

April 29, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	700		725	
Sales (Rs. m)	24,582	27,398	24,110	26,873
% Chg	2.0	2.0		
Opex (Rs. m)	9,496	10,415	9,090	10,016
% Chg	4.5	4.0		
Core EPS (Rs.)	18.3	20.6	18.3	20.5
% Chg	0.2	0.5		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Revenue (Rs m)	16,432	22,307	24,582	27,398
Opex	6,849	8,264	9,496	10,415
Employee	3,360	4,290	4,870	5,236
Others	3,489	3,974	4,625	5,179
Core Inc. (Rs m)	9,584	14,043	15,086	16,984
PAT (Rs mn)	11,062	12,857	13,737	15,432
Core PAT (Rs m)	7,839	10,656	11,617	13,078
Core EPS (Rs.)	12.4	16.8	18.3	20.6
Gr. (%)	30.8	34.9	9.0	12.6
AAuM (Rs bn)	3,683	5,400	6,278	7,419
Gr. (%)	28.0	46.6	16.3	18.2
Core RoAAuM (%)	0.21	0.20	0.19	0.18
Core RoE (%)	35.6	46.7	48.7	50.2
P/Core EPS (x)	18.0	34.6	31.4	27.5

Key Data

NIPP.BO | NAM IN

52-W High / Low	Rs.816 / Rs.498
Sensex / Nifty	80,218 / 24,329
Market Cap	Rs.4,741.2bn/ \$ 403.2m
Shares Outstanding	634.7m
3M Avg. Daily Value	Rs.716.0m

Shareholding Pattern (%)

Promoter's	72.32
Foreign	8.34
Domestic Institution	12.80
Public & Others	6.53
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	9.9	(5.3)	8.2
Relative	6.4	(4.7)	0.8

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Industry equity flows a key monitorable

Quick Pointers:

- Steady quarter with all core parameters in-line.
- Market share fall in net equity flows lower as compared to larger peers.

NAM saw a stable quarter as core numbers i.e. QAAuM and core income were in-line. Overall and equity QAAuM declined by 2.2%/5.1% QoQ owing to equity market correction in Feb'25. As a result, equity share fell by 137bps QoQ leading to fall of 0.6bps in blended yields. As per the company, commission has been rationalized for 45-50% of equity AuM. Market share in net equity flows (ex-NFO) continues strong in FY25; it was 10.6% (11.8% in FY24) and reduction was lower than larger peers. Closing equity AuM for industry corrected by 3.0% over Dec'24-Mar'25 and equity markets have been volatile due to uncertain global macros. Industry equity flows contracted MoM by 17% in Mar'25 which remain a key monitorable. Over FY25-27E we expect core PAT CAGR of 10.6%. We roll forward to Mar'27 core EPS but maintain multiple at 31x (stock is valued at 27.6x); revise TP to Rs700 from Rs725. Retain 'BUY'.

- Steady quarter with core numbers in-line:** QAAuM was in-line at Rs5,571bn (-2.2% QoQ); while equity (incl. bal) at Rs2540bn fell by 5.1% QoQ. Revenue was 1% lower to PLe at Rs5.67bn driven by lower revenue yields at 40.7bps (PLe 41bps). Opex was 2.8% below PLe at Rs2.1bn (PLe Rs2.2bn) due to lower other opex and commission. Employee cost was higher at Rs1.1bn (PLe Rs981mn); ESOP cost was Rs107mn; for FY25 ESOP charge was Rs407mn. Other expenses dropped by 5.1% QoQ to Rs909mn (PLe Rs980mn). Hence, core income at Rs3.55bn came in as expected resulting in operating yields at 25.5bps (PLe 25.4bps). Other income was ahead at 0.2bn (PLe Rs0.1bn). Tax rate was lower at 21% (PLe 25%). Hence, core PAT yields came in higher at 20.1bps (vs PLe 19bps). PAT was a beat at Rs3bn (PLe Rs2.7bn).
- Equity performance and flows remain healthy:** During Q4FY25, due to equity market correction in Feb'25, equity share fell to 45.6% (47% in Q3FY25) while debt fell by 24bps QoQ to 13.7% and liquid inched up by 34bps QoQ to 7.6%. Blended revenue yield fell by 0.6% QoQ due to fall in equity share. Commission has been rationalized for 45-50% of AUM. Superior equity performance in 3-yr bucket is driving market share gains in net equity (incl. balanced) flows; they remained strong in FY25 at 10.6% (vs 11.8% in FY24). As of Mar'25 basis weighted avg. equity performance, NAM remains one of the top performing funds (rank 3) in the 3/5yr buckets. Share in SIP flows slightly declined from 12.8% in Q3FY25 to 12.4% in Q4FY25.
- Tax rate to normalize; new ESOP scheme announced:** Tax rate was lower QoQ tax refund of previous assessments; rate is expected to normalize to 25% going forward. In addition to the previous scheme, a fresh ESOP scheme was announced; ESOP cost for FY26 could be Rs480mn (earlier Rs270mn) and for FY27E it may be Rs270mn. Opex is guided to grow at 15% for FY26 with staff cost at 14% (ex-ESOP); NAM may add 75-100 employees next year. We are factoring opex CAGR (ex-ESOP) of ~14% over FY25-27E.

Exhibit 1: PAT beat at Rs3bn led by lower opex & lower taxes

Financials (Rs m)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Q4FY25E	% Var.
Revenue	5,665	4,683	21.0	5,879	(3.6)	5,711	(0.8)
Total Expenses	2,118	1,865	13.6	2,116	0.1	2,178	(2.8)
Employees	999	868	15.1	957	4.4	981	1.8
Other expenses	836	790	5.8	847	(1.3)	868	(3.7)
Operating Income	3,548	2,818	25.9	3,763	(5.7)	3,533	0.4
Other Income	230	923	(75.0)	154	49.5	50	360.8
Profit before tax	3,778	3,741	1.0	3,917	(3.5)	3,583	5.4
Tax	795	315	152.5	965	(17.6)	896	(11.3)
Profit after tax	2,983	3,426	(12.9)	2,953	1.0	2,687	11.0
Core PAT	2,801	2,581	8.5	2,836	(1.2)	2,650	5.7
Profitability ratios (bps)							
Revenue yield	40.7	43.4	(3.7)	41.3	(0.6)	41.0	(1)
Employee to AuM	7.2	8.0	(1.9)	6.7	0.5	7.0	2
Opex to AuM	15.2	17.3	(3.1)	14.9	0.4	15.6	(3)
Core income/AuM	25.5	26.1	(1.7)	26.4	(0.9)	25.4	0
PAT/AuM	21.4	31.8	(11.4)	20.7	0.7	19.3	11
Core PAT/AuM	20.1	23.9	(4.8)	19.9	0.2	19.0	6
QAAuM (Rs. mn)							
QAAuM (Rs. mn)	55,71,269	43,14,041	29.1	56,99,024	(2.2)	55,71,569	(0)
Equity	23,19,075	17,69,384	31.1	24,53,296	(5.5)	23,19,591	(0)
Balanced	2,21,027	1,79,121	23.4	2,23,382	(1.1)	2,21,279	(0)
Debt	7,63,549	6,20,448	23.1	7,94,747	(3.9)	7,63,148	0
Liquid	4,26,061	3,93,903	8.2	4,16,680	2.3	4,25,713	0
ETF	15,38,216	11,15,715	37.9	15,01,859	2.4	15,38,536	(0)
Index	1,58,847	1,01,122	57.1	1,57,275	1.0	1,58,874	(0)
Arbitrage	1,44,494	1,34,348	7.6	1,51,785	(4.8)	1,44,427	0

Source: Company, PL.



Q4FY25 Concall Highlights

Industry

- Equity market in Q4FY25 witnessed a drop from prior quarter. NIFTY declined by 0.5% QoQ while NIFTY Midcap & Smallcap indices declined by 9.6% and 14.9% respectively.
- Both gross and net inflows were lower QoQ. Categories with the highest inflows were sectoral thematic funds, flexi cap and small cap funds.

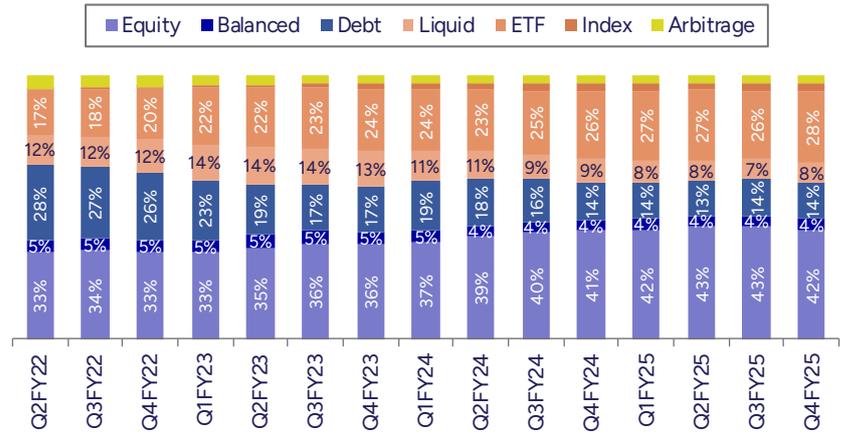
NAM AUM/financial Performance

- Yields on different asset classes: Blended yields at 37bps, equity 57bps, debt 25bps, liquid 10-12bps and ETF 15bps.
- Opex in FY26 is expected to grow at 15% and staff cost (ex-ESOP) may grow at 14%. FY26 ESOP cost is likely to be Rs480-490mn. NAM may add 75-100 employees next year.
- Commission rationalization is completed on 45-50% of AUM.
- Tax rate is lower QoQ on account of refunds due to completion of assessments. Rate is expected to normalize at 25% going forward.
- PPE balance is elevated on account of purchase of new corporate office.
- Drop in offshore managed assets is driven by MTM.
- As per management, SIP book has remained flattish due to volatility in markets. However, it is a temporary phenomenon and net flows for NAM have been better than industry.
- Management reiterated its strategy of not coming up with NFOs as it distracts the sales team and only gives a short-term kick to the flows due to no stickiness of NFO investors in long term.
- Liquidity in MF industry has gone up due to expectation of moderate rate cuts. NAM witnessed good flows in shorter and medium end duration products in March and April.
- NAM achieved a high single digit market share in terms of equity net sales.

Others

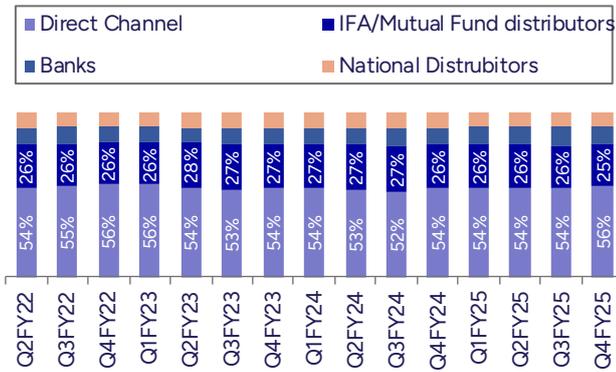
- Management gave an update on recent cyber-attack. All critical applications have been restored and during this period investors were redirected to alternate channels leading to minimal impact.
- NAM launched Nippon India ETF Nifty 50 BeES GIFT fund during the quarter in collaboration with Nissay AMC. Future pipeline includes Long short fund, NAM's 2nd fund of fund product.
- During the quarter NAM completed NFO of the Nippon Active India Active Momentum Plan.

Exhibit 2: Equity + bal share declines to ~45.6%; debt steady at ~14%



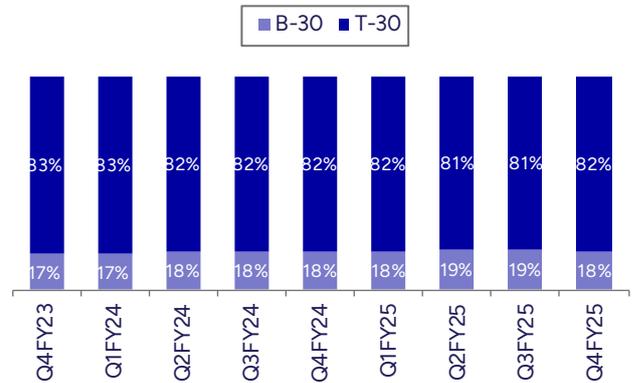
Source: Company, PL

Exhibit 3: Total distribution – Direct dominates at 56%



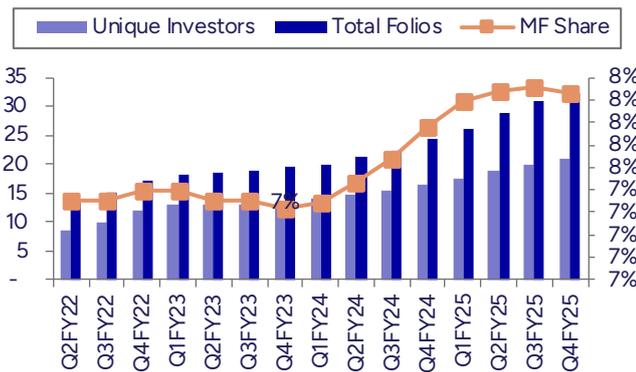
Source: Company, PL

Exhibit 4: B-30/T-30 mix constant



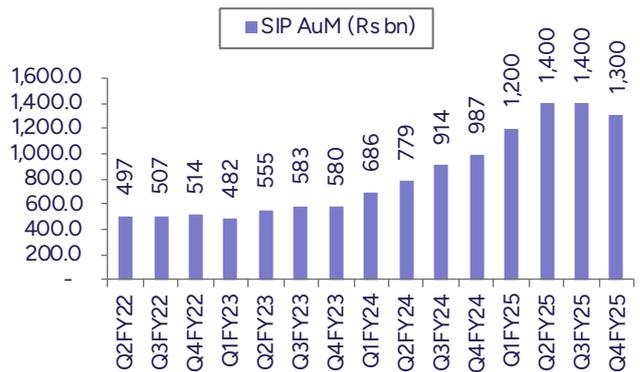
Source: Company, PL

Exhibit 5: Consistently growing share and investors



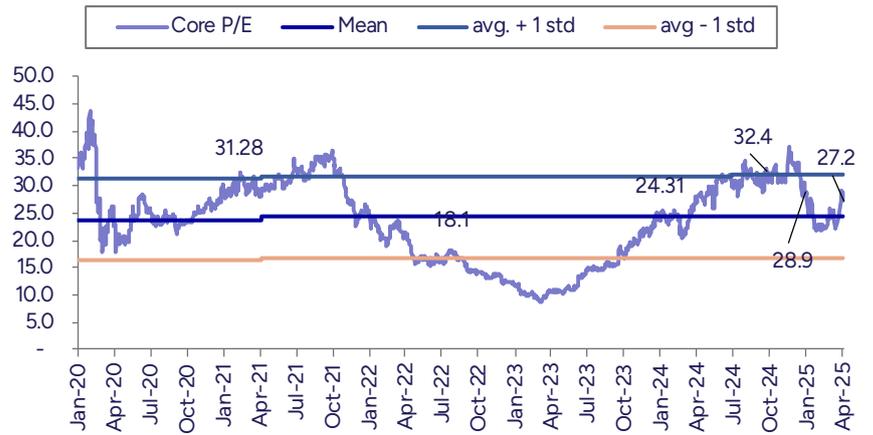
Source: Company, PL

Exhibit 6: SIP AuM declines QoQ due to volatile markets



Source: Company, PL

Exhibit 7: NAM India 2-yr fwd. P/Core EPS trades at 27.2x



Source: Company, PL

Financials

Exhibit 8: Quarterly Financials

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue	3,483	3,542	3,975	4,233	4,683	5,050	5,713	5,879	5,665
Expenses	1,488	1,611	1,650	1,723	1,865	1,970	2,060	2,116	2,118
Employee	725	761	780	863	868	969	959	957	999
Others	681	750	779	777	905	851	917	974	927
Depreciation	82	81	72	65	73	68	74	77	86
Core Income	1,995	1,931	2,325	2,510	2,818	3,080	3,653	3,763	3,548
Other Income	397	1,169	779	1,071	923	1,308	1,208	154	230
PBT	2,392	3,099	3,104	3,581	3,741	4,388	4,861	3,917	3,778
Tax	415	746	661	741	315	1,066	1,261	965	795
PAT	1,977	2,354	2,443	2,840	3,426	3,322	3,600	2,953	2,983
Core PAT	1,649	1,466	1,830	1,991	2,581	2,331	2,705	2,836	2,801
QAAuM	29,32,258	31,36,285	35,06,854	37,76,159	43,14,041	48,38,329	54,92,960	56,99,024	55,71,269
Equity	36.0%	36.6%	38.9%	40.4%	41.0%	41.7%	43.1%	43.0%	41.6%
Balanced	4.8%	4.6%	4.3%	4.3%	4.2%	4.0%	3.9%	3.9%	4.0%
Debt	17.3%	18.7%	17.5%	16.2%	14.4%	13.6%	13.0%	13.9%	13.7%
Liquid	13.3%	11.4%	11.0%	9.0%	9.1%	8.5%	7.7%	7.3%	7.6%
ETF	23.9%	23.5%	23.0%	24.6%	25.9%	26.8%	27.0%	26.4%	27.6%
Index	1.6%	2.4%	2.4%	2.4%	2.3%	2.4%	2.5%	2.8%	2.9%
Market share (%)	7.24	7.28	7.46	7.67	7.97	8.20	8.29	8.30	8.26
Equity	6.95	7.05	7.40	7.63	7.77	7.93	8.02	8.07	7.97
Balanced	3.12	3.07	3.04	3.01	2.99	2.96	2.99	3.02	3.02
Eq+Bal	6.07	6.17	6.46	6.65	6.77	6.92	7.04	7.08	6.98
Debt	6.61	7.01	6.92	6.92	7.03	7.07	7.09	7.46	7.14
Liquid	7.02	6.32	6.65	6.29	6.76	6.91	6.79	6.38	6.26
ETF	13.74	13.86	14.03	15.36	16.69	17.79	18.16	18.12	19.05
Index	3.5	4.4	4.6	4.7	4.9	5.1	5.3	5.8	5.8
QAAuM Growth (%)	0.1	7.0	11.8	7.7	14.2	12.2	13.5	3.8	-2.2
Equity	-0.2	8.7	18.6	12.0	15.9	13.9	17.4	3.7	-5.5
Balanced	-2.2	1.9	6.7	6.0	10.8	7.9	11.2	4.0	-1.1
Eq+Bal	-0.4	7.9	17.3	11.4	15.4	13.4	16.8	3.7	-5.1
Debt	-5.2	-8.5	7.7	-11.1	15.3	4.1	3.3	-1.7	2.3
Liquid	2.5	5.4	9.5	15.0	20.1	16.1	14.4	1.4	2.4
ETF	31.2	58.9	9.6	7.8	12.9	15.4	16.9	15.4	1.0
Index	3.1	-3.2	16.6	14.3	15.3	11.2	4.4	-2.7	-4.8
Dupont (bps)									
Revenue yield	47.5	45.2	45.3	44.8	43.4	41.7	41.6	41.3	40.7
Opex to AuM	20.3	20.5	18.8	18.3	17.3	16.3	15.0	14.9	15.2
Staff cost	9.9	9.7	8.9	9.1	8.0	8.0	7.0	6.7	7.2
Other opex	9.3	9.6	8.9	8.2	8.4	7.0	6.7	6.8	6.7
Depreciation	1.1	1.0	0.8	0.7	0.7	0.6	0.5	0.5	0.6
Core income/AuM	27.2	24.6	26.5	26.6	26.1	25.5	26.6	26.4	25.5
PAT/AuM	27.0	30.0	27.9	30.1	31.8	27.5	26.2	20.7	21.4
Core PAT/AuM	22.5	18.7	20.9	21.1	23.9	19.3	19.7	19.9	20.1
Profitability (%)									
Staff cost/revenue	20.8	21.5	19.6	20.4	18.5	19.2	16.8	16.3	17.6
Other opex/revenue	19.6	21.2	19.6	18.4	19.3	16.8	16.1	16.6	16.4
Core income/revenue	57.3	54.5	58.5	59.3	60.2	61.0	63.9	64.0	62.6
Tax rate	17.3	24.1	21.3	20.7	8.4	24.3	25.9	24.6	21.0
PAT margin	56.8	66.5	61.4	67.1	73.2	65.8	63.0	50.2	52.7
Core PAT margin	47.3	41.4	46.0	47.0	55.1	46.2	47.4	48.2	49.4

Source: Company, PL

Exhibit 9: Summary Financials (Rs mn)

Particulars	FY24	FY25E	FY26E	FY27E	Particulars	FY24	FY25E	FY26E	FY27E
Profit & Loss					Balance Sheet				
Revenue	16,432	22,307	24,582	27,398	Net Worth	39,822	42,129	46,290	50,944
Investment mgmt.	14,793	20,348	22,254	24,852	Capital (FV Rs5)	6,300	6,347	6,347	6,347
PMS / Advisory	1,640	1,958	2,329	2,546	Reserves	33,522	35,782	39,943	44,597
Expenses	6,849	8,264	9,496	10,415	Employee benefit	84	121	146	175
Employee	3,360	4,290	4,870	5,236	Others	2,952	3,247	3,329	3,414
Others	3,197	3,668	4,146	4,685	Total Liabilities	42,857	45,497	49,764	54,533
Depreciation	291	306	479	494	Cash and Bank	2,706	2,877	2,932	2,988
Core Income	9,584	14,043	15,086	16,984	Investment	35,127	33,238	37,155	41,565
Other Income	3,941	2,900	2,754	3,058	Fixed assets	3,328	8,717	8,978	9,248
PBT	13,525	16,943	17,841	20,041	Others	1,697	665	699	733
Tax	2,462	4,086	4,103	4,610	Total Assets	42,857	45,496	49,764	54,533
PAT	11,062	12,857	13,737	15,432	AuM Data				
Core PAT	7,839	10,656	11,617	13,078	AAuM	36,83,335	54,00,396	62,78,097	74,19,195
Dividend	10,370	11,425	12,363	13,889	Equity	14,51,866	22,88,651	26,76,040	30,40,954
Growth ratios (%)					Balanced	1,59,004	2,13,102	2,32,809	2,54,298
Revenue	21.7	35.8	10.2	11.5	Debt	6,08,017	7,32,562	8,06,059	9,32,369
Opex	16.3	20.7	14.9	9.7	Liquid	3,69,295	4,19,157	4,48,608	4,84,032
Employee	11.9	27.7	13.5	7.5	ETF	8,97,735	14,54,203	17,47,807	22,52,248
Others	23.5	14.7	13.0	13.0	Index	87,390	1,42,280	1,89,459	2,56,858
Core income	26.0	46.5	7.4	12.6	Arb & FoF	1,10,027	1,50,441	1,77,315	1,98,437
PAT	53.0	16.2	6.8	12.3	Mix				
Core PAT	32.2	35.9	9.0	12.6	Equity	39.4	42.4	42.6	41.0
DuPont analysis (%)					Balanced	4.3	3.9	3.7	3.4
Revenue	0.45	0.41	0.39	0.37	Debt	16.5	13.6	12.8	12.6
Expenses	0.19	0.15	0.15	0.14	Liquid	10.0	7.8	7.1	6.5
Employee	0.09	0.08	0.08	0.07	ETF	24.4	26.9	27.8	30.4
Others	0.09	0.07	0.07	0.06	Index	2.4	2.6	3.0	3.5
Depreciation	0.01	0.01	0.01	0.01	Arb & FoF	3.0	2.8	2.8	2.7
Core Income	0.26	0.26	0.24	0.23	Growth				
Other Income	0.11	0.05	0.04	0.04	Overall	28.0	46.6	16.3	18.2
PBT	0.37	0.31	0.28	0.27	Equity+Bal	40.6	55.3	16.3	13.6
Tax	0.07	0.08	0.07	0.06	Debt	11.1	20.5	10.0	9.2
PAT (RoAAuM)	0.30	0.24	0.22	0.21	Liquid	-7.2	13.5	7.0	13.3
Core RoAAuM	0.21	0.20	0.19	0.18	ETF	36.9	62.0	20.2	15.7
ROE	29.5	31.4	31.1	31.7	Index	160.4	62.8	33.2	28.9
Core RoE	35.6	46.7	48.7	50.2	Arb & FoF	14.3	36.7	17.9	35.6
Other Ratios (%)					Valuations				
Staff cost/revenue	20.4	19.2	19.8	19.1	EPS	17.6	20.3	21.6	24.3
Other opex/revenue	19.5	16.4	16.9	17.1	Core EPS	12.4	16.8	18.3	20.6
Core Income/revenue	58.3	63.0	61.4	62.0	CPS	60.1	56.9	63.2	70.2
Other Income/revenue	24.0	13.0	11.2	11.2	DPS	16.5	18.0	19.5	21.9
Yield on Investments	11.2	7.8	7.2	7.2	Dividend yield	4.5	2.8	3.1	3.4
Effective tax rate	18.2	24.1	23.0	23.0	BVPS	63	66	73	80
PAT margin	67.3	57.6	55.9	56.3	P/B	5.7	9.6	8.7	7.9
Core PAT margin	53.0	52.4	52.2	52.6	P/E	20.6	31.5	29.5	26.2
Dividend payout (%)	93.7	88.9	90.0	90.0	P/core EPS	18.0	34.6	31.4	27.5

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	725	545
2	24-Jan-25	BUY	725	653
3	08-Jan-25	BUY	820	722
4	25-Oct-24	BUY	820	680
5	08-Oct-24	BUY	615	631
6	22-Jul-24	BUY	700	636
7	09-Jul-24	BUY	615	667
8	25-Apr-24	BUY	615	584
9	10-Apr-24	BUY	610	526
10	07-Mar-24	BUY	610	508

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,072	2,038
2	Axis Bank	BUY	1,500	1,207
3	Bank of Baroda	BUY	285	230
4	Can Fin Homes	BUY	860	723
5	City Union Bank	BUY	200	160
6	DCB Bank	BUY	155	113
7	Federal Bank	BUY	210	191
8	HDFC Asset Management Company	BUY	4,600	4,218
9	HDFC Bank	BUY	2,125	1,907
10	ICICI Bank	BUY	1,700	1,407
11	IndusInd Bank	Hold	860	676
12	Kotak Mahindra Bank	BUY	2,230	2,038
13	LIC Housing Finance	BUY	650	566
14	Nippon Life India Asset Management	BUY	725	545
15	State Bank of India	BUY	900	747
16	Union Bank of India	BUY	140	119
17	UTI Asset Management Company	BUY	1,320	1,035

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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