

ICICI Prudential AMC (ICICIAMC) - ADD

Initiating Coverage

Current Market Price (CMP) Rs.2,844	Fair Value (FV) Rs.3,150
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Rationale:

- PRU is a large, well-diversified asset management franchise with leadership positions across mutual funds, alternates and advisory, aided by a strong brand, a long-term performance track record and a deep distribution network.
- It manages ~Rs11.5 lakh crore of Asset Under Management, with leading market shares in equity (~14%) and equity-hybrid (~25%) mutual funds.
- The business is well-placed to deliver steady AUM and earnings growth, aided by a large systematic book, a strong hybrid franchise and a growing higher-fee alternatives platform.
- However, current valuations already price in much of this franchise strength and growth visibility. We believe the risk-reward at current levels is balanced.
- We initiate coverage of IPRU AMC with an ADD rating and a Fair Value of Rs3,150.

👍 Positives:

- We expect IPRU to deliver a healthy core earnings CAGR of ~16% over FY2027- 28E.
- We expect 28% operating profit growth in FY2026E on the back of 22-23% growth in AUM/revenue.
- Company has a leading position in equity AUM with a market share of 14.1% as of Feb 2026.
- Systematic book is 16-17% of industry monthly SIP flows.

👎 Negatives:

- Key risks for IPRU AMC are (1) sustained fund underperformance, which could lead to earnings downgrades, (2) downturns in market and industry cycles, resulting in lower equity returns and weaker retail flows.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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