

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%)

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Motilal Oswal Financial Services reports highest ever PAT of Rs 536 cr, +81% YoY in Q2FY22 and Rs 758 cr, +63% YoY in H1FY22.

Mumbai 28-Oct-2021

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Mumbai, October 28, 2021: Motilal Oswal Financial Services Ltd. announced its results for the quarter and half year ended September 30, 2021 post approval by the Board of Directors at a meeting held in Mumbai on October 28, 2021.

Performance for the quarter and half year ended September 30, 2021:

- › In Q2FY22, consolidated revenues grew by 46% YoY at Rs 1,094 cr, Consolidated PAT grew by 81% YoY to Rs 536 cr including gains on investments (Rs 267 cr). Operating profit (excluding gains on investments) for the quarter was highest ever at Rs 269 cr, +118% YoY.
- › In H1FY22, Consolidated revenues grew by 42% YoY at Rs 1,953 cr, consolidated PAT grew by 63% YoY at Rs 758 cr. Operating profit for the half year was highest ever at Rs 398 cr, +76% YoY.
- › Core business fired all cylinders – Capital market business PAT + 52% YoY and Asset & Wealth +226% led by +44% AMC, +88% Wealth Management and 12x growth in Private Equity business driven by strong profit on exit of investment. Further, we have witnessed turnaround in Housing finance business.

Key highlights for the H1FY22

- › Most of our businesses have delivered strong and sustainable performance in Q2FY22 and H1FY22.
- › Our Asset under Advisory (AUA) stood at Rs 2.9 tn led by all-time high AUM across AMC, Wealth and Distribution businesses.
- › Our organizational talent has reached over 8,600 serving over 3.4 mn clients.
- › Our Net worth has crossed Rs 5,000 cr mark.
- › **Capital Markets** – Highest ever broking revenue and profit in Q2 & H1FY22, growth in client addition led by traction in digital acquisition channel, 96% growth in ADTO, 70 bps QoQ rise in cash market share, strong growth in active clients, Investment banking participated in 3 IPOs and 1 OFS.
- › **Asset Management** – Highest ever AUM, gross & net sales gaining traction, strong response to AIFs offerings, increase in SIP addition, continued



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International passive offerings. IREF V has

achieved its 2nd close at Rs 810 cr. Launch of largest ever PE growth IBEF-IV fund with target size of Rs 4,000 cr.

- › **Home Finance** – India Ratings assigned IND AA rating, outlook upgraded by CRISIL to AA-/ Positive and rating upgraded by ICRA to ICRA AA-/stable, Strong pick-up in disbursements, traction in login/sanction pipeline, expansion in sales force and sharp reduction in cost of funds driving margin expansion.
- › Consolidated net worth is at all-time high at Rs 5,168 cr, net debt is Rs 4,050 cr. Excluding Home finance, net debt is Rs 1,708 cr. Total D/E declined to 0.9x. Ex-MOHF D/E stood at 0.5x. Net of investments, we have a net cash balance sheet. RoE for Q2FY22 stands at 37%.
- › 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 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 “All of our businesses has delivered strong & sustainable performance in H1FY22. Last financial year was a landmark year for us with highest ever revenues and profits. This year also we are witnessing similar trend and we delivered highest ever quarterly & half yearly operating profit. 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 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 a 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 headroom for growth. “

Performance of Business Segments for the quarter and half year ended September 30, 2021

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 608 cr, +44% YoY in Q2FY22 and Rs 1,122 cr, +46% YoY in H1FY22. Capital market businesses have contributed ~48% of consolidated revenues.
- o Profit grew by 52% YoY / 55% QoQ at Rs 121 cr in Q2FY22 and 46% YoY to Rs 200 cr in H1FY22 led by healthy volume growth of 96% YoY.
- o In **Retail Broking & Distribution**, we have witnessed strong traction in new client addition driven by Franchisee and retail channel, total ~440,000 clients acquired in H1FY22, +114% YoY. NSE active clients have also registered 62% YoY growth at 7.2 lacs as of Sept 2021.
- o Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM grew by 43% YoY at Rs 15,918 cr as of Q2FY22. With only 13% of the ~2.4 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 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 has participated in 3 IPOs and 1 OFS. Further, there is a strong pipeline of signed IPO mandates which will start entering the markets from H2FY22 onwards, as a result revenue traction can be witnessed in Q3FY22.

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- o **Asset Management** business AUM across MF, PMS & AIF stood at Rs 49,563 cr, +32% YoY. Strong growth of 44% YoY in PAT at Rs 42 cr in Q2FY22 and 46% YoY at Rs 77 cr in H1FY22.
- o Equity MF AUM touched Rs 300 bn i.e. 1.5% of the Industry MF Equity AUM of Rs 20 tn. We have seen improvement in performance of several products. Our Gross sales and Net sales started improving and redemption market share declined on a sequential basis.
- o Favourable response to alternate offerings under AIF strategy and international passive offerings.
- o We have added around 220,000 SIPs in H1FY22, +62% YoY. New SIP count market share stood at 1.7% in H1FY22.
- o Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~38%.
- o **Private Equity** has committed investment AUM of Rs 6,882 cr across 3 growth capital PE funds and 5 real estate funds. In Q2FY22, revenues stood at Rs 151 cr and PAT stood at Rs 86 cr including profit on exit of investments of Rs 83 cr in Q2FY22. The 1st 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 2nd close at Rs 8.1 bn. PE's biggest fund launched with IBEF IV with a target size of Rs 40 bn.
- o **Wealth Management** business AUM grew by 57% YoY at Rs 31,515 cr in Q2FY22. Wealth business revenue grew by 36% YoY to Rs 48 cr in Q2FY22 led by strong net sales at Rs 19.9 bn in Q2FY22. Yield improved by 7 bps QoQ to ~63bps. RM count of this business stood at 122. 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.
- o Overall **Asset and Wealth Management** revenues were Rs 346 cr, +94% YoY in Q2FY22 and Rs 549 cr, +69% YoY in H1FY22. Asset & Wealth contributes 23% of consolidated revenues. Profits were Rs 144 cr, +226% YoY in Q2FY22 and Rs 197 cr, +169% YoY in H1FY22 and contributed 25% of consolidated profits.

Housing finance business

- o Motilal Oswal Home Finance (MOHFL) reported profit of Rs 20 cr in Q2FY22, +253% YoY and Rs 29 cr in H1FY22, +70% YoY
- o NII grew by 16% YoY and NIM expanded to 6.9% in H1FY22.
- o Yield on Advances stood at 13.9% in H1FY22 while Cost of Funds was down by 110 bps YoY to 8.4%, resulting in expansion in Spread by 70 bps YoY to 5.5%.
- o We have raised Rs 3.8 bn in H1FY22 at an average cost of 7.07%.
- o Disbursements in H1FY22 stood at Rs 249 cr, +198% YoY. Business is geared up for stronger growth in disbursements. Sales force expansion is currently underway.
- o In Q2FY22 business has come back strongly led by revival in demand and customers confidence. Our collection efficiency in September has reached to ~100% and with better resolutions we are able to bring down GNPA/NNPA to 2.2%/1.4% respectively.
- o IND AA rating assignment by India Ratings, outlook upgrade by CRISIL to CRISIL AA-/Positive and rating upgrade by ICRA to ICRA AA-/stable, all restore confidence on company and acknowledge its initiatives taken to revive the business.
- o Total capital infusion to Rs 8.5 bn. Net Gearing stands at 2.5x and Tier1 CAR remains robust at 48%.

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

- o Fund based investments have registered gains in a quarter of Rs 265 cr in Q2FY22, +54% YoY and Rs 357 cr in H1FY22, +18% YoY
- o Total quoted equity investment including unrealised gains was Rs 2,528 cr as of H1FY22. Cumulative XIRR of these investments is ~19% (since inception).
- o Total equity investment including alternate funds was at Rs 3,614 cr as of Sep-21. XIRR of 33% 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 ~8600 employees serving to 3.4 mn clients via distribution reach in 700+ cities. MOFSL has A

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