

MOTILAL OSWAL FINANCIAL SERVICES LTD.

Sector

Nov 11, 2024

Finance

Buy at CMP: Rs 998 | Target: Rs 1157 (16%) | SL: Rs 912

Motilal Oswal Financial Services offers a wide range of financial services, including wealth management, broking, asset management, private equity, investment banking, and proprietary trading, serving retail, institutional, and corporate clients.

Investment Rationale

- ◆ **Leading growth across diversified financial services with a focus on India's affluent market:** Driven by its strong brand, extensive reach, and skilled team, MOFSL has developed a diversified financial services portfolio spanning Retail Broking, Institutional Broking, Investment Banking, Asset Management, Wealth Management, Private Equity, and Affordable Housing Finance. Despite industry disruptions, its franchisee-led retail broking model has focused on affluent customers, reflected in higher ARPU (INR28k, -3x that of discount brokers) and above-average DP assets (INR 0.9mn, -2x industry average). MOFSL's scaled growth in Asset Management, Private Equity, and Wealth Management, along with reduced revenue volatility from diversification, position it for strong, profitable expansion. With robust offerings and a broad presence across India, MOFSL is set to capture greater wallet share from India's growing mass-affluent UHNI segment, with projected core PAT CAGR of 24% from FY24-26E, reaching INR 10,869 Cr.
- ◆ **AMC witness strong growth aided by strong macro tailwind and better fund performance:** India's MF AUM saw INR 3.2 trillion net inflow in FY24's first eight months, with monthly SIPs rising to INR 170bn in Nov'23. MOFSL's MF AUM grew 28% since Mar'23, with notable funds like the Large & Midcap and ELSS Tax Saver ranking top in their categories. AMC revenue rose 9.1% QoQ in Q2FY24 with a stable yield of 1.13%. MF AUM is projected to grow 6% by FY24E and 15% in FY25E, with AMC revenue targets of INR 6.3bn in FY24E, INR 7.4bn in FY25E, and INR 8.5bn in FY26E. EBITDA is expected to achieve a 20% CAGR, reaching a 43.5% margin by FY26E.
- ◆ **Driving growth with innovation, strong market presence, and digital leadership:** MOFSL, with three decades of legacy, is among the top 10 equity brokers in India, with 9.2 lakh active clients. Growth has been driven by broker acquisitions, sub-broker partnerships, and a pan-India presence through 9,000+ outlets. Digital initiatives like the Option store app and Research 360 have strengthened its position. FY24 turnover grew 120%, with core broking revenue up 34%. MOFSL holds 8% market share in the cash segment and 3.1% in F&O, ensuring continued growth in equity broking and adjacent sectors.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 25%/11% and estimate MOFSL to clock PAT of Rs 4,609 Cr by FY27E. MOFSL is trading at forward PE (x) of 12 and we value at 15(x) FY27E and Recommend BUY on MOFSL with Target Price of Rs. 1,157 (16%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	9,076	635	3,385	17.6	9.3
FY25E	11,345	5,332	2,950	20.2	3.3
FY26E	14,181	6,665	3,687	16.2	2.6
FY27E	17,726	8,331	4,609	12.9	2.1

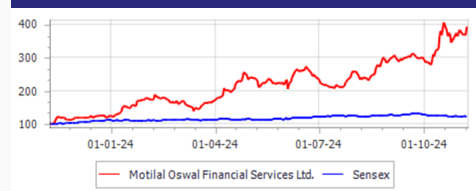
Source: Company Data, Ace Equity, GEPL Research

Script Details

BSE Group	A
BSE Code	532892
NSE Code	MOTILALOFS
Bloomberg Code	MOFS IN
Market Cap (INR Cr.)	59,621
Free Float (%)	31.1%
52wk Low/High	1063/252
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/1.4
Total paid Up Shares (Mn.)	598.6

Share Holding Pattern (%)

Promoters	Public	Others
68.9%	31.1%	-

Share Price Relative Performance

TECHNICAL VIEW

Observation

- MOTILALOFS has been in a steady uptrend since April 2023, forming higher highs and higher lows—a clear indication of a strong upward trajectory. This consistent trend signals a positive outlook for the stock.
- Focusing on recent price action, MOTILALOFS formed an inside bar pattern on the weekly chart, which signifies a consolidation phase. This week, the stock broke above the prior week's high, accompanied by a surge in volume exceeding the 10-week average. This breakout on increased volume further reinforces positive price action and suggests renewed buying interest.
- On the daily chart, the stock is maintaining support at its 12-day EMA, showing remarkable resilience even amid current market volatility. This ability to hold key support levels underscores the underlying strength of MOTILALOFS.
- From a momentum perspective, the MACD indicator is trending upwards, indicating building momentum, while the RSI remains above 60, a bullish signal. Together, these indicators support the stock's positive sentiment and point to the potential for continued strength in the near term.



Inference & Expectations

- Considering these factors, it can be inferred that MOTILALOFS stock is set to begin uptrend.
- Going ahead we expect the prices to move higher till 1157 level.
- The stop loss must be at 912 level, strictly on the closing basis.

Invest Now →

Source: Tradingview.in, GEPL Research



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