

# Nippon Life India Asset Management (RELNIP)

CMP: ₹ 808

Target: ₹ 970 (20%)

Target Period: 12 months

BUY

July 30, 2025

## Market share accretion and industry tailwind to aid growth

**About the stock:** Nippon Life India AMC (Nippon) is among the largest asset managers in India with total AUM size of ₹ 7.4 lakh crore. Focus on strong distribution network (116100+ distributors) and passive schemes (Market share of ~20% on QAAUM basis) remains key strategy.

- MF market share as on Q1FY26 was at 8.5% on QAAUM basis
- Strong presence in B-30 cities that contributes to ~20% of total AUM.

**Q1FY26 performance:** Nippon AMC reported healthy set of result with noteworthy market share accretion. MF AUM market share improved 23 bps QoQ to 8.5%. Net equity flows and SIP market share (10%+) continue to remain above book market share which is encouraging. Management stated their net sales in equity and hybrid segment achieved double digit market share which is highest in last 8 quarters. MF QAAUM grew 26.6% YoY, 10% QoQ to ₹ 6.1 tn in Q1FY26. EBITDA margin maintained at healthy level of 64%. PAT as % of AUM improved sequentially from 21.4 bps to 25.8 bps owing to strong operational performance and strong other income rebound from ₹ 23 cr to ₹ 146 cr aided by gains in its investment book.

### Investment Rationale

- **Market share accretion to continue:** Nippon has steadily gained market share in past couple of years from 7.2% in FY23 to 8.3% in FY25 and further to 8.5% as on Q1FY26 which is highest sequential market share increase across industry. Similarly, on closing basis, AUM grew by strong 15.3% QoQ to ₹ 6.4 tn). Among asset classes, equity QAAUM market share increased 12bps QoQ to 7.0% while ETF market share further increased 69bps QoQ to 19.8%. Within ETF, traction is seen across asset classes including equity and gold.
- **Yields and expenses at manageable levels, supporting profitability:** Consol yield declined 1.1 bp QoQ to 39.6 bps in Q1 mainly owing to telescopic pricing. Management expects 2-3bps decline in the blended yields on annualised basis owing to telescopic pricing. Distributor commission has been rationalised in 3 schemes, forming ~45% of equity AUM. We believe Nippon has ability to manage profitability even as net yields fall with scaling AUM. Similarly, employee and other expenses are expected to remain under check in low to mid teen growth trajectory.

### Rating and Target Price

- Nippon is steadily gaining market share owing to it fund's track performance, wide distribution network and product innovation. The industry is witnessing strong tailwinds, which Nippon is well-positioned with its strong parentage and diverse business offerings. We believe the stock has favorable risk-reward at current levels and thus maintain BUY rating. We value the stock at 36x FY27E EPS, with a target price of ₹ 970.



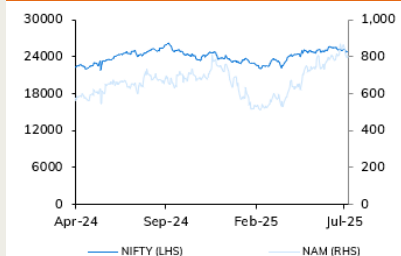
#### Particulars

Particulars	Amount
Market Capitalisation	₹ 51,305 crore
Networth	₹ 4,213 crore
52 week H/L	877 / 498
Face Value	₹ 10
DII Holding (%)	13.5
FII Holding (%)	7.6

#### Shareholding pattern

	Sept 24	Dec 24	Mar 25	Jun 25
Promoter	72.5	72.4	72.3	72.3
FII	7.7	8.3	8.3	7.6
DII	13.5	13.0	12.8	13.5
Others	6.3	6.3	6.5	6.7

#### Price Chart



#### Key risks

- Heightened volatility in equities
- Regulatory decline in TER

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### Key Financial Summary

₹ Crore	FY22	FY23	FY24	FY25	3 year CAGR (FY22-FY25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Profit	871	743	1106	1286	14%	1466	1701	15%
EPS	14.0	11.9	17.8	20.3	13%	23.1	26.8	15%
P/E (x)	57.7	67.6	45.4	39.9		35.0	30.1	
AUM /share	4555	4713	6934	8779		10622	12322	
P/AUM (%)	17.7	17.1	11.6	9.2		7.6	6.6	
DPS	11.0	11.5	16.5	18.0		20.8	24.1	
RoE (%)	29.9	25.4	29.5	31.3		34.1	38.2	

Source: Company, ICICI Direct Research

## Concall highlights and outlook

### AUM & Flows

- In Q1FY26, Nippon's QAAUM grew by 26.6% YoY, 10% QoQ to ₹6.1 tn. At industry level, the QAAUM growth rate was 22% YoY at ₹72.1 tn.
- For Nippon, equity assets constituted 46.9% (vs 46.7% in Q1FY25 and 47.2% in Q4FY25) in its AUM mix. Debt fund and liquid fund AUM proportion stood at 14.7% and 7.7% resp. The proportion of ETF in total AUM mix has increased 160 bps YoY, 80 bps QoQ to 28.4% in Q1FY26. In ETF segment, the company has one of the largest AUM of ₹ 1.7 tn with market share of 19.8%, (up by 197 bps YoY).
- Nippon has been the fastest growing AMC in the top 10 AMCs on QoQ and YoY basis. Q1 market share increased to 8.49% (up by 23bps QoQ, 29 bps YoY).
- Both equity sales and SIP market share improved QoQ and stayed above book market share. SIP market share remained at 10%+ and Net sales in equity and hybrid segment increased to double digit for the quarter.
- Monthly systematic book rose by 29% YoY, 4% QoQ to ₹ 33 bn+. Annualised systematic book stood at ₹398 bn. SIP AUM grew 27% YoY to ₹1.5 tn.
- Raised ₹7bn across various schemes under Nippon India AIF in Q1FY26, with cumulative commitment reaching to ₹81bn (up by 25% YoY).
- Offshore fund continued to witness steady inflows from international geographies of Asia and Europe, its AUM grew by 10% YoY reaching ₹166bn.

### Yields

- Calculated blended Yields declined by 1.1 bp QoQ to 39.6 bps mainly owing to telescopic pricing while maintained overall guidance of 2-3bps YoY annual decline in yields.
- Equity yield at 55bps, debt yield at 25bps, liquid yield at 12bps and ETF at 17bps. Yield on ETFs has gone up due to increase in composition of higher expense schemes that have grown substantially.

### Others

- Yearly ESOP cost expected at ₹46-48 crore for FY26 and at 26-27 crore for FY27, with Q1FY26 ESOP cost at ₹11 crore. Operating expense stood at ₹ 218 cr, up ~16% YoY, driven by investment in talents, non-MF business and technology infrastructure.
- Investment book stood at ₹3956.6 cr with equity book at ~15% of the mix, debt at 72%, FDs & bonds at 10% and others at 4%. Management is likely to shift this mix more towards debt funds to stabilise other income.
- Management to think of SIF as a new business line and shall take it very seriously. The company shall bring some of the best professionals and also leverage internal research where regulations allow but with the broader idea of different business vertical. Products to be launched sooner.

**Exhibit 1: Variance Analysis**

₹ crore	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ	Comments
Revenue from Operations	606.6	505.0	20%	566.5	7%	Revenue growth healthy backed by AUM growth as company benefits from industry tailwinds as well as market share gain.
Revenue/AUM	0.40	0.42	-3bps	0.41	-1bps	Yields contract mainly owing to telescopic pricing.
Other Income	146.0	130.8	12%	23.0	534%	Recovered sequentially mainly due to gains in investments book.
Net Total Income	752.6	635.8	18%	589.6	28%	
Staff Cost	122.6	105.1	17%	110.5	11%	
Other Operating Expenses	106.1	91.9	15%	101.3	5%	
Total Expenses	228.7	197.0	16%	211.8	8%	Overall expenses under check.
PBT	523.9	438.8	19%	377.8	39%	
Tax Outgo	128.2	106.6	20%	79.5	61%	
PAT	395.7	332.2	19%	298.3	33%	PAT as % of AUM improved to 25.8 bps, owing to strong operational performance
MF- AAUM	612700	483800	27%	557200	10%	Market share improved 23 bps QoQ at 8.5%

## Financial Summary

**Exhibit 2: Profit & Loss Account**

₹ crore

(₹ crores)	FY24	FY25	FY26E	FY27E
Revenue from Operations	1,643	2,231	2,549	2,943
Growth (%)	20.4%	35.8%	14.3%	15.5%
Other Income	394	290	340	374
Total Revenue	2,037	2,521	2,889	3,317
Employee Benefit Expenses	336	429	482	541
Depreciation & Amortization Exp	29	31	34	37
Other Expenses (incl fees)	320	367	444	499
Total Expenses	685	826	960	1,077
Profit Before Tax	1,352	1,694	1,929	2,240
Taxes	246	409	463	539
Profit After Tax	1,106	1,286	1,466	1,701
EPS (₹)	18	20	23	27

Source: Company, ICICI Direct Research

**Exhibit 3: Key ratios**

	FY24	FY25	FY26E	FY27E
<b>Valuation</b>				
No of Equity shares (crore)	62.2	63.5	63.5	63.5
EPS	17.8	20.3	23.1	26.8
DPS	16.5	18.0	20.8	24.1
BVPS	64.0	66.6	68.9	71.6
P/E	45.4	39.9	35.0	30.1
P/BV	12.6	12.1	11.7	11.3
<b>Operating Ratios (%)</b>				
Rev/AUM	0.38	0.40	0.38	0.38
EBITDA/AUM	0.22	0.25	0.24	0.24
PAT/AUM	0.26	0.23	0.22	0.22
<b>Return Ratios (%)</b>				
RoNW	29.5%	31.3%	34.1%	38.2%
NAV per equity share	64.0	66.6	68.9	71.6

Source: Company, ICICI Direct Research

**Exhibit 4: Balance sheet**

₹ crore

(₹ crores)	FY24	FY25	FY26E	FY27E
<b>Sources of Funds</b>				
Share capital	630	635	635	635
Reserves and surplus	3352	3591	3738	3908
<b>Total Equity</b>	<b>3982</b>	<b>4226</b>	<b>4372</b>	<b>4543</b>
Trade payables	50	59	68	78
Others	343	398	442	491
<b>Total Liabilities</b>	<b>4375</b>	<b>4683</b>	<b>4882</b>	<b>5111</b>
<b>Applications of Funds</b>				
Property, plant and equipment	17	544	549	555
Intangible assets	314	324	324	324
Cash and bank balance	271	288	319	354
Investments	3513	3324	3470	3641
Receivables	130	71	81	94
Others	130	133	138	144
<b>Total Assets</b>	<b>4375</b>	<b>4683</b>	<b>4882</b>	<b>5111</b>

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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