June 30, 2025

Nuvama Wealth Management Limited: [ICRA]A1+ assigned to CPs; [ICRA]AA-(Positive)/[ICRA]A1+ assigned to bank lines; rating reaffirmed for existing instrument

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]AA- (Positive); reaffirmed
Commercial paper	-	1,000.00	[ICRA]A1+; assigned
Long-term/Short-term fund/non-fund-based bank lines	-	500.00	[ICRA]AA-(Positive)/[ICRA]A1+; assigned
Total	**-**	**1,500.00**	

**Instrument details are provided in Annexure I*

Rationale

While arriving at the rating, ICRA has considered the consolidated financials of Nuvama Wealth Management Limited (NWML). It has taken a consolidated view of the credit profiles of NWML and its subsidiaries (together referred to as Nuvama or the Group hereafter), including Nuvama Clearing Services Limited, as the companies have operational and business synergies in addition to a shared name and management oversight.

The rating factors Nuvama's strong market position in the wealth management business with the second largest client assets among non-bank wealth managers, its diversified offerings across the capital market businesses, comfortable capitalisation profile and healthy profitability. Driven by the sizeable earnings contributions from the asset services, institutional equities (IE) and investment banking (IB) businesses, Nuvama reported a strong performance in FY2025 with a 58% year-on-year (YoY) increase in the profit after tax and a return on equity (RoE) of 31% (24% in FY2024 and 15% in FY2023). However, with the implementation of regulatory measures for strengthening the index derivatives framework in November 2024 and the tempered market trends, the Group witnessed decline in revenues from core capital market segments (comprising investment banking and institutional equities) in recent quarters. Nonetheless, while industry headwinds and softening interest rates may impact profitability to some extent, scale-led operating efficiency in the wealth and asset management businesses is expected to provide some cushion against these effects. Also, ICRA notes that while the consolidated borrowings have increased on account of rise in working capital requirements in the broking, and clearing operations, nonetheless capitalisation profile remains comfortable on account of healthy accruals.

These strengths are, however, partially offset by the exposure of the businesses to the inherent volatility in the capital markets, besides regulatory uncertainties and associated franchise and reputational risks. The Group's borrowing profile is improving however remains modest. Additionally, the loan book remains exposed to market risks, given the volatile nature of the underlying asset class and its sensitivity to capital market movements. Nevertheless, sizeable accruals and the comfortable capitalisation profile provide buffer to absorb any losses and incremental credit costs, if any.

The Positive outlook considers Nuvama's improving scale and market position in the wealth management, asset management, asset services (clearing & custody) and capital market businesses, along with its strong operational and financial performance despite the evolving operating landscape in terms of regulations and competition. The wealth management business ramped up successfully in recent years with the healthy trajectory of net new money into annual recurring assets amid industry tailwinds. This, coupled with the impetus on the asset management business, is expected to continue to drive an increase in the share of recurring revenues.

Key rating drivers and their description

Credit strengths

Strong market position with diversified offerings across various capital market businesses – Nuvama Group is one of the leading integrated wealth management firms in India. It oversees more than Rs. 4.3 trillion of client assets (including custody assets) and caters to a diverse clientele, including 12+ lakh affluent and high-net-worth individuals (HNIs) and 4,250+ of the wealthiest families as on March 31, 2025. Nuvama offers wealth management solutions, covering investment advisory, estate planning, asset management services, investment management, lending and broking services for individuals, institutions, senior executives, professional investors, and family offices.

The Group has a pan-India presence across all major cities. It also offers loan against securities (LAS) through its non-banking financial company (NBFC) – Nuvama Wealth Finance Limited (NWFL). NWFL had a net loan book of ~Rs. 3,170 crore as on March 31, 2025 (largely comprising of LAS). Moreover, the broking entity (Nuvama Wealth and Investment Limited), which provides margin trade funding (MTF) and employee stock ownership plan (ESOP) funding, had a loan book of Rs. 1,430 crore as on March 31, 2025.

Nuvama enjoys its association with PAG, which could support it in leveraging the firm's global relationships for expanding its reach. PAG is one of the leading Asia-focused private investment firms with assets under management (AUM) of $57 billion. Through PAGAC Ecstasy Pte Ltd, PAG acquired a majority stake in Nuvama Group in FY2021. As on March 31, 2025, it directly and indirectly held a ~55% stake in Nuvama.

Healthy profitability – Driven by the significant growth in the asset services and capital market businesses amid industry tailwinds, the Group has achieved a healthy improvement in its profitability in recent years. It reported a strong performance in FY2025 with a net profit of ~Rs. 985 crore, up by 58% YoY, PAT/net revenue of 34% (28% in FY2024) and RoE of 31% (24% in FY2024). ICRA is cognizant of the moderation in broking and investment banking income in recent quarter amid industry headwinds. Moreover, the profitability in the clearing business could moderate from the current level in light of easing systemic interest rates as the interest income on the float maintained by clients will decline. Nonetheless, the scale-led operating efficiency in the wealth & asset management businesses is expected to offer headroom for absorbing some of this impact, though the overall performance will continue to have key dependency on the broader market performance. The profitability in the wealth management business remained healthy in FY2025 with operating profit before tax (PBT)/net revenues of 33% (35% in FY2024); the marginal moderation in profitability was on account of the increase in operating expenses due to the scale-up of the teams and impact of change in AIF revenue recognition norms.

Comfortable capitalisation – Nuvama's capitalisation profile remains comfortable, characterised by a net worth (including minority interest; MI) of Rs. 3,493 crore and a gearing of 2.2 times as on March 31, 2025. The Group raises borrowings primarily for offering short-tenor ESOP/LAS and MTF, and for the working capital requirements of the broking business. In this regard, the Group has reported an increase in borrowings in the current fiscal primarily on account of higher working capital requirements in the broking, clearing and unlisted shares & debt securities distribution business. While net worth accruals got limited with the commencement of dividend payouts in Q1 FY2025, the capitalisation profile remains comfortable.

Going forward, the healthy profitability, calibrated dividend policy, plans for modest incremental sponsor investments in the asset management business and measured growth plans for the lending book are likely to keep incremental capital requirements low. Historically, while the Group's funding profile has been skewed towards market linked debentures, the share of non-convertible debentures is expected to increase over the near to medium term due to the Group's focus on diversifying its resource profile.

Credit challenges

Exposure to inherent volatility in capital markets – Nuvama has witnessed a significant increase[1] in revenues from asset services and capital market businesses (comprising IE and IB) in recent periods. Nonetheless, supported by the healthy growth in the wealth segment, it has managed to maintain an even mix of revenues between wealth and asset management and other businesses. The revenues from IE, IB and asset servicing remain relatively more exposed to the volatilities of the capital market, which impacts the volume of transactions and trading positions undertaken by clients, leading to dependency on market activity. With the implementation of regulatory measures for strengthening the index derivatives framework in November 2024 and the temperedness in market trends, the revenue from the IE and IB segments declined by 27% in Q4 FY2025 from best ever performance in Q2 FY2025. Further, while the Group has witnessed an increase in the annual recurring revenue (ARR) in the wealth segment, the share of transaction-led revenues in the segment remains significant. Additionally, a part of the Group's revenue in the wealth management business is linked to the client assets in public equities and hence remains exposed to fluctuations in the capital markets. The Group's loan book is also exposed to market risk, given the nature of the underlying collateral.

The Group forayed into the asset management business in FY2021, though it is still in the scale-up phase and the share of income from this segment remains modest. The Group's revenue profile is also susceptible to regulatory changes, which could have an adverse impact on its profitability.

Franchise and reputational risk – The Group relies on its brand and the franchisee developed over a period for the retention and acquisition of clients. Also, as a fund manager, it manages significant amounts of AUM across funds in its asset management business, leading to risks associated with the underperformance of the underlying investments. Sustained underperformance may result in adverse reputational impact, which could affect the overall business. Moreover, the company's ability to retain its relationship managers will be critical for maintaining low client attrition rates.

Elevated competition, high dependence on technology and evolving regulatory environment – Wealth management firms depend heavily on technology for trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputational risk. Moreover, given the highly regulated nature of the industry, the players remain exposed to regulatory risks. Their ability to ensure compliance with the evolving regulatory landscape remains crucial. Regulatory changes such as revisions in revenue recognition norms for alternative investment funds (AIFs), higher margin requirements for broking operations, and revision in taxation structure for structured products have impacted profitability. Further, the prolonged continuation of the downtrend in capital markets would impact the revenues and profitability of the industry participants, though the impact on the Group would be relatively lower due to its diversified revenue profile.

The sector also remains characterised by intense competition with susceptibility to the entry of new players, though it has maintained/strengthened its market position across key business segments. Additionally, while it has managed to achieve healthy yields, notwithstanding some moderation in recent quarters, pricing pressure cannot be ruled out. Nonetheless, the increasing financialisation of savings and the nascent stage of the wealth management sector offer untapped potential for expansion over the longer term. However, the possibility of pressure on profitability cannot be ruled out.

Environmental and social risks

Environmental considerations: While financial institutions do not face any material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. Nonetheless, such risk is not material for the Group as the lending operations primarily comprise capital market lending products such as LAS, margin trading facility and ESOP funding. Further, the business activities are typically short-to-medium term in nature, which will allow it to adapt if required.

[1] *During FY2025, Nuvama Asset Services, IB & IE segment contributed 49% of Group's net revenues (39% in FY2024)*

Social considerations: With regard to social risks, data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. Additionally, it is noted that customer preferences are increasingly shifting towards the digital mode of transacting, which necessitates the adoption of technological advancements in addition to providing an opportunity to reduce the operating costs. It is noted that Nuvama has been making investments to enhance its digital interface with its customers and is strengthening its technology infrastructure.

Liquidity position: Adequate

At the consolidated level, Nuvama's liquidity position is adequate with a free unencumbered cash and bank balance of ~Rs. 1,559 crore, and drawable but unutilised lines of ~Rs. 498 crore as on March 31, 2025. These, along with inflows from the short-tenor loan book of Rs. 4,600 crore are adequate for covering the repayment obligations of ~Rs. 4,549 crore till March 31, 2026. Additionally, the Group held Rs. 1,881 crore of stocks in trade and investments which provides financial flexibility.

Rating sensitivities

Positive factors – Sustained performance, in terms of AUM and profitability, across market cycles while maintaining a comfortable capitalisation profile would have a positive impact.

Negative factors – A material and prolonged erosion in the Group's AUM, impacting the financial performance, or an increase in the consolidated gearing beyond 3.5 times would have a negative impact.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & Allied Services Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of NWML and has taken a consolidated view of the credit profiles of NWML and its subsidiaries, as the companies have operational and business synergies in addition to a shared name and management oversight.

About the company

Nuvama Group is one of the leading domestic integrated wealth management firm. The Group oversees in excess of Rs. 4.3 trillion of client assets (including custody assets) and caters to a diverse set of clients which includes over 12+ lakh affluent and HNIs and 4,250+ of wealthiest families as on March 31, 2025. Nuvama offers wealth management solutions, covering investment advisory, estate planning, asset management services, investment management, lending and broking services for individuals, institutions, senior executives, professional investors, and family offices.

NWML is a flagship entity of Nuvama Group, offering broking and investment banking services to institutional clients. It was previously a wholly-owned subsidiary of Edelweiss Financial Services Limited (EFSL). However, EFSL announced the sale of a part of its stake in the wealth management business to PAG in Q2 FY2021. Following the completion of the demerger process in June 2023, it got listed in September 2023. As on March 31, 2025, PAG Group directly and indirectly held a ~55% stake in NWML.

During FY2025, the Group reported a consolidated net profit of ~Rs. 985 crore (Rs. 625 crore in FY2024) and RoE of ~31% (24% in FY2024). As on March 31, 2025, the Group's capitalisation profile was characterised by net worth (including MI) of Rs. 3,493 crore and gearing of 2.2 times compared to Rs. 2,899 crore and gearing of 2.3 times a year ago.

Key financial indicators

NWML (Consolidated)	FY2023	FY2024	FY2025
Net income^	1,595.6	2,269.1	3,053.1
Profit after tax	305.1	624.8	985.1
Net worth (including MI)	2,258.8	2,898.9	3,493.1
Total assets	12,606.7	20,248.1	28,318.9
Gearing (times)	2.4	2.3	2.2
Return on average net worth	14.6%	24.2%	30.8%

Source: Company, ICRA Research; Amount in Rs. crore; ^including fair valuation gains on financial instruments; All ratios as per ICRA's calculations

NWML (standalone)	FY2023	FY2024	FY2025
Net income	351.9	579.3	1,218.2
Profit after tax	6.3	98.1	597.7
Net worth (including MI)	1,626.5	1,731.7	1,935.2
Total assets	2,254.2	4,550.7	7,285.3
Gearing (times)	0.2	0.3	0.4
Return on average net worth	0.4%	5.8%	32.6%

Source: Company, ICRA Research; Amount in Rs. crore; ^including fair valuation gains on financial instruments; All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: ICRA notes that the Securities Appellate Tribunal (SAT), vide its order dated December 15, 2023, upheld the order of Member and Core Settlement Guarantee Fund Committee of NSE Clearing Ltd against Nuvama Clearing Services Limited (a subsidiary of Nuvama Wealth Management Limited) in the matter of Anugrah Stock & Broking Private Limited. The company has filed an appeal before the Hon'ble Supreme Court against the impugned SAT order. The matter is pending hearing for admission.

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Jun 30, 2025	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long term	-	[ICRA]AA-(Positive)	Mar 07, 2025	[ICRA]AA-(Positive)	Feb 29, 2024	[ICRA]AA-(Stable)	Dec 27, 2022	[ICRA]AA-(Stable)
				-	-	Dec 28, 2023	[ICRA]AA-(Stable)	-	-
Commercial paper	Short term	1,000.00	[ICRA]A1+	-	-	-	-	-	-
Long-term/Short-term fund/non-fund based bank lines	Long/Short term	500.00	[ICRA]AA-(Positive)/ [ICRA]A1+	-	-	-	-	-	-

Source: Company

Complexity level of the rated instrument

Instrument	Complexity indicator
Issuer rating	Not applicable
Commercial paper	Very Simple
Long term/Short-term fund/non-fund based bank lines	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's

credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer rating	-	-	-	-	[ICRA]AA- (Positive)
NA	Commercial paper (Yet to be placed)	NA	NA	NA	1,000.00	[ICRA]A1+
NA	Long term/Short-term fund/non-fund based bank lines - yet to be placed	-	-	-	500.00	[ICRA]AA- (Positive)/ [ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership %	Consolidation Approach
Nuvama Wealth Management Limited	Rated Entity	Full consolidation
Nuvama Wealth and Investment Limited	100%	
Nuvama Wealth Finance Limited	100%	
Nuvama Clearing Services Limited	100%	
Nuvama Asset Management Limited	100%	
Nuvama Capital Services (IFSC) Limited	100%	
Nuvama Financial Services Inc	100%	
Nuvama Financial Services (UK) Limited	100%	
Nuvama Investment Advisors (Hongkong) Private Limited	100%	
Nuvama Investment Advisors Private Limited	100%	
Nuvama Investment Advisors LLC	100%	
Pickright Technologies Private Limited	74%	
Nuvama Wealth Management (DIFC) Limited	100%	
Nuvama Custodial Services Limited	49%	Limited consolidation
Nuvama and Cushman & Wakefield Management Private Limited	50%	

Source: Nuvama

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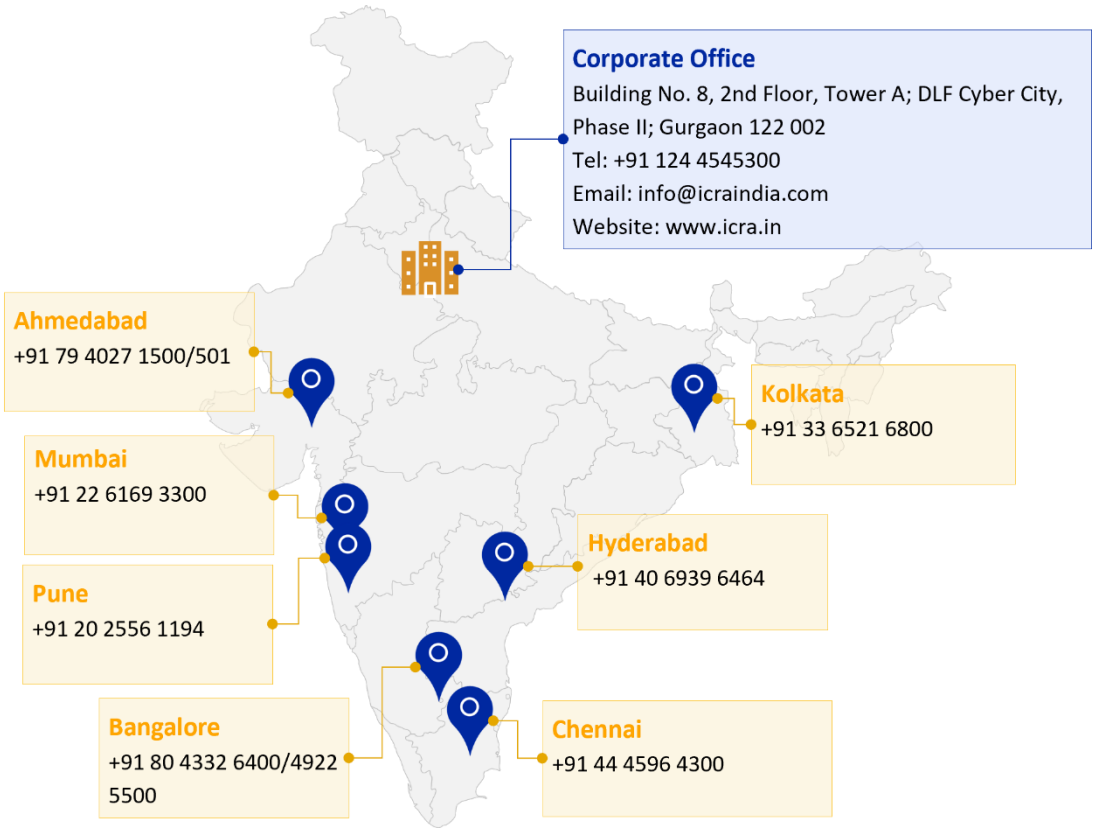

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