

Nippon Life India AMC

NAM continues to gain market share

Our view – Sequential drop in yield was expected given increased AUM

Revenue Yield – Yield declined marginally on sequential basis: Calculated consolidated revenue yield declined 1bps QoQ and 2bps YoY to 40bps. The share of equity AUM declined -30bps QoQ to 46.9% in 1QFY26. The decline in overall yield is mainly due to telescopic pricing. The company has undertaken commission rationalization on 3 schemes contributing 45% of Equity AUM and any further cut in distributor commission will depend on market conditions. As usual, the company guided for a 2-3bps YoY decline in overall yield going forward.

Operating Expenses – Operating expenses growth was relatively elevated but within the guided range: The total operating expense stood at Rs. 2.19bn, up by 8.5% QoQ and 15.9% YoY. The employee expense for 1QFY26 was Rs 1.23bn up 11.0% QoQ and 16.7% YoY. ESOP cost for 1QFY26 was Rs 0.11bn. ESOP cost is expected to be Rs 0.46bn for FY26 and Rs 0.26-0.27bn for FY27. The non-staff expenses grew 5.5% QoQ and 14.9% YoY driven by investment in talent, non-MF business and technology infrastructure.

We maintain ADD rating on NAM with a revised price target of Rs 905: We value NAM at 39x FY27 P/E, at which the stock would trade at a P/B of 12.4x.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See “Our View” above for elaboration and insight)

- **Revenue:** Revenue from operations at Rs 6,066mn was up 7.1% QoQ and 20.1% YoY, lagging 10% QoQ and 27% YoY growth in QAUM
- **Share of Equity in AUM:** Share of Equity in AUM (including Hybrid funds) at 46.9% was down -30bps QoQ but up 20bps YoY (calculated on rounded off figures)
- **Share of B-30 in AUM:** Share of B-30 in AUM at 19.6% was down -40bps QoQ but flat YoY
- **Channel mix:** In overall AUM, the share of direct channel was 57%. Share of MFDs, Banks and NDs within distributed assets was 56%, 25% and 19%, respectively
- **Operating profit margin:** Operating profit margin for the quarter, at 64.0%, was down -47 bps QoQ but up 132 bps YoY

Exhibit 1: Result table

Rs mn	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ
Revenue from operation	6,066	5,050	20.1%	5,665	7.1%
As % of QAUM^	0.40%	0.42%	-2bps	0.41%	-1bps
Fees and Commission Expenses	186	179	4.0%	159	17.3%
As % of revenue	3.1%	3.5%	-48bps	2.8%	27bps
Employee Benefit Expenses	1,226	1,051	16.7%	1,105	11.0%
As % of revenue	20.2%	20.8%	-60bps	19.5%	71bps
Other Expenses	772	655	17.9%	750	3.0%
As % of revenue	12.7%	13.0%	-25bps	13.2%	-51bps
Total Expense	2,185	1,886	15.9%	2,014	8.5%
Operating Profit	3,881	3,164	22.7%	3,652	6.3%
As % of QAUM^	0.3%	0.3%	-1bps	0.3%	-1bps
As % of revenue	64.0%	62.7%	132bps	64.5%	-47bps
Other Income	1,460	1,308	11.6%	230	533.7%
Finance cost	18	16	10.4%	18	0.0%
Depreciation	84	68	23.6%	86	-1.9%
Profit before Tax	5,239	4,388	19.4%	3,778	38.7%
Tax Expense	1,282	1,066	20.3%	795	61.3%
Profit After Tax	3,957	3,322	19.1%	2,983	32.6%
As % of QAUM^	0.3%	0.3%	-2bps	0.2%	4bps
As % of revenue	65.2%	65.8%	-55bps	52.7%	1257bps

Source: Company, YES Sec-Research, ^Annualised

Recommendation : **ADD**

Current Price : Rs 789

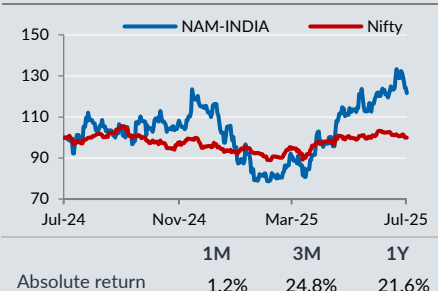
Target Price : Rs 905

Potential Return : +15%

Stock data (as on July 28, 2025)

Nifty	24,681
52 Week h/l (Rs)	877 / 498
Market cap (Rs/USD mn)	514447 / 5935
Outstanding Shares (mn)	635
6m Avg t/o (Rs mn):	695
Div yield (%):	2.3
Bloomberg code:	NAM IN
NSE code:	NAM-INDIA

Stock performance



Shareholding pattern (As of Mar'25 end)

Promoter	72.3%
FII+DII	21.1%
Others	6.5%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	905	900

Financial Summary

Rs mn	FY26E	FY27E	FY28E
Net Revenue	24,887	27,659	30,592
YoY Growth	11.6%	11.1%	10.6%
EBIDTA Margin	63.5%	63.4%	63.0%
PAT	13,354	14,747	16,176
YoY Growth	3.9%	10.4%	9.7%
ROE	31.0%	32.6%	34.0%
EPS (Rs)	21.1	23.2	25.5
P/E (x)	37.5	33.9	30.9
BV (Rs)	69.5	73.0	76.8
P/BV (x)	11.3	10.8	10.3

Δ in earnings estimates

Rs.	FY26E	FY27E	FY28E
EPS (New)	21.1	23.2	25.5
EPS (Old)	20.1	22.4	26.1
% change	4.9%	4.0%	-2.2%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Revenue yield

- **Segmental book yield**
 - Equity – 55 bps
 - Debt – 25 bps
 - Liquid – 12 bps
 - ETF – 17 bps (up from 15bps in 4Q due to composition of various funds in ETF segment)
 - Blended – 36 bps
- **Reason for YoY decline**
 - Overall yield has declined YoY mainly due to telescopic pricing.
 - There has been a slightly higher drop in yields in the last couple of years due to significant increase in size.
- **Commission rationalisation**
 - The company has repriced 3 schemes which contribute 45% of equity AUM as of June 2025.
 - There is no target for cutting distributor commissions and any further cut will depend on market conditions.
- **Guidance**
 - The company expects 2-3bps YoY decline in overall yield going forward.

Equity Business

- **Fund Flows**
 - The net flows in 1QFY26 have been better than 4QFY25.
 - The company achieved double digit market share in net sales in 1QFY26 for equity plus hybrid segment which is the highest market share achieved in the last 8 qtrs.
 - The equity net sales market share and SIP market share for the company has remained above its overall equity market share.
- **New Fund**
 - The company completed NFO of Nippon India Income plus Arbitrage Active FOF in 1QFY26.
 - The AUM of the fund at the end of 1QFY26 was Rs 5.8bn.

Specialised Investment Fund (SIF)

- The company has a team in place led by Mr. Andrew Holand which will be launching products in due course.
- SIF is seen as a different business vertical by the company and it has hired best professionals for this segment.
- The company will also continue to leverage internal research wherever the regulation allows.

On SEBI Draft Proposal

- The company does not have a very positive or negative view on the consultation paper and it will have no negative impact if it were to be implemented in the same form and manner as proposed.

(Con call takeaways continue on the next page)

AIF

- NAM has a total commitment of Rs. 81.0bn as of June 2025, up 25% YoY.
- The company had the highest quarterly fund raise ever in 1QFY26 of Rs 7bn.
- The Fund raising is currently underway for Public Equity AIFs- Nippon India Equity Opportunities AIF Scheme 9 and Nippon India Equity Opportunities AIF Scheme 9, Private Credit AIF- Nippon India Credit Opportunities AIF Scheme 1 and Venture Capital AIF- Nippon India Digital Innovation AIF Scheme 2A.

International business

- The offshore AUM stood at Rs 166bn, up 10% YoY.
- UCITS Equity fund reached an AUM of USD 453 mn.
- The company continues to expand its footprint in Japanese institutional and retail market in conjunction with Nissay Asset Management Corporation.
- The company also continues to expand its footprint in new geographies in Asian, European and Latin American markets.

Operating Expenses

- The total operating expense stood at Rs. 2.19bn, up by 8.5% QoQ and 15.9% YoY.
- Excluding ESOP, operating expenses grew 15.8% YoY.
- The total operating expenses growth was driven by investment in talent, non-MF business and technology infrastructure.
- **Staff expenses**
 - The employee expense for the quarter was Rs 1.23bn up 11.0% QoQ and 16.7% YoY.
 - **ESOP cost**
 - The ESOP cost for 1QFY26 was Rs 0.11bn.
 - **Guidance**
 - ESOP cost is expected to be Rs 0.46bn in FY26 and Rs 0.26-0.27 bn in FY27.
- **Non-staff expenses**
 - The non-staff expenses grew 5.5% QoQ and 14.9% YoY.

Other income

- The other income for 1QFY26 was at Rs 1.46 bn, up 11.6% YoY.

AUM aspects

- **Total MF**
 - Total MF QAAUM rose 27% YoY to Rs 6,127bn as of 1QFY26.
 - Total average AUM market share stood at 8.49%, up 29bps YoY and 23bps QoQ.
 - NAM is the fastest growing AMC among the top 10 AMCs both on QoQ and YoY basis.
 - NAM had the highest increase in AUM market share on QoQ basis with a market share increase across all asset classes.
- **Closing AUM**
 - MF closing AUM was Rs 6,390 bn as of June 2025.
- **Equity AUM**
 - Equity AUM rose 27% YoY to Rs 2.9trn as of 1QFY26.
 - The share of equity AUM declined -30bps QoQ to 46.9% in 1QFY26

(Con call takeaways continue on the next page)

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- **Market Share**
 - Equity AUM (ex-ETF) market share stood at 7.04%, up 16bps YoY and 18bps QoQ.
- **SIP business**
 - SIP market share stood at 10.07% for June 2025.
 - SIP AUM as of 1QFY26 stood at Rs 1,530 bn, up 27% YoY.
 - Monthly Systematic book rose 29% YoY to Rs 33.2bn for June 2025.
 - The annualised systematic book was at Rs 398 bn.
 - **Folios**
 - Systematic folios stood at 9.9 mn as of June 2025, up 18% YoY but down -6% QoQ.
 - The company has undertaken a one-time clean-up of inactive accounts in 1Q along with the industry.
 - Net flows however has not been impacted by inactive folios and continue to rise on month-on-month basis.
 - **More on SIP book**
 - The company has a granular SIP book with more than 75% of SIP book value being below Rs 10,000.
 - The SIP discontinuance percentage for the company is better than the industry.
- **Passive AUM**
 - ETF AUM stood at Rs 1,740bn as of 1QFY26, up 34% YoY.
 - ETF market share stood at 19.76%, up 197bps YoY and 69bps QoQ.
 - NAM's share in the industry ETF folios stood at 52%.
 - NAM has 51% volume share of ETF in NSE and BSE.
 - **Gold ETF**
 - Gold ETF AUM stood at Rs 210 bn as of 1QFY26.
 - Gold ETF of the company is among top 10 globally in terms of AUM as of June 2025.
 - **New Funds**
 - The Company launched 4 new products in the passive segment in 1QFY26- Nippon India Nifty 500 Quality 50 Index Fund, Nippon India Nifty 500 Low Volatility 50 Index Fund, Nippon India BSE Sensex Next 50 Index Fund and Nippon India BSE Sensex Next 30 Index Fund
- **Folios**
 - NAM has the largest investor base in the mutual fund industry with 21.2mn unique investors.

Profitability aspects

- **Operating Profit**
 - Operating profit for 1QFY26 was Rs. 3.88bn, up 22.7% YoY
- **Profit After Tax**
 - PAT for 1QFY26 was Rs. 3.96 bn, up 19.1% YoY

Digital Initiatives

- The total Digital transactions were at 3.57mn in 1QFY26.
- Digital channel constitutes 75% of total new purchase transactions for 1QFY26.

Exhibit 2: Other Business Parameters

Rs mn	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ
QAAUM	6,127,235	4,838,000	27%	5,571,991	10%
Retail share	29%	30%	-100bps	29%	0bps
Systematic Flows	97,700	75,300	30%	97,200	1%
Equity Market Share	7.0%	6.9%	16bps	6.9%	18bps

QAAUM Mix

Equity	2,873,673	2,259,346	27%	2,629,980	9%
Arbitrage	140,926	149,978	-6%	144,872	-3%
Debt	900,704	720,862	25%	835,799	8%
Liquid	471,797	411,230	15%	423,471	11%
ETFs	1,740,135	1,296,584	34%	1,537,870	13%

QAAUM Mix (% proportion)

Equity	47%	47%	20bps	47%	-30bps
Arbitrage	2%	3%	-80bps	3%	-30bps
Debt	15%	15%	-20bps	15%	-30bps
Liquid	8%	9%	-80bps	8%	10bps
ETFs	28%	27%	160bps	28%	80bps

Channel Mix (% proportion)

Direct	57%	54%	300bps	56%	100bps
Distributed Assets	43%	46%	-300bps	44%	-100bps
MFDs	56%	57%	-100bps	57%	-100bps
Banks	25%	24%	100bps	25%	0bps
National Distributors	19%	19%	0bps	19%	0bps

Geographical Spread

T-30	80.4%	80.4%	0bps	80.0%	40bps
B-30	19.6%	19.6%	0bps	20.0%	-40bps

Source: Company, YES Sec – Research

Exhibit 3: Quarterly Actuals Vs Estimates

Q1FY26 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue	6,066	6,121	(0.9)
Operating profit	3,881	3,883	(0.1)
Profit after tax	3,957	3,755	5.4

Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 4: Balance Sheet

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	6,300	6,347	6,347	6,347	6,347
Total Reserves	33,522	35,782	37,786	39,999	42,427
Shareholder's Funds	39,822	42,129	44,133	46,346	48,774
Long Term Provisions	84	121	121	121	121
Other Non - Current Liabilities	1,574	1,810	1,920	2,034	2,166
Total Non - Current Liabilities	1,658	1,932	2,042	2,155	2,287
Trade Payables	501	589	657	730	808
Other Current Liabilities	1,770	2,052	2,424	2,808	3,255
Total Current Liabilities	2,270	2,641	3,081	3,538	4,062
Total Liabilities and Equity	43,750	46,701	49,256	52,040	55,124
Net Block	3,312	8,676	8,876	9,076	9,276
Capital Work in Progress	16	41	0	0	0
Non Current Investments	35,127	33,238	35,041	37,033	39,218
Long Term Loans & Advances	847	793	937	1,085	1,258
Other Non Current Assets	255	179	211	245	284
Total Non-Current Assets	39,557	42,926	45,066	47,439	50,036
Sundry Debtors	1,303	707	789	877	970
Cash and Bank	2,706	2,877	3,176	3,462	3,816
Other Current Assets	184	189	224	259	300
Short Term Loans and Advances	0	2	2	2	2
Total Current Assets	4,193	3,775	4,190	4,600	5,088
Total Assets	43,750	46,701	49,256	52,040	55,124

Source: Company, YES Sec – Research

Exhibit 5: Profit and Loss Statement

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	16,432	22,307	24,887	27,659	30,592
Fees and Commission	620	718	957	1,109	1,285
Employee Expense	3,360	4,290	4,912	5,502	6,162
Other Expenses	2,515	2,883	3,211	3,526	3,872
Total Expenses	6,495	7,891	9,081	10,136	11,319
Operating Profit	9,937	14,416	15,807	17,523	19,273
Other Income	3,941	2,900	2,365	2,494	2,635
Depreciation	291	306	533	545	557
Finance Cost	62	67	67	67	67
Profit before Tax	13,525	16,943	17,572	19,404	21,284
Tax	2,462	4,086	4,217	4,657	5,108
Net Profit	11,063	12,857	13,354	14,747	16,176

Source: Company, YES Sec – Research

Exhibit 6: Cash flow statement

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	13,525	16,943	17,572	19,404	21,284
Depreciation	291	306	533	545	557
Change in working cap	62	67	67	67	67
Tax paid	274	956	258	265	310
Others	(2,506)	(3,751)	(4,217)	(4,657)	(5,108)
Cash flow from operations	(3,872)	(2,526)	(2,365)	(2,494)	(2,635)
Capex	7,775	11,995	11,847	13,131	14,475
Change in investments	(107)	(5,385)	(692)	(745)	(757)
Others	(1,201)	4,396	(1,804)	(1,992)	(2,185)
Cash flow from investments	270	173	2,371	2,500	2,642
Free cash flow	(1,038)	(816)	(124)	(236)	(299)
Equity raised/(repaid)	1,553	1,210	0	0	0
Debt raised/(repaid)	62	(67)	(67)	(67)	(67)
Dividend (incl tax)	(8,112)	(12,015)	(11,357)	(12,541)	(13,755)
Others	(210)	(283)	0	0	0
Cash flow from financing	(6,707)	(11,156)	(11,424)	(12,608)	(13,823)
Net change in cash	30	23	299	286	353

Source: Company, YES Sec – Research

Exhibit 7: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	24,887	27,659	30,592	24,372	27,063	31,232	2.1	2.2	(2.1)
Operating Profit	15,807	17,523	19,273	15,332	16,973	19,965	3.1	3.2	(3.5)
Profit After Tax	13,354	14,747	16,176	12,730	14,181	16,543	4.9	4.0	(2.2)

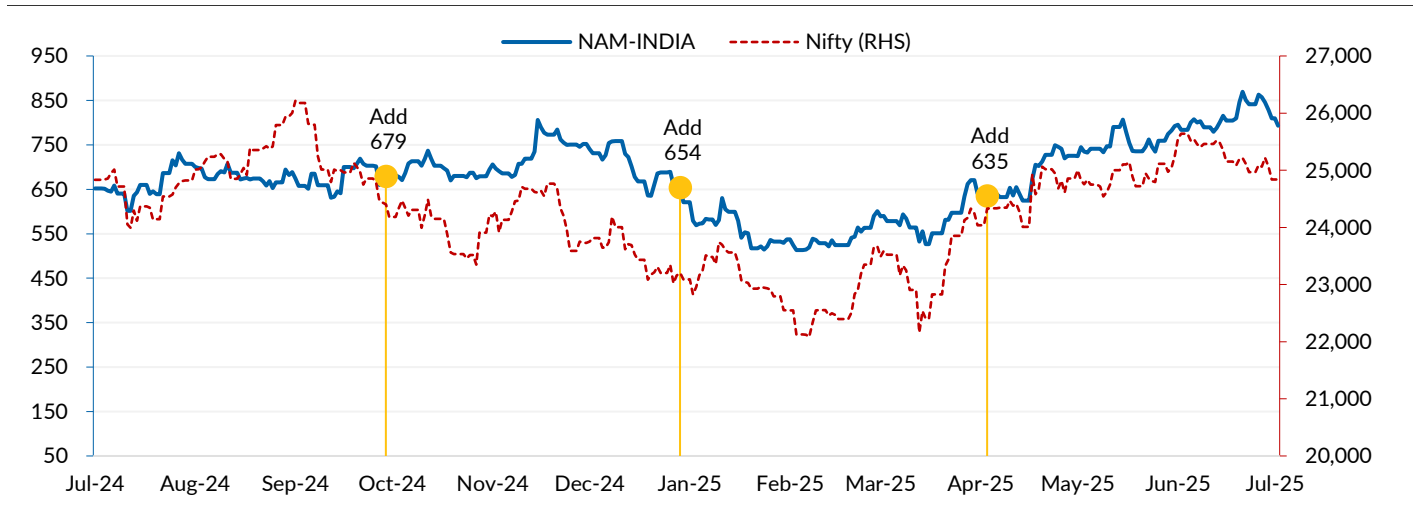
Source: Company, YES Sec – Research

Exhibit 8: Ratios

Y/e 31 Mar	FY24	FY25	FY26E	FY27E	FY28E
Growth ratios (%)					
AAUM	28.0%	46.6%	18.2%	15.8%	15.9%
Management Fees	22.2%	36.4%	9.5%	11.0%	10.5%
PMS & Advisory Fees	0.3%	2.5%	161.3%	15.0%	15.0%
Staff Cost	11.0%	27.7%	14.5%	12.0%	12.0%
Total Operating Expenses	17.0%	21.5%	15.1%	11.6%	11.7%
Profit Before Tax	45.8%	25.3%	3.7%	10.4%	9.7%
Net profit	53.0%	16.2%	3.9%	10.4%	9.7%
As a % of Avg AUM					
Investment Management Fees	0.44%	0.41%	0.38%	0.36%	0.34%
Staff Cost	0.09%	0.08%	0.08%	0.07%	0.07%
Other Expenses	0.07%	0.05%	0.05%	0.05%	0.05%
PBT	0.37%	0.31%	0.28%	0.26%	0.25%
Net profit	0.25%	0.30%	0.24%	0.21%	0.20%
Operating Ratios					
Operating Profit Margin	60.5%	64.6%	63.5%	63.4%	63.0%
PBT Margin	82.3%	76.0%	70.6%	70.2%	69.6%
PAT Margin	67.3%	57.6%	53.7%	53.3%	52.9%
ROE	29.5%	31.4%	31.0%	32.6%	34.0%
Dividend Payout Ratio	93.9%	88.8%	85.0%	85.0%	85.0%
Per share (Rs)					
EPS	17.6	20.3	21.1	23.2	25.5
Book Value	63.2	66.4	69.5	73.0	76.8
Valuation Ratios					
P/E (x)	44.9	38.9	37.5	33.9	30.9
P/BV (x)	12.5	11.9	11.3	10.8	10.3
Mcap to AUM	13.4%	9.1%	7.7%	6.7%	5.7%
Dividend Yield	2.1%	2.3%	2.3%	2.5%	2.7%

Source: Company, YES Sec – Research

Recommendation Tracker



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