



INVESTOR UPDATE

**Motilal Oswal Financial Services reports highest ever operating PAT of Rs 2.33 bn, +92% YoY in Q3FY22 and Rs 5.49 bn, +58% YoY in 9MFY22.
Declares highest ever interim dividend of Rs 7 per share**

Mumbai, January 27, 2022: Motilal Oswal Financial Services Ltd. announced its results for the quarter and nine month ended December 31, 2021 post approval by the Board of Directors at a meeting held in Mumbai on January 27, 2022.

Performance for the quarter and nine month ended December 31, 2021:

- In Q3FY22, consolidated revenues grew by 47% YoY at Rs 11.22 bn, Consolidated PAT stood at Rs 2.38 bn including gains on investments. Operating profit (excluding gains on investments & PE share of profit on investment) for the quarter was highest ever at Rs 2.33 bn, +92% YoY.
- In 9MFY22, Consolidated revenues grew by 38% YoY at Rs 29.5 bn, consolidated PAT grew by 25% YoY at Rs 9.96 bn. Operating profit for the nine month was highest ever at Rs 5.49 bn, +58% YoY.
- **Core business continues to fire all cylinders – Capital market** business PAT 22% QoQ / 99% YoY; **Asset & Wealth** +61% YoY led by +38% YoY AMC, +186% YoY Wealth Management and +46% YoY Private Equity business. Further, we have witnessed turnaround in **Housing finance** business.

Key highlights for the 9MFY22

- Most of our businesses have delivered strong and sustainable performance in Q3FY22 and 9MFY22.
- Our Asset under Advisory (AUA) has crossed Rs 3 tn mark led by all-time high AUM across AMC, Wealth and Distribution businesses.
- We have on-boarded Digital Head, Mr Vipul Nirwani (ex-Amazon, McKinsey) in Broking & Distribution business. Also, we have on-boarded Mr Ravikumar (Ex MD Vastu) on Housing Finance board.
- Our Net worth has touched all time high at Rs 53.8 bn.
- **Capital Markets** – Highest ever broking revenue and profit in Q3FY22 & 9MFY22, business has delivered consistent growth in profits over last several quarters, growth in client addition led by traction in digital acquisition channel, 92% YoY growth in ADTO, 20 bps QoQ rise in market share, strong growth in active clients, Investment banking mandate pipeline started fructifying.
- **Asset Management**– Highest ever AUM, gross & net sales gaining traction, strong response to AIF offerings, increase in SIP addition, continued traction in our international passive offerings. IREF V has raised Rs 10.9 bn. Our largest ever PE growth fund, IBEF-IV has achieved its 1st close at Rs 27 bn within 5 months of launch. It has a target size of Rs 45 bn.
- **Home Finance** – Strong pick-up in disbursements, traction in login/sanction pipeline, expansion in sales force and sharp reduction in cost of funds driving margin expansion.
- Consolidated net worth is at all-time high at Rs 53.8 bn, net debt is Rs 46 bn. Excluding Home finance, net debt is Rs 23.3 bn. Total D/E stood at 1x. Ex-MOHF D/E stood at 0.6x. Net of investments, we have a net cash balance sheet. RoE for 9MFY22 stands at 31%.
- The board has declared highest ever Interim dividend of Rs 7 per share (FV Re 1/share).
- Besides financial performance, recent time has been very eventful in terms of our successes in brand building, advertising and several other fronts. MOFSL ranked 1st in “**Best Local Brokerage**” category in Asia Money broker’s poll 2021. MOFSL once again recognized as a “**Great Place to Work**” - India certified organization, Motilal Oswal won “**Best PMS in 10 years performance**” across all categories at India’s Smart Money Manager Awards - 2021. Motilal Oswal Private Equity has been awarded as “**Growth Capital Investor of the Decade**” at the Venture Intelligence APEX PE-VC Awards. Our latest Ad on “**Skin in the Game**” has received appreciation in various media.



These and several other recognitions of **Motilal Oswal** as a preferred consumer and employee brand in financial services space.

Speaking on the performance of the company, Mr. Motilal Oswal, MD & CEO said “*All of our businesses have delivered strong & sustainable performance in Q3FY22 & 9MFY22. Last financial year was a landmark year for us with highest ever revenue and profit. This year also we are witnessing similar trend and we delivered highest ever quarterly & nine month operating profit. Our retail broking business which is our cash cow business has achieved new highs on various parameters and benefitting from market expansion and industry consolidation. Our Institutional Broking business has been ranked #1 local brokerage house consecutively for 2nd year in Asiamoney poll 2021. Our strategy to invest business profits in our own equity investment products led to highest ever profits and as a result our Net worth has touched new high. Moreover, our strategy to diversify our business model towards linear sources of earnings continue to deliver results. Our Asset Management business is likely to gain from process driven investing and its niche offerings. Our Wealth Management business has delivered stellar performance this year and on its way to achieve scale in this business. Our PE business has delivered on both successful exit of its investment and fund raise of its largest ever fund. Our Housing finance business is geared up for profitable growth. Each of our 7 businesses offers headroom for growth.*”

Performance of Business Segments for the quarter and nine month ended December 31, 2021

- **Capital markets Businesses (Broking & Investment banking)**

- Capital markets comprise of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 7.26 bn, +19% QoQ / 68% YoY in Q3FY22 and Rs 18.44 bn, +54% YoY in 9MFY22. Capital market businesses have contributed ~55% of consolidated revenues.
- Profit grew by 22% QoQ / 99% YoY at Rs 1.48 bn in Q3FY22 and 64% YoY to Rs 3.46 bn in 9MFY22 led by healthy volume growth of 92% YoY / 29% QoQ.
- In **Retail Broking & Distribution**, we have witnessed strong traction in new client addition driven by Franchisee and retail channel, total ~640,000 clients acquired in 9MFY22, +62% YoY. NSE active clients have also registered 59% YoY growth at 7.9 lacs as of Dec 2021.
- Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM grew by 39% YoY at Rs 166 bn as of Q3FY22. With only 16% of the ~2.6 million client base tapped, we expect a continued increase in AUM and fee income as number of clients to whom we have cross sold and number of products per client cross sold rises.
- In **Institutional Broking**, team wins big in Asiamoney poll 2021. Ranked #1 Best local brokerage House, Best sales and Best Execution and Corporate access. Strong improvement in domestic client rankings with top 3 rank retained in most clients. This has been the result of focus driven differentiated research products with 250+ companies covering 21 sectors.
- **Investment Banking** business has participated in 3 deals. Further, there is a strong pipeline of signed IPO mandates which has started entering the markets from Q4FY22 onwards, as a result revenue traction can be witnessed in coming quarters.

- **Asset Management businesses (AMC, PE and PWM)**

- **Asset Management** business AUM across MF, PMS & AIF stood at Rs 507 bn, +20% YoY. Strong growth of 27% QoQ / 38% YoY in PAT at Rs 528 mn in Q3FY22 and 43% YoY at Rs 1.30 bn in 9MFY22.
- Equity MF AUM stood at Rs 310 bn i.e. 1.5% of the Industry MF Equity AUM of Rs 21 tn. We have seen improvement in performance of several products. Our Gross sales and Net sales started improving.
- Favourable response to alternate offerings under AIF strategy and international passive offerings.
- We have added around 340,000 SIPs in 9MFY22, +57% YoY. New SIP count market share stood at 1.7% in 9MFY22.



- Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~37%.
 - **Private Equity** has fee earning AUM of Rs 83 bn across 3 growth capital PE funds and 4 real estate funds. In Q3FY22, revenues stood at Rs 323 mn and PAT stood at Rs 100 mn. The 1st growth fund (IBEF 1) has delivered an XIRR of 26%+. Average IRR on exited investments in Real estate funds is 21%+. IREF V has raised Rs 10.9 bn. PE biggest fund launched with IBEF IV with a target size of Rs 45 bn, achieved its 1st close at Rs 27 bn.
 - **Wealth Management** business AUM grew by 51% YoY at Rs 342 bn in Q3FY22. Wealth business revenue grew by 24% QoQ / 80% YoY to Rs 593 mn in Q3FY22 led by strong net sales at Rs 18.4 bn in Q3FY22. Yield stood at ~73 bps. RM count of this business stood at 139. Our trail revenues predominantly cover our fixed costs. Strong operating leverage is visible led by improvement in RM productivity. We continue to invest in this business by adding RMs.
 - Overall **Asset and Wealth Management** revenues were Rs 2.59 bn, +37% YoY in Q3FY22 and Rs 6.83 bn, +33% YoY in 9MFY22. Asset & Wealth contributes 20% of consolidated revenues. Profits were Rs 852 mn, +40% QoQ / 61% YoY in Q3FY22 and Rs 1.99 bn, +58% YoY in 9MFY22 and contributed 21% of consolidated profits.
- **Housing finance business**
 - Motilal Oswal Home Finance (MOHFL) reported profit of Rs 188 mn in Q3FY22, +301% YoY and Rs 473 mn in 9MFY22, +121% YoY.
 - NII grew by 10% YoY and NIM expanded to 7.6% in Q3FY22.
 - Yield on Advances stood at 14% in Q3FY22 while Cost of Funds was down by 85 bps YoY to 8.1%, resulting in expansion in Spread by 65 bps YoY to 5.9%.
 - We have raised Rs 5.97 bn in 9MFY22 at an average cost of 7.06%.
 - Disbursements in Q3FY22 stood at Rs 1.9 bn, +19% QoQ. Business is geared up for stronger growth in disbursements. Sales force expansion is currently underway.
 - In Q3FY22 provisions were higher due to new NPA recognition norms by RBI which led to rise in GNPA by 120 bps QoQ to 3.4%. Excluding this new norm impact, GNPA would have been 1.3%. However, our collection efficiency in December has reached to ~100%.
 - IND AA rating assignment by India Ratings, outlook upgrade by CRISIL to CRISIL AA-/Positive and rating upgrade by ICRA to ICRA AA-/stable. These ratings upgrade will further benefit us in lowering incremental CoF.
 - Net Gearing stands at 2.4x and Tier 1 CAR remains robust at 47%.
 - **Fund based investments** includes sponsor commitments to our AMC & PE funds and strategic equity investments.
 - Fund based investments have registered gains in a quarter of Rs 61 mn in Q3FY22 and Rs 3.6 bn in 9MFY22.
 - Total quoted equity investment including unrealised gains was Rs 26.9 bn as of 9MFY22. Cumulative XIRR of these investments is ~18% (since inception).
 - Total equity investment including alternate funds was at Rs 37.6 bn as of Dec-21. XIRR of 33% on PE/RE investments.



About Motilal Oswal Financial Services Limited

MOFSL is a financial services company. Its offerings include capital markets businesses (Retail broking, Institutional broking & Investment banking), Asset & Wealth Management (Asset Management, Private Equity & Wealth Management), Housing Finance & Equity based treasury investments. MOFSL won the 'Brand of the Year' award at the IBLA CNBC TV 18. MOFSL employs ~9000 employees serving to 4.4 mn clients via distribution reach in 700+ cities. MOFSL has AUA of Rs 3 trillion.

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For Motilal Oswal Financial Services Limited

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Motilal Oswal
Managing Director & Chief Executive Officer
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