

NWML/SEC/2026/41

August 21, 2025

The Manager,
Listing Department,
BSE Limited,
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001.
BSE Scrip Code: 543988

The Manager,
Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor, Plot C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400 051.
NSE Symbol: NUVAMA

Subject: - Transcript of earnings conference call

Dear Sir(s) / Madam(s),

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our earlier intimation dated August 6, 2025, regarding the earnings conference call to discuss the Company's performance for the quarter ended June 30, 2025, please find enclosed herewith the transcript of the aforesaid earnings conference call held on Thursday, August 14, 2025.

The same is also made available on the website of the Company www.nuvama.com.

We wish to confirm that no unpublished price sensitive information was shared/discussed in the aforesaid earnings conference call.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Nuvama Wealth Management Limited

Sneha Patwardhan
Company Secretary and Compliance Officer

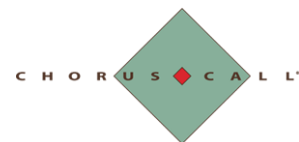
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“Nuvama Wealth Management Limited
Q1 FY '26 Earnings Conference Call”
August 14, 2025

Disclaimer:

This document is subject to errors and may or may not contain words which have been included / omitted due to human error while transcribing the conference call. Any and all information should be verified with the company by the reader.



**MANAGEMENT: MR. ASHISH KEHAIR – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – NUVAMA WEALTH
MANAGEMENT LIMITED
MR. BHARAT KALSI – GROUP CHIEF FINANCIAL
OFFICER – NUVAMA WEALTH MANAGEMENT LIMITED
SGA, INVESTOR RELATIONS ADVISOR – NUVAMA
WEALTH MANAGEMENT LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Nuvama Wealth Management Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Kehair, Managing Director and CEO. Thank you, and over to you, sir.

Ashish Kehair: Thank you. Good afternoon, everyone, and thank you once again for joining us today for our Q1 investor call. I have with me Bharat, our Group CFO; and the SGA team, our Investor Relations advisor.

I'll quickly begin by sharing an overview of our performance for the last quarter and the progress we've made against most of our priorities. Following that, Bharat can take you through the detailed financial results and some of the key metrics, and then we can jump into Q&A.

So just to give you a highlight of the key themes and achievements that defined the last quarter for us. I think we were able to get a reasonable broad-based growth across most of our businesses. We saw an increase in revenue and profits, and this happened with an efficiency quotient, which we typically track. Cost to income also was lower than last year same period. Client assets grew by about 19% YoY, reaching about INR4.6 lakh, profits at about INR264 crores, grew by again 19% and ROE was about 30% plus in Q1.

Just a bit on macro. Q1 was not necessarily one of the best quarters from a macro perspective. All of us saw that the markets had been range bound. Corporate profitability remains under stress. The two positives were the reduction of rates by RBI and liquidity infusion that still essentially held things at some level.

Looking ahead, external headwinds, particularly the U.S. tariffs and broader global trade tensions, these will remain as a potential drag on sentiment and FPI flows for the next few quarters. Having said that, I think the business delivery on the wealth and asset management front continues to be robust because in some sense, we deal with the upper end of the K curve. That segment doesn't get impacted that much with these kinds of things. So that remains robust and from a long-term and a medium-term perspective, wealth and asset management, the structural growth story of these segments is now very well understood. That's why you see increasing amount of competition in these segments. Most of the traditional brokers are also entering into this area.

Capital markets was a bit dry in Q1. Mostly IPOs and QIPs were slow, at least for April and May. Towards the end of June, activity picked up and it continues to remain strong now as compared to April and May. And second half of the year is what everybody is betting that should lead to a flurry of issues.

Having said that, structural growth drivers remain intact, supporting medium-term and long-term optimism. Although near term, there could be some earning pressures on corporates, which will play out in the market. But broadly, our businesses should continue to do well.

Getting into our business performance now. The first business being Nuvama Wealth. Like we've been speaking for the last, 2 years now almost, Managed Products and Investment Solutions or MPIS as we term it, continues to remain as the core focus area for us. And the net flows in Q1 remained strong of about INR2,300 crores, with managed products being well above 77% out of that. And if we are able to maintain this growth rate, we will be able to deliver about 30% on the starting base for this year.

The MPIS has now reached majority of the revenues, more than 54-55%. And that is what our desired objective was. And within that, the salience of Managed Products continues to increase, which continues to add to the annuity stream, which obviously essentially becomes a part of the growth that you keep seeing on a consistent basis. And I think if we take just the annuity stream, the jump this year would be more than 50-60% over last year in terms of the income stream.

And the way we've essentially constructed our offering for this segment is to focus more on holistic asset allocation, not monoline asset classes, which basically makes it more client-friendly, in line with what they actually need and more resilient to market ups and downs because then you become an evergreen service provider rather than if you're only focused on equity as an asset class. And if you see a long winter, then it goes through its own sets of stresses, plus I don't think that's necessarily a very client-friendly business in the long run.

Second big lever in this business, which we feel is technology, because you're dealing with a large number of clients and a large number of delivery points in terms of relationship managers. Currently, we may have, let's say, 1,200-1,300. And if you look at a 3-4 year horizon, it could go to anywhere between 3,000-4,000.

At that scale, if you don't have most of the technology tools helping each component of the value chain, starting from onboarding of client, to delivery of advice, to executing the transaction and to complete the servicing and reporting, it becomes extremely difficult to deliver a standardized and a uniform service and also very difficult to personalize at a client level.

So we've invested in our portfolio solutions tool, Multi-Asset Recommendation System, MARS, which has now tested over INR30,000 crores of portfolios. And we continuously keep it evolving by adding multiple dimensions like we've now created a family level access cash flow, tax loss harvesting and stuff like that, which basically enables delivery of value to this segment, which typically you are able to give to an ultra-high net worth segment.

Secondly, we have what we call One Platform, which essentially means that, all the constituents, our relationship managers, our external wealth managers, our clients are all on that platform. So their execution, their servicing, everything is managed at one place. They don't have to toggle between multiple applications. It's both on desktop and on mobile. So it's basically a digital-first application.

And we've also revamped our website, which is the client-facing website. You can have a look at it, nuvamawealth.com. It basically is a reflection of how the product landscape is moving. Traditionally, the digital platforms used to cater only to, let's say, exchange-traded products or mutual funds, which were, in a sense more mass and more readily render themselves to a digital platform, but we have taken it to a step ahead.

We've taken more bespoke products like PMSs, AIFs, insurance, everything onto that, OTC products, where partially clients can evaluate and then even lead the execution. Maybe some part of the execution gets done online. Some of them happen through a payment gateway. But it's in a sense, a complete digital experience for the clients.

And lastly, what we focus here, which we keep saying is productivity. And I think 2 big levers. One, as the team vintage increases, automatically, the productivity goes up. And second, tactically using the lending book to increase productivity, which I mentioned in the last quarter, and you see some sort of reflection in the numbers in Q1.

Moving to Nuvama Private. I think here, again, focus is clearly has been what we call ARR. And again, if you look at the flows, we saw about INR2,900 crores-3,000 crores in Q1, which again, if you annualize and if you maintain the run rate, we should be able to deliver anywhere around 26-27% of the opening base.

And second, obviously, is the addition of relationship managers. We've maintained that this part of the market is going through its own set of challenges because many people are entering at the same time. But I think the nuance of a superior platform to service clients and therefore, also create more economics for themselves, I think, continues to attract relationship people. The better ones, the more discerning ones and the people who want to build a more solid long-term book, we continue to attract that segment without any significant challenge.

The areas where we are working on here, I think lending is one place where you will see some movement, which will start to happen now in the next 3 quarters and more syndication opportunities is what we are building a pipeline on.

Moving to Asset Management. I think Q1, the focus was deployment. So we had raised our first round of commercial real estate fund. And the whole focus was to do our first deal, which we are happy to state that we've concluded it. It's a prime property in Delhi, in Saket. We bought it from one of the funds.

And second deal also, definitive documents have been signed. It's again a large transaction in Chennai, some sort of a GCC and again, being sold by one of the leading international real estate funds. So I think deployment traction now is there. We will now focus on raising the second leg of this fund and maybe in the next 6 to 9 months, we want to add another INR2,000-2,200 crores to take the fund to about INR4,000 crores.

In public markets, which is our long/short fund and absolute return fund, performance remains top-notch. The challenge in Q1 was because of the Indian market conditions, I think we saw some redemptions. Therefore, the net flows are negative. But that was largely in April, May.

June onwards, the trend has changed. And July also, the trend has remained robust. So I think we will see a reasonable positive addition from second quarter onwards.

And private markets, again, the focus was on completing deployment and Crossover 4, which is our pre-IPO private equity fund, that fundraise has started, so between these 3 funds, I think in the next 3 quarters, anywhere between INR4,000-5,000 crores is what we are targeting to raise. And new product category, which we've been talking about, private credit, we will start maybe by the end of Q3.

Asset Services, both international and domestic continue to be strong. Pipeline of clients in both has never been more robust. I think some of the rules have been clarified by the regulators. So more and more people are coming in. On the domestic front, we are planning to add 2 value-added services in order to create more backward integration and become a one-stop shop for our clients, which are more PMSs and AIFs.

We want to add the RTA service for them, and we also will add trusteeship services, and we've essentially got the approval from the Board to start these lines, and we will start floating the subsidiaries. And maybe in the next 6 months, you will see that action also happening here.

In institutional equities and investment bank, I think secondary market volumes witnessed some recovery in Q1 as compared to Q4. However, I think they're still moderate when we compare it to Q1 of last year. Near-term volumes, in our view, will remain moderate as the market adjusts to the disruptions till the time there is some certainty which prevails on tariff because right now, most of the global players are shifting their flows out to maybe Japan, Korea, Indonesia.

And the way they are funding it is that they're exiting Indian markets to fund their investments there. So I think that should change once some level of clarity emerges on this tariff side. On the primary market side, which was more dry in April and May, I think that activity has started, which we should see increased traction in Q2, Q3 and Q4.

I think with that, I will hand over to Bharat to take you through the detailed financial performance, and then we can go to the Q&A section. Thank you, Bharat, over to you.

Bharat Kalsi:

Thank you, Ashish. Good afternoon, everyone, and welcome to the call. Ashish anyways covered most of the headline business priorities as well as the performance, but I'll still take on the business-wise numbers, a little bit more granular than what Ashish has covered.

If you look at the overall company performance for the quarter, and I'm using a frame of Y-o-Y here, more of Y-o-Y and less of Q-o-Q, but I'll still cover wherever Q-o-Q is required. The consolidated client assets have grown by 19% Y-o-Y to INR4.6 lakh crores. This is because of the net flows during the period, as well as, obviously, the market movement, which has helped in, but that's where we are on the client assets.

In terms of the revenue for the quarter, it is at INR770 crores, which is a 15% Y-o-Y growth. Our cost is up by around 13%. Many moving parts, including the fact that the yearly increments have been added here and we have added the capacity on the distribution side. But if you look

at the opex side, it is pretty steady, so nothing more on the opex side. It's mainly the employee side or the distribution capacity, which we have added.

Our cost-to-income ratio for Q1 is around 55%, which in Q1 of last year, was around 56%, so is the quarter 4 which was around 56%. Operating PAT grew by 19%. It's INR264 crores, which is an ROE of around 30% on the consolidated basis. Similarly, if you go to the Nuvama Wealth, the client asset is now around INR1.05 lakh crores, which is a growth of 20%.

But as Ashish was also mentioning our focus is on the MPIS, so there the asset have grown much faster at 30% and now it has already touched a base of around INR32,500 crores. This quarter, we have recorded our highest quarterly net flows of around INR2,900 crores. And within that, MPIS was around INR2,300 crores, which is like a 64% growth on Y-o-Y basis. So, the stated focus on MPIS is reflecting in the NNM also.

Last year, quarter 1, we did MPIS net flows of around INR1,300 crores. Now it is at INR2,300 crores for this quarter. Overall revenue for wealth is up by 17%. And again, within that, if you look at MPIS, revenue has grown by 59% on a Y-o-Y basis and the share of MPIS revenue has moved from 40% to 54%. So almost 55% now comes from MPIS within Wealth business.

Cost-to-income ratio is steady at 66%, same as first quarter of last year. And the operating PBT is INR75 crores, which is a growth of 18%. So headline, 20% growth on the client assets, 17% growth on the revenue and 18% growth on the PBT for Wealth business.

Now moving to Nuvama Private. If you look at Nuvama Private, the client assets stood at INR2.2 lakh crores, which is a 17% Y-o-Y growth. Again, similar to what happened in Wealth, where the MPIS assets are growing much faster. Here also, the ARR assets are growing at 25% compared to the overall asset growth of 17%. And now the ARR asset base is touching almost INR50,000 crores. We are at INR48,300 crores and the net flows on the ARR asset also were very strong at INR2,900 crores.

In terms of the overall revenue, the revenue was INR155 crores, 19% Y-o-Y growth. Within that, ARR revenue was growing much faster at 25% and the transactional revenue grew by 9% Y-o-Y. You would also notice that the transactional revenue has grown lesser than Q4.

See, basically, transactional revenue, I would suggest we should not look at on a quarterly basis because there will always be a seasonality impact depending on the market opportunities, which anyways has a cascading effect on the quarterly C/I ratio. So, in a quarter, our C/I ratio would look a little higher, in a quarter it will look a little lower. But on a full year basis, it will smoothen out.

That's how we look at it because transactional revenue is not something that will continue to grow Q-o-Q. It will have a higher growth as well as it may have lower growth. ARR revenue for Private is now 2/3 of the total revenue, 66% of our Private revenue comes from ARR side. That, I think, is more reassuring saying that the predictability of the future performance is coming from the ARR side.

Cost-to-income ratio, I'd covered 69%, same as quarter 1. Obviously, there is some seasonality impact, which happened between quarter 1 and quarter 4. But I think we seem to be fine with this because we have added almost like 19-20 RMs over the last year. On a base of 118, we are currently at 137. So, they are in the early year of working with the organization. So, the productivity level yet to come to the full capacity.

Operating PBT grew by 19% to INR48 crores. Again, as a headline number, revenue as well as the PBT grew by 19% for Private, which is a steady growth.

Asset Management, the AUM grew by 54% to INR11,800 crores. Out of this, 93% of the assets are fee paying. Net flow for the quarter 1 were lower because of the volatility in the public market side of the funds. But otherwise, if you look at June, it was better than April and May, July seems better than June. And hence, we believe that as we progress through the subsequent quarters, it will be back on track. It's just a quarter phenomenon which is playing in.

Asset Services, the assets under custody and clearing has grown by 19% to INR1.27 lakh crores and the revenue is up by 46% Y-o-Y for quarter 1. As Ashish also mentioned that this is coming not only from the existing clients, but we have onboarded new clients. So, both the clients on the international as well as on the domestic side are helping us.

Capital Market, the revenue is down by 10%. But as we mentioned in the earlier quarters also, there was an M&A deal which was there in Q1 last year. If you exclude that, there will be growth in the Capital Market as well. Otherwise, it's obviously, to some extent, linked to the market activity, but we think that is on track. This quarter, the fixed income part of our IB desk has done very good or maybe they have done the best quarter ever, which is tracking well. Otherwise, the Capital Market business seems fine.

That's all. Happy to initiate the Q&A. Moderator can take on for the Q&A.

Moderator: Thank you very much. The first question is from the line of Vivek Ramakrishnan from DSP Mutual Funds. Please go ahead.

Vivek Ramakrishnan: Congratulations on a very good quarter, and there was a rating upgrade in the quarter also, which is excellent. What I wanted to ask you was on, whether there is any client concentration in revenues? Is there any top 5 clients account for a significant proportion of your revenues or profitability? And if so, if you can give us a number, that will be nothing like it. If so, what are you doing to reduce this concentration? That's my only question.

Ashish Kehair: So, Vivek, we have multiple lines of businesses. If I were to aggregate everything and then look at top 5 clients, I think it will not even be more than 5-10%. If I look at specific businesses, then it could change because top 5 clients of each business may have different types of contribution to each of those businesses' revenues and profitability. But what we continuously keep seeing is that whether the top 5 is constant or they keep changing.

And in most businesses, except maybe the domestic part of our institutional equities business, which is largely dominated by domestic mutual funds and where the revenues are driven by the

size of the mutual funds, I think in most of the businesses, the composition of top 5 keeps changing.

Vivek Ramakrishnan: Yes, I needed it on a consolidated basis and your answer is completely okay. Wish you good luck.

Moderator: The next question is from the line of Naresh Naiker from Systematix Shares.

Naresh Naiker: Sir, given the recent developments on Jane Street till date, can you please elaborate on the potential impact we may have on Asset Management business and the market share? Approximate what kind of revenue and earnings impact we can see going forward?

Ashish Kehair: Not Asset Management, Naresh, Asset Services. Yes. So, I think Jane Street was one of the clients which have right now not resumed and they may post their engagement with the regulator, may resume any time because regulator has given them a go ahead to resume. But having said that, even if we assume 0 revenue from the day, let's say, the regulator gave out the notice to them, on a full year basis in Asset Services, we will still end up getting a reasonable amount of growth, maybe early double-digit kind of a growth. Had they been there, it could have been more like late teens. This could be more early teens.

There would be some impact in Q2. But given the run rate which we are seeing both from our existing clients ramping up their balances and the new client pipeline, which we have, by maybe end of October or middle of November, we will come back to the same levels where we were assuming Jane Street is 0. So on a full year basis, we will still end up with a decent amount of growth.

Moderator: The next question is from the line of Lalit Deo from Equirus Securities.

Lalit Deo: Sir, two questions. So, one on the Asset Services itself. So in this particular quarter, we have seen some 17% decline in the AUM. what led to that? And also the retentions are like high. Earlier, we were guiding like the retentions on a steady-state basis should be around 1.8%, so is this the new normal?

Ashish Kehair: Lalit, sorry, I'm cutting you because last time when we actually discussed on this, I had mentioned 2 things. One, that till Q3 of last year, in our Asset Services business, we also had a representation of our Wealth Management business clearing activity happening there, which we shifted to what we said was self-clearing.

When we shifted to self-clearing, we pointed out that the yields will now go up because that was a slightly lower yield business. And in our view, depending on where market interest rates are, we should be more around 1.95% to maybe 2.3%-2.4% range over a period of time. That is point number one. So, yield on a steady-state basis in line with market interest rates should be in this range. And maybe this year, it may be slightly higher also from 2.1%.

Second, again, last quarter, I had mentioned that in the clearing assets, there is a composition of cash and noncash or cash and G-Sec. And depending on the client size, depending on what

trading volumes they do on the equity -- on the derivative side, these compositions can change. And maybe when the reduction happens, let's say, when you said reduction in the AUM has happened, the earning assets can still go up within that, which is the cash component.

And last point is that don't look at quarter end, end of period. You should ideally look at the averages because end of period may not be a full reflection of how people deploy their money. There are trades for which collateral comes and then goes away. So average is the right reflection, which you should see within which there are moving parts on cash, noncash. So that's why you see even if the AUM has gone down, the yield has gone up and the income fall is barely anything. It's from INR198 crores to INR193 crores.

Lalit Deo: Right, sir. Secondly, could you also break up the cost between the asset services and IB & IE business.

Ashish Kehair: So we've always maintained that overall cost to income there, let's say, is about 40%. Asset Services operates anywhere between 30-33% and IE, IB is 50%-plus percent range. So you can do a math and arrive at a rough blend.

Lalit Deo: Sure, sir. and sir, just lastly, on data -- so in this particular quarter, we have seen an increase in the overall debt for ourselves. So what would be that related to, like the net debt?

Ashish Kehair: So about INR1,000 crores of net debt has been added, INR500 crores, if you see is the loan book increase. And about INR300 crores is the working capital, which is payable/receivable difference. Balance is client facilitation trade and some margin at the exchange. So it's split between these 3-4 items. 50% has gone to, let's say, loan book increase, about 30% is working capital increase.

Moderator: The next question is from the line of Vikram Raghavan from Moon Capital.

Vikram Raghavan: Congratulations on a good set of numbers. I wanted to ask if the current run rate of operating margin is sustainable.

Ashish Kehair: So broadly, if you see, in our wealth cluster, the cost to income between the 2 put together is order of magnitude, say, 67%. And in capital markets, it's maybe lower at around 40-45%. Though wealth will go down by the end of the year because in Private, where we ended at 69%. On a full year basis, our assessment is that we should end at 65% with growth cost embedded.

And Wealth, which is Nuvama Wealth, which is at 66%. That will also be maybe 100 basis points lower. So that reduction will happen. And maybe there could be a slight increase in the capital markets side. So, if you aggregate both, we should end up at the same level.

Moderator: The next question is from the line of Abhijeet Sakhare from Kotak Securities.

Abhijeet Sakhare: So the first question I had was from your opening remarks, I think you mentioned about setting up an RTA business. So just if you could give us a few more details as to what's the thought process behind this? And where do you see this business fitting in the overall scheme of things?

- Ashish Kehair:** Abhijeet, this is not like the regular KFintech and CAMS, which basically services the large mutual funds. This would be mostly for our custody clients, which is PMSs and AIFs because there, we feel that they need a one-stop shop. Most of the new ones which start out, they need the trustee, they need the RTA. And some of our peers have started it, and it has helped them get better market share in new registrations. When new AIFs and new PMSs come, if you can offer them a one-stop proposition, then your market share in that base increases.
- So we've actually been working on this for the last 1.5 years and evaluating on whether we can partner or we should build. Finally, we concluded that it's best built. And we have seen a demonstration of it in one of our peers, and it has helped them in reasonable gain of market share. So I think it will be reasonably accretive to the overall business. And costs are not much in this.
- Abhijeet Sakhare:** Understood. And sir, second one is that if I go back to the Nuvama Wealth business, I don't know if you clarified this, but the fall in MPIS revenues sequentially, if you could point out what's causing that?
- Ashish Kehair:** Largely Q4, Abhijeet, has heavy insurance. So that is the only thing. So if you see -- I can give you the specifics about INR27 -28 crores insurance has fallen, and rest of the streams have gone up by INR17-18 crores. So there's a INR10 crores movement there. So that catch-up will happen as you move to Q2, Q3, Q4 because Q1 is the weakest in insurance and Q4 is the strongest in insurance.
- Abhijeet Sakhare:** Okay. And then again, within this, I'm guessing like the managed product part of it is more trail driven and investment solutions is where you'll have something like debt placements and insurance sales?
- Ashish Kehair:** Yes.
- Abhijeet Sakhare:** So then in that context, first, the breakup between these 2 segments? And then how does this move in line with the net flow number that we kind of report on a quarterly basis?
- Ashish Kehair:** So managed products if you look at it from a revenue color perspective, 3 products, which is AIF, PMS and MF. The only nuance is within AIF where a CAT II and a CAT III pays us differently. In a CAT II, you earn slightly higher in the first year and then it falls down, the trail falls down, and CAT III is full uniform. So depending on the salience of sales in a quarter, that component could slightly move up or down in both Private and Wealth. So that's how it moves.
- I think overall sales, if I look at the INR2,900 crores, about 77-78% is net new money and about 23% is your investment solutions. But the right way to look at investment solutions is actually gross sales because you earn, like you rightly said, right, on the transaction. So there will be some fixed income, which will get redeemed during the quarter and people will roll or buy fresh. So net new money is only a reflection for, let's say, the trail products, which is your Managed Products. And Investment Solutions revenue is a combination of gross sales, I mean, which is the net plus whatever rollover has happened.

- Moderator:** The next question is from the line of Mohit from Centrum.
- Mohit:** So basically, my first question is in terms of the Private business. So we saw that the number of clients increasing from around 4,250 to around 4,400 plus. Can you tell me how many of these have an AUM of more than INR25 crores?
- Ashish Kehair:** See, overall, if you see about 1/3 of our clients have AUM of more than INR10 crores. And I think if I remember correctly, I'll have to look at the number. I think more than 50-60% have INR5 crores. Now AUM with us is a different concept versus the potential of the client. If you are asking whether each of these clients have a potential to invest INR25 crores plus, the answer is yes.
- Most of them would have a potential to invest INR100 crores plus. But you will appreciate and understand that the AUM builds over a period of time. It takes 2-3 years for it to build. Maybe the first transaction can be a INR1 crores transaction, a INR2 crores transaction, but the client can be a INR500-crores guy?
- So whenever we onboard a client, what we need to ensure that whether the potential of the client is above INR25 crores, and if that is your question, the answer is 100% of those clients will be more than INR25 crores.
- Mohit:** Understood. No, that is helpful. Now my second question is in terms of the net flows in the Private division. So what we saw is that we saw a very big steep decline in that. And I assume we saw in one of the quarters in '25 also, the number was insignificant, and we saw it will be bouncing back. So do you want to give any guidance in terms of flows in the Private division?
- Ashish Kehair:** So broad math, if you want to use, it will range between 25% to 30% of the opening ARR assets. And if you see the opening ARR assets, it would be order of magnitude of INR42,000-43,000 crores. So if you take a 25-30%, so anywhere between INR11,000-12,000 crores is where we land.
- There could be quarters where it could be slightly higher, and there could be quarters where it could be slightly lower. What happened last year was in Q1, there was a large inflow because we had acquired one of the investment banking clients who had sold their business to a private equity, that entire flow came in the first quarter, which itself was some INR2,000-2,500 crores.
- So the total net inflow was, I think, INR4,800 crores, out of which 50% was this one client, which was 17 families, I mean, 17 different accounts. Now that whichever quarter it comes, it will just jack up. But if you remove that and see, then it's fairly uniform in that sense. And sequentially also, it has moved up over Q4.
- Mohit:** Understood. No, that is helpful. My last question is on the Asset Services. I think you broadly told different scenarios and growth. But do you think that this division is kind of being very clouded by the regulatory thing and maybe tomorrow, more and more such companies come into the radar, we can have variations in the revenue. So if you can just give us something that is this

kind of a little concentrated to the top clients? Or how does this division work, that would be very helpful.

Ashish Kehair:

So broadly, you have to break Asset Services into 2 units. One is international clients and second is domestic clients. And if you look at our overall revenue stream, I think depending on which quarter we are talking about, between 70-75% comes from international and 25-30% comes from domestic. Domestic is fully granular. It's spread across a large number of PMSs and AIFs through which we earn.

So now coming to international. International, the set of clients which we have would be more than 150-200, and they are at different stages of evolution. Out of that, 50-60 will be very large internationally, and they continue to test their strategies in India and whichever strategy works, then they start to increase their exposure.

I think this incident which has happened will be helpful for the market because I don't know which direction it will go because it's right now under regulatory subjudice, so I can't comment much, but it is between the client and the regulator, interactions are happening, and it will take its own course.

But I think from a signalling perspective, others will be more careful. So it will be a more inclusive market. What we've heard from most of the other proprietary traders or HFTs, both in domestic and international side that now the profit pool has expanded and is available to a larger number of players.

So yes, people will be tentative as to what the regulator will say. But as long as they are careful in how they are deploying their strategies, I don't see a problem. However, having said that, we should also be mindful that derivatives in general is a topic which bothers regulators because of the losses, which retail segment makes.

Now on that, I mean, your guess is as good as mine as to what is going to happen. But in my view, as long as there is derivative trading that is happening, you will see market makers, you will see liquidity providers, you will see proprietary funds, you will see hedge funds, high-frequency trading funds because all these also add to giving volume to the market, which help your regular long-only hedgers, arbitrage funds also to operate. If they go away, I mean, the depth of the market will completely collapse.

Mohit:

Understood. But I think my question was that we don't have any concentration of top 5 or top 10 clients, right, in this division.

Ashish Kehair:

That's what I said, no. So it keeps changing. If I look at my book today, maybe in the international business, the top 10 would contribute 30-35%. But that is the nature of the business. At any point in time, it will always remain like that. But it's not like top 5 is 90% of the business.

Moderator:

The next question is from the line of Sanketh Godha from Avendus Spark.

Sanketh Godha: Ashish, this movement of assets from asset clearing to self-clearing in wealth, how much it impacted the overall AUM at the asset clearing?

Ashish Kehair: INR10,000 crores.

Sanketh Godha: Okay. INR10,000 crores. And I'm assuming that was meaningfully low yield, and that's the reason why the yield bumped up in...

Ashish Kehair: Yield went up. Yes, yes.

Sanketh Godha: Okay, okay. Got it. And second thing with asset clearing, I just want to check is on the deposit, RBI being on the path of doing rate cuts? And if it remains for a little longer period, like 12-18 months or 18-24 months, then is it fair to say this 2.1% yield what you're trying to guide will hold up or it could come off or you have measures like extra cash taking to keep it at the 2.1% kind of a number?

Ashish Kehair: So I think we could see if, let's say, there is a further fall from here of interest rates of maybe another 30-50 basis points across the yield curve, then maybe this 2.1% can fall to 2% because we also have laddered maturity. And like you said, we will increase the cash component and so on and so forth. So it doesn't fully go because this is a combination of Gsec and cash. So full doesn't translate to us.

Sanketh Godha: Got it. Got it. Got it. And two more questions, sorry. One, just wanted to check is that last year in IB, we had a lumpy deal. So, on overall, it looks minus 10 percentage. So just wanted to segregate the growth into IE and IB, point number one, for the quarter.

And second, given Jane Street impact is there in IE, too. In your view, how you see IE growth to play out? Or you think this IPO pipeline coming back can still help you to report at least flattish kind of a trend in the full year?

Ashish Kehair: So if I take IE plus IB and I take Q1 over Q4, so let's say, there is a jump of revenue of some maybe INR18-20 crores, largely has come from IB and mostly from the fixed income side because you know that on the ECM side, it was reasonably dry in the first quarter, and IE was largely flattish in Q1.

I don't think if, let's say, the Jane Street impact on IE, if we run the analysis and we look at the scenarios and let's say, if what you said, if the ECM activity picks up, then maybe we will go through a INR15 -20 crores PAT impact for the full year. And if it doesn't pick up, maybe slightly higher. But this is assuming reasonably low volume growth on the IE side. If the markets were to recover and if some volume comes back, then I think a part of it will be made over.

Sanketh Godha: Understood. Understood. And one more, on the cost, I just wanted to check. See, the other opex on a sequential basis has come down on non-employee cost. So anything to read there because we reported INR126 crores in fourth quarter and it's INR105 crores in Q1. Year-on-year also, it looks a little muted compared to the top line growth, relatively lower. So just wanted to understand how it will trend out going ahead.

- Ashish Kehair:** So if you remember, Sanketh, last quarter when we did the call, we clearly pointed out that there is a INR15-20 crores extra in Q4, and there were multiple items like we did the CNBC deal, so there was a payout on that and charging on that. All our offsites got bunched. Our institutional equity conference happened.
- And I clearly mentioned that in next year, again, Q1 to Q4, we will have INR105-110 crores per quarter kind of an opex range and which is where we should end up at. So these were largely Q4 related items, which don't happen in Q1. So that is the fall which you have seen.
- Sanketh Godha:** Okay. Then Q4, again, it should go back to that INR125-130 crores level in the current year?
- Ashish Kehair:** This year, we will not have the CNBC and some of the expenses. So full year basis, you can basically take a 7-8% jump over the last full year.
- Sanketh Godha:** Got it. Got it. Perfect. Perfect. And lastly, on net flow guidance, which you told last time will be around INR19,000-20,000 crores. So we should assume that number you will be confidently delivering given we are at INR5,000 crores of ARR flow in the current quarter?
- Ashish Kehair:** Looks like because if I take, let's say, about INR32,000-33,000 crores of assets in MPIS in Wealth and take about 30% of that. So that should give INR7,000-8,000 crores and Private should give another INR12,000 crores. So INR19,000-20,000 crores looks at this point in time, reasonably confident that we should be able to deliver.
- Moderator:** The next question is from the line of Shyam Sampat from MSA Capital Partners.
- Shyam Sampat:** I just have one question. I wanted to ask if you can give some color on our view on the SIF and when do we start applying for it?
- Ashish Kehair:** So we've already applied for the license for MF because we don't have MF license and only MFs can do SIFs. Our first round of SEBI inspection has happened. And so it is basically progressing. So as and when we get the license, I don't know how much time it will take, maybe a quarter or maybe 4-5 months. Because from a strategy perspective, from the team perspective, from performance track record, everything is in place. The day we get the license after that, whatever logistics is required to file the scheme, get the approval is the time that will be taken, and we will be up and running.
- Moderator:** The next question is from the line of Ashish Agarwal from Oaklane Capital.
- Ashish Agarwal:** I have a question. So overall, there is an expectation that wealth management industry will grow from here given there are tailwinds. So based on what I understand is that overall pie should definitely expand from here. But there are more players coming in, which means that there will be more pieces of the pie. So how are larger players like Nuvama placed? And if the market share gain happens for these players, like players like Nuvama and other players, will it happen at the cost of unorganized players or how it will be going forward?

- Ashish Kehair:** I think largely, you hit the nail on the head. So there are 2 things. One, the size of the pie grows, I don't think people are really able to comprehend how big it will become. I mean in the last 2 years, if you see, the MF asset book has grown by 50%. INR50 lakh crores has become INR75 lakh crores. That is order of magnitude, INR25 lakh crores, right?
- And now on this, when it starts compounding, the effect will be huge. Similarly, if you take PMS, AIF, if you take each component and just compound it at 10-12% and then calculate the pie and then look at the penetration today, the formal penetration of all of us, all of us put together is not more than 15%. If that doubles in the next 10 years, I think the overall size grows by 8x to 9x.
- So in my view, everyone who is currently operating, in the next 10 years, their market share will actually fall, but they would have still grown by 20-25% compounded for 10 years because newer players are needed. The size will become very, very large.
- Ashish Agarwal:** Sir, that is there. I agree, sir. The pie will definitely expand for all players. But someone will lose market share, right? So who is that?
- Ashish Kehair:** The unorganized, which is your insurance agents, the sub-brokers and the IFAs because they are monoline products. So for a particular client segment, which is a certain threshold and above, and as Tier 2, Tier 3, Tier 4 start becoming more and more mainstream, you will see that they will either move or fold into the larger players who will be aggregators in some sense and give a multiproduct platform, but they will cede market share to the more organized players.
- Moderator:** The next question is from the line of Vedant Sarda from Nirmal Bang Securities Pvt Ltd.
- Vedant Sarda:** Can you please tell like what kind of bottom line is currently contributed from the clients who are deploying derivative strategy?
- Ashish Kehair:** For us, in our wealth management side, our total broking revenue, if you take in a year, is about order of magnitude INR240 crores. In that, about 40% comes from F&O, 60% comes from cash. So maybe INR100 crores of revenue comes from F&O for us.
- Vedant Sarda:** These include like the clients like Jane Street?
- Ashish Kehair:** No, no, no. That is institutional equity. So there, about another, let's say, INR180-200 crores would come from F&O on the institutional side.
- Moderator:** The next question is from the line of Manoj from Kivah.
- Manoj:** As you said, we can grow 20-25% of the industry for the next 10 years. Can I assume we are also aiming for the same for our net profits for the next couple of years?
- Ashish Kehair:** We are aspiring for the same, yes. Of course, we are aspiring.

- Manoj:** And so even whatever everybody is trying to ask and not ask in the straight way, even with that, we can aim or aspire for the similar 20% growth as we've done in the past for the next couple of years as well, sir?
- Ashish Kehair:** So that event can have a bearing on this year, maybe to some extent, so it will not impact Wealth Management, Asset Management, or Investment Banking at all. So they will grow at the pace - - and Wealth Management, both the businesses, I think, will grow faster than what we grew last year. Asset Management also will be faster.
- The only area that impacts is Asset Services where, again, basis the scenario analysis, which we have done, we will end up with growth and not negative. So that leaves only one line item, which is Institutional Equity, where we will see some impact, where I mentioned about maybe INR15 -16 crores of PAT impact in the current year. Once the base is set, then you again start growing.
- Manoj:** I think things are looking great, sir. So no impact on the news we've been hearing about a private equity deal. So the current scenario should not impact that as well, those talks...
- Ashish Kehair:** I mean, we don't get involved in that because that is a shareholder matter. And if anything happens, I mean, you would also come to know, I'll also come to know the same time. So I mean, I have nothing more to add on that. Whenever it happens, it happens. But that has no bearing on the company performance or the growth prospect, the way we see it.
- Moderator:** Ladies and gentlemen, due to time constraints, we would take that as the last question for the day. And I now hand the conference over to the management for closing comments.
- Ashish Kehair:** Thank you. I think it was a reasonably engaging session. Thank you once again for taking time out. We'll look forward to meeting all of you again in quarter 2. Thank you, moderator.
- Moderator:** Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.