Motilal Oswal Financial Services

ConCall Summary & Earnings Release

Quarter and Year ended Mar 2016

2 May 2016

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of Rs 3.2b for Q4FY16, up 30% YoY. It was 10.9b for FY16, up 41% YoY. PAT was Rs 472m for Q4FY16, up 10% YoY. It was 1.7b for FY16, up 18% YoY. Broking-related revenue was Rs 1.3b in Q4FY16, down 8% YoY, and Rs 5.1b in FY16, up 4% YoY. Asset management revenue was Rs 653m in Q4FY16, up 15% YoY. It was Rs 2.2b in FY16, up 77%. Housing finance-related revenue was Rs 899m in Q4FY16, down 470% YoY, and Rs 2.2b in FY16, up 854% YoY. Fund-based revenue was Rs 247m in Q4FY16, up 28% YoY. It was Rs 1.1b in FY16, up 2%. Investment banking income was down 9% YoY in Q4FY16 to Rs 84m, and up 25% YoY in FY16 to Rs 242m.

For a deeper insight into the company's performance and the management's expectations, we present extracts from the post-results conference call. We have edited and rearranged the transcript for greater lucidity. We have also included exhibits from the company's presentation on its performance for the quarter and year ended Mar 2016. This presentation is available at www.motilaloswal.com

Corporate Participants

Mr Motilal Oswal

Chairman

Mr Navin Agarwal

Managing Director

Mr Sameer Kamath

Chief Financial Officer

This document includes forward looking statements, including discussions about the management's plans and objectives and about expected changes in revenues and financial conditions. Forward-looking statements about the financial condition, results of operations, plans and business are subject to various risks and uncertainties that could cause actual results to differ materially from those set forth in this document. You should not construe any of these statements as assurances of financial performance or as promises of particular courses of action.

Welcome to the Q4 FY16 earnings conference call of Motilal Oswal Financial Services Limited. We have with us Mr. Motilal Oswal, Chairman, Mr Navin Agarwal, Managing Director, and Mr. Sameer Kamath, Chief Financial Officer. For the duration of this presentation, all participants' lines will be in the listen-only mode. I will be standing by for the Q&A session. I would now like to invite Mr. Navin Agarwal to make his opening remarks. Thank you and over to you sir….

MOFSL CONSOLIDATED FINANCIALS (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	**3,159**	**2,429**	**30%**	**3,159**	**2,960**	**7%**	**10,927**	**7750**	**41%**
EBITDA	1,424	824	73%	1,424	1,300	10%	4,463	2,595	72%
PBT	676	565	20%	676	715	-5%	2,376	1,979	20%
PAT	**472**	**429**	**10%**	**472**	**501**	**-6%**	**1,691**	**1,436**	**18%**
EPS - Basic	3.3	2.6		3.3	3.5		11.9	10.3	
EPS - Diluted	3.3	2.6		3.3	3.5		11.7	10.1	
Shares O/S (mn) - FV Rs 1/share	142	139		142	142		142	139	

REVENUE COMPOSITION (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Brokerage & operating income	1,265	1,370	-8%	1,265	1,334	-5%	5,091	4,898	4%
Investment banking fees	84	92	-9%	84	36	131%	242	193	25%
Asset management fees	653	567	15%	653	604	8%	2,235	1,266	77%
Fund based income	247	193	28%	247	345	-28%	1,124	1,102	2%
Housing finance related	899	158	470%	899	627	43%	2,185	229	854%
Other income	12	50	-76%	12	13	-6%	50	62	-20%
Total Revenues	**3,159**	**2,429**	**30%**	**3,159**	**2,960**	**7%**	**10,927**	**7,750**	**41%**

Opening remarks

Good afternoon. It is my pleasure to welcome all of you to the Motilal Oswal Financial Services earnings call for the 4th quarter and FY ended March 2016. In our earlier concalls this year, we shared the strategic realignment of our businesses, the reallocation of our capital and the resulting changes in the value drivers for MOFS. We believe that this has enhanced the earnings power of MOFS. During this call, I will share how we have progressed on these fronts during this year.

- Consolidated revenues were Rs 3.2b in 4QFY16, up 30% YoY, and Rs 10.9b in FY16, up 41% YoY. The key drivers to the robust revenue growth in FY16 were the Asset Management and Home Finance businesses, which clocked YoY growth of 77% and 854% respectively. The revenue contribution of Traditional Capital Markets business (Broking, Wealth Management and Investment Banking) has been below 50% in FY16, for the first time since our inception. Building a meaningful presence in the asset management and housing finance businesses have been two of our biggest achievements of FY16, and we expect their share to continue to rise in FY17 as both these businesses are in a scaling up mode with meaningful investments under way. Moreover, the closure of our first private equity growth capital fund - IBEF1 in FY17 should be a meaningful contributor in terms of share of carry and gains on sponsor commitments to IBEF1. These 3 drivers provide visibility of strong growth in FY17.

- Consolidated PAT was Rs 472m in 4QFY16, up 10% YoY, and Rs 1.7b in FY16, up 18% YoY. PAT of Rs 1.7b is near the all-time high clocked by MOFSL Group. The PAT growth of 18% is lower due to the large investments in manpower (consolidated manpower count up 44% YoY and brand-related spends up 48% YoY), besides a decline in market volumes in the broking business by 10%. The benefit of upfront investments made in the Traditional Capital Markets business could be considerable in our view and should hopefully flow through in the coming years. This forms the fourth key driver to our future performance. Apart from these investments, it should also be noted that we have large investments in seeding our funds and the Unrealized gains on these investments are not recognized in the reported PAT numbers. This is the fifth key driver to our future performance.
- Consolidated net worth was Rs 14.4b and gross borrowing was Rs 23.7b, as of Mar 2016.
- ROE for FY16 was 12.4% on reported PAT of Rs 1.7b. However, this does not include MTM unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 1.2b, as of Mar 2016), incl which it should be higher.
- Declared an interim dividend of Rs 1.5 per equity share (Face value of Rs 1 per equity share) during 4QFY16 taking the total dividend to Rs 3.5 per equity share. Dividend-Payout including dividend tax stood at ~35% in FY16.

1. **Starting with the traditional capital markets businesses comprising of retail and institutional broking, wealth management and investment banking.**

- **Broking and related revenues** (which includes broking activities and wealth management) were Rs 1.3b in 4QFY16, down 8% YoY. It was Rs 5.1b in FY16, up 4% YoY
- Market cash equity ADTO was Rs 202b in FY16, down 6% YoY. Within cash, delivery declined 6% YoY to Rs 61b. However, cash volumes were still 50% higher than the average between FY12-14 and delivery volumes were still 55% higher than the FY12-14 average. Retail cash volumes in the market were Rs 98b in FY16, down 8% YoY. But it is still 50% higher than the FY12-14 average. Institution cash volumes in the market were Rs 62b in FY16, up 1% YoY. FIIs net sold equities in FY16 after 6 successive years of inflows. However, this trend reversed in Mar-16, with FIIs buying over USD4B during the month. DIIs were net buyers of equities in FY16 after 5 years of outflows. This was entirely driven by Mutual Funds, who bought over USD10B of equities in FY16, the highest ever. Proactive and very sizeable investments have been made by us in this business over the course of last 2 years in particular. This has partly paid off with our equity market share rising from 1.5% in FY15 to 2.0% in FY16, across both cash and F&O segments. Due to continued shift of the volume mix towards F&O, the blended yield was 3.5 bp in FY16 as compared to 4 bp in FY15
- In **RETAIL BROKING & DISTRIBUTION**, the focus was on building scale and competitiveness through quality advisory, digital initiatives, assets-based product distribution, system-driven trading products and our network expansion. Our employee base in this business is up 28% from Mar-2015, and up 97% from Mar-

2014. Advisor count is up 65% YoY, across dedicated advisory desks. Advisor quality has been improved through training and certification, and research-call quality is being monitored closely. Our Pan-India Distribution network increased meaningfully from 1,534 outlets in Mar-2014 to 2000+ in Mar-2016. Our network is also being now leveraged for distribution of financial products to develop an asset-based product distribution approach vs just an equity broking approach, which would also help bring stability to our revenues. We envisage that the next few years should see a meaningful scale-up in the distribution of financial products through our large distribution franchise. With digital transformation at its inflection, we continued to invest into technology initiatives. During 4QFY16, we became India’s 1st broker to launch the “Smart Watch App”. We launched India’s 1st and Fastest 15-Minute Trading & Demat Account. We also launched our “Business Partner App” to enable them to monitor their business on the move. Our retail market share has improved, and average retail clients added in FY16 per month was 2X of that in FY14. We expect the operating leverage from these investments to bear fruit as volumes pick up

- In **INSTITUTIONAL BROKING**, the focus remains on expanding market share across the offshore geographies. We strengthened our competitive positioning through research offerings, corporate access outreach and sales and trading capabilities. Our employee base in this business is up 13% from Mar-2015, and up 45% from Mar-2014. The research team ramped up its coverage from 230 to 251 during the year, and introduced several new research products like Voices, videos, Ind-AS, etc. Corporate access continued to conduct several roadshows, conferences and outreach events. Our service quality was recognized at the Research Bytes Investor Communication Awards 2015, where we won as many as 11 awards, and at the AsiaMoney Awards 2015, where we were ranked Best in Events/Conferences, amongst Top-2 for Overall Sales Services and Best Roadshows/Company Visits and amongst Top-3 in Best Local Brokerage, Best Execution and Sales Trading Visits
- **INVESTMENT BANKING** fees were Rs 84m in 4QFY16, down 9% YoY. This was Rs 242m in FY16, up 25% YoY. We have been participating in emerging ECM opportunities. We have received clearance from SEBI for the 3 upcoming IPOs where we are the BRLM. On the M&A side, we successfully completed transactions on the cross-border M&A and structured finance side during the year, and the pipeline remains robust
- **WEALTH MANAGEMENT** was the fastest growing segment within the capital markets piece. Wealth assets were Rs 64b, up 52% from Mar-2015 and 166% from Mar-2014. We continued to ramp up our RM base and advisory capabilities, and added few large clients and AUM-mandates this year. We had a 77-member RM and advisory team, up from 49 in Mar 2015. Our yield is better than peers due to the higher proportion of equity within the AUM mix. The Property Advisory team held the Real Estate Expo, showcasing projects of marquee developers. A differentiated equity strategy was launched for clients with one of our equity partner AMCs
- Traditional capital markets businesses contributed ~49% of revenues this year, as compared to ~66% a year ago.

2. **Our asset management businesses** of public markets and private equity, is nearing

critical mass. It has helped bring in fee income. Asset Management fee were Rs 653m in 4QFY16, up 15% YoY. It was Rs 2.2b in FY16, up 77% YoY. Total AUM/AUA across mutual funds, PMS and PE businesses was Rs 133b, up 61% YoY

- Our **PUBLIC MARKETS AMC BUSINESS** has built its positioning as equity specialists with its time-tested QGLP investing philosophy. It also has the firm backing of Sponsor commitments, which stresses our "skin in the game". These helped us emerge as one of the fastest growing equity AMCs this year, and garner interest from an increasing number of large distributors, who showed results through increased mobilizations. Our net inflows were up 129% YoY in FY16, and our new equity MF folios created were up 5X YoY in FY16. Our focus is on building an Investment-focused B2B sales organization rather than Sales-focused investment organization, hence the Investing to Sales staff strength is only ~1:2. Our rank in the equity AUM (MF+PMS) improved to 12, up from 18 in FY14. Our AUM and Net Sales market share in the open-end equity mutual funds space also improved. Significant investments have been made in recent quarters brand promotion to build a strong recall & positioning amongst the investor and distributor fraternity
- The **PRIVATE EQUITY BUSINESS** manages Rs 28.0b across 2 growth capital and 3 real estate funds. The 1st growth capital fund has returned ~120% capital (in INR terms) from 3 full-exits & 6 partial exits in 4 companies till-date. The fund is in advanced stages for 2 exits in the next few months, which may allow it to return an additional ~50-55% capital. The fund expects to divest the balance companies in FY17. We hope to earn a meaningful carry as well as profit on Sponsor commitment in FY17. The 2nd growth capital fund has made 8 investments so far. The 1st real estate fund has returned ~86% capital from 6 full/partial exits so far. The 2nd real estate fund has committed ~83% of AUM across established developers across 8 deals. The 3rd real estate fund was launched in 3QFY16 with an AUM target of Rs 10b. It announced its 1st close within four months in Feb 2016, raising commitments of ~ Rs 6b
- Asset management business (public market equities and private equity together) contributed ~20% of consolidated revenues this year vs ~16% a year ago.

3. **Aspire Home Finance** is focused on the niche affordable housing space, which is a large untapped segment within the Indian mortgages space. We have been able to build significant traction since the last year

- **HOUSING FINANCE** related income was Rs 899m in 4QFY16, up 470% YoY. This was Rs 2.2b in FY16 vs Rs 229m in FY15. Total operating & administration costs rose 241% YoY in FY16 owing to a 228% YoY increase in manpower count and a 264% YoY increase in the distribution network
- HFC loan book stood at Rs 21b vs Rs 3.6b in Mar 2015. It has funded ~21,000 families till-date
- Aspire disbursed Rs 18b in FY16, up 5X YoY. The QoQ traction in disbursals remains solid, with 4QFY16 disbursals at Rs 7.3b vs Rs 4.4b in 3QFY16 and Rs 2.2b in 4QFY15. The average loan size holds constant at around ~Rs 1m.
- On the liabilities side, we have term-loan drawdown from 22 banks & 1 NBFC, up from 7 a year ago. Approx 50% of borrowings are from capital markets

- For FY16, RoA is 3.3%, RoE is 16.0%. As of Mar 2016, GNPL is 0.2%, Spread is ~330 bps and D/E ratio is 5.1X
- Strong risk assessment, underwriting and file-audit practices should help maintain asset quality.
- Capital infusion made by the Sponsor is Rs 3b till-date
- Both Crisil and ICRA have upgraded their ratings, to CRISIL A+/Stable and [ICRA]AA- (Stable)) respectively
- As a Primary Lending Institution, it has provided subsidy to 78 clients under Credit Linked Subsidy Scheme of the Pradhan Mantri Awas Yojana
- Housing Finance contributed ~20% of consolidated revenues this year, as compared to ~3% a year ago.
- While we remain optimistic on the prospects for Aspire, the lack of alternate lending opportunities by banks and entry of a number of new players may result in heightened competition for talent and loan-pricing.
- We are not giving out any specific guidance for this business for FY17 although directionally we are looking at higher disbursements in FY17 over FY16.

4. **Fund based activities** focusing on enhancing Return on Equity

- **FUND BASED INCOME** was Rs 247m in 4QFY16, up 28% YoY. This was Rs 1.1b in FY16, up 2% YoY. NBFC loan book, which is now being run as a spread business using borrowed funds, was Rs 2.6b as of Mar 2016
- Our investment in our own mutual fund products is Rs 5.9b (at cost) and Rs 2.0b (at cost) in our own private equity products. The unrealized gain on MF investments was Rs 1.2b as of Mar 2016, which is backed by a time tested QGLP investment philosophy which has consistently delivered superior performance against benchmarks.

Outlook

To sum up, the strategic realignment of our businesses, the reallocation of our capital and the resulting changes in the value drivers for MOFS has enhanced the earnings power of MOFS. FY16 revenue growth of 41% was led by the traction in the asset management and housing finance businesses. FY16 PAT of Rs 1.7 bn is near the all-time high clocked by MOFSL Group. Asset Management and Home Finance will continue to be meaningful drivers to FY17 topline and bottomline. PE business carry and gains on investments in seeding the fund will be the 3rd key driver to FY17 bottomline. Traditional capital market businesses and our Investments in seeding our mutual funds will be the 4th and 5th key drivers to our future performance respectively. These 5 drivers make us optimistic of continued strong performance in the years ahead. We can now open the floor for Q&A.

Traditional Capital Markets Based Businesses

Broking & Fund based activities (MOSL + MOFSL Standalone)*

KEY FINANCIALS: MOSL + MOFSL Standalone (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	1,557	1,657	-6%	1,557	1,736	-10%	6,465	6,302	3%
PBT	178	318	-44%	178	396	-55%	1,189	1,731	-31%
PAT	156	229	-32%	156	309	-49%	931	1,271	-27%

**We have made strategic allocation of capital into long term RoE-enhancing opportunities like Aspire Home Finance and sponsor commitments to our own mutual fund & private equity funds. MOSL and MOFSL Standalone are the primary vehicles for these Investments. In order to understand the operating results better, it is necessary to have an aggregated view of these two entities as reflected in table above*

Retail Broking & Distribution and Institutional Broking (MOSL)**

KEY FINANCIALS: BROKING & DISTRIBUTION & INSTITUTIONAL BROKING (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	1,389	1,440	-3%	1,389	1,392	0%	5,496	5,426	1%
EBITDA	365	414	-12%	365	376	-3%	1,485	1,815	-18%
PBT	147	305	-52%	147	170	-13%	794	1,493	-47%
PAT	131	204	-36%	131	122	8%	605	1,081	-44%

***MOSL numbers will include some impact of Treasury activities made from MOSL balance sheet, as explained in the earlier note.*

How many touch-points will be added for the traditional broking business in FY17, and will they be selling mutual fund products too?

We currently have a network of 2000 outlets, and we typically add ~20-30 touch-points a month. This distribution network is actually one of the highest in the industry. But the idea is to not just build a sizable network but also go deep in terms of business from each outlet. So sometimes, one has to curtail some of the touch-points if they're not performing on-ground and replace them.

These outlets conduct broking business predominantly. A lot of them are also doing third-party mutual fund distribution now to their existing set of customers, which we believe is a big opportunity. In FY16, we have already witnessed a meaningful scale-up in our revenues from distribution of financial products.

Over the next 2-3 years, as more and more of these 2,000 distribution points start to distribute financial products, this business will have considerable scope to bring in annuity revenues, just like the wealth management or the asset management business, instead of being solely dependent on the market volumes.

How do you see competition from discount brokers like Zerodha, RKSV etc, who offer a flat broking fees and claim to have volumes of ~Rs 50b, as per the website. Over the long-term, do you see this as a fundamental disruption to retail broking?

There are actually two models within the broking business. One is the discount broking model where there is no advice or relationship manager. The other model is where there is a personal relationship manager with strong research and advising capabilities. As far as the second segment is concerned, in which we are in, we are not seeing any kind of threat to the pricing power. Rather, the pricing power might be in the self-directed segment where the client is on his own. We have been seeing this for the last 4-5 years, and we don't see any threat to our pricing models. Now with the added focus on the distribution part, the relationship with the customers gets further strengthened.

You have been investing in manpower ahead of time in the expectation that volumes would turn eventually. In an industry where topline growth is inherently unpredictable, how does the management plan for manpower growth?

Of course, the broking volumes cannot be predicted year-on-year. The whole focus is actually on acquiring more and more customers, on increasing our market share and on investing into the technology platform which is highly scalable. So we have been hiring into specific skills like sales, advisors and technology that should directly translate into business growth for us. We remain quite optimistic about broking as a business, and along with distribution piece, the prospects have become much better. So even with the significant increase in the manpower, the business profitability should hold same.

Investment Banking

KEY FINANCIALS: INVESTMENT BANKING (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	85	94	-10%	85	38	127%	249	201	24%
EBITDA	22	43	-48%	22	(16)	-237%	32	12	162%
PBT	19	39	-50%	19	(20)	nm	19	(2)	nm
PAT	9	27	-68%	9	(14)	nm	8	(1)	nm

Private Wealth Management

KEY FINANCIALS: PRIVATE WEALTH MANAGEMENT (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	144	111	30%	144	109	32%	444	299	48%
EBITDA	47	38	24%	47	33	43%	139	98	42%
PBT	39	37	5%	39	22	77%	109	94	16%
PAT	26	27	-3%	26	14	84%	71	65	10%

What is the growth you expect in the private wealth business in FY17?

We have already seen a significant jump in this business in FY16. Our AUM is now ~Rs 64b. We have added manpower like RMs and on the advisory side. Our RM-count is up 78, from only ~50 a year back. Most of the new people will obviously take some time to build traction, so it is difficult to give guidance. But we are definitely seeing good business traction which should keep growth sustainable going forward.

What is the Rs 30m difference between EBITDA and PBT in the wealth business?

Depreciation is one factor because of furniture and fixture, as the size of the business is increasing. Also, the business sometimes provides temporary liquidity to existing wealth customers against an existing portfolio, for which they borrow inter-company. So the difference would also be due to that.

Asset Management Businesses

Asset Management – Public Market Equities

KEY FINANCIALS: ASSET MANAGEMENT (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	554	495	12%	554	511	8%	1,852	881	110%
EBITDA	108	105	3%	108	116	-6%	364	61	496%
PBT	108	101	6%	108	113	-5%	354	52	574%
PAT	70	101	-31%	70	75	-7%	264	52	404%

You said the investing to sales staff is 1:2 in the AMC business. How does that compare to the industry benchmark?

We don't have exact numbers. But typically in any large AMC on the equity side, the Top-5 players would have about ~200-400 people on-ground doing direct B2C sales. We have consciously stayed away from that practice, because we believe that our focus is investing. That's why the sales force we have is predominantly B2B which is engaged with empanelling large national distributors, large private banks, both local and MNCs, and also large wealth platforms; and convincing them about our differentiated strategy. We believe focusing on our core competence and partnering with the large distributors who can provide the outreach is a scalable way to build the business. That approach is bearing fruit for us.

Significant operating leverage was expected in this business. But that did not happen in Q4FY16. Was there any lumpy item there?

Yes. We have always mentioned in our calls is that once the size of the business grows and we start turning profitable, we would like to incur some discretionary spends like brand promotion to create further brand recall. In the AMC business, there was an incremental brand cost of about Rs 30m this quarter, which hit the PBT straightaway. That explains the difference of low sequential QoQ growth of the AMC profitability.

Secondly, when one compares on a YoY basis, the AMC earned meaningful carry of ~Rs 270m on its managed accounts business in Q4FY15, which was almost nil in the current quarter. That also impacted the profitability this time.

Asset Management - Private Equity

KEY FINANCIALS: PRIVATE EQUITY (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Total Revenues	56	62	-10%	56	57	-1%	249	255	-2%
EBITDA	20	25	-18%	20	26	-22%	104	119	-13%
PBT	20	23	-15%	20	25	-21%	98	113	-14%
PAT	7	16	-56%	7	17	-57%	59	74	-20%

Housing Finance Businesses

Aspire Home Finance

KEY FINANCIALS: ASPIRE HOME FINANCE (Rs Mn)

	Q4 FY16	Q4 FY15	CHG. YoY	Q4 FY16	Q3 FY16	CHG. QoQ	FY16	FY15	CHG. YOY
Sanctioned For Period	9,291	3,156	194%	9,291	5,861	59%	23,599	5,227	351%
Disbursed For Period	7,324	2,232	228%	7,324	4,424	66%	18,183	3,586	407%
Loan Book (period-end)	20,940	3,574	486%	20,940	14,055	49%	20,940	3,574	486%
Net Interest Income (NII)	204	38	437%	204	140	46%	476	71	567%
Other Income	250	84	198%	250	170	47%	633	124	409%
Total Income	454	122	272%	454	310	47%	1,109	196	467%
Operating Profit (Pre- Provisioning)	298	54	451%	298	182	64%	688	53	1198%
PBT	268	45	496%	268	163	65%	613	39	1486%
PAT	177	28	529%	177	94	88%	400	22	1731%

What is the growth expected in the HFC loan book till FY20?

As said in the opening remarks, we are not giving out any guidance on how this will shape up as this is only the first full year of the existence of the HFC business. But, we have seen a meaningful scale-up in our disbursements on a QoQ basis. It was Rs 2.2b in the Mar quarter last year, and Rs 4.4b in the Dec quarter this year, which rose further to Rs 7.3b in the current Mar quarter. While this Mar quarter's number may not be a benchmark for the coming quarters, the Rs 18b disbursement that we did this entire year will most likely be exceeded in the next year.

What was the average size of the loans disbursed?

About Rs 1m.

The repayment ratio is ~10-14% over the last two quarters on a loan book which is relatively high given that the loan book is largely unseasoned. Is there any assessment on the drivers for this?

The loan book is now getting seasoned. So any sequential comparison would not be entirely accurate due to the base effect. Any change seen QoQ will be impacted as the book becomes larger and more seasoned. These ratios are pretty much in line with industry averages for people who have a similar loan book in the housing finance space. Secondly, we were one of the first financial institutions to be registered under the Pradhan Mantri scheme, which provides interest subvention to the customers. A part of that interest subvention goes through reduction of the loan itself. To some extent, some bump-up of last two quarters could be because of that. Otherwise, as an industry player, we do not see any significant pressure of prepayments per se.

Profitability ratios are difficult to assess when the company is growing very fast, as is the case with Aspire. The ROA for FY16 is ~3.3%, but the book has probably gone up 6x. What is the stable-state ROA one can expect for this business?

As of now, we are looking at a sustainable ROA of 2.6-2.8%, going forward. That is partly lower than current levels because it factors in normalized credit costs.

What are the items that comprise the Rs 633m Other Income in Aspire in FY16? Is it mainly processing fee, or is there any other income as well? In a normalized situation, what with the percentage of Other Income within total revenues fall to?

Other Income comprises of processing fees, income from sale of insurance products, income from property services as well as income from the liquidity that the Housing Finance Company maintains. So it is a sum total of all these 4 items. Given the small opening base of the outstanding loan book vis a vis the significant disbursements on which processing fees are earned coupled with the property services income and third party insurance sales, the Other Income looks relatively large in its proportion within the HFC revenue mix. But this should fall substantially YoY in the next ~3 years' time. We are not giving out guidance on what this percent can fall to. But one can estimate that we will earn interest income on Rs 21b loan book for sure for the full year, apart from interest income on the disbursements we undertake.

What is the sustainable growth rate one can expect in Aspire? How is the company generating its leads? Is it through distributors? What is the target market?

We are not targeting a specific growth number. In absolute terms, the numbers will look big because of the current low base. In this year itself, the loan book base grew from Rs 3b to Rs 20b+ YoY. As we commit similar or higher amounts of capital in the next year, we are looking at achieving higher disbursement as compared to the previous year.

In terms of customer acquisition, majority of our customers are acquired through our captive sales force. ~65% of our 21,000 loans that we have originated are from our own relationship managers or relationship officers. The rest are through the DSA network. There are also walk-in customers to the tune of ~7-8% of all the customers. So, 65 plus 8 is ~73%, and the balance ~27% is through the DSA network.

In terms of specific customer profile, salaried are just a tad over 50% as of today. Self-employed is the balance 45-50% of the customer base.

We are now present in Maharashtra, Gujarat, MP and Telangana. We will be looking to expand in these states. We should exit with at least a couple of more states in FY17. We will share the details as and when we enter any new state.

Are we setting up branches specifically for this business only? How will they be scaled up over the next couple of years?

Aspire's branches are only for this business only. The count is 51 now, up from 14 in Mar-2015. If one is looking at disbursements of at least a similar amount this year, then this network will need to be meaningfully expanded in FY17.

The real estate is said to going through a slowdown, but almost every HFC loan book and disbursements are growing in the industry. What are your views on this? Are loan takers generally in the rural areas?

The overall industry growth numbers are quite strong as the penetration of mortgages in India is still on the lower side, at ~8-9%. The penetration of housing finance in the affordable housing space is even lower because the mainstream banks will neither lend to self-employed in the same proportion, nor lend to small ticket or suburbs. So that whole space is an opportunity for players focused on low ticket, suburban, self-employed segments. So those are areas of opportunities. We have invested about Rs 1.5b each in FY15 and FY16. For FY17, the Board has committed another ~Rs 2b. That is the only factual input that can give an idea about our plans for this business.

The target geography is basically the outer limits of cities where you can get a dwelling size of close to about Rs 3m or so. These are located in the outskirts of the city and could be a significant distance from the heart of the city. The maximum loan we have agreed to as a policy is Rs 2.5m with a LTV of ~60-65%, though our average ticket size is ~Rs 1m. These places are seeing traction because across the industry, small ticket size are selling compared to large ticket size. There are substantial number of projects where pricing is between Rs 1.5-3m, and the loan ticket size could be between Rs 1-2.5m.

Others

Traditional capital market businesses now comprise ~49% of the revenue mix. Going forward, will this percent further inch towards 45% and 40%?

The traditional capital market business is based largely on the overall market volumes, and the overall market volumes were down in FY16 as compared to FY15. The capacity that we have created over the last two years in terms of manpower, distribution network, and in processes and technology, is substantial to handle any growth in the market volumes. How the mix of traditional capital markets businesses will be in FY17 will largely be a function of how overall market volumes pan out. If the market volumes were to grow sharply, then we are well positioned to capture that growth. In fact, we've already reported a market share increase of 2% vs 1.5% last year. This business could see a jump in its contribution if market volumes were to jump going forward.

Financial services sector in India is over-supplied from a manpower standpoint. Is it not possible to hire just-in-time?

The question is what is just-in-time? It takes at least ~2 months to have the ground force trained into our way of doing business, understand our value proposition and then sell effectively to the clients. Nevertheless, hiring is done in a calibrated fashion. It is not done without keeping the market realities in mind. We review it every quarter, and the planning is based on that. One of the best ways to manage productivity today is to use technology. So we are seeing the cost of acquiring customers going down, which significantly increases the margin of safety even in a flattish market or slightly-not-so-good market. One of the reasons why the profitability looks slightly depressive is because a large part of the hiring happened in the second half of the financial year. Hence, the full throughput will come only in the current financial year. So, there's always a lag time of ~2-3 months, and that's why we have been focusing on productivity and using technology to reduce costs, which gives us the confidence to stay invested.

Just to add, while the retail cash volumes in FY16 were up 50% as compared to 2012 to 2014 average, they were still down 12% compared to the peak volumes seen few years ago. So from a long-term point of view, we do not see retail volumes remaining so depressed for so long. So there is an effective management call we have taken to invest in these businesses which has not paid off in the year FY16 as reflected in the lower margins of the securities business. Secondly, we see a massive opportunity to leverage our distribution network to earn more annuity revenues through distribution of financial products. While FY16 was the first year where we saw a meaningful traction on that front, there is still a considerable coverage of these 2000 outlets that we can do for the next 2-3 years. So you should see the manpower and the revenues becoming a lot more linear than you have seen previously.

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q4FY16 Consolidated Revenues of Rs 3.2 billion, up 30% YoY (Rs 10.9 billion in FY16, up 41% YoY); and PAT of Rs 472 million, up 10% YoY (Rs 1.7 billion in FY16, up 18% YoY)

Mumbai, Apr 30, 2016: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter and year ended Mar 31, 2016 post approval by the Board of Directors at a meeting held in Mumbai on Apr 30, 2016.

Performance Highlights

Rs Million	FY16	Comparison (FY15)	Q4FY16	Comparison (Q4FY15)
Revenues	10,927	↑41%	3,159	↑30%
PBT	2,376	↑20%	676	↑20%
PAT	1,691	↑18%	472	↑10%
Diluted EPS - Rs (FV-Rs 1)	11.7		3.3	

Performance for the Quarter and Year ended Mar 31, 2016

- Consolidated revenues were Rs 3.2 billion in Q4FY16, up 30% YoY; It was Rs 10.9 billion in FY16, up 41% YoY
- Consolidated PAT was Rs 472 million in Q4FY16, up 10% YoY; It was Rs 1.7 billion in FY16, up 18% YoY
- PAT margin was 15% in FY16 vs 19% in FY15
- Balance sheet had net worth of Rs 14.4 billion and gross borrowings of Rs 23.7 billion, as of Mar 2016.
- ROE for FY6 was 12.4% on reported PAT vs 11.7% in FY15. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 1.2 billion, as of Mar 2016)
- Declared interim dividend of Rs 1.5 per equity share (Face value of Rs 1 per equity share) during Q4FY16

Speaking on the performance of the company, Mr. Motilal Oswal, CMD said.

"The new government has launched several initiatives to drive growth, investments and competitiveness, apart from controlling the macro situation. However, challenge persists across exports, rural economy and urban consumption. As reforms gain speed and capex gathers momentum, it should give a fill-up to market activity and investor sentiments. Meanwhile, our investments into competencies during the recent quarters are leading to tangible business outcomes, and we remain on course in creating a fair mix of capital markets, asset management and fund-based businesses. Our equity market share has improved across

cash and F&O segments. Our digital business is gaining traction. Our asset management business continues to improve its ranking in equity AUM and is seeing healthy sales from an increasing number of large distributors. The private equity business is adding scale with a new fund launch. Aspire Home Finance is seeing good traction in disbursals, reach and bank lines, along with operational excellence. Building a meaningful presence in the asset management and housing finance businesses have been two of our biggest achievements over the past year. With our investments into specific capabilities now leading to business results, we remain optimistic in our ability to capture the growth opportunities as they unfold further."

Performance of Business Segments for the Quarter and Year ended Mar 31, 2016

- **Traditional capital markets businesses** are delivering results following investments into people, technology and processes
  - **Broking and related revenues** (which includes broking and wealth management) were Rs 1.3 billion in Q4FY16, down 8% YoY. It was Rs 5.1 billion in FY16, up 4% YoY. Cash ADTO in the market was Rs 202 billion in FY16, down 6% YoY. Retail cash volumes in the market were down 8% YoY. Institution cash volumes in the market were up 1% YoY. FIIs net sold equities in FY16 after 6 years of inflows. DIIs net bought equities after 5 years of outflows. Proactive investments on this business have driven a meaningful traction in our equity market share from 1.5% in FY15 to 2.0% in FY16, across both cash and F&O segments. Due to continued shift of the volume mix towards F&O, the blended yield was 3.5 bp in FY16 as compared to 4 bp in FY15
  - **In retail broking & distribution**, our focus was on building scale and competitiveness through quality advisory, digital initiatives, assets-based product distribution, system-driven trading products and network expansion. During the quarter, we became India's 1st broker to launch the "Smart Watch App". We continued to invest in quality advisors, and expanded our network during the year. Our network is being leveraged for distribution of financial products to to develop an assets-based product distribution approach vs just an equity broking approach. Our retail market share has improved, and average retail clients added in FY16 per month was 2X that during FY14.
  - **In institutional broking**, our focus remains on expanding the market share across the offshore geographies. We strengthened our competitive positioning through research offerings, corporate access outreach and sales and trading capabilities. The research team ramped up its coverage. Corporate access conducted several outreach events. We won as many as 11 awards at the Research Bytes Investor Communication Awards 2015.
  - **Wealth management** assets were up 52% YoY to Rs 64 billion. It had a 77-member RM and advisory team, up from 49 in Mar 2015. We ramped up our RM base and advisory capabilities, and added few large clients and AUM-mandates this year. This business continued to contribute significantly to the fund-raise of IREF III, our latest real estate PE fund. The Property Advisory team held the Real Estate Expo, showcasing projects of marquee developers. A differentiated equity strategy was launched for clients with one of our equity partner AMCs, which will benefit from the impending economic recovery
  - **Investment banking** fees were Rs 84 million in Q4FY16, down 9% YoY. It was Rs 242 million in FY16, up 25% YoY. We have been participating in emerging ECM opportunities. We received clearance from SEBI for the 3 upcoming IPOs where we are the BRLM. On the M&A side, we completed transactions on the cross-border M&A and structured finance side this year, and the pipeline remains robust

- Traditional capital markets businesses contributed ~49% of revenues this year, as compared to ~66% a year ago

- **Our asset management businesses, both public markets and private equity, are nearing critical mass**
  - Asset Management fee were Rs 653 million in Q4FY16, up 15% YoY. It was Rs 2.2 billion in FY16, up 77% YoY. Total AUM/AUA across MF, PMS and PE businesses was Rs 133 billion, up 61% YoY. MF AUM was Rs 51 billion, up 110% YoY, PMS AUM was Rs 54 billion, up 47% YoY and PE AUA was Rs 28 billion, up 30% YoY.
  - **In the public market equity** business, our rank in equity AUM improved to 12, up from 18 in FY14. We were one of the fastest growing equity AMCs this year. Our net inflows were up 129% YoY in FY16. This was driven by scaling up of the existing distributor relationships and roll-out with new distributor relationships. Our focus is on building an Investment-focused B2B sales organization rather than Sales-focused investment organization
  - **In the private equity business**, IBEF I has returned ~120% capital (in INR terms) from 3 full-exits & 6 partial exits in 4 companies till-date. The fund is in advanced stages for 2 exits in the next few months, which may allow it to return an additional ~50-55% capital. IREF II has committed ~83% of AUM across established developers. IREF III announced its 1st close in Feb 2016 within four months of its launch, raising commitments of ~ Rs 6 billion.
  - Asset management business (public market equities and private equity together) contributed ~20% of consolidated revenues this year, as compared to ~16% a year ago

- **Housing finance, the recent-most business in our portfolio, is showing traction in disbursements and reach**
  - Housing finance related income was Rs 899 million in Q4FY16, up 470% QoQ. It was Rs 2.2 billion in FY16. Total operating costs rose 241% YoY owing to a 228% YoY increase in manpower count and a 264% YoY increase in the distribution network.
  - HFC loan book stood at Rs 21 billion vs Rs 3.6 billion a year ago. It has funded ~21,000 families till-date.
  - Aspire disbursed Rs 18 billion in FY16, up 5X YoY.
  - It has credit lines from 22 banks & 1 NBFC, up from 7 a year ago.
  - For FY16, RoA is 3.3%, RoE is 16.0%. As of Mar 2016, GNPL is 0.2%, NIM is 389 bp & D/E ratio is 5.1X
  - Capital infusion made by the Sponsor is Rs 3 billion till-date.
  - Both Crisil and ICRA have upgraded their ratings, to CRISIL A+/Stable and [ICRA]AA- (Stable)) respectively.
  - As a Primary Lending Institution, it has provided subsidy to 78 clients under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojana.
  - Housing Finance contributed ~20% of consolidated revenues this year, as compared to ~3% a year ago.
- **Fund based activities** include strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance, sponsor commitments to mutual fund and private equity funds of MOFSL, apart from the NBFC loan book.
  - Fund based income was Rs 247 million in Q4Y16, up 28% YoY. This was Rs 1.1 billion in FY16, up 2% YoY. NBFC loan book, which is now being run as a spread business using borrowed funds, was Rs 2.6

billion.

- Our investment in our own mutual fund products is Rs 5.9 billion (at cost) and Rs 2.0 billion (at cost) in our own private equity products. The unrealized gain on MF investments was Rs 1.2 billion as of Mar 2016

- **Other income** was Rs 12 million in Q4FY16. It was Rs 50 million in FY16.

About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. (NSE: MOTILALOFS, BSE: 532892, BLOOMBERG: MOFS IN) is a well-diversified, financial services company focused on wealth creation for all its customers, such as institutional, corporate, HNI and retail. Its offerings include traditional capital markets businesses (retail and institutional broking, wealth management and investment banking), asset management (public market equities and private equity), housing finance and fund based business. MOFSL has strong research capabilities, which enables them to identify market trends and stocks with high growth potential, facilitating clients to take well- informed and timely decisions. Motilal Oswal Securities won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards 2014 for the 4th year in a row. It was ranked the Best in Events/Conferences, ranked amongst Top-2 for Overall Sales Services and Best Roadshows/Company Visits and amongst the Top-3 in Best Local Brokerage, Best Execution and Sales Trading Visits at the AsiaMoney Awards 2015. It has also won three research awards at Zee India Best Market Analyst Awards, 'Best Research as Research Showcase Partner' award at Research Bytes IC Awards 2014, and 'Best Broking House - Institutional Segment and Cash Segment' at the Dun & Bradstreet Equity Broking Awards 2015. Motilal Oswal Private Equity Private Equity won the 'Best Growth Capital Investor-2012' award at the Awards for PE Excellence 2013. Motilal Oswal Private Wealth Management won at the UTI-MF CNBC Financial Advisor Award in HNI Wealth Management category for 2015. Aspire Housing Finance was awarded 'India's Most Admired and Valuable Housing Finance Company' at India Leadership Conclave 2015, 'Financial Services Institution of the Year' by ASSOCHAM at ICT 4 Development Awards 2015, and 'Agency Innovation of the Year (BFSI Sector)' at the Brand Excellence Awards 2015.

For further details contact:

Mr. Hari Krishnan Motilal Oswal Financial Services Ph - +91-22-39825500 Mob- +91-9820520392	Mr. Sameer Kamath Motilal Oswal Financial Services Ph - +91-22-39825500 Mob- +91-9820130810	Mr. Anirudh Rajan / Alpesh Nakrani Paradigm Shift Public Relations Mob- +91-9892343828/ +91-9869121167 Tel- +91-22 22813797 / 98

MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Registered Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025

Tel: +91-22-39804200, Fax: +91-22-33124997 Email:shareholders@motilaloswal.com

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2016

(Rs. in Lakhs)

Particulars	**Quarter Ended**			**Year Ended (Audited)**	
	31-Mar-16	**31-Dec-15**	**31-Mar-15**	**31-Mar-16**	**31-Mar-15**
1. Income from Operations					
(a) Income from Operations	25,768	25,181	21,962	93,052	71,143
(b) Other Operating Income	4,520	3,288	1,997	12,438	5,753
Total Income from Opertaions (Net)	**30,288**	**28,469**	**23,959**	**105,490**	**76,896**
2. Expenditure					
(a) Operating expense	5,961	6,058	6,039	23,321	19,454
(b) Employees' benefit expense	7,144	6,391	6,316	25,095	19,016
(c) Depreciation and amortisation expenses	940	955	938	3,494	3,067
(d) Other expenditure	4,244	4,145	3,701	16,218	13,080
Total expenses	**18,289**	**17,549**	**16,994**	**68,128**	**54,617**
3. Profit from Operations before Other Income, finance cost & Exceptional Items (1-2)	**11,999**	**10,920**	**6,965**	**37,362**	**22,279**
4. Other Income	849	836	105	2,470	376
5. Profit from Ordinary Activities before finance cost & Exceptional Items (3+4)	**12,848**	**11,756**	**7,070**	**39,832**	**22,655**
6. Finance Cost	6,541	4,895	1,653	17,377	3,094
7. Profit from ordinary activities after finance cost but before Exceptional Items (5-6)	**6,307**	**6,861**	**5,417**	**22,455**	**19,561**
8. Exceptional Items - (Expense)/Income	-	-	-	-	-
9. Prior period items - (Expense)/Income					
9. Profit from Ordinary Activities before tax (7-8)	**6,307**	**6,861**	**5,417**	**22,455**	**19,561**
10. Tax expense	1,810	1,957	1,315	6,123	5,234
11. Net Profit from Ordinary Activities after tax but before Share of Profit from Associate and Minority Interests (9-10)	**4,497**	**4,904**	**4,102**	**16,332**	**14,327**
12. Share of Profit of Associate	291	186	222	832	222
13. Share of minority interests in (profits)/ loss	(71)	(78)	(28)	(255)	(190)
14. Net Profit after tax and Share of Profit from Associate and Minority	**4,717**	**5,012**	**4,296**	**16,909**	**14,359**
14. Extraordinary Items - Income/(Expenditure) (net of tax expense)	-	-	-	-	-
15. Net Profit After Extraordinary items & Tax (PAT) (13-14)	-	-	-	-	-
15. Paid-up equity share capital (Face Value of Re. 1/- Per Share)	1,422	1,421	1,402	1,422	1,402
16. Reserves excluding Revaluation Reserves	-	-	-	142,229	128,084
17. i. Earnings Per Share (EPS) (before Extraordinary items) (of Re. 1/- each)					
a) Basic EPS	3.32	3.54	2.62	11.94	10.34
b) Diluted EPS	3.29	3.45	2.57	11.74	10.10
17. ii. Earnings Per Share (EPS) (after Extraordinary items) (of Re. 1/-					
c) Basic EPS	3.32	3.54	2.62	11.94	10.34
d) Diluted EPS	3.29	3.45	2.57	11.74	10.10
Particulars of Shareholding					
18. Public shareholding					
- Number of shares	39,799,375	39,274,375	37,044,325	39,799,375	37,774,745
- Percentage of shareholding	27.99%	27.72%	26.58%	27.99%	26.95%
19. Promoters' and promoter group Shareholding					
a) Pledged/Encumbered					
- Number of shares	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total shareholding of promoter and	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL
b) Non-encumbered					
- Number of shares	102,378,700	102,383,700	102,310,930	102,378,700	102,307,930
- Percentage of shares (as a % of the total shareholding of promoter and	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	72.01%	72.28%	73.42%	72.01%	73.05%

Notes:

1) The above audited results for the Financial Year ended 31st March. 2016, which have been subjected to audit by the auditors of the Company, were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 30th April, 2016, in terms of Clause 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations. 2015

2) Pursuant to the exercise of Employee Stock Option, the company has allotted 63,000 and 20,11,400 equity shares to the employees during the quarter and year ended 31st March 2016.

3) "The consolidated results of the Company include the results of the subsidiaries – Motilal Oswal Securities Limited (100%), Motilal Oswal Investment Advisors Private Limited (100%), MOPE Investment Advisors Private Limited (85%), Motilal Oswal Commodities Broker Private Limited (100%), Motilal Oswal Capital Markets Private Limited (100%), Motilal Oswal Wealth Management Limited (100%) , Motilal Oswal Insurance Brokers Private Limited (100%), Motilal Oswal Asset Management Company Limited (100%), Motilal Oswal Trustee Company Limited (100%), Motilal Oswal Securities International Private Limited (100%), Motilal Oswal Capital Markets (Singapore) Pte. Ltd (100%), Motilal Oswal Capital Markets (Hong Kong) Private Limited (100%), Motilal Oswal Real Estate Investment Advisors Private Limited (76.50%) , Motilal Oswal Real Estate Investment Advisors II Private Limited (68.85%), Aspire Home Finance Corporation Limited (97.71%), India Business Excellence Management Co (85.00%), Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (100%) and an Associate India Realty Excellance Fund II - (i.e. IREF II)".

4) During the year, one of the subsidiary, Aspire Housing Finance Corporation Ltd has issued Non-Convertible Debentures aggregating to Rs. 95,000 lakhs by way of a private placement. These debentures are listed on BSE Limited.

5) During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+"to the Commercial Programme of Rs. 25,000 lakhs of the Company. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+"to the Commercial Programme of Rs. 70,000 lakhs of Motilal Oswal Securities Limited, a subsidiary of the Company. ICRA has re-affirmed the rating of ICRA AA rating with stable outlook (pronounced ICRA double A rating with Stable Outlook') to the Long Term Debt Programme of the company for Rs. 15,000 lakhs. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.

6) During the quarter, second interim dividend of Rs. 1.5/- per share was approved at the meeting of Board of Directors of the Company held on and the Company had paid the same. The total interim dividend declared and paid during the financial year 2015-16 is Rs. 3.5/- per equity share.

7) The group long term investments in Motilal Oswal's mutual fund products stands at Rs. 60,404 lakhs as of 31st March, 2016 versus (Rs. 55,145 lakhs as of 31st March, 2015). The unrealized gain on these investments is Rs. 11,698 lakhs as of 31st March, 2016 versus (Rs. 16,151 lakhs as of 31st March 2015). The long term investments are valued at cost and hence it is not reflected in the profit and loss account for the quarter and year ended 31st March 2016 and 31st March 2015 respectively.

8) Standalone financial results are summarised below and also available on the Company's website: www.motilaloswal.com.

(Rs. in Lakhs)

Particulars				**Year Ended (Audited)**	
	31-Mar-16	**31-Dec-15**	**31-Mar-15**	**31-Mar-16**	**31-Mar-15**
Gross Revenue	1,636	3,430	2,160	10,990	12,871
Profit Before Tax	302	2,263	131	5,345	6,533
Profit After Tax	276	1,878	250	4,672	6,050

9) Consolidated audited segment results for the quarter and year ended 31st March 2016

(Rs. in Lakhs)

Particulars	Quarter Ended			Year Ended (Audited)	
	31-Mar-16	31-Dec-15	31-Mar-15	31-Mar-16	31-Mar-15
1. Segment Revenue					
(a) Broking & Other related activities	14,521	14,646	16,213	56,960	53,051
(b) Fund Based activities	3,092	4,119	1,842	15,219	14,236
(c) Asset Management & Advisory	7,208	6,275	6,233	23,999	14,283
(d) Investment Banking	847	377	944	2,483	2,006
(e) Home Finance	9,011	6,297	1,600	21,947	2,391
(f) Unallocated	245	243	39	774	89
Total	**34,924**	**31,957**	**26,871**	**121,382**	**86,056**
Less: Inter Segment Revenue	3,329	2,362	2,585	12,115	8,561
Income From Operations, Other Operating income & Other Income	**31,595**	**29,595**	**24,286**	**109,267**	**77,495**
2. Segment Results Profit / (Loss) before tax and interest from Each segment					
(a) Broking & Other related activities	2,229	2,888	4,619	10,048	12,409
(b) Fund based activities	1,436	2,580	520	8,276	7,669
(c) Asset Management & Advisory	1,258	1,648	1,317	4,769	1,990
(d) Investment Banking	204	(182)	420	253	78
(e) Home Finance	2,689	1,647	409	6,157	386
(f) Unallocated	206	(370)	(1,262)	(2,313)	(1,469)
Total	**8,022**	**8,211**	**6,023**	**27,190**	**21,063**
Less: (i) Interest	1,256	1,058	384	3,428	1,280
(ii) Other Un-allocable Expenditure net off					
(iii) Un-allocable income					
Profit/(Loss) from Ordinary Activities before Tax	**6,766**	**7,153**	**5,639**	**23,762**	**19,783**
3. Capital Employed					
(Segment assets – Segment Liabilities)					
(a) Broking & Other related activities	46,197	65,859	28,268	46,197	28,268
(b) Fund Based activities	82,548	102,047	94,719	82,548	94,719
(c) Asset Management & Advisory	12,511	11,066	8,790	12,511	8,790
(d) Investment Banking	277	547	441	277	441
(e) Home Finance	34,748	27,559	15,263	34,748	15,263
(f) Unallocated	(32,630)	(62,285)	(17,996)	(32,630)	(17,996)
Total	**143,651**	**144,793**	**129,485**	**143,651**	**129,485**

Notes:

The above Segment information is presented on the basis of audited consolidated financial statements. The company's operations predominantly relate to Broking and other related activities, Fund Based activities, Asset Management & Advisory, Investment banking and Home Finance. In accordance with Accounting Standard - 17 on Segment reporting, Broking and other related activities, Fund Based activities, Asset Management & Advisory, Investment banking and Home Finance are classified as reportable segments. The balance is shown as unallocated items.

10) Statement Of Assets & Liabilities (Consolidated) (Rs in Lakhs)

Particulars	As on Audited 31-Mar-16	As on Audited 31-Mar-15
A. EQUITY AND LIABILITIES		
1. Shareholder's Fund		
a) Share Capital	1,422	1,402
b) Reserves & Surplus	142,229	128,084
Sub-total - Shareholders' funds	143,651	129,485
2. Share Application Money	1	-
3. Minority Interest	1,615	628
4. Non-current liabilities		
a) Long Term Liabilities	170,000	30,055
b) Deferred tax liabilities (net)	622	1,204
c) Other long term liabilities	310	262
d) Long-term provisions	1,697	813
Sub-total - Non-current liabilities	172,628	32,334
5. Current liabilities		
a) Short term borrowings	67,450	48,507
b) Trade payables	64,853	62,090
c) Other current liabilities	51,503	13,544
d) Short-term provisions	7,358	7,897
Sub-total - Current liabilities	191,163	132,037
TOTAL - EQUITY AND LIABILITIES	**509,058**	**294,485**
B. ASSETS		
1. Non-current assets		
a) Fixed assets	29,214	30,013
b) Non-current investments	105,551	79,401
c) Long-term loans and advances	207,756	39,704
d) Other non-current assets	10,324	107
Sub-total - Non-current assets	352,845	149,224
2. Current assets		
a) Current investments	17,555	2,000
b) Inventories	0	0
c) Trade receivables	70,990	58,997
d) Cash and bank balances	28,667	27,195
e) Short-term loans and advances	38,343	56,354
f) Other current assets	656	715
Sub-total - Current assets	156,213	145,261
TOTAL - ASSETS	**509,058**	**294,485**

11) The previous financial quarter / year figures have been regrouped/rearranged wherever necessary to make them comparable.
figures upto the third quarter.

On behalf of the Board of Directors
Motilal Oswal Financial Services Limited

Mumbai, 30th April, 2016 — Motilal Oswal
shareholders@motilaloswal.com — Chairman & Managing Director