



NIFTY 17,560.20



-219.80 (-1.24%)

03-Feb-2022 | 15:44

SENSEX 58,788.02



-770.31 (-1.29%)

03-Feb-2022 | 15:52

MOFSL 918.70



-1.95 (-0.21%)

03-Feb-2022 | 15:44

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## Motilal Oswal Financial Services reports PAT of Rs 221 cr, +32% YoY in Q1FY22.

Mumbai 29-Jul-2021

### Motilal Oswal Financial Services reports PAT of Rs 221 cr, +32% YoY in Q1FY22.

**Mumbai, July 29, 2021:** Motilal Oswal Financial Services Ltd. announced its results for the quarter ended June 30, 2021 post approval by the Board of Directors at a meeting held in Mumbai on July 29, 2021.

#### Performance for the quarter ended June 30, 2021:

- › In Q1FY22, consolidated revenues grew by 25% YoY at Rs 964 cr, Consolidated PAT grew by 32% YoY to Rs 221 cr including gains on investments (Rs 91 cr).
- › In Q1FY22 consolidated revenues (ex- gain on investments) grew by 36% YoY at Rs 859 cr, consolidated PAT grew by 253% YoY at Rs 129 cr.
- › Core business fired all cylinders – Capital market biz PAT + 36% YoY and Asset & Wealth +83% led by +48% AMC and strong WM turnaround

#### Key highlights for the Q1FY22

- › Most of our businesses have delivered strong and sustainable performance in Q1FY22 despite of Covid 2<sup>nd</sup> wave impact.
- › Our Asset under Advisory (AUA) crossed Rs 2.5 tn mark led by all-time high AUM across AMC, Wealth and Distribution businesses.
- › Our organizational talent has reached to 8,500 mark serving over 3.2 mn clients.
- › Our Net worth has touched a new high of Rs 4,610 cr.
- › **Broking** – Growth in client addition led by traction in digital acquisition channel, online volume crossed 70% mark, 104% growth in ADTO, traction in advisory products with IAP AUM crossing Rs 750 cr, traction in banks tie-up
- › **Asset Management**– Highest ever AUM, MF gross & net sales gaining traction, Strong response to AIFs offerings, increase in SIP addition, continued traction in our international passive offerings. IREF V has achieved its 2<sup>nd</sup> close at Rs 810 cr. Launch of largest ever PE growth IBEF-IV fund.
- › **Home Finance** - Strong pick-up in disbursements, traction in login/sanction pipeline, expansion in sales force, expanded footprint in 2 more states/UTs, and sharp reduction in cost of funds driving margin expansion.
- › Consolidated net worth is at all-time high at Rs 4,610 cr net debt is Rs 3,840 cr. Excluding Home finance, net debt is Rs 1,440 cr. Total D/E declined to 1.1x. Ex-MOHF D/E of investments, we have a net cash balance sheet.

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- » Besides financial performance, recent time has been very eventful in terms of our successes in brand building, advertising and several other fronts. MOFSL rank 1<sup>st</sup> **"Best Local Brokerage"** in Asia Money broker's poll 2020. MOFSL once again recognized as a **"Great Place to Work"** - India certified organization, Motilal Oswal Wins **"Best PMS in 10 years performance"** across all categories at India's Smart Money Manager Awards - 2021. Motilal Oswal Private Equity has been awarded as **"Growth Capital Investor of the Decade"** at the Venture Intelligence APEX PE-VC Awards. Our latest Ad on **"Skin in the Game"** has received appreciation in various media. These and several other recognitions of **Motilal Oswal** as a preferred consumer and employee brand in financial services space.

**Speaking on the performance of the company, Mr. Motilal Oswal, MD & CEO said** *"Despite of prolonged pandemic coupled with 2<sup>nd</sup> wave impact, most of our businesses have delivered strong and sustainable performance. Last financial year was a landmark year for us with highest ever revenues and profits. This year also we are seeing further traction building up in most of the businesses. 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 Asiamoney 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. Each of our 7 businesses offers head room for growth.*

#### **Performance of Business Segments for the quarter ended June 30, 2021**

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

- Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 513 cr, +49% YoY in Q1FY22. Capital market businesses have contributed ~53% of consolidated revenues. Profits were Rs 78 cr, +36% YoY and contributed ~34% of consolidated PAT during Q1FY22.
- Broking and distribution business profit grew by 30% YoY at Rs 80 cr in Q1FY22 led by healthy volume growth of 104% YoY.
- In **Retail Broking & Distribution**, we have witnessed strong traction in new client addition driven by Franchisee and retail channel, total ~215,000 clients acquired in Q1FY22, +147% YoY. NSE active clients have also registered 58% YoY growth at 6.5 lacs as of June 2021.
- Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM grew by 37% YoY at Rs 13,991 cr as of Q1FY22. With only 14% of the ~2.2 million client base tapped, we expect a continued increase in AUM and fee income as number of clients to whom we have cross sold and number of products per client cross sold rises.
- In **Institutional Broking**, team wins big in Asiamoney poll 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 with top 3 rank retained in most clients. This has been the result of focus driven differentiated research products with 250+ companies covering 21 sectors.
- **Investment Banking** business has built strong pipeline of signed IPO mandates which will start entering the markets from Q2FY22 onwards, as a result revenue traction can be witnessed in coming quarters.

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

- **Asset Management** business AUM across MF, PMS & AIF stood at Rs 46,473 cr, +35% YoY. Strong growth of 48% YoY in PAT for the quarter at Rs 36 cr.
- Our Equity MF AUM of Rs 28,355 cr i.e. 1.6% of the Industry MF Equity AUM of Rs 17 tn. We have seen improvement in performance of several products. Our gross sales started improving and redemption declined on a sequential basis.
- Favourable response to alternate offerings under AIF strategy and expect continued strong flows.
- We have added around 1 lakh SIPs in Q1FY22. SIP count market share stood at 2.0% in Q1FY22.

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- **Private Equity** has committed investment AUM of Rs 6,887 cr across 3 growth capital PE funds and 5 real estate funds. In Q1FY22, revenues stood at Rs 26 cr and PAT stood at Rs 6 cr. The 1<sup>st</sup> growth fund (IBEF 1) has delivered an XIRR of ~26%. Average IRR on exited investments in Real estate funds is 21%+. IREF V achieved its 2<sup>nd</sup> close at Rs 810cr.
- **Wealth Management** business AUM grew by 62% YoY at Rs 28,759 cr in Q1FY22. Wealth business revenue grew by 79% YoY to Rs 40 cr in Q1FY22 led by strong net sales at Rs 1,056 cr. Yield stood at ~56 bps. RM count of this business stood at 127. Our trail revenues predominantly cover our fixed costs. Strong operating leverage is visible led by improvement in RM productivity. We continue to invest in this business by adding RMs.
- Overall **Asset and Wealth Management** revenues were Rs 203cr, +38% YoY in Q1FY22. Asset & Wealth contributes 21% of consolidated revenues. Profits were Rs 53 cr, +83% YoY and contributed 23% of consolidated profits.
- **Housing finance business**
  - Motilal Oswal Home Finance (MOHFL) reported profit of Rs 8 cr in Q1FY22.
  - NII grew by 8% YoY and NIM expanded 66 bps YoY to 6.5% in Q1FY22.
  - Yield on Advances stood at 13.8% in Q1FY22 while of Cost of Funds was down by 124 bps YoY to 8.6%, resulting in expansion in Spread by 71 bps YoY to 5.2%.
  - We have raised Rs 1.8 bn in Q1FY22 at an average cost of 6.25%. We expect average CoF to trend lower in coming quarters.
  - Loan book stood at Rs3,473 cr as of Q1FY22. Disbursements in Q1FY22 were at Rs 91 cr. Businesses geared up for growth in disbursements. Sales force expansion is currently underway.
  - Covid 2<sup>nd</sup> wave and subsequent lockdown in the states where we have a presence had impacted our business operations and collections in April and May month. As a result, our collection efficiency was down to 90% in Q1FY22 and GNPA/NNPA increased to 4.7%/3.3% respectively.
  - We have witnessed traction in collections to 92% in June with improvement in resolutions/rollbacks across buckets. During the quarter, we have on-boarded a senior resource as Chief Collection Officer (CCO) to strengthen our collection strategy.
  - Further, we have seen traction in logins reaching to March levels along with improvement in sanction pipeline.
  - Strong support from parent continues with total capital infusion to Rs8.5 bn. Net Gearing stands at 2.6x and Tier 1 CAR remains robust at 47%.
  - Limited borrowing repayment for next 1 year, strong undrawn borrowing lines, Cash on Balance sheet of Rs 3.7 bn places us in comfortable liquidity situation.
- **Fund based investments** includes sponsor commitments to our AMC & PE funds and strategic equity investments.
  - Fund based investments have registered gains in a quarter of Rs 91 cr in Q1FY22.
  - Total quoted equity investment including un realised gains was Rs 2,240 cr as of Q1FY22. Cumulative XIRR of these investments is ~18% (since inception).
  - Total equity investment including alternate funds was at Rs 3,200 cr as of June-21. XIRR of 28% on PE/RE investments.

#### About Motilal Oswal Financial Services Limited

MOFSL is a financial services company. Its offerings include capital markets businesses (Retail broking, Institutional broking & Investment banking), Asset & Wealth Management (Asset Management, Private Equity & Wealth Management), Housing Finance & Equity based treasury investments. MOFSL won the 'Brand of the Year' award at the IBLA CNBC TV 18. MOFSL employs ~8500 employees serving to 3.2 mn clients via distribution reach in 700+ cities. MOFSL has AUA of Rs 2.5 tn.

#### For further details contact:

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