

**Industry**  
Bloomberg  
BSE CODE

**Financial**  
NAM IN  
540767

RATING	HOLD
CMP	270
Price Target	308
Potential Upside	14%
Rating Change	↔
Estimate Change	↔
Target Change	↓

STOCK INFO	
52wk Range H/L	453/201
Mkt Capital (Rs Cr)	16,540
Free float (%)	24%
Avg. Vol 1M (,000)	1,270
No. of Shares (Cr)	61
Promoters Pledged %	0%

Fig in Rs Cr

FINANCIAL	FY19	FY20	FY21E
Net Sales	1479	1203	981
EBITDA	539	609	475
EBIT	529	575	433
PAT	486	415	499
EPS (Rs)	8	7	8
EPS gr(%)	7%	-15%	20%
ROE (%)	20%	16%	19%
ROCE (%)	19%	16%	18%
BV	42	42	45
P/B (X)	5.0	5.9	6.1
P/E (x)	26.4	36.7	33.2

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## Degrowth in Revenue but Other Income drove the Profitability

### 1QFY21 Result update

- QAAUM degrew by 19%/12% YoY/QoQ in 1QFY21 on the account of degrowth in Equity AUM majorly. For the quarter ended June 30, 2020, Equity Assets contributed 38% to NIMF's AUM
- Revenue degrew by 28%/5% YoY/QoQ due to change in product mix i.e. decline in equity and movement towards liquid and ultra-short term funds funds more.
- Other income increased by 192% YoY on the account of rally in the equity markets in 1QFY21 i.e. MTM impact. The company is looking at better strategy to reduce dependence on volatile assets on this front to stabilize this line item.
- Total Expenses declined by 27% YoY on the account of lower other expenses and fees and commission expenses YoY where as it increased by 11% QoQ basis. Employee cost were high QoQ due to one off reversal of expenses in the last quarter. The management is looking to further rationalize the operating expenses going ahead.
- PAT grew by 25% YoY driven by high other income mainly as well as lower expenses in 1QFY21.

### QAAUM Growth

QAAUM degrew by 19%/12% YoY/QoQ in 1QFY21 on the account of degrowth in Equity AUM majorly. Equity AUM degrew by 27% YoY contributing 38% to total product mix of the company as against 42% last quarter. Debt AUM degrew by 25% YoY making it 29% of the total AUM as against 28% last quarter. However liquid funds reported growth of 3% YoY and its composition to total AUM increased to 19% as against 16% last quarter.

### Other income drove the PAT

PAT grew by 25% YoY driven by high other income mainly as well as lower expenses in 1QFY21. Other income increased to Rs 103 Cr as against loss of Rs 125 Cr last quarter on the account of MTM gain in 1QFY21 due to rally in the equity markets as 12% of the company's assets are invested in Equity and ETF mutual funds giving better income this quarter. The company is looking at better strategy to reduce dependence on volatile assets on this front to stabilize this line item. On the expenses front almost all the expenses declined YoY in 1QFY21. Fee expenses stood at Rs 9 Cr as against Rs 20 Cr last quarter. There may be some fee expenses going ahead on the account of upfront commissioning on AIF funds but will have minimal effect.

### View and Valuation

QAAUM declined both YoY as well as sequentially in 1QFY21. Revenue declined due to decline in equity AUM in 1QFY21. Debt funds are expected to see some focus shift to other categories i.e. short duration funds. SIP book declined. Investment income added to the growth. Operating expenses remained under control and are likely to be the same going ahead. Focus on retail assets may help the company going ahead. In the long term once things become normal (i.e. COVID-19 impact reduces) growth will be there however in the near term on the account of market situation there may be impact on the profitability due to the same we maintain our rating to HOLD with reduced target price of Rs 308 at 38x FY21E EPS. Maintain HOLD.

### Key Risks to our rating and target

- AAUM growth trend
- Macroeconomic conditions may have an impact on the company.
- Regulatory changes.
- Equity flows.

## 1QFY21 Results

### PAT Above estimates

Fig in Rs Cr

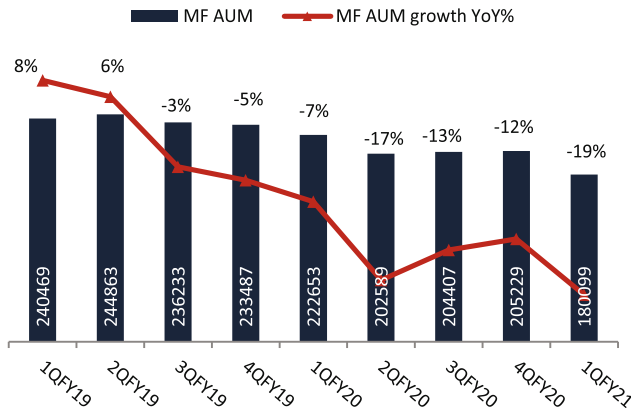
FINANCIALS	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	YoY%	QoQ%	FY19	FY20	YoY%
Net Sales	325	300	303	275	233	-28%	-15%	1,479	1,203	-18.6%
Other Income	35	22	58	(125)	103	192%	NA	171	(10)	NA
Empl. Cost	83	86	81	53	72	-13%	35%	293	302	3.0%
Fee/Commission Exp.	25	14	12	20	9	-63%	-53%	258	70	-72.7%
Other Exp.	63	56	63	40	44	-30%	9%	388	222	-42.8%
EBITDA	155	145	147	162	108	-30%	-33%	539	609	12.9%
EBITDA Mar.	48%	48%	49%	59%	46%	-2%	-21%	36%	51%	38.8%
Depreciation	8	8	9	9	11	38%	18%	10	33	230.2%
EBIT	147	138	138	153	98	-33%	-36%	529	575	8.8%
Interest	2	2	2	0	1	-27%	174%	-	6	NA
Core Op. profit	145	136	136	152	97	-33%	-37%	529	570	7.7%
Op.Profit%	0	0	0	1	0	-7%	-25%	36%	47%	32.4%
PBT	181	158	194	27	200	11%	630%	700	560	-20.1%
Excep. Item	-	-	-	-	-	NA	NA	-	-	NA
Tax	55	22	44	23	44	-21%	88%	213	144	-32.4%
PAT	125	137	149	4	156	25%	4102%	486	415	-14.6%
PAT Margin	35%	42%	41%	3%	46%	33%	1582%	33%	35%	5.0%

## Concall Highlights

- The annualized Yield on equity is generally 90-100 bps and in debt category it depends on the mix change. Overall annualized yield is 46 bps in 1QFY21 as against 47-48 bps last quarter.
- Other income increased to Rs 103 Cr as against loss of Rs 125 Cr last quarter on the account of MTM gain in 1QFY21 due to rally in the equity markets as 12% of the company's assets are invested in Equity and ETF mutual funds giving better income this quarter. The company is looking at better strategy to reduce dependence on volatile assets on this front to stabilize this line item.
- OPEX declined by 24% YoY on the account of lower employee cost and other expenses in the quarter. However employee cost were high QoQ due to one off reversal of expenses in the last quarter. The management is looking to further rationalize the operating expenses going ahead.
- There may be some fee expenses going ahead on the account of upfront commissioning on AIF funds but will have minimal effect.
- Unique investor grew to 6.10 mn as against 4.82 Mn in the same quarter last year with NIMF having market share of 29% in the same.
- During the quarter, despite branch closure the company added over 208,000 retail folios, new SIP Purchases of more than 244,000 and on boarded over 650 IFAs.
- Equity AAUM stood at Rs 871 Bn, despite MTM impact on Equity AUM, net inflows was INR 10 Bn in Q1 FY20.
- As per the management around 70-75% of the revenue yields come from the equity itself.
- Closing AUM increased by Rs 246 Bn the reason being MTM impact in the quarter.
- Around 12-13% of the total financial assets are into the credit risk mutual funds. Credit risk funds have been flat in last 4-5 months and going ahead. The company will invest in above AA rated securities only.
- Direct AUM stood at 16% of the AUM in equity. Rest is distributed one.

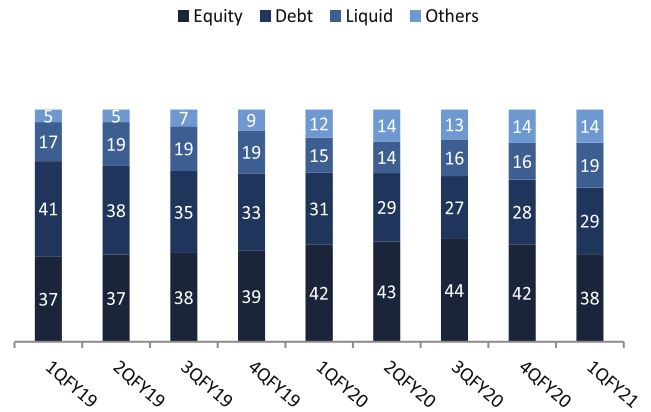
## Exhibit: MF QAAUM Growth

MF AUM degrow YoY



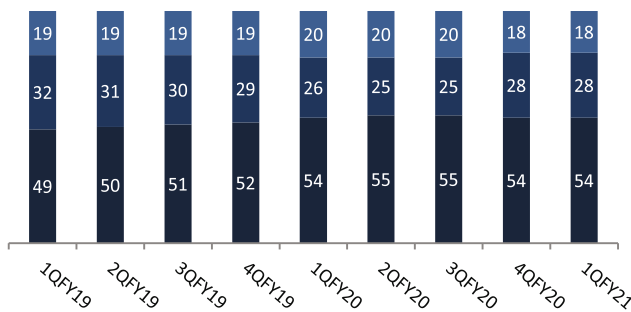
## Exhibit: MF AUM Breakup (Schemewise)

Equity AUM as a composition mix decline in 1QFY21.



## Exhibit: Distri.mix %

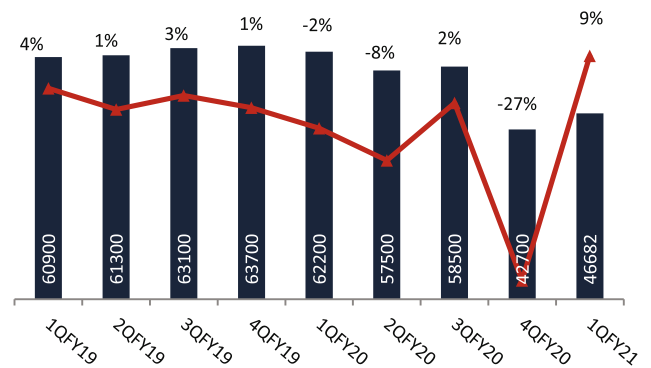
IFA Banking & National Distributors National Distributors



## Exhibit: IFA AUM

AUM through IFAs increased in 1QFY21 as against degrowth last quarter.

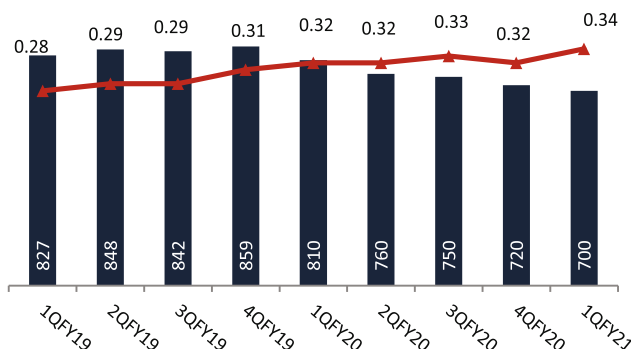
IFA AUM IFA AUM Gr%(QoQ)



## Exhibit: SIP Book

SIP book continues to degrow in 1QFY21.

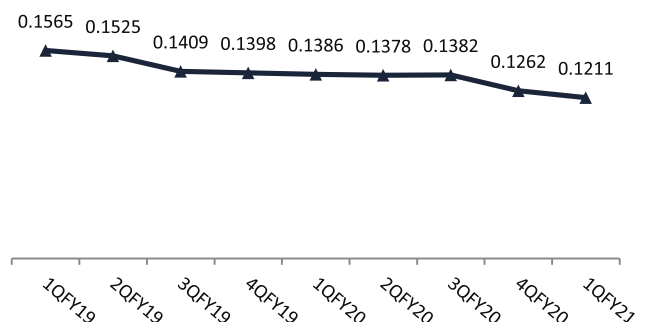
SIP Book(In RS Cr)(Per Month) Total SIP(No. of Accounts in Cr)



## Exhibit: Mgmt Fee as % AUM

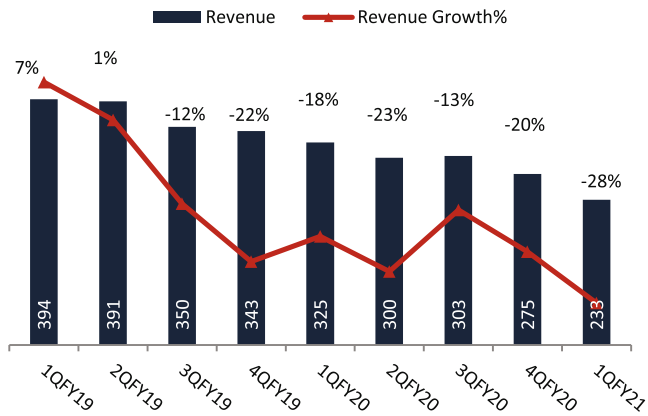
Change in product mix caused decline in mgmt fees.

Management Fees as % AUM



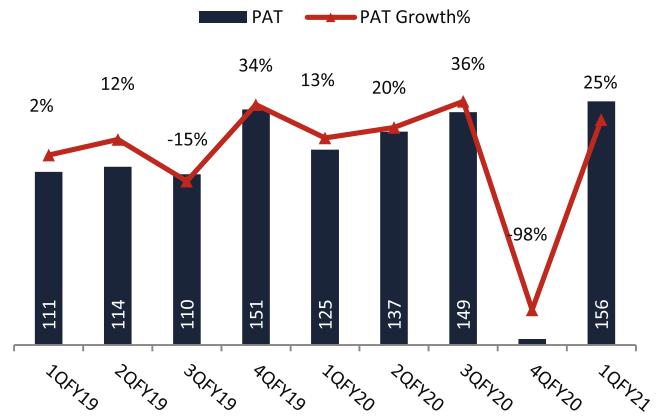
## Exhibit: Revenue Growth

Revenue decline due to fall in equity AUM.



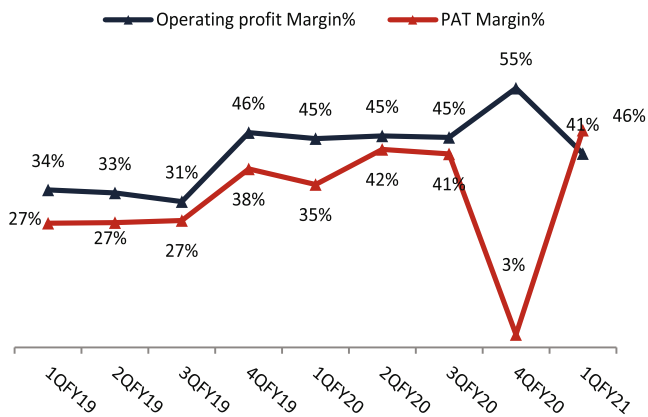
## Exhibit: PAT Growth

Robust PAT growth due to MTM gain.



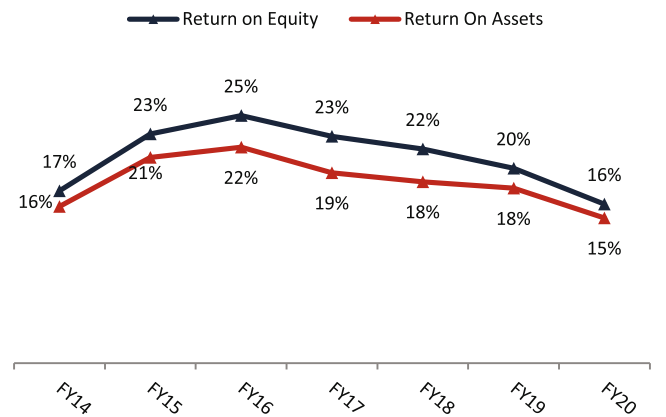
## Exhibit: Margin Performance

Operating Profit margins contracted due to revenue loss.



## Exhibit: Return Ratios

Return ratios declined YoY.



## Financial Details

### Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
<b>Share Capital</b>	<b>11</b>	<b>41</b>	<b>42</b>	<b>12</b>	<b>612</b>	<b>612</b>	<b>612</b>	<b>612</b>
Reserves	1543	1495	1431	1973	1753	1958	1981	2112
<b>Networth</b>	<b>1554</b>	<b>1536</b>	<b>1472</b>	<b>1985</b>	<b>2365</b>	<b>2570</b>	<b>2593</b>	<b>2724</b>
Minority Interest	4	9	9	45	65	0	0	0
Debt	0	0	0	30	0	0	0	0
Other Non Cur Liab	2	3	8	38	95	98	81	79
<b>Total Capital Employed</b>	<b>1560</b>	<b>1548</b>	<b>1489</b>	<b>2098</b>	<b>2525</b>	<b>2668</b>	<b>2675</b>	<b>2803</b>
Net Fixed Assets (incl CWIP)	14	7	12	252	260	257	326	326
Non Cur Investments	289	403	527	1144	993	1290	1885	2016
Other Non Financial Asst	138	314	395	259	318	148	100	100
Non Curr Assets	441	724	934	1656	1572	1694	2311	2442
Inventory	-	-	-	-	-	-	-	-
Debtors	11	18	59	43	40	103	59	59
Cash & Bank	65	60	80	47	609	543	463	460
Current Investments	453	432	384	0	0	0	0	0
Other Financial Assets	740	468	475	499	501	436	48	48
Curr Assets	1268	978	997	590	1151	1081	570	567
Creditors	76	93	65	113	133	47	68	68
Provisions	3	10	304	0	0	0	0	0
Other Financial Liab	69	50	74	34	64	61	139	139
Curr Liabilities	148	153	443	147	197	108	206	206
<b>Net Curr Assets</b>	<b>1120</b>	<b>824</b>	<b>554</b>	<b>443</b>	<b>954</b>	<b>973</b>	<b>364</b>	<b>361</b>
<b>Total Assets</b>	<b>1709</b>	<b>1702</b>	<b>1932</b>	<b>2245</b>	<b>2722</b>	<b>2776</b>	<b>2881</b>	<b>3009</b>

### Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
Revenue from Operation	676	847	1,200	1,308	1,592	1,479	1,203	981
Change (%)	-	25%	42%	9%	22%	-7%	-19%	-18%
<b>EBITDA</b>	<b>241</b>	<b>363</b>	<b>413</b>	<b>471</b>	<b>509</b>	<b>539</b>	<b>609</b>	<b>475</b>
Change (%)	-	50%	14%	14%	8%	6%	13%	-22%
Margin (%)	36%	43%	34%	36%	32%	36%	51%	48%
Depr & Amor.	14	7	4	18	9	10	33	42
<b>EBIT</b>	<b>227</b>	<b>356</b>	<b>409</b>	<b>453</b>	<b>501</b>	<b>529</b>	<b>575</b>	<b>433</b>
Int. & other fin. Cost	-	-	-	-	2	-	6	5
Other Income	103	108	114	128	157	171	(10)	235
<b>EBT</b>	<b>330</b>	<b>464</b>	<b>522</b>	<b>581</b>	<b>656</b>	<b>700</b>	<b>560</b>	<b>663</b>
Exp Item	-	-	-	-	-	-	-	-
Tax	59	109	126	179	198	213	144	164
Minority Int & P/L share of Ass.	-	-	-	-	-	-	(1)	-
<b>Reported PAT</b>	<b>271</b>	<b>355</b>	<b>396</b>	<b>402</b>	<b>456</b>	<b>486</b>	<b>415</b>	<b>499</b>
Adjusted PAT	271	355	396	402	456	486	415	499
Change (%)	-	31%	12%	1%	13%	7%	-15%	20%
Margin(%)	40%	42%	33%	31%	29%	33%	35%	51%

## Financial Details

### Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
<b>Valuation Ratios</b>								
DPS	-	-	-	-	6	6	5	6
Div Payout	-	-	-	-	97%	91%	88%	88%
BV	-	-	-	-	39	42	42	45
P/E	-	-	-	-	33	26	37	33
Price / Book Value	-	-	-	-	6	5	6	6
EV/EBITDA	-	-	-	-	28	23	24	39
FCF per Share	180	-37	228	813	391	395	609	585
<b>Operating Ratios%</b>								
Investment Fees/MFAAUM	-	-	-	-	0.633	0.58	0.52	0.47
Other Business Fees/AAUM	-	-	-	-	-	0.84	0.82	0.76
Operating Profit Margin on sales	-	-	-	35%	31%	36%	47%	44%
Operating Profit Margin on AUM	-	-	-	0.24%	0.20%	0.21%	0.26%	0.21%
PAT/MF AAUM	-	-	-	21.00%	18.57%	19.39%	18.68%	24.90%
<b>Return Ratios</b>								
ROE	-	23%	26%	23%	21%	20%	16%	19%
ROCE	-	23%	27%	20%	19%	19%	16%	18%

### Cash Flow Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
<b>PBT</b>	<b>330</b>	<b>464</b>	<b>522</b>	<b>581</b>	<b>656</b>	<b>700</b>	<b>560</b>	<b>663</b>
(inc)/Dec in Working Capital	3	(302)	(59)	248	39	35	103	(3)
Non Cash Op Exp	14	7	4	18	9	10	33	42
Int Paid (+)	-	-	-	-	-	-	6	5
Tax Paid	(79)	(99)	(143)	(159)	(190)	(212)	(150)	(164)
others	(90)	(112)	(106)	(132)	(138)	(148)	54	-
<b>CF from Op. Activities</b>	<b>177</b>	<b>(42)</b>	<b>218</b>	<b>556</b>	<b>376</b>	<b>386</b>	<b>605</b>	<b>543</b>
(inc)/Dec in FA & CWIP	(3)	(4)	(9)	(257)	(15)	(8)	(4)	(42)
Free Cashflow	175	(47)	209	299	361	378	601	501
(Pur)/Sale of Inv	(129)	(58)	(19)	20	197	(239)	(681)	(131)
others	146	507	(0)	(77)	(442)	213	722	-
<b>CF from Inv. Activities</b>	<b>14</b>	<b>445</b>	<b>(28)</b>	<b>(315)</b>	<b>(260)</b>	<b>(35)</b>	<b>37</b>	<b>(173)</b>
inc/(dec) in NW	(0)	-	-	-	577	(66)	2	-
Transitional impact(IND AS)	-	-	-	-	-	-	(28)	(5)
inc/(dec) in Debt	-	-	-	-	-	-	-	-
Int. Paid	-	-	-	-	-	-	-	-
Div Paid (inc tax)	-	-	-	-	-	-	-	-
Tax paid	(189)	(404)	(174)	(300)	(669)	(292)	(443)	(367)
Div Paid (inc tax)	(189)	(404)	(174)	(300)	(92)	(359)	(468)	(373)
<b>CF from Fin. Activities</b>	<b>7</b>	<b>(3)</b>	<b>3</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Inc(Dec) in Cash	10	(5)	19	(61)	24	(7)	174	(3)
Add: Opening Balance	55	65	60	74	13	37	30	204
<b>Closing Balance(Cash+Bank)</b>	<b>65</b>	<b>60</b>	<b>80</b>	<b>47</b>	<b>609</b>	<b>543</b>	<b>463</b>	<b>460</b>

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