

# Nippon Life India Asset Management | BUY

## PAT beat led by strong MTM gains, controlled opex

NAM reported strong, largely in line results – operating PBT of INR 3.8bn was a 1% beat on JMFe, as controlled opex (-3% JMFe) countered a revenue miss of 1%. With Other Income of INR 1.46bn (+544% QoQ, +12% YoY, +12% JMFe), PAT of INR 4.0bn was 2% above JMFe. Standalone yields (calc.) stood at 0.37% of QAAUM, -1bp QoQ, a result of telescopic pricing and a fall in equity share in QAAUM by 60bps QoQ to 47.6%. Further, NAM has refrained from reducing distributor commissions in last two quarters, after it had rationalised payouts on 45% of its AUM by 3Q last year. Opex was a positive surprise (3% below JMFe) even though the company booked INR 110mn in ESOP costs for the quarter. Strong equity MTM in 1Q provides a base for strong revenues – we raise our FY26/FY27/FY28e EPS by 9%/6%/5%, led by topline expansion. As the company is gaining market share and strongly building its presence beyond the mutual funds space, we continue to prefer NAM in the AMC space. With a 6% FY27e EPS upgrade, we raise our Target Price to INR 930 (from INR 730 earlier), valuing the company at 32x FY27e (against 26x earlier) EPS of INR 29. We maintain BUY.

- **Revenue yields fall 1bp QoQ as a result of telescopic pricing and rise in non-equity schemes:** Standalone yields (calc.) stood at 0.37% of QAAUM, -1bp QoQ, a result of telescopic pricing and stronger gains in non-equity schemes vis-à-vis equity, on a QAAUM basis. While equity QAAUM grew by a strong 8.5% QoQ, other scheme categories outperformed equity, contributing to the fall in blended yields. Strong Other Income of INR 1.46bn (+544% QoQ, +12% YoY, +12% JMFe) builds expectation of revenue growth in 2Q and FY26e, as closing equity AUM was 6.5% ahead of QAAUM. The company had a 10%+ market share in SIP and net equity inflows, against 7.1% book market share in equity in June MAAUM.
- **Controlled costs despite booking INR 110mn in ESOP costs:** Employee expenses rose (11% QoQ, 17% YoY) to INR 1.23bn, however, it was still below JMFe as mgmt. had guided for INR 450-500mn of ESOP costs in FY26. Mgmt. maintained its guidance on ESOP costs for FY26/27e – of INR 480mn for FY26 and INR 240mn for FY27e. Other expenses also grew strongly with total opex up (8% QoQ, 16% YoY) as the company is expanding its distribution, building a presence in SIF and expanding AIF offerings.
- **Valuations and view - Prefer NAM in the AMC space:** At CMP, the stock trades at 33x/27x FY26e/FY27e EPS. For the mutual fund industry, despite the strong appreciation in equity markets, inflows remain below the levels seen in CY24. This is also preventing the company from rationalising distributor commissions further, as it attempts to keep gaining market share. Further, building its presence in SIF and AIF space will support yields going forward. Led by a 6% FY27e EPS upgrade, we raise our Target Price to INR 930 (from INR 730 earlier), valuing the company at 32x FY27e (against 26x earlier) EPS of INR 29. We maintain BUY.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	930
Upside/(Downside)	17.3%
Previous Price Target	730
Change	27.4%

### Key Data – NAM IN

Current Market Price	INR793
Market cap (bn)	INR504.1/US\$5.8
Free Float	23%
Shares in issue (mn)	612.0
Diluted share (mn)	
3-mon avg daily val (mn)	INR756.7/US\$8.7
52-week range	878/456
Sensex/Nifty	80,891/24,681
INR/US\$	86.7

### Price Performance

%	1M	6M	12M
Absolute	1.2	39.3	21.6
Relative*	5.2	31.8	22.3

\* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Mutual Fund AUM (INR bn)	4,313	5,545	6,924	8,453	10,291
YoY growth (%)	50%	29%	25%	22%	22%
% of equity MF AUM (closing basis)	49%	48%	51%	52%	54%
Consol. Revenues (INR mn)	20,373	25,207	29,376	34,189	41,058
Total operating expenses (INR mn)	6,849	8,264	9,271	9,862	10,978
Consol. PAT (INR mn)	11,063	12,857	15,381	18,610	23,011
YoY growth (%)	53%	16%	20%	21%	24%
Consol PAT / Avg. AUM (RoAUM) (%)	0.30%	0.24%	0.25%	0.24%	0.25%
RoE (%)	29.5%	31.4%	35.1%	38.3%	41.2%
EPS (INR)	17.6	20.3	24.2	29.3	36.3
P/E (x)	36.2	31.4	26.2	21.7	17.5

Source: Company data, JM Financial. Note: Valuations as of 28/Apr/2025

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Key concall takeaways:**■ **Revenue yields and market share:**

- Blended yields at 36bps (vs. 37bps in 4Q25)
- Equity ~55bps (~58 bps in 4Q)
- Debt ~25bps (same as 4Q)
- Liquid ~12bps (against 10-12bps in 4Q)
- Passive ~17bps (vs. 15 bps in 4Q)
- Yields decline was mainly due to the telescopic pricing.
- Yields on the ETF side have gone up due to changes in the composition of various ETF funds. Funds with higher expense ratios grew more than the plain vanilla products.
- MF QAAUM Market share stood at 8.49%, highest since Jun '19 (vs. 8.26% in Mar-25). Equity market share stood at 7.04%(+12bps QoQ).

■ **Guidance on ESOP costs**

- ESOPs for the quarter stood at INR110mn (70mn + 40mn for the new segment). For full year basis ESOP guidance remains unchanged at INR460mn.
- ESOPs for FY27 is guided to be around INR260-270mn

■ **Systematic flows**

- Flows across funds have been more or less consistent as per management. As per management, a primarily strong SIP book that cuts across categories helped in consistent flows across the categories. Also, 75% of the SIPs are less than INR10k which high portrays high level of granularity.
- Management also highlighted that with regard to flows, 1Q26 flows has been better than 4Q25 flows and growth was in the lower double digit range. Equity net flows growth was on the higher side compared to overall net flows.
- In the SIP book clean-up exercise that was carried out under the aegis of AMFI in Mar-Apr, mgmt.. observed that the discontinuation percentage was much lower for NAM compared to the industry.
- SIP book stood at INR 3.3bn per month for NAM, implying INR 40bn annualised.
- SIP market share stood at 10.07%.

■ **Non-MF business and product expansion**

- AIF cumulative commitment stood at INR81bn (+25% YoY). In 1Q26, the company raised ~INR7bn (highest quarterly fundraise) in AIF commitments.
- Launched a real estate scheme Nippon India Yield Maximize Optimizer with INR3bn of commitment raised. Fundraising is currently underway for two listed equity AIFs, performing credit, AIF residential RE fund, and direct VC fund.
- Future product pipeline includes Nippon India Digital Innovation Fund, a follow-on VC fund of fund for repeat Japanese investors and Nippon India Sharp Equity Fund, a long-short equity fund.
- The firm is planning to open a couple of funds in SIF,
  - Already built a great team, led by Mr. Andrew Holland;
  - The firm expects SIF to be an integral part of its strategy

**Exhibit 1. NAM 1Q26 – Key quarterly trends (consolidated)**

Consolidated P&L (INR mn)	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)	1Q26e	Var (%)
<b>Revenue from operations</b>	5,050	5,665	6,066	7.1%	20.1%	6,119	-0.9%
Employee benefits expense	1,051	1,105	1,226	11.0%	16.7%	1,271	-3.5%
Marketing & publicity expense	179	159	186	17.3%	4.0%	192	-3.2%
Other operating expenses	740	854	875	2.4%	18.2%	913	-4.3%
<b>Total expenses</b>	<b>1,970</b>	<b>2,118</b>	<b>2,287</b>	<b>8.0%</b>	<b>16.1%</b>	<b>2,376</b>	<b>-3.8%</b>
<b>Operating PBT</b>	<b>3,080</b>	<b>3,548</b>	<b>3,779</b>	<b>6.5%</b>	<b>22.7%</b>	<b>3,742</b>	<b>1.0%</b>
Other income	1,308	230	1,460	533.7%	11.6%	1,300	12.3%
PBT	4,388	3,778	5,239	38.7%	19.4%	5,042	3.9%
<b>PAT</b>	<b>3,320</b>	<b>2,980</b>	<b>3,952</b>	<b>32.6%</b>	<b>19.0%</b>	<b>3,880</b>	<b>1.9%</b>

QAAUM (INR bn)	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
Equity	2,358	2,686	2,915	8.5%	23.6%
Debt	423	519	564	8.8%	33.4%
Liquid	645	670	737	9.9%	14.3%
Other	1,412	1,697	1,911	12.6%	35.4%
<b>Overall</b>	<b>4,838</b>	<b>5,572</b>	<b>6,127</b>	<b>10.0%</b>	<b>26.7%</b>

Dupont analysis	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.42%</b>	<b>0.407%</b>	<b>0.396%</b>	-0.01%	-0.02%
Employee exp / QAAUM(%)	0.09%	0.08%	0.08%	0.00%	-0.01%
Marketing & publicity exp / QAAUM(%)	0.01%	0.01%	0.01%	0.00%	0.00%
Total cost / QAAUM (%)	0.16%	0.15%	0.15%	0.00%	-0.01%
<b>Operating PBT / QAAUM(%)</b>	<b>0.25%</b>	<b>0.25%</b>	<b>0.25%</b>	<b>-0.01%</b>	<b>-0.01%</b>
Other income / QAAUM(%)	0.11%	0.02%	0.10%	0.08%	-0.01%
PBT / QAAUM (%)	0.36%	0.27%	0.34%	0.07%	-0.02%
<b>PAT / QAAUM(%)</b>	<b>0.27%</b>	<b>0.21%</b>	<b>0.26%</b>	0.04%	-0.02%

Source: Company, JM Financial

**Exhibit 2. We raise our EPS estimates for FY27e by 6%, valuing the company at 32x FY27e (against 26x earlier) EPS of INR 29**

Change in estimate	FY26E, Old	FY26E, New	Change	YoY	FY27E, Old	FY27E, New	Change	YoY	FY28E, Old	FY28E, New	Change	YoY
Revenue	27,777	29,376	5.8%	16.5%	32,992	34,189	3.6%	16.4%	39,840	41,058	3.1%	20.1%
Operating PBT	15,767	17,765	12.7%	26.5%	20,220	21,401	5.8%	20.5%	25,557	26,806	4.9%	25.3%
PAT	14,122	15,381	8.9%	19.6%	17,591	18,610	5.8%	21.0%	21,932	23,011	4.9%	23.7%

Source: Company, JM Financial

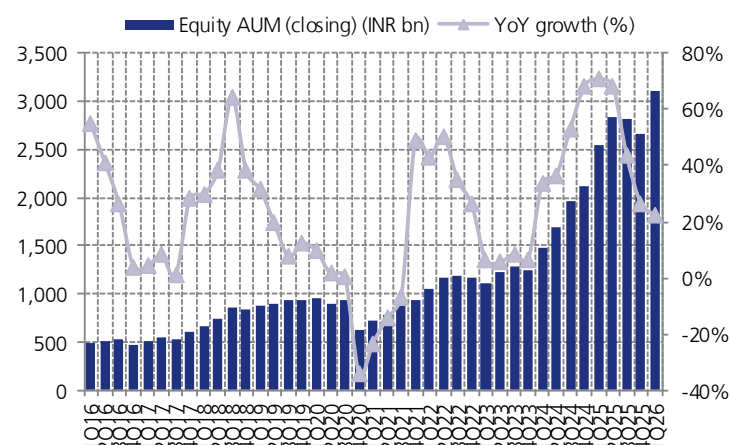
**Exhibit 3. NAM 1Q26 – Key quarterly trends (standalone)**

Standalone P&L (INR mn)	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
<b>Revenue from operations</b>	4,663	5,265	5,635	7.0%	20.9%
Employee benefits expense	927	943	1,053	11.7%	13.6%
Marketing & publicity expense	18	7	18	147.9%	-0.5%
Other operating expenses	706	828	821	-0.8%	16.4%
<b>Total expenses</b>	<b>1,651</b>	<b>1,778</b>	<b>1,892</b>	<b>6.4%</b>	<b>14.6%</b>
<b>Operating PB</b>	<b>3,012</b>	<b>3,487</b>	<b>3,743</b>	<b>7.4%</b>	<b>24.3%</b>
Other income	1,193	256	1,360	431.6%	14.0%
PBT	4,205	3,743	5,103	36.3%	21.4%
<b>PAT</b>	<b>3,166</b>	<b>2,958</b>	<b>3,853</b>	<b>30.3%</b>	<b>21.7%</b>

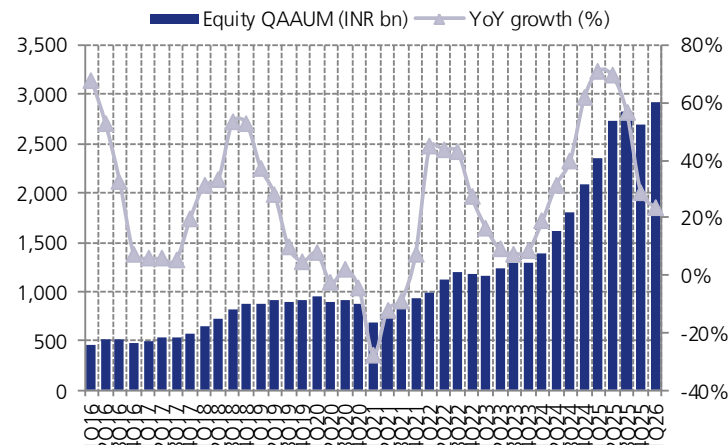
QAAUM (INR bn)	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
Equity	2,358	2,686	2,915	8.5%	23.6%
Debt	423	519	564	8.8%	33.4%
Liquid	645	670	737	9.9%	14.3%
Other	1,412	1,697	1,911	12.6%	35.4%
<b>Overall</b>	<b>4,838</b>	<b>5,572</b>	<b>6,127</b>	<b>10.0%</b>	<b>26.7%</b>

Dupont analysis	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
<b>Revenue / QAAUM (%)</b>	<b>0.386%</b>	<b>0.378%</b>	<b>0.368%</b>	-0.01%	-0.02%
Employee exp / QAAUM(%)	0.08%	0.07%	0.07%	0.00%	-0.01%
Marketing & publicity exp / QAAUM(%)	0.00%	0.00%	0.00%	0.00%	0.00%
Total cost / QAAUM (%)	0.14%	0.13%	0.12%	0.00%	-0.01%
<b>Operating PBT / QAAUM(%)</b>	<b>0.25%</b>	<b>0.25%</b>	<b>0.24%</b>	<b>-0.01%</b>	<b>0.00%</b>
Other income / QAAUM(%)	0.10%	0.02%	0.09%	0.07%	-0.01%
PBT / QAAUM (%)	0.35%	0.27%	0.33%	0.06%	-0.01%
<b>PAT / QAAUM(%)</b>	<b>0.26%</b>	<b>0.21%</b>	<b>0.25%</b>	<b>0.04%</b>	<b>-0.01%</b>

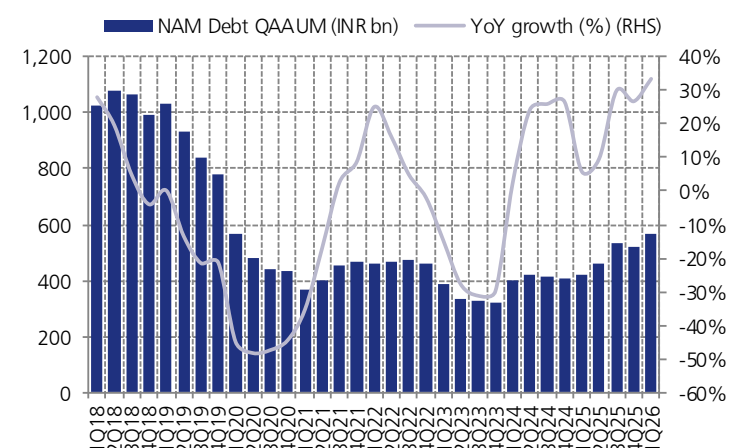
Source: Company, JM Financial

**Exhibit 4. Equity AUM closed +22% YoY, +16% QoQ**

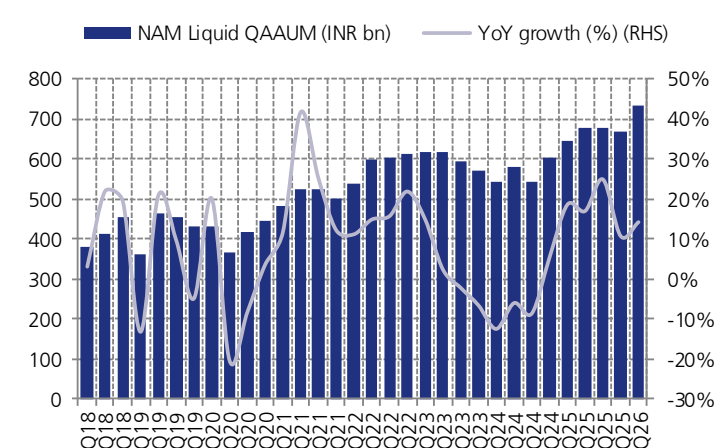
Source: Company, JM Financial

**Exhibit 5. Equity QAAUM grew +24% YoY, +9% QoQ**

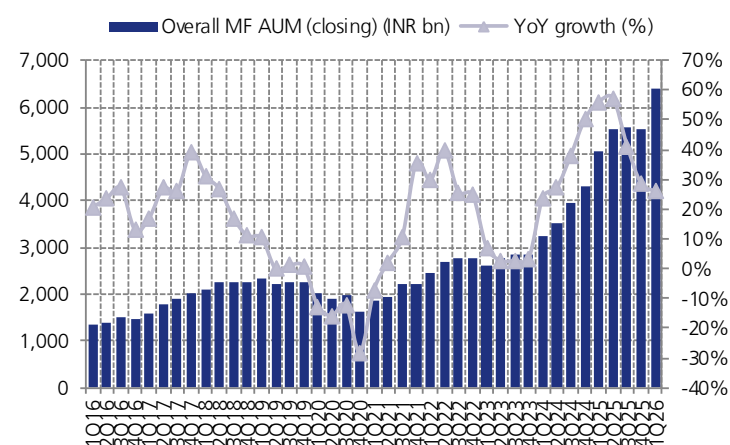
Source: Company, JM Financial

**Exhibit 6. Debt QAAUM grew +33% YoY, +9% QoQ**

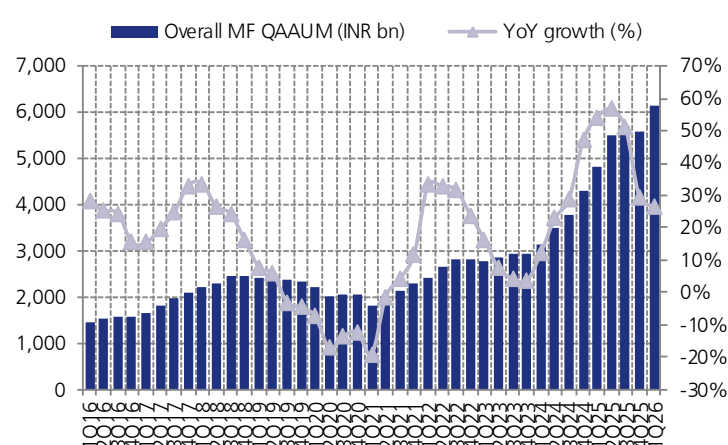
Source: Company, JM Financial

**Exhibit 7. Liquid QAAUM grew +14% YoY, +10% QoQ**

Source: Company, JM Financial

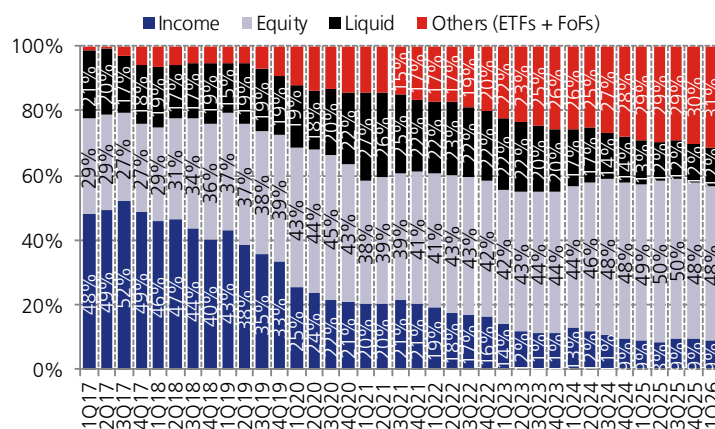
**Exhibit 8. Overall MF AUM closed +26% YoY, +15% QoQ**

Source: Company, JM Financial

**Exhibit 9. Overall MF QAAUM grew +27% YoY, +10% QoQ**

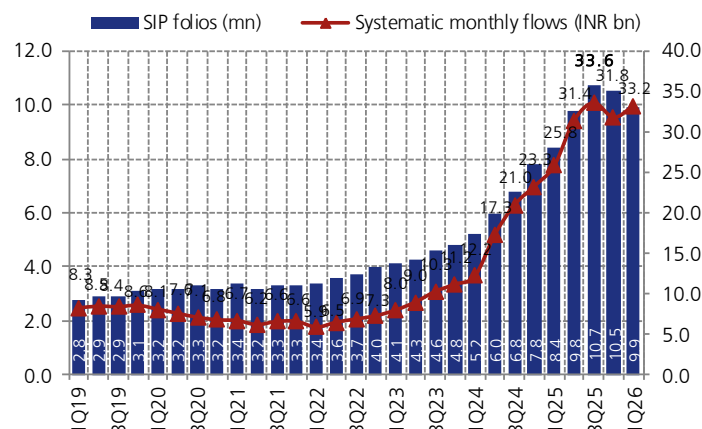
Source: Company, JM Financial

Exhibit 10. Equity share of AUM was flat sequentially



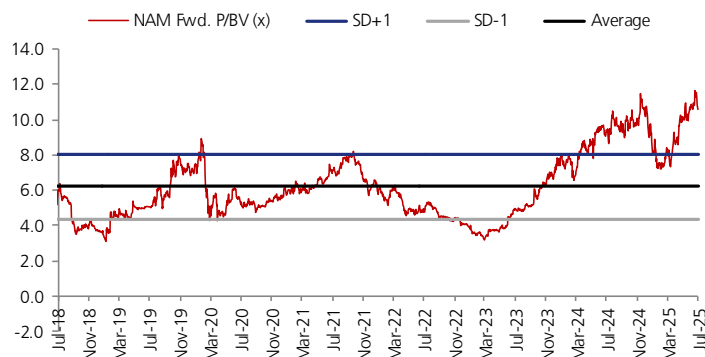
Source: Company, JM Financial

Exhibit 11. SIP inflows picked up again in 1Q; SIP folios moderated



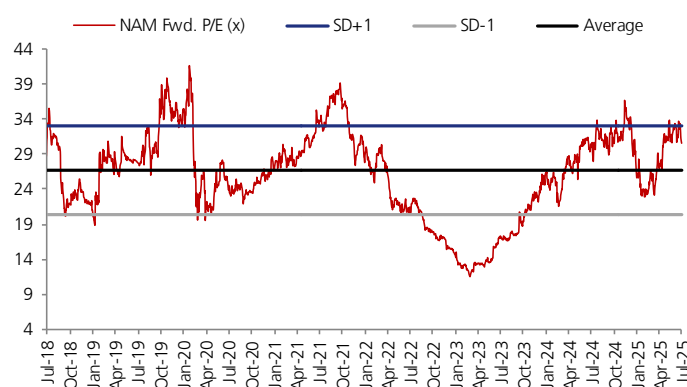
Source: Company, JM Financial

Exhibit 12. NAM: Stock is trading above its historical mean P/Bx



Source: Bloomberg, JM Financial

Exhibit 13. NAM: Stock is trading above its historical mean P/E



Source: Bloomberg, JM Financial

## Financial Tables (Consolidated)

## Income Statement (INR mn)

	FY24A	FY25A	FY26E	FY27E	FY28E
Invst. Mgmt. Fees	16,133	22,000	26,593	30,753	36,551
PMS Fees	299	307	443	510	1,234
<b>Investment Management fees</b>	<b>16,432</b>	<b>22,307</b>	<b>27,036</b>	<b>31,263</b>	<b>37,784</b>
Total Other income	3,941	2,900	2,340	2,926	3,274
<b>Total Revenue</b>	<b>20,373</b>	<b>25,207</b>	<b>29,376</b>	<b>34,189</b>	<b>41,058</b>
Employee costs	3,360	4,290	4,886	5,081	5,542
Admin & Other expenses	2,039	2,369	2,637	2,901	3,336
Mktg & publicity expenses	1,158	1,299	1,415	1,517	1,704
<b>Total Operating Expenses</b>	<b>6,557</b>	<b>7,958</b>	<b>8,937</b>	<b>9,499</b>	<b>10,582</b>
Diminution in LT investments	291	306	334	364	396
<b>Total Expenditure</b>	<b>6,849</b>	<b>8,264</b>	<b>9,271</b>	<b>9,862</b>	<b>10,978</b>
<b>PBT</b>	<b>13,525</b>	<b>16,943</b>	<b>20,105</b>	<b>24,326</b>	<b>30,080</b>
Tax	(2,462)	(4,086)	(4,725)	(5,717)	(7,069)
<b>PAT (Pre-Extraordinaries)</b>	<b>11,063</b>	<b>12,857</b>	<b>15,381</b>	<b>18,610</b>	<b>23,011</b>
Less: Share of Minority SHs	11	7	-	-	-
<b>Reported Profit (PAT)</b>	<b>11,073</b>	<b>12,864</b>	<b>15,381</b>	<b>18,610</b>	<b>23,011</b>

Source: Company, JM Financial

## Balance Sheet (INR mn)

	FY24A	FY25A	FY26E	FY27E	FY28E
Share capital	6,300	6,347	6,347	6,347	6,347
Reserves & Surplus	33,522	35,782	39,148	45,453	53,576
<b>Networth</b>	<b>39,822</b>	<b>42,129</b>	<b>45,495</b>	<b>51,800</b>	<b>59,923</b>
Preference shares	-	-	-	-	-
Minority interest	-	-	-	-	-
Current Liabilities	2,951	3,067	3,374	3,712	4,083
Provisions	84	121	152	190	237
<b>Total Liabilities</b>	<b>42,857</b>	<b>45,318</b>	<b>49,020</b>	<b>55,701</b>	<b>64,243</b>
Net Fixed Assets	3,328	8,537	9,391	10,330	11,363
Non Current investments	35,127	33,238	31,931	35,458	40,337
<b>Total Non-current assets</b>	<b>38,847</b>	<b>41,732</b>	<b>41,103</b>	<b>45,402</b>	<b>51,153</b>
Total Current investments	-	-	-	-	-
<b>Total Current Assets</b>	<b>4,009</b>	<b>3,586</b>	<b>7,917</b>	<b>10,299</b>	<b>13,090</b>
<b>Total Assets</b>	<b>42,857</b>	<b>45,318</b>	<b>49,020</b>	<b>55,701</b>	<b>64,243</b>

Source: Company, JM Financial

Source: Company, JM Financial

## Mutual Fund AUM Mix (%)

Based on closing AUM	FY24A	FY25A	FY26E	FY27E	FY28E
Equity	49%	48%	51%	52%	54%
Debt	9%	9%	8%	7%	7%
Liquid	12%	10%	8%	7%	6%
Others	30%	33%	32%	33%	33%
<b>Total AUM</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company, JM Financial

## Growth ratios (YoY %)

	FY24A	FY25A	FY26E	FY27E	FY28E
Inv mgmt fees	21.7%	35.8%	21.2%	15.6%	20.9%
Other income	136.3%	-26.4%	-19.3%	25.0%	11.9%
<b>Revenue</b>	<b>34.3%</b>	<b>23.7%</b>	<b>16.5%</b>	<b>16.4%</b>	<b>20.1%</b>
Employee cost	11.9%	27.7%	13.9%	4.0%	9.1%
Admin & other exp	19.3%	16.2%	11.3%	10.0%	15.0%
Marketing & publicity exp	31.9%	12.2%	8.9%	7.3%	12.3%
Total operating exp	17.3%	21.4%	12.3%	6.3%	11.4%
<b>PBT</b>	<b>45.6%</b>	<b>25.3%</b>	<b>18.7%</b>	<b>21.0%</b>	<b>23.7%</b>
Tax	20.2%	65.9%	15.6%	21.0%	23.7%
<b>PAT</b>	<b>52.8%</b>	<b>16.2%</b>	<b>19.6%</b>	<b>21.0%</b>	<b>23.7%</b>
Total Assets	13.1%	5.7%	8.2%	13.6%	15.3%
Equity AUM	68.4%	26.5%	32.2%	25.5%	24.9%
Debt AUM	7.8%	25.6%	13.5%	10.0%	9.6%
Liquid AUM	10.1%	11.0%	5.0%	6.2%	6.2%
Other AUM	65.3%	39.7%	23.4%	24.0%	23.0%
<b>Total AUM</b>	<b>50.4%</b>	<b>28.5%</b>	<b>24.9%</b>	<b>22.1%</b>	<b>21.8%</b>

Source: Company, JM Financial

## Valuation

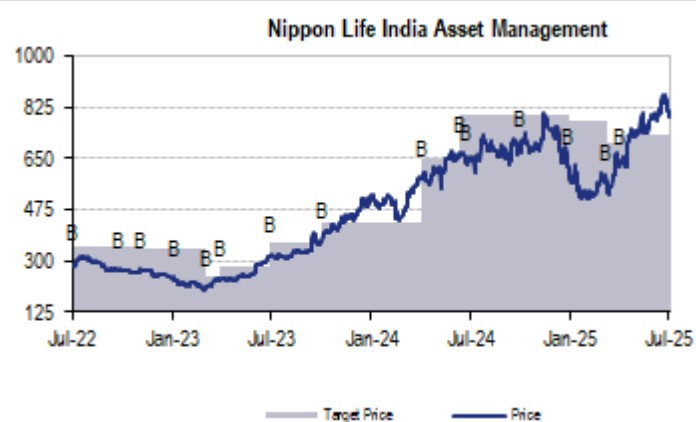
	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in issue (mn)	630.0	634.7	634.7	634.7	634.7
<b>EPS (INR)</b>	<b>17.6</b>	<b>20.3</b>	<b>24.2</b>	<b>29.3</b>	<b>36.3</b>
EPS (YoY)(%)	51%	15%	20%	21%	24%
<b>PER (x)</b>	<b>45.2</b>	<b>39.2</b>	<b>32.7</b>	<b>27.1</b>	<b>21.9</b>
BV (INR)	63.2	66.4	71.7	81.6	94.4
BV (YoY)	12.1%	5.0%	8.0%	13.9%	15.7%
P/BV (x)	12.6	12.0	11.1	9.7	8.4
DPS (INR)	12.9	18.9	19.4	23.5	29.0
Div. yield (%)	1.6%	2.4%	2.4%	3.0%	3.7%

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
28-Apr-21	Buy	350	
31-Aug-21	Hold	435	24.3
15-Dec-21	Buy	435	0.0
27-Jan-22	Buy	435	0.0
26-Apr-22	Buy	435	0.0
28-Jul-22	Buy	350	-19.5
19-Oct-22	Buy	350	0.0
29-Nov-22	Buy	340	-2.9
30-Jan-23	Buy	340	0.0
29-Mar-23	Buy	250	-26.5
26-Apr-23	Buy	280	12.0
27-Jul-23	Buy	365	30.4
30-Oct-23	Buy	430	17.8
28-Apr-24	Buy	650	51.2
9-Jul-24	Buy	800	23.1
21-Jul-24	Buy	800	0.0
25-Oct-24	Buy	800	0.0
24-Jan-25	Buy	777	-2.9
4-Apr-25	Buy	700	-9.9
29-Apr-25	Buy	730	4.3

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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