

Motilal Oswal Financial Services Limited
Regd. Office : Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025.
Board: +91 22 3980 4200 Fax: +91 22 3312 4997
CIN: L67190MH2005PLC153397

30th January, 2017

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai-400 001

The National Stock Exchange of India Limited
Bandra Kurla Complex
Bandra East
Mumbai - 400 051

Dear Sir,

Ref: Stock Code: 532892/MOTILALOFS

Sub: Press Release

Please find attached the duly signed Press Release of the Company issued after the Board Meeting of the Company held on 30th January, 2017.

Thanking You

Yours Faithfully
For Motilal Oswal Financial Services Limited



8 Murli Krishnan Iyer
Company Secretary and Compliance Officer
Encl: as above

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q3FY17 Consolidated Revenues of Rs 4.6 billion, up 54% YoY; and PAT of Rs 0.9 billion, up 78% YoY

Mumbai, Jan 30, 2017: Motilal Oswal Financial Services Ltd., a leading financial services company, announced its results for the quarter ended Dec 31, 2016 post approval by the Board of Directors at a meeting held in Mumbai on Jan 30, 2017.

Performance Highlights

Rs Million	Q3FY17	YoY Chg	9MFY17	YoY Chg
Revenues	4,555	↑54%	12,813	↑65%
PBT	1,228	↑72%	3,777	↑122%
PAT	891	↑78%	2,698	↑121%
EPS (FV 1)	6.1		18.6	

Performance for the Quarter ended Dec 31, 2016

- Consolidated revenues were Rs 4.6 billion in Q3FY17, up 54% YoY. It was Rs 12.8 billion in 9MFY17, up 65% YoY
- Revenue growth in Q3FY17 was led by housing finance (up 143% YoY) & asset management businesses (up 56% YoY), followed by capital market businesses (up 26% YoY). The revenue pie is seeing healthy diversification with the asset businesses nearing critical mass and housing finance business scaling up as per plan. Broking continues to maintain market share, while growing its digital and distribution segments. Asset sales continue at a good pace, both for the distribution and the asset management businesses
- Consolidated PAT was Rs 0.9 billion in Q3FY17, up 78% YoY. It was Rs 2.7 billion in 9MFY17, up 121% YoY
- Profits from all segments picked up strongly in Q3FY17. The stability offered by the housing finance & asset management businesses is complemented with the upside offered by the capital market business
- Impact of operating leverage is becoming visible, as PAT Margin improved to 20% in Q3FY17 from 17% in Q3FY16. Ample scope for operating leverage still exists in our asset management and capital market businesses
- As of Dec 2016, Net worth is Rs 17 billion & Gross borrowing is Rs 46 billion (including Aspire)
- Annualized ROE for YTD FY17 is 23% on reported PAT vs 12% in FY16, in line with our strategy to deliver sustainable 20%+ ROE following the transformation in our business model since the last two years. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 1.9 billion, as of Dec 2016)
- Declared an interim dividend of Rs 2.5 per equity share (Face value of Rs 1 per equity share)





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

"Our strategy to transform the business model is showing results, as our revenues and profits are now well balanced between Asset management, Housing Finance and Capital markets businesses. In broking business, we maintained our market share in the high-yield cash segment as we continued to add retail clients at a healthy run rate. Our asset mobilization continued at a very strong pace. Our expansion of the housing finance network and the loan book is going as per plan. In line with our strategic imperative to generate 20%+ ROE on a sustainable basis, our ROE in this year so far has been above this threshold, and we are working to maintain this. We have been investing in critical resources, be it manpower, technology or network, and have built strong competitive positioning in each of our businesses. The opportunity size in our business segments is still huge. As we deepen our penetration in each business, we are well placed to benefit from the sizeable opportunities these businesses offer."

Performance of Business Segments for the Quarter ended Dec 31, 2016

- **Capital markets Businesses (broking & investment banking) are showing results**
 - **Broking & related revenues** were Rs 1.6 billion in Q3FY17, up 18% YoY. It was Rs 4.9 billion in 9MFY17, up 27% YoY. The quarter saw the market volume mix move further towards F&O. This continued shift towards F&O in the market meant that our overall equity market share dipped from 2.3% in Q3FY16 to 1.9% in Q3FY17. However, we held our market share in the high-yield cash segment in Q3FY17, both on a YoY & QoQ basis. Our blended yield in Q3FY17 was 3.1 bps
 - In **retail broking & distribution**, online business continues to grow, forming 44% of retail volumes in Q3FY17 from 31% in Q3FY16. Mobile app continues to form an increasing share within the online volume. Over 50% of accounts are now opened with e-KYC, and over 50% of leads are generated through online sources. Our monthly addition of retail clients grew at a brisk 52% YoY. Asset sales continued unabated, and our financial products AUM were up 73% YoY. We saw a significant uptick in MF SIP distribution. The growth potential in this space remains immense
 - In **institutional broking**, our new thematic research products are evincing increased client interest. The share of blocks holds steady in our volumes
 - **Investment banking** fees were Rs 148 million in Q3FY17, up 306% YoY. It was Rs 432 million in 9MFY17, up 173% YoY. Our IB business continued its momentum by concluding some ECM transactions and has filed DRHP for 4 companies with SEBI. We also announced a large cross-border M&A transaction. These transactions are part of our pipeline with revenues expected in the coming quarters
 - Capital markets businesses collectively contributed ~38% of revenues in Q3FY17, as compared to ~46% in Q3FY16
- **Asset and Wealth Management Businesses continue to see strong business traction**
 - Total AUM/AUA across asset management & private equity businesses was Rs 186 billion, up 49% YoY. Wealth management AUM was Rs 91 billion, up 49% YoY



- In **asset management**, our AUM across MF, PMS & AIF was Rs 155 billion, up 53% YoY. Net inflows increased 37% to Rs 15 billion this quarter vs Rs 11 billion each in Q2FY17 & Q3FY16, as we deepened distributor relationships. Our QGLP philosophy continues to deliver on performance. Our rank in Equity AUM improved to 10 from 12 a year ago. Our market share in Equity MF AUM was ~1.2% in this YTD while our market share in Equity MF Net Sales was significantly higher at ~3.1%. An incremental Rs 78 million was spent YTD in advertising and marketing and this should help boost brand-recall in the long term. Our flagship MF product, F-35, will finish 3-year performance track record in April 2017, which will likely enhance participation from distribution channels. The continued shift of Indian savings towards financial savings and away from physical savings coupled with mobilization of offshore assets, which account for two-thirds of institutionally managed equity assets, are key growth drivers for the asset management business
- In **private equity**, we manage an AUM of Rs 31 billion across 2 growth capital PE funds & 3 real estate funds. The PE business has demonstrated robust profitability & the RE business has shown significant scalability. The 1st growth fund has seen 6 full-exits & 2 partial exits, translating into ~201% capital returned (INR). It is in advanced stages for 1 exit in the coming months, which may allow it to return an additional ~14% capital. We estimate the PE fund to deliver a gross multiple of ~3.5X. The 2nd growth fund has committed ~89.5%, after raising commitments from marquee institutions
- Asset Management fee (asset management & private equity together) were Rs 945 million in Q3FY17, up 56% YoY. It was Rs 2.5 billion in 9MFY17, up 54% YoY. This contributed ~21% of consolidated revenues in Q3FY17, same as in Q3FY16
- In **Wealth management**, higher RM head count and improved RM productivity drove growth in our AUM. We continue to enjoy a respectable yield of ~1% due to the higher share of equity & alternative products in our AUM. This business offers enormous scope for scalability as it builds synergies with the Group's other businesses to deepen its reach
- **Housing finance has shown traction in assets & liabilities, while maintaining risk & operational parameters**
 - **Housing finance related income** was Rs 1.5 billion in Q3FY17, up 143% YoY. It was Rs 4.0 billion in 9MFY17, up 212% YoY
 - On the assets side, the loan book was Rs 33 billion, up 136% YoY. It has funded ~36,000 families so far. Our average yield has held at ~13.4% since the last 4 successive quarters
 - In terms of network, our branch count doubled YoY to 84 in the existing 4 states
 - On the liabilities side, ~53% borrowings were from NCDs, ~31% from term loans & ~16% from CP. We had credit lines from 29 banks & 2 NBFCs vs 19 a year ago. The average cost of borrowing raised cumulatively has been ~9.6%, while it was ~9.1% on the borrowings raised in this YTD. Our D/E ratio was 5.8x
 - Cumulative capital infusion from sponsor is Rs 5 billion and net worth is Rs 6 billion, as of Dec 2016. Strong liquidity



in the Group's balance sheet (~Rs 8.2 billion) is adequate for Aspire's funding needs, as of now

- We have invested significantly in Digitization for long-term operational and process improvements, through our Sales app, Credit app, Customer app, Smart-Track for documents, Vendor Management app, etc. We expect a large part of the total transactions to be covered by our digital initiatives by March 2017
- Annualized ROA for 9MFY17 was ~2.6%, ROE is ~15%, and NIM is ~4.15%. GNPL is 0.6% as of Dec 2016 vs 0.3% in Sep 2016 and this number is without using the relaxation offered by RBI in NPA recognition norms post demonetisation
- Housing Finance contributed ~33% of consolidated revenues in Q3FY17, as compared to ~21% in Q3FY16
- **Fund Based Business** includes sponsor commitments to our AMC & PE funds, and NBFC LAS book. Fund based income was Rs 354 million in Q3FY17, up 2% YoY. It was Rs 1.0 billion in 9MFY17, up 15% YoY
 - Our investments in Motilal Oswal's mutual funds (at cost) stood at Rs 6.3 billion. The unrealized gain on these as of Dec 2016 is Rs 1.9 billion. The same is not reflected in the reported PAT in the P/L. The post-tax XIRR of these investments (since inception) is ~19% & is significantly higher than the 7-9% post tax returns earned prior to the shift in capital allocation two years back
 - Our investments in Motilal Oswal's alternative investment funds stood at Rs 2.5 billion
 - Both these commitments have not only helped "seed" these new businesses by investing in highly scalable opportunities, but they also represent liquid "resources" available for deployment in any future opportunities
 - NBFC LAS lending book was Rs 2.3 billion as of Dec 2016, which is now run as a spread business
- **Other income** was Rs 12 million in Q3FY17 and Rs 53 million in 9MFY17
- In line with the goal to achieve a sustainable 20%+ ROE, **consolidated ROE** for the Group for 9MFY17 was 23% annualized (without including unrealized gains on mutual funds investments of Rs 1.9 billion). Within this, Housing Finance RoE was 15% annualized, Asset and Wealth Management business RoE was 200% annualized, Capital Markets RoE was 52% annualized and Fund based business RoE was 6% annualized (without considering unrealized gains on mutual funds)





Motilal Oswal Financial Services Limited
Regd. Office : Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025.
Board: +91 22 3980 4200 Fax: +91 22 3312 4997
CIN: L67190MH2005PLC153397

About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. 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. Motilal Oswal Securities won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards for the 5th time. It was ranked the Best in Events/Conferences, ranked amongst Top-2 for Overall Sales Services & Best Roadshows/Company Visits & amongst the Top-3 in Best Local Brokerage, Best Execution & Sales Trading Visits at the AsiaMoney Awards 2015. Motilal Oswal 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 & Valuable Housing Finance Company' at India Leadership Conclave 2015.

For further details contact:

Mr. Ramnik Chhabra Motilal Oswal Financial Services Ph- +91-22-39825500, Mob- +91-9820301984	Mr. Sameer Kamath Motilal Oswal Financial Services Ph- +91-22-39825500 Mob- +91-9820130810	Mr. Anirudh Rajan / Alpesh Nakrani Paradigm Shift Public Relations Ph- +91-22 22813797 Mob- +91-9892343828 / +91-9869121167
---	---	--



Mr. Motilal Oswal
Chairman & Managing Director
Motilal Oswal Financial Services Limited