

September 23, 2025

Nuvama Wealth Finance Limited: PP-MLD [ICRA]AA- (Positive)/[ICRA]A1+ assigned; ratings reaffirmed and partial amount withdrawn for NCDs and CPs

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture	1,600.00	1,600.00	[ICRA]AA- (Positive); reaffirmed
Long-term/Short-term fund/ Non-fund-based bank lines	300.00	300.00	[ICRA]AA-(Positive)/[ICRA]A1+; reaffirmed
Commercial paper	1,500.00	1,500.00	[ICRA]A1+; reaffirmed
Long-term principal protected market linked debenture	-	1,000.00	PP-MLD [ICRA]AA- (Positive); assigned
Commercial paper (IPO financing)	-	300.00	[ICRA]A1+; assigned
Commercial paper	300.00	-	[ICRA]A1+; reaffirmed and withdrawn
Non-convertible debenture	1,200.00	-	[ICRA]AA- (Positive); reaffirmed and withdrawn
Total	4,900.00	4,700.00	

*Instrument details are provided in Annexure I

Rationale

While arriving at the ratings, 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 Wealth Finance Limited (NWFL), as the companies have operational and business synergies in addition to a shared name and management oversight.

The ratings factor in Nuvama's strong market position in the wealth management business with the Group holding the second largest client assets among non-bank wealth managers, its diversified offerings across the capital market businesses, comfortable capitalisation and healthy profitability. Driven by the sizeable earnings contribution 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 its profit after tax (PAT) and a return on equity (RoE) of 31% (24% in FY2024 and 15% in FY2023). The performance remained strong in Q1 FY2026 with RoE of 30%. While the Group could witness some moderation in revenue in the asset services and IE segments on account of regulatory implications for one of its key clients in July 2025, the overall impact on its profitability is expected to remain limited. That said, the Group's business remains inherently exposed to the volatility of capital markets. Hence, a moderation in performance due to adverse domestic or global developments cannot be ruled out. While the consolidated borrowings have increased on account of the rise in the working capital requirements and the scaleup of the loan book, the capitalisation profile remains comfortable supported by healthy accruals.

The aforesaid strengths are, however, partially offset by the exposure of the businesses to regulatory uncertainties and the associated franchise and reputational risks. 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 comfortable capitalisation provide a buffer to absorb any losses and incremental credit costs.

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 focus on the asset management business, is expected to continue driving an increase in the share of recurring revenues.

ICRA has reaffirmed and simultaneously withdrawn the ratings assigned to the Rs. 300-crore commercial paper (CP) programme and the Rs. 1,200-crore non-convertible debenture (NCD) programme, following the company's request. The withdrawal is in line with ICRA's policy as there is no outstanding amount against these instruments.

Key rating drivers and their description

Credit strengths

Strong market position with diversified offerings across various capital market businesses – Nuvama is one of the leading integrated wealth management firms in India. It oversees more than Rs. 4.6 trillion of client assets (including custody assets) and caters to a diverse clientele, including 13+ lakh affluent and high-net-worth individuals (HNIs) and 4,400+ of the wealthiest families as on June 30, 2025. Nuvama offers wealth management solutions, covering investment advisory, estate planning, asset management services, investment management, lending and broking services to 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) – NWFL. NWFL had a net loan book of ~Rs. 3,262 crore as on June 30, 2025 (largely comprising 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. 1,819 crore as on June 30, 2025.

Nuvama enjoys its association with PAG, which could support it in leveraging the firm's global relationships to expand its reach. PAG is one of the leading Asia-focussed private investment firms with assets under management (AUM) of \$55 billion. Through PAGAC Ecstasy Pte Ltd, PAG acquired a majority stake in Nuvama in FY2021. As on June 30, 2025, it directly and indirectly had a ~55% stake in the Group.

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 58% YoY, PAT/net revenue of 34% (28% in FY2024) and RoE of 31% (24% in FY2024). The performance remained strong in Q1 FY2026 with RoE of 30%. However, following the regulatory action initiated against a key client in July 2025, the Group could witness some moderation in revenue in the asset services and IE segments. Nonetheless, the overall impact on its profitability is expected to be limited.

The Group also witnessed a moderation in broking and investment banking income in recent quarters amid industry headwinds, notwithstanding some recovery in Q1 FY2026. Furthermore, the profitability in the asset services business could decrease from the current level in light of the recent moderation in systemic interest rates as the interest income on the float maintained by clients will decline. Nonetheless, the scale-led operating efficiency in the wealth and asset management businesses is expected to offer headroom for absorbing some of this impact, though the overall performance will primarily remain dependent on the broader market performance.

Comfortable capitalisation – Nuvama's capitalisation profile remains comfortable, characterised by a net worth (including minority interest; MI) of Rs. 3,523 crore and a gearing of 2.4 times as on June 30, 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, it reported an increase in borrowings in recent periods primarily on account of higher working capital requirements and the scaleup of the loan book. While net worth accruals got limited with the commencement of dividend payouts in the last fiscal, 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 NCDs is expected to increase over the near to medium term given its focus on diversifying its resource profile.

Credit challenges

Exposure to inherent volatility in capital markets – Nuvama witnessed a significant increase¹ in revenues from the 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 the wealth and asset management and other businesses. 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, slowdown in the market trends and a one large deal in IB, the revenues from the IE and IB segment stood lower by 20% in Q1 FY2026 vis-à-vis the highest level recorded in Q2 FY2025.

Further, while the Group has witnessed an increase in the annual recurring revenue (ARR) in the wealth management segment, the share of transaction-led revenues in this segment remains significant. Additionally, a part of the revenue in the wealth management business is linked to client assets in public equities, thereby remaining exposed to capital market fluctuations. The 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 scaleup phase and the share of income from this segment remains modest. The revenue profile is also susceptible to regulatory changes, which could have an adverse impact on 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 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 the 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.

Liquidity position: Adequate

At the consolidated level, Nuvama's liquidity position is adequate with a free unencumbered cash and bank balance of ~Rs. 1,284 crore and drawable but unutilised lines of ~Rs. 410 crore as on June 30, 2025. These, along with inflows from the short-tenor loan book of ~Rs. 5,105 crore, are adequate for covering the repayment obligations of ~Rs. 5,378 crore till June 2026. Additionally, the Group held Rs. 1,577 crore of stock-in-trade and investments, providing financial flexibility.

¹ Nuvama Asset Services and the IB & IE segment contributed 49% to the Group's net revenues in FY2025 (39% in FY2024)

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 Policy on Withdrawal of Credit Ratings
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, including NWFL, as the companies have operational and business synergies in addition to a shared name and management oversight.

About the company

Incorporated in 1994, NWFL is a wholly-owned subsidiary of NWML. NWFL is a Reserve Bank of India (RBI) registered NBFC primarily offering LAS, ESOP and wealth product distribution services to the Group’s high-net-worth individual (HNI) and ultra HNI (UHNI) clients. NWFL reported a net profit of Rs. 25 crore on total income of Rs. 162 crore in Q1 FY2026 compared to Rs. 92 crore and Rs. 633 crore, respectively, in FY2025. As on June 30, 2025, the company’s capitalisation profile was characterised by a net worth of Rs. 925.3 crore with a gearing of 4.1 times. The asset quality is healthy with negligible credit costs.

Key financial indicators

Nuvama Wealth Finance Limited	FY2024	FY2025	Q1 FY2026*
Total income	547.0	632.7	162.1
Profit after tax	86.9	92.3	24.8
Total assets	4,268.6	4,754.1	5,030.8
Return on assets	2.1%	2.0%	2.0%
Reported gearing (times)	3.7	4.1	4.1
GNPA	0.0%	0.0%	0.0%
CRAR	21.9%	20.9%	21.3%

Source: Company, ICRA Research; * Unaudited numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore

Nuvama Wealth Management Limited

Nuvama Group is one of the leading non-bank wealth managers in India. It oversees more than Rs. 4.6 trillion of client assets (including custody assets) and caters to a diverse clientele, including 13+ lakh affluent and HNIs and 4,400+ of the wealthiest families as on June 30, 2025. The Group offers wealth management solutions, covering investment advisory, estate planning, asset management services, investment management, lending and broking services to individuals, institutions, senior executives, professional investors, and family offices. It has a pan-India presence across all major cities. It also offers LAS through its NBFC –NWFL. Moreover, the broking entity (Nuvama Wealth and Investment Limited) provides MTF and ESOP funding. Supported by the strong performance across business segments, the Group has reported healthy profitability in recent years.

The Group reported a consolidated net profit of Rs. 264 crore in Q1 FY2026 (Rs. 985 crore in FY2025) and RoE of ~30% (31% in FY2025). As on June 30, 2025, the capitalisation profile was characterised by a net worth (including MI) of Rs. 3,523 crore and a gearing of 2.4 times compared to Rs. 3,493 crore and 2.2 times, respectively, in March 2025.

Key financial indicators (audited)

Nuvama Wealth Management Limited (consolidated)	FY2024	FY2025	Q1 FY2026*
Net income [^]	2,269.1	3,053.1	NA
Profit after tax	624.8	985.1	263.9
Net worth (including MI)	2,898.9	3,493.1	3,523.0
Total assets	20,248.1	28,318.9	28,768.4
Gearing (times)	2.3	2.2	2.4
Return on average net worth	24.2%	30.8%	30.1%

Source: Company, ICRA Research; Amount in Rs. crore; * Unaudited; ^ 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 the Member and Core Settlement Guarantee Fund Committee of NSE Clearing Ltd against Nuvama Clearing Services Limited (a subsidiary of NWML) in the matter of Anugrah Stock & Broking Private Limited. The company has filed an appeal before the Supreme Court against the impugned SAT order. The matter is pending hearing for admission.

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 23, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based/ Non-fund based bank lines	Long term/ Short term	300.00	[ICRA]AA- (Positive)/ [ICRA]A1+	Jun 30, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	-	-	-	-	-	-
Commercial paper (IPO financing)	Short term	300.00	[ICRA]A1+	-	-	-	-	-	-	-	-
Commercial paper	Short term	1,500.00	[ICRA]A1+	Jun 30, 2025	[ICRA]A1+	-	-	-	-	-	-
Long-term principal protected market linked debenture	Long term	1,000.00	PP-MLD [ICRA]AA- (Positive)	-	-	-	-	-	-	-	-
Non-convertible debenture	Long term	1,600.00	[ICRA]AA- (Positive)	May 05, 2025	[ICRA]AA- (Positive)	-	-	-	-	-	-
				Jun 30, 2025	[ICRA]AA- (Positive)	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term/Short-term fund/non-fund based bank lines	Very simple
Commercial paper	Very simple
Commercial paper (IPO Financing)	Very simple

Long-term principal protected market linked debenture	Complex
Non-convertible debenture	Very simple*

**Subject to change when the terms are finalised*

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	Non-convertible debenture*	-	-	-	1,600.00	[ICRA]AA- (Positive)
NA	Long term/Short-term fund/non-fund based bank lines*	-	-	-	300.00	[ICRA]AA- (Positive)/ [ICRA]A1+
NA	Commercial paper*	-	-	-	1,500.00	[ICRA]A1+
NA	Commercial paper (IPO financing) *	-	-	-	300.00	[ICRA]A1+
NA	Long-term principal protected market linked debenture*	-	-	-	1,000.00	PP-MLD [ICRA]AA- (Positive)
NA	Non-convertible debenture*	-	-	-	1,200.00	[ICRA]AA- (Positive); withdrawn
NA	Commercial paper*	-	-	-	300.00	[ICRA]A1+; withdrawn

Source: Company; * Yet to be placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation Approach
Nuvama Wealth Management Limited	Parent	Full consolidation
Nuvama Wealth and Investment Limited	100%	
Nuvama Wealth Finance Limited	Rated entity	
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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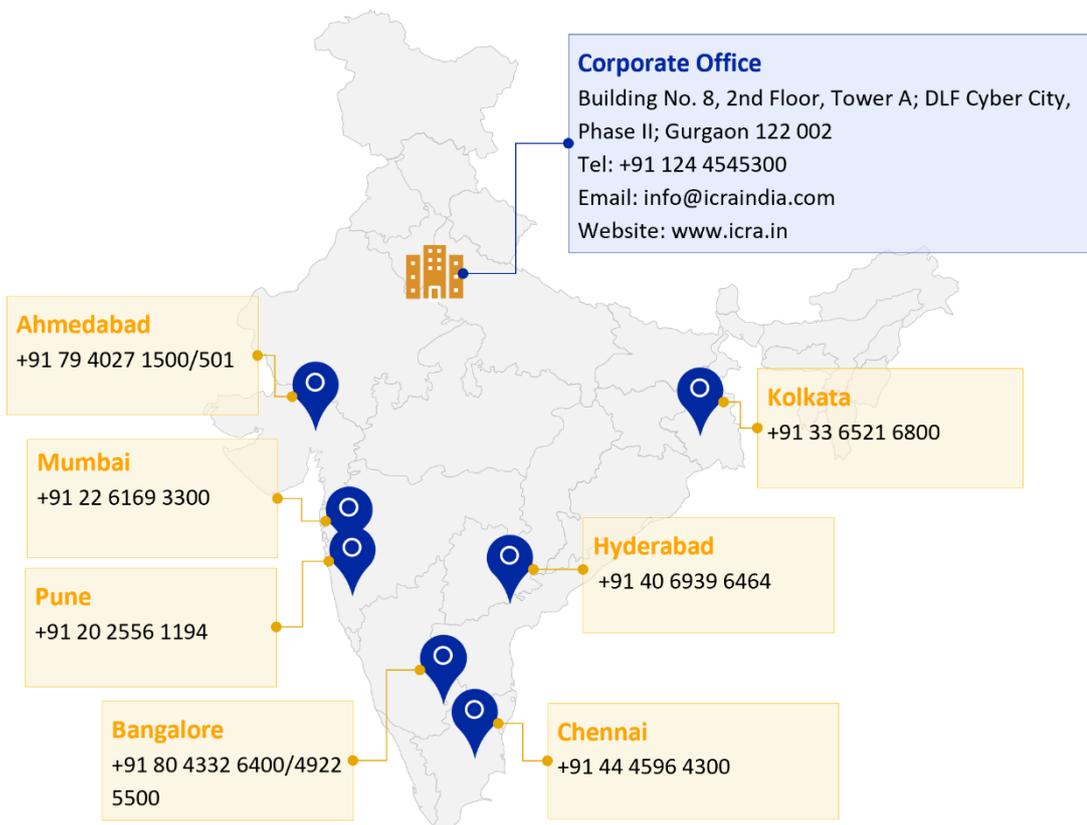


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