

NWML/SEC/2026/69

November 12, 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 October 29, 2025, regarding the earnings conference call to discuss the Company's performance for the quarter and half year ended September 30, 2025, please find enclosed herewith the transcript of the aforesaid earnings conference call held on Wednesday, November 5, 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We wish to confirm that no unpublished price sensitive information was shared/discussed in the aforesaid earnings conference call.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

Encl: as above



“Nuvama Wealth Management Limited
Q2 FY '26 Earnings Conference Call”
November 05, 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
MR. BHARAT KALSI – GROUP CHIEF FINANCIAL
OFFICER AND HEAD OF STRATEGY
SGA, INVESTOR RELATIONS ADVISOR**

Moderator:

Ladies and gentlemen, good day, and welcome to the Nuvama Wealth Management Limited Q2 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 the 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. Welcome to the Q2 earnings call. We really want to thank everyone for joining us, especially, on a holiday. As always, I have with me my colleague, Bharat, our Group CFO and Head of Strategy, the SGA team, our Investor Relations advisors.

I'll begin by summarizing the quarter and share a bit of perspective on the market as to how we see it and the business outlook. Bharat can then take you through the detailed numbers, and then we can jump into the Q&A session.

Just summarizing the results very quickly. We had a resilient Q2 performance despite the volatility and loss of one large client. I think this reflects the strength of the overall diversified platform, which actually works in our advantage. Especially when one of the businesses is going through a rough phase, I think the others are able to contribute, and we are back in the game.

We were able to capture flows across asset classes in our Wealth businesses. And we also saw strong synergies between Wealth and Asset Management, especially in our Commercial Real Estate Fund. I'll talk a bit about that when I'm on the Asset Management section as to how the two are working really well together.

Lastly, I think new client acquisition across all businesses were very, very strong, including Asset Services, which is why I think the recovery there has been stronger than what we had expected. Revenues overall for H1 grew by about 10% and growth across most businesses, except core Capital Markets, which is institutional equities and investment bank.

But even in the investment bank, ex of the large M&A deal, which we did last year, which was in the public domain, the Appasamy deal, there is growth if you remove that, profit grew by about 8% YoY, and ROE stands nearly at 29%.

On the overall macro, I think the Indian economy remains steady and resilient, supported by the strong domestic demand. Post GST, I think the demand is really working well and has been able to counterbalance a lot of impact that was happening through tariffs. And now I'm told that even tariffs are on the verge of being closed out. So I think the future looks better than what we have seen for the first 6 months.

On the regulatory side, in my view, both SEBI and RBI are following an approach of, disciplined pragmatism. They are bringing in reforms, which may look a bit tough in the short run. But I think in the long run, it will have a multiplier effect on the overall Wealth Management, Asset Management, Capital Market and Insurance businesses, which I think is good. But yes, short term, there will be some strain in the new announcements that are coming.

RBI, on the other hand, on what we saw, which they have done with banks, as specifically loosening up the capital markets exposure, which, I think is really in line with the changing market trend. And hopefully, they will follow it up with NBFCs also, is what our view is. Let's wait and watch in that side. And in fact, even SEBI, we are reasonably pleasantly surprised on the pragmatism, which they are displaying now.

I think all in all, the regulatory tonality has undergone a significant change, I would say, in the last 12 months where they are able to balance both the need for regulation and being contemporary and changing with the need of the times and also enabling an environment which will help businesses grow faster.

Coming to our businesses, starting with Nuvama Wealth and one of the key focus areas, which we've been saying for the last 4 years now, which is managed products and investment solutions. I think numbers speak for themselves. The asset base grew by about 28-30%, depending on which starting point you look at, and the revenues grew by about 67% YoY.

It's a clear reflection of the momentum that is getting built there, and also the conscious and deliberate focus of building that part and treating broking completely as a product which is now less than, I think, 10-11% of the overall revenues. This quarter, in the MPIS, we saw a reasonable amount of flows across the spectrum, managed products, alternates and fixed income. I think all the limbs were performing very, very well. It's now about 58% of our total revenues for this segment.

On technology front, I think this business, as we've always maintained, gives the highest bang for the buck because you're dealing with a large population of sales force and a distributed geographical presence with a large number of clients. So consistency, efficiency, any kind of improvement in whichever part of the value chain you see in this business, I think technology acts as a huge multiplier.

On the client side, we've made significant strides and advances across the value chain. So whether it is investing or analytics or reporting, I think it will now be best-in-class in the industry for this segment. We now give family level consolidated reporting. And when I say consolidated, it's truly consolidated. So it covers products like AIF, insurance, general insurance, over-the-counter fixed income, unlisted assets, execution reporting, IRR computation at family level. I mean, at the convenience to be able to see it on both the mobile app and on the web platform, I think, is industry-leading in this segment.

We've also done a lot of work on the delivery of advice to clients where, again, the objective is personalization at scale because you're dealing with a large set of people, you don't want a cookie cutter kind of a solution. You want to build something which addresses the need of the client.

And yet, it is scalable. So therefore I think generative AI has come to a lot of help, at least in that space, where we've implemented our portfolio advisory solution. We piloted with the top 30,000 - 35,000 clients, and I think the results were very, very encouraging.

The clients for the first time saw their overall portfolio spread across multiple distributors in one place, and we're able to play around on how to do allocation, what objectives, what goals they want to achieve. I think we'll really work on this to develop this further.

Last quarter, and I think quarter before that, we spoke a lot on lending. FY '25 was a year where we wanted to bring in the discipline in the product side and improve the ROE, which was done, and we said we will expand the book this year. You're seeing that getting reflected now. One quarter itself, the book size has grown by about 40%, not reflecting in NII. I will talk in detail, when I'm addressing one of the questions that why NII has not gone up.

But I'll just quickly summarize, the book has gone up towards the end of the quarter or latter part of the quarter. And if you look at the overall drivers, which have an impact on NII in a quarter, it's basically the average book. So average book was not up by 40%. Average book would have been up by 20-22% and that has a slightly negative impact in the quarter when the book has gone up because under the RBI guidelines, you have to book the expected credit losses, although there have been no credit losses in this book, but there is a standard provisioning which you have to do in the quarter in which end-of-period book has gone up.

Second thing that impacts the NII in this segment is, in the ESOP business, how much of the loan book is getting churned. Because if the churning is high, then processing fees gets upfronted. So that churning was lower in this quarter.

And third is that on our financing side, about 25-26% of our financing comes from market-linked debentures. And that has a quarterly volatility in the hedging cost, which could range from minus 0.1% to plus 1%. So last quarter, we were on the positive. This quarter is on the negative. So that shrinks the NII a bit QoQ. But when you look at a full year basis, it contributes a positive delta of about 50 basis points.

On the RM front, in this business, the approach we had taken for the last 3 quarters was to pause and stabilize the overall count. We have about 30% of the population with less than 1 year, which is a large mass, and the objective is to work on making them productive because they are less than 1x their fixed cost vis-à-vis rest of the population, which is about 4-5x their fixed cost.

Second is that, now, we should not look at the count of RMs with the same lens because the composition is changing. Like we said in the last 15-18 months, the RMs which are leaving maybe are of lower cost, and we are replacing them more with bank RMs, which are of slightly higher vintage because our client profiles are also changing with a period of time.

So therefore, now one incoming is equal to almost two outgoing in terms of productivity cost, skill set and everything. So a plain reading of numbers may not give the right picture. Yes, that's on the Wealth side.

Moving to Nuvama Private. I think there, again, coming back to our key focus, which is the recurring revenue and recurring assets. Once again, numbers, as I keep saying, speak for themselves. The growth in the overall recurring assets continues to be decent. On a full year basis, again, we expect north of 25-26%.

Half year continues to show that same momentum. About INR2,500 crores came in Q1, but managed product within that was about INR2,800 crores. So actually, if you look at managed product QoQ, Q1 was INR2,300 crores, Q2 is about INR2,800 crores, which is more relevant, because the advisory asset, which is slightly down, is of a lower yield.

So the second milestone, which we wanted to share is that ARR assets have now crossed INR50,000 crores. Effectively, we have doubled in 2.5 years. That's a CAGR of about 32%. Hopefully, we are able to sustain this in future.

On the transactional side, we had a very good quarter, and I think the trend will continue at least for the next 2 quarters, this is where I was talking about the synergy between Asset Management and Wealth Management, where we were able to leverage on the syndication opportunities created by the Commercial Real Estate Fund.

I have been saying that we are working actively on launching credit in the Asset Management side, which should happen maybe in the next 6 to 8 months, which will add tremendous syndication opportunities, which some of our peers have been able to leverage very well in their businesses. That is right now missing for us. And I think Commercial Real Estate gives you a sense of what we can achieve if we are able to synergize between the two across two-three asset classes, which is real assets and credit assets.

Here on the RM front, our strategy has been consistent, deliberate, cautious addition. And we are happy to state that we continue that. We maintain that we will add about 15-16% a year. And over the last 2.5 years, maintaining that trend, we've added about 40% of the population in this business.

We've also expanded geographically. On the international side, once our Dubai operations stabilized, then we moved into operating breakeven, now we have about 7-8 RMs there, working full potential. We've now expanded into Singapore because there has been client demand, local client demand. And even in Singapore, the team kept saying that there is an opportunity, we should start stuff, and we have started.

We started small. We've been cautious always on the international side, and we will be deliberate and conscious because costs are high. As and when we see the opportunity, we keep ramping up. As of now, we feel both these markets offer a significant potential for us to expand.

We are also looking to add another office in Dubai, which is outside of DIFC. Because DIFC allows you to operate with a certain set of clients, which may not fit into the profile of Nuvama Wealth. It fits into the profile of Nuvama Private. There's another license that happens, which is an ESCA license, which gives you license to operate on the mainland with the diaspora clients. That licensing, we are now going ahead. And hopefully, in the next 3 to 4 months, that should also be operationalized.

On the Asset Management side, let me begin with our Commercial Real Estate Fund. We've now reached about INR2,400 crores of fundraise, and our target size is about INR4,000 crores. We want to close it by, let's say, middle of Q4 by, say, Feb end, the entire INR4,000 crores. We are

taking INR4,000 crores as a target size, we are almost 30% deployed, and I'll talk a bit about the deployment in a second.

Once we hit 60%, and hopefully, that, we should hit by, let's say, June next year maximum, it will be time to move to the next fund, which can either have a similar mandate or a broader mandate because now we are more experienced as to how we should play this game. So hopefully, in Q2 next year, our second Commercial Real Estate Fund will get launched.

On the deployment side, last quarter, we mentioned that we did our first deal. This was a prime office space in Delhi in Saket. We've been able to close our second transaction, which is a very, very large office space fully leased in Chennai in Porur. We bought this from Keppel. It's a Grade A asset and a large deal. It was a total value of INR2,600 crores, INR1,300 crores equity value, INR1,300 crores LRD. And half of that went to the fund, and half of it was syndicated.

On public markets, last quarter, we mentioned that we're working on settling the performance, which is now done. Q2, the total gross sales were about 2.5x of Q1, but there was a big, planned redemption of one large client on advance tax, which we lost. But now I think the regular redemption will be 10-15% of the AUM. So we will see accretion from Q3 onwards. And from a performance perspective, both of them now are operating in top tier.

The key thing here to note is that you're all aware that we applied for the mutual fund license because we were very keen to operate the SIF vehicle because it gives a significant tax advantage as compared to an AIF for both the strategies which we run. Thankfully, now we have a track record in both the strategies, which is long short and absolute return. And for us, both these strategies work very, very well in the regulatory guardrails which have been implemented for SIF.

So as and when we get the SIF license, the expectation of which is, in the next maybe 6 months, we want to go live. So April is where we want to go live. We will migrate this, which shall expand the target market base significantly because you will come down from INR1 crore to a INR10 lakh ticket size. It will open regular distribution across banks, other wealth managers and IFAs. So we are actively looking forward to it.

On private equity, deployment continues to be at full pace. On the private equity funds per se, very little deployment is now left. So we have started raising Crossover 4, our new pre-IPO fund. And there also, we have done certain deployments. We are also looking at 3 to 4 exits very soon, 2 IPOs, DRHPs have been filed and should hit the market, one of them in November, one of them in December, and both ideally should list between 1.5x to 2x. So that will give a bump up to the NAV and hopefully will act as a catalyst to the fourth fund raise.

The other two deals, again, banker appointment is in process, and the expectation of the team is, by April to June, those two also will list. So these four itself will give a reasonable amount of NAV jump.

I wanted to talk about the yield compression that has happened on the private markets. In our VDF, which is the other strategy where we deploy in venture debt, we have consciously taken a

call because deployment got delayed, deals were not coming at the right valuation. We did not want to risk the investor capital by putting it at any valuation.

So we consciously said that for 3 quarters, we will not charge fees, which is due to us, which is an impact of about INR2 crores a quarter. And from April 1, we will start charging it back. So it's a temporary reduction, which will come back from April 1. And in VDF, we have about INR600 - 700 crores of deployment left, and we charge fees as we deploy and not on the committed value.

So as and when that INR600-700 crores, which is, let's say, maybe you can take INR20-25 crores a month to be the deployment to be done, so about, say, 9 months to 12 months, we deploy full, and the overall yield there is about 60-70 basis points. So that addition will happen into the revenue, which comes into the private markets.

Coming to Asset Services business, I think this was the most anticipated and washed out after what happened at the beginning of the quarter when we lost that large client. I think resilience is clearly demonstrated. We basically recalibrated our entire strategy, and we looked at the existing clients and the new pipeline, both on the domestic side and on the international side.

And our sense was, which continues, that by maybe middle of Q4, we will come back to the same levels where we were. 50% of the loss is now recovered. So let's say, the client was contributing X revenues. As we speak, by end of Q2, 50% of the X is now recovered on a run rate basis, and the balance 50% will come maybe by January-February. So I think that reasonably brings us back into the game.

On a half year basis, the revenue has still grown 5% YoY. The fundamental thing which people keep asking here is on concentration. Now you have to understand two, three things that at a cross-section of time, concentration in this business will be there. So there are only 30-40 HFTs who are invested right now in the country.

So by any Pareto principle, the top 10 will be contributing 60-70%, and that is the case for us also. But the key point is that the top 10 keeps changing every 12 months. Like if we see our own book, the top 10 contributors of FY '23, which were, let's say, 60-70% then, are less than 25% now. Same thing, the top 10 contributors of FY '25 would be less than 40% now.

So if you understand what I'm trying to say is that 3 years back, there were 10 HFTs. You are now 35-40 HFTs. And if you plot this 3-4 years out, you are looking at 100 HFTs. So structurally, the concentration in the market will keep coming down as you move forward. So I don't think one should be too hung up on that.

Market opportunity remains really attractive. If you look at the overall FPI AUM growth, that has clocked about 20% on a 5-year basis despite so much exits that has happened. And AIF/PMS have clocked about 45% CAGR over the last 5 years. And even now in the last 6 months, there have been about 150 new registrations, each for FPI and AIF/PMS. So I think the strategic trend remains as strong as ever for this business.

Our pipeline also is extremely strong. I think new client acquisition continues to keep pace. People are now reasonably settled with the regulatory framework around derivatives and the stance of the regulator. I think they are now increasing the pace of their deployment. So I think business seems to be in a good place from a sector and a macro perspective here also.

Institutional equities and IB, I think, is going through a tough phase, especially on the institutional equity side this year because when you compare last year to this year, I think the key change that has happened is that the F&O regulations came, which has brought down the ADTO across the market level, which is now reflecting.

And Q1 was extremely weak on the ECM side also. I think Q2 was a complete reversal. Q1 saw about 15 IPOs, Q2 saw 50. So there was a jump, and I think the trend will continue. And maybe once that stabilizes, you will see the secondary volumes also coming back.

On the IB side, fixed income continues to shine. We retain our position as the number 1 banker for IPOs. We moved up one rank in private placements. We are now number 3. Just to remind, we were in the 20s about 3 years back.

And with the inclusion of Indian G-Secs in the index, I think the FPI interest has gone up significantly. So that part of the business has also gone up. So fundamentally, the business, which was about INR20 crores a quarter has basically moved to INR30 crores a quarter for us, which is a 33% jump.

So combination of ECM plus fixed income, I think, holds that also in a reasonably good state, although on a full year basis, because of the Appasamy deal last year, we may not see a significant jump. But I think trend-wise, we are reasonably okay. Yes, I think that basically sums up our performance and outlook across businesses. I can now request Bharat to take you through the details of the financial performance. Bharat, over to you.

Bharat Kalsi:

Yes. Thank you, Ashish, and good afternoon, everyone. As Ashish discussed quite a bit in detail, so I'll focus on the key numbers and more on the consolidated level so that we have enough time for the Q&A. Ashish has already discussed, in terms of the various moving parts of our businesses, what initiatives we are taking, how the client behaviour is moving, how are we doing our geographical expansion, on RMs and all.

Two things which is over and above what Ashish has covered is that we have declared our interim dividend for FY '25-26, which is INR70 per share. This has been approved by the Board in the yesterday Board meeting. This is similar to our dividend distribution policy, where we have mentioned about 40-60% is our dividend distribution range, and this comes out to around 49-50% of the H1 profit. Record date for the same will be 11th of November.

Secondly in the Board meeting, we also deliberated should we look at our share split, and I'm happy to share that the Board has decided to split the shares from INR10 face value to INR2 face value. Obviously, it will take some time for all paperwork to be done, but the share split has also been approved by the Board. These are two things which is over and above the quarterly performance, which Ashish updated.

Having said that, if you look at the overall consolidated numbers, client assets at around INR4.4 lakh crores, which is obviously added by the net new flow, which we've been adding over the last four quarters. So that has helped.

Overall, revenue for the quarter was at around INR772 crores, which is a 4% growth on Y-o-Y basis. This time, both Wealth and the Private has led the pack wherein they have grown by 26% Y-o-Y. And now the Wealth and Private business contribution in the total revenue has touched 57% in Q2, which was 47% Q2 last year. So there is an absolute 10% increase in the Wealth and Private contribution to the revenue.

Similar thing you will see in the PAT also, so the contribution has moved from 35% to 45% in the PAT for the company coming from Private and Wealth itself. So the strategy which we've been following is, to focus and enhance our Wealth and Private franchise, that is playing in well.

Overall, if you look at the cost, the cost is at around INR437 crores, which has grown by 12%. 75% of this cost is employee cost, which is about people and variable cost of it. You will see that there is a growth in the opex, but for opex, my recommendation here is that last year, we did around INR410 crores of opex on the full year basis. This time, quarter 1 and quarter 2 average is hovering around INR110 crores.

The way to look at our opex growth is twofold. One is that a 4-5% increase in the opex will happen because of the usual inflation. So the vendors bills will go up as part of the inflation, and the lease rentals will go up. That is roughly 4%-5% of the cost. But the balance 4-5% cost increase will come because of our expansion.

As Ashish was also referring that we have opened new branches for, say, Wealth and Private. We have expanded our DIFC office. We have now taken a lot more space close to our HO because as we are establishing our mutual fund license, we need more space. So we have taken a lot more space closer to our HO, which will obviously come in the quarters to come also.

But having said that, headline, 10% kind of an opex increase, 4-5% inflation linked, 4-5% linked to the business is what we can expect on a steady-state basis. That's where the opex is expected to go.

In terms of the overall PAT, it is INR254 crores for the quarter, which was INR264 crores for the last quarter and maybe INR258 crores for the similar quarter last year. And the ROE was at around 28% for the quarter.

Again, my recommendation and the view on the PAT is that the same PAT, the same INR250 crores PAT, what was there, say, last quarter and now, the composition is what makes the difference, and that is where I was saying that the composition of Wealth and Private has moved from 35% to 45% in the similar genre of the PAT. I think that is more relevant to know rather than attempt just the absolute change in the PAT per se over a QoQ or a YoY.

That's where I think as a business, we are moving, and it seems to be on the right trajectory. Rest, Ashish anyways covered a lot of details in terms of the various businesses. So I would suggest that if we can move to the moderator to take the questions. Ashish, is that okay?

Ashish Kehair: Sure.

Bharat Kalsi: Yes. So we can answer the questions. Thank you, everyone.

Moderator: Thank you. Take our first question from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Congrats on a decent set of numbers given the challenge that we had on the Asset Services. The first question is on the Asset Services side, wherein the yield has gone up in this quarter. Is it again because of that one lumpy client going away, and these are more sustainable yields? Is that the way to think about it? That's the first question.

Second question is on the flows front, where we have seen strong flows in Wealth and Private both. We think that this momentum can continue because in one of the segments, it's like almost the amount of flows that you've done in the first half is equal to what you have done in the entire of last year. So how should we think about flows from here on in both Wealth And private?

And third is on the overall PAT. Bharat, you mentioned that we should look at the way the mix has been changing. But on an absolute basis, the PAT has been stagnant at about that INR250 crores mark for the past 4 or 5 quarters. So how should we think about the profitability going ahead? Those are my three questions.

Ashish Kehair: Thanks, Prayesh. So first, on Asset Services, I think you have to look at two things in tandem, essentially the yield and the assets. So what we've always maintained is that the earning assets, so there is one set of assets on which you earn custody fees and all that, which is one. And one, on which you earn float.

In the one where you earn float is typically the clearing clients where there is a split between G-Sec and, let's say, bank deposits, which come through us. Now that ratio keeps changing with the size of the clients. So when you saw the yields went up, you also see that the clearing assets have come down. So basically, yes, there is an impact of, let's say, that large client because that large client bought large amount of assets, so the ratio was skewed higher towards G-Sec, lower towards deposit.

If strategically, we are able to get a large number of smaller clients, the yields would be higher. But if, let's say, some clients comes in and then scales up significantly, then their ratio would change. So at least for the next 2 to 3 quarters, we can project the yields, and that looks to be in the range of 2.6% to 3-3.2% because we are in the acquisition mode of many, many clients. And then if, let's say, somebody ramps up, maybe it corrects. But when it comes down, there will be a simultaneous increase in the clearing assets.

On flows of both Private and Wealth, we are reasonably confident that it will continue. There is no one-off here. It's reasonably granular across different product categories. Maybe 10- 15% up, down that keeps happening in our business QoQ. But if you ask me from a directional trend perspective, we don't see anything changing in the strength of the flows per se.

And on PAT, like you, we also want to cross the INR250 crores, I don't know, it's an artificial threshold, which has come and something keeps happening. Hopefully, now everything is

behind us, and we come back to our 20% growth trajectory from here on because the rebasing of Asset Services should happen.

I think 1 quarter has passed. And as I mentioned that in the next 3 to 5 months, we will recover fully what we lost from that client. And thereafter, then it's again an upward move, which you will see because Wealth businesses is anyways performing what it should do, even better, I would say.

Asset Management, as it keeps adding, it moves into breakeven. And even if it does not, I'm saying the adjacency benefit that it brings to other businesses is significantly high. So as we add credit, maybe there will be some drag because new team will come and all that. I'm not so much concerned. But otherwise, that 20- 25% growth trajectory should be back once the rebasing of Asset Services happens.

Moderator: We'll take our next question from the line of Manas Agrawal from Sanford C. Bernstein.

Manas Agrawal: A couple of questions around Asset Services and then on the split. Asset Services, essentially, is there any phasing impact also because assets have grown more than revenue despite yields going up? So is there like a back-ended cadence to asset accumulation within that business? That is A. B, can you help us understand where the cost-to-income sits for the period because this is a slower growth quarter?

So as to say, historically, my understanding is in this business, you have operating leverage favoring you. Third, this is hypothetical. If weekly was to go away, any indication of what clients would do behaviourally or from a financial perspective? That is on Asset Services.

And on the split, my first reaction to that whole discussion around doing a split is, is it aimed at improving liquidity so as to facilitate potential exits for shareholders? That is my question on the split.

Ashish Kehair: Manas, can you repeat the first question? I didn't understand when you said assets have gone up faster.

Manas Agrawal: So I'm looking at the press release, and I have not necessarily looked at the data book in detail at this point in time. Your Asset Services assets have gone up 15%. Your Asset Services revenue has gone up 5%.

Ashish Kehair: Okay. You're comparing year-on-year?

Manas Agrawal: Yes.

Ashish Kehair: Actually, year-on-year closing assets in Asset Services is down 15%.

Manas Agrawal: Okay. My mistake over there. So we can skip that question. That is fine. That bridges the gap. Cost to income and any potential impact on weekly expiry and then the split?

Ashish Kehair: Got it. So cost to income, broadly, I think the range there is similar. So overall, if you look at the segment of Asset Services and Capital Markets put together, last full year was 40%, Q1 was

also 40%. Q2 is also 40% because there is some amount of control you have on the cost side, especially the variable employee cost, which moves in line with the revenues.

So the range at which you operate in cost income will be between 38-39% to 43-45% unless there is a massive deterioration in the Capital Markets business. Otherwise, this is the range we'll operate in. So going forward, as we add clients and the rebasing happens because of the loss of large client, we will come back to the trajectory of operating leverage. So you will see improvement happening from Q1 next year onwards.

The split actually was long overdue in the sense we've received a lot of representation from retail investors and all that. And when we analyzed our own book of retail investors out of some 1–1.3 lakh retail investors (Note: it was inadvertently said 2–3 lakhs on the call), which we have, more than 70-80% hold less than 10 shares and 50% hold less than 5 shares. So there was a lot of this thing, which we then said, okay, let's just go ahead and do it.

It will have no bearing on exit planning for, let's say, a PAG because if you look at how a PAG exits, okay, I'm just talking about the theoretical modes of exit. The most basic is selling blocks in the market. Now selling blocks in the market happens to institutions, nothing to do with split. Second is selling to other private equity or strategics, which also has nothing to do with split.

So exit of the shareholder and split actually do not have any correlation whatsoever. If you look at the peer group and when we saw the peer group, everybody has done split, everybody trades in that 900-1,200, except maybe Anand Rathi, which has also done a split. Otherwise, if you look at Motilal, if you look at 360. If you look at IIFL, everybody has that INR2 or INR1 stock. We were the only one remaining at that INR10. So I think we just said we should just do it. That's it.

Manas Agrawal:

Understood. Any discussion around weekly expiry potentially going?

Ashish Kehair:

So it depends on what weekly converts to. And see, this is one thing which we realized is that like the world of macroeconomics, there is no ceteris paribus here. There are too many moving parts, right? So like if you see the volumes that are happening in MCX, we would not have imagined that 2 years back. That is picking up. There is discussion around Gift Nifty and volumes there, how they will bring back.

So let's say, weekly moves to fortnightly, I don't think too much will change because the way you look at it is that if I have INR100 to deploy, I will still deploy INR100. And if you divide the earning of the intermediaries who make money by trading in derivatives, I would split it in three buckets: one is brokers, second is exchanges and third is custodian and clearing agents.

Brokers and exchanges will get impacted because they earn on transaction, number of transactions and transaction volume. Clearing and custodian does not get impacted that much because they earn on the position. If your position size is still there, you will require collateral, you will require margin. If you require margin, the earning of the custodian and the clearing agent is consistent. So that doesn't change. So that is how we look at it in terms of overall impact if weekly were to go.

- Manas Agrawal:** Understood. One last question. Sorry, you brought up MCX, so I'm asking. Your clearing license is across asset classes? Or is it only some asset class?
- Ashish Kehair:** No. Across.
- Moderator:** We'll take our next question from the line of Dipanjan Ghosh from Citi.
- Dipanjan Ghosh:** I hope I'm audible. A few questions from my side, maybe one on each of the segments. First, on Nuvama Private. Can you break up your recurring AUM and flows between corporate treasury and ex corporate treasury for 2Q and 1H? And you also mentioned on the TBR pipeline, kind of sustaining in 2H also. So should we expect a 2Q run rate or some moderation to that? On the AMC business, just wanted to get some color. I mean you mentioned that some of the deals are nearing their exit. So should one expect carry booking gradually? Or do you want to kind of defer it over the period? And last question on your Capital Markets business. In terms of the IB, IE, first is, if you can split it between IB, IE, and also just -- let's say, hypothetically, if all of your primary market deals were to convert over the next 12 to 18 months, what should revenue quantum can one really expect in that business?
- Ashish Kehair:** So Private, let me start. Corporate treasury is actually negligible in both Q2 and H1. Actually, Q2, there was a loss on an outflow of about INR300 crores from a corporate treasury. Rest, all is non-corporate treasury.
- Transactional income, if you see the way we look at it is that we should see an almost 15% to 17% growth over last year. And once we look at H1 numbers, that basically gives a sense that Q3-Q4 should be order of magnitude between INR75-INR80 crores as against the INR100 crores of Q2.
- AMC carry, we don't accrue. We typically start book only when it gets realized at the end. So this exit, we will not lead to a booking. Right now, no. See, once our Commercial Real Estate Fund moves into that zone, we will start doing an accrual and booking. And once we launch credit, these two asset classes render themselves more to a carry, accrual and booking. Our sense is that on equity products, we still want to be conservative and want to do it more towards the end and not do an accrual or an estimated probabilistic accrual as of now. That's our stand.
- Capital Markets, IB plus IE, it keeps changing Dipanjan. But broadly from a profit perspective, if, let's say, both put together contribute in a year about 20% of the profits, then anywhere between 12- 13% comes from IE and 7- 8% comes from IB.
- And the last question was if all our ECM deals were to convert. So you are assuming a probability of 100%, then the revenue is INR250 crores. If I apply probability, which we do, then it comes to about INR150 crores.
- Dipanjan Ghosh:** Got it, sir. Just one question on the regulations part. I mean, if this consultation paper from SEBI on MF were to go through, I think we obviously don't get color on the exact details of the business, but on your IE business and on the distribution income.

- Ashish Kehair:** About INR20-25 crores on top line basis. If it goes exactly in the shape and form it has come and we charge 0 on research. So we don't charge anything on research, and you charge only 2 bps. Derivatives is already less than 1 bps, so no impact. And on cash side, there is a blend of DMA and non-DMA. So we are not at 12 bps. Nobody is at 12 bps, except people like yourselves who are MNC brokers. So we would be lower, much lower. If this settles anywhere around 5-6 bps, we will actually benefit than lose.
- Dipanjnan Ghosh:** Sorry, sir. And on the distribution front, I mean, the similar circular, any effect on distributors.
- Ashish Kehair:** No, not to us. Our total MF income is still quite low. I mean both businesses put together would be less than 5-6% of our revenues, so not too much to us. I think for people who are higher on distribution on MF, they will get impacted on that 5 basis points depending on how the split is decided. But for us, no. Right now, no.
- Dipanjnan Ghosh:** And just to be clear, this INR20-25 crores is on an annual basis, right?
- Ashish Kehair:** Yes.
- Moderator:** We'll take our next question from the line of Lalit Deo from Equirus Securities.
- Lalit Deo:** So just two questions. One, so we have seen a good increase in the lending book in this particular quarter. But however, the margins have declined from 6% to around 4.4%. So anything particular to read over there? And secondly like in the Wealth business, like as compared to the, last quarter's presentation, the RM count seems to have declined from 1,200 to 1,100. So like, are we seeing some attrition over there?
- Ashish Kehair:** So on the lending book, like I said in my opening remarks, you have to see three, four things. What impacts the NII? One is basically the most basic is the composition of the book. So that part has no impact. I'd say how much is margin financing, how much is loan against shares, how much is ESOP, margin financing being the most profitable, but that for us has remained consistent. So that has not had a bearing.
- Second is that what proportion of the ESOP books churns in a quarter. So let's say, you exercise ESOP, there is a processing fees charged that gets amortized over the period of the loan. Now you've taken a loan for, say, 6 months or 1 year, amortization will happen monthly. But you happen to sell your ESOP in the second month, then in that month, the entire realization is booked.
- Now when the underlying stock price moves faster, we see behaviourally people exit their ESOP loans faster, and processing fees gets booked faster, which happened in some of the underlying ESOPs for us in Q1. And the reverse of that happened in Q2. So it's just a timing difference.
- And the third, I think, more important thing is, when our book size increases, you have to see the timing. If the timing is towards the latter part of the quarter, then it acts as a negative in that quarter because we have to book what is called expected credit losses as per RBI, and that booking is done on the end-of-period book size basis.

So let's say, hypothetically, your book was INR100 crores at the end of Q1, and it remained at INR100 crores, INR100 crores for the next 2 months. And in third month, it became INR200 crores. So now you earned NII on INR200 crores only for 1 month. but you paid the expected credit loss on the full INR200 crores. So the benefit will start coming from next quarter onwards, which you will see. So that ECL or expected credit loss was high.

And the third is, again, a timing difference of the profit or loss that happens on MLD hedging. So we have about 25% of our borrowing that comes from MLD. And that hedging can move plus/minus 0.5%, plus to minus, which is a 1% range actually. And in Q1, Q2, we moved from plus to minus. Q3 expected, again, we'll move back to plus because on a full year basis, you end up making a 0.5% profit, which reduces your cost of funds.

So I think these are the three things. Hopefully, in Q3, Q4, you'll see an uptick on NII, which will happen, which will benefit the business, the cost income, productivity, everything. On Wealth RM also, Lalit, I mentioned, you remember that we are changing the composition of the RMs. What we had earlier on a full population basis, we are upgrading them almost by 70-80% fixed cost basis.

So numbers may not actually talk to each other. If I lose two RMs of, say, INR7 lakh, and if I hire one of INR14 lakhs, I'm at the same level because productivity of 5x will deliver the same revenue, but my opex goes down, my training cost goes down, my supervisory, everything else goes down. So that is the transition that is happening. But having said that, Q3 onwards, we will start adding RMs on a net basis also, which you will see from next quarter results.

Moderator:

We'll take our next question from the line of Sanketh Godha from Aventus Spark.

Sanketh Godha:

Ashish, my question is on the net flow number. So last time when we spoke, you highlighted around INR24,000-25,000 crores of flow happening in FY'26. And we already are closer to INR13,000 crores in 1Q for all products put together. So you still want to maintain that guidance? Or do you think it will surprise positively? And if it's the case, then which segments can be doing that? That's the first question.

And the second thing is just wanted to understand probably a bit of color on your asset clearing business, whether your HFT guys are predominantly Nifty guys, or they even do a lot of Sensex? The reason I'm asking this question is that the Sensex in general as an index has been taking a lot of market share, whether your participants or HFT clients are heavily skewed towards Nifty, or they have an equal -- or they move in line with the industry, how Sensex contribution has gone up for the industry? So these are the two questions.

Ashish Kehair:

So on the first one, Sanketh, I think right now, so we feel that it will be in the lines what we had guided earlier, which is INR25,000-26,000 crores. If we happen to launch a few more products in asset management, that could lead to a positive spin there, or maybe both the Wealth and Private businesses can add a bit more, but I don't want to build that anticipation right now.

On HFT, I think your assessment is reasonably accurate that they actually move in line with the industry because see, they ultimately will follow where the volumes happen. They have to do that whichever segment will produce volumes, they have to chase that. They don't have a choice

because that's where their algos will work because they need volumes to work. So in fact, most of them operate across both and in general, will move in line with the market volumes between Nifty and Sensex.

Sanketh Godha: Understood. Understood. And lastly, Ashish, this SIF thing, what you mentioned in the opening remarks, is it fair to say that the way SIF will go live, then given tax angle you mentioned, is it fair to say that your AIF money, which is sitting in public markets today in AMC business, will largely get directed or sales will happen more there?

Ashish Kehair: Yes. No, no, that is by far the desired end outcome only. Even if the client doesn't shift on their own, we will make them shift because it is superior for them.

Sanketh Godha: And the yields or your realization, which is around 60 bps on the public markets today, that number will still hold up, or it will be better relatively, from your perspective?

Ashish Kehair: So basically, if you look at it from a 2-year perspective, I think it will go up because we will add a larger number of distributors. We have now more performance on the belt. So in both these categories, from a performance perspective, we are really the top players across the board. I think the issue is that many of the retail-oriented or affluent-oriented distributors are not able to touch our product because of the minimum ticket size, that changes. So hopefully, the yields will inch upwards.

Sanketh Godha: Understood. But you might be enjoying carry in the larger ticket size, right? So that advantage will go away?

Ashish Kehair: See, the carry also brings down the fixed fee Sanketh?

Sanketh Godha: Understood. Understood.

Ashish Kehair: Yes. And anyways, we like fixed fee more than carry because certainty is higher and everything is higher. And even for the distribution community, the fixed fee product works much better than the carry product because it brings more predictability to their revenue streams.

Moderator: Next question is from the line of Mohit Mangal from Centrum.

Mohit Mangal I got three questions. My first question is, if you see the net new money within the Wealth segment, actually, saw a big jump from INR2,800-3,800-odd crores. So was this because of the increasing wallet share from old clients, or the newer clients contributed to this increase?

Second question, I mean, you explained that the transaction income within the Private division grew abnormally higher because of the syndication opportunities. So safe to assume that your transaction would grow higher than ARR, and that ARR as a percentage of the segmental revenue would be less than 50%?

And my last question is I was looking at your consolidated balance sheet, and the loans and investments have seen a big increase. So what could be the reason for that? Yes, that's it.

Ashish Kehair:

So first one, in Wealth, INR2,800-3,800 crores, I think the contribution from deepening of existing clients is higher than new. Typically, for us, that's the case. In certain quarters, only new clients contribute more. But in a general basis, you have a larger pool of existing clients. So if you take the full revenue and full flow and split between the two, the contribution from existing will be higher.

On Private, let me give you a bit of color on the transactional income in general, and then we can go into the specifics. See, in Private, transactional income is basically driven by four, five drivers. One is your classic brokerage, then your fixed income and MLD, MLD being very, very miniscule, fixed income largely.

Then you have unlisted shares, and last is syndication. So if you look at INR100 of, let's say, transactional income, almost INR70-80 crores comes from BAU, which is brokerage and fixed income. Only INR20 to INR30 will be what we call episodic, which is unlisted and syndication.

And episodic syndication for us now, because I keep saying we don't have credit funds, so we work with external credit fund managers where the deal supply is slightly more sporadic. Once we have our own credit funds launched and we are deploying every month, you will see this syndication also become a part of BAU like for some of our peers.

So it's a combination of this. But if you're asking whether between ARR and transactional, the share of transactional will go up like in this quarter. For a full year basis, the answer is no. On a full year basis, we will still end up, I think, with more than 55% being ARR and 40-45% being transactional.

And loan book and investment book gone up. Investment is basically client facilitation where we hold stuff on our book to downsell. So that is in line with the growth of business. Both fixed income and any other syndication or unlisted deals, if it is sitting on the balance sheet and the transaction has not yet concluded with the downselling, then that's just temporary.

But loan as a part of design, we said that we will grow. Because if you look at our overall lending income, it's, let's say, 10% to 12%, whereas if you look at our peers, it's about 20%. So there is a 50% gap, which is a clear scope available for us to ramp up the loan book. This is the first step we have taken, directionally. We will keep increasing that.

Moderator:

Next question is from the line of Raghvesh from JM Financial.

Raghvesh:

So I had one question on the Wealth space. So when I try to calculate the retention which you are having on the MPIS, it's coming to somewhere around 1.5-1.6%. So can you explain that? Or am I doing something wrong? So on the MPIS in the Wealth space, when I'm looking at somewhere around INR37,000-38,000 crores of client assets and the revenues which you are giving, my retentions are coming to somewhere around 1.5-1.6%, which appears slightly high. So can you explain how that number is coming in?

Ashish Kehair:

So if you look at the products there, it's essentially mutual fund, PMS, AIF, these three would be managed products. And there, depending on the underlying asset class, the yield could range

between 70 basis points, to 1.2%, depending on the product class which we are dealing with. On a blended basis, maybe we hit about 90 basis points, to 1%.

And then there is fixed income, there is insurance, there is MLD, there is unlisted, where you are earning more transactional income and the yield is on gross sales, which is higher. Combination of these two essentially gives you that 1.5-1.6%, which is broadly in line with, let's say, what, if you look at an Anand Rathi Wealth also makes, it's similar to that range.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we'll take that as the last question for today. I now hand over the call to management for closing comments. Over to you, sir.

Ashish Kehair: Thank you. I think I really want to thank all of you for being there on a holiday. We were expecting a lower participation. I think it has been higher than what we had expected. Would look forward to meeting you all once again in quarter 3, hopefully, with positively surprising all of you. Thank you once again.

Bharat Kalsi: Thank you.

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.