

Nippon Life India AMC

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	NAM IN
Equity Shares (m)	635
M.Cap.(INRb)/(USDb)	504.1 / 5.8
52-Week Range (INR)	878 / 456
1, 6, 12 Rel. Per (%)	6/34/25
12M Avg Val (INR M)	761

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
AAUM	5,400	6,389	7,660
MF Yield (bp)	40.9	38.9	37.6
Rev from Ops	22.3	25.2	29.2
Core PAT	10.7	12.0	14.3
PAT	12.9	15.1	17.1
PAT (bp as AAUM)	24	24	22
Core EPS	16.9	19.1	22.7
EPS	20.4	23.9	27.1
EPS Grw. (%)	16	17	13
BVPS	67	68	69
RoE (%)	31	35	39
Div. Payout (%)	94	95	95

Valuations

Mcap/AUM (%)	9.3	7.8	6.5
P/E (x)	38.9	33.2	29.3
P/BV (x)	11.9	11.7	11.4
Div. Yield (%)	2.4	2.8	3.2

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	72.3	72.3	72.7
DII	13.5	12.8	14.3
FII	7.6	8.3	6.6
Others	6.7	6.5	6.4

FII Includes depository receipts

CMP: INR793

TP: INR940 (+18%)

Buy

Higher other income drives PAT beat

- Nippon Life India AMC's (NAM) operating revenue grew 20%/7% YoY/QoQ to INR6.1b (in line) in 1QFY26. Yields declined to 39.6bp from 40.7bp in 4QFY25 and 41.8bp in 1QFY25.
- Total opex grew 16% YoY to INR2.2b (in line) in 1QFY26. As a result, EBITDA rose 23% YoY to INR3.9b (in line) for the quarter. This led to an EBITDA margin expansion to 64% from 62.7% in 1QFY25.
- PAT stood at INR4b in 1QFY26 (8% beat due to higher other income), up 19%/33% YoY/QoQ. PAT margin stood at 65.2% in 1QFY26 vs 65.8% in 1QFY25 and 52.7% in 4QFY25.
- Equity yield stood at 55bp, and management continues to expect a 2-3bp dip YoY going forward. Commission rationalizations have been implemented across three schemes, which together account for ~45% of AUM. Currently, there are no plans for further rationalization.
- **We have broadly maintained our earnings estimates, with our AUM assumptions intact and higher other income offsetting the impact of a modest yield cut. We reiterate our BUY rating on the stock with a TP of INR940, based on 41x FY27E core EPS.**

Market share across categories continues to expand

- Overall MF QAAUM was up 27% YoY/10% QoQ to INR6.1t. Equity/ETFs/Index /Debt Funds saw a YoY growth of 26%/34%/47%/33%.
- NAM's market share for QAAUM rose 29bp YoY to ~8.5%, with equity market share rising 19bp YoY to ~7%. ETF market share continues to surge, rising 197bp YoY at 19.8%, with NAM maintaining a dominant position in this space at 52% of overall industry folios.
- The share of equity remained relatively flat YoY in the range of 46-47%, while the share of ETFs improved to 28.4% from 26.8% in Jun'24. However, the share of Debt/Liquid declined to 14.7%/7.7% in 1QFY25 from 14.9%/8.5% in 1QFY25.
- SIP flows of INR97.7b were reported in 1QFY26 compared to INR75.3b in 1QFY25, reflecting a monthly SIP inflow of INR32.6b (+30% YoY). The SIP book grew to INR1.5t (+28% YoY).
- Operating expenses rose 16% YoY to INR2.2b, with opex as a % of AUM at 14.3% vs 15.6% in 1QFY25 and 14.5% in 4QFY25. Excluding ESOP costs, operating expenses rose 15.8% YoY, driven mainly by investments in talent for the non-MF business segment and enhancements in technology infrastructure.
- Employee costs rose 17%/11% YoY/QoQ to INR1.2b, with continued investments in headcount addition, while other expenses grew 18% YoY to INR772m. ESOP costs for the quarter stood at INR110m, of which INR40m pertained to the new scheme. ESOP costs are estimated at ~INR460m/INR260m-270m for FY26/FY27.
- Other income came in at INR1.5m (12% YoY).
- The distribution mix remained largely stable, with IFAs dominating the mix (56% share), followed by banks at 25% and national distributors at 19%.

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- NAM's retail/HNI/corporate AUM mix stood at 29%/30%/41% for 1QFY26 vs 30%/28%/42% in 1QFY25.
- On the product front, the company launched four new products during the year: 1) Nippon India Nifty 500 Quality 50 Index Fund, 2) Nippon India Nifty 500 Low Volatility 50 Index Fund, 3) Nippon India BSE Sensex Next 30 ETF, and 4) Nippon India BSE Sensex Next 30 Index Fund.
- Under its AIF subsidiary, the company offers Category 2 and Category 3 AIFs, and has raised cumulative commitments of INR81b across various schemes, up 25% YoY. Notably, it raised INR7b in 1QFY26 (the highest ever in a quarter). The company recently launched a real estate scheme, Nippon India Yield Maximize Optimizer, with INR3b of commitments raised.
- GIFT City funds crossed AUM of USD13m across Nippon India Large Cap Fund GIFT and Nippon India Nifty 50 Bees GIFT (Fund).
- Digital transactions grew 27% YoY to 3.6m and contributed 75% to new purchases; 41 new digital purchases/SIPs were done every minute in Q1FY26.

Key takeaways from the management commentary

- NAM delivered the fastest growth among the top 10 AMCs on both QoQ and YoY basis, gaining market share across all investor segments. Its overall market share rose to 8.49%—the highest since Jun'19. The market shares for equity net sales (in double digits) and SIP (at >10%) were much higher than the overall equity market share.
- On the offshore front, the quarter saw active inflows from various geographies across Asia and Europe. The company also continued to expand its presence in the Japanese institutional and retail markets, while expanding footprints into new regions across Asia, Europe, and Latin America.
- The SIF team, led by Mr. Andrew Holland, is already in place and preparing to launch a product soon. Management views the SIF segment as a significant opportunity and is positioning it as a distinct business vertical.

Valuation and view

- NAM has continued to expand its market share, especially in the passive segment, supported by improved fund performance, sustained investor stickiness, and ongoing product innovation. While equity segment yields are expected to decline at a relatively moderate pace, strong net flows are likely to cushion the impact on overall yields.
- **We have broadly retained our earnings estimates, with our AUM assumptions intact and higher other income offsetting the impact of a modest yield cut. We reiterate our BUY rating on the stock with a TP of INR940, based on 41x FY27E core EPS.**

Quarterly Performance

Y/E March													(INR m)		
	FY25				FY26				FY25	FY26E	1Q	Act v/s	YoY	QoQ	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			Est. (%)				
Revenue from Operations	5,050	5,713	5,879	5,665	6,066	6,207	6,351	6,577	22,307	25,202	6,112	-0.7	20.1	7.1	
Change YoY (%)	42.6	43.7	38.9	21.0	20.1	8.6	8.0	16.1	35.8	13.0	21				
Fees & Commission	179	192	187	159	186	190	190	200	718	767	190.0	-1.9	4.0	17.3	
Employee Expenses	1,051	1,069	1,065	1,105	1,226	1,229	1,225	1,227	4,290	4,907	1,209.0	1.4	16.7	11.0	
Other expenses	655	708	770	750	772	810	840	864	2,883	3,286	770.0	0.3	17.9	3.0	
Total Operating Expenses	1,886	1,969	2,022	2,014	2,185	2,229	2,255	2,292	7,891	8,960	2,169	0.7	15.9	8.5	
Change YoY (%)	24	26	23	13	16	13	12	14	21.5	13.6	15				
EBITDA	3,164	3,744	3,857	3,652	3,881	3,978	4,097	4,286	14,416	16,241	3,943	-1.6	22.7	6.3	
EBITDA Margin	62.7	65.5	65.6	64.5	64.0	64.1	64.5	65.2	64.6	64.4	64.5	53 bp	132bp	-47bp	
Other Income	1,308	1,208	154	230	1,460	850	850	851	2,900	4,011	1,000	46.0	11.6	533.7	
Depreciation	68	74	77	86	84	86	88	92	306	351	90	-6.2	23.6	-1.9	
Finance Cost	16	17	17	18	18	18	18	18	67	72	18	0.0	10.4	0.0	
PBT	4,388	4,861	3,917	3,778	5,239	4,724	4,841	5,026	16,943	19,830	4,835	8.4	19.4	38.7	
Tax Provisions	1,066	1,261	965	795	1,282	1,156	1,185	1,136	4,086	4,759	1,160	10.5			
Net Profit	3,322	3,600	2,953	2,983	3,957	3,568	3,656	3,890	12,857	15,070	3,675	7.7	19.1	32.6	
Change YoY (%)	41.1	47.4	4.0	-12.9	19.1	-0.9	23.8	30.4	16.2	17.2	10.6				
Core PAT	2,331	2,705	2,836	2,801	2,854	2,926	3,014	3,231	10,674	12,025	2,915	-2.1	22.4	1.9	
Change YoY (%)	59.0	47.9	42.5	8.5	22.4	8.1	6.3	15.4	36	13	25.0				
Key Operating Parameters (%)															
Revenue / AUM (bps)	41.8	41.6	41.3	40.7	39.6	39.4	39.2	39.5	41.3	39.4	40.5	89 bp	-215bp	-107bp	
Opex / AUM (bps)	15.6	14.3	14.2	14.5	14.3	14.2	13.9	13.8	14.6	14.0	14.4	11 bp	-133bp	-19bp	
PAT / AUM (bps)	27.5	26.2	20.7	21.4	25.8	22.7	22.6	23.4	23.8	23.6	24.3	-149 bp	-163bp	442bp	
Cost to Operating Income Ratio	37.3	34.5	34.4	35.5	36.0	35.9	35.5	34.8	35.4	35.6	35.5	-53 bp	-132bp	47bp	
EBITDA Margin	62.7	65.5	65.6	64.5	64.0	64.1	64.5	65.2	64.6	64.4	64.5	53 bp	132bp	-47bp	
Tax Rate	24.3	25.9	24.6	21.0	24.5	24.5	24.5	22.6	24.1	24.0	24.0	-47 bp	18bp	343bp	
PAT Margin	65.8	63.0	50.2	52.7	65.2	57.5	57.6	59.1	57.6	59.8	60.1	-511 bp	-55bp	1257bp	
Core PAT Margin	46.2	47.4	48.2	49.4	47.1	47.1	47.5	49.1	47.9	47.7	47.7	64 bp	88bp	-240bp	
Key Parameters															
QAUM (INR b)	4,838	5,492	5,700	5,572	6,127	6,298	6,474	6,655	5,400	6,389	6,038	1.5	26.7	10.0	

Financials & Valuation (INR b)

Y/E March	New estimates		Old estimates		Change in estimates	
	2026E	2027E	2026E	2027E	2026E	2027E
AAUM (INRb)	6,389	7,660	6,296	7,551	1%	1%
MF Yield (bps)	38.9	37.6	39.6	38.3	-7bps	-7bps
Rev from Ops	25.2	29.2	25.3	29.3	0%	0%
Core PAT	12.0	14.3	12.1	14.4	0%	-1%
PAT	15.1	17.1	14.8	17.2	2%	-1%
PAT margin(bp as AAUM)	24	22	24	23	1bps	-4bps
Core EPS	19.1	22.7	19.2	22.8	0%	-1%
EPS	23.9	27.1	23.5	27.2	2%	-1%
EPS Grw. (%)	17	13	15	16		
BVPS	68	69	68	69	0%	0%
RoE (%)	35	39	35	40	6bps	-2bps
Div. Payout (%)	95	95	95	95	0bps	0bps
Valuations						
Mcap/AUM (%)	7.8	6.5	8.4	7.0		
P/E (x)	33.2	29.3	35.8	30.9		
P/BV (x)	11.7	11.4	12.4	12.1		
Div. Yield (%)	2.8	3.2	2.6	3.1		



Key takeaways from the management commentary

Business

- NAM was the fastest growing company among the top 10 AMCs on both QoQ and YoY basis, leading to an increase in overall AUM and equity AUM market shares.
- The company witnessed an increase in both YoY and QoQ market shares across all investor segments, with overall market share at 8.49%, marking the highest since Jun'19.
- The equity net sales market share (in double digits) and SIP market share (at >10%) were much higher than the overall equity market share.
- NAM continues to have the largest investor base in the mutual fund industry, with 21.2m unique investors.
- The company launched four new products during the year: 1) Nippon India Nifty 500 Quality 50 Index Fund, 2) Nippon India Nifty 500 Low Volatility 50 Index Fund, 3) Nippon India BSE Sensex Next 30 ETF, and 4) Nippon India BSE Sensex Next 30 Index Fund.
- It completed the NFO of Nippon India Income plus Arbitrage Active Fund of Fund as of Jun'25; the AUM of this fund stood at INR5.8b.
- Digi transactions grew 27% YoY to 3.6m and contributed 75% to new purchases; 41 new digital purchases/SIPs were done every minute in Q1FY26.

SIP flows and yields

- Yields for the quarter: Equity/Debt/Liquid/ETF - 55bp/25bp/12bp/17bp; blended yields stood at 36bp.
- Overall yields are expected to decline ~2-3bp on a yearly basis, mainly due to the telescopic pricing effect.
- The company saw continued momentum in systematic flows despite market volatility.
- Commission rationalizations have been carried out for three schemes, constituting ~45% of the AUM. There are currently no such targets set for further rationalization.
- SIP discontinuation % of the company is better than the industry.
- Regarding SIF, the team is already in place (seven members currently), led by Mr. Andrew Holland, and will soon be launching a product. Management sees a significant opportunity in the SIF segment and treats it as a separate business vertical.

ETFs

- The company continues to be one of the largest ETF players with a 52% share in the industry ETF folios and a 51% share in ETF volumes on NSE and BSE.
- The ETF average daily volume across key funds remains far higher than the rest of the industry.
- Gold ETF is among the top 10 globally in terms of AUM as of Jun'25.

AIF and offshore

- Under the AIF subsidiary, the company offers Category 2 and Category 3 AIFs and has raised cumulative commitments of INR81b across various schemes, up 25% YoY. Notably, the company raised INR7b in Q1FY26 (the highest ever in a quarter).
- It recently launched a real estate scheme, Nippon India Yield Maximize Optimizer, with INR3b of commitments raised.
- Fundraising is currently underway for two listed equity AIFs, performing credit, 1) AIF residential RE fund, and 2) a direct VC fund.
- Fund deployment across all strategies was robust in Q1FY26.
- On the offshore front, inflows during the quarter were actively witnessed from regions such as Asia and Europe.
- The company is continuously expanding in Japanese institutional and retail markets, along with new geographies across the Asian, European, and Latin American markets.

GIFT CITY

- GIFT City funds crossed AUM of USD13m across Nippon India Large Cap Fund GIFT and Nippon India Nifty 50 Bees GIFT (Fund).
- Future pipeline: Nippon India Sharp Equity Fund: Long Short Equity Fund and Nippon India Digital Innovation Fund: Fund of Funds, which shall invest in India-focused venture capital funds for repeat Japanese investors.

Financial performance

- The company recorded the highest-ever quarterly operating profit of INR3.8b and PAT of INR3.96b.
- ESOP costs for the quarter stood at INR110m, of which INR40m was for the new segment and ~INR460m/INR260m-270m is projected for FY26/FY27.
- Excluding ESOP costs, operating expenses rose 15.8% YoY, driven mainly by investments in talent in the non-MF business segment and enhancements in technology infrastructure.

Key exhibits

Exhibit 1: AUM grew 27% YoY in 1QFY26

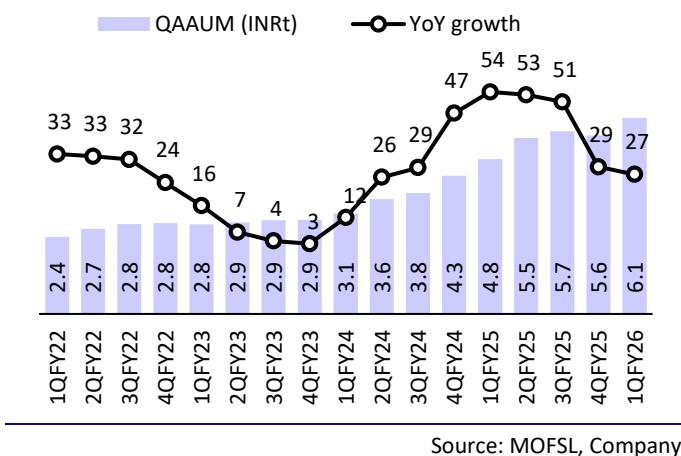


Exhibit 2: Overall AUM mix (%)

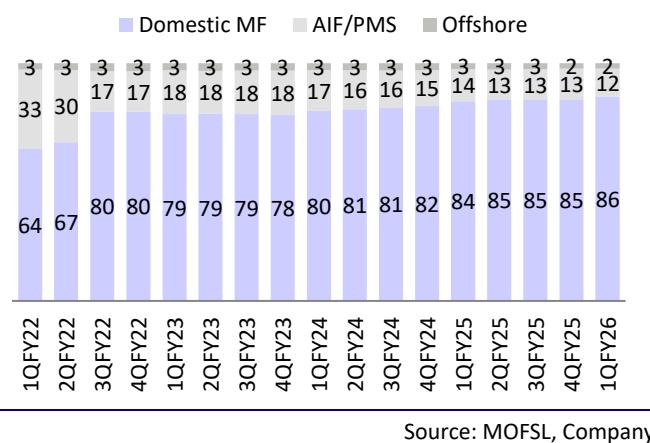


Exhibit 3: YoY growth in revenue despite declining yields

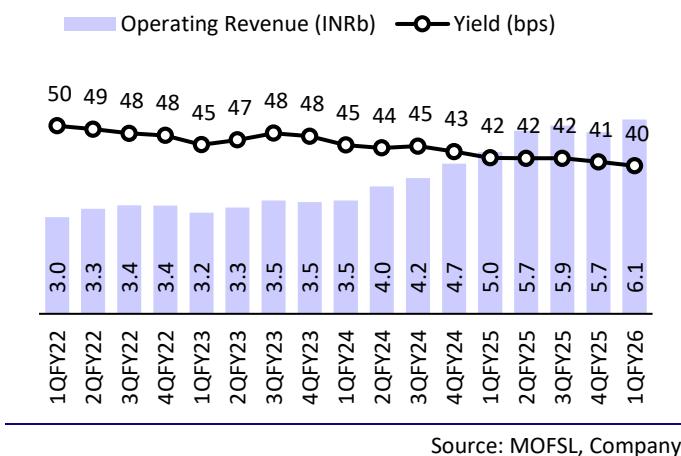


Exhibit 4: Equity mix stood at 47% in MF AUM mix (%)

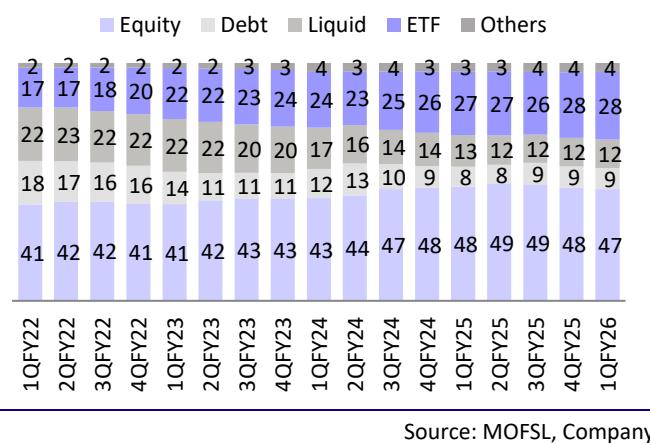


Exhibit 5: SIP monthly average inflows and folios trend

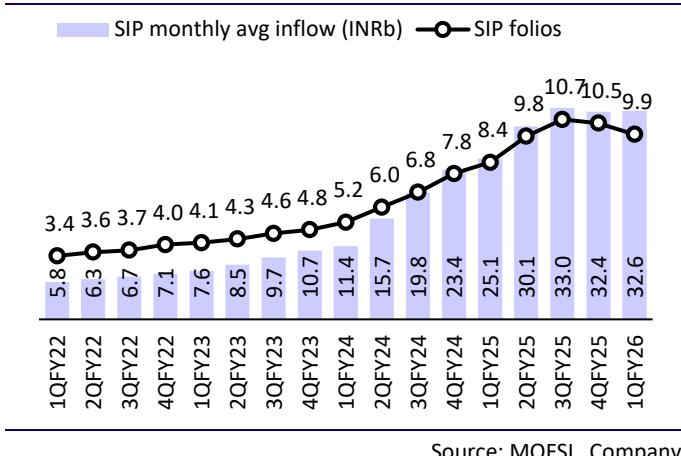


Exhibit 6: Unique customers' market share remained stable sequentially

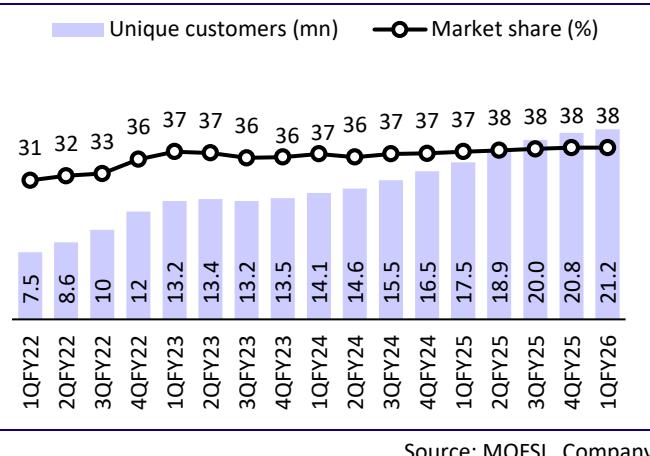
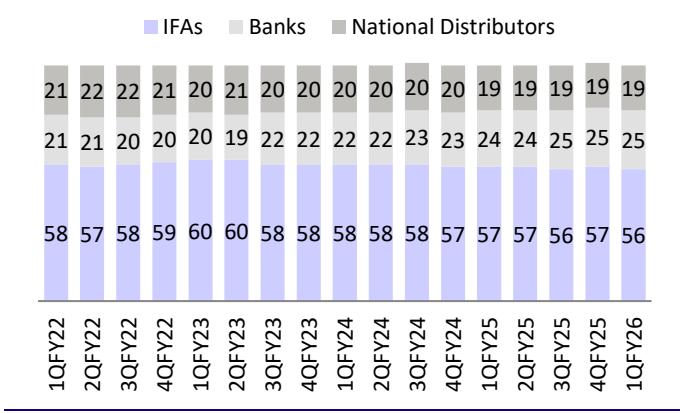
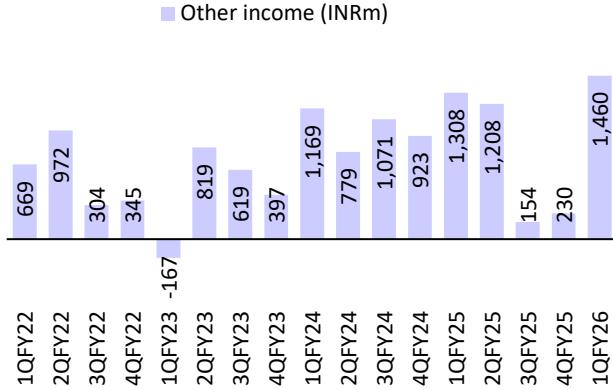


Exhibit 7: Stable distribution mix (%)



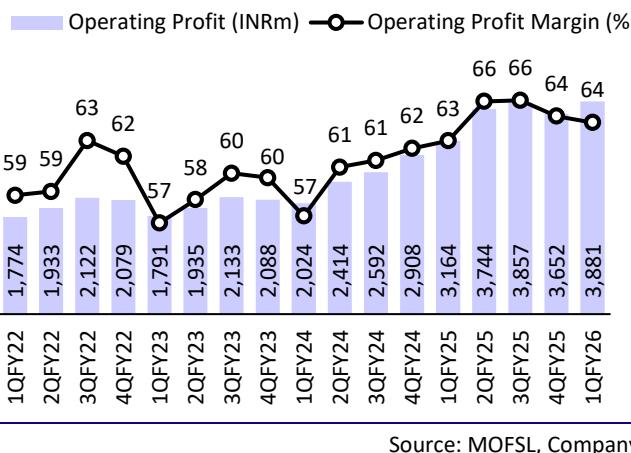
Source: MOFSL, Company

Exhibit 8: Other income rose to INR1.5b in 1QFY26



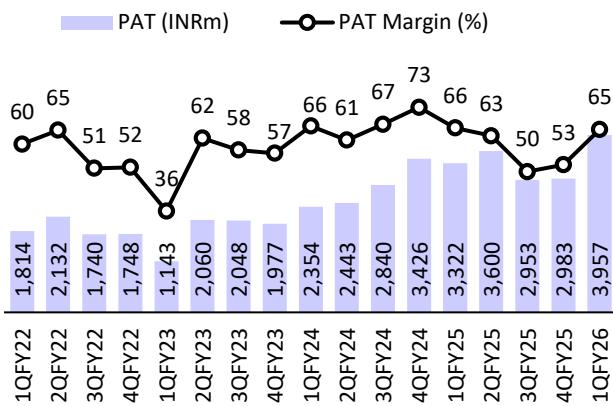
Source: MOFSL, Company

Exhibit 9: Operating profit trends



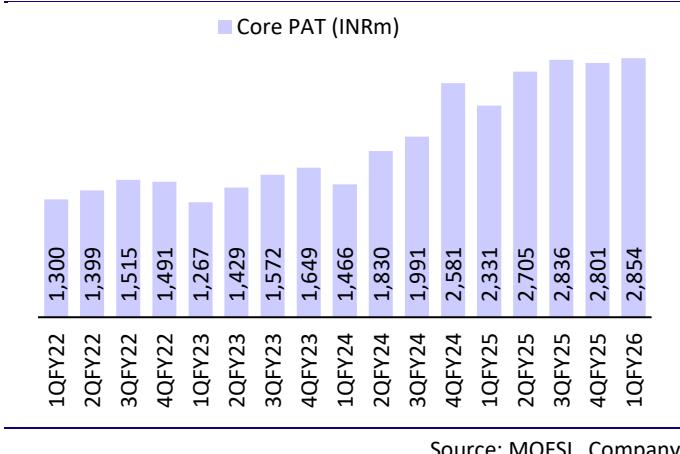
Source: MOFSL, Company

Exhibit 10: PAT trends



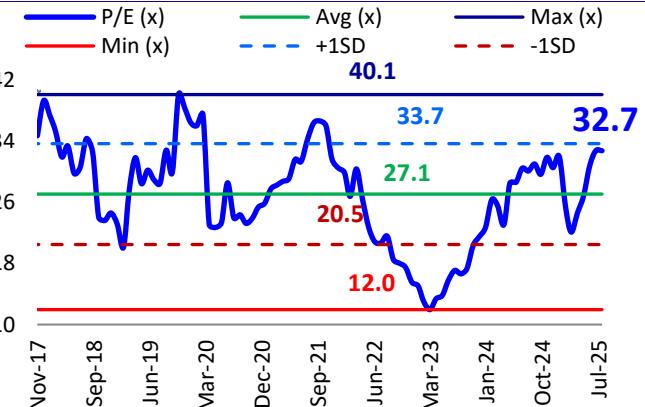
Source: MOFSL, Company

Exhibit 11: Core PAT trend



Source: MOFSL, Company

Exhibit 12: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income Statement								INRm
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Investment management fees	12,030	10,621	13,066	13,498	16,432	22,307	25,202	29,185
Change (%)	(18.6)	(11.7)	23.0	3.3	21.7	35.8	13.0	15.8
Operating Expenses	5,945	5,046	5,159	5,551	6,495	7,891	8,960	9,931
Core Operating Profits	6,085	5,575	7,907	7,947	9,937	14,416	16,241	19,255
Change (%)	12.9	-8.4	41.8	0.5	25.0	45.1	12.7	18.6
Dep/Interest/Provisions	389	377	310	338	354	373	423	431
Core PBT	5,696	5,198	7,597	7,609	9,584	14,043	15,819	18,824
Change (%)	7.7	-8.7	46.1	0.2	25.9	46.5	12.6	19.0
Other Income	-98	3,572	2,290	1,668	3,941	2,900	4,011	3,629
PBT	5,598	8,770	9,887	9,277	13,525	16,943	19,830	22,453
Change (%)	-20.1	56.7	12.7	-6.2	45.8	25.3	17.0	13.2
Tax	1,441	1,976	2,472	2,048	2,462	4,086	4,759	5,389
Tax Rate (%)	25.7	22.5	25.0	22.1	18.2	24.1	24.0	24.0
PAT	4,158	6,794	7,415	7,229	11,063	12,857	15,070	17,064
Change (%)	-14.6	63.4	9.1	-2.5	53.0	16.2	17.2	13.2
Core PAT	4,230	4,027	5,698	5,929	7,839	10,656	12,022	14,306
Change (%)	15.0	-4.8	41.5	4.1	32.2	35.9	12.8	19.0
Proposed Dividend	3,061	4,932	6,839	7,167	10,395	12,059	14,323	16,217

Balance Sheet								INR m
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Equity Share Capital	6,121	6,165	6,220	6,232	6,300	6,347	6,347	6,347
Reserves & Surplus	19,809	24,844	28,566	28,925	33,522	35,782	36,536	37,390
Net Worth	25,931	31,009	34,786	35,156	39,822	42,129	42,883	43,737
Borrowings	0	0	0	0	0	0	0	0
Other Liabilities	2,878	2,914	3,179	3,453	3,929	4,572	5,135	5,866
Total Liabilities	28,808	33,922	37,965	38,609	43,750	46,701	48,018	49,603
Cash and Investments	23,479	29,106	32,802	32,959	37,832	36,114	36,930	37,874
Change (%)	28.1	24.0	12.7	0.5	14.8	-4.5	2.3	2.6
Loans	1,006	781	842	1,164	848	795	940	1,127
Change (%)	-76.9	-22.4	7.8	38.3	-27.2	-6.3	18.3	19.9
Net Fixed Assets	3,256	3,021	2,961	3,073	3,328	8,717	8,876	9,076
Current Assets	1,067	1,015	1,361	1,413	1,743	1,076	1,272	1,526
Total Assets	28,808	33,922	37,965	38,609	43,750	46,701	48,018	49,603

E: MOSL Estimates

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
AAAUM (INR B)	2,086	2,054	2,658	2,876	3,702	5,400	6,389	7,660
Change (%)	-12.6	-1.5	29.4	8.2	28.7	45.9	18.3	19.9
Equity (Including Hybrid)	42.7	38.6	40.9	42.3	45.7	48.5	47.2	47.2
Debt	23.1	20.6	17.5	12.0	11.6	8.6	8.8	8.3
Liquid	20.0	24.8	22.2	20.9	15.3	12.4	11.9	11.3
Others	14.2	16.0	19.4	24.8	27.4	30.6	32.2	33.1

E: MOFSL Estimates

Financials and valuations

Cash flow statement

INR m	2020	2021	2022	2023	2024	2025	2026E	2027E
Cash flow from operations	10,582	7,309	7,562	7,450	11,125	14,378	15,588	17,677
PBT	5,598	8,770	9,887	9,277	13,525	16,943	19,830	22,453
Depreciation and amortisation	333	333	272	298	291	306	351	359
Tax Paid	-1,441	-1,976	-2,472	-2,048	-2,462	-4,086	-4,759	-5,389
Deferred tax	0	396	386	-73	186	310	0	0
Interest, dividend income (post-tax)	-592	-221	-183	-181	-235	-187	-178	-180
Interest expense (post-tax)	42	34	29	31	51	51	55	55
Changes in working capital	6,643	-26	-357	146	-231	1,041	290	379
Cash from investments	-7,244	-6,466	-4,036	-1,198	-4,869	-3,569	-812	-910
Capex	-1,021	-97	-213	-410	-546	-5,695	-510	-559
Interest, dividend income (post-tax)	592	221	183	181	235	187	178	180
Investments	-6,815	-6,590	-4,006	-969	-4,558	1,939	-480	-531
Cash from financing	-4,259	-1,821	-3,690	-6,903	-6,212	-10,590	-14,260	-16,122
Equity	-126	49	58	6	66	47	0	0
Debt	-164	-120	-82	-19	170	-36	111	143
Dividend paid	-3,061	-4,932	-6,839	-7,167	-10,395	-12,059	-14,323	-16,217
Interest costs	-42	-34	-29	-31	-51	-51	-55	-55
Others	-867	3,216	3,202	308	3,998	1,509	7	7
Change of cash	-920	-978	-163	-651	44	218	515	645
Op Cash	5,428	4,633	3,606	3,385	2,728	2,706	2,877	3,392
CI Cash	4,633	3,606	3,385	2,728	2,706	2,877	3,392	4,037
FCFF	9,562	7,212	7,350	7,040	10,578	8,682	15,078	17,119

Valuations	2020	2021	2022	2023	2024	2025	2026E	2027E
BVPS (INR)	41	49	55	56	63	67	68	69
Change (%)	0.9	19.6	12.2	1.1	13.3	5.8	1.8	2.0
Price-BV (x)	19.3	16.1	14.4	14.2	12.5	11.9	11.7	11.4
EPS (INR)	6.6	10.8	11.8	11.5	17.6	20.4	23.9	27.1
Change (%)	-14.6	63.4	9.1	-2.5	53.0	16.2	17.2	13.2
Price-Earnings (x)	120.2	73.5	67.4	69.1	45.2	38.9	33.2	29.3
Core EPS (INR)	6.7	6.4	9.0	9.4	12.4	16.9	19.1	22.7
Change (%)	15.0	-4.8	41.5	4.1	32.2	35.9	12.8	19.0
Core Price-Earnings (x)	118.1	124.1	87.7	84.3	63.7	46.9	41.6	34.9
DPS (INR)	5.0	8.0	11.0	11.5	16.5	19.0	22.6	25.6
Dividend Yield (%)	0.6	1.0	1.4	1.5	2.1	2.4	2.8	3.2

E: MOFSL Estimates

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