

February 20, 2026

Nuvama Clearing Services Limited: Long term rating upgraded to [ICRA]AA and outlook revised to Stable; short term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial Paper	1,500.00	1,500.00	[ICRA]A1+; Reaffirmed
Long-term/Short-term - Non-fund based - Others	3,500.00	3,500.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Positive) and outlook revised to Stable /[ICRA]A1+; reaffirmed
NCD	500.00	500.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Positive) and outlook revised to Stable
Total	5,500.00	5,500.00	

*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 Group delivered an annualised return on equity (RoE) of ~28% in 9M FY2026, building on the track record of the strong profitability trajectory with a 5-year average RoE of 21%. Supported by healthy accruals, the consolidated capitalisation profile remained adequate with a net worth of Rs. 3,839 crore and a gearing of 2.6 times as on December 31, 2025. ICRA notes that the Group may witness some moderation in revenues associated with derivatives amid the recent hike in Securities Transaction Tax (STT) and the increase in working capital requirements given the evolving regulatory landscape in the broking sector. Meanwhile, distribution income from unlisted securities may remain opportunistic and subject to market buoyancy. Nonetheless, supported by the diversified revenue mix and rising recurring revenues in the wealth management business, the overall impact on the Group's revenue profile is expected to remain modest. Further, as the wealth management and asset management businesses continue to mature—supported by the seasoning of the employee base and operating platforms—the scale-led operating efficiencies in these businesses are expected to underpin the overall performance. The improvement in efficiencies would reduce earnings volatility, which may arise primarily from the capital market businesses.

These strengths are, however, partially offset by the inherently volatile nature of capital-market-linked businesses, franchise and reputational risks, intense competition, and the evolving regulatory landscape. In the current fiscal, the Group's financial leverage increased to 2.6 times as on December 31, 2025, due to the scaleup in the loan book associated with the wealth business. Further, it may witness higher working capital requirements in its clearing and broking operations amid recent regulatory changes. Nonetheless, the Group is expected to maintain a prudent capitalisation profile. Its capital market exposures remain susceptible to market and credit risks, given the inherent volatility associated with these asset classes. Additionally, the Group's reliance on technology heightens the importance of maintaining robust system resilience during periods of elevated market stress and necessitates continuous technological upgrades to sustain its competitive positioning.

The Stable outlook reflects ICRA's expectation that the Group would continue to draw on its established position in wealth management and other capital market businesses to demonstrate healthy operational and financial performance while maintaining adequate capitalisation and liquidity.

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. 4.6 lakh crore of client assets and caters to a diverse set of clients, including ~13 lakh affluent and high-net-worth individuals (HNIs) and ~4,700 of the wealthiest families ultra-high net worth individuals as on December 31, 2025. Over the years, Nuvama has built an integrated and diversified platform spanning across the wealth lifecycle. The Group's integrated platform offers a wide bouquet of services encompassing wealth management solutions (including distribution, broking, lending, and estate planning), asset management, investment banking and advisory services, and market infrastructure services such as clearing, custody, and allied offerings—enables it to serve a multi-segment client franchise comprising individuals, institutions, senior executives, professional investors, corporates, and family offices. This integrated architecture enables cross-leveraging of capabilities, thereby supporting product placement efficiency and strengthening of client retention.

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, which primarily provides LAS funding to its wealth management clients had a loan book of Rs. 4,375 crore as on December 31, 2025. Moreover, the broking entity (Nuvama Wealth and Investment Limited), which provides employee stock ownership plan (ESOP) funding and margin trade funding (MTF), had a loan book of Rs. 2,462 crore as on December 31, 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 December 31, 2025, it directly and indirectly had a ~54% stake in the Group. ICRA notes that PAG remains a financial investor in Nuvama and, accordingly, an eventual exit cannot be ruled out. However, this is unlikely to have an adverse bearing on Nuvama's credit profile.

Strong profitability with improving trajectory of performance across cycles – Nuvama demonstrated a healthy track record of profitability, supported by significant growth in its asset services and core capital market businesses in recent years. While revenues from core capital market businesses (Investment Banking and Institutional Equities) declined in 9M FY2026, given the high base in the prior period (which included sizeable fee income from one equity capital market deal) and tempered market trends in the current fiscal, the impact was offset by the meaningful scaleup in wealth management and the sustained performance of the asset services business despite the loss of a key client and easing interest rates. Overall, the Group reported strong profitability in 9M FY2026 with a net profit of Rs. 771 crore, profit after tax (PAT)/net income of 32% and annualised RoE of 28% compared to Rs. 730 crore, 33% and 32%, respectively, in 9M FY2025.

Going forward, the Group may witness some moderation in revenues associated with derivatives amid the recent hike in STT, which could temper high-frequency trading activity, coupled with an increase in working capital requirements arising from the evolving regulatory landscape. Nonetheless, supported by the diversified revenue mix and rising recurring revenues in the wealth management business, the overall impact on the Group's revenue profile is expected to remain modest. Further, as the wealth management and asset management businesses continue to mature—supported by the seasoning of the employee base and operating platforms—the scale-led operating efficiencies in these businesses are expected to underpin the overall performance. The improvement in efficiencies would reduce earnings volatility, which may arise primarily from the capital market businesses.

Adequate capitalisation with improving borrowing mix – Supported by strong accruals over the years, Nuvama's capitalisation profile remains characterised by a net worth (including minority interest; MI) of Rs. 3,839 crore and a gearing of 2.6 times as on December 31, 2025. The Group raises borrowings primarily for offering the short-tenor capital market loans (ESOP/LAS and MTF), wealth product down-selling business, and working capital requirements of the broking and clearing operations. With the Group's recent focus on scaling up its loan book as part of its wealth business focus, it has witnessed an increase in indebtedness in the current fiscal. Working capital requirements in broking and clearing operations remain exposed to the evolving regulatory landscape. In this regard, ICRA notes that the recent regulatory tightening on the use of intraday lines for intraday margin requirements and the increase in the cash margin requirements against bank guarantees (BGs) for professional clearing members is expected to result in a rise in the Group's working capital requirements. While net

worth accruals got limited with the commencement of dividend payouts in the past fiscal, the same remains healthy. Further, the Group retains the flexibility of recalibrating its dividend payout to maintain a prudent capitalisation profile as it scales up its operations. Overall, the healthy profitability, calibrated dividend policy along with plans for modest incremental sponsor investments in the asset management business are likely to support the Group in maintaining a prudent capitalisation profile.

Historically, while the Group's funding profile has been skewed towards market-linked debentures, the ongoing focus on diversifying its resource base has resulted in a meaningful rise in the share of non-convertible debentures, which increased to ~34% in December 2025 from a mere 6% in March 2024. As on December 31, 2025, the borrowing profile comprised non-convertible debentures (34% of overall debt), followed by commercial paper (28%) and market-linked debentures (~27%), with term loans, overdraft and working capital lines from banks and financial institutions accounting for the balance (~11%).

Credit challenges

Exposure to inherent volatility in capital markets, and franchise and reputational risk – The Group's revenue profile comprises contributions from wealth management, asset management, asset services, and core capital market businesses (comprising institutional equities and investment banking operations). Supported by the healthy growth in the wealth businesses in the current fiscal, the share of revenue from these businesses increased to 54% in 9M FY2026 from 48% in 9M FY2025; however, revenues from core capital market businesses and asset services continue to be significant. Revenues from institutional equities and asset services businesses remain susceptible to capital market volatility, given their dependence on transaction volumes and trading positions undertaken by clients. In the asset services business, the Group remains exposed to concentration risk. ICRA notes the management's articulation regarding new client additions and its focus on scaling up business from existing clients across both international and domestic segments, which is expected to gradually ease the concentration risks. The revenues from the core capital market business declined by 20% YoY in 9M FY2026, given the high base in the prior period (which included sizeable fee income from one equity capital market deal), full impact of the implementation of regulatory measures in derivatives and tempered market trends in the current fiscal. The deal executions in equity capital market transactions in the investment banking business exhibit high sensitivity to investor sentiment. In this context, the Group's focus on scaling the debt capital market (DCM) transaction business within its advisory franchise has supported an improvement in its market position across the DCM and private placement league tables. A meaningful revenue contribution from the segment is expected to offer some stability to overall revenues.

The Group's broking income from the derivatives segment and associated float income from cash margins placed by clients remain exposed to regulatory risk. The revenues associated with derivatives could face pressure following the recent hike in STT, effective April 2026. Additionally, distribution income from unlisted securities may remain opportunistic and subject to market buoyancy. Nonetheless, the overall impact on the revenue profile on a sustained basis, is expected to remain moderate, supported by its diversified revenue mix.

Moreover, 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 reputational damage, which could affect the overall business. Also, 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 rely heavily on technology for trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputational risks. 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. In this regard, the Group has reported enhancements to its compliance and risk oversight framework, including senior-level compliance leadership. Regulatory changes such as revisions in revenue recognition norms for alternative investment funds (AIFs), tightening of the index derivatives framework, higher margin requirements for broking operations, and revision in the taxation structure for structured products, have impacted the profitability of players. With the recent tightening of bank lending to capital market entities, working capital requirements of market intermediaries, including securities brokers, are expected to rise. This is likely to lead to higher reliance on market borrowings as entities scale up their operations.

The sector also remains characterised by intense competition with susceptibility to the entry of new players, though the Group has strengthened its market position across key business segments. Additionally, while it has managed to synthesise 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 wealth management sector offers untapped potential for expansion over the longer term. However, the possibility of pressure on profitability remains.

Liquidity position: Adequate

At the consolidated level, Nuvama has adequate liquidity with a free unencumbered cash and bank balance of ~Rs. 1,266 crore (~13% of gross borrowings) and drawable but unutilised lines of ~Rs. 587 crore as on December 31, 2025. These, along with inflows from the short-tenor MTF book of ~Rs. 1,568 crore (which can be liquidated at short notice to generate liquidity) and LAS & ESOP book of ~Rs. 5,289 crore, are adequate for covering the repayment obligations of ~Rs. 3,831 crore till June 30, 2026. Additionally, the Group held Rs. 1,861 crore of securities for distribution, providing it with financial flexibility.

Rating sensitivities

Positive factors – A sustained and meaningful scaleup in recurring revenues, along with the strengthening of the market position in the asset management segment, while maintaining strong operating profitability, healthy asset quality, and a comfortable capitalisation profile would have a positive impact.

Negative factors – A material and prolonged decline in the Group's AUM, with adverse implications on financial performance, or a sustained increase in leverage leading to a material reduction in the cushion against the consolidated gearing level of 3.0 times, could have a negative impact.

Analytical approach

undefined

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & Allied Services Non-Banking Finance Companies (NBFCs)
Parent/group Support	Not Applicable
Consolidation/standalone	ICRA has considered the consolidated financials of Nuvama Wealth Management Limited (NWML) and has taken a consolidated view of the credit profiles of NWML and its subsidiaries, including Nuvama Clearing services Limited, as the companies have operational and business synergies in addition to a shared name and management oversight

About the company

Nuvama Clearing Services Limited is registered with Securities and Exchange Board of India (SEBI) as a clearing member and as a professional clearing member with NSE Clearing Ltd (NCL), Indian Clearing Corporation Ltd (ICCL), Multi Commodity Clearing Corporation of India Ltd (MCXCL) and National Commodity Clearing Ltd (NCCL). The company also offers fund accounting services to portfolio managers, alternative investment funds (AIFs) and domestic body corporates. Besides the clearing fee, the company earns a significant share of income from the float received from the clients for their trading positions. NCSL is a fully owned subsidiary of NWML.

Nuvama Wealth Management Limited

Nuvama Group is one of the leading domestic integrated wealth management firm. The Group oversees in excess of Rs. 4.6 trillion of client assets (including custody assets) and caters to a diverse set of clients which includes over 12+ lakh affluent andHNIs and 4,500+ of wealthiest families as on December 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. As on December 31, 2025, PAG Group directly and indirectly held a ~54% stake in NWML.

Key financial indicators (audited)

NCSL	FY2024	FY2025	9M FY2026*
Net income^	410.2	776.9	557.9
Profit after tax	251.7	506.3	366.2
Net worth (including MI)	638.6	974.4	1,009.6
Total assets	11,099.8	16,626.4	NA
Gearing (times)	0.0	0.5	0.8
Return on average net worth	49.1%	62.8%	49.2%

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

NWML (Consolidated)	FY2024	FY2025	9MFY2026*
Net income^	2,269.1	3,053.1	2,392.5
Profit after tax	624.8	985.1	771.5
Net worth (including MI)	2,898.9	3,493.1	3,839.1
Total assets	20,248.1	28,318.9	26,823.2
Gearing (times)	2.3	2.2	2.6
Return on average net worth	24.2%	30.8%	28.1%

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

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 same got admitted on January 13, 2026, and is currently pending for hearing.

Rating history for past three years

Instrument	Current rating(FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	February 20, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term non-fund-based bank lines	Long-term/Short-term	3500.00	[ICRA]AA(Stable)/[ICRA]A1+	June 30, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	March 07, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	December 28, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+	June 24, 2022	[ICRA]A+ (Stable)/ [ICRA]A1
Commercial Paper	Commercial Paper	1500.00	[ICRA]A1+	June 30, 2025	[ICRA]A1+	-	-	-	-	February 29, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+
NCD	NCD	500.00	[ICRA]AA(Stable)	June 30, 2025	[ICRA]AA- (Positive)	-	-	-	-	December 27, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial Paper	Simple
Long-term/Short-term - Non-fund based - Others	Simple
NCD	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	Long-term/Short-term non-fund based bank lines -Bank guarantee	NA	NA	NA	3,500.00	[ICRA]AA (Stable)/ [ICRA]A1+
INE525L14166	Commercial Paper	Dec 17, 2025	7.40%	Mar 18, 2026	300.00	[ICRA]A1+
NA	Commercial paper*	NA	NA	NA	1,200.00	[ICRA]A1+
NA	NCD*	NA	NA	NA	500.00	[ICRA]AA (Stable)

Source: Company; * Yet to be placed

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Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership %	Consolidation Approach
Nuvama Wealth Management Limited	Parent	
Nuvama Wealth and Investment Limited	100%	
Nuvama Wealth Finance Limited	100%	
Nuvama Clearing Services Limited	Rated entity	
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%	Full consolidation
Nuvama Investment Advisors Private Limited	100%	
Nuvama Investment Advisors LLC	100%	
Nuvama India Access LVF	100%	
Nuvama Trusteeship Company Limited	100%	
Nuvama Mutual Fund Trusteeship Services Limited	100%	
Pickright Technologies Private Limited	74%	
Nuvama Private (DIFC) Limited	100%	
Nuvama Custodial Services Limited	49%	Limited consolidation
Nuvama and Cushman & Wakefield Management Private Limited	50%	Equity method

Source: Nuvama; As on December 31, 2025

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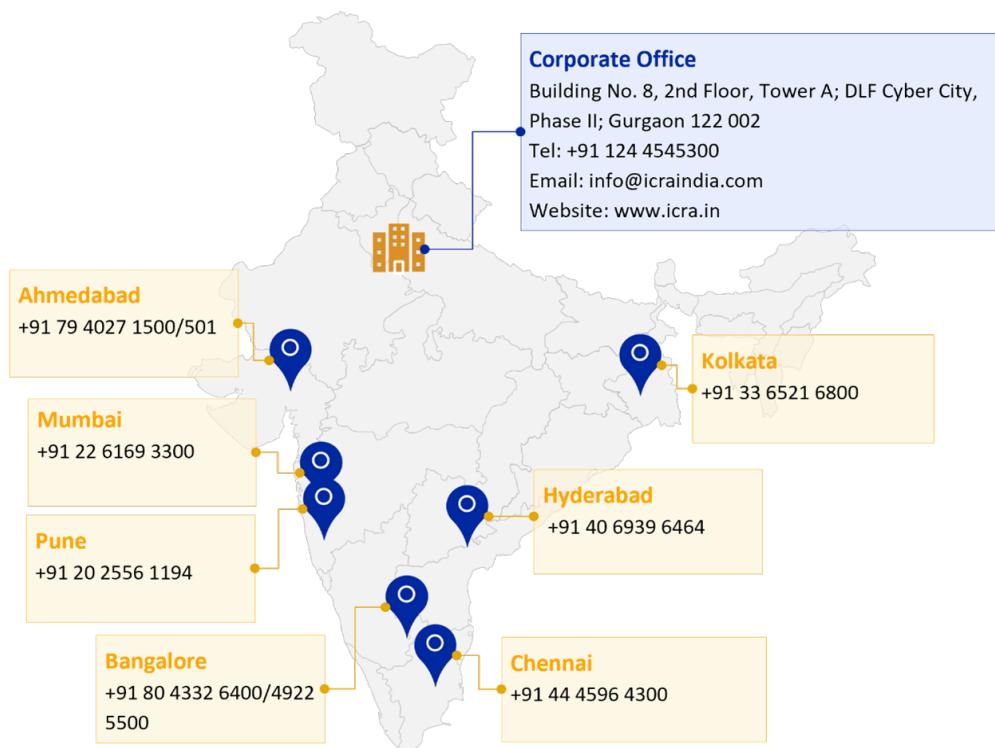


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