Nippon Life India Asset Management (RELNIP)

CMP: ₹1105 | Target ₹ 1300 (18%) | Target Period: 12 months | BUY

July 23, 2026

Market share accretion aid performance in Q1 ...

About the stock: Nippon Life India AMC (NAM-INDIA) is among the fastest growing AMCs in India with total AUM size of ₹ 7.52 lakh crore+. Focus on strong distribution network (1,25,200+ distributors) and passive schemes (ETF Market share of ~21.4%+ on QAAUM basis) remains key strategy.

- MF market share as on Q1FY27 was at 9.04% on QAAUM basis
- Strong presence in B-30 cities that contributes to ~18.5% of total AUM

Q1FY27 performance: NAM reported healthy performance as AUM market share improved further to 9.04%, up 54 bps YoY. Revenue was recorded at ₹767 cr (up 26% YoY, 4% QoQ). EBITDA margin declined ~242 bps to 66.2%, due to increased employee cost and capital expenses. PAT reported at ~₹503 cr (+27% YoY, 31% QoQ) as other income grew positive to ~₹170 crore (market reversal led MTM gain).

Investment Rationale:

- Consistently the fastest-growing AMC, now aided further by scale in ETFs and systematic flows: Mutual fund QAAUM grew to ₹7.52 lakh crore, taking overall market share to 9.04% (+54 bps YoY/+15 bps QoQ) — highest since June 2019 — while equity market share rose to 7.38% (+34 bps YoY/+22 bps QoQ). As before, flow and SIP market share (SIP share ~9.84%, broadly steady QoQ) continue to run ahead of book market share, reinforcing probability of further market share accretion. ETF leadership also persists — AUM of ₹2.43 lakh crore and market share of 21.35% (+159 bps YoY), with ~45%+ share of industry ETF folios and trading volumes - growth slightly moderated compared to bullion-led gains in previous quarter and partly due to company-imposed restriction on large lump-sum gold/silver inflows.
- Yields broadly steady, regulatory pass-through complete: Revenue yield held flat at 40.8 bps QoQ (equity ~54 bps, debt ~25 bps, liquid ~12 bps, ETF ~25 bps), as the ETF AUM mix (a relatively higher-yielding lever in Q4) normalised this quarter. Management confirmed TER-related regulatory changes effective from 1st April have been fully passed on via commission/distributor-fee alignment, with no residual impact on financials — consistent with ~3-4 bps equity AUM impact flagged previously and management's stated intent to protect margins. The medium-term guidance of a gradual 1-2 bps overall yield decline per year (from pricing competition and regulatory change) remains a cautious standpoint.

Rating and Target Price

- Steady gain in market share owing to diversified product basket, fund's track performance, wide distribution network and product innovation bodes well. NAM-INDIA remains well placed to benefit from structural tailwind from financialization of savings. Considering continued steady performance, we revise our target price to ₹1,300 (earlier ₹1,190) valuing the stock at ~41x FY28E EPS. Maintain BUY rating.

Key Financial Summary

₹ Crore	FY24	FY25	FY26	3-year CAGR (FY23-FY26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Profit	1174	1364	1528	25.3%	1723	2028	15%
EPS	17.8	20.3	22.6	24.8%	27.0	31.8	19%
P/E (x)	62.1	54.5	48.9		40.9	34.8	
AUM /share	6934	8779	11361		13293	15686	
P/AUM (%)	15.9	12.6	9.7		8.3	7.0	
DPS	16.5	18.0	20.2		24.2	28.4	
RoE (%)	31.3	33.3	34.4		36.3	41.0	

Source: Company, ICICI Direct Research

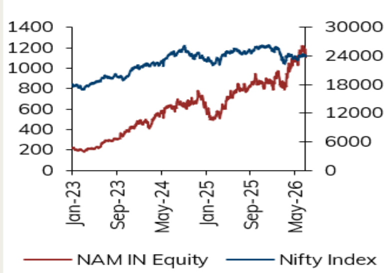
Particulars

Particulars	Amount
Market Capitalisation	₹ 72,842 crore
Net Worth	₹ 4,659 crore
MF AUM	₹ 7.52 lakh crore
52-week H/L	1234 / 756
Face Value	₹ 10
DII Holding (%)	15.5
FII Holding (%)	5.7

Shareholding pattern

	Sept 25	Dec 25	Mar 26	Jun 26
Promoter	72.1	72.1	71.9	71.8
FII	7.7	7.9	7.4	7.0
DII	13.0	13.8	14.8	15.5
Others	7.3	6.2	6.0	5.7

Price Chart



Key risks

(i) Volatility in equities inflow

(ii) Regulatory decline in TER changes.

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Result Update

ICICI Securities – Retail Equity Research

Concall highlights and outlook

Industry

- Industry quarterly average AUM grew ~15% YoY and ~2% QoQ to ₹83.1 lakh crore in Q1FY27, with equity share of overall AUM rising to ~57.2% (+0.8% QoQ). Equity gross inflows (ex-index/arbitrage) stood at ₹2.46 lakh crore and net inflows at ₹1.13 lakh crore, both lower QoQ, led by Flexi Cap, Small Cap, and Mid Cap categories.
- Fixed income (Debt+Liquid) saw a net inflow of ₹33,800 crore, reversing the prior quarter's outflow. ETFs added ₹29,100 crore, lower QoQ.
- SIP flows for the quarter stood at ₹93,900 crore (+16% YoY, +1% QoQ), with Jun'26 monthly SIP flows at ₹31,800 crore, near all-time highs. Contributing SIP folios rose 13% YoY to 9.78 crore. Total unique investors in the industry grew 12% YoY to 6.19 crore.

Nippon Life India AMC – fastest growing among top 10

- Overall QAAUM market share touched 9.04% (+54 bps YoY, +15 bps QoQ). Equity AUM market share rose to 7.38% (+34 bps YoY, +22 bps QoQ), with double-digit net sales market share in equity (ex-index/arbitrage).
- MF QAAUM grew to ₹7.52 lakh crore (+22.7% YoY, +3.7% QoQ); total Closing AUM (including managed accounts, offshore, GIFT City) closed at ₹8.62 lakh crore. Equity QAAUM grew to ₹3.51 lakh crore (+22.3% YoY, +6.4% QoQ). Largest investor base in the industry at 2.41 crore unique investors.
- Systematic book momentum continued — monthly systematic flows rose 12% YoY to ₹3,720 crore in Jun'26 (annualised ₹44,600 crore), with SIP market share steady at 9.84% (similar to Mar'26), aided by broad-basing of the SIP book beyond a couple of anchor funds and strong fintech/B30 contribution.
- ETF AUM grew to ₹2.43 lakh crore, market share 21.35% (+159 bps YoY), with 45%+ share of industry ETF folios/volumes. Gold + Silver ETF AUM at ~₹82,700 crore (down 2.5% QoQ) amid company-imposed restrictions on large lump-sum bullion inflows.

Financials — record quarter

- Operating revenue at ₹767 crore (+26% YoY, +4% QoQ); other income at ₹170 crore, higher YoY/QoQ on equity mark-to-market gains and softening debt yields (attributed partly to a higher small/midcap seed-capital mix in the investment book). Operating expenses at ₹273 crore (+19% YoY, +11% QoQ), driven by continued technology/digital/brand investment (guided to continue at ~18-20% YoY growth ex-ESOP for the next 6-8 quarters) and Q1 increment-led employee cost.
- Operating profit at a record ₹494 crore (+31% YoY, flat QoQ). PAT at a record ₹504 crore (+27% YoY, +31% QoQ).
- Blended yield held steady at 38 bps QoQ (equity ~54 bps, debt ~25 bps, liquid ~12 bps, ETF ~25 bps). TER-related changes largely passed through via commission alignment with no material P&L impact. Management continues to guide for a gradual 1-2 bps overall yield decline per year as scale increases. ESOP expense at ~₹13-14 crore for the quarter, guided at ~₹60 crore for FY27 (declining YoY going forward).

Others

- AIF cumulative commitments at ₹9,580 crore (+18% YoY, with ~₹250 crore raised in Q1 across listed equity, private credit, and direct VC fundraising currently underway).
- Announced JV with DWS (Europe's largest asset manager) for a 40% stake in the AIF subsidiary, positioning the company with dual global access via Japan (parent) and Europe (DWS).
- Offshore managed AUM rose to ₹14,700 crore (+5.8% QoQ); GIFT City feeder funds AUM at $48 million (₹463.3 crore).

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Revenue from Operations	766.9	606.6	26%	738.7	4%	Revenue growth aided by increase in overall and equity QAAUM
Revenue/AUM	0.41	0.40	1.2bps	0.41	0.1bps	Yields stable due to maintained asset mix
Other Income	170.2	146.0	16.6	-33.5	NA	MTM recovery in investment book
Net Total Income	937.1	752.6	25%	705.2	33%	
Staff Cost	138.8	122.6	13%	125.9	10%	
Other Operating Expenses	133.8	106.1	26%	119.5	12%	Increased other expenses (investment in technology/digital/brand)
Total Expenses	272.6	228.7	19%	245.4	11%	
PBT	664.5	523.9	27%	459.8	45%	
Tax Outgo	161.4	128.2	26%	75.3	114%	
PAT	503.1	395.7	27%	384.5	31%	PAT aided by increased QAAUM and MTM gains
MF- QAAUM	751500	612700	23%	725000	4%	Market share grew to 9.04% (+50 bps YoY)

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹ crores)	FY25	FY26	FY27E	FY28E
Revenue from Operations	2,231	2,709	3,170	3,695
Growth (%)	35.8%	21.4%	17.0%	16.6%
Other Income	290	224	284	337
Total Revenue	2,521	2,933	3,454	4,032
Employee Benefit Expenses	429	505	600	700
Dep & Amortization Expense	31	40	44	47
Other Expenses (incl fees)	288	415	541	615
Total Expenses	748	961	1,185	1,363
Profit Before Tax	1,773	1,972	2,269	2,670
Taxes	409	444	546	642
Profit After Tax	1,364	1,528	1,723	2,028
EPS (₹)	20	23	27	32

Source: Company, ICICI Direct Research

Exhibit 3: Key Financial Ratios ₹ crore

	FY25	FY26	FY27E	FY28E
Valuation				
No of Equity shares (crore)	63.5	63.8	63.8	63.8
EPS	20.3	22.6	27.0	31.8
DPS	18.0	20.2	24.2	28.4
BVPS	66.5	73.0	75.8	79.2
P/E	54.5	48.9	40.9	34.8
P/BV	16.6	15.1	14.6	14.0
Operating Ratios (%)				
Rev/AUM	0.40	0.37	0.37	0.37
EBITDA/AUM	0.25	0.23	0.23	0.23
PAT/AUM	0.23	0.20	0.20	0.20
Return Ratios (%)				
RoNW	33.3	34.4	36.3	41.0
NAV per equity share	66.5	73.0	75.8	79.2

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ crores)	FY25	FY26	FY27E	FY28E
Sources of Funds				
Share capital	635	638	638	638
Reserves and surplus	3587	4021	4202	4415
Total Equity	**4222**	**4659**	**4840**	**5053**
Trade payables	59	96	110	126
Others	398	438	486	539
Total Liabilities	**4679**	**5192**	**5436**	**5718**
Applications of Funds				
Property, plant and equipment	544	604	610	616
Intangible assets	324	332	332	332
Cash and bank balance	288	302	335	372
Investments	3324	3767	3948	4161
Receivables	71	79	91	105
Others	129	107	119	132
Total Assets	**4679**	**5192**	**5436**	**5718**

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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