

11 November 2024

India | Equity Research | Q2FY25 results review

## Motilal Oswal Financial Services

Exchanges

### Strong execution well captured at current valuations

Motilal Oswal Financial Services (MOSL) has been benefitting from tailwinds in the capital markets space, evident from EBITDA ex-treasury income rising from INR 3.2bn in Q2FY23 to INR 3.9bn in Q2FY24 to INR 6.2bn in Q2FY25. This is well-backed by growth in key parameters in H1FY25 as :1) 160bps/150bps YoY improvement in cash/option market share; 2) 22.5% YoY increase in broking lending book; 3) 27.8%/37.5% YoY increase in private wealth management RM count/PAT; 4) 11bps/30bps growth in equity AUM/SIP AUM market share with 9 out of 12 AMC + PE schemes outperforming their benchmarks. Apart from this, HFC loan book has also expanded 9.3% with a 20bps improvement in RoA over the last two years (FY22–24). However current valuations fully capture the proposition considering possible risks from MTM decline in AUM and market linkage to all the key business segments. We arrive at a SoTP-based revised TP of INR 948. Upside risk to our estimates stem from higher-than-expected growth in AUM across AMC and Wealth Management segments and higher than expected F&O volumes within broking business.

### Downgrade to HOLD; trading at consolidated operating PE at ~21.6x basis FY27E

We downgrade MOSL to **HOLD** post 44% rally in the past three months. We revise our TP to INR 948 (from INR 703) with a FY27E SoTP-based valuation, basis multiples of 15x/32x/32x/15x P/E for capital markets (IB+IE)/(AMC+PE)/PWM/wealth management (broking) and a 1.2x FY27E book value for the HFC segment. The increase in TP is mostly driven by a ~10% increase in valuation multiples of AMC/wealth management basis their strong performance and by rolling forward to FY27E. We value treasury AUM on a 1x-basis as on H1FY25 (same as before). We also consider a 20% holding company discount to account for inter-company adjustments at a consolidated level.

### Current valuation bakes in broking to wealth management transition; hereon, re-rating largely hinges on execution

MOSL has been transitioning from its broking and distribution business towards wealth management. It aims to enhance client relationships, strengthen connections as a trusted advisor and offer comprehensive financial solutions beyond broking. In our view this transition shall entail a strategic evolution, beyond just its nomenclature. We reflect this through higher multiples in wealth and asset management (there has also been improvement in performance and absolute AUM levels). However, we believe the near-term potential of this transition is well-captured at current valuation.

### Financial Summary

Y/E (INR bn)	FY24A	FY25E	FY26E	FY27E
Total Revenue	71	95	110	127
Core PAT	14	18	23	27
Core EPS (INR)	24.0	30.9	39.0	45.8
% change YoY	36.8	28.8	26.1	17.6
Core P/E (x)	41.3	28.3	22.5	21.6
P/BV (x)	6.8	4.7	3.5	2.7
PWM ARR AUM	258	361	434	513
AMC+PE ARR AUM	819	1,328	1,594	1,833
WM PAT	6.1	7.5	9.6	11.3
HFC ROE (%)	10.6	8.8	10.4	11.6

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#### Market Data

Market Cap (INR)	597bn
Market Cap (USD)	7,077mn
Bloomberg Code	MOFS IN
Reuters Code	MOFS.BO
52-week Range (INR)	1,064 /251
Free Float (%)	24.0
ADTV-3M (mn) (USD)	25.3

Price Performance (%)	3m	6m	12m
Absolute	67.5	70.1	294.4
Relative to Sensex	66.7	61.9	272.1

ESG Score	2023	2024	Change
ESG score	76.6	NA	NA
Environment	52.2	NA	NA
Social	77.6	NA	NA
Governance	83.7	NA	NA

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

#### Previous Reports

08-08-2024: [Q1FY25 results review](#)

08-01-2024: [Company update](#)

## Capital markets segment – highlights

The capital markets segment for MOSL is now split into two segments – investment banking and institutional equities (capital markets). Separately, MOSL operate its retail broking and distribution businesses under wealth management (broking).

### Retail broking and distribution (wealth management)

- MOSL's wealth management segment has a strong blend of 2,100+ internal relationship managers and 9,400+ external wealth managers, as of Q2FY25 (2,000+ internal relationship managers and 8,800+ external wealth managers in Q1FY25).
- Retail cash market share decreased 10bps on a QoQ-basis to 7.9% while F&O premium market share decreased 50bps QoQ to 9% in Q2FY25. Market share trends have been stable for the last three quarters (~8% market share in cash segment and ~9% market share in F&O premium segment in last three quarters). Retail Cash ADTV for Q2FY25 stood at INR 45bn vs. INR 42bn in Q1FY25 while F&O premium ADTO stood at INR 65bn in Q2FY25 vs. INR 76bn in Q1FY25. NSE active clients increased from 0.92mn in Q1FY25 to 0.98mn in Q2FY25.
- Brokerage ARPU grew 0.7% QoQ to INR 26.6k in Q2FY25, from INR 26.4k in Q1FY25.
- Wealth management (broking) segment reported a total net revenue of INR 6.3bn in Q2FY25, up 19.5% QoQ. PAT for the segment increased 26.6% QoQ to INR 2.2bn vs. INR 1.8bn in Q1FY25.
- We estimate F&O volumes to decline post Nov'24 due to new regulatory changes. We estimate retail cash ADTO to be INR 49bn/68.6bn/79bn in FY25/26/27E vs. INR 44bn in Q2FY25. We estimate, F&O premium ADTO to be INR 65bn/71.5bn/82.3bn in FY25/26/27E vs. INR 70.7bn in H1FY25. This would imply F&O premium ADTO to decline to INR 59.2bn in H2FY25. We estimate net revenues to be INR 21.9bn/25.6bn/30.3bn in FY25/26/27E vs. INR 17.8bn in FY24 and INR 11.6bn in H1FY25. We estimate segmental PAT at INR 7.6bn/9.6bn/11.3bn in FY25/26/27E vs. INR 6.1bn in FY24 and INR 4.1bn in H1FY25.

### Investment banking and institutional equities (capital markets)

- MOSL's capital markets segment has a team of 140+ employees, catering to 870+ institutional clients. This segment has a new leadership team in place, which aims to improve MOSL's share in the IB league table.
- MOSL completed 22 deals with a total issue size of INR 250bn during H1FY25. MOSL ranked second in the QIP League Table in H1FY25.
- Capital markets segment reported total net revenue of INR 1.7bn in Q2FY25 vs. INR 1.4bn in Q1FY25. PAT increased 26% QoQ to INR 726mn in Q2FY25 vs. INR 574mn in Q1FY25.
- We estimate net revenues to be INR 5.8bn/7.1bn/8.3bn in FY25/26/27E vs. INR 4.4bn in FY24 and INR 3.1bn in H1FY25. We estimate segmental PAT to be INR 2.5bn/3.1bn/3.6bn in FY25/26/27E vs. INR 1.9bn in FY24 and INR 1.3bn in H1FY25.

### Private wealth management – highlights

- The private wealth management (PWM) segment of MOSL focuses on catering to the UHNI clients with a net worth of more than INR 250mn. PWM has integrated platform with offerings across asset management, lending, investment banking and institutional equities.
- ARR assets of the PWM segment increased 11.1% on a QoQ-basis to INR 325bn vs. INR 293bn in Q1FY25.

- MOSL has added 127 RMs in the past one year and total RMs stand at 585 as on Q2FY25. 28% of these RMs having three-plus years of vintage. Management has guided for RM count to reach 700 by end of FY25.
- As per management, the productivity of an RM becomes 2x in the third year compared to the RMs in first year. 32% of the RMs for MOSL have a vintage of less than three years, which should lead to increasing productivity going ahead. MOSL has made an investment of ~15% of the wealth management top line in these RMs, which management expects to recoup over the course of the next couple of years.
- Total number of families in PWM grew to 13.4k in Q2FY25 vs. 13.3k in Q1FY25.
- PWM's total net revenue increased 31% QoQ to INR 2,420mn in Q2FY25 vs. INR 1,859mn in Q1FY25. PAT for the segment increased 50% QoQ to INR 898mn in Q2FY25 vs. INR 598mn in Q1FY25.
- We estimate total PWM ARR assets to increase by 11% in H2FY25 to INR 362bn, 20% in FY26E to INR 433bn and 18% in FY27E to INR 512bn. We estimate net revenues to be INR 9.6bn/12.2bn/14.5bn in FY25/26/27E vs. INR 7.1bn in FY24 and INR 4.3bn in H1FY25. We estimate segmental PAT to be INR 3.4bn/4.3bn/5.3bn in FY25/26/27E vs. INR 2.5bn in FY24 and INR 1.5bn in H1FY25. We expect the benefit of strong RM addition to be visible in FY25E and FY26E; hence, we factor in higher growth in PAT (34% YoY in FY25E, 28% in FY28E and 22% in FY27E).

### Asset management and private equity – highlights

- Total MF AUM for MOSL increased 31% QoQ to INR 801bn in Q2FY25 while PMS + AIF AUM for MOSL increased 17% QoQ to INR 306bn.
- PE/RE AUM decreased 6% QoQ to INR 99bn. 6th MOSL's Real Estate Fund raised INR 16bn and a final close is expected in Q3FY25.
- Out of the 12 strategies in MF + PMS + AIF, nine strategies outperformed their benchmarks on a one-year return basis, as on 30 Sep'24. This constitutes 95% of total AUM.
- SIP flow market share increased from 1.9% in Q1FY25 to 2.6% in Q2FY25. SIP AUM market share increased from 1.2% in Q1FY25 to 1.3% in Q2FY25.
- MOSL's mid-cap fund, Motilal Oswal Midcap Fund (AUM of INR 175bn) gave a one-year return of 71.8% on a one-year basis in Sep'24. Its performance rank for the mentioned period among 29 mid-cap funds stood at 1<sup>st</sup> (vs. 4<sup>th</sup> in Jun'24). MOSL's flexi-cap fund, Motilal Oswal Flexi Cap Fund (AUM of INR 122bn) reported a one-year return of 62.8% on a one-year-basis in Sep'24. Its performance rank for the mentioned period, amongst 38 flexi-cap funds, stood at 1<sup>st</sup> (vs. 4<sup>th</sup> in Jun'24). MOSL's ELSS fund, Motilal Oswal ELSS Tax Saver Fund (AUM of INR 41bn) gave a one-year return of 66.6% on a one-year-basis in Sep'24. Its performance rank for the mentioned period amongst 42 ELSS funds stood 1<sup>st</sup> (vs. 1<sup>st</sup> in Jun'24). MOSL's Large & Mid cap fund, Motilal Oswal Focused Fund (AUM of INR 62bn) gave a one-year return of 40.9% on a one-year basis in Sep'24. Its performance rank for the mentioned period amongst 28 focused funds was 16<sup>th</sup> (vs. 24<sup>th</sup> in Jun'24).
- Management aims to launch a new scheme either on the active or passive side every month. The management believes that there are gaps in their product suite they are looking at filling that gap. On passive side, MOSL is looking to create some of the first-of-kind products in the country.
- This segment total net revenue increased 23.9% QoQ to INR 2,484mn in Q2FY25 vs. INR 2,005mn in Q1FY25. PAT for the segment increased 26% QoQ to INR 1,231mn vs. INR 975mn in Q1FY25.
- We estimate total AMC + PE/RE ARR assets to increase by 10% in H2FY25 to INR 1.33trn, 20% in FY26E to INR1.59trn and 15% in FY27E to INR 1.8trn. We expect

ARR yields to be 0.74%/0.70%/0.68% in FY25E/26/27E vs. 0.75% in H1FY25. We estimate net revenues to be INR 9.3bn/11.8bn/13.4bn in FY25/FY26/27E vs. INR 7.4bn in FY24 and INR 4.5bn in H1FY25. We estimate segmental PAT to be INR 4.5bn/5.7bn/6.6bn in FY25/26/27E vs. INR 3.6bn in FY24 and INR 2.2bn in H1FY25.

### Housing finance – highlights

- Disbursements of home loans in Q2FY25 increased 2.7% QoQ to INR 3.6bn. AUM remained flat in Q2FY25 at INR 42bn. Collection efficiency ratio increased from 122.2% in Q1FY25 to 123.4% in Q2FY25.
- Net interest income decreased 1.4% QoQ to INR 811mn in Q2FY25 vs. INR 823mn in Q1FY25. Reported NIMs decreased in Q2FY25 to 7.03% from 7.30% in Q1FY25.
- Segment's PAT slipped 2.6% QoQ to INR 268mn in Q2FY25 vs. INR 275mn in Q1FY25.
- We estimate total loan book to increase by 9% in H2FY25 to INR 45.9bn, 25% in FY26E to INR 57.3bn and 19% in FY27E to INR 68.1bn. We estimate net interest income to be INR 3.3bn/4bn/4.6bn in FY25/26/27E vs. INR 3.2bn in FY24 and INR 1.6bn in H1FY25. We estimate segmental PAT to be INR 1.2bn/1.5bn/1.9bn in FY25/26/27E vs. INR 1.3bn in FY24 and INR 0.54bn in H1FY25.

### Treasury – highlights

- Treasury segment has given a healthy return at 20.8% XIRR since FY14.
- The main objective of this segment is to help absorb shocks in an uncertain environment, and grab new opportunities while fostering existing business.
- This segment reported total net revenue of INR 8,610mn in Q2FY25 vs. INR 6,160mn in Q1FY25. PAT for the segment stood at INR 7,010mn in Q2FY25 vs. INR 5,897mn in Q1FY25.

### Consolidated summary

- On a consolidated level, MOSL reported total revenue of INR 28.5bn in Q2FY25 vs. INR 23.2bn in Q1FY25. Consolidated PAT for MOSL stood at INR 11.2bn in Q2FY25 vs. INR 8.8bn in Q1FY25. Core PAT (adjusted for treasury income and capital charge) for MOSL stood at INR 5.1bn in Q2FY25 vs. INR 4.1bn in Q1FY25.
- We estimate total revenue on a consolidated level (adjusted for inter-company adjustments) to be INR 95.2bn/110bn/127bn in FY25/26/27E vs. INR 71.3bn in FY24 and INR 51.7bn in H1FY25. We estimate consolidated PAT for MOSL to be INR 34.5bn/40.1bn/46.5bn in FY25/26/27E vs. INR 24.5bn in FY24 and INR 20bn in H1FY25 while core PAT (adjusted for treasury income and capital charge) to be INR 18.4bn/23.3bn/27.3bn in FY25/26/27E vs. INR 14.3bn in FY24 and INR 9.2bn in H1FY25.

### Valuation

Implied valuation is based on the SoTP methodology. We assign multiples of 15x/32x/32x/15x P/E on FY27E PAT for capital markets (IB IE)/AMC + PE/PWM/wealth management. In the AMC + PE segment, we add an additional INR 10bn of PV of carry income to total value as well. We assign a 1.2x FY27E book value for the affordable housing lending HFC segment. We value the treasury AUM on a 1x-basis, as on H1FY25. We also account for a 20% holding company discount to account for the inter-company adjustments done at the consolidated level by MOSL.

Basis this methodology, we arrive at a TP of INR 948 per share.

**Exhibit 1: SoTP-based valuation**

Business	Base	FY27E	Multiple	Holding discount	FY27E	Value/share (FY27)	% Share
Capital Market (IE IB)	FY27 PAT	3,582	15	20%	42,986	72	7.6%
AMC + PE	FY27 PAT	6,528	32	20%	1,77,122	297	31.3%
PWM	FY27 PAT	5,238	32	20%	1,34,094	225	23.7%
Wealth mgmt. (Brok)	FY27 PAT	11,333	15	20%	1,36,002	228	24.0%
HFC	FY27 Book value	17,549	1.2	20%	16,847	28	3.0%
Treasury	H1FY25 AUM	85,955	1	20%	59,068	99	10.4%
<b>Total</b>					<b>5,66,120</b>	<b>948</b>	
NOSH					597		
CMP						<b>998</b>	
<b>Upside</b>							<b>-5.0%</b>

Source: I-Sec research, Company data

Note: we add an additional INR 10bn of PV of carry income in AMC + PE segment

**Exhibit 2: Segment-wise annual summary for MOSL**

INR (Mn)	FY24	FY25E	FY26E	FY27E
<b>Wealth Management</b>				
Total Net Revenue	17,857	21,935	25,619	30,303
ARR Revenue	7,253	9,897	11,374	13,946
TBR Revenue	10,619	12,038	14,245	16,357
PBT	8,120	10,090	12,809	15,152
PBT Margin	45.47%	46.00%	50.00%	50.00%
<b>PAT</b>	<b>6,131</b>	<b>7,548</b>	<b>9,581</b>	<b>11,333</b>
ARR AUM	2,07,789	2,75,527	3,25,122	3,96,648
TBR AUM	18,09,638	29,66,885	34,15,270	40,35,292
ARR Revenue Yields	4.38%	4.10%	4.10%	3.86%
TBR Revenue Yields	0.73%	0.50%	0.45%	0.44%
Cash ADTV	26,504	49,032	68,644	78,941
F&O premium ADTV	48,183	65,048	71,552	82,285
<b>Capital Markets (IE + IB)</b>				
Total Net Revenue	4,350	5,826	7,107	8,257
PBT	2,632	3,321	4,122	4,789
PBT Margin	60.50%	57.00%	58.00%	58.00%
<b>PAT</b>	<b>1,965</b>	<b>2,484</b>	<b>3,083</b>	<b>3,582</b>
<b>Private Wealth Management</b>				
Total Net Revenue	7,060	9,573	12,217	14,468
PBT	3,370	4,499	5,742	7,003
PBT Margin	47.73%	47.00%	47.00%	48.40%
<b>PAT</b>	<b>2,505</b>	<b>3,366</b>	<b>4,295</b>	<b>5,238</b>
ARR AUM	2,58,467	3,61,468	4,33,762	5,12,648
TBR AUM	9,81,225	13,82,238	16,86,330	19,89,869
ARR Revenue Yields	1.54%	1.43%	1.42%	1.44%
TBR Revenue Yields	0.34%	0.33%	0.33%	0.32%
<b>AMC + PE</b>				
Total Net Revenue	7,416	9,331	11,813	13,427
PBT	4,707	6,065	7,678	8,728
PBT Margin	63.48%	65.00%	65.00%	65.00%
<b>PAT</b>	<b>3,567</b>	<b>4,537</b>	<b>5,743</b>	<b>6,528</b>
ARR AUM	8,18,581	13,27,980	15,93,576	18,32,612
ARR Revenue Yields	0.89%	0.74%	0.70%	0.68%
<b>HFC</b>				
Net Interest Income (NII)	3,122	3,353	4,054	4,643
PBT	1,713	1,581	2,042	2,542
PBT Margin	50.58%	43.78%	46.78%	50.66%
<b>PAT</b>	<b>1,292</b>	<b>1,192</b>	<b>1,539</b>	<b>1,917</b>
Loan Book/AUM (INR mn)	40,484	45,919	57,297	68,101
Disbursement INR (mn)	10,170	14,747	22,858	30,858
Interest Income Yields (Reported)	14.22%	14.00%	14.00%	13.80%
NIM Reported	7.60%	7.76%	7.86%	7.40%
Cost of Funds Reported	8.33%	9.00%	9.00%	9.50%
Opex to AUM	3.84%	4.14%	3.78%	3.36%
<b>Treasury</b>				
Revenue	14,510	21,956	23,131	27,449
PAT	9,059	14,993	15,716	17,901
AUM	66,780	84,638	1,00,413	1,19,179
<b>Consolidated</b>				
Total Revenue	71,305	95,245	1,09,989	1,27,321
EBITDA	31,684	48,130	55,699	64,550
Margin	42.1%	48.6%	48.0%	47.4%
<b>PAT</b>	<b>24,456</b>	<b>34,560</b>	<b>40,104</b>	<b>46,480</b>
<b>Core PAT</b>	<b>14,326</b>	<b>18,458</b>	<b>23,279</b>	<b>27,371</b>

Source: I-Sec research, Company data

**Exhibit 3: Segment-wise quarterly summary for MOSL**

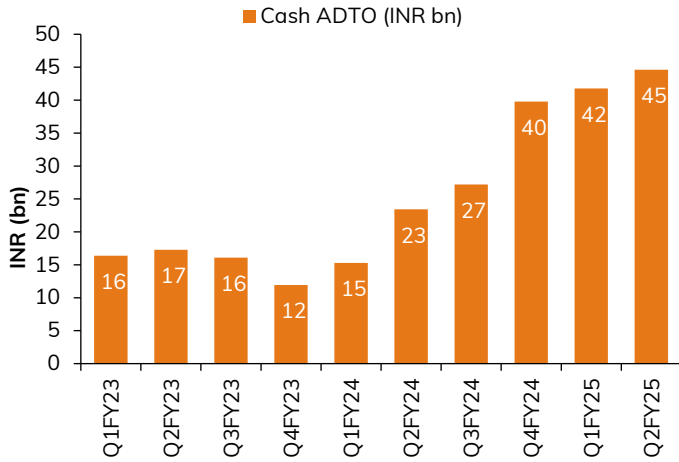
INR (Mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Wealth Management</b>						
Total Net Revenue	3,745	4,170	4,371	5,572	5,304	6,340
ARR Revenue	1,515	1,788	1,882	2,266	2,238	2,802
TBR Revenue	2,230	2,381	2,489	3,306	3,065	3,538
PBT	1,392	1,758	2,197	2,773	2,342	3,030
PBT Margin	37.18%	42.16%	50.26%	49.77%	44.16%	47.79%
<b>PAT</b>	<b>1,051</b>	<b>1,326</b>	<b>1,644</b>	<b>2,110</b>	<b>1,773</b>	<b>2,245</b>
ARR AUM	1,51,252	1,69,798	1,87,433	2,07,789	2,36,938	2,49,495
TBR AUM	11,39,526	13,99,692	16,54,723	18,09,638	24,12,776	26,94,156
ARR Revenue Yields	4.41%	4.46%	4.21%	4.59%	4.03%	4.61%
TBR Revenue Yields	0.79%	0.75%	0.65%	0.76%	0.58%	0.55%
Cash ADTV	15,279	23,431	27,204	39,777	41,775	44,607
F&O premium ADTV	35,145	43,759	47,444	66,049	76,457	65,329
<b>Capital Markets (IE + IB)</b>						
Total Net Revenue	1,364	1,128	886	973	1,344	1,738
PBT	803	652	540	636	772	974
PBT Margin	58.90%	57.83%	60.95%	65.44%	57.48%	56.04%
PAT	600	489	405	471	574	726
<b>Private Wealth Management</b>						
Total Net Revenue	1,454	1,600	1,726	2,281	1,859	2,420
PBT	737	719	822	1,092	813	1,202
PBT Margin	50.71%	44.95%	47.59%	47.88%	43.74%	49.66%
<b>PAT</b>	<b>550</b>	<b>538</b>	<b>613</b>	<b>804</b>	<b>598</b>	<b>898</b>
ARR AUM	1,98,660	2,14,704	2,41,719	2,58,467	2,93,189	3,25,647
TBR AUM	6,40,576	7,17,949	8,73,911	9,81,225	11,00,009	12,45,259
ARR Revenue Yields	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TBR Revenue Yields	0.35%	0.40%	0.32%	0.32%	0.26%	0.27%
<b>AMC + PE</b>						
Total Net Revenue	1,483	1,627	1,772	2,534	2,005	2,484
PBT	897	1,025	1,110	1,675	1,305	1,652
PBT Margin	60.52%	63.00%	62.65%	66.09%	65.08%	66.53%
<b>PAT</b>	<b>664</b>	<b>771</b>	<b>831</b>	<b>1,302</b>	<b>975</b>	<b>1,231</b>
ARR AUM	6,12,618	6,49,182	7,42,415	8,18,581	9,82,197	12,07,254
ARR Revenue Yields	0.84%	0.83%	0.83%	1.09%	0.75%	0.76%
<b>HFC</b>						
Net Interest Income (NII)	755	780	801	783	823	811
PBT	380	435	477	419	375	349
PBT Margin	46.85%	52.20%	54.98%	47.99%	41.32%	40.18%
<b>PAT</b>	<b>286</b>	<b>328</b>	<b>363</b>	<b>314</b>	<b>275</b>	<b>268</b>
Loan Book/AUM (INR mn)	37,486	37,299	37,540	40,484	40,980	42,093
Disbursement INR (mn)	930	1,971	2,470	4,799	2,525	3,675
Interest Income Yields (Reported)	14.48%	14.24%	14.20%	13.99%	14.00%	13.57%
NIM Reported	7.60%	7.71%	7.74%	7.09%	7.30%	7.03%
Cost of Funds Reported	8.34%	8.28%	8.30%	8.40%	8.37%	8.39%
Opex to AUM	3.54%	3.95%	4.04%	4.40%	4.78%	4.85%
<b>Treasury</b>						
Revenue	3,356	2,952	4,138	4,064	6,160	8,610
<b>PAT</b>	<b>2,202</b>	<b>1,782</b>	<b>2,798</b>	<b>2,276</b>	<b>4,509</b>	<b>5,793</b>
AUM	52,160	55,590	64,968	66,780	73,835	85,955
<b>Consolidated</b>						
Total Revenue	15,304	16,507	17,913	21,582	23,177	28,460
EBITDA	6,767	6,855	8,353	9,710	10,954	14,776
Margin	41.84%	39.73%	44.05%	42.38%	45.25%	49.97%
<b>PAT</b>	<b>5,261</b>	<b>5,334</b>	<b>6,615</b>	<b>7,246</b>	<b>8,836</b>	<b>11,218</b>
<b>Core PAT</b>	<b>2,817</b>	<b>3,301</b>	<b>3,557</b>	<b>4,651</b>	<b>4,121</b>	<b>5,048</b>

Source: I-Sec research, Company data

## Capital markets segment

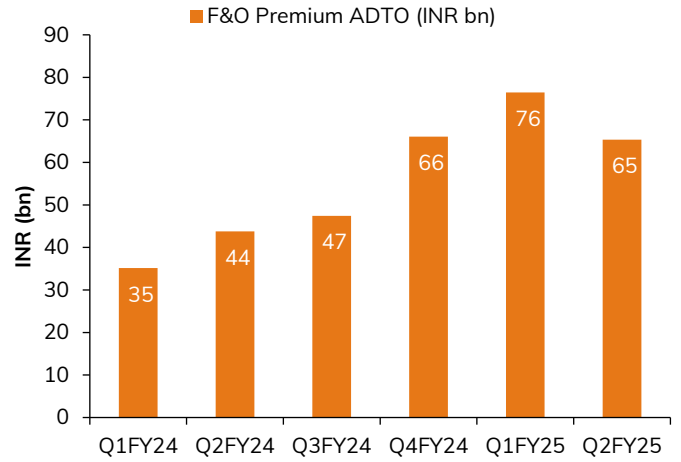
### Retail broking and distribution (wealth management)

**Exhibit 4: Cash ADTO – sharp rise in past 3 quarters**



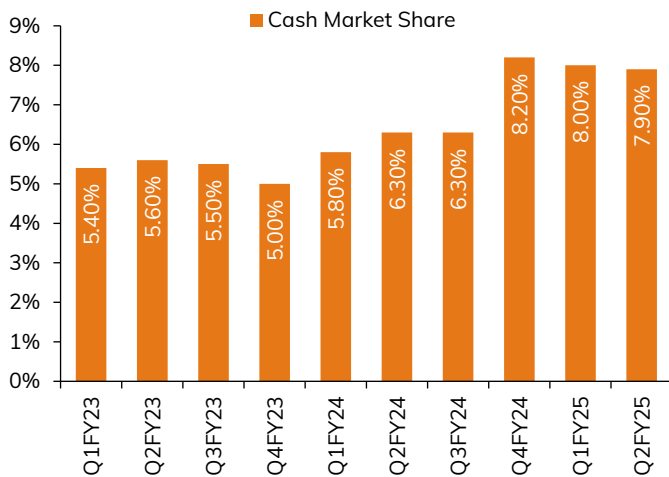
Source: I-Sec research, Company data

**Exhibit 5: F&O premium ADTO – decreased in Q2FY25**



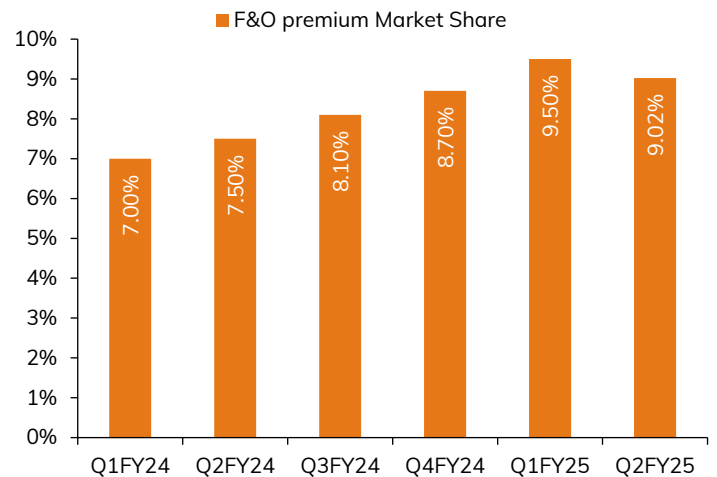
Source: I-Sec research, Company data

**Exhibit 6: Cash market share has been rising for MOSL**



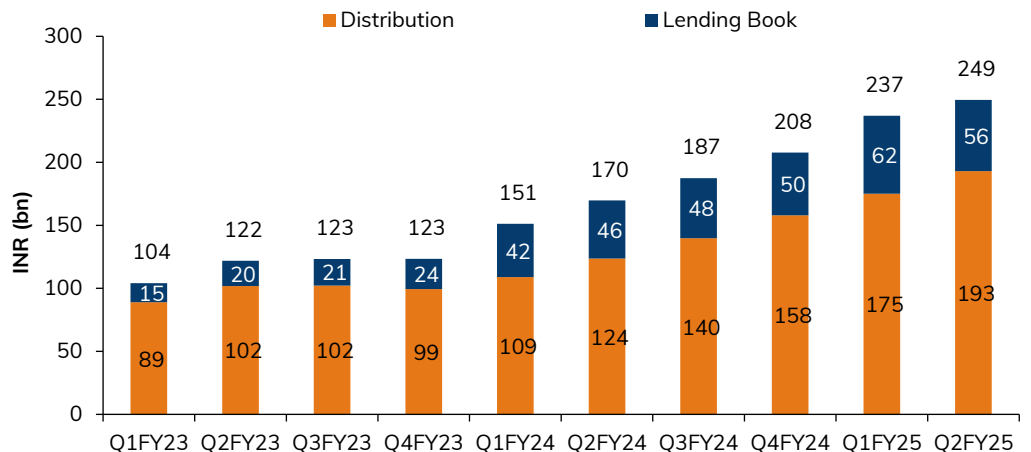
Source: I-Sec research, Company data

**Exhibit 7: F&O premium market share rising for MOSL**



Source: I-Sec research, Company data

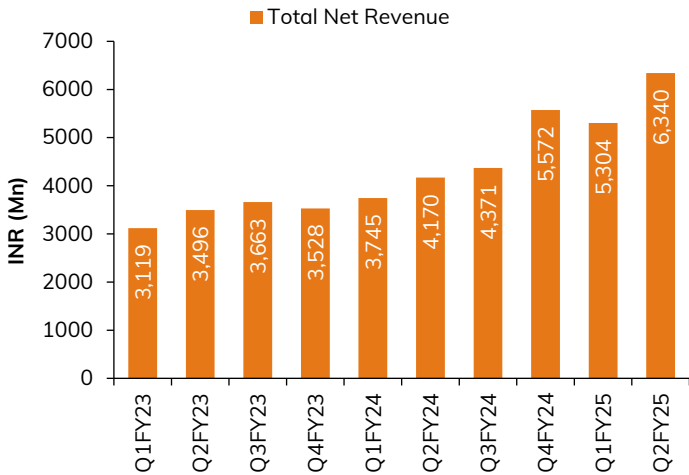
**Exhibit 8: Wealth management segment – ending ARR AUM trend**



Source: I-Sec research, Company data

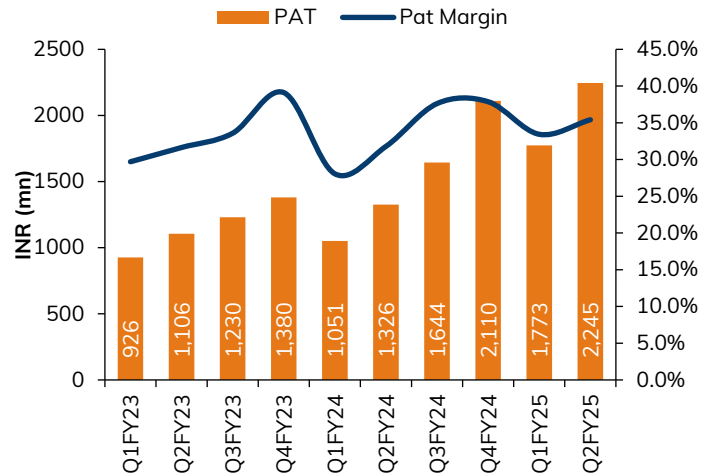


**Exhibit 9: Wealth management segment – total net revenue trend**



Source: I-Sec research, Company data

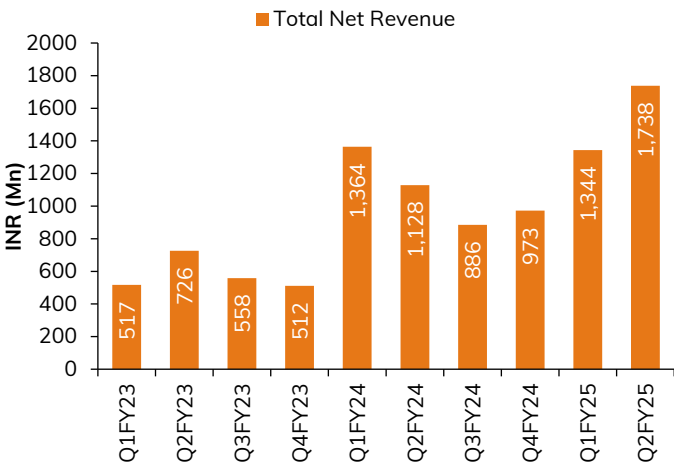
**Exhibit 10: Wealth management segment – PAT trend**



Source: I-Sec research, Company data

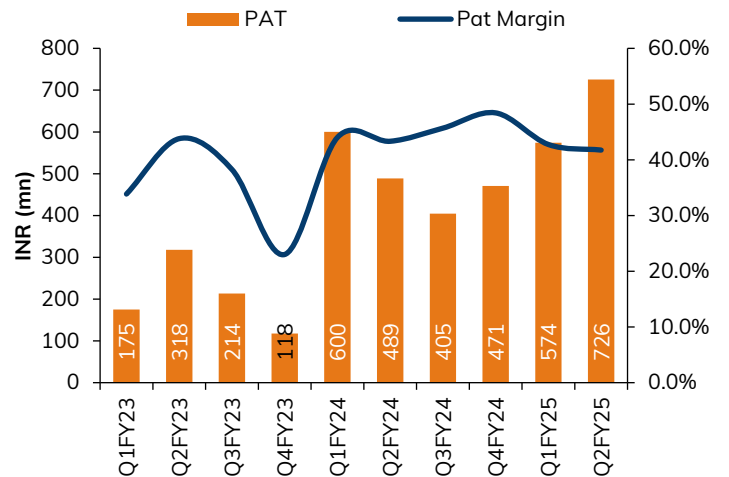
**Investment banking and institutional equities (capital markets)**

**Exhibit 11: Capital markets segment – total net revenue trend**



Source: I-Sec research, Company data

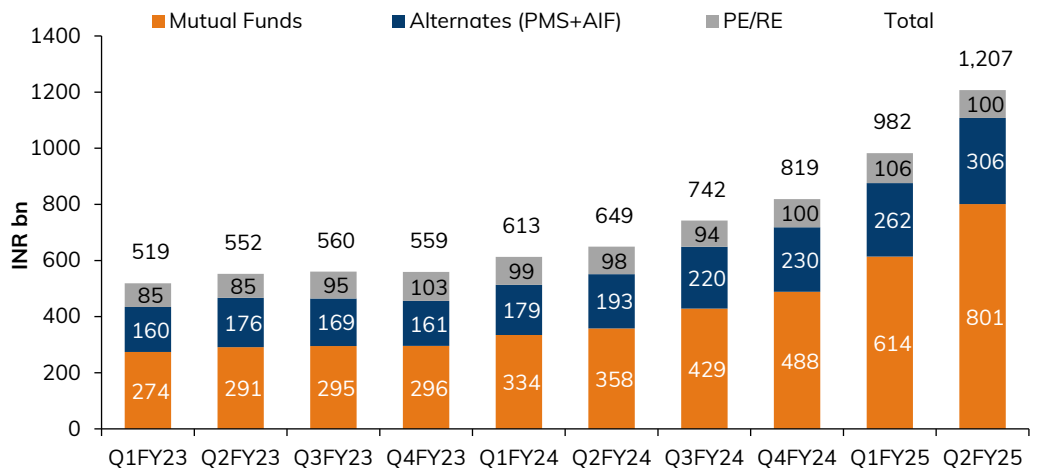
**Exhibit 12: Capital markets segment – total PAT trend**



Source: I-Sec research, Company data

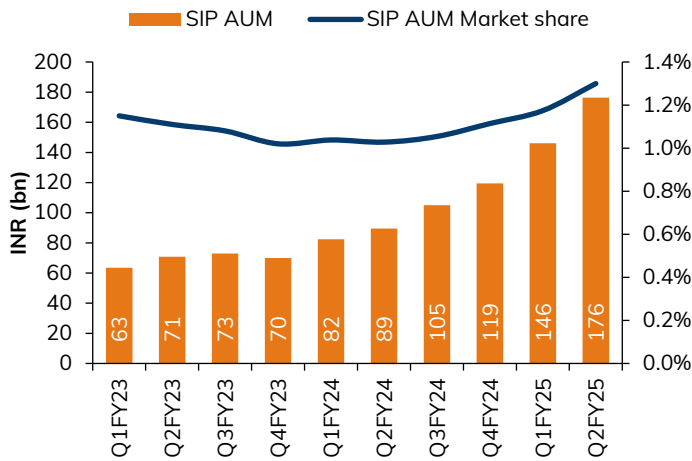
**Asset Management + Private Equity**

**Exhibit 13: AMC and PE segment – ending ARR AUM trend**



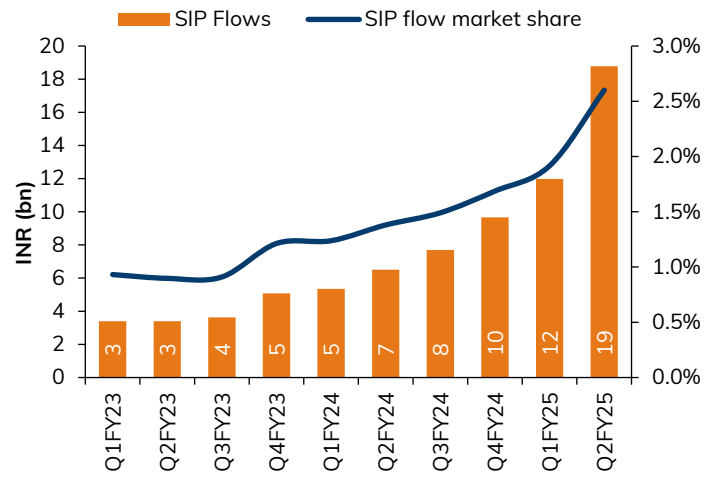
Source: I-Sec research, Company data

**Exhibit 14: Total SIP AUM and market share, both rising for MOSL**



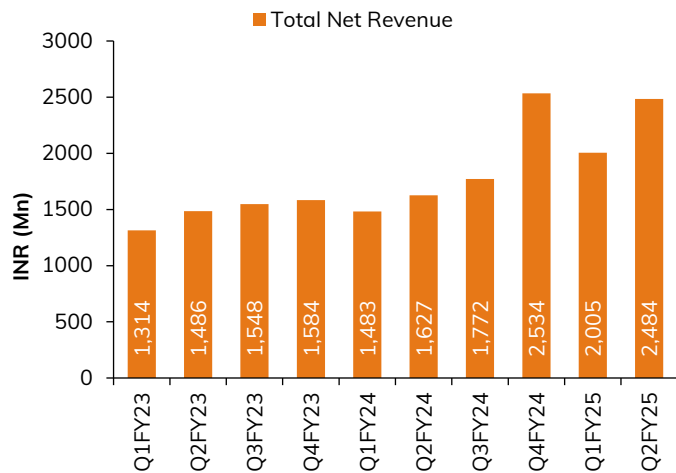
Source: I-Sec research, Company data

**Exhibit 15: Total SIP flows AUM and market share, both rising for MOSL**



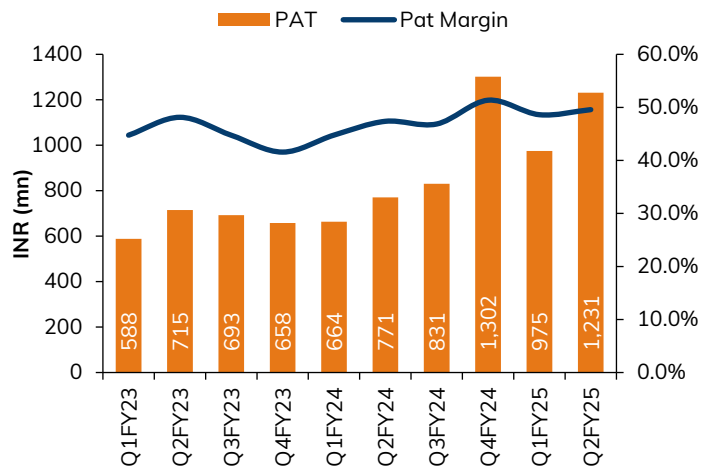
Source: I-Sec research, Company data

**Exhibit 16: AMC and PE segment – total net revenue trend**



Source: I-Sec research, Company data

**Exhibit 17: AMC and PE segment – total PAT trend**



Source: I-Sec research, Company data

**Exhibit 18: MOSL AMC scheme performance**

Type	Fund	AUM (INR bn)	Return (1Yr)	Number of Funds (as on Sep'24)	Rank - Sep'24	Rank - Aug'24	Rank - Jul'24	Rank - Jun-24	Rank - Mar-24	Rank - Dec-23	Rank - Sep'23
Equity Linked Savings Scheme	Motilal Oswal ELSS Tax Saver Fund-Reg(G)	41	66.6	42	1	1	1	1	4	2	2
Flexi Cap Fund	Motilal Oswal Flexi Cap Fund-Reg(G)	122	62.8	38	1	4	3	4	4	9	9
Focused Fund	Motilal Oswal Focused Fund-Reg(G)	21	40.9	28	16	19	21	24	24	23	18
Large & Mid Cap	Motilal Oswal Large & Midcap Fund-Reg(G)	62	60.5	29	2	4	3	3	3	1	1
Mid Cap Fund	Motilal Oswal Midcap Fund-Reg(G)	175	71.8	29	1	2	1	4	3	5	9

Source: I-Sec research, Ace MF; Note: Ranking is done based on 1 year return for the period

## Performance improvement in PMS

1-year ago, MOSL's PMS schemes were underperforming its benchmarks, but now are comfortably outperforming.

### Exhibit 19: Motilal Oswal Ethical Strategy – PMS scheme performance trend

AUM INR bn	AUM Rs bn	1 YR return	Benchmark	Top Holdings Sep'24	% of holding
Sep-24	0.75	45.03%	41.11%	KEI Industries	6.57%
Jul-24	0.67	53.69%	38.28%	CG Power	6.52%
Jun-24	NA	49.14%	34.70%	Siemens	6.52%
Aug-23	0.44	20.51%	11.34%	Bharat Electronics	6.12%
Jun-23	0.30	13.81%	12.85%	Global Health	5.28%

Source: I-Sec research, PMSbazaar.com

### Exhibit 20: Motilal Oswal Founders – PMS scheme performance trend

AUM INR bn	AUM Rs bn	1 YR return	Benchmark	Top Holdings Sep'24	% of holding
Sep-24	19.98	65.92%	41.11%	Zomato	7.07%
Jul-24	14.43	61.68%	38.28%	Suzlon Energy	6.49%
Jun-24	Undisclosed	48.63%	34.70%	Kalyan Jewellers	6.34%
Nov-23	Undisclosed	NA	NA	Inox Wind	4.89%
Aug-23	Undisclosed	NA	NA	Prestige Estates	4.82%
Jun-23	Undisclosed	NA	NA		

Source: I-Sec research, PMSbazaar.com

### Exhibit 21: Motilal Oswal Value Migration – PMS scheme performance trend

AUM INR bn	AUM Rs bn	1 YR return	Benchmark	Top Holdings Sep'24	% of holding
Sep-24	26.48	65.03%	41.11%	Zomato	6.84%
Jul-24	23.88	59.68%	38.28%	Suzlon Energy	6.54%
Jun-24	21.92	53.60%	34.70%	Kalyan Jewellers	6.46%
Nov-23	19.51	31.90%	13.44%	Inox Wind	4.92%
Aug-23	17.74	16.37%	11.34%	Prestige Estates	4.87%
Jun-23	16.52	11.22%	12.85%		

Source: I-Sec research, PMSbazaar.com

### Exhibit 22: Motilal Oswal BOP – PMS scheme performance trend

AUM INR bn	AUM Rs bn	1 YR return	Benchmark	Top Holdings Sep'24	% of holding
Sep-24	15.71	45.44%	41.11%	Zomato	6.83%
Jul-24	14.69	40.34%	38.28%	Kalyan Jewellers	6.53%
Jun-24	13.55	34.39%	34.70%	Suzlon Energy	6.45%
Nov-23	14.19	28.07%	13.44%	Inox Wind	5.01%
Aug-23	13.03	19.84%	11.34%	Prestige Estates	4.89%
Jun-23	11.98	17.47%	12.85%		

Source: I-Sec research, PMSbazaar.com

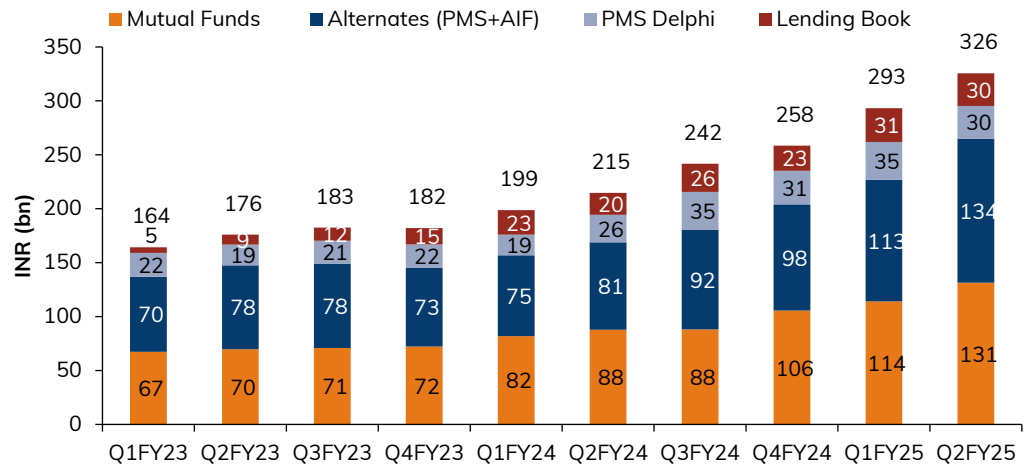
### Exhibit 23: Motilal Oswal NTDOP – PMS scheme performance trend

AUM INR bn	AUM Rs bn	1 YR return	Benchmark	Top Holdings Sep'24	% of holding
Sep-24	66.64	47.66%	41.11%	Piramal	5.30%
Jul-24	62.56	44.67%	38.28%	BSE	4.88%
Jun-24	58.57	34.62%	34.70%	Kalyan Jewellers	4.38%
Nov-23	58.1	17.94%	13.44%	Inox Wind	4.35%
Aug-23	56.29	4.87%	11.34%	Zomato	4.26%
Jun-23	61.72	3.18%	12.94%		

Source: I-Sec research, PMSbazaar.com

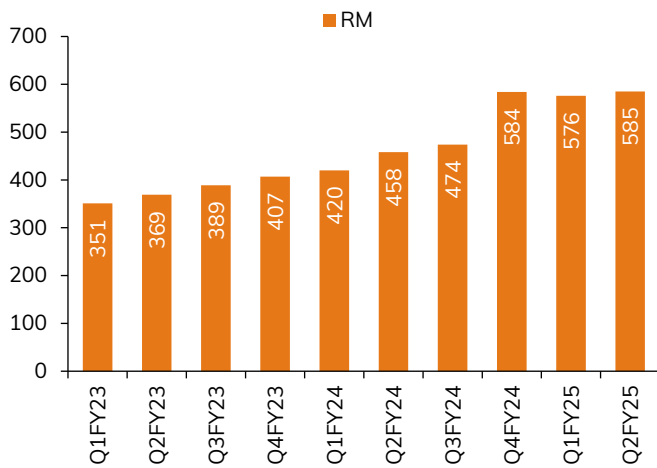
## Private Wealth Management

**Exhibit 24: Private wealth management segment – ending ARR AUM trend**



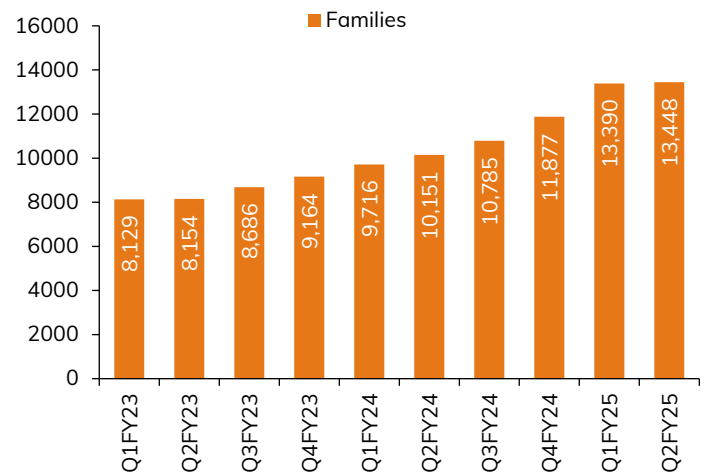
Source: I-Sec research, Company data

**Exhibit 25: Total RMs have been increasing for MOSL**



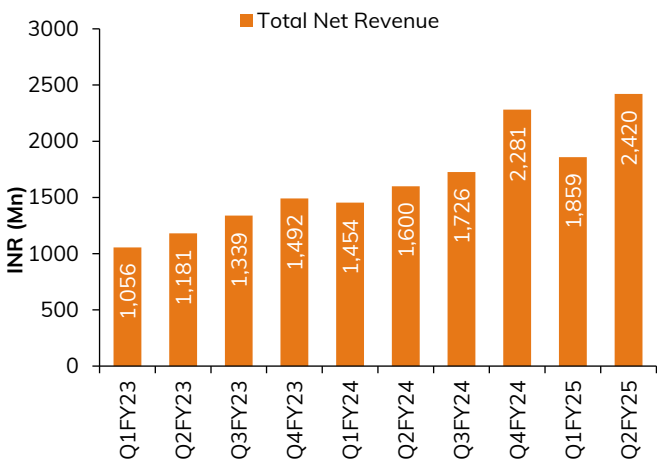
Source: I-Sec research, Company data

**Exhibit 26: Private wealth management business – total number of families**



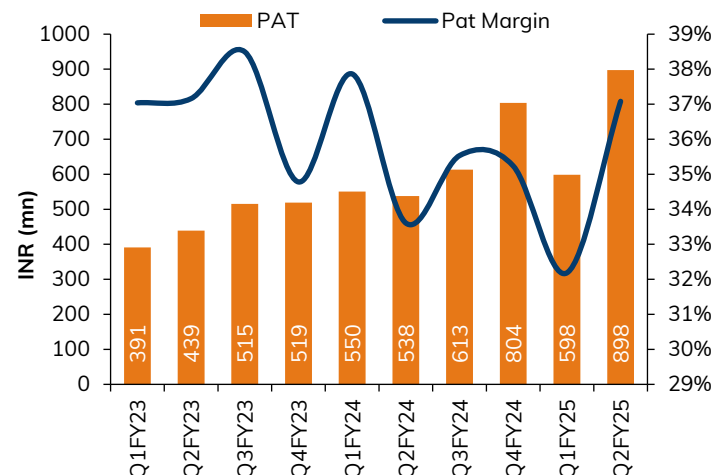
Source: I-Sec research, Company data

**Exhibit 27: Private wealth management segment – total net revenue trend**



Source: I-Sec research, Company data

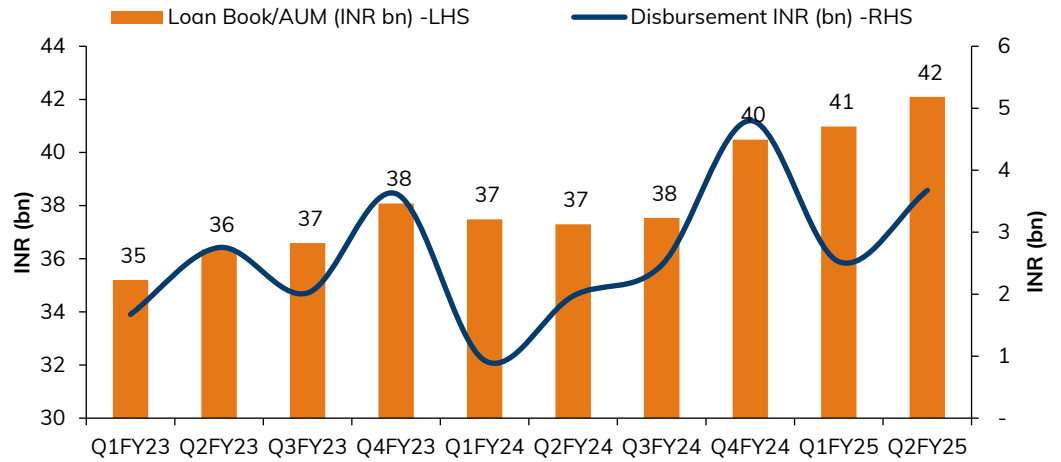
**Exhibit 28: Private wealth management segment – PAT trend**



Source: I-Sec research, Company data

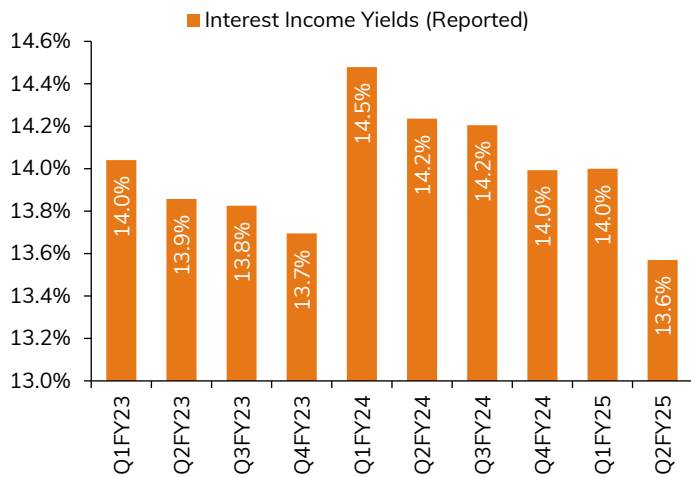
## Housing Finance

**Exhibit 29: HFC loan book and disbursement trend**



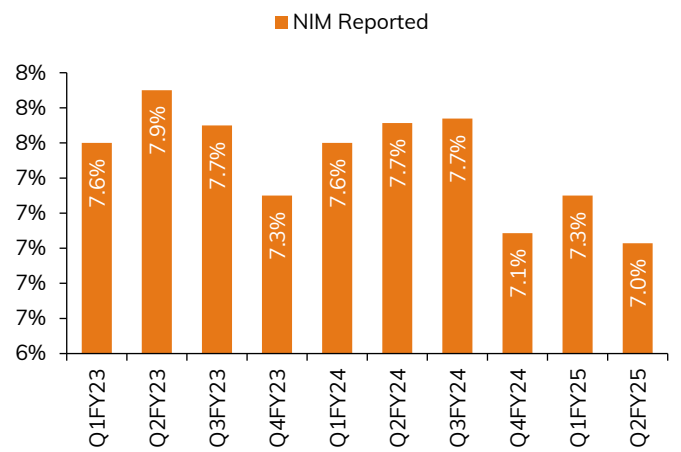
Source: I-Sec research, Company data

**Exhibit 30: Reported interest income yield trends**



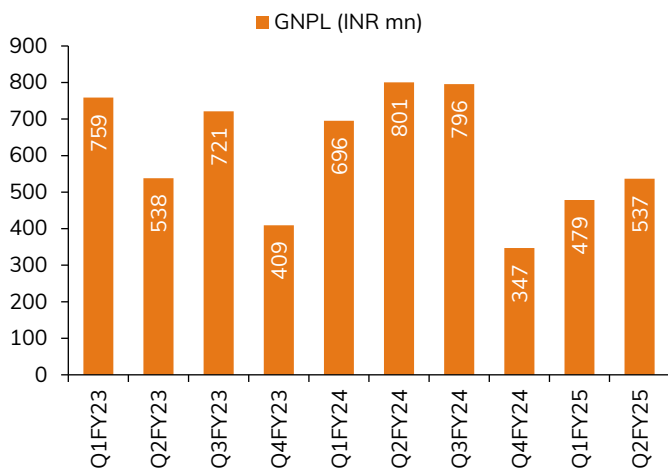
Source: I-Sec research, Company data

**Exhibit 31: Reported NIMs yield trends**



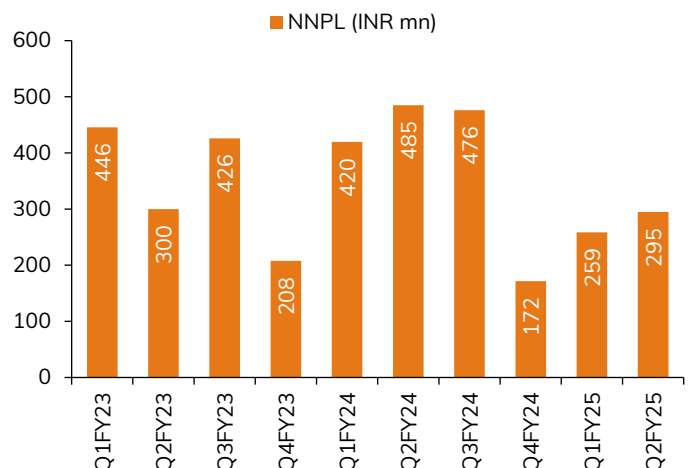
Source: I-Sec research, Company data

**Exhibit 32: Reported GNPL trends**



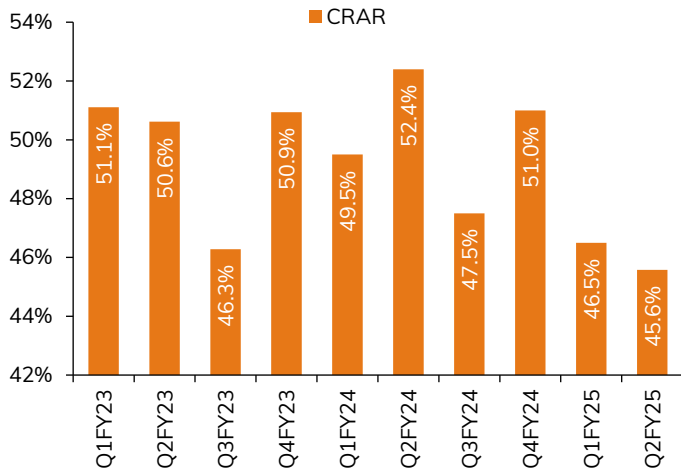
Source: I-Sec research, Company data

**Exhibit 33: Reported NNPL trends**



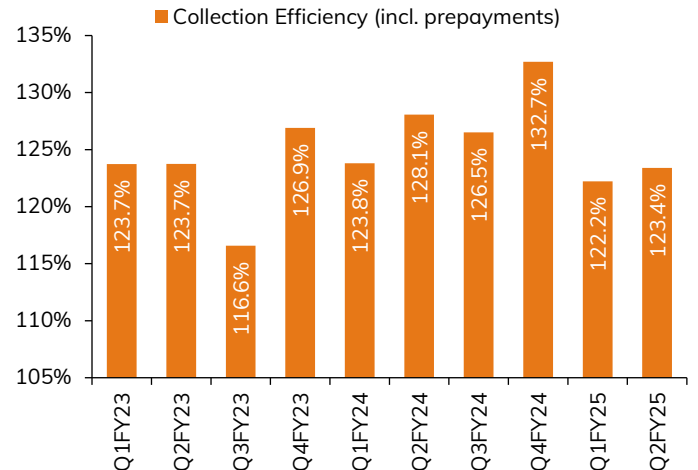
Source: I-Sec research, Company data

**Exhibit 34: Reported CRAR trends**



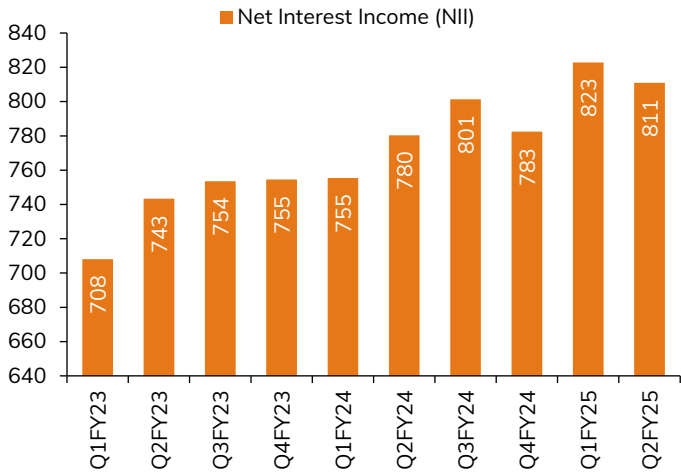
Source: I-Sec research, Company data

**Exhibit 35: Reported collection efficiency trends**



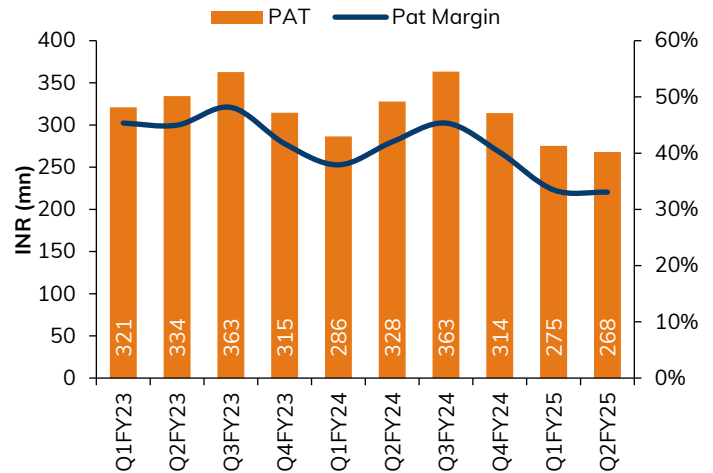
Source: I-Sec research, Company data

**Exhibit 36: HFC segment – total net interest income trend for**



Source: I-Sec research, Company data

**Exhibit 37: HFC segment – PAT trend**



Source: I-Sec research, Company data

**Exhibit 38: Shareholding pattern**

%	Mar'24	Jun'24	Sep'24
Promoters	69.2	69.0	68.9
Institutional investors	13.7	12.6	12.7
MFs and others	6.5	5.6	6.0
FIs/Banks	0.4	0.4	0.0
Insurance	0.1	0.2	0.1
FIIIs	6.7	6.5	6.6
Others	17.2	18.4	18.4

Source: Bloomberg

**Exhibit 39: Price chart**



Source: Bloomberg

## Financial Summary

### Exhibit 40: Profit & Loss

(INR mn, year ending )

	FY24A	FY25E	FY26E	FY27E
Net Revenue	48,266	68,804	79,479	92,445
<b>Operating Expenses</b>	<b>16,582</b>	<b>20,674</b>	<b>23,780</b>	<b>27,895</b>
EBITDA	31,684	48,130	55,699	64,550
<b>EBITDA Margin (%)</b>	-	-	-	-
Depreciation & Amortization	1,366	1,537	1,670	1,933
EBIT	30,319	46,592	54,029	62,618
Interest expenditure	-	-	-	-
Other Non-operating Income	-	-	-	-
Recurring PBT	30,319	46,592	54,029	62,618
<b>Profit / (Loss) from Associates</b>	-	-	-	-
<b>Less: Taxes</b>	<b>5,863</b>	<b>12,032</b>	<b>13,925</b>	<b>16,138</b>
PAT	24,456	34,560	40,104	46,480
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	24,456	34,560	40,104	46,480
<b>Net Income Adjusted for Fund based Income</b>	<b>14,326</b>	<b>18,458</b>	<b>23,279</b>	<b>27,371</b>

Source Company data, I-Sec research

### Exhibit 41: Balance sheet

(INR mn, year ending )

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	2,43,989	2,57,680	2,72,003	2,87,280
of which cash & cash eqv.	1,20,713	1,24,358	1,27,630	1,30,751
Total Current Liabilities & Provisions	87,098	91,453	96,026	1,00,827
<b>Net Current Assets</b>	<b>1,56,891</b>	<b>1,66,227</b>	<b>1,75,977</b>	<b>1,86,453</b>
Investments	65,007	99,566	1,39,671	1,86,151
Net Fixed Assets	5,694	6,263	6,889	7,578
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	339	373	410	451
Other assets	2,405	2,645	2,910	3,201
Deferred Tax assests	859	945	1,040	1,144
<b>Total Assets</b>	<b>2,31,194</b>	<b>2,76,019</b>	<b>3,26,897</b>	<b>3,84,977</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>1,37,456</b>	<b>1,44,329</b>	<b>1,51,545</b>	<b>1,59,123</b>
<b>Deferred Tax Liability</b>	<b>3,971</b>	<b>4,170</b>	<b>4,378</b>	<b>4,597</b>
provisions	860	903	948	995
other Liabilities	1,220	1,280	1,344	1,412
Equity Share Capital	597	597	597	597
Reserves & Surplus	86,721	1,24,371	1,67,714	2,17,883
<b>Total Net Worth</b>	<b>87,318</b>	<b>1,24,968</b>	<b>1,68,311</b>	<b>2,18,480</b>
Minority Interest	370	370	370	370
<b>Total Liabilities</b>	<b>2,31,194</b>	<b>2,76,019</b>	<b>3,26,897</b>	<b>3,84,977</b>

Source Company data, I-Sec research

### Exhibit 42: Key ratios

(Year ending )

	FY24A	FY25E	FY26E	FY27E
<b>Capital markets- IB (%)</b>				
PBT Margin	60.5	57.0	58.0	58.0
Opex % of Net Revenue	39.5	43.0	42.0	42.0
<b>PWM</b>				
<b>Yields (bps)</b>				
Mutual Funds	46.6	52.0	50.0	50.0
Alternates (PMS+AIF)	117.7	90.0	88.0	90.0
PMS Delphi	26.2	24.0	22.0	23.0
Brokerage Income	33.6	33.0	33.0	32.0
NIM on Loans (%)	9.69	9.10	9.05	9.10
PBT Margin (%)	47.7	47.0	47.0	48.4
<b>AMC PE</b>				
AMC + PE Yield (bps)	88.6	73.7	70.1	68.1
Commision as %age of AAUM (bps)	37.4	30.0	28.3	27.4
Opex as %age of AAUM (bps)	39.3	30.4	28.3	27.4
PBT Margin (%)	63.5	65.0	65.0	65.0
<b>Wealth Management</b>				
ARR Yield (bps)	438.1	409.5	410.0	386.4
TBR Yield (bps)	72.9	50.4	44.6	43.9
F&O & cash Yield (bps)	0.08	0.08	0.08	0.08
PBT Margin(%)	45.5	46.0	50.0	50.0
<b>HFC</b>				
NIMs to AUM (%)	7.9	7.8	7.9	7.4
Other income to AUM (%)	2.7	0.6	0.6	0.6
Opex to AUM (%)	3.8	4.1	3.8	3.4
Cost to income (%)	45.9	52.6	49.7	45.6
Credit cost to AUM (%)	0.3	0.3	0.3	0.3
RoA (%)	3.1	2.6	2.9	3.0
RoE (%)	10.6	8.8	10.4	11.6

Source Company data, I-Sec research

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