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nifty 9,979.10

 152.95 (1.56%)


02-Jun-2020 | EOD

sensex 33,825.53

 522.01 (1.57%)

02-Jun-2020 | EOD

MOFSL 550.20

 24.20 (4.60%)

02-Jun-2020 | EOD

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**Motilal Oswal Financial Services reports Q3FY20 PAT of Rs 165 cr and 9MFY20 PAT of Rs 437 cr, +196% YoY.**

Mumbai 22-Jan-2020

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## **Motilal Oswal Financial Services reports Q3FY20 PAT of Rs 165 cr and 9MFY20 PAT ofRs 437 cr, +196% YoY.**

**Mumbai, January 22, 2020:** Motilal Oswal Financial Services Ltd. announced itsresults for the quarter ended and nine month ended December 31, 2019 postapproval by the Board of Directors at a meeting held in Mumbai on January 22,2020.

#### Performance for the quarter and nine month ended December 31, 2019

- Consolidated revenues stood at Rs 696 cr, +2% YoY in Q3FY20. Consolidated PAT was at Rs 165 cr in Q3FY20 vs Rs 39.6 cr in last year same period. Consolidated revenues for 9MFY20 were at 2024 cr, +3% YoY and consolidated PAT for 9MFY20 was at Rs 437 cr, +196% YoY. Further, Total comprehensive income for 9MFY20 stood at Rs 509 cr, +240% YoY
- **Some of the highlights** for the 9MFY20 include 7% YoY growth in AMC AUM, 8% YoY growth in PE & RE AUM, 15% YoY growth in Wealth AUM, 16% YoY growth in Distribution business AUM, Positive net flows in MF for consecutive quarters amid moderate industry flows, Accelerated pace of new client addition in broking business, Superior quality of new book underwritten, Lower incremental credit cost, higher margins, Rating upgrade from CRISIL for MOHFL to AA- (Stable) from A+ earlier and MOHFL's NPA pool sale to ARC.
- Board has declared interim dividend of Rs 4 per share (FV Re 1/share).
- Consolidated Net Worth stood at Rs 3541 cr and net debt was Rs 4250 cr. Excluding MOHFL, net debt was Rs 1357 and net of investments, we have a net cash balance sheet. **RoE for 9M stands at 21%.**
- Besides financial performance, the last nine month has been very eventful in terms of our successes in brand building, advertising and several other fronts. In 9MFY20, MOFSL got inducted in **"Hall of Fame"** at 10<sup>th</sup> Financial Advisory Awards 2019. MOFSL rank 2<sup>nd</sup> **"Best Local Brokerage"** in Asia Money broker's poll 2019. MOFSL won **"Best Data Analytics of the year Award"** at the India NBFC excellence Awards 2019 by Synnex. These, and several other awards, are recognition 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** *"Our strategy to diversify our business model towards linear sources of earnings continues to show results. Our Asset Management business is likely to gain from strong product performance. Our Housing finance business is set for new beginning as all legacy issues are behind with incremental focus on profitable growth. Each of our 7 businesses offers headroom for growth. Prestigious awards like "Hall of fame", Best Local Brokerage of the year and several others have made all associated with the group immensely proud"*.

#### Performance of Business Segments for the quarter and nine month ended December 31, 2019

##### Asset Management businesses (AMC, PE and PWM)

- **Asset Management** business AUM across MF, PMS & AIF stood at Rs 40,096 cr, +7% YoY. Our AMC ranks 12 by total equity assets; in PMS we maintain leadership position. Revenues and PAT for the quarter stood at Rs 144 cr (+5% YoY) and Rs 41 cr (+22% YoY), respectively.
- Our Equity MF AUM of Rs 20,967 cr is just 1.9% of the Industry Equity AUM of Rs 10.8 lakh cr. We have seen improvement in performance of several products. Several schemes rank top quartile in performance over 1 year and since inception. This has resulted in traction in our gross as well as net flows.
- Further, MOAMC has also launched Large & Mid-Cap fund under active category and also launched 4 index funds under passive category.
- Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~47%.
- **Private Equity** manages assets of Rs 6,556 cr (+8% YoY) across 3 growth capital PE funds and 4 real estate funds. In 9MFY20, revenues grew by 9% YoY (ex-carry) at Rs 75.6 cr and PAT stood at Rs 17.6 cr. The 1<sup>st</sup> growth fund (IBEF 1) has delivered an XIRR of ~27%. Strong performance and positioning has also aided new fund raise. We have launched IREFIV in FY19 and have achieved 3<sup>rd</sup> close at ~Rs. 1030 cr.

- **Wealth Management** business AUM grew by 15% YoY at Rs 18,897 cr in 9MFY20 with net sales of Rs 741 cr. RM count of this business has reached 134. Our trail revenues predominantly cover our fixed costs. New MD & CEO has joined us with over 17+ years of experience in Wealth Management Industry.
- Overall **Asset and Wealth Management** revenues were Rs 576 cr in 9MFY20 and contributed 28% of consolidated revenues. Profits were Rs 146 cr and contributed 33% of consolidated profits.

#### Capital markets Businesses (Broking & Investment banking)

- Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 897 cr in 9MFY20 and contributed ~44% of consolidated revenues. Profits were Rs 138 cr in 9MFY20 and contributed ~31% of consolidated PAT. Broking and distribution business profit stood at Rs 143 cr in 9MFY20 led by healthy volume growth and better operating leverage on the higher and linear revenues.
- In **Retail Broking & Distribution**, our Market share in high-yield cash segment has been improved. Overall market share improved to 2.6% (ex-prop) in Q3FY20.
- Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM was Rs 10,392 cr, +16% YoY in Q3FY20. With only 16% of the 13 lakh 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**, there was substantial improvement in rankings in ASIA MONEY POLL 2019 with 2<sup>nd</sup> Rank – Best Local Brokerage, 1<sup>st</sup> Rank - Best Overall Sales, 1<sup>st</sup> Rank – Best Sales Trading, 1<sup>st</sup> Rank – Best Corporate Access. This has been the result of focus driven differentiated research products with 250+ companies covering 21 sectors.
- **Investment Banking** business continues to engage on a wide cross-section of mandated transactions across capital markets and advisory.

#### Housing finance business

- Motilal Oswal Home Finance (MOHFL) reported profit of Rs 21.4 cr in 9MFY20 and Rs 16.1 cr in Q3FY20.
- Margins have improved to 5.2% in 9MFY20, on account of improvement in yield and lower cost of funds.
- Loan book stood at Rs 3,779 cr as of 9MFY20. Disbursements in 9MFY20 were Rs 146 cr. New book sourced from April'18 validates the new credit policy with 11 cases in NPA out of ~4500 loan cases.
- CRISIL has upgraded MOHFL's rating to AA- (stable outlook) from earlier A+ (stable). This will further benefit MOHFL in bringing down cost of funds and improve spreads.
- Strong support from parent continues with total capital infusion to Rs 850 cr. Net Gearing stands at 3.4x.
- Limited borrowing repayment for next 1 year, strong undrawn borrowing lines and ALM places us in comfortable liquidity situation.

#### Fund based investments includes sponsor commitments to our AMC & PE funds and strategic equity investments.

- **Fund based** investments like commitments to our asset management products. During 9MFY20 we have invested ~Rs 100 cr+ in quoted equity investments.

- Total quoted equity investment including MTM gains was Rs 1,660 cr as of Q3FY20. Cumulative XIRR of these investments is ~18%.

### **About Motilal Oswal Financial Services Limited**

Motilal Oswal Financial Services Ltd. (MOFSL) is a diversified 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's core purpose is to be well respected and preferred global financial services organization enabling wealth creation for customers. Research is the solid foundation and the investment advisory at Motilal Oswal Financial Services is based on the research. MOFSL's research has received wide media coverage and consistently won awards, showcasing company's strong research capabilities. This includes being awarded "Best Performing National Financial Advisor - Equity Broker" for six years at the UTI-CNBC TV18 Financial Advisor Awards, Moneycontrol Wealth Creator Award – Best Broking Business Of The Year-2018. MOFSL won "Broking House of the year" at MCX awards 2019.

The company has diversified client base of ~1.3 million. MOFSL's core purpose is to be a respected and preferred global financial services organization enabling wealth creation for its customers.

Web: [www.motilaloswal.com](http://www.motilaloswal.com) | twitter: [@MotilalOswalLtd](https://twitter.com/MotilalOswalLtd) | Facebook: <https://www.facebook.com/MotilalOswalSecurities/>

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