

In-line Quarter; Strong SIP Franchise to Support Steady Growth

Est. Vs. Actual for Q2FY27: Revenue – **INLINE**; Operating Profit – **INLINE**; PAT – **MISS**
Changes in Estimates post Q2FY27

FY27E/FY28E/FY29E (%): Revenues -1.3/-0.7/0.3; Op. Profit -2.1/-2.0/-1.3; PAT -8.2/-2.3/-1.1

Recommendation Rationale

- **Yield Compression Reflects Telescopic Pricing:** NAM reported a blended yield of 37bps in Q2FY27, with equity yields at 52bps (down 2bps QoQ), debt at 25bps, liquid funds at 12bps, and ETFs at 25bps. The sequential moderation in yields, particularly in equity, was primarily attributable to telescopic pricing as AUM expanded and incremental flows accrued across the franchise. The management clarified that the regulatory changes in distributor-related pricing had already been reflected in Q1, with no additional impact in Q2.
- **Net Flows Remain Resilient Despite Market Volatility; Strong SIP Franchise Lends Support:** Despite market volatility and a moderation in industry-wide flows, NAM indicated that its net inflows remained broadly stable in Q2, with equity (ex-index and arbitrage) net-sales market share continuing at high single-digit levels. The management highlighted that incremental flows have been well-distributed across categories, including large, mid, small, multi-cap and hybrid funds. While continued market weakness has weighed on investor sentiment, the industry has witnessed higher outflows from large cap funds among HNIs. However, NAM's large cap funds have not recorded negative net sales. NAM attributed this resilience to its diversified product portfolio and sizeable SIP franchise, which have helped it navigate market volatility. **The management further highlighted that NAM continues to garner ~Rs 3,200 Cr in systematic inflows each month, supported by a fragmented retail investor base and deeper geographic penetration.**
- **Customer Additions Moderate Amid Industry Slowdown and Deliberately Lower NFO Launches:** The pace of incremental customer additions moderated in Q2, reflecting broader industry trends and NAM's deliberate restraint on NFO launches. The management acknowledged that investor growth across the mutual fund industry has flattened amid market volatility, with SIP growth and incremental investor acquisition also showing signs of moderation. The absence of new NFO launches by NAM was another factor contributing to slower customer additions. NAM has consciously avoided launching products without an established track record in a volatile market, prioritising investor suitability and long-term outcomes over near-term customer acquisition. **Despite this moderation, NAM crossed 40 Mn folios and approximately 2.5 Cr unique customers, accounting for 37.0% of the industry's unique customer base, as of Sep'26.**

Sector Outlook: Positive

Company Outlook: NAM's strong market positioning, diversified product portfolio, and leadership in ETFs provide a solid foundation for sustaining growth, despite moderation in industry flows and temporary headwinds in customer additions. The company's sizeable SIP franchise and broad retail reach provide resilience through market volatility, while continued market share gains reflect the strength of its diversified distribution capabilities. The upcoming SIF launch offers an incremental growth opportunity. Overall, NAM remains well-positioned to capitalise on the structural growth of India's MF industry, with MF QAAUM, revenue and earnings expected to deliver CAGRs of 20.0%, 17.0% and 17.0%, respectively, over FY26-29E, supported by (i) diversified product offerings, (ii) improving market share across segments and (iii) a strong SIP franchise.

Current Valuation: 33x Sep'28E EPS; Earlier Valuation: 39x FY28E EPS

Current TP: Rs 1,175/share; Earlier TP: Rs 1,325/share

Recommendation: We maintain our **BUY** recommendation on the stock

Financial Performance

- **Operational Performance:** NAM reported a MF QAAUM growth of +20/5% YoY/QoQ. MF QAAUM market share improved by 51/-1bps YoY/QoQ to stand at 9.02%. The share of Equity AUMs (+20/7% QoQ) improved to 49.9% vs 48.9% QoQ, supporting yields. Equity AUM market share improved by +27/+2bps YoY/QoQ to 7.4%. SIP Inflows grew by 4/1% YoY/QoQ to stand at Rs 111.4 Bn. SIP portfolio grew by 15/1% YoY/QoQ. Managed Accounts AUM grew by +11/3% YoY/QoQ. Offshore business AUM de-grew by 16/8% YoY/QoQ. Total AUM stood at Rs 9.01 Tn. (+18/4% YoY/QoQ).
- **Financial Performance:** Core operating revenue growth was in line with our expectations and grew by 21/4% YoY/QoQ, with yields (calc.) remaining steady QoQ at 36bps. However, weak other income dented overall revenue growth, which stood at 18/-13% YoY/QoQ. Opex growth was contained at 13% YoY/flat QoQ. Operating profit growth was healthy at 25/6% YoY/QoQ. Operating profit margin (calc.) stood at 67.5% vs 65.3/66.2% YoY/QoQ. PAT de-grew by 6/36% YoY/QoQ. Earnings were impacted due to an exceptional item of Rs 96.8 Cr towards settlement related to Yes Bank AT1 Bonds.

Valuation & Recommendation

We value the stock at 33x Sep'28E EPS vs its current valuation of ~28x Sep'28E to arrive at a revised target price of Rs 1,175/share, implying an upside of 20% from the CMP. **We maintain our BUY recommendation on the stock.**

Key Financials (Consolidated)

(Rs Cr)	Q2FY27	QoQ (%)	YoY (%)	Axis Est.	Variance
MF QAAUM (Rs Bn)	7,871	4.7	19.9	7870.5	0.0
Revenue	819	-12.6	17.9	827.1	-1.0
Operating Profit	537	5.8	25.1	527.3	1.9
Operating Profit Margin (%)	67.5%	130 bps	230 bps	66.2%	135 bps
PAT	325	-35.6	-5.8	411.9	-21.2

Source: Company, Axis Securities Research

(CMP as of 22nd October, 2026)

CMP (Rs)	976
Upside /Downside (%)	20%
High/Low (Rs)	1,269/756
Market cap (Cr)	62,468
Avg. daily vol. (6M) Shrs.	11,26,981
No. of shares (Cr)	64.0

Shareholding (%)

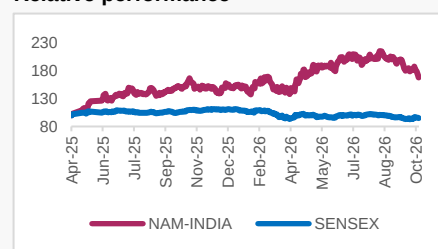
	Mar-26	Jun-26	Sep-26
Promoter	71.9	71.8	71.7
FII's	7.3	7.0	6.9
MFs / UTI	10.0	11.1	11.8
Others	10.8	10.1	9.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY27E	FY28E	FY29E
MF AUM (Rs Bn)	8,562	10,353	12,372
Op. Revenue	3,219	3,754	4,366
Operating Profit	2,141	2,496	2,896
OP Margin (%)	66.5	66.5	66.3
PAT (Rs)	1,722	2,110	2,443
EPS (Rs)	27.0	33.1	38.3
DPS (Rs)	23.7	29.1	33.7
ROE (%)	36.2	42.3	46.4

Change in Estimates (%)

Y/E Mar	FY27E	FY28E	FY29E
Revenue	-1.3	-0.7	0.3
Operating Profit	-2.1	-2.0	-1.3
PAT	-8.2	-2.3	-1.1

Relative performance


Source: Ace Equity, Axis Securities Research

Results Gallery
[Q1FY27](#)
[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)
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Key Highlights

- **ETF Franchise Retains Leadership; Strong Retail Participation and Execution Remain Key Strengths:** NAM continues to maintain its leadership position in the ETF segment, with ETF AUM of ~Rs 2.49 Lc Cr and market share of 21.1%, up 135 bps YoY. The company commands ~45% market share of the ETF folios and volumes. The management attributed the recent moderation in industry trading volumes largely to a slowdown in commodity ETF activity following a particularly strong phase of inflows over the last 12 months. However, NAM indicated that net inflows into its ETF offerings remained healthy and continued to exceed its overall market share, reinforcing its competitive positioning. The management emphasised that the company's low tracking error, competitive impact costs and broad product range remain key differentiators. Gold and Silver ETFs amount to ~32% of the ETF AUM and ~12% of the overall AUM.
- **SIF Launch Remains a Key Medium-Term Opportunity; Execution Awaiting Regulatory Clearance:** NAM is preparing to enter the specialised investment fund (SIF) segment, with management confirming that the launch strategy is under development and subject to receiving the requisite SEBI clearance, and believes it has the requisite investment expertise to introduce two SIF strategies. The management views SIF as an important long-term strategic growth pillar but prefers to wait for regulatory clarity and product differentiation before aggressive deployment.
- **Opex Growth to Remain Controlled; Investments in Technology and Alternatives to Continue:** In Q2, Opex growth was contained at 14% YoY and flat sequentially. However, the management has reiterated its guidance of 18-20% opex growth in FY27 and over the next 12-18 quarters, with investments in technology, digital capabilities, brand building, and people remaining important to ensure sustainable growth. ESOP cost during H1 stood at Rs 28 Cr, and the management has guided for full-year ESOP cost of Rs 58 Cr.
- **Offshore Business Faces External Headwinds; Recovery Hinges on Global Conditions:** NAM's offshore business continues to face a challenging operating environment, with the management attributing weaker flows primarily to rupee depreciation. A recovery, if any, largely hinges on improvement in global macroeconomic conditions and greater currency stability.
- **Yes Bank AT1 Settlement Results in One-time hit on Profitability:** NAM's earnings were impacted due to an exceptional item, wherein the company paid a settlement amount (Rs 7.7 Cr) along with the management fees (Rs 89.1 Cr) it earned from investments made in Yes Bank AT1 Bonds. The total impact on earnings in Q2 was Rs 96.8 Cr. The management indicated that the settlement was pursued considering the time, cost, and uncertainty associated with prolonged legal proceedings and does not expect any further impact of the same on earnings.

Valuation & Recommendation

We broadly maintain our estimates over FY28-29E, with minor tweaks. The one-time charge has resulted in a ~8% cut in our FY27 PAT estimates. We value the stock at 33x Sep'28E EPS vs. its current valuation of ~28x Sep'28E EPS to arrive at a revised target price of Rs 1,175/share, implying an upside of 20% from the CMP. **We maintain our BUY recommendation on the stock.**

Key Risks to Our Estimates and TP

- Slow growth in AUM and pressure on yields would impact our top-line estimates.
- Ongoing global uncertainties, FII outflow, and a weak INR/USD outlook may impact some growth momentum and lead to some volatility.
- The asset management industry is strongly regulated, and regulatory uncertainty would impact our estimates.
- Implementation of the proposed SEBI guidelines may impact our revenue and earnings estimates.

Change in Estimates

(Rs Cr)

	Revised			Old			% Change		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenues	3,219	3,754	4,366	3,260	3,780	4,352	-1.3	-0.7	0.3
Operating Profit	2,141	2,496	2,896	2,186	2,546	2,934	-2.1	-2.0	-1.3
Operating Profit Margin %	66.5	66.5	66.3	67.1	67.3	67.4	-54bps	-86bps	-107bps
PAT	1,722	2,110	2,443	1,876	2,161	2,469	-8.2	-2.3	-1.1

Source: Company, Axis Securities Research

Results Review (Consolidated)

(Rs Cr)

(Rs Cr)	Q2FY27	Q2FY26	% YoY	Q1FY27	% QoQ	H1FY27	H1FY26
Operational Metrics							
QAAUM (Rs Bn)	7,871	6,565	19.9	7,515	4.7	7,871	6,565
Market Share (%)	9.0	8.5	51 bps	9.0	-1 bps	9.0	8.5
Equity AAUM (Rs Bn)	3,927	3,276	19.9	3,675	6.9	3,927	3,276
Debt AAUM (Rs Bn)	929	1,018	-8.7	932	-0.3	929	1,018
Liquid AAUM (Rs Bn)	527	433	21.7	473	11.4	527	433
ETF AAUM (Rs Bn)	2,487	1,838	35.3	2,435	2.1	2,487	1,838
Managed Accounts (Rs Bn)	1,000	904	10.6	975	2.6	1,000	904
Financial Performance							
Revenue from Operations	796	658	20.9	767	3.8	1,563	1,265
Other Income	23	37	-36.8	170	-86.4	193	183
Total Income	819	695	17.9	937	-12.6	1,756	1,447
Total Opex	258	229	13.0	259	-0.3	517	447
Operating Profit	537	430	25.1	508	5.8	1,045	818
Operating Profit Margin (%)	67.5	65.3	227 bps	66.2	100 bps	66.9	64.7
Depreciation	12	9	40.7	12	3.8	24	17
Interest Expense	2	2	-8.9	2	4.5	3	4
EBT	450	456	-1.3	664	-32.3	1,114	979
Tax	126	111	12.9	161	-22.1	287	239
PAT	324	345	-5.9	504	-35.6	827	740

Source: Company, Axis Securities Research

Financials (Consolidated)

AUM Details

(Rs Bn)

Y/E MARCH	FY26	FY27E	FY28E	FY29E
Mutual Fund QAAUM	7,250	8,562	10,353	12,372
YoY %	30.1	18.1	20.9	19.5
-- Equity	3,465	4,208	5,073	6,063
-- Debt	971	1,105	1,315	1,547
-- Liquid	399	454	569	680
-- ETF	2,414	2,796	3,396	4,083

Source: Company, Axis Securities Research

Profit & Loss

(Rs Cr)

Y/E MARCH	FY26	FY27E	FY28E	FY29E
Total Operating Revenue	2,709	3,219	3,754	4,366
Other Income	224	307	339	380
Total Income	2,933	3,526	4,093	4,746
-- Fee and Commission Expense	78	89	106	127
-- Employee Cost	505	586	668	761
-- Other Opex	330	403	484	581
Operating Expenses	914	1,078	1,258	1,470
Operating Profit	1,795	2,141	2,496	2,896
Operating profit Margin %	66.3	66.5	66.5	66.3
Interest Expense	7	6	7	8
Depreciation	40	51	54	56
Exceptional Item	0	97	0	0
PBT	1,972	2,294	2,774	3,212
Tax	444	573	666	771
Profit After Tax	1,529	1,722	2,110	2,443

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY26	FY27E	FY28E	FY29E
LIABILITIES				
Share Capital	638	638	638	638
Reserves	4,021	4,227	4,478	4,768
Total Shareholders' Funds	4,659	4,865	5,116	5,406
Trade Payables	95	105	116	127
Other Liabilities	438	457	482	509
Total Liabilities	5,192	5,427	5,713	6,042
ASSETS				
Net fixed assets	302	316	332	352
Investments	3,767	3,937	4,145	4,384
Other assets	1,123	1,174	1,236	1,307
Total Assets	5,192	5,427	5,713	6,042

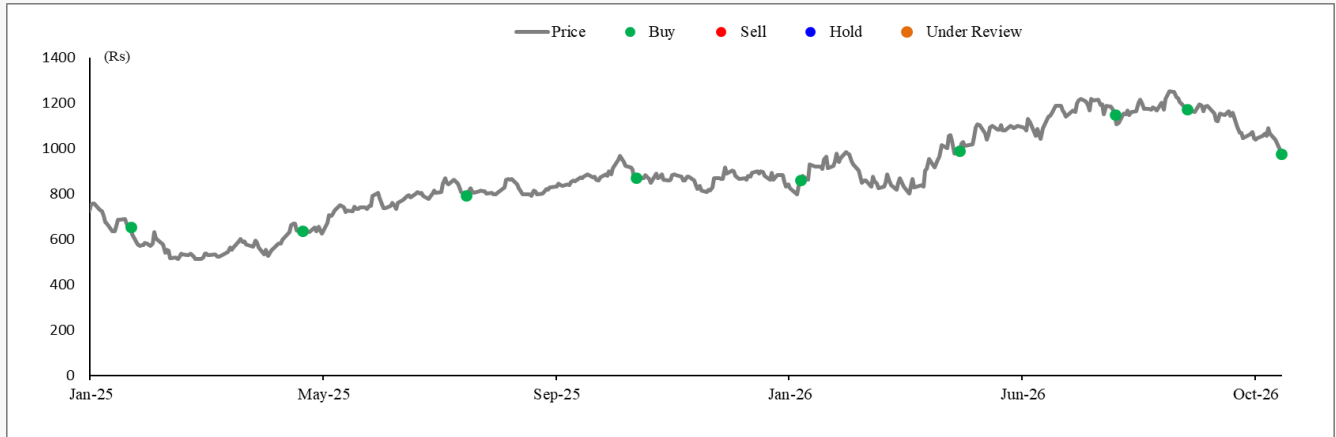
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY26	FY27E	FY28E	FY29E
SPREAD ANALYSIS				
Investment Fee (% of AUM)	0.4	0.4	0.4	0.4
Portfolio Management Fee (% of AUM)	0.0	0.0	0.0	0.0
Blended Revenue Yield (% of AUM)	0.4	0.4	0.4	0.3
Employee Cost (% of AUM)	0.1	0.1	0.1	0.1
Fee and Commission Expense (% of AUM)	0.0	0.0	0.0	0.0
Other Opex (% of AUM)	0.1	0.1	0.1	0.1
Total Opex (% of AUM)	0.1	0.1	0.1	0.1
PBT (% of AUM)	0.3	0.3	0.3	0.3
PAT (% of AUM)	0.2	0.2	0.2	0.2
VALUATION				
BV per share	73.0	76.2	80.2	84.7
<i>Change %</i>	<i>10.0</i>	<i>4.4</i>	<i>5.2</i>	<i>5.7</i>
Price-BV (x)	13.4	12.8	12.2	11.5
EPS (INR)	24.0	27.0	33.1	38.3
<i>Change %</i>	<i>18.3</i>	<i>12.6</i>	<i>22.6</i>	<i>15.8</i>
Price-Earnings (x)	40.7	36.2	29.5	25.5
Dividend Per Share	21.5	23.7	29.1	33.7
<i>Dividend Yield (%)</i>	<i>2.2</i>	<i>2.4</i>	<i>3.0</i>	<i>3.5</i>
RoE (%)	34.5	36.2	42.3	46.4

Source: Company, Axis Securities Research

Nippon Life India AMC Price Chart and Recommendation History



Date	Reco	TP	Research
24-Jan-25	BUY	800	Result Update
29-Apr-25	BUY	750	Result Update
29-Jul-25	BUY	925	Result Update
31-Oct-25	BUY	1,000	Result Update
30-Jan-26	BUY	1,085	Result Update
28-Apr-26	BUY	1,175	Result Update
23-Jul-26	BUY	1,325	Result Update
01-Sep-26	BUY	1,325	Company Update
23-Oct-26	BUY	1,175	Result Update

Source: Axis Securities Research

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SELL	Less than -10%
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