



Motilal Oswal Financial Services Limited

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February 01, 2024

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

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

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

Dear Sir/Madam,

This is with reference to our earlier letter dated January 19, 2024 regarding Intimation of Earnings Conference Call (“**Con-call**”) with Investor(s)/Analyst(s) on January 24, 2024 to discuss financial performance for Q3 FY 2023-24.

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

The aforesaid transcript of the said Con-call is made available on the Company’s Website i.e. <https://www.motilaloswalgroup.com/Downloads/IR/32417182Motilal-Oswal--Q3FY24-Con-Call-Transcript.pdf>

Further, we hereby confirm that no Unpublished Price Sensitive Information was shared or discussed during the said Con-call.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Motilal Oswal Financial Services Limited

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

Q3FY24 Earnings Call – Motilal Oswal Financial Services

– **Mr. Rayo - Moderator:**

- Good evening, ladies and gentlemen. I'm Rayo, the moderator for this conference. Welcome to the Q3FY24 Earnings Conference Call for Motilal Oswal Financial Services Limited. We have with us today, Mr. Raamdeo Agrawal, Chairman; Mr. Motilal Oswal, Managing Director; Mr. Navin Agarwal, Director and CEO, AMC, Mr. Ajay Menon, CEO, Broking & Distribution; Mr. Ashish Shanker, CEO, Wealth Management; Mr. Sukesh Bhowal, CEO, Housing Finance; Mr. Shalibhadra Shah, Chief Financial Officer; Mr. Chetan Parmar, Head Investor Relations.
- As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.
- I would now like to invite Mr. Navin Agarwal to make his opening remarks. Thank you, and over to you, Mr. Agarwal.

– **Mr. Navin Agarwal - Director & CEO- AMC:**

- Good evening, everyone, and welcome to the Motilal Oswal Financial Services Earnings Call for the third quarter ending December 2023. I will take you through the key industry trends and how we look at the larger opportunity for Motilal Oswal Financial Services and what specific moves we are making to exploring this opportunity.

Industry Opportunities

- Over the last decade, India has been one of the fastest-growing economies in the world and we expect this to sustain with GDP expected to cross \$30 trillion as India reaches the 100 years of milestone post-independence as per a study done by us. The exciting news is that as a consequence of this, we expect savings to multiply from \$13 trillion in the last 25 years to over \$100 trillion in the next 25 years.
- We believe that this is a once in a lifetime opportunity for financial services businesses in India and particularly for the underpenetrated capital markets and asset and wealth businesses, which form the core of Motilal Oswal Financial Services.
- For the capital market businesses, COVID-led eKYC and digital onboarding has been an inflection point for retail participation with demat accounts having grown 3x in the last 3 years. This, in turn, has led to a very strong growth in the retail broking volumes, ADTO, which have grown 12x during this time period of 3 years. But the future is equally exciting according to us, with December '23 monthly additions of over 4.2 million demat accounts on a base of 140 million demat accounts. We believe this run rate of demat account addition provides a runway for a continued 20% plus growth for quite a few years in the capital market business.
- In the asset management business, with persistent efforts of the distribution community and AMFI, the mutual fund industry has witnessed a very robust growth in industry SIP flows. In

the last 7 years, the monthly SIP flows have compounded at 24% per annum from Rs. 39 billion 7 years back to monthly run rate to Rs. 176 billion in the month of December '23. Here again, on an equity base of Rs. 22 trillion as of December and SIP run rate of Rs. 176 billion, and which is rising month-on-month, some mark-to-market and some lump-sum flows provide a runway of 20% plus growth for quite a few years for at least the equity focused asset management companies. For reference, India's share of equities in household assets are at about 5% compared to 45% in the USA and India's equity mutual fund AUM, as a proportion of GDP, stands at 7% compared to 98% in the U.S.

- In the backdrop of this growth runway, let me share how Motilal Oswal Financial Services is placed.
- Our unique business model comprises of twin engines comprises of our operating businesses and our treasury investment book. Profit after tax of our operating businesses have compounded for the last 10 years at 31% per annum and at faster rate of 38% in the last 4 years. Profits from our operating businesses, post-dividend payout of 25% to 30%, are reinvested in our treasury investment book, which, in turn, serves as a very solid foundation to grow our operating businesses.
- Our treasury investment book has compounded at 45% per annum over the last decade. The math of this 45% compounding is a return -- XIRR return of 18.5% since inception, and the balance 26.5% compounded growth contribution has come from the reinvestment of the 70% to 75% of the operating profits of the group.
- This twin engine business model has churned a return on equity of 27% to 28%. And the net worth has compounded in the last decade at about 22% per annum despite a no capital raise since the listing of the company. And after a 25% to 30% dividend payout and 3 buybacks. This makes it one of the fastest net worth growth during the last decade in the financial services industry.
- As the group has built a diverse distribution network over 36 years of 9,300 plus franchisees, 20,000 + IFAs over 2,500 plus strategically located business offices in more than 550 cities and towns across various regions, which, in all, cover about 98% of all the PIN codes of India. Our franchisees, branches, third-party teams, private client group teams, seamlessly delivered broking and several other financial services to 6 million-plus clients and are gearing up to service a much bigger number in the next decade. We continue to add Motilal Oswal towers in other parts of the country with the latest additions being in Bangalore and in Ahmedabad.
- Each of our businesses is equipped with a robust organization structure and a strong leadership bench led by a professional CEO so that the business can scale in tune with the sizable growth opportunity that we envisage in the coming decade. The focus of leadership of each of these businesses is to deliver sustained revenue growth and profitability, while continuously evaluating adjacencies that can provide additional growth impetus.
- We strongly believe in the power of research and advisory and have a dedicated team of over 100 research analysts across our businesses and over 2,500 advisors that cater to various client needs.
- Our balance sheet is strong with a net worth of Rs. 82.67 bn as of December '23, and this has helped us in many ways. We have managed and navigated multiple cycles and volatility over

the last 36 years. We have seeded multiple operating businesses and have been sponsored of the asset management company, our private equity funds as well as our real estate funds. This has also served as a collateral to support the fast rising working capital needs of the broking business in light of the changing margin requirements by the regulator. We have paid over Rs. 10.00 bn as dividend and returned to Rs. 3.36 bn by way of buybacks during this time period. And our net worth, while doing all this has been efficiently utilized in investments that have generated XIRR of 18.5% per annum.

– **Key Financial and Operational Highlights**

- Let me now take you through the key highlights of the operations and the financials.
 - Our consolidated profit after tax, including OCI for the quarter, grew to Rs. 7.7 billion, up over 3x year-on-year.
 - Our consolidated profit after tax for the 9-month period crossed Rs. 20 billion, up by over 2.5x year-on-year.
 - Our consolidated operating revenues for the quarter at Rs. 13.7 billion up by 30% year-on-year.
 - We delivered the highest ever quarterly capital market business profit at over Rs. 2 billion, up 44% year-on-year.
 - Our Asset and Wealth Management businesses generated a profit after tax of Rs. 789 million, up by 17% year-on-year.
 - Our housing finance business delivered a profit after tax of Rs. 363 million, up 11% on a quarter-on-quarter basis.
 - Our net worth was at Rs. 82.67 billion as of the end of December, up by 33% year-on-year and we just announced in our Board meeting today a doubling of the interim dividend from Rs. 7 interim dividend last year to Rs. 14 dividend per share in the current year.
- Turning to our segmental performance for the quarter.

Capital Market Business

- Our capital market businesses, which comprise the retail broking, institutional broking and investment banking businesses, reported a revenue of Rs. 10.3 billion, up 36% year-on-year and profit of Rs. 2 billion, up 44% year-on-year.
- The ADTO grew by 95% year-on-year to Rs. 6.7 trillion. In retail broking and distribution, the retail cash ADTO market share for us grew by 164 basis points year-on-year, 42 basis points quarter-on-quarter to 7.5%. Our retail F&O premium market share grew to 8.1%, up by 124 basis points on a year-on-year basis and up by 60 basis points on a quarter-on-quarter basis.
- The NSE active clients stood at 8.22 lakh as of December '23. We acquired 1.45 lakh clients during the quarter.
- Our distribution AUM grew by 25% to Rs. 263 billion. Distribution net sales was at Rs. 7.7 billion, up by 25% quarter-on-quarter.
- Net interest income grew to Rs. 1.5 billion, up by 51% year-on-year.

- Our Investment Banking business completed 6 deals with issue size of Rs. 52 billion and revenues of Rs. 193 million.
- Our capital market PBT margin on net revenues improved to 48% from 42% in the same quarter last year.

Asset & Wealth Management Business

- Our Asset and Wealth Management business reported revenues of Rs. 2.87 billion up 14% year-on-year and profits of Rs. 789 million, up 17% year-on-year.
- Asset Management business, AUM, grew strongly to Rs. 649 billion, up 40% year-on-year, and revenues were at Rs. 1.72 billion, up 22% year-on-year.
- We have seen a strong performance across our products, which has resulted in gross sales of Rs. 49.4 billion. This is up nearly 3x on a year-on-year basis. Our mutual fund AUM grew to Rs. 429 billion, up by 45% year-on-year, led by strong performances across our active mutual fund schemes, which have resulted in gross sales of Rs. 28.2 billion, up by about 4x year-on-year.
- Our small cap NFO, garnered inflows of Rs. 12.4 billion, which is one of the highest flows among small cap funds launched in India. Our large cap NFO is launched in the month of January and we expect one more fund launch in the coming months. Our endeavor is to increase our coverage of equity mutual fund categories of AMFI by AUM from about 45% last year to 65% at the end of these NFO launches.
- We added 261,000 new SIPs during the quarter with monthly SIP flow of Rs. 2.8 billion for December 2023. This was, again, up strongly by 127% year-on-year.
- Our alternate AUM grew to Rs. 220 billion, up 30% year-on-year. And our AIF AUM crossed the Rs. 100 billion mark in January 2024, and we continue to be one of the leading AMCs in the CAT III AIF space. 19 out of 19 alternate asset schemes have outperformed the benchmark.
- Our private equity business fee earning AUM stood at Rs. 94 billion across our private equity growth and real estate funds.
- Our Wealth Management AUM stood at Rs. 896 billion, up by 117% year-on-year. We added net 51 wealth RMs during the 9-month period, which impacted our EBITDA margins for the Wealth Management business. We expect to recoup these margins back to our historical trend of 35% to 40% in the coming years.
- Our wealth net sales stood at Rs. 30 billion in the third quarter, up by 152% year-on-year and revenues grew to Rs. 700 million, up 20% year-on-year.

Home Finance Business

- We reported a profit after tax of Rs. 363 million, up 11% QoQ; AUM of Rs. 37.8 billion; our disbursements grew 22% year-on-year to Rs. 2.5 billion.

- Net interest income stood at Rs. 801 million, up 6%. NIMs stood at 7.7%; yield on advances of 14.2%, up 40 basis points year-on-year. With rise in cost of funds, we've maintained our spreads at 5.9%.
- We've strengthened our sales RM team at 856 RMs. We've added 232 RMs during the third quarter and added 373 RMs during the last 12 months, which has impacted our cost-to-income ratio. We expect this to come down as we grow our AUM in the next year. Our collection efficiency improved to 101% in third quarter.
- Gross NPA stood at 2.1%, net NPAs at 1.3%. Our gross NPA on new book, which includes disbursements starting April 2018 and accounts for 52% of the book, stood at 0.9%.
- Our net gearing stands at 2x and our capital adequacy ratio in the housing finance business is robust at 47.5%. ROA is 3.6% and as we leverage over the course of the next year, we hope to improve our return on equity in this business as well.
- To sum up, our capital market businesses have demonstrated a remarkable performance, reporting all-time high quarterly profits and strengthening our retail market position in both cash as well as F&O premium to 7.5% and 8.1%, respectively. In fact, we've exited the December quarter on a high note and January continues to scale up to newer highs compared to December.
- A dedicated Pan-India distribution team has also put in place to improve the cross-sell ratio. Our asset and wealth management AUM touched a new high of Rs. 1.64 tn. Our asset management business has seen strong improvement in performances as well as flows, and we're looking to meaningfully scale up the AUM over the course of the next year. The wealth management business is progressing towards scalability bolstered by a strengthened leadership team and ongoing investments in relationship managers.
- In our home finance business, we are strengthening sales force and optimizing productivity to drive improved disbursements and AUM growth in the next year. We are excited by the growth prospects offered by each of these core businesses of Motilal Oswal Financial Services over the next 2 years.

With this, we are open for Q&A. Thank you.

– **Mr. Rayo- Moderator: -**

- Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Praveen Desai, who is an Individual Investor.

– **Mr. Praveen Desai – Participant:**

- Congratulations for good set of results. The only thing that we now expect is bonus issue, no further buyback. We expect probably early bonus. It's a good way for investor to enhance their value and that's what we are waiting eagerly for. We have kept this equity since long so that we can take advantage of this. Of course, you have given us good buyback. It's a good thing, but one can increase the value of investment

– **Mr. Navin Agarwal - Director & CEO- AMC:**

– Sure, we'll definitely share your feedback to the Board.

– **Mr. Rayo - Moderator:**

– We'll take the next question from the line of Avinash Singh from Emkay Global.

– **Mr. Avinash Singh – Participant:**

– Great set of numbers. A couple of questions. The first one is on retail broking. So if we see, from March '22 to now, the overall client base has almost increased 50% from like somewhere 2.8 million to 4 million. But the number of NSE active clients have been stagnant or declined. Client activation ratio almost has gone down; so is it to do with some kind of clientele that came during the COVID lockdown. What explains the sort of a client activation rate going down, so that is on retail broking.

– And secondly, on the private equity side, IREF II was expected to be exited in this financial year, but now suggests that it's going to be in FY25. So what's sort of a highlight to change in this plan? and also because we have a couple of more exited lined up over the next sort of 1-2 years, what are the sort of plans on the fund raise on this private equity / real estate side?

– **Mr. Shalibhadra Shah – CFO:**

– On the retail broking business front, our NSE active clients have been stable. A lot of players have reduced NSE active clients, but our client base has been pretty stable and our focus has been actually to add quality customers over last few quarters due to which our overall ARPUs have also gone up. There has been a cleanup in the client base which has also led to calibration in active client base. Further, incremental client active ratio has been better at 30% compared to 20% on total client base

– **Mr. Navin Agarwal - Director & CEO- AMC:**

– Turning to the real estate side, IREF II exiting, as you will see in our presentation, the IREF II IRR stands at 18.7%, well above the hurdle in carry for this IREF II. The exact end of the fund life is typically determined by what best value can create for the investors and based on our current assessment and given the tailwinds in the real estate business, we think that exiting this fund over the course of FY25, preferably in the first half, maximizes the value for the investors in IREF II.

– **Mr. Avinash Singh – Participant:**

– Okay. And anything on fund raise? I mean, anything in the pipeline?

– **Mr. Navin Agarwal - Director & CEO- AMC:**

– IREF VI, first close is expected in the month of January 2024. This is a Rs. 20.0 bn fund raise plan. The final close will happen sometime in the next year and next year will also mark the launch of the IBEF V.

– **Mr. Avinash Singh – Participant:**

– Plan for the same?

– **Mr. Navin Agarwal - Director & CEO- AMC:**

– The growth fund, IBEF V will get launched in FY25. IREF VI will most likely complete its fund flows by FY25. We expect to close IREF II by FY25 and IBEF II by FY26. So a lot of activity in terms of new fund raise, both on the growth capital side and the real estate side as well as final fund closure and carry booking, both on the real estate as well as the private equity growth fund side.

– **Mr. Rayo- Moderator: -**

The next question is from Rohan Adwan from Prad Capital.

– **Mr. Rohan Adwan – Participant:**

– My first question is on our capital markets segment. If I look at the profit growth that has come in sequentially, a large part of that is only to expense reduction, so expenses have gone down from Rs. 7.8 bn to Rs. 7.6 bn, and that has led to a PAT expansion of Rs. 0.2 bn. So, can you elaborate on the expense reduction. Employee costs have gone down there, other expenses have gone down. Can you throw some light on that?

– **Mr. Shalibhadra Shah – CFO:**

– Yes, sure. So if you look at the sequential quarter, actually brokerage revenues have gone down by 8% on a sequential basis and the employee cost, typically variable portion, flows in line with the revenue reduction. Our Opex, which is our commission expense that we paid to our channel partners, has also decreased in line with decline in brokerage revenues. Further, our administrative costs are down due to higher marketing spend, advertising spend and annual event/conferences in quarter 2 of this year.

– **Mr. Rohan Adwan – Participant:**

– Got it. And the brokerage revenue going down from Rs. 5.8 bn to Rs. 5.4 bn would be a function of yield that we make?

– **Mr. Shalibhadra Shah – CFO:**

Decline in brokerage revenue was mainly due to lower volumes on our institutional equity business in quarter 3 as compared to the quarter 2.

– **Mr. Rohan Adwan – Participant:**

Understood. On the Wealth side, we've said that because we've hired RMs and there is a margin pressure initially, but we expect to get back to higher margins in the next few years. So by then can we get back to the earlier margins on the Wealth side?

– **Mr. Navin Agarwal - Director & CEO- AMC:**

- Best guess would be in the next 6 to 8 quarters.
- **Mr. Rayo- Moderator: -**
- The next question is from the line of Swarnabh Mukherjee from B&K Securities
- **Mr. Swarnabh Mukherjee – Participant:**
- I wanted to understand on the brokerage fees. So as you mentioned that volumes are lower in the institutional business. So if I think about the retail business on a quarter-on-quarter basis, what are the trends there? How has been the growth? Or if you could highlight the mix of brokering institutional and retail brokering? And also, if there was any kind of compression on the yields because of which some impact has been there on the brokerage revenue. So that is the first question.
- And the second one is that your premium market share is around 8.1% this quarter. I think if I remember correctly last quarter, on a notional basis, the market share was between 4%, 4.5%. So how to read this? Why is the premium market share significantly higher than the notional market share? Is this that your set of customers are writing more out of the money contracts? Or would they be separately writing this contract. If you could highlight this sir.
- **Mr. Navin Agarwal - Director & CEO- AMC:**
- So firstly, as far as the retail brokering business is concerned, we've seen a huge pickup in volumes in the month of December, both cash and F&O side and particularly in cash volume, which is unique to full-service brokers like us. And so this quarter, while the overall numbers may have been flattish, the exit of the quarter has been very strong and with more number of days in January, we are looking at an even stronger month here.
- Secondly, we've also seen improvement in market share, right, across both the segments that we highlighted.
- Thirdly, your question about market share in notional volumes versus market share in premium, please bear in mind that we have been consistently focusing on the quality of customers, the ARPU of customers. Our yields are much higher. Further, exchanges have now started reporting only on a premium basis. So going forward, you will not have these two numbers anyways.
- So we are very happy with any reporting of premium and in fact, even better if the F&O commission numbers are reported, we have always highlighted that given the quality of our customers, our market share will appear much higher on any of these matrices. This is a new data series that all brokerages will report from the January 2024 onwards.
- **Mr. Swarnabh Mukherjee – Participant:**
- Yes, sir, so just to again follow up on that, so premium market share being higher than the notional market share, and you highlighted that the quality of customers is much better. So compared to, say, an average customer who is trading in the market, what would be your set doing differently, which is resulting in higher premium? I wanted a little bit more color on that.

- And also as a follow-up to your first response, I wanted to understand if I got it correctly that retail broking on a sequential basis has been flattish in terms of revenue. Would that be a correct assume? And also if you could comment on the yield part, how it has played out vis-a-vis last quarter.
- **Mr. Shalibhadra Shah - CFO:**
- On the second and third question, brokerage revenue is actually down 8% on a sequential basis mainly due to bump up of the institution business volumes in the quarter 2. As far as the yield is concerned, that is a broadly flat on a sequential basis.
- **Mr. Swarnabh Mukherjee:**
- Sorry sir, one quick thing, so 8% brokerage revenue down on a sequential basis, how do those numbers look like if you break it up between institutional and retail?
- **Mr. Shalibhadra Shah - CFO:**
- The impact is on account of decline in institutional business.
- **Mr. Swarnabh Mukherjee:**
- Okay. And broadly, can you give a color of the mix, how it would appear for the quarter?
- **Mr. Navin Agarwal - Director & CEO- AMC:**
- We haven't shared that number. We look at it as one single broking revenue composite. We are giving you this color just because of the big growth that we saw in the institutional block volumes in the second quarter because of which they are lower quarter-on-quarter.
- **Mr. Swarnabh Mukherjee:**
- Sure. Got it. Perfect. If you could throw a little bit more, on the other question.
- **Mr. Ajay Kumar Menon – CEO- Broking & Distribution:**
- Our premium turnover market share is more because every day is expiry day and the participation on expiry day is mainly from the retail clients. So we have more quality customers who are doing much more quality premium turnover rather than the expiry day trades. So that is the reason the overall market share on the premium turnover is much more compared to the expiry day turnover which makes a huge difference on the overall market share. It also depends on mix of futures and options of our clients
- **Mr. Rayo - Moderator:**
- The next question is from the line of Abhijeet Sakhare from Kotak Securities.
- **Mr. Abhijeet Sakhare – Participant:**

- My first question is on the wealth business. So just looking for a little more color on the realization number that you reported about 0.5%. So if you could sort of break it down in terms of which are the major products that are getting sold here and the other one on the wealth side was at an overall entity level or segment level, what's the double count AUM between manufacturing and the wealth business generally?
- **Mr. Ashish Shanker - CEO- Wealth Management:**
- Yes. So in terms of products, we had a few AIF category-II products in the last quarter. Essentially, these are structured debt products as well as our real estate funds. We've seen a pickup in equity sales as well. This is across PMS as well as AIF. We've also seen a lot of direct bonds being bought by customers. So that's on the product side in terms of what customers are buying into. We've also seen our brokerage business go up quite significantly this financial year and last quarter as well.
- **Mr. Shalibhadra Shah – CFO:**
- Share of captive active assets which is the in-house assets of our asset management, private equity and real estate funds excluding custody and DP assets, is about 27% of our wealth AUM and the absolute number would be approximately Rs. 90.0 bn.
- **Mr. Abhijeet Sakhare – Participant:**
- Got it. And just one more, sorry, following up on the wealth realization. This 0.5% is more like a recurring normalized number, right? There's no impact of having upfront or part of the outline going away. So this is the number that we should kind of look at on a recurring basis. Is that right?
- **Mr. Ashish Shanker- CEO- Wealth Management:**
- Yes, absolutely. So this will include certain transactional revenues, broking and trail revenues.
- **Mr. Abhijeet Sakhare – Participant:**
- Understood. And the second question was on the capital markets side. So here, just looking for the sort of qualitative color in terms of house being the success or track record in terms of cross-sell of distribution products for your active client base on the trading side. So I look at the distribution of AUM about Rs. 250.0 bn. But like how is it spread across 8 lakh customer base? And what's been the overall, let's say, track record there, how easy it is to sell products and typically, which are the top products, which are the easiest to sell to those category of customers?
- **Mr. Ajay Kumar Menon - CEO- Broking & Distribution:**
- Yes. So the distribution AUM has been building up over the years, and we are very clearly focused on this model along with broking. So as of now, the penetration is around only 12% to 15% overall on the base of our active clients. And there is huge focus on increasing this penetration across all our businesses, be it the franchisee or the branch model. Currently, there is a good traction on the AIFs and the PMS product. We have done well even on the private equity products earlier, over and above the mutual funds, which is a standard

product, which gets sold to the broking customers on an overall basis. So typically, we are able to also get the benefit of our own manufacturing.

- So going forward, this team is getting ramped up more to ensure that we are able to cross-sell to a higher base of customers, be it on the mutual fund, PMS and AIFs. And in this quarter, we surely will be building up on the insurance also in a big way, which is going to be a big play on overall distribution area.
- **Mr. Navin Agarwal - Director & CEO- AMC:**
- Just to add to Ajay's point, we are super underpenetrated as far as the cross-sell of captive or third-party financial products to these active broking customers. Culprit partly is also the fact that the broking business has been booming and RMs have been very tied up with that.
- We are now putting up dedicated RMs for distribution and our in-house data analytics should drive us to target, the relevant set of customers within our active customer base. We are hoping that distribution business becomes an important growth over in FY'25, FY'26 for the retail broking business.
- **Mr. Abhijeet Sakhare – Participant:**
- Got it. Sorry, one last one. Here, the distribution side of the business is also through the channel partners, right? I mean they will get part of the profitability or commissions that are earned while selling products?
- **Mr. Navin Agarwal - Director & CEO- AMC:**
- That's correct.
- **Mr. Rayo- Moderator:**
- That was the last question. I would now like to hand the conference over to Mr. Shalibhadra Shah for closing comments.
- **Mr. Shalibhadra Shah – CFO:**
- On behalf of Motilal Oswal Financial Services, we would like to thank every participant for attending the Q3 FY'24 con call. In case of any further queries, please do get in touch with our Investor Relations desk or with me. Thank you, and have a good evening.
- **Mr. Rayo- Moderator:**
- Thank you very much. On behalf of Motilal Oswal Financial Services, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.