Motilal Oswal Financial Services Limited
Q4FY25 Earnings Call Transcript

This document is a transcription of the conference call conducted on 28th April 2025. Click here to listen to the original audio.

Manish Kayal- Head Investor Relations:

Good afternoon, everyone, and a warm welcome to all the participants to Motilal Oswal Financial Services Limited earnings call to discuss the results for Q4 and full year FY25. We hope that you had an opportunity to go through our investor deck and the press release uploaded on the stock exchanges and our website on Friday. We have also uploaded the detailed excel data book on our website that has all the operational and financial numbers.

Before we proceed with this call, please note that today's discussion may include forward-looking statements. These statements are based on current analysis and anticipation of the management. Actual results may vary and are subject to risks and uncertainties. We encourage you to consider these factors when evaluating our performance.

On today's call, the company is represented by:

Mr. Motilal Oswal, Managing Director and CEO
Mr. Navin Agarwal, Group Managing Director
Mr. Ajay Menon, CEO, Wealth Management
Mr. Prateek Agrawal, MD and CEO, Asset Management
Mr. Ashish Shanker, CEO, Private Wealth Management
Mr. Sukesh Bhowal, CEO, Housing Finance
Mr. Shalibhadra Shah, Chief Financial Officer
Mr. Sanchit Suneja, Group Chief Strategy Officer.

We'll start this call with an opening remark by Navin, and then we'll have a Q&A session.

Over to you, Navin.

Navin Agarwal, Group Managing Director:

Good afternoon, everyone. It is my pleasure to welcome all of you once again to our earnings call for the quarter and the year ended March '25 to discuss our company and the overall group's performance.

Key Financial and Operational Highlights

Let me start by providing you a quick snapshot of the year at a group level and then highlight segment-wise performance of each of our businesses and conclude by giving you a broader outlook of where we think we are heading.

Full Year FY25 Performance

- Starting with the full year performance, FY25 has been a very robust year. The group has witnessed market share gains across all capital market businesses, which I'll highlight in the business section. During the year, we have strengthened our moats by investing further in research, talent, technology, brand and infrastructure to be future-ready.
- The strong business profitability and ROE affords us the luxury to make these significant investments, while continuing to report strong profit growth and return on equity. Our focus continues to increase our share of fee-based and trail-based revenues.
- We've crossed a major milestone by servicing more than 12 million customers, comprising of 7.8 million unique mutual fund folios and over 4.8 million unique broking accounts. Our operating revenue for the year stood at Rs. 5,161 crores, the first time we've crossed the Rs. 5,000 crores mark, up by 31%. And our operating profit crossed the mark of Rs. 2,000 crores to Rs. 2,016 crores, again up by 31% YoY.
- I want to highlight here that our decadal operating profit compounded growth is superior and is an industry best at 31%.
- For the fourth quarter, our operating revenue stood at Rs. 1,311 crores, up by 8% YoY, and operating profit stood at Rs. 519 crores, up by 3% on YoY.
- Our assets under advice crossed Rs. 5.5 lakh crores mark, up by 33% YoY. Our annual recurring revenue as a percentage of total net revenue grew to 56% at the end of FY25. Our fee-based revenue contribution to our total revenues increased from 31% same time last year to 37% now.
- We closed the year with a record net worth of Rs. 11,079 crores, up by 27% YoY. Our ROE stands at 25% for FY25 and these are not one-offs. I want to repeat that our decadal net worth CAGR after consistently paying out over 20% of our profits as dividends and doing 3 buybacks since listing is a very robust

24% net worth CAGR without raising any external capital. And the decadal average return on equity is at 22%.

Segmental Performance

Turning now to our segmental performance, starting with the Wealth Management business.

Wealth Management Business

- Our Wealth Management business continued its growth momentum. But as I highlighted earlier, we have a laser-sharp focus on growing our distribution business alongside the Broking Business as well.
- This is reflected in our FY25 growth wherein our net flows grew 3x to over Rs. 10,279 crores in FY25 on a YoY basis. Consequently, the book grew from Rs. 23,715 crores as of Mar'24 to over Rs. 31,551 crores in Mar'25, up by 33% YoY. And its contribution to the total revenues, which was 11% in the last year, moved up to 19% in FY25.
- Our cross-sell ratios leave a lot of headroom for us to improve this number and we have made substantial investments in manpower to drive this growth. And we would like to believe that the share of distribution in the total revenues of this business should continue to inch up like they went up from 11% in FY24 to 19% in FY25.
- Turning to our Brokerage business, our retail cash broking ADTO was up by 36% on a YoY basis to Rs. 3,599 crores during FY25. Our cash volume market share was at 7.6% in FY25 compared to 7.4% in FY24. This number has been consistently going up during the course of the last 5 years, and you've seen an explosion in the Demat accounts. In this context, our market share was at 5.6% in FY21.
- Our F&O premium market share stands at 8.5% in FY25 vs 8.0% in FY24. Our overall ADTO market share grew to 8.1% in FY25 vs 7.9% in FY24. So, every single line item within the brokerage volumes have seen an expansion in market share, both on a YoY basis, as well as over a 5-year basis. Q4FY25 witnessed cash volume decline due to market corrections, which impacted our brokerage revenues.
- We also saw implementation of new F&O regulations, which we believe will only strengthen the competitive position of Motilal Oswal as a full-service broker in the marketplace.
- Third part of the Wealth Management business is the net interest income, which grew by 37% YoY due to higher lending book, as well as improvement in spreads from 5.9% in FY24 to 6.5% in FY25.

Asset and Private Wealth Management Business

- The AMC business continued its strong momentum during the year with market share gains driven by strong investment performance. Coupled with expansion in our distribution presence, our gross flows grew by 290% YoY in FY25 to Rs. 68,007 crores.
- We are confident that with the current run rate of flows that we've seen in the months of February, March and the early trends in the month of April, our AUM market share could continue to rise in FY26 over the exiting FY25 numbers. This is despite the fact that we are starting off on a base of Rs. 1.23 lakh crores of AUM.
- In terms of net flows of the asset management business, it grew multi-fold from Rs. 5,191 crores FY24 to Rs. 48,450 crores, increased by 10x in FY25, mainly due to outperformance wherein 90% of the AUM that we manage for our clients performed better than the benchmark over the course of the past 12 months. And even over the course of the last 3 years, a substantial part of our AUM has beaten the benchmark by a healthy margin.
- On SIPs, we've added 51 lakh SIPs in FY25. Our SIP flow for FY25 stood at Rs. 9,256 crores. This grew by 3x in FY25 over FY24, resulting in an AUM of SIP book of Rs. 20,481 crores as of Mar'25.
- Our alternates AUM grew by 23% to Rs. 28,285 crores as of Mar'25. We are now among the top players even in alternate flows, led by strong investment performance.
- Our PE business is among the very few domestic PE's with strong IRRs over the last 18 years across the 4 growth funds that we manage. We have recently received the SEBI approval to launch our fifth private equity fund, wherein we are targeting to raise at least $900 million, which is 2x the size of our Fund IV.
- Our past funds have delivered strong IRR and we expect the momentum to continue in our private equity business. This business has a fee-earning AUM of Rs. 9,890 crores across growth capital funds and real estate funds. The market value of these funds stands at Rs. 17,882 crores. We expect substantial amounts of carry on these funds across the 4 growth capital funds and the 5 real estate funds to be realized over the course of the life of these funds.
- Turning to our Private Wealth Management business. During FY25, we focused on senior hirings to further strengthen our leadership position. These efforts enhance our UHNI and family office proposition and positions us well to emerge as a leading player in the Private Wealth Management business in the coming years.
- Our current RM strength is 595, and we expect improvement in RM productivity as only 33% of this RM base has a vintage of over 3-plus years,

which is a time period required to turn profitable. We believe Private Wealth Management business will contribute larger share of profitability for the group in the coming years due to higher growth as we continue to penetrate more customers with differentiated products and services that the clients demand in this segment.

Capital Market Business

- Our institutional equities business continues to increase research coverage as it is a fulcrum of the group. We have a strong team of 140+ employees covering 300+ companies in 24 sectors. We cover 73% of the market cap and service 880+ domestic and overseas institutional clients.
- Turning to our Investment Banking business. This business had a very strong year. We successfully completed 39 deals, with a cumulative issuance of Rs. 51,000 crores last year. We were ranked #1 in QIP league tables and ranked #3 in terms of the total number of IPOs filed last year.
- We've strengthened our team over the past few quarters across both these businesses. We continue to increase research coverage in IE. Our IB pipeline is more than 2x the revenues that we booked in FY25, providing us reasonably strong visibility of growth in this business, notwithstanding the recent volatility that we've seen in the market.

Housing Finance Business

- This business too had a strong year. Our Sales RM force increased to 1,329, up by nearly 40% YoY. Our disbursements grew by 78% to Rs. 1,794 crores. This resulted in the business achieving an AUM of Rs. 4,878 crores, which is up by 20%.
- We believe strongly that we have all the building blocks in place for the next 2 to 3 years of reasonably strong growth in our AUM and profitability as we start converting the RM base that we've added to increase productivity.
- Our GNPAs and NNPAs are at 0.8% and 0.4% respectively as of Mar'25.
- With a team in place, a strong capital adequacy ratio with internal accruals that are available to be redeployed and a potential upgrade in the group's rating, bringing down the cost of funds further, we believe that this business is very well poised.

Treasury Investments Business

- Our total equity investments, including alternatives grew by Rs. 7,730 crores as of Mar'25, which is up by 26%. This investment has delivered a healthy XIRR over the life of the investments of nearly 18% and including the investment of cash flows, the treasury investments have grown by 42% compounded over the course of the last decade.

- We have highlighted that this growth in the coming decade should be similar and not dramatically different. We believe that our treasury investments will continue to deliver strong IRRs over longer term and also provide cushion to our operating business growth and reduce our need to raise external equity. In the last decade, the contribution of treasury PAT to our net worth has been 20%. While operating profits continue to compound at robust rates, I dare to make a forecast that the next decade's contribution of mark-to-market profits on treasury to our net worth could far outstrip the contribution of operating profit itself due to the magic of compounding.

Outlook and Concluding Remarks

- As you can see with strong growth drivers for all our businesses, which I highlighted, we believe that the Motilal Oswal Group is very well placed to benefit from financialization theme, which is a long-term mega trend. This trend is expected to play out over several decades, especially in India and given the low penetration of investment products and services, we believe that we are well poised.
- These structural drivers position us to benefit from a projected 10x increase in cumulative household savings from USD 14 trillion over the last 25 years to over USD 125 trillion in the next 25 years, coupled with higher share of financial savings, rising allocation to equities and alternatives, and increased concentration of wealth.
- All our capital market businesses, including Wealth Management, Asset Management, Private Wealth, Alternatives, Institutional Equities and Investment Banking already hold leading market positions, but many of them still have a lot of headroom to further increase the market salience and market share.
- With these strong tailwinds, we are confident of continuing to deliver strong profitability growth just as we have in the past, while maintaining a consistent dividend payout.

We'll now open the floor for Q&A. Thank you.

Moderator:

Thank you very much. The first question is from the line of Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.

Vivek Ramakrishnan-Participant:

The questions are in your loan against share and margin trading funding, I just wanted to know the size of the book and what kind of gearing you use in those companies? And the second question is common for both the home loan business, as well as this LAS book. With the falling interest rates, do you expect margin expansion, especially in the LAS book? And how do you expect the interest rate transmission to happen in the home loan book? Those are my questions.

Shalibhadra Shah- CFO:

The book size total on the lending, on both MTF and loan against securities is Rs. 7,257 crores, of which, MTF is around Rs. 5,000 crores and rest is loan against securities. Our gearing (ex of Motilal Home Finance) stands at 1x.

Vivek Ramakrishnan- Participant:

My next question is that the interest rates have come down. So, both loan against shares and MTF book, as well as in your home loan book, how will the interest rate declines get transmitted? And do you expect margin expansion where you'll hold a little bit better margins because you had a margin squeeze, especially in the LAS book when the interest rates went up.

Shalibhadra Shah- CFO:

Our incremental cost of funds is now 50 bps lower than the overall cost currently. We are already seeing the positive impact of favourable rate cycle coming to us on both of the lending business, whether it is on the margin trade finance segment or on the housing finance. To that extent, we will see the improvement of spreads and margins in the coming periods.

Moderator:

The next question is from the line of Uday Pai from Investec.

Uday Pai- Participant:

I just had a couple of questions. First one is that for the last 2 quarters, we have seen cash market share coming down significantly. I remember in the last call, you mentioned that your customers tend to trade lower in a volatile market. Can you give some more color on this phenomenon? Why are you losing market share in the cash segment specifically? That's the first.

And secondly, on the disbursement run rate in HFC, is there a one-off in this quarter? Or do we see similar kind of run rate going forward? Those are the 2 questions.

Shalibhadra Shah- CFO:

We have been continuously increasing our market share, if you look at the overall trend in the last 2 to 3 years. This blip which we have seen in this quarter is mainly because of a market fall where, ours being advisory model, advisors are also a little cautious with the investors and typically when we see this kind of trend, there can be a blip in the quarterly market share. We feel with the quality of advice and the quality of investors where we focus more, our market share strategy will always be on the growth phase. Also note that our FY25, overall market share is up. Coming to the housing finance disbursement, our rate of disbursement has been growing every quarter and for the full year FY25, its up by 78% over FY24. And we had already guided that our AUM is expected to grow at 20% in FY25, and that's what we have achieved in FY25. Going forward, with higher RM base, the disbursement run rate will only increase further.

Moderator:

The next question is from the line of Mahek from Emkay Global.

Mahek- Participant:

A couple of questions. So first is on the Wealth Management business. So, if I look at the distribution income, the QoQ revenue growth remains substantially high as compared to the flat asset growth. So, I just wanted to understand if this strong growth in the distribution income is likely led by the insurance products.

Second is on the Private Wealth Management business. So, if you look at Q4FY25, the performance has not been that great, if I compare it on a QoQ basis. The distribution revenue is down 30%, while the PAT is down 23%. So just wanted to understand what was driving this weak performance for the Private Wealth Management business?

And lastly, at the consolidated level, if I look at the employee cost, the employee cost has grown for the first 3 quarters of the year from Rs. 387 crores to Rs. 453 crores in Q3FY25. So, just wanted to understand, what resulted in the decline in the employee cost in Q4FY25 to Rs. 420 crores?

Shalibhadra Shah- CFO:

We have been continuously talking about our increasing focus on the distribution business. Net flows are almost 3x on a full year basis and distribution assets have also grown by 33% on a YoY basis, which has led to surge in the distribution revenues. Even in Q4FY25, the distribution revenues have grown on account of a couple of reasons. First is on account of ARR revenues. Secondly, as far as the composition of the transaction-driven revenues, it includes secondary market transactions insurance revenues, etc apart from brokerage revenues. It also represents higher transactions in Insurance segment. Distribution revenues on a YoY basis have more than doubled. and this is the result of our laser sharp focus on enhancing distribution business and putting in dedicated team in place.

Coming to the Private Wealth segment on the distribution revenues. Last quarter Q3FY25, transaction revenues included larger set of transactions on the co-investment space where there was a lumpy revenue of transactions which has normalized in Q4FY25. We have seen the impact of that resulting in reduction in the transaction revenues in Q4FY25. However, overall, this business has also grown both on ARR and transaction revenues on a YoY basis, resulting in the strong base of the opening ARR assets building in the next year's growth.

On the employee cost front at the consolidated level, in the first 3 quarters of the year, we had provided for the variable employee cost factoring overall robust operating performance 9MFY25. Q4FY25 people cost includes some bit of marginal reversal in the variable numbers factoring the overall actual performance for Q4FY25. And that is one of the reasons you'd see the overall employee cost lower in Q4FY25 than the earlier quarters. However, people cost to revenue has been flat YOY at 33% on a full year basis.

Moderator:

The next question is from the line of Shreyas Pimple from JM Financial.

Shreyas Pimple- Participant:

Yes. So, my question was in the AMC business. If you look at mutual fund AUM on closing basis and average basis, the mutual fund AUM on closing basis has gone down, while on average basis, it has gone up. So, do you expect going ahead the average AUM also coming down in Q1, Q2?

Mr. Prateek Agrawal, MD and CEO, Asset Management

Lot of this is in terms of how the markets have moved, we got a bad Jan and Feb while the closing March was better. It's to do with how markets have moved. Now from March end AUM, if April is positive, then you should expect accordingly and vice versa.

Navin Agarwal- Group Managing Director:

Just to add, our current AUM is now nearly lifetime high. It's about 2% short of that and we guided that our market share in net sales continue to improve. While the overall industry flows are lower, we'll still continue to have reasonable market share out of those lower volume, the absolute numbers still continue to add to the monthly AUM.

Moderator:
The next question is from the line of Rohan Advant from Prad Capital.

Rohan Advant- Participant:

Sir, most of my questions have been answered. Just on the broking revenue front, we've reported Rs. 288 crores in this quarter. Has all the impact of the rule changes been reflected for the full quarter or there is any further tailwind that remains to be factored into the book revenue line item?

Shalibhadra Shah- CFO:

Brokerage revenue for the quarter is already factoring the full impact of the regulatory changes, which have come especially on the F&O side of the business.

Navin Agarwal- Group Managing Director:

Moreover, market volatility accompanying these regulatory changes over the course of the last 5 months ending March and the impact of that on both F&O as well as cash volumes. All of these bundled together happening in a space of 4 to 5 months.

Rohan Advant- Participant:

Understood. And sir, just one question as a follow-up on the distribution revenue you reported under Wealth Management segment of Rs. 187 crores. If I relate it to the distribution AUM, it translates to a 2.4% yield. So that seems very high relative to our past. And I get that you've added RMs and that's caused uptick. But what kind of a yield is more sustainable on this?

Shalibhadra Shah- CFO:

In distribution, our overall yields are 110 basis points for the year on ARR assets. If you're looking at the transaction revenues, the yield is to be looked at on the flows. We have seen substantial rise in the flows in the distribution business amounting to Rs 3,883 crores of net flows. At the same time, as I highlighted earlier that the impact in Q4FY25 was because of the revenues on the secondary market transactions on the private securities and as well as the insurance, where the yield is higher. So, because of that mix, Q4FY25 yield was higher overall to that extent.

Moderator:

The next question is from the line of Nidhesh Jain from Investec.

Nidhesh Jain-Participant:

Sir, 2 questions. Firstly, on the Housing Finance, is there any update on our stance of demerging that entity or monetizing that stake in the Housing Finance business?

Second question is on, sir, on technology, etc. We are seeing significant changes on the technology side across all businesses, and I think financial service business will also be significantly changing over next 5 to 10 years because of the changes in technology. So how are we preparing for those changes? How much investment we are making? What is the profile of our technology team? Who is heading that team? How are you preparing for that?

Navin Agarwal- Group Managing Director:

As far as the Housing Finance business is concerned, we gave you a business update already. We are looking at continued strong growth, and we have a very strong leadership team in place. We have all the options open, whether it is in terms of stake monetization, eventual IPO, etc., as we have articulated in the past. At this point in time, we don't have any update as of the last quarter on any of those, but we'll keep you posted as we have any updates in the current financial year.

Shalibhadra Shah- CFO:

On Technology, our Group CTO is Pankaj Purohit and he has been with us for last 22 years in the group. He's very well experienced, and we have an IT team of over 800+ people catering to all the group businesses. And if you look at our digital journey across each of the businesses, we are very well aligned to take care of the scalability through the technology medium.

In terms of our tech spends also, we spend almost about 4.5% to 5% of our net revenues on technology, and this number is growing. Over last year, this number is up almost 100 bps. Even in the current financial year, we have a very strong IT budget, which we keep spending to scale up our businesses, including security and all. So that's how we are well positioned for our scalability through the digital means as well.

Navin Agarwal- Group Managing Director:

In fact, just to add, in the year ending Mar'25, three line items which have seen very strong growth which may not necessarily have its impact on the same financial year. As Shalibhadra mentioned, our technology cost is up by 100 basis points as a proportion of the revenues YoY. Same is the case with our marketing costs this year, substantially higher spend on that. And the third is the leadership strengthening that we've done both across business, as well as support functions. I think all 3 have led to giving away a lot of the operating leverage that a strong top line growth could have given us in the current year. So, we are hopeful that some of these investments will make a big difference in coming periods.

As I mentioned, the leadership positions including Group Chief Strategy Officer, the Chief Marketing Officer, the strengthening of the technology team in a big way. And even at the business level, several senior people have been hired.

Motilal Oswal- Managing Director and CEO:

We also have created few new positions in the technology as part of Pankaj's team. We have Group Head AI who has joined from a global firm. We also have a technology research team created separately for the first time.

And I think we have invested a lot into new technology to make sure that we maintain the edge. Our app "RiiSE" is one of the top rated. We have made sure that we remain one of the best in technology added by the best talent.

Nidhesh Jain-Participant:

Sure, sir. Just one more question, sir. If you look at the Wealth Management business, the share of our direct channel has been going up and the share of B2B is coming down. So, is there any difference that we are focusing more on direct channel vs the AP channel in that business?

Motilal Oswal- Managing Director and CEO:

We have no preference for direct vs indirect because indirect is a way to reach to the nooks and corners of the country, while direct branches will be only into large cities.

Moderator:

The next question is from the line of Dipanjan Ghosh from Citigroup.

Dipanjan Ghosh- Participant:

A few questions from my side. First, on your Wealth Management and Private Wealth business separately, if you can give some color of the quality of the transactional revenue, not for fourth quarter, but maybe more on a steady-state basis, what's the mix between insurance, secondary market transactions, fixed income transactions some color on that? And how do you see the market activity levels incrementally?

My second question is on the distribution of MF assets, both in Wealth Management and Private Wealth and especially in Wealth Management. On a closing basis, it seems that the mark-to-market movement is a little bit higher than the industry averages. So just wanted to get some sense of 2 things. One is, distributed assets a little bit more skewed towards SMID, small and mid-cap and also what is the share of your own AUM or in-house AUM within the distributed assets for both Wealth and Private Wealth?

And third question, while the overall flows might have been a little bit here and there over the last quarter, but in terms of new family additions on the Private Wealth side, you have done decently well. So, I wanted to get some color on incrementally, how are you seeing the pipeline of both fresh flows coming in from these newly acquired clients also new clients coming into the ecosystem on the Private Wealth side?

Navin Agarwal- Group Managing Director:

Thanks, Dipanjan. So basically, a few high-level trends that you may want to make note of. We have been guiding that our cross-sell ratios are quite low, particularly in the Wealth Management business and that there is a lot of headroom. This was something that we would have said 2-3 years ago. And then, if you listen to the same concall last year, we highlighted to you that we have substantially augmented the team and the leadership for the distribution business. This was already an opportunity for us, but now we also have put a lot of resources behind this opportunity over the course of the last 18 months. So FY25, it is the first year of realization of those, but we believe that this can continue for multiple years. So that is one resource augmentation and tapping this opportunity, which was latent in the business.

The second thing that we had highlighted to you earlier is that we are a big believer in the rise of alternatives, while the mutual fund AUM continues to rise. So basically, we actively manage part of the wealth of India, which itself is expected to go up many fold. And within that, the share of alternates is expected to continue to rise. Now what is happening in this process is that the yields on some of these products would be higher than the traditional products. The advent of secondary market in unlisted companies, which is a big phenomenon in many parts of the world, particularly in the U.S., is something that has also been rising in India. And you have more and more companies that are becoming relevant for people to start looking at, particularly the affluent and the high-net-worth individuals. So basically, it's a mix of both, a lot more effort, a lot more resources and how the market is evolving and how we are positioned overall within that market to tap this opportunity.

You will always see quarter-on-quarter volatility in these revenue streams, lumpiness of insurance in the fourth quarter, certain unlisted opportunities or co-investment opportunities spiking up in a particular quarter. But directionally, if you ask me, FY25 was much bigger than FY24. I have no reason to believe FY26, FY27, FY28 will each be much bigger than the respective previous years because of these trends that are really unfolding.

Shalibhadra Shah- CFO:

As far as the captive AUM is concerned, on the Wealth Management, the captive AUM is 31%, and on the Private Wealth it is 10%.

Navin Agarwal- Group Managing Director:

As far as the mark-to-market of this AUM being higher than the peers, actually, "Think Equity, Think Motilal Oswal" is an important tagline for the group. While we are very upbeat on the share of fixed income in our overall AUM and where a lot of effort is being put like we have a separate head for Fixed Income in our Private Wealth Management business and the Fixed Income AUM is also growing. But we are more indexed to equity AUM. And as you see, in the last 5 years, 3 years have seen very strong performance of equity AUM vs the fixed income AUM. And hence, the mark-to-market on that equity AUM has also been higher than the peers.

Ashish Shanker, CEO, Private Wealth Management:

One more point. As regards to the number of families, we've grown the total relationships by 25% in FY25 over FY24. And like Navin mentioned, the kind of products that we are launching allows us to get a foothold into the largest families in India. So, the quality of client addition has been significantly better than the previous years. And we expect it to be even bigger in the coming years.

Dipanjan Ghosh- Participant:

Just maybe if I can get 1 or 2 follow-ups. So, on the first question on the transactional revenue, I appreciate the efforts, but just wanted to get some sense of the mix in terms of in a normal year. I mean, I understand there will be volatilities, but would it be like a secondary market would be like 30%-40% of the TBR or maybe insurance is like 10%-20%. So, if you can give some color on that?

And second, this is one question on the Private Wealth business and maybe I can recheck my calculations, but it seems that there has been some significant mark-to-market hit on the seed funding that you have done in that in terms of the manufacturing of all the products. So, these are my last 2 questions.

Navin Agarwal- Group Managing Director:

As far as the mix of the distribution income is concerned, I mean, really, even if you anchor yourself to secondary being X, insurance being Y, trail being Z, broking being A, I think we see meaningful changes depending on how the market themselves behave on a year-to-year basis.

So really, I would say, at a broader level, the way I'd like to guide you is that at least for the Wealth Management part of the business, the distribution income should continue to grow strongly. And the overall Private Wealth business is highly under indexed in terms of how much gap there is between the leader and us. So, I think the headroom to grow in that business is quite substantial. I know it doesn't answer your question about trying to get the exact split of the distribution income, which we've not shared in the past, but that mix itself may be quite volatile from a year-to-year basis.

Ashish Shanker, CEO, Private Wealth Management:

I think it's a function of markets as well, Jan and Feb were bad and like Navin mentioned that we are quite indexed to the equity market. So that's why from an AUM point of view, you don't see the kind of growth that we probably got last Q4.

Moderator:

As there are no further questions from the participants, with that, I now hand the conference over to Mr. Shalibhadra Shah- CFO, for closing comments.

Shalibhadra Shah- CFO:

On behalf of Motilal Oswal Financial Services, I would like to thank every participant for attending the Q4FY25 conference call. In case of any further queries, please do get in touch with our Investor Relations desk. Thank you, and have a good day.

Moderator:

Thank you. On behalf of Motilal Oswal Financial Services, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

Please contact ir@motilaloswal.com for any queries.

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