

BSE SENSEX 76,171 S&P CNX 23,045

CMP: INR5,414 TP: INR7,200 (+33%)

Buy



Stock Info

Bloomberg	NUVAMA IN
Equity Shares (m)	36
M.Cap.(INRb)/(USD\$)	194.2 / 2.2
52-Week Range (INR)	7648 / 3300
1, 6, 12 Rel. Per (%)	-17/-7/53
12M Avg Val (INR M)	883
Free float (%)	45.1

Financials Snapshot (INR b)

Y/E March	2025E	2026E	2027E
Revenues	28.6	33.0	38.1
Opex	15.6	18.4	21.6
PBT	13.1	14.6	16.4
PAT	9.7	11.0	12.4
EPS (INR)	274	310	349
EPS Gr. (%)	63	13	13
BV/Sh. (INR)	937	1,059	1,191

Ratios (%)

C/I ratio	54.4	55.8	56.8
PAT margin	34.0	33.4	32.6
RoE	31.4	31.3	31.3
Div. Payout	54.4	57.6	59.7

Valuations

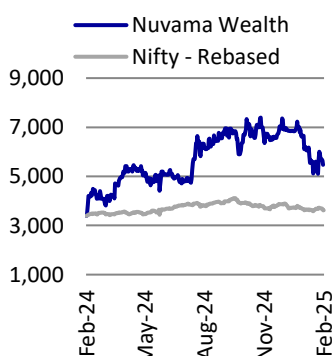
P/E (x)	19.9	17.6	15.6
P/BV (x)	5.8	5.1	4.6
Div. Yield (%)	2.8	3.3	3.9

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	54.9	55.2	56.0
DII	4.7	1.5	0.9
FII	15.5	13.9	7.2
Others	24.9	29.4	36.0

FII includes depository receipts

Stock Performance (one-year)



A diversified play in the wealth management space

Strong presence across customer segments

- Nuvama Wealth is a diversified play on multiple emerging themes in the capital market ecosystem, with a robust presence in UHNI Wealth Management, Mid-segment Wealth Management, Custody & Clearing business, and IE&IB business. Its AMC business is primed for strong growth going forward, with a strong foundation already laid.
- The Private segment has a strong focus on ARR AUM and expects its share to increase from the current level of 20%. This growth will stem from: 1) a 20% increase in the RM count from the current level of ~130+ and 2) a deepening geographical presence. With new product additions and improved efficiency of the RM base acquired in the past two years, we expect a strong AUM CAGR of 20% over FY25-27 and a significant improvement in the cost-to-income ratio for the segment to 64% in FY27E from 65.8% in FY25E.
- In the wealth segment, there has been an astute focus on increasing the share of managed products. Additionally, the company is adding significant RM force (900 as of Aug'23 to 1,200+ as of Dec'24), leading to a higher cost-to-income ratio. Over the next couple of years, as volumes increase, we anticipate significant scale benefits that will drive margins up by 100bp during FY25-27.
- The custody and clearing business is expected to continue to prosper as FPIs/AIFs continue to increase their trading activities in India. On the other hand, the IE & IB business will see steady growth as new IPOs and overall equity market sentiment remain buoyant.
- Its AMC business, primarily focused on AIFs, has three schemes currently and has garnered an AUM of INR113b. As it scales up through existing schemes and new launches, we anticipate significant improvement in profitability for the segment.
- Overall, we expect Nuvama's ex-capital market revenues/PBT to post a growth of 20%/12% over FY25-27. Additionally, we expect the cost-to-income ratio to improve from 62% in FY24 to 57% in FY27. With RoEs of 30%+, the stock is attractively trading at FY27 P/E of 17x. We reiterate our BUY rating on the stock with a one-year TP of INR7,200 (based on 22x Sept'26E EPS).

Key industry trends driving significant growth in the Wealth industry

- The integration of digital platforms, AI, and machine learning is reshaping wealth management in India, enhancing client engagement and service efficiency.
- The rising market participation from younger investors, supported by accessible platforms and financial education, is driving equity market growth.
- Wealth management services are expanding into tier 2 and 3 cities, driven by economic growth and increasing wealth accumulation.
- Growing demand for comprehensive financial solutions is prompting wealth managers to offer personalized investment, tax, estate, and retirement planning services.
- Regulatory measures, including small-sized investment plans, are fostering financial inclusion and broadening market participation.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

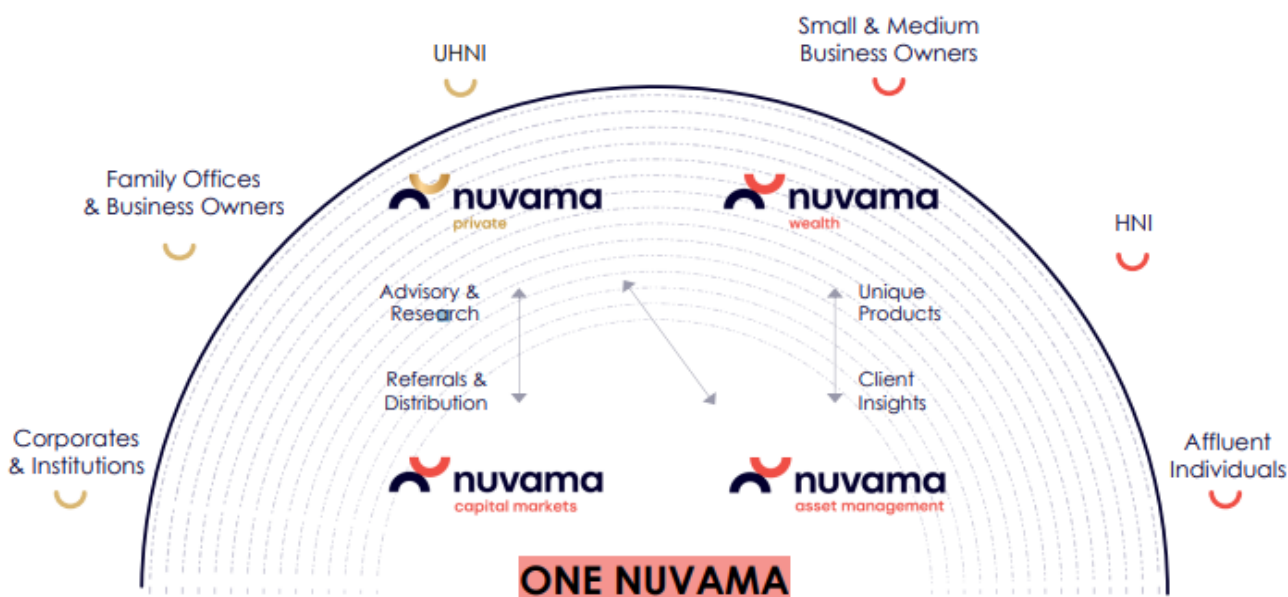
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Nuvama business mix

Segment		% of Revenue (9MFY25)	Products offered	
Nuvama Private (UHNI)		20	1. Third-party products: MF, AIF, PMS, Insurance; 2. Fixed Income and Exchange traded products; 3. In-house AMC, Credit; 4. Advisory	❖ Primarily caters to clients with investible assets of > INR 250m; the company had ~4,200+ clients as of 3QFY25, serviced through a network of 130+ RMs
Nuvama Wealth (Mid-Market)		28		❖ Primarily caters to clients with an investible surplus of < INR 250m, serving ~1.2m+ HNIs, with 20% managed by RMs and external wealth managers
Nuvama Asset Management		2	AIF and PMS	❖ Diversified bouquet of AIFs (Private Equity, Long Short funds, and Commercial Real Estate) and PMS schemes; the company currently has ~20+ investment professionals
Capital Market	Institutional Equities	50	Broking	❖ Over two decades old and covers 280+ large and mid-cap companies
	Investment Banking		IB	❖ Full-service investment bank providing equity and debt market services and advisory for private equity and M&A across sectors
	Custody & Clearing Services		Service	❖ Provides a platform to FPIs, MFs, etc. for access to Indian equity markets, securities custody, derivatives clearing services, and fund accounting services

Source: MOFSL, Company

Exhibit 2: Unique business model



Source: MOFSL, Company

Exhibit 3: Segment performance

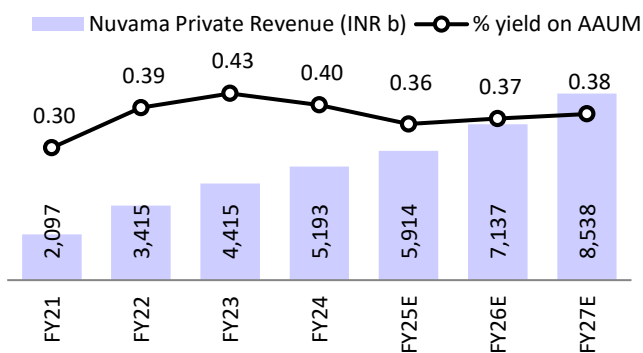
Consolidated Statement								(in INRm)
Nuvama Wealth								
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27	
Total Revenue	2,746	4,089	5,744	6,688	8,214	9,624	11,410	
% yield on AAUM	1.12	0.94	1.09	1.00	0.85	0.83	0.82	
Cost to Income ratio (%)	90.4	79.6	69.2	65.5	66.0	65.5	65.0	
Operating PBT	264	835	1,772	2,310	2,793	3,320	3,994	
Revenue Composition (%)								
MPIS	34%	37%	52%	48%	50%	51%	53%	
Net Interest Income	19%	24%	22%	24%	25%	25%	25%	
Brokerage Income	35%	28%	17%	18%	17%	17%	16%	
Others	12%	10%	8%	10%	8%	7%	6%	
Average Client Assets (INR b)	245	435	528	666	966	1,160	1,391	
YoY Growth (%)		78	21	26	45	20	20	
Nuvama Private								
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27	
Total Revenue	2,097	3,415	4,415	5,193	5,914	7,137	8,538	
% yield on AAUM	0.30	0.39	0.43	0.40	0.36	0.37	0.38	
Cost to Income	84.7	65.3	64.0	64.4	65.8	64.8	64.0	
Operating PBT	321	1,185	1,588	1,849	2,023	2,512	3,074	
Revenue Composition (%)								
Annual Recurring Revenue	40	46	55	57	58	60	61	
Transactional Revenue	60	54	45	43	42	40	39	
Average Client Assets in INRb								
ARR Earning Assets	248	201	232	292	400	488	586	
Transactional and Others	445	665	802	1,004	1,256	1,444	1,661	
Total	693	866	1,034	1,297	1,656	1,932	2,247	
Nuvama Asset Management								
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27	
Total Revenue	3	196	682	626	640	1,065	1,489	
C/I Ratio (%)	2,978	171	76	125	122	105	85	
Operating PBT	-79	-140	165	-155	-141	-53	223	
Average Fee Paying AUM (INR b)								
Private Markets	NA	18	29	33	35	40	44	
Listed Equities	NA	3	6	13	36	58	87	
Real Estate	-	-	-	-	2	9	17	
Nuvama Capital Markets								
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27	
Total Revenue	5,030	5,594	4,894	8,050	13,863	15,171	16,636	
Cost to Income	59%	62%	73%	53%	40%	42%	45%	
Operating PBT	2,064	2,114	1,344	3,763	8,387	8,799	9,150	
Revenue Composition (INRm)								
Asset Services	1,665	1,706	1,584	3,286	6,145	7,066	8,126	
IE & IB	3,365	3,888	3,310	4,765	7,719	8,104	8,510	
Total Revenue	5,030	5,594	4,894	8,050	13,863	15,171	16,636	

Source: MOFSL, Company

Nuvama Private: Growth fueled by RM additions and geographical expansions; continues to focus on ARR

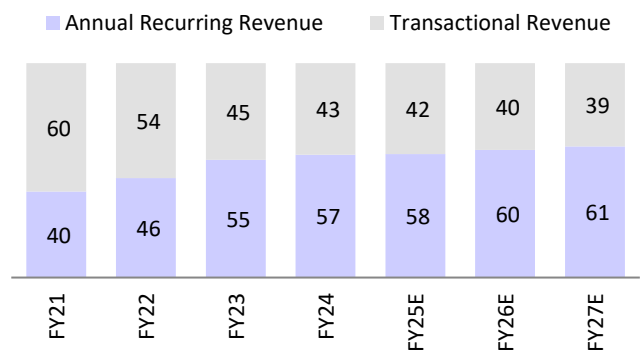
- The Nuvama Private segment has posted a robust CAGR of 26% (9MFY23-9MFY25) over the last two years, reaching INR2.1t. This is attributed to new client additions, strong market performance, and increased wallet share from existing clients. An increased focus on ARR has led to strong growth in ARR flows to INR73b in 9MFY25 vs INR77b in FY24.
- The firm has aggressively expanded its RM base, adding 30+ RMs in the last 12 months, bringing the total to 130+ with a guidance of adding 20% capacity every year.
- In terms of geographic expansions, domestically, the firm has improved penetration by expanding beyond tier-1 cities. Internationally, it recently commenced operations in Dubai with 3 RMs and expects to break even within six to nine months. The firm has also received approval to start operations in Singapore.
- The yields have dropped to 77bp in 3QFY25 from 102bp in FY24 due to MTM. Management guides for yields to remain in the range of 80-83 bp on a steady state basis.
- The C/I ratio has largely remained in the range of 64-66% over the past two years due to an increase in RM capacity and tech investments. However, as the vintage and productivity of the RMs increase, we expect it to taper down.
- Several experiments with AI are underway in Nuvama Private, focusing on prospecting, client portfolio analysis, and advisory. These initiatives are expected to significantly impact productivity going forward.
- With a focus on increasing ARR, adding RMs, increasing their vintage, expanding geographically, and converting more IB clients into UHNI clients via various distribution modes, it is poised for strong growth in AUM. **We expect the segment to register a CAGR of 16%/20% in ARR AUM/Revenue during FY25-27.**

Exhibit 4: Revenue trends in an upward trajectory



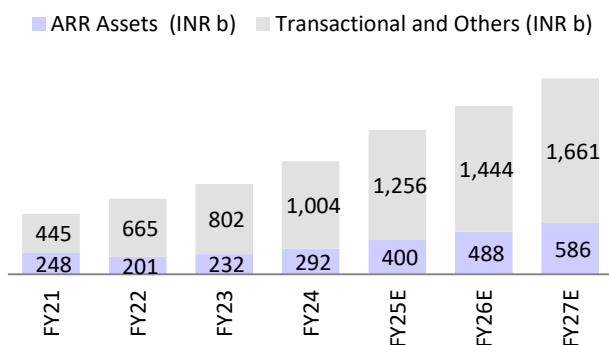
Source: MOFSL, Company

Exhibit 5: Revenue mix (%)



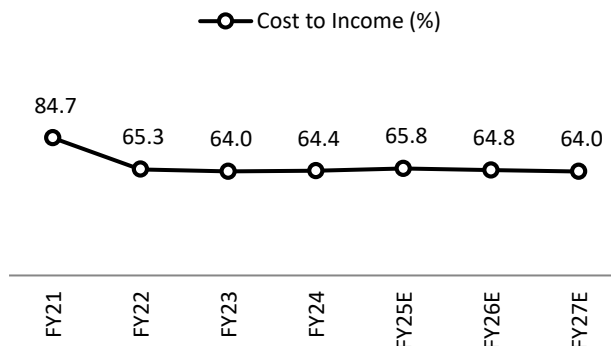
Source: MOFSL, Company

Exhibit 6: Transactional assets constitute 74% of overall average client assets



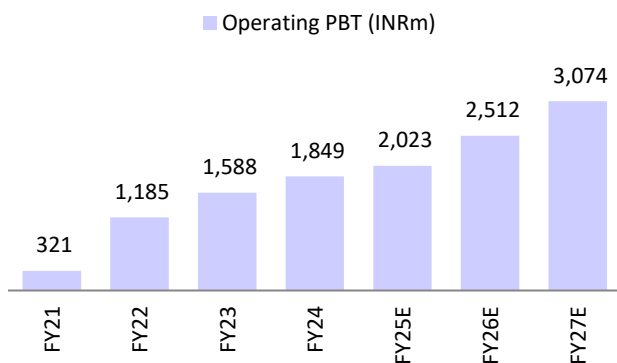
Source: MOFSL, Company

Exhibit 7: Cost-to-income ratio is expected to remain in the range of 64-65%



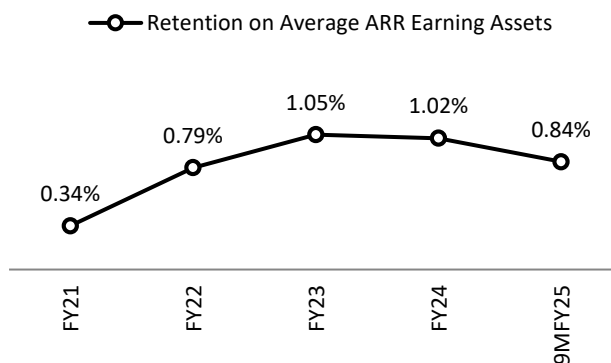
Source: MOFSL, Company

Exhibit 8: Trend in operating PBT in INRm



Source: MOFSL, Company

Exhibit 9: Retention on ARR post-decline likely to be steady



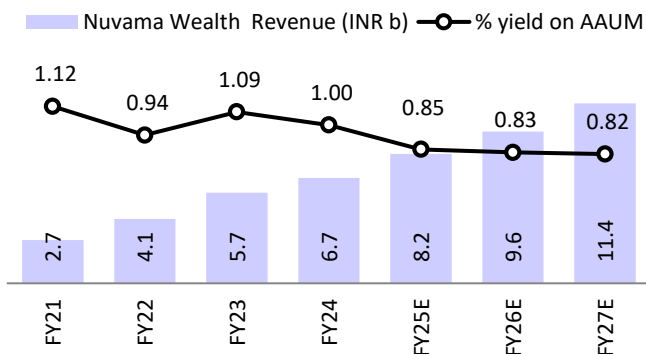
Source: MOFSL, Company

Nuvama Wealth: Leading player with consistent focus on MPIS

- Nuvama is a leading player in the mid-market segment (HNIs) among the few non-bank players with meaningful scale, holding an AUM size of INR1.02t (35% CAGR over 9MFY23-9MFY25) and ~1.2+m clients (of which ~20% are serviced by RMs and external wealth managers).
- Net new money grew 43% over the last two years to INR58.8b (9MFY25), with the share of Managed Products and Investment Solutions (MPIS) increasing to 87% as the focus shifts toward managed products.
- RM capacity has increased by 40% YoY to 1,200+, leading to an increase in CIR to ~66%. Management expects the CIR to improve as the vintage of those RMs increases and the operating leverage kicks in.
- Yields in 3QFY25 have moved down to 83bp from 98bp, mainly due to a fall in NII. Management guides for yields to remain in the range of 85-95bp on a steady state basis.
- The CIR for 9MFY25 stood at 66% (300bp improvement if costs and revenue generated by these new hirings were not included), the same as last year despite aggressive capacity additions, reflecting improved productivity among existing RMs.
- Nuvama is continuously investing in tech and has recently introduced an AI tool called Nuva AI. This training-based solution provides one-on-one training sessions for RMs, focusing on improving productivity.

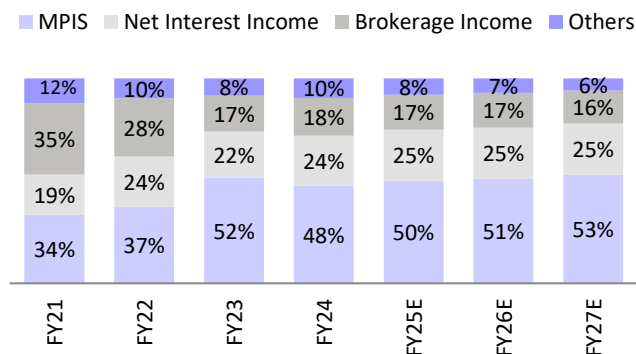
■ Nuvama aims to grow this segment exponentially over the next three years as it expands its RM base at a ~25% CAGR and deepens its geographic presence. **We expect the segment to post a CAGR of 20%/18% in ARR AUM/Revenue during FY25-27.**

Exhibit 10: Revenue to achieve 18% CAGR over FY25-27E



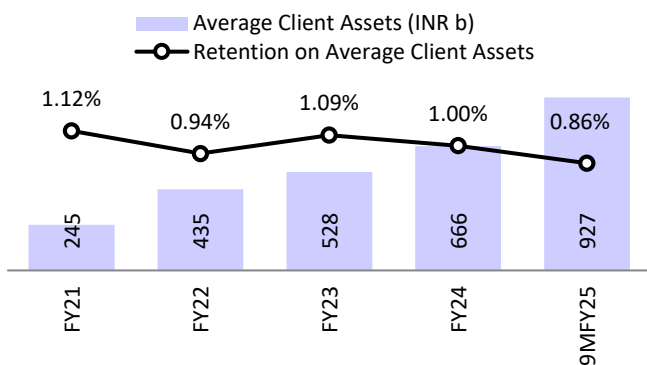
Source: MOFSL, Company

Exhibit 11: Revenue mix (%)



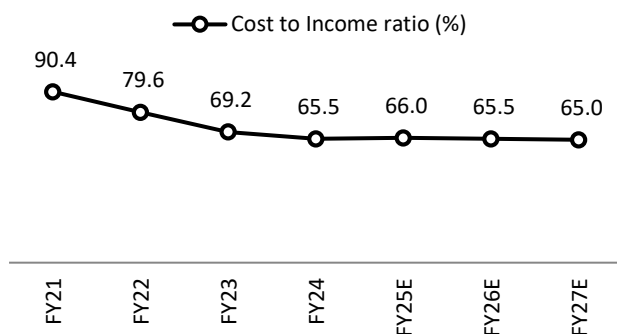
Source: MOFSL, Company

Exhibit 12: Avg. client assets for Nuvama Wealth



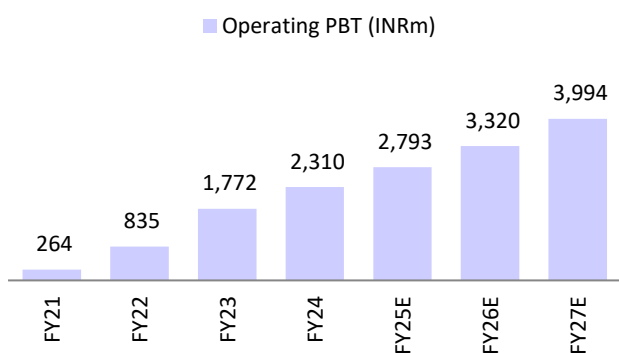
Source: MOFSL, Company

Exhibit 13: Trend in CIR in %



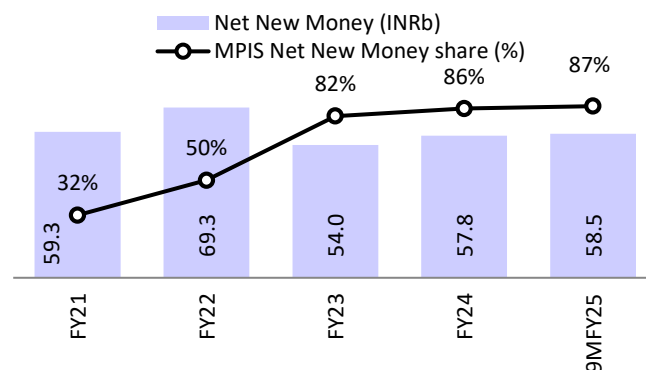
Source: MOFSL, Company

Exhibit 14: Trend in operating PBT



Source: MOFSL, Company

Exhibit 15: Share of MPIS increased to 87%

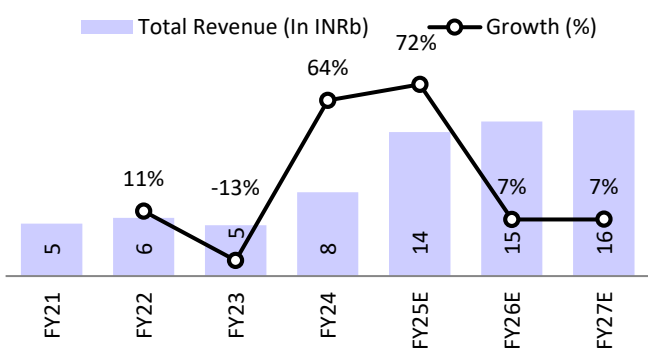


Source: MOFSL, Company

Capital Markets: Robust C&C business drives stickiness and reduces volatility

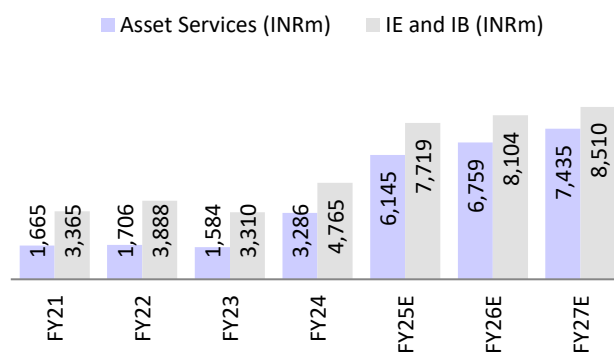
- Nuvama is among the leading players in the IE (market share of ~6.2%+ despite a 10% decline in the markets) and IB business (capturing 11 of 57 deals in 3QFY25 and a strong deal pipeline ahead).
- On the AIF and PMS side, in the domestic market, market share has increased to 22% (vs 18% last year). Internationally, the company maintains a dominant position, with new clients contributing ~30%-35% of the new flows in the business.
- The IE&IB business is relatively volatile, and to arrest the impact of cyclicality, Nuvama has built a robust clearing business with institutional funds, which have an average client assets size of INR1.3t (72% CAGR over 9MFY23-9MFY25). This business is relatively sticky as the sources of income are float income and fund accounting. ~90-95% of the income in C&C is recurring in nature.
- Yields have improved to 170bp in 3QFY35 from 137bp in FY23.
- Given the sustainable long-term potential of the derivatives segment and robust growth in the custody business, we expect this segment to witness strong sustainable growth in revenues.
- The IB business has witnessed strong growth, with a consistent increase in deals (IPO, QIPs, and others). In 9MFY25, Nuvama Investment Banking increased its market share across equity and debt offerings. Its equity IPO market share doubled from 9.1% (CY23) to 18.4% (CY24), while securing the #1 rank in public debt issues. With a high share of debt in the IB transactions, cyclicality is lower vs other IB houses.

Exhibit 16: Revenue to achieve 7% CAGR over FY25-27E



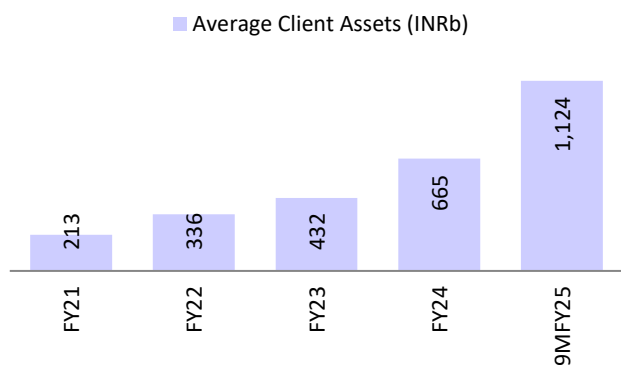
Source: MOFSL, Company

Exhibit 17: Strong growth in both the segments



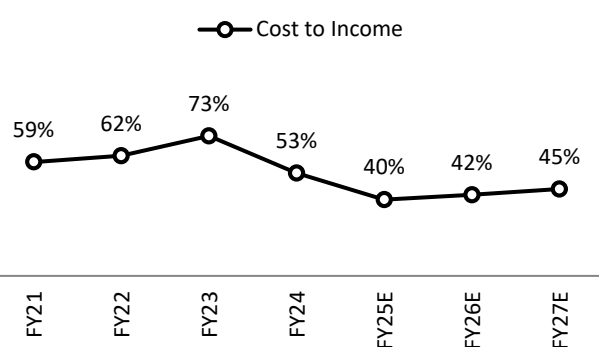
Source: MOFSL, Company

Exhibit 18: Average client assets grew to INR1.1t as of 9MFY25



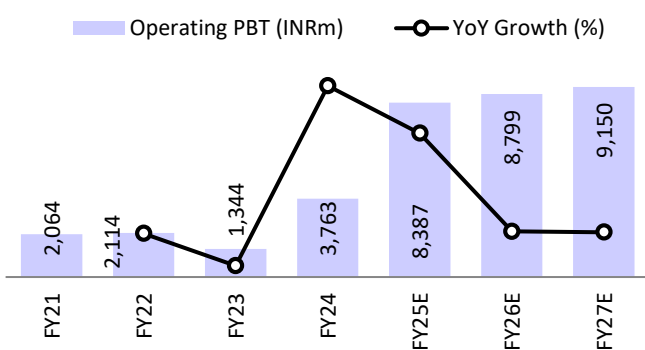
Source: MOFSL, Company

Exhibit 19: CI ratio expected to trend downwards



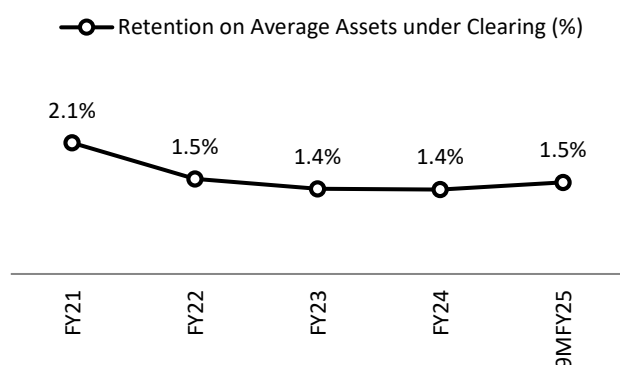
Source: MOFSL, Company

Exhibit 20: Trend in operating PBT in INRm



Source: MOFSL, Company

Exhibit 21: Retentions are expected to improve (%)

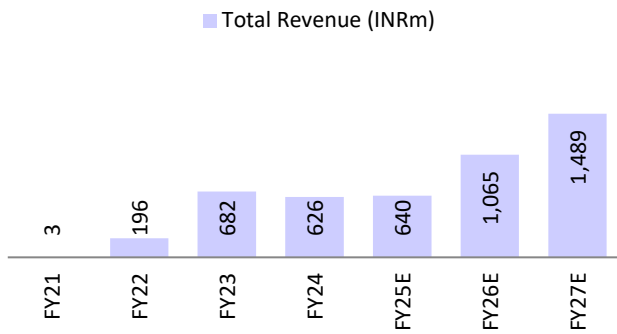


Source: MOFSL, Company

Strong net flows lead to faster growth in the AMC business

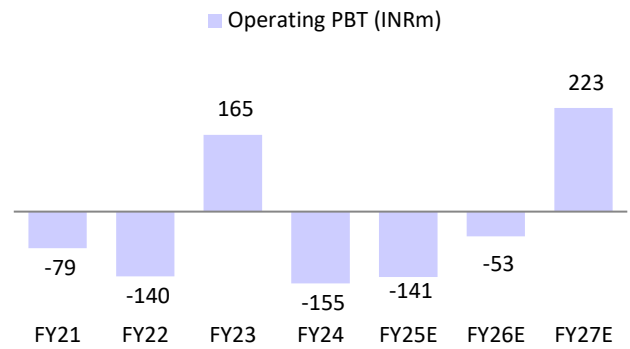
- Currently, the company has three active strategies: 1) private markets; 2) public markets where AUM has grown 3x in the last 12 months to ~INR50b, with products across the spectrum, including Flexi, Mid, and Small Cap fund; and 3) commercial real estate, with AUM standing at INR17b and a pipeline expected to reach INR20-25b. The company also plans to add corporate credit to its range of offerings soon.
- Nuvama currently has 20+ investment professionals with long and successful track records and has increased capacity on both the investment and distribution sides. In terms of distribution, it has added external capacity, including banks and independent wealth managers.
- During the quarter, the company achieved its first close in the commercial real estate fund, raising INR17b within nine months of launch. Management has guided that after one or two deployments, it will raise funds again, with a target of ~INR30b. The company also recently launched the Flexi Cap Fund.
- Nuvama is in the process of filing an application with SEBI for a mutual fund license, which will enable it to launch schemes with a minimum ticket size of INR1m under the specialized investment fund category.
- Given the smaller AUM, the C/I ratio stood at 126% in 9MFY25. However, management guides for the AMC Business to break even within 12-15 months as it crosses the AUM size of INR200b, backed by strong flows and new launches.

Exhibit 22: Revenue to achieve 53% CAGR over FY25-27E



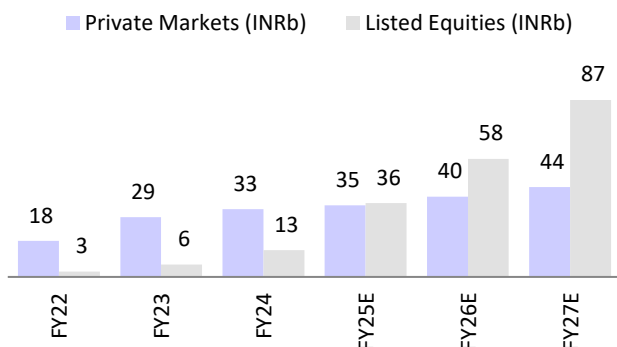
Source: MOFSL, Company

Exhibit 23: Operating PBT to become positive by FY27



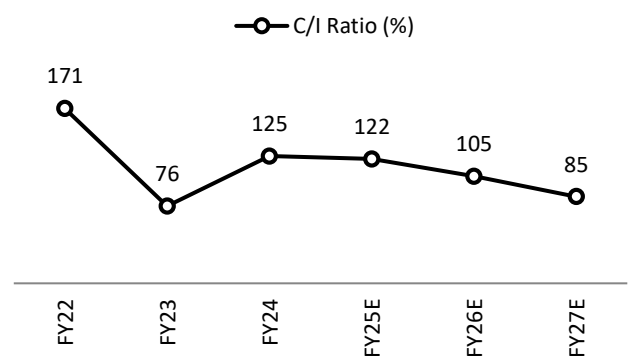
Source: MOFSL, Company

Exhibit 24: Average fee paying AUM (INR b) — segment-wise



Source: MOFSL, Company

Exhibit 25: C/I ratio to improve as revenue increases



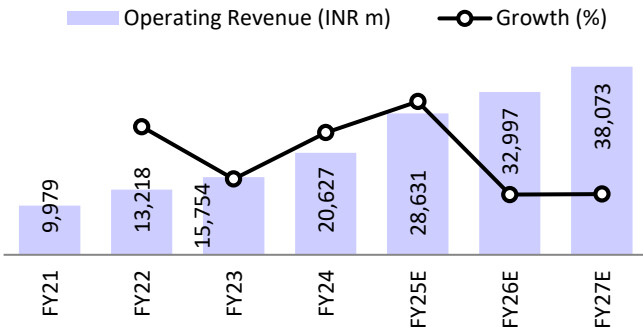
Source: MOFSL, Company

Valuation and view

- Nuvama has been delivering consistent growth across its core business segments. Through digital innovation, diversified product offerings, and enhanced client engagement strategies, the company remains well-positioned to capitalize on emerging opportunities
- Overall, we expect Nuvama’s ex-capital market revenues/PBT to post a CAGR of 20%/12% over FY25-27. Additionally, we expect the C/I to improve from 62% in FY24 to 57% in FY27. With RoEs of 30%+, the stock is attractively trading at FY27 P/E of 17x. We reiterate our BUY rating on the stock with a one-year TP of INR7,200 (based on 22x Sept’26E EPS).

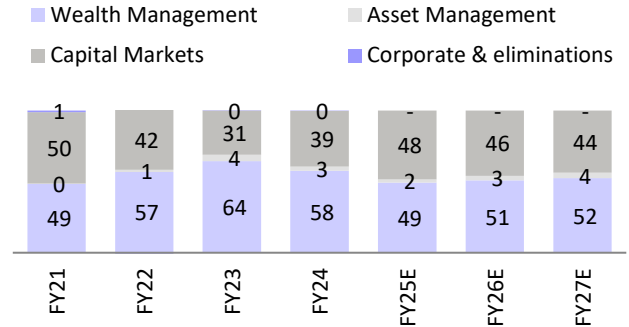
Story in charts:

Exhibit 26: Trend in operating revenue in INRm



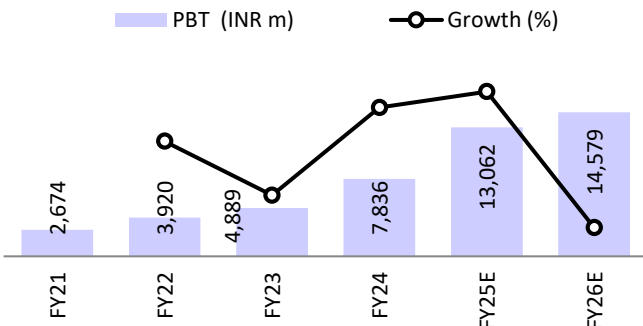
Source: MOFSL, Company

Exhibit 27: Revenue mix (%)



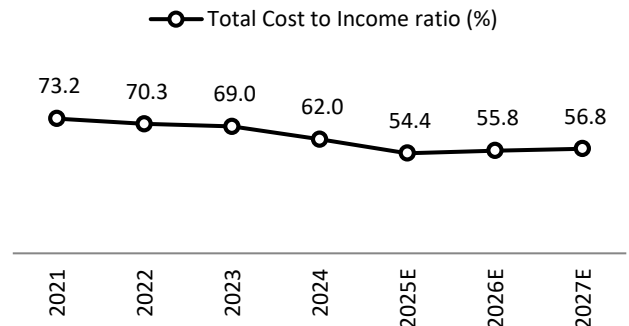
Source: MOFSL, Company

Exhibit 28: Upward trajectory in PBT



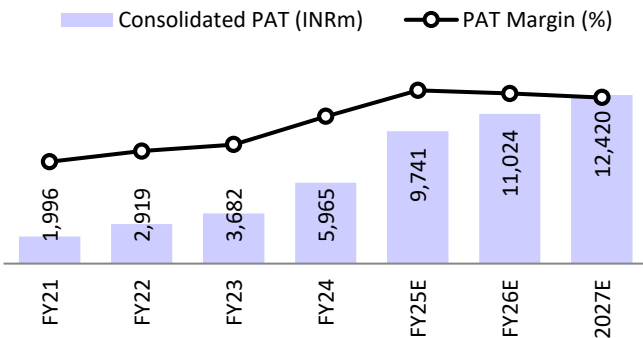
Source: MOFSL, Company

Exhibit 29: Trend in CI ratio



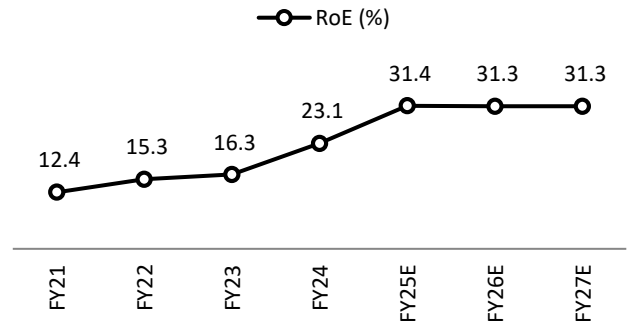
Source: MOFSL, Company

Exhibit 30: Trend in consolidated PAT in INRm



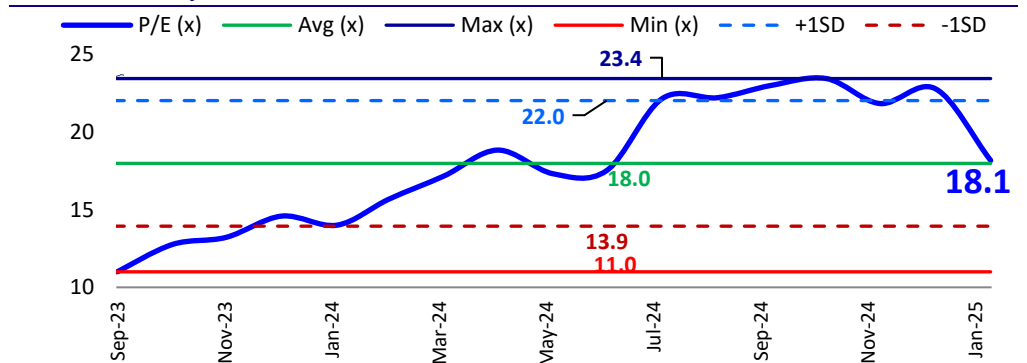
Source: MOFSL, Company

Exhibit 31: ROE to remain 30%+



Source: MOFSL, Company

Exhibit 32: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income Statement							(INR m)
Y/E March	2021	2022	2023	2024	2025E	2026E	2027E
Nuvama Wealth	2,746	4,089	5,744	6,688	8,214	9,624	11,410
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Capital Markets	5,030	5,594	4,894	8,050	13,863	15,171	16,636
Total Income	9,979	13,218	15,754	20,627	28,631	32,997	38,073
Change (%)		32.5	19.2	30.9	38.8	15.2	15.4
Employee expenses	4,725	6,404	7,586	9,065	11,708	12,893	15,034
Operating Profit	5,255	6,814	8,168	11,563	16,923	20,104	23,038
Depreciation	501	713	886	1,364	1,501	1,576	1,654
Other Operating cost	2,080	2,181	2,393	2,362	2,361	3,950	4,943
PBT before share from associates	2,674	3,920	4,889	7,836	13,062	14,579	16,440
Change (%)		46.6	24.7	60.3	66.7	11.6	12.8
Tax	668	1,011	1,217	1,892	3,396	3,645	4,110
Tax Rate (%)	25.0	25.8	24.9	24.1	26.0	25.0	25.0
PAT before share from associates	2,005	2,909	3,673	5,944	9,666	10,934	12,330
Share from associates (net of taxes)	-9	10	10	21	75	90	90
Consolidated PAT	1,996	2,919	3,682	5,965	9,741	11,024	12,420
Change (%)		46.3	26.1	62.0	63.3	13.2	12.7
Dividend					5,296	6,355	7,414

Balance Sheet							(INR m)
Y/E March	2021	2022	2023	2024	2025E	2026E	2027E
Equity Share Capital	172	172	351	353	353	353	353
Reserves & Surplus	15,923	18,957	22,237	28,635	32,727	37,043	41,695
Net Worth	16,095	19,128	22,588	28,988	33,080	37,396	42,049
Borrowings	14,116	35,336	53,980	67,457	75,552	84,618	94,772
Other Liabilities	44,301	51,518	50,589	1,07,424	1,40,060	1,82,692	2,38,420
Total Liabilities	74,512	1,05,983	1,27,157	2,03,869	2,48,692	3,04,706	3,75,241
Cash and Investments	45,783	47,196	54,975	1,27,835	1,55,809	1,89,874	2,32,349
Change (%)		3.1	16.5	132.5	21.9	21.9	22.4
Loans	14,833	29,531	35,533	48,629	63,218	82,184	1,06,839
Change (%)		99.1	20.3	36.9	30.0	30.0	30.0
Net Fixed Assets	1,260	1,632	2,290	2,192	2,149	2,106	2,063
Current Assets	12,636	27,624	34,358	25,212	27,516	30,543	33,990
Total Assets	74,512	1,05,983	1,27,157	2,03,869	2,48,692	3,04,706	3,75,241

E: MOFSL Estimates

Average Client Assets - By Segment (INR b)	2021	2022	2023	2024	2025E	2026E	2027E
Wealth Management	937	1301	1562	1963	2622	3092	3638
Nuvama Wealth	245	435	528	666	966	1,160	1,391
Nuvama Private - excl. heldaway assets	693	866	1,034	1,297	1,656	1,932	2,247
Asset Management	NA	20	36	47	74	106	149

Financials and valuations

Cashflow Statement							(INR m)
Y/E March	2022	2023	2024	2025E	2026E	2027E	
PAT	2,919	3,682	5,965	9,741	11,024	12,420	
Change in Accumulated Depreciation	713	886	1,364	1,501	1,576	1,654	
Change in Reserves	114	-223	5,731	6,002	7,061	-353	
Change in Working Capital	-7,621	-7,596	66,314	29,982	39,605	52,281	
Cashflow from Operation	-3,874	-3,251	79,374	47,225	59,266	66,003	
Change in Investments	-15,153	-6,997	-13,102	-14,759	-19,153	-24,861	
Change in Loans	21,220	18,644	13,477	8,095	9,066	10,154	
Change in Fixed Asset	-1,235	-1,611	-1,249	-1,457	-1,533	-1,612	
Cashflow from Investing	4,832	10,035	-874	-8,121	-11,619	-16,319	
Dividend Expense	0	0	0	-5,296	-6,355	-7,414	
Cashflow from Financing	0	0	0	-5,296	-6,355	-7,414	
Net Cashflow	958	6,784	78,501	33,808	41,292	42,269	
Opening Cash	45,536	46,494	53,278	1,26,133	1,53,936	1,87,814	
Closing Cash	46,494	53,278	1,31,779	1,59,941	1,95,228	2,30,083	

E: MOFSL Estimates

Ratios							(%)
Y/E March	2021	2022	2023	2024	2025E	2026E	2027E
As a percentage of Revenues							
Nuvama Wealth	28	31	36	32	29	29	30
Nuvama Private	21	26	28	25	21	22	22
Asset Management	0	1	4	3	2	3	4
Capital Markets	50	42	31	39	48	46	44
Total cost	73.2	70.3	69.0	62.0	54.4	55.8	56.8
Employee Cost	47.3	48.4	48.2	43.9	40.9	39.1	39.5
Opex (ex emp) Cost	25.9	21.9	20.8	18.1	13.5	16.7	17.3
PBT margin	26.8	29.7	31.0	38.0	45.6	44.2	43.2
PAT margin	20.0	22.1	23.4	28.9	34.0	33.4	32.6
Profitability Ratios (%)							
RoE	12.4	15.3	16.3	23.1	31.4	31.3	31.3
Dividend Payout Ratio					54.4	57.6	59.7

Valuations							
	2021	2022	2023	2024	2025E	2026E	2027E
BVPS (INR)	456	542	640	821	937	1,059	1,191
Change (%)		18.8	18.1	28.3	14.1	13.0	12.4
Price-BV (x)	11.9	10.0	8.5	6.6	5.8	5.1	4.6
EPS (INR)	56.8	82.4	104.0	168.3	273.7	309.7	349.2
Change (%)		45.1	26.2	61.8	62.6	13.1	12.8
Price-Earnings (x)	95.8	66.1	52.3	32.3	19.9	17.6	15.6
DPS (INR)					150.0	180.0	210.0
Dividend Yield (%)					2.8	3.3	3.9

E: MOFSL Estimates

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