

**Price:** 621

**Recommendation:** Buy

**Industry:** Stockbroking & Allied

**Sector:** Financial Services

**Report Date:** 03-Apr-2025

Motilal Oswal Financial Services Limited is a leader in mutual fund and broking businesses, serving over 10 million customers. In Q3FY25, it reported a 43% increase in operating revenue to Rs. 1,345 crore and a 38% rise in profit to Rs. 525 crore. The company is expanding its Wealth Management and Asset Management segments, with significant growth in assets under advice. Despite a temporary dip in broking market share, it remains confident in future growth through strategic initiatives.

Sales		Profit & Loss		Profitability Matrix	
Current Year	6019 Cr	Operating Profit(Year)	3116 Cr	Operating Profit Margin	51.8 %
Previous Year	2666 Cr	Operating Profit(Quarter)	564 Cr	EBITDA Margin	38.33 %
Current Quarter	1238 Cr	PAT (Year)	1491 Cr	Net Profit Margin	32.8 %
Previous Quarter	1781 Cr	PAT (Quarter)	289 Cr	EPS	32.1
Revenue (QYoY)	1125 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	19.4	Sales Growth	62.6 %	Sales Growth	-30.49 %
PEG Ratio	0.54	PAT Growth	162.04 %	Sales Growth QYoY	10.04 %
EV/EBITDA	11.0	EPS Growth	28.4 %	PAT Growth	-51.1 %
P/B	5.09	Dividend Yield	0.81	PAT Growth QYoY	-23.75 %
Capital Allocation		Holdings		Leverage	
RoE	28.8 %	Promoter	68.7 %	Debt/Equity	1.23
RoA	8.58 %	FII	5.88 %	Debt	8965 Cr
RoCE	21.4 %	DII	6.39 %	Market Cap	37202 Cr
RoIC	48.1 %	Public	19.0 %	Enterprise value	35105 Cr
		No of Shares	59.9 Cr	Cash Equivalents	11063 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent earnings call, Motilal Oswal Financial Services Limited highlighted several new initiatives and business strategies aimed at sustaining growth and enhancing market presence. The company has crossed a significant milestone by servicing over 10 million customers, with 6.8 million unique mutual fund folios and 4.7 million unique broking accounts. This positions them as a leader in both mutual fund and broking businesses. The operating revenue for Q3FY25 was reported at Rs. 1,345 crore, marking a 43% year-on-year increase, while operating profit after taxes rose by 38% to Rs. 525 crore. The assets under advice (AUA) surpassed Rs. 6 lakh crore, up 62% year-on-year, reflecting a robust growth trajectory.

The company is actively pursuing diversification and expansion strategies. In the Wealth Management segment, the total assets under advice grew to Rs. 3,08,000 crore, a 67% increase year-on-year. The acquisition of clients rose by 13% to approximately 1.6 lakh clients in Q3FY25. The company is focusing on increasing its distribution book, leveraging a strong client base and a dedicated distribution team, which is expected to grow from 600 to 1,000 people. The distribution AUM grew 38% year-on-year to Rs. 32,000 crore, with net flows quadrupling to Rs. 3,000 crore during the quarter. The company is also enhancing its digital capabilities, with a mobile app aligned with market competition, aiming to boost digital client acquisition.

Looking ahead, Motilal Oswal is optimistic about future growth and scaling opportunities. The company anticipates continued growth in the financial savings sector, driven by rising mutual fund folios and demat accounts. The broking industry is expected to consolidate, benefiting larger players like Motilal Oswal. The company is also expanding its Asset Management business, with a focus on launching new funds and increasing its market share. The Asset Management AUM stands at over Rs. 1.3 lakh crore, up 100% year-on-year, with mutual fund AUM at Rs. 98,000 crore, up 128%. The company plans to launch new funds monthly, covering both active and passive strategies.

While the company has demonstrated strong performance, there are areas for improvement. The market share in the broking segment experienced a temporary dip due to market corrections and regulatory changes. However, the company remains confident in regaining and increasing its market share through quality advisory services and strategic pricing adjustments. The focus on expanding the distribution network and enhancing digital capabilities is expected to drive future growth. Overall, Motilal Oswal's strategic initiatives and robust financial performance position it well for continued success in the evolving financial services landscape.

MOTILALOFS Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Prudent Corp.	8848.56	46.93	33.40%	-0.36%	35.78%	-6.46%	34.99%
IIFL Capital	7022.07	9.12	32.32%	-9.73%	4.26%	-3.86%	31.46%
Motil.Oswal.Fin.	37202.46	19.38	28.76%	-30.48%	10.00%	-51.07%	-23.62%
ICICI Securities	29148.63	13.90	50.09%	-7.07%	19.90%	-4.65%	8.33%
Monarch Network	2664.94	17.21	43.40%	-26.50%	-7.49%	-7.87%	5.06%

Aspect	Commentary
Revenue	The company shows strong revenue growth with a significant year-on-year increase, indicating robust sales performance. However, quarter-on-quarter figures reveal a decline, suggesting potential seasonal impacts or market fluctuations affecting short-term revenue generation.
Profit & Loss	The profit and loss statement reflects a healthy operating profit margin, with substantial year-on-year growth in profit after tax. This indicates effective cost management and operational efficiency, although quarterly figures suggest a need for strategic adjustments to maintain momentum.
Profitability Matrix	The profitability matrix highlights strong operating and net profit margins, underscoring the company's ability to convert sales into actual profit. The high EPS further indicates shareholder value creation, positioning the company favorably in its sector.
Valuation Matrix	Valuation metrics suggest the company is reasonably valued with a moderate P/E ratio and a low PEG ratio, indicating potential for growth. The EV/EBITDA ratio supports this view, suggesting the company is efficiently generating earnings relative to its enterprise value.
Growth (YoY)	Year-on-year growth metrics are impressive, with significant increases in sales, PAT, and EPS. This reflects the company's strong market position and effective growth strategies, enhancing investor confidence and indicating robust long-term prospects.
Growth (QoQ)	Quarter-on-quarter growth figures show a decline, highlighting potential challenges in maintaining consistent growth. This suggests the need for strategic initiatives to address short-term market dynamics and sustain growth momentum.
Capital Allocation	The capital allocation metrics reveal strong returns on equity, assets, and capital employed, indicating efficient use of resources. The high return on invested capital suggests the company is generating substantial value from its investments.
Holdings	The holdings structure shows a high promoter stake, indicating confidence in the company's prospects. Institutional holdings are moderate, suggesting potential for increased institutional interest as the company continues to perform well.
Leverage	The leverage metrics indicate a moderate debt-to-equity ratio, suggesting a balanced approach to financing. The substantial cash equivalents provide a buffer, enhancing financial stability and flexibility for future investments or debt servicing.

**Analyst viewpoint:** Motilal Oswal Financial Services Limited continues to demonstrate robust short to mid-term growth prospects, underpinned by strategic diversification and efficient capital allocation. Recent performances indicate a marked 43% increase in operating revenue and a 38% rise in profit year-over-year, showcasing effective cost management and operational efficiency. The company's capital allocation metrics such as RoE and RoCE underscore its adept use of resources, delivering substantial shareholder value. In addressing competitive challenges, Motilal Oswal's focus on enhancing digital capabilities and expanding its distribution network aligns perfectly with current market needs, promising steady growth and improved market positioning.

Moreover, upcoming strategic initiatives like frequent launches of new funds in the Asset Management segment are poised to significantly boost the company's market share. Valuation metrics with a moderate P/E ratio and a promising PEG ratio emphasize potential undervaluation relative to its growth prospects, proposing that Motilal Oswal is an attractive investment avenue currently positioned at a competitive price point in the financial services sector. While a temporary dip in broking market share requires monitoring, proactive measures and confidence in regaining momentum reflect positively within its market strategy. This balanced approach anticipates continued prosperity in the financial services landscape.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

- GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.
- GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.
- I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.
- I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.
- I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.
- GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.
- In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)