



Motilal Oswal Financial Services Limited
CIN: L67190MH2005PLC153397
Regd. Off.: Motilal Oswal Tower,
Rahimtullah Sayani Road,
Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025
Board: +91 22 7193 4200 / 4263
Fax: +91 22 5036 2365

INVESTOR UPDATE

Motilal Oswal Financial Services reports operating PAT of Rs 971 mn in Q4FY20 and Rs 3.98 bn, +56% YoY in FY20.

Mumbai, May 11, 2020: Motilal Oswal Financial Services Ltd. announced its results for the quarter ended and full year ended March 31, 2020 post approval by the Board of Directors at a meeting held in Mumbai on May 11, 2020.

Performance for the quarter and full year ended March 31, 2020

- Consolidated revenues stood at Rs 6.76 bn, +2% YoY in Q4FY20. Consolidated operating PAT was at Rs 971 mn in Q4FY20. Consolidated revenues for FY20 were at 26.1 bn and consolidated operating PAT for FY20 was at Rs 3.98 bn, +56% YoY. Operating PAT is excluding MTM on fund based investments. FY20 reported profit was lower at Rs 1.83 bn on account of MTM loss on fund based investments.
- Asset and wealth business continues to be the highest contributor to consolidated profit consecutive for 2nd year.
- **Some of the key highlights** for the FY20 include AMC PAT grew by 9% YoY, AMC has expanded product offerings in active as well as passive category, Expanded its branch, sales and IFAs reach, Positive net flows in AMC for consecutive three quarters, Average IRR on exited investment from IREF II / III schemes are 21%/ 22% respectively, IREF IV achieved its final close in March 2020 at Rs.11.5 bn, 13% YoY growth in Wealth client acquisition, Traction in distribution business aided by newly started insurance business, Accelerated pace of new client addition (+72% YoY growth) in broking business, Market share in high yielding cash segment is at multi-quarter high, Rating upgrade from CRISIL for MOHFL to AA- (Stable) from A+ earlier and Normalcy restored in MOHFL's profitability, NPA at 1.8%, 1+ DPD on falling trajectory, PCR increased to 66%, Superior quality of new book underwritten, Lower incremental credit cost and margin expansion.
- Consolidated net worth stood at Rs 30.8 bn, net debt is Rs 38.7 bn. Excluding Home finance, net debt is Rs 10.4 bn and net of investments, we have a net cash balance sheet. Operating RoE (ex-fund based investments) for FY20 stands at 32% whereas reported RoE stands at 7%.
- Dividend payout ratio of 39% in FY20. Also, company has initiated Buyback of equity shares upto Rs 1.5 bn (excluding tax).
- Besides financial performance, the last financial year has been very eventful in terms of our successes in brand building, advertising and several other fronts. In FY20, MOFSL got inducted in **"Hall of Fame"** at 10th Financial Advisory Awards 2019. MOFSL rank 2nd **"Best Local Brokerage"** in Asia Money broker's poll 2019. MOPWM wins **"Best Boutique Wealth Manager- India"** for 2nd consecutive year by The Asset Triple A Awards. These, and several other awards, are recognition of Motilal Oswal as a preferred consumer and employee brand in financial services space.



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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 and its niche positioning. Our Housing finance business is set for new beginning as all legacy issues are behind with incremental focus on profitable growth. Our traditional broking business continues to be cash cow and getting benefited from industry consolidation on the back of its knowledge driven phygital offerings. Each of our 7 businesses offers headroom for growth. Prestigious awards like “Hall of fame”, Best Local Brokerage of the year, “Best boutique Wealth Manager” and several others have made all associated with the group immensely proud”.*

Performance of Business Segments for the quarter and full year ended March 31, 2020

- **Asset Management businesses (AMC, PE and PWM)**

- **Asset Management** business AUM across MF, PMS & AIF stood at Rs 297 bn. Our AMC ranks 15 by total equity assets; in PMS we maintain leadership position. PAT for the quarter stood at Rs 357 mn (+6% YoY) and for the year FY20 stood at Rs 1.6 bn (+9% YoY).
- Our Equity MF AUM of Rs 160 bn is just 1.9% of the Industry Equity AUM of Rs 8.1 tn. We have seen improvement in performance of several products. Several schemes rank top decile in performance over 1 year and since inception as of Feb 20. 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 various index funds under passive category.
- Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~46%.
- **Private Equity** manages an AUM of Rs 65 bn (+3% YoY) across 3 growth capital PE funds and 4 real estate funds. In FY20, revenues grew by 3% YoY (ex-carry) at Rs 1.07 bn and PAT stood at Rs 219 mn. The 1st growth fund (IBEF 1) has delivered an XIRR of ~27%. Average IRR on exited investments in Real estate funds is 21%+. Strong performance and positioning has also aided new fund raise, we have achieved final close of IREF IV fund at ~Rs. 11.5 bn in March 2020.
- **Wealth Management** business AUM stood at Rs 156 bn in FY20. RM count of this business stood at 129. Our trail revenues predominantly cover our fixed costs. Investments in strong RM addition suppressed reported profitability. New MD & CEO has joined us with over 17 years of experience in Wealth Management Industry.
- Overall **Asset and Wealth Management** revenues were Rs 7.6 bn in FY20 and contributed 30% of consolidated revenues. Profits were Rs 1.88 bn and contributed 46% of consolidated profits.



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- **Capital markets Businesses (Broking & Investment banking)**

- Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 12.34 bn in FY20 and contributed ~48% of consolidated revenues. Profits were Rs 1.79 bn in FY20 and contributed ~44% of consolidated PAT. Broking and distribution business profit stood at Rs 1.88 bn in FY20 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 2.5% (ex-prop) in Q4FY20. We have witnessed strong traction in new client addition driven by Franchisee and retail channel , total 2,42,000+ clients acquired in FY20, +72% YoY. Active clients have also registered 16% YoY growth at 3.94 lacs as of March 2020.
- Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM was Rs 90 bn as of FY20. With only 16% of the 1.3 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**, there was substantial improvement in rankings in ASIA MONEY POLL 2019 with 2nd Rank – Best Local Brokerage, 1st Rank - Best Overall Sales, 1st Rank – Best Sales Trading, 1st 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 391 mn in FY20 and Rs 176 mn in Q4FY20.
- Normalcy restored in profitability in FY20. Exit PPOP/ PBT at Rs 40 cr / Rs 28 cr respectively
- Margins have improved to 5.3% in FY20, on account of improvement in yield and lower cost of funds.
- Loan book stood at Rs 36.7 bn as of FY20. Disbursements in FY20 were Rs 1.92 bn. New book sourced from April'18 validates the new credit policy with 3 cases in NPA out of ~5000 loan cases.
- GNPA at 1.8%, NNPA at 1.36% and PCR increased to 66%.
- 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 8.5 bn. Net Gearing stands at 3.2x and Tier 1 CAR remains robust at 46.4%.
- Opex has been trending down to 231 mn in Q4FY20, resulting in exit C/I ratio of 37%.
- Limited borrowing repayment for next 1 year, strong undrawn borrowing lines and ALM places us in comfortable liquidity situation.



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- **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 FY20 we have invested ~Rs 1 bn+ in quoted equity investments.
 - Total quoted equity investment including unrealised gains was Rs 12.2 bn as of Q4FY20. Cumulative XIRR of these investments is ~9%.

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. Aspire Housing Finance was awarded 'India's Most Admired & Valuable Housing Finance Company' at India Leadership Conclave 2015.

For further details contact:

Mrs. Rohini Kute (Head of Corporate Communication) Motilal Oswal Financial Services Ph- +91-22-30102340, Mob- +91-9820196838	Mr. Shalibhadra Shah (Chief Financial Officer) Motilal Oswal Financial Services Ph- +91-22-38464917 Mob- +91-9819060032	Mr Rakesh Shinde (Investor Relations) Motilal Oswal Financial Services Ph- +91-22-7198 5510 Mob- +91-99203 09311
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For Motilal Oswal Financial Services Limited



Motilal Oswal
Managing Director & Chief Executive Officer
(DIN: 00024503)



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May 11, 2020

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai - 400001
Security Code: 532892

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400051
Symbol: MOTILALOSF

Sub: Declaration regarding Audit Reports with unmodified opinion for the Audited Financial Results (Consolidated and Standalone)

Dear Sir/Madam,

Pursuant to Regulation 33 and Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time), we hereby declare that M/s. Walker Chandio & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company have issued Audit Reports with unmodified opinion on the Audited Financial Results (Consolidated and Standalone) of the Company for the financial year ended March 31, 2020.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Motilal Oswal Financial Services Limited

SHALIBHADRA
RA
NAVINCHANDRA
SHAH

Shalibhadra Shah
Chief Financial Officer

Pursuant to Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), we submit herewith the following information pertaining to the Secured, Redeemable, Non-Convertible Debentures of the Company listed on BSE Limited.

Sr. No	Particulars	Details
(a)	Credit Rating and change in credit rating (if any)	Forms part of Audited Financial Results.
(b)	Asset cover available, in case of non-convertible debt securities	Forms part of Audited Financial Results.
(c)	Debt Equity Ratio	Forms part of Audited Financial Results.
(d)	Previous due date for the payment of interest/repayment of principal of non-convertible debt securities and whether the same has been paid or not	During the six months ended March 31, 2020, no interest/repayment of principal were due.
(e)	next due date for the payment of interest/principal along with the amount of interest and the redemption amount	Please refer Annexure - 1 .
(f)	Debt service coverage ratio	Forms part of Audited Financial Results.
(g)	Interest service coverage ratio	Forms part of Audited Financial Results.
(h)	Outstanding redeemable preference shares (quantity and value)	Not applicable
(i)	Capital Redemption Reserve / Debenture Redemption Reserve	NIL
(j)	Net worth	Forms part of Audited Financial Results.
(k)	Net profit after tax	Forms part of Audited Financial Results.
(l)	Earnings per share	Forms part of Audited Financial Results.

ANNEXURE - 1

NEXT DUE DATE FOR THE PAYMENT OF INTEREST/ REPAYMENT OF PRINCIPAL AMOUNT ALONG WITH THE AMOUNT OF INTEREST/REDEMPTION:

Name of Series	ISIN	Type (Interest/ Principal)	Due date of payment	(In Rupees)
				Amount
Series C – 8.53% Secured, Redeemable, Non-Convertible Debentures	INE886I07030	Interest	July 3, 2020	127,600,500
		Principal	July 3, 2020	1,500,000,000

For Motilal Oswal Financial Services Limited

Kailash Purohit
Company Secretary & Compliance Officer