

Record Operating PAT; Treasury MTM a Transient Drag

CMP: INR 785

View: Positive

Stock Info

BSE	532892
NSE	MOTILALOFS
Sector	BFSI
Face Value (INR)	1.00
Equity Capital (INR Mn)	602
Mkt Cap (INR Mn)	4,72,430
52w H/L (INR)	1097 / 615
Avg Daily Vol (in 000')	1393.35

Shareholding Pattern %

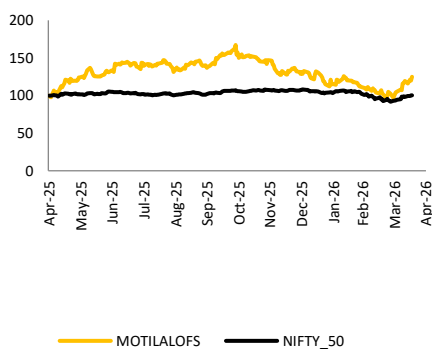
(As on March, 2026)

Promoters	67.50%
Public & Others	32.50%

Stock Performance (%)

	1m	6m	12m
Motilal Oswal Financial Services Ltd	15.44 (19.73)	20.26	
Nifty 50	6.61 (6.00)	(0.64)	

Motilal Oswal Financial Services Ltd Vs Nifty 50



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Motilal Oswal Financial Services Limited, incorporated in 2005, is India's largest integrated capital market player (by FY25 net worth). The group offers diversified financial services across Wealth Management (retail broking, distribution, lending), Asset & Private Wealth Management (mutual funds, PMS, AIF, private alternates, private wealth), Capital Markets (institutional equities, investment banking), Housing Finance, and Treasury Investments. The company operates across 550+ cities with 15.5 Mn+ clients, 12,500 employees, and Assets Under Advice of INR 6,600+ Bn. The company has delivered a 33% operating PAT CAGR over the last decade with zero equity dilution since its 2007 IPO.

Highest-Ever Operating PAT Underscores Franchise Strength: The company delivered record quarterly operating PAT of INR 6.61 Bn in Q4FY26 (+25% YoY, +8% QoQ) and annual operating PAT of INR 23.6 Bn in FY26 (+16% YoY). PBT margin expanded to 56% in Q4 (vs 51% in Q4FY25). Operating ROE remained robust at 24%. The growth was led by Asset & Private Wealth Management, now contributing ~50% of group operating PAT, with segment PAT surging 48% YoY in Q4 and 39% for the full year. Net operating revenue grew 15% YoY in Q4 and 14% for FY26.

Treasury MTM Loss Is Transient, Not Structural: The reported total PAT (incl. OCI) for Q4FY26 was negative INR 3.93 Bn, driven by a mark-to-market (MTM) loss of INR 10.5 Bn on the treasury investment book. This was caused by the sharp equity market correction in Q4 (Nifty fell ~5% in the quarter). The net gain on fair value change in Q4FY26 was negative INR 7.17 Bn. Critically, the company has noted that the majority of Q4's negative MTM has already been recouped in April 2026 with the market recovery. The treasury book (INR 88.0 Bn at market value; cost INR 51.9 Bn) remains invested in the company-manufactured products and listed equities, providing strategic synergy and long-term compounding. We view this as a one-off mark-to-market impact that does not impair the operating earnings trajectory.

Asset Management AUM Scales New Highs: Total AMC AUM (incl. alternates) grew 32% YoY to INR 1,760 Bn. MF AUM market share rose to 2.7% (from 2.3%). SIP inflows surged 78% YoY to INR 164.8 Bn with 4.7% market share. The alternates business closed IBEF Fund V at INR 83.5 Bn (~2x the last fund) and executed the first close of a maiden Private Credit Fund at INR 17 Bn. AMC segment PAT grew 55% YoY to INR 7.98 Bn.

Private Wealth & Distribution Continue to Scale: PWM AUM grew 36% YoY to INR 1,970 Bn with net flows of INR 201.5 Bn (+41% YoY). ARR revenue in PWM grew 32% YoY. Distribution book in Wealth Management grew 41% YoY to INR 406.6 Bn and the lending book rose 32% to INR 60.9 Bn. ARR contribution in total net revenue increased to 60% (from 54% in FY25), structurally improving earnings predictability.

Capital Markets & Housing Finance Deliver Robust Growth: Capital Markets PAT grew 30% YoY to INR 3.36 Bn, with the company ranking #1 on QIPs and #2 on IPOs in FY26 league tables. Housing Finance PAT grew 22% YoY to INR 1.59 Bn with AUM of INR 58.3 Bn (+19% YoY), pristine asset quality (GNPA 0.9%, NNPA 0.5%), and ROE improving to 10.6%. MOHFL raised USD 100 Mn from ADB. Credit rating upgraded to AA+ Stable by ICRA.

Outlook: The company's Q4FY26 results present a tale of two halves: a record operating performance obscured by non-cash treasury MTM losses. We believe the operating trajectory is firmly positive. The company's twin-engine model (operating businesses + treasury investments) has compounded net worth at 25% CAGR over the last decade with zero equity dilution since its 2007 IPO. With ARR now at 60% of net revenues, the earnings mix is structurally improving. India's financialization of savings (only 5% of household assets in equities vs 40% in the US) provides a multi-decade runway. The company's AUA of INR 6,600+ Bn, its #1 ranking in full-service broking, top-10 AMC positioning, and expanding alternates franchise (targeting multi-fold AUM growth over the next decade) position it as a prime beneficiary. The treasury book's MTM impact is cyclical and has already seen significant reversal in April. We expect FY27 to reflect both operating earnings growth and treasury normalization, supporting a strong total PAT recovery. **We have a Positive outlook on the stock.**

Exhibit 1: Key Consolidated Financials (Operating)

Particulars (INR Bn)	Q4FY26	Q4FY25	YoY %	FY26	FY25	YoY %
Net Operating Revenue	15.2	13.2	15%	59.1	51.8	14%
- Asset & PWM	6.77	4.97	36%	25.6	19.3	33%
- Wealth Management	6.05	5.99	1%	23.0	23.4	-1%
- Capital Markets	1.51	1.39	9%	7.41	5.98	24%
- Housing Finance	1.48	1.10	35%	4.75	3.84	24%
Employee Expense	4.30	4.20	2%	19.4	17.0	14%
Total Expense	6.75	6.41	5%	27.9	24.9	12%
Operating PBT	8.48	6.81	25%	31.1	26.9	16%
Operating PAT	6.61	5.27	25%	23.6	20.3	16%
Treasury PAT (incl OCI)	-10.5	-7.51		-3.17	4.65	
Total PAT (incl OCI)	-3.93	-2.24		20.4	24.9	-18%

Exhibit 2: Segmental Operating PAT (INR Bn)

Segment	Q4FY26	Q4FY25	YoY %	FY26	FY25	YoY %
Asset & PWM	3.37	2.27	48%	11.7	8.37	39%
Wealth Mgmt	2.04	1.91	7%	7.27	7.83	-7%
Capital Markets	0.75	0.67	12%	3.36	2.58	30%
Housing Finance	0.59	0.37	61%	1.59	1.30	22%
Operating PAT*	6.61	5.27	25%	23.6	20.3	16%

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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