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July 31, 2026

To,

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai - 400001
Security Code: 532892

National Stock Exchange of India Limi
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400051
Symbol: MOTILALOFS

Sub.: Transcript of Earnings Conference Call with Investor(s)/Analyst(s)

Dear Sir/Madam,

This is with reference to our earlier letter dated July 17, 2026 regarding Intimation of Earnings Conference Call ("Con-Call") with Investor(s)/Analyst(s) held on July 24, 2026 to discuss financial performance for Q1 FY 2026-27.

In this regard, pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time), please find enclosed herewith the Transcript of the said Con-Call for your reference.

The aforesaid transcript of the said Con-Call is made available on the Company's website i.e https://www.motilaloswal.com/content/dam/mofsl-website-adobe/investor-relations/26-27/q1/mofsl-q1fy27-concall-transcript.pdf

Further, we hereby confirm that no Unpublished Price Sensitive Information was shared or discussed during the said Con-Call.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Motilal Oswal Financial Services Limited

Kailash Chunnilal Purohit
Digitally signed by Kailash Chunnilal Purohit
Date: 2026.07.31 15:40:20 +05'30'

Kailash Purohit
Company Secretary & Compliance Officer
Encl.: as above.

Think Equity
Think Motilal Oswal

Motilal Oswal Financial Services Limited CIN: L67190MH2005PLC153397;
SEBI Registration No.: INZ000158836; Exchange Member IDs: NSE – 10412, BSE – 446, MCX – 55930,
NCDEX – 1240; CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412;
AMFI: ARN - 146822; Insurance Corporate Agent: CA0579; Email: shareholders@motilaloswal.com

Motilal Oswal Financial Services Limited

Q1FY27 Earnings Call Transcript

This document is a transcription of the conference call conducted on 24th July 2026.
Click Here to listen to the original audio.
For past recordings, transcripts, Investor Presentation and Excel Data Book Click Here
For any queries, please contact ir@motilaloswal.com.

Manish Kayal- Head Investor Relations

Good afternoon, everyone. I welcome all the participants on behalf of Motilal Oswal Financial Services Limited to take time out to attend our Q1FY27 earnings conference call.

We hope that you had an opportunity to go through our investor deck and press release, uploaded on stock exchanges and on our website yesterday. We have also uploaded our data book on our website that has all the operational and financial numbers. Please note that today's discussion may include some forward-looking statements. These forward-looking statements are based on our macro assessment outcome of which can vary with respect to our assessment.

To represent the group, we have the senior leadership members on this call. We will start this call with an opening remark by Navin Agarwal, Group MD, and then we'll have Q&A session.

Navin Agarwal, Group Managing Director

Thank you, Manish. Good afternoon, everyone.

Group Strengths & Past Decade Operating Performance

- In FY26, our operating PAT reported was up by 16% on as YoY basis. On that base, our operating profit after tax grew by 14% on a YoY basis in this quarter to ₹609 crores, led by Asset and Private Wealth business, which grew by 44% YoY.
- The Asset and Private Wealth businesses, now contribute 55% of the total operating profit of the group versus 50% in FY26 and 42% in FY25. We have guided that the share of Asset and Private Wealth businesses will continue to rise because of growing share of annuity businesses and the low market share that we have in these businesses allowing a lot of headroom for us to grow.
- The AUM of the Asset Management business, including MO alternates, crossed ₹2 lakh crores milestone. This has witnessed a CAGR of 34% since March 2020 with strong market share gains.
- Annuity businesses now contribute over 66% of the Group's revenues. As highlighted earlier, the Asset Management and Private Wealth businesses together contributed 55% of the Group's operating PAT during the quarter and also contributes to the annuity revenues.
- We expect this share to continue increasing as we have transitioned from a transaction-led to an annuity-led business model, further strengthening the quality and sustainability of our earnings
- We have invested a lot in the past couple of years on all the fronts in the group, be it people, be it brand or be it technology. We expect these to bear fruits in the coming years in terms of market share gains and profitability growth.

- Motilal Oswal is the largest integrated capital market player with rising share of annuity revenues and each business offering a strong growth runway leveraging the opportunities available in financialization of Indian savings.
- Our operating businesses have delivered a decadal 10-year compounded operating profit growth of 33% and an average return on equity of 23%. This growth is supported by our investment book, which grew by 41% compounded since inception, led by strong IRRs and reinvestments of our operating profits after consistent dividend distributions and 3 buybacks since our listing.
- We also want to highlight that ever since our listing back in 2007, we have never diluted equity by consistently paying out dividends and buybacks. This has only been possible due to our unique twin engine business model, where we have a strong backbone of our operating businesses and a large investment book that has continued to compound at nearly 18% XIRR.
- This strategy has resulted in our rank in profit after tax for FY26, improving to 160th rank among all listed companies in India, and we are now among the top 200 companies in India by market capitalisation. We see the next decade offering equally exciting prospects, which should drive further improvement in these rankings.

Turning now to the segmental performance.

Asset and Private Wealth Management Business

- Our Asset and Private Wealth businesses comprised of AMC (listed), MO alternates (unlisted) and the Private Wealth Management business. Asset Management and Private Wealth businesses continued its momentum during the quarter with robust net flows of ₹10,325 crores. AUM at ₹4.5 lakh crores as on June '26 is up by 34% YoY.
- We continue to invest in talent in distribution reach and in marketing. The operating leverage from rising AUM should be a strong driver to our profit growth going forward.

Asset Management Business

- The AMC business comprises of mutual funds, PMS and AIF. The AUM here grew by 34% CAGR since March 2020 till June 2026 and is very close to another major milestone of ₹2 lakh crores today, led by our strong performance and differentiated product offering to our investors.
- Our unique PAN catered by our AMC is more than ₹1 crore as on June '26 versus ₹85 lakhs in June '25, which shows strong confidence by retail investors in our franchise. This is around 16% share of all clients in the Indian mutual fund industry.
- Our average AUM grew from ₹1.67 lakh crores in Q4FY26 to ₹1.81 lakh crores in Q1FY27, reflecting the continued momentum in the business and today, we are closer to another milestone of ₹2 lakh crores in this business.
- Our product bouquet is pretty young as significant flows comes only from products that have crossed the 3-year track record. We launched 1 new active mutual fund inQ1FY27, increasing our presence now to represent 87% of the industry AUM.
- Importantly, only 6 of our funds have a vintage of over 3 years, and these categories contribute a mere 44% of the industry AUM. We expect an additional 2 funds to cross 3-year vintage by March '27 and a further 8 funds to cross the 3-year vintage by March '28. This will improve our 3+ years vintage fund participation to 75% of the industry AUM from 44% now.
- Most of these are best-performing funds since inception in the mainstream categories, which should help in strong flows as well as diversification of the AUM over the next 2 years. This will also continue our trend in net mutual fund flows market share improvement, which stands now at 4.2% compared to 3.7% in the previous quarter.
- Our flow market share continues to be well above our AUM market share, which is 2.9%. In Q1FY27, our SIP flows were strong at ₹4,064 crores, up by 16% YoY with a market share of 4.3%, resulting in an SIP AUM of ₹38,643 crores.

- **To summarise - We believe our AUM growth will be supported by the following factors:**
    - **Annualized SIP run rate of around ₹16,000 crores**
    - **Collections from proposed NFOs besides discretionary flows**
    - **More products crossing the 3-year vintage**
    - **Current AUM of nearly ₹1.9 lakh crores is over 15% higher than the FY26 average AUM of ₹1.57 lakh crores**
    - **Potential mark-to-market gains after 2 muted years**
    - **Entry into multiple funds to the GIFT City route targeting both inbound as well as outbound growth.**

We believe that the strong growth of AMC led by the above 6 factors will be a key growth and ARR driver for the overall group.

Alternates / Private Markets

- We have a strong franchise in growth capital and residential real estate and are confident to deliver industry leading IRRs to our clients in all the products that we offer.
- We are in the process of executing our final close of our maiden private credit fund of ₹3,000 crores, where we have raised nearly ₹2,500 crores in the second close.
- We will launch commercial real estate in second half of this financial year and continue to offer a comprehensive suite of product offerings in alternates, which is seeing increasing allocation both among family offices as well as institutions.
- **To Summarise: Alternate Asset Management business will be another key growth driver and also an ARR driver of the Motilal Oswal Group on the back of**
    - **Larger fund size that we have raised in every subsequent series**
    - **Entry into newer categories**
    - **More funds entering the carry income recognition threshold, which will boost our carry income run rate.**

The Asset Management business contributes to 40% of the group's operating PAT in Q1FY27 versus 26% in Q1FY26 and is expected to increase based on all the pointers highlighted above.

Private Wealth Management

- The Q1FY27 ARR revenue for the private wealth business grew by 42% YoY to ₹157 crores. However, overall revenues were flattish on lower TBR revenues. We have highlighted that there will be QoQ volatility in TBR revenues, while ARR revenues will continue to rise steadily.
- Net flows grew by a strong 37% to nearly ₹4,000 crores, leading to AUM growth of 37% on a YoY basis to ₹2.4 lakh crores. Our 441 RMs will witness productivity improvement as only 32% of them have a vintage of over 3 years.
- We continue to make sizable investments in senior leadership as well as relationship managers and we'll continue to do so in a calibrated manner going forward. Focus is now on growing ARR AUM, which is currently at around ₹52,000 crores through various initiatives, including advisory solutions, strengthening leverage solutions as a value add for family offices and exclusive co-investment leveraging group synergies. All this will help in revenue growth along with cost-to-income improvement driving profitability.
- **To summarise - As we scale our ARR-led revenue mix in private wealth, the relative TBR revenue contribution will be volatile QoQ, while our overall earnings quality and predictability will continue to improve structurally due to rising ARR-led revenue in the mix.**

<u>Wealth Management Business</u>

- Wealth Management business comprise of distribution, retail broking and retail lending. We continue to have a sharp focus on growing our ARR revenues, which includes distribution income and Net Interest Income (NII). This has led to the share of these incomes in Wealth Management segment revenue increasing from 33% in the year ending March '21 to 57% in the Q1FY27. The ARR revenues grew by 26% on a YoY basis this quarter to ₹304 crores.
- Distribution book grew by nearly 30% to over ₹45,000 crores. We are confident that our distribution book will grow meaningfully as we continue to harness the cross-sell potential of our client base of our franchise, which stands at only 18% versus multiple times for our global peers.
- Our loan book in this segment rose 33% YoY to over ₹7,000 crores. Our MTF market share is close to 6.5% and is expected to improve going forward.
- Our broking business continues to retain its leadership position as a full-service broker amongst non-bank players. We are the largest broker in the cash segment on revenue market share in non-bank segment. Our overall retail broking market share, including commodities, stood at 7.6% in Q1FY27, led by market share gains in F&O premium segment from 7% in Q1FY26 to 7.6% in the Q1FY27. Our cash market share has been stable during this period.
- **To summarise - We expect our ADTO market share to improve as the global uncertainty subsides as we have witnessed historically. The distribution lending book will continue to drive growth and increase its share in the overall group's ARR revenue pie.**

Capital Market Business

- The Capital Markets business comprising of Institutional Equities and Investment Banking.
- Despite challenging market conditions, our investment banking business has successfully completed 11 deals during the quarter, raising over ₹10,000 crores, and our fee income delivered a strong 48% revenue growth QoQ to ₹68 crores. We are now ranked #2 in the capital markets league table for IPO and QIPs.
- With a $5 trillion market cap of India and growing, there is a base level of IB activity that the markets will see every year, and our IB has built a strong franchise to benefit from this. In institutional equities business, we are continuously increasing the coverage. We released 20 initiations during the quarter, taking our coverage to 384 stocks. Our stated intent is to take this up to 500 numbers.
- **To summarise - We believe that our capital markets franchise is strong and diversified with products, including QIPs, IPOs, advisory business. Our size per deal is materially higher than in the past. And with a strong pipeline, we are poised to benefit from any market revival.**

Housing Finance Business

- In Housing Finance business, our disbursements grew by 64% YoY to ₹646 crores. AUM grew by 23% YOY to ₹6,164 crores in Q1FY27. We expect housing finance business to continue to witness strong growth in the next 2 to 3 years. Business has a strong capital adequacy ratio, very low leverage, giving us enough growth levers without any need for further capital infusion.

Treasury

- Our treasury book grew by 22% YoY to ₹10,482 crores in Q1FY27. The long term compounded growth of this book has been 41%, led by strong IRRs and reinvestment of operating profits after paying dividends.

Outlook with concluding remarks

- To conclude, the rise in to over ₹100 trillion, combined with financialization of savings and powerful tailwinds in the rising rate of capital market sector within the Indian market cap. This is an important tailwind for the group.
- In this space, MOFSL's decadal track record of 33% operating profit growth and average ROE of 23% delivered entirely through internal accruals, no dilution, rising market share in multiple businesses, entering promising adjacencies in each of our businesses, rising share of annuity revenues to 66% and importantly, improving quality and predictability of our overall profits driven by asset management and private wealth business
- With regulatory headwinds in the base, particularly for the Wealth Management business given the regulatory changes, continued resilience shown by Indian investors, we believe, makes the future outlook promising.

With this, I'll conclude my opening remarks and open the floor for Q&A.

Moderator: Thank you very much. The first question comes from the line of Sagar Jethwani with Phillip Capital PMS.

Sagar Jethwani - Participant:
Congratulations on a good show given the current environment. Your first question on the Wealth Management segment, your distribution assets and broking assets have increased by 13% and 7%, respectively. On the other hand, distribution revenues have fallen by 50% YoY. So, what went wrong here? Could you please explain?

Navin Agarwal, Group Managing Director:
As we've discussed in the Wealth Management business, we had a high base of TBR last year, particularly in the first quarter. We've highlighted that there will be QoQ volatility in this number. The subsequent quarters in FY26 were muted as far as TBR is concerned. Hence, you will see the distribution income tracking back to growth in line with the distribution assets. Thus, higher share of TBR led by unlisted revenues have caused this decline.

Part of the Private Wealth business decline in Q1FY27 with respect to TBR is also led by the same factor. The Wealth Management business and the Private Wealth business have had strong growth in the ARR revenues.

Sagar Jethwani - Participant:
Yes. And in HFC business, the credit costs have seen a sharp increase on a QoQ basis from 10 bps to 1% now. So, what led to that?

Shalibhadra Shah – CFO:
Credit cost overall for FY26 was 0.5% and also our GNPA & NNPA YoY are down. In Q1, generally 1+ DPD, 30+ DPD, 90+ DPD numbers are marginally up. Thus, in Q1 numbers, the credit cost is usually higher. However, it'll correct during the course of the entire financial year.

Our asset quality has been supreme, because in Q1, last year's GNPA was 1.4%, and currently is at 1.1%. The delta is only because of the seasonal increase from Q4FY26 to Q1FY27.

Sagar Jethwani - Participant:
And what sort of cost of borrowing reduction can we expect from the rating upgrade?

Shalibhadra Shah – CFO:

There are two larger forms of borrowings, one is from the capital markets and other is on the bank side. On the capital market side, our spreads have come down relative to the AAA players. Earlier spread was at 75 bps and now it is at about 30-35 bps. Also, our bank borrowings cost has come down if one looks at last 12 months.

Hence, with the recent upgrade from CRISIL we further expect cost to rationalize by 15 to 20 bps over the course of next 12 to 18 months, considering our AA+ rating improvement.

Sagar Jethwani - Participant:
And in the July month, the volatility has again increased. So, could you comment on how the treasury book performance is as we speak?

Navin Agarwal, Group Managing Director:
A lot can change between 24th July (today) and 30th September. Thus, I would like to reiterate that the long-term compounded growth of treasury book at 40%, led 20% by IRR and the balance led by reinvestments of our operating PAT; this has been going on since March 2014, all the way till June 2026. We can slice and dice smaller time periods of 5 years, 3 years, etc, and still get similar outcomes. However, on a month-to-month basis or a week-to-week basis, these things could be quite volatile.

Sagar Jethwani - Participant:
Absolutely. And we have a strong IPO pipeline going ahead. So how do we see the capital markets segment performing? Some thoughts on that for the rest of the year?

Navin Agarwal, Group Managing Director:
The pipeline is very strong. However, this whole West Asia scenario keeps changing and is quite volatile. Signed mandates very substantial to show a strong growth in revenue on YoY basis. Also, the business is now reconciled to not having a one clean runway of the whole year, but having pockets of 2 months or 3 months, multiple times in a year, maybe 2 or 3 times in a year to be able to execute this signed mandate pipeline. I'd like to guide you that mandate pipeline is very strong. If we get a good window in any quarter, then you will see a lot of execution resulting in a very strong growth. However, if there's a quarter where there's no such window, then this business would be quite volatile for the whole industry including us. Hence, FY27 as a whole, we'll witness growth. However, on a QoQ basis, it really depends on market.

Sagar Jethwani - Participant:
And lastly, the AMC and PWM PAT is up by 45% put together. Could you please give a split of both these segments? How much was AMC PAT higher and PWM as well?

Navin Agarwal, Group Managing Director:
PWM is flattish, up by 2% due to the lower TBR. Hence, the growth is led by the Asset Management businesses, which comprise of both the listed equities and the unlisted equities. I'd just like to highlight that; our average AUM last year was ₹1.57 lakh crores and currently we are tracking at nearly ₹2 lakh crores. So, the increase in base that is driving very strong growth, coupled with operating leverage.

Also, multiple funds are crossing the 3-year vintage and they're best performing in their category along-with strengthening of SIP book. So that's a tailwind that will benefit us. However, importantly, as you may have seen from the Q3FY26, the alternate business in unlisted was also graduated now to having a lot of mature funds and so the accrued variable additional returns has started to build up. That is showing up in the Q1FY27 nos., but not in the Q1FY26 nos., because the income started kicking in only from Q3FY26.

Hence, that income will be higher this year's quarters on YoY basis, but on QoQ basis it will be stable. Even the alternate business AUM has grown strongly and the accrued carry income has started kicking in. All these factors are contributing to this abnormally high growth. We are hoping high growth will continue, at least for the current year.

Moderator:
The next question comes from the line of Nidhesh with Investec.

Nidhesh Jain - Participant:
The first question is on the Wealth Management business. So there has been a regulatory change on prop trading from 1st of July. So, how are we seeing the impact of that change on our Wealth Management revenue and trading volumes?

Ajay Menon, CEO Wealth Management:
There is no much impact because that is mainly impacting the brokers who are heavy on prop trading. From a liquidity perspective, it's very early to assess the impact because of the volatility in the markets. There is no impact for us on the overall business model, except some change on the intraday funding from the banks, which will have minor impact. Otherwise, it's too early to comment.

Nidhesh Jain - Participant:
And what would be the share of top traders in our Wealth Management business?

Navin Agarwal, Group Managing Director:
Our entire treasury book is invested largely in our own funds and very small part in direct equity. We don't have any material activity in the prop trading, the one which is impacted due to the regulatory changes.. There is an impact on the overall market volume and the exchanges, but not for broking players like Motilal Oswal.

Nidhesh Jain - Participant:
Sure, sure. Helpful. And secondly, in the listed alternate, there has been a soft net flows for this quarter. So, what is the reason for that? Any fund closure that has happened in this quarter, which has led to outflows? What is driving that? And how should we build net flows in alternates business for the full year?

Prateek Agrawal, MD and CEO, Asset Management:
Alternates business itself had a tough quarter, given the overall geopolitical scenario which existed in this quarter. If we just put ourselves in the shoes of ultra-HNI and think about what is going on in the head, it has been a soft quarter. Except one player who continue to do well, I think everybody else consolidated.

Our gross inflows were amongst the highest in the street. But because of the AUM which is ₹ 35,000+ crores on the alternate side and some amount of normal redemptions, the net has been negative for the quarter. As we speak from this month, actually, we are tracking net positive.

Navin Agarwal, Group Managing Director:
I'll add two more points to what Prateek highlighted, first is that the performance of the products is exceptionally good, so that is not an issue at all. But from a market perspective, as you may have also observed, there's a whole plethora of structured debt, private credit, real assets, special opportunity type of funds has taken up a lot of the alternate allocation by private banks, by family offices, by HNI clients.

Hence, I think that is what has also happened in this quarter because of which, as Prateek highlighted, barring one player, no other player has seen any significant inflows. And in terms of the gross sales, we continue to be among the top players in the listed alternate space.

Nidhesh Jain - Participant:
So, are there any funds launch planned through the year on alternate business?

Navin Agarwal, Group Managing Director:
On alternate side, in the listed equities, we don't really believe in launch proliferation of products. I think the headroom in our existing products itself is very large according to us. However, as far as the overall market is concerned, we highlighted to you that a variety of products on the credit side are coming up. You are aware that this quarter also, if you look at the alternate business overall, we had a net ₹800 crore flow on account of our private credit fund. And that credit fund will continue to see the residual flows in this second quarter. We already got the regulatory approval for our commercial real estate fund launch, and that should happen in the second half, as I guided. In market, there is flows in credit products. We are seeing strong flows in our own credit product in Q1FY27 which will continue in the residual 9 months. Further, we are also hopeful of the listed equity side alternates seeing flows in the coming quarter.

Nidhesh Jain - Participant:
Sure, sure. And have we booked any carry income in AMC this quarter? And what is the expected quantum that we will be likely to book through the year in terms of carry income in AMC?

Navin Agarwal, Group Managing Director:
As far as listed equities are concerned, we have not booked any carry income, which is meaningful, some very rounding of error. I think, in Q2 or Q3, you may see us report some number there. It's not something that I'd like to call out because it's all a function of the markets also.

On unlisted equities - the number is ₹66 crores accrued as variable additional return for this quarter and will continue to recur around a similar level for the next 3 quarters as well as for the next year because there's a whole pipeline of products which will keep advancing and coming closer to maturity.

Nidhesh Jain - Participant:
Sure, sure. And last question is on Private Wealth. There also ARR net flows have been a bit soft this quarter. I think on a QoQ basis, there is a meaningful decline. On YoY, the net flows are okay. But on a QoQ basis, there is a bit of a decline in the Private Wealth business.

Ashish Shanker, CEO Private Wealth:
If you look at the net flows over a period of time, they've been quite strong. We've doubled the net flows over the last 3 years, from ₹10,000 crores to ₹20,000 crores. However, QoQ, the flows tend to be a bit more volatile because the preferences of clients in terms of allocation changes. We've seen more flows into direct fixed income assets this quarter. But these things tend to even out over the year.

Nidhesh Jain - Participant:
Sure, sure. And sir, just one last question on private wealth again. So there, actually, your TBR has been a bit volatile. What we have seen some of the peers have built a TBR, which is slightly more stable now, more granular. So how are we planning to build a much less volatile TBR? And if you can give some color on TBR, what is the composition of TBR in terms of unlisted shares, listed shares, structured deal, etc.?

Ashish Shanker, CEO Private Wealth:
Led by transaction flows and again the preferences also keep changing in terms of asset class. Last year, we had very strong sourcing in unlisted equity however this year is we are seeing very strong flows into fixed income as an asset class. So, over the course of the year, you will see this even out, and we see volumes also compensating for the high base that we had last year.

Navin Agarwal, Group Managing Director:
You will see fixed income and equities balancing out, and that should lend more stability to this. However, as you know that last few years have seen a very strong trend in unlisted paper, both credit and equity which was there in the base of the Q1FY26.

Moderator:
The next question comes from the line of Umang Shah with Kotak Mutual Fund

Umang Shah- Participant:
Congrats on a good quarter. My question is somewhat related to what Nidhesh was asking on the alternates business. In terms of the carry income booking, so I can see that there are a few funds, both on private equity and real estate side, which are likely to get exited in FY27. So, our carry income assumptions are contingent upon the fact that exits get completed in FY27? Or if at all, let's say, if there is any delay because of market conditions, then there could be a spill over in FY28?

Navin Agarwal, Group Managing Director:
These assumptions have been made on a conservative basis, factoring in delays. The run rate that I articulated, which is ₹66 crores this quarter, will likely have around similar numbers for all of the quarters of this year and also for the next year.

Shalibhadra Shah – CFO:
Also, only around 70% of the fair value has been recognized. Thus, we are more conservative as remaining is recognized only on realization.

Umang Shah- Participant:
Okay. Okay. Understood. And from a growth perspective as well, obviously, there are a few exits and there are a few funds in the pipeline as well. So, on a net basis, we should not see any lumpiness in terms of AUM, right? I mean we should be able to still deliver reasonable net sales numbers for the year? Or there is a likelihood that there could be some lumpiness for FY27/FY28?

Navin Agarwal, Group Managing Director:
Because of a series of new products that we will launch, the overall income as well as ARR income of the unlisted alternates business on a YoY basis will continue to rise. Whatever number you've seen last year, this year's number would be higher and the next year, it will be higher than this year because of two reasons

- The private credit fund will see the its final closure in the Q2. The commercial credit fund will be launched after that. And then we have a series of products to be launched even after that. Hence, the AUMs will keep rising.
- For the same product, the subsequent series is always a higher AUM. So, if there's an outgoing AUM of the previous fund, there will be an incoming AUM, which is larger of the next fund. And unlike in listed alternates, in unlisted alternates, you book fees or you report fees on the amount raised, not on mark-to-market.

So, we would like to guide that there should be a steady rise in both the fee income as well as the accrued carry income for this business.

Umang Shah- Participant:
Understood. This is quite helpful. For the mutual fund business as well, I mean, last few years, we have seen a fair amount of additions in the team as well as on the product side. How does the product pipeline look over the next 12 to 18 months in terms of new scheme launches? And also, are there any more additions to the team required? Or we are pretty much done with people hiring?

Prateek Agrawal, MD and CEO, Asset Management:
In terms of mutual fund side, you should expect to see more offering on the passive side. On the active side, there would be fewer, but still over the next 12 months, there can be 4 to 5 new offers from our side.

The big thing to focus on the AMC is that over the December'26 - Jan'27, we have 2 large funds, the small and the large cap funds, which will complete 3 years. Hence, it comes into the tracking of more distributors, more wealth platforms, which we believe should help flows. After that, within 3 months, a multi-cap category, which is again a mainline category, will come into the focus.

So, lot to look forward from existing funds only over the next period starting December, while we will continue to populate the active side also, but fewer. Like it was told in the initial comments, the coverage that we have today is 87% of the active fund listing and the positions left are few.

Navin Agarwal, Group Managing Director:
Just to summarize, NFOs will be a far smaller contributor, but the vintage products, which are performing, we have a bigger hope of a large growth there.

In terms of team addition, we keep adding as we are launching more funds as we will need more hands. There is no vacancy to fill. But opportunistically as well as from a longer-term perspective, we are looking to strengthen both the fund manager base as well as the research team on the active side as well as the passive side.

Umang Shah- Participant:
Understood. Understood. And my last question is on the SIP flows. Now I do see that, I mean, there has been a fair amount of improvement in the net sales numbers. However, for SIP, our market shares have remained range bound. This quarter, in fact, not just for yourself, but for most of your peers as well; we have seen a little sort of a mixed performance on the SIP front.

Just wanted to understand, how has been your experience when it comes to investors? Is it some sort of a fatigue which is catching up? Or going forward, will it be more driven by returns? And specifically, for Motilal Oswal, I mean, is there a scope for market share improvement, especially on the SIP side?

Prateek Agrawal, MD and CEO, Asset Management:
We saw very strong market share improvement in SIPs. We tracked over ₹1,500 crores at our peak. Today, we are ₹1,350+ crores a month. Hence, our market share on SIPs is significantly higher than our AUM market share and it has been led by primarily mid-cap fund and to some extent, Large & Mid-Cap fund and passives also. Now as our other categories, especially small cap, complete 3 years, we expect SIP flows to pick up in that category also taking up our overall market share.

Navin Agarwal, Group Managing Director:
As far as the fatigue in the industry is concerned, there are times when you see a spell of 6 to 12 months when there's strong growth, particularly when trailing 12-month returns look very exciting. But times like this where the trailing 12-month returns don't look that exciting, you do have stagnation.

So, I think, there is not long-term fatigue in this. But there are spells when you have strong growth and spells when you have flattish numbers. Good news is that we are not seeing any meaningful contraction as an industry in this number.

Moderator:
The next question comes from the line of Neeraj Toshniwal with UBS.

Neeraj Toshniwal- Participant:
Congrats on a good set of numbers. So, my question first on wealth management. I think on distribution assets, you've done a good job here steadily increasing the distribution book. So how should one think about -- the yields have also gone up?

And the lending is obviously increasing across the board for the industry and for you guys. So how should one think about the distribution piece going forward? And what are we -- how the mix is changing in that the yields are also improving?

Ajay Menon– CEO Wealth Management:
The focus on distribution has been there for the last 3, 4 years, and we have got a dedicated team now in place. At the same time, if you look at the overall penetration, it's still very low compared to the overall transaction-related client base which we have got. We have got a dedicated team across the channels, who are working on the distribution across all our client network.

We see that this will keep on building up from here across the ARR products where you'll have the consistent trail revenue and there will be some number of products from upfront income side also.

Shalibhadra Shah – CFO:
As far as the yields are concerned, it is stable at around 70 basis points.

Neeraj Toshniwal- Participant:
Okay. This is helpful. Second question is on capital markets. I think employee cost has been fairly low for the last 2 quarters. Is this a stable run rate or we can assume that with the activity picking up, there could be some increase here because it has been fairly low?

Shalibhadra Shah – CFO:
That is because of the variable portion of costs which is linked to the revenues. In Q4FY26 and Q1FY27 overall revenue pie has been fairly a bit volatile. Hence, the variable component actually goes down and the fixed cost remains constant. So, you will see a bit of volatility in the people cost on account of the lower variable cost.

Navin Agarwal, Group Managing Director:
Variable component in the employee cost in that business is higher and so cost-to-income ratio that probably be more stable. But if you look at the absolute number, it will vary depending on how much top line is coming through.

Neeraj Toshniwal- Participant:
Got it. That is helpful. Then the other bit was, I think, already that has been debated in the call on the flow side. Just wanted some more color on the private wealth and also on the AMC. I think AMC, we have kind of stabilized within the MF side.

And as you're mentioning that there's a couple of closing of 3 years of the timelines are there for some schemes. We might see some improvement here. So how do you think about the flow trajectory? Any guidance in terms of flows in terms of opening AUM across the board within AMC and within Private Wealth?

Prateek Agrawal, MD and CEO, Asset Management:
Period by period, we have been tracking higher than our AUM market share in terms of net flows. As our large new schemes complete 3 years, that should increase.

Now the second manner of thinking is if the net flows in the industry are lower than SIP, then it constrains a younger AMC like us. We have noticed net flows in the industry are more than SIP flows and if the performance looks competitive, the impact on net flows on us is more positive. It is quite a few variables which are there, which need to interact for the net number to happen.

Now lastly, our digital flows continue to track stronger. So there, we continue to maintain or increase market share. Now digital itself is increasing market share amongst all channels in the industry. In some sense, we believe chances of us sustaining a better than industry growth rate, better than our AUM market share on net flows, is a very good possibility.

Neeraj Toshniwal- Participant:
Can you quantify, do we have digital market share as of now and maybe a year back.

Prateek Agrawal, MD and CEO, Asset Management:
We would have increased by 110 bps. In Q1FY26, we were getting ~6% market share. From there, we are today ~7%.

Our overall net flows market share versus our AUM market share has continued to be higher all through. In terms of what we do on a month, we are between ₹700 crores and ₹1,200 crores net on active equities.

Moderator:
The next question comes from the line of Neha with Abakkus Investment Managers.

Neha- Participant:
Most of my questions have been answered. Just one question on the expenses side. So, if you could please explain why the employee expenses have increased substantially this quarter. So QoQ, there's an increase of 16%. So, is there any one-off that is coming?

Shalibhadra Shah – CFO:
QoQ increase relates to the annual performance appraisal cycle, which has been closed and the increment, which is actually effective from 1st of April of this financial year. So, most of the portion of the increase is on account of the cost increment on the people side.

Navin Agarwal, Group Managing Director:
And on a YoY basis, its headcount led.

Neha- Participant:
Okay. And sir, specifically for the AMC business also, the number has increased almost 2x. So, is that because of the same reason?

Shalibhadra Shah – CFO:

In AMC in Q4FY26, there was a one-time reversal of an ESOP line item due to lapse of options, The current quarter is a normalized cost versus last quarter reversal. So sequentially to that extent it will look higher when compared with Q4FY26.

Neha- Participant:
Okay. So, the number that we have seen in Q1 will be the normalized number going forward?

Navin Agarwal, Group Managing Director:
Not just for AMC, but also for the group.

Neha- Participant:
Okay. And sir, just lastly, on the PBT margins. So, if you can just share some view on where do we see that going forward? So, I think last year, it was about 52.5%. So where do we see that? And if the incremental increase will come, which would be the segments that will drive the expansion going forward?

Shalibhadra Shah – CFO:
If we look at historically and our last few years, our margins have been around the range of 50% to 52%. Q1 of this year is also around 52%. We expect, historically the margins that we had to sustain over the course of current financial year.

Even the bulk of our costs are variable. For eg. in our Wealth Management business, about 70% of the costs are variable. To that extent, the ability to sustain our margins because of the higher portion of variable costs is also strong.

Moderator:
The next question comes from the line of Dipanjan Ghosh with Citigroup.

Dipanjan Ghosh- Participant:
The first two questions on the Wealth Management side or the overall wealth piece. I think in the presentation, you mentioned that the cross-sell ratio is around 18%. Now there are two parts to this question.
One is I wanted to understand, do you include, let's say, if a customer is doing broking and let's say, MTF utilizing MTF also, do you -- would you include them as a cross-sell? Or is it like when the customer kind of purchase any distributed products or mutual funds or PMS, then you kind of consider it as cross-sell? I just wanted to understand the definition.
And second, in terms of this 18%, let's say, going to 20%, 30%, the other way to look at it is probably trying to understand the share of broking revenues from, let's say, the top 20% customers or top 30% customers. I mean if you can give some color on that so that we can understand how much this 18% can increase to?
The second question is on the MTF book. I think similar to the industry, you have also witnessed a strong increase in that book. Just in terms of adoption rates or hit rates amongst your existing customer base, can you give some color and how much this book can further grow in terms of adoption amongst the existing customer base?
So those are the two questions on the wealth side. Now on the -- I have one question on Capital Markets business, if you can give the IB pipeline over the next 12 months...

Ajay Menon, CEO of Wealth Management
MTF is not considered in distribution. This 18% is without considering MTF. We only consider asset products, which are being sold as part of the distribution network.

Regarding the MTF book growth. It's in the line of industry growth. The potential to grow for us is much higher because we have been always into this advisory led HNI business with focus on high-quality clients where our ARPU has always been higher. We see that there's a good scope to penetrate further in the MTF book at an overall level and that this can be a good growth potential going forward.

Dipanjan Ghosh- Participant:
Any one small follow-up. Any quantification on the current hit rate amongst your existing cash customer base from an MTF perspective? I mean, how much of your cash customers would be utilizing MTF for the product?

Ajay Menon, CEO of Wealth Management
I don't have this number immediately, but we can share it. I think it will be around in the range of 15%.

Shalibhadra Shah – CFO:
Also, on the MTF side, we have very healthy yields and spreads because our cost of fund trajectory and our overall low leverage, gives us more delta in the P&L. While book has grown 54% YoY and the average book has also started catching up, which would result in a delta on the absolute NII growth.

Dipanjan Ghosh- Participant:
Got it. Fair enough. On the Capital Markets business, any color on the pipeline for IB revenues over the next 12 months now that primary markets are kind of improving a little bit?

Navin Agarwal, Group Managing Director:
Basically, the signed mandate pipeline is quite strong. This quarter, we reported a strong growth as well. Markets have been quite volatile because of the West Asian scenario. If we get few windows of deals happening, then I think our segment pipeline is quite substantial for us to be clocking revenues.

There's a high probability that we should show a reasonable growth in this business on a YoY basis. But if deals are not happening, then it's all contingent on execution, and not contingent on pipeline. Pipeline is there.

Dipanjan Ghosh- Participant:
Fair enough. Just two small questions on the Private Wealth business. One is if I look at your recurring assets on the Private Wealth business, it looks like the closing AUM is meaningfully higher than the average AUM. I mean, compared to even the industry numbers for AUMs of mutual fund industry or something like that as a proxy.

So, is it like the flows were more back-ended? Or is it a function of the asset mix in that particular distribution and recurring basket? Some color on that would be useful, the divergence between closing AUM and average AUM on the recurring side.

And second, in the Private Wealth also loan book is growing quite fast. I mean we don't get color on the book, whether it's MTF, LAPs, ESOP financing. So yes, some color on that would also be helpful.

Ashish Shanker, CEO of Private Wealth:
In Private Wealth business there is a breakup of custody assets, ARR as well as TBR assets. The ARR assets have been going up quite steadily. Sometimes when we get a transfer in our DP or some promoter assets, the overall AUM tends to get bumped up. But the ARR AUMs are steadier in nature and sequentially, they've been going up gradually.

Shalibhadra Shah – CFO:

Closing AUM on the ARR side is up 40% and the average AUM is up 36% which is largely in line. So, it isn't back-ended

Navin Agarwal, Group Managing Director:
But the absolute number itself is strong because the base is still small. We've added a lot of RMs. They are getting productive. We would like to see this number continuing to grow strongly at similar rates in the future also.

Dipanjan Ghosh- Participant:
Sure, the loan book mix in the Private Wealth business?

Ashish Shanker, CEO of Private Wealth:
This would be all related to LAS & MTF meaningfully. Very under-indexed if you compare ourselves with the other private wealth players. It's a very, very tiny book as of now.

So, the headroom to grow is there and hence, NII forming a part of the recurring revenue base to be greater. That is something that you should see happening over the next 2 to 3 years.

Moderator:
The next question comes from the line of Mohit Mangal with Centrum.

Mohit Mangal- Participant:
My first question is specifically towards the private wealth management. I think we have seen a steady growth in net flows. So, two questions over there that first is basically, have you seen any increase in the wallet size of existing clients? And second is, if you can throw some colour on basically the net flows of existing versus new clients, that would be helpful.

Ashish Shanker, CEO of Private Wealth:
If you see even the wallet size per customer has steadily moved up, we are now closer to ₹25 crores. And even the AUM per banker is now closer to ₹550 crores. Thus, that number has steadily moved up.

Also, the flows from newer customers in any year would be around 20% and 80% is basically deepening from existing customers.

Mohit Mangal- Participant:
Yes, yes. So, my second question is towards the RM count. So, we have seen about 25% increase in the overall RM to 441. And you also said that the productivity has also improved for RMs. So, are we going to go that aggressive on hiring RMs? Or are we going to slow down on that?

Navin Agarwal, Group Managing Director:
Last year, obviously, there was a meaningful step up. This year, the composition of RM additions will be fewer in numbers, but much higher in cost, targeted at the family offices. Thus, the cost increase will continue to be there, but headcount increase will be lesser in FY27 compared to FY26.

Mohit Mangal- Participant:
Understood. My last question is basically on the breakeven. So, I just wanted to know basically a typical RM, how much time does it take to breakeven? And do you also face any attrition issues in that aspect?

Ashish Shanker, CEO of Private Wealth:

Typically, bankers at an aggregate level, breakeven around 2 to 3 years. However, what we are seeing, which is quite encouraging, is some of the senior bankers that we are hiring are breaking even much faster. I guess that's also the function of the kind of platform that we have because the platform enables the bankers to breakeven much faster than what normally happens.

Moderator:
The next question comes from the line of Saket Mehrotra with Tusk Investments.

Saket Mehrotra- Participant:
I have a question on your data book. See, for Private Wealth this quarter, we are reporting ₹157 crores as ARR and the distribution is ₹110 crores. And last year, it was ARR was ₹111 crores and distribution was ₹166 crores. So, I'm just trying to understand what is the bridge between the two would be very helpful to understand that.

Shalibhadra Shah – CFO:
Yes. The bridge between the two is actually the net interest income on the lending book of ₹4,200 crores. And NII earned on that is the bridge because NII is also part of the ARR.

Saket Mehrotra- Participant:
Okay. So, your net interest income this quarter was ₹91 crores. Yes. So, you're saying some part of that is ARR and some part is transactional?

Shalibhadra Shah – CFO:
The entire Net Interest Income is ARR. There is no transactional in it.

Saket Mehrotra- Participant:
Okay. So, within distribution, there is some element of transaction?

Shalibhadra Shah – CFO:
Yes, That's right.

Saket Mehrotra- Participant:
Okay. Okay. The second question I have is in your AMC reporting, there's a line on variable additional returns. How does one read into it? Is this the carried interest of your AIF investments or -- I'm sorry, like I'm not aware of how this number should be read. So, could you just help me understand that?

Navin Agarwal, Group Managing Director:
This is not pertaining to the listed equities AIF. This is pertaining to the private equity, unlisted equities, Residential credit and going forward private credit will also have. So, this is a globally accepted practice followed by Blackstone and everybody else.

As funds mature, they start kicking in. It started kicking in for us from Q3FY26. It will gradually rise as Shali explained earlier that we consider only 70% of the fair value while reporting this number. So, there's a buffer. We've reported ₹66 crores this quarter. We expect around similar numbers for the next 3 quarters and a higher number for the next year. Thus, this is consistent and stable that you will see.

Saket Mehrotra- Participant:
Okay. And this is a part of your ARR?

Shalibhadra Shah – CFO:
Yes, that's a part of ARR.

Moderator:
Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Shalibhadra Shah for the closing remarks.

Shalibhadra Shah – CFO:
On behalf of Motilal Oswal Financial Services, I would like to thank every participant for attending the Q1 FY27 conference call. In case if there are any further questions, please do get in touch with our Investor Relations desk. Thank you, and have a good day.

Moderator:
Thank you, sir. Ladies and gentlemen, on behalf of Motilal Oswal Financial Services, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Please contact ir@motilaloswal.com for any queries.

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