

AuM growth leading the way to strong quarter

Q4FY24 Result Update | Sector: BFSI-AMC | April 25, 2024

ACCUMULATE

CMP (Rs)	584
Target Price (Rs)	661
Potential Upside	13.1%
Sensex	73,853
Nifty	22,402

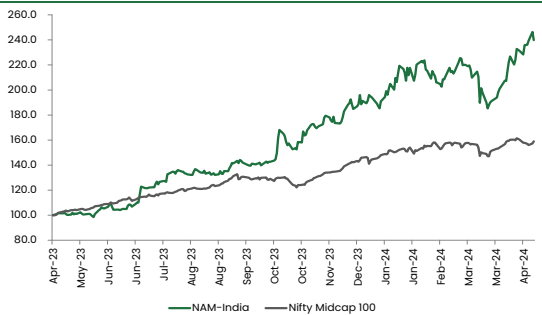
Key Stock data

BSE Code	540767
NSE Code	NAM-INDIA
Bloomberg	NAM:IN
Shares o/s, Cr (FV 10)	63.0
Market Cap (Rs Cr)	36,840
3M Avg Volume	1,065,304
52 week H/L	623/230

Shareholding Pattern

(%)	Sep-23	Dec-23	Mar-24
Promoter	73.5	73.1	72.9
FII	5.1	5.5	5.5
DII	14.6	14.2	14.4
Public	6.9	7.2	7.3

1 year relative price performance



1 year forward P/E (x)



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Solid top-line growth and profitability: NAM-India witnessed Q4FY24 quarter as the revenue from operations was Rs 432cr, up by 10.1% QoQ/32.8% YoY. The growth in top-line was mainly led the strong increase in AuM while margins saw slight moderation. EBITDA increased by 12.1% QoQ/38.1% YoY to Rs 285cr along with margin expansion of 122bps QoQ/257bps YoY as the company managed to maintain its operating costs. Subsequently, PAT increased by 22.8% QoQ/63.3% YoY to Rs 325cr which is one of the strong quarters for the company.

Equity led growth in AuM: AuM during the quarter increased by 14.2% QoQ/47.1% YoY to Rs 4,313bn. Owing to strong inflows in equity funds, the equity AuM was Rs 2,122cr with a growth of 16% QoQ/64% YoY. Fixed income AuM saw decent traction due to higher returns in the equity market. Debt/Liquid funds increased by 1.4% QoQ/29.1% YoY and 15.5% QoQ/3% YoY, respectively.

Margins saw a slight moderation: The company's margin during the quarter was 43.4bps, down by 1bps QoQ/4bps YoY. The company has been seeing moderation in its margin for some quarter, however, the pace of decline in margin has been lower in this quarter. Hence, the management expects that the margin shall be sustained in FY25 and may see upward trend in margins.

Gain in market share: NAM India saw highest surge in market share across all AMCs. During the quarter, its MF QAAUM market share stood at 7.97% which was up by 30bps QoQ/73bps YoY. In the equity funds, its AuM was 6.76% up by 9bps QoQ/58bps YoY. The company saw increase in market share across investor categories as well as the Retail/HNI/Corporate market share was 9.1%/6.7%/8.5% during the quarter as compared to 9%/6.6%/7.8% in the last quarter. On QAAUM basis, the company maintained its industry ranking at 4th position.

SIP book gained traction: NAM-India remains the popular choice amongst investors for SIP investments as during the quarter its Quarterly book was 70.1bn, up by 18.2% QoQ/117.7% YoY. The inflow is seen across geographies as its share market share in B-30 AuM increased both AuM wise and folio wise to 8.8%/12.2%. NAM-India has a history of delivering superior returns as compared to its peers. The company has strong distribution reach and strategic collaboration with banks, national distributors and MF distributors. The company is investing in tech enablement to increase its further.

Valuation and outlook: NAM-India reported strong set of number with high growth in its AuM, healthy top-line growth and expansion in its margins. Margins which saw a slight moderation during the quarter is expected to see improvement in FY25 as the re-pricing of assets is in the last phases. The company has the largest investor base in the industry with overall unique investors at 16.5mn with a market share of 37%. The company continues to maintain its leadership position in the ETF segment. Financially, we expect revenue/EBITDA/PAT to grow at a CAGR of 32.7%/39.4%/28.2% over FY24-26E. We continue to maintain **Accumulate** rating on the company with an upward revision in the target price of **Rs 661**, valuing the company at 25x of its FY26E EPS.

Financial Summary – standalone

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Revenue from operations	1,259	1,521	2,264	2,678
Other income	172	356	379	406
Total income	1,431	1,877	2,643	3,084
Total expenses	480	548	655	788
Profit before tax	918	1,294	1,942	2,246
Margin (%)	64	69	73	73
Profit after tax	715	1,047	1,487	1,720
Margin (%)	50.0	55.8	56.3	55.8
EPS (Rs.)	11.5	16.8	23.6	27.3
P/E (x)	50.9	34.9	24.8	21.4
RoE (%)	20.7	29.0	38.1	41.6

Source : RBL Research

Con-call highlights: 1) The company has made ESOP provision of Rs 85-90cr which is spread across 3-4 years. 2) Selling, general and admin expenses was elevated due to one-offs which is expected to moderate going forward. 3) Expense ratio is expected to normalize further as the AuM increases. 4) Offshore business is lagging as compared to other businesses such as PMS, AIF and MF. It is expected to accelerate next year. 5) With regards to SIP inflows, 75-80% SIPs remain below Rs 10,000 p.m. 6) No sizable deduction in flow even after restricts in the SIP book. 7) Multicap funds, Large cap funds and value funds is seeing sizable inflows.

Income statement - standalone

Particulars, Rs cr	Q4FY24	Q4FY23	YoY (%)	Q3FY24	Q-o-Q (%)
Revenue from operations	432	325	32.8	392	10.1
Yield (bps)	43.4	47.5	-4bps	44.8	-1bps
Other Income	85	46	84.4	93	(8.2)
Total Income	517	372	39.2	485	6.6
Fees and Commission Expenses	1	2	(13.5)	2	(16.3)
Employees Cost	78	63	23.9	79	(0.8)
Misc Expenses	67	54	24.0	58	16.4
EBITDA	285	206	38.1	254	12.1
Margin (%)	65.9	63.4	257bps	64.7	122bps
Depreciation	7	8	(10.4)	6	12.5
EBIT	278	198	40.1	248	12.1
Margin (%)	64.3	60.9	336bps	63.1	119bps
Finance Cost	2	1	39.5	2	(3.0)
Profit before tax	361	243	48.5	339	6.6
Margin (%)	70	65	439bps	70	4bps
Tax	36	44	(18.0)	74	(51.0)
Tax rate (%)	10.1	18.2	-816bps	21.9	-1184bps
Profit after tax	325	199	63.3	265	22.8
Margin (%)	62.8	53.6	929bps	54.5	831bps
EPS - Basic (Rs.)	5.2	3.2	62.1	4.2	22.2

Source : RBL Research

Revenue from operations increased by 10.1% QoQ/32.8% YoY

EBITDA reported a growth of 12.1% QoQ/38.1% YoY in Q4FY24

EBIT margin expanded by 119bps QoQ/336bps YoY

PAT increased 22.8% QoQ/63.3% YoY with margin improvement of 831bps QoQ/929bps YoY

AuM reported strong growth of 14.2% QoQ/47.1% YoY

Quarterly book increased by 18.2% QoQ/117.7% YoY

Equity and ETFs proportion in the AuM mixed increased by 60bps/130bps QoQ

Business parameters – standalone

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	Q-o-Q (%)
AuM (Rs Bn)	4,313	2,932	47.1	3,777	14.2
B-30 Folios (Mn)	9.8	7.5	30.7	8.9	10.1
Market share (%)	12.2	11.7	50bps	12.1	10bps
Unique Investors (Mn)	16.5	13.5	22.2	15.5	6.5
Market share (%)	37.0	36.2	80bps	36.9	10bps
Quarterly Book (Rs Bn)	70.1	32.2	117.7	59.3	18.2
Folios (Mn)	7.8	4.8	62.5	6.8	14.7

Source : RBL Research

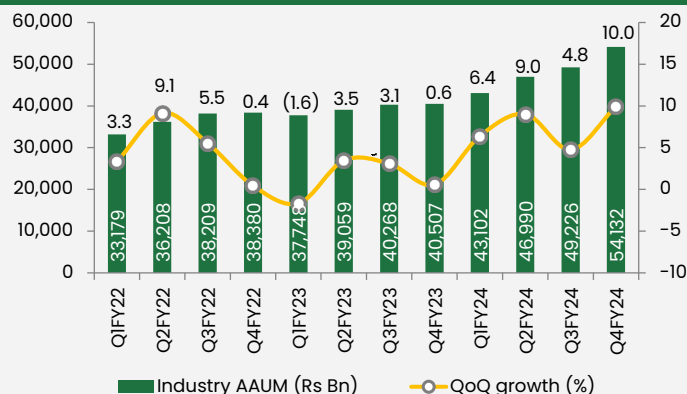
AuM Mix

Particulars	Q4FY24	Q4FY23	Y-o-Y (bps)	Q3FY24	Q-o-Q (bps)
Mutual Funds QAAUM - Mix (%)					
Equity	49.2	44.0	520bps	48.6	60bps
Debt	15.8	18.0	-220bps	17.8	-200bps
Liquid	9.1	13.0	-390bps	9.0	10bps
ETFs	25.9	24.0	190bps	24.6	130bps
Investor Mix (%)					
Retail	30.0	29.0	100bps	31.0	-100bps
HNI	28.0	26.0	200bps	29.0	-100bps
Corporate	42.0	44.0	-200bps	40.0	200bps
Investor wise - Market share (%)					
Retail	9.1	8.6	50bps	9.0	10bps
HNI	6.7	5.8	90bps	6.6	10bps
Corporate	8.5	7.8	70bps	7.8	70bps

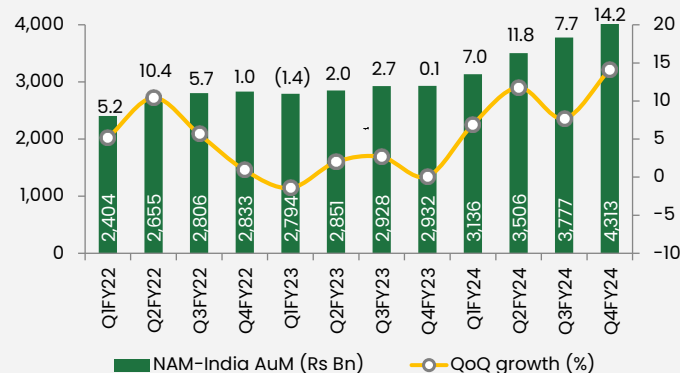
Source : RBL Research

Story in charts

Industry AuM increased by 10% QoQ

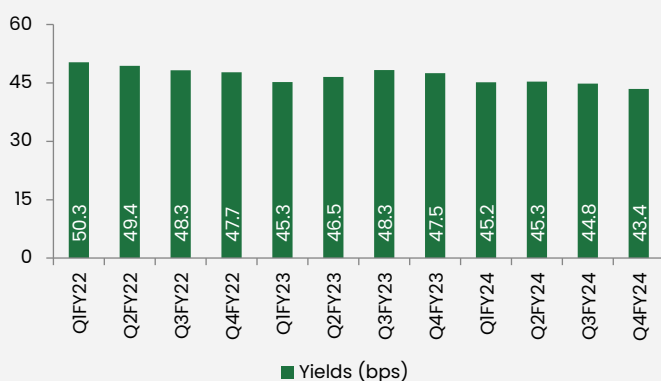


NAM-India AuM increased by 14.2% QoQ in Q4FY24

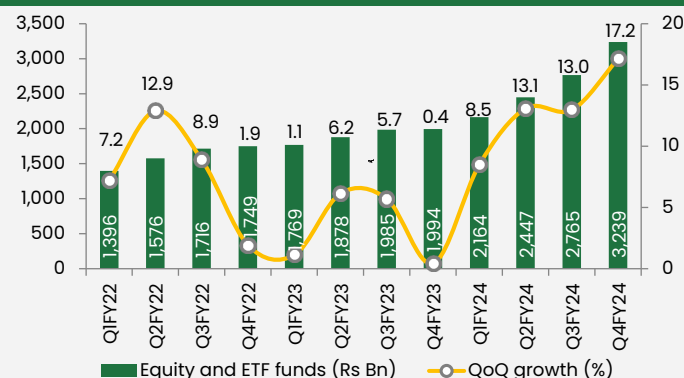


Source : RBL Research

Slight moderation in margins during the quarter

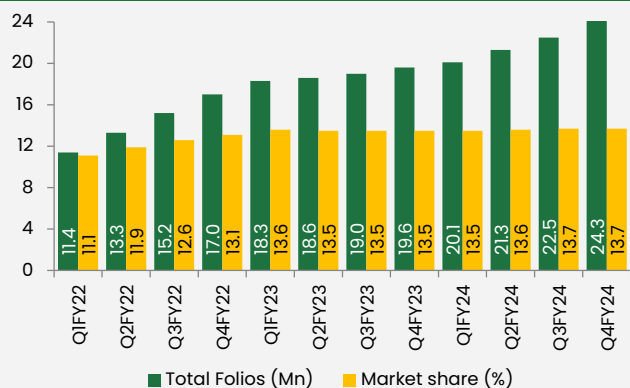


Equity and ETF fund increased by 17.2% QoQ

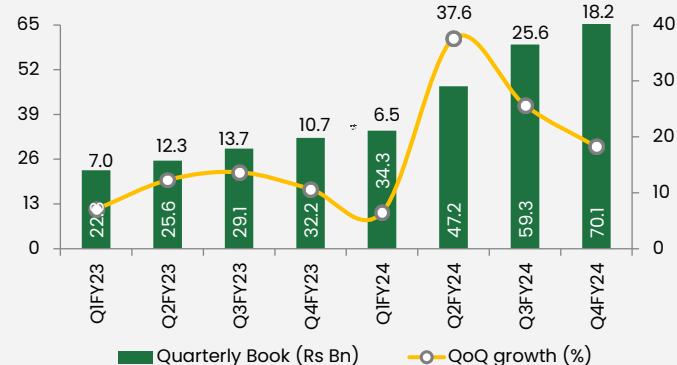


Source : RBL Research

Healthy growth in Folios while market share sustained

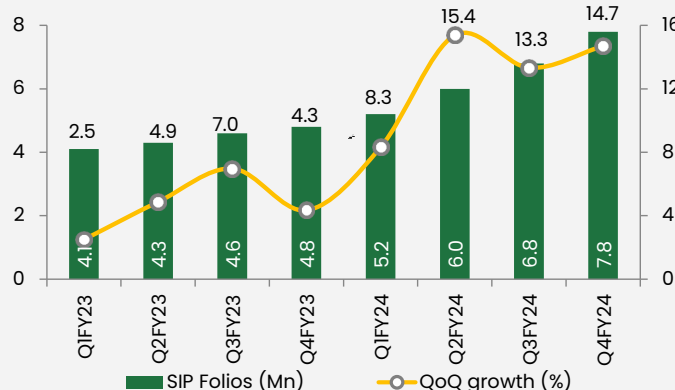


Quarterly book increased by 18.2% QoQ

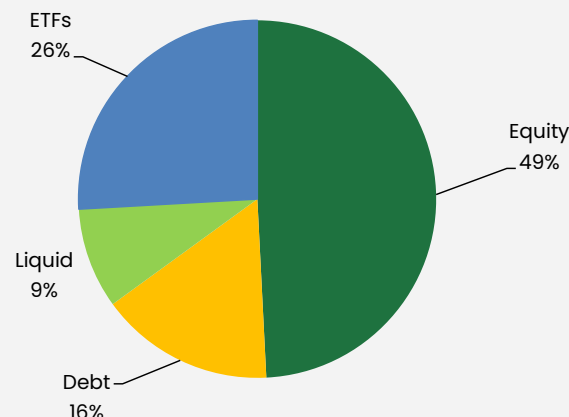


Source : RBL Research

SIP folios reported growth of 14.7% YoY



AuM mix having highest share equity funds



Source : RBL Research

Income statement – standalone

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Revenue from operations	1,259	1,521	2,264	2,678
Total income	1,431	1,877	2,643	3,084
Fee and commission expenses	10	7	9	10
Employee benefits expenses	273	301	335	376
Others expenses	197	240	311	402
Total expenses	480	548	655	788
EBITDA	779	973	1,609	1,890
Depreciation, amortization and impairment	29	28	40	45
EBIT	750	945	1,569	1,845
Other income	172	356	379	406
Finance costs	4	6	6	6
Profit before tax	918	1,294	1,942	2,246
Margin (%)	64	69	73	73
Tax	203	247	454	525
Tax rate (%)	22	19	23	23
Profit after tax	715	1,047	1,487	1,720
Margin (%)	50.0	55.8	56.3	55.8
EPS (Rs.)	11.5	16.8	23.6	27.3
P/E (x)	50.9	34.9	24.8	21.4

Source : RBL Research

Balance sheet – standalone

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Cash and bank balance	231	228	235	230
Trade receivables	87	116	142	183
Loans	67	61	71	86
Investments	2,935	3,354	3,441	3,668
Other financial assets	22	16	24	29
Sub-total - financial assets	3,341	3,774	3,914	4,196
Current tax assets (net)	14	20	20	20
Property, plant and equipment	11	16	19	17
Intangible assets	294	315	319	326
Other non-financial assets	37	33	35	36
Sub-total - Non financial assets	356	384	393	400
Total assets	3,698	4,159	4,307	4,596
Total outstanding dues	41	41	43	42
Other financial liabilities	116	160	122	132
Sub-total - financial liabilities	156	201	165	174
Current tax liabilities	25	7	7	8
Provisions	11	7	7	6
Deferred tax liabilities	58	77	81	84
Other non-financial liabilities	35	49	50	52
Sub-total - Non financial liabilities	129	140	145	150
Equity share capital	623	630	630	630
Other equity	2,788	3,188	3,367	3,642
Total equity	3,412	3,818	3,997	4,272
Total liabilities and equity	3,698	4,159	4,307	4,596

Source : RBL Research

Cash flow – standalone

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Profit Before Tax	918	1,294	1,942	2,246
Depreciation	29	28	40	45
Interest expenses	4	6	6	6
Other adjustments	(149)	(347)	(40)	(45)
Changes In working Capital	(41)	11	(75)	(47)
Cash Flow after changes in working capital	761	993	1,873	2,205
Tax Paid	(169)	(253)	(454)	(525)
Cash from operating activities	592	739	1,418	1,679
Interest Income	36	32	40	45
(Purchase)/sale of investment	122	(86)	(87)	(227)
Other adjustments	(40)	(4)	(49)	(52)
Cash flow from investing activities	118	(57)	(96)	(234)
Interest paid	(4)	(6)	(6)	(6)
Equity dividend paid	(717)	(811)	(1,309)	(1,445)
Other adjustments	8	147	-	-
Cash from financing activities	(713)	(670)	(1,315)	(1,451)
Net cash inflow/outflow	(3)	12	8	(6)
Opening cash and cash equivalents	4	1	13	21
Closing cash & cash equivalents	1	13	21	16

Source : RBL Research

Valuation – standalone

Particulars	FY23	FY24	FY25E	FY26E
P/E (x)	50.9	34.9	24.8	21.4
P/B (x)	10.7	9.6	9.2	8.6
Mcap to AuM (%)	5.1	4.6	3.8	3.2
Dividend yield (%)	4.9	2.8	3.6	3.9

Source : RBL Research

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S. No.	Statement	Answer	
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below, are given separately]

Nature of Interest (if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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