

ConCall Summary & Earnings Release

Quarter ended Sep 2016

28 Oct 2016

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of Rs 4.6b for Q2FY17, up 71% YoY. PAT was Rs 1.0b for Q2FY17, up 134% YoY. Broking-related revenue was Rs 1.9b in Q2FY17, up 39% YoY. Asset management revenue was Rs 854m in Q2FY17, up 48% YoY. Housing finance-related revenue was Rs 1.5b in Q2FY17, up 222% YoY. Investment banking income was up 177% YoY in Q2FY17 to Rs 202m. Fund-based revenue was Rs 194m in Q2FY17, down 21% YoY.

For a deeper insight into the company's performance and the management's expectations, we present extracts from the post-results conference call. We have edited and rearranged the transcript for greater lucidity. We have also included exhibits from the company's presentation on its performance for the quarter ended Sep 2016. This presentation is available at www.motilaloswalgroup.com

Corporate Participants

Mr Motilal Oswal

Chairman

Mr Raamdeo Agrawal

Joint Managing Director

Mr Navin Agarwal

Managing Director

Mr Sameer Kamath

Chief Financial Officer

This document includes forward looking statements, including discussions about the management's plans and objectives and about expected changes in revenues and financial conditions. Forward-looking statements about the financial condition, results of operations, plans and business are subject to various risks and uncertainties that could cause actual results to differ materially from those set forth in this document. You should not construe any of these statements as assurances of financial performance or as promises of particular courses of action.

Welcome to the Q2 FY17 earnings conference call of Motilal Oswal Financial Services Limited. We have with us Mr. Motilal Oswal, Chairman, Mr Raamdeo Agrawal, Joint Managing Director, Mr Navin Agarwal, Managing Director, and Mr. Sameer Kamath, Chief Financial Officer. For the duration of this presentation, all participants' lines will be in the listen-only mode. I will be standing by for the Q&A session. I would now like to invite Mr. Navin Agarwal to make his opening remarks. Thank you and over to you sir....

MOFSL CONSOLIDATED FINANCIALS (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Total Revenues	4,608	2,692	71%	4,608	3,650	26%	8,258	4,808	72%	10,937
EBITDA	2,265	1,042	117%	2,265	1,856	22%	4,122	1,738	137%	4,463
Exceptional items	429	0	nm	429	112	284%	540	1	67973%	-
PBT	1,486	590	152%	1,486	1,063	40%	2,549	984	159%	2,376
PAT	1,016	434	134%	1,016	792	28%	1,807	718	152%	1,691
EPS - Basic	7.1	3.1		7.1	5.5		12.7	5.1		11.9
EPS - Diluted	7.0	3.0		7.0	5.5		12.5	5.0		11.7
Shares O/S (mn) - FV	143	141		143	142		143	141		142

Exceptional items includes revenue from share in profit on sale of investments (carry share) made in the 1st PE fund, as well as the impact of a write-off on account of doubtful NPA. PAT impact of carry share was Rs 627 million in H1FY17; of this Rs 372 million was earned in Q2FY17

REVENUE COMPOSITION (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Brokerage & operating	1,858	1,333	39%	1,858	1,431	30%	3,289	2,496	32%	5,091
Investment banking fees	202	73	177%	202	82	145%	284	122	133%	242
Asset management fees	854	578	48%	854	653	31%	1,506	981	54%	2,235
Fund based income	194	245	-21%	194	459	-58%	653	529	23%	1,124
Housing finance related	1,482	460	222%	1,482	1,002	48%	2,484	664	274%	2,195
Other income	18	3	464%	18	23	-20%	41	15	169%	50
Total Revenues	4,608	2,692	71%	4,608	3,650	26%	8,258	4,808	72%	10,937

Opening remarks

Good afternoon. It is my pleasure to welcome all of you to the Motilal Oswal Financial Services earnings call for the 2nd quarter of FY17. This quarter saw us reach a historic milestone, as we achieved a quarterly PAT of Rs 1b for the first time since inception. During our recent concalls, we have shared the strategic realignment of our businesses into a mix of capital market, asset and wealth management, housing finance & fund based business - with the objective being to generate a 20%+ sustainable ROE. These investments have started to show tangible results now, and during this call, I will share the performance of each one of these value-drivers in this quarter.

- During 2QFY17, our consolidated revenues were Rs 4.6b, up 71% YoY. This was Rs 8.3b in 1HFY17, up 72% YoY
- Every business fired in terms of revenue growth this quarter. Housing finance was

up 222% YoY, Asset management fee was up 48% YoY & Capital market businesses (broking & investment banking) were up 46% YoY. Housing finance comprised ~32% in 2QFY17 vs ~17% in 2QFY16 while asset management was ~19% in 2QFY17 vs ~21% in 2QFY16. Both businesses are in scaling-up mode given the ample headroom for growth in these markets & we expect our market shares to grow further in them. Capital market businesses comprised ~45% in 2QFY17 vs ~52% in 2QFY16. The full exit of 1st PE growth capital fund, IBEF I, is set to be a meaningful contributor in FY17/18

- Consolidated PAT was Rs 1.0b in 2QFY17, up 134% YoY. It was Rs 1.8b in 1HFY17, up 152% YoY
- This quarter's PAT was the highest-ever quarterly profits for us. 2QFY17 included exceptional items, i.e. share in profit on sale of investments (carry share) made in the 1st PE growth fund & the impact of write-off on account of doubtful NPA. PAT impact of carry share was Rs 627 million in 1HFY17; of this Rs 372 million was earned in 2QFY17
- In the PAT mix, contribution of Capital Markets businesses (Broking and Investment Banking) was ~29% in 2QFY17 vs ~26% in 2QFY16. Asset & Wealth Management was ~46% of profits in 2QFY17 vs ~21% in 2QFY16. Housing Finance was ~22% in 2QFY17, same as in ~2QFY16. Fund based business was ~3% in 2QFY17 vs ~31% in 2QFY16
- Consolidated net worth was Rs 16b & gross borrowing was Rs 47b, as of Sep 2016. The strong liquidity in the Group's balance sheet (~Rs 8.8b) allows us to fund investments into Aspire Home Finance
- ROE for 2QFY17 was 26% on reported PAT of Rs 1.0b, in line with our strategy to generate 20%+ sustainable ROE. However, this does not include the MTM unrealized gains on investments in our Motilal Oswal mutual fund products (Rs 2.7b, as of Sep 2016).

1. Starting with the Capital Market businesses

- **Broking & related revenues** (broking & wealth management) were Rs 1.9b in 2QFY17, up 39% YoY. During 2QFY17, MOSL's revenue was up 34% YoY & 25% QoQ. PAT was up 51% YoY & flattish on QoQ basis. 1QFY17 included profit on sale of mutual funds of Rs 77m. Excluding this, the operating PAT in 2QFY17 was up 43% QoQ.
- Proactive investments in manpower (up 63% from Mar-2015), brand & technology have driven a meaningful traction in our business & our overall equity market share has risen 1.8% in 2QFY16 to 2.2% in 2QFY17. Some of the operating leverage from these investments is bearing fruit now & coming years should see the full benefit
- In **Retail Broking & Distribution**, our investments in sales, advisory & technology are starting to show results. During 2QFY17, our monthly addition of retail clients was up 69% YoY, our retail market share improved YoY in both cash & F&O & our DP AUM was up 52% YoY. Our technology platforms have evinced increased client interest & online business was ~41% of our retail volumes in 2QFY17, up from ~27% in 2QFY16. The mobile app comprised ~8% of business in 2QFY17 & it has been steadily rising. Our vast network of 2,200+ outlets is being leveraged to deepen

product-penetration. Financial products AUM was up 64% YoY & this will help build a sustainable annuity revenue stream

- In **Institutional Broking**, the 12th Annual Global Investor Conference was one of the biggest events in this industry, with 120+ companies, 750+ global investors & 4,000+ corporate investor meetings. The share of Blocks has steadily increased within our institutional volumes
- **Investment Banking** fees were Rs 202m in 2QFY17, up 177% YoY. Lower growth in PAT is due to higher personnel cost provisions during 2QFY17. Our ECM business has gained definite momentum in recent quarters with deal closures & revenue growth. We successfully closed a QIP, IPO, OFS & Buy back in 2QFY17 & are optimistic on the growth prospects for this business
- Capital markets businesses contributed ~43% of consolidated revenues in 1HFY17, as compared to ~66% back in FY15. The contribution of capital markets in the PAT mix was ~26% in 1HFY17, down from ~62% back in FY15.

2. **Asset and Wealth management businesses** have seen strong business traction. Total AUM/AUA across mutual funds, PMS, AIF & PE were Rs 181b, up 59% YoY. Wealth Management AUM was Rs 86b, up 70% YoY.

- In **Asset Management**, we are methodically building our positioning as “equity specialists” with our time-tested QGLP philosophy, which has consistently delivered on performance. In 2QFY17, revenue was up 28% QoQ but EBITDA was up only 6% QoQ, due to incremental Rs 42m advertising spent in 2QFY17. Our rank in Equity AUM improved to 11 as of 2QFY17 vs 18 in FY14. While our market share in Equity MF Avg AUM was ~1.3% in 1HFY17, our market share in Equity MF Net Sales was significantly higher at ~4%. Our net inflows in 2QFY17 remained strong at ~Rs 11b in 2QFY17 vs ~Rs 8.7b in 1QFY17, as we deepened existing distributor relationships & added few large distributors. We believe this business offers considerable headroom for growth. During the last market cycle from FY02-08, the industry Equity AUM grew at a 49% CAGR. Between FY14-17, industry Equity AUM has grown at 43% CAGR. Led by increasing financial savings, we expect industry Equity AUM to grow further & our market share to rise in this. Our new AIF mobilized a commitment of Rs 6b, with a drawdown of Rs 2b as of Sep. Our new Dynamic Equity Fund raised Rs 3.3b in its offer period. We are also tapping global pools of capital with our offshore business initiatives, which is underway with the launch of Motilal Oswal India Fund.
- **Private Equity** manages Rs 30b across 2 growth capital & 3 real estate funds. The PE business has demonstrated high profitability & the RE business has shown significant scalability. We expect these attributes to continue, going ahead. The 1st growth fund has seen 6 full-exits & 2 partial exits in 2 companies, translating into ~201% capital returned (INR). It is in advanced stages for 1 exit in the coming months, which may allow it to return an additional ~14% capital. It is likely to deliver a gross multiple of ~3.5X. The 2nd growth fund has committed ~89.5%, after raising commitments from marquee institutions. The 1st real estate fund has returned ~86% capital from full/partial exits from 6 projects. The 2nd real estate fund has committed ~96%. The 3rd real estate fund, IREF III, is in fundraise stage with an AUM target of Rs 12.5b. It announced its 2nd close & raised commitments of ~Rs

8.5b. It has committed ~27% from the fund

- Asset Management fee (asset management & private equity together) were Rs 854m in 2QFY17, up 48% YoY
- It contributed ~18% of consolidated revenues during 1HFY17, as compared to ~16% in FY15
- **Wealth Management** income was Rs 174m in 1QFY17, up 66% YoY. The traction in RMs from 64 to 82 YoY, led to a 70% YoY growth in AUM & a 21% YoY rise in client families. We have seen good traction in deepening of client wallet-share & product penetration. We enjoy a high yield in this business, due to the higher share of equity & real estate in our AUM. This business offers enormous scope for scalability as it builds synergies with the Group's other businesses to deepen its reach
- Contribution of Asset & Wealth Management in the Profit mix was ~47% in 1HFY17, up from ~14% back in FY15.

3. Aspire Home Finance has built strong traction in assets & liabilities, while maintaining risk & operational parameters

- **Housing finance** related income was Rs 1.5b in 2QFY17, up 222% YoY
- On the assets side, the loan book was Rs 30.7b, up 210% YoY. Disbursements for 2QFY17 were Rs 6.7b, up 51% YoY. Disbursements in 1HFY17 stood at Rs 11.5b, up 78% YoY
- This traction is in line with the strategy of deepening our network in existing geographies. The branch count was 74 as of Sep 2016, up 100% YoY. We expect to continue to expand our network through the rest of FY17
- On the liabilities side, it had credit lines from 25 banks & 1 NBFC vs 11 a year ago. Approx 61% of borrowings are from the capital markets. The ratings of Crisil A+/Stable & ICRA AA- (Stable) augur well for future fund-raise
- Cumulative capital infusion by sponsors is Rs 5b & the infusion in 1HFY17 was Rs 2b. The strong liquidity in the Group's balance sheet (~Rs 8.8b) allows us to fund investments into Aspire, and our strategy to deploy free cash flows into funding Aspire will continue in foreseeable future
- As of 2QFY17 on an annualized basis, ROA was 3.6%, ROE was 17%, NIM was ~418 bp & D/E was 6.0x. As of Sep 2016, GNPL was 0.3%
- PAT for 2QFY17 was Rs 227m, up 138% YoY. PAT for 1HFY17 was Rs 361m vs Rs 400m in fiscal year FY16
- Housing Finance contributed ~30% of consolidated revenues in 1HFY17, as compared to ~3% back in FY15. The contribution of Housing Finance in the profit mix was ~19% in 1HFY17, up from ~2% in FY15
- While we remain optimistic on the prospects for Aspire, the entry of new players may result in competition for talent & loan-pricing.

4. Fund based activities focusing on enhancing Return on Equity

- **Fund Based Income** was Rs 194m in 2QFY17, down 21% YoY. NBFC loan book was Rs 2.6b as of Sep 2016

- Our investments in our mutual fund products stood at Rs 6.1b (at cost). The unrealized gain on these was Rs 2.7b. The same is not reflected in our P/L. The XIRR of these investments (since inception) is ~25% & is significantly higher than the 7-9% post tax returns earned prior to the shift in capital allocation two years back. This validates the demonstrated long term performance track record of our time-tested QGLP investment philosophy
- Our investments in our alternative investment products are Rs 2.3b. The 1st Growth fund, which is in exit mode, has returned close to 2 times till date. The portfolio gains booked in 1HFY17 were Rs 286m; of which Rs 62m was booked in 2QFY17
- Both these commitments have helped “seed” these new businesses by investing in highly scalable opportunities & also represent highly liquid “resources” available to use for future investments, if required.

5. In line with its goal to achieve 20%+ ROE, consolidated ROE for the Group for 1HFY17 was 24% annualized (without unrealized gains on mutual funds of Rs 2.7 billion). Within this, Housing Finance was 15% annualized, Asset and Wealth Management business was 272% annualized, Capital Markets was 36% annualized and Fund based business was 4% annualized (without unrealized gains on mutual funds).

Outlook

To sum up, the investments we made into critical resources since the last 2 years are now bearing fruit. Each one of our businesses is now delivering healthy growth in topline along with a visible improvement in profitability. The impact of operating leverage is becoming visible. This quarter’s profits were the highest clocked by the Group. We have established a strong competitive positioning in each business, and we believe that they have the potential to build even further scale. We remain on course in building a fair mix of financial services businesses & this gives us the confidence to deliver a sustainable 20%+ RoE, going forward.

We are now open for Q&A!

1. Capital Market Businesses

Retail Broking & Distribution, Institutional Broking

KEY FINANCIALS: MOSL (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Total Revenues	1,877	1,406	34%	1,877	1,505	25%	3,382	2,715	25%	5,496
EBITDA	571	384	49%	571	497	15%	1,068	744	43%	1,485
PBT	349	225	55%	349	316	10%	665	477	39%	794
PAT	235	155	51%	235	241	-3%	475	353	35%	605

To grow the network on the distribution side, would you expand in various cities via the franchise route only or do you plan to have your own office space too?

We have a healthy mix of both models. Our own branches are located in few large cities. We will grow them by adding more salesforce out of the existing branches, so as not to add too much of physical cost. Franchises will also continue to expand as a business model. Both channels will complement each other and help penetrate into the hinterland.

Investment Banking

KEY FINANCIALS: INVESTMENT BANKING (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Total Revenues	202	76	167%	202	91	123%	293	126	133%	249
EBITDA	82	32	160%	82	39	111%	121	26	369%	32
PBT	81	28	186%	81	37	118%	118	19	512%	19
PAT	51	19	161%	51	32	59%	83	14	509%	8

2. Asset & Wealth Management Businesses

Asset Management

KEY FINANCIALS: ASSET MANAGEMENT (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
AUM (Bn)	150	91	64%	150	123	22%	150	91	64%	105
Net Inflows (Bn)	11	21	-48%	11	9	23%	19	33	-41%	52
Total Revenues	748	482	55%	748	584	28%	1,332	786	69%	1,852
EBITDA	140	87	60%	140	132	6%	271	139	96%	364
PBT	138	83	66%	138	130	6%	268	133	102%	354
PAT	92	70	31%	92	84	9%	176	120	47%	264

What is the split of the Rs 150 billion AUM into MF, PMS, AIF, etc? Are there any plans to launch new funds? Is the Rs 30 billion of PE AUM separate from this?

It is roughly 50 – 50. PMS is about Rs 78 billion, and the rest is mainly mutual funds. We have also launched an AIF product, and have drawn Rs 2 billion out of Rs 6 billion commitment. Regarding new funds, there may be something coming up in future. This Rs 150 billion AUM is entirely public equity AUM. The AIF is launched within that, for public market equities. The Rs 30 billion PE AUM is separate from this. So, the total AUM across public equities and private equity is Rs 180 billion.

Is this AIF commitment of Rs 6 billion earning income right now?

It is on a draw-down basis, which is Rs 2 billion as of now. The 2nd draw-down of another Rs 2 billion will happen soon. And the 3rd would be by March.

What has been the ad-spends? Going forward, do you plan to maintain the ad-budget at this number? Would you guide a percentage?

Motilal Oswal AMC is becoming a brand now. So we have to push harder in terms of marketing budgets and active engagement with many channels. Each business has a certain advertising to topline ratio. The newer businesses, which are now scaling up, would see percentages slightly on the higher side.

Private Equity

KEY FINANCIALS: PRIVATE EQUITY* (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Total Revenues	129	104	25%	129	87	49%	216	211	2%	466
EBITDA	29	41	-29%	29	29	-2%	58	72	-19%	152
Exceptional Item	400	0	nm	400	103	287%	503	(0)	nm	0
PBT	427	37	1047%	427	131	225%	559	65	763%	143
PAT	338	29	1077%	338	121	179%	459	51	796%	104

Exceptional Item includes revenue from share in profit on sale of investments (carry share) made in the 1st PE growth fund

Wealth Management

KEY FINANCIALS: PRIVATE WEALTH MANAGEMENT (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
AUM (Bn)	86	50	70%	86	74	16%	86	50	70%	64
Net Inflows (Bn)	5	1	311%	5	5	-7%	10	9	15%	16
Total Revenues	174	105	66%	174	154	13%	328	192	71%	444
EBITDA	52	37	43%	52	36	46%	88	58	50%	139
PBT	46	28	62%	46	28	64%	74	49	52%	109
PAT	31	18	69%	31	19	64%	50	32	59%	71

The Wealth AUM of Rs 86 billion is separate from the AMC AUM, right?

Wealth AUM is separate from AMC AUM. But Wealth also distributes AMC products like PMS. So to that extent, the assets that Wealth distributes will overlap with AMC.

3. Housing Finance Business

Aspire Home Finance

KEY FINANCIALS: ASPIRE HOME FINANCE (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Sanctions (Bn)	8	6	37%	8	6	24%	14	8	67%	24
Disbursements (Bn)	7	4	51%	7	5	39%	11	6	78%	18
Loan Book (Bn)	31	10	210%	31	25	23%	31	10	210%	21
Gross NPL%	0.3%	0.0%		0.3%	0.2%		0.3%	0.0%		0.2%
Net Interest Income (NII)	322	81	299%	322	217	48%	539	134	303%	476
Other Income	279	150	86%	279	175	59%	455	212	115%	644
Total Income	601	230	161%	601	393	53%	994	345	188%	1,120
Operating Profit (Pre-Prov.)	375	152	147%	375	225	66%	600	208	188%	688
PAT	227	95	138%	227	134	69%	361	129	180%	400

How is the business in the first 10 branches? Are they still doing loans at 13 – 14% rate or have you introduced slightly lower rate products in those old branches?

The core business model remains unchanged, be it for old branches or newer branches. As a strategy, we have set up a branch in one place, and as that branch builds up scale, we de-congest it. So it helps us penetrate the geography better. The run rate of some of the older geographies which we have de-congested remains the same, but they may be growing in the other branches. For example, we had 2 branches in Pune originally, and now we have 12 branches. Each of them is scaling up to the potential of that region.

Many HFCs, after penetrating their geographies well in the first 2-3 years, often start a LAP product so that the overall yield is maintained because volume growth becomes incrementally difficult after the first 3-4 years? Do you have such plans?

We have not seen any pressures to either lower the yields or to do something different. We see enough opportunity to continue doing what we have been currently doing. We do not plan to go into LAP, etc because for us, the growth is coming. The 1st phase of growth came from penetrating the 3 states we are present in currently. The next phase is coming from decongesting those branches and going deeper. Next we plan to enter 3 – 4 more states, and so the next phase of growth will come from there. So first going deep, and then going wide, is giving us the growth without diluting any of our offerings.

Have you done any assessment recently on the overall health of the portfolio?

The business keeps looking at it from several parameters, including the buckets of seasoning and any early warnings. We have been pretty satisfied with what we have seen, including in the old book and the underwriting of the new loans. As of now, the operations and governance aspects remain strong.

What is the aspiration in terms of timeline to achieve a 25% RoE in this business?

The business is expanding in terms of branches and states right now. Hence, the cost to income ratio is elevated. We also expect to see some upgrades in the ratings over the next 1 – 2 years, which will help us bring down cost of funds. Gearing is also not at the optimal level. These are the 3 drivers through which we are hoping to get to this RoE level over the next few years.

Would you continue to fund Aspire internally, or will you look for outside capital?

As of now, we are funding it internally. For the year ending March 2017, Aspire is fully funded based on the infusion of Rs 2 billion made in the first half of the year. Given the rising cash flows of the parent company, we will continue to make investments in Aspire. This is apart from committing 100% of the cash flow of Aspire itself for its own growth needs, without any distribution of its profits as dividends to the parent. So 100% of Aspire's profit plus additional capital commitment from the parent is what will drive the growth in Aspire as it expands into new states in the second half of the year.

At what valuation has the Rs 2 billion capital infused in H1 FY17 come at?

We have, till date, infused all money at book value of the company which is near par.

What would be the maximum debt-equity ratio in Aspire? For every Rs 100 of incremental loans, how much needs to be funded out of debt?

At this stage of our evolution and rating level, the agencies are comfortable with 6 – 8x leverage. As our rating improves, scale improves and seasoning of the book improves, our ability to increase this gearing in line with the other HFCs will go up.

What are the incremental yields now?

Our yields have maintained at ~13.4%, which has been fairly constant since inception.

What does the liability mix comprise of?

Yes. Basically, there are 2 main sources other than short term commercial papers. One is NCDs which we raised on private placement basis from institutions. The other are term loans from banks. These are the 2 primary liability engines for Aspire, as of now.

When can Aspire access NHB funding?

NHB normally takes 3 full audited balance sheets, only after which it sanctions lines. Since we are completing 3 years now, we should be able to approach them.

Has MOFS given any corporate guarantee to the lenders of Aspire? Wouldn't it help to leverage on the parent's goodwill to improve Aspire's credit rating and eventually, its cost of funds?

We had given certain comfort letters, but no guarantees have been given by the parent for any of the loans raised by Aspire, right from the very beginning. Incrementally, all the borrowings from 1st April 2016 are also without any comfort letter by the parent.

The credit rating of Aspire currently does factor in the comforts of capital infusion from the parent, the fact that the parent has an unblemished track record in terms of gearing and repayments to the banking system, as well as the experience of the team. All these factors, apart from the brand equity of the parent, have gone into the credit rating.

Do we have any plans to raise NCDs?

We are already raising NCDs on private placement basis. As of now, our balance sheet is not so large to go for big-bang retail raising of NCDs. As we grow in size, that option is also available to us.

Is there any concern with the schemes which NHB floats wherein they give loans at lucrative interest rates to people, who otherwise would have got it at higher rates?

We have not experienced any transfers to these lower yielding single digit interest rate loans from our book yet. The quantum of these loans is negligible in the context of the demand for low-ticket affordable housing loans. Most of these are unbanked customers and their banking habits are yet to evolve. To give loans at single-digit rates and yet, manage collections through the loan's duration, will be very challenging for any HFC.

4. Fund-based Business

KEY FINANCIALS: MOFSL Standalone (Rs Mn)

	Q2 FY17	Q2 FY16	CHG. YoY	Q2 FY17	Q1 FY17	CHG. QoQ	6M FY17	6M FY16	CHG. YoY	FY16
Total Revenues	681	403	69%	681	370	84%	1,051	597	76%	1,109
EBITDA	636	322	97%	636	314	103%	950	471	101%	910
Exceptional Item	29	0	nm	29	8	242%	37	0	Nm	0
PBT	549	236	133%	549	203	170%	752	278	170%	535
PAT	569	236	141%	569	179	219%	748	252	197%	465

Exceptional items in this quarter includes share in profit on sale of investments (carry share) made in the 1st PE growth fund, as well as the impact of a write-off on account of doubtful NPA

Regarding the LAS book of Rs 2.6 billion, is there any internal cap on this? Is this run from borrowed funds?

This is more like a product to our existing broking clients to facilitate them, since it is difficult to hold large clients in broking side unless some financial support is extended. There is no cap but we are conservative about growing. Its not a very scalable product.

It is run out of borrowed funds, as per our company's principle of capital location - equity for equity and debt for debt. So if we invest in equity, it will come from equity, and if we offer a lending product based on spreads, it will come from debt.

5. Others

Is there minority interest in any of the businesses? What would be the fully diluted equity, if one were to put all options, etc into the 143 million outstanding shares?

We have it in private equity business. 15% is held by the management team. Even in AMC, there will be some to the team. These are all ESOP plans, and they all eventually converge into MOFSL stocks after converted. The impact will be insignificant. These are very long dated options based on the performance of those companies. Most of the conversions have been at a valuation which will not be EPS dilutive, since they swap from profit to profit. Even in the past, the investment banking swap landed up being non EPS dilutive.

What is the medium term outlook on the RoE? Is there any business you want to concentrate more on for the growth part?

Actually we have excess capital. The challenge is to grow the numerator, i.e. the net profit, faster than the net worth unless we pay out significantly. Incidentally, we have given a payout policy of about 25-35%, with a rising dividend every year. Broking and AMC business have a literally infinite RoE. The HFC business can suck all the capital and give only 20-25%. It is too early to say how the weighted average will work out, but we would like to see an upward of 20-25% ROE on a sustainable basis. But we are not

booking anything now on half the balance sheet. About 47% of the balance sheet is equity based treasury investments and we have not booked profits there. If one were to include that, the RoE may work out to about 39-40% as of now.

Any changes planned in the business mix or will it remain on same parameters?

We are not entering any new business right now. In fact, we are nowhere near #1 in our new businesses, so the immediate challenge is to scale up all those businesses with profitable market share, and reach to the Top-2 or 3 over the next 5 – 7 years.

Any plans to be in the life insurance business?

There is no plan to be in life insurance business. We have our plates full with the verticals which we are in. The growth opportunities there are literally unlimited. It is a conscious decision not to go into a totally new business at this particular juncture.



INVESTOR UPDATE

Motilal Oswal Financial Services reports Q2FY17 Consolidated Revenues of Rs 4.6 billion, up 71% YoY; and PAT of Rs 1.0 billion, up 134% YoY

Mumbai, Oct 26, 2016: Motilal Oswal Financial Services Ltd., a leading financial services company, announced its results for the quarter ended Sep 30, 2016 post approval by the Board of Directors at a meeting held in Mumbai on Oct 26, 2016.

Performance Highlights

Rs Million	Q2FY17	Q2FY16	YoY Change	Q1FY17	QoQ Change
Revenues	4,608	2,692	↑71%	3,650	↑26%
PBT	1,486	590	↑152%	1,063	↑40%
PAT	1,016	434	↑134%	792	↑28%
Diluted EPS - Rs (FV-Rs 1)	7.0	3.0		5.5	

Performance for the Quarter ended Sep 30, 2016

- Consolidated revenues were Rs 4.6 billion in Q2FY17, up 71% YoY. It was Rs 8.3 billion in H1FY17, up 72% YoY
- Every business has fired in terms of revenue growth during the quarter. Housing finance was up 222% YoY, Asset management fee was up 48% YoY & Capital market businesses (broking & investment banking) were up 46% YoY
- Full exit of the 1st growth capital PE fund, IBEF I, would also be a meaningful contributor in FY17/18
- Consolidated PAT was Rs 1.0 billion in Q2FY17, up 134% YoY. It was Rs 1.8 billion in H1FY17, up 152% YoY
- Q2FY17 included exceptional items, which comprised of share in profit on sale of investments (carry share) made in the 1st PE growth fund, as well as the impact of write-off on account of doubtful NPA. PAT impact of carry share was Rs 627 million in H1FY17; of this Rs 372 million was earned in Q2FY17
- Impact of operating leverage is becoming visible, as PAT Margin improved to 22% in Q2FY17 from 16% in Q2FY16
- Balance sheet had net worth of Rs 16 billion & gross borrowings of Rs 47 billion (including Aspire), as of Sep 2016
- ROE for Q2FY17 was 26% on reported PAT vs 13% in Q2FY16. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 2.7 billion, as of Sep 2016)

Speaking on the performance of the company, Mr. Motilal Oswal, CMD said.

“Each one of our businesses delivered robust revenue growth this quarter as compared to the previous year, as

our investments into critical resources are now bearing fruit. Our business volumes, asset mobilization, market share and client addition have seen visible improvement. Our profits this quarter were the highest-ever quarterly profits for the Group, and our ROE for the quarter is double as compared to the same quarter last year. With diversification of business lines, contribution of Capital Markets businesses (Broking and Investment Banking) to overall profits has been coming down since the last couple of years. It was ~26% in H1FY17 vs ~62% in FY15. Contribution of Asset & Wealth Management was up from ~14% in FY15 to ~47% in H1FY17. Housing Finance contributed ~19% in H1FY17, while Fund based business comprised another ~8%. We have built strong a competitive positioning in each of our businesses and we are very excited about the scalability of our Asset Management and Housing Finance businesses and the potential returns from the Capital Market business and Fund based business”

Performance of Business Segments for the Quarter ended Sep 30, 2016

- **Capital markets Businesses** (broking & investment banking) are showing results following investments
 - **Broking & related revenues** were Rs 1.9 billion in Q2FY17, up 39% YoY. During Q2FY17, MOSL's revenue was up 34% YoY & 25% QoQ. PAT was up 51% YoY & flattish on QoQ basis. Q1FY17 included profit on sale of mutual funds of Rs 77 million. Excluding this, the operating PAT in Q2FY17 was up 43% QoQ. Proactive investments into manpower, brand & technology have driven a meaningful traction in our business, & our overall equity market share has risen 1.8% in Q2FY16 to 2.2% in Q2FY17
 - In **retail broking & distribution**, our investments into sales, advisory & technology are bearing fruit now. During the quarter, our monthly addition of retail clients was up 69% YoY, our retail market share improved in cash & F&O on YoY basis, & DP AUM was up by 52% YoY. Our tech-platforms evinced increased interest, & online business was ~41% of our retail volumes in Q2FY17, up from ~27% in Q2FY16. Mobile app comprised ~8% of business in Q2FY17 & it has been steadily rising. Our vast network of 2,200+ outlets is being leveraged to deepen product-penetration. Financial products AUM was up 64% YoY, & this will help build a sustainable annuity revenue stream
 - In **institutional broking**, the 12th Annual Global Investor Conference was one of the biggest format events in this industry. It saw participation from 120+ companies & 750+ global investors, resulting in 4,000+ corporate investor meetings. Share of Blocks has steadily increased in our institution volumes
 - **Investment banking** fees were Rs 202 million in Q2FY17, up 177% YoY. Our ECM business has gained definite momentum in recent quarters with deal closures & revenue growth. We successfully closed a QIP, IPO, OFS & Buy back in Q2FY17. Key transactions include Rs 7.5 billion QIP of Bharat Financial Inclusion, Rs 2.4 billion IPO of SP Apparels & OFS of Igarashi Motors Ltd. Lower growth in PAT as compared to the topline is attributable to higher personnel cost provisions during Q2FY17. We are optimistic on the growth prospects for this business
 - Capital markets businesses contributed ~45% of revenues in Q2FY17, as compared to ~52% in Q2FY16
- **Our asset and wealth management businesses have seen strong business traction**
 - Total AUM/AUA across asset management & private equity businesses was Rs 181 billion, up 59% YoY. Wealth management AUM was Rs 86 billion, up 70% YoY
 - In **asset management**, our AUM across mutual funds, PMS & AIF was Rs 150 billion. In Q2FY17, revenue was up 28% QoQ but EBITDA was up only 6% QoQ. This was due to an incremental Rs 42 million spent in advertising. We are methodically building our positioning as “equity specialists” with our QGLP philosophy, which has consistently delivered on performance. Our rank in Equity AUM improved to 11 as of Q2FY17 vs 18 in FY14. Our market share in Equity MF Average AUM was ~1.3% in H1FY17. Importantly, our market share in Equity MF Net Sales was significantly higher at ~4%. Our overall net inflows remained strong at ~Rs 11

billion in Q2FY17 vs ~Rs 8.7 billion in Q1FY17, as we deepened existing distributor relationships & added few large distributors. Our new AIF platform mobilized a commitment of Rs 6 billion, with a drawdown of Rs 1.96 billion as of 30 Sep 2016. Our new Dynamic Equity Fund raised Rs 3.3 billion in its offer period. We are tapping global pools of capital with our offshore business initiatives, which is underway with the launch of Motilal Oswal India Fund

- In **private equity**, we manage an AUM of Rs 30 billion across 2 growth capital PE funds & 3 real estate funds. The PE business has demonstrated high profitability & the RE business has shown significant scalability. We expect these attributes to continue, going ahead. The 1st growth fund, IBEF I, has seen 6 full-exits & 2 partial exits in 2 companies, translating into ~201% capital returned (INR). It is in advanced stages for 1 exit in the coming months, which may allow it to return an additional ~14% capital. It is likely to deliver a gross multiple of ~3.5X. The 2nd growth fund, IBEF II, has committed ~89.5%, after raising commitments from marquee institutions. The 1st real estate fund, IREF I, has seen full/partial exits from 6 projects, translating into ~86% capital returned. The 2nd real estate fund, IREF II, has committed ~96% across developers. The 3rd real estate fund, IREF III, is in fundraise stage with an AUM target of Rs 12.5 billion. It announced its 2nd close & raised commitments of ~Rs 8.5 billion. It has committed ~27% from the fund
- Asset Management fee (asset management & private equity together) were Rs 854 million in Q2FY17, up 48% YoY. This contributed ~19% of consolidated revenues this quarter, as compared to ~21% in Q2FY16
- In **Wealth management**, the traction in RMs from 64 to 82 YoY, led to a 70% YoY growth in AUM & a 21% YoY rise in client families. We have seen good traction in deepening of client wallet-share & product penetration. We enjoy a high yield, due to the higher share of equity & real estate products in our AUM. This business offers enormous scope for scalability as it builds synergies with the Group's other businesses to deepen its reach
- **Housing finance**, has shown traction in assets & liabilities, while maintaining risk & operational parameters
 - **Housing finance** related income was Rs 1.5 billion in Q2FY17, up 222% YoY
 - On the assets side, the loan book was Rs 30.7 billion, up 210% YoY. It has funded ~32,000 families so far
 - Disbursements for Q2FY17 were Rs 6.7 billion vs Rs 4.4 billion in Q2FY16, up 51% YoY. Disbursements in H1FY17 stood at Rs 11.5 billion vs Rs 6.4 billion in H1FY16, up 78% YoY
 - The traction in the book is in line with the strategy of deepening our network in existing geographies. The branch count was 74 as of Sep 2016, up 100% YoY
 - On the liabilities side, it had credit lines from 25 banks & 1 NBFC vs 11 a year ago. Approx 61% of borrowings are from the capital markets. The ratings of Crisil A+/Stable & ICRA AA- (Stable) augur well for future fund-raise
 - Cumulative capital infusion by sponsors till-date is Rs 5 billion. The total infusion in H1FY17 was Rs 2 billion. The strong liquidity in the Group's balance sheet (~Rs 8.8 billion) allows us to fund investments in Aspire Home Finance
 - As of Q2FY17 on an annualized basis, our ROA was 3.6%, ROE was 17%, GNPL was 0.3%, NIM was ~418 bp & D/E ratio was 6.0x
 - PAT for Q2FY17 was Rs 227 million vs Rs 95 million in Q2FY16, up 138% YoY. PAT for H1FY17 was Rs 361 million, as compared to Rs 400 million in fiscal year FY16
 - Housing Finance contributed ~32% of consolidated revenues this quarter, as compared to ~17% in Q2FY16.
- **Fund based activities** includes sponsor commitments to our AMC & PE funds, and NBFC LAS book.
 - **Fund based** income was Rs 194 million in Q2FY17, down 21% YoY
 - Our investments in Motilal Oswal's mutual funds (at cost) stood at Rs 6.1 billion. The unrealized gain on these was Rs 2.7 billion. The same is not reflected in the P/L. The XIRR of these investments (since inception) is

~25% & is significantly higher than the 7-9% post tax returns earned prior to the shift in capital allocation two years back. This validates the demonstrated long term performance track record of our QGLP investment philosophy

- Our investments in Motilal Oswal's alternative investment products stood at Rs 2.3 billion. The 1st Growth fund, which is in exit mode, has returned close to 2 times till date. The portfolio gains booked in H1FY17 were Rs 286 million; of which Rs 62 million was booked in Q2FY17
- Both these commitments have not only helped “seed” these new businesses by investing in highly scalable opportunities, but they also represent highly liquid “resources” available to use for future investments, if required.
- NBFC LAS lending book was Rs 2.6 billion, as of Sep 2016, which is run as a spread business
- **Other income** was Rs 18 million in Q2FY17
- **In line with its goal to achieve 20%+ ROE**, consolidated ROE for the Group for H1FY17 was 24% annualized (without unrealized gains on mutual funds of Rs 2.7 billion). Within this, Housing Finance was 15% annualized, Asset and Wealth Management business was 272% annualized, Capital Markets was 36% annualized and Fund based business was 4% annualized (without unrealized gains on mutual funds).

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 Securities won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards for the 5th 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 AsiaMoney 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.

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MOTILAL OSWAL FINANCIAL SERVICES LIMITED
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CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED 30TH SEPTEMBER, 2016

(Rs. in Lakhs)						
Particulars	Quarter Ended (Unaudited)			Half year Ended (Unaudited)		Year Ended (Audited)
	30-Sep-16	30-Jun-16	30-Sep-15	30-Sep-16	30-Sep-15	31-Mar-16
1. Income from Operations						
(a) Income from Operations	37,493	30,831	23,097	68,324	42,074	93,081
(b) Other Operating Income	5,994	4,270	2,834	10,264	4,688	12,542
Total Income from Operations	43,487	35,101	25,931	78,588	46,762	105,623
2. Expenditure						
(a) Operating expense	9,146	7,107	6,521	16,253	11,265	23,321
(b) Employees' benefit expense	9,399	6,867	5,740	16,266	11,565	25,095
(c) Depreciation and amortisation expenses	811	732	835	1,543	1,600	3,494
(d) Other expenditure	4,884	3,963	4,243	8,847	7,869	16,322
Total expenses	24,240	18,669	17,339	42,909	32,299	68,232
3. Profit from Operations before Other Income, finance cost & Exceptional Items (1-2)	19,247	16,432	8,592	35,679	14,463	37,391
4. Other Income	2,344	1,078	694	3,422	758	2,441
5. Profit from Ordinary Activities before finance cost & Exceptional Items (3+4)	21,591	17,510	9,286	39,101	15,221	39,832
6. Finance Cost	11,264	8,318	3,678	19,582	5,942	17,377
7. Profit from ordinary activities after finance cost but before Exceptional Items (5-6)	10,327	9,192	5,608	19,519	9,279	22,455
8. Exceptional Items - (Expense)/Income (Refer Note 7)	4,286	1,116	-	5,402	8	-
9. Profit from Ordinary Activities before tax (7-8)	14,613	10,308	5,608	24,921	9,287	22,455
10. Tax expense	3,986	2,363	1,401	6,349	2,357	6,122
11. Net Profit from Ordinary Activities after tax but before Share of Profit from Associate and Minority Interests (9-10)	10,627	7,945	4,207	18,572	6,930	16,333
12. Share of Profit of Associate (Net of taxes)	158	206	189	364	355	831
13. Share of minority interests in (profits)/ loss	(631)	(234)	(55)	(865)	(106)	(255)
14. Net Profit after tax and Share of Profit from Associate and Minority Interests (11+12-13)	10,154	7,917	4,341	18,071	7,179	16,909
15. Paid-up equity share capital (Face Value of Re. 1/- Per Share)	1,435	1,429	1,417	1,435	1,417	1,422
16. Reserves excluding Revaluation Reserves	-	-	-	-	-	142,229
17. Earnings Per Share (EPS) (before/after Extraordinary items) (of Re. 1/- each) (Not Annualised)						
a) Basic EPS (In Rs.)	7.09	5.54	3.07	12.65	5.07	11.94
b) Diluted EPS (In Rs.)	7.02	5.48	3.02	12.50	4.99	11.74

Notes:

- The above results were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its Meeting held on Wednesday 26th October, 2016. The results for the quarter and half year ended 30th September, 2016 have been reviewed by the Statutory auditors of the Company.
- Pursuant to the exercise of Employee Stock Option Scheme, the company has allotted 5,67,050 and 12,99,900 equity shares to the employees during the quarter and half year ended 30th September, 2016 respectively.
- The consolidated results of the Company include the results of the subsidiaries – Motilal Oswal Securities Limited (100%), Motilal Oswal Investment Advisors Private Limited (100%), MOPE Investment Advisors Private Limited (85%), Motilal Oswal Commodities Broker Private Limited (100%), Motilal Oswal Capital Markets Private Limited (100%), Motilal Oswal Wealth Management Limited (100%), Motilal Oswal Insurance Brokers Private Limited (100%), Motilal Oswal Asset Management Company Limited (100%), Motilal Oswal Trustee Company Limited (100%), Motilal Oswal Securities International Private Limited (100%), Motilal Oswal Capital Markets (Singapore) Pte. Ltd (100%), Motilal Oswal Capital Markets (Hongkong) Private Limited (100%), Motilal Oswal Real Estate Investment Advisors Private Limited (76.49%), Motilal Oswal Real Estate Investment Advisors II Private Limited (68.81%), Aspire Home Finance Corporation Limited (96.90%), India Business Excellence Management Co (85.00%), 'Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (100%) and an Associate India Realty Excellence Fund II - (i.e. IREF II).
- During the quarter and half year ended, one of the subsidiary, Aspire Housing Finance Corporation Ltd has issued 8,76,42,525 Equity Shares Of Rs.11.41 each aggregating to Rs.10,000.01 Lakhs and 17,67,85,224 Equity shares of Rs.11.41 each aggregating to Rs.20,171.19 Lakhs respectively by way of right issue.
- During the quarter, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of Rs. 25,000 Lakhs of Motilal Oswal Financial Services Limited. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of Rs. 70,000 Lakhs of Motilal Oswal Securities Limited, a subsidiary of the Company. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.
- The group long term investments in Motilal Oswal's mutual fund products stands at Rs. 60,718 Lakhs as of 30th September, 2016 as against Rs. 60,404 Lakhs as of 31st March, 2016. The unrealized gain on these investments is Rs. 27,282 Lakhs as of 30th September, 2016 as against Rs. 11,698 Lakhs as of 31st March 2016. The long term investments are valued at cost and hence it is not reflected in the profit and loss account for the half 30th September 2016 and year ended 31st March 2016 respectively.
- The total Exceptional Items during the quarter and half year ending 30th September 2016 is Rs.4,286 Lakhs and Rs. 5,402 Lakhs respectively comprising of Share in Profit on sale of investments made in India Business Excellence Funds of Rs. 5,074 Lakhs and Rs. 8,189 Lakhs respectively and Write-off on account of Doubtful Non-performing assets of Rs. 788 Lakhs and Rs. 2,788 Lakhs respectively.

8) Consolidated segment results for the quarter and half year ended 30th September 2016

Particulars	(Rs. in Lakhs)					
	Quarter Ended (Unaudited)			Half year Ended (Unaudited)		Year Ended (Audited)
	30-Sep-16	30-Jun-16	30-Sep-15	30-Sep-16	30-Sep-15	31-Mar-16
1. Segment Revenue						
(a) Broking & Other related activities	20,873	15,597	14,809	36,470	27,740	56,959
(b) Fund Based activities	2,684	5,150	4,740	7,834	8,179	15,531
(c) Asset Management & Advisory	9,014	6,792	6,054	15,806	10,400	23,687
(d) Asset Management & Advisory (Exceptional items)	7,515	3,841	0	11,356	0	-
(e) Investment Banking	2,022	840	757	2,862	1,258	2,483
(f) Home Finance	14,702	10,028	4,576	24,730	6,644	22,051
(g) Unallocated	376	395	203	771	287	774
Total	57,186	42,643	31,139	99,829	54,508	121,485
Less: Inter Segment Revenue	3,376	2,519	4,213	5,895	6,424	12,115
Income From Operations, Other Operating income & Other Income	53,810	40,124	26,926	93,934	48,084	109,370
2. Segment Results Profit / (Loss) before tax and interest from Each segment						
(a) Broking & Other related activities	5,197	3,556	1,613	8,753	3,974	10,045
(b) Fund Based activities	1,160	3,086	2,942	4,246	4,430	8,588
(c) Fund Based activities (Exceptional items)	(788)	(2,000)	-	(2,788)	-	-
(d) Asset Management & Advisory	1,583	1,446	1,153	3,029	1,887	4,457
(e) Asset Management & Advisory (Exceptional items)	5,074	3,116	0	8,190	0	-
(f) Investment Banking	807	310	303	1,117	232	253
(g) Home Finance	4,212	2,956	1,330	7,168	1,821	6,157
(h) Unallocated	(969)	(690)	(720)	(1,659)	(1,379)	(2,313)
Total	16,276	11,780	6,621	28,056	10,967	27,187
Less: Interest	1,413	1,149	710	2,562	1,115	3,428
Profit/(Loss) from Ordinary Activities before Tax	14,863	10,631	5,911	25,494	9,850	23,759
3. Capital Employed						
(Segment assets – Segment Liabilities)						
(a) Broking & Other related activities	97,596	67,058	58,878	97,596	58,878	46,197
(b) Fund Based activities	89,884	92,955	105,886	89,884	105,886	90,321
(c) Asset Management & Advisory	5,080	5,905	3,920	5,080	3,920	4,739
(d) Investment Banking	1,709	771	601	1,709	601	277
(e) Home Finance	56,964	45,390	18,548	56,964	18,548	34,748
(f) Unallocated	(87,802)	(59,556)	(48,694)	(87,802)	(48,694)	(32,631)
Total	163,431	152,523	139,139	163,431	139,139	143,651

Notes:

The above Segment information is presented on the basis of the reviewed consolidated financial statements. The company's operations predominantly relate to Broking and other related activities, Fund Based activities, Asset Management & Advisory, Investment banking and Housing Finance. In accordance with Accounting Standard - 17 on Segment reporting, Broking and other related activities, Fund Based activities, Asset Management & Advisory, Investment banking and Housing Finance are classified as reportable segments. The balance is shown as unallocated items.

9) Statement Of Assets & Liabilities (Consolidated)

Particulars	(Rs in Lakhs)	
	As on	
	Unaudited 30-Sep-16	Audited 31-Mar-16
A. EQUITY AND LIABILITIES		
1. Shareholder's Fund		
a) Share Capital	1,435	1,422
b) Reserves and Surplus	161,996	142,229
Sub-total - Shareholders' funds	163,431	143,651
2. Share Application Money pending for allotment	-	1
3. Minority Interest	2,654	1,615
4. Non-current liabilities		
a) Long Term Borrowings	339,142	170,000
b) Deferred tax liabilities (net)	1,139	622
c) Other long term liabilities	258	310
d) Long-term provisions	2,416	1,695
Sub-total - Non-current liabilities	342,955	172,627
5. Current liabilities		
a) Short term borrowings	89,787	67,450
b) Trade payables	91,665	64,853
c) Other current liabilities	64,196	51,503
d) Short-term provisions	9,988	7,358
Sub-total - Current liabilities	255,636	191,164
TOTAL - EQUITY AND LIABILITIES	764,676	509,058
B. ASSETS		
1. Non-current assets		
a) Fixed assets		
(i) Tangible Assets	26,771	28,464
(ii) Intangible Assets	837	751
b) Non-current investments	129,158	105,551
c) Long-term loans and advances	304,597	207,756
d) Other non-current assets	10,868	10,324
Sub-total - Non-current assets	472,231	352,846
2. Current assets		
a) Current investments	79,639	17,555
b) Inventories	0	0
c) Trade receivables	111,756	70,991
d) Cash and bank balances	52,233	28,667
e) Short-term loans and advances	46,587	38,343
f) Other current assets	2,230	656
Sub-total - Current assets	292,445	156,212
TOTAL - ASSETS	764,676	509,058

10) The previous financial Quarters / Half year / Year figures have been regrouped/rearranged wherever necessary to make them comparable.

On behalf of the Board of Directors
Motilal Oswal Financial Services Limited

Mumbai, 26th October, 2016
shareholders@motilalosal.com

Motilal Oswal
Chairman & Managing Director

