

July 29, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	860		700	
Sales (Rs. m)	25,949	29,275	25,652	28,631
% Chg	1.2	2.2		
Opex (Rs. m)	9,645	10,597	9,689	10,612
% Chg	-0.5	-0.1		
Core EPS (Rs.)	19.5	22.4	19.1	21.6
% Chg	2.2	3.5		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Revenue (Rs m)	16,432	22,307	25,949	29,275
Opex	6,849	8,264	9,645	10,597
Employee	3,360	4,290	4,846	5,164
Others	3,489	3,974	4,799	5,433
Core Inc. (Rs m)	9,584	14,043	16,304	18,677
PAT (Rs mn)	11,062	12,857	14,487	16,530
Core PAT (Rs m)	7,839	10,656	12,391	14,195
Core EPS (Rs.)	12.4	16.8	19.5	22.4
Gr. (%)	30.8	34.9	16.3	14.6
AAuM (Rs bn)	3,683	5,400	6,813	8,246
Gr. (%)	28.0	46.6	26.2	21.0
Core RoAAuM (%)	0.21	0.20	0.18	0.17
Core RoE (%)	35.6	46.7	51.8	54.1
P/Core EPS (x)	18.0	29.8	37.5	32.4

Key Data

NIPP.BO | NAM IN

52-W High / Low	Rs.878 / Rs.456
Sensex / Nifty	80,891 / 24,681
Market Cap	Rs.504.5bn / \$ 5,821.6m
Shares Outstanding	635.4m
3M Avg. Daily Value	Rs.753.4m

Shareholding Pattern (%)

Promoter's	72.25
Foreign	7.60
Domestic Institution	13.45
Public & Others	6.7
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.4	38.9	22.0
Relative	5.1	32.3	22.6

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Net flow market share remains higher than stock

Quick Pointers:

- Steady quarter with slight beat in core income due to better yields
- Market share in net equity flows is intact leading to market share gains.

NAM saw a stable quarter as QAAuM and core income were largely in-line. Despite strong equity QAAuM growth of 9.1% QoQ and fall in equity share by 37bps QoQ, blended yields were higher to PLe by 0.9bp since (1) company is still benefitting from commission rationalization and (2) ETF yields improved by 2bps QoQ due to sizable growth in higher yielding AuM. NAM continues to gain market share in equity MAAuM as share in net equity flows (ex-NFO) is healthy at 11.4% in Q1FY26 (10.6% in FY25) which is higher than stock MAAuM market share of 7.1%. Over FY25-27E we expect core PAT CAGR of 15.4%. As equity markets have done well in Q1FY26 and net flows have improved and normalized in Jun'25 from Apr/May'25, we increase multiple on FY27E core EPS to 35x from 31x and raise TP to Rs860 from Rs700. Retain 'BUY'.

- Steady quarter with core numbers in-line:** QAAuM was in-line at Rs6,127bn (+10% QoQ); while equity (incl. bal) at Rs2,771bn grew by 9.1% QoQ. Revenue grew by 7.1% QoQ and was higher at Rs6.07bn (PLe Rs 5.93bn) led by higher revenue yields at 39.6bps (PLe 38.7bps). Opex grew by 8% QoQ and was more at 2.3bn (PLe Rs2.2bn) as staff cost ex-ESOP was a 6.5% miss at 1.17bn; other opex was stable at 857mn (PLe Rs855mn). ESOP cost as expected was Rs110mn. Hence, core income (+6.5% QoQ) was largely in-line at 3.8bn (PLe Rs3.7bn) resulting in operating yields of 24.7bps (PLe 24.3bps). Other income was ahead at 1.5bn (PLe Rs1.1bn) due to MTM gains. Tax rate was 24.5% (PLe 24%). Hence, core PAT yields came in at 18.6bps (PLe 18.5bps). PAT came in at Rs4bn (PLe Rs3.66bn) due to higher MTM gains.
- Equity performance (in 3-yr bucket) and flows remain healthy:** Equity share slightly fell QoQ to 45.2% (45.6% in Q4FY25) and debt fell by 16bps while share of liquid/ETF rose by 4/78bps. Despite rise in share of lower yielding AuM and strong equity growth QoQ, blended yields were higher by 0.9bp since (1) company is still benefitting from commission rationalization and (2) ETF yields have gone up QoQ from 15bps to 17bps due as products with higher expenses have grown sizably. Performance in 3/5yr buckets remains superior and market share in net equity (incl. balanced) flows remained strong in Q1FY26 at 11.4% (vs 10.6% in FY25). As net flow equity market share remains higher than stock MAAuM market share, NAM continues to gain market share in equity (incl. balanced); it enhanced by 12bps QoQ and 18bps YoY to 7.1%.
- Fall in SIP folios QoQ in-line with industry:** Share in SIP flows slightly declined from 10.16% in Q4FY25 to 10.07% in Q1FY26 and SIP folios declined QoQ to 9.9mn from 10.5mn due to one-time cleanup of inactive accounts in-line with industry. However, NAM is getting reasonable flows across categories; 75% of SIP by value has a ticket size <Rs10,000 which adds stability to flows. ESOP cost for FY26 could be Rs460mn and for FY27E it may be Rs270mn. We are factoring opex CAGR (ex-ESOP) of ~14% over FY25-27E.

Exhibit 1: PAT beat at Rs3bn led by higher MTM gains

Financials (Rs m)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Revenue	6,066	5,050	20.1	5,928	2.3	5,665	7.1	25,949	22,307	16.3
Total Expenses	2,287	1,970	16.1	2,207	3.7	2,118	8.0	9,645	8,264	16.7
Employees	1,116	969	15.3	1,048	6.5	999	11.8	4,846	4,290	12.9
Other expenses	857	723	18.4	855	0.2	836	2.5	3,420	2,950	15.9
Operating Income	3,779	3,080	22.7	3,721	1.5	3,548	6.5	16,304	14,043	16.1
Other Income	1,460	1,308	11.6	1,100	32.7	230	533.7	2,758	2,900	(4.9)
Profit before tax	5,239	4,388	19.4	4,821	8.7	3,778	38.7	19,062	16,943	12.5
Tax	1,282	1,066	20.3	1,157	10.8	795	61.3	4,575	4,086	12.0
Profit after tax	3,957	3,322	19.1	3,664	8.0	2,983	32.6	14,487	12,857	12.7
Core PAT	2,854	2,331	22.4	2,828	0.9	2,801	1.9	12,391	10,656	16.3
Profitability ratios (bps)										
Revenue yield	39.6	41.7	(3.1)	38.7	2	40.7	(1.1)	38.1	41.3	(4.2)
Employee to AuM	7.3	8.0	(1.7)	6.8	6	7.2	0.1	7.1	7.9	(1.8)
Opex to AuM	14.9	16.3	(2.4)	14.4	4	15.2	(0.3)	14.2	15.3	(2.1)
Core income/AuM	24.7	25.5	(1.8)	24.3	2	25.5	(0.8)	23.9	26.0	(3.1)
PAT/AuM	25.8	27.5	(2.6)	23.9	8	21.4	4.4	21.3	23.8	(3.5)
Core PAT/AuM	18.6	19.3	(1.6)	18.5	1	20.1	(1.5)	18.2	19.7	(2.5)
QAAuM (Rs. mn)										
Equity	61,27,268	48,38,329	26.6	61,27,235	0	55,71,269	10.0	68,13,467	54,00,396	26.2
Balanced	25,35,092	20,15,964	25.8	25,35,142	(0)	23,19,075	9.3	27,50,715	22,88,651	20.2
Debt	2,36,032	1,93,215	22.2	2,36,040	(0)	2,21,027	6.8	2,45,827	2,13,102	15.4
Liquid	8,30,099	6,57,501	26.3	8,30,050	0	7,63,549	8.7	8,17,266	7,32,562	11.6
ETF	4,71,215	4,10,188	14.9	4,71,054	0	4,26,061	10.6	4,48,608	4,19,157	7.0
Index	17,39,577	12,95,360	34.3	17,39,691	(0)	15,38,216	13.1	21,71,922	14,54,203	49.4
Arbitrage	1,71,614	1,16,653	47.1	1,71,618	(0)	1,58,847	8.0	2,09,997	1,42,280	47.6
	1,43,638	1,49,448	(3.9)	1,43,639	(0)	1,44,494	(0.6)	1,69,131	1,50,441	12.4

Source: Company, PL.

Q1FY26 Concall Highlights

Industry

- Equity market in Q1 FY26 witnessed a sharp rebound from prior quarter levels. The Nifty increased by 8.5% QoQ while the Nifty Mid and small cap indices increased by 15% and 17.8% QoQ respectively.
- Gross inflows were relatively flat QoQ while net inflows were lower QoQ. Categories with the highest inflow were flexicap, small cap, & mid-cap funds.

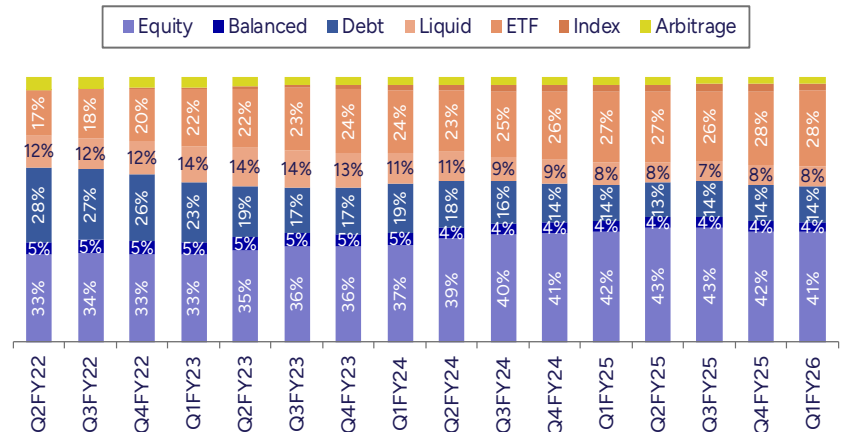
NAM AUM/financial Performance

- Yields on different asset classes: Blended yields at 36bps, equity 55bps, debt 25bps, liquid 12bps and ETF 17bps. Yield decline over the last 2 years is attributable to i) telescopic pricing ii) net flows coming at higher cost compared to stock.
- ETF yields have gone up due to composition of various products within ETFs where schemes with higher expenses have grown sizeably.
- ESOP cost for Q1FY26 stood at Rs110mn. For FY26/27 ESOP cost is expected to be Rs460mn/ Rs270mn respectively.
- Management does not have any target to rationalize commissions and it will be done basis market conditions.
- Management stated that the proprietary book will always have more fixed income component to avoid volatility.

Others

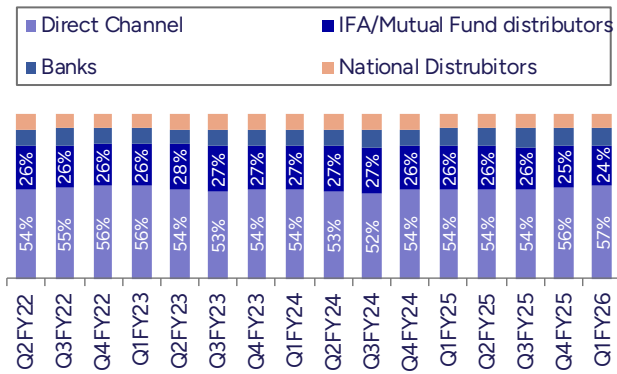
- SIP folios saw a decline in QoQ due to one time cleanup of inactive accounts industry wide.
- NAM is getting reasonable flows across categories. 75% of SIP by value are less than Rs10,000 which adds stability to the flows.
- NAM is neutral on the draft SEBI consultation paper which states that a new scheme in existing category with AUM of >Rs500bn can be added with existing TER of the category.
- Company stated that investors have matured, and they do not react to short term volatility.
- In Q1 FY26 NAM launched new products viz. Nifty 500 Fund, Quality 50 Index Fund, Nifty 500 Low Volatility 50 Index Fund, BSE Sensex Next 30 ETF, BSE Sensex Next 30 Index Fund. NAM has launched a real estate scheme Yield Maximize Optimizer with Rs3bn commitment raised.

Exhibit 2: Equity + bal share declines to ~45.2%; debt steady at ~13.5%



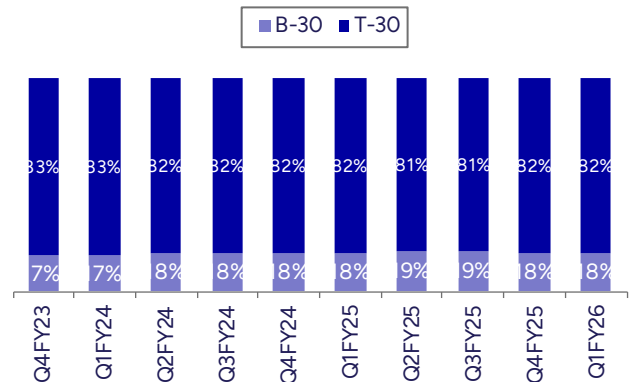
Source: Company, PL

Exhibit 3: Total distribution – Direct dominates at 57%



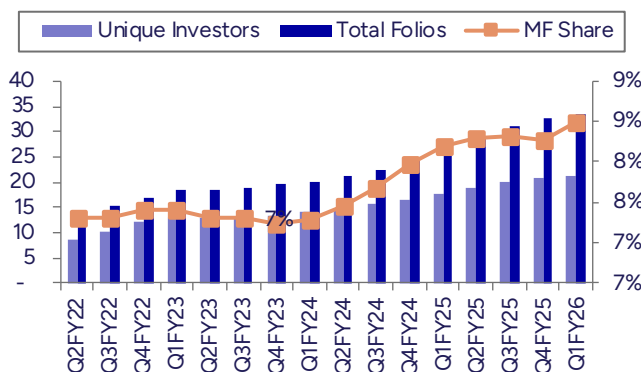
Source: Company, PL

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



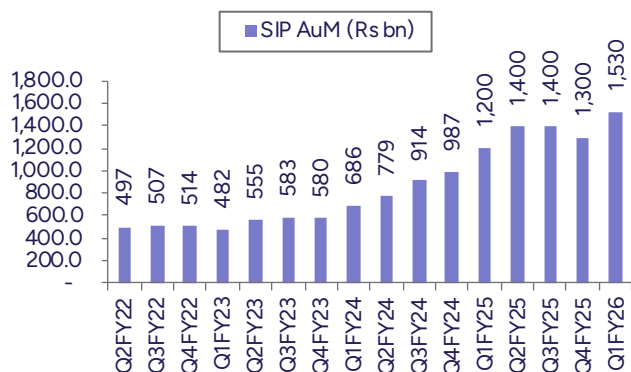
Source: Company, PL

Exhibit 5: Consistently growing share and investors



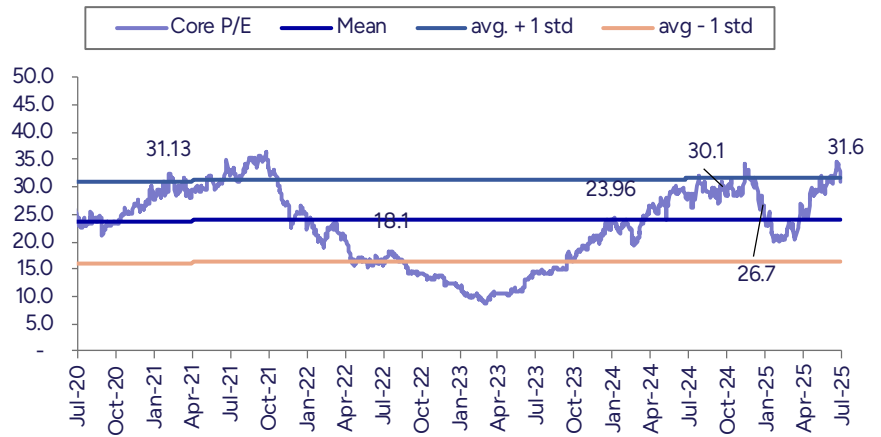
Source: Company, PL

Exhibit 6: SIP AuM increases QoQ



Source: Company, PL

Exhibit 7: NAM India 2-yr fwd. P/Core EPS trades at 31.6x



Source: Company, PL

Financials

Exhibit 8: Quarterly Financials

Particulars (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Revenue	3,542	3,975	4,233	4,683	5,050	5,713	5,879	5,665	6,066
Expenses	1,611	1,650	1,723	1,865	1,970	2,060	2,116	2,118	2,287
Employee	761	780	863	868	969	959	957	999	1,116
Others	750	779	777	905	851	917	974	927	976
Depreciation	81	72	65	73	68	74	77	86	84
Core Income	1,931	2,325	2,510	2,818	3,080	3,653	3,763	3,548	3,779
Other Income	1,169	779	1,071	923	1,308	1,208	154	230	1,460
PBT	3,099	3,104	3,581	3,741	4,388	4,861	3,917	3,778	5,239
Tax	746	661	741	315	1,066	1,261	965	795	1,282
PAT	2,354	2,443	2,840	3,426	3,322	3,600	2,953	2,983	3,957
Core PAT	1,466	1,830	1,991	2,581	2,331	2,705	2,836	2,801	2,854
QAAuM	31,36,285	35,06,854	37,76,159	43,14,041	48,38,329	54,92,960	56,99,024	55,71,269	61,27,268
Equity	36.6%	38.9%	40.4%	41.0%	41.7%	43.1%	43.0%	41.6%	41.4%
Balanced	4.6%	4.3%	4.3%	4.2%	4.0%	3.9%	3.9%	4.0%	3.9%
Debt	18.7%	17.5%	16.2%	14.4%	13.6%	13.0%	13.9%	13.7%	13.5%
Liquid	11.4%	11.0%	9.0%	9.1%	8.5%	7.7%	7.3%	7.6%	7.7%
ETF	23.5%	23.0%	24.6%	25.9%	26.8%	27.0%	26.4%	27.6%	28.4%
Index	2.4%	2.4%	2.4%	2.3%	2.4%	2.5%	2.8%	2.9%	2.8%
Market share (%)	7.28	7.46	7.67	7.97	8.20	8.29	8.30	8.26	8.49
Equity	7.05	7.40	7.63	7.77	7.93	8.02	8.07	7.97	8.10
Balanced	3.07	3.04	3.01	2.99	2.96	2.99	3.02	3.02	3.04
Eq+Bal	6.17	6.46	6.65	6.77	6.92	7.04	7.08	6.98	7.10
Debt	7.01	6.92	6.92	7.03	7.07	7.09	7.46	7.14	7.21
Liquid	6.32	6.65	6.29	6.76	6.91	6.79	6.38	6.26	6.86
ETF	13.86	14.03	15.36	16.69	17.79	18.16	18.12	19.05	19.75
Index	4.4	4.6	4.7	4.9	5.1	5.3	5.8	5.8	5.8
QAAuM Growth (%)	7.0	11.8	7.7	14.2	12.2	13.5	3.8	-2.2	10.0
Equity	8.7	18.6	12.0	15.9	13.9	17.4	3.7	-5.5	9.3
Balanced	1.9	6.7	6.0	10.8	7.9	11.2	4.0	-1.1	6.8
Eq+Bal	7.9	17.3	11.4	15.4	13.4	16.8	3.7	-5.1	9.1
Debt	-8.5	7.7	-11.1	15.3	4.1	3.3	-1.7	2.3	10.6
Liquid	5.4	9.5	15.0	20.1	16.1	14.4	1.4	2.4	13.1
ETF	58.9	9.6	7.8	12.9	15.4	16.9	15.4	1.0	8.0
Index	-3.2	16.6	14.3	15.3	11.2	4.4	-2.7	-4.8	-0.6
Dupont (bps)									
Revenue yield	45.2	45.3	44.8	43.4	41.7	41.6	41.3	40.7	39.6
Opex to AuM	20.5	18.8	18.3	17.3	16.3	15.0	14.9	15.2	14.9
Staff cost	9.7	8.9	9.1	8.0	8.0	7.0	6.7	7.2	7.3
Other opex	9.6	8.9	8.2	8.4	7.0	6.7	6.8	6.7	6.4
Depreciation	1.0	0.8	0.7	0.7	0.6	0.5	0.5	0.6	0.6
Core income/AuM	24.6	26.5	26.6	26.1	25.5	26.6	26.4	25.5	24.7
PAT/AuM	30.0	27.9	30.1	31.8	27.5	26.2	20.7	21.4	25.8
Core PAT/AuM	18.7	20.9	21.1	23.9	19.3	19.7	19.9	20.1	18.6
Profitability (%)									
Staff cost/revenue	21.5	19.6	20.4	18.5	19.2	16.8	16.3	17.6	18.4
Other opex/revenue	21.2	19.6	18.4	19.3	16.8	16.1	16.6	16.4	16.1
Core income/revenue	54.5	58.5	59.3	60.2	61.0	63.9	64.0	62.6	62.3
Tax rate	24.1	21.3	20.7	8.4	24.3	25.9	24.6	21.0	24.5
PAT margin	66.5	61.4	67.1	73.2	65.8	63.0	50.2	52.7	65.2
Core PAT margin	41.4	46.0	47.0	55.1	46.2	47.4	48.2	49.4	47.1

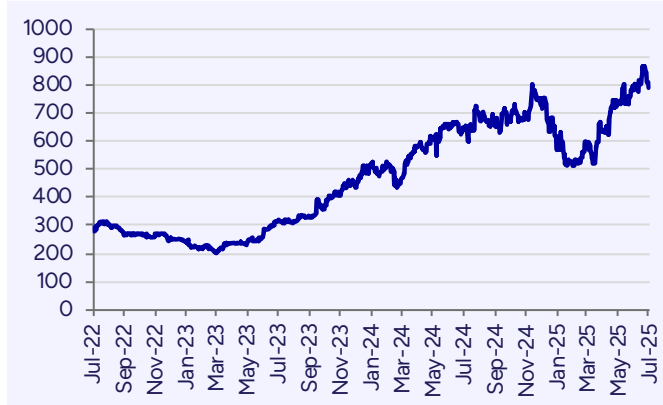
Source: Company, PL

Exhibit 9: Summary Financials (Rs mn)

Particulars	FY24	FY25	FY26E	FY27E	Particulars	FY24	FY25	FY26E	FY27E
Profit & Loss					Balance Sheet				
Revenue	16,432	22,307	25,949	29,275	Net Worth	39,822	42,129	46,370	51,149
Investment mgmt.	14,793	20,172	23,830	26,821	Capital (FV Rs5)	6,300	6,347	6,347	6,347
PMS / Advisory	1,640	2,135	2,118	2,453	Reserves	33,522	35,782	40,023	44,802
Expenses	6,849	8,264	9,645	10,597	Employee benefit	84	121	146	175
Employee	3,360	4,290	4,846	5,164	Others	2,952	3,247	3,329	3,414
Others	3,197	3,668	4,320	4,939	Total Liabilities	42,857	45,497	49,845	54,738
Depreciation	291	306	479	494	Cash and Bank	2,706	2,877	2,932	2,988
Core Income	9,584	14,043	16,304	18,677	Investment	35,127	33,238	37,278	41,859
Other Income	3,941	2,900	2,758	3,073	Fixed assets	3,328	8,717	8,978	9,248
PBT	13,525	16,943	19,062	21,750	Others	1,697	666	657	643
Tax	2,462	4,086	4,575	5,220	Total Assets	42,857	45,497	49,845	54,738
PAT	11,062	12,857	14,487	16,530	AuM Data				
Core PAT	7,839	10,656	12,391	14,195	AAuM	36,83,335	54,00,396	68,13,467	82,46,188
Dividend	10,370	11,425	13,039	14,877	Equity	14,51,866	22,88,651	27,50,715	31,84,056
Growth ratios (%)					Balanced	1,59,004	2,13,102	2,45,827	2,79,349
Revenue	21.7	35.8	16.3	12.8	Debt	6,08,017	7,32,562	8,17,266	9,12,508
Opex	16.3	20.7	16.7	9.9	Liquid	3,69,295	4,19,157	4,48,608	4,84,032
Employee	11.9	27.7	12.9	6.6	ETF	8,97,735	14,54,203	21,71,922	29,17,086
Others	23.5	14.7	17.8	14.3	Index	87,390	1,42,280	2,09,997	2,74,027
Core income	26.0	46.5	16.1	14.6	Arb & FoF	1,10,027	1,50,441	1,69,131	1,95,130
PAT	53.0	16.2	12.7	14.1	Mix				
Core PAT	32.2	35.9	16.3	14.6	Equity	39.4	42.4	40.4	38.6
DuPont analysis (%)					Balanced	4.3	3.9	3.6	3.4
Revenue	0.45	0.41	0.38	0.36	Debt	16.5	13.6	12.0	11.1
Expenses	0.19	0.15	0.14	0.13	Liquid	10.0	7.8	6.6	5.9
Employee	0.09	0.08	0.07	0.06	ETF	24.4	26.9	31.9	35.4
Others	0.09	0.07	0.06	0.06	Index	2.4	2.6	3.1	3.3
Depreciation	0.01	0.01	0.01	0.01	Arb & FoF	3.0	2.8	2.5	2.4
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	26.2	21.0
PBT	0.37	0.31	0.28	0.26	Equity+Bal	40.6	55.3	19.8	15.8
Tax	0.07	0.08	0.07	0.06	Debt	11.1	20.5	11.6	13.6
PAT (RoAAuM)	0.30	0.24	0.21	0.20	Liquid	-7.2	13.5	7.0	15.6
Core RoAAuM	0.21	0.20	0.18	0.17	ETF	36.9	62.0	49.4	11.7
ROE	29.5	31.4	32.7	33.9	Index	160.4	62.8	47.6	34.3
Core RoE	35.6	46.7	51.8	54.1	Arb & FoF	14.3	36.7	12.4	30.5
Other Ratios (%)					Valuations				
Staff cost/revenue	20.4	19.2	18.7	17.6	EPS	17.6	20.3	22.8	26.0
Other opex/revenue	19.5	16.4	16.6	16.9	Core EPS	12.4	16.8	19.5	22.4
Core Income/revenue	58.3	63.0	62.8	63.8	CPS	60.1	56.9	63.4	70.7
Other Income/revenue	24.0	13.0	10.6	10.5	DPS	16.5	18.0	20.5	23.4
Yield on Investments	11.2	7.8	7.2	7.2	Dividend yield	4.5	2.8	2.6	2.9
Effective tax rate	18.2	24.1	24.0	24.0	BVPS	63	66	73	81
PAT margin	67.3	57.6	55.8	56.5	P/B	5.5	8.7	10.9	9.9
Core PAT margin	53.0	52.8	52.0	52.9	P/E	17.9	28.0	34.8	30.5
Dividend payout (%)	93.7	88.9	90.0	90.0	P/core EPS	18.0	29.8	37.5	32.4

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	700	775
2	29-Apr-25	BUY	700	638
3	08-Apr-25	BUY	725	545
4	24-Jan-25	BUY	725	653
5	08-Jan-25	BUY	820	722
6	25-Oct-24	BUY	820	680
7	08-Oct-24	BUY	615	631
8	22-Jul-24	BUY	700	636
9	09-Jul-24	BUY	615	667
10	25-Apr-24	BUY	615	584

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,072	1,974
2	Axis Bank	BUY	1,375	1,161
3	Bank of Baroda	BUY	270	243
4	Can Fin Homes	BUY	875	813
5	City Union Bank	BUY	210	219
6	DCB Bank	BUY	155	142
7	Federal Bank	BUY	220	215
8	HDFC Asset Management Company	BUY	5,700	5,357
9	HDFC Bank	BUY	2,150	1,957
10	ICICI Bank	BUY	1,730	1,426
11	IndusInd Bank	Hold	780	854
12	Kotak Mahindra Bank	BUY	2,350	2,121
13	LIC Housing Finance	BUY	725	605
14	Nippon Life India Asset Management	BUY	700	775
15	State Bank of India	BUY	960	807
16	Union Bank of India	BUY	150	146
17	UTI Asset Management Company	BUY	1,300	1,329

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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