NWML/SEC/2026/19

June 4, 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 May 21, 2025, regarding the earnings conference call to discuss the Company's performance for the quarter and financial year ended March 31, 2025, please find enclosed herewith the transcript of the aforesaid earnings conference call held on Thursday, May 29, 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We wish to confirm that no unpublished price sensitive information was shared/discussed in the aforesaid earnings conference call.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 Amit Patwardhan
Digitally signed by Sneha Amit Patwardhan
Date: 2025.06.04 23:03:14 +05'30'

Sneha Patwardhan
Company Secretary and Compliance Officer

Encl: as above

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Corporate Identity Number: L67110MH1993PLC344634
Registered Office: 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East,
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"Nuvama Wealth Management Limited

Q4 FY25 Earnings Conference Call"

May 29, 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 Q4 FY '25 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Ashish Kehair, Managing Director and CEO, Nuvama Wealth Management Limited. Thank you, and over to you, sir.

Ashish Kehair: Thank you, moderator. Good afternoon, everyone. Thank you for joining us today. Happy to welcome you to the Q4 conference call of Nuvama. As usual, I have with me my colleague, Bharat, our Group CFO and the SGA team, our Investor Relations Advisor. I'll quickly give a brief overview on the quarterly performance and a bit of macro and then maybe Bharat can take you through the detailed numbers. And then we can jump into the Q&A.

Starting with the numbers. I think headline level, happy to state that on all input output parameters, the year has been truly a breakout year for us. Client assets grew by about 24%, revenue for the year by about 41% and profits by about 65%. We closed the year with about INR986 crores of PAT and both the cost-income ratio coming down, in the sense the profit margins went up and the ROE substantially improved from about 23.6% to 31.5%.

I think before moving into the business, it's worthwhile to talk about the year in terms of the macro. First half, as we all know was actually extremely bullish from a market perspective, markets went up significantly. And correspondingly, a lot of supply started coming into the market by way of IPOs, QIPs, blocks, insider selling.

But I think somewhere around the middle of the year, things started to change. Liquidity tightening to the tune of about INR3.5 lakh crores happened. RBI rightfully got worried about the rising unsecured and microfinance loans. And I think in order to contain any prospective damage, they actually tightened the rules around both NBFCs and banks.

And due to the general elections, I think government also postponed their spending. So, all this, along with I think dollar strengthening, heavy supply in the primary market and simultaneously selling by FPIs in the secondary market, the tonality of the market changed in the second half.

If you see from September through February, the market continuously kept coming down, and as a result of which, I think cyclically, things changed. I think two-three things happened. Elections got over, so government started spending. The policy pivots also changed. Both the regulatory bodies saw the change at their helm.

RBI essentially started injecting liquidity through OMO, let the rupee depreciate. There were rate cuts, which were done. Reduction of risk weight was done towards NBFC and micro finance companies. Inflation target became more benign. And primary supply also dried up, which was, I think, simultaneous with FPI buying.

So therefore, Feb onwards, you see that there was a change in trend. And hopefully, we'll see that momentum continue and go on through the first half of this year, but having said that, Q4 from a market context was a bit tough for everybody. But within that context, I think what we were able to achieve actually is a true testimony to the diversification and the resilience of the platform. And I think the excellent execution by the team Nuvama. I can't thank them enough.

Coming to specifics in terms of the businesses, starting with Nuvama Wealth. We've always maintained that there are three, four large priorities with which we've been working with. First being, of course, the capacity addition and scale, which we've talked about a lot. But the more important part was the whole focus which we did on the managed products and investment solutions.

And if you see the flows, they're quite heartening. I think even this year, we were able to achieve about INR6,500 crores of net new money. And within that, quarter 4 saw about INR1,400 crores in a tough environment, which was nice. And now almost 70% of these flows actually comprise of managed products, which in a sense is building some annuity for the future. So slowly and steadily, that book is getting built, which will play out as we move ahead.

In terms of lending, I had mentioned this, I think both in Q2 and somewhere around Q3 that we are relooking at the way we run that business, and we wanted to fix certain ROE issues by changing the whole proposition and the model, which we have now done. From this year onwards, you will see that there will be a dial up that will happen.

Last year, we did not aggressively push the book because we were changing this model. Although gross disbursements happened and then loans got paid back because of the change of the business model, the ROE improved substantially. But this year, I think on a net basis, we'll be able to increase the book.

I've been talking about the investments which we make around the technology related to both productivity and efficiency. I've spoken about our multi-asset advisory platform called MARS. I think now it's fully functional. Earlier, it was in the beta version. It's now being used by most of our RMs and top clients.

The next stage is to essentially integrate generative AI into this. So right now, it's a rule-based engine. We will move it to GenAI. I think that should help in terms of both client experience, consistency of delivery and improvement of productivity of our field force. And second, which is a big move which we did, was there was a fundamental challenge when you're dealing with such large set of people, the traditional classroom training model starts to become ineffective and extremely expensive to execute.

I think with the advent of GenAI, even that we have considerably moved. And now more than 90%-95% of our training of relationship people in that business happens through a self-done tool, which we have created, where they can at their own pace and time interact with the fictional clients on a product and get real-time feedback. And the acceptance across the board is phenomenal. We will see the numbers in productivity also showing through, which actually, if you see the MPIS numbers, it in a sense has started reflecting that.

Coming to Nuvama Private. Again, there were three clear priorities which we had called out, building out capacity at a reasonable cost, build offshore as a proposition and focus on ARR in terms of increasing the proportion of ARR as part of the overall business. I think on all three, we've made significant progress.

Capacity, we've been able to add about 10% this year. And here, I would like to comment. I mean, I think in a sense, there's some sort of madness happening in the market right now, the way people are building out teams and the way compensation has been dealt, I don't know, it looks like a race to death. I think at a time when cycle goes bad, I maintain that many of these will get decimated. I think some sense should prevail over a period of time.

We've been able to build, I think, like-minded people have joined who appreciate platform, who appreciate building a book and not look at immediate short-term gratification but how a platform can help them build a sustainable practice and deliver value to the clients and therefore, create long-term value for them.

On the offshore side, we've been now fully functional in Dubai. We've hit operational breakeven with the current set of people. We will now add capacity there. And I think the three legs which we had envisaged, which was India outward, offshore inward and offshore-offshore, all those three legs are operating well.

On ARR assets, you would have seen the data book, even in Q4, despite, I maintain, the challenging environment, we've been able to do about INR2,100 crores of net new money. And in this time, actually, more than 100% is managed products because we saw some down in the loan book in the ARR assets.

And overall, through the year, we've been able to do about INR10,000 crores, which is actually 30% on the starting base on the back of last year, which was 26% on the starting base. So, I think all the three strategic priorities, reasonable progress has been made.

On Asset Management, Q4, the key highlight for us was the commercial real estate fund, we had to take it to first close, which happy to state that we had done.

We had also issued a press release. And as we stand today, we've made our first deployment. We'll talk about it in detail in the next call, maybe, but just to give you a brief, it's a marquee asset, office asset in Delhi, more than 95% leased with an equity value of more than INR460 crores and I think it was one of the most prized asset chased by most of the funds, we were able to pull it through.

The next phase will be to take this fund from current INR1,700 crores to INR4,000 crores in maybe next two to three quarters. Our public market funds, which basically comprises of long short and absolute return, which as of date, have become largest in their categories in the market. The long-short fund now has a 3-year track record. The absolute return fund has a 1-year track record.

I think for this part, Q4 was a bit challenging because the whole public market space went through net outflows. We still saw net new money coming in here. Because of the market fall, I think people were circumspect or postponing decisions or maybe redeeming. So, I think that played out here.

Hopefully, with the recovery now happening in the next two-three quarters, we will see the momentum come back. We've also, in this bucket, launched our gift fund. We've created the pipes now which can access capital. We now need to go out and basically place these with institutional and wealth customers in overseas jurisdictions.

On the private markets, our focus has been deployment, both in our crossover and venture debt fund, which in this quarter, we made three, four deployments. Now in our crossover fund about 15% of money remains to be deployed, which should, hopefully, get through in the next maybe 7-8 months maximum. And we will look to start raising our fourth crossover fund over the period of this year.

And lastly, I've been talking about private credit as a strategy. We've now firmed up that we want to launch that strategy. We are in the process of identifying and closing the team, and maybe by Q3 or Q4, we should be up and running with that.

Coming to Asset Services. This, I think, has been a breakout year for this business on the back of last year also which have seen reasonable amount of growth. Both international and domestic clients have been growing meaningfully.

On the domestic side, we have about 20%-22% incremental market share. International side also, there were some bit of uncertainty that has seeped in because of this entire F&O regulation and people thought that volumes will go down, which they actually went down, but we saw that this business was relatively inelastic in that sense because typically, people do not take margin in and out, even if you have two expiries in a week and they compute the peak margin required.

So, basis the peak margin, our float actually went up in Q4 also. And with this uncertainty around this F&O going away, we are seeing immense amount of interest coming from all the clients who are sitting on the fence. So, the pipeline is extremely strong in this business.

Coming to our capital markets business, which is institutional equities and investment bank, I think on a collective basis, we've been able to weather the downfall.

Our numbers are lower than Q3, but marginally lower as compared to the peer group. We were able to do a lot in fixed income. We were also able to increase our market share in institutional equities in Q4. So, we are seeing resilience. Obviously, there was a slowdown, which happened in the primary market. And as we just saw one IPO of Ather now, for the last 3-5 days, again, we are seeing a flurry of IPOs coming back.

We are also focusing on advisory transactions. And fixed income remains intact in the sense fixed income in Q4 was also intact and even now remains intact. And the pipeline in investment bank, although the activity has slowed down but I think mandate creation and pipeline is extremely strong.

So, if the market remains stable at this level and the activity comes back, I think we will be out there executing deals and come back with our numbers. Although the fall, again, as I said, is relatively far, far lower than what the market saw. I think this is about it from my side. I will hand over to Bharat to take you through the detailed numbers for Q4.

Bharat Kalsi: Thank you, Ashish, and good afternoon everyone and a warm welcome to all the participants on this call. Ashish anyways covered all the headline numbers, but I'm happy to share the overall performance for the quarter as well as for the year. If you look at FY '25, it has been a breakout year, as Ashish also in the starting allude to, and it creates that base effect of having large numbers coming from wealth, private as well as asset services side.

So, with that, the number on the consolidated basis, if you look at our client assets, it's now at INR4.3 lakh crores, which is a growth of around 24% on a year-on-year basis. This has been held through the sustained inflows which is coming in and obviously, the market supported in the whole growth of 24%.

For the quarter, the revenue was at INR771 crores, which is a strong growth of 29%. Here, I'm referring most of the numbers on a Y-o-Y basis. Wherever I use quarter-on-quarter, I'll be specific about it. In case of overall full year revenue growth, the growth was at 41%, and this was a broad-based growth, not that only a few businesses did. Obviously, few did exceedingly well, and few did a growth of 15% to 20%, but it was a broad-based growth.

If you look at the overall cost, our cost is around INR435 crores for the quarter, which is a 22% growth. If you look at the breakup (available in data book as well as our presentation, which are uploaded on the website website) the fixed cost has gone up because we have added around 350 odd RMs over the last 18 months.

So obviously, as they start building up, the fixed cost continues to go up. But I think that's the investment which we have decided as a strategy, and we continue to invest on that. You would also see that the operating expenses has grown. So, if you look at the full year operating expense, that has gone up by 10% and which I think seems very reasonable given our size of operations and as we are expanding.

But on a Q-on-Q basis, you would see that there is opex growth of around INR30 - 32 crores between Q3 and Q4. Key reasons being there are a few one-offs which are there in Q4 and also typically, Q4 will always have some seasonal expenses. I'll just call out some broad one-off as well as seasonal expenses, like, we do our flagship IE conference, which maybe few of you would have also attended in Q4 as well as all our businesses and enterprise strategy offsite happens in the quarter 4.

So those are the expenses which are specific to Q4. You can see the similar trend in the previous year Q4 where the opex suddenly goes up. Other than that, as Ashish was mentioning that we have added capacity on the private side. So, there is some cost which comes in, in terms of recruitment and all.

We are also investing in our marketing spends because we want to further build on the Nuvama brand. There are some investments which we are doing and the part of that is sitting in quarter 4. If you go back to my Q3 update where we specifically mentioned that we were in the process of modernizing few of our key systems, APIs, applications on the tech side, this was more of an upgrade.

Most of it has already been done, and that's why the cost is sitting in Q4. So those are like conscious investments/spends, which we wanted to do, and they are coming in Q4. And in Q3, there were some specific things which we got like credit from our cloud partners as well as there was a termination of lease, some reversals were there. So that's why the delta looks higher.

But otherwise, if you see overall quarter-on-quarter, our opex remains between, say, INR95 crores to INR105 crores, give and take the seasonality part of it, and the full year growth was 10%. I think we will be in the similar ZIP code in terms of opex growth year-on-year. So close to 10% seems reasonable, and that's our expectation.

With that, our overall C/I is at 56% compared to 60% of Q4 last year, which is an improvement of 4%, and our PAT is at INR255 crores, a growth of 41%. Full year basis, the PAT has gone up by 65% to INR986 crores. And our ROE for Q4 was around 31% and similar number for the full year at 31.5%.

So that was on the overall financial performance. With respect to dividend in October, we declared our H1 interim dividend of INR63 per share. In the yesterday Board meeting, the Board has approved INR69 dividend for the balance year. With this, we are within the range of our dividend distribution guidance. And on an average, 48%-49% of the last 2 financial years, we have paid it as dividend to the shareholders.

That's how the overall consol level performance looks like. In terms of businesses. Nuvama Wealth, similar to company's overall growth, the Wealth assets have grown by 20% Y-o-Y but we more specifically look at the MPIS assets because broking assets with mark-to-market can do plus/minus. The MPIS asset has grown much faster at almost 29% and touched INR 30,000 crores.

As Ashish was mentioning on the overall flows and our focus on our MPIS, the MPIS flows were almost INR1,350 crores- INR1,400 crores in the Q4. And on a full year basis, it is INR6,500 crores, which last year was around INR5,000 crores. I'm specifically talking about MPIS flows and not the total flows.

Overall, the revenue was up by 17%, and this was marginally lower than what we initially thought, but that was led by broking revenue. As you know that quarter 4 saw some extra volatility and that's why the broking revenue was marginally lower. Overall, the C/I ratio is at 67%.

As we've been mentioning that if we remove the growth capital, which means the cost of the new RMs as well as the associated revenue, the C/I would have improved by 250 to 300 basis points. So, this is a conscious thing which we are aware of, and we are okay with that as we are still building on the capacity at the business level. Operating PBT for Q4 was up by 14% at INR66 crores.

Similar to Wealth, even Private for the quarter has seen a very good performance in terms of overall client assets up by 17% at INR2 lakh crores. Again, the ARR assets, our focus area, grew much faster at 33%, and now it's at INR45,000 crores give and take.

On the ARR asset flows, this is up by 52% on a full year basis. So last year, we did around INR6,600 crores. And this year, we have crossed INR10,000 crores of net new money in the ARR assets. So that's one benchmark where we are now touching, INR10,000 crores of annual net new money.

Overall revenue, Q4 has been very strong. In the initial quarters, we mentioned that the revenue growth for Private was a little lower, Q4 is a full reflection of the activities and the growth was at around 24%. And our ARR revenue now contributes almost 60% of the Private revenue, which is where we are focusing on.

Similarly, the C/I ratio, excluding the growth cost of the new people and revenue, would have improved by 250 to 300 basis points from what we have reported. The overall PBT was up by 12%. And in terms of number of families, we are at 4,250. We added around 575 new families during the year, and RM count stands at 135.

Asset Management, a few good things. The AUM grew by 62%, is now at INR11,300 crores. Public markets and the commercial real estate helped in. I think the one number which is more important is that out of the total AUM, now 92% of the AUM is fee paying. That is how the journey is going on for the Asset Management business.

In terms of the new flows, you would see that the quarter 4 was subdued at some INR300 crores, say, compared to last quarter of around INR1,200 crores, but that's primarily because till last quarter, we were focusing on our commercial real estate fund where we raised almost like INR700 crores in Q3. In Q4, we did not raise because that fund is at the deployment stage.

And Ashish also mentioned about our first deal on the commercial real estate fund. So, it's nothing like the numbers has gone down. It's just the commercial real estate fund focus is now more on the deployment.

Asset Services, the assets under custody and clearing are up by 38% to INR1.26 lakh crores and the revenue is up by 85%. Overall capital market, again, IE and IB, our number on a totality basis for IE and IB put together was up by 16% on a Y-o-Y basis.

The quarter-on-quarter, obviously, the ECM activity was lower and hence, the IB numbers were relatively lesser than what we did in Q3, but the pipeline in terms of the mandates, which are at different stages is very strong.

We've been working on some mandates and there are some new mandates, we are talking to them, they are at different stages of closure, but the IB pipeline in terms of mandate on the ECM side looks strong.

And on an overall basis, IE and IB continue to maintain or rather improve their market share in the respective business lines. I think with this, happy to share that our overall performance for FY '25 has been satisfactory. And now we can go for the Q&A.

Moderator: Thank you, sir. We will now begin the question and answer session. Our first question comes from the line of Prayesh Jain with Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain: Congrats on good set of numbers. Just a few questions. Firstly, on this Asset Services side, while we have seen that the assets under custody and assets under clearing has more or less been flattish sequentially in Q4, but we still have seen a very good jump in revenues. What will be that attributed to?

Ashish Kehair: So typically, average assets, if you see, within that, the float has actually gone up, Prayesh. One, because of the new clients, which we continue to acquire, there, the proportion of cash to non-cash collateral or G-Sec is normally higher. So that becomes a big contributor in terms of the number going up for the Asset Services business in general.

And some yield pickup has also happened because if you see now the yield is inching towards 2%. And it is also a combination of two things. One, of course, new client acquisition continues to happen where we keep on getting the cash float. And second, if you remember, in the last call, we said that we moved to self-clearing for our wealth business.

So that part of the float went out. So, in Q3, it was only for part of the quarter, Q4, you see the full effect so, the yield went up even further. So, there is an increase in yield and increase in the float assets within the overall assets.

Prayesh Jain: Okay. Got it. Now coming to the private segment, where we have seen transaction revenues holding up pretty strong, it's at about INR90 crores in this quarter. What would you attribute to this? Would it be unlisted shares that has created this or how should we look at it?

Ashish Kehair: It's a combination. That transactional revenue also has some bit of broking income, which, of course, was not up for this quarter. So, what you're saying is right. It was unlisted shares, fixed income and some other deal down-selling. So, combination of these three, because transactional income basically has only three-four line items.

One is brokerage, second is unlisted, third is your structured product MLD and fourth is fixed income. So, it's split between all of this. There was some bit of heightened activity in both unlisted and fixed income in Q4.

Prayesh Jain: And just one question on the overall cost to income on both wealth management side. While we've been investing over the years, over the last 1-1.5 years to kind of add capacity, when do we really start seeing the benefits of these in terms of reported numbers, in terms of profitability?

Do you think that we are still a year away? How should we think about this? And how long would you continue to invest in building more capacity in both the Wealth and the Private side?

Ashish Kehair: See, if you look at it, and this we've discussed in the past, and I've also asked you this question and you only told me that you should continue to invest. So, I think we follow the same because if there is growth to be had, right, now as a business, you have two choices. One, you say that, okay, I want to show better cost income, stop investing in new talent.

Immediately, this 66% moves to 63%. Now in the short run, which may be good, but I think in the long run, that's extremely damaging to the business. As long as you are able to get talent and you are able to move them on the productivity trajectory. Now this is a business which is a slow movement from, let's say, 1x productivity to 4-5x productivity. It takes 3 to 4 years.

Because unless you start doing things which are non-aligned to customer, sell very high-margin products, which again will be damaging to the business and to the franchise. So, if you see a 2-3 year trajectory as this productivity moves up, cost income gradually will keep coming down. I don't think we are going to slowdown investment considerably.

Maybe in Nuvama Wealth for, let's say, one, two quarters because now if I look at the cohort of 1,200 plus RMs which we have, about 500 would be less than 1 year. So, in effect, that 500 on an aggregate basis are delivering 1x. So whatever number jump you are seeing is actually coming from the balance 700.

Now the idea is to get some part of this 500 to slightly higher productivity. So, we may take a pause for maybe 1 to 2 quarters, focus on this and then restart. But if you ask me from a 2-3 years perspective, I don't think the idea right now is to focus obsessively on this number and not build capacity because growth is there to be had.

Prayesh Jain: Sir, is it fair to assume that your cost to income, which was at 66% for Nuvama Private and 67% for Nuvama Wealth, this would hold up in the near term, and we should keep these kind of numbers from our modelling perspective for the next couple of years

Ashish Kehair: For FY '26, I think we are actually looking at 100 basis points down.

Prayesh Jain: Okay. And this is at the full year number, not at the Q4 number because Q4 number was even higher I think...

Ashish Kehair: Yes, at the full year number.

Prayesh Jain: For the full year?

Ashish Kehair: Because Q4, if you also see the cost, when we discussed, there are certain seasonal costs which bunch up at Q4. So Q4 cost is not the right reflection. At least the opex manpower costs will still be there. Even in manpower, incentive and bonus there could be catch up due to year-end. But otherwise, on a full year basis, you should see and then 100 basis points is what we want to target.

Prayesh Jain: Got it. I will come back in the queue for more questions. Thank you.

Moderator: Thank you. The next question comes from the line of Dipanjan Ghosh from Citigroup. Please go ahead.

Dipanjan Ghosh: Just a few questions from my side. First, in terms of the transactional business, despite broking being a little volatile, we have seen them do quite well, both in Private and Wealth. So, I just wanted to get some sense of when you look at the next 1 to 2 years, what will be the key revenue streams in this transactional portion, excluding broking obviously? And what's the pipeline sort of looking like that you can think of in that segment?

Second, in your opening remarks, you mentioned that the pipeline on the IPO side is holding up well. So, from a modelling perspective, can you give some color on the pipeline or revenue potential out there? The third question is coming back to the custody clearing business. Obviously, last year was a year of significant number of new client additions. How is that looking like, let's say, for the next four, five quarters?

And just one data keeping question. If you can quantify your corporate treasury book in the Nuvama Private business?

Ashish Kehair: So, let's start with the first one. The first one is on the streams of transactional revenue. The streams of transactional revenue would largely remain what we are seeing, I mean, the same, unlisted shares, fixed income, MLDs, some corporate deals and all. I think by Q3, there are two streams which will get added for us maybe by Q2 some and Q3 some.

Q2, I think we will see some addition of down-selling of our commercial real estate where now since we have a commercial real estate fund and obviously, the deal sizes there are large and when the fund goes and invest, you may get assets which are extremely good, but it may not fit fully within the funds' ambit.

So, we may do a co-invest with some of our large clients and family offices. So that will be one that will get added. And if by Q3, we are able to get the credit fund going, then in Q4, you will also start seeing credit downsell. So, I think these two meaningful streams are there in the future, which will get added in terms of transaction revenue. From a trajectory perspective, unlike ARR, it will go up and down quarter-to-quarter.

But on a full year basis, I think 40-45%, we will be able to maintain. Your second question was around the IB mandate. So IB, if I disintegrate and look at our overall IB, you obviously know we have a very, very strong fixed income practice. And that, we are seeing secular growth for the last 4 years and even now that growth continues because unlike the equity side of the market.

It's a very, I would say, a repeatable market because when somebody borrows, by definition, that borrowing comes to an end and they have to re-borrow. Unlike an IPO, once done is done. Then if you need fresh capital, then only that issuer will come and access the market. So obviously, the fees in terms of percentages and quantum are lower, but the repeated-ness of the business is significantly higher.

And we've also built more pipes there because of this entire FII interest or FPI interest in India, given the G-Sec has been included in the bond indices, that activity has grown substantially, and we are focusing on that. So, we have a lot of FII side of business that is coming in on that side. So that part remains strong.

On the non-fixed income side, in addition to IPO, so IPO, in my view, we have 30 to 35 mandates which are signed. Now we will wait for the market condition, investor appetite and all that. So, you are going to see that coming through. I will not put a number to that, but the number is reasonable and probabilistically also, we feel if the market sustains at this level, we will be able to play that out.

What we are adding to that is an intense focus on generating mandates on non-ECM side, which is advisory. There also, we have about 10-15 mandates right now. Some sell side, mostly sell size because buy-side doesn't get materialized so easily, mostly on the sell side. So that's on the pipeline side on the IB.

On the custody clearing, I think this year was a breakout year. I don't think we will see an 80-85% growth next year. I want to, but I don't think we will. But having said that, I think the entire F&O thing, which was clouding the whole space for the last 6 months, is now out of the way.

Two things, we have seen. After the implementation of whatever the regulators have put out, we have seen the full quarter 4 play out, and we have not seen a dent in revenue because again, people operate with a peak margin which is intraday and that doesn't fluctuate that much. That keeps going up given the deployment opportunity they have.

Now with the new rules which is now as a discussion paper and maybe will get finalized where the limits have been increased to INR1,500 - 10,000 crores, and limit will be monitored on a delta-adjusted open interest basis, there are flexible rules on index futures and market-wide, open position will also be linked to cash volume.

So, this has removed a lot of uncertainty because the regulators also took feedback from most of these international clients who operate in this market. And more importantly, the intraday peak has been removed from being a limit than to monitoring, which is there in most of the developed markets in the world.

So subsequent to this change, the amount of interest that has started to come back again, most of the people who were sitting on the fence are coming back. So, I think we should see a good year once again. Again, I'm repeating it will not be a similar increase like we saw last year, but it will be a decent jump even on this elevated base. What was your last question, Dipanjan? I forgot.

Dipanjan Ghosh: Sir, the corporate treasury book on the Nuvama Private side, the quantum?

Ashish Kehair: Total Nuvama Private, the asset size is about INR1.99 lakh crores. In that, the corporate treasury book should not be more than INR10,000 crores.

Dipanjan Ghosh: Got it. Thank you and all the best.

Moderator: Thank you. Our next question comes from the line of Mohit Mangal from Centrum India. Please go ahead.

Mohit Mangal: Congratulations on a good set of numbers. So, my first question is on the net flows. I mean if I look at net flows in the Wealth division, that number seems to be pretty low at around say INR630 odd crores. And if I look at previous two quarters, it was more than like INR2,000 odd crores. So just wanted to know, I mean, what led to this downfall and going forward, how should we see the net flows within the Wealth division?

Ashish Kehair: So, if you look at the data book, Mohit, we give two lines on the net flows. So, there is a net flow and then there is an MPIS net flow. Actually, the relevant line to see is the MPIS net flow because the other net flow includes loan assets, it includes broking assets, where the bearing of the net flow to revenue is not correlated.

On loan assets, it will be, but loan assets is a discretionary item for us in the sense, we can dial up and dial it down the way we want. It has less of a function of a market phenomenon for us. But broking assets, the correlation of net flow to revenue is not directional. Broking assets, the higher correlation is between the volumes in the market and the directional trend of the market.

So MPIS net flow is what you have to see and that is what we target, that is what we want to focus on, because that contains a combination of annuity assets and the investment assets, which is your fixed income, MLDs and all. That net flow, if you see from a year-on-year basis, has grown by about 30%.

And on the base of last year, it has grown again by 30%. And even in Q4, which was, I think, an extremely challenging quarter in terms of overall equity environment and uncertainty around that, we've been able to do INR1,350 - 1,400 crores.

Mohit Mangal: Understood. That is helpful. My second question is on the attrition. So, I just wanted to know, I mean, how has been the attrition at the RM and the client level? And do you saw any loss of AUM because of the client attrition?

Ashish Kehair: Not really. In both the businesses, we have not seen attrition of clients. Attrition of RMs is a normal, natural phenomenon and both business operates very, very differently. In our private business, typically, people take 3- 4 years to build books. So, for them to leave is like going and rebuilding, it's an arduous exercise. So there, the regret attrition for this quarter is actually 0.

In our Nuvama Wealth, we categorize RMs in different buckets. So, at the top end, we call the big league, there the attrition would be order of magnitude. About 300-350 people come in our big league out of our 1,200, we would have lost 3-4 people there. And out of the rest, the attrition can be 25-30% as compared to banks which operate at 45-50%.

Mohit Mangal: All right. And our endeavour is to increase around 10% to 15% the RM count?

Ashish Kehair: Yes, that's right.

Mohit Mangal: Okay. Thanks, and wish you all the best.

Moderator: Thank you. Our next question comes from the line of Sanketh Godha with Avendus Spark. Please go ahead.

Sanketh Godha: Ashish, on the core flow number, net flow number, if I look at INR10,000 crores in Private ARR, MPIS INR6,500 odd crores and AMC INR4,500 odd crores, so INR21,000 crores. This is core net flow number. So, I just want to understand, given this number has grown by 65 percentage almost year-on-year.

I mean how do you see this growth to play out in FY26 and which segments where you will see the maximum flow to happen, whether it is Private or MPIS, just want to have a color how it will play out?

Ashish Kehair: So, in terms of size of the net flow, I think Private will be higher. And in terms of percentage, I would assume, now if you look at the closing ARR book, it's around INR44,000 crores. If we are able to do anywhere between 25-30% on that, so you are again looking at INR10,000 crores to INR11,000 crores coming from there is what we will target. Anything above that is even better.

Similarly, on the Wealth side, now our MPIS book would be around maybe INR30,000 crores, again, a 25-30%, so maybe INR7,000 - 8,000 crores there. On the Asset Management side, this year, public markets led the net flows. I think in the coming year, depending on how the public market flows settle, I think on the commercial real estate side, we are looking at a total net flow.

So, let's say, we've had INR285 crores in asset management in quarter 4. If I see FY26, at least INR2,000 crores-INR2,300 crores will come in commercial real estate. INR3,000 crores to INR4,000 crores bare minimum we'll target in the public market and say about INR800 crores to INR1,000 crores in the private market.

So, if you add all this together, we are again order of magnitude INR5,000 - 6,000 crores. So, leaving your credit fund aside, because I think that the real play will come in FY '27 and not in '26. So, if I add all this together, we come back to some INR23,000 - 24,000 crores at the bare minimum is what we target.

Sanketh Godha: Okay. Perfect. So, which means that this AUM growth of, again, around 20% plus is still overall possible is the view you have, right?

Ashish Kehair: Yes.

Sanketh Godha: Okay. Perfect. And the second question, maybe again back to the cost number. So, if I look at Private and mid-market put together, you are at 67-68% percentage and your capital market business is at 40%. I was just wondering, given you had a significant increase, a delta change in the contribution of the capital market business in the current year, if the capital market business broadly grows in line with the Wealth business next year, then is it fair to say that, that 55% cost ratio what you reported might inch up back to 57- 58%?

Because I'm asking this question because you had seen some 100 basis improvement in the cost ratio. That 100 basis is meant to reflect only for the Wealth side or overall company put together?

Ashish Kehair: That was for the Wealth side, Sanketh. If you look at the balance, two, so I'm saying there will be some improvement in the asset management. Obviously, the quantum is small, so the impact on the overall will be lesser. But in capital markets, if we disaggregate, again, Asset Services, I think broadly, we will be at a similar cost to income this year or we will marginally improve over this year.

Maybe institutional equities and investment bank, if the growth is slower, that is also a business where the variable cost, Sanketh, are very much linked to the growth of revenues. So, there will be some adjustments which will happen there. So, it's not that the revenue has a straight pass-through to the PBT.

So even if that, let's say, degenerates by 200-300 basis points, if we are able to improve wealth by about 100 and let's say, Asset Services also by about 100, we should be able to neutralize. But worst case, you can see maybe a 50-100 basis points decline if you have an average year.

Sanketh Godha: Okay. Perfect. So basically, predominantly the endeavour will be at overall company level to maintain the same cost-to-income ratio, what we experienced in '25?

Ashish Kehair: Yes.

Sanketh Godha: And lastly, or maybe two more. And lastly, on yields, my point on yield is that maybe there could be some seasonality and product mix factored but if I look at from '24 to '25, the yields, honestly, except for the clearing business, there has been a bit of a depletion. So, should we assume the yields, what you have realized with respect to ARR, MPIS and maybe AMC business will hold up and clearing business, 1.61% is what you reported for the full year, will be the new normal going ahead?

Ashish Kehair: So actually, clearing business, I think the new normal should be closer to maybe 1.8-1.9%. I am assuming some decline in the FD yields coming in maybe Q3-Q4. And already, we are sitting at 2%. So, combining the two, we will still be higher than 1.6%. In private, I think will sustain. Obviously, some quarter will be up and some quarter will be down depending on the composition of AIF II versus AIF III.

Wealth, also, in my view, unless, Wealth, Sanketh, we've discussed this, right? There is a denominator effect of MTM of equity assets. Now if this year, you don't see any phenomenal MTM happening, then these yields will sustain. If tomorrow the equity markets go up by 50%, obviously, the revenues will also go up, but the yield will look lower.

Sanketh Godha: Yes, understood. Perfect. And lastly, Ashish, any color on PAG exit or sell? If you can tell us, given there are lot of articles in the paper that PAG is thinking to sell and whether it will be full block or partial and if it happens, how it will happen? Any color on that would be useful?

Ashish Kehair: I have also read the same news article, Sanketh. If there is anything which has to be reported, we will report to the exchange. There is no such development which has happened. And I'm also privy to the same articles which you are privy to. So, we are actually at the same page right now.

Sanketh Godha: Okay, Ashish. That's useful. Thanks. Those are my questions.

Moderator: Thank you. The next question comes from the line of Ashish Agarwal from Oaklane Capital. Please go ahead.

Ashish Agarwal: Sir, I had two questions basically. So overall, if I look at HNI wealth growth, that growth has been pretty good. But if I look the client count essentially for HNI segment, that has not seen much growth. So, what can we do essentially to get that growth number on the client count side? And also, can we look at inorganic route?

Ashish Kehair: No, I think client count will be a function of RMs and how we add and how much they can manage. So, I think we are pretty much happy with the current level of clients which we have. If we are actually able to deeper mine the ones which we already have, we will be happier than just going out and acquiring.

In terms of inorganic, one always keeps looking for an opportunity, but it has to be some real addition, right? It can't just be going and buying some other wealth management firm because right now, the valuations are through the roof. So either it has to be some addition of some asset class expertise which they have, which we don't have, which has to be a strategic fit.

Otherwise, for us, if you look at our overall business diversification, we pretty much have most of the components that are needed. So, in order to add something inorganic, there has to be something compelling available for us.

Ashish Agarwal: Okay. And just a follow-up on that is that does that apply to basically increase our global presence as well like something looking at a collaboration or something like that?

Ashish Kehair: Yes, that is something which one can look at because if in global, we get something where we can acquire and it speeds up our process and it is a strategic fit, that we are always open to. In terms of collaboration, I think globally, there are extremely well evolved models which exist today.

And if you study with a concept called external asset manager, which is prevalent in both Singapore, Hong Kong, Dubai where we as a firm can become an external asset manager to any of these large global private banks and then there is a revenue sharing of 50- 60% which they share and their entire platform, including their lending book, research, product access, product people, investment experts, analysts, everything is opened up.

So, you're not actually then tied to one firm because, very frankly, if you get tied to one firm, then you may not be able to exploit the benefits which are available across the other platforms.

Ashish Agarwal: Okay. Thank you, sir. These are my questions. Thank you.

Moderator: Thank you. Our next question comes from the line of Lalit Deo with Equirus Securities. Please go ahead.

Lalit Deo: So just two questions. Firstly, on the lending book, sir, as you mentioned that we have reworked on the model, we have reworked on this segment. So just wanted to understand like, what would be the desired levels of the lending book which we are looking to grow in FY '26 and FY '27?

And similarly on the yield side, so there, we have seen that the NIMs have come under pressure in the loan book to around 5%. So, what would be the steady state for FY '26 and '27?

Ashish Kehair: I think the steady state for our Wealth business would be anywhere between 5-5.5% and for our Private business would be again between 4.5-5%. And in terms of the book growth, it should be in line with the overall business growth. So, in my view, we would want to look at least at the end of period book growth, maybe by, let's say, if our opening book is, say, INR5,000 crores.

And we want a 20% growth, that means about INR1,000 crores at an average level. So, by end of year, it should have grown by INR1,800-2,000 crores is what ideally we would want to target.

Lalit Deo: Sure, sir. And sir, just on the asset management side. So, when we're looking at a growth of around INR4,000 crores of net flows in public market, around somewhere between INR7,000 crores to INR8,000 crores of net flows on the overall side for FY '26. So, in terms of cost income ratio, so currently we are at a level of 130%. So, by when one should expect to achieve breakeven in this business?

Ashish Kehair: I think at INR20,000 crores of assets, we think we will be breakeven. So, if you look at the cost there, it's about INR78-80 crores, right? And if you assume that the cost will grow by, say, hypothetically, I'm saying 10%, 12%, so you are looking at INR88-90 crores of cost in FY '26, ex of the credit funds. So, I'm talking existing strategies.

Now if you look at each of the individual components and their yields. So in my sense, if you are hitting a cost of, say, INR90 crores, I think you would end up at a revenue of anywhere between INR85-86 crores, if you are able to achieve the net flow numbers which we are talking about. And at that level, the gap is really minimal.

And to be very frank, you also load the group allocated costs on that business, which obviously is lower compared to other businesses. Excluding that, that business is breakeven. But including that, I think FY '27 somewhere around the middle is when we should start seeing that business breakeven on a quarterly basis.

Moderator: Thank you. Our next question comes from the line of Piyush Kumar from Global Consilient Research. Please go ahead.

Piyush Kumar: So, sir, my question is regarding wealth management AUM. So, sir, can you just shed some light, out of the total wealth management AUM, how much we have from ARR AUM? How much is the ARR AUM of the total?

Ashish Kehair: Of the total in Nuvama Private, about 25%.

Piyush Kumar: Okay. And sir, my second question is regarding the investment banking activity in India. And how do you see the IPOs, FPOs and all of these doing over the next 2 years in India?

Ashish Kehair: Two years, nobody can say. I can say at least for the next 6 months, we are seeing some action coming back because I think what happened to the market from September to March, the investors saw so much pain in their portfolios that they were not willing to commit fresh monies into the new supply that was coming in.

I think that is somewhat adjusting now, and slowly and steadily, if the market sustains at this level and if they start putting in IPOs where they don't see losses, in the next 6 months, you will see the action fully back. But 2 years, I don't think anybody can actually predict on the IPO market is very difficult.

Piyush Kumar: And my last question. Sir, how do you see the AIF industry growing in India over the next 1 year?

Ashish Kehair: At least by 30-40%.

Piyush Kumar: Okay, sir. Thank you so much. All the best.

Moderator: Thank you. Ladies and gentlemen, as there are no other further questions from the participants, I now hand the conference over to the management for closing comments.

Ashish Kehair: Thank you. I think as usual, it was interesting interacting with you. Look forward to seeing you all, I think 2 months from now when we do our Q1. Thank you for coming again. All the best.

Moderator: Thank you. On behalf of Nuvama Wealth Management Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.