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IPO Note

ICICI Prudential Asset Management Company Ltd

Rating
NEUTRAL

Industry: Asset Management Company

Date: 11th Dec, 2025

ICICI Prudential Asset Management Co. Ltd

Issue Highlights

ICICI Prudential AMC IPO is a book build issue of Rs. 10,602.65 crores. The issue is entirely an offer for sale of 4.90 crore shares amounting to Rs. 10,602.65 crores at the upper end of the price band.

Selling Shareholder:

Name	No of shares (Cr)
Promoter Selling Shareholder	
Prudential Corporation Holdings	4.90

12th Dec 2025 **ISSUE OPENS** to 16th Dec 2025 **ISSUE CLOSES**

ISSUE DETAILS	
Price Band	Rs. 2,061 to Rs. 2,165 per share
Face Value	Rs. 1 per share
Total Offer Size	4,89,72,994 shares (aggregating up to Rs. 10,602.65 Cr)
Offer for Sale	4,89,72,994 shares (aggregating up to Rs. 10,602.65 Cr)
Issue Type	Book-building IPO
Minimum lot	6 shares
Listing on	NSE, BSE

Data Source: Company filings & CSEC Research

Date: 11th Dec, 2025

Outlook

- ICICI Prudential AMC stands to benefit from the continued financialisation of household savings, reflected in its position as the largest active equity and hybrid manager (13.6% and 25.8% QAAUM share), with AUM expanding at 33% CAGR over FY23–25, outpacing the broader industry trend of 29%.
- A favourable AUM mix—anchored in equity and hybrid schemes—supports superior economics, enabling the AMC to generate a higher operating yield (Operating Profit Before Tax / AUM). ICICI Pru commanded a operating yield of 37 bps as compared to 24 bps average of the top 10 AMCs in the country.
- They command 20% of industry operating profit market share and ~13–14% market share by assets.
- A large, sticky retail franchise continues to drive predictable inflows, with Rs. 6.6 lakh crores in individual MAAUM, a 1.5 Cr investor base, and systematic flows of ~Rs. 4800 crores/month, where over 92% of SIPs carry tenures above five years, creating durable, long-cycle compounding of assets.
- The AMC's deliberate tilt toward lower-volatility categories, particularly dynamic asset allocation where it holds ~26% market share, has supported smoother investor outcomes and more resilient flows during periods of heightened market uncertainty.
- Portfolio diversification and revenue stability are reinforced by a broad product suite—143 schemes with no single scheme exceeding 7.1% of QAAUM—alongside a growing Alternates business (Rs. 72,900 crores QAAUM) spanning credit, commercial real estate, PMS and advisory mandates, which adds medium-term optionality.
- Investment outcomes benefit from a consistent and internally developed fund management culture, where ~90% of active AUM has outperformed benchmarks over longer horizons.
- ICICI Prudential AMC's valuation screens relatively rich versus listed peers, supported by higher P/BV (30.4x vs 3–14x peers), stronger operating yield (0.37% vs 0.18–0.35% peers) and a robust AUM CAGR of 32.7% over FY23–25, although investors should note that the IPO is entirely an OFS, and the relatively premium valuation (TTM PER of 36.4x) is being sought without primary capital infusion into the business.
- Further 15% equity dilution from Prudential Plc to meet SEBI norms over the next 3 years, is a point of overhang.
- We have issued a "NEUTRAL" rating for ICICI Prudential AMC's IPO.

107,007
Market Cap (Rs. Crores) Post Issue

36.4
Post Issue PE Ratio

30.4
Price to Book Value (P/BV)

90.1%
Promoter Shareholding Post Issue

Indicative Timeline

On or before

Finalization of Basis of Allotment	Wed, Dec 17, 2025
Unblocking of Funds	Thu, Dec 18, 2025
Credit of shares to Demat Account	Thu, Dec 18, 2025
Listing on exchange	Fri, Dec 19, 2025

IPO Reservation

QIB Shares	Not More than 75% of the Net Issue
HNI Shares	Not more than 15.00% of the Net Issue
Retail Shares	Not more than 10.00% of the Net Issue

Lot Size

Application	Lots	Shares	Amount
Retail (Min)	1	6	Rs. 12,990
Retail (Max)	15	90	Rs. 1,94,850
S-HNI (Min)	16	96	Rs. 2,07,840
S-HNI (Max)	76	456	Rs. 9,87,240
B-HNI (Min)	77	462	Rs. 10,00,230

Company Overview

- ICICI Prudential Asset Management Company Ltd ("ICICI Pru AMC") is India's largest asset manager in active mutual fund QAAUM, with a 13.3% market share and total mutual fund QAAUM of Rs. 10,47,600 crores as of September 30, 2025. The Company is also the second largest AMC overall by QAAUM with a 13.2% share, reflecting its scale, brand strength and entrenched position in the domestic investment ecosystem. With over three decades of operating history, ICICI Pru AMC has built one of the most comprehensive asset management platforms in India, guided by a risk-first investment philosophy that focuses on long-term, benchmark-aware performance and disciplined portfolio construction. As of September 30, 2025, the Company served a customer base of 1.55 crore investors, the largest in the Indian mutual fund industry.
- The Company manages the highest number of schemes in India, with 143 mutual fund schemes spanning 44 equity and equity-oriented schemes, 20 debt schemes, 61 passive schemes, 15 domestic fund-of-fund schemes, and one each of liquid, overnight and arbitrage schemes. It is the largest AMC in terms of Equity and Equity-Oriented QAAUM with a 13.6% market share and the industry leader in Equity-Oriented Hybrid QAAUM with a 25.8% share. Its AUM mix remains favourable, with equity and equity-oriented schemes contributing 55.8% of total mutual fund QAAUM as of September 30, 2025, supporting stronger yields given the higher-fee characteristics of equity products. ICICI Pru AMC also possesses the largest Individual Investor franchise in India, with Individual Investor MAAUM of Rs. 661,030 crores and a 13.7% market share. Individual investors accounted for 61.1% of total MAAUM and 85.7% of equity MAAUM, reflecting a deeply retail-anchored asset base. The Company has steadily expanded its retail SIP/STP engine, with monthly flows rising to Rs. 4800 crores in September 2025 and 92.5% of systematic transactions having a tenure exceeding five years, offering long-term visibility and stability to inflows.
- In addition to its mutual fund platform, ICICI Pru AMC operates a fast-growing Alternates business with a QAAUM of Rs. 72,930 crores as of September 30, 2025. The Alternates franchise includes portfolio management services, alternative investment funds and offshore advisory mandates. Its product suite spans equity-focused PMS and AIF strategies, private credit, long-short funds and commercial office yield funds. The Company also provides offshore advisory services and manages assets of Rs. 329.1 billion for Eastspring, Prudential plc's asset management arm, across Asian distribution markets including Japan, Taiwan, Hong Kong and Singapore. This diversified alternatives capability enhances fee diversity, strengthens client wallet share and broadens the Company's investment footprint beyond traditional mutual fund offerings.
- ICICI Pru AMC has built one of the most wide-reaching and multi-channelled distribution networks in India, comprising 272 offices across 23 states and four union territories. Its network includes 110,719 mutual fund distributors, 213 national distributors and 67 banks, complemented by distribution leverage from ICICI Bank's 7,246 branches. For equity and equity-oriented AUM, MFDs contributed 37.7%, national distributors 15.8%, direct channels 27.1%, ICICI Bank 8.3% and other banks 11.1% as of September 30, 2025. The Company's digital ecosystem has scaled rapidly, with 95.3% of mutual fund purchase transactions in the first half of FY26 executed digitally, supported by the "i-Invest" mobile app (22 lakh downloads), website upgrades, integrated distributor platforms and fintech partnerships. Digital channels also enabled 12 lakh new customer acquisitions during 1H FY26. Its content-driven investor education strategy includes over 40 lakh YouTube subscribers across its Mutual Fund and ETF channels and a library of more than 1,400 videos.

- The Company's investment philosophy is anchored in disciplined, risk-adjusted portfolio construction supported by quantitative and qualitative research frameworks. Its internal norms govern asset allocation, sector weights and security selection, while dedicated risk teams evaluate macroeconomic conditions, credit quality, leverage metrics, sponsor strength and portfolio-level exposures. A three-line risk architecture—comprising frontline business oversight, compliance and internal audit—ensures strong governance, regulatory discipline and effective risk mitigation. The Company adopts a similar framework for its fixed-income strategies, focusing on safety, liquidity and return optimisation through duration management and macro analytics.
- ICICI Pru AMC remains the most profitable AMC in India, commanding 20% of industry operating profit before tax in FY25. Over FY23–FY25, total AAUM, operating revenue and PAT grew at CAGRs of 32.7%, 32.0% and 32.2%, respectively. Operating revenue yield stood at 52 bps in FY25 and 1H FY26 (annualised), while operating margins remained stable at 36–37 bps. ROE was 82.8% in FY25 and 86.8% on an annualised basis for 1H FY26, reflecting the capital-light nature of the business. Operating PBT increased from Rs. 1858.17 crore in FY23 to Rs. 3236.16 crore in FY25, and reached Rs. 1932.82 crore during 1H FY26.
- The Company benefits from strong promoter parentage through the joint venture between ICICI Bank and Prudential plc. ICICI Bank is among India's largest financial institutions with a market capitalisation of Rs. 9.63 lakh crore as of September 2025, and Prudential plc is a leading life and health insurer across Asia and Africa with more than 1.8 crore customers. Its asset management arm, Eastspring, manages US$258 billion in global AUM and holds leading positions across multiple Asian markets. The promoters contribute significant brand equity, governance oversight, distribution depth and global asset-management expertise.
- The Company's senior leadership team brings deep institutional knowledge, with the Managing Director and CEO having over 32 years of experience and more than 18 years with the AMC, while the CIO has over 30 years of industry experience and 20+ years with the firm. The mutual fund investment team comprises 50 professionals with an average of over 15 years of experience, supported by a 29-member Alternates investment team and a 17-member research team. Employee retention has been aided by long-term incentive structures, leadership development initiatives and a culture emphasising customer-centricity, innovation, governance and long-term stewardship.

Risks

- **Sensitivity to Market Cycles and Macroeconomic Conditions:** ICICI Pru AMC's revenue is directly linked to AUM levels across mutual funds, PMS, AIFs and advisory mandates, all of which fluctuate with market movements. Any decline in Indian equity markets, volatility in fixed income yields or deterioration in macro indicators—growth, inflation, interest rates or savings rates—can reduce AUM values and trigger higher redemptions. Household savings preferences and investor confidence also materially influence net flows; adverse macro conditions can depress systematic transactions, reduce inflows and disproportionately impact retail-led AUM. Changes in interest rates, credit quality or defaults in issuers of debt securities further compound AUM volatility. A sustained shift in asset mix towards lower-yield categories may compress revenue and profitability.
- **Investment Underperformance and Resulting AUM Attrition:** A material risk stems from schemes underperforming their benchmarks or peers. As of September 30, 2025, 17.1% of equity/equity-oriented, arbitrage and debt AUM (excluding FoFs, passive schemes and schemes <3 years old) underperformed over a three-year period, while 23.4% of liquid and overnight AUM lagged benchmarks over one year. Underperformance can trigger investor withdrawals, reduce incremental flows, impair fee income and erode overall scheme viability. Sustained weak performance may necessitate scheme mergers or wind-ups, increasing operational risk and reputational concerns. Fee waivers or expense absorption to protect scheme performance could further pressure margins.
- **AUM Mix Risk and Shift Toward Low-Fee Products:** Fee yields meaningfully differ between equity, hybrid, PMS and AIF products versus lower-yield liquid, debt and passive offerings. Any structural shift in investor preference toward passive products such as index funds and ETFs—where fees are materially lower—could reduce operating revenue. Market cycles may also drive flows toward fixed income or arbitrage strategies, compressing blended yields. Regulatory or competitive pressure that accelerates the industry shift toward low-cost passive vehicles represents a multi-year structural risk for profitability.
- **Intensifying Competitive Landscape Across AMCs, Fintechs and Alternate Savings Products:** Competition is expanding across traditional AMCs, fintech platforms, direct-to-consumer advisory models, and substitute financial products such as ULIPs, bank deposits and direct equity investments. Competitors may offer lower-fee products, superior digital experiences, aggressive marketing or differentiated strategies, putting downward pressure on pricing. New entrants with tech-centric distribution models can alter customer acquisition economics and weaken distributor-based models. In several cities, peers may benefit from stronger local franchises, larger budgets or deeper brand recognition, all of which may erode market share. Sustained competitive intensity could structurally narrow fee pools and reduce scalability.

- **Talent Attrition, Retention Risk and Succession Dependence:** Employee attrition remains elevated, with full-time attrition at 26.2% (1H FY26) and 26.0% in FY25, while senior management attrition remained low but non-zero. The AMC relies significantly on its CIOs, fund managers and senior leadership; any departure may disrupt investment processes, product continuity and investor confidence. Competitive pressure for experienced investment talent increases hiring and retention costs. High front-line and mid-level attrition can affect distributor servicing, digital channel execution and operational stability.
- **TER Regulation Risk and Margin Compression from Expense-Ratio Reforms:** SEBI's ongoing review of TER rules may materially affect AMC profitability. The October 2025 Consultation Paper proposes:
    - exclusion of statutory levies (STT, GST, stamp duty) from TER limits,
    - reductions in TER caps,
    - removal of the 5 bps exit-load allowance, and
    - a steep reduction of brokerage caps (from 12 bps to 2 bps for cash; 5 bps to 1 bp for derivatives).
    - These proposals, if notified, could structurally lower fee realisation and reduce operating flexibility. Performance-linked TER (voluntary under the proposal) may introduce revenue variability. Any regulatory tightening may necessitate cost cuts or reduced marketing activities, potentially impacting growth.
- **Structural Headwinds in the Debt Fund Category:** Budget 2023 removed long-term capital gains indexation benefits for debt funds, gold funds, international funds and certain hybrids, reducing their tax attractiveness versus bank deposits. High interest-rate regimes further weigh on long-duration debt fund performance and deter incremental flows. A prolonged environment of elevated yields may compress AUM in fixed-income categories and lower blended fee yields for the AMC.
- **Technological Disruption and Rise of DIY Investing:** Rapid adoption of AI, robo-advisory models, algorithmic investment tools and DIY platforms may alter investor behaviour. Increasingly, younger investors are bypassing traditional intermediated mutual fund channels in favour of direct market participation. Failure to adapt AMC technology stacks, customer interfaces and AI-driven advisory engines could weaken competitive positioning. Over-reliance on third-party technology providers may reduce control over product innovation and operational resilience.

Financials

Income Statement (Rs. Cr)	FY25	FY24	FY23
Revenue From Operations			
Fees and commission Income	4,683	3,376	2,689
Interest Income	68	58	44
Dividend Income	1	1	1
Net gain on fair value changes	226	323	103
Total Revenue from Operations	4,977	3,758	2,837
Other Income	2	3	1
Total Income	**4,980**	**3,761**	**2,838**
Expenses			
Finance Cost	19	16	15
Fees and commission expense	319	153	96
Employee Benefits expense	614	522	412
Depreciation and amortization expense	85	66	51
Other expenses	409	307	258
Total expenses	**1,447**	**1,063**	**831**
Profit before tax	**3,533**	**2,698**	**2,007**
Tax expense:			
Current tax	870	612	510
Deferred tax Charge/(Credit)	12	36	-18
Profit for the period / year	**2,651**	**2,050**	**1,516**

Balance Sheet (Rs. Cr)	FY25	FY24	FY23
ASSETS			
Total Financial Assets	3,603.0	3,162.9	2,484.9
Total Non Financial Assets	780.7	391.2	319.9
Total Assets	**4,383.7**	**3,554.1**	**2,804.8**
LIABILITIES AND EQUITY			
Total Financial Liabilities	637.0	497.5	376.3
Total Non Financial Liabilities	229.7	173.8	115.4
EQUITY			
Equity share capital	17.7	17.7	17.7
Other equity	3,499.3	2,865.2	2,295.4
Total Equity	3,516.9	2,882.8	2,313.1
Total Liabilities and Equity	**4,383.7**	**3,554.1**	**2,804.8**

Details of mutual fund QAAUM, active mutual fund QAAUM, Equity and Equity Oriented Schemes QAAUM, and Equity Oriented Hybrid Schemes QAAUM

QAAUM (Rs. Cr)	H1FY26	H1FY25	FY25	FY24	FY23	Mkt Share - Sept 30, 2025	CAGR FY23 – FY25	Industry CAGR (%)
Mutual fund	1,014,760	841,230	879,410	683,100	499,630	13.20%	32.70%	29.00%
Active mutual fund	863,570	728,310	755,230	600,840	449,240	13.30%	29.70%	28.90%
Equity and Equity Oriented Schemes	566,630	474,550	487,650	373,910	248,700	13.60%	40.00%	36.20%
Equity Oriented Hybrid Schemes	191,230	158,180	165,310	129,490	87,290	25.80%	37.60%	29.50%

Other Key Performance Indicators

Particulars	Units	H1FY26	H1FY25	FY25	FY24	FY23
Customer count	million	16	14	15	12	10
Systematic transactions	Rs Cr	4,800	4,160	3,910	3,360	2,350
Discretionary PMS QAAUM	Rs Cr	25,290	21,070	21,180	13,220	4,470
Alternates (including advisory assets) QAAUM	Rs Cr	72,930	69,040	63,870	55,220	31,120
Operating revenue	Rs Cr	2,733	2,187	4,683	3,376	2,689
Operating revenue yield	%	0.52%	0.51%	0.52%	0.52%	0.52%
Operating margin	%	0.37%	0.35%	0.36%	0.36%	0.36%
Operating profit before tax	Rs Cr	1,933	1,517	3,236	2,313	1,858
Return on equity	%	86.80%	86.00%	82.80%	78.90%	70.00%

PEER COMPARISON

AMCs	QAAUM (Rs. Cr)							
	FY21	FY22	FY23	FY24	FY25	H1FY26	CAGR (FY23- 25)	Market Share H1FY26
SBI AMC	504,460	647,070	717,160	914,370	1,072,950	1,199,530	22%	16%
ICICI Prudential AMC	405,410	468,200	499,630	683,100	879,410	1,014,760	33%	13%
HDFC AMC	415,570	432,080	449,770	612,900	774,000	881,430	31%	11%
Nippon India AMC	228,590	283,260	293,160	431,310	557,200	656,520	38%	9%
Kotak Mahindra AMC	233,780	284,620	289,340	381,050	482,540	555,950	29%	7%
Aditya Birla Sun Life AMC	269,280	295,800	275,200	331,710	381,720	425,170	18%	6%
UTI AMC	182,850	223,840	238,790	290,880	339,750	378,410	19%	5%
Axis AMC	196,550	259,820	241,410	274,270	321,510	351,240	15%	5%
TATA AMC	62,080	86,710	98,430	147,170	187,700	216,960	38%	3%
DSP AMC	97,330	107,800	114,650	148,010	187,310	211,100	28%	3%
Total AMC Industry	**3,210,540**	**3,837,880**	**4,051,080**	**5,413,110**	**6,742,260**	**7,714,200**	**29%**	**100%**

Data Source: Company filings & CSEC Research

PEER COMPARISON

AMCs	Operating profit before tax (OPBT) (Rs. Cr)							
	FY21	FY22	FY23	FY24	FY25	H1FY26	CAGR (FY23- 25)	Market Share H1FY26
SBI AMC	955	1,264	1,517	1,934	2,723	NA	34.0%	16.8%
ICICI Prudential AMC	1,429	1,711	1,858	2,313	3,236	1,933	32.0%	20.0%
HDFC AMC	1,400	1,537	1,555	1,900	2,726	1,533	32.4%	16.8%
Nippon India AMC	504	731	746	939	1,372	785	35.6%	8.5%
Kotak Mahindra AMC	382	445	465	554	830	NA	33.6%	5.1%
Aditya Birla Sun Life AMC	548	767	662	716	939	529	19.1%	5.8%
UTI AMC	242	375	362	374	597	277	28.4%	3.7%
Axis AMC	288	489	538	515	641	NA	9.1%	4.0%
TATA AMC	79	112	118	185	333	NA	67.8%	2.1%
DSP AMC	208	340	293	284	352	NA	9.6%	2.2%

AMCs	Operating Yield (%) (OPBT as a % of QAAUM)					
	FY21	FY22	FY23	FY24	FY25	H1FY26
SBI AMC	0.19%	0.20%	0.21%	0.21%	0.25%	
ICICI Prudential AMC	0.35%	0.37%	0.37%	0.34%	0.37%	0.19%
HDFC AMC	0.34%	0.36%	0.35%	0.31%	0.35%	0.17%
Nippon India AMC	0.22%	0.26%	0.25%	0.22%	0.25%	0.12%
Kotak Mahindra AMC	0.16%	0.16%	0.16%	0.15%	0.17%	
Aditya Birla Sun Life AMC	0.20%	0.26%	0.24%	0.22%	0.25%	0.12%
UTI AMC	0.13%	0.17%	0.15%	0.13%	0.18%	0.07%
Axis AMC	0.15%	0.19%	0.22%	0.19%	0.20%	
TATA AMC	0.13%	0.13%	0.12%	0.13%	0.18%	
DSP AMC	0.21%	0.32%	0.26%	0.19%	0.19%	

Data Source: Company filings & CSEC Research

PEER COMPARISON

AMCs	Equity and Equity - oriented schemes	Debt schemes	Passive	FOF Domestic	Liquid	Overnight	Arbitrage	Total Schemes
SBI AMC	36	50	35	4	1	1	1	128
ICICI Prudential AMC	44	20	61	15	1	1	1	143
HDFC AMC	30	24	45	5	1	1	1	107
Nippon India AMC	25	24	52	6	1	1	1	110
Kotak Mahindra AMC	32	20	49	4	1	1	1	108
Aditya Birla Sun Life AMC	37	24	41	6	1	1	1	111
UTI AMC	24	23	30	3	1	1	1	83
Axis AMC	28	17	31	5	1	1	1	84
TATA AMC	27	8	24	4	1	1	1	66
DSP AMC	24	18	30	3	1	1	1	78

AMCs	Return on Equity (ROE%)					
	FY21	FY22	FY23	FY24	FY25	H1FY26
SBI AMC	37.8%	34.8%	31.9%	35.8%	33.7%	NA
ICICI Prudential AMC	80.3%	76.9%	70.0%	78.9%	82.8%	86.8%
HDFC AMC	30.1%	27.0%	24.5%	29.5%	32.4%	36.8%
Nippon India AMC	23.3%	22.2%	21.1%	29.0%	32.0%	35.3%
Kotak Mahindra AMC	35.2%	30.4%	27.1%	29.3%	30.7%	NA
Aditya Birla Sun Life AMC	33.6%	33.7%	25.1%	27.3%	27.0%	28.7%
UTI AMC	12.8%	13.8%	13.0%	17.1%	17.5%	20.8%
Axis AMC	43.1%	45.4%	33.2%	31.2%	26.1%	NA
TATA AMC	28.6%	28.3%	26.2%	37.3%	41.9%	NA
DSP AMC	19.1%	27.1%	37.3%	29.8%	28.5%	NA

Data Source: Company filings & CSEC Research

Listed Peer Comparison

Company	Market Cap (Rs. Cr)	PE Ratio	Price to Book Value (P/BV)#	Operating yield (FY25)	AUM CAGR (FY23 to FY25)
ICICI Prudential AMC	107,007 (Post Issue)	36.4 (Post Issue)*	30.4	0.37%	32.67%
HDFC AMC	1,14,349	41.6	14.7	0.35%	31.18%
Nippon India AMC	52,867	39.6	12.0	0.25%	37.86%
Aditya Birla Sun Life AMC	21,243	22.1	5.8	0.25%	17.77%
UTI AMC	14,457	24.6	3.1	0.18%	19.28%

Notes:

**PER calculated post issue as per TTM PAT*

#FY25 Book value considered

Market Cap and PER taken as on 11-Dec Closing

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Industry Outlook

- India's asset management industry operates against the backdrop of one of the world's fastest-growing large economies, supported by favourable demographics, rising income levels, rapid urbanisation and deepening financialisation. India has the largest young population globally, with 38.15 crore individuals aged 15–29 years in CY2023, providing a long runway for investment-product penetration. Per capita net national income grew 5.5% in FY25, and IMF estimates indicate a 5.6% real CAGR in per capita income between FY25–FY27, reflecting steady expansion in disposable incomes. Higher income levels have been accompanied by greater formalisation: income tax return filings rose from 6.0 crore in FY19 to 7.6 crore in FY24, indicating a widening tax base and higher integration of households into the formal financial system. Financial digitalisation has accelerated sharply, underpinned by India's public digital infrastructure. UPI transaction volumes increased more than eight-fold, from 2,230 crore in FY21 to 18,590 crore in FY25, while transaction value surged from Rs. 41.0 lakh crore to Rs. 260.6 lakh crore over the same period; H1 FY26 alone recorded 11,410 crore transactions worth Rs. 148.0 lakh crore, underscoring the scale and velocity of digital adoption.
- The capital markets have expanded meaningfully, with India's equity market capitalisation rising at a 30% annualised rate between FY20 and FY25, reaching Rs. 410.9 lakh crore in March 2025 and Rs. 449 lakh crore in September 2025. Market capitalisation as a percentage of GDP increased from 95.4% in 2020 to 127.7% in 2025, reflecting deepened liquidity, strong corporate earnings and sustained investor participation. Broader market performance has been robust: between FY11–FY25, NSE market capitalisation grew at a 13.8% CAGR, while the NIFTY 50 delivered 10.5% CAGR. The benchmark indices rose sharply in recent years—Nifty +28.6% and Sensex +24.8% in FY24, followed by +5.3% and +5.1% respectively in FY25, and a further +4.6% and +3.7% in H1 FY26. Primary market activity mirrored secondary market strength, with Rs. 2.18 lakh crore raised via public and rights issues in FY25 across 507 issuances, up 31.7% YoY, while H1 FY26 saw Rs. 90,680 crore raised via 279 issuances.
- Retail participation continues to accelerate. Demat accounts increased from 3.59 crore in FY19 to 19.24 crore in FY25, a 32.3% CAGR, reaching 20.71 crore by H1 FY26. Domestic institutional investors (DIIs) have become the dominant marginal buyers of Indian equities: DIIs recorded net inflows of Rs. 6.1 lakh crore in FY25 and more than Rs. 10.5 lakh crore cumulatively over FY23–FY25. In contrast, FIIs were net sellers of Rs. 1.3 lakh crore in FY25, with DIIs providing counter-cyclical stability. In H1 FY26, DIIs had already invested Rs. 3.9 lakh crore, representing 64% of their FY25 full-year net inflows.
- Against this macro backdrop, the Indian mutual fund industry has delivered sustained expansion. Industry QAAUM increased from Rs. 24.5 lakh crore in March 2019 to Rs. 67.4 lakh crore in March 2025, reflecting an 18.4% CAGR, and further to Rs. 77.1 lakh crore in September 2025, marking 16.5% YoY growth in H1 FY26. This increase was supported by rising retail participation, robust equity returns, strong hybrid fund performance, SIP-led flows and broadening penetration across B30 cities. Mutual fund AUM as a proportion of scheduled commercial bank deposits rose from 19.7% in March 2020 to 28.7% in March 2025, indicating reallocation from traditional savings to market-linked products. Individual investors' share of industry AUM increased from 52% in March 2020 to 60.7% in March 2025, reaching 60.9% by September 2025, driven by improved financial literacy, digital access and increased adoption of equity-oriented schemes. Monthly SIP inflows consistently exceeded Rs. 20,000 crores in FY25, and surpassed Rs. 25,000 crores in Apr–Sep 2025. Total SIP assets reached Rs. 13.4 lakh crores in March 2025 and Rs. 15.5 lakh crore in September 2025, accounting for 20%+ of industry assets. SIP accounts touched 10.05 crore in March 2025, with average monthly additions of 17 lakhs, and Crisil Intelligence expects SIP AUM to grow at 25–27% CAGR between FY25–FY30.

Data Source: Company filings & CSEC Research

- Industry structure is gradually broadening. The top 10 AMCs' QAAUM share declined from 82.7% in FY21 to 76.9% in FY25 and 76.4% in H1 FY26, although the top three bank-led AMCs maintained relatively stable shares (40–41% across FY20–H1 FY26). The number of registered mutual funds increased from 49 in March 2025 to 54 in September 2025, reflecting a competitive but expanding ecosystem. Passive funds have grown rapidly from a small base, with QAAUM share rising from 9.5% in March 2021 to 16.0% in September 2025; passive AUM reached Rs. 10.8 lakh crore in March 2025 and Rs. 12.3 lakh crore in September 2025, with ETFs accounting for Rs. 9.3 lakh crore and index funds Rs. 3.1 lakh crores. The growth has been supported by increased retail awareness and significant institutional flows—particularly from provident funds—into ETFs and sector-thematic passive strategies. Direct plans also expanded meaningfully: average AUM under direct plans rose from 41.1% of total AUM in March 2019 to 47.0% in March 2025, and 47.7% in September 2025, though the regular plan channel continues to dominate retail flows, especially in B30 markets.
- Penetration beyond the top cities has improved steadily. B30 AUM grew from Rs. 3.8 lakh crore in March 2019 to Rs. 12.17 lakh crore in March 2025, a 21% CAGR, rising further to Rs. 14.5 lakh crore in September 2025. B30 AUM accounted for 18% of industry AUM in March 2025 and 19% by September 2025. Individual investors in B30 locations contributed 27% of individual AUM in March 2025 and 28% in September 2025, demonstrating deepening participation in emerging geographies. Digital distribution, aided by fintech platforms, has amplified this trend; the rise of low-cost digital brokers since the mid-2010s has materially reduced onboarding friction and enhanced access for new-to-market investors.
- Parallelly, the PMS and AIF segments have experienced strong growth. PMS providers registered Rs. 37.8 lakh crore AUM in March 2025, rising to Rs. 40.3 lakh crore in September 2025, reflecting a 15.4% CAGR over nine years. AMC-promoted PMS AUM grew from Rs. 14.8 lakh crore in March 2020 to Rs. 32.0 lakh crore in March 2025, with discretionary mandates accounting for 94% of assets. The AIF ecosystem has expanded rapidly, with total commitments increasing at a 29.8% CAGR between March 2019 and March 2025 to Rs. 13.5 lakh crore, and further to Rs. 15.1 lakh crore in September 2025. Category II AIFs remain dominant, contributing 76.4% of commitments in FY25 and 74.4% in H1 FY26. Investments deployed as a proportion of funds raised improved to 95.5% in March 2025 and 96.2% in September 2025, indicating efficient capital deployment.
- SEBI's regulatory initiatives—including ASBA for IPOs, share-blocking mechanisms, and transition to T+1 settlement—have strengthened industry infrastructure, improved transparency and enhanced investor protection. Investor education spending (mandated at 2 bps of AUM) and campaigns such as "Mutual Funds Sahi Hai" have materially boosted awareness. Growing smartphone penetration and digital literacy have simplified onboarding, reduced transaction frictions and enabled AMCs and distributors to scale efficiently. The shift toward ESG investing and the rising role of AI, data analytics and robo-advisory tools are expected to further shape product innovation and deepen investor engagement.
- Looking ahead, the industry's growth outlook remains favourable. India's real GDP is projected to grow 6.5% in FY25, household financial savings are expected to rise as per capita income expands, and mutual fund penetration—currently 17.9% of GDP in Q1 FY26, well below global peers—offers substantial headroom. Equity ownership among individual investors has risen consistently, with retail mutual fund AUM at Rs. 21.2 lakh crore (26.8% of total AUM) as of September 2025, while equity-oriented retail AUM of Rs. 19.1 lakh crore accounted for 45% of total equity AUM. As financial literacy, digital adoption and savings capacity continue to rise, mutual fund penetration is expected to accelerate. Systematic investing, increasing B30 participation, expanding passive investing channels and deepening alternatives markets collectively provide a multi-year structural growth opportunity for the Indian asset management industry.

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