

DALALBYTES RESEARCH

# Nippon Life India Asset Management

## The AMC That Outran Its Parent's Shadow

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India's 4th-largest mutual fund house, the largest non-bank-sponsored AMC, growing faster than every other top-10 AMC in FY26

NSE: NAM-INDIA · BSE: 540767

**October 5, 2026**

Reference: Rs 1,046, NSE close of October 1, 2026 (NSE closed October 2, 2026 for Gandhi Jayanti).

Founding story, segments, flywheel, financials, competition, management, valuation, risks, and FY2029 scenarios.

## 01 BLUNT VERDICT FIRST

### 78 / 100 : Positive

NAM India is the purest listed play on India's financialization: the country's fourth-largest mutual fund house, the largest non-bank-sponsored and foreign-owned AMC, growing faster than every other top-10 AMC in FY26. Closing AUM nearly tripled in four years to Rs 7.73 lakh crore, mutual fund market share hit a record 8.89% in Q4 FY26 (up 63 bps in the year, the industry's biggest gain), and the economics are the best in Indian asset management: 66% operating margins, ~36% return on equity, zero debt, ~Rs 4,000 crore of cash and investments, and a dividend payout of ~90% that has run every year for a decade.

The risks are regulatory and structural, not operational. SEBI's new Mutual Funds Regulations 2026 cut TER slabs and brokerage caps; management guides ~1-2 bps of annual yield decline, and the brokerage hit alone is 2-4% of industry revenue before mitigation. The fastest-growing sleeve (ETFs, +57% YoY) is also the lowest-yielding (~15 bps vs 58 bps on equity), so the mix dilutes the very yield the business runs on. AUM-linked revenue is pure market beta: when the market falls, AUM, flows, and other income compress together. At Rs 1,046, ~41x trailing earnings, the price already assumes growth continues. But the franchise keeps taking share every year, and a 78/100 Positive says the risk-reward still favors the business taking it.

**Rs 1,046**

Reference price  
NSE close, Oct 1 2026

**Rs 66,700  
cr**

Market cap

**Rs 2,709  
cr**

FY26 revenue  
(+21.4% YoY)

**Rs 1,528  
cr**

FY26 PAT  
(+18.8% YoY)

**Rs 770**

FY2029 bear

**Rs 1,325**

FY2029 base

**Rs 1,880**

FY2029 bull

**41x**

TTM P/E  
premium prices growth

## 02 SNAPSHOT: WHAT NAM INDIA IS

| Item    | Detail                                                                                                     |
|---------|------------------------------------------------------------------------------------------------------------|
| Founded | 1995 as Reliance Capital Asset Management; Nippon Life took control May 2019                               |
| Listed  | NSE/BSE, Nov 6 2017 (as Reliance Nippon Life AMC); IPO Rs 252; 81.5x subscribed; India's first AMC listing |

| Item               | Detail                                                                       |
|--------------------|------------------------------------------------------------------------------|
| <b>Business</b>    | Asset manager of Nippon India Mutual Fund; also PMS, AIF, offshore advisory  |
| <b>Scale</b>       | Closing AUM Rs 7.73 lakh cr (Mar 2026); Rs 8.62 lakh cr (Jun 2026, +16% YoY) |
| <b>MF share</b>    | 8.89% of industry QAAUM (Q4 FY26), highest ever; 4th largest AMC             |
| <b>Retail base</b> | 23.8 mn unique investors (38.8% industry share); 39.4 mn folios              |
| <b>Economics</b>   | Operating margin 66.2%; ROE ~35.5%; ~90% dividend payout                     |
| <b>Ownership</b>   | Nippon Life Insurance (Japan), 71.80% (Jun 2026); zero pledged               |

### 03 FOUNDING STORY: FROM RELIANCE TO NIPPON LIFE

Incorporated February 24, 1995 as Reliance Capital Asset Management, with the Reliance Mutual Fund business set up that June. For a decade and a half it rode the Reliance brand and the equity cult of the 2000s to become one of India's biggest AMCs. Japan's Nippon Life Insurance bought an initial 26% strategic stake in 2012. When Reliance Capital's empire cracked under debt in 2018-19, Nippon Life agreed in May 2019 to buy Reliance Capital's stake at Rs 230/share via open offer, paying roughly Rs 6,000 crore more and taking its holding to 75% (cumulative investment about Rs 7,800 crore since 2012).

*The promoter changed and the franchise grew: the Reliance-to-Nippon Life transition proved the business survives ownership change. The FY26 share-gain record proved it wins without a bank.*

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The Nippon India Mutual Fund brand went live September 28, 2019; the listed company was renamed Nippon Life India Asset Management in December 2019 and the ticker changed from RNAM to NAM-INDIA. Two earlier moves defined the business: the 2016 acquisition of Goldman Sachs AMC's India rights, which built the ETF franchise that is now a growth engine, and the October 2017 IPO at Rs 252 (Rs 1,542 crore raised, 81.5x subscribed, listed at Rs 295.90), India's first AMC listing.

### 04 THE BUSINESS: MUTUAL FUNDS FIRST, EVERYTHING ELSE SECOND

**Mutual funds (Q4 FY26): Rs 6.65 lakh cr of Rs 7.73 lakh cr total AUM.** Equity MF QAAUM Rs 3.30 lakh cr (+25% YoY); ETF QAAUM Rs 2.42 lakh cr (+57% YoY) at ~21.4% market share, one of India's two largest ETF franchises, with Gold and Silver ETF AUM crossing Rs 1 lakh cr in 2026; retail MAAUM Rs 1.96 lakh cr (+20% YoY); HNI MAAUM Rs 2.41 lakh cr (+45% YoY), with market-share gains for 17 successive quarters; B-30 AUM Rs 1.32 lakh cr, 19.8% of the MF book. Mutual fund management fees are overwhelmingly the revenue: FY26 revenue from operations was Rs 2,709 cr, and PMS, AIF, and offshore advisory fee income is not separately disclosed anywhere, qualitatively a small share.

**Managed accounts and alternatives.** Managed accounts (including PMS) Rs 0.94 lakh cr; AIF (Category II and III) commitments Rs 95.8 bn in Q1 FY27 (+18% YoY). SIF (Specialized Investment Funds, live April 1, 2025) is being scaled as a high-potential standalone HNI business.

**Offshore and global.** Advisor to India-focused funds in Japan (Nissay AM) and Thailand (BBL AM); subsidiaries in Singapore and Mauritius; a Dubai representative office; GIFT City presence; a Cathay SITE (Taiwan) tie-up; and a 2022 DWS Group partnership for European-listed Indian government-bond ETFs. A DWS collaboration MoU would see DWS take 40% in Nippon Life India AIF Management, pending approvals, with joint passive products and global distribution.

## 05 DISTRIBUTION: THE SIP MACHINE

271 locations, ~1,200 employees, 1,21,800+ distributors (January 2026 investor presentation). Distribution is MFD/IFA-led (the legacy Reliance strength) plus national distributors and banks. There is no captive bank parent, unlike SBI, HDFC, ICICI, and Kotak: the central strategic fact about NAM India.

The SIP engine is the moat's outer wall. Q4 FY26 systematic flows were Rs 108.7 bn (+12% YoY); Q1 FY27 Rs 110.3 bn (+13% YoY); the annualized book is ~Rs 446 bn. SIP AUM was Rs 1.5 lakh cr (10.1% share, June 2025); ~75% of SIPs are below Rs 10,000; 5-year SIP retention is 52% vs ~30% for the industry. The retail franchise: 23.8 million unique investors, a 38.8% industry share, the industry's largest; 39.4 million folios. Digital: 77% of purchase/new SIP transactions in Q4 FY26 (5.04 million digital transactions, up from 44% a year earlier), 78% in Q1 FY27.

## 06 THE FLYWHEEL: FLOWS BEGET SCALE BEGET SHARE

MF QAAUM share: ~7.3% (Q4 FY22) to 7.2% (Q4 FY23) to 7.97% (Q4 FY24) to 8.49% (Q1 FY26) to 8.89% (Q4 FY26). Equity share: 6.2% (Q4 FY23) to 6.76% (Q4 FY24) to ~7.3-7.4% (Q4 FY26, estimate). FY26 delivered the industry's highest share gain (+63 bps) among the top 10: the fastest-growing top-10 AMC.

### The flywheel and its brake

Scale lowers unit cost, the brand pulls SIP flows, flows compound AUM in rising markets, and distribution deepens. The ETF push accelerates it: ETF share +234 bps YoY, Gold/Silver ETFs crossing Rs 1 lakh cr in 2026. The brake: the fastest-growing sleeve is the lowest-yielding, so the flywheel spins AUM faster than revenue. That tension is the central question of the whole thesis.

## 07 FINANCIALS: THE ARC OF A COMPOUNDING AMC

| Year    | Revenue (cr) | YoY   | Op. margin | PAT (cr) | EPS (Rs) | ROE   |
|---------|--------------|-------|------------|----------|----------|-------|
| FY22    | 1,307        | -     | 60.4%      | 743      | 11.96    | 23.3% |
| FY23    | 1,350        | 3.3%  | 58.8%      | 723      | 11.61    | 21.4% |
| FY24    | 1,643        | 21.7% | 60.4%      | 1,106*   | 17.58    | 30.5% |
| FY25    | 2,231        | 35.8% | 64.6%      | 1,286    | 20.27    | 32.3% |
| FY26    | 2,709        | 21.4% | 66.2%      | 1,528    | 23.97    | 35.5% |
| Q1 FY27 | 766.9        | 26.4% | 66.2%      | 503.7    | -        | -     |

\* FY24 PAT of Rs 1,106 cr is flattered by Rs 394 cr of other income (MTM gains on investments); the operating margin is the cleaner trend. Consolidated, source: smart-investing.in; cross-checked with BusinessLine Q4 FY26. Margins computed from the same figures. DPS raised every year: Rs 11.00, 11.50, 16.50, 18.00, 21.50.

The arc: 5-year revenue CAGR ~20%, PAT CAGR ~19.8%, ROE rising from 23% to 35.5%. Q1 FY27 was a record quarter on every line: revenue +26.4%, operating profit ~Rs 508 cr, PBT +27%, PAT +27.2%. Closing AUM went Rs 2.77 lakh cr (FY22) to Rs 2.87 lakh cr (FY23) to Rs 4.31 lakh cr (FY24) to ~Rs 5.57 lakh cr (FY25) to Rs 7.73 lakh cr (FY26) to Rs 8.62 lakh cr (June 2026, +16% YoY). Note: AUM peaked at Rs 8.16 lakh cr on December 31, 2025; the March closing was affected by market movement.

## 08 UNIT ECONOMICS: THE YIELD QUESTION

|                      | FY24        | FY25        | FY26    | Q1 FY27 |
|----------------------|-------------|-------------|---------|---------|
| Annualized rev/QAAUM | ~0.45% (Q3) | ~0.41% (Q3) | -       | -       |
| Equity yield         | 58 bps      | 58 bps      | 58 bps  | 58 bps  |
| ETF yield            | ~15 bps     | ~15 bps     | ~15 bps | ~15 bps |
| Cost-to-income       | 39.6%       | 35.4%       | 33.8%   | ~35.5%  |
| Op. margin           | 60.4%       | 64.6%       | 66.2%   | 66.2%   |

Revenue is AUM times yield, and yield is under structural pressure. Annualized revenue-to-QAAUM fell from ~0.45% (Q3 FY24) to ~0.41% (Q3 FY25) (JM Financial). Segment yields (ICICI Direct): equity 58 bps, debt 25 bps, liquid 10-12 bps, ETF ~15 bps. Management guides ~1-2 bps of annual yield decline from telescopic pricing. The equity-plus-ETF share of the MF mix rose from ~62% (FY22) to ~78% (Q4 FY26, computed), which sounds like mix improvement, but the ETF sleeve (~15 bps) grows far faster (+57%) than equity (+25%), diluting blended yield.

### SEBI MF Regulations 2026

Effective April 1, 2026: TER slab cuts (~10 bps on large schemes, the 5 bps exit-load allowance removed), brokerage caps slashed (cash 12 to 2 bps, derivatives 5 to 1 bps). ICICI Direct says the TER changes were fully passed through with no residual impact. Brokerage impact for large AMCs is estimated at 2-4% of revenue and 3-4% of FY27 PAT before mitigation (JM Financial), with partial pass-through to distributors expected. A performance-linked TER has been proposed and could reset the fee table again.

The offset is operating leverage. Cost-to-income fell from 39.6% (FY24) to 33.8% (FY26) as AUM scaled ~1.8x while employee costs ran at ~18% of revenue. Management guided expenses up 18-20% (ex ESOPs/one-offs) for the next 6-8 quarters on tech, brand, and digital investment: deliberate reinvestment that compresses margin near term to defend share.

## 09 BALANCE SHEET, CASH FLOW, CAPITAL ALLOCATION

### Fortress balance sheet

Effectively zero debt: Debt/Equity 0.00x across all five years (the ~Rs 75 cr line is lease-related). Net worth ~Rs 4,659 cr; cash plus investments ~Rs 4,069 cr (short-term ~Rs 302 cr, long-term ~Rs 3,767 cr, classification approximate); trade receivables ~Rs 79 cr. An asset manager needs almost no capital to grow.

Capital allocation is simple and shareholder-friendly: pay out ~90% of profit. FY22-FY26 DPS: Rs 11.00, 11.50, 16.50, 18.00, 21.50; payout ratios 92%, 99%, 94%, 89%, 90% (computed). FY26's Rs 21.50 (interim Rs 9.00 ex November 6, 2025; final Rs 12.50 ex June 25, 2026) is ~2.06% yield at the reference price. No buyback, bonus, or split in the period. The Goldman Sachs acquisition (2016) remains the landmark inorganic move; the Rs 165 cr of IPO proceeds earmarked for inorganic growth is fully utilized, and no large M&A has happened since. Surplus cash is dividended out, not retained.

## 10 COMPETITION: BANK GIANTS, A TER GUILLOTINE, FINTECH AT THE PASSIVE END

Industry QAAUM ~Rs 83.1 lakh cr (AMFI, April-June 2026). The top of the table is bank-owned: SBI (~Rs 12.8 lakh cr), ICICI Pru (~Rs 11.4 lakh cr), HDFC AMC (~Rs 9.5 lakh cr) with captive distribution. NAM India (Rs 7.25 lakh cr MF QAAUM in Q4 FY26) is 4th, the No.1 non-bank-sponsored and foreign-owned AMC. Listed peers: HDFC AMC (~Rs 2,354; P/E ~33.7x; price/AUM ~10.4%) and UTI AMC (~Rs 890; P/E ~24.7x; price/AUM ~2.8%).

Three forces matter. First, the bank-owned AMCs' captive distribution is a structural disadvantage: NAM India's equity share (~7.3%) lags its overall share (8.89%). Second, SEBI's TER regime is a slow guillotine on industry yields; everyone bleeds together, but scale and operating leverage decide who bleeds least. Third, Zerodha Fund House and Groww AMC anchor the ultra-low-fee passive end, intensifying fee pressure

exactly where NAM India's ETF growth is. SIF (live April 1, 2025) opens a new HNI battleground where NAM India is still building; Carnelian got a new MF license in July 2026. Counterweight: 17 successive quarters of HNI share gains and the industry's largest retail base suggest it is winning the fights that matter.

## 11 STRENGTHS

- **Fastest-growing top-10 AMC in FY26;** record 8.89% MF share (+63 bps), the industry's biggest gain.
- **The best economics in Indian asset management:** 66% operating margins, ~36% ROE, zero debt, ~Rs 4,000 cr of investments.
- **The industry's largest retail franchise:** 23.8 million unique investors (38.8% share), 39.4 million folios, 52% 5-year SIP retention vs ~30% industry.
- **ETF franchise at Rs 2.42 lakh cr** (+57% YoY, 21.4% share) built from the 2016 Goldman Sachs acquisition; passive tailwind compounding.
- **17 successive quarters of HNI share gains;** B-30 AUM 19.8% of the MF book.
- **Shareholder-friendly allocation:** ~90% payout every year, dividend raised five straight years, ~2.06% yield; Nippon Life promoter (71.8%, zero pledge) with a JPY 97 tn balance sheet behind it.
- **Digital and leverage:** 78% of purchases digital in Q1 FY27; cost-to-income down 6 points in two years.

## 12 WEAKNESSES AND RISKS

- **AUM-linked revenue is pure market beta:** a correction compresses AUM, flows, and other income simultaneously.
- **SEBI MF Regulations 2026:** TER slab cuts and brokerage caps; ~2-4% revenue, ~3-4% FY27 PAT impact before mitigation; ~1-2 bps annual yield decline guided.
- **Yield dilution:** the fastest-growing sleeve (ETF, ~15 bps) cannibalizes blended yield as equity (58 bps) grows slower.
- **No captive bank:** equity share (~7.3%) lags overall share (8.89%); distribution is rented from IFAs and national distributors.
- **Key-person risk:** Sundeep Sikka, CEO since 2009, term to 2031; the franchise is closely associated with him.
- **Fintech passive end:** Zerodha and Groww anchor ultra-low fees; performance-linked TER (proposed) could reset the fee table again.
- **Promoter concentration:** 71.8% with Nippon Life, 28% float; any placement news moves the stock hard. FII holding fell from 8.34% to 7.34% in a year.
- **Valuation:** ~41x trailing earnings prices in continued share gains; any growth stumble invites a sharp de-rating.

### 13 MANAGEMENT AND GOVERNANCE

Sundeep Sikka, MD and CEO: joined 2003, CEO since 2009 (one of the youngest MF CEOs at appointment), ED since 2016; led the Nippon Life partnership, the Goldman Sachs acquisition, and the 2017 IPO; term extended five years from April 22, 2026 to April 21, 2031 (board, October 30, 2025); re-elected AMFI Chairman in September 2025 (earlier 2013-15); Harvard Business School AMP. Key-person risk is real and acknowledged.

Governance: sole promoter Nippon Life Insurance at 71.80% (June 2026), pledged promoter holding 0.00% across all reported quarters; the 39 bps erosion over the past year is ESOP dilution, not strategic sale. No large block sales found. DII ~14.8%, domestic mutual funds 9.95% (up 195 bps YoY). The IPO proceeds monitoring report (September 30, 2025) shows Rs 190.02 cr unutilized of the fresh issue (Rs 170 cr in HDFC Bank FDs), with brand building (Rs 72.08 cr), new-scheme seed (Rs 100 cr), and inorganic (Rs 165 cr) fully deployed; no deviations. No SEBI action or auditor red flag found.

### 14 VALUATION VS PEERS

At Rs 1,046 (Oct 1, 2026): TTM P/E ~41x (EPS Rs 23.97), price/AUM ~8.6-8.9%, dividend yield ~2.06%.

| Company   | P/E    | Price/AUM | FY26 rev growth | Op. margin |
|-----------|--------|-----------|-----------------|------------|
| NAM India | ~41x   | ~8.6-8.9% | +21.4%          | 66.2%      |
| HDFC AMC  | ~33.7x | ~10.4%    | -               | -          |
| UTI AMC   | ~24.7x | ~2.8%     | -               | -          |

NAM India trades at an earnings premium to HDFC AMC but a discount on price-to-AUM, reflecting lower equity mix and yield; UTI is cheapest on both, reflecting weaker growth. The premium to HDFC AMC is a bet on faster share gains, and FY26 (NAM India the fastest-growing top-10 AMC) supports it. Street: ICICI Direct Buy Rs 1,300 (raised from Rs 1,190); Kotak PCG Reduce, fair value Rs 1,200 (up from Rs 1,150); MarketsMOJO Buy (downgraded from Strong Buy, Sep 1, 2026); MOFSL Rs 1,060 (38x FY28E core EPS Rs 28.2, Aug 2025); Elara Rs 1,030 (Feb 2026).

### 15 FY2029 SCENARIOS (INR)

Built off FY26 revenue Rs 2,709 cr, PAT Rs 1,528 cr, EPS Rs 23.97, ~637.5 million shares; assumptions explicit.

|                      | Bear: Rs 770 | Base: Rs 1,325 | Bull: Rs 1,880 |
|----------------------|--------------|----------------|----------------|
| Revenue CAGR FY26-29 | 9%           | 16%            | 22%            |

|                     | Bear: Rs 770           | Base: Rs 1,325         | Bull: Rs 1,880         |
|---------------------|------------------------|------------------------|------------------------|
| <b>FY29 revenue</b> | Rs 3,508 cr            | Rs 4,228 cr            | Rs 4,922 cr            |
| <b>Op. margin</b>   | ~58%                   | ~63%                   | ~66%                   |
| <b>PAT / EPS</b>    | ~Rs 1,754 cr / Rs 27.5 | ~Rs 2,410 cr / Rs 37.8 | ~Rs 2,879 cr / Rs 45.2 |
| <b>Exit P/E</b>     | 28x                    | 35x                    | 42x                    |

**Bear:** equity drawdown plus SIP slowdown; TER and brokerage cuts bite with limited pass-through; reinvestment without leverage; growth de-rating. **Base:** SIP engine and share gains continue, ETF growth sustains; operating leverage offsets ~1-2 bps annual yield decline; modest multiple compression from ~41x to 35x. **Bull:** equity supercycle, passive dominance, DWS JV and global flows monetize; leverage wins; growth multiple sustained. The base case implies the market paying 35x FY29 earnings for a 16% compounder with a 2%+ dividend yield: reasonable for the fastest-growing large AMC. ICICI Direct's Rs 1,300 (~41x FY28E EPS) sits just below base on a nearer horizon; Kotak's Rs 1,200 sits between bear and base.

## 16 WHY IT MATTERS

NAM India is the cleanest listed proxy for the financialization of Indian savings: every SIP opened, every equity SIP retained, every basis point of market share taken from a bank-owned rival flows through a 66%-margin, debt-free P&L and comes back as a dividend. The Reliance-to-Nippon Life transition proved the franchise survives ownership change; the FY26 share-gain record proves it wins without a bank. The next three years test whether it can outrun the TER guillotine and the ETF yield dilution through sheer operating leverage. At 78/100 Positive, the verdict is: the best economics in Indian asset management, taking share every year, priced for growth but not yet for dominance.

## 17 SOURCES

Company filings and investor decks (NSE archives): Q1 FY27 and Q4 FY26 results and presentations; January 2026 investor presentation; IPO proceeds monitoring report (September 30, 2025). smart-investing.in consolidated financials and dividend history; trendlyne dividend and corporate-action history. The Hindu BusinessLine (April 27, 2026; IPO and 2019 acquisition coverage). Capital Market via tickertape.in (Q1 FY27, July 2026); marketsmojo Q1 FY27 and Q4 FY26 analyses. JM Financial (Jan 2025, Jan 2026); ICICI Direct (Q2 FY25, post-Q1 FY27); MOFSL (Aug 2025); RBL/InvestmentGuruIndia (Mar 2026); Kotak PCG (Sep 1, 2026); Elara (Feb 2026). Finnhub, StockAnalysis, Tickertape, Stockopedia, Equitymaster, Bajaj Finserv Markets, Dhan (market data, October 2026). FT.com markets tearsheet (balance sheet); etmoney, motilaloswal, icicidirect profiles. AMFI (Apr-Jun 2026); SEBI (Mutual Funds) Regulations, 2026. Full citations with URLs and dates in the research memos filed with this report.