

**BUY**

TP: Rs 1,061 | ▲ 22%

**NIPPON LIFE INDIA AMC**

Diversified Financials

31 October 2025

## Strong quarter, continued market share gains

- The company reported strong core performance growth with core PAT growth of 17% YoY and core revenue growth of 15% YoY
- Continued market share gains with overall, equity, and ETF share showing expansion. B-30 MAAUM market share remained stable
- We maintain BUY with TP of Rs 1,061, valuing the stock at 34x Sept'27E EPS, and reaffirm NAM as our top pick in the sector

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**Strong core performance:** NAM India reported strong core PAT growth (up 17% YoY) aided by robust core revenue growth of 15% YoY — ahead of our expectations (core revenue beat of 4%). Similar to peers, other income declined on both YoY and QoQ basis. This led to lower total income coming in at Rs 6.9bn, which was below our expectations.

**B-30 market share:** B-30 MAAUM market share remained stable at 9.1% in Q2FY26. NAM India continues to benefit from consistent fund performance, supporting steady inflows that are outperforming industry trends.

**Profitability was impacted by lower other income:** PAT declined 4% YoY and 13% QoQ, owing to decline in other income. Operating profit margin contracted 26bps YoY (was up by 128bps QoQ) to 65.3%. Additionally, other operating expenses were up 21% YoY and 11% QoQ, led by brand promotions, branch expansion, and technology expenses.

**Strong AUM growth with sustained market share gains:** Total AUM (closing basis) increased 3% QoQ and 17% YoY to Rs 7.6 trn. Its QAAUM grew 20% YoY and 7% QoQ to Rs 6.5 trn with continued overall market share gains in Q2FY26. Equity AUM rose 18% YoY (up 9% QoQ) with market gains of 17bps YoY and 9bps QoQ to 7.13% and forms 48% of the AUM. Further, its ETF QAAUM rose 24% YoY, 5% QoQ with market share increase of 160bps YoY and 1bp QoQ to 19.77%, comprising 27.9% of AUM vs 28.4% in Q1FY26.

**View on TER changes:** Management believes the recent consultation paper on TER could slightly impact profitability, though the effect is likely to be manageable.

**Maintain BUY:** NAM reported strong core profitability with consistent market share gains in H1FY26. TER proposal may slightly impact profitability, though management remains confident of managing the changes effectively. We maintain our BUY rating with a target price of Rs 1,061, valuing the stock at 34x Sept'27E EPS, and reaffirm NAM as our top pick in the sector.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	NAM IN/Rs 872
Market cap	US\$ 6.2bn
Free float	12%
3M ADV	US\$ 8.4mn
52wk high/low	Rs 987/Rs 498
Promoter/FPI/DII	74%/6%/9%

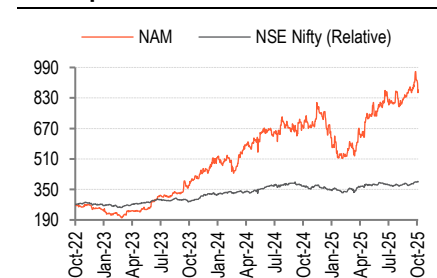
Source: NSE | Price as of 30 Oct 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Core PBT (Rs mn)	14,043	16,784	20,423
Core PBT (YoY)	46.5	19.5	21.7
Adj. net profit (Rs mn)	12,857	15,189	18,228
EPS (Rs)	20.3	24.0	28.8
Consensus EPS (Rs)	20.3	24.0	28.8
MCap/AAAUM (%)	10.2	8.3	6.7
ROAAAUM (bps)	23.8	22.8	22.3
ROE (%)	31.4	35.4	40.9
P/E (x)	42.9	36.3	30.2

Source: Company, Bloomberg, BOBCAPS Research

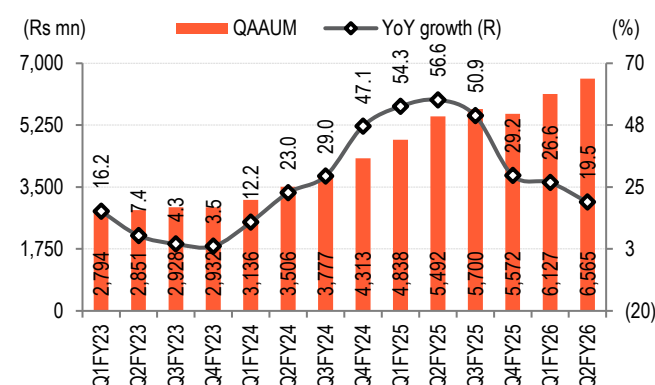
## Stock performance



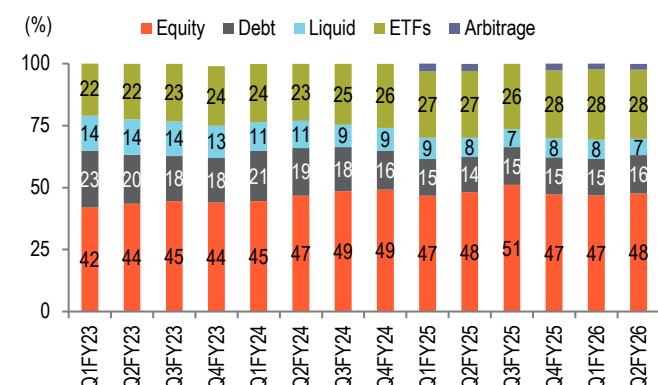
Source: NSE



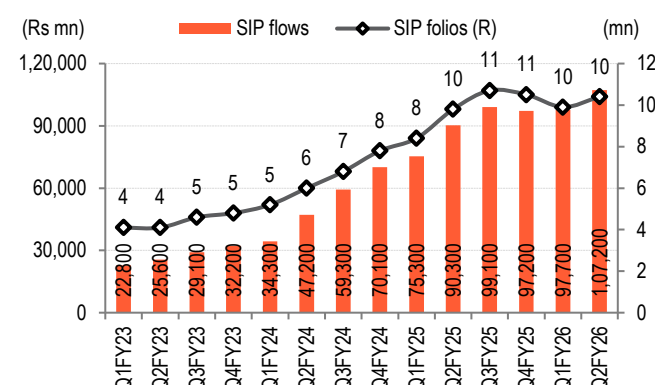
**Stable revenue yields:** Revenue yields (blended) remained constant at 40bps in Q2FY26. Equity yields declined marginally by 1bp QoQ to 54bps, while debt and liquid yields remained unchanged at 25bps and 12bps, respectively. ETF yields also stayed stable at 17bps QoQ. Overall yields stood at 36bps during the quarter. Management continues to guide for a 2bps decline in the overall yields on account of telescopic pricing and AUM growth.

**Fig 1 – QAAUM grew 19.5% YoY at Rs 6,565 mn**


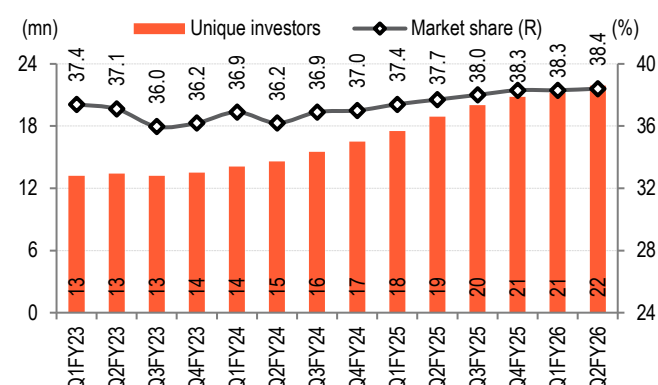
Source: Company, BOBCAPS Research

**Fig 2 – Equity mix came in at 48%**


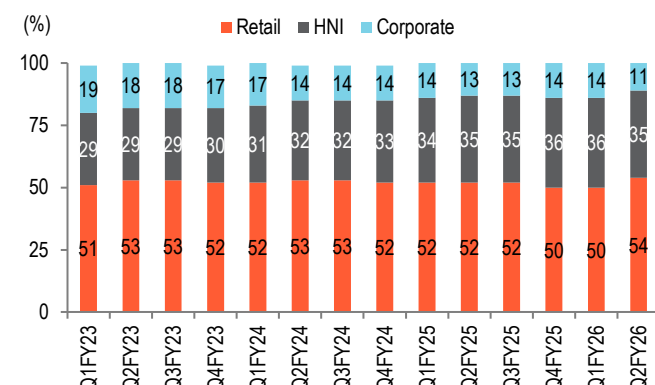
Source: Company, BOBCAPS Research

**Fig 3 – SIP flows grew at 19% at Rs 1,07,200 mn**


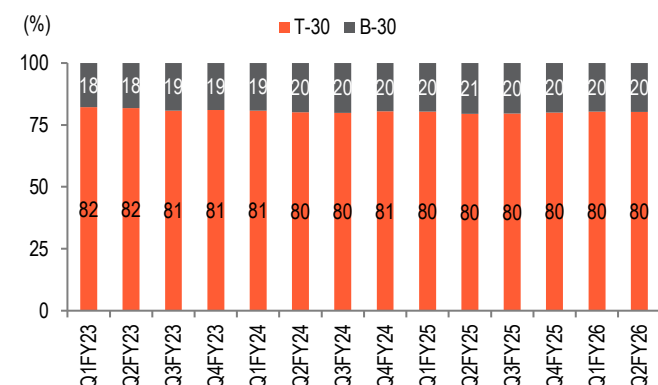
Source: Company, BOBCAPS Research

**Fig 4 – NAM has the largest investor base in the industry with 22 mn investors**


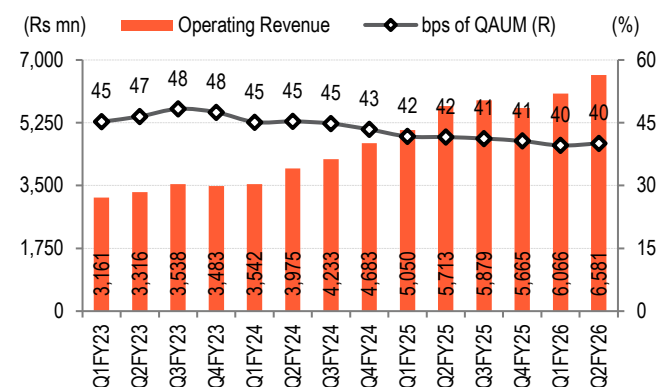
Source: Company, BOBCAPS Research

**Fig 5 – Retail mix increased to 54%**


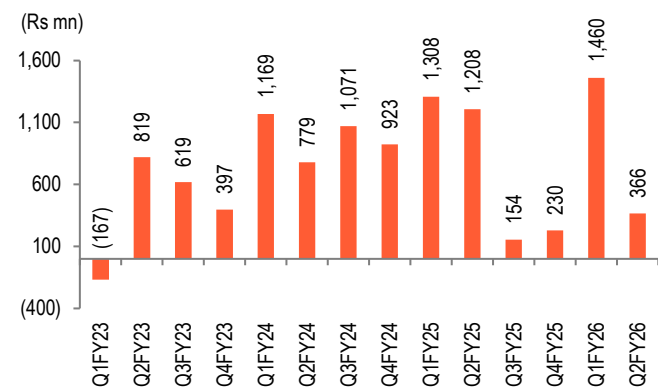
Source: Company, BOBCAPS Research

**Fig 6 – B-30 MAAUM mix remained on similar levels**


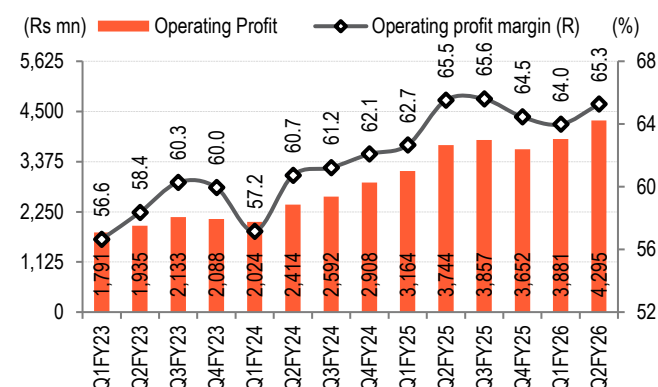
Source: Company, BOBCAPS Research

**Fig 7 – Operating revenue grew 15.2% at Rs 6,581 mn**

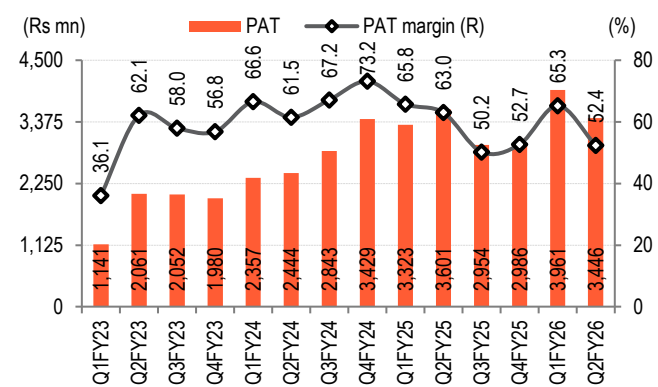
Source: Company, BOBCAPS Research

**Fig 8 – Other Income came in at Rs 366mn on account of adverse MTM gains**

Source: Company, BOBCAPS Research

**Fig 9 – NAM achieved the highest-ever operating profit of Rs 4,295 mn**

Source: Company, BOBCAPS Research

**Fig 10 – PAT degrew 4.3% YoY to Rs 3,446 mn owing to degrowth in other income**

Source: Company, BOBCAPS Research

**Fig 11 – Quarterly result snapshot**

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
<b>Revenue from Operations</b>					
Asset Management Services	6,581	5,713	15.2	6,066	8.5
Other Income	366	1,208	(69.7)	1,460	(74.9)
<b>Total Income</b>	<b>6,947</b>	<b>6,921</b>	<b>0.4</b>	<b>7,526</b>	<b>(7.7)</b>
QAAUM	65,65,000	54,92,000	19.5	61,27,000	7.1
Yields as % of QAAUM (bps)	40.1	41.6	(2)	39.6	0
Yields as % of QAAUM (bps) (total revenue)	42.3	50.4	(8)	49.1	(7)
<b>Expenses</b>					
Fees and Commission Expenses	198	192	2.9	186	6.2
Employee Benefits Expenses	1,233	1,069	15.3	1,226	0.5
Other Expenses	855	708	20.8	772	10.7
<b>Total Operating Expenses</b>	<b>2,286</b>	<b>1,969</b>	<b>16.1</b>	<b>2,185</b>	<b>4.6</b>
Fees and Commission Expenses as % of QAAUM (bps)	1.2	1.4	(0)	1.2	(0)
Employee Benefits Expenses as % of QAAUM (bps)	7.5	7.8	(0)	8.0	(0)
Other Expenses as % of QAAUM (bps)	5.2	5.2	0	5.0	0
<b>Total Operating Expenses as % of QAAUM (bps)</b>	<b>13.9</b>	<b>14.3</b>	<b>(0)</b>	<b>14.3</b>	<b>(0)</b>

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
<b>EBITDA</b>	4,295	3,744	14.7	3,881	10.7
EBITDA Margin (%)	65.3	65.5	(26)	64.0	128
Depreciation, Amortisation and Impairment	88	74	18.7	84	4.5
Finance Costs	18	17	8.4	18	-
Impairment on Financial Instruments	-	-	-	-	-
<b>Profit Before Tax</b>	<b>4,555</b>	<b>4,861</b>	<b>(6.3)</b>	<b>5,239</b>	<b>(13.1)</b>
<b>Tax Expense</b>					
Current Tax	1,126	853		1,206	
Deferred Tax	(13)	408		76	
<b>Total Tax Expense</b>	<b>1,113</b>	<b>1,261</b>	<b>(11.7)</b>	<b>1,282</b>	<b>(13.2)</b>
Tax Rate (%)	24.4	25.9		24.5	
<b>Profit After Tax</b>	<b>3,446</b>	<b>3,601</b>	<b>(4.3)</b>	<b>3,961</b>	<b>(13.0)</b>
As % of QAAUM	21.0	26.2	(5)	25.9	(5)
<b>Core Operating Income</b>	<b>4,295</b>	<b>3,744</b>	<b>14.7</b>	<b>3,881</b>	<b>10.7</b>
<b>Core PBT</b>	<b>4,189</b>	<b>3,653</b>	<b>14.7</b>	<b>3,779</b>	<b>10.9</b>
<b>Core PAT</b>	<b>3,170</b>	<b>2,706</b>	<b>17.1</b>	<b>2,859</b>	<b>10.9</b>

Source: Company, BOBCAPS Research

**Fig 12 – Quarterly result snapshot**

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
<b>QAAUM</b>					
Equity	31,28,068	26,49,794	18.0	28,73,563	8.9
Debt	10,18,594	7,80,645	30.5	9,00,669	13.1
Liquid	4,33,724	4,23,307	2.5	4,71,779	(8.1)
ETFs	18,33,468	14,84,324	23.5	17,40,068	5.4
Arbitrage	1,51,146	1,53,930	(1.8)	1,40,921	7.3
<b>Total</b>	<b>65,65,000</b>	<b>54,92,000</b>	<b>19.5</b>	<b>61,27,000</b>	<b>7.1</b>
<b>AUM Mix (%)</b>					
Equity	47.6	48.2	(60)	46.9	75
Debt	15.5	14.2	130	14.7	82
Liquid	6.6	7.7	(110)	7.7	(109)
ETFs	27.9	27.0	90	28.4	(47)
Arbitrage	2.3	2.8	(50)	2.3	0
<b>Total</b>	<b>100</b>	<b>100</b>		<b>100</b>	
Offshore AUM (Rs bn)	180	194	(7.2)	187	(3.7)
<b>Others</b>					
Individual MAAUM	39,70,000	33,90,000	17.1	37,80,000	5.0
Unique Investors (mn)	21.9	19.0	15.9	21.0	3.3
Systematic Transactions	1,07,200	90,300	18.7	97,700	9.7
B-30 share in AUM (%)	19.8	20.5	(70)	19.6	20
B-30 Market share (%)	9.1	9.1	-	9.1	-
<b>Geographical Spread</b>					
T-30	80.2	79.5	70	80.4	(20)
B-30	19.8	20.5	(70)	19.6	20

Source: Company, BOBCAPS Research

## Key takeaways

### Financial performance

- Operating revenue grew by 15.2%, reaching Rs 6,581 mn, while other income declined by 69.7% to Rs 366 mn, primarily due to adverse mark-to-market (MTM) changes.
- Other expenses grew 10.7% QoQ to Rs 855 mn, driven by higher branding costs, new technology investments, and new office maintenance expenses.
- Equity market share increased by 17 bps YoY and 9 bps QoQ to 7.13%. Share of equity AUM in the overall AUM rose by 0.7% QoQ to 47.6% in Q2FY26.
- SIP market share stood at over 10% in Q2FY26, while equity net sales market share was in the higher single digits during the same period.
- ESOP cost under the new scheme stood at Rs 60 mn, with the total ESOP cost at Rs 90 mn for Q2FY26. For FY26, total ESOP cost is expected to be around Rs 400–430 mn, and Rs 180–190 mn for FY27.
- During the quarter, the company completed the NFO of Nippon India MNC Fund, which collected Rs 3.8 bn.
- NAM launched 3 new products during the quarter: Nippon India Nifty One Day Rate Liquid ETF, Nippon India Nifty India Manufacturing ETF, and Nippon India Nifty India Manufacturing Index fund.

### Yields

- Yields for Q2FY26 stood at: Equity – 54 bps, Debt – 25 bps, Liquid – 12 bps, ETF – 17 bps, with an overall yield of 36 bps.
- Yields on non-MF AUM ranged between 60 - 120 bps, while yields for Gold ETFs are higher than 17 bps applicable to other ETFs
- The management expects a 2-bps annual impact on equity AUM yields, mainly due to commission rationalization and telescopic pricing.

### Alternative and Offshore business

- Nippon raised cumulative commitments of Rs 87.2 bn under CAT-II and CAT-III AIFs.
- Fundraising is currently underway for 2 listed equity AIFs: Residential RE Fund and Direct VC Fund.
- The future product pipeline in AI business includes Nippon India Credit Opportunity AIF and Performing Credit Fund.
- Offshore AUM grew 6% in H1FY26 to Rs 161 bn, with inflows from various geographies across Asia, Europe, and Latin America.
- Focus remains on expanding footprint in the Japanese institutional and retail markets through Nissay AMC, Japan, while also exploring new opportunities across Asian, European, and Latin American regions.

**Others**

- With respect to SEBI's consultation paper, management stated evaluating the impact internally. They acknowledged that there will be a financial impact, though not expected to be as significant as is currently perceived.
- Digital business contributed 75% of total new purchase transactions in H1FY26.
- SIPs through fintech channels accounted for 25%.
- Board of Directors declared an interim dividend of Rs 9 per share for Q2FY26.

## Valuation Methodology

NAM India delivered a strong core profitability with consistent market share gains. It was the fastest growing companies among top 10 AMCs in H1FY26, leading to robust market share gains (up 22bps YoY and 2bps QoQ), reaching a multiyear high market share of 8.51% in Q2FY26. Growth was broad based with strong SIP book of Rs 437bn (annualised), a dominant position in ETF with market share of 19.77% (expansion of 160bps YoY and 1bp QoQ) and revival of fixed income AUM growth. This expected to support a robust performance ahead. However, recent consultation paper on TER does pose some challenges on profitability. We expect the companies under our coverage universe to have an impact of 7-10% on the PBT, if AMCs completely absorb the impact of 5bps removal. Final regulation/guidelines are expected after a series of consultations with industry participants. We would wait for the final regulation and then take in the impact of the changes on financial statements. Management is cautiously optimistic about navigating the changes in TER. Hence, we maintain BUY with TP of 1,061 based on 34x Sept'27E EPS. NAM India is our top pick in the space.

**Fig 13 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Total revenue	29,487	34,604	29,489	33,266	(0.0)	4.0
PAT	15,189	18,228	15,078	17,208	0.7	5.9

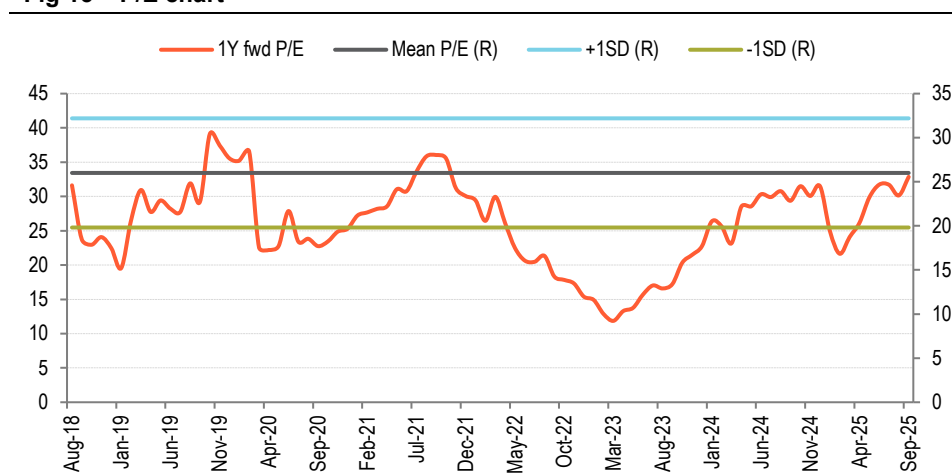
Source: BOBCAPS Research

**Fig 14 – Actual vs Estimates**

(Rs mn)	Q2FY26A	Q2FY26E	Variance (%)
QAAUM (Rs bn)	6,565	6,508	0.9
Operating revenue	6,581	6,331	4.0
Operating profit	4,295	4,081	5.3
PAT	3,446	3,471	(0.7)

Source: Company, BOBCAPS Research

**Fig 15 – P/E chart**



Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- Correction in equity markets
- Shifts in regulatory landscape
- Intensifying industry competition



## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Investment mgmt. fees	16,432	22,307	26,286	31,042	36,012
YoY (%)	21.7	35.8	17.8	18.1	16.0
Operating expenses	6,495	7,891	9,111	10,217	11,657
Core operating profits	9,937	14,416	17,175	20,825	24,355
Core operating profits growth (%)	25.0	45.1	19.1	21.3	17.0
Depreciation and Interest	354	373	391	402	427
Core PBT	9,584	14,043	16,784	20,423	23,929
Core PBT growth (%)	25.9	46.5	19.5	21.7	17.2
Other income	3,941	2,900	3,201	3,562	4,007
PBT	13,525	16,943	19,985	23,985	27,935
PBT growth (%)	45.8	25.3	18.0	20.0	16.5
Tax	2,462	4,086	4,797	5,756	6,704
Tax rate (%)	1820.6	2411.5	2400.0	2400.0	2400.0
Reported PAT	11,063	12,857	15,189	18,228	21,231

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	6,300	6,347	6,347	6,347	6,347
Reserves & surplus	33,522	35,782	37,301	39,124	41,247
Net worth	39,822	42,129	43,648	45,471	47,594
Borrowings	0	0	0	0	0
Other liab. & provisions	3,929	4,572	4,883	4,944	5,006
Total liab. & equities	43,750	46,701	48,531	50,415	52,600
Cash & bank balance	37,832	36,114	37,932	39,747	41,816
Other assets	5,918	10,585	10,597	10,666	10,782
Total assets	43,750	46,701	48,531	50,414	52,599

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	17.7	20.3	24.0	28.8	33.6
Dividend per share	16.5	18.0	21.6	26.0	30.2
Book value per share	63.8	66.6	69.1	71.9	75.3

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	49.2	42.9	36.3	30.2	26.0
P/BV	13.7	13.1	12.6	12.1	11.6
Dividend yield (%)	1.9	2.1	2.5	3.0	3.5

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY24A	FY25A	FY26E	FY27E	FY28E
Operating income	44.6	41.3	39.4	37.9	35.9
Operating expenses	17.6	14.6	13.7	12.5	11.6
EBITDA	27.0	26.7	25.8	25.4	24.3
Depreciation and Others	1.0	0.7	0.6	0.5	0.4
Core PBT	26.0	26.0	25.2	24.9	23.8
Other income	10.7	5.4	4.8	4.4	4.0
PBT	36.7	31.4	30.0	29.3	27.8
Tax	6.7	7.6	7.2	7.0	6.7
ROAAAUM	30.0	23.8	22.8	22.3	21.1

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Investment mgmt. fees	21.7	35.8	17.8	18.1	16.0
Core operating profit	25.0	45.1	19.1	21.3	17.0
EPS	52.5	14.9	18.1	20.0	16.5
<b>Profitability &amp; Return ratios (%)</b>					
Operating income to Total inc.	80.7	88.5	89.1	89.7	90.0
Cost to Core income ratio	39.5	35.4	34.7	32.9	32.4
EBITDA margin	60.5	64.6	65.3	67.1	67.6
Core PBT margin	58.3	63.0	63.9	65.8	66.4
PBT margin (on total inc.)	66.4	67.2	67.8	69.3	69.8
ROE	29.5	31.4	35.4	40.9	45.6
Dividend payout ratio	93.2	88.5	90.0	90.0	90.0

### Annual Average AUM

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
AAAUM (Rs bn)	3,683	5,401	6,669	8,187	10,041
YoY Growth (%)	28.0	46.6	23.5	22.8	22.6
<b>% of AAAUM</b>					
Equity	47	49	49	49	49
Debt	18	15	14	13	12
Liquid	10	8	7	6	5
Others	24	28	31	32	34

Source: Company, BOBCAPS Research

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Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

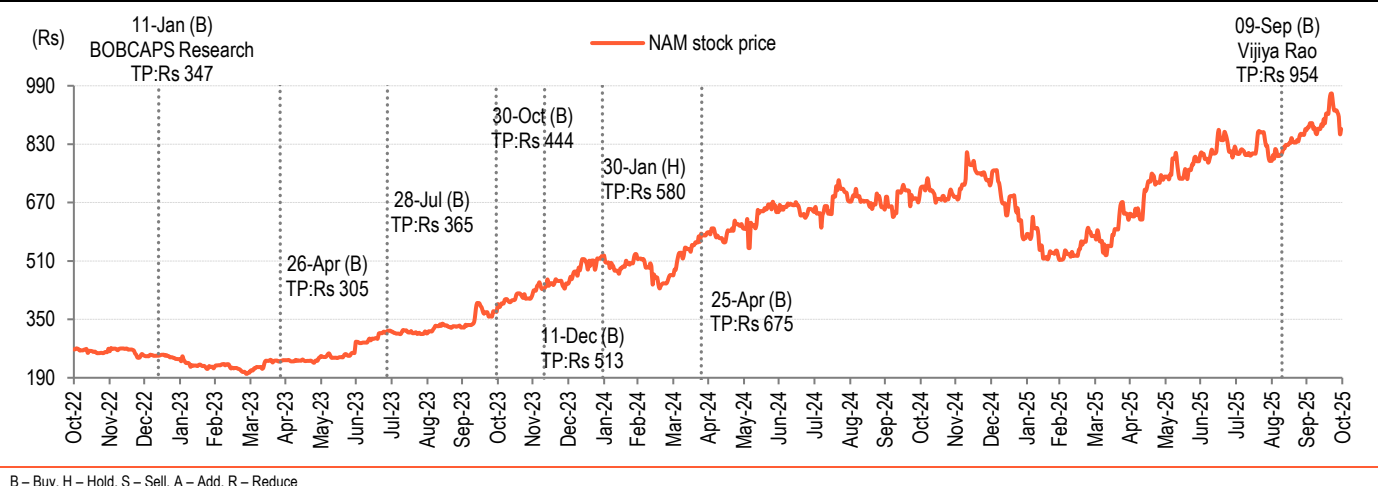
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): NIPPON LIFE INDIA AMC (NAM IN)



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