

CMP: ₹ 860

Target: ₹ 1020 (19%)

Target Period: 12 months

BUY

February 1, 2026

Market share accretion continues; this time aided by ETFs

About the stock: Nippon Life India AMC (Nippon) is among the largest asset managers in India with total AUM size of ₹ 8.1 lakh crore+. Focus on strong distribution network (1,21,800+ distributors) and passive schemes (ETF Market share of ~20%+ on QAAUM basis) remains key strategy.

- MF market share as on Q3FY26 was at 8.65% on QAAUM basis
- Strong presence in B-30 cities that contributes to ~20% of total AUM.

Q3FY26 performance: Nippon reported healthy set of result as steady market share gain continues. MF AUM market share improved 35 bps YoY, 14 bps QoQ to 8.65%. Net flows and SIP market share remained above AUM market share in high single digit which is encouraging. MF quarterly average AUM grew 23% YoY, 7% QoQ to ₹7.0 tn. EBITDA grew 21.8% YoY, 9.3% QoQ with margin of ~67%, improving slightly both on YoY and QoQ basis. PAT was recorded at Rs 404 cr, increasing by healthy 37% YoY and 17% QoQ.

Investment Rationale

- Diversified product basket aiding market share gain:** Nippon MF AUM of ₹7.0 tn is diversified across asset classes with equity mix of 47%, debt: 15%, liquid+ arbitrage: 8%, ETFs: 30%. Further, within ETF, has Gold and silver ETF AUM of ₹ 68,800 cr as on Q3 which has crossed ₹1.0 tn during January month. Besides, the company has another ₹1.0 tn+ in AIF, PMS and offshore schemes. Overall, Nippon has consistently been the fastest growing MF among the top 10 AMCs, steadily gaining market share in past couple of years from 7.2% in FY23 to 8.65% as on Q3FY26. 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. Recent share gain is mainly led by Gold and silver ETF AUM while on equity side, passive fund as well steady performing active funds shall also aid long term growth.
- Yields in line with expected range, Sebi tightens regulations:** Consol yield was broadly steady at ~40 bps QoQ while management has been guiding for 1-2 bps decline in the blended yields owing to telescopic pricing or Sebi regulation or any such other reason. Recent Sebi proposal on MF regulations could impact yields 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 its fund's track performance, diversified product basket, wide distribution network and product innovation. The industry is witnessing strong tailwinds, wherein Nippon is well-positioned to be key beneficiary. We roll over our estimates to FY28E and maintain BUY rating, valuing the stock at 32x FY28E EPS, with a target price of ₹ 1020.

Key Financial Summary

₹ Crore	FY22	FY23	FY24	FY25	3 year CAGR (FY22-FY25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Profit	871	743	1106	1286	14%	1557	1789	2038	17%
EPS	14.0	11.9	17.8	20.3	13%	24.4	28.1	32.0	16%
P/E (x)	61.4	72.0	48.4	42.5		35.2	30.6	26.9	
AUM /share	4555	4713	6934	8779		11368	13187	15297	
P/AUM (%)	18.9	18.2	12.4	9.8		7.6	6.5	5.6	
DPS	11.0	11.5	16.5	18.0		22.0	25.3	28.8	
RoE (%)	29.9	25.4	29.5	31.3		36.2	40.0	43.7	

Source: Company, ICICI Direct Research



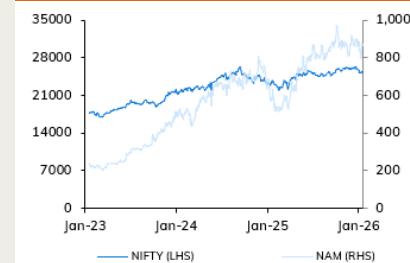
Particulars

Particulars	Amount
Market Capitalisation	₹ 54,927 crore
Networth	₹ 4,383 crore
MF AUM	₹ 7.01 lakh crore
52 week H/L	987 / 498
Face Value	₹ 10
DII Holding (%)	13.8
FII Holding (%)	7.9

Shareholding pattern

	Mar 25	Jun 25	Sept 25	Dec 25
Promoter	72.3	72.3	72.1	72.1
FII	8.3	7.6	7.7	7.9
DII	12.8	13.5	13.0	13.8
Others	6.5	6.7	7.3	6.2

Price Chart



Key risks

- Heightened volatility in equities
- Regulatory decline in TER

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Concall highlights and outlook

AUM & Flows

- Industry AUM grew 18% YoY and 5% QoQ to ₹81.0 trn in Q3, with equity share in overall AUM increasing to ~57%, supported by sustained retail participation.
- Nippon reported total AUM of ₹8.16 trn, while MF QAAUM stood at ₹7.01 trn (+23% YoY / +7% QoQ). Company remained the fastest-growing AMC in the top 10 during Q3FY26 and 9MFY26, with the highest increase in industry market share.
- Overall market share increased by 35 bps YoY and 14 bps QoQ to 8.65% (highest since 2019) with Equity market share at ~7.13% QoQ.
- Systematic flows remained strong, with Q3FY26 systematic inflows of ~₹110 bn (+11% YoY / +2% QoQ). Monthly systematic book stood at ₹37.6 bn in Dec'25, translating into an annualised systematic book of ~₹451 bn. SIP market share stood at ~9.8% for Dec'25.
- On the ETF front, Nippon continued to be the largest ETF player, with ETF QAAUM of ₹2.09 trn (+39% YoY / +14% QoQ) and market share of 20.31% (+217 bps YoY). Company accounted for ~48% of ETF folios and ~51% of ETF trading volumes on NSE & BSE.
- Gold ETF AUM increased ~54% QoQ, while Silver ETF AUM surged sharply during the quarter. Combined Gold + Silver ETF AUM crossed ₹1 trn in Jan'26, driven by strong investor preference for commodity-linked passive products.
- On the offshore business, AUM stood at ₹162 bn, up ~7% in 9MFY26, with inflows from Asia and Europe. Company continues to expand its Japan institutional and retail presence, including via GIFT City feeder funds.

Yields

- Blended yield for Q3FY26 was broadly stable QoQ. Asset class wise yields broadly steady, with equity yields at ~53 bps, debt yields at ~25 bps and ETF yields at ~20 bps. Gold ETF earns yield of ~60 bps and ~30 bps for silver ETF.
- Management reiterated that blended yields may decline by 1–2 bps annually over the medium term, driven by pricing competition and regulatory changes, which will be offset through scale benefits and operating efficiency.

Others

- Operating expenses increased 17% YoY, largely driven by employee costs and technology investments. Management guided for ~15% OpEx growth (±2%) over the medium term.
- ESOP expense stood at ~₹11 crore in Q3FY26; total ESOP charge expected at ₹40–43 crore for FY26 and ~₹26 crore for FY27E.
- On SEBI's consultation paper, management indicated that the financial impact is expected to be manageable, with no material near-term disruption anticipated.
- Strategic collaboration with DWS Group to acquire a minority stake (up to 40%) in Nippon's AIF business remains under evaluation, with focus on passive products and global distribution.

Exhibit 1: Variance Analysis

	Q3FY26	Q3FY25	YoY	Q2FY26	QoQ	Comments
Revenue from Operations	705.3	587.9	20%	658.1	7%	Steady market share accretion and industry tailwinds supports AUM and revenue growth.
Revenue/AUM	0.40	0.41	-2bps	0.40	0bps	Yields are broadly stable.
Other Income	75.3	15.4	388%	36.6	106%	Other income volatile owing to MTM on investment book.
Net Total Income	780.6	603.3	29%	694.7	12%	
Staff Cost	133.5	106.5	25%	123.3	8%	
Other Operating Expenses	114.3	105.1	9%	115.9	-1%	
Total Expenses	247.8	211.6	17%	239.2	4%	Overall expenses broadly in-line.
PBT	532.8	391.7	36%	455.5	17%	
Tax Outgo	129.1	96.5	34%	111.3	16%	
PAT	403.7	295.3	37%	344.3	17%	PAT growth healthy with all-round steady performance.
MF- AAUM	701000	570000	23%	656500	7%	Market share improved 35 bps YoY, 14 bps QoQ at 8.65%

Financial Summary

Exhibit 2: Profit & Loss Account				
(₹ crores)	FY25	FY26E	FY27E	₹ crore
Revenue from Operations	2,231	2,718	3,136	3,610
Growth (%)	35.8%	21.8%	15.4%	15.1%
Other Income	290	332	349	366
Total Revenue	2,521	3,050	3,485	3,976
Employee Benefit Expenses	429	514	600	700
Dep & Amortization Expense	31	40	44	47
Other Expenses (incl fees)	367	447	486	546
Total Expenses	826	1,001	1,130	1,292
Profit Before Tax	1,694	2,049	2,356	2,684
Taxes	409	492	567	645
Profit After Tax	1,286	1,557	1,789	2,038
EPS (₹)	20	24	28	32

Source: Company, ICICI Direct Research

	FY25	FY26E	FY27E	FY28E
Valuation				
No of Equity shares (crore)	63.5	63.7	63.7	63.7
EPS	20.3	24.4	28.1	32.0
DPS	18.0	22.0	25.3	28.8
BVPS	66.6	68.8	71.6	74.8
P/E	42.5	35.2	30.6	26.9
P/BV	12.9	12.5	12.0	11.5
Operating Ratios (%)				
Rev/AUM	0.40	0.38	0.37	0.37
EBITDA/AUM	0.25	0.24	0.24	0.24
PAT/AUM	0.23	0.21	0.21	0.21
Return Ratios (%)				
RoNW	31.3	36.2	40.0	43.7
NAV per equity share	66.6	68.8	71.6	74.8

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet				
(₹ crores)	FY25	FY26E	FY27E	₹ crore
Sources of Funds				
Share capital	635	635	635	635
Reserves and surplus	3591	3747	3926	4130
Total Equity	4226	4381	4560	4764
Trade payables	59	68	78	89
Others	398	442	491	545
Total Liabilities	4683	4891	5129	5398
Applications of Funds				
Property, plant and equipment	544	549	555	560
Intangible assets	324	324	324	324
Cash and bank balance	288	319	354	393
Investments	3324	3479	3658	3862
Receivables	71	81	94	108
Others	133	138	144	151
Total Assets	4683	4891	5129	5398

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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