

Rating Rationale

September 03, 2025 | Mumbai

Motilal Oswal Financial Services Limited 'Crisil AA/Positive' assigned to Non Convertible Debentures

Rating Action

Rs.300 Crore Non Convertible Debentures	Crisil AA/Positive (Assigned)
Rs.1750 Crore Commercial Paper	Crisil A1+ (Reaffirmed)
Non Convertible Debentures Aggregating Rs.1700 Crore	Crisil AA/Positive (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its 'Crisil AA/Positive' rating to Rs. 300 crore of non-convertible debentures (NCDs) of Motilal Oswal Financial Services Limited (MOFSL; a part of the Motilal Oswal group). Ratings on the other outstanding debt instruments have been reaffirmed at 'Crisil AA/Positive/Crisil A1+'.

The positive outlook remains driven by the expectation of sustained improvement in the business risk profile of the group – through sustained growth and diversity in business segments, underpinned by the group's established position in the retail broking segment and expanding presence in adjacent businesses such as wealth and asset management. The outlook also factors in the anticipated continuity of increase in operating profits^[1] with stability in overall earnings profile corresponding to the business growth, while risk management and capitalisation metrics remain sound.

The ratings continue to reflect the group's healthy capitalisation, its prominent market position in the retail broking segment, and expanding presence in other financial services businesses, which is expected to lend greater stability to the earnings profile. These strengths are partially offset by susceptibility to inherent uncertainties of the capital-market-related businesses, and limited track record in successfully scaling up the lending business.

Even as the group continues to maintain a strong position in the retail broking segment, allied and other businesses have also been gaining scale. As of June 30, 2025, the consolidated assets under management (AUM)^[2] were Rs 3,45,276 crore, ~20% (year to date) higher than that on March 31, 2025. Through fiscal 2025, AUM clocked a three-year compound annual growth rate (CAGR) of 34% which has been a factor of steady growth across most segments, particularly wealth management assets (WM) and mutual fund (MF), coupled with buoyancy in capital markets. As on June 30, 2025, the AUM comprised wealth management assets (WM, 50%), asset management portfolio (AMC which includes MF, portfolio management services [PMS], alternate investment funds [AIF], 44%), private equity and real estate assets (PE, 3%) and lending assets including housing finance assets 3%.

Total operating profits grew by ~30% over fiscal 2025 to Rs 2,016 crore – comprising operating profits from the broking business^[3] (52%), the asset management business including PE (25%), the WM business (16%) and housing finance business (7%). Over and above this post tax treasury gains of Rs 486 crore and Rs 899 crore were booked for fiscal 2025 and fiscal 2024, respectively.

While retail broking revenues were impacted in the second half of fiscal 2025 given the regulatory developments which impacted volumes in the market, higher revenues in distribution as well other business resulted in steady operating profitability. In comparison to broking business, while businesses like asset management and WM are also linked to capital markets, structural scale up and higher share of recurring income in these and PE businesses provide relatively greater stability to the core earnings of the group via management fees charged on the AUM. Over the past few years, these businesses have scaled - leading to an increase of ~26% (three-year CAGR) in the fee income earned through these avenues and imparting diversity to the overall revenue mix. Consolidated profit after tax (PAT) was Rs 2,509 crore in fiscal 2025, vis-à-vis Rs 2,446 crore in fiscal 2024 and Rs 933 crore in fiscal 2023. For the same periods, operating profits were Rs 2,016 crore, Rs 1,542 crore and Rs 1,115 crore, respectively.

The group also extends housing finance, LAS and MTF (through Motilal Oswal Home Finance Ltd [MOHFL], Motilal Oswal Finvest Ltd [MOFL] and MOFSL, respectively).

Capitalization remained healthy with sizeable network of Rs 12,537 crore as on June 30, 2025, and Rs 11,079 crore as on March 31, 2025 (Rs 8,732 crore as on March 31, 2024). On the same dates, gearing remained comfortable and similar at ~1.3 times. Excluding the unrealised gains from investment book, the on-book gearing was still comfortable at 2.0 times as on March 31, 2025 (against 2.4 times a year ago). Network has been largely funded through internal accruals

^[1] Operating profits = Total consolidated PAT excluding treasury profits

^[2] Consolidated assets under advice (AUA) were Rs 6,52,527 crore as on June 30, 2025.

^[3] Hereafter broking and allied services are together referred to as broking business. Allied services include retail financial product distribution (distribution of financial products to mass affluent clients), investment banking (IB), loan against shares (LAS) and margin funding (MTF)

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of MOFSL and its subsidiaries, including Motilal Oswal Finvest Ltd (MOFL) and MOHFL. That is because the entities, collectively referred to as the Motilal Oswal group, have significant operational, financial and managerial integration and operate under a common brand name (Motilal Oswal).

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Expanding presence across financial services segments, supporting diversity in business risk profile

The gradual scale up in non-broking businesses - such as asset management company (AMC), WM, PE and housing finance – has supported the growth and diversity in the business risk profile. The group remains focused on scaling its distribution business (financial products) through the WM channels and, to strengthen its market position in agency businesses for which infrastructural capabilities have also been expanded. Resultantly, revenue contribution from these businesses has increased in the past few fiscals.

The asset management portfolio has increased to Rs 1,50,671 crore in June 2025, from Rs 1,23,397 crore a quarter ago and Rs 49,900 crore in March 2022 whereas the portfolio under WM – has grown to Rs 1,74,138 crore as of June 30, 2025 from Rs 55,367 crore in March 2022. As on June 30, 2025, AUM for the asset management business included assets under MF (Rs 1,16,861 crore), PMS (Rs 14,960 crore) and AIF (Rs 18,854 crore). The group has a niche position through its higher-yielding, equity-focused funds – with only 2% of the MF AUM in debt funds. It also focuses on passive and international funds. As part of its PE portfolio of Rs 10,185 crore as on June 30, 2025, the group has launched four business excellence funds and six real estate funds till March 31, 2025. While business excellence funds focus majorly on unlisted companies for long-term investments, the real estate funds focus on debt funding to developers for mid-market residential housing projects in top eight Indian cities. Within the lending space, the group extends housing finance, LAS and MTF through MOHFL, MOFL and MOFSL, respectively. These respective portfolios, though growing, remained modest at Rs 5,006 crore, Rs 1,545 crore and Rs 4,081 crore as on March 31, 2025.

The group's asset management businesses leverage the clientele of the WM segment, resulting in business synergies and improved return on equity (RoE).

The group also maintains a sizeable treasury portfolio (total equity investments, including mark-to-market [MTM] gains) of ~Rs 10,652 crore as on June 30, 2025 (Rs 8,872 crore as on March 31, 2025, and Rs 6,493 crore as on March 31, 2024). Of this, 76% are its own sponsor commitments into the groups MF, PMS, PE funds, real estate funds and AIFs and balance 24% are strategic equity and debt investments.

Healthy capitalisation backed by higher internal accrual

Capital position remains healthy, supported by adequate and stable internal accrual. Absolute consolidated network and gearing were Rs 12,537 crore and 1.3 times, respectively, as on June 30, 2025 and Rs 11,079 crore and 1.3 times as on March 31, 2025 (against Rs 8,732 crore and 1.6 times a year ago). As most of the businesses within the group are non-capital intensive, the steady-state consolidated gearing is not expected to cross 3 times. The housing finance business had a gearing of around 2.6 times as on March 31, 2025.

As on March 31, 2025, the group had cumulative unrealised gains of Rs 3,742 crore distributed across Motilal Oswal Equity Mutual Fund Products and AIF products (Rs 2,241 crore), listed equity shares (Rs 581 crore), Motilal Oswal Private Equity Funds & Real Estate Funds (Rs 923 crore; PE and real estate), the MTM gains are almost 90% of the original cost of investment. Of this, unrealised gains of ~Rs 666 crore have accrued in fiscal 2025 and Rs 1,411 crore in fiscal 2024 in line with the market momentum for each of the fiscals. This portfolio has MTM impact on earnings under Indian Accounting Standards; however, the timing and magnitude of realised gains remain uncertain. Nevertheless, even after removing the cumulative unrealised gains from the network, on-book gearing of the group remained comfortable at ~2.0 times as on March 31, 2025 (against 2.4 times a year ago).

Strong market position in the equity broking business

With a legacy of three decades, the group - through MOFSL - ranks among the top 10 equity brokers based on the number of active clients (9.8 lakh active customers on National Stock Exchange) as of July 2025, in the highly fragmented broking industry. Within this segment, business growth has been driven by acquisition of small brokers and partnerships with sub-brokers. The group enjoys pan-India presence through 9,000+ franchise. In addition, they have made various digital initiatives such as the Option store (app with a feature to create customised strategies), various application programming interface integration with algo and proprietary traders and the Research 360.

In terms of market share for fiscal 2025, MOFSL held 7.6% in the cash segment whereas in the F&O segment – market share was 8.5% (*basis F&O premium*). However, the overall average daily turnover of the business in fiscal 2025 was 2% lower than that in fiscal 2024, impacted primarily due to the slowdown in derivatives segment. Because of this, the gross retail broking revenue has grown by only 7% during fiscal 2025 as against a robust growth of 31% witnessed in the previous fiscal. Over the medium term, the group is expected to maintain its strong footing in the retail broking segment – which would continue to bolster its growth in adjacent segments like asset and WM.

Sustained profitability, supported by diversity in revenue streams

The earnings profile of the group continues to benefit from the diversifying business mix. More so, growth across non-broking businesses has imparted diversity to the overall profitability, and is expected to lend it greater stability.

Operating profit increased to Rs 2,016 crore for fiscal 2025 from Rs 1,542 crore for the previous fiscal and Rs 1,115 crore for fiscal 2023. For the first quarter of fiscal 2026, the operating profit was Rs 522 crore. Correspondingly, the adjusted RoE (based on operating profit as a proportion of average networth excluding cumulative unrealized gains) was ~30%, for both fiscal 2024 and 2025. However, adjusted RoE (when calculated as operating profits as a percentage average reported networth) was 20.3% in fiscal 2025 and 20.5% in fiscal 2024. Broking business has remained the largest component of operating profits at 52% (52% for fiscal 2024), followed by AMC at 25% (23%), WM at 16% (16%), housing finance at 7% (9%). Beyond profits from core operations, the group also generates a sizeable income from the treasury portfolio which was Rs 486 crore on a post tax basis in fiscal 2025 versus Rs 899 crore in fiscal 2024. As a philosophy, the proceeds from treasury portfolio are redeployed into expansion of operating businesses. This segmental mix in operating profits is akin to the mix of operating income and, has remained so for a few years now.

The group is expected to continue expanding its fee-based businesses, which yield the benefit of trail income. It has been investing in these businesses and the benefit of it is expected to materialise in the near to medium term.

Weaknesses

Exposure to uncertainties inherent in capital-market-related businesses

Most of the group's businesses are linked to the capital markets and hence remain exposed to economic, political and social factors that drive investor sentiments. Brokerage revenue depends on the level of trading activity in capital markets; incremental inflow into various asset management platform depends on the returns generated - making overall revenue dependent on the performance of the capital markets.

Specifically, since March 2020, the stock markets have seen high retail participation and increased daily trading volume coinciding with the lockdown to contain the Covid-19 pandemic and people remaining at home. A significant proportion of client additions at the industry level are in the age bracket of 25-30 years without relevant trading experience. Upward movement of the key benchmark indices during this period has attracted retail investors to market trading. However, due to headwinds led by various regulatory changes and higher than expected market volatility during the second half of fiscal 2025, the trading volumes were impacted in this period, thereby impacting the broking revenue for the entire sector – including that for Motilal group.

However, its impact on the earnings was partly contained by a larger share of retail broking business being sourced from franchisees, for which the variable component of costs is higher, thereby curtailing the downside impact of market volumes on the profitability margins. Further, the diversity in group's revenue profile limits its dependence on retail broking operations. The agency businesses like AM, WM and PE yield income in the form of management fees (as a proportion of AUM), which has a higher stability quotient. The lending business, commenced in fiscal 2015, adds further stability to the overall earnings via fixed interest income from home loans.

Limited track record in successfully scaling up the lending business

The housing finance portfolio stood at Rs 5,006 crore as on June 30, 2025 and Rs 4,878 crore on March 31, 2025, having grown at a 3-year CAGR of ~12% since fiscal 2022. Most of the growth has been registered in fiscal 2025. Prior to that, in fiscals 2018 and 2019, MOHFL faced asset quality challenges due to inadequate collection and recovery processes within the company, amidst macro-economic disruptions. However, since fiscal 2019, MOHFL has taken several corrective measures such as strengthening of management teams, improving collection processes and recovery apparatus by creating a ~550-member team, and enhancing credit appraisal and risk monitoring systems.

GNPAs, after peaking at 9.3% on March 31, 2019 (4.5% as on March 31, 2018 and 0.6% as on March 31, 2017) corrected significantly to 0.9% as on March 31, 2024 and further to 0.8% as on March 31, 2025. As on June 30, 2025, GNPAs stood at 1.2%.

The company intends to grow its housing loan book prudently over the medium term, while increasing its geographical presence. The recent expansion in the sales team is expected to catalyse this plan. Nevertheless, given the evolving macro-economic environment and intensifying competition within this asset segment, ability of the management to scale this business while maintaining sound asset quality, will remain monitorable.

Liquidity : Strong

Liquidity of the group is comfortable, supported by an adequate balance of cash and cash equivalent assets. Further, a sizeable portfolio of fee-based businesses also aids liquidity. The group (including the MOHFL) had cash balance, unutilised bank lines and liquid investments aggregating to ~Rs 6,357 crore as on June 30, 2025, as against overall debt obligation of around ~Rs 4,129 crore (including that of MOHFL) till August 31, 2025.

Environment, social and governance profile

The environment, social and governance (ESG) profile of MOFSL supports its already strong credit risk profile.

The ESG profile of financial institutions typically factors in governance as a key differentiator between them. The sector has reasonable social impact because of its substantial employee and customer base, and it can play a key role in promoting financial inclusion. While the sector does not have a direct adverse environmental impact, the lending decisions may have a bearing on the environment and other sustainability-related factors.

MOFSL has demonstrated an ongoing focus on strengthening various aspects of its ESG profile.

Key ESG highlights:

- The company is undertaking initiatives towards shifting to green methods of conducting business such as introduced variable refrigerant flow (VRF) air conditioning systems, installed five-star rated ACs and electrical appliances, conducted regular inspections of data center equipment, replaced conventional lights with energy efficient LED lights along with occupancy sensors. As a result of these initiatives, MOFSL's energy consumption and Scope 1 and 2 emissions intensity at ~0.9 MWh and ~670 kg CO₂e per employee, respectively, were lower than the peers
- Additionally, MOFSL has installed water-saving technologies, installed Sewage Treatment Plant (STP), developed rainwater harvesting system, and is also committed to managing its waste generated in operations by recycling paper products, plastics, and e-waste
- The gender diversity of the workforce currently stands at ~26%, and the attrition rate of employees has shown a substantial fall from ~74% in fiscal 2023 to ~48% in fiscal 2025.
- There are two women directors on the board against the mandate of one, 50% independent directors on the Board, and segregation in chairperson and executive positions.

There is growing importance of ESG among investors and lenders. MOFSL's commitment to ESG will play a key role in enhancing stakeholder confidence, given substantial share of foreign investors as well as access to domestic capital markets.

Outlook Positive

Motilal Oswal group will continue to expand its business risk profile through steady growth in managed assets across segments, while maintaining stability and diversity in earnings and healthy capitalisation metrics.

Rating sensitivity factors

Upward factors

- Sustained strengthening of market position in non-broking businesses (AMC, WM, PE and housing finance), while maintaining market share in the broking business
- Sustained increase and diversification in operating profitability, with non-broking segments contributing >60% to operating profits

Downward factors

- Significant decline in group's operating profitability, and/or weakening of capitalisation metrics
- Significant and sustained deterioration in asset quality thereby impacting the group's profitability (with credit costs rising to, and remaining above, 2% of the group's assets for a prolonged period)
- Adverse regulatory actions on the business segments, resulting in significant deterioration of the business risk profile of the group

About the Company

MOFSL was incorporated in 1987. The promoters Mr Motilal Oswal and Mr Raamdeo Agarwal started this entity with the sub broking business and with time, allied services like distributions, MTF, LAS and Investment banking got added. These customers have higher disposable income and look for additional services like research and advisory – which allows MOFSL to cross-sell and retain the customer.

On a standalone basis the entity reported a PAT of Rs 1,391 crore on a total income of Rs 5,478 crore in fiscal 2025 against Rs 1,488 crore and Rs 4,595 crore, respectively for fiscal 2024. The metrics were Rs 532 crore and Rs 1,535 crore,

respectively for the first quarter of fiscal 2026.

About the Group

Motilal Oswal group is one of India's leading providers of capital market-related services, services include retail and institutional broking and allied services such as retail financial product distribution (distribution of financial products to mass affluent clients), investment banking, loan against shares and margin funding. It is also engaged in asset management (mutual fund [MF], portfolio management services [PMS], alternate investment funds [AIF]), private equity and real estate (PE), wealth management (WM; caters to HNIs and ultra HNIs) and housing finance.

The promoters and promoter group including- Mr Motilal Oswal and Mr Raamdeo Agrawal along with their family members, and Motilal Oswal Family Trust-collectively owned 67.8% of MOFSL's equity shares as on June 30, 2025.

Key Financial Indicators (Consolidated)

As on / For the Year ended March 31	Unit	2025	2024	2023
Total Assets	Rs crore	33987	31829	23010
Total Income	Rs crore	8417	7178	4197
PAT	Rs crore	2509	2446	933
GNPA (HFC)	%	0.8	0.9	1.1
Return on network	%	25.3	32.6	15.3
Gearing	Times	1.3	1.6	1.6

As on / For the Quarter ended June 30	Unit	2025	2024	2023
Total Assets	Rs crore	36645	37124	27745
Total Income	Rs crore	2744	2318	1534
PAT	Rs crore	1155	884	527
GNPA (HFC)	%	1.2	1.2	1.9
Return on network	%	39	38.1	31.8
Gearing	Times	1.3	1.6	1.5

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 days	1750	Simple	Crisil A1+
INE338I07131	Non Convertible Debentures	09-May-24	8.85	09-May-26	47.98	Simple	Crisil AA/Positive
INE338I07149	Non Convertible Debentures	09-May-24	9.10	09-May-27	448.53	Simple	Crisil AA/Positive
INE338I07156	Non Convertible Debentures	09-May-24	Zero Interest	09-May-26	25.01	Simple	Crisil AA/Positive
INE338I07164	Non Convertible Debentures	09-May-24	8.97	09-May-29	95.14	Simple	Crisil AA/Positive
INE338I07099	Non Convertible Debentures	09-May-24	Zero Interest	09-May-27	27.34	Simple	Crisil AA/Positive
INE338I07107	Non Convertible Debentures	09-May-24	9.35	09-May-29	81.98	Simple	Crisil AA/Positive

INE338I07115	Non Convertible Debentures	09-May-24	9.30	09-May-34	47.05	Simple	Crisil AA/Positive
INE338I07123	Non Convertible Debentures	09-May-24	9.70	09-May-34	226.97	Simple	Crisil AA/Positive
INE338I07172	Non Convertible Debentures	03-Sep-24	9.25	03-Sep-32	170	Simple	Crisil AA/Positive
INE338I07180	Non Convertible Debentures	06-Aug-25	8.50	06-Aug-27	500	Simple	Crisil AA/Positive
NA	Non Convertible Debentures [#]	NA	NA	NA	300	Simple	Crisil AA/Positive
NA	Non Convertible Debentures ^{#&}	NA	NA	NA	30	Simple	Crisil AA/Positive

Yet to be issued
& Public issue

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Motilal Oswal Commodities Broker Private Limited	Full	Subsidiary
Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)	Full	Subsidiary
MO Alternate Investment Private Limited (formerly known as Motilal Oswal Fincap Private Limited)	Full	Subsidiary
Motilal Oswal Finvest Limited (Formerly known as Motilal Oswal Capital Markets Ltd)	Full	Subsidiary
Motilal Oswal Wealth Limited	Full	Subsidiary
Motilal Oswal Asset Management Company Limited	Full	Subsidiary
Motilal Oswal Trustee Company Limited	Full	Subsidiary
Motilal Oswal Securities International Private Limited	Full	Subsidiary
Motilal Oswal Capital Markets (Singapore) Pte. Limited	Full	Subsidiary
Motilal Oswal Capital Markets (Hong Kong) Private Limited	Full	Subsidiary
Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Ltd)	Full	Subsidiary
Motilal Oswal Finsec IFSC Limited	Full	Subsidiary
Glide Tech Investment Advisory Private Limited	Full	Subsidiary
TM Investment Technologies Pvt. Ltd	Full	Subsidiary
India Business Excellence Management Company	Full	Subsidiary
Motilal Oswal Asset Management (Mauritius) Private Limited	Full	Subsidiary
Motilal Oswal Capital Limited	Full	Subsidiary
India Reality Excellence Fund II LLP	Proportionate	Associate
Motilal Oswal Financial Services Ltd	Full	Subsidiary

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	1750.0	Crisil A1+		--	04-09-24	Crisil A1+	24-08-23	Crisil A1+	23-08-22	Crisil A1+	Crisil A1+
					--	09-02-24	Crisil A1+	27-04-23	Crisil A1+	24-02-22	Crisil A1+	--
					--		--	07-02-23	Crisil A1+		--	--
Non Convertible Debentures	LT	2000.0	Crisil AA/Positive		--	04-09-24	Crisil AA/Positive	24-08-23	Crisil AA/Stable		--	--
					--	09-02-24	Crisil AA/Stable	27-04-23	Crisil AA/Stable		--	--
					--		--	07-02-23	Crisil AA/Stable		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for Finance and Securities companies \(including approach for financial ratios\)](#)

[Criteria for consolidation](#)

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India Ratings Assigns Motilal Oswal Financial Services's Additional CPs 'IND A1+'; Affirms Existing Ratings at 'IND AA'/Positive

Feb 05, 2026 | Motilal Oswal Financial Services Limited | Stockbroking & Allied

India Ratings and Research (Ind-Ra) has taken the following rating actions on Motilal Oswal Financial Services Limited's (MOFSL) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Commercial papers	-	-	7 to 365 days	INR25,000	IND A1+	Assigned
Commercial papers	-	-	7 to 365 days	INR82,500	IND A1+	Affirmed
Non-convertible debentures#	-	-	-	INR8,000	IND AA/Positive	Affirmed
Non-convertible debenture (interchangeable with principal protected market-linked debentures) \$#	-	-	-	INR2,716	IND AA/Positive	Affirmed
Bank loan facilities	-	-	-	INR4,000	IND AA/Positive	Affirmed

#Details in annexure

\$ INR2,716 million non-convertible debenture (NCD) limit stands fungible between NCDs and principal protected market-linked debentures (PP-MLDs). The applicable rating for PP-MLD is 'IND PP-MLD AA'/Positive

The rating of MLDs is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on these instruments will be based on the performance of a reference index (to be detailed in the information memorandum of the issue).

PP-MLD refers to full principal protection wherein the issuer is obligated to pay the full principal upon maturity.

Analytical Approach

Ind-Ra continues to fully consolidate MOFSL's [group companies](#) while arriving at the ratings, on account of the strong financial, managerial and operational linkages among them.

Detailed Rationale of the Rating Action

The Positive Outlook reflects the scaling up of MOFSL group's revenue and profitability across diverse segments, supported by an experienced management team, a sizeable investment book, and strong revenue per customer in the broking business relative to peers. Additionally, the group benefits from reasonable diversification in its lending operations through its capital markets and housing finance subsidiaries.

MOFSL's ratings reflect its established franchise and demonstrated ability to offer a diversified suite of financial products and services across wealth management, private wealth, asset management, private equity, and real estate funds, catering to a broad customer base. The ratings also factor in the group's consistent and predictable cash flow generation from its broking and lending businesses—both housing and capital market-linked—as well as from its asset and private wealth management segments. MOFSL's adequate capitalisation and liquidity position, along with the fungibility of liquidity across group entities in times of stress, further support the ratings. However, the ratings remain constrained by the group's ability to sustain franchise scale and profitability during periods of market volatility, and by the modest scale and evolving asset quality profile of its housing finance subsidiary.

List of Key Rating Drivers

Strengths

- Well-established franchise in capital markets
- Consistent revenue contribution through fee and trailing income from asset & wealth management businesses
- Scale up of ex-housing finance (HFC) loan book
- Adequate capitalisation and sizeable investment book

Weaknesses

- Presence in extremely competitive segment with regulatory risks
- MOHFL business yet to achieve scale-up; seasoning of new book remains monitorable

Detailed Description of Key Rating Drivers

Well-established Franchise in Capital Markets: The Motilal Oswal Group is a well-established brand in the financial services industry, having an equity broking business since 1987. The group has witnessed multiple market cycles and idiosyncratic risk events. Over FY21-FY25, MOFSL Group achieved a 32% CAGR growth in operating profit (excluding treasury investments profit after tax), driven by the wealth management (32% CAGR), capital markets (43% CAGR), asset &

private wealth (26% CAGR) and housing finance (33% CAGR) businesses. While a certain portion of the business is also supported by growth in the capital markets growth, it has maintained and scaled up its market share by widening its franchise strength with multiple product offerings. With a total client base of around 15.31 million at end-3QFY26, the group caters to both retail and institutional clients through over 2,500 business locations, serving clients in 98% of PIN codes. With a sizeable client base, there is a potential cross-sale opportunity over the long term with a likely financialisation of savings. The Securities and Exchange Board of India also defines MOFSL as a qualified stockbroker in India, by virtue of its size and scale of operations, and its impact on investors and securities market.

Also, despite the broking business being fairly fragmented, MOFSL is among the top players and had a market share (retail cash average daily turnover) of 6.9% in terms of retail cash turnover and 8.4% in terms of futures and options premium turnover at 3QFY26. Moreover, MOFSL has expanded into different business verticals to provide a wide range of products, such as retail broking, institutional broking, investment banking, asset management, private wealth management, private equity and affordable housing finance. In retail broking, research and advisory support to clients has led to client stickiness across market cycles, despite stiff competition from discount brokers. The group has one of the highest average revenue per customer in the broking industry. The group has a high profitability in its wealth management business segment as it operates on the advisory mode with strong cross-sell capabilities across products within the group where a large part of its assets remains equity, offering higher spread margin in terms of revenue across the different lines of business operations.

With an increasing retail participation in the past three years across discount brokerages, there could be a gradual migration of clients towards full-service providers, benefitting the MOFSL Group due to evolving regulations for discount brokers. Given volatility in the financial market business, such as private wealth, asset management and wealth management, its volume could see a certain moderation. However, the benefit of a widening of participation in the equity markets would stand to accrue on a recurring basis and operating leverage benefits of an established franchise would continue to play out for MOFSL.

Consistent Revenue Contribution through Fee and Trailing Income from Asset & Wealth Management Business: Over FY21-FY25, MOFSL's consolidated revenue expanded at a CAGR of 23% to INR84.2 billion. The revenue declined 6.3% yoy to INR66.9 billion during 9MFY26. As reported by the company, the annual recurring revenue contributed 65% of the total revenue. Notably, the contribution from the wealth management remained healthy at 45% in FY25 and the balance mix was well-supported by the assets and private wealth management (37%), housing finance (7.4%) and capital market (11.5%). During 9MFY26, the company's revenue from wealth management contributed 39% to the total revenue, led by 1190 internal relationship managers and 8,550 external relationship managers. About 53% of the wealth management revenue was contributed by external wealth managers in 9MFY26, leading to a lower proportionate fixed cost in the company's books.

Over the medium term, the group plans to expand its asset management business more on alternative investment funding as it offers higher yields, while the company has created a product basket in the passive category. The private wealth management business's group strategy focuses on relationship manager-led expansion in its assets under management, supported by newer customised technology platforms. The share of revenue on a consolidated basis remains well distributed, where management/advisory fee, distribution and other operating income contributed 40%, lending book 31% and broking 29% in FY25. The group has witnessed an increasing demand for margin financing, along with debtor financing from its retail clients since the regulatory change requires a 50% upfront cash margin. Consequently, margin trade financing + demand loans + loan against shares + loan against property + debtor funding book stood at INR96.9 billion in 9MFY26 (FY25: INR72.6 billion; FY24: INR73.2 billion; FY23: INR39.1 billion; FY22: INR20.4 billion), thereby earning healthy spreads on the deployed book. The margins are prescribed by the exchanges in the margin trade financing business. Furthermore, as a policy, the company follows three stocks per client to manage the market risk arising from any adverse movements in stock prices.

Consolidated operating profit grew 30.7% to INR20.2 billion during FY25 (FY24: INR15.4 billion; FY23: INR11.1 billion). During 1QFY26, the operating profit grew 21% yoy to INR5.2 billion. The group's consolidated return on equity (adjusted for profit on treasury investments) stood at 21.3% in FY25 (FY24: 23.1%; FY23: 15.1%; FY22: 22.3%) in tandem with the capital market performance. Given the volatile nature of equity markets (as reflected by treasury investment revenue (FY25: INR12.9 billion; FY24: INR14.5 billion; FY23: INR1.4 billion; FY22: INR4.8 billion)), the cyclical nature of the return profile is likely to continue.

Scale Up of Ex-HFC Loan Book: MOFSL Group's total lending book scaled up to INR149.5 billion in 9MFY26 (FY21: INR50 billion, CAGR of 24%), mainly driven by an increase in the ex-HFC loans (i.e. margin trade financing, loan against share, T+5 Book) to INR96.9 billion (INR15.4 billion, CAGR of 46%). Motilal Oswal Finvest Limited (subsidiary of MOFSL; [IND AA/Positive](#)) has also recently started high ticket loan against property (currently INR4 billion) which the company expects to grow at a CAGR of 30% over FY26-FY28. As a result, the group's interest income has expanded and provides stable annuity streams to the group's revenue, as the contribution of the interest income to revenue adjusted for mark-to-market gains stood healthy at 31% (average over FY21-9MFY26).

Adequate Capitalisation and Sizable Investment Book: The consolidated leverage (debt/equity) was conservative at 1.3x in 9MFY26 (FY25: 1.3x; FY24: 1.6x; FY23: 1.7x; FY22: 1.1x). MOHFL's capital adequacy ratio stood at 40.7% in 9MFY26 (FY25: 40.8%; FY24: 51%; FY23: 51%; FY22: 51%). MOFSL Group is not planning any further capital infusion in the near term as MOHFL's gross leverage remains moderate at 2.7x. MOFSL Group intends to keep its gross leverage below 2.0x in the medium term (board approved limit of 3.0x). The gross leverage (ex-housing) stood at 1.1x in 9MFY26. Ind-Ra expects the group's cash generating businesses – wealth management, asset and private wealth management - to supplement any further capital requirement of MOHFL, thus limiting any incremental borrowing requirement. Furthermore, MOFSL is adequately capitalised with the group's quoted treasury investment book (equity investment including alternate funds), which housed the group's investments of INR95.6 billion at 9MFY26. The company may raise short-term debt for working capital needs, if required.

Presence in Extremely Competitive Segment with Regulatory Risks: The capital market industry continues to witness regulatory as well as technology risks. Given the evolving regulatory environment and increasing competition in the capital markets, MOFSL Group's business model has been structured to remain adaptable. This allows the group to respond to changes in compliance requirements and market dynamics as needed. The group's investments in technology infrastructure and skilled manpower over the past three years have strengthened its ability to swiftly adapt to regulatory changes and market dynamics. Also, brokerage industry is characterised by stiff competition, as reflected by the loss of market share by MOFSL Group in terms of active National Stock Exchange clients (FY25: 2.1%; FY24: 2%; FY20: 3%) mainly due to aggressive pricing strategy implemented by discount brokerages.

MOHFL Business Yet to Achieve Scale-up; Seasoning of New Book Remains Monitorable: With increased oversight from MOFSL and the change in the management, a collection team has been set up and each borrower has been mapped with internal information technology systems. MOHFL's strategy remains focused on affordable housing/ loan against property and developer financing for driving the loan book growth. During FY22-FY25, MOHFL's loan book grew at a CAGR of 13% to INR48.6 billion and further to INR52.52 billion at end-9MFY26. The operating leverage is low as the branch disbursement compared with the

team size is low, thus providing scope for expansion in the long term. MOHFL has taken several corrective measures such as strengthening senior management leadership, strengthening of collections and recovery infrastructure by creating over 500-member team, and enhancing credit appraisal and risk monitoring systems. Moreover, significant investments have been made in technology, processes and people to strengthen operations to support and enhance the business scale up. Also, for construction finance, MOHFL created in-house team for sourcing and underwriting and the average ticket size of disbursement in FY25 has been brought down to INR120 million as compared to INR400 million till FY24. The exposure here stood at 15% of the overall loan book and is expected to taper down with increase in retail home loans growth.

The management believes the disbursements made after FY18 and the revamp of credit policies, improved control on branch sales and collection team, revamped monthly information systems, and the restructuring of systems and processes should provide the company better control on credit costs. This is partly evident from the controlled slippages with the gross non-performing assets in the new book at 0.9% out of 1.4% on its overall book, where the new book forms 75% of the loan book at 9MFYE26. However, this book is yet to witness a complete seasoning cycle; therefore, establishing credit cost remains a challenge. Ind-Ra will closely monitor the developments on this front and its impact on the company's financial profile.

Liquidity

Adequate: The group had sanctioned unutilised bank lines of INR40,8 billion for contingencies, and unencumbered cash and bank balance, and liquid investment of INR13.8 billion at end-December 2025. The liquidity position is adequate to meet debt repayment obligations over January-February 2026. The group's liquidity pool is fungible for the liquidity requirements of the group companies. The consolidated debt stood at INR175.6 billion at 3QFYE26. Of this, INR41.6 billion was attributable to MOHFL, while the balance was mainly used to extend loans, which are sufficiently secured (maximum loan to value of 50%) and short-term in the nature, such as margin financing and debtors book funding in the broking business and loan against shares.

Rating Sensitivities

Positive: A significant scaling up of the group franchise while improving market share in its business lines across capital market cycles, along with diversifying revenue streams further and maintaining stable profitability and asset quality, could be positive for the ratings.

Negative: Following factors could, individually or collectively, lead to a negative rating action:

- sharp deterioration in the market share in larger businesses, which could lead to a significant weakening of the group's profitability and/or capital buffers
- signs of sharp deterioration in MOFSL's liquidity and/or access to funding due to unexpected market-wide shocks
- the consolidated gross leverage (ex-housing) exceeding 2.0x on a sustained basis

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on MOFSL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

MOFSL is the ultimate holding company of the broker-turned-diversified financial services Motilal Oswal group. The group is present in several businesses such as retail and institutional broking, asset management, private equity, wealth management, loan against shares, margin financing, commodities broking, investment banking, venture capital management and housing finance. Since 1986, the company has seen various capital market cycles and has a strong hold in the capital market space.

Key Financial Indicators

Particulars (MOFSL, Consolidated)	1HFY26	FY25	FY24
Total tangible assets (INR million)	3,55,129	3,38,794	3,17,371
Total tangible equity (INR million)	1,27,570	1,09,716	86,396
Profit after tax (INR million)	15,184	25,082	24,456
Return on average tangible assets (%)	8.4	7.6	9.0
Tangible equity/tangible assets (%)	35.9	32.4	27.2
Gross debt/tangible equity (x)	1.2	1.3	1.6
Source: Company, Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook										
	Rating Type	Rated Limits (million)	Rating	16 September 2025	17 June 2025	14 February 2025	17 September 2024	12 August 2024	28 March 2024	29 January 2024	18 September 2023	21 July 2023	11 May 2023	20 October 2022
Commercial papers	Short-term	INR107,500	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+
Non-convertible debentures\$	Long-term	INR10,716	IND AA/Positive	IND AA/Positive	IND AA/Positive	IND AA/Positive	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable
Bank loan facilities	Long-term	INR4,000	IND AA/Positive	IND AA/Positive	IND AA/Positive	IND AA/Positive	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable

\$ Includes INR2,716 million NCDs that stand fungible between NCDs and PP-MLDs. The applicable rating for PP-MLD is 'IND PP-MLD AA'/Positive

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debenture (interchangeable with principal protected market-linked debentures)	High*
Non-convertible debentures	Low

* Instrument characterised by underlying market risk

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
Non-convertible debentures	INE338107131	9 May 2024	8.85	9 May 2026	INR480	IND AA/Positive
Non-convertible debentures	INE338107156	9 May 2024	Zero coupon	9 May 2026	INR250	IND AA/Positive
Non-convertible debentures	INE338107149	9 May 2024	9.10	9 May 2027	INR4,485	IND AA/Positive
Non-convertible debentures	INE338107099	9 May 2024	Zero coupon	9 May 2027	INR273	IND AA/Positive
Non-convertible debentures	INE338107164	9 May 2024	8.97	9 May 2029	INR951	IND AA/Positive
Non-convertible debentures	INE338107107	9 May 2024	9.35	9 May 2029	INR820	IND AA/Positive
Non-convertible debentures	INE338107115	9 May 2024	9.30	9 May 2034	INR471	IND AA/Positive
Non-convertible debentures	INE338107123	9 May 2024	9.70	9 May 2034	INR2,270	IND AA/Positive
Unutilised					INR716	
Total limit (includes NCDs and NCDs interchangeable with PPMLDs)					INR10,716	
Source: NSDL, MOFSL						

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

Rating FI Subsidiaries and Holding Companies

Securities Firms Criteria

The Rating Process

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February 09, 2026

Motilal Oswal Financial Services Limited: Rated amount enhanced for commercial paper and bank line facilities; ratings reaffirmed for existing instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	8,250.00	10,750.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Non-convertible debenture	200.00	200.00	[ICRA]AA+ (Stable); reaffirmed
Long-term fund-based/ Non-fund based bank lines	1,800.00	2,800.00	[ICRA]AA+ (Stable); reaffirmed and assigned for enhanced amount
Total	10,250.00	13,750.00	

*Instrument details are provided in Annexure I

Rationale

While arriving at the ratings, ICRA has considered the consolidated financials of Motilal Oswal Financial Services Limited (MOFSL or the Motilal Oswal Group) and has taken a consolidated view of the credit profiles of the company and its subsidiaries, including Motilal Oswal Wealth Limited (MOWL), Motilal Oswal Finvest Limited (MOFL), Motilal Oswal Home Finance Limited (MOHFL) and Motilal Oswal Broking and Distribution Limited (MOBDL), as they have operational and business synergies in addition to a shared name and management oversight.

The ratings factor in the Group's long-standing track record and strong market position in various capital market-related businesses, its strong profitability across market cycles, and comfortable capitalisation profile. Supported by the significant scaleup of operations, particularly in the asset and wealth management segments, the Group's operating performance has been robust. Further, notwithstanding intermittent corrections, sizeable gains on proprietary investments have boosted the headline profits over the past decade. It delivered a return on equity (RoE) of ~22% in 9M FY2026, building on the track record of the strong profitability trajectory with a 10-year average RoE of 21%. Supported by the strong internal capital generation, the consolidated capitalisation profile remains comfortable with a sizeable net worth of Rs. 13,693 crore and a gearing of 1.3 times as on December 31, 2025.

While reaffirming the ratings, ICRA notes that the Group's revenue from the retail futures & options (F&O) brokerage segment and related interest income remains exposed to regulatory risk. Broking income from derivatives segments could be impacted by the recent hike in the securities transaction tax (STT). Further, the Group could witness a modest decline in distribution and management fee from mutual funds in its asset and wealth management businesses, though the overall impact on the revenue trajectory is expected to be modest, given the diversified revenue profile. Moreover, the scale-driven operating efficiency in the asset and wealth management businesses is expected to continue to support profitability. That said, ICRA notes that earnings are likely to remain volatile with a significant portion of the Group's net worth deployed in equity investments.

The aforementioned strengths are also partially offset by the volatile nature of the capital market-related business, inherent franchise and reputational risks, intense competition, and the evolving regulatory landscape. While the Group had historically maintained a low financial leverage in the capital market-related business, the gearing stood at 1.1 times as on December 31, 2025 (albeit lower than 1.4 times during FY2023-FY2024) due to the material scaleup of the debt-funded capital market lending book and increased working capital requirements. As per the management, the Group intends to maintain a gearing of less than 2 times in the capital market businesses {consolidated, excluding the housing finance company (HFC)} and less than 4 times in the housing finance business. ICRA is cognisant of the large investments in listed and unlisted securities, mutual funds, and alternatives, which form a significant part of the Group's consolidated net worth and expose it to market volatility.

Additionally, its investment in unlisted securities¹ has increased in the recent period driven by the rising warehousing requirements for client distribution and its private equity funds in the recent past. The Group's capital market exposures remain vulnerable to market and credit risks, given the inherent volatility of the asset class. Hence, the scale and composition of the investment book will remain monitorable. Additionally, the Group's reliance on technology underscores the importance of system resilience during periods of high market stress and the need to continuously adapt to technological advancements to sustain its competitive positioning.

The Stable outlook reflects ICRA's expectation that the Group would continue to draw on its long-standing track record and strong position in capital market-related business to report healthy profitability while maintaining comfortable capitalisation and liquidity.

Key rating drivers and their description

Credit strengths

Strong market position in various capital market-related businesses – The Motilal Oswal Group has an established presence in diverse capital market segments, including retail and institutional broking, wealth management, capital market-linked lending, investment banking, and asset management, besides housing finance. It is a leading player in the equity broking space, with a track record of over three decades and a pan-India footprint across more than 2,500 locations, supported by over 8,500 external wealth managers. As on December 31, 2025, it was the 10th largest securities broking firm, in terms of active clients (though it is among the top 5 in terms of revenues), with an active National Stock Exchange (NSE) client base of ~10 lakh. The Group also maintains a strong presence in institutional broking, serving ~900 clients and offering research coverage on more than 350 companies. It holds a market share of 6-7% (largest among non-bank backed brokers) in the margin trade financing (MTF) segment. Driven by the strong performance of the asset management business amid favourable industry tailwinds, the Group garnered a 7.6% market share in net flows into growth-oriented equity funds in Q3 FY2026. It also has an established foothold in the mass affluent and private wealth management segment (among top 3 non-bank wealth managers), with assets under advice of Rs. 7 lakh crore as on December 31, 2025.

Strong profitability with track record of healthy performance across cycles – The Group's capital market businesses have grown significantly in recent years. Notwithstanding the slowdown in market trends in the current fiscal, it reported a robust operating performance supported by strong market positions across diversified capital market businesses. The profit before tax (PBT)² from operating businesses stood at Rs. 2,265 crore in 9M FY2026 compared to Rs. 2,008 crore in 9M FY2025 (well above the past 5-year average of Rs. 1,690 crore). The headline net profit, however, declined by 19% year-on-year (YoY) on account of the decline in gains on proprietary investments. Nonetheless, the Group reported strong profitability on an overall basis with a net profit of Rs. 2,092 crore and RoE of 22% in 9M FY2026 compared to Rs. 2,571 crore and 34%, respectively, in 9M FY2025. The Group expects sizeable carry income and fair value gains from exits of its private equity investments over the next 4-5 years, though these remain sensitive to broader domestic and global market conditions. The mortgage business also reported a healthy performance with a return on assets (RoA) of 2.4% and RoE of 9.0% in 9M FY2026 compared to 2.6% and 9.6%, respectively, in FY2025.

The Group's revenue from the retail F&O brokerage segment and related interest income remains exposed to regulatory risk. Broking income from derivatives segments could be impacted by the recent hike in STT. Further, the Group could witness a modest decline in distribution and management fee from mutual funds in its asset and wealth management businesses, though the overall impact on the revenue profile is expected to be modest, given the diversified revenue profile. Moreover, the scale-driven operating efficiency in the asset and wealth management businesses is expected to continue to support profitability. That said,

¹ Comprising investments in unlisted equities, security receipts, units of private equity and real estate funds

² PBT (excluding gains & income from proprietary investments without adjusting for associated capital allocation and other costs) of Rs. 1,782 crore in 9M FY2026 compared to Rs. 1,623 crore in 9M FY2025, Rs. 2,076 crore in FY2025 and Rs. 1,519 crore in FY2024 (well above the past 5-year average of Rs. 1,269 crore)

ICRA notes that earnings are likely to remain volatile with a significant portion of the Group's net worth deployed in equity investments.

Comfortable capitalisation with sizeable net worth and modest financial leverage – The Group's consolidated capitalisation profile remains comfortable, supported by the healthy internal capital generation trajectory, notwithstanding dividend payouts and buybacks. As on December 31, 2025, it had a sizeable net worth of Rs. 13,693 crore and a gearing of 1.3 times. While the Group has historically maintained low financial leverage in the capital market-related business (excluding HFC; average consolidated gearing, excluding the HFC, was 0.7 times during FY2016-FY2020), the gearing stood at 1.1 times as on December 31, 2025 (albeit lower than 1.4 times during FY2023-FY2024). With the material scaleup of the debt-funded capital market lending book, borrowings in the capital market business have increased significantly in recent years. The gearing in the home finance business stood at 2.6 times as on December 31, 2025.

Going forward, with the rise in the capital market loan book and mortgage book, the Group's overall indebtedness is expected to increase, though the capitalisation profile is likely to remain comfortable, supported by healthy profitability and calibrated dividend payouts/buybacks. ICRA is cognisant of the Group's significant investments in listed and unlisted securities, mutual funds, and alternatives, which form a large part of its consolidated net worth and expose it to market volatility. Additionally, the Group's investments in unlisted securities have increased in the recent past amid rising warehousing requirements for client distribution and its private equity funds. As on December 31, 2025, the share of unlisted investments, as a percentage of consolidated net worth (excluding HFC), stood at 27% as on December 31, 2025, compared to ~30% as on June 30, 2025. A high share of unlisted investments increases the Group's sensitivity to valuation-related risks. In this regard, adherence to prudent allocation of treasury investments remains imperative and will be monitorable.

Credit challenges

Exposure to capital market volatility and franchise and reputational risks – With the Group's focus on scaling up its businesses with a relatively more stable income stream such as asset and wealth management and housing finance, income from these businesses (typically booked as a percentage of the assets under management) increased at a compound annual growth rate (CAGR) of 24% during FY2021-FY2025. Despite this, the share of these businesses in overall revenues moderated to 43% in FY2025 from 51% in FY2021 due to the faster scaleup of transaction-driven businesses during the market momentum in recent years. Retail broking income from the F&O segment, along with interest income from margin funding and client float, remains exposed to the dynamic regulatory environment. The asset and wealth management businesses, which rely on its established brand and franchise for client acquisition and retention, are susceptible to reputational risks arising from investment underperformance, mis-selling, or misrepresentation. Moreover, ICRA notes that while the Group's positioning in growth-oriented equities has supported market share gains, it also amplifies its exposure to volatility and associated risks.

Relatively limited experience in lending business, though asset quality has been satisfactory in recent years – The Group's asset quality in the mortgage business has stabilised in recent years after witnessing issues in earlier years. The headline gross non-performing advances (GNPAs) was satisfactory at 1.4% as on December 31, 2025 (compared to 9% as on March 31, 2019, though higher than 0.8% as on March 31, 2025). ICRA notes that MOHFL has entered high-yielding non-housing loan segments in recent years, including developer finance and loan against property (LAP), which together accounted for 25% of the overall loan book in March 2025. Excluding wholesale exposures, the loan book remains geographically concentrated with the top 3 states accounting for 68% of the book in March 2025 (71% in March 2024). Going forward, its ability to scale up the home loan book, while maintaining healthy asset quality and improving the geographical diversification, will be imperative. The Group's capital market-based exposures (loan against securities offered by MOFL and MTF offered by MOFSL) of ~Rs. 8,957 crore, as on December 31, 2025, remain exposed to credit and market risks as any adverse event in the capital markets could erode the value of the underlying collateral stocks. Nonetheless, the performance of the capital market and allied businesses, coupled with the comfortable capitalisation profile, provides adequate buffer to absorb losses and incremental credit costs, if any.

Elevated competition, high dependence on technology, and evolving regulatory environment – Given the highly regulated nature of the industry, brokerage houses face significant regulatory risk. Ensuring compliance with evolving regulations is

crucial. Recent regulatory changes, such as uniform exchange charges, increase in minimum holding value of basic service demat account, and measures to curb exuberance in the F&O segment, including rationalisation of weekly index derivatives and increased margins on expiry days, were introduced in FY2025. These, along with the recent hike in STT, and rationalisation of expense ratio slabs in mutual funds could impact the profitability of entities operating in the securities broking industry. The sector is also characterised by intense competition and the entry of new players, leading to pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during a downturn cannot be ruled out. Additionally, reliance on technology poses operational and reputational risks, as seen with the Group's technical glitch in FY2025. Maintaining uninterrupted services remains crucial for customer experience.

Environmental and social risks

Environmental considerations: While financial institutions do not face any material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. Nonetheless, such risks are not material for the Group as 54% of its lending operations are primarily focussed on capital market-related lending. Further, the business activities are typically short-to-medium term in nature, which will allow it to adapt if required.

Social considerations: With regard to social risks, data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. The Group faced a technical glitch³ in FY2025. Going forward, its ability to offer uninterrupted services will be imperative for maintaining its customer experience. It is noted that customer preferences are increasingly shifting towards the digital mode of transacting, necessitating the adoption of technological advancements, besides providing an opportunity to reduce operating costs. The Group has been making investments to enhance its digital interface with its customers. It also promotes financial inclusion by lending to the affordable housing segment.

Liquidity position: Strong

At the consolidated level, MOFSL has a strong liquidity position with a free unencumbered cash and bank balance of ~Rs. 651 crore, liquid investments of ~Rs. 331 crore and drawable but unutilised lines of ~Rs. 3,014 crore as on January 31, 2026. These, along with collections from the short-term capital market book of ~Rs. 8,957 crore (which can be liquidated at short notice to generate liquidity) and the home loan book, are adequate for covering the principal repayment obligations of ~Rs. 5,024 crore till April 30, 2026. In the broking business, the Group had placed an average margin (including client margins) of Rs. 33,268 crore at the exchanges during March 2025 to August 2025. ICRA notes that the Group's unencumbered investment book, comprising investments in mutual funds, private equity funds, real estate funds and alternative investment funds (Category III), portfolio management schemes, non-convertible debentures and equity instruments, also boosts its financial flexibility.

Rating sensitivities

Positive factors – Given the high exposure to capital markets, a further upgrade is unlikely in the medium term.

Negative factors – A sustained and sharp weakening of the operating profitability of the capital market businesses or deterioration in the asset quality in the lending businesses would have a negative impact. Weakening of the capitalisation profile with consolidated gearing of over 2 times on a sustained basis and/or an increase in the proportion of unlisted investments⁴, as a percentage of consolidated net worth (excluding HFC), to more than 35% on a sustained basis will also be a credit negative(s).

³ Interruptions impacting trading for more than five minutes

⁴ Comprising investments in unlisted equities, security receipts, units of private equity and real estate funds; excludes investments warehoused for down-selling to clients/funds

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & Allied Services Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/ Standalone	ICRA has considered the consolidated financials of MOFSL and has taken a consolidated view of the credit profiles of the company and its subsidiaries, including MOWL, MOFL, MOBDL and MOHFL, as they have operational and business synergies in addition to a shared name and management oversight.

About the company

Incorporated in 2005, MOFSL serves as the holding company of the Motilal Oswal Group, which is among India's leading providers of capital market-related services. The company, along with its subsidiaries, provides broking and distribution services, asset, wealth and portfolio management services, investment banking, private equity and housing finance.

Key financial indicators

MOFSL (standalone)	FY2024	FY2025	9M FY2026*
Net operating income	2,089.1	2,575.4	1,795.7
Profit after tax	1,490.4	1,391.3	971.5
Net worth (including MI)	5,915.9	7,116.9	8,106.3
Total assets	20,870.0	22,320.9	NA
Gearing (times)	1.1	1.2	1.3
Return on average net worth	28.7%	21.4%	17.0%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * Unaudited; MI – Minority interest

Key financial indicators

MOFSL (consolidated)	FY2024	FY2025	9M FY2026*
Net operating income	3,454.8	4,428.7	3,487.9
Net income [^]	3,488.8	4,656.7	3,949.9
Profit after tax	2,445.6	2,508.2	2,091.6
Net worth (including MI)	8,768.7	11,130.8	13,693.0
Total assets	31,829.2	33,987.1	NA
Gearing (times)	1.6	1.3	1.3
Return on average net worth	32.5%	25.2%	22.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; [^] Includes net fair value gains on account of distribution of unlisted securities; Net operating income has been adjusted for commission and expenses in various operating businesses; * Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2026			FY2025		FY2024		FY2023	
			Feb 09, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based/Non-fund based – Others	Long term	2,800.00	[ICRA]AA+ (Stable)	Jun 17, 2025	[ICRA]AA (Positive)	Jul 22, 2024	[ICRA]AA (Positive)	Jul 28, 2023	[ICRA]AA (Stable)	Apr 29, 2022	[ICRA]AA (Stable)
				Oct 10, 2025	[ICRA]AA+ (Stable)	Aug 22, 2024	[ICRA]AA (Positive)	Sep 01, 2023	[ICRA]AA (Stable)	Aug 05, 2022	[ICRA]AA (Stable)
				-	-	Sep 02, 2024	[ICRA]AA (Positive)	Feb 13, 2024	[ICRA]AA (Stable)	Sep 23, 2022	[ICRA]AA (Stable)
				-	-	Feb 10, 2025	[ICRA]AA (Positive)	Mar 15, 2024	[ICRA]AA (Stable)	-	-
Commercial paper	Short term	10,750.00	[ICRA]A1+	Jun 17, 2025	[ICRA]A1+	Jul 22, 2024	[ICRA]A1+	Jul 28, 2023	[ICRA]A1+	Apr 29, 2022	[ICRA]A1+
				Oct 10, 2025	[ICRA]A1+	Aug 22, 2024	[ICRA]A1+	Sep 01, 2023	[ICRA]A1+	Aug 05, 2022	[ICRA]A1+
				-	-	Sep 02, 2024	[ICRA]A1+	Feb 13, 2024	[ICRA]A1+	Sep 23, 2022	[ICRA]A1+
				-	-	Feb 10, 2025	[ICRA]A1+	Mar 15, 2024	[ICRA]A1+	-	-
NCD	Long term	200	[ICRA]AA+ (Stable)	Jun 17, 2025	[ICRA]AA (Positive)	Aug 22, 2024	[ICRA]AA (Positive)	Jul 28, 2023	[ICRA]AA (Stable); withdrawn	Apr 29, 2022	[ICRA]AA (Stable)
				Oct 10, 2025	[ICRA]AA+ (Stable)	Sep 02, 2024	[ICRA]AA (Positive)	-	-	Aug 05, 2022	[ICRA]AA (Stable)
				-	-	Feb 10, 2025	[ICRA]AA (Positive)	-	-	Sep 23, 2022	[ICRA]AA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple
Non-convertible debenture	Simple*
Bank lines	Simple

** Simple for NCDs issued; for the NCDs yet to be placed, the complexity indicator is subject to change when terms are finalised for the amount yet to be placed*

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund-based/Non-fund based bank lines	Feb 21, 2022	NA	NA	1,800.00	[ICRA]AA+ (Stable)
NA	Long-term fund-based/Non-fund based bank lines*	-	-	-	1,000.00	[ICRA]AA+ (Stable)
NA	Non-convertible debenture*	NA	NA	NA	30.00	[ICRA]AA+ (Stable)
INE338I07172	Non-convertible debenture	Sep 03, 2024	9.25%	Sep 03, 2032	170.00	[ICRA]AA+ (Stable)
NA	Commercial paper*	NA	NA	NA	2,915.00	[ICRA]A1+
INE338I14JF2	Commercial paper	Feb 06, 2025	8.31%	Feb 06, 2026	275.00	[ICRA]A1+
INE338I14JJ4	Commercial paper	Feb 24, 2025	8.30%	Feb 24, 2026	225.00	[ICRA]A1+
INE338I14JI6	Commercial paper	Feb 25, 2025	8.30%	Feb 25, 2026	250.00	[ICRA]A1+
INE338I14JM8	Commercial paper	Feb 27, 2025	8.24%	Feb 27, 2026	150.00	[ICRA]A1+
INE338I14JX5	Commercial paper	Mar 26, 2025	8.13%	Mar 24, 2026	85.00	[ICRA]A1+
INE338I14JV9	Commercial paper	Mar 26, 2025	8.15%	Mar 25, 2026	125.00	[ICRA]A1+
INE338I14JW7	Commercial paper	Mar 26, 2025	8.19%	Mar 26, 2026	200.00	[ICRA]A1+
INE338I14JJ4	Commercial paper	Jul 02, 2025	7.22%	Feb 24, 2026	200.00	[ICRA]A1+
INE338I14KR5	Commercial paper	Jul 02, 2025	7.22%	Feb 20, 2026	200.00	[ICRA]A1+
INE338I14KP9	Commercial paper	Jul 02, 2025	7.41%	May 27, 2026	50.00	[ICRA]A1+
INE338I14KQ7	Commercial paper	Jul 02, 2025	7.41%	Jun 15, 2026	75.00	[ICRA]A1+
INE338I14KQ7	Commercial paper	Jul 03, 2025	7.41%	Jun 15, 2026	50.00	[ICRA]A1+
INE338I14KP9	Commercial paper	Jul 03, 2025	7.41%	May 27, 2026	100.00	[ICRA]A1+
INE338I14KT1	Commercial paper	Jul 03, 2025	7.22%	Mar 06, 2026	100.00	[ICRA]A1+
INE338I14KS3	Commercial paper	Jul 03, 2025	7.41%	Jun 12, 2026	100.00	[ICRA]A1+
INE338I14KS3	Commercial paper	Jul 04, 2025	7.41%	Jun 12, 2026	25.00	[ICRA]A1+
INE338I14KS3	Commercial paper	Jul 07, 2025	7.41%	Jun 12, 2026	100.00	[ICRA]A1+
INE338I14LF8	Commercial paper	Nov 03, 2025	7.04%	Feb 02, 2026	200.00	[ICRA]A1+
INE338I14LH4	Commercial paper	Nov 10, 2025	7.02%	Feb 09, 2026	200.00	[ICRA]A1+
INE338I14LG6	Commercial paper	Nov 12, 2025	7.00%	Feb 11, 2026	200.00	[ICRA]A1+
INE338I14LI2	Commercial paper	Nov 12, 2025	7.31%	Jun 04, 2026	500.00	[ICRA]A1+
INE338I14LJ0	Commercial paper	Nov 13, 2025	7.02%	Feb 12, 2026	275.00	[ICRA]A1+
INE338I14LJ0	Commercial paper	Nov 13, 2025	6.95%	Feb 12, 2026	150.00	[ICRA]A1+
INE338I14KP9	Commercial paper	Nov 13, 2025	7.31%	May 27, 2026	200.00	[ICRA]A1+
INE338I14KP9	Commercial paper	Nov 17, 2025	7.31%	May 27, 2026	100.00	[ICRA]A1+
INE338I14LK8	Commercial paper	Nov 17, 2025	7.31%	May 25, 2026	350.00	[ICRA]A1+
INE338I14LL6	Commercial paper	Nov 21, 2025	7.31%	Jun 05, 2026	400.00	[ICRA]A1+
INE338I14LK8	Commercial paper	Nov 24, 2025	7.31%	May 25, 2026	50.00	[ICRA]A1+
INE338I14KT1	Commercial paper	Dec 05, 2025	6.93%	Mar 06, 2026	150.00	[ICRA]A1+
INE338I14LM4	Commercial paper	Dec 08, 2025	6.70%	Mar 09, 2026	100.00	[ICRA]A1+
INE338I14LN2	Commercial paper	Dec 09, 2025	6.93%	Mar 10, 2026	350.00	[ICRA]A1+
INE338I14LO0	Commercial paper	Dec 12, 2025	6.70%	Mar 13, 2026	400.00	[ICRA]A1+
INE338I14LP7	Commercial paper	Jan 22, 2026	7.95%	Jan 22, 2027	100.00	[ICRA]A1+
INE338I14LR3	Commercial paper	Jan 27, 2026	7.97%	Jan 27, 2027	300.00	[ICRA]A1+
INE338I14LQ5	Commercial paper	Jan 28, 2026	7.97%	Jan 28, 2027	200.00	[ICRA]A1+
INE338I14LQ5	Commercial paper	Jan 28, 2026	7.95%	Jan 28, 2027	200.00	[ICRA]A1+
INE338I14LQ5	Commercial paper	Jan 29, 2026	8.15%	Jan 28, 2027	600.00	[ICRA]A1+
INE338I14LQ5	Commercial paper	Jan 30, 2026	8.20%	Jan 28, 2027	500.00	[ICRA]A1+

Source: Company; * Yet to be issued/allocated

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership (%)	Consolidation approach
Motilal Oswal Financial Services Limited	Parent; Rated entity	
Motilal Oswal Commodities Broker Private Limited	100.00	
Motilal Oswal Investment Advisors Limited	100.00	
MO Alternate Investment Advisors Private Limited	100.00	
Motilal Oswal Finvest Limited	100.00	
Motilal Oswal Wealth Limited	100.00	
Motilal Oswal Asset Management Company Limited	100.00	
Motilal Oswal Trustee Company Limited	100.00	
Motilal Oswal Securities International Private Limited	100.00	
Motilal Oswal Capital Markets (Singapore) Pte. Limited	100.00	Full consolidation
Motilal Oswal Capital Markets (Hong Kong) Private Limited	100.00	
Motilal Oswal Home Finance Limited	97.60	
Motilal Oswal Finsec IFSC Limited	100.00	
Motilal Oswal Broking and Distribution Limited	100.00	
TM Investment Technologies Private Limited	61.64	
MO Alternate IFSC Private Limited	100.00	
Motilal Oswal Custodial Services Private Limited	100.00	
India Business Excellence Management Company	100.00	
Motilal Oswal Asset Management (Mauritius) Limited	100.00	
Motilal Oswal Capital Limited	100.00	
India Reality Excellence Fund II LLP	20.44	Equity method

Source: Annual report FY2025

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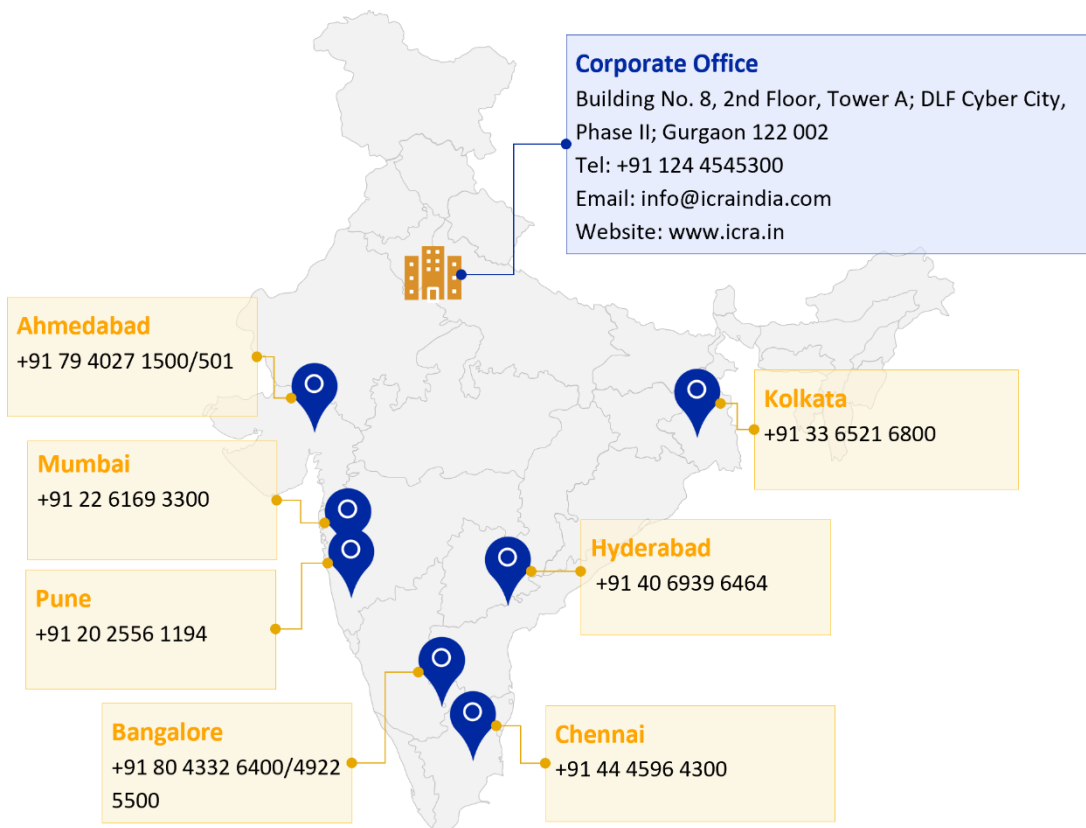
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