



NIFTY 15,844.55

 -11.50 (-0.07%)

26-Jul-2021 | 09:34

SENSEX 52,943.43

 -32.37 (-0.06%)

26-Jul-2021 | 09:41

MOFSL 1,063.45

 6.80 (0.64%)

26-Jul-2021 | 09:34

Menu

Home > Media Room > Press Release > Details

Motilal Oswal Financial Services reports Highest ever Q3FY21 PAT of Rs 334 cr, +102% YoY and Rs 797 cr, +82% YoY in 9MFY21. Company declares interim dividend of Rs 5 per share

Mumbai 28-Jan-2021

Mumbai, January 28, 2021: Motilal Oswal Financial Services Ltd. announced its results for the quarter and nine month ended December 31, 2020 post approval by the Board of Directors at a meeting held in Mumbai on January 28, 2021.

Performance for the quarter and nine month ended December 31, 2020:

In Q3FY21, consolidated revenues grew by 45% YoY at Rs 1,009 cr, Consolidated PAT grew by 102% YoY at Rs 334 cr including gains on investments (Rs 212 cr, +280% YoY).

Consolidated revenues in 9MFY21 grew by 34% YoY at Rs 2,723 cr, consolidated profit grew by 82% YoY at Rs 797 cr.

Key highlights for the Q3FY21

Highest-ever Consolidated Quarterly Revenues & Profits. Strong Sequential growth revenues and profitability across businesses.

Broking - Highest ever Revenues, market share gains 20 bps YoY to 2.8%, strong traction in cash market share, highest ever quarterly clients addition, significant investments made in last 12 months in expanding talent pool & distribution network.

Asset Management - Highest ever AUM, MF gross sales gaining traction, strong traction in SIP addition, Introduced digital platform for on boarding PMS clients. IREF V launched with target size of Rs 8 bn.

Home Finance - Sharp reduction in cost of funds driving margin expansion, improvement in collection efficiency, continued superior quality of new book underwritten, traction in login/sanction pipeline, and gearing up for Q4 and FY22 with expansion in sales FOS.

Consolidated net worth is at all-time high at Rs 3,931 cr, net debt is Rs 3,703 cr. Excluding Home finance, net debt is Rs 1,134 cr. Total D/E declined to 1.2x. Ex-MOHF D/E stood at 0.5x. Net of investments, we have a net cash balance sheet. RoE for 9MFY21 stands at 34% (ex-OCI).

During 9MFY21, company has completed Buyback of its equity shares amounting to Rs 1.5 bn (including tax) resulting in increase in p

The board has declared Interim dividend

Explore

in the company by 1.3% to 70.67%.

share (FY Rs 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 rank 1st “**Best Local Brokerage**” in Asia Money broker’s poll 2020. MOFSL got inducted in “**Hall of Fame**” at 10th Financial Advisory Awards 2019. 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 “During this unprecedented time, we have successfully migrated all of our employees to WFH and despite WFH we haven’t witnessed much impact on our businesses. Infact, in most of our fee based businesses are touching new high in terms of scale. Our retail broking business which is our cash cow business has achieved new highs on various parameters and benefitting from industry consolidation with its knowledge driven phygital offerings. Our Institutional Broking business has been ranked #1 as local brokerage house in Asia money poll 2020. Our strategy to invest business profits in our own equity investment products has registered highest ever profits and as result our Net worth has touched new high. Moreover, our strategy to diversify our business model towards linear sources of earnings continues to deliver results. Our Asset Management business is likely to gain from process driven investing and its niche offerings. Our Housing finance business is geared up for profitable growth under new leadership. Each of our 7 businesses offers headroom for growth.

Performance of Business Segments for the quarter and nine month ended December 31, 2020

- **Capital markets Businesses (Broking & Investment banking)**
 - o Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 431 cr, +39% YoY in Q3FY21 and Rs 1,198 cr in 9MFY21, +33% YoY. Capital market businesses have contributed ~44% of consolidated revenues. Profits were Rs 211 cr (ex-exception item), +54% YoY and contributed ~18% of consolidated PAT during 9MFY21.
 - o Broking and distribution business profit grew by 59% YoY at Rs 77 cr in Q3FY21 led by healthy volume growth of 98% YoY and gain in market share.
 - o In **Retail Broking & Distribution**, our Market share has improved by 20 bps on YoY basis to 2.8%. We have witnessed strong traction in new client addition driven by Franchisee and retail channel, total ~190,000 clients acquired in Q3FY21, +246% YoY. Active clients have also registered 46% YoY growth at 4.95 lacs as of December 2020.
 - o Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM grew by 15% QoQ at Rs 11,932 cr as of Q3FY21. With only 13% of the 1.8 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.
 - o In **Institutional Broking**, team wins big in Asia money poll 2020. Ranked #1 Best local brokerage House, Best research team, Best sales and sales trading and Best Corporate access. Strong improvement in domestic client rankings in 9M 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.
 - o **Investment Banking** business continues to engage on a wide cross-section of mandated transactions across capital markets and advisory. In Q3, we participated in one large OFS in BFSI space.

Explore

- o **Asset Management** business AUM across MF, PMS & AIF stood at Rs 43,871 cr, +14% QoQ. Our AMC ranks 15 by total equity assets; in PMS we maintain a leading position. Strong growth of 32% QoQ in PAT for the quarter at Rs 38 cr. In 9MFY21, AMC's profit was impacted on account of lower average AUM post unprecedented market correction in March and also due to cut in TER in MF. However, MF yields have improved during the quarter resulting in overall yield improvement.
- o Our Equity MF AUM of Rs 26,204 cr is just 1.8% of the Industry MF Equity AUM of Rs 14tn. We have seen improvement in performance of several products. Our gross sales market share was stable and redemption market share declined on sequential basis. However, we too witnessed net outflow in-line with Industry.
- o We have witnessed strong traction in SIP addition and realisation.
- o Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~40%.
- o **Private Equity** has committed investment AUM of Rs 6,500 cr across 3 growth capital PE funds and 4 real estate funds. In Q3FY21, revenues stood at Rs 27 cr and PAT stood at Rs 7 cr. The 1st growth fund (IBEF 1) has delivered an XIRR of ~26%. Average IRR on exited investments in Real estate funds is 21%+. We have launched IREF V with target size of Rs 8 bn.
- o **Wealth Management** business AUM grew by 13% QoQ at Rs 22,678 cr in Q3FY21. Wealth business revenue grew by 31% & 20% YoY in Q3FY21 & 9MFY21 respectively led by strong net sales of +583% YoY at Rs 1,807 cr in 9MFY21. Gross & Net sales were multi-quarter high. Yield stood at ~62 bps. RM count of this business stood at 124. Our trail revenues predominantly cover our fixed costs.
- o Overall **Asset and Wealth Management** revenues were Rs 189 cr & Rs 514 cr in Q3FY21 & 9MFY21 respectively. Asset & Wealth contributes 19% of consolidated revenues. Profits were Rs 53 cr & Rs 126 cr in Q3FY21 & 9MFY21 respectively and contributed 16% of consolidated profits.

• **Housing finance business**

- o Motilal Oswal Home Finance (MOHFL) reported profit of Rs 4.7 cr in Q3FY21. Reported profit looks suppressed due to higher tax on account of reinstatement of deferred tax asset post migration to new regime. Excluding this, PAT for the quarter would have been Rs 11.5 cr.
- o NII grew by 20% YoY and NIM expanded 120 bps YoY/QoQ at 6.4% in Q3FY21.
- o Yield on Advances remained flat at 14.25% in Q3FY21 while Cost of Funds is down by 37bps QoQ / 163 bps YoY to 8.95%, resulting in expansion in Spread by 38bps QoQ to 5.3%.
- o We have raised Rs 11 bn in 9MFY21 at average cost of 7.4%. We expect average CoF to trend lower in coming quarters.
- o Loan book stood at Rs 3,544 cr as of 9MFY21. Disbursements in 9MFY21 were Rs 133 cr. Under new leadership, business is geared up for growth in disbursements. Salesforce expansion is currently underway.
- o GNPA at 2.9%, NNPA at 2.3%. In 9MFY21 total credit cost at Rs 61 cr due to acceleration in Covid provisioning.
- o Opex was brought down to Rs 22 cr in Q3FY21 and is down ~25% from the high. As a result, Cost to Income ratio is down to 33% from 44% in Q3FY20.
- o Strong support from parent continues with total capital infusion to Rs 8.5 bn. Net Gearing stands at 2.9x and Tier 1 CAR remains robust at 48%.
- o Limited borrowing repayment for next 1 year, strong undrawn borrowing lines, Cash on Balance sheet of Rs 213 cr places us in comfortable liquidity situation.

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

- o Fund based investments have registered Highest ever gains in a quarter of Rs 212 cr and Rs 516 cr in 9MFY21

o Total quoted equity investment

Explore

Realised gains was Rs 1,889 cr as of

- o Total equity investment including alternate fundswas at Rs 2,601 cr as of December-20. XIRR of 26% on alternate equityinvestments.

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 Financial Service won the 'Brand of the Year' award at the IBLA CNBC TV 18. Motilal Oswal Securities won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards for the 6th 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 Asia Money 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.

For further details contact:

Mrs. Rohini Kute (Head of Corporate Communication) Motilal Oswal Financial Services Mob- +91-9820196838	Mr. Shalibhadra Shah (Chief Financial Officer) Motilal Oswal Financial Services Mob- +91-9819060032	Mr. Rakesh Shinde (Head of Investor Relations) Motilal Oswal Financial Services Mob- +91-9920309311
--	--	--