

CMP: ₹922

Target ₹ 1120 (21%)

Target Period: 12 months

BUY

October 23, 2026

Sustaining market share amid softer flows ...

About the stock: Nippon Life India AMC (NAM-INDIA) is among the fastest growing AMCs in India with total AUM size of ₹ 7.87 lakh crore. Focus on strong distribution network (1,26,600+ distributors) and passive schemes (ETF Market share of ~21.1%+ on QAAUM basis) remains key strategy.

- MF market share as on Q2FY27 was at 9.02% on QAAUM basis

Q2FY27 performance: NAM reported healthy performance as AUM market share broadly remained flat at 9.02%. Revenue was recorded at ₹796 crore (up 21% YoY, 4% QoQ). Core operating profit was reported at ₹523 crore (+25% YoY, 6% QoQ). PAT reported at ~₹324 crore (-6% YoY, -36% QoQ), impacted by lower other income at ~₹23 crore and exceptional expenses of ~₹97 crore.

Investment Rationale:

- Stable market share despite moderation in incremental flows: MF QAAUM grew 5% QoQ in Q2FY27, broadly in-line with the industry, helping overall market share remain broadly stable at 9.02%. Equity net sales share moderated to high single digit but remained above equity AUM share of 7.4%, while SIP market share stayed steady at 9.84%, supporting resilience in retail flows. Although monthly systematic book growth slowed to 2% YoY, SIP AUM grew 19% YoY and 44% of SIP AUM has continued for over five years versus 32% for the industry. ETF leadership also remained strong with 21.1% market share despite modest sequential moderation. Diversified product offerings, sticky systematic flows and strong distribution are expected to support stable market share with gradual gains over the medium term. Specialized Investment Funds (SIF) remains a new category with healthy growth potential.
- Scale benefits to cushion gradual yield compression: Blended yield moderated to 37 bps (38 bps QoQ), with equity yield declining to 52 bps from 54 bps, while debt, liquid and ETF yields remained stable at ~25 bps, ~12 bps and ~25 bps, respectively. Management attributed the moderation largely to telescopic pricing as equity AUM scaled and changes in intra-equity scheme mix, while TER-related changes were fully absorbed in Q1FY27. Management retained 18–20% opex growth guidance, while the core MF cost base is expected to remain broadly flat, with incremental spend directed towards AIF expansion. AUM growth, introduction of new products and scale benefit should partly offset yield moderation and support healthy core earnings growth.

Rating and Target Price

- Stable market share along with diversified products, strong distribution, and a healthy investor base bodes well. Systematic flows, ETF leadership, and introduction of new segment will aid AUM growth, while operating leverage supports core earnings. Factoring increased volatility in markets and thus fundamental performance along with rising competition, we revise our multiple to 36x FY28E EPS, thus lowering our target price to ₹1,120 (earlier ₹1,300). 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%	1648	1957	13%
EPS	17.8	20.3	22.6	24.8%	25.8	30.7	16%
P/E (x)	62.1	54.5	48.9		35.7	30.1	
AUM /share	6934	8779	11361		13293	15686	
P/AUM (%)	15.9	12.6	9.7		6.9	5.9	
RoE (%)	31.3	33.3	34.4		34.7	39.7	

Source: Company, ICICI Direct Research

Nippon Life India
Asset Management Ltd

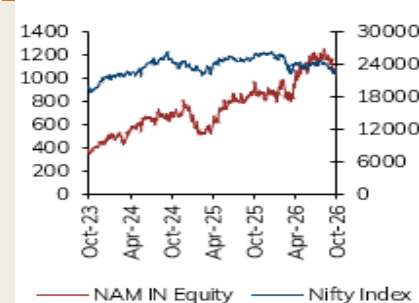
Particulars

Particulars	Amount
Market Capitalisation	₹ 57,796 crore
Net Worth	₹ 4,770 crore
MF AUM	₹ 7.87 lakh crore
52-week H/L	1270 / 756
Face Value	₹ 10

Shareholding pattern

	Dec 25	Mar 26	Jun 26	Sep 26
Promoter	72.1	71.9	71.8	71.7
FII	7.9	7.4	7.0	7.1
DII	13.8	14.8	15.5	15.6
Others	6.2	6.0	5.7	5.7

Price Chart



Key risks

- Weakness in equities
- Yield compression amid competition

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Concall highlights and outlook

Industry

- Industry quarterly average AUM grew ~13% YoY and ~5% QoQ to ₹87.2 lakh crore in Q2FY27, with equity share rising to ~58.2% (+1% QoQ). Equity gross inflows (ex-index/arbitrage) were ₹2.7 lakh crore (+9% QoQ), while net inflows moderated to ₹1.1 lakh crore (-5% QoQ), led by Small Cap, Mid Cap and Flexi Cap categories.
- Fixed income saw a net outflow of ₹5,900 crore, while ETF net inflows rose to ₹36,700 crore. The 10-year G-Sec yield increased 44 bps QoQ to 7.2%.
- SIP flows stood at ₹96,700 crore (+12% YoY, +3% QoQ), with Sep'26 monthly flows at a record ₹32,500 crore. Contributing SIP folios rose 9% YoY to 10.1 crore and unique investors increased 11% YoY to 6.3 crore, though management noted moderation in incremental investor and SIP addition.

Nippon Life India AMC

- Overall QAAUM market share stood at 9.02% (+51 bps YoY, broadly flat QoQ), while equity market share increased to 7.4% (+27 bps YoY, +2 bps QoQ). Equity net sales market share (ex-index/arbitrage) moderated to high single digit (~10%) from double digit in Q1FY27.
- MF QAAUM grew to ₹7.9 lakh crore (+19.9% YoY, +4.7% QoQ), while equity QAAUM stood at ~₹3.8 lakh crore (+~20% YoY, +~7% QoQ). Total closing AUM stood at ₹8.7 lakh crore.
- Unique investors stood at 2.4 crore, though market share moderated to 38.4% from 39% in Q1FY27; total folios increased to 4.1 crore. Management attributed softer investor additions to industry-wide moderation and limited NFO activity.
- Systematic flows stood at ₹11,150 crore (+4% YoY, +1% QoQ), while the monthly systematic book was ₹3,700 crore in Sep'26 (+2% YoY; annualised ₹44,500 crore). Ex-STP, SIP book grew 9% YoY and SIP market share remained steady at 9.84%. SIP AUM increased 19% YoY to ₹1.9 lakh crore, with 44% continuing for over five years versus 32% for the industry.
- HNI investors have been gradually exiting large-cap funds amid volatility, though NAM-India's large-cap fund remained positive despite industry-level net outflows. Restrictions on lump-sum flows into its small-cap fund continued, resulting in flows diversifying towards multi-cap, large-cap and hybrid funds.
- Management viewed the moderation in direct share as temporary, partly reflecting HNI exits. Distributor communication remains focused on hybrid, multi-asset and fixed income products, alongside SIP continuity.
- ETF QAAUM grew to ₹2.5 lakh crore (+36% YoY, +2% QoQ), with market share at 21.1% (+135 bps YoY, -23 bps QoQ) and ~45% share of industry ETF folios/volumes. Gold + Silver ETF closing AUM stood at ₹88,200 crore (+6.6% QoQ), with softer volumes attributed to moderation in commodity flows and equity market volatility.

Financial Performance

- Operating revenue stood at ₹796 crore (+21% YoY, +4% QoQ), while operating expense were ₹272 crore (+14% YoY, flat QoQ). Core operating profit reached

a record ₹523 crore (+25% YoY, +6% QoQ), while other income declined to ₹23 crore from ₹170 crore in Q1FY27.

- Profit before exceptional items and tax stood at ₹547 crore (+20% YoY, -18% QoQ). PAT declined to ₹324 crore (-6% YoY, -36% QoQ), impacted by an exceptional charge of ~₹97 crore relating to the SEBI settlement on past investment by certain NIMF schemes in Yes Bank AT1 bonds.
- The ~₹96.8 crore settlement included ₹89.1 crore towards reversal of management fees including interest and ~₹7.7 crore towards regulatory cost. No provision had been held earlier; the full amount was expensed in Q2FY27. Further communication from SEBI is awaited.
- Blended yield declined to 37 bps from 38 bps in Q1FY27, with equity yield at 52 bps versus 54 bps; debt, liquid and ETF yields were broadly unchanged at ~25 bps, ~12 bps and ~25 bps, respectively. Management attributed the decline to telescopic pricing as equity AUM scaled up and changes in scheme mix.
- Overall opex growth guidance of 18-20% was maintained. Management expects the core MF AMC cost base to remain broadly flat, with incremental cost largely from AIF expansion over the next 3-6 quarters.
- ESOP expense stood at ~₹28 crore in H1FY27 and is guided at ~₹58 crore for FY27. The board declared an interim dividend of ₹9.5 per share).

Others

- AIF cumulative commitments stood at ₹9,980 crore (+14% YoY), with ₹400 crore raised in Q2. Fundraising remains underway across listed equity, private credit and direct VC.
- Undiscovered India Opportunity Fund 2 was launched during the quarter, while Credit Opportunities AIF Scheme 2 was 55% drawn after its third capital call.
- Offshore managed AUM declined to ₹13,500 crore from ₹14,700 crore in Q1FY27, while advisory AUM stood at ₹1,500 crore. Management attributed the decline to rupee depreciation, weaker FPI flows and global/West Asia-related uncertainty.
- GIFT City AUM declined to ~\$45 million (~₹430 crore) from ~\$48 million in Q1FY27. Management is evaluating additional GIFT City feeder structures and an outbound fund with a strategic partner.
- SIF launch awaits SEBI clearance, with the team led by Andrew Holland having worked on the product for ~1 year.
- Management views SEBI's newly permitted MF-only PMS as positive, particularly for established AMCs and ETF leaders. Restrictions on commodity FoFs are not expected to materially impact the underlying ETF business

Exhibit 1: Variance Analysis

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
Revenue from Operations	795.8	658.1	21%	766.9	4%	Revenue growth aided by increase in overall and equity QAAUM
Revenue/AUM	0.40	0.40	0.3bps	0.41	-0.4bps	
Other Income	23.1	36.6	-36.8	170.2	-86.4	Other income declined amid lower MTM income
Net Total Income	818.9	694.7	18%	937.1	-13%	
Staff Cost	138.8	123.3	13%	138.8	0%	
Other Operating Expenses	133.5	115.9	15%	133.8	0%	Increased other expenses (investment in technology/digital/brand)
Total Expenses	272.3	239.2	14%	272.6	0%	
PBT	449.8	455.5	-1%	664.5	-32%	
Tax Outgo	125.7	111.3	13%	161.4	-22%	
PAT	324.1	344.3	-6%	503.1	-36%	Impacted by lower other income and ~₹97 crore exceptional charge
MF- QAAUM	787100	656500	20%	751500	5%	Market share grew to 9.02% (+51 bps YoY, broadly flattish QoQ)

Financial summary

Exhibit 2: Profit and loss statement

₹ crore

(₹ crores)	FY25	FY26	FY27E	FY28E
Revenue from Operations	2,231	2,709	3,068	3,578
Growth (%)	35.8%	21.4%	13.3%	16.6%
Other Income	290	224	265	315
Total Revenue	2,521	2,933	3,333	3,892
Employee Benefit Expenses	429	505	578	662
Dep & Amortization Expense	31	40	44	47
Other Expenses (incl fees)	288	415	541	606
Total Expenses	748	961	1,163	1,315
Profit Before Tax	1,773	1,972	2,170	2,577
Taxes	409	444	522	620
Profit After Tax	1,364	1,528	1,648	1,957
EPS (₹)	20	23	26	31

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	25.8	30.7
DPS	18.0	20.2	23.1	27.4
BVPS	66.5	73.0	75.7	78.9
P/E	54.5	48.9	35.7	30.1
P/BV	16.6	15.1	12.2	11.7
Operating Ratios (%)				
Rev/AUM	0.40	0.37	0.36	0.36
EBITDA/AUM	0.25	0.23	0.22	0.23
PAT/AUM	0.23	0.20	0.19	0.20
Return Ratios (%)				
RoNW	33.3	34.4	34.7	39.7
NAV per equity share	66.5	73.0	75.7	78.9

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	4194	4400
Total Equity	4222	4659	4832	5038
Trade payables	59	96	110	126
Others	398	438	486	539
Total Liabilities	4679	5192	5428	5703
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	3940	4146
Receivables	71	79	91	105
Others	129	107	119	132
Total Assets	4679	5192	5428	5703

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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