

## **INVESTOR UPDATE**

### **Motilal Oswal Financial Services reports highest ever operating PAT of Rs 9.05 bn, +69% YoY in FY22 and Rs 2.62 bn, +41% YoY in Q4FY22.**

**Mumbai, April 28, 2022:** Motilal Oswal Financial Services Ltd. announced its results for the quarter and year ended March 31, 2022 post approval by the Board of Directors at a meeting held in Mumbai on April 28, 2022.

#### **Performance for the quarter and year ended March 31, 2022:**

- In Q4FY22, consolidated revenues grew by 21% YoY at Rs 11.0 bn, Consolidated PAT stood at Rs 3.0 bn including gains on investments. Operating profit (excluding gains on investments & PE share of profit on investment) for the quarter was highest ever at Rs 2.62 bn, +41% YoY.
- In FY22, Consolidated revenues grew by 33% YoY at Rs 40.5 bn, consolidated PAT stood at Rs 13.1 bn. Operating profit for the FY22 was highest ever at Rs 9.05 bn, +69% YoY.
- **All business continues to demonstrate stellar performance– Capital market business PAT 68% YoY; Asset & Wealth +31% YoY led by +14% YoY AMC, +116% YoY Wealth Management and +46% YoY Private Equity business. Housing finance business reported highest ever profit.**

#### **Key highlights for the FY22**

- Most of our businesses have delivered strong and sustainable performance in Q4FY22 and FY22.
- Our Asset under Advisory (AUA) has crossed Rs 3 tn mark led by all-time high AUM across AMC, Wealth and Distribution businesses.
- Our Net worth has touched all time high at Rs 56.7 bn.
- **Capital Markets** – Highest ever broking revenue and profit in FY22, business has delivered consistent growth in profits over last several quarters, growth in active clients & client addition led by traction in digital acquisition channel, 99% YoY growth in ADTO, cash market share at multi-year high, robust net sales in distribution business, Investment banking mandate pipeline started fructifying.
- **Asset Management**– Highest ever AUM, strong gross & net flows, strong response to our AIF offerings, increase in SIP book and continued traction in our passive offerings. Our largest ever PE growth fund (IBEF-IV) has achieved its 2<sup>nd</sup> close at Rs 40 bn within 7 months of launch. It has a target size of Rs 45 bn. Similarly, launch of our 5<sup>th</sup> real estate fund (IREF- V) has raised Rs 12 bn.
- **Home Finance** – Strong pick-up in disbursements, traction in login/sanction pipeline, expansion in sales force, diversification of liability franchisee and sharp reduction in cost of funds. Rating upgrade to AA/Stable by CRISIL & India Ratings.
- Consolidated net worth is at all-time high at Rs 56.7 bn, net debt is Rs 41.4 bn. Excluding Home finance, net debt is Rs 18.0 bn. Total D/E stood at 1.1x. Ex-MOHF D/E stood at 0.6x. Net of investments, we have a net cash balance sheet. RoE for FY22 stands at 30%.



**Motilal Oswal Financial Services Limited**

CIN: L67190MH2005PLC153397

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- The board has declared final dividend of Rs 3 per share (FV Re 1/share) resulting in total dividend of Rs 10 per share. Board has also decided to consider **Buyback program** in its separate board meeting to be held on 17<sup>th</sup> May.
- Besides financial performance, recent time has been very eventful in terms of our successes in brand building, advertising and several other fronts. MOFSL ranked 1<sup>st</sup> in “**Best Local Brokerage**” category in Asia Money broker’s poll 2021. MOFSL once again recognized as a “**Great Place to Work**” - India certified organization, Motilal Oswal won “**Best PMS in 10 years performance**” across all categories at India’s Smart Money Manager Awards - 2021. Motilal Oswal Private Wealth Management won “**Best Digital Private Bank-India**” at Asiamoney Private Banking Awards 2022. 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** “All of our businesses have delivered strong & sustainable performance in Q4FY22 & FY22. This was 2<sup>nd</sup> consecutive year of highest ever performance in terms of Revenue, Profit and AUM. Our retail broking business which is our cash cow business has achieved new highs on various parameters and benefitting from market expansion and industry consolidation. Our Institutional Broking business has been ranked #1 local brokerage house consecutively for 2<sup>nd</sup> year in Asiamoney poll 2021. Our strategy to invest business profits in our own equity investment products yielded strong returns and as a result our Net worth has touched new high. Moreover, our strategy to diversify our business model towards linear sources of earnings continue to deliver results. Our Asset Management business is likely to gain from process driven investing and its niche offerings. Our Wealth Management business has delivered stellar performance this year and on its way to achieve scale in this business. Our PE business has delivered on both successful exit of its investment and fund raise of its largest ever fund. Our Housing finance business has witnessed turnaround by registering highest ever profitability and now geared up for sustainable growth. Each of our 7 businesses offers headroom for growth. “

**Performance of Business Segments for the quarter and year ended March 31, 2022****• Capital markets Businesses (Broking & Investment banking)**

- Capital markets comprise of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 6.93 bn, +35% YoY in Q4FY22 and Rs 25.37 bn, +48% YoY in FY22. Capital market businesses have contributed ~55% of consolidated revenues.
- Profit grew by 79% YoY at Rs 1.44 bn in Q4FY22 and 68% YoY to Rs 4.90 bn in FY22 led by healthy volume growth of 106% YoY / 29% QoQ and improvement in cash market share.
- In **Retail Broking & Distribution**, we have witnessed strong traction in new client addition driven by Online and other channels, total ~880,000 clients acquired in FY22, +43% YoY. NSE active clients have also registered 59% YoY growth at 9 lacs as of Mar 2022.
- Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM grew by 31% YoY at Rs 168 bn as of Q4FY22. With only 16% of the ~2.8 million client base tapped, we



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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. We have registered strong insurance premium collections in FY22 at Rs 57 cr, up 43% YoY.

- In **Institutional Broking**, team wins big in Asiamoney poll 2021. Ranked #1 Best local brokerage House, Best sales and Best Execution and 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 participated in 13 deals. The business has made a strong turnaround in performance in FY22. Further, there is a strong pipeline of signed IPO mandates which has started entering the markets from Q4FY22 onwards, as a result further 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 490 bn, +13% YoY. Strong growth of 21% YoY in PAT at Rs 1.83 bn in FY22 (excluding one-time tax reversal impact in FY21).
- Equity MF AUM stood at Rs 306 bn, +18% YoY. We have seen improvement in performance of several products, also launch of new alternate & passive products resulting in stronger gross sales and Net sales.
- We have added around 480,000 SIPs in FY22, +54% YoY. New SIP count market share stood at 1.8% in FY22.
- Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~37%.
- **Private Equity** has fee earning AUM of Rs 100 bn across 3 growth capital PE funds and 4 real estate funds. In Q4FY22, revenues grew by 92% YoY at Rs 469 mn and PAT grew by 184% YoY at Rs 203 mn. In FY22, revenue grew by 31% YoY and PAT grew by 46% at Rs 431 mn. 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 has raised Rs 12 bn. PE biggest fund launched with IBEF IV with a target size of Rs 45 bn, achieved its 2<sup>nd</sup> close at Rs 40 bn.
- **Wealth Management** business AUM grew by 36% YoY at Rs 344 bn in Q4FY22. Wealth business revenue grew by 28% YoY / 53% YoY to Rs 477 mn / Rs 1.94 bn in Q4FY22 & FY22 respectively. Wealth business has delivered highest ever profits for FY22 at Rs 594 mn, +116% YoY. This growth was led by strong net sales at Rs 54 bn in FY22. Yield stood at ~63 bps. RM count of this business stood at 144. 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 2.64 bn, +8% YoY in Q4FY22 and Rs 9.47 bn, +25% YoY in FY22. Asset & Wealth contributes 23% of consolidated revenues. Profits were Rs 831 mn, in Q4FY22 and Rs 2.85 bn, +31% YoY in FY22 and contributed 28% of consolidated profits.

**• Housing finance business**

- Motilal Oswal Home Finance (MOHFL) reported highest ever profit of Rs 456 mn in Q4FY22, +148% YoY and Rs 929 mn in FY22, +133% YoY.
- NII grew by 11% YoY and NIM expanded to 7.3% in FY22.
- Yield on Advances stood at 13.9% in FY22 while Cost of Funds was down by 105 bps YoY to 8.2%, resulting in expansion in Spread by 66 bps YoY to 5.7%.
- We have raised Rs 14 bn in FY22 at an average cost of 7%.
- Disbursements grew by 2.4x in FY22 to Rs 6.43 bn. Business is geared up for stronger growth in disbursements.

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- GNPA was down by 60 bps YoY to 1.6% in FY22 led by improved collection efficiency, which stood at 104% in March 2022.
- Rating upgrade by CRISIL & India Ratings to AA/Stable. These ratings upgrade will further benefit us in lowering incremental CoF.
- Net Gearing stands at 2.3x and Tier 1 CAR remains robust at 50%.
- **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 402 mn in Q4FY22 and Rs 4.1 bn in FY22.
  - Total quoted equity investment including unrealised gains was Rs 26.8 bn as of FY22. Cumulative XIRR of these investments is ~17% (since inception).
  - Total equity investment including alternate funds was at Rs 40.5 bn as of Mar-22. XIRR of 26% 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 9300+ employees serving to 4.8 mn clients via distribution reach in 700+ cities. MOFSL has AUA of Rs 3 trillion.

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**For Motilal Oswal Financial Services Limited**

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

