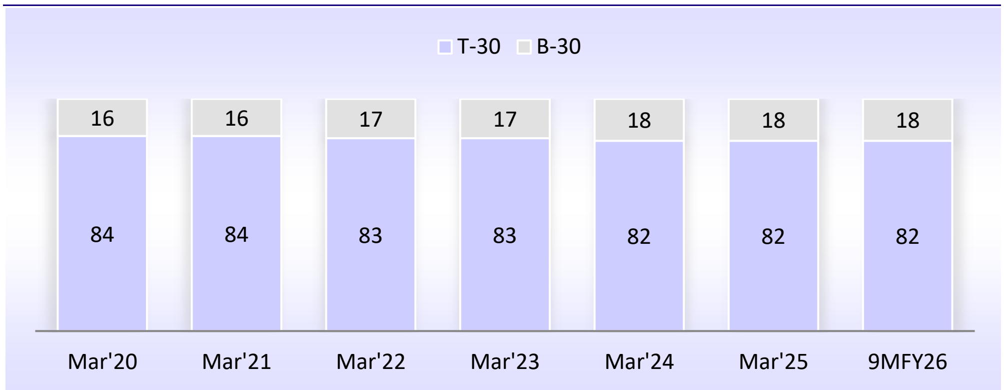
Source: AMFI, MOFSL

Exhibit 14: Share of regular continues to dominate equity AAUM, while share of direct trends upwards



Source: AMFI, MOFSL

Exhibit 15: Share of B-30 rose to 18% in 9MFY26 from 16% as of FY20



Source: AMFI, MOFSL

Regulatory scenario for mutual funds and distribution

- The mutual funds industry in India is governed by SEBI through an extensive regulatory framework that emphasizes transparency, disclosure, and investor protection. This framework is underpinned by several regulatory measures introduced over the years, including:
  - **Segregation of Advisory & Distribution (Sep'20):** SEBI mandated a strict separation between investment advisory and distribution activities to eliminate conflicts of interest.
  - **TER Rationalization:** SEBI proposed tighter total expense ratio caps to enhance cost transparency and reduce investor expenses, which may impact AMC profitability.
  - **Mutual Fund Lite (MF Lite) Framework (Dec'24):** SEBI introduced a simplified regulatory framework for passive-only fund houses. This lowers entry barriers and compliance costs, potentially increasing competition within the passive segment.
  - **Specialized Investment Funds – SIF (Feb'25):** SEBI introduced a separate framework for high-risk, high-ticket funds (INR1m minimum investment) to bridge the gap between MFs and PMS. IPRUAMC has received SEBI approval to launch its iSIF platform.
  - **5bp Exit Load Rationalization (Dec'25):** SEBI removed the 5bp exit load for redemptions to improve investor outcomes by lowering transaction costs and enhancing transparency in mutual fund pricing.

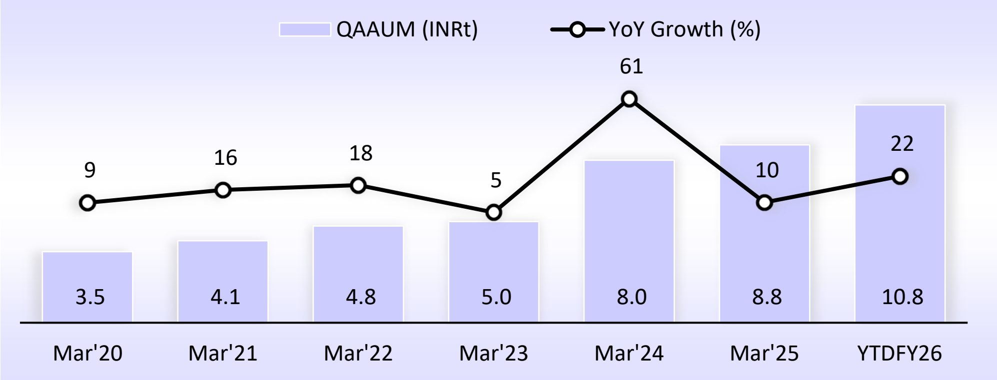
Other regulatory updates include:

- **Risk-Adjusted Return Disclosure (Jan'25):** AMCs are mandated to disclose information ratio and risk-adjusted performance daily to improve investor decision-making.
- **Distributor Transaction Charges (Aug'25):** SEBI mandated that AMCs pay distributor transaction charges for investments exceeding a specific minimum threshold. This measure is designed to incentivize distribution reach.

Company overview

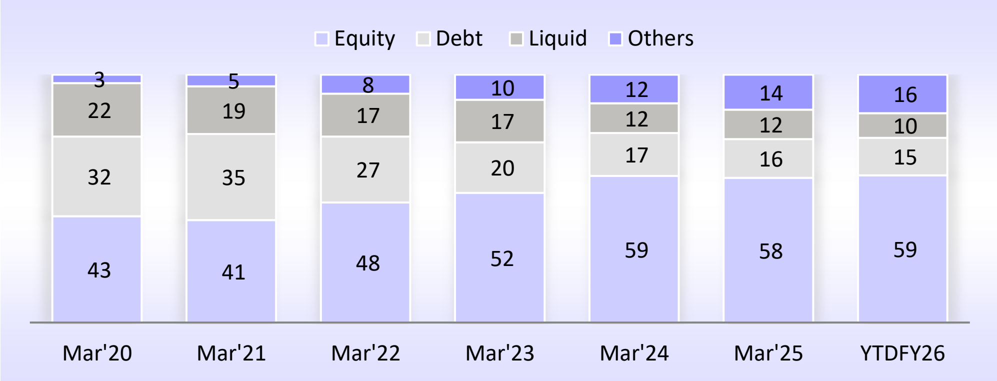
- IPRUAMC is India's largest active mutual fund manager, with a QAAUM of ~INR9.1t as of Dec'25, translating into ~13.5% market share. The company is jointly promoted by ICICI Bank (~53%) and Prudential Corporation Holdings (~35%), combining a strong domestic banking-led distribution franchise with global asset management expertise. Since its inception in 1998, IPRUAMC has built a scaled, diversified, and consistently profitable (across market cycles) asset management platform.
- Equity and equity-oriented funds account for ~37% of QAAUM, hybrid funds of ~23%, debt and liquid funds of ~25%, and the remaining in passive and others. This active-heavy mix supports relatively higher fee yields, albeit with greater market sensitivity.

Exhibit 16: QAAUM continues to trend upwards led by robust flows



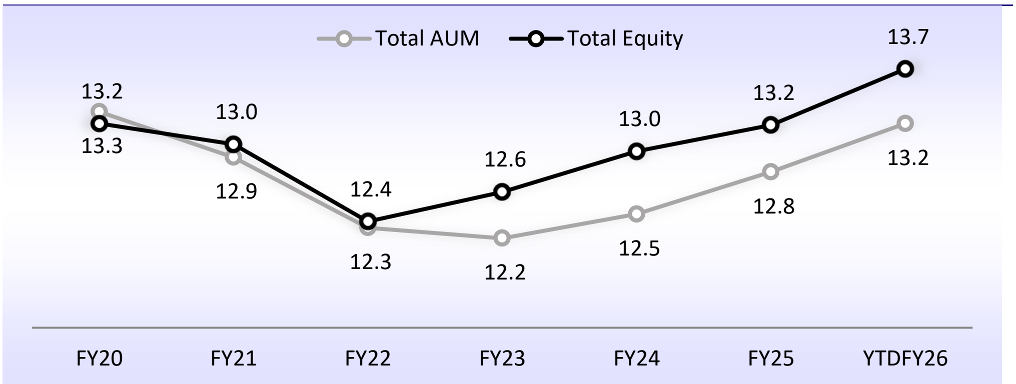
Source: Company, MOFSL

Exhibit 17: QAAUM mix dominated by total equity



Source: Company, MOFSL

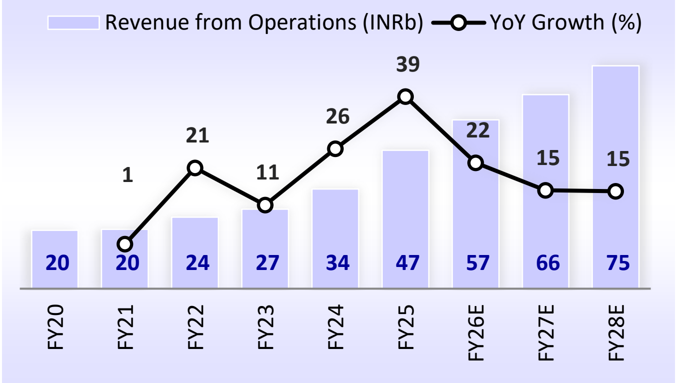
Exhibit 18: Market share continues to rise for total equity and AUM



Source: AMFI, MOFSL

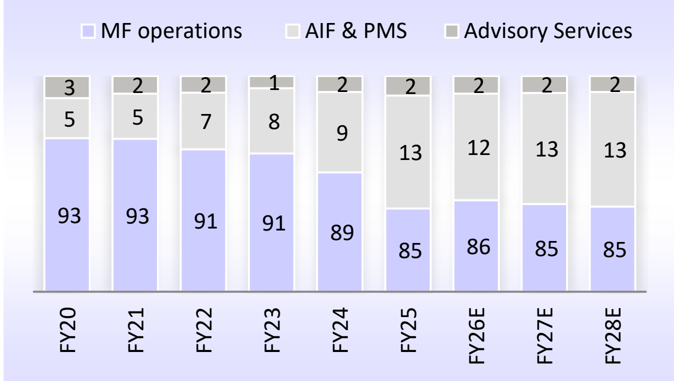
- IPRUAMC's core business is mutual fund management (85% of revenue mix as of FY25), which contributes to the majority of revenues and profits. IPRUAMC manages over 150 mutual fund schemes across equity (36), debt (24), hybrid (6), and others (84).
- Beyond mutual funds, the company also operates a growing alternatives platform comprising PMS, AIFs, and advisory mandates, with assets at INR752.8b (PMS/AIF/Assets under advisory at INR272.8b/INR159.1b/ INR320.9b). While alternatives contribute a relatively smaller share of revenues currently (15% as of FY25 vs ~7% in FY20), they offer higher fee potential, longer asset duration, and improved client stickiness. We expect the share of alternatives in the overall revenue mix to gradually rise and contribute meaningfully to overall profitability.

Exhibit 19: Revenue to post ~15% CAGR over FY26-28.



Source: Company, MOFSL

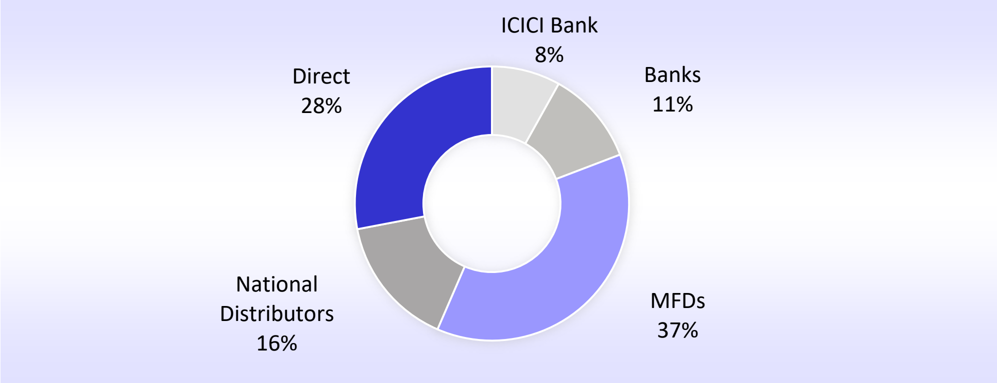
Exhibit 20: Share of MF continues is expected to remain stable



Source: Company, MOFSL

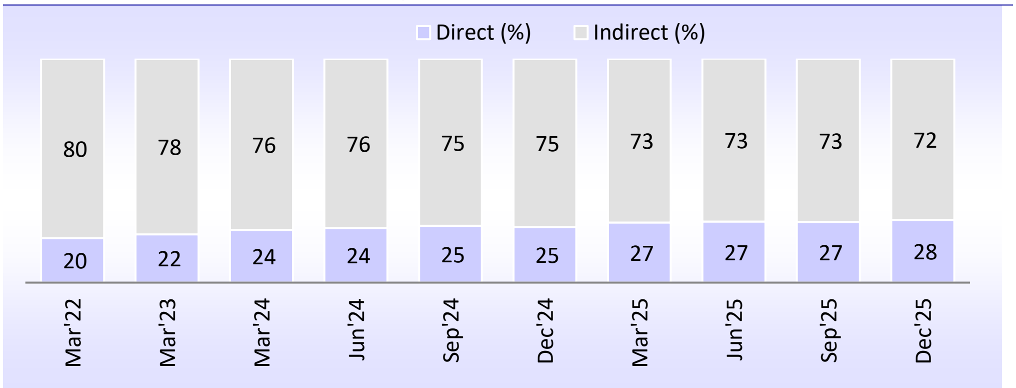
- Retail investors form the backbone of the franchise. IPRUAMC services ~16.2m investors (as of Dec'25) and has one of the largest SIP books in the industry, with monthly SIP inflows exceeding INR50b as of Dec'25. Retail assets constitute a meaningful share of overall MAAUM (64% as of Dec'25), providing earnings stability and visibility.
- Distribution remains a key competitive advantage. The company leverages ICICI Bank's nationwide branch network (7,385 branches as of Dec'25) through the bancassurance channel (8% of the mix). This is supplemented by a large MFD base (37%), national distributors (16%), other banks (11%), and a growing digital/direct channel (28%). As of FY25, IPRUAMC operated through 278 branches across India, including offices in Dubai and GIFT City, enabling deeper penetration beyond tier-1 cities and supporting steady retail acquisition.

Exhibit 21: MF equity QAAUM distribution mix as of Dec'25



Source: Company, MOFSL

Exhibit 22: Direct witnessed a steady rise in share



Source: Company, MOFSL

- Financially, the company exhibits strong profitability and capital efficiency. As of 9MFY26, IPRUAMC reported revenue of ~INR45.7b and net profit of ~INR25.3b, with operating margins of ~70%, among the highest in the industry. Return on equity has consistently remained above 80%, reflecting the asset-light business model, limited capital requirements, and strong cash generation. Balance sheet remains debt-free with healthy dividend pay-outs.
- For FY26-28, we expect revenue/operating profits/PAT/core PAT to expand at 15%/16%/16%/16% CAGRs.

Exhibit 23: Key financial parameters

INR m	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
Revenue from sales	19,791	20,046	24,177	26,892	33,759	46,828	42,476
Operating Profit	14,439	14,914	17,762	19,236	23,947	33,401	31,338
Operating Profit margins (%)	73.0%	74.4%	73.5%	71.5%	70.9%	71.3%	73.8%
PAT	10,459	12,454	14,541	15,158	20,497	26,507	25,348
PAT Margins (%)	52.8%	62.1%	60.1%	56.4%	60.7%	56.6%	59.7%

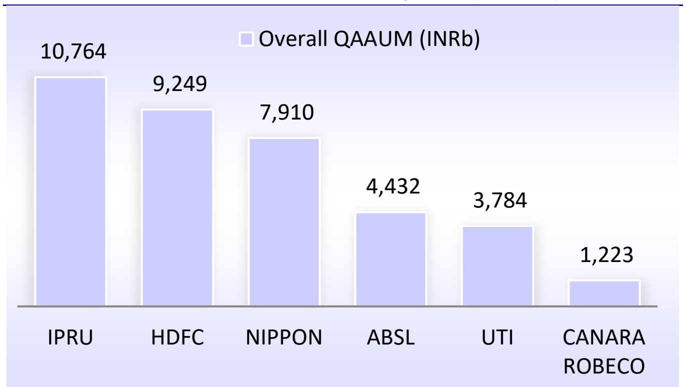
Source: Company, MOFSL

India's largest equity MF player

Largest AMC in active MF and equity and equity-oriented schemes; second-largest by overall QAAUM.

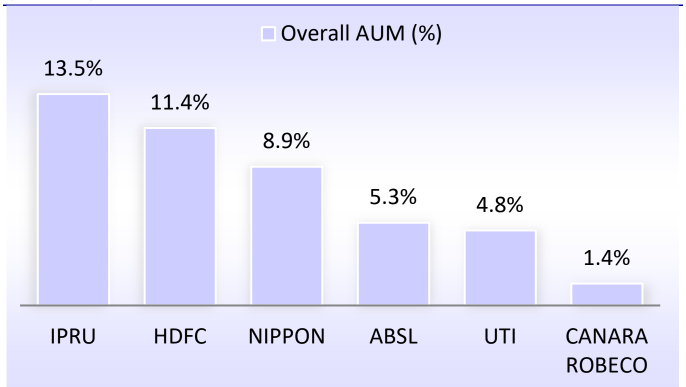
- IPRUAMC remains the largest active mutual fund manager in India, with ~13.5% market share in active MF QAAUM and QAAUM of INR9.1t as of Dec'25 (30% CAGR over FY23-FY25). Overall, the company ranks as the second-largest AMC in India, with a 13.3% market share and QAAUM of INR10.8t (33% CAGR over FY23-25) as of Dec'25.
- The company continues to dominate the equity and equity-oriented category, retaining its position as the largest equity MF manager, with a 13.8% market share and QAAUM of INR6.1t as of Dec'25 (40% CAGR over FY23-25).
- The company also remains the largest player in the hybrid segment, with QAAUM of INR2.1t and a market share of 26.3% as of Dec'25 (38% CAGR over FY23-25).

Exhibit 24: Overall AUM size across peers (Dec'25)



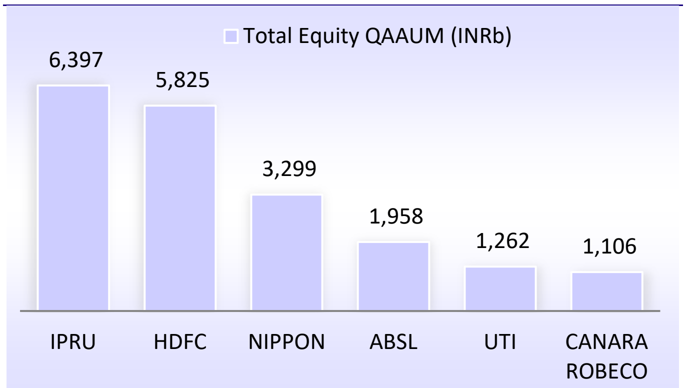
Source: Company, MOFSL

Exhibit 25: Overall AUM market share based on MAAUM (Feb'26)



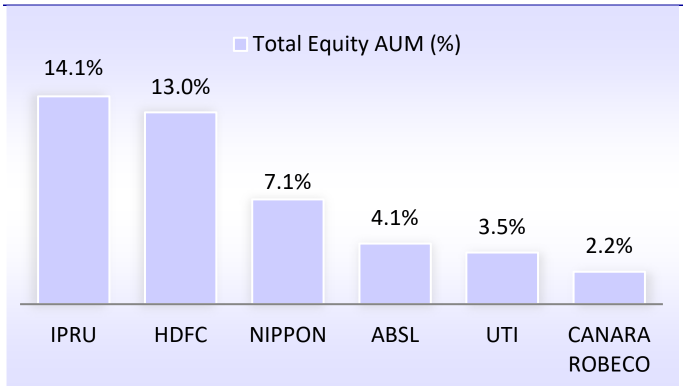
Source: Company, MOFSL

Exhibit 26: Equity QAAUM size across peers (Dec'25)



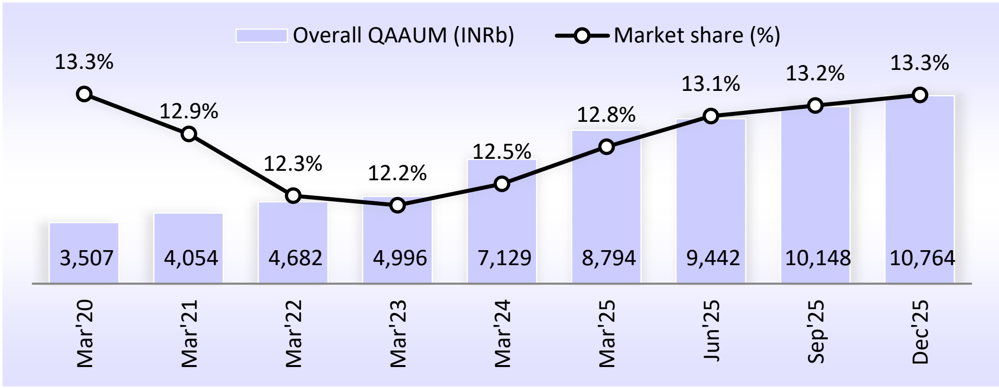
Source: Company, MOFSL

Exhibit 27: Equity AUM market share based on MAAUM (Feb'26)



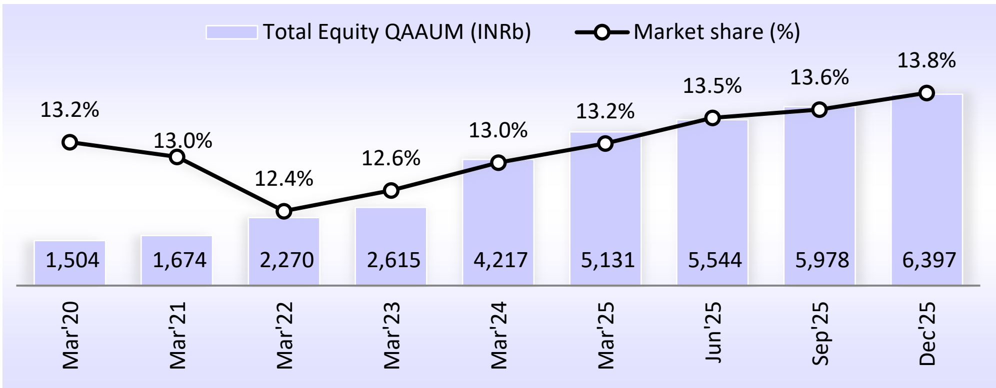
Source: Company, MOFSL

Exhibit 28: IPRUAMC's QAAUM and market share trends



Source: Company, MOFSL

Exhibit 29: IPRUAMC's equity QAAUM and market share trends

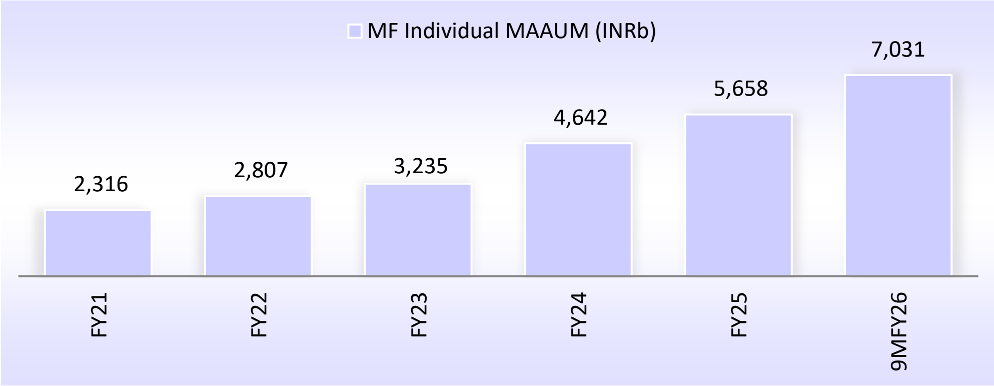


Source: Company, MOFSL

Building a strong retail franchise

- IPRUAMC has built a strong and granular retail franchise, which supports higher AUM stickiness and flow stability. As of Dec'25, the company serviced ~16.2m unique investors, accounting for a meaningful share of the industry's ~59m investor base.
- Reflecting its strong retail positioning, MAAUM attributable to individual investors stood at ~INR7t as of Dec'25, making IPRUAMC the second-largest retail AUM manager in the Indian MF industry, with a 13.3% market share.
- Individual investors constituted ~64% of the company's total mutual fund MAAUM, highlighting the structural strength of its retail-led franchise.
- Importantly, retail investors tend to allocate more toward equity-oriented schemes, which typically command higher management fees than non-equity strategies, supporting stronger revenue yields and profitability for the AMC.

Exhibit 30: Individual MF MAAUM chart trends



Source: Company, MOFSL

A diversified scheme portfolio

- IPRUAMC manages over 150 mutual fund schemes, the highest among asset management companies in India.
- The scheme mix includes:
  - 36 equity and equity-oriented schemes
  - 6 hybrid
  - 24 debt schemes
  - 84 others, including arbitrage, overnight, and liquid schemes.
- A large scheme bouquet allows the AMC to cover every asset class and investor segment, strengthen distribution engagement, enhance the ability to capture multiple themes, and build AUM resilience across cycles.

Consistent performance on 1Y/3Y return metrics

AUM-weighted basis, >80% in the top two quartiles since Apr'25 on a one-year basis and >50% on a three-year basis. Based on the number of schemes, IPRUAMC is the only AMC in India with a double-digit count of schemes appearing in the top quartile.

- Consistent fund performance is a critical driver of long-term growth for asset management companies, as sustained outperformance strengthens investor trust, distributor confidence, and fund rankings, which in turn support stronger inflows and long-term AUM compounding.
- IPRUAMC has demonstrated great improvement in recent performance trends. On a one-year AUM-weighted basis, over 80% of AUM has been positioned within the top two quartiles since Apr'25, with ~67% of AUM in the top two quartiles as of Feb'26, indicating sustained outperformance relative to peers.
- On a three-year AUM-weighted basis, more than 50% of AUM has consistently ranked within the top two quartiles since Dec'23, underscoring the firm's stable and reliable long-term performance track record.
- Based on the number of schemes, IPRUAMC stands out as the only listed AMC with a double-digit count of schemes in the top quartile across both one-year and three-year horizons.
- As of Feb'26, 11 schemes ranked in the top quartile based on one-year returns, while 12 schemes were positioned in the top quartile on a three-year return basis, reflecting consistent performance strength across the product suite.

Exhibit 31: % of AUM in the top two quartiles based on one-year and three-year returns

Total (Quartile 1 & 2)	Mar'22	Mar'23	Mar'24	Mar'25	Jun'25	Sep'25	Dec'25	Jan'26	Feb'26
1-year basis	58%	78%	57%	58%	86%	85%	90%	86%	67%
3-year basis	42%	53%	74%	76%	51%	78%	78%	59%	59%

Source: NAV India, MOFSL

Exhibit 32: Number of schemes appearing in the top quartile based on one-year and three-year performance

No. of schemes (Q1)	Mar'22	Mar'23	Mar'24	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26
1-year	7	12	8	8	12	10	13	10	16	17	16	19	21	18	11
3-year	3	6	8	8	10	11	8	9	11	11	12	12	12	12	12

Source: NAV India, MOFSL

Diversified product portfolio across asset classes

IPRUAMC offers a diversified product suite spanning MFs, alternatives, PMS, GIFT City, and offshore platforms.

- Beyond mutual funds, IPRUAMC has built a scalable presence across PMS, AIFs, and offshore advisory services.
- **PMS:** The company is scaling its PMS platform by offering high-conviction, customized equity strategies targeted at HNIs and UHNIs. The business leverages the AMC's established research capabilities, risk management framework, and distributor network to capture the rising shift of affluent investors toward bespoke portfolio solutions.
- **AIF:** The company is expanding its alternatives platform through Category II and III AIFs focused on differentiated strategies such as corporate credit opportunities, real estate yield, and long-short equity. Growth is being driven by increasing demand from HNIs and institutions for yield-oriented and non-traditional investment strategies.
- **Offshore advisory:** The AMC is strengthening its offshore advisory business by leveraging global partnerships and exporting its India investment expertise to international investors. Advisory mandates—primarily through **Eastspring Investments**, part of **Prudential plc**—help scale assets (INR320.9b as of Dec'25) across Asian markets, while providing a capital-light avenue for growth.
- The company has recently announced its foray into higher-complexity **SIFs** and has received approval from SEBI to launch this segment under a distinct brand, iSIF. Under this new platform, it is introducing two investment strategies: iSIF Equity Ex-Top 100 Long-Short Fund and iSIF Hybrid Long Short Fund.

Exhibit 33: Diversified product mix (INRb)

Particulars	FY23	FY24	FY25	Dec'24	Dec'25
Equity & Equity Oriented	2,615	4,217	5,131	5,167	6,397
Debt	1,002	1,207	1,346	1,323	1,588
ETFs	325	548	860	821	1,221
Index	179	275	382	381	454
Others	17	25	34	35	42
Liquid	858	857	1,042	1,013	1,060
MF Fund QAAUM (a)	**4,997**	**7,129**	**8,794**	**8,740**	**10,762**
PMS	45	132	212	273	273
AIF	84	84	116	159	159
Advisory	183	336	311	321	321
Alternates QAAUM (b)	**311**	**552**	**639**	**753**	**753**
Total QAAUM (a+b)	**5,308**	**7,681**	**9,433**	**9,492**	**11,514**

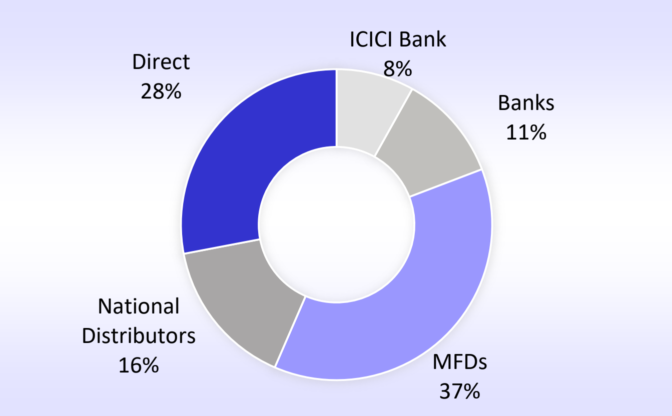
Source: AMFI, MOFSL

Pan-India, multi-channel, and diversified distribution network

IPRUAMC has maintained a well-diversified distribution mix within its MF equity QAAUM portfolio.

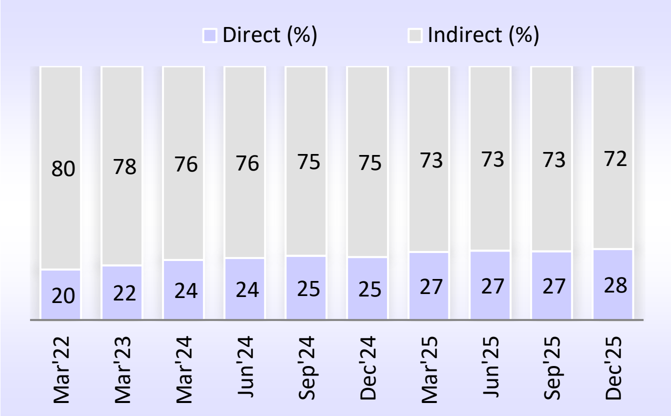
- IPRUAMC benefits from a strong and trusted brand franchise, underpinned by the parentage of ICICI Bank (53% stake) and Prudential Corporation Holdings (35% stake), which enhances institutional credibility and distribution reach. The company leverages ICICI Bank's 7,385-branch network (Dec'25) and integrated digital platforms under a closed-architecture model, driving ~76% share of the bank's MF sales, supported by a strong on-ground sales force of ~2,911 employees (total: 3,541 employees).
- Despite this structural advantage, dependence on the parent remains moderate, with ICICI Bank contributing only ~8.1% of equity AAUM in 3QFY26, providing significant headroom for incremental banca-driven inflows without single-channel concentration risk.
- The equity distribution mix remains well diversified, with banca at 19.2% (ICICI Bank: 8.1%), MFD at 37.3%, ND at 15.5%, and direct at 28% as of Dec'25. On a direct vs. indirect basis, the share of the direct channel has shown a steady upward trend, rising to 28% in Dec'25 vs. 24.8% in Dec'24.
- IPRUAMC derives ~84% of its AUM from T-30 cities and ~16% from B-30 locations as of Jan'26. B-30 markets are expected to contribute an increasing share of incremental AUM, driven by improving financial awareness, SEBI's B-30 incentive structure, and expanding SIP adoption in these markets.
- Additionally, Prudential's global asset management arm, Eastspring Investments, provides international fund management expertise and cross-border advisory capabilities, reinforcing IPRUAMC's investment depth and governance standards.
- Digital adoption remains strong, with 95.7% of total mutual fund purchase transactions executed through digital platforms during 9MFY26, underscoring the increasing shift toward technology-led distribution and investor engagement.

Exhibit 34: MF equity QAAUM distribution mix as of Dec'25



Source: Company, MOFSL

Exhibit 35: Direct witnessing a steady rise in share



Source: Company, MOFSL

Best-in-class profitability growth

IPRUAMC maintained best-in-class profitability growth, with RoE above 80%.

- IPRUAMC has delivered consistent and profitable growth, underpinned by robust financial metrics over the years. Total mutual fund AAUM, operating revenue, and PAT expanded at ~32% CAGR each over FY23-25, among the highest in the listed AMC space.
- The company's RoE was a clear differentiator at ~82% in FY25, significantly above peers (16-32%), reflecting exceptional capital efficiency. These metrics highlight IPRUAMC's ability to combine strong growth with best-in-class profitability in the Indian asset management landscape.
- In 9MFY26, operating revenue rose 24% YoY to INR42.5b, aided by a healthy yield of ~56.3bp, driven by an improved equity mix (59.4%). PAT rose 29.4% YoY to INR25.3b, outperforming most listed peers, with margins remaining robust (EBITDA 75%+, PAT ~61% in 3QFY26).
- For FY26-28E, we expect revenue/operating profits/PAT/core PAT to expand at 14%/16%/16%/16% CAGRs.

Exhibit 36: Financials table

Financials (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue from sales	20,046	24,177	26,892	33,759	46,828	57,104	65,643	75,323
Operating Profit	14,914	17,762	19,236	23,947	33,401	42,123	48,822	56,400
Other income	2,292	2,176	1,490	3,853	2,969	3,872	4,576	5,236
PBT	16,578	19,290	20,072	26,981	35,331	44,741	52,036	60,164
PAT	12,454	14,541	15,158	20,497	26,507	33,556	39,027	45,123
Core PAT	10,732	12,901	14,033	17,570	24,279	30,652	35,595	41,196

Source: Company, MOFSL

Exhibit 37: Financial ratios table

Ratios (%)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cost to Core Income Ratio	25.6%	26.5%	28.5%	29.1%	28.7%	26.2%	25.6%	25.1%
Operating Profit margins	74.4%	73.5%	71.5%	70.9%	71.3%	73.8%	74.4%	74.9%
Core PBT Margins	71.3%	70.8%	69.1%	68.5%	69.1%	71.6%	72.3%	72.9%
PAT Margins	62.1%	60.1%	56.4%	60.7%	56.6%	58.8%	59.5%	59.9%
Core PAT Margins	53.5%	53.4%	52.2%	52.0%	51.8%	53.7%	54.2%	54.7%
RoE	80.3	76.9	70.0	78.9	82.8	87.8	88.4	89.4

Source: Company, MOFSL

Peer comparison

QAAUM and Equity QAAUM

- IPRUAMC is the largest among listed asset management companies by QAAUM, with total QAAUM of INR10.8t and equity QAAUM of INR6.4t as of Dec'25. On an overall industry basis, including non-listed players, the company ranks second.
- As of Dec'25, IPRUAMC's QAAUM mix remains equity-led, with equities including hybrid contributing ~59% to total assets, followed by debt (~15%), ETFs (~11%), and liquid funds (~10%), positioning the company as a structurally higher-yielding AMC vs peers with a lower equity mix.

Exhibit 38: Comparison of total QAAUM and equity QAAUM with listed peers

	IPRU		HDFC		NIPPON		ABSL		UTI		CANARA ROBECO	
INRb	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26
Total QAAUM	8,794	10,764	7,740	9,249	5,572	7,009	3,817	4,432	3,397	3,938	1,033	1,223
Total Equity QAAUM	5,131	6,397	4,651	5,735	2,654	3,299	1,666	1,958	1,135	1,300	957	1,116

Source: Company, MOFSL

Exhibit 39: QAAUM mix comparison among listed players

	IPRU		HDFC		Nippon		ABSL		UTI		CANARA ROBECO	
QAAUM mix %	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26	FY25	9MFY26
Equity	58	59	60	62	48	47	44	44	33	33	93	91
Debt	15	15	14	14	9	9	21	22	7	6	2	3
Liquid	12	10	16	14	12	10	26	25	15	14	5	6
ETFs	10	11	2	3	28	30	2	3	31	33	-	-
Others	5	5	7	7	4	3	7	6	13	14	-	-

Source: Company, MOFSL

Overall and total equity market share:

- Based on **overall AUM market share**, IPRUAMC holds the second-largest position in the industry, accounting for ~13.5% share as of Feb'26.
- The company's market share has remained largely stable over the past few months, despite market volatility and regulatory changes. This stability underscores the resilience of its franchise, diversified product mix, and sustained investor confidence.
- In the **total equity segment (including hybrid funds)**, IPRUAMC ranks first with a market share of ~14.1%, ahead of HDFC AMC (~13%). This leadership highlights its strong positioning in higher-yielding and growth-oriented categories.
- The company has consistently maintained its leadership in the equity space over the years, supported by a robust fund performance track record, strong distribution network, and sustained inflows into equity-oriented schemes.

Exhibit 40: Market share comparison based on overall AUM (%)

Overall AUM market share (%)	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
IPRU	**13.1**	**13.1**	**13.1**	**13.1**	**13.1**	**13.0**	**13.2**	**13.3**	**13.2**	**13.2**	**13.4**	**13.5**	**13.5**
HDFC	11.5	11.4	11.5	11.5	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
NIPPON	8.2	8.3	8.4	8.5	8.5	8.5	8.5	8.6	8.6	8.6	8.7	8.8	8.9
ABSL	5.7	5.7	5.6	5.6	5.5	5.5	5.5	5.5	5.5	5.5	5.4	5.4	5.3
UTI	5.0	5.1	5.1	5.0	5.0	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.8
CANARA ROBECCO	1.5	1.5	1.5	1.5	1.6	1.5	1.6	1.6	1.5	1.5	1.5	1.4	1.4

Source: Company, MOFSL

Exhibit 41: Market share comparison based on equity AUM (%)

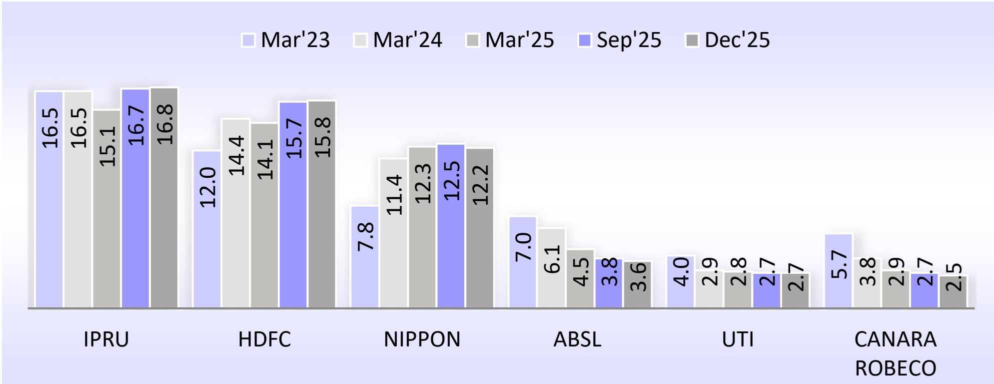
Total equity AUM market share (%)	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
IPRU	**13.5**	**13.6**	**13.6**	**13.5**	**13.5**	**13.5**	**13.6**	**13.6**	**13.7**	**13.8**	**13.9**	**14.0**	**14.1**
HDFC	12.9	12.8	12.9	12.9	12.8	12.8	12.8	12.8	12.9	12.9	12.9	12.9	13.0
NIPPON	6.9	6.9	7.0	7.0	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.0	7.1
ABSL	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.1
UTI	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5
CANARA ROBECCO	2.3	2.3	2.3	2.3	2.3	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2

Source: Company, MOFSL

SIP flows market share trend (%):

- Among listed AMCs, IPRUAMC continues to lead in SIP market share, commanding ~16.8% as of Dec'25. This was followed by HDFC AMC at ~15.8% and Nippon AMC at ~12.2%, reinforcing IPRUAMC's strong retail franchise and sustained traction in systematic flows.

Exhibit 42: IPRUAMC continues to hold a leading share in the SIP flows market

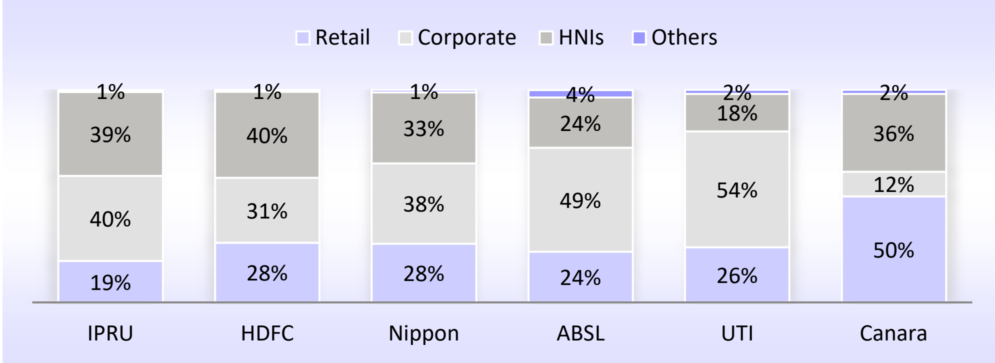


Source: Company, MOFSL

Overall AUM and equity AUM mix via asset class; T-30 and B-30 contributions; direct vs. indirect mix across peers:

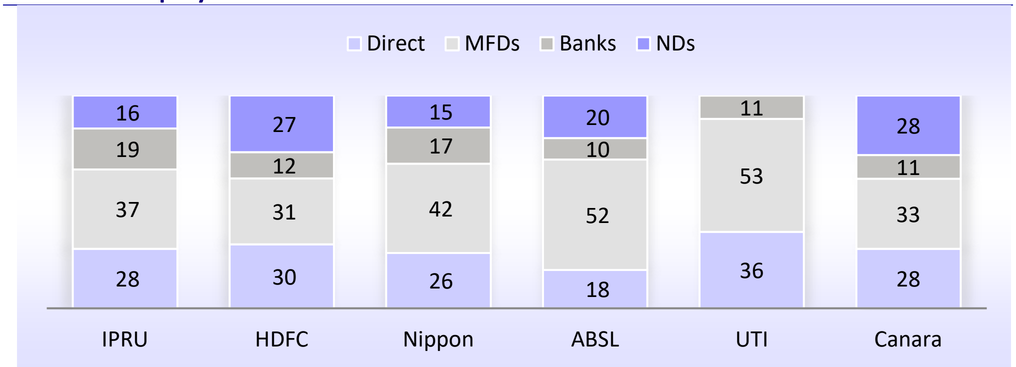
- For IPRUAMC, the corporate class continues to dominate the overall MAAUM mix at ~40%, followed by the HNI category at ~39% and the retail channel at ~19% as of Feb'26.
- The equity AUM mix for IPRUAMC is dominated by MFDs at 37%, followed by direct channel at 28%, and Banks at 19% as of Dec'25.
- IPRUAMC derives ~84% of its AUM from T-30 cities and ~16% from B-30 locations as of Feb'26.
- IPRUAMC maintains a balanced distribution profile with ~51% of AUM in direct and ~49% in indirect channels. Its direct share was higher than HDFC (44%), but lower than Nippon (60%) as of Feb'26.

Exhibit 43: Overall AUM distribution mix by asset class as of Feb'26



Source: AMFI, MOFSL

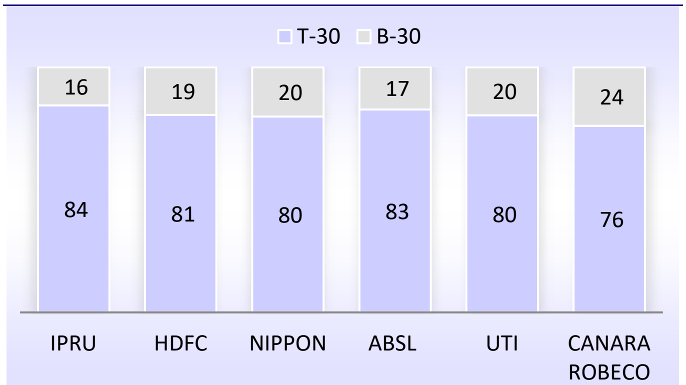
Exhibit 44: Equity AUM distribution mix as of Dec'25



Note: For UTI AMC, a separate bifurcation between banks and national distributors is not disclosed; hence, both have been considered under a single combined segment.

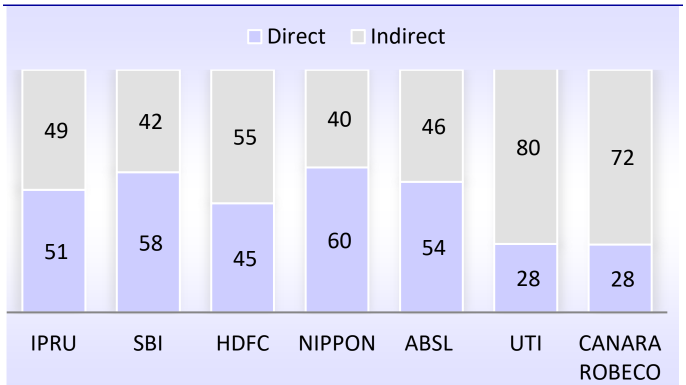
Source: Company, MOFSL

Exhibit 45: Distribution mix for T-30/B-30 based on MAAUM as of Feb'26



Source: AMFI, MOFSL

Exhibit 46: Direct vs indirect mix based on MAAUM as of Feb'26



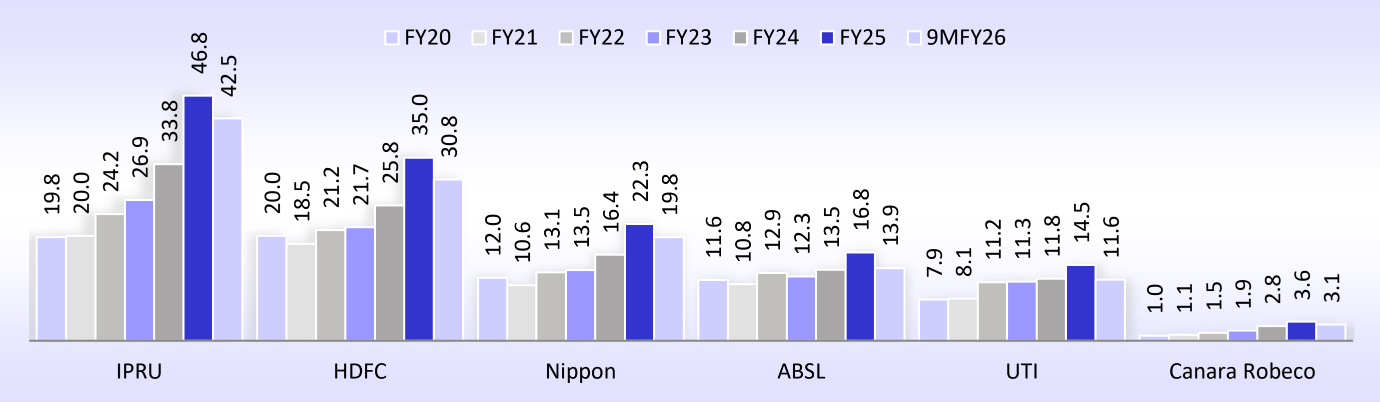
Source: AMFI, MOFSL

Revenue and yields mix across peers:

- IPRUAMC has demonstrated strong and consistent operating revenue growth, rising more than 2x over FY20–9MFY26. The sharp acceleration post-FY23, driven by equity-led AUM expansion and improved mix, underscores the strength of its franchise. Among peers, HDFC AMC remains the closest in scale, with revenue growing to INR30.7b in 9MFY26, followed by Nippon at INR19.7b.
- IPRUAMC has demonstrated strong yield stability over the years, maintaining yields in the narrow band of 54–57bp between FY20 and 9MFY26. Despite industry-wide margin pressures and increasing share of passive/direct flows,

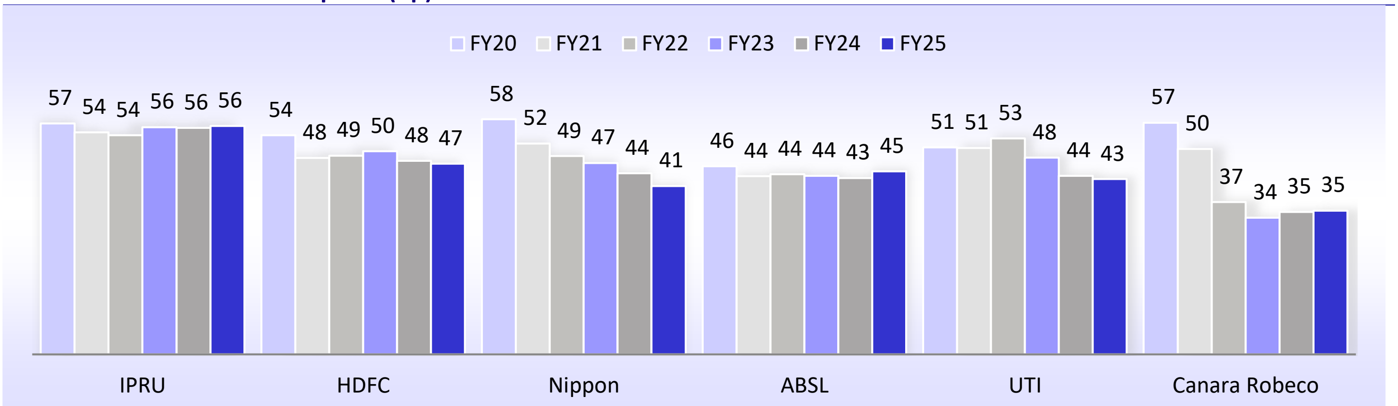
IPRUAMC has sustained ~56bp yields over the last four years. In contrast, most peers have witnessed yield contraction.

Exhibit 47: Revenue comparison across peers



Source: Company, MOFSL

Exhibit 48: Yields mix across peers (bp)

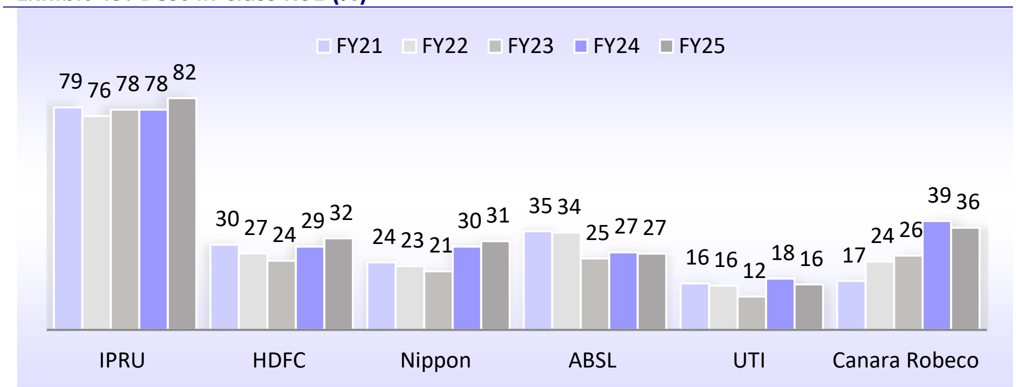


Source: Company, MOFSL

Best in class RoE:

- IPRUAMC has consistently delivered industry-leading return ratios, with RoE remaining exceptionally strong at 69-82% over FY21-FY25 and reaching 82% in FY25.
- This reflects its asset-light business model, strong profitability, and efficient capital allocation. In comparison, peers have operated at materially lower RoE levels, largely in the 16-36% range.

Exhibit 49: Best-in-class RoE (%)



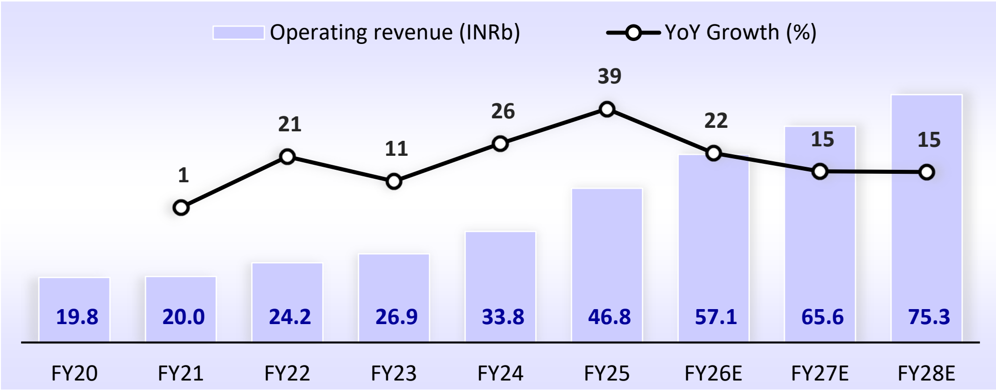
Source: Company, MOFSL

Financial performance

Consistent revenue growth

- IPRUAMC's operating revenue has expanded at a healthy CAGR of ~19% over FY20-FY25, supported by strong equity-led AUM expansion and improving operating leverage. Notably, its core MF operations accounted for ~85% of total revenue in FY25.
- Looking ahead, we expect operating revenue to expand at a **~15% CAGR over FY26–FY28**, driven by sustained equity inflows, stable yields, expanding SIP book, and a gradual improvement in market-linked AUM.

Exhibit 50: Revenue growth to trend upwards

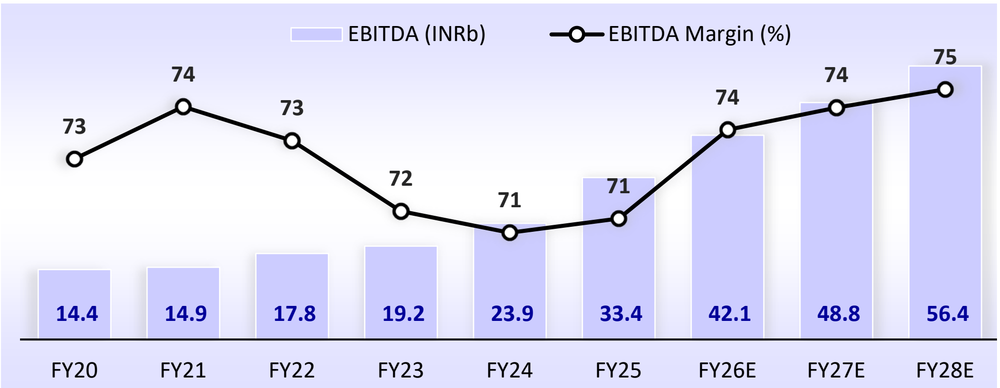


Source: Company, MOFSL

EBITDA margin remains strong, backed by operational efficiency

- IPRUAMC's EBITDA expanded at a CAGR of 18% over FY20-25, with adjusted EBITDA margin at 71% for FY25. Robust operational efficiency is expected to boost margin expansion. We expect adjusted EBITDA to expand at a 16% CAGR over FY26-28, with margin to remain above 70%.

Exhibit 51: EBITDA margin to remain above 70%, driven by operational efficiency

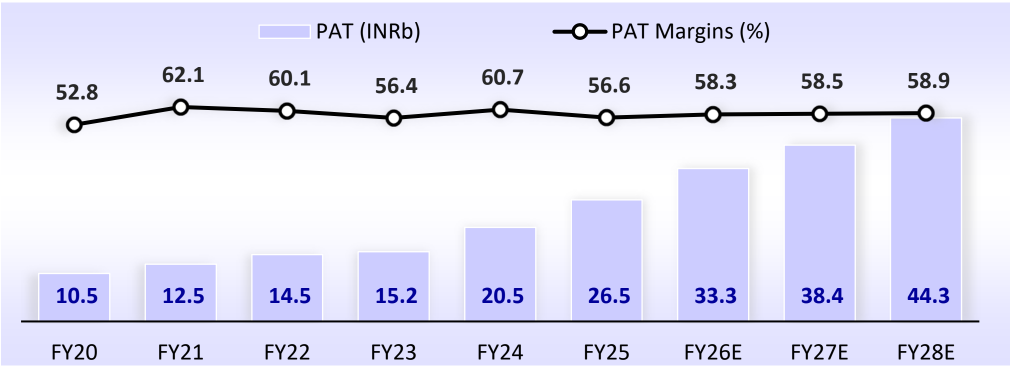


Source: Company, MOFSL

Strong top-line growth and operational efficiency to drive PAT

- IPRUAMC delivered a strong PAT CAGR of 20% over FY20-25. We expect PAT to expand at a 16% CAGR over FY26-28, backed by strong revenue growth momentum as well as robust operational efficiency.

Exhibit 52: PAT growth to remain strong going forward



Source: Company, MOFSL

Valuation and view

Initiate coverage with a BUY rating

- IPRUAMC has consistently remained among the top asset managers in India with a strong franchise built on brand credibility, diversified product mix, and institutional depth. The company has strengthened its position across equity, hybrid, and passive segments, while steadily expanding its SIP book and retail investor base. Its focus on product innovation and calibrated risk management has enabled it to sustain market share across cycles.
- While near-term equity net flows may remain volatile amid market fluctuations and competitive intensity, IPRUAMC is structurally well-placed to benefit from India's financialization theme, rising household savings into mutual funds, and increasing SIP penetration. The company's diversified AUM mix (equity, debt, hybrid, passive) provides relative earnings stability compared to pure-equity AMCs, cushioning yields during cyclical slowdowns.
- The quality of earnings remains healthy, supported by a granular retail mix, strong SIP contribution, and improving share of higher-margin equity and hybrid assets over time. Operating leverage remains favorable, given the largely fixed-cost nature of the AMC model, with incremental AUM growth translating into strong EBITDA and PAT expansion. Despite TER rationalization pressures, scale efficiencies and product mix optimization support margin resilience.
- IPRUAMC's robust distribution network (banks, national distributors, digital channels), strong institutional relationships, and increasing direct channel penetration provide a multi-year runway for sustainable AUM growth. The company's capital-light model, high free cash flow generation, and consistent dividend payout enhance return ratios and justify premium valuation vs broader financials, particularly in periods of strong equity cycle momentum.
- We expect IPRUAMC to deliver a revenue CAGR of ~15% over FY26–28, driven by sustained equity and SIP inflows, improving product mix toward higher-yielding assets, and operating leverage. We expect EBITDA margins to sustain above 70% and PAT to expand at a 16% CAGR over FY26–28.
- **We initiate coverage with a BUY rating and a one-year TP of INR3,500, based on 42x FY28E Core P/E.**

- **Key risks:**

➢ Lower-than-expected net inflows, particularly in equity and hybrid schemes, leading to slower AUM growth.
➢ Prolonged downturn or sharp correction in equity markets leading to a decline in MTM AUM and weaker investor sentiment.
➢ Higher competitive intensity from passive-only AMCs under the MF Lite framework.
➢ Shift in investor preference toward low-cost passive products, resulting in margin dilution.
➢ Regulatory changes impacting commission structures, distributor incentives, or expense ratio caps.
➢ Key fund manager attrition affecting fund performance and brand perception.
➢ Operational, compliance, or cybersecurity risks that could impact investor trust and franchise value.

ESG initiatives

Environmental initiatives

- Created digital interfaces enabling paperless transactions and seamless integration with fintech ecosystems and platforms; ~94–95% of MF purchase transactions were executed digitally, supporting largely paperless operations
- Supported water conservation initiatives, including rainwater harvesting, lake conservation, and groundwater recharge

Social initiatives

- Commitment to sustainable growth through investments aimed at uplifting communities and promoting financial literacy and skill development
- Contributed to strengthening healthcare infrastructure, including support for cancer care centers across India
- Focused on employment generation and expanding access to financial products across geographies

Governance

- Established internal policies and procedures to enable and monitor compliance across the organization, which are periodically reviewed and updated
- Ensured compliance with regulatory requirements relating to Board composition and the constitution of Board committees, including the Audit Committee, Nomination and Remuneration Committee, CSR Committee, and Risk Management Committee

Bull and Bear cases

Bull case

- ☑ In our bull case, we factor in a higher AUM CAGR of 25% (vs. 17% in the base case) over FY26-28 and a yield decline of 0.5bp (vs. a decline of 1bp in the base case) each year over FY26-28.
- ☑ Given the operating leverage in the business, we expect a 25% EBITDA CAGR vs. 16% in the base case.
- ☑ As a result, we estimate a PAT CAGR of 25% over FY26-28 vs. 16% in the base case.

Scenario analysis - Bull Case

INR b	FY25	FY26E	FY27E	FY28E
AUM	8,355	10,197	12,747	15,933
Growth (%)	37.5	22.1	25.0	25.0
Net revenues	46.8	57.1	70.2	86.2
Net Yields (Bps)	56.0	56.0	55.1	54.1
Cost to Income (%)	28.7	26.2	24.5	23.1
Core Operating Profits	33.4	42.1	53.0	66.3
PBT	35.3	44.7	55.9	69.5
PAT	26.5	33.6	41.9	52.1
Growth (%)	29.3	26.6	24.9	24.3
PAT margin (bp of AUM)	32	33	33	33
EPS (INR)	53.6	67.9	84.8	105.4
Core EPS (INR)	49.1	62.0	78.4	98.3
Target Core PE multiple (FY28E)				**47**
Target price (INR)				**4,620**
Upside (%)				**60**

Bear case

- ☑ In our bear case, we factor in a lower AUM CAGR of 12% (vs. 17% in the base case) over FY26-28 and a yield decline of 1.5bp (vs. a decline of 1bp in the base case) each year over FY26-28.
- ☑ Given the operating leverage in the business, we expect an 8% EBITDA CAGR vs. 16% in the base case.
- ☑ As a result, we estimate a PAT CAGR of 8% over FY26-28 vs. 16% in the base case.

Scenario analysis - Bear Case

INR b	FY25	FY26E	FY27E	FY28E
AUM	8,355	10,197	11,421	12,792
Growth (%)	37.5	22.1	12.0	12.0
Net revenues	46.8	57.1	62.1	67.4
Net Yields (Bps)	56.0	56.0	54.4	52.7
Cost to Income (%)	28.7	26.2	27.6	26.6
Core Operating Profits	33.4	42.1	44.9	49.5
PBT	35.3	44.7	47.5	51.9
PAT	26.5	33.6	35.6	38.9
Growth (%)	29.3	26.6	6.1	9.4
PAT margin (bp of AUM)	31.7	32.9	31.2	30.4
EPS (INR)	53.6	67.9	72.0	78.8
Core EPS (INR)	49.1	62.0	66.1	72.9
Target Core PE multiple (FY28E)				**37**
Target price (INR)				**2,700**
Downside (%)				**(7)**

SWOT analysis

- ☑ Strong parentage of ICICI Bank and Prudential Corporation Holdings, providing brand credibility and distribution depth
- ☑ Asset-light, high RoE business model with strong cash generation and dividend payout history
- ☑ Diversified AUM mix across equity, debt, hybrid, and passive products, reducing earnings volatility across market cycles
- ☑ Large and growing retail/SIP book, providing granular and sticky flows
- ☑ Wide distribution network

- ☑ Earnings remain linked to equity market levels and investor sentiment
- ☑ Blended yields vulnerable to TER rationalization and competitive pricing pressure
- ☑ Relatively lower dominance in pure passive/ETF segment compared to some peers
- ☑ Dependence on distributor-led flows in certain segments, impacting the margin mix

- ☑ Structural financialization of savings in India shifting from physical to financial assets
- ☑ Rising SIP penetration beyond Tier-1 cities
- ☑ Growth in passive investing (ETFs, index funds) and target maturity products
- ☑ Increasing adoption of direct channels, which may improve margin profile over time

- ☑ Prolonged equity market corrections leading to mark-to-market AUM decline and weaker inflows
- ☑ Regulatory changes impacting TER caps, distributor commissions, or product structures
- ☑ Intensifying competition from established AMCs
- ☑ Margin dilution due to the rapid shift toward low-cost passive products
- ☑ Key fund manager attrition impacting performance perception and flows

Management team

Mr. Nimesh Shah, MD & CEO

He has over 31 years of experience in the banking and financial services sector. He is currently associated with AMFI as a Director and also serves as a governing council member of the ICICI Foundation for Inclusive Growth. He holds a Bachelor's degree in Commerce from the University of Bombay and is a Chartered Accountant by profession.

Mr. Sankaran Naren, CIO

He has over 28 years of experience in the financial services industry. He is currently a member of the Committee on Equity Matters at AMFI. He has previously been associated with Refco - Sify, HDFC Securities, The Hongkong and Shanghai Banking Corporation, and Yoha Securities. He holds a B.Tech degree in Mechanical Engineering from IIT Madras and a post graduate diploma in Management from IIM Calcutta.

Mr. Naveen Kumar Agarwal, CFO

He has over 24 years of experience in the financial services sector. Initially, he was associated with Larsen and Toubro, Petronet India, Kanak Management Consultancy, FirstRand Bank, and ICICI Bank. He cleared the final examination for Bachelor of Commerce from the University of Calcutta and is professionally qualified as a Chartered Accountant, a Company Secretary, and a Cost Accountant.

Mr. Suresh Subramanian, COO

He has more than 24 years of experience in the financial services sector. Earlier, he worked with Colgate-Palmolive (India) Limited. He has passed the final examination for Bachelor of commerce from the University of Mumbai. He is also a Chartered Accountant by profession.

Financials and valuations

Income Statement — INR m

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Investment management fees	20,046	24,177	26,892	33,759	46,828	57,104	65,643	75,323
Change (%)	1.3	20.6	11.2	25.5	38.7	21.9	15.0	14.7
Operating Expenses	5,132	6,415	7,656	9,812	13,427	14,981	16,821	18,922
Core Operating Profits	**14,914**	**17,762**	**19,236**	**23,947**	**33,401**	**42,123**	**48,822**	**56,400**
Change (%)	3.3	19.1	8.3	24.5	39.5	26.1	15.9	15.5
Dep/Interest/Provisions	628	648	654	819	1,039	1,254	1,362	1,473
Core PBT	**14,286**	**17,114**	**18,582**	**23,128**	**32,362**	**40,869**	**47,460**	**54,928**
Change (%)	3.2	19.8	8.6	24.5	39.9	26.3	16.1	15.7
Other Income	2,292	2,176	1,490	3,853	2,969	3,872	4,576	5,236
PBT	**16,578**	**19,290**	**20,072**	**26,981**	**35,331**	**44,741**	**52,036**	**60,164**
Change (%)	17.4	16.4	4.1	34.4	30.9	26.6	16.3	15.6
Tax	4,124	4,749	4,914	6,484	8,824	11,185	13,009	15,041
Tax Rate (%)	24.9	24.6	24.5	24.0	25.0	25.0	25.0	25.0
PAT	**12,454**	**14,541**	**15,158**	**20,497**	**26,507**	**33,556**	**39,027**	**45,123**
Change (%)	19.1	16.8	4.2	35.2	29.3	26.6	16.3	15.6
Core PAT	10,732	12,901	14,033	17,570	24,279	30,652	35,595	41,196
Change (%)	4.7	20.2	8.8	25.2	38.2	26.2	16.1	15.7
Dividend	8,314	12,039	12,198	14,775	20,123	27,819	33,173	38,355

Balance Sheet — INR m

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Equity Share Capital	177	177	177	177	177	494	494	494
Reserves & Surplus	17,448	19,998	22,954	28,652	34,993	40,730	46,584	53,353
Net Worth	**17,625**	**20,174**	**23,131**	**28,828**	**35,169**	**41,224**	**47,078**	**53,847**
Borrowings	0	0	0	0	0	0	0	0
Other Liabilities	3,438	4,173	4,476	6,249	8,036	8,609	9,228	9,896
Total Liabilities	**21,063**	**24,347**	**27,606**	**35,077**	**43,206**	**49,833**	**56,306**	**63,743**
Cash and Investments	17,866	20,654	23,189	29,164	33,132	39,360	44,950	51,470
Change (%)	40.3	15.6	12.3	25.8	13.6	18.8	14.2	14.5
Loans	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Fixed Assets	1,335	1,372	1,499	1,994	3,092	5,934	6,434	6,934
Current Assets	1,862	2,321	2,918	3,919	6,981	4,540	4,922	5,339
Total Assets	**21,063**	**24,347**	**27,606**	**35,077**	**43,206**	**49,833**	**56,306**	**63,743**

E: MOSL Estimates

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
AAAUM (INR B)	**3,679**	**4,499**	**4,823**	**6,075**	**8,355**	**10,197**	**11,909**	**13,915**
Change (%)	5.3	22.3	7.2	25.9	37.5	22.1	16.8	16.9
Equity (Including Hybrid)	40.5	46.5	51.3	52.8	58.7	58.8	59.4	60.0
Debt	33.7	29.2	21.2	19.5	15.5	15.1	14.5	13.9
Liquid	21.6	17.6	17.5	13.9	11.8	10.5	10.0	9.6
Others	4.3	6.7	10.0	13.8	14.0	15.6	16.1	16.5

E: MOFSL Estimates

Financials and valuations

Cash Flow Statement

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cashflow from operations	**13,396**	**15,066**	**15,657**	**21,746**	**28,283**	**33,946**	**39,363**	**45,399**
PBT	16,578	19,290	20,072	26,981	35,331	44,741	52,036	60,164
Depreciation and amortization	471	509	505	657	854	1,068	1,158	1,248
Tax Paid	-4,124	-4,749	-4,914	-6,484	-8,824	-11,185	-13,009	-15,041
Deferred tax	232	-17	-181	362	119	29	32	35
Interest, dividend income (post-tax)	-69	-291	-340	-448	-518	-1,076	-1,248	-1,428
Interest expense (post-tax)	118	105	113	123	139	139	153	168
Working capital	192	220	403	555	1,182	230	241	253
Cash from investments	**-5,059**	**-2,882**	**-3,315**	**-6,851**	**-8,089**	**-6,102**	**-5,973**	**-6,886**
Capex	-302	-561	-655	-1,150	-4,775	-1,118	-1,658	-1,748
Interest, dividend income (post-tax)	69	291	340	448	518	1,076	1,248	1,428
Others	-4,827	-2,613	-3,001	-6,150	-3,832	-6,060	-5,563	-6,566
Cash from financing	**-8,367**	**-12,091**	**-12,270**	**-14,871**	**-20,252**	**-27,616**	**-33,300**	**-38,494**
Equity	0	0	0	0	0	318	0	0
Debt	-21	5	44	51	53	24	27	29
Interest costs	-118	-105	-113	-123	-139	-139	-153	-168
Dividends Paid	-8,314	-12,039	-12,198	-14,775	-20,123	-27,819	-33,173	-38,355
Others	86	47	-4	-25	-42	0	0	0
Change of cash	**-30**	**92**	**72**	**24**	**-58**	**228**	**91**	**20**
Cash start	181	150	243	314	338	280	508	599
Cash end	150	243	314	338	280	508	599	618
FCFF	**13,095**	**14,505**	**15,003**	**20,597**	**23,509**	**32,828**	**37,705**	**43,651**

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Margins Analysis (%)								
Operating income to total income	89.7	91.7	94.8	89.8	94.0	93.6	93.5	93.5
Cost to Core Income Ratio	**25.6**	**26.5**	**28.5**	**29.1**	**28.7**	**26.2**	**25.6**	**25.1**
EBITDA Margins	74.4	73.5	71.5	70.9	71.3	73.8	74.4	74.9
Core PBT Margins	**71.3**	**70.8**	**69.1**	**68.5**	**69.1**	**71.6**	**72.3**	**72.9**
PBT Margins (On total income)	74.2	73.2	70.7	71.7	70.9	73.4	74.1	74.7
Profitability Ratios (%)								
RoE	80.3	76.9	70.0	78.9	82.8	87.8	88.4	89.4
Dividend Pay-out Ratio	66.8	82.8	80.5	72.1	75.9	82.9	85.0	85.0

Valuations	2021	2022	2023	2024	2025	2026E	2027E	2028E
BVPS (INR)	36	41	47	58	71	83	95	109
Change (%)	-53.0	14.5	14.7	24.6	22.0	17.2	14.2	14.4
Price-BV (x)	**81.1**	**70.9**	**61.8**	**49.6**	**40.7**	**34.7**	**30.4**	**26.6**
EPS (INR)	25.2	29.4	30.7	41.5	53.6	67.9	79.0	91.3
Change (%)	-57.5	16.8	4.2	35.2	29.3	26.6	16.3	15.6
Price-Earnings (x)	**114.8**	**98.3**	**94.3**	**69.8**	**53.9**	**42.6**	**36.6**	**31.7**
Core EPS (INR)	21.7	26.1	28.4	35.6	49.1	62.0	72.0	83.4
Change (%)	-62.6	20.2	8.8	25.2	38.2	26.2	16.1	15.7
Core Price-Earnings (x)	**133.2**	**110.8**	**101.9**	**81.4**	**58.9**	**46.6**	**40.2**	**34.7**
DPS (INR)	16.8	24.4	24.7	29.9	40.7	56.3	67.1	77.6
Dividend Yield (%)	**0.6**	**0.8**	**0.9**	**1.0**	**1.4**	**1.9**	**2.3**	**2.7**

E: MOFSL Estimates

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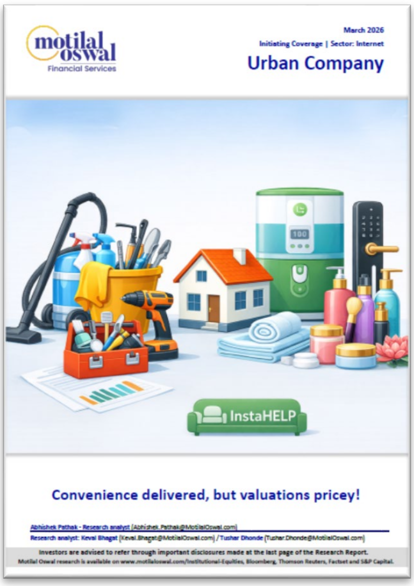

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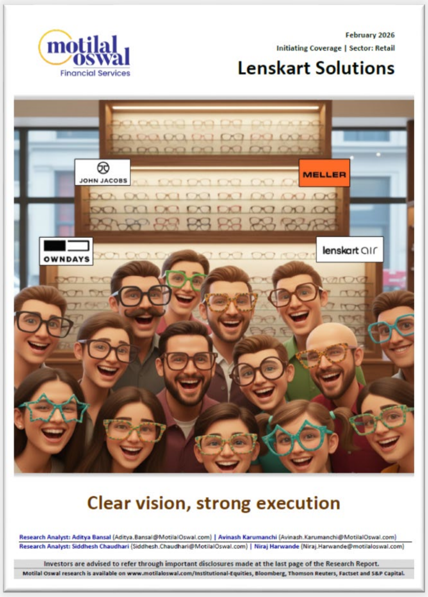

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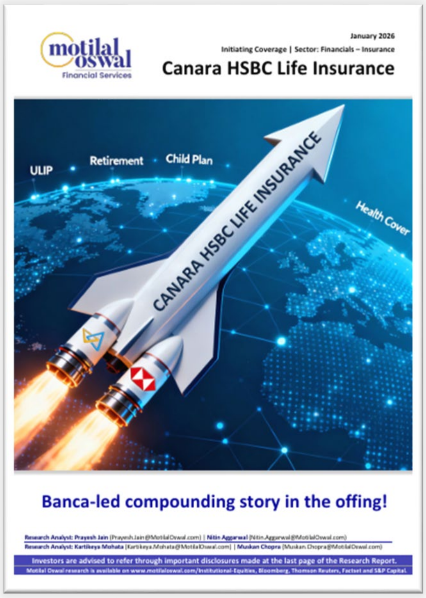

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	**Contact No.**	**Email ID**
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.