

## Sustained market share accretion and healthy flows

**About the stock:** Nippon Life India AMC (Nippon) is among the largest asset managers in India with total AUM size of ₹ 7.6 lakh crore+. Focus on strong distribution network (1,19,200+ distributors) and passive schemes (ETF Market share of ~20% on QAAUM basis) remains key strategy.

- MF market share as on Q2FY26 was at 8.5% on QAAUM basis
- Strong presence in B-30 cities that contributes to ~20% of total AUM.

**Q2FY26 performance:** Nippon reported broadly in-line set of result while underlying momentum stays healthy with steady market share gain. MF AUM market share in Q2 improved 22 bps YoY, 2 bps QoQ to 8.51%. Net flows market share in high single digit and SIP market share in early double digit is encouraging. MF quarterly average AUM (QAAUM) grew 20% YoY, 7% QoQ to ₹ 6.6 trn. EBITDA grew 15% YoY, 10.8% QoQ with margin maintained at healthy level of 65%. PAT was recorded at ₹ 345 cr, declining 4.2% YoY and 12.9% QoQ largely owing to lower other income driven by MTM impact of investment book in respective quarters.

## Investment Rationale

- **Steady market share accretion alongwith traction across asset classes:** Nippon has consistently been the fastest growing among the top 10 AMCs, steadily gaining market share in past couple of years from 7.2% in FY23 to 8.3% in FY25 and further to 8.5% as on Q2FY26. Net flows market share in high single digit and SIP market share in early double digit suggests Nippon's market share position to stay firm. Among asset classes, equity QAAUM market share improved 17 bps YoY, 9 bps QoQ to 7.13%, debt AUM witnessed ~27 bps QoQ market share improvement to 7.2% while strong ETF market share of 19.8% was maintained. Gold ETF on QAAUM increased ~14% QoQ to ₹ 23,900 cr and ~36% QoQ on closing AUM, suggesting trend to stay strong.
- **Yields in line with expected range, Sebi tightens regulations:** Consol yield was broadly steady at ~40 bps QoQ while management has been guiding for 2-3bps decline in the blended yields owing to telescopic pricing. Recent Sebi proposal on MF regulations (currently at draft stage and regulator has asked for consultation) could impact yields for AMCs to certain extent but historically we have seen major part of this impact is eventually passed on to distributors.

## Rating and Target Price

- Backed by strong parentage, 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, wherein Nippon is well-positioned to be key beneficiary. We thus maintain BUY rating, valuing the stock at 37x FY27E EPS, with a target price of ₹ 1020.

## 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%	1500	1741	16%
EPS	14.0	11.9	17.8	20.3	13%	23.6	27.4	16%
P/E (x)	62.5	73.2	49.2	43.2		37.0	31.9	
AUM /share	4555	4713	6934	8779		10974	12729	
P/AUM (%)	19.2	18.6	12.6	10.0		8.0	6.9	
DPS	11.0	11.5	16.5	18.0		21.3	24.7	
RoE (%)	29.9	25.4	29.5	31.3		34.9	39.0	

Source: Company, ICICI Direct Research



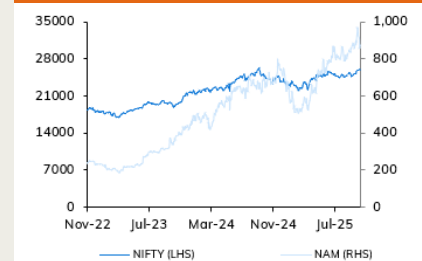
## Particulars

Particulars	Amount
Market Capitalisation	₹ 55,706 crore
Networth	₹ 4,383 crore
52 week H/L	987 / 498
Face Value	₹ 10
DII Holding (%)	13.0
FII Holding (%)	6.7

## Shareholding pattern

	Dec 24	Mar 25	Jun 25	Sept 25
Promoter	72.4	72.3	72.3	72.1
FII	8.3	8.3	7.6	7.7
DII	13.0	12.8	13.5	13.0
Others	6.3	6.5	6.7	7.3

## Price Chart



## Key risks

- Heightened volatility in equities
- Regulatory decline in TER

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## Concall highlights and outlook

### AUM & Flows

- For Q2FY26, Industry AUM grew 16.5% YoY and 6.9% QoQ to ₹77.1 trn. With share of equity in overall AUM increasing marginally to 56.8% vs. 56.6% in Q1FY26.
- Nippon reported total AUM at ~₹7.61 trn wherein MF AUM was recorded at ₹6.57 trn (up 19.5% YoY/ 7.1% QoQ). It remained fastest growing AMC in top 10 in H1FY26 with highest increase in quarterly AUM market share in H1FY26 among all AMCs.
- Nippon's market share increased by 22 bps YoY and 2 bps QoQ to 8.51%, wherein equity market share increased by 17 bps YoY and 9 bps QoQ to 7.13%. Share of equity AUM in overall AUM increased by 0.7% QoQ to 47.6% for Q2FY26.
- Systematic flow continued to remain healthy with monthly systematic book rising to 16% YoY and 10% QoQ to ₹36.4 bn for Q2FY26 with annualised systematic book reporting at ₹437 bn. Overall SIP market share stood at 10.0% for Sept'25.
- On ETF front, Nippon continues to be largest ETF player with AUM of ₹1.8 trn and market share of 19.8% (up by 160 bps YoY). Company's share in industry ETF folios is 50% with 49% share in ETF volume on NSE and BSE.
- Nippon's gold ETF AUM on closing basis has risen sharply by 36% QoQ while Silver ETF surged 89% QoQ. Combined AUM in these ETFs stood at ₹450 bn. Realisation in gold ETF is much higher than average ETF for Nippon which yields ~17bps.
- On offshore front, AUM grew 6% in H1FY26 to ₹161 bn with inflows coming from geographies in Asia, Europe and Latin America. Company continues to expand footprint in Japanese institutional and retail markets in conjunction with Nissay Asset Management Corporation.

### Yields

- Yield on blended basis reported at 36 bps. Management has guided for 2-3 bps decline in blended yields over the medium term driven by impact of telescopic pricing.
- Yields across asset classes were stable with 54 bps for equity, 25 bps for debt and 12 bps for liquid and ETF reported at 17 bps.

### Others

- ESOP cost expected at ₹40-43 crore for FY26 and at ~₹26 crore for FY27E as per current plan. So far, ESOP of ₹18-19 crore has been booked in H1FY26.
- On SEBI's consultation paper, Management stated it is still assessing the impact and stated that in present form, there shall be some financial impact but shall be not be as damaging as perceived. Further, feedback will be taken by Sebi from public and then final regulations to be watched out.

**Exhibit 1: Variance Analysis**

₹ crore	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ	Comments
Revenue from Operations	658.1	571.3	15%	606.6	8%	Steady market share accretion and industry tailwinds supports AUM and revenue growth.
Revenue/AUM	0.40	0.42	-3bps	0.40	0bps	Yields contract YoY mainly owing to telescopic pricing.
Other Income	36.6	120.8	-70%	146.0	-75%	Other income volatile owing to MTM on investment book.
Net Total Income	694.7	692.1	0%	752.6	-8%	
Staff Cost	123.3	106.9	15%	122.6	1%	
Other Operating Expenses	115.9	99.1	17%	106.1	9%	
Total Expenses	239.2	206.0	16%	228.7	5%	Overall expenses broadly in-line.
PBT	455.5	486.1	-6%	523.9	-13%	
Tax Outgo	111.3	126.1	-12%	128.2	-13%	
PAT	344.3	360.0	-4%	395.7	-13%	PAT growth impacted by lower other income. PAT as % of AUM came at 21 bps.
MF- AAUM	656500	549200	20%	612700	7%	Market share improved 22 bps YoY, 2 bps QoQ at 8.51%

## Financial Summary

**Exhibit 2: Profit & Loss Account**

₹ crore

(₹ crores)	FY24	FY25	FY26E	FY27E
Revenue from Operations	1,643	2,231	2,628	3,035
Growth (%)	20.4%	35.8%	17.8%	15.5%
Other Income	394	290	332	366
Total Revenue	2,037	2,521	2,960	3,400
Employee Benefit Expenses	336	429	496	557
Depreciation & Amortization Ex	29	31	34	37
Other Expenses (incl fees)	320	367	457	514
Total Expenses	685	826	987	1,108
Profit Before Tax	1,352	1,694	1,973	2,293
Taxes	246	409	474	551
Profit After Tax	1,106	1,286	1,500	1,741
EPS (₹)	18	20	24	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	23.6	27.4
DPS	16.5	18.0	21.3	24.7
BVPS	64.0	66.6	68.9	71.7
P/E	49.2	43.2	37.0	31.9
P/BV	13.7	13.1	12.7	12.2
<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%	34.9%	39.0%
NAV per equity share	64.0	66.6	68.9	71.7

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	3741	3915
<b>Total Equity</b>	<b>3982</b>	<b>4226</b>	<b>4376</b>	<b>4550</b>
Trade payables	50	59	68	78
Others	343	398	442	491
<b>Total Liabilities</b>	<b>4375</b>	<b>4683</b>	<b>4885</b>	<b>5118</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	3474	3648
Receivables	130	71	81	94
Others	130	133	138	144
<b>Total Assets</b>	<b>4375</b>	<b>4683</b>	<b>4885</b>	<b>5118</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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