

# Asset and Wealth Management

## This Too Shall Pass



Gaining from  
investment culture

Combating yield compression  
with brand and distribution

Capital efficient with  
limited balance-sheet risk

# Asset and Wealth Management

## This Too Shall Pass

Despite flattish markets, SIP inflows remain steady – consistently grown at 15%+ YoY. Furthermore, despite flat markets since Sep'24, net inflows into equity (+hybrid – arbitrage) have been steady ex-thematic inflows, which are largely influenced by New Fund Offers. We believe in the structural story of AMCs—which have benefited from an emerging investment culture, wider reach led by emerging fintech platforms and deepening offline distribution. AMCs have, thus, combated fall in yields.

We are initiating coverage on IPRU AMC at ADD with a TP of INR 3,650 and on Canara Robeco AMC at BUY with a TP of INR 325. IPRU AMC commands a premium valuation with the largest scale, market share gains in volatile markets and strong offering beyond mutual funds. At CMP, it trades at 38x FY28E EPS of INR 95. Given its strong market share gains, we expect the AMC to compound earnings at a 19% CAGR over FY26–28E; this along with a valuation of 38x FY28E EPS of INR 95 yields a TP of INR 3,650.

Canara Robeco AMC, with 90%+ of its AUM in equity, has traded below its IPO price recently. However, the focus on equity makes it the best play on India's growing investment culture. Furthermore, with SEBI's relook at expense ratios, smaller AMCs such as CRAMC will be better placed than larger peers. We expect the AMC to clock an earnings CAGR of 23% over FY26–28E; this along with a valuation of 21x FY28E EPS of INR 15 yields a TP of INR 325.

Among the players already listed, we prefer HDFC AMC over NAM – given the former's superior earnings growth and comparable valuations; we are upgrading HDFC AMC to BUY and downgrading NAM to ADD. We believe UTI AMC is at an inflexion with management change and VRS acceptance; even so, we expect re-rating to be gradual; maintain ADD with a revised TP of INR 1,050.

**Gaining from investment culture:** AMCs have benefited greatly from the shift in household savings from physical to financial assets. The global pattern of household savings indicates that as a country's per capita income and wealth increases, allocation to financial assets increases. Over Mar'20–Mar'25, AMCs' total/equity AUM compounded at 24%/35% compared with an 11% CAGR in bank deposits. Going forward, we expect product diversification to differentiate AMCs' growth trajectories—with SIFs', AIFs' and PMSs' scaling up. For instance, IPRU AMC is presently leading the alternatives space in India.

**Combating yield compression with brand and distribution:** Strong growth in equity AUM is being driven by growing retail participation. At end-Feb'26, equity AUM comprised 60% and retail AUM comprised 60% of total MF AUM. This compares favourably to 41%/51% composition of equity/retail AUM in Feb'18. Digital platforms have driven this adoption. In 3QFY26, the Groww platform alone contributed 13% to industry SIP flows, which compares favourably with the flow market shares of leading banks. AMCs have started pulling back, HDFC AMC and NAM cut payouts over FY25 and FY26. As a result, yield compression decelerated for leading AMCs even though equity AUM continues to compound.

**Capital efficient with limited balance sheet risk:** In FY25, four listed AMCs reported aggregate expenses of INR 760mn +-10% even as core revenue varied from INR 35bn for HDFC AMC to INR 14bn for UTI AMC. This signifies 'scale benefits' for AMCs. With strong AUM growth post-covid, leading AMCs have focused on expanding products and distribution; hence, opex has clocked a 16% CAGR over FY23–25E compared with 7% over FY20–23. However, with tailwinds for industry growth in AUM, an AMC just maintaining its market share should comfortably compound earnings in mid- to high teens. For leading AMCs, RoEs are over 30%, among the highest in the BFSI space.

### AMC valuations in a snapshot

Company	CMP	Reco.	EPS			P/E			P/B		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
IPRU AMC	3,354	ADD	66.7	79.3	95.3	50.3	42.3	35.2	39.7	33.4	28.1
CRAMC	258	BUY	10.1	12.1	15.1	25.6	21.3	17.0	6.8	5.5	4.4
HDFC AMC	2,546	BUY	66.4	79.8	95.5	38.3	31.9	26.7	12.1	10.9	9.7
NAM (consolidated)	915	ADD	22.3	25.5	31.3	41.1	35.8	29.2	12.9	12.1	11.1
UTI AMC (consolidated)	960	ADD	46.8	72.1	82.7	20.5	13.3	11.6	2.6	2.5	2.3

Source: Company, Bloomberg, JM Financial, Note: CMP as on April 13, 2026

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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

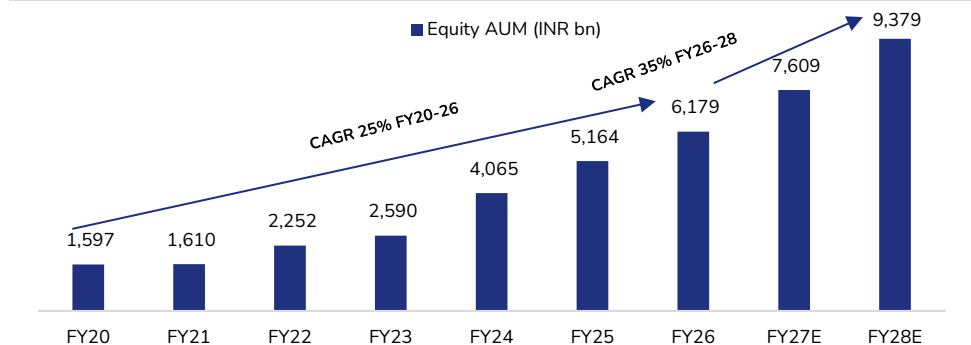
# Investment Summaries

## ICICI Prudential AMC

ICICI Pru. AMC stands out as a market leader with a well-diversified franchise across equity, debt and alternatives supported by sustained market share gains and superior profitability metrics. The AMC’s strategic shift towards higher-yielding equity and balanced products along with a rapidly scaling up alternatives platform (further strengthened by the ICICI Ventures acquisition) positions it for margin expansion and revenue diversification. With industry-leading equity yields and RoEs of 80%+, the business demonstrates strong capital efficiency, justifying its premium valuation versus peers.

Given its leadership position, consistent execution and structural tailwinds from financialisation of savings, we expect earnings to compound at 19% over FY26–28E. Initiate with an ADD and TP of INR 3,650, valuing the franchise at 38x FY28E EPS of INR 95, with scope for sustained premium multiples over the medium term.

**Exhibit 1: Equity AUM share growing faster than overall AUM growth**



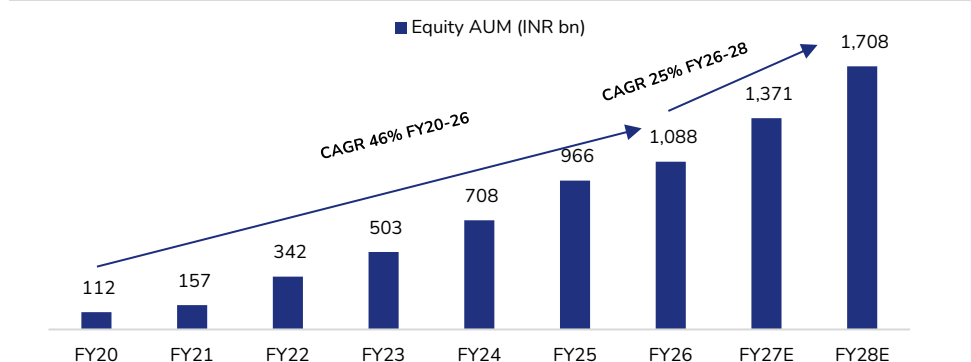
Source: Company, JM Financial

## Canara Robeco AMC

Canara Robeco AMC is well positioned to benefit from India’s structurally rising equity penetration backed by its strong post-covid AUM growth, high equity mix (90%+) and robust distribution franchise. The company has consistently outpaced industry growth, supported by healthy fund performance, strong SIP inflows and higher B-30 penetration, which lends stability to flows even in volatile markets.

Despite near-term pressure on the stock due to its equity-heavy positioning, CRAMC has maintained stable yields (~34bps) unlike peers facing compression and stands to benefit from evolving regulatory dynamics. With operating leverage expected to drive an earnings CAGR of 23% over FY26–28E, we see scope for margin expansion and a re-rating as market conditions improve. We are initiating coverage at BUY with a TP of INR 325, valuing the stock at 21x FY28E EPS of INR 15.

**Exhibit 2: Equity AUM share has been growing faster**



Source: Company, JM Financial

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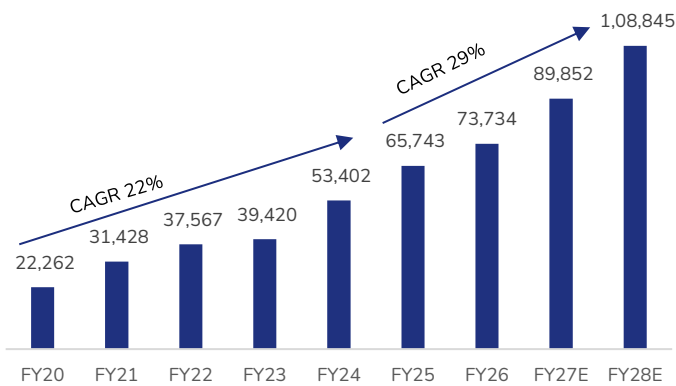
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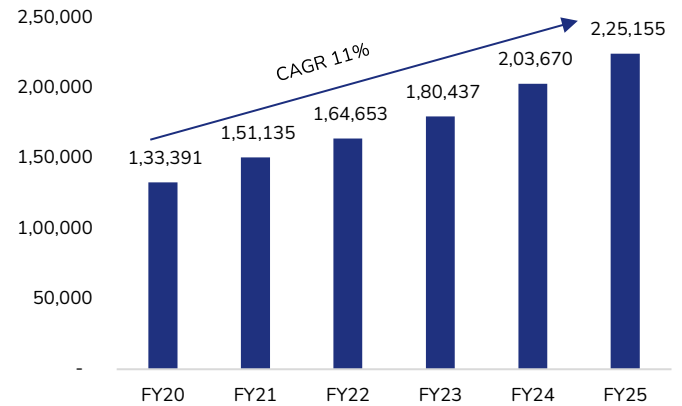
# Focus Charts

**Exhibit 3: Industry AUM CAGR of 22% over FY20–26**



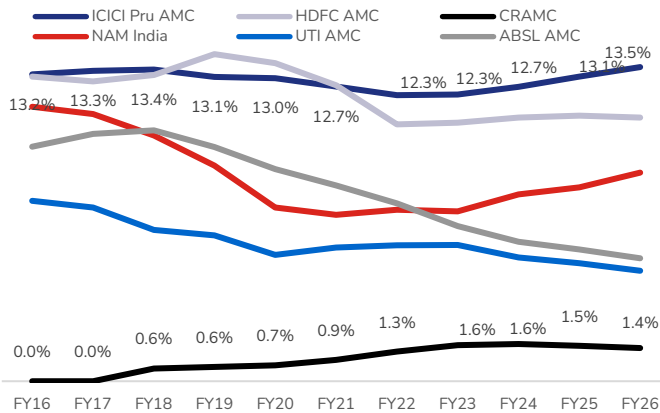
Source: Company, JM Financial

**Exhibit 4: 11% Bank deposits' CAGR over FY20–25**



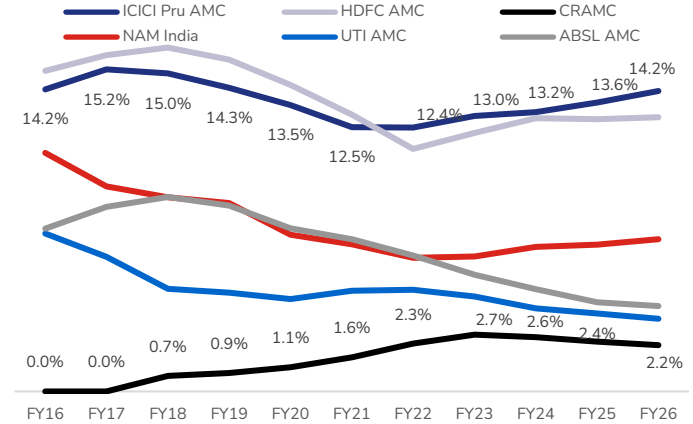
Source: Company, JM Financial

**Exhibit 5: Overall market share: IPRU leads the market**



Source: Company, JM Financial

**Exhibit 6: Equity market share: CRAMC gaining market share in equity**



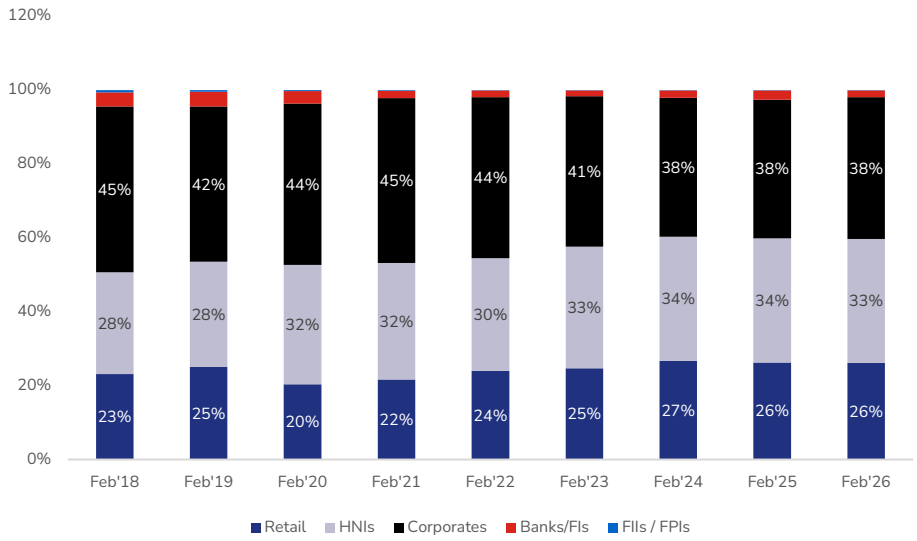
Source: Company, JM Financial

**Exhibit 7: Canara Robeco's ability to pay high commission as compared to others**

Name of AMC	Regular Plan - Base TER (%)	Direct Plan - Base TER (%)	Commission (%)
CRAMC	1.99	0.56	1.43
UTI AMC	1.92	0.59	1.33
ABSL AMC	1.67	0.61	1.06
ICICI Pru AMC	1.33	0.51	0.82
NAM India	1.50	0.87	0.63
HDFC AMC	1.24	0.69	0.55

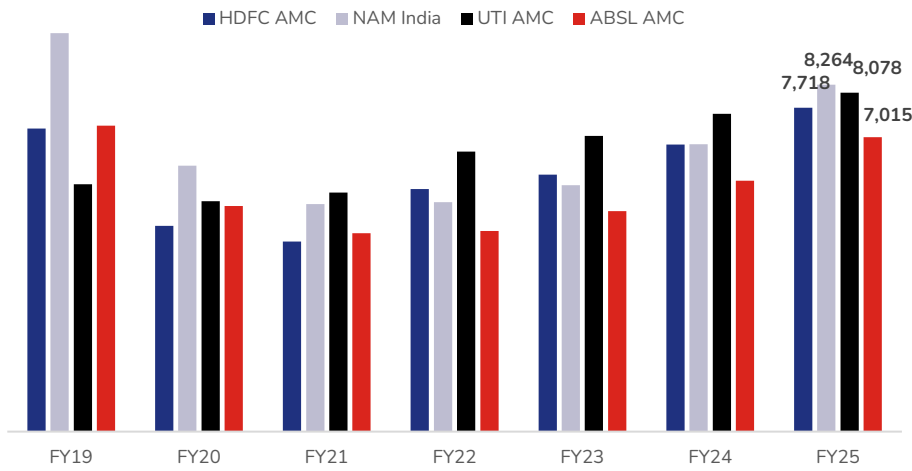
Source: Company, JM Financial

**Exhibit 8: Individual share (Retail + HNIs) in industry AUM has grown**



Source: Company, JM Financial

**Exhibit 9: Operating expenses of listed AMCs along similar lines regardless of revenue**



Source: Company, JM Financial

# Industry Trends

## Beyond Financialisation, AMCs Gain from Investment Culture

AMCs have benefited greatly from the shift in household savings from physical to financial assets. The global pattern of household savings indicates that as a country's per capita income and wealth increases, allocation to financial assets increases. This phenomenon is visible in India as well.

Furthermore, the confidence in digital payments and regulatory oversight alongside increased awareness of and access to investment products has fuelled this shift. In recent months, this reflected in strong inflows into gold and silver ETFs and growing volumes in commodity trades.

Over Mar'20–Mar'25, AMCs' total/equity AUM compounded at 24%/35% compared with an 11% CAGR in bank deposits. Going forward, we expect product diversification to differentiate AMCs' growth trajectories—with SIFs', AIFs' and PMSs' scaling up. For instance, IPRU AMC is presently leading the alternatives space in India.

## Distribution Widened; Brand Critical, and Performance Too

Strong growth in equity AUM is being driven by growing retail participation. At end-Feb'26, equity AUM comprised 60% and retail AUM comprised 60% of total MF AUM. This compares favourably to 41%/51% composition of equity/retail AUM in Feb'18. Alongside strong regulatory oversight by SEBI, AMFI has popularised savings into MFs via campaigns such as "Mutual Funds Sahi Hai".

Over the last few years, digital platforms have driven this adoption. In 3QFY26, the Groww platform alone contributed 13% to industry SIP flows, which compares favourably with the flow market shares of banks such as ICICI Bank and HDFC Bank. At the same time, household names such as HDFC AMC and IPRU AMC continue to maintain/gain market share owing to the trust built over the years.

## AMCs Combat Yield Compression

Over FY20–25, core revenue for listed AMCs compounded at a substantially slower rate than equity/total AUM CAGR, a result of telescopic pricing. This compression in yields made MFs more attractive for investors, thereby giving inflows into equity MFs a boost. Presently, distributors earn a higher yield than AMCs.

Recently, AMCs have started pulling back with HDFC AMC and NAM cutting payouts to distributors over FY25 and FY26. As a result, yield compression decelerated for leading AMCs even though equity AUM continues to compound. Recently, SEBI has changed its TER (Total Expense Ratio) framework to a BER (Base Expense Ratio) framework (refer to our note [Impact of SEBI guidelines lower than estimated earlier](#)).

While the revised framework impacts larger MF schemes, they should be able to reduce payouts and still maintain customer wallet share given their track record of wealth generation.

## Capital Efficient with Limited Balance Sheet Risk

In FY25, four listed AMCs reported aggregate expenses of INR 760mn +-10% even as core revenues varied from INR 35bn for HDFC AMC to INR 14bn for UTI AMC. This signifies 'scale benefits' for AMCs.

With strong AUM growth post-covid, leading AMCs have focused on expanding products and distribution; hence, opex has clocked a 16% CAGR over FY23–25E compared with 7% over FY20–23. However, with the tailwinds for industry growth in AUM, an AMC just maintaining its market share should comfortably compound earnings in mid- to high-teens.

## Valuation Comparables and Sector View

Recent market volatility – led entirely by global macros and their impact on India – has led to a de-rating in AMCs (among others) to attractive levels. SIP inflows remain steady—consistent CAGR of 15%+ YoY. Furthermore, despite broadly flat markets since Sep'24, net inflows into equity (+hybrid – arbitrage) have been steady if we exclude thematic inflows, which are largely influenced by NFOs. We believe in the structural story of AMCs – which have benefited from an emerging investment culture, widened reach with emerging fintech platforms and deepening offline distribution. AMCs have combated any fall in yields by rationalising payouts, not to mention operating leverage.

- **IPRU AMC** recently went public and commands a premium valuation—by virtue of largest scale, market share gains in volatile markets and strong offerings beyond mutual funds. At CMP, the stock is trading at 36x FY28E EPS of INR 95. With strong market share gains, we expect the AMC to compound earnings at a 19% over FY26–28E; this coupled with a valuation of 38x FY28E EPS of INR 95 yields a TP of INR 3,650; initiate at ADD.
- Traditionally, **HDFC AMC** has traded at a ~20% premium to NAM; however, NAM is trading at a similar valuation—of 28x FY28E EPS to HDFC AMC. This is the result of market share gains – its flow market share remains substantially higher than book market share and a large ETF book, which has helped it over the last two quarters. Hereon, we expect HDFC AMC to outperform both IPRU AMC and NAM. We are upgrading HDFC AMC to a BUY, valuing the AMC at 33x FY28E EPS of INR 96, yielding a revised TP of INR 3,200 from INR 2900 (earlier valuing it at 31x FY28E).
- While we remain positive on **NAM**, we expect it to underperform HDFC AMC. We are downgrading NAM to ADD, valuing it at 33x FY28E EPS of INR 31, yielding unchanged TP of INR 1,030 (earlier valuing at 30x FY28E).
- We have closely tracked **UTI AMC** in recent past. With the recent management change (Mr Vetri taking over as CEO), acceptance of the VRS offering (expected to result in a rejuvenated salesforce) and improved fund inflows, we believe the AMC is at an inflexion point. However, we expect its re-rating to be gradual; maintain ADD, valuing the AMC at 13x FY28E EPS of INR 82, yielding a revised TP of INR 1,050 (earlier INR 1,130 valuing at same multiple).
- With recent market volatility, **Canara Robeco AMC**, with 90%+ of its AUM in equity, has traded below its IPO price recently. Furthermore, with SEBI's relook at expense ratios, we believe smaller AMCs such as CRAMC are better placed than the larger peers. We expect the AMC to compound earnings at 23% over FY26–28E; this along with a valuation of 21x FY28E EPS of INR 15 yields a TP of INR 325; initiate at BUY.

Exhibit 10: Growth metrics across AMCs

	AUM growth (%)			Equity AUM growth (%)			Expenses growth (%)			EPS growth (%)		
	FY26	FY27e	FY28e	FY26	FY27e	FY28e	FY26	FY27e	FY28e	FY26	FY27e	FY28e
<b>IPRU AMC</b>	21%	21%	21%	20%	23%	23%	10%	18%	13%	24%	19%	20%
<b>CRAMC</b>	12%	25%	24%	13%	26%	25%	25%	17%	15%	5%	20%	25%
HDFC AMC	19%	21%	21%	19%	23%	22%	16%	13%	11%	15%	20%	20%
NAM	29%	23%	20%	23%	26%	23%	16%	12%	13%	10%	15%	23%
UTI AMC	17%	20%	20%	0%	15%	17%	19%	-4%	7%	-19%	54%	15%

Source: Bloomberg, Company, JM Financial

Exhibit 11: Valuation: Peer comparison

Company	CMP	Reco.	EPS			P/E			P/B		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
<b>IPRU AMC</b>	<b>3,354</b>	<b>ADD</b>	<b>66.7</b>	<b>79.3</b>	<b>95.3</b>	<b>50.3</b>	<b>42.3</b>	<b>35.2</b>	<b>39.7</b>	<b>33.4</b>	<b>28.1</b>
<b>CRAMC</b>	<b>258</b>	<b>BUY</b>	<b>10.1</b>	<b>12.1</b>	<b>15.1</b>	<b>25.6</b>	<b>21.3</b>	<b>17.0</b>	<b>6.8</b>	<b>5.5</b>	<b>4.4</b>
HDFC AMC	2,546	BUY	66.4	79.8	95.5	38.3	31.9	26.7	12.1	10.9	9.7
NAM	915	ADD	22.3	25.5	31.3	41.1	35.8	29.2	12.9	12.1	11.1
UTI AMC	960	ADD	46.8	72.1	82.7	20.5	13.3	11.6	2.6	2.5	2.3

Source: Company, JM Financial

# Key Risks

## Market volatility due to adverse environment

Political and economic factors such as GDP growth and change in repo rates can introduce significant volatility in capital markets as investors react to potential policy changes and their implications for different sectors and industries. Furthermore, geopolitical events – such as trade disputes, military conflicts and diplomatic tensions – can contribute to market instability. For an AMC, we expect equity AUM to compound at 20%+ with half the gains coming from inflows and the other half from appreciation. Hence, even if inflows sustain, flat markets will result in weak AUM growth for players, resulting in weak revenue and earnings growth.

## Increased competition with new players entering market

Increased competition from new players entering the market will drive fund managers to be more innovative and agile in their investment strategies as they strive to attract and retain investors. AMCs are also leveraging tech platforms or are being tech-focused to cater to the market. This may lead to the introduction of new funds, specialised investment products and enhanced digital platforms, providing a more seamless and personalized investment experience. As new players enter the market, with higher expense ratios, they can pay higher commissions, which will put pressure on even the larger players.

## Investor awareness about investing in MFs still low

Despite significant expansion of the MF industry, many individuals remain uncertain about investment options. At end-2023, a mere 8% of India's population invested in MFs, a relatively low percentage compared with developed nations, wherein traditional investments such as fixed deposits and gold are still preferred. A major obstacle for industry is changing this mindset and establishing trust. Although awareness is increasing in urban areas, rural regions and smaller towns continue to lack knowledge about MFs. Residents in these areas often have a limited understanding of the benefits and potential of MFs, leading to hesitation. As expense ratios have diluted in tandem with growing AUM for mutual funds, the ability to spend on distribution has reduced, which can limit investor education.

## Regulatory challenges

The Indian MF industry operates within a regulatory framework that, while important, can sometimes slow progress. Alterations to tax laws, investment rules and compliance standards can perplex investors and complicate the investment process. To foster ongoing investor trust, the industry must stay abreast of these regulatory changes while maintaining transparency. For instance, with a reduced cap on brokerages, the research support from brokers available to mutual funds can reduce, which may impact performance.

# Industry Trends At Length

## Beyond Financialisation, AMCs Gain from Investment Culture

AMCs have benefited greatly from the tidal shift in household savings from physical to financial assets. The global pattern of household savings indicates that as a country's per capita income and wealth increases, allocation to financial assets increases. This phenomenon is visible in India as well.

Furthermore, the confidence in digital payments and regulatory oversight alongside increased awareness of and access to investment products has fuelled this shift. In recent months, this is reflected in strong inflows into gold and silver ETFs and growing volumes in commodity trades.

Over Mar'20–Mar'25, AMCs total/equity AUM compounded at 24%/35% compared with an 11% CAGR in bank deposits. Going forward, we expect product diversification to differentiate AMCs' growth trajectories—with SIFs', AIFs' and PMSs' scaling up. For instance, IPRU AMC is presently leading the alternatives space.

**Exhibit 12: Equity AUM compounds 23% over FY22–26: inflows being a major contributor**

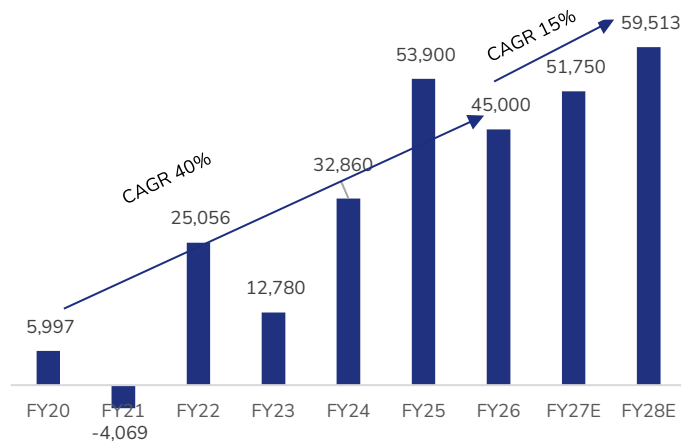
Industry AUM Composition (%)	FY22	FY23	FY24	FY25	FY26	CAGR (FY22-26)
<b>Equity Funds</b>						
Opening funds	13,684,548	18,831,833	20,345,326	31,200,063	38,839,660	30%
Net Inflows	2,505,606	1,277,984	3,286,002	5,390,012	5,043,229	19%
Appreciation	2,641,679	235,508	7,568,735	2,249,585	-993,335	
<b>Closing Equity AUM</b>	<b>18,831,833</b>	<b>20,345,326</b>	<b>31,200,063</b>	<b>38,839,660</b>	<b>42,889,554</b>	<b>23%</b>
<i>Inflows as a %age of opening AUM</i>	18.3%	6.8%	16.2%	17.3%	13.0%	
<i>Appreciation as a %age of opening AUM</i>	19.3%	1.3%	37.2%	7.2%	-2.6%	
<b>Total Funds</b>						
Opening funds	31,427,635	37,566,826	39,420,307	53,401,946	65,742,872	20%
Net Inflows	2,944,929	2,070,514	3,069,149	8,935,948	7,360,209	26%
Appreciation	3,194,262	-217,032	10,912,491	3,404,977	630,689	
<b>Closing AUM</b>	<b>37,566,826</b>	<b>39,420,307</b>	<b>53,401,946</b>	<b>65,742,872</b>	<b>73,733,770</b>	<b>18%</b>
<i>Inflows as a %age of opening AUM</i>	9.4%	5.5%	7.8%	16.7%	11.2%	
<i>Appreciation as a %age of opening AUM</i>	10.2%	-0.6%	27.7%	6.4%	1.0%	

Source: Company, JM Financial

According to Exhibit 1, the growth in equity AUM in FY25 was primarily driven by net inflows more than market appreciation. Inflows accounted for 17% of the opening AUM, whereas appreciation contributed only 7%. This indicates widening or deepening investor participation, reflecting an evolving investment culture wherein more individuals are allocating funds to mutual funds (MFs).

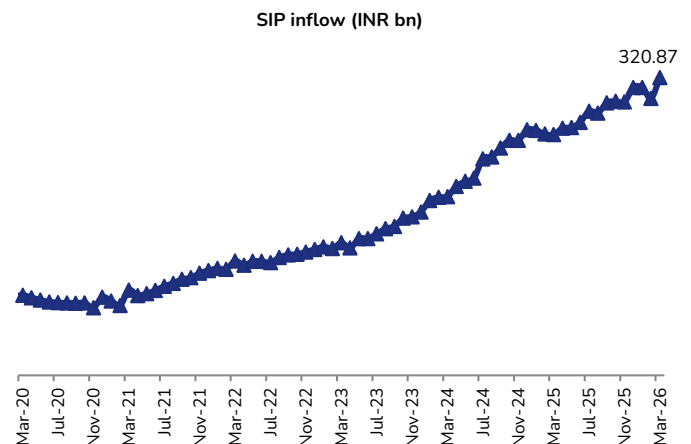
Consequently, both equity and total AUM registered growth of 24–25% in FY25. Over the last five years, equity AUM has compounded 27% while total AUM has increased 21%, indicating consistent and sustained inflows into markets.

**Exhibit 13: Equity inflows grew at 40% CAGR for FY20-26**



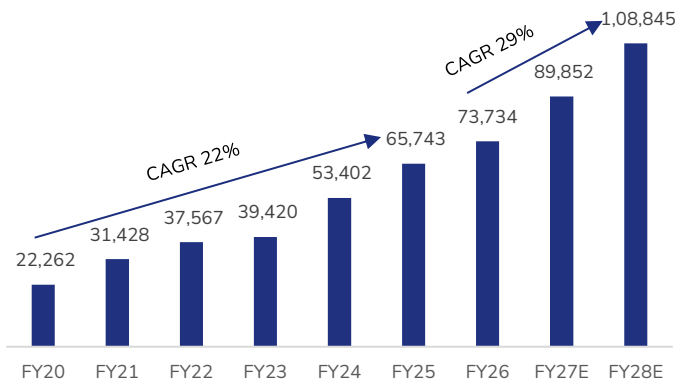
Source: Company, JM Financial

**Exhibit 14: SIP inflows grew at 23% CAGR for FY20-26**



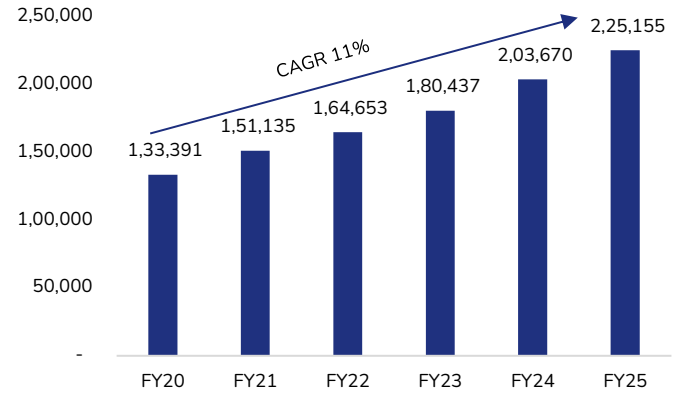
Source: Company, JM Financial

**Exhibit 15: Total AUM over FY20–26: 22% CAGR**



Source: Company, JM Financial

**Exhibit 16: Bank deposits over FY20–25: 11% CAGR**



Source: Company, JM Financial

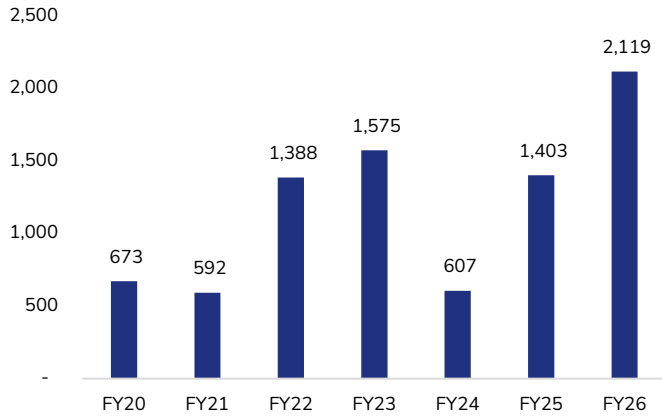
**Exhibit 17: Incremental savings into different categories: MFs expand at 43% (incremental flows) CAGR (FY22–25)**

Value in INR trln	FY22	FY23	FY24	FY25	CAGR (FY22-25)
<b>Deposit (bank and non-bank)</b>	<b>8.4</b>	<b>11.1</b>	<b>13.8</b>	<b>12.5</b>	<b>14.50%</b>
Life insurance funds	4.9	5.5	6.5	5.3	3.20%
Provident and pension funds (including PPF)	5.5	6.2	7.2	7.9	12.80%
Currency	2.7	2.4	1.2	2.1	-8.10%
<b>Mutual funds</b>	<b>1.6</b>	<b>1.8</b>	<b>2.4</b>	<b>4.7</b>	<b>42.60%</b>
Equities	0.5	0.2	0.3	0.7	14.80%
Small savings (excluding PPF)	2.4	2	3.1	2.3	-1.20%
<b>Total household financial assets</b>	<b>26.1</b>	<b>29.3</b>	<b>34.7</b>	<b>35.6</b>	<b>10.90%</b>

Source: Company, JM Financial

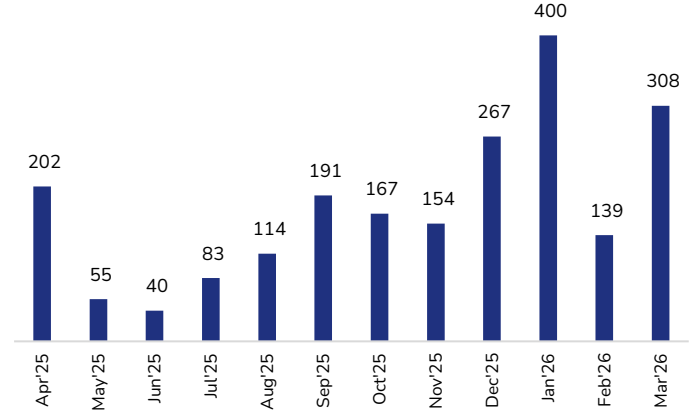
Over FY20–25, bank deposits in India clocked a CAGR of 15% while MF AUM significantly outpaced this, compounding at 43% incremental flows (Exhibit 12). This corroborates a shift in investor behaviour, with savers increasingly moving away from traditional deposits toward MF investments. Over the same period, total MF AUM expanded at a 24% CAGR while bank deposits increased by only 11% (Exhibits 10 and 11). This underscores the strong potential for MF growth over coming years driven by changing savings patterns and investor preferences.

**Exhibit 18: Inflows into ETFs: CAGR of 21% over FY20–26**



Source: Company, JM Financial

**Exhibit 19: ETF inflows: Highest in January'26**



Source: Company, JM Financial

Exhibits 13 and 14 highlight a notable surge in inflows into gold and silver ETFs driven by rising prices of these metals. Over the past 12 months, ETFs recorded inflows of INR 2,119bn with January witnessing the highest monthly inflow of INR 400bn. This trend reflects a shift from purchasing physical gold to investing in gold ETFs. Additionally, inflows into gold and silver ETFs during FY26-jumped about 51% YoY, further emphasising the growing popularity of ETFs as a preferred investment vehicle.

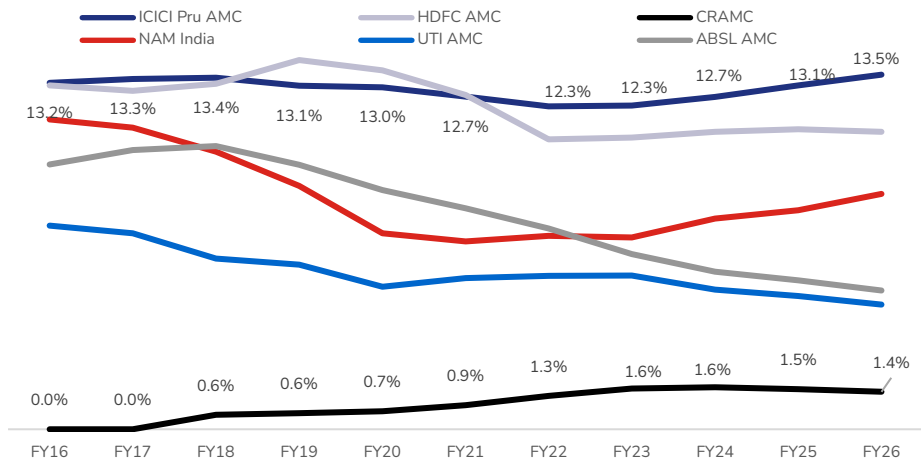
## Distribution Widened; Brand Critical, and Performance Too

Strong growth in equity AUM is driven by growing retail participation. At end-Feb'26, equity AUM made up 60% of total MF AUM and retail AUM accounted for 60% of total MF AUM. This compares favourably to equity/retail AUM of 41%/51% in Feb'18.

Alongside strong regulatory oversight by SEBI, AMFI has popularised savings into MFs via campaigns such as "Mutual Funds Sahi Hai". In the last few years, digital platforms have driven this adoption. In 3QFY26, the Groww platform individually contributed 13% to industry SIP flows, which compares favourably with the flow market share of banks such as ICICI Bank and HDFC Bank.

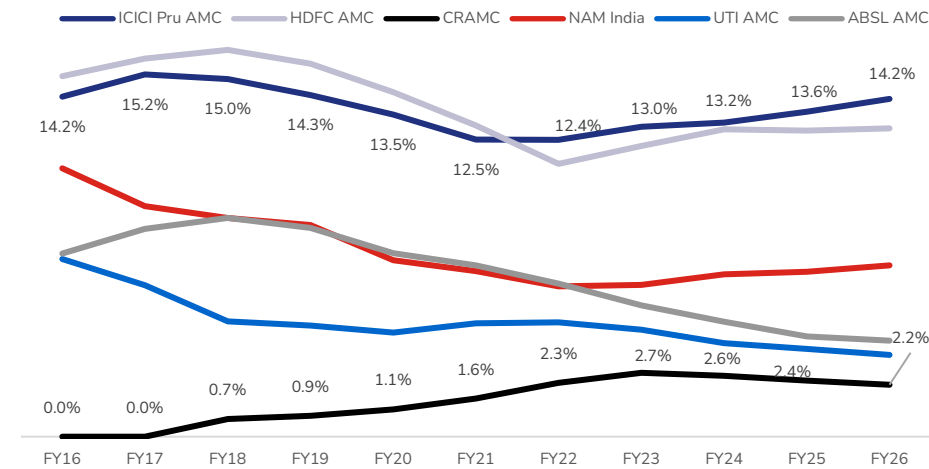
At the same time, household names such as HDFC AMC and IPRU AMC continue to maintain/gain market share with the trust built over the years.

**Exhibit 20: Market share of Total AUM by AMC**



Source: Company, JM Financial

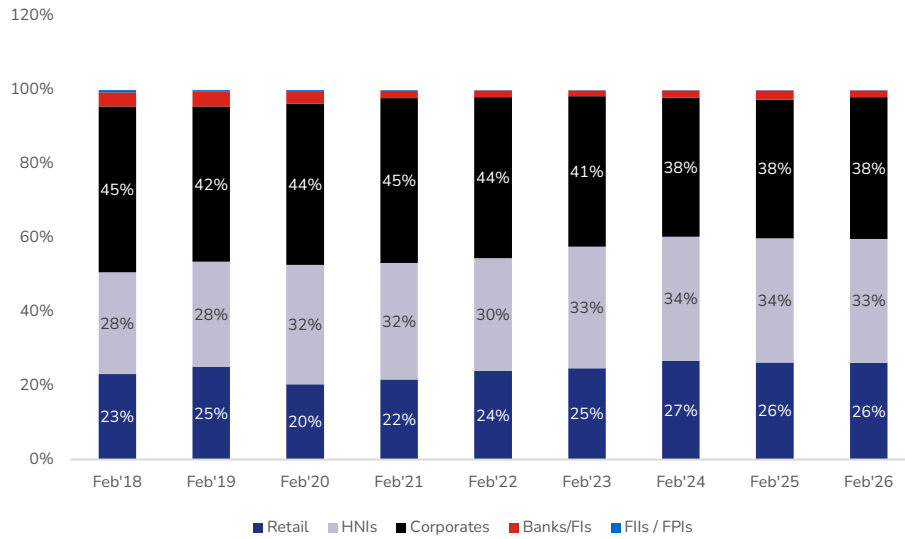
**Exhibit 21: Equity market share**



Source: Company, JM Financial

Given the evolving investing culture, we observe a spike in retail participation for all AMCs. With more retail participation, investor preference for established brands and parentage of MFs, therefore HDFC AMC and IPRU AMC command among the highest market shares in the industry. Funds' performance matters too. That said, their strong brands have helped them earn trust and credibility, and attract regular SIPs, which in turn has helped them sustain market share. IPRU AMC has been maintaining its market share not in equity AUM, but also on an AUM basis.

**Exhibit 22: Individual/retail share of AUM on the rise**



Source: Company, JM Financial

Given the rise in investing culture and expanding financial awareness, the share of retail participation has gradually increased over the years—from a 50% participation, individual participation peaked at 60% in FY25. One key advantage greater retail participation is a stickier business and consistent inflows.

**Exhibit 23: Retail AUM clocked 24% CAGR over FY22–26 against 20% for industry AUM**

Year	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR 22-26
Retail AUM	6,445	4,696	7,044	8,800	9,942	14,743	17,692	20,688	24%
Institutional AUM	13,158	13,024	17,119	20,552	23,068	33,160	39,941	58,772	30%
<b>Total AUM</b>	<b>24,578</b>	<b>24,709</b>	<b>32,172</b>	<b>37,703</b>	<b>40,046</b>	<b>55,007</b>	<b>66,702</b>	<b>79,460</b>	<b>20%</b>

Source: Company, JM Financial

**Fund performance**

**Exhibit 24: Large-cap fund performance across listed players**

Fund Performance	Benchmark	Return 1 Year (%)	Benchmark	Return 3 Year (%)	Benchmark	Return 5 Year (%)	Benchmark	Daily AUM (Mn.)
Aditya Birla Sun Life Large Cap Fund	Nifty 100 TRI	5.62	6.70	14.41	13.84	12.45	11.55	280,824.50
Canara Robeco Large Cap Fund	BSE 100 TRI	5.28	6.62	14.98	13.89	12.33	12.09	160,973.90
HDFC Large Cap Fund	Nifty 100 TRI	5.41	6.70	14.67	13.84	13.78	11.55	373,879.60
<b>ICICI Prudential Large Cap Fund</b>	<b>Nifty 100 TRI</b>	<b>7.65</b>	<b>6.70</b>	<b>17.02</b>	<b>13.84</b>	<b>14.89</b>	<b>11.55</b>	<b>731,787.30</b>
Nippon India Large Cap Fund	BSE 100 TRI	8.95	6.62	18.27	13.89	17.09	12.09	487,164.70
UTI Large Cap Fund	BSE 100 TRI	3.66	6.62	12.20	13.89	10.45	12.09	117,740.40

Source: Company, JM Financial, as on 17<sup>th</sup> Mar'26

**Exhibit 25: Mid-cap fund performance across listed players**

Fund Performance	Benchmark	Return 1 Year (%)	Benchmark	Return 3 Year (%)	Benchmark	Return 5 Year (%)	Benchmark	Daily AUM (Mn.)
Aditya Birla Sun Life Mid Cap Fund	Nifty Midcap 150 TRI	9.46	13.64	19.39	22.22	16.79	18.83	57,143.00
Canara Robeco Mid Cap Fund	BSE Midcap 150 TRI	14.38	10.45	20.50	21.30	NA	NA	40,112.10
HDFC Mid Cap Fund	Nifty Midcap 150 TRI	14.60	13.64	24.01	22.22	21.35	18.83	876,422.30
<b>ICICI Prudential Midcap Fund</b>	<b>Nifty Midcap 150 TRI</b>	<b>24.03</b>	<b>13.64</b>	<b>24.97</b>	<b>22.22</b>	<b>19.96</b>	<b>18.83</b>	<b>68,832.40</b>
Nippon India Growth Mid Cap Fund	Nifty Midcap 150 TRI	16.91	13.64	25.53	22.22	21.69	18.83	413,085.20
UTI Mid Cap Fund	Nifty Midcap 150 TRI	9.75	13.64	16.95	22.22	14.88	18.83	109,173.00

Source: Company, JM Financial, as on 17<sup>th</sup> Mar'26

**Exhibit 26: Small-cap fund performance across listed players**

Fund Performance	Benchmark	Return 1 Year (%)	Benchmark	Return 3 Year (%)	Benchmark	Return 5 Year (%)	Benchmark	Daily AUM (Mn.)
Aditya Birla Sun Life Small Cap Fund	BSE 250 Smallcap TRI	11.93	4.04	17.99	17.60	14.25	16.01	45,979.50
Canara Robeco Small Cap Fund	Nifty Smallcap 250 TRI	7.05	5.89	15.46	19.61	19.41	17.08	119,846.90
HDFC Small Cap Fund	BSE 250 Smallcap TRI	10.18	4.04	16.98	17.60	19.60	16.01	349,409.30
ICICI Prudential Smallcap Fund	Nifty Smallcap 250 TRI	6.97	5.89	15.36	19.61	17.74	17.08	78,011.90
<b>Nippon India Small Cap Fund</b>	<b>Nifty Smallcap 250 TRI</b>	<b>8.42</b>	<b>5.89</b>	<b>20.06</b>	<b>19.61</b>	<b>22.09</b>	<b>17.08</b>	<b>643,597.00</b>
UTI Small Cap Fund	Nifty Smallcap 250 TRI	4.81	5.89	16.76	19.61	17.34	17.08	42,778.20

Source: Company, JM Financial, as on 17<sup>th</sup> Mar'26**Exhibit 27: Flexicap fund performance across listed players**

Fund Performance	Benchmark	Return 1 Year (%)	Benchmark	Return 3 Year (%)	Benchmark	Return 5 Year (%)	Benchmark	Daily AUM (Mn.)
Aditya Birla Sun Life Flexi Cap Fund	Nifty 500 TRI	10.90	7.82	17.86	15.62	14.04	13.08	238,151.50
Canara Robeco Flexi Cap Fund	BSE 500 TRI	8.28	7.32	15.38	15.26	13.01	12.93	125,433.00
<b>HDFC Flexi Cap Fund</b>	<b>Nifty 500 TRI</b>	<b>8.99</b>	<b>7.82</b>	<b>20.50</b>	<b>15.62</b>	<b>19.47</b>	<b>13.08</b>	<b>945,668.00</b>
ICICI Prudential Flexicap Fund	BSE 500 TRI	11.47	7.32	18.44	15.26	NA	NA	189,793.00
Nippon India Flexi Cap Fund	Nifty 500 TRI	7.38	7.82	16.01	15.62	NA	NA	87,357.80
UTI Flexi Cap Fund	Nifty 500 TRI	-2.56	7.82	9.36	15.62	6.44	13.08	213,031.60

Source: Company, JM Financial, as on 17<sup>th</sup> Mar'26

# AMCs Combat Yield Compression

Over FY20–25, core revenue for listed AMCs compounded at a substantially slower rate than equity/total AUM CAGR, a result of telescopic pricing. This compression in yields made MFs more attractive for investors and spurred inflows into equity MFs.

Presently, distributors earn a higher yield than AMCs. Recently, AMCs have started pulling back, with HDFC AMC and NAM cutting payouts over FY25 and FY26. As a result, we can see the yield compression drop for leading AMCs even though equity AUM continues to compound.

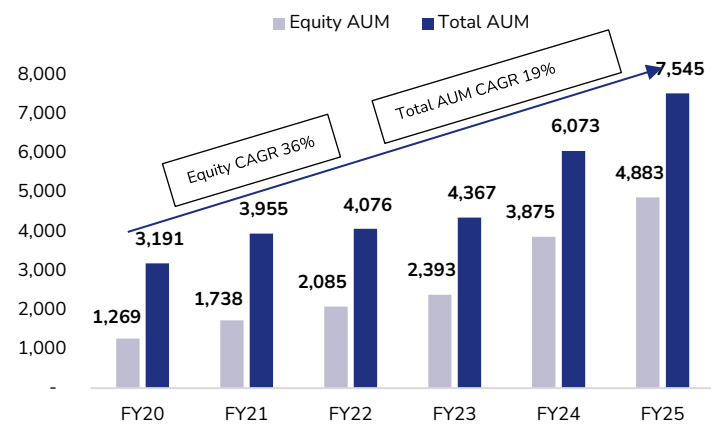
Recently, SEBI changed its TER (Total Expense Ratio) framework to a BER (Base Expense Ratio) framework ([link to our note](#)). While it impacts larger MF schemes, they should be able to reduce payouts and still maintain customer wallet share given their track record of wealth generation.

**Exhibit 28: Recent SEBI norms: TER cuts for equity schemes**

Assets under management (AUM) (INR bn)	OLD TER for Equity Schemes	Revised TER for Equity Schemes	Actual cut
Up to 5	2.25%	2.10%	0.15%
5-7.5	2.00%	1.90%	0.10%
7.5-20	1.75%	1.60%	0.15%
<b>20-50</b>	<b>1.60%</b>	<b>1.50%</b>	0.10%
50-100	1.50%	1.40%	0.10%
100-150	1.45%	1.35%	0.10%
150-200	1.40%	1.30%	0.10%
200-250	1.35%	1.25%	0.10%
250-300	1.30%	1.20%	0.10%
300-350	1.25%	1.15%	0.10%
350-400	1.20%	1.10%	0.10%
400-450	1.15%	1.05%	0.10%
450-500	1.10%	1.00%	0.10%
Greater than 500	1.05%	0.95%	0.10%

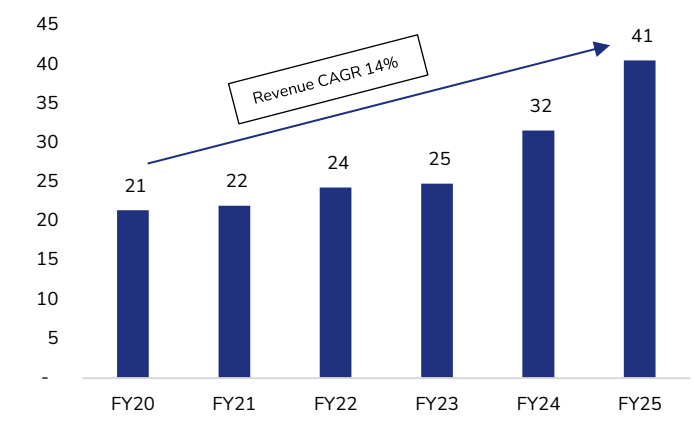
Source: Company, JM Financial

**Exhibit 29: HDFC AMC: Total AUM and equity CAGR over five years**



Source: Company, JM Financial

**Exhibit 30: HDFC AMC: Revenue CAGR over five years**



Source: Company, JM Financial

The practice of telescopic pricing has significantly affected revenue growth for AMCs. Over the last five years, HDFC AMC's equity AUM compounded at a robust 36% while its total AUM compounded at a relatively sedate 19%. However, due to telescopic pricing – which reduces fees for larger investment amounts – revenue CAGR has been even softer at just 14%.

For HDFC AMC, yield on equity compressed by 7bps over FY20–24; however, it pulled back by rationalising distribution payouts and the yield compressed by only 3bps over the last two years.

Similarly, NAM acted on payouts and saw its yield compression reduce after 2HFY25.

Furthermore, with SEBI's recent cuts in TER mandated by SEBI, top line faces additional impact of 5–6bps, which would potentially further moderate revenue growth in the near term.

**Exhibit 31: Canara Robeco's ability to pay high commission vis-à-vis other AMCs**

Name of AMC	Regular Plan - Base TER (%)	Direct Plan - Base TER (%)	Commission (%)
CRAMC	<b>1.99</b>	<b>0.56</b>	<b>1.43</b>
UTI AMC	1.92	0.59	1.33
ABSL AMC	1.67	0.61	1.06
ICICI Pru AMC	1.33	0.51	0.82
NAM India	1.50	0.87	0.63
HDFC AMC	<b>1.24</b>	<b>0.69</b>	<b>0.55</b>

Source: Company, JM Financial

Under telescopic TER, players such as CRAMC can charge relatively high expense ratios on regular plans, translating to higher distributor commissions. As highlighted, CRAMC offers a commission of 1.43%, materially higher than peers such as ICICI Pru AMC (0.82%) and HDFC AMC (0.55%). This creates a strong incentive for distributors to push CRAMC's products, partially offsetting its relatively lower market share.

Similarly, players such as UTI AMC and Aditya Birla Sun Life AMC also offer higher commissions, supporting their distribution-led growth. In contrast, larger AMCs with lower TER differentials may rely more on brand strength, performance consistency and direct channel penetration rather than aggressive commission payouts.

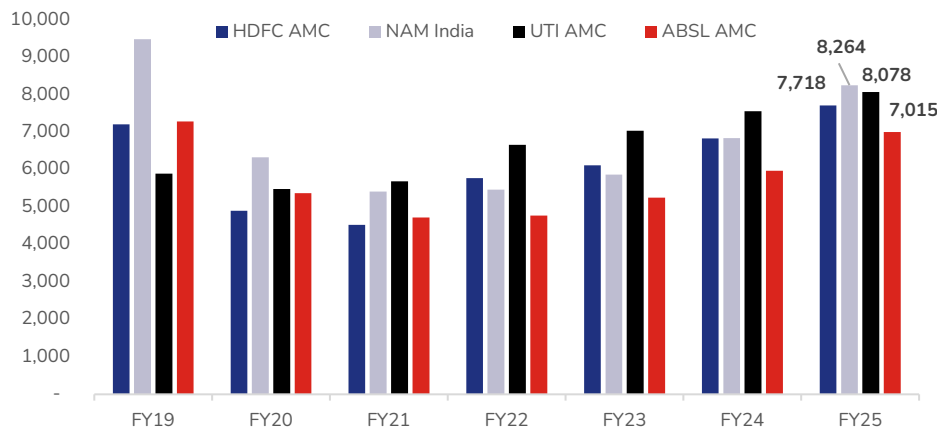
## Capital Efficient with Limited B/S Risk

Over FY20–25, core revenue for listed AMC’s compounded at a substantially slower rate than equity/total AUM CAGR, a result of telescopic pricing. This compression in yields made MFs more attractive for investors and spurred inflows into equity MFs.

Presently, distributors earn a higher yield than AMC’s. Recently, AMC’s have started pulling back though, with HDFC AMC and NAM cutting payouts over FY25 and FY26. As a result, yield compression moderated for leading AMC’s while their equity AUM continues to compound.

Recently, SEBI changed its TER framework to a BER (Base Expense Ratio) framework (link to our note). While it impacts larger MF schemes, we believe these schemes, with a track record of wealth generation, should be able to reduce payouts and still maintain customer wallet share.

**Exhibit 32: Operating expense of listed AMC’s along similar lines irrespective of revenue**



Source: Company, JM Financial

AMC’s benefit from significant operating leverage due to rapid growth in both equity and total AUM while expenses remain relatively stable. The cost structure of AMC’s is largely fixed, meaning that as AUM grows, incremental revenue contributes directly to profitability. This operating leverage is not limited to any single AMC; across the industry, expenses tend to be broadly similar regardless of the size of the AUM.

Therefore, larger AMC’s can generate disproportionately higher profits from incremental inflows, reinforcing the competitive advantage of established players by virtue of their strong brand presence and a diversified product portfolio. Since mutual fund assets are held off book, the AMC only needs capital for “skin in the game” investments in the schemes; hence, AMC’s offer the highest returns on equity in the broader BFSI space.

**Exhibit 33: DuPont analysis FY25: AMC’s have strongest returns profile in broader BFSI sector**

FY25	IPRU AMC	HDFC AMC	NAM	UTI AMC	CRAMC	ABSL
<b>DuPont</b>						
Core Revenues / Avg. AUM	0.54%	0.51%	0.45%	0.47%	0.44%	0.50%
Other Revenues / Avg. AUM	0.03%	0.08%	0.06%	0.13%	0.06%	0.09%
Total Revenues / Avg. AUM	0.58%	0.60%	0.51%	0.60%	0.60%	0.59%
Employee cost / Avg. AUM	0.07%	0.06%	0.09%	0.15%	0.13%	0.11%
Other Costs / Avg. AUM	0.10%	0.06%	0.08%	0.11%	0.09%	0.11%
Total cost / Avg. AUM	0.17%	0.11%	0.17%	0.26%	0.22%	0.22%
PBT / Avg. AUM	0.41%	0.48%	0.34%	0.34%	0.38%	0.37%
PAT / Avg. AUM	0.31%	0.36%	0.26%	0.24%	0.28%	0.28%
Core PAT / Avg. AUM	0.28%	0.30%	0.22%	0.16%	0.24%	0.21%
<b>RoE</b>	<b>82.84%</b>	<b>32.35%</b>	<b>31.38%</b>	<b>18.11%</b>	<b>36.17%</b>	<b>26.99%</b>

Source: Company, JM Financial

# Initiation of Coverage

# ICICI Prudential AMC | ADD

## Valuation premium justified; the question is how much

ICICI Prudential Asset Management Company Limited (IPRU AMC) is a JV between ICICI Bank and Prudential Corporation Holdings Limited. It leads the MF industry by AUM in equity (+ hybrid – arbitrage), debt and active. Furthermore, IPRU AMC has built a strong Alternatives franchise evident in its PMS, AIF and advisory AUM of more than INR 700bn making up 15% of net revenue. The Alternatives franchise has been bolstered with the ICICI Ventures’ takeover. With superior equity yields and RoEs, and strong market share gains since Sep’24, IPRU AMC has commanded a premium valuation to peers, and we expect that to sustain over medium term. Initiating with ADD and TP of INR 3,650, valuing the stock at 38x FY28E EPS of INR 95 – at a 15% premium to HDFC AMC and NAM.

- Balanced mix; superior yields with expansion into high-yield Alternatives businesses:** IPRU AMC has strategically shifted its asset mix towards higher-yielding equity (+ hybrid – arbitrage) schemes, increasing the share of equity AUM from 51% in 1QFY23 to about 60% in 4QFY26. Within equity, one-third of the AUM pertains to balanced schemes, which offer similar yields and lower drawdowns in volatile markets.

The AMC has scaled up its alternatives business post-covid to INR 700bn, something peers such as HDFC AMC and NAM are still trying to scale up. This strategically enhances revenue diversification and positions the AMC to benefit from the growing demand for alternatives, supporting margin expansion and a more balanced business mix over medium term. It is also integrating ICICI Ventures, which will strengthen its non-MF platform by expanding its presence in alternative assets such as AIFs and PMS.

- Sustained market share gains bolster leadership:** IPRU AMC continues to command the highest equity AUM market share of 14.4% and an overall market share of 13.5% as on Feb’26 data. Furthermore, the AMC has the highest market share in debt AUM. Given the structural tailwinds from increasing financialisation of savings in India, the AMC has gained 80bp of market share in the equity segment over the last 18 months. This should help it sustain leadership in near term.

- Strong equity yields and high RoEs mark superiority to peers:** During the 3QFY26 conference call, management quantified yields of 67bp in equity (65bp including arbitrage), which is superior to peers – HDFC AMC and NAM – despite a higher equity AUM. This justifies the larger-than-peers’ sales and operations team the AMC has —3,200 employees, which is 2x HDFC AMCs. Furthermore, with a consistent dividend payout and lower cash on book, the AMC reported FY25 RoE of 80%-plus, underlining the capital efficiency of the business model.

- Valuation:** We expect IPRU AMC to compound earnings at a 19% over FY26–28E against a 20% CAGR for HDFC AMC. We argue IPRU AMC deserves a premium to HDFC AMC (due to aforementioned reasons)—and markets have awarded it. The stock is trading at 36x FY28E core EPS, at premium of 13% to HDFC AMC. We expect this premium to further expand as the company absorbs and builds on ICICI Ventures and the SIF platforms while consistently delivering on the core MF business. We are initiating IPRU AMC with an ADD and TP of INR 3,650, valuing it at 38x FY28E core EPS, implying 38x FY28E EPS, a premium of 15% to HDFC AMC.

- Key risks:** Market volatility, competition and regulatory (given fiduciary nature of business).

Financial Summary		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Mutual Fund AUM (closing)	7,009	8,657	10,463	12,630	15,243	
YoY growth (%)	44.5	23.5	20.9	20.7	20.7	
% of equity MF AUM (clos.)	58.0	59.7	59.1	60.2	61.5	
Operating Revenues (INR mn)	37,612	49,797	60,009	71,076	84,084	
Revenue Growth (%)	32.5	32.4	20.5	18.4	18.3	
Total operating expenses (INR)	9,812	13,427	14,708	17,439	19,807	
Total operating expenses	28.2	36.8	9.5	18.6	13.6	
PAT (INR mn)	20,497	26,507	32,983	39,215	47,095	
YoY growth (%)	35.2	29.3	24.4	18.9	20.1	
PAT / Avg. MF AUM (RoAUM)	0.35	0.34	0.35	0.34	0.34	
RoE (%)	78.9	82.8	85.7	85.8	86.7	
EPS (INR)	41.5	53.6	66.7	79.3	95.3	
P/E (x)	80.9	62.5	50.3	42.3	35.2	

Source: Company data, JM Financial. Note: Valuations as of April 13, 2026



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### Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	N/A
Current Price Target (12M)	3,650
Upside/(Downside)	8.8%
Previous Price Target	N/A
Change	N/A

### Key Data – ICICIAMC IN

Current Market Price	INR3,354
Market cap (bn)	INR1,657.5/US\$17.8
Free Float (%)	12.4
Shares in issue (mn)	494.3
Diluted share (mn)	494.3
3-mon avg daily val (mn)	INR1,685.2/US\$18.1
52-week range	INR3,430/2,529
Sensex/Nifty	76,848/23,843
INR/US\$	93.4

### Price Performance

%	1M	6M	12M
Absolute	16.5	0.0	0.0
Relative*	13.0	0.0	0.0

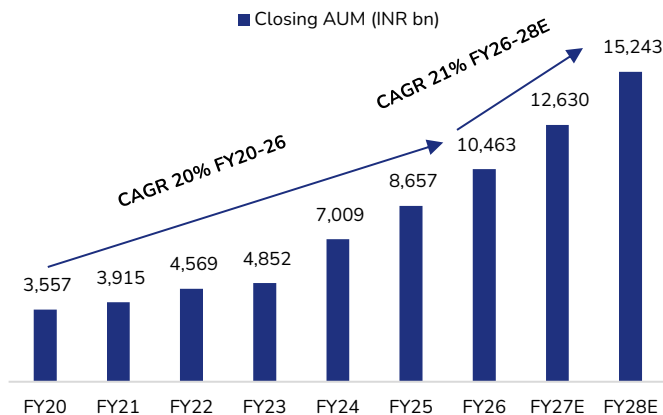
\*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

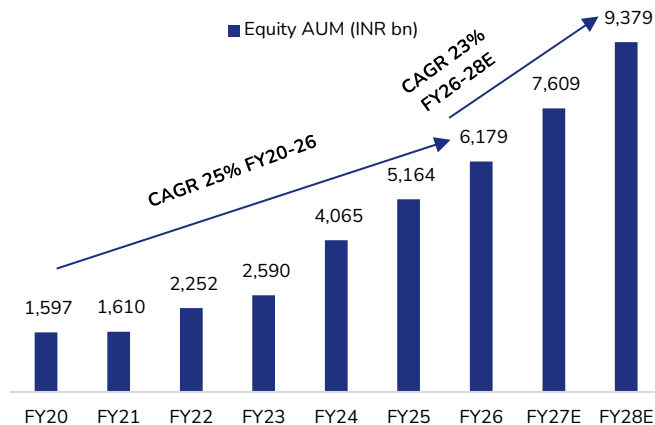
# Focus Charts

**Exhibit 1: AUM growth: 20% CAGR over FY22-26**



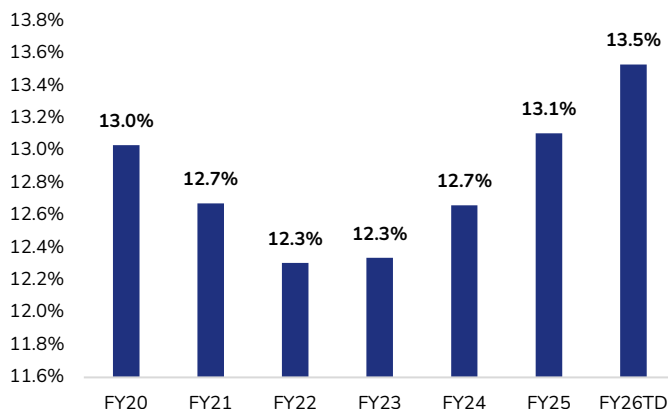
Source: Company, JM Financial

**Exhibit 2: Equity AUM share has been growing faster**



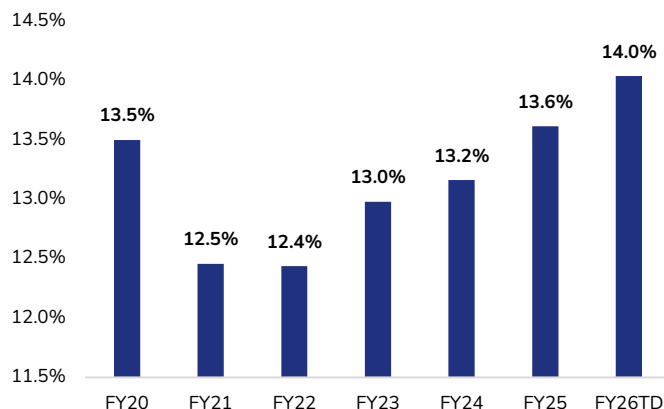
Source: Company, JM Financial

**Exhibit 3: Overall market share in Total AUM : Building on it**



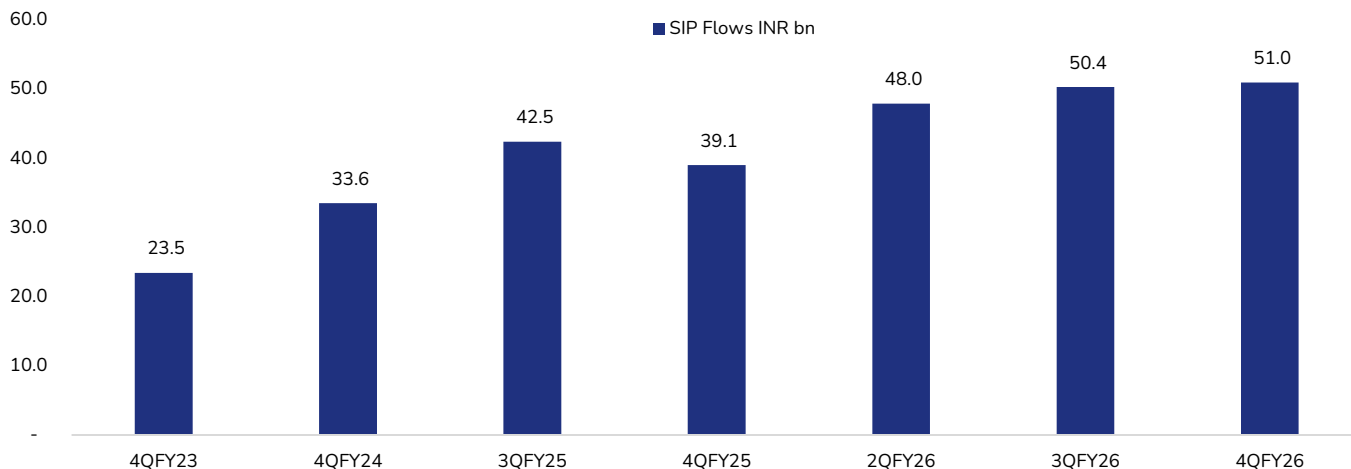
Source: Company, JM Financial

**Exhibit 4: Notable gains in equity AUM market share**



Source: Company, JM Financial

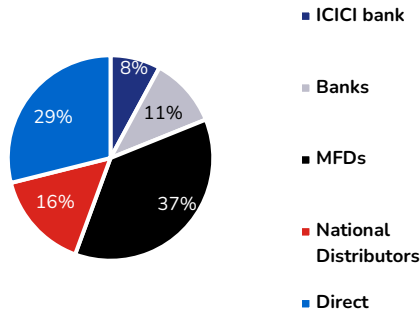
**Exhibit 5: IPRU AMC : Increasing SIP flows (INR bn)**



Source: Company, JM Financial

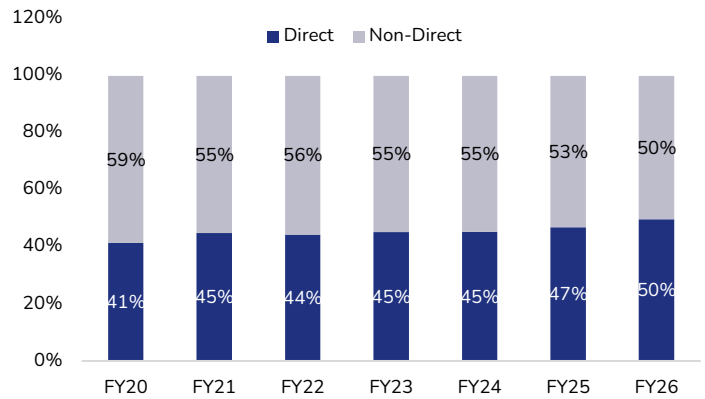
**Exhibit 6: 4QFY26: ICICI bank contributes 8% to total QAAUM**

**Distribution Channel**



Source: Company, JM Financial

**Exhibit 7: Direct share is on the rise**



Source: Company, JM Financial

**Exhibit 8: DuPont analysis**

As a % of average AUM	FY24	FY25	FY26	FY27E	FY28E
Core Revenues / Avg. AUM	0.57%	0.60%	0.60%	0.59%	0.58%
Other Revenues / Avg. AUM	0.07%	0.04%	0.02%	0.02%	0.02%
Total Revenues / Avg. AUM	0.64%	0.64%	0.63%	0.62%	0.60%
Employee cost / Avg. AUM	0.09%	0.08%	0.07%	0.07%	0.06%
Brokerage & comms / Avg. AUM	0.03%	0.04%	0.04%	0.04%	0.04%
Operating cost / Avg. AUM	0.18%	0.19%	0.17%	0.16%	0.15%
PBT / Avg. AUM	0.46%	0.46%	0.46%	0.45%	0.45%
PAT / Avg. AUM	0.35%	0.34%	0.35%	0.34%	0.34%
RoA (%)	64.5%	66.8%	69.2%	70.0%	71.5%
RoE (%)	78.9%	82.8%	85.7%	85.8%	86.7%

Source: Company, JM Financial

# Investment Thesis

## Balanced mix with expansion into high-yield businesses

IPRU AMC has strategically shifted its asset mix towards higher-yielding equity schemes, increasing the share of equity AUM from 51% in 1QFY23 to about 60% in 3QFY26. This shift reflects a conscious strategy to improve revenue yield and enhance operating leverage, as equity products command significantly higher expense ratios than debt schemes. A structurally higher equity mix directly translates to stronger top-line growth and margin expansion in a rising market environment.

In addition, the company has expanded into adjacent high-margin businesses such as AIFs and PMS. These platforms allow IPRU AMC to target affluent and HNI clients, diversify revenue streams and increase wallet share per customer. Over time, this diversification is expected to support sustainable revenue growth and improve blended profitability.

The acquisition of five AIFs from ICICI Ventures strengthens its non-MF platform by expanding its presence in alternative assets (PMS, AIFs). The transaction immediately lends scale, access to an existing investor base and entry into higher-yield, differentiated strategies that diversify the business. This strategically enhances revenue diversification and positions the AMC to benefit from the growing demand for alternatives, thereby supporting margin expansion and a more balanced business mix over the medium term.

## Sustained market share gains strengthen leadership position

IPRU AMC has been maintaining among the highest market shares in the Indian MF industry—its overall market share was 13.5% at end-Jan'26. Despite rising competition and a barrage of new entrants, the company has consistently gained market share both QoQ and YoY of about 15bp and 60bp—a testimony to its strong execution and competitive positioning.

Its equity AUM market share stands at 14.4%. The company commands the highest market share in debt AUM too. Given structural tailwinds from increasing financialisation of savings in India, IPRU AMC is well placed to sustain its leadership position.

## Industry-best RoE

IPRU AMC's RoE at 83% (FY25) is the highest among peers, which shows the strong growth in its top line. The asset-light nature of the AMC business combined with strong operating margins and minimal capital requirements underpins this superior capital efficiency.

Such high RoEs reflect strong earnings power, disciplined cost management and scalable operations. The business generates robust FCF and requires limited incremental capital to grow, allowing for sustained shareholder returns through dividends while still funding expansion.

## High operational efficiency

The company harnesses huge operating leverage due to its large and diversified AUM base. With a cost-to-average AUM ratio of 15–16%, IPRU AMC operates with strong cost efficiency. As incremental AUM is added, particularly in higher-yield equity and alternative segments, a substantial portion of incremental revenue flows to the bottom line.

## Diversified channel and brand with retail dominated base

IPRU AMC has built one of the most diversified distribution networks in the industry, comprising 106,000-plus MF distributors, 209 national distributors, and more than 64 banks in its bancassurance channel. About 10% of flows originate from ICICI Bank, which provides a stable and scalable distribution advantage. The ICICI Bank's backing enhances brand credibility, customer trust, and cross-selling opportunities. The strong parentage enables deep penetration across retail and affluent segments while reducing customer acquisition risk.

IPRU AMC's franchise is predominantly retail-focused with individual investors accounting for 62.2% of total MF MAAUM and 86.4% of equity and equity-oriented schemes' MAAUM at end-Mar'25. The company also serves 16.2mn unique investors (as on 31<sup>st</sup> Dec'25).

Retail investors tend to exhibit greater stickiness than institutional investors, particularly through systematic investment plans (SIPs). These drives recurring inflows, lowers redemption volatility and enhances earnings stability.

# Valuation

IPRU AMC went public in Dec'25, asking for a market cap of INR 1.07tn. At the time, HDFC AMC traded at an m-cap of INR 1.12tn. On-book cash (+investments) for IPRU AMC was about INR 32bn, INR 45bn lower than HDFC AMC's, implying similar valuations for the enterprise. While both AMCs have among the strongest brand recalls and have built a strong retail franchise in MFs, IPRU AMC has built a stronger alternatives business, which HDFC AMC and NAM are still building out.

The alternatives piece is particularly crucial since it does not face yield compression in the form of SEBI-imposed telescopic pricing. Secondly, on the equity AUM, IPRU AMC enjoys higher yields (67bp versus 57bp for HDFC AMC)—a result of the larger and evidently superior distribution franchise. Furthermore, over the last 18 months, as markets have been choppy, IPRU AMC has gained a market share of ~80bp in equity (+ hybrid) AUM. Finally, with a percentage-based payout structure to distributors, IPRU AMC is expected to see a lower yield compression with SEBI's revised framework on expense ratios.

All in all, we expect IPRU AMC to clock an earnings CAGR of 19% over FY26–28E, against a 20% CAGR for HDFC AMC. This coupled with abovementioned factors warrants IPRU AMC trading at a premium to HDFC AMC (which markets ascribe to it). The stock is trading at 33x FY28E core EPS, a 13% premium to HDFC AMC. We expect this premium to further expand as the company absorbs and grows ICICI Ventures and the SIF platforms while consistently delivering on the core MF business. We are initiating coverage on the stock with **an ADD and TP of INR 3,650**, valuing the entity at 38x FY28E core EPS, implying 38x FY28E EPS—a premium of 15% to HDFC AMC.

# Key Risks

## Market volatility due to adverse environment

Political and economic factors such as GDP growth and change in repo rates can introduce significant volatility in capital markets as investors react to potential policy changes and their implications for different sectors and industries. Furthermore, geopolitical events – such as trade disputes, military conflicts and diplomatic tensions – can contribute to market instability.

## Increased competition with new players entering market

Increased competition from new players entering the market will drive fund managers to be more innovative and agile in their investment strategies as they strive to attract and retain investors. AMCs are also leveraging tech platforms or are being tech-focused to cater to the market. This may lead to the introduction of new funds, specialised investment products and enhanced digital platforms, providing a more seamless and personalized investment experience.

## Investor awareness about investing in MFs: Still low

Despite significant expansion of the MF industry, many individuals remain uncertain about investment options. At end-2023, a mere 8% of India's population invested in MFs, a relatively low percentage compared with developed nations, wherein traditional investments such as fixed deposits and gold are still preferred. A major obstacle for industry is changing this mindset and establishing trust. Although awareness is increasing in urban areas, rural regions and smaller towns continue to lack knowledge about MFs. Residents in these areas often have a limited understanding of the benefits and potential of MFs, leading to hesitation.

## Regulatory challenges

The Indian MF industry operates within a regulatory framework that, while important, can sometimes slow progress. Alterations to tax laws, investment rules and compliance standards can perplex investors and complicate the investment process. To foster ongoing investor trust, the industry must stay abreast of these regulatory changes while maintaining transparency.

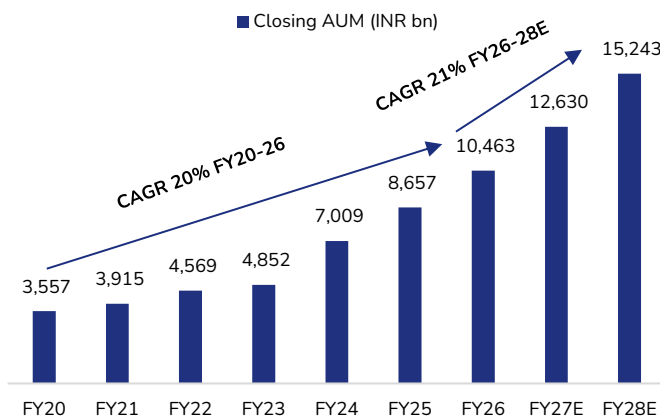
# Investment Arguments

## Balanced mix with expansion into high-yield businesses

IPRU AMC has strategically shifted its asset mix toward higher-yielding equity schemes, increasing the share of equity AUM from 51% in 1QFY23 to about 60% in 3QFY26. This shift reflects a conscious strategy to improve revenue yield and enhance operating leverage, as equity products command significantly higher expense ratios than debt schemes. A structurally higher equity mix directly translates to stronger top-line growth and margin expansion in a rising market environment.

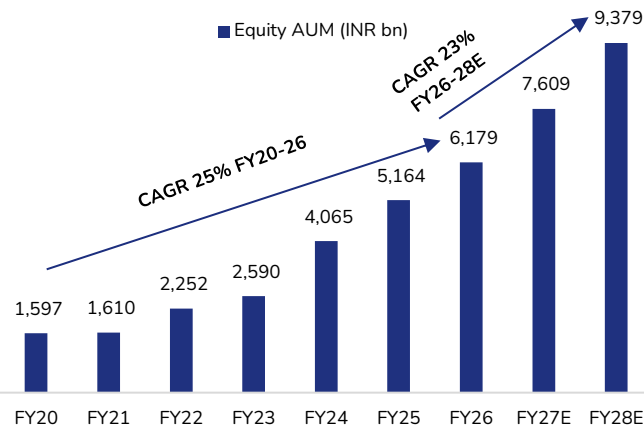
In addition, the company has expanded into adjacent high-margin businesses such as AIFs and PMS. These platforms allow IPRU AMC to target affluent and HNI clients, diversify revenue streams and increase wallet share per customer. Over time, this diversification is expected to support sustainable revenue growth and improve blended profitability.

**Exhibit 9: AUM growth: 20% CAGR over FY22–26**



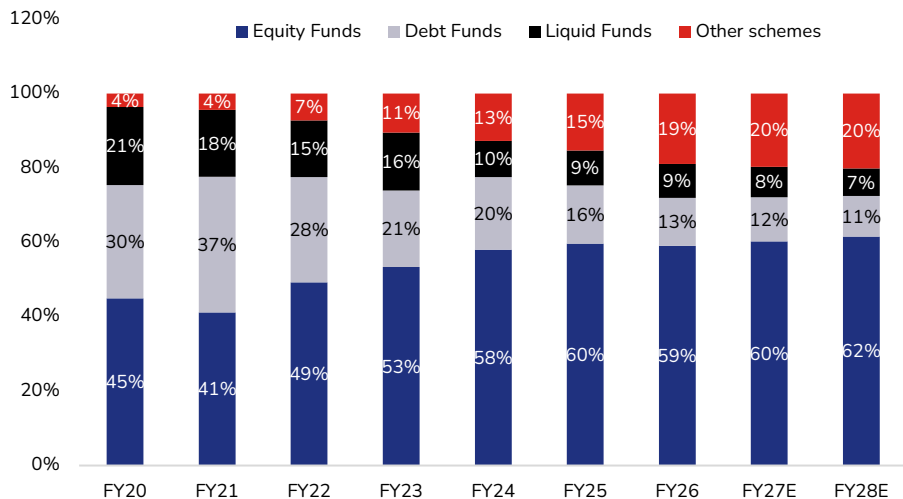
Source: Company, JM Financial

**Exhibit 10: Equity AUM has been growing faster**



Source: Company, JM Financial

**Exhibit 11: AUM mix: Equity AUM on the rise**



Source: Company, JM Financial

IPRU AMC has delivered strong AUM growth, registering a CAGR of 19% over FY20–25. Growth remained robust in recent years, with AUM increasing 44% YoY in FY24 and 24% YoY in FY25, supported by rising financial awareness and retail participation. Equity remains the dominant contributor, with equity AUM expanding at a 31% CAGR over the same period, broadly in line with the industry CAGR of ~35%. The company has steadily shifted its AUM mix towards equity-oriented schemes. The equity share has increased from ~45% in FY20 to ~60% in FY25, reflecting a strategic tilt towards higher-yielding and sticky assets, alongside improving investor preference for equities.

**Exhibit 12: Non-MF business growing fast: Now ICICI Ventures provides a growth kicker**

INR mn	FY23	FY24	FY25	FY26	FY27E	FY28E
AIF, PMS and Advisory Revenue	2,417	3,772	7,193	8,991	11,688	14,026
Core Revenue	26,892	33,759	46,828	57,145	68,291	80,443
% of Core Revenue	9%	11%	15%	16%	17%	17%

Source: Company, JM Financial

The acquisition of five AIF from ICICI Ventures at a valuation of INR 880mn strengthens its non-MF platform by expanding presence in alternative assets (PMS, AIFs). The transaction provides immediate scale, access to an existing investor base and entry into higher-yield, differentiated strategies, thereby diversifying the business.

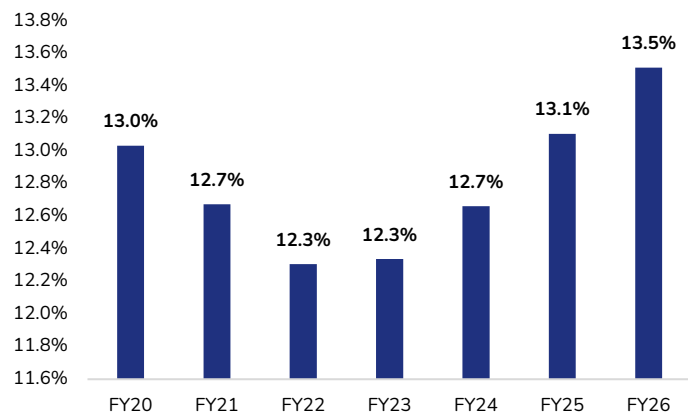
This strategically enhances revenue diversification and positions the AMC to benefit from the growing demand for alternatives, supporting margin expansion and a more balanced business mix over medium term.

## Sustained share gains strengthen market leadership

IPRU AMC has been maintaining among the highest market shares in the Indian MF industry with an overall market share of 13.5% at end-Jan'26. Despite rising competition and a barrage of new entrants, the company has consistently gained market share both QoQ and YoY of about 15bp and 60bp, respectively—a testimony to its strong execution and competitive positioning.

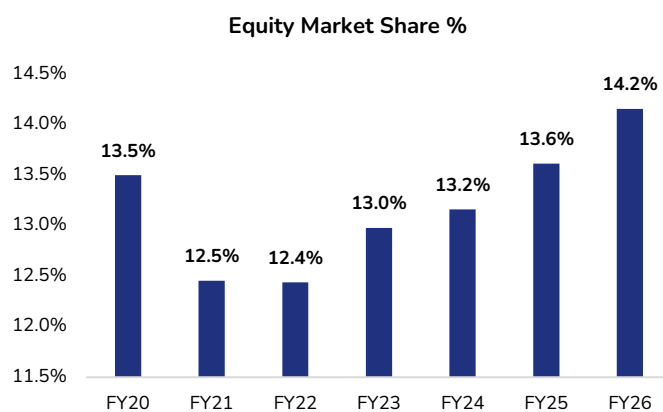
Its equity AUM market share is 14.2% and the overall market share is 13.5%. The company commands the highest market share in debt AUM too. Given the structural tailwinds from increasing financialisation of savings in India, IPRU AMC is well placed to sustain its leadership in our view.

**Exhibit 13: Overall market share: Building on it**



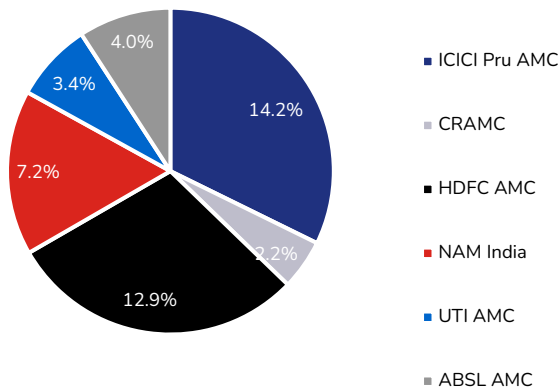
Source: Company, JM Financial

**Exhibit 14: Notable gains in equity AUM market share**



Source: Company, JM Financial

**Exhibit 15: Monthly AUM market share (Mar'26)**



Source: Company, JM Financial

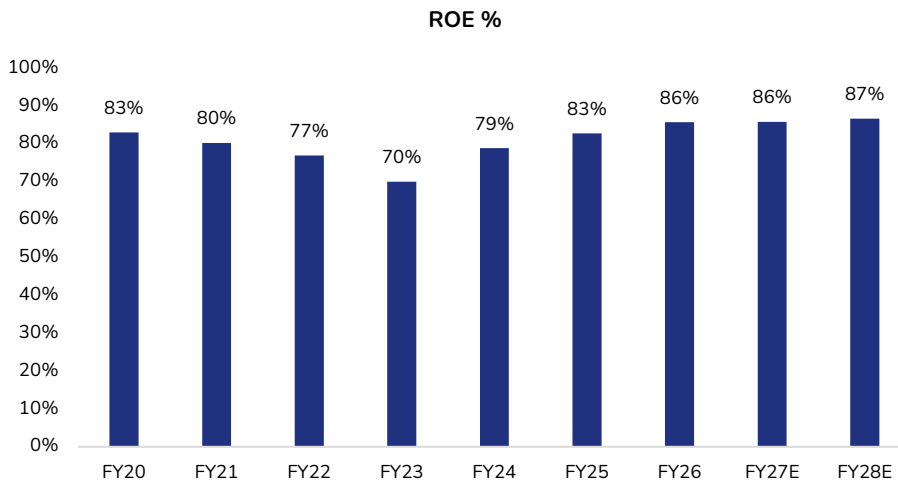
From a competitive standpoint, IPRU AMC commands an industry-leading position. It has the highest share in equity AUM among top AMCs at ~14% (Mar'26), followed by HDFC AMC. Even by overall AUM, the company has been maintaining a strong market share. Importantly, the AMC has presence across asset classes, which reduces concentration risk and lends stability to flows.

## Industry-best RoE

IPRU AMC generates the highest RoE at 83% (FY25) among peers, which shows strong growth in its top line. The asset-light nature of the AMC business combined with strong operating margins and minimal capital requirements yields superior capital efficiency.

Such high RoEs reflect strong earnings power, disciplined cost management and scalable operations. The business generates robust FCF and requires limited incremental capital to grow, allowing for sustained shareholder returns through dividends while still funding expansion.

### Exhibit 16: RoE continues to improve



Source: Company, JM Financial

In terms of profitability, the company has consistently delivered strong returns ratios. RoE was ~83% in FY20 and remained elevated through FY25. This is significantly higher than most financial services businesses and reflects the asset-light nature of the AMC model. Going forward, we expect RoEs to further improve to ~91%/94% in FY26E/27E driven by operating leverage, improving mix and stable cost structure.

AMC business is a uniquely capital-efficient business in BFSI. SEBI has prescribed minimum capital of INR 500mn to start an MF. Beyond that, capital requirement is limited to the 0.2% of the AUM seeded by the AMC. For IPRU AMC, for FY25, 0.2% corresponds to INR 16bn. Hence, it carries excess cash (& investments) of INR 33bn. In comparison, HDFC AMC, with a largely similar MF AUM, carries cash (& investments) of INR 68bn on its books.

## High operational efficiency

The company benefits from significant operating leverage due to its large and diversified AUM base. With a cost-to-average AUM ratio of 0.15%, IPRU AMC operates with strong cost efficiency. As incremental AUM is added, a substantial portion of incremental revenue flows to the bottom line. If we exclude commissions in alternatives business, cost to AUM falls further to 0.11%.

### Exhibit 17: Cost to AUM Stable

Year	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Cost as % AUM	0.18%	0.15%	0.16%	0.17%	0.18%	0.19%	0.17%	0.16%	0.15%

Source: Company, JM Financial

The AMC business inherently benefits from operating leverage, and we are clearly seeing that play out. AUM growth has been significantly faster than expense growth, which supports margin expansion. While the company has seen slightly higher expense growth in the recent period due to investments in PMS and AIF capabilities, we believe these are largely front-loaded costs. Going forward, expense growth should normalise to 10–12% YoY, allowing the benefits of operating leverage to flow through more meaningfully.

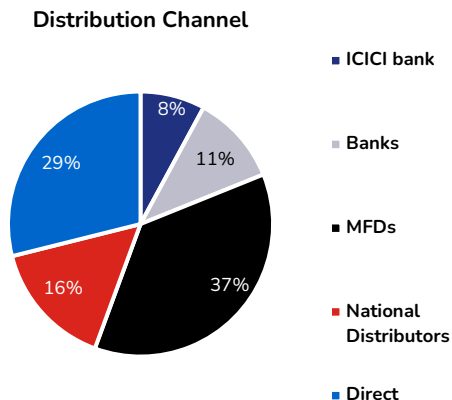
In the AIF and PMS businesses, revenue is not net of commissions, unlike the MF business. Adjusting for commission expense, cost to AUM looks even stronger.

## Diversified channel and brand with retail dominated base

IPRU AMC has built one of the most diversified distribution networks in the industry, comprising over 106,000 mutual fund distributors, 209 national distributors, and more than 64 banks in its bancassurance channel. About 10% of flows originate from ICICI Bank, which provides a stable and scalable distribution advantage.

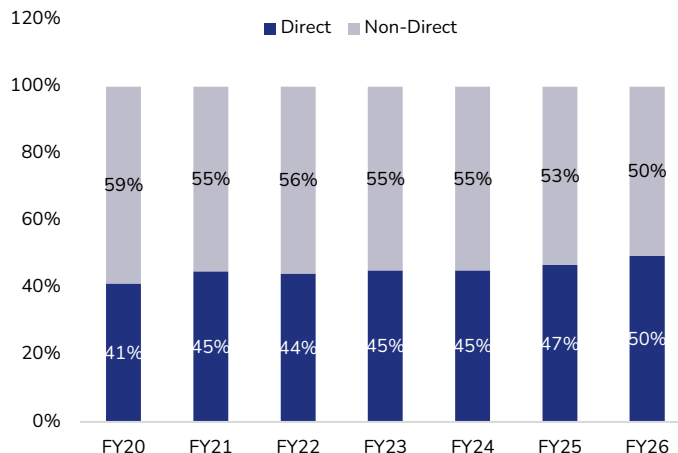
ICICI Bank’s backing enhances brand credibility, customer trust and cross-selling opportunities. The strong parentage also enables deep penetration across the retail and affluent segments while reducing customer acquisition risk.

**Exhibit 18: 4QFY26: ICICI bank contributes 8% to total QAAUM**



Source: Company, JM Financial

**Exhibit 19: Direct and non-direct share split**



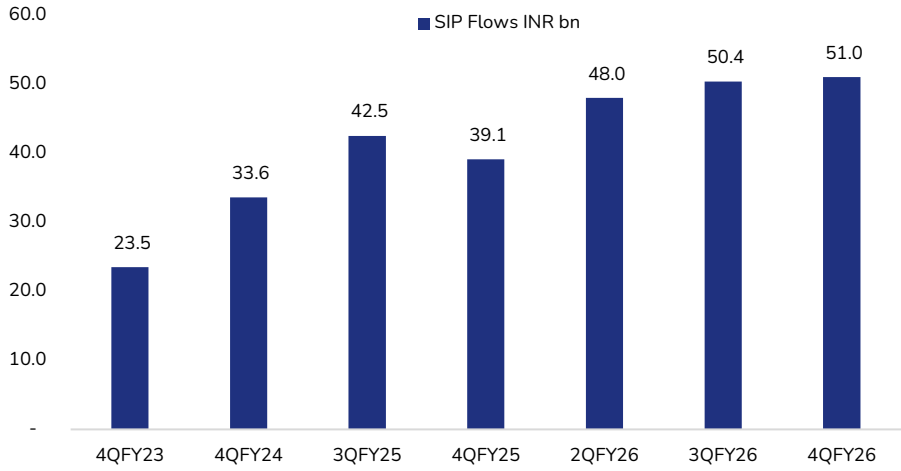
Source: Company, JM Financial

On distribution, the company benefits from a strong brand and parentage; this supports sourcing, particularly through banca channels, which contribute ~8% to QAAUM. At the same time, MFDs remain the largest channel at ~37%. Overall, the distribution mix is well diversified, which is important from a risk and scalability standpoint as it reduces dependence on any single channel.

Another positive trend is the gradual improvement in the direct AUM mix. The share of direct has increased from ~41% in FY20 to ~50% in FY26, with improvements taking root as soon as FY21. This reflects increasing investor awareness as well as better digital capabilities of the company. A higher direct mix is beneficial as it reduces commission payouts and supports margin expansion.

IPRU AMC’s franchise is predominantly retail-focused with individual investors accounting for 62.2% of total MF MAAUM and 86.4% of equity and equity-oriented scheme MAAUM (end-March 2025). The company also serves about 17mn unique investors (FY26). Retail investors tend to exhibit greater stickiness than institutional investors, particularly through systematic investment plans (SIPs). This provides recurring inflows, lower redemption volatility and enhanced earnings stability.

**Exhibit 20: Increasing SIP flows (INR bn)**



Source: Company, JM Financial

Lastly, SIP flows have been strong and consistent, which is a key positive. The company has been able to attract steady SIP inflows from 4QFY23 through 3QFY26. This indicates strong retail participation and, more importantly, stickiness in flows as SIPs tend to be long-term in nature, thereby providing better visibility on future AUM growth and reducing volatility vis-a-vis lumpsum flows.

## Quarterly Performance

IPRU AMC's first quarter post-listing was a strong operational start, with revenue growing 7% QoQ/24% YoY led by healthy traction in equity AUM and continued scale-up in non-MF segments such as AIF and PMS. The diversification beyond core MF business is beginning to contribute meaningfully to growth, although it has also led to elevated employee costs during the quarter due to hiring and investments in these verticals.

Management has indicated that these costs would moderate over time as operating leverage plays out. Despite higher costs, profitability remained robust, with PAT increasing 10% QoQ/46% YoY. With ~60% of AUM in equities, the company continues to benefit from superior yield dynamics, reporting a blended yield of 56bp, which remains ahead of most listed peers and reflects a favourable product mix.

With 30%+ of its equity AUM coming from hybrid, the AMC has outperformed peers in average AUM over Jan-Mar, hence, IPRU AMC delivered a stable 4QFY26 performance, with revenue rising marginally to INR 15,170 mn and operating PBT reaching INR 11,279 mn, reflecting strong operational efficiency. While PAT moderated to INR 7,634 mn due to negative other income, it still showed a healthy 10% YoY growth. Total AAUM grew to INR 11,038 bn, driven by robust equity and alternative asset inflows. The quarter highlights the AMC's ability to sustain growth and operational resilience, even amid short-term income volatility.

### Exhibit 21: Quarterly performance: 4QFY26

P&L (INR mn)	1Q26	2Q26	3Q26	4Q26	QoQ (%)	YoY (%)
<b>Revenue from operations</b>	13,133	14,196	15,147	15,170	0.2%	20%
Employee benefits expense	1,704	1,728	1,659	1,285	-22.5%	-12.9%
Depreciation & Amortisation	253	266	260	276	6.4%	17.3%
Business Development and Others	2,021	2,029	2,129	2,330	9.5%	0.4%
<b>Total expenses</b>	<b>3,978</b>	<b>4,023</b>	<b>4,048</b>	<b>3,892</b>	<b>-3.9%</b>	<b>-3.5%</b>
<b>Operating PBT</b>	<b>9,155</b>	<b>10,173</b>	<b>11,099</b>	<b>11,279</b>	<b>1.6%</b>	<b>30.3%</b>
Other income	1,449	718	1,089	(893)	-182.0%	-275.2%
PBT	10,604	10,891	12,188	10,386	-14.8%	13.3%
<b>PAT</b>	<b>7,823</b>	<b>8,354</b>	<b>9,171</b>	<b>7,634</b>	<b>-16.8%</b>	<b>10.4%</b>
<b>Total comprehensive income</b>	<b>7,779</b>	<b>8,359</b>	<b>9,176</b>	<b>7,632</b>	<b>-16.8%</b>	<b>10.5%</b>
Quarterly average AAUM (INR bn)	1Q26	2Q26	3Q26	4Q26	QoQ (%)	YoY (%)
Equity	5,579	6,017	6,438	6,562	1.9%	27.1%
Debt	1,426	1,518	1,588	1,541	-3.0%	14.5%
Liquid	1,025	1,099	1,060	1,091	2.8%	4.7%
Other	1,413	1,514	1,677	1,845	10.0%	48.3%
<b>Overall</b>	<b>9,442</b>	<b>10,148</b>	<b>10,764</b>	<b>11,038</b>	<b>2.5%</b>	<b>25.5%</b>
DuPont analysis	1Q26	2Q26	3Q26	4Q26	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.56%</b>	<b>0.56%</b>	<b>0.56%</b>	<b>0.54%</b>	-0.01%	-0.03%
Employee exp / QAAUM (%)	0.07%	0.07%	0.06%	0.06%	-0.02%	-0.02%
Business Development and Other opex / QAAUM (%)	0.10%	0.09%	0.09%	0.09%	0.01%	-0.02%
Total cost / QAAUM (%)	0.17%	0.16%	0.15%	0.15%	-0.01%	-0.04%
<b>Operating PBT / QAAUM (%)</b>	<b>0.39%</b>	<b>0.40%</b>	<b>0.41%</b>	<b>0.39%</b>	<b>0.00%</b>	<b>0.01%</b>
Other income / QAAUM (%)	0.06%	0.03%	0.04%	-0.02%	-0.07%	-0.06%
PBT / QAAUM (%)	0.45%	0.43%	0.45%	0.36%	-0.08%	-0.04%
<b>PAT / QAAUM (%)</b>	<b>0.33%</b>	<b>0.33%</b>	<b>0.34%</b>	<b>0.27%</b>	<b>-0.06%</b>	<b>-0.04%</b>

Source: Company, JM Financial

## Financial Summary

ICICI Pru AMC turned in a strong performance in FY24 and FY25, with notable growth in Investment Management Fees and total revenue driven by robust AUM expansion, particularly in the Equity and Other (ETF + FoFs + Index Funds) segments.

Over FY26–28E, ICICI Pru AMC is well-positioned for sustained growth, albeit at a slightly lower pace. Investment Management Fees is expected to grow 19.5% YoY in FY26, reflecting continued strength in equity-based AUM, before slowing to 17.8% YoY in FY28E. We project the company's total revenue would expand steadily, with YoY growth of 21.3% in FY26, slowing gradually over the next few years.

While operating costs would rise in line with business expansion, profitability shall remain robust, with PAT rising 24.4% YoY in FY26 and stabilising at 19% YoY thereafter. This sustained growth is supported by IPRU AMC's ability to efficiently manage expenses, maintain high RoE and RoA, and adapt to market conditions. Overall, ICICI Pru AMC is poised for stable and profitable growth, leveraging its diversified asset base and strategic focus on equity and other high-growth areas.

### Exhibit 22: Financial summary

INR mn	FY24	FY25	Growth YoY%	FY26	Growth YoY%	FY27E	Growth YoY%	FY28E	Growth YoY%
<b>Income Statement (INR mn)</b>									
Investment Management Fees	33,759	46,828	38.7%	57,646	23.1%	68,397	18.6%	81,041	18.5%
Total Other income	3,853	2,969	-22.9%	2,363	-20.4%	2,673	13.1%	3,044	13.9%
Total Revenue	37,612	49,797	32.4%	60,009	20.5%	71,069	18.4%	84,084	18.3%
Employee costs	5,216	6,142	17.8%	6,376	3.8%	7,524	18.0%	8,427	12.0%
Admin & Other expenses	2,829	3,879	37.1%	4,317	11.3%	4,748	10.0%	5,210	9.7%
Mktg & publicity expenses	1,929	3,591	86.2%	4,192	16.7%	5,359	27.8%	6,377	19.0%
Total Operating Expenses	9,974	13,612	36.5%	14,886	9.4%	17,631	18.4%	20,014	13.5%
Depreciation	657	854	29.9%	1,055	23.6%	1,161	10.0%	1,277	10.0%
Total Expenditure	10,631	14,466	36.1%	15,941	10.2%	18,792	17.9%	21,291	13.3%
Profit before tax & Exceptional items	26,981	35,331	30.9%	44,068	24.7%	52,277	18.6%	62,793	20.1%
PBT	26,981	35,331	30.9%	44,068	24.7%	52,277	18.6%	62,793	20.1%
Tax	(6,484)	(8,824)	36.1%	(11,086)	25.6%	(13,069)	17.9%	(15,698)	20.1%
PAT (pre-extraordinary)	20,497	26,507	29.3%	32,983	24.4%	39,208	18.9%	47,095	20.1%
Reported Profit (PAT)	20,497	26,507	29.3%	32,983	24.4%	39,208	18.9%	47,095	20.1%
<b>Key ratios (%)</b>									
As a % of average AUM									
Core Revenues / Avg. AUM	0.57%	0.60%	0.03%	0.60%	0.00%	0.59%	-0.01%	0.58%	-0.01%
Other Revenues / Avg. AUM	0.07%	0.04%	-0.03%	0.02%	-0.01%	0.02%	0.00%	0.02%	0.00%
Total Revenues / Avg. AUM	0.64%	0.64%	0.01%	0.63%	-0.02%	0.62%	-0.01%	0.60%	-0.01%
Employee cost / Avg. AUM	0.09%	0.08%	-0.01%	0.07%	-0.01%	0.07%	0.00%	0.06%	0.00%
Brokerage & comms / Avg. AUM	0.03%	0.04%	0.02%	0.04%	0.00%	0.04%	0.00%	0.04%	0.00%
Operating cost / Avg. AUM	0.18%	0.19%	0.01%	0.17%	-0.02%	0.16%	0.00%	0.15%	-0.01%
PBT / Avg. AUM	0.46%	0.46%	0.00%	0.46%	0.00%	0.45%	-0.01%	0.45%	0.00%
PAT / Avg. AUM	0.35%	0.34%	0.00%	0.35%	0.00%	0.34%	-0.01%	0.34%	0.00%
RoA (%)	64.47%	66.79%	2.32%	69.21%	2.42%	70.03%	0.82%	71.50%	1.47%
RoE (%)	78.90%	82.84%	3.94%	85.74%	2.91%	85.82%	0.08%	86.70%	0.88%
<b>Closing AUM</b>									
Equity	4,065	5,164	27.0%	6,179	19.6%	7,609	23.1%	9,379	23.3%
Debt	1,371	1,353	-1.3%	1,348	-0.3%	1,499	11.2%	1,662	10.9%
Liquid	679	811	19.5%	954	17.7%	1,038	8.8%	1,133	9.2%
Others (ETF + FoFs + Index Funds)	894	1,329	48.5%	1,981	49.1%	2,485	25.4%	3,069	23.5%
Total AUM	7,009	8,657	23.5%	10,463	20.9%	12,630	20.7%	15,243	20.7%

Source: Company, JM Financial

## Company Overview

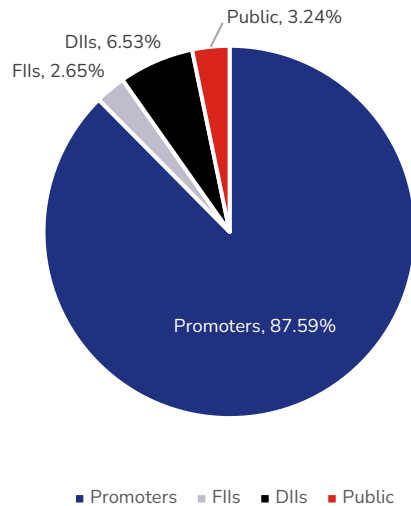
IPRU AMC is the largest AMC in India by active MF QAAUM with a market share of 13.3% and total MF QAAUM of INR 8,794.1bn (as on 31<sup>st</sup> Mar'25).

Since 1998, the company has been operating as a JV between ICICI Bank and Prudential Corporation Holdings Limited. It manages the largest number of schemes in the MF industry in India (end-Mar'25)—a total of 135 schemes comprising 42 equity and equity-oriented schemes, 20 debt schemes, 56 passive schemes, 14 FoF domestic schemes, two liquid schemes, and one arbitrage scheme.

IPRU AMC also has the highest individual investor MAAUM in the Indian MF industry (end-Mar'25). In addition to its MF business, IPAMC has a growing alternatives business comprising PMS, management of AIFs and advisory services to offshore clients (PMS, AIF and advisory, collectively "Alternates"). One of the most profitable AMC in India by operating profit before tax with a market share of 21.2% during FY24.

The company has a pan-India distribution network comprising 264 offices across 23 states and four union territories (end-Mar'25), with 106,475 institutional and individual MFDs, 209 national distributors and 64 banks (including ICICI Bank Limited). It leverages the extensive distribution network of ICICI Bank (one of its promoters and a registered MF distributor), which had 6,938 branches in India (end-Mar'25).

**Exhibit 23: Shareholding pattern (end-Dec'25)**



Source: Company, JM Financial

# Management Overview

**Exhibit 24: Management Team at IPRU AMC**

Name	Designation	Profile
Mr Nimesh Shah	Managing Director and Chief Executive Officer	Mr Shah has 31 years of experience in the banking and financial sector. He received the "CEO of the Year" award for the India category at the Asia Asset Management – 2023 Best of the Best Awards, the "Best Asset Management CEO India 2017" award at the Global Banking & Finance Awards 2017 and the "CEO of the Year" award at Asia Asset Management – 2014 Best of the Best Awards. Mr Shah is a CA, and a Bachelor of Commerce from the University of Bombay.
Mr Naveen Kumar Agarwal	Chief Financial Officer	Mr Agarwal has been associated with the company since 1 <sup>st</sup> Aug'23. He has more than 27 years of experience in financial services sector. Mr Shah is Chartered Accountant and a Company Secretary, and a Bachelor of Commerce from the University of Calcutta.
Mr Sankaran Naren	Executive Director and Chief Investment Officer	Mr Naren has experience in the financial services industry including, <i>inter alia</i> , investment banking, fund management, equity research and stock broking operations. He is Bachelor of Technology (mechanical engineering) from the Indian Institute of Technology – Madras and a postgraduate diploma in management from the Indian Institute of Management, Calcutta. He received the "CIO of the Year" award in the subcategory for India at the Asia Asset Management – 2023 Best of the Best Awards.
Mr Rakesh Shetty	Chief Compliance Officer	Mr Shetty has been associated with the company since 1 <sup>st</sup> Aug'11. He has more than 21 years of experience in the financial services sector. He is a Bachelor of Commerce and Bachelor of Law (general) from the University of Mumbai. Mr Shetty is also a member of the Institute of Company Secretaries of India and has completed an executive programme in business management from the Indian Institute of Management, Calcutta.
Mr Suresh Subramanian	Chief Operations Officer	Mr Subramanian has been associated with the company since 2 <sup>nd</sup> July'07. He has more than 24 years of experience in the financial services sector. Mr Subramanian is a Bachelor of Commerce from the University of Mumbai. He has also passed the final examination of the Institute of Chartered Accountants of India.
Mr Nikhil Bhende	Chief Human Resources Officer	Mr Bhende has been associated with the company since 21 <sup>st</sup> Jan'08. He has more than 22 years of experience in the human resources sector. Mr Bhende is a Bachelor of Commerce from the University of Mumbai and holds a postgraduate diploma in business administration from the Indian Education Society's Core Competence Development Centre of Management Studies.
Mr Amar Shah	Chief Business Officer	Mr Shah has been associated with the company since 24 <sup>th</sup> Jan'13. He has more than 23 years of experience in the financial services sector. Mr Shah is a Bachelor of Commerce from the University of Mumbai and a Master of Management Studies from the University of Mumbai. He was associated with IPAMC from 11 <sup>th</sup> Jun'01 to 15 <sup>th</sup> Jan'08.
Mr Abhijit Shah	Chief Marketing and Digital Business Officer	Mr Shah has been associated with the company since 10 <sup>th</sup> Jul'14. He has more than 22 years of experience in the financial services sector. Mr Shah is a Bachelor of Commerce from the University of Mumbai and a Master of Management Studies from the University of Mumbai.
Mr Ankur Kagrana	Chief Risk Officer	Mr Kagrana has been associated with IPAMC since 2007. In his current role, he is responsible for operational, equity and fixed income risk management at the AMC. He comes with a rich experience of over two decades spanning internal controls, fraud risk management, investment risk and internal audit. Prior to this, he was associated with Chokshi & Chokshi LLP. By qualification, he is a Chartered Accountant.
Mr Anand Shah	Chief Investment Officer of PMS & AIF investments	Mr Shah has been associated with the company since 10 <sup>th</sup> Feb'21. He has more than 25 years of experience in the financial services sector. Mr Shah is a Bachelor of Engineering (Electronics) from the South Gujarat University and hold a post-graduate diploma in management from the Indian Institute of Management, Society, Lucknow. He was also associated with the company from 19 <sup>th</sup> Jan'07 to 4 <sup>th</sup> Apr'08.
Mr Shekhar Daga	Head – Private Capital	Mr Shekhar Daga has been associated with IPAMC since 8 <sup>th</sup> Mar'21. He has more than 25 years of experience in the financial services sector. Mr Daga is a Bachelor of Commerce from the Nagpur University. He has also passed the final examination of the Institute of Chartered Accountants of India.
Mr Anish Tawakley	Co-CIO-Equity	Mr Tawakley joined in April 2016. Currently, he is fund manager for ICICI Prudential Bluechip Fund, ICICI Prudential Focused Equity Fund, ICICI Prudential Business Cycle Fund, ICICI Prudential Manufacturing Fund, ICICI Prudential Small Cap Fund and ICICI Prudential Innovation Fund managing AUM of nearly INR 7,00,000mn. In 1995, he joined McKinsey as a management consultant and worked thereof till late 2002. Following this stint, he joined Bernstein, London, one of the largest global fund managers as Sr. VP, (Buy-Side research) from January 2003 to November 2010. In 2011, he came back to India and joined Credit Suisse as Director, (Sell-Side Research). He pursued Mechanical Engineering from IIT – Delhi and MBA from IIM – Bangalore.
Mr Ramesh Haribhai Patel	Chief Information Security Officer	Mr Patel has been associated with the company since 21 <sup>st</sup> Feb'22. He has more than 21 years of experience in the financial services sector. Mr Patel is a Bachelor of Engineering (Electronics and Telecommunication Engineering) from the University of Mumbai.

Source: Company, JM Financial

# Financial Tables

Income Statement	(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E
MF Fees	29,987	39,635	48,655	56,708	67,015
PMS Fees	3,772	7,193	8,991	11,688	14,026
<b>Investment Management fees</b>	<b>33,759</b>	<b>46,828</b>	<b>57,646</b>	<b>68,397</b>	<b>81,041</b>
Total Other income	3,853	2,969	2,363	2,679	3,044
<b>Total Revenue</b>	<b>37,612</b>	<b>49,797</b>	<b>60,009</b>	<b>71,076</b>	<b>84,084</b>
Employee costs	5,216	6,142	6,376	7,524	8,427
Admin & Other expenses	2,667	3,693	4,139	4,556	5,003
Mktg & publicity expenses	1,929	3,591	4,192	5,359	6,377
<b>Total Operating Expenses</b>	<b>9,812</b>	<b>13,427</b>	<b>14,708</b>	<b>17,439</b>	<b>19,807</b>
Depreciation/Diminution in LT invstmt	657	854	1,055	1,161	1,277
<b>Total Expenditure</b>	<b>10,469</b>	<b>14,281</b>	<b>15,763</b>	<b>18,600</b>	<b>21,084</b>
<b>PBT</b>	<b>26,981</b>	<b>35,331</b>	<b>44,068</b>	<b>52,284</b>	<b>62,793</b>
Tax	6,484	8,824	11,086	13,069	15,698
<b>Reported Profit (PAT)</b>	<b>20,497</b>	<b>26,507</b>	<b>32,983</b>	<b>39,215</b>	<b>47,095</b>
Dividend	-	-	-	-	-
<b>Retained earnings</b>	<b>20,497</b>	<b>26,507</b>	<b>32,983</b>	<b>39,215</b>	<b>47,095</b>

Source: Company, JM Financial

Balance Sheet	(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E
Share capital	177	177	177	177	177
Reserves & Surplus	28,652	34,993	41,589	49,431	58,850
<b>Net worth</b>	<b>28,828</b>	<b>35,169</b>	<b>41,766</b>	<b>49,608</b>	<b>59,027</b>
Secured Loans	-	-	-	-	-
Current Liabilities	6,713	8,667	9,715	10,889	12,205
Provisions	-	-	-	-	-
<b>Total - Liabilities</b>	<b>35,541</b>	<b>43,837</b>	<b>51,481</b>	<b>60,496</b>	<b>71,232</b>
Net Fixed Assets	2,059	5,979	6,622	7,339	8,137
Non-Current investments	28,826	32,852	36,794	41,209	46,155
<b>Total Non-current assets</b>	<b>30,885</b>	<b>38,831</b>	<b>43,416</b>	<b>48,548</b>	<b>54,292</b>
Total Current investments	-	-	-	-	-
<b>Total Current Assets</b>	<b>4,656</b>	<b>5,006</b>	<b>8,064</b>	<b>11,948</b>	<b>16,940</b>
<b>Total - Assets</b>	<b>35,541</b>	<b>43,837</b>	<b>51,481</b>	<b>60,496</b>	<b>71,232</b>

Source: Company, JM Financial

Mutual Fund AUM	(INR mn)				
Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E
Equity	4,064,774	5,164,146	6,178,837	7,608,681	9,379,389
Debt	1,371,092	1,352,630	1,348,052	1,498,858	1,661,755
Liquid	678,952	811,209	954,409	1,038,130	1,133,236
Others	-	-	-	-	-
<b>Total AUM</b>	<b>7,009,237</b>	<b>8,656,550</b>	<b>10,462,694</b>	<b>12,630,316</b>	<b>15,243,117</b>

Source: Company, JM Financial

Mutual Fund AUM Mix	(%)				
Based on Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E
Equity	58.0	59.7	59.1	60.2	61.5
Debt	19.6	15.6	12.9	11.9	10.9
Liquid	9.7	9.4	9.1	8.2	7.4
Others	-	-	-	-	-
<b>Total AUM</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, JM Financial

Key Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
<b>As a % of Avg AUM</b>					
Core Revenues / Avg. AUM	0.57	0.60	0.60	0.59	0.58
Other Revenues / Avg. AUM	0.06	0.04	0.02	0.02	0.02
<b>Total Revenues / Avg. AUM</b>	<b>0.63</b>	<b>0.64</b>	<b>0.63</b>	<b>0.62</b>	<b>0.60</b>
Employee cost / Avg. AUM	0.09	0.08	0.07	0.07	0.06
Brokerage / Avg. AUM	0.03	0.04	0.04	0.04	0.04
Operating cost / Avg. AUM	0.18	0.18	0.16	0.16	0.15
PBT / Avg. AUM	0.45	0.45	0.46	0.45	0.45
<b>PAT / Avg. AUM</b>	<b>0.35</b>	<b>0.34</b>	<b>0.35</b>	<b>0.34</b>	<b>0.34</b>
<b>As a % of Balance sheet assets</b>					
Core Revenues / Avg. Assets	106.2	118.0	121.0	122.2	123.0
Other Revenues / Avg. Assets	12.1	7.5	5.0	4.8	4.6
Total Revenues / Avg. Assets	118.3	125.5	125.9	126.9	127.7
Employee cost / Avg. Assets	16.4	15.5	13.4	13.4	12.8
Brokerage / Avg. Assets	4.8	8.0	7.9	8.8	9.0
Operating cost / Avg. Assets	30.9	33.8	30.9	31.1	30.1
PBT / Avg. Assets	84.9	89.0	92.5	93.4	95.3
RoA (%)	64.5	66.8	69.2	70.0	71.5
Avg Assets/Equity (x)	122.4	124.0	123.9	122.5	121.3
<b>RoE (%)</b>	<b>78.9</b>	<b>82.8</b>	<b>85.7</b>	<b>85.8</b>	<b>86.7</b>

Source: Company, JM Financial

Growth ratios (YoY %)	FY24A	FY25A	FY26E	FY27E	FY28E
Inv mgmt fees	25.5	38.7	23.1	18.6	18.5
PMS fees + Other income	56.1	90.7	25.0	30.0	20.0
<b>Revenue</b>	<b>32.5</b>	<b>32.4</b>	<b>20.5</b>	<b>18.4</b>	<b>18.3</b>
Employee cost	26.7	17.8	3.8	18.0	12.0
Admin & other exp	19.1	38.5	12.1	10.1	9.8
Marketing & publicity exp	48.5	86.2	16.7	27.8	19.0
Total operating exp	28.3	36.4	10.4	18.0	13.4
<b>PBT</b>	<b>34.4</b>	<b>30.9</b>	<b>24.7</b>	<b>18.6</b>	<b>20.1</b>
Tax	31.9	36.1	25.6	17.9	20.1
<b>PAT</b>	<b>35.2</b>	<b>29.3</b>	<b>24.4</b>	<b>18.9</b>	<b>20.1</b>
<b>Total Assets</b>	<b>26.7</b>	<b>23.3</b>	<b>17.4</b>	<b>17.5</b>	<b>17.7</b>
Equity AUM	56.9	27.0	19.6	23.1	23.3
Debt AUM	37.5	-1.3	-0.3	11.2	10.9
Liquid AUM	-10.0	19.5	17.7	8.8	9.2
Other AUM	-	-	-	-	-
<b>Total AUM</b>	<b>44.5</b>	<b>23.5</b>	<b>20.9</b>	<b>20.7</b>	<b>20.7</b>

Source: Company, JM Financial

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue (mn)	494.3	494.3	494.3	494.3	494.3
<b>EPS (INR)</b>	<b>41.5</b>	<b>53.6</b>	<b>66.7</b>	<b>79.3</b>	<b>95.3</b>
EPS (YoY) (%)	35.2	29.3	24.4	18.9	20.1
<b>PER (x)</b>	<b>80.9</b>	<b>62.5</b>	<b>50.3</b>	<b>42.3</b>	<b>35.2</b>
BV (INR)	58.3	71.2	84.5	100.4	119.4
BV (YoY) (%)	24.6	22.0	18.8	18.8	19.0
P/BV (x)	57.5	47.1	39.7	33.4	28.1
DPS (INR)	-	-	-	-	-
Div. yield (%)	-	-	-	-	-

Source: Company, JM Financial

# Canara Robeco AMC | BUY

## Proxy for growing equity AUM in India



Incorporated in 1993, Canara Robeco Asset Management Company (CRAMC) is India's second-oldest AMC. Canara Bank entered into an agreement with ORIX Corporation Europe N.V. in 2007, whereby Robeco acquired a 49% stake while the remaining 51% was retained by Canara Bank. Post-covid, the AMC's AUM has grown faster than all its listed peers—with equity AUM compounding at 20% over Feb'21–Feb'26. Notably, 90%+ of its AUM comes from equity schemes and, hence, the stock has suffered disproportionately with volatile markets (given equity-heavy AUM). We believe the structural levers – brand recall, strong SIP inflows, focus on high-yielding and fast-growing equity segment – and a track record of maintaining yields while growing faster than peers makes it a good play on India's investment culture. We are initiating coverage at BUY with a TP of INR 325, valuing the AMC at 21x FY28E EPS of INR 15.

- A pure-play proxy for growing equity culture in India:** Post-covid, the MF industry's overall AUM compounded 24% over FY20–25 while the equity (+hybrid-arbitrage) AUM clocked a CAGR of 35%. During the same period, CRAMC's equity/total AUM compounded at 44%/54%, thereby outclassing the MF industry. Growth was supported by strong fund performance and a wide distribution reach—which helped it scale up while keeping yields stable. At end-Feb'26, 90%+ of its MAAUM was in equity schemes. With volatile markets, the stock has been under pressure since listing; however, we view CRAMC as the best proxy for the growing equity culture in India.
  - Strong distribution franchise:** The company has a strong distribution franchise—covering banks (including parent company Canara Bank), national distributors and MFDs (mutual fund distributors). Furthermore, the AMC has a higher share of B-30 AUM than industry and SIP inflows' market share higher than its book market share. These factors lend stickiness to AUM—particularly important in volatile markets.
- Since FY23, the AMC has managed to keep its core revenue yields flat (at 34bps of average AUM) while equity yields of listed peers have compressed due to telescopic pricing. With SEBI's relook at expense ratios, as larger peers see negative impact on yields, we expect CRAMC to benefit. We expect the AMC to sustain its yields over FY26–28E as well.
- Operating leverage in business offers scope for margin expansion:** CRAMC's expenses compounded at 23% over FY23–26E due to investments in growth. However, this is substantially below its revenue/AUM CAGR of 30%/26%. This is higher than the larger peers. Interestingly, the four listed peers reported opex of about INR 8bn in FY25, suggesting that CRAMC's costs too would saturate as it scales up. Even before costs saturate, we expect earnings to clock a 19% CAGR over FY26–28E while revenue/expenses shall compound at 17%/16%.
  - Valuation and view – re-rating likely as markets improve; initiate with BUY:** CRAMC went public at a market cap of INR 60bn, implying 20x FY28E EPS of INR 14. With 90%+ of its AUM in equity, the company has expectedly underperformed peer AMCs in weak markets. With a steadily expanding SIP book and sustained market share in inflows, we expect the company to compound its earnings at a 23% CAGR over FY26–28E. All in all, we are initiating coverage with BUY and TP of INR 325, valuing the stock at 21x FY28E EPS of INR 15.
  - Key risks:** The main risks are market volatility, heightened competition owing to new players entering the market and regulatory challenges, particularly given a fiduciary business.

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	N/A
Current Price Target (12M)	325
Upside/(Downside)	26.0%
Previous Price Target	N/A
Change	N/A

### Key Data – CRAMC IN EQUITY

Current Market Price	INR258
Market cap (bn)	INR51.4/US\$0.6
Free Float (%)	25.0
Shares in issue (mn)	199.4
Diluted share (mn)	199.4
3-mon avg daily val (mn)	INR170.0/US\$1.9
52-week range	INR354/214
Sensex/Nifty	76,848/23,843
INR/US\$	93.4

### Price Performance

%	1M	6M	12M
Absolute	8.2	0.0	0.0
Relative*	4.9	0.0	0.0

\*To the NSE Nifty 50

### Financial Summary

	(INR mn)				
Y/E	FY24A	FY25A	FY26E	FY27E	FY28E
Mutual Fund AUM (closing)	772	1,033	1,162	1,452	1,797
YoY growth (%)	35.8	33.8	12.5	24.9	23.8
% of equity MF AUM (clos.)	91.7	93.5	93.6	94.4	95.0
Operating Revenues (INR mn)	3,188	4,040	4,504	5,354	6,476
Revenue Growth (%)	55.7	26.7	11.5	18.9	21.0
Total operating expenses (INR)	1,188	1,413	1,749	2,022	2,326
Total operating expenses	26.9	18.9	23.7	15.6	15.0
PAT (INR mn)	1,541	1,907	2,010	2,420	3,018
YoY growth (%)	95.2	23.7	5.4	20.4	24.7
PAT / Avg. MF AUM (RoAUM)	0.23	0.21	0.18	0.19	0.19
RoE (%)	39.4	36.2	29.8	28.8	28.9
EPS (INR)	30.9	9.6	10.1	12.1	15.1
P/E (x)	8.5	27.5	26.1	21.7	17.4

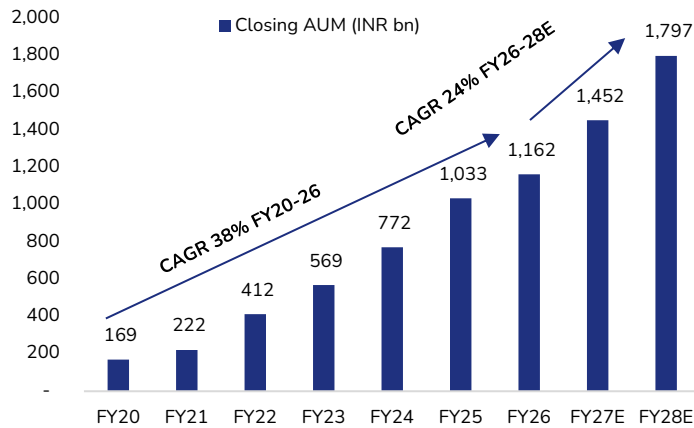
Source: Company data, JM Financial. Note: Valuations as of April 13, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

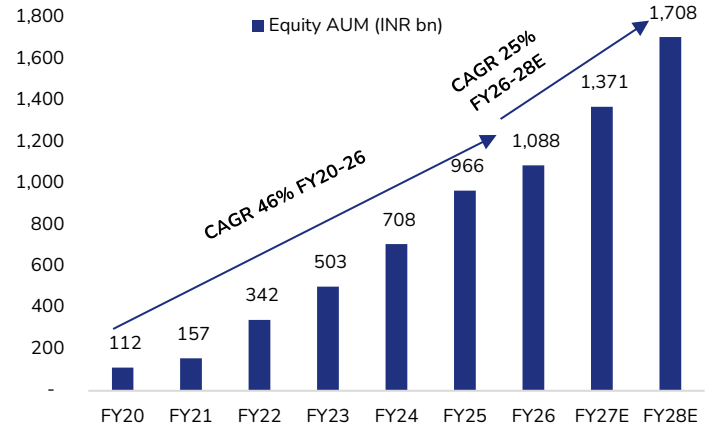
# Focus Charts

**Exhibit 1: AUM growth: 38% CAGR over FY20–26**



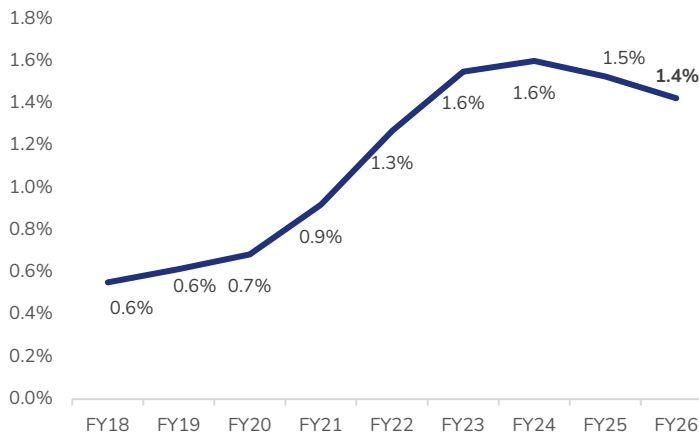
Source: Company, JM Financial

**Exhibit 2: Equity AUM has been growing faster**



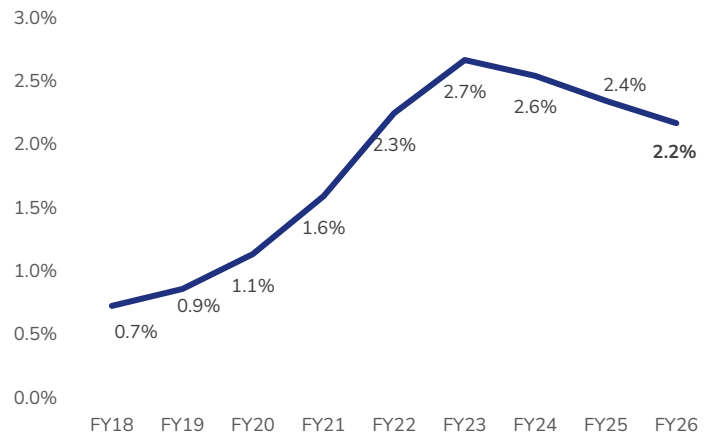
Source: Company, JM Financial

**Exhibit 3: Overall market share: CRAMC's share holding up**



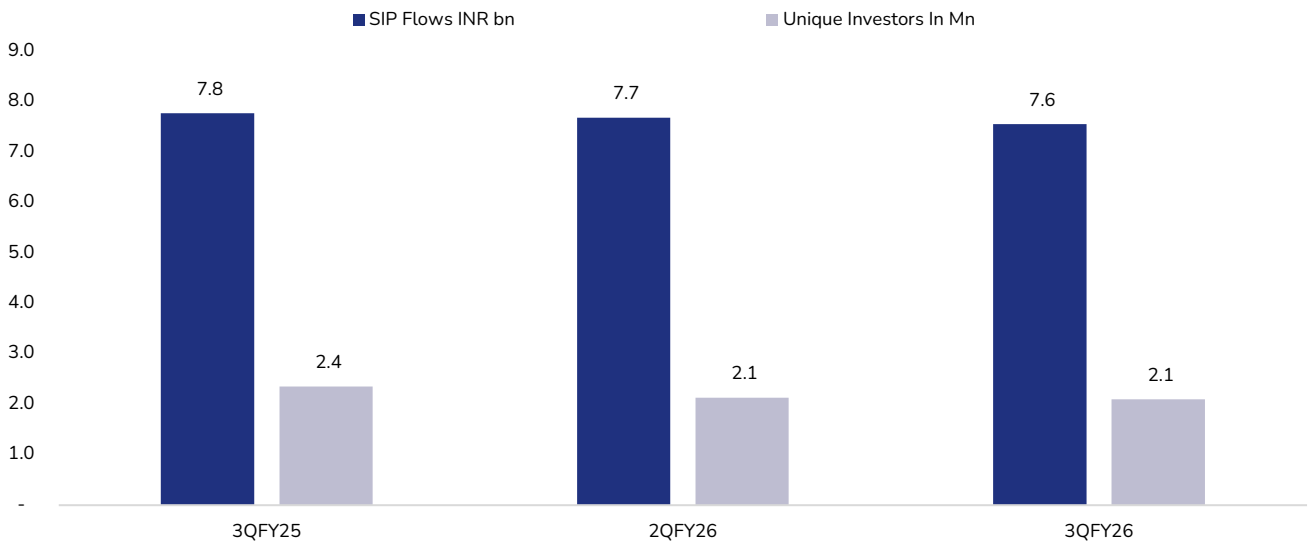
Source: Company, JM Financial

**Exhibit 4: CRAMC has gained equity market share over period**



Source: Company, JM Financial

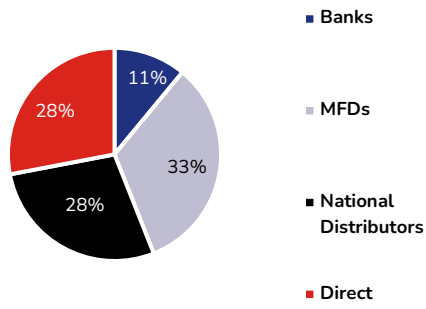
**Exhibit 5: Maintaining SIP flows in a choppy market**



Source: Company, JM Financial

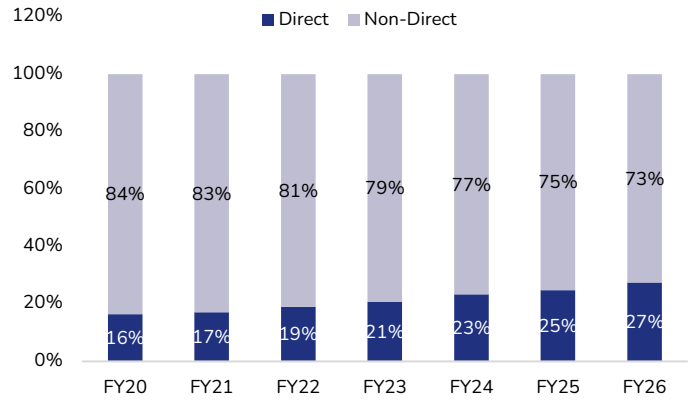
**Exhibit 6: Banca channel contribution: 11% to total MAAUM**

**Distribution Channel**



Source: Company, JM Financial

**Exhibit 7: Direct share has increased to 27%**



Source: Company, JM Financial

**Exhibit 8: DuPont analysis**

As a % of average AUM	FY24	FY25	FY26E	FY27E	FY28E
Core Revenues / Avg. AUM	0.34%	0.34%	0.35%	0.35%	0.34%
Other Revenues / Avg. AUM	0.07%	0.05%	0.05%	0.06%	0.06%
Total Revenues / Avg. AUM	0.41%	0.39%	0.40%	0.41%	0.40%
Employee cost / Avg. AUM	0.10%	0.09%	0.10%	0.10%	0.09%
Brokerage & comms / Avg. AUM	0.01%	0.00%	0.00%	0.00%	0.00%
Operating cost / Avg. AUM	0.16%	0.14%	0.16%	0.16%	0.15%
PBT / Avg. AUM	0.26%	0.25%	0.24%	0.25%	0.25%
PAT / Avg. AUM	0.20%	0.18%	0.18%	0.19%	0.19%
RoA (%)	34.47%	32.03%	26.63%	25.94%	26.23%
RoE (%)	1.14	1.13	1.12	1.11	1.10

Source: Company, JM Financial

# Investment Thesis

## Strong equity-oriented AUM mix

Canara Robeco AMC maintains a predominantly equity-oriented portfolio, with more than 90% of its AUM allocated to equity and equity-oriented schemes. This strategic positioning enables the company to generate superior revenue yields. A structurally high equity mix enhances top-line growth during favourable market cycles and supports operating leverage through scalable fee income.

However, this positioning also makes earnings more sensitive to market movements. During strong equity markets, the company benefits from mark-to-market gains, higher inflows and improved investor sentiment. Conversely, in volatile or bearish conditions, AUM and revenue growth may moderate due to lower valuations and potential redemption pressures. Importantly, management clarified in recent interactions that it remains focused on its core mutual fund business and does not currently intend to diversify into adjacent verticals such as AIFs or PMS, indicating a disciplined and focused growth strategy.

## Ability to offer competitive distributor commissions

Due to its AUM size, the company has relatively greater flexibility in allocating a higher proportion of fees toward distributor commissions. This ability can support stronger distributor engagement, deeper penetration into tier-II and tier-III cities, and improved gross inflows.

We believe higher distributor incentives combined with a strong equity performance track record can accelerate AUM growth over medium term for the company. Further, given its relatively smaller AUM base than industry leaders, CRAMC stands to benefit from SEBI's latest consultation paper regarding total expense ratio (TER) structures and potential rationalisation mechanisms. The telescopic pricing structure allows AMCs with lower AUM slabs to charge relatively high expense ratios.

## Operating leverage offers scope for margin expansion

We have seen larger AMCs spend a similar amount every year, even after they scaled up. In the recent past, CRAMC's expenses compounded at 23% as it invested in growth. However, this is substantially below its revenue and AUM CAGR of 30%/26%.

Even going forward, we expect earnings to compound at 19% over FY26–28E as we expect revenue/expenses to compound at 17%/16%.

As AUM scales up, incremental revenue largely flows to the bottom line due to the fixed-cost-heavy nature of the business.

As the company is investing in growth, dividend payout lags larger players— average of 60% of operating earnings over FY22–25. However, as its product suite is completed, we expect dividend payout to converge to large players.

## Established franchise with strong parentage

Incorporated in 1993, CRAMC is the second-oldest asset management company in India and has over three decades of operating experience. This long-standing presence enhances brand recognition, credibility and investor trust. The company benefits from strong parentage through Canara Bank, which provides access to a stable bancassurance distribution channel and a large customer base.

At end-Dec'24, the company had 49,412 distribution partners across India, including Canara Bank, 44 other banks, 259 national distributors and 49,108 MF distributors. The banca channel remains a significant contributor to flows, supported by the trust and reach of its banking parent.

# Valuation

CRAMC went public at a market cap of INR 60bn, implying 20x FY28E EPS of INR 14. With 90%+ of its AUM in equity, the company has expectedly underperformed peer AMCs in weak markets. Over Feb'21–Feb'26, MF equity AUM compounded at 20%. CRAMC compounded at 39% and gained market share. Alongside, it managed to maintain revenue yield of 0.34% of active AUM while peer AMCs have seen significant contraction.

With SEBI's relook at expense ratios favouring smaller schemes, we expect this trend to sustain. On costs, we expect the AMC to invest in people for growth, with fund launches likely to be steady and focused on the MF space. With a steadily expanding SIP book and sustained market share in inflows, we expect CRAMC to its earnings at a 23% CAGR over FY26–28E. We are initiating coverage on CRAMC at **BUY** with a TP of INR 325, valuing the AMC at 21x FY28E EPS of INR 15.

# Key Risks

## Market volatility

Sentiments surrounding elections, both at the national and state levels, can introduce significant volatility in the capital markets as investors react to potential policy changes and their implications for different sectors and industries.

Furthermore, geopolitical events, such as trade disputes, military conflicts and diplomatic tensions can also contribute to market instability. Persistently high inflation, which has been a significant challenge for India and global economies, can further exacerbate market volatility. This heightened volatility highlights the importance of long-term investment strategies, diversification and professional fund management to weather the market turbulence.

## Increased competition with new players entering market

The industry shall attract a few more players going forward, including Old Bridge Capital Management and Unifi Capital. Also, Jio Financial Services (JFS) has joined hands with BlackRock to launch a mutual fund business in India.

The increased competition will drive fund managers to be more innovative and agile in their investment strategies as they strive to attract and retain investors. This may lead to introduction of new fund categories, specialised investment products and enhanced digital platforms to provide a more seamless and personalised investment experience.

## Regulatory challenges

The Indian MF industry operates in a regulatory framework that, while important, can sometimes impede progress. Alterations to tax laws, investment rules and compliance standards can perplex investors and complicate investment process. To foster ongoing investor trust, the industry must stay abreast of these regulatory changes while maintaining transparency.

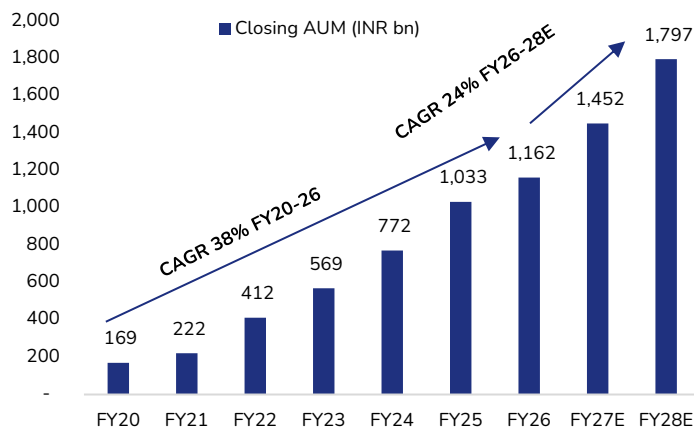
# Investment Arguments

## Strong equity-oriented AUM mix

CRAMC maintains a predominantly equity-oriented portfolio, with more than 90% of its AUM allocated to equity and equity-oriented schemes. This strategic positioning enables the company to generate superior revenue yields. A structurally high equity mix enhances top-line growth during favorable market cycles and supports operating leverage through scalable fee income.

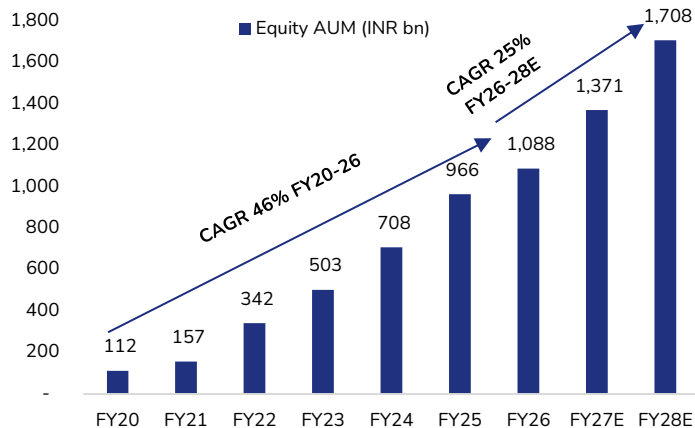
However, this positioning makes earnings more sensitive to market movements. During strong equity markets, the company benefits from mark-to-market gains, higher inflows and improved investor sentiment. Conversely, in volatile or bearish conditions, AUM and revenue growth may moderate due to lower valuations and potential redemption pressures. Importantly, management clarified in recent interactions that they remain focused on the core MF business and do not currently intend to diversify into adjacent verticals such as AIFs or PMS, indicating a disciplined and focused growth strategy.

**Exhibit 9: AUM growth: 38% CAGR over FY20–26**



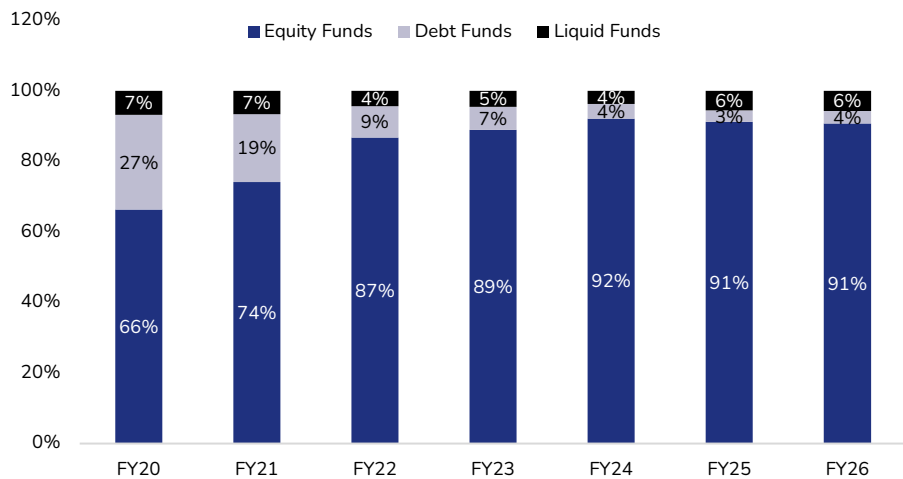
Source: Company, JM Financial

**Exhibit 10: Equity AUM has been growing faster**



Source: Company, JM Financial

**Exhibit 11: AUM mix: Equity AUM share makes bulk of AUM**



Source: Company, JM Financial

The company has focused on equity, with the mix improving from 66% in FY20 to 91% in FY25E. Its AUM expanded at a breakneck 44% CAGR over last five years. Despite cutting down on other asset classes and only focusing on the equity side, the AUM grew quite fast, and this is all because of combination of good fund performance, which attracts good inflows and strong distribution, supported by trust in the Canara Robeco brand.

**Exhibit 12: Industry equity AUM compounded 43% over FY20–26 compared with 36% for total**

AUM Mix INR bn	FY20	FY21	FY22	FY23	FY24	FY25	FY25	FY26	CAGR 20–26
Equity Funds	112	220	416	553	812	929	929	963	43%
Debt Funds	46	57	42	40	37	34	34	37	-3%
Liquid Funds	11	20	21	28	33	56	56	61	32%
<b>Total</b>	<b>169</b>	<b>296</b>	<b>479</b>	<b>621</b>	<b>881</b>	<b>1,019</b>	<b>1,019</b>	<b>1060</b>	<b>36%</b>

Source: Company, JM Financial

**Exhibit 13: FY25: CRAMC revenue can grow faster than others**

Company	IPRU AMC	HDFC AMC	NAM India	ABSL AMC	UTI AMC	CRAMC
Equity AUM Mix	60%	65%	48%	48%	36%	93%
Revenue contribution by Equity AUM	71%	79%	65%	65%	66%	91%

Source: JM Financial, Company

## Ability to offer competitive distributor commissions

Due to its AUM size, the company has relatively greater flexibility in allocating a higher proportion of fees toward distributor commissions. This ability can support stronger distributor engagement, deeper penetration into tier-II and tier-III cities, and improved gross inflows.

We believe higher distributor incentives combined with a strong equity performance track record can accelerate AUM growth over medium term for the company. Further, given its relatively smaller AUM base than industry leaders, CRAMC stands to benefit from SEBI's latest consultation paper regarding total expense ratio (TER) structures and potential rationalisation mechanisms. The telescopic pricing structure allows AMCs with lower AUM slabs to charge relatively high expense ratios.

### Exhibit 14: Canara Robeco has greater TER than other AMCs

TER Date	Scheme Name	Closing AUM (INR m)	Regular Plan - Base TER (%)	Direct Plan - Base TER (%)	Commission (%)
28-Feb-2026	Aditya Birla Sun Life Flexi Cap Fund	247,004	1.48	0.69	0.79
28-Feb-2026	Aditya Birla Sun Life Focused Fund	80,681	1.64	0.71	0.93
28-Feb-2026	Aditya Birla Sun Life Large Cap Fund	303,921	1.44	0.78	0.66
28-Feb-2026	Aditya Birla Sun Life MIDCAP Fund	60,407	1.68	0.83	0.85
28-Feb-2026	Aditya Birla Sun Life Multi-Cap Fund	65,043	1.67	0.61	1.06
28-Feb-2026	Aditya Birla Sun Life Small Cap Fund	47,781	1.72	0.73	0.99
28-Feb-2026	Aditya Birla Sun Life Value Fund	62,460	1.68	0.83	0.85
		<b>9%</b>	<b>1.54</b>	<b>0.74</b>	<b>0.80</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Flexi Cap Fund</b>	<b>133,274</b>	<b>1.57</b>	<b>0.44</b>	<b>1.13</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Focused Fund</b>	<b>27,933</b>	<b>1.82</b>	<b>0.43</b>	<b>1.39</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Large Cap Fund</b>	<b>170,922</b>	<b>1.54</b>	<b>0.41</b>	<b>1.13</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Mid Cap Fund</b>	<b>40,607</b>	<b>1.75</b>	<b>0.49</b>	<b>1.26</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Multi Cap Fund</b>	<b>50,793</b>	<b>1.72</b>	<b>0.39</b>	<b>1.33</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Small Cap Fund</b>	<b>126,707</b>	<b>1.58</b>	<b>0.43</b>	<b>1.15</b>
<b>28-Feb-2026</b>	<b>Canara Robeco Value Fund</b>	<b>13,007</b>	<b>1.99</b>	<b>0.56</b>	<b>1.43</b>
		<b>6%</b>	<b>1.61</b>	<b>0.43</b>	<b>1.18</b>
28-Feb-2026	HDFC Flexi Cap Fund	974,516	1.20	0.56	0.64
28-Feb-2026	HDFC Focused Fund	263,322	1.47	0.5	0.97
28-Feb-2026	HDFC Large Cap Fund	396,209	1.40	0.82	0.58
28-Feb-2026	HDFC Mid Cap Fund	921,869	1.21	0.61	0.6
28-Feb-2026	HDFC Multi Cap Fund	191,826	1.52	0.63	0.89
28-Feb-2026	HDFC Small Cap Fund	369,405	1.41	0.59	0.82
28-Feb-2026	HDFC Value Fund	74,869	1.65	0.8	0.85
		<b>35%</b>	<b>1.30</b>	<b>0.62</b>	<b>0.69</b>
28-Feb-2026	ICICI Prudential Flexicap Fund	196,812	1.52	0.63	0.89
28-Feb-2026	ICICI Prudential Focused Equity Fund	149,355	1.55	0.45	1.1
28-Feb-2026	ICICI Prudential Large Cap Fund	766,456	1.24	0.69	0.55
28-Feb-2026	ICICI Prudential Midcap Fund	69,690	1.65	0.83	0.82
28-Feb-2026	ICICI Prudential Multicap Fund	158,452	1.55	0.76	0.79
28-Feb-2026	ICICI Prudential Smallcap Fund	81,227	1.64	0.63	1.01
28-Feb-2026	ICICI Prudential Value Fund	603,528	1.29	0.77	0.52
		<b>22%</b>	<b>1.36</b>	<b>0.70</b>	<b>0.66</b>
28-Feb-2026	Nippon India Flexi Cap Fund	93,662	1.62	0.34	1.28
28-Feb-2026	Nippon India Focused Fund	84,765	1.63	0.9	0.73
28-Feb-2026	Nippon India Large Cap Fund	501,606	1.33	0.51	0.82
28-Feb-2026	Nippon India Multi Cap Fund	488,086	1.34	0.56	0.78
28-Feb-2026	Nippon India Small Cap Fund	658,122	1.27	0.52	0.75
28-Feb-2026	Nippon India Value Fund	89,620	1.62	0.85	0.77
		<b>21%</b>	<b>1.35</b>	<b>0.55</b>	<b>0.80</b>
28-Feb-2026	UTI - Flexi Cap Fund.	235,423	1.50	0.87	0.63
28-Feb-2026	UTI - Large Cap Fund	128,386	1.58	0.75	0.83
28-Feb-2026	UTI - Mid Cap Fund	114,928	1.59	0.75	0.84
28-Feb-2026	UTI Focused Fund	25,179	1.84	0.5	1.34
28-Feb-2026	UTI Multi Cap Fund	18,462	1.92	0.59	1.33
28-Feb-2026	UTI Small Cap Fund	45,449	1.73	0.52	1.21
28-Feb-2026	UTI Value Fund	98,357	1.61	0.98	0.63
		<b>7%</b>	<b>1.59</b>	<b>0.80</b>	<b>0.79</b>
<b>31-Jan-2026</b>	<b>Total AUM INR mn</b>	<b>9,230,120</b>			

Source: JM Financial, Company

Given its relatively smaller AUM base than industry leaders, CRAMC stands to benefit from SEBI's latest consultation paper regarding total expense ratio (TER) structures and potential rationalisation mechanisms. The telescopic pricing structure outlined therein allows AMCs with lower AUM slabs to charge relatively high expense ratios.

## Operating leverage offers scope for margin expansion

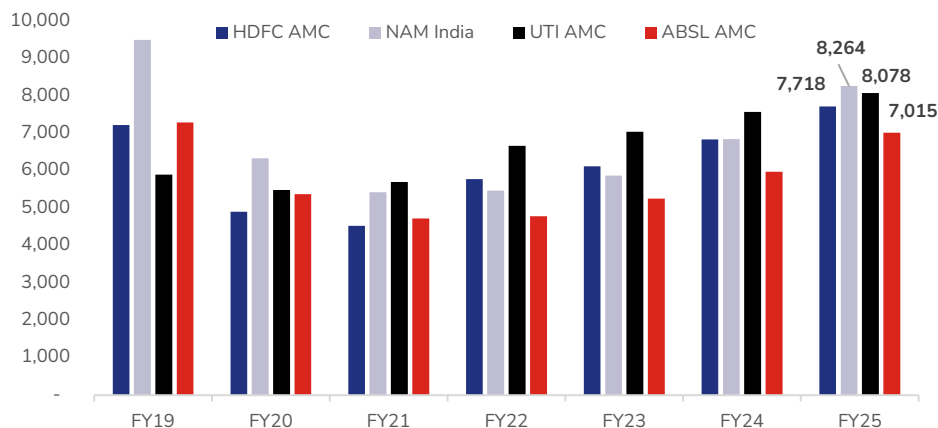
We have seen larger AMCs spend a similar amount every year, even after they scaled up. In the recent past, CRAMC's expenses compounded at 23% as it invested in growth. However, this is substantially below its revenue and AUM CAGR of 30%/26%.

Even going forward, we expect earnings to compound at 19% over FY26–28E as we expect revenue/expenses to compound at 17%/16%.

As AUM scales up, incremental revenue largely flows to the bottom line due to the fixed-cost-heavy nature of the business.

As the company is investing in growth, dividend payout lags larger players— average of 60% of operating earnings over FY22–25. However, as its product suite is completed, we expect dividend payout to converge to large players.

**Exhibit 15: Operating expense of listed AMCs along similar lines irrespective of revenue**



Source: Company, JM Financial

AMCs benefit from significant operating leverage due to rapid growth in both equity and total AUM while expenses remain relatively stable. The cost structure of AMCs is largely fixed, meaning that as AUM grows, incremental revenue contributes directly to profitability. This operating leverage is not limited to any single AMC; across the industry, expenses tend to be broadly similar regardless of the size of the AUM.

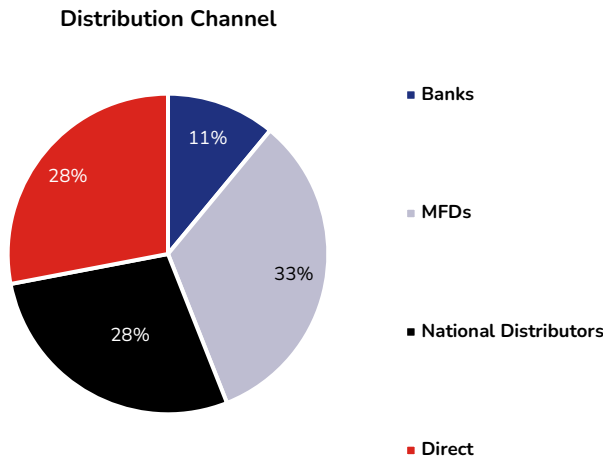
Therefore, larger AMCs can generate disproportionately higher profits from incremental inflows, reinforcing the competitive advantage of established players by virtue of their strong brand presence and a diversified product portfolio.

## Established franchise with strong parentage

Incorporated in 1993, CRAMC is the second-oldest asset management company in India and has over three decades of operating experience. This long-standing presence enhances brand recognition, credibility and investor trust. The company benefits from strong parentage through Canara Bank, which provides access to a stable bancassurance distribution channel and a large customer base.

At end-Dec'24, the company had 49,412 distribution partners across India, including Canara Bank, 44 other banks, 259 national distributors and 49,108 MF distributors. The banca channel remains a significant contributor to flows, supported by the trust and reach of its banking parent.

**Exhibit 16: Banca channel only contributes 11%**



Source: Company, JM Financial

## Quarterly Performance

CRAMC's quarterly performance has been improving QoQ. Its 3QFY26 revenue grew 6% QoQ/14% YoY. Total expense shot up 22% QoQ/ 58% YoY due to increase in employee expense in the wake of the new labour code. The company is equity heavy; therefore, revenue grew 14% YoY and QAAUM by 10% YoY, leading to PAT growth of 14%. This corroborates the increase in company's revenue is directly flowing to its bottom line.

CRAMC's equity AUM is healthy, it grew 3% QoQ while overall AUM rose 2% QoQ. On yearly basis, the growth is looking good with equity AUM growing 10% YoY. Meanwhile, blended yield for the company increased from 35bps to 36bps.

For 4QFY26E, with headline indices down 10%+, we expect 4Q revenue to fall 7% QoQ, with a corresponding decline in employee cost. We expect other income to weak with MTM, and PAT to decline 27% QoQ to INR 3.9bn.

### Exhibit 17: Quarterly Performance: CRAMC

P&L (INR mn)	4QFY25	3QFY26	4QFY26E	QoQ (%)	YoY (%)
<b>Revenue from operations</b>	1,012	1,098	1,080	-1.6%	6.7%
Employee benefits expense	263	328	299	-8.7%	13.8%
Depreciation & Amortisation	14	20	21	6.3%	51.1%
Business Development and Others	149	162	160	-1.6%	6.9%
<b>Total expenses</b>	<b>426</b>	<b>510</b>	<b>480</b>	<b>-5.8%</b>	<b>12.6%</b>
<b>Operating PBT</b>	<b>586</b>	<b>588</b>	<b>600</b>	<b>2.1%</b>	<b>2.5%</b>
Other income	(3)	117	(85)	-172.5%	2693.4%
PBT	583	705	516	-26.8%	-11.6%
<b>PAT</b>	<b>417</b>	<b>528</b>	<b>385</b>	<b>-27.0%</b>	<b>-7.6%</b>
<b>Total comprehensive income</b>	<b>417</b>	<b>528</b>	<b>385</b>	<b>-27.0%</b>	<b>-7.6%</b>
Quarterly average AAUM (INR bn)	4QFY25	3QFY26	4QFY26E	QoQ (%)	YoY (%)
Equity	957	1,116	1,060	-5.0%	10.8%
Debt	24	31	25	-19.4%	2.4%
Liquid	52	76	60	-21.0%	15.0%
Other	-	-	-		
<b>Overall</b>	<b>1,033</b>	<b>1,223</b>	<b>1,145</b>	<b>-6.4%</b>	<b>10.8%</b>
DuPont analysis	4QFY25	3QFY26	4QFY26E	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.39%</b>	<b>0.36%</b>	<b>0.38%</b>	0.02%	-0.01%
Employee exp / QAAUM (%)	0.10%	0.11%	0.10%	0.00%	0.00%
Business Development and Other opex / QAAUM (%)	0.06%	0.06%	0.06%	0.00%	0.00%
Total cost / QAAUM (%)	0.17%	0.17%	0.17%	0.00%	0.00%
<b>Operating PBT / QAAUM (%)</b>	<b>0.23%</b>	<b>0.19%</b>	<b>0.21%</b>	<b>0.02%</b>	<b>-0.02%</b>
Other income / QAAUM (%)	0.00%	0.04%	-0.03%	-0.07%	-0.03%
PBT / QAAUM (%)	0.23%	0.23%	0.18%	-0.05%	-0.05%
<b>PAT / QAAUM (%)</b>	<b>0.16%</b>	<b>0.17%</b>	<b>0.13%</b>	<b>-0.04%</b>	<b>-0.03%</b>

Source: Company, JM Financial

## Financial Summary

CRAMC has demonstrated robust financial growth, with core revenue increasing by 35% from FY24 to FY25, driven primarily by a strong 13.1% rise in investment management fees. PAT also saw a notable increase of 24% during this period, reflecting effective cost control and operational efficiency. The company gained market share, and revenue is expected to grow at a steady 20% CAGR from FY25 to FY28E while operating costs are rising at a slower pace.

In FY25, AUM shot up 33.8%, with equity AUM expanding 36.3% supporting the strong revenue performance. Profitability metrics, including PBT and PAT as a percentage of average AUM, remain healthy, demonstrating the company's continued ability to generate strong returns. With disciplined cost management and a solid market position, CRAMC is well-positioned for sustained growth ahead.

### Exhibit 18: Financial performance

INR mn	FY24	FY25	Growth YoY %	FY26E	Growth YoY %	FY27E	Growth YoY %	FY28E	Growth YoY %
<b>Income Statement (INR mn)</b>									
<b>Investment Management fees</b>	<b>2,699</b>	<b>3,645</b>	35.1%	<b>4,188</b>	14.9%	<b>4,875</b>	16.4%	<b>5,854</b>	20.1%
Total Other income	489	395	-19.4%	316	-20.0%	478	51.6%	622	30.0%
<b>Total Revenue</b>	<b>3,188</b>	<b>4,040</b>	26.7%	<b>4,504</b>	11.5%	<b>5,354</b>	18.9%	<b>6,476</b>	21.0%
Employee costs	758	885	16.8%	1,133	28.0%	1,314	16.0%	1,511	15.0%
Admin & Other expenses	387	479	23.9%	559	16.7%	643	15.0%	740	15.0%
Mktg & publicity expenses	43	49	13.3%	56	15.0%	65	15.0%	74	15.0%
<b>Total Operating Expenses</b>	<b>1,188</b>	<b>1,413</b>	18.9%	<b>1,749</b>	23.7%	<b>2,022</b>	15.6%	<b>2,326</b>	15.0%
Depreciation	16	50	222.8%	75	50.0%	106	40.0%	127	20.0%
<b>Total Expenditure</b>	<b>1,204</b>	<b>1,464</b>	21.6%	<b>1,824</b>	24.6%	<b>2,128</b>	16.7%	<b>2,452</b>	15.2%
Profit before tax & Exceptional items	1,984	2,576	29.9%	2,680	4.0%	3,226	20.4%	4,024	24.7%
Exceptional Items	-	-	-	-	-	-	-	-	-
<b>PBT</b>	<b>1,984</b>	<b>2,576</b>	29.9%	<b>2,680</b>	4.0%	<b>3,226</b>	20.4%	<b>4,024</b>	24.7%
Tax	(430)	(669)	55.7%	(670)	0.1%	(807)	20.4%	(1,006)	24.7%
<b>PAT (pre-Extraordinaries)</b>	<b>1,542</b>	<b>1,907</b>	23.7%	<b>2,010</b>	5.4%	<b>2,420</b>	20.4%	<b>3,018</b>	24.7%
Exceptional Items	-	-	-	-	-	-	-	-	-
<b>Reported Profit (PAT)</b>	<b>1,542</b>	<b>1,907</b>	23.7%	<b>2,010</b>	5.4%	<b>2,420</b>	20.4%	<b>3,018</b>	24.7%
<b>Key Ratios (%)</b>									
<b>As a % of average AUM</b>									
Core Revenues / Avg. AUM	0.34%	0.34%	0.00%	0.35%	0.02%	0.35%	0.00%	0.34%	-0.01%
Other Revenues / Avg. AUM	0.07%	0.05%	-0.02%	0.05%	-0.01%	0.06%	0.01%	0.06%	0.00%
Total Revenues / Avg. AUM	0.41%	0.39%	-0.02%	0.40%	0.01%	0.41%	0.01%	0.40%	-0.01%
Employee cost / Avg. AUM	0.10%	0.09%	-0.01%	0.10%	0.01%	0.10%	0.00%	0.09%	-0.01%
Brokerage & comms / Avg. AUM	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating cost / Avg. AUM	0.16%	0.14%	-0.01%	0.16%	0.02%	0.16%	0.00%	0.15%	-0.01%
PBT / Avg. AUM	0.26%	0.25%	-0.01%	0.24%	-0.01%	0.25%	0.01%	0.25%	0.00%
PAT / Avg. AUM	0.20%	0.18%	-0.02%	0.18%	-0.01%	0.19%	0.01%	0.19%	0.00%
RoA (%)	34.47%	32.03%	-2.44%	26.63%	-5.40%	25.94%	-0.69%	26.23%	0.30%
RoE (%)	1.14	1.13	-1.35%	1.12	-1.16%	1.11	-0.92%	1.10	-0.82%
<b>Closing AUM</b>									
Equity	708	966	36.3%	1,088	12.7%	1,371	26.0%	1,708	24.6%
Debt	28	26	-7.3%	26	0.1%	29	11.5%	33	11.7%
Liquid	35	41	16.1%	48	16.2%	52	8.5%	57	8.9%
Others (ETF + Fofs + Index Funds)	-	-	-	-	-	-	-	-	-
<b>Total AUM</b>	<b>772</b>	<b>1,033</b>	33.8%	<b>1,162</b>	12.5%	<b>1,452</b>	24.9%	<b>1,797</b>	23.8%

Source: JM Financial, Company

## Company Overview

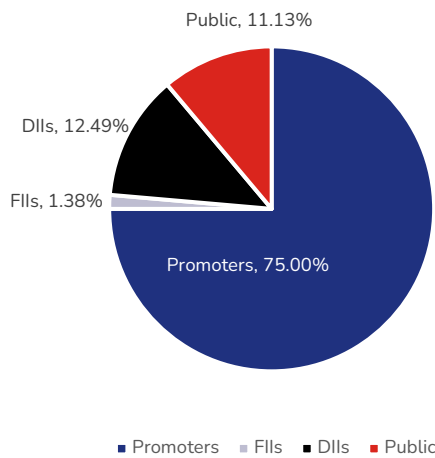
Incorporated in 1993 as CanBank Investment Management Services Limited with the entire equity share capital held by Canara Bank, it became Canara Robeco Asset Management Company Limited, a joint venture, when Canara Bank entered into an agreement with ORIX Corporation Europe N.V. (previously known as Robeco Groep N.V. ("Robeco")) ("OCE") in 2007, whereby Robeco acquired a 49% stake; the remaining 51% was retained by Canara Bank.

At end-December'24, CRAMC managed 25 schemes – comprising 12 equity schemes, ten debt schemes and three hybrid schemes – with QAAUM of INR 1,083.66bn. The share of its equity-oriented QAAUM to its total QAAUM increased from 86.16% at end-Mar'22 to 91.66% at end-Mar'24.

According to a CRISIL Report, at end-Dec'24, CRAMC had the third-highest share of retail AUM among the top 20 AMCs in India and the highest share of retail AUM compared to top 10 AMCs (by AUM). CRAMC has a pan-India presence serving customers directly in more than 23 cities across 14 states and two union territories with a network of 23 branches (end-Dec'24). It also had 49,412 empanelled distribution partners across India, including Canara Bank, 44 other banks, 259 national distributors (ND) and 49,108 mutual fund distributors (MFDs).

CRAMC has been able to grow its brand, business presence and expertise by leveraging its parentage - brand name associated with Canara Bank to promote and distribute its schemes while OCE provides guidance on disciplined capital stewardship.

**Exhibit 19: Shareholding pattern (Dec'25)**



Source: JM Financial, Company

# Management Overview

## Exhibit 20: Board of directors and KMP

Name	Designation	Profile
Mr Rajnish Narula	Managing Director and Chief Executive Officer (MD & CEO)	Mr Narula has been associated with Canara Robeco AMC since 26 <sup>th</sup> Sep'07 and has over 40 years of experience in the finance sector. He oversees development and execution of strategic objectives. His prior stints include Alliance Capital Asset Management (India) Private Limited and Standard Chartered Grindlays Bank Limited. Mr Narula is a Master of Business Administration from Iona College, New York.
Mr Ashwin Harshadrai Purohit	Chief Financial Officer (CFO)	Mr Purohit has been associated with CRAMC since 19 <sup>th</sup> Dec'22 and has more than 27 years of experience. His prior stints include Presstech (India) Private Limited, Mahindra and Mahindra Group, Reliance Industries Limited, Reliance MediaWorks Limited, Reliance Power Limited and Enam Asset Management Company Private Limited. Mr Purohit is Bachelor of Commerce from the Bhavan's College, University of Bombay, and a member of the Institute of Chartered Accountants of India.
Mr Ashutosh Pramod Vaidya	Company Secretary and Compliance Officer	Mr Vaidya has been associated with CRAMC since 28 <sup>th</sup> Jan'16 and has more than 15 years of experience. He oversees all corporate secretarial activities, including the preparation and filing of necessary documents with regulatory authorities. His prior stints include SREI Mutual Fund Asset Management, SBI Funds Management Private Limited, Kotak Mahindra Asset Management Company Limited, Godrej Soaps Limited, Godrej Industries Limited, DBOI Global Services Private Limited and Deutsche Asset Management (India) Private Limited. Mr Vaidya is a Bachelor of Commerce from the University of Bombay, and a member of the Institute of Company Secretaries of India.
Ms Hilde Lieke Faber	Chief Operating Officer	Ms Faber has been associated with CRAMC since 8 <sup>th</sup> May'23 as a secondee of Robeco Nederland B.V. and has over 7 years of experience. She is currently serving as a full-time employee. She oversees day-to-day operations, including registrar and transfer agent, fund processing, investor servicing and compliance. Her prior stints include Robeco and Delta Lloyd N.V. In FY24, her remuneration was INR 5.83mn. Additionally, pursuant to an employment contract dated 29 <sup>th</sup> Jun'21, read with an international assignment agreement dated 23 <sup>rd</sup> Mar'23, each amongst Hilde Lieke Faber and Robeco Nederland, B.V. Ms Faber is a Bachelor of Psychology from Radboud University Nijmegen, and a Master of Psychology and International Business Administration from Tilburg University and Radboud Universiteit Nijmegen, respectively.
Mr Avnish Prakash Jain	Head – Fixed Income	Mr Jain has been associated with CRAMC since 16 <sup>th</sup> Sep'13 and has over 27 years of experience. He leads fixed income investment strategy and portfolio management activities. His prior stints include ICICI Prudential Asset Management Company Limited, Deutsche Asset Management (India) Private Limited, Misys Software Solutions (India) Limited, Yes Bank Limited, Reliance Industries Limited and ICICI Bank Limited. Mr Jain is a Bachelor of Technology (Mechanical Engineering) from the Indian Institute of Technology – Kharagpur and has completed a Post-graduate Diploma in Management from the IIM, Kolkata.
Mr Gaurav Goyal	Head – Sales and Marketing	Mr Goyal has been associated with CRAMC since 15 <sup>th</sup> Dec'22 and has a total experience of 24 years. He leads the development and execution of strategic objectives. His prior assignments include Principal Financial Group, ITI Asset Management Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, Associates India Financial Services Private Limited, HDFC Bank Limited and IDBI Capital Market Services Limited. Mr Goyal is MBA from Devi Ahilya Vishwavidyalaya (formerly University of Indore).
Mr Shridatta Laxmanrao Bhandwalder	Head - Equities	Mr Bhandwalder has been associated with CRAMC since 5 <sup>th</sup> Jul'16 and has a total experience of over 19 years. He oversees a team of portfolio managers and analysts, who manage equity assets, and develop and execute investment strategies. His prior stints include SBI Pension Funds Private Limited, Heritage India Advisory Private Limited, Motilal Oswal Securities Limited, MF Global Sify Securities India Private Limited, Technology Network (India) Private Limited and Centurion Bank Limited. Mr Bhandwalder is a Bachelor of Engineering from Dr. Babasaheb Ambedkar Marathwada University and Master of Management studies from the University of Mumbai.
Ms Upasna Saboo	Head – Human Resources	Ms Saboo has been associated with CRAMC since 2 <sup>nd</sup> Aug'10 and has over 23 years of experience. She oversees the human resources strategy and operations. Her prior stints include SHL (India) Private Limited, ABC Consultants Private Limited, CMS Securitas Limited and Manpower Services India Private Limited. Ms Saboo is a Bachelor of Business Administration from Annamalai University and has completed a diploma in management from the Indian Institute of Planning and Management (IIPM), New Delhi.

Source: Company, JM Financial

# Financial Tables

Income Statement		(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E	
MF Fees	2,611	3,481	3,982	4,618	5,532	
PMS Fees	88	165	206	258	322	
<b>Investment Management fees</b>	<b>2,699</b>	<b>3,645</b>	<b>4,188</b>	<b>4,875</b>	<b>5,854</b>	
Total Other income	489	395	316	478	622	
<b>Total Revenue</b>	<b>3,188</b>	<b>4,040</b>	<b>4,504</b>	<b>5,354</b>	<b>6,476</b>	
Employee costs	758	885	1,133	1,314	1,511	
Admin & Other expenses	387	479	559	643	740	
Mktg & publicity expenses	43	49	56	65	74	
<b>Total Operating Expenses</b>	<b>1,188</b>	<b>1,413</b>	<b>1,749</b>	<b>2,022</b>	<b>2,326</b>	
Depreciation/Diminution in LT invstmt	16	50	75	106	127	
<b>Total Expenditure</b>	<b>1,204</b>	<b>1,464</b>	<b>1,824</b>	<b>2,128</b>	<b>2,452</b>	
<b>PBT</b>	<b>1,984</b>	<b>2,576</b>	<b>2,680</b>	<b>3,226</b>	<b>4,024</b>	
Tax	442	669	670	807	1,006	
<b>Reported Profit (PAT)</b>	<b>1,541</b>	<b>1,907</b>	<b>2,010</b>	<b>2,420</b>	<b>3,018</b>	
Dividend	374	449	503	605	754	
<b>Retained earnings</b>	<b>1,167</b>	<b>1,458</b>	<b>1,508</b>	<b>1,815</b>	<b>2,263</b>	

Source: Company, JM Financial

Key Ratios		FY24A	FY25A	FY26E	FY27E	FY28E
As a % of Avg AUM						
Core Revenues / Avg. AUM		0.40	0.40	0.38	0.37	0.36
Other Revenues / Avg. AUM		0.07	0.04	0.03	0.04	0.04
<b>Total Revenues / Avg. AUM</b>		<b>0.48</b>	<b>0.45</b>	<b>0.41</b>	<b>0.41</b>	<b>0.40</b>
Employee cost / Avg. AUM		0.11	0.10	0.10	0.10	0.09
Brokerage / Avg. AUM		-	-	-	-	-
Operating cost / Avg. AUM		0.18	0.16	0.17	0.16	0.15
PBT / Avg. AUM		0.30	0.29	0.24	0.25	0.25
<b>PAT / Avg. AUM</b>		<b>0.23</b>	<b>0.21</b>	<b>0.18</b>	<b>0.19</b>	<b>0.19</b>
As a % of Balance sheet assets						
Core Revenues / Avg. Assets		60.3	61.2	55.5	52.3	50.9
Other Revenues / Avg. Assets		10.9	6.6	4.2	5.1	5.4
Total Revenues / Avg. Assets		71.3	67.9	59.7	57.4	56.3
Employee cost / Avg. Assets		16.9	14.9	15.0	14.1	13.1
Brokerage / Avg. Assets		-	-	-	-	-
Operating cost / Avg. Assets		26.6	23.7	23.2	21.7	20.2
PBT / Avg. Assets		44.3	43.3	35.5	34.6	35.0
RoA (%)		34.5	32.0	26.6	25.9	26.2
Avg Assets/Equity (x)		114.3	112.9	111.8	110.9	110.0
<b>RoE (%)</b>		<b>39.4</b>	<b>36.2</b>	<b>29.8</b>	<b>28.8</b>	<b>28.9</b>

Source: Company, JM Financial

Balance Sheet		(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E	
Share capital	499	1,994	1,994	1,994	1,994	
Reserves & Surplus	4,046	4,006	5,514	7,329	9,592	
<b>Net worth</b>	<b>4,545</b>	<b>6,001</b>	<b>7,508</b>	<b>9,323</b>	<b>11,586</b>	
Secured Loans	-	-	-	-	-	
Current Liabilities	623	740	850	976	1,122	
Provisions	-	-	-	-	-	
<b>Total - Liabilities</b>	<b>5,168</b>	<b>6,740</b>	<b>8,358</b>	<b>10,299</b>	<b>12,708</b>	
Net Fixed Assets	172	245	258	270	284	
Non-Current investments	-	-	-	-	-	
<b>Total Non-current assets</b>	<b>172</b>	<b>245</b>	<b>258</b>	<b>270</b>	<b>284</b>	
Total Current investments	4,569	6,041	7,249	8,699	10,439	
<b>Total Current Assets</b>	<b>4,996</b>	<b>6,495</b>	<b>8,100</b>	<b>10,029</b>	<b>12,424</b>	
<b>Total - Assets</b>	<b>5,168</b>	<b>6,740</b>	<b>8,358</b>	<b>10,299</b>	<b>12,708</b>	

Source: Company, JM Financial

Growth ratios (YoY %)		FY24A	FY25A	FY26E	FY27E	FY28E
Inv mgmt fees		41.5	35.1	14.9	16.4	20.1
PMS fees + Other income		45.4	88.0	25.0	25.0	25.0
<b>Revenue</b>		<b>55.7</b>	<b>26.7</b>	<b>11.5</b>	<b>18.9</b>	<b>21.0</b>
Employee cost		27.1	16.8	28.0	16.0	15.0
Admin & other exp		28.0	23.9	16.7	15.0	15.0
Marketing & publicity exp		14.8	13.3	15.0	15.0	15.0
Total operating exp		23.1	21.6	24.6	16.7	15.2
<b>PBT</b>		<b>85.4</b>	<b>29.9</b>	<b>4.0</b>	<b>20.4</b>	<b>24.7</b>
Tax		57.7	51.5	0.1	20.4	24.7
<b>PAT</b>		<b>95.2</b>	<b>23.7</b>	<b>5.4</b>	<b>20.4</b>	<b>24.7</b>
<b>Total Assets</b>		<b>36.7</b>	<b>30.4</b>	<b>24.0</b>	<b>23.2</b>	<b>23.4</b>
Equity AUM		40.8	36.3	12.7	26.0	24.6
Debt AUM		-31.5	-7.3	0.1	11.5	11.7
Liquid AUM		45.8	16.1	16.2	8.5	8.9
Other AUM		-	-	-	-	-
<b>Total AUM</b>		<b>35.8</b>	<b>33.8</b>	<b>12.5</b>	<b>24.9</b>	<b>23.8</b>

Source: Company, JM Financial

Mutual Fund AUM		(INR mn)				
Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity	708,397	965,662	1,087,989	1,370,779	1,707,947	
Debt	28,336	26,260	26,292	29,322	32,760	
Liquid	35,473	41,167	47,847	51,924	56,543	
Others	-	-	-	-	-	
<b>Total AUM</b>	<b>772,205</b>	<b>1,033,089</b>	<b>1,162,128</b>	<b>1,452,025</b>	<b>1,797,250</b>	

Source: Company, JM Financial

Valuation		FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue (mn)		49.9	199.4	199.4	199.4	199.4
<b>EPS (INR)</b>		<b>30.9</b>	<b>9.6</b>	<b>10.1</b>	<b>12.1</b>	<b>15.1</b>
EPS (YoY) (%)		95.6	-69.1	5.4	20.4	24.7
<b>PER (x)</b>		<b>8.5</b>	<b>27.5</b>	<b>26.1</b>	<b>21.7</b>	<b>17.4</b>
BV (INR)		91.2	30.1	37.7	46.8	58.1
BV (YoY) (%)		38.3	-67.0	25.1	24.2	24.3
P/BV (x)		2.9	8.7	7.0	5.6	4.5
DPS (INR)		7.5	2.3	2.5	3.0	3.8
Div. yield (%)		2.9	0.9	1.0	1.2	1.4

Source: Company, JM Financial

Mutual Fund AUM Mix		(%)				
Based on Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity	91.7	93.5	93.6	94.4	95.0	
Debt	3.7	2.5	2.3	2.0	1.8	
Liquid	4.6	4.0	4.1	3.6	3.1	
Others	-	-	-	-	-	
<b>Total AUM</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

Source: Company, JM Financial

# Companies' Section

**Outperformance in the offing; upgrade to BUY**



Choppy markets have led to a de-rating in HDFC AMC to 28x FY28E EPS. While the currently negative market sentiment shall have a bearing on its near-term earnings (4QFY26 and 1QFY27), we believe volatile markets would drive investors to entrenched players such as HDFC AMC. As regards SEBI's relook into expense ratios, HDFC AMC is well placed, having aligned its distributors' incentives with the telescopic pricing structure. Over FY26–28E, we expect its AUM to compound at 19%. With investments made in its business and people over FY24–26, opex growth is likely to moderate hereon in our view, thereby yielding an earnings CAGR of 18% over FY26–28E. We are upgrading HDFC AMC to BUY with a revised TP of INR 3,200 (against INR 2,900 earlier) based on 33x FY28E EPS of INR 96 (from earlier 31x FY28E).

- SEBI's relook into expense ratio to have limited impact on yields:** With SEBI's relook into expense ratios, we look back at FY20 when cuts were steeper - while HDFC AMC was able to pass on most of the initial impact to distributors, the strong AUM growth post-covid caused yields to compress—a good problem to have. In response to the compression in equity yields, the AMC rationalised distributor payouts in FY25. Despite this, it has gained market share in AUM, with inflow market share higher than book share. We believe volatile markets will drive investors to entrenched players such as HDFC AMC, translating to total/equity AUM CAGR of 19% over FY26–28E. While the initial impact on yields would be the highest for larger AMCs such as HDFC AMC, management commentary and track record suggest most of the impact would be shared with the ecosystem partners. We expect some yield compression in FY27 before stabilising from FY28E – resulting in a revenue CAGR of 16%.
- Growth investments made, expense growth likely to reduce hereon:** HDFC AMC saw its AUM and earnings growth post-covid as an opportunity to build its alternatives business. Also, strong markets implied rising demand for talent, leading to enhanced ESOP payouts. As a result, the AMC's expenses clocked a 14% CAGR over FY23–26E against 8% over FY20-FY23. With these investments made, we expect earnings growth to reduce hereon. We expect expenses to grow at a 12% CAGR over FY26-FY28E, resulting in a 18% CAGR earnings growth.
- 4QFY26E earnings likely to be better than feared:** While markets had been weak in January and flat in February, HDFC AMC's equity portfolio outperformed, with average AUM for Jan-Feb'26 higher than 3QFY26. While 4QFY26E revenue would be impacted by two fewer days in the quarter, we expect core revenue and earnings to be largely stable QoQ. Earnings will, however, see the adverse impact of negative MTM in both debt and equity book. We expect the AMC to report PAT of INR 5.9bn (-24% QoQ/-8% YoY).
- Choppy markets provide a good entry point; upgrade to BUY:** While 4QFY26 earnings (and likely 1QFY27E's) will be soft, we see current valuations of 27x FY28E EPS as a good entry point. Since its listing, the AMC has always bounced back sharply from these valuations and price fell below mid-20s P/E only in May'23, when SEBI had proposed the draft expense ratio guidelines. Weak earnings (in 4Q and 1QFY27) limit our enthusiasm, and despite the MTM, cut earnings by just 1% over FY27-FY28E. We are upgrading the stock to **BUY** with a revised TP of INR 3,200.
- Key Risk:** Flat markets will result in weak AUM growth for the company, resulting in weak revenue and earnings growth.

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	ADD
Current Price Target (12M)	3,200
Upside/(Downside)	25.7%
Previous Price Target	N/A
Change	5.2%

Key Data – HDFCAMC IN EQUITY	
Current Market Price	INR2,546
Market cap (bn)	INR1,090.7/US\$11.7
Free Float (%)	46.2
Shares in issue (mn)	428.4
Diluted share (mn)	428.4
3-mon avg daily val (mn)	INR3,302.8/US\$35.4
52-week range	INR2,967/1,994
Sensex/Nifty	76,848/23,843
INR/US\$	93.4

Price Performance			
%	1M	6M	12M
Absolute	6.9	-10.2	27.7
Relative*	3.8	-3.4	27.5

\*To the NSE Nifty 50

Financial Summary (INR mn)					
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Mutual Fund AUM (closing)	6,073	7,545	8,958	10,875	13,140
YoY growth (%)	39.1	24.2	18.7	21.4	20.8
% of equity MF AUM (clos.)	63.8	64.7	65.1	65.9	66.6
Operating Revenues (INR mn)	31,624	40,583	45,666	55,115	65,122
Revenue Growth (%)	27.4	28.3	12.5	20.7	18.2
Total operating expenses (INR)	6,320	7,134	8,260	9,352	10,416
Total operating expenses	13.1	12.9	15.8	13.2	11.4
PAT (INR mn)	19,459	24,611	28,424	34,159	40,882
YoY growth (%)	34.3	26.5	15.5	20.2	19.7
PAT / Avg. MF AUM (RoAUM)	0.37	0.36	0.34	0.34	0.34
RoE (%)	29.5	32.4	33.2	36.0	38.5
EPS (INR)	45.6	57.6	66.5	79.9	95.6
P/E (x)	55.9	44.2	38.3	31.9	26.6

Source: Company data, JM Financial. Note: Valuations as of April 13, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## 4QFY26 preview

Headline indices fell more than 10% in 4QFY26; however, we expect core revenues to be largely flat QoQ. Similarly, we expect the cost structure to be largely flat. In light of a weak equity market performance and yield spikes in debt portfolio, we expect Other Income to be negative for HDFC AMC, dragging its profit 24% QoQ even as core profits remain flat. With the MTM decline, we expect management fees to be weak in 1QFY27E, unless we see a sharp and sustained recovery.

### Exhibit 1: 4QFY26: Quarterly preview

P&L (INR mn)	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
<b>Revenue from operations</b>	<b>9,012</b>	<b>10,743</b>	<b>10,751</b>	<b>0.1%</b>	<b>19.3%</b>
Employee benefits expense	968	1,233	1,238	0.4%	27.9%
Depreciation & Amortisation	166	184	196	7.0%	18.3%
Business Development and Others	762	770	762	-1.0%	-0.1%
<b>Total expenses</b>	<b>1,897</b>	<b>2,186</b>	<b>2,196</b>	<b>0.5%</b>	<b>15.8%</b>
<b>Operating PBT</b>	<b>7,116</b>	<b>8,556</b>	<b>8,555</b>	<b>0.0%</b>	<b>20.2%</b>
Other income	1,238	1,590	(642)	-140.4%	-151.9%
PBT	8,353	10,146	7,913	-22.0%	-5.3%
<b>PAT</b>	<b>6,387</b>	<b>7,701</b>	<b>6,062</b>	<b>-21.3%</b>	<b>-5.1%</b>
Total comprehensive income	6,388	7,697	6,062	-21.2%	-5.1%

Qtrly Avg AAUM (INR bn)	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)
Equity	4,821	5,929	5,936	<b>0.1%</b>	<b>23.1%</b>
Debt	1,084	1,254	1,179	-5.9%	8.8%
Liquid	1,276	1,293	1,269	-1.8%	-0.5%
Other	559	774	890	15.0%	59.1%
<b>Overall</b>	<b>7,740</b>	<b>9,249</b>	<b>9,275</b>	<b>0.3%</b>	<b>19.8%</b>

Dupont analysis	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.47%</b>	<b>0.46%</b>	<b>0.46%</b>	0.00%	0.00%
Employee exp / QAAUM(%)	0.05%	0.05%	0.05%	0.00%	0.00%
Business Development and Other opex / QAAUM (%)	0.05%	0.04%	0.04%	0.00%	-0.01%
Total cost / QAAUM (%)	0.10%	0.09%	0.09%	0.00%	0.00%
<b>Operating PBT / QAAUM (%)</b>	<b>0.37%</b>	<b>0.37%</b>	<b>0.37%</b>	<b>0.00%</b>	<b>0.00%</b>
Other income / QAAUM (%)	0.06%	0.07%	-0.03%	-0.10%	-0.09%
PBT / QAAUM (%)	0.43%	0.44%	0.34%	-0.10%	-0.09%
<b>PAT / QAAUM (%)</b>	<b>0.33%</b>	<b>0.33%</b>	<b>0.26%</b>	<b>-0.07%</b>	<b>-0.07%</b>

	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
Equity	62.3%	64.1%	64.0%	-0.1%	1.7%
Debt	14.0%	13.6%	12.7%	-0.8%	-1.3%
Liquid	16.5%	14.0%	13.7%	-0.3%	-2.8%
Other	7.2%	8.4%	9.6%	1.2%	2.4%
<b>Overall</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>

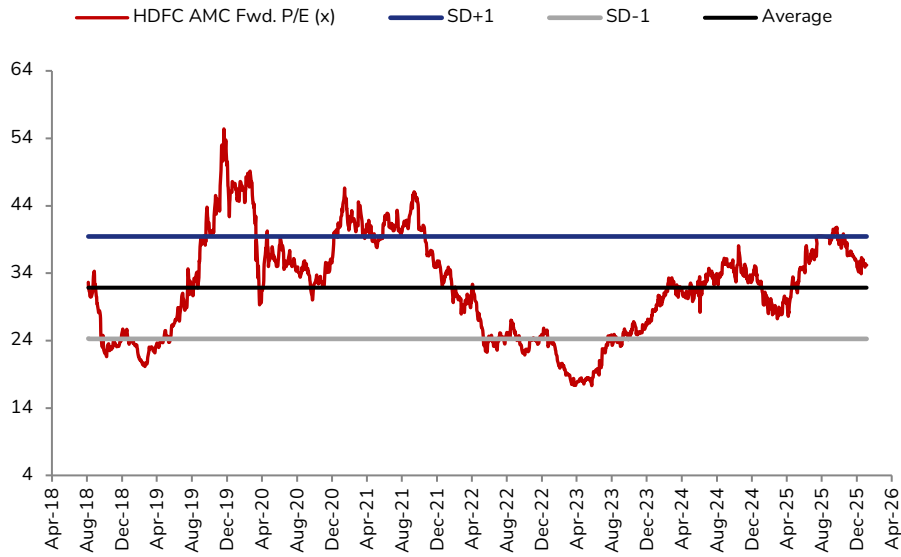
Source: Company, JM Financial

### Exhibit 2: HDFC AMC: WC

Change in estimates	FY26E, Old	FY26E, New	Change	YoY	FY27E, Old	FY27E, New	Change	YoY	FY28E, Old	FY28E, New	Change	YoY
Revenue	47,662	45,415	-4.7%	11.9%	55,729	54,242	-2.7%	19.4%	66,074	63,343	-4.1%	16.8%
Operating PBT	32,187	32,192	0.0%	18.1%	38,736	37,064	-4.3%	15.1%	46,997	44,231	-5.9%	19.3%
PAT	29,729	28,230	-5.0%	14.7%	34,623	33,500	-3.2%	18.7%	41,487	39,550	-4.7%	18.1%
EPS (INR)	69.5	66.0	-5.0%	14.7%	81.0	78.3	-3.3%	18.7%	97.0	92.5	-4.6%	18.1%
BV (INR)	211	210	-0.5%	10.4%	235	234	-0.6%	11.2%	264	261	-1.0%	11.9%

Source: Company, JM Financial

Exhibit 3: Trading above the average P/E



Source: Bloomberg, Company, JM Financial

# Financial Tables

Income Statement		(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E	
MF Fees	25,806	34,819	41,183	47,725	56,752	
PMS Fees	38	161	249	373	560	
<b>Investment Management fees</b>	<b>25,844</b>	<b>34,980</b>	<b>41,433</b>	<b>48,100</b>	<b>57,314</b>	
Total Other income	5,781	5,602	4,233	7,016	7,808	
<b>Total Revenue</b>	<b>31,624</b>	<b>40,583</b>	<b>45,666</b>	<b>55,115</b>	<b>65,122</b>	
Employee costs	3,535	3,883	4,795	5,239	5,631	
Admin & Other expenses	2,257	2,639	2,797	3,365	3,963	
Mktg & publicity expenses	528	612	667	747	822	
<b>Total Operating Expenses</b>	<b>6,320</b>	<b>7,134</b>	<b>8,260</b>	<b>9,352</b>	<b>10,416</b>	
Depreciation/Diminution in LT invstmt	523	584	730	818	916	
<b>Total Expenditure</b>	<b>6,842</b>	<b>7,718</b>	<b>8,990</b>	<b>10,169</b>	<b>11,331</b>	
<b>PBT</b>	<b>24,782</b>	<b>32,864</b>	<b>36,676</b>	<b>44,946</b>	<b>53,791</b>	
Tax	5,323	8,254	8,252	10,787	12,909	
<b>Reported Profit (PAT)</b>	<b>19,459</b>	<b>24,611</b>	<b>28,424</b>	<b>34,159</b>	<b>40,882</b>	
Dividend	14,944	19,241	19,896	23,910	28,615	
<b>Retained earnings</b>	<b>4,515</b>	<b>5,369</b>	<b>8,528</b>	<b>10,249</b>	<b>12,267</b>	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E	
Share capital	1,067	1,069	2,138	2,138	2,138	
Reserves & Surplus	69,723	80,272	87,730	97,978	110,241	
<b>Net worth</b>	<b>70,791</b>	<b>81,341</b>	<b>89,868</b>	<b>100,116</b>	<b>112,379</b>	
Secured Loans	-	-	-	-	-	
Current Liabilities	3,629	4,087	4,982	6,262	7,753	
Provisions	-	-	-	-	-	
<b>Total - Liabilities</b>	<b>74,420</b>	<b>85,428</b>	<b>94,850</b>	<b>106,378</b>	<b>120,133</b>	
Net Fixed Assets	1,522	1,974	2,345	2,571	2,819	
Non-Current investments	71,900	82,889	91,260	101,282	113,174	
<b>Total Non-current assets</b>	<b>72,266</b>	<b>82,755</b>	<b>91,391</b>	<b>101,529</b>	<b>113,552</b>	
Total Current investments	455	493	513	533	555	
<b>Total Current Assets</b>	<b>2,154</b>	<b>2,674</b>	<b>3,459</b>	<b>4,849</b>	<b>6,580</b>	
<b>Total - Assets</b>	<b>74,420</b>	<b>85,428</b>	<b>94,850</b>	<b>106,378</b>	<b>120,133</b>	

Source: Company, JM Financial

Mutual Fund AUM		(INR mn)				
Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity	3,874,794	4,883,261	5,833,477	7,170,787	8,754,923	
Debt	946,795	1,071,259	1,092,491	1,182,466	1,292,238	
Liquid	860,992	1,003,719	1,162,413	1,259,533	1,369,310	
Others	390,838	586,287	869,862	1,261,961	1,723,780	
<b>Total AUM</b>	<b>6,073,419</b>	<b>7,544,526</b>	<b>8,958,242</b>	<b>10,874,746</b>	<b>13,140,251</b>	

Source: Company, JM Financial

Mutual Fund AUM Mix		(%)				
Based on Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity	63.8	64.7	65.1	65.9	66.6	
Debt	15.6	14.2	12.2	10.9	9.8	
Liquid	14.2	13.3	13.0	11.6	10.4	
Others	6.4	7.8	9.7	11.6	13.1	
<b>Total AUM</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

Source: Company, JM Financial

Key Ratios		FY24A	FY25A	FY26E	FY27E	FY28E
<b>As a % of Avg AUM</b>						
Core Revenues / Avg. AUM		0.50	0.51	0.50	0.49	0.48
Other Revenues / Avg. AUM		0.11	0.08	0.05	0.07	0.07
<b>Total Revenues / Avg. AUM</b>		<b>0.61</b>	<b>0.60</b>	<b>0.55</b>	<b>0.56</b>	<b>0.54</b>
Employee cost / Avg. AUM		0.07	0.06	0.06	0.05	0.05
Brokerage / Avg. AUM		0.00	0.00	0.00	0.00	0.00
Operating cost / Avg. AUM		0.13	0.11	0.11	0.10	0.09
PBT / Avg. AUM		0.47	0.48	0.44	0.45	0.45
<b>PAT / Avg. AUM</b>		<b>0.37</b>	<b>0.36</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>
<b>As a % of Balance sheet assets</b>						
Core Revenues / Avg. Assets		37.2	43.8	46.0	47.8	50.6
Other Revenues / Avg. Assets		8.3	7.0	4.7	7.0	6.9
Total Revenues / Avg. Assets		45.6	50.8	50.7	54.8	57.5
Employee cost / Avg. Assets		5.1	4.9	5.3	5.2	5.0
Brokerage / Avg. Assets		0.1	0.2	0.2	0.2	0.2
Operating cost / Avg. Assets		9.1	8.9	9.2	9.3	9.2
PBT / Avg. Assets		35.7	41.1	40.7	44.7	47.5
RoA (%)		28.0	30.8	31.5	34.0	36.1
Avg Assets/Equity (x)		105.2	105.1	105.3	105.9	106.6
<b>RoE (%)</b>		<b>29.5</b>	<b>32.4</b>	<b>33.2</b>	<b>36.0</b>	<b>38.5</b>

Source: Company, JM Financial

Growth ratios (YoY %)		FY24A	FY25A	FY26E	FY27E	FY28E
Inv mgmt fees		19.3	35.4	18.4	16.1	19.2
PMS fees + Other income		-37.4	327.6	54.3	50.0	50.0
<b>Revenue</b>		<b>27.4</b>	<b>28.3</b>	<b>12.5</b>	<b>20.7</b>	<b>18.2</b>
Employee cost		13.0	9.8	23.5	9.3	7.5
Admin & other exp		15.2	16.9	6.0	20.3	17.8
Marketing & publicity exp		5.5	15.9	9.0	12.0	10.0
Total operating exp		11.8	12.8	16.5	13.1	11.4
<b>PBT</b>		<b>32.5</b>	<b>32.6</b>	<b>11.6</b>	<b>22.5</b>	<b>19.7</b>
Tax		26.4	55.1	0.0	30.7	19.7
<b>PAT</b>		<b>34.3</b>	<b>26.5</b>	<b>15.5</b>	<b>20.2</b>	<b>19.7</b>
<b>Total Assets</b>		<b>15.6</b>	<b>14.8</b>	<b>11.0</b>	<b>12.2</b>	<b>12.9</b>
Equity AUM		61.9	26.0	19.5	22.9	22.1
Debt AUM		7.5	13.1	2.0	8.2	9.3
Liquid AUM		4.1	16.6	15.8	8.4	8.7
Other AUM		47.1	50.0	48.4	45.1	36.6
<b>Total AUM</b>		<b>39.1</b>	<b>24.2</b>	<b>18.7</b>	<b>21.4</b>	<b>20.8</b>

Source: Company, JM Financial

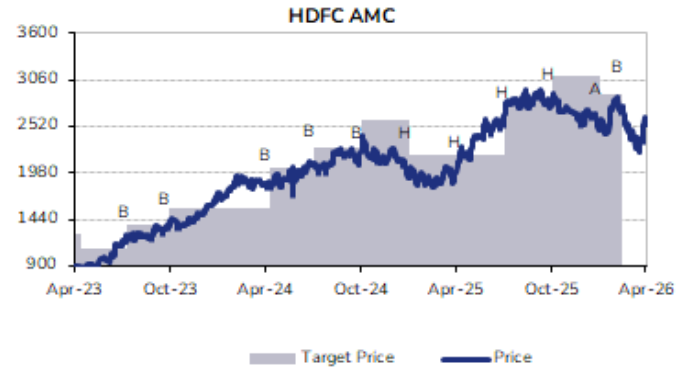
Valuation		FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue (mn)		427.0	427.6	427.6	427.6	427.6
<b>EPS (INR)</b>		<b>45.6</b>	<b>57.6</b>	<b>66.5</b>	<b>79.9</b>	<b>95.6</b>
EPS (YoY) (%)		34.2	26.3	15.5	20.2	19.7
<b>PER (x)</b>		<b>55.9</b>	<b>44.2</b>	<b>38.3</b>	<b>31.9</b>	<b>26.6</b>
BV (INR)		165.8	190.2	210.2	234.1	262.8
BV (YoY) (%)		15.9	14.7	10.5	11.4	12.2
P/BV (x)		15.4	13.4	12.1	10.9	9.7
DPS (INR)		35.0	45.0	46.5	55.9	66.9
Div. yield (%)		1.4	1.8	1.8	2.2	2.6

Source: Company, JM Financial

**Recommendation History Table**

Date	Recommendation	Target Price	% Chg.
15-Jan-26	Add	2,900	-6.5
16-Oct-25	Hold	3,100	9.7
18-Jul-25	Hold	2,825	28.4
20-Apr-25	Hold	2,200	0.0
14-Jan-25	Hold	2,200	-15.4
15-Oct-24	Buy	2,600	14.2
15-Jul-24	Buy	2,278	11.1
22-Apr-24	Buy	2,050	30.2
12-Oct-23	Buy	1,575	14.1
24-Jul-23	Buy	1,380	25.5
25-Apr-23	Buy	1,100	-13.7
24-Jan-23	Buy	1,275	10.9
19-Oct-22	Buy	1,150	1.1
22-Jul-22	Buy	1,138	-21.0
24-Jan-22	Buy	1,440	-17.1
15-Dec-21		1,738	0.0
25-Oct-21	Buy	1,738	9.4
18-Jul-21	Buy	1,588	0.0
28-Apr-21	Buy	1,588	

**Recommendation History Chart**



# Nippon Life AMC | ADD

## Strong franchise, positives priced in, downgrade to ADD



NAM has been our preferred pick among AMCs. The company has made market share gains, and the stock has outperformed peer AMCs over the last 15 months despite a weak performance of small- and mid-caps, to which the AMC is over-indexed vis-a-vis peers. Over the last few months, NAM has benefited from strong inflows and appreciation of its commodity ETFs; hence, we expect it to report the strongest earnings among peers in 4QFY26E. Over FY26–28E period, we expect NAM’s AUM to compound at 18% with operating expense (opex) growth moderating, yielding an EPS CAGR of 19%. That said, we believe positives are now priced in. We cut FY27/FY28E earnings by 1-2%, downgrade the stock to ADD with an unchanged TP of INR 1,030, valuing the AMC at 33x FY28E EPS of INR 31, against 30x FY28E EPS earlier.

- Gold and silver ETFs offer yield improvement:** NAM's market share in gold and silver ETFs increased from 8.6% in Nov'25 to 8.9% in Feb'26, with a 20.6% share in the "Others" category. These strong flows are expected to benefit blended yields in 4QFY26E. In light of the ongoing market corrections, we anticipate further inflows into small- and mid-cap stocks, boosting NAM's equity AUM mix. The moderation in precious metal prices could also contribute positively. While we expect some yield compression in FY27E, we foresee it stabilizing from FY28E, leading to a revenue CAGR of 15% over FY26–28E.
- Expanding into non-MF business:** NAM is diversifying its business mix by expanding into Alternative Investment Funds (AIFs), Structured Investment Funds (SIFs) and Portfolio Management Services (PMS). Non-MF businesses typically offer superior yields, and many AMCs are following this trend of diversifying into non-MF businesses. Management expects opex growth of about 15% YoY in the near term. On SEBI's updated MF regulations, the removal of exit loads for larger schemes from FY27E is expected to have a moderate impact, which will be absorbed across the value chain. We expect earnings to compound at 19% over FY26–28E driven by consistent industry inflows, increased share in market inflows, gradual rationalisation of distribution commissions, and revenue from AIF and SIF businesses.
- 4QFY26E earnings likely to be better than peers:** Despite weak markets in January and flat conditions in February, NAM's equity portfolio and ETFs performed well, with average AUM for January and February higher than 3QFY26 levels, thanks to robust ETF inflows. While 4Q revenue may be impacted by two fewer days during the quarter, we anticipate core revenue and earnings to hold stable QoQ. However, negative MTM in both the debt and equity books is likely to impact 4QFY26E earnings. We expect NAM to report PAT of INR 3.5bn (-14% QoQ/+17% YoY).
- We remain positive on the story; downgrade to ADD on steeper valuation than peers:** While we expect 1QFY27E earnings to be subdued, the stock's current valuation of 25x FY28E EPS makes for a strong entry point in our view. Since its listing, NAM has consistently shown strong growth, reaching valuation levels similar to peers such as HDFC AMC. Although earnings might be soft in 1QFY27E, we maintain a positive outlook on NAM's long-term structural story. We cut FY27/FY28E earnings by 1-2% and believe all the positives are priced in at CMP, therefore downgrade the stock to ADD. With unchanged TP of INR 1,030 is based on 33x FY28E EPS of INR 31 from earlier 30x.
- Key Risk:** Market volatility, competition and regulatory (given fiduciary nature of business).

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Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	BUY
Current Price Target (12M)	1,030
Upside/(Downside)	12.6%
Previous Price Target	730
Change	41.1%

Key Data – NAM IN EQUITY	
Current Market Price	INR915
Market cap (bn)	INR584.2/US\$6.3
Free Float (%)	24.8
Shares in issue (mn)	638.1
Diluted share (mn)	638.1
3-mon avg daily val (mn)	INR824.6/US\$8.9
52-week range	INR1,009/557
Sensex/Nifty	76,848/23,843
INR/US\$	93.4

Price Performance				
%	1M	6M	12M	
Absolute	11.1	3.5	66.1	
Relative*	7.8	11.2	65.9	

\*To the NSE Nifty 50

Financial Summary (INR mn)					
Y/E <a href="#">Click or tap here to enter</a>	FY24A	FY25A	FY26E	FY27E	FY28E
Mutual Fund AUM (closing)	4,313	5,545	7,146	8,797	10,587
YoY growth (%)	50.4	28.5	28.9	23.1	20.3
% of equity MF AUM (clos.)	48.9	48.1	45.9	47.0	48.0
Operating Revenues (INR mn)	20,373	25,207	28,340	32,215	38,470
Revenue Growth (%)	34.3	23.7	12.4	13.7	19.4
Total operating expenses (INR)	6,557	7,958	9,230	10,317	11,663
Total operating expenses	17.3	21.4	16.0	11.8	13.0
PAT (INR mn)	11,073	12,864	14,151	16,215	19,891
YoY growth (%)	52.8	16.2	10.0	14.6	22.7
PAT / Avg. MF AUM (RoAUM)	0.31	0.26	0.22	0.20	0.21
RoE (%)	29.5	31.4	32.5	34.8	39.6
EPS (INR)	17.6	20.3	22.3	25.5	31.3
P/E (x)	52.1	45.2	41.1	35.8	29.2

Source: Company data, JM Financial. Note: Valuations as of April 13, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

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## 4QFY26 Preview

Headline indices fell more than 10% in 4QFY26; however, we expect core revenue to grow 4% QoQ, with the strong momentum in commodity ETFs. We expect cost structure to be largely flat. In light of the weak equity market performance and yield spikes in the debt portfolio, we expect Other Income to be negative for NAM, resulting in a 14% QoQ decline in profits even as core profits grow 6%. On a YoY basis, we expect NAM to report earnings growth of 16% YoY, the highest in our AMC coverage.

### Exhibit 1: 4QFY26: Quarterly preview

Consolidated P&L (INR mn)	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
<b>Revenue from operations</b>	5,665	7,053	6,300	-10.7%	11.2%
Employee benefits expense	1,105	1,335	1,331	-0.3%	20.4%
Marketing & publicity expense	159	196	209	6.8%	31.8%
Other operating expenses	854	947	925	-2.3%	8.3%
<b>Total expenses</b>	<b>2,118</b>	<b>2,478</b>	<b>2,465</b>	<b>-0.5%</b>	<b>16.4%</b>
<b>Operating PBT</b>	<b>3,548</b>	<b>4,575</b>	<b>3,835</b>	<b>-16.2%</b>	<b>8.1%</b>
Other income	230	753	(239)	-131.7%	-203.6%
PBT	3,778	5,328	3,597	-32.5%	-4.8%
<b>PAT</b>	<b>2,980</b>	<b>4,039</b>	<b>2,717</b>	<b>-32.7%</b>	<b>-8.9%</b>
EPS	4.70	6.36	4.28	-32.8%	-9.0%
QAAUM (INR bn)	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)
Equity	2,686	3,333	3,338	0.1%	24.3%
Debt	519	682	608	-10.9%	17.1%
Liquid	670	710	692	-2.6%	3.2%
Other	1,697	2,284	2,613	14.4%	53.9%
<b>Overall</b>	<b>5,572</b>	<b>7,010</b>	<b>7,250</b>	<b>3.4%</b>	<b>30.1%</b>
Dupont analysis	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.407%</b>	<b>0.40%</b>	<b>0.35%</b>	-0.05%	-0.06%
Employee exp / QAAUM(%)	0.08%	0.08%	0.07%	0.00%	-0.01%
Marketing & publicity exp / QAAUM(%)	0.01%	0.01%	0.01%	0.00%	0.00%
Total cost / QAAUM (%)	0.15%	0.14%	0.14%	-0.01%	-0.02%
<b>Operating PBT / QAAUM(%)</b>	<b>0.25%</b>	<b>0.26%</b>	<b>0.21%</b>	<b>-0.05%</b>	<b>-0.04%</b>
Other income / QAAUM(%)	0.02%	0.04%	-0.01%	-0.06%	-0.03%
PBT / QAAUM (%)	0.27%	0.30%	0.20%	-0.11%	-0.07%
<b>PAT / QAAUM(%)</b>	<b>0.21%</b>	<b>0.23%</b>	<b>0.15%</b>	<b>-0.08%</b>	<b>-0.06%</b>

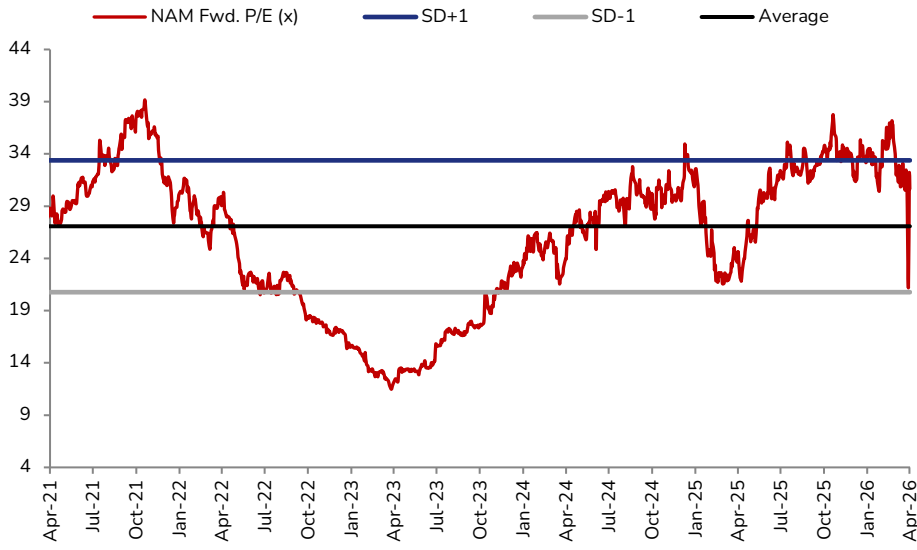
Source: Company, JM Financial

### Exhibit 2: NAM: WC

Change in estimates	FY26E, Old	FY26E, New	Change	YoY	FY27E, Old	FY27E, New	Change	YoY	FY28E, Old	FY28E, New	Change	YoY
Revenue	30,030	29,345	-2.3%	16.4%	34,429	33,279	-3.3%	13.4%	41,335	38,974	-5.7%	17.1%
Operating PBT	16,898	17,383	2.9%	23.8%	20,791	19,758	-5.0%	13.7%	25,969	23,735	-8.6%	20.1%
PAT	15,383	14,910	-3.1%	15.9%	18,155	17,019	-6.3%	14.1%	22,371	20,273	-9.4%	19.1%
EPS (INR)	24	23	-3.1%	16.0%	29	27	-6.3%	14.1%	35	32	-9.4%	19.1%
BV (INR)	71	71	-0.2%	7.1%	77	76	-0.7%	7.5%	84	83	-1.4%	8.4%

Source: Company, JM Financial

Exhibit 3: Trading between SD+1 and SD-1: NAM



Source: Company, JM Financial, Bloomberg

## Financial Tables

Income Statement		(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E	
MF Fees	16,133	22,000	25,417	28,657	34,309	
PMS Fees	299	307	583	805	1,079	
<b>Investment Management fees</b>	<b>16,432</b>	<b>22,307</b>	<b>26,000</b>	<b>29,462</b>	<b>35,389</b>	
Total Other income	3,941	2,900	2,340	2,754	3,081	
<b>Total Revenue</b>	<b>20,373</b>	<b>25,207</b>	<b>28,340</b>	<b>32,215</b>	<b>38,470</b>	
Employee costs	3,360	4,290	5,124	5,595	6,279	
Admin & Other expenses	2,039	2,369	2,677	3,078	3,540	
Mktg & publicity expenses	1,158	1,299	1,429	1,643	1,844	
<b>Total Operating Expenses</b>	<b>6,557</b>	<b>7,958</b>	<b>9,230</b>	<b>10,317</b>	<b>11,663</b>	
Depreciation/Diminution in LT invstmt	291	306	392	450	495	
<b>Total Expenditure</b>	<b>6,849</b>	<b>8,264</b>	<b>9,622</b>	<b>10,767</b>	<b>12,158</b>	
<b>PBT</b>	<b>13,525</b>	<b>16,943</b>	<b>18,719</b>	<b>21,448</b>	<b>26,311</b>	
Tax	2,462	4,086	4,567	5,233	6,420	
<b>Reported Profit (PAT)</b>	<b>11,073</b>	<b>12,864</b>	<b>14,151</b>	<b>16,215</b>	<b>19,891</b>	
Dividend	8,112	12,015	11,321	12,972	15,913	
<b>Retained earnings</b>	<b>2,951</b>	<b>842</b>	<b>2,830</b>	<b>3,243</b>	<b>3,978</b>	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E	
Share capital	6,300	6,347	6,347	6,347	6,347	
Reserves & Surplus	33,522	35,782	38,612	41,855	45,834	
<b>Net worth</b>	<b>39,822</b>	<b>42,129</b>	<b>44,959</b>	<b>48,202</b>	<b>52,181</b>	
Secured Loans	-	-	-	-	-	
Current Liabilities	3,035	3,189	3,526	3,901	4,320	
Provisions	-	-	-	-	-	
<b>Total - Liabilities</b>	<b>42,857</b>	<b>45,318</b>	<b>48,485</b>	<b>52,104</b>	<b>56,500</b>	
Net Fixed Assets	3,328	8,537	9,391	10,330	11,363	
Non-Current investments	35,127	33,238	31,931	35,458	40,337	
<b>Total Non-current assets</b>	<b>37,561</b>	<b>40,571</b>	<b>40,058</b>	<b>44,461</b>	<b>50,307</b>	
Total Current investments	-	-	-	-	-	
<b>Total Current Assets</b>	<b>5,296</b>	<b>4,747</b>	<b>8,427</b>	<b>7,642</b>	<b>6,194</b>	
<b>Total - Assets</b>	<b>42,857</b>	<b>45,318</b>	<b>48,485</b>	<b>52,104</b>	<b>56,500</b>	

Source: Company, JM Financial

Mutual Fund AUM		(INR mn)				
Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity	2,110,754	2,669,260	3,280,353	4,130,363	5,076,973	
Debt	402,998	506,152	245,960	273,178	312,300	
Liquid	503,040	558,543	645,449	698,721	758,857	
Others	1,296,531	1,810,712	2,974,171	3,694,965	4,439,086	
<b>Total AUM</b>	<b>4,313,323</b>	<b>5,544,667</b>	<b>7,145,933</b>	<b>8,797,226</b>	<b>10,587,215</b>	

Source: Company, JM Financial

Mutual Fund AUM Mix		(%)				
Based on Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity	48.9	48.1	45.9	47.0	48.0	
Debt	9.3	9.1	3.4	3.1	2.9	
Liquid	11.7	10.1	9.0	7.9	7.2	
Others	30.1	32.7	41.6	42.0	41.9	
<b>Total AUM</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

Source: Company, JM Financial

Key Ratios		FY24A	FY25A	FY26E	FY27E	FY28E
<b>As a % of Avg AUM</b>						
Core Revenues / Avg. AUM		0.46	0.45	0.41	0.37	0.37
Other Revenues / Avg. AUM		0.11	0.06	0.04	0.03	0.03
<b>Total Revenues / Avg. AUM</b>		<b>0.57</b>	<b>0.51</b>	<b>0.45</b>	<b>0.40</b>	<b>0.40</b>
Employee cost / Avg. AUM		0.09	0.09	0.08	0.07	0.06
Brokerage / Avg. AUM		0.02	0.01	0.01	0.01	0.01
Operating cost / Avg. AUM		0.19	0.17	0.15	0.14	0.13
PBT / Avg. AUM		0.38	0.34	0.29	0.27	0.27
<b>PAT / Avg. AUM</b>		<b>0.31</b>	<b>0.26</b>	<b>0.22</b>	<b>0.20</b>	<b>0.21</b>
<b>As a % of Balance sheet assets</b>						
Core Revenues / Avg. Assets		40.7	50.6	55.4	58.6	65.2
Other Revenues / Avg. Assets		9.8	6.6	5.0	5.5	5.7
Total Revenues / Avg. Assets		50.5	57.2	60.4	64.1	70.8
Employee cost / Avg. Assets		8.3	9.7	10.9	11.1	11.6
Brokerage / Avg. Assets		1.5	1.6	1.7	1.8	1.8
Operating cost / Avg. Assets		16.2	18.1	19.7	20.5	21.5
PBT / Avg. Assets		33.5	38.4	39.9	42.6	48.5
RoA (%)		27.4	29.2	30.2	32.2	36.6
Avg Assets/Equity (x)		107.7	107.6	107.7	108.0	108.2
<b>RoE (%)</b>		<b>29.5</b>	<b>31.4</b>	<b>32.5</b>	<b>34.8</b>	<b>39.6</b>

Source: Company, JM Financial

Growth ratios (YoY %)		FY24A	FY25A	FY26E	FY27E	FY28E
Inv mgmt fees		21.7	35.8	16.6	13.3	20.1
PMS fees + Other income		0.3	2.5	90.0	38.0	34.2
<b>Revenue</b>		<b>34.3</b>	<b>23.7</b>	<b>12.4</b>	<b>13.7</b>	<b>19.4</b>
Employee cost		11.9	27.7	19.4	9.2	12.2
Admin & other exp		19.3	16.2	13.0	15.0	15.0
Marketing & publicity exp		31.9	12.2	10.0	15.0	12.2
Total operating exp		16.6	20.7	16.4	11.9	12.9
<b>PBT</b>		<b>45.6</b>	<b>25.3</b>	<b>10.5</b>	<b>14.6</b>	<b>22.7</b>
Tax		20.2	65.9	11.8	14.6	22.7
<b>PAT</b>		<b>52.8</b>	<b>16.2</b>	<b>10.0</b>	<b>14.6</b>	<b>22.7</b>
<b>Total Assets</b>		<b>13.1</b>	<b>5.7</b>	<b>7.0</b>	<b>7.5</b>	<b>8.4</b>
Equity AUM		68.4	26.5	22.9	25.9	22.9
Debt AUM		7.8	25.6	-51.4	11.1	14.3
Liquid AUM		10.1	11.0	15.6	8.3	8.6
Other AUM		65.3	39.7	64.3	24.2	20.1
<b>Total AUM</b>		<b>50.4</b>	<b>28.5</b>	<b>28.9</b>	<b>23.1</b>	<b>20.3</b>

Source: Company, JM Financial

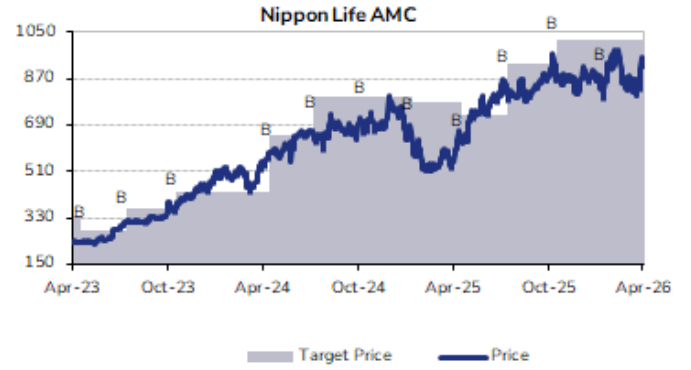
Valuation		FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue (mn)		630.0	634.7	634.7	634.7	634.7
<b>EPS (INR)</b>		<b>17.6</b>	<b>20.3</b>	<b>22.3</b>	<b>25.5</b>	<b>31.3</b>
EPS (YoY) (%)		51.1	15.3	10.0	14.6	22.7
<b>PER (x)</b>		<b>52.1</b>	<b>45.2</b>	<b>41.1</b>	<b>35.8</b>	<b>29.2</b>
BV (INR)		63.2	66.4	70.8	75.9	82.2
BV (YoY) (%)		12.1	5.0	6.7	7.2	8.3
P/BV (x)		14.5	13.8	12.9	12.1	11.1
DPS (INR)		12.9	18.9	17.8	20.4	25.1
Div. yield (%)		1.4	2.1	1.9	2.2	2.7

Source: Company, JM Financial

**Recommendation History Table**

Date	Recommendation	Target Price	% Chg.
29-Jan-26	Buy	1,030	1.0
30-Oct-25	Buy	1,020	9.7
28-Jul-25	Buy	930	27.4
29-Apr-25	Buy	730	-6.0
24-Jan-25	Buy	777	-2.9
25-Oct-24	Buy	800	0.0
21-Jul-24	Buy	800	23.1
28-Apr-24	Buy	650	51.2
30-Oct-23	Buy	430	17.8
27-Jul-23	Buy	365	30.4
26-Apr-23	Buy	280	-17.6
30-Jan-23	Buy	340	-2.9
19-Oct-22	Buy	350	0.0
28-Jul-22	Buy	350	-19.5
26-Apr-22	Buy	435	0.0
27-Jan-22	Buy	435	0.0
15-Dec-21		435	0.0
31-Aug-21	Hold	435	24.3
28-Apr-21	Buy	350	-4.1
27-Jan-21	Buy	365	

**Recommendation History Chart**



**At an inflexion point, risk-reward favourable**



Since Mar'20, Indian retail savers have become investors – visible in growing demat accounts and equity AUM. Over Dec'19-Dec'25, MF industry saw its AUM grow at a 23% CAGR, but equity AUM (80%+ retail) grew at a 26% CAGR. However, due to weak fund performance and (the resultant) weak inflows, UTI AMC lagged the sector – with total / equity AUM growing at just 24%/15% CAGR. With the recent management change (Mr. Vetri taking over as the CEO), acceptance of the VRS offering expected to result in a rejuvenated salesforce and improved fund inflows, we believe the AMC is at an inflexion point. On a large cost base of FY26E, we expect it to outperform on earnings over FY26-FY28e. However, we expect rerating to be gradual – we maintain our ADD rating, valuing the AMC at 13x FY28e EPS of INR 82 to get a revised target price of INR 1,050 (against INR 1,130 at same multiple).

- VRS will not only reduce costs but also pave the way for a rejuvenated salesforce:** A key concern on UTI AMC since its listing has been its sticky cost base. In FY25, the four listed AMCs – HDFC AMC, NAM, UTI AMC and ABSL AMC, reported operating expenses of INR 7.8bn +-10% even though operating revenue for HDFC AMC was 2x UTI AMC. In FY26, UTI AMC came out with a VRS (Voluntary Retirement Scheme) plan, which was adopted by 170+ employees. Majority of these employees were supervisory salespeople, largely redundant. Not only will this reduce employee expenses by INR 500mn from FY27E onwards, it paves the way for a reinvigorated salesforce -which should help the AMC benefit from the investment culture also taking shape in India.
- Strong brand recall and distributed AUM allow for steady revenue yields:** The first AMC in India has a strong brand recall and physical presence even beyond the top 30 cities in India. Further, the AMC has multiple products and is not dependent on one or two large schemes. These two aspects result in an earnings yield of 70bps+ in equity schemes, the highest amongst the listed AMCs, large or small. Further, as larger AMCs struggle with the new expense ratio guidelines, we expect UTI AMC to see minimal impact on its revenue yields in FY27E.
- Expectation of Weaker 4QFY26 Earnings:** UTI AMC's equity portfolio outperformed in January and February, despite overall market weakness, but average AUM during this period was lower than the 3QFY26 levels. With a few fewer days in the quarter and subdued performance in both equity and debt portfolios due to negative MTM movements, we expect 4QFY26 earnings to remain weak. Specifically, we anticipate a quarter-on-quarter decline in revenue and profits, with the AMC likely reporting a PAT of INR 697mn, marking a notable decline both QoQ and YoY.
- Leadership change can usher in a relook at the AMC, risk-reward favourable at CMP:** With the leadership change (Mr. Vetri taking charge as the CEO), changes in the fund management team and salesforce, we can expect Aum to compound faster hereon. At current valuations of 12x FY28E EPS, we believe risk-reward is favourable for the AMC. We cut FY26/FY27/FY28E earnings by 18%/3%/8%. On a large cost base of FY26E, we expect it to outperform on earnings over FY26-FY28e. However, we expect rerating to be gradual – we maintain our ADD rating, valuing the AMC at 13x FY28e EPS of INR 82 to get a revised target price of INR 1,050.
- Key Risk:** Flat markets will result in weak AUM growth for the company, resulting in weak revenue and earnings growth.

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**Recommendation and Price Target**

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,050
Upside/(Downside)	9.4%
Previous Price Target	1,130
Change	-7.1%

**Key Data – UTIAM IN EQUITY**

Current Market Price	INR960
Market cap (bn)	INR123.3/US\$1.3
Free Float (%)	55.4
Shares in issue (mn)	128.5
Diluted share (mn)	128.5
3-mon avg daily val (mn)	INR126.9/US\$1.4
52-week range	INR1,472/897
Sensex/Nifty	76,848/23,843
INR/US\$	93.4

**Price Performance**

%	1M	6M	12M
Absolute	0.7	-30.0	-2.4
Relative*	-2.3	-24.8	-2.5

\*To the NSE Nifty 50

**Financial Summary**

	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Mutual Fund AUM (closing)	2,846	3,348	3,923	4,711	5,662
YoY growth (%)	27.5	17.7	17.2	20.1	20.2
% of equity MF AUM (clos.)	38.2	36.2	30.9	29.5	28.8
Operating Revenues (INR mn)	17,439	18,599	18,105	20,998	23,341
Revenue Growth (%)	35.1	6.7	-2.7	16.0	11.2
Total operating expenses (INR)	7,148	7,622	9,987	8,649	9,195
Total operating expenses	7.6	6.6	31.0	-13.4	6.3
PAT (INR mn)	7,957	7,315	5,934	9,135	10,485
YoY growth (%)	77.8	-8.1	-18.9	54.0	14.8
PAT / Avg. MF AUM (RoAUM)	0.31	0.24	0.16	0.21	0.20
RoE (%)	19.3	16.3	12.7	18.8	20.6
EPS (INR)	62.5	57.5	46.6	71.8	82.4
P/E (x)	15.5	16.8	20.7	13.5	11.7

Source: Company data, JM Financial. Note: Valuations as of April 13, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## 4QFY26 Preview

Headline indices fell more than 10% in 4QFY26, however, we expect core revenues to be largely flat QoQ. Similarly, we expect cost structure to be largely flattish. With the weak equity market performance, forex loss in overseas book and yield spikes in debt portfolio, we expect Other Income to be negative for UTI AMC, resulting in a 50% QoQ decline in profits even as core profits grow handsomely, following elevated one-off costs in 3Q. With the MTM decline, we expect management fees to be weak in 1QFY27 unless we see a sharp and sustained recovery.

### Exhibit 1: 4QFY26: Quarterly Preview

Consol P&L (INR mn) - UTI AMC	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
<b>Revenue from operations</b>	3,602	3,947	3,851	-2.5%	6.9%
Employee benefits expense	1,162	2,416	1,345	-44.3%	15.7%
Depreciation & Amortisation	118	127	134	5.2%	13.2%
Business Development and Others	842	854	823	-3.6%	-2.2%
<b>Total expenses</b>	<b>2,122</b>	<b>3,397</b>	<b>2,302</b>	<b>-32.2%</b>	<b>8.5%</b>
<b>Operating PBT</b>	<b>1,480</b>	<b>550</b>	<b>1,549</b>	<b>181.4%</b>	<b>4.7%</b>
Other income	60	1,232	(625)	-150.8%	-1135.5%
PBT	1,540	1,782	923	-48.2%	-40.0%
<b>PAT</b>	<b>1,020</b>	<b>1,378</b>	<b>695</b>	<b>-49.6%</b>	<b>-31.8%</b>
<b>PAT after minority interest</b>	<b>1,020</b>	<b>1,378</b>	<b>695</b>	<b>-49.6%</b>	<b>-31.8%</b>
<b>EPS</b>	<b>8</b>	<b>11</b>	<b>5.5</b>	<b>-49.6%</b>	<b>-31.8%</b>
Qtrly Avg AAUM (INR bn)	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)
Equity	1,235	1,405	1,358	-3.3%	9.9%
Debt	229	250	236	-5.8%	3.1%
Liquid	518	534	524	-1.8%	1.1%
Other	1,415	1,749	1,767	1.0%	24.9%
<b>Overall</b>	<b>3,397</b>	<b>3,938</b>	<b>3,885</b>	<b>-1.4%</b>	<b>14.3%</b>
Dupont analysis	4Q25	3Q26	4Q26E	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.42%</b>	<b>0.40%</b>	<b>0.40%</b>	0.00%	-0.03%
Employee exp / QAAUM(%)	0.14%	0.25%	0.14%	-0.11%	0.00%
Business Development and Other opex / QAAUM(%)	0.11%	0.10%	0.10%	0.00%	-0.01%
Total cost / QAAUM (%)	0.25%	0.35%	0.24%	-0.11%	-0.01%
<b>Operating PBT / QAAUM(%)</b>	<b>0.17%</b>	<b>0.06%</b>	<b>0.16%</b>	<b>0.10%</b>	<b>-0.01%</b>
Other income / QAAUM (%)	0.01%	0.13%	-0.06%	-0.19%	-0.07%
PBT / QAAUM (%)	0.18%	0.18%	0.10%	-0.09%	-0.09%
<b>PAT / QAAUM(%)</b>	<b>0.12%</b>	<b>0.14%</b>	<b>0.07%</b>	<b>-0.07%</b>	<b>-0.05%</b>

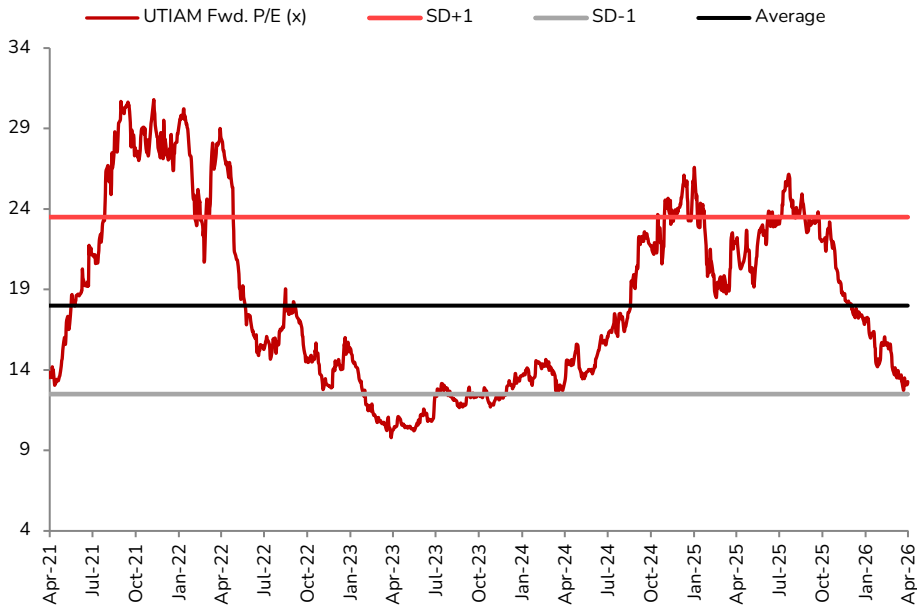
Source: Company, JM Financial

### Exhibit 2: UTI AMC: WC

Change in estimates	FY26E, Old	FY26E, New	Change	YoY	FY27E, Old	FY27E, New	Change	YoY	FY28E, Old	FY28E, New	Change	YoY
Revenue	19,815	18,107	-8.6%	-2.6%	21,888	20,960	-4.2%	15.8%	24,887	23,125	-7.1%	10.3%
Operating PBT	5,992	4,995	-16.6%	-21.6%	8,547	7,336	-14.2%	46.8%	10,700	8,651	-19.2%	17.9%
PAT	7,236	5,935	-18.0%	-27.0%	9,419	9,106	-3.3%	53.4%	11,187	10,318	-7.8%	13.3%
EPS (INR)	57	47	-18.0%	-27.0%	74	72	-3.3%	53.4%	88	81	-7.8%	13.3%

Source: Company, JM Financial

Exhibit 3: Trading below its SD-1 : UTI AMC



Source: Company, JM Financial

# Financial Tables

Income Statement	(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E
MF Fees	11,520	14,240	15,246	16,309	18,376
PMS Fees	301	213	245	274	302
<b>Investment Management fees</b>	<b>11,821</b>	<b>14,453</b>	<b>15,491</b>	<b>16,584</b>	<b>18,678</b>
Total Other income	5,619	4,146	2,614	4,414	4,663
<b>Total Revenue</b>	<b>17,439</b>	<b>18,599</b>	<b>18,105</b>	<b>20,998</b>	<b>23,341</b>
Employee costs	4,393	4,580	6,640	5,070	5,425
Admin & Other expenses	2,512	2,837	3,121	3,340	3,516
Mktg & publicity expenses	243	206	226	240	254
<b>Total Operating Expenses</b>	<b>7,148</b>	<b>7,622</b>	<b>9,987</b>	<b>8,649</b>	<b>9,195</b>
Depreciation/Diminution in LT invstmt	423	455	510	561	617
<b>Total Expenditure</b>	<b>7,571</b>	<b>8,078</b>	<b>10,497</b>	<b>9,210</b>	<b>9,812</b>
<b>PBT</b>	<b>9,868</b>	<b>10,522</b>	<b>7,607</b>	<b>11,788</b>	<b>13,529</b>
Tax	1,548	2,392	1,674	2,652	3,044
<b>Reported Profit (PAT)</b>	<b>7,957</b>	<b>7,315</b>	<b>5,934</b>	<b>9,135</b>	<b>10,485</b>
Dividend	5,981	6,108	4,459	6,864	7,878
<b>Retained earnings</b>	<b>2,340</b>	<b>2,021</b>	<b>1,475</b>	<b>2,271</b>	<b>2,607</b>

Source: Company, JM Financial

Key Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
<b>As a % of Avg AUM</b>					
Core Revenues / Avg. AUM	0.47	0.47	0.43	0.38	0.36
Other Revenues / Avg. AUM	0.22	0.13	0.07	0.10	0.09
<b>Total Revenues / Avg. AUM</b>	<b>0.69</b>	<b>0.60</b>	<b>0.50</b>	<b>0.49</b>	<b>0.45</b>
Employee cost / Avg. AUM	0.17	0.15	0.18	0.12	0.10
Brokerage / Avg. AUM	-	-	-	-	-
Operating cost / Avg. AUM	0.30	0.26	0.29	0.21	0.19
PBT / Avg. AUM	0.39	0.34	0.21	0.27	0.26
<b>PAT / Avg. AUM</b>	<b>0.31</b>	<b>0.24</b>	<b>0.16</b>	<b>0.21</b>	<b>0.20</b>
<b>As a % of Balance sheet assets</b>					
Core Revenues / Avg. Assets	24.8	26.1	26.2	26.1	27.1
Other Revenues / Avg. Assets	11.8	7.5	4.4	6.9	6.8
Total Revenues / Avg. Assets	36.7	33.6	30.6	33.1	33.9
Employee cost / Avg. Assets	9.2	8.3	11.2	8.0	7.9
Brokerage / Avg. Assets	-	-	-	-	-
Operating cost / Avg. Assets	15.0	13.8	16.9	13.6	13.3
PBT / Avg. Assets	20.7	19.0	12.9	18.6	19.6
RoA (%)	16.7	13.2	10.0	14.4	15.2
Avg Assets/Equity (x)	115.3	123.3	126.9	130.9	135.3
<b>RoE (%)</b>	<b>19.3</b>	<b>16.3</b>	<b>12.7</b>	<b>18.8</b>	<b>20.6</b>

Source: Company, JM Financial

Balance Sheet	(INR mn)				
	FY24A	FY25A	FY26E	FY27E	FY28E
Share capital	1,273	1,273	1,273	1,273	1,273
Reserves & Surplus	42,609	44,630	46,105	48,377	50,983
<b>Net worth</b>	<b>43,882</b>	<b>45,903</b>	<b>47,378</b>	<b>49,649</b>	<b>52,256</b>
Secured Loans	-	-	-	-	-
Current Liabilities	9,529	11,409	13,663	16,365	19,604
Provisions	-	-	-	-	-
<b>Total - Liabilities</b>	<b>53,410</b>	<b>57,312</b>	<b>61,041</b>	<b>66,014</b>	<b>71,860</b>
Net Fixed Assets	4,147	4,556	5,005	5,499	6,041
Non-Current investments	44,283	41,818	45,111	47,598	50,325
<b>Total Non-current assets</b>	<b>48,430</b>	<b>46,374</b>	<b>50,117</b>	<b>53,097</b>	<b>56,366</b>
Total Current investments	-	-	-	-	-
<b>Total Current Assets</b>	<b>4,980</b>	<b>10,938</b>	<b>10,924</b>	<b>12,917</b>	<b>15,494</b>
<b>Total - Assets</b>	<b>53,410</b>	<b>57,312</b>	<b>61,041</b>	<b>66,014</b>	<b>71,860</b>

Source: Company, JM Financial

Growth ratios (YoY %)	FY24A	FY25A	FY26E	FY27E	FY28E
Inv mgmt fees	4.4	22.3	7.2	7.1	12.6
PMS fees + Other income	0.2	-29.1	15.0	12.0	10.0
<b>Revenue</b>	<b>35.1</b>	<b>6.7</b>	<b>-2.7</b>	<b>16.0</b>	<b>11.2</b>
Employee cost	6.0	4.2	45.0	-23.6	7.0
Admin & other exp	11.6	12.9	10.0	7.0	5.3
Marketing & publicity exp	-2.4	-15.4	10.0	6.0	6.0
Total operating exp	7.5	6.7	30.0	-12.3	6.5
<b>PBT</b>	<b>68.3</b>	<b>6.6</b>	<b>-27.7</b>	<b>54.9</b>	<b>14.8</b>
Tax	13.5	54.6	-30.0	58.5	14.8
<b>PAT</b>	<b>77.8</b>	<b>-8.1</b>	<b>-18.9</b>	<b>54.0</b>	<b>14.8</b>
<b>Total Assets</b>	<b>27.9</b>	<b>7.3</b>	<b>6.5</b>	<b>8.1</b>	<b>8.9</b>
Equity AUM	18.7	11.3	0.1	14.8	17.2
Debt AUM	45.7	12.1	-10.8	10.0	13.0
Liquid AUM	-1.0	26.3	8.4	6.3	6.5
Other AUM	46.5	21.8	38.1	27.5	25.1
<b>Total AUM</b>	<b>27.5</b>	<b>17.7</b>	<b>17.2</b>	<b>20.1</b>	<b>20.2</b>

Source: Company, JM Financial

Mutual Fund AUM	(INR mn)				
Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E
Equity	1,088,328	1,210,892	1,211,891	1,391,077	1,630,229
Debt	198,826	222,940	198,870	218,791	247,200
Liquid	348,829	440,716	477,686	507,944	540,988
Others	1,209,595	1,473,325	2,034,559	2,593,258	3,243,351
<b>Total AUM</b>	<b>2,845,579</b>	<b>3,347,873</b>	<b>3,923,006</b>	<b>4,711,069</b>	<b>5,661,769</b>

Source: Company, JM Financial

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue (mn)	127.3	127.3	127.3	127.3	127.3
<b>EPS (INR)</b>	<b>62.5</b>	<b>57.5</b>	<b>46.6</b>	<b>71.8</b>	<b>82.4</b>
EPS (YoY) (%)	77.4	-8.1	-18.9	54.0	14.8
<b>PER (x)</b>	<b>15.5</b>	<b>16.8</b>	<b>20.7</b>	<b>13.5</b>	<b>11.7</b>
BV (INR)	344.8	360.7	372.3	390.1	410.6
BV (YoY) (%)	13.2	4.6	3.2	4.8	5.3
P/BV (x)	2.8	2.7	2.6	2.5	2.4
DPS (INR)	47.0	48.0	35.0	53.9	61.9
Div. yield (%)	4.9	5.0	3.6	5.6	6.4

Source: Company, JM Financial

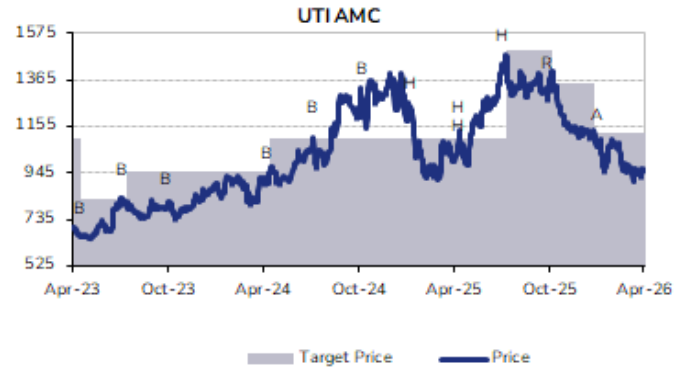
Mutual Fund AUM Mix	(%)				
Based on Closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E
Equity	38.2	36.2	30.9	29.5	28.8
Debt	7.0	6.7	5.1	4.6	4.4
Liquid	12.3	13.2	12.2	10.8	9.6
Others	42.5	44.0	51.9	55.0	57.3
<b>Total AUM</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, JM Financial

**Recommendation History Table**

Date	Recommendation	Target Price	% Chg.
7-Jan-26	ADD	1,130	-16.3
19-Oct-25	Reduce	1,350	-10.0
24-Jul-25	Hold	1,500	36.4
1-May-25	Hold	1,100	0.0
29-Apr-25	Hold	1,100	0.0
28-Jan-25	Hold	1,100	0.0
27-Oct-24	Buy	1,100	0.0
26-Jul-24	Buy	1,100	0.0
28-Apr-24	Buy	1,100	15.8
19-Oct-23	Buy	950	0.0
26-Jul-23	Buy	950	14.5
27-Apr-23	Buy	830	-24.5
2-Feb-23	Buy	1,100	10.0
21-Oct-22	Buy	1,000	0.0
16-Aug-22	Buy	1,000	0.0
27-Jul-22	Buy	1,000	-18.4
27-Apr-22	Buy	1,225	-9.3
22-Mar-22	Buy	1,350	0.0
29-Jan-22	Buy	1,350	

**Recommendation History Chart**



# APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	Meaning
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ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
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