Motilal Oswal Financial Services

ConCall Summary & Earnings Release

Quarter & Year ended Mar 2017

02 May 2017

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of Rs 18.2 billion for FY17, +66% YoY. This was Rs 5.4 billion in 4QFY17, +69% YoY. PAT was Rs 3.6 billion for FY17, +113% YoY. This was Rs 0.9 billion in 4QFY17, +91% YoY. Broking-related revenue (broking & wealth management) was Rs 6.6 billion in FY17, +30% YoY. This was Rs 1.8 billion in 4QFY17, +41% YoY. Asset management revenue was Rs 3.8 billion in FY17, +68% YoY. This was Rs 1.3 billion in 4QFY17, + 94% YoY. Housing finance-related revenue was Rs 5.7 billion in FY17, +160% YoY. This was Rs 1.7 billion in 4QFY17, + 87% YoY Investment banking income was Rs 0.9 billion in FY17, +254% YoY. It was Rs 0.4 billion in 4QFY17, +444% YoY. Fund-based revenue was Rs 1.2 billion in FY17, +4% 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 year ended Mar 2017. 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

Welcome to the Q4 FY17 earnings conference call of Motilal Oswal Financial Services Limited. We have with us Mr. Motilal Oswal, Chairman, Mr Raamdeo Agrawal, Joint Managing Director and Mr Navin Agarwal, Managing Director. 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)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Total Revenues	**5,370**	**3,169**	**69%**	**5,370**	**4,555**	**18%**	**18,183**	**10,937**	**66%**
EBITDA	2,559	1,423	80%	2,559	2,617	-2%	9,291	4,463	108%
Exceptional items	72	0	nm	72	0	nm	613	0	nm
PBT	1,375	676	103%	1,375	1,228	12%	5,152	2,376	117%
PAT	**902**	**472**	**91%**	**902**	**891**	**1%**	**3,600**	**1,691**	**113%**
EPS - Basic	6.3	3.3		6.3	6.2		25.1	11.9	
EPS - Diluted	6.2	3.3		6.2	6.1		24.9	11.7	
Shares O/S (mn) - FV	144	142		144	144		144	142	

REVENUE COMPOSITION (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Brokerage & operating income	1,780	1,264	41%	1,780	1,556	14%	6,617	5,088	30%
Investment banking fees	424	77.9	444%	424	148	187%	855	242	254%
Asset management fees	1,276	657	94%	1,276	960	33%	3,751	2,238	68%
Fund based income	172	250	-31%	172	351	-51%	1,174	1,127	4%
Housing finance related	1,696	908	87%	1,696	1,525	11%	5,705	2,195	160%
Other income	23	12	96%	23	15	48%	81	47	73%
Total Revenues	**5,370**	**3,169**	**69%**	**5,370**	**4,555**	**18%**	**18,183**	**10,937**	**66%**

Opening remarks

Good afternoon. It is my pleasure to welcome all of you to the Motilal Oswal Financial Services earnings call for the 4th quarter and year ended FY17. FY17 was the first year of visible impact of the changes we made in our business model two years ago. Each of our chosen area of business has built scale and improved profitability. The overall business model is moving towards annuity revenue sources. This, coupled with strong incremental shares, is driving visibility of earnings and growth. Our operating metrics remain strong. We achieved an ROE of 20%+ and believe this is sustainable. All our businesses offer huge headroom for growth, and we are well placed to capture the ensuing opportunities. During this call, I will share the performance of each of our businesses.

During FY17, our consolidated revenues were Rs 18.2b, +66% YoY. This was Rs 5.4b in 4QFY17, +69%YoY. Revenue growth in FY17 was led by Housing finance, +160% YoY & Asset Management, +68% YoY, followed by Capital Markets (broking, investment banking & wealth, up 40% YoY. The revenue mix is seeing diversification towards linear sources. 56% of our revenues in this year came from asset and Wealth Management business and the Home Finance business. This compares with 44% in the last year.

Consolidated PAT was Rs 3.6b in FY17, +113% YoY. This was Rs 0.9b in 4QFY17, +91% YoY. Every business contributed towards its growth in profit with Housing Finance profits up 103%; asset and wealth business profits up 237% and the Capital Market business profits 178% year-on-year. The contribution from the new businesses is now becoming visible with 57% of the profits in FY 2017 coming from the linear sources like asset and Wealth Management and Home Finance compared to 45% last year. This in turn compared with the Capital Market business contribution of 30% in FY 2017.

Significant investments have been made into manpower in broking (+72% from Mar-15) and housing finance (+115% YoY), advertising in asset management (+105% YoY) and housing finance branches (+135% YoY). Some of this was visible this year, with PAT Margin of 20% in FY17 vs. 15% in FY16. The full effect of operating leverage is yet to unfold

Consolidated net worth was Rs 18b, gross borrowing was Rs 51b and net borrowing was Rs 46b (including Aspire). Excluding Aspire, gross and net borrowings were Rs 13b and Rs 10b respectively. In line with our strategy to deliver a sustainable 20%+ ROE, our ROE for FY17 was 22% on the reported PAT vs. 12% in FY16. However, this does not include unrealized gains on investments in our mutual fund products, which was Rs 3.3b as of Mar 2017. Had this been included, then the ROE in FY17 would have been ~31%, much higher than the reported ROE of 22%

Balance sheet has strong liquidity, with ~Rs 9.8 billion as of Mar 2017 in near-liquid investments to fund future investments

The Board declared final dividend of Rs 3 per share, taking total dividend for FY17 to Rs 5.5 vs. Rs 3.5 for FY16. The dividend payout for FY17 was ~26%

1. **Starting with the Capital Market businesses**

Broking & related revenues (broking & wealth management) were Rs 6.6 billion in FY17, +30% YoY. This was Rs 1.8 billion in 4QFY17, +41% YoY. Market ADTO grew 35% YoY in FY17, with F&O +36% YoY and cash +23% YoY. Q4FY17 saw disproportionate high cash volumes in the market due to large-scale inter-promoter transfers. Our overall market share was 2.1% in FY17 vs. 2% in FY16, and our cash market share improved YoY. Given the continued shift in market volume to F&O, our blended yield in FY17 was 3.1 bps vs. 3.5 bps in FY16. The QoQ decline in MOSL PAT is due to higher provisioning for year-end employee bonus on the back of strong business performance in the year and lower treasury gains in Q4FY17. Some of the operating leverage from the investments in manpower (+72% from Mar-15), brand & technology is visible, as MOSL's PAT margin improved to 15% in FY17 vs. 11% in FY16. However, the full benefit of operating leverage is yet to unfold.

In Retail Broking & Distribution, our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution Net Sales were Rs 16 billion, +133% YoY, and AUM was Rs 44 billion, +147% YoY. With only 20% of the distribution network tapped, we expect a meaningful increase in AUM and fee income as cross-selling increases. Our efforts to improve sales productivity is bearing fruit, with over 60% of leads generated online. Online business continues to grow, reaching 45% of retail volumes in FY17 vs. 36% in FY16.

In Institutional Broking, blocks continued to gain solid traction within our volumes. We empanelled several FIIs this year. We were ranked in the Top-3 in Most Improved Brokerage and Events and Conferences at AsiaMoney 2016

Investment Banking saw a landmark year with all-time high revenues since inception. IB fee were Rs 0.9 billion in FY17, +254% YoY. It was Rs 0.4 billion in 4QFY17, +444% YoY. This business topped the FY17 India QIP league table ranking. It completed 10 ECM transactions in FY17 - its best ever performance in terms of number of deals and value of transactions.

Capital markets businesses contributed ~41% of revenues in FY17 vs. ~62% back in FY15. The contribution of capital markets in the PAT mix was ~30% in FY17 vs. ~62% back in FY15

2. Asset and Wealth management are nearing critical mass

Asset Management business across MF, PMS & AIF reached the milestone Rs 200 billion AUM mark this year. As we deepened distributor relationships, our Net Sales were Rs 57 billion in FY17, +10% YoY. The quarterly net flow in Q4FY17 was Rs 19 billion, +134% YoY. AUM was Rs 203 billion, +94% YoY. These Net Sales of Rs 57 billion in the context of the closing AUM of Rs 203 billion provides visibility of continued strong growth in AUM. Net yield was close to ~1% in FY17. Our QGLP philosophy continued to deliver on investment performance this year. Our 3 mutual funds complete their 3-year performance track record, which should enhance further participation from distributors. As of Mar 2017, ~14% of non-mutual fund AUM was performance-fee linked, and our target is to increase this further. Our rank in Equity AUM improved to 9 vs. 14 in FY15. As we scale up further, our ~1.3% market share in Equity MF AUM and ~3% market share in Equity MF Net Sales should converge. Advertising & marketing spends were Rs 182 million in FY17, +105% YoY, forming 13% of net revenue in FY17. This should boost brand-recall in the long term. Total costs ex-distribution sharing were Rs 654 million in FY17, +55% YoY. Significant investments in manpower (+48% from Mar-15) and advertising have been upfronted, which should help build operating leverage in the future. With financial savings to total savings in India rising from 31% in FY12 to 41% in FY16, the domestic market should continue to benefit from this shift towards financial assets. In offshore, which is 2X of institutionally managed equity assets in India, we are seeing initial interest in our offshore products

Private Equity manages an AUM of Rs 31 billion across 2 growth capital PE funds & 3 real estate funds. This business has delivered on profitability and scalability fronts. The 1st growth fund has returned ~209% capital so far, and it is estimated to deliver a gross multiple of ~3.5X. This means over half of the estimated profits are yet to be booked. Fundraising for IBEF III is expected to commence in FY18, and this is expected to be larger than the previous growth funds. The 3rd real estate fund raised commitments of ~Rs 9 billion so far

Asset Management fee (asset management and private equity) were Rs 3.8 billion in FY17,+68% YoY. This contributed ~21% of consolidated revenues in FY17 vs. 20% back in FY15. Contribution of Asset & Wealth Management in the Profit mix was ~35% in FY17 vs. ~14% back in FY15

Wealth Management business crossed the Rs 100 billion AUM mark. Net Sales were Rs 18 billion in FY17, +21% YoY, with a quarterly net flow in Q4FY17 of Rs 4 billion, +2% YoY. AUM was Rs 101 billion, +57% YoY. The Net Sales in the context of the closing AUM provides visibility of continued AUM growth. We enjoy a high yield of ~0.87% due to the higher share of equity & alternates in our AUM. A strong brand image helped attract quality RM talent.

3. **Housing Finance business:-**

Aspire Home Finance delivered on growth in assets, while maintaining critical risk & collections parameters

Housing finance income was Rs 5.7 billion in FY17, +160% YoY. This was Rs 1.7 billion in 4QFY17, +87% YoY

Disbursements were Rs 24 billion in FY17, +32% YoY, with quarterly disbursements in 4QFY17 of Rs 9.2 billion, +26% YoY. Our loan book ended FY17 at Rs 41 billion, +2X YoY. These disbursements in the context of the closing loan book provide visibility of continued growth in assets. Average yield held firm at ~13.4% on a YoY basis.

We expanded into 5 new states in Q4FY17 (i.e. Rajasthan, Karnataka, Andhra Pradesh, Tamil Nadu & Chattisgarh). Disbursements of the HFC industry in these 5 states was ~Rs 450 billion back in FY15, which gives an indication of the addressable market size. This is similar to the disbursements of the HFC industry in the existing 4 states (i.e. Maharashtra, Gujarat, Madhya Pradesh and Telangana). Our branch network increased from 51 to 120 during this year, with 32 branches in these new states

Our liability profile is well diversified. ~58% of borrowings were from NCDs and ~42% from bank loans. Average cost of borrowings raised cumulatively is ~9.4%, but it was lower at ~9% on the borrowings raised in FY17. As of Mar 2017, we had lines from 32 Banks, and NCDs were allotted to 22 institutions. These were 29 banks and 14 institutions last year. Our credit ratings are CRISIL A+ Stable and ICRA AA- We have kept gearing conservative, with the Debt/Equity ratio at 6X ‘

ROA for FY17 was ~2.6%, ROE was ~16.7%, and NIM was ~4.04%. GNPL was ~0.6%, as of Mar 2017

We have maintained steady operating metrics. The average ticket-size was Rs 0.90 million as of Mar 2017 vs. Rs 1 million as of Mar 2016. LTV was ~60% as of Mar 2017 vs. ~64% a year ago. FOIR was ~46%, same as last year

We have invested into our state outreach (4 to 9 YoY), branches (51 to 120 YoY), and employees (489 to 1,051 YoY), due to which our Cost-Income ratio is at ~36% in FY17 vs. ~37% in FY16 despite the loan book doubling YoY. These investments into network expansion are expected to yield results in FY18

The cumulative capital infusion from the sponsor is Rs 5 billion and net worth is Rs 6 billion, as of Mar 2017

We invested into Digitization to reduce opex and TAT, and improve customer convenience, and we expect majority of the transactions to be covered by our digital initiatives

The PMAY CLSS is a demand-side boost to this sector, and bulk of our loans qualifies for this scheme. Tax-relief for developers on unsold stocks for 1 year post project completion and reclassification of housing unit size from 30-60 sq. m. built-up area to 30-60 sq.m. carpet area for subsidy qualification are supply-side boosts to this secto

Housing Finance contributed ~31% of consolidated revenues in FY17 vs. ~3% back in FY15. The contribution of Housing Finance in the profit mix was ~22% in FY17 vs. ~2% back in FY15

4. **Fund based Business focuses on enhancing Return on Equity**

   Fund Based activities like commitments to our asset management products, not only helped seed these new businesses by investing in highly scalable opportunities, but they also represent liquid resources for future opportunities

   Fund Based Income was Rs 1.2 billion in FY17, +4% YoY. This was Rs 0.2 billion in 4QFY17, -31% YoY

   Our investments in our mutual fund products stood at Rs 6.4 billion (at cost). The unrealized gain on these as of Mar was Rs 3.3 billion vs. Rs 1.2 billion as of Mar 2016. This is not reflected in the reported PAT. Had this been included, our ROE would have been ~31%, much higher than the 22% we reported. The post-tax XIRR of these MF investments (since inception) is ~24%, which is in line with the long term performance track-record of our QGLP investment philosophy. This compares with a reported FY17 RoE of 5% for this business in FY17 vs. 7% in FY16.

   Our investments in our alternative investment products are Rs 2.6 billion. The exits from 1st PE fund led to portfolio gains of Rs 0.3 billion this year

   The NBFC LAS book was Rs 2.4 billion as of Mar 2017, which is now run as a spread business

5. **In line with our goal to achieve 20%+ ROE**, the ROE on reported PAT for the Group was 22% in FY17. This excludes the unrealized gains on mutual funds investments of Rs 3.3b. Within this, Housing Finance RoE was 17%, Asset and Wealth Management RoE was 206%, Capital Markets RoE was 61% and Fund based RoE was 5% (without considering unrealized gains on mutual funds)

Outlook

To sum up, our strategy to diversify our business model towards linear sources of earnings is showing definite results. The annuity nature of the new businesses has brought in visibility of our earnings. Our businesses built scale in FY17, while maintaining operating parameters. Our brand is now being recognized in each of our businesses. We are on course to achieve a sustainable 20%+ ROE over the long-term. The opportunity size in all our business segments is still huge, and our businesses are well placed to benefit from the growth potential they offer. We are now open for Q&A!

1. Capital Market Businesses

Retail Broking & Distribution, Institutional Broking

KEY FINANCIALS: MOSL (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Total Revenues	1,981	1,389	43%	1,981	1,834	8%	7,197	5,496	31%
EBITDA	460	364	26%	460	747	-38%	2,275	1,485	53%
PBT	244	147	65%	244	520	-53%	1,429	794	80%
PAT	184	131	40%	184	429	-57%	1,088	605	80%

Will increasing online retail broking business have a positive impact on reducing the operating cost of business?

Cost does not make much difference but the customer experience will be very different. Also, online-offline pricing does not make much difference in value added brokerage services

Is the operating leverage in FY 2018 and FY 2019 dependent on average daily volume going up or will volumes still enjoy operating leverage even at current levels?

There are two drivers to this. One is the headline volume growth. That leads to meaningful operating leverage because costs are largely fixed and it is a function of the market volumes. Second is the focus on financial products. This year we have reported Rs. 44 billion of AUM within the broking and distribution business, which is up by over a 100% year-over-year. This asset base has been created with a penetration of about 20% of advisors, both within our branches and franchise. While in the broking business, revenues are a direct function of the market volumes, the financial product penetration can happen irrespective or without any dependence on the market volumes. It should bring in annuity revenues which should cover the cost of the broking business in future.

In the distribution business, the current AUM exited was Rs 44 billion. Where is this expected to go over the next three or four years?

The mobilization during the current year was about Rs 16 billion with a 20% adviser penetration. We would want this penetration to go up to 2x to 3x from here. So we expect the mobilization rates to go up quite meaningfully in FY 2018 and FY 2019. The aspiration from a very long-term view is to try and cover all of the cost of this business through the trail income of these financial products. But there is a long way to go.

What could be the net yields earned on the distribution assets?

It is about 50 basis points, because there is distribution by the franchises on which there is sharing. Otherwise, our Wealth business has closer to 90 to 100 bps net yield.

The penetration is 20% amongst the advisors. But how many customers have been reached till now from the 0.9 million odd customers? Is this going up to 40-50%?

Presently, it would be around 10%. The journey has just begun. The last two years have seen meaningful traction. It is focus area, and we will be driving this to the best of our capability.

You have done 10% penetration in two years, then why not 40% over the next three years?

Yes, that is the objective. But the initial one or two years requires a complete change in the DNA for the advisor from a pure broking mentality to a broking/financial products one. So the initial one or two years may take a lot more time to migrate these advisors. But we are hoping that there is a hockey stick effect going forward.

What is the split of revenues or volumes in retail and institutional business, or by cash and derivatives; given that the yield has fallen in this year?

We do not specifically give out the split between the retail broking business and institutional broking. But we have guided in the past calls that roughly two-thirds of our top-line comes from the retail broking business, and the balance one-third comes from the institutional broking business. In terms of the share between cash and futures, the share in delivery volumes will be much higher than the overall cash volumes. The share in cash volumes will be much higher than the future volume and the share in future volumes will be much higher than the options volume. Basically, delivery volumes yield is higher than overall cash volumes, cash volumes yield is higher than overall future volumes and so on. And as far as yields are concerned, we have not seen any fall in the intra segment yield. There is an overall market mix change in favor of futures and options and that is the sole contributor to the drop in the yield from 3.5 bps to 3.1 bps.

Last year, there was a borrowing of around Rs. 4 billion in the Securities books. What is the status of those borrowings right now?

We would urge you not to focus on that because the year-end number could be any number due to working capital, which could be a one day borrowing. So, we would recommend that you avoid looking at the Securities business' last day number. The day to day fluctuations in debtors and working capital could be quite high depending on what is the settlement, etc.

Will broking continue to grow at 30% rates? Is it dependent on Market?

The effort is to build the distribution, with a larger number of clients and larger of centers, and improve the customer experience through digital, research, etc. We remain quite optimistic of markets to sustain at these levels. But your guess is as good as mine.

Investment Banking

KEY FINANCIALS: INVESTMENT BANKING (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Total Revenues	429	85	402%	429	151	184%	872	249	250%
EBITDA	309	22	1277%	309	131	135%	561	32	1662%
PBT	307	19	1477%	307	130	137%	554	19	2858%
PAT	202	9	2247%	202	87	133%	372	8	4616%

2. Asset & Wealth Management Businesses

Asset Management

KEY FINANCIALS: ASSET MANAGEMENT (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
AUM (Bn)	203	105	94%	203	155	31%	203	105	94%
Net Inflows	19	8	134%	19	16	17%	57	52	10%
Total Revenues	1205	554	118%	1205	876	38%	3413	1852	84%
EBITDA	272	108	151%	272	222	22%	765	364	110%
PBT	270	108	151%	270	220	22%	759	354	114%
PAT	177	70	153%	177	145	22%	498	264	88%

Is acquisition cost in AUM recognized upfront in the PL or is it amortized?

On mutual funds, there is no upfront. There are two parts - sales and marketing cost and distribution commission. As far as commission is concerned, half of our AUM is in mutual funds where not a paisa of upfront is paid. Coming to the PMS, at best one year of commission is upfronted and since there are certain exit charges, the commission is amortized it over a period.

The AUM is Rs 200 billion, so 1% yield should earn about Rs 2 billion. But the reported revenue is Rs 3.7 billion. Would this include Wealth Management and the private equity revenue also?

These are net yields, i.e. net of distribution costs. The top-line reported is the gross top-line with distribution cost as an expense line item. The net yield has been referred to go up from about 80 basis points to about 1% in the current year.

Have the net yields reached its desired levels or there is still some scope left?

In non-mutual fund assets, 15% of the assets are mobilized on performance fees, and the stated goal is to increase that percentage. And as far as the mutual fund yields are concerned, as these products complete their respective three-year track record and increase the distribution outreach, there will be better pull and better sharing for the manufacturer. So, yields should go higher in this business going forward compared to

FY 2017. One of the very important points in this business is to have a fine balance of push and pull. 105% increase in sales and marketing costs is an investment made at a pretty early stage of our life to create the right pull. When we are creating pull, there is a lot of focus on building the brand and talking about the process of investing. So, all the initiatives put together - looking for more performance link revenues, looking for better operating leverage as well as creating pull are being worked upon simultaneously.

Are mutual fund and PMS expected to maintain the pace of growth in FY18?

The uptick is not just momentary or just in response to what is happening in the stock market. This is a long-term trend change or a directional change. There are 2 reasons for it. One reason is that over the number of years there is a dramatic difference in customer profile in last 15 years. The biggest competition earlier used to be the Government of India. An RBI bond was issued at 11% tax free. PPF rate was 12%. The post office used to give 10% -11%. From there, the last few years have seen a dramatic collapse in rates. Demonetization has only added tailwinds because now holding too much real estate or gold is not cool any more. So, one is this directional trend change. Second is the wider acceptance of mutual funds based on a regulated directive. The whole industry has invested in investor awareness and investor education in the last couple of years. AMFI itself is slated to spend anywhere between Rs. 1.5-2 billion on an awareness campaign, which creates further tailwinds for all the participants. We recognize we are exposed to capital market vagaries but we are witnessing acceleration in flows month-on-month.

FY 2017 saw Rs 700 billion of equity net inflows and the share of SIPs at around 40% to 50%. How have you seen the share of SIPs evolving in last three decades?

The profile of customer and the profile of customer now has changed dramatically as compared to 15 years back. 10 years - 15 years back, investors would end up at the door of mutual fund after exhausting all their investment options. Today it has become a mainstream. So, young guy starting his first job is most likely to open a SIP rather than open a PPF account in State Bank. That is the dramatic change. So, cycle comparison is not really the right way to look at it. Irrespective of cycles, the trend change has to be kept in mind. Technologically, mutual funds are way easier to buy. Today, if you come to our website it is trade through. You do not use paper. So, all these things are adding up. Coming to the trend on SIPs, it is Rs. 45 billion inflow per month and it is accelerating at a rate of Rs. 2 billion of fresh registration per month. It is difficult to predict the numbers but the trend is accelerating.

What were the SIP flows in say 2006, 2007, 2008?

It would have been less than Rs. 5 billion in 2006 – 2007. Two years back, it was Rs. 22 billion.

Private Equity

KEY FINANCIALS: PRIVATE EQUITY* (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Total Revenues	85	152	-44%	85	100	-15%	401	466	-14%
EBITDA	-1	36	-102%	-1	40	-102%	97	152	-36%
Exceptional	48	0	nm	48	0	nm	551	0	nm
PBT	42	34	25%	42	35	20%	637	143	345%
PAT	29	18	61%	29	22	31%	502	104	384%

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

In the real estate funds, how challenging or how easy has exits been in the last few quarters, because there is some kind of slowdown in certain pockets?

Most of the projects funded are in the affordable segment which is doing well in the market. Overall, although real estate market is seeing some sign for improvement right now, some headwind environment is still there. But we are not seeing any kind of problem in any of our investments and are seeing few exits. The raising is becoming a challenge. Over Rs 9 billion was raised in Fund-3 but the target was about Rs. 12.5 billion. We are confident that we will be able to make it by September or so.

What is the status of the investment bid and the carry fee in the 1st PE fund and in companies like AU Finance? How much is expected this year?

IBEF I had a capital return of 209% already, which is about 1x capital and 1.09x is the profit adding up to 2.09 times. The estimated fair value of the portfolio is at least 3.5x. So, the IBEF I carry and gains pending to be booked in FY 2018 and FY 2019 will be more than the gains that have already been booked till March 2017. As far as investments in AU are concerned, we hold over 1% of the equity of the company which is at a cost price of about Rs. 200 million. That is continuing to be held at cost and the IPO is slated for launch in the current quarter.

Wealth Management

KEY FINANCIALS: PRIVATE WEALTH MANAGEMENT (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
AUM (Bn)	101	64	57%	101	91	11%	101	64	57%
Net Inflows	4	4	2%	4	4	-16%	18	15	21%
Total Revenues	242	144	69%	242	150	62%	720	444	62%
EBITDA	85	47	80%	85	49	73%	223	139	60%
PBT	83	39	114%	83	48	74%	205	109	88%
PAT	51	26	98%	51	31	65%	132	71	85%

3. Housing Finance Business

Aspire Home Finance

KEY FINANCIALS: ASPIRE HOME FINANCE (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Sanctions (Bn)	12	9	28%	12	5	122%	31	24	33%
Disbursements (Bn)	9	7	26%	9	3	178%	24	18	32%
Loan Book (Bn)	41	21	98%	41	33	24%	41	21	98%
Gross NPL%	0.6%	0.2%		0.6%	0.6%		0.6%	0.2%	
Net Interest Income	417	204	104%	417	302	38%	1259	476	164%
Other Income	334	260	29%	334	162	107%	951	644	48%
Total Income	751	464	62%	751	464	62%	2209	1120	97%
Operating Profit	481	298	61%	481	299	61%	1379	688	100%
PBT	436	268	63%	436	269	62%	1257	613	105%
PAT	286	177	62%	286	174	65%	821	400	105%

Home finance is growing very fast compared to the market although its size is still small. How are the risk and underwriting of the business managed? What is the target customer segment and the product categories? What is the growth outlook over the medium-term?

Aspire is targeting economically weaker and the lower middle income sections who are aspiring to own a house. The loan to value ratios are around 60%. The income to installment ratios are between 40% to 45%. The own equity that the individual brings on table is close to 30% - 35%. The stage in which they acquire a house is close to 60% to 70% of completion of the property. Some of the underwriting benchmarks have ensured that the risk is mitigated with respect to the acquiring new customers in this segment. The company is expanding the branch network in each of the geographies that it is expanding.

Is the Pradhan Mantri Awas Yojana a tailwind? Is it only for one year? How much benefit can accrue to Aspire?

The Pradhan Mantri Awas Yojana is for one year. Indications are that it will get extended but as of now, it is for one year and is ending in the month of December. The total outlay by the government is Rs. 14 billion under the PMAY scheme. As far as Aspire's book is concerned, close to 90% of the book gets covered under Pradhan Mantri Awas Yojana. The application to claim goes in batches and Aspire has send applications of close to around 12,500 cases.

What is the competitive intensity in the business? How is the company placed in respect to Housing Finance?

There is competition in Home Finance, but there is a pie for all the big players in the market given there is a depth in the market. In terms of risk and credit parameters, Aspire now has a 3-year history of loans, and the overall portfolios has behaved reasonably well in terms of different buckets overdue. As of now, there are about 156 accounts in overdue, which is (+90) days, from a total of 46,000 customer base.

What was the collection efficiency rate in Housing Finance business?

The percentage in a parameterized lending is typically 98% to 99% repayment rate during the course of the month. In a non-parameterized trending, it is around 88% to 90% during the course of the month. A company like Aspire has to do repair of the individual loan account and bring it close to 99% by end of the month. So, it does get 99% to 99.2% by end of the month post doing a repair process. That is the collection efficiency that non-parameterized lending companies have.

What is the churn of the book?

As far as the industry is concerned, it hovers between 8% to 10%. Aspire's book is currently showing around 4.5% to 5%..

What were the disbursements for the quarter? Does this mean a 20% to 25% annual repayment rate?

Rs. 9 billion was the disbursement in Q4FY17. The closing loan book last year was Rs. 21 billion, and disbursals this year were Rs 24 billion, leading to a closing loan book of Rs 41 billion. So the repayment plus prepayment would work out to about 16% - 17%. This also includes the run down in loans due to receipts under The Pradhan Mantri Awas Yojana reflected in the quarter ending March 2017.

What is the fee charged from the home loan borrower? Is any other fee charged apart from this processing fee?

Processing fee is 1.5%. No other fee is charged.

What is the mix of parameterized lending and non-parameterized lending?

It is about equally divided between both the self-employed as well as salary.

On a steady state basis, what is the revenue mix expected over the long-term?

Although all the businesses have grown strongly and now contribute to a majority of the top-line and bottom-line, they are individually still very-very small. The AUM market share in mutual funds is now at about 1.2%. The presence in the Home Finance business was only three states as of last year. The headroom to grow in these businesses is substantial. At the same time, the capital market businesses have seen good growth in profits. The mix will continue to be skewed in favor of the linear businesses in the next two - three years given the small size of those businesses at this point. The revenue mix is an outcome of all the activities.

What are the capital requirements in the HFC business over the next couple of quarters?

The gearing as of March of 2017 was 6x. That itself offers enormous headroom.

Following the expansion into new states in Q4FY17, what is the state expansion envisaged for FY 2018?

As of now, the operations will concentrate on these states because these are just newly opened. Aspire has ventured into these states after nearly three years of operations in the first three states. The monthly run rate of disbursements of these states is coincidently the same as the monthly disbursements of the current states that we are operating in. So, they should be good to ramp-up at least for the next one or two years.

What about employee addition plan during the coming year?

Manpower base nearly doubled from under 500 to over 1,000. The percentage growth will be a lot lower this time. But in the new states, depending on the response and the traction, manpower can be increased eventually.

4. Fund-based Business

KEY FINANCIALS: MOFSL Standalone (Rs Mn)

	Q4 FY17	Q4 FY16	CHG. YoY	Q4 FY17	Q3 FY17	CHG. QoQ	FY17	FY16	CHG. YoY
Total Revenues	180	167	8%	180	192	-6%	1,424	1,109	28%
EBITDA	130	132	-1%	130	149	-13%	1,229	910	35%
Exceptional Item	24	0	nm	24	0	nm	61	0	nm
PBT	60	30	98%	60	45	33%	857	535	60%
PAT	58	25	130%	58	56	4%	863	465	85%

What is the requirement for issuing short tenure NCDs? What would be the requirement for long tenure issuance?

This is to fund the LAS book. The LAS book is run as a spared business. These NCDs are for that and also for the regular working capital requirements of the business. The overall balance sheet liquidity is very strong with near liquid assets of Rs. 10 billion.

LAS book typically would be like two months - three months or less than one year, right? NCDs are for longer tenure, what matched assets would there be for that kind of issuance sequentially?

Yes, the duration of the individual LAS loan may be shorter. But the base LAS book that remained outstanding is nearly about Rs. 3 billion

INVESTOR UPDATE

Motilal Oswal Financial Services reports FY17 Consolidated Revenues of Rs 18.2 billion, +66% YoY (Rs 5.4 billion in Q4FY17, +69% YoY); and PAT of Rs 3.6 billion, +113% YoY (Rs 0.9 billion in Q4FY17, +91% YoY)

Mumbai, Apr 27, 2017: Motilal Oswal Financial Services Ltd. announced its results for the quarter and year ended Mar 31, 2017 post approval by the Board of Directors at a meeting held in Mumbai on Apr 27, 2017.

Performance Highlights

Rs Million	FY17	YoY Chg	Q4FY17	YoY Chg
Revenues	18,183	↑66%	5,370	↑69%
PBT	5,152	↑117%	1,375	↑103%
PAT	3,600	↑113%	902	↑91%
EPS (FV-1)	25		6	

Performance for the Year and Quarter ended Mar 31, 2017

- Consolidated revenues were Rs 18.2 billion in FY17, +66% YoY. It was Rs 5.4 billion in Q4FY17, +69% YoY
- Strong growth in FY17 across businesses. Housing finance was +160% YoY, asset management business +68% YoY and capital market businesses +40% YoY. The revenue mix is seeing healthy diversification, as 56% of the revenue came from linear sources like asset management and wealth business and housing finance vs. 44% last year. While the share of Capital Markets reduced in the mix, it continues to grow in absolute terms. Both asset management and housing finance saw rapid growth in assets, and improved in profitability despite significant investments in areas like manpower, network and marketing. Broking improved its high-yield cash market share, while its distribution piece clocked solid growth in mobilization. Investment banking saw a record year, in terms of ECM transactions done
- Consolidated PAT was Rs 3.6 billion in FY17, +113% YoY. It was Rs 0.9 billion in Q4FY17, +91% YoY
- The contribution from the new businesses is becoming visible, with 57% of the profit coming from asset & wealth management and housing finance in FY17 vs. 45% last year. Profits from all businesses grew this year, with housing finance profit +103% YoY, asset & wealth management +237% YoY and capital market businesses +178% YoY
- Significant investments have been made into manpower in broking (+72% from Mar-15) and housing finance (+115% YoY), advertising in asset management (+105% YoY) and housing finance branches (+135% YoY). These upfronted investments will translate into operating leverage in the coming year. Some of this was visible this year, with PAT Margin of 20% in FY17 vs. 15% in FY16. However, the full effect of

operating leverage is yet to unfold in our businesses

- As of Mar 2017, net worth is Rs 18 billion, gross borrowing is Rs 51 billion and net borrowing is Rs 46 billion (including Aspire). Excluding Aspire, gross and net borrowing were Rs 13 billion and Rs 10 billion respectively
- In line with our strategy to deliver sustainable 20%+ ROE in the long term, ROE for FY17 was 22% on reported PAT vs. 12% in FY16. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 3.3 billion, as of Mar 2017). Including this, the ROE in FY17 would have been ~31%.
- Balance sheet has strong liquidity, with ~Rs 9.8 billion as of Mar 2017 in near-liquid investments to fund future investments
- Declared final dividend of Rs 3 per share (total dividend at Rs 5.5 for FY17 vs. Rs 3.5 for FY16).

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

"Our strategy to diversify our business model towards linear sources of earnings is showing definite results, with over half of the revenue and profit pie now coming from these new businesses. They have built scale in the last year, while maintaining critical operating parameters. We are near critical size in some of these new businesses. Our traditional businesses also saw decisive uptick this year, especially in the focus areas where we have invested in recent quarters. Our brand is now being recognized in each of our businesses. Our ROE was 22% this year, and we are well on course to achieve a 20%+ ROE on a sustainable basis. The opportunity size in all our business segments is still huge, and our businesses are well placed to benefit from these opportunities."

Performance of Business Segments for the Year and Quarter ended Mar 31, 2017

- **Capital markets Businesses (broking & investment banking) saw good growth this year**
  - **Broking & related revenues** in FY17 were Rs 6.6 billion, +30% YoY. It was Rs 1.8 billion in Q4FY17, +41% YoY. Market ADTO grew 35% YoY in FY17, with F&O +36% YoY and cash +23% YoY. Q4FY17 saw disproportionate high cash volumes in the market due to large-scale inter-promoter transfers. Overall market share was 2.1% in FY17 vs. 2% in FY16, and cash market share improved YoY. Given the continued shift in market volume to F&O, blended yield in FY17 was ~3.1 bps vs. ~3.5 bps in FY16. The QoQ decline in MOSL PAT is due to higher provisioning for year-end employee bonus on the back of strong business performance in the year and lower treasury gains in Q4FY17. Some of the operating leverage from the investments in manpower (+72% from Mar-15), brand & technology is visible, as MOSL's PAT margin improved to 15% in FY17 vs. 11% in FY16. However, the full benefit of operating leverage is yet to unfold.
  - In **retail broking & distribution**, distribution business saw significant traction in FY17. Distribution net sales were Rs 16 billion, +133% YoY. AUM was Rs 44 billion, +147% YoY. With only ~20% of the network tapped, we expect meaningful increase in AUM and fee income as cross-selling increases. Sales productivity improved, with 50%+ A/Cs opened via e-KYC & 60%+ leads generated from online sources. Online business continued to grow. It was 45% of retail volumes in FY17 from 36% in FY16. Mobile app formed an increasing share within this.
  - In **institutional broking**, blocks continued to gain solid traction within our volumes. Institutional clients were 630, +6% YoY. We empanelled several FIIs this year

- **Investment banking** fees were Rs 0.9 billion in FY17, +254% YoY. It was Rs 0.4 billion in Q4FY17, +444% YoY. IB business saw a landmark year with all time high revenues since inception. It topped the FY17 India QIP league table ranking, and completed 10 ECM transactions in the year - its best ever performance in terms of number of deals and value of transactions.
- Capital markets businesses collectively contributed ~41% of revenues in FY17 vs. ~49% in FY16

- **Asset Management Businesses near critical mass**
  - In **asset management**, Net Sales across MF, PMS & AIF were Rs 57 billion in FY17, +10% YoY, with quarterly net flow of Rs 19 billion in Q4FY17, +134% YoY. AUM was Rs 203 billion, +94% YoY. Net Sales in the context of the closing AUM provides visibility of continued strong AUM growth. Net yield was close to ~1% in FY17. Investment performance was robust this year. As of Mar 2017, ~14% of non-mutual fund AUM was performance-fee linked. Our target is to increase this further. Our rank in Equity AUM improved to 9 vs. 14 in FY15. All 3 mutual funds complete their 3-year performance track record, which should enhance participation from distributors. Advertising/marketing spends were Rs 182 million in FY17, +105% YoY, forming 13% of net revenue in FY17. This should boost brand-recall. Total costs ex-distribution sharing were Rs 654 million in FY17, +55% YoY. Significant investments in manpower (+48% from Mar-15) and advertising/marketing have been upfronted, which should help build operating leverage in future. With financial savings to total savings in India rising from 31% in FY12 to 41% in FY16, the domestic market should continue to benefit from this shift towards financial assets. In offshore, which is 2X of institutionally managed equity assets in India, we are seeing initial interest in our offshore products
  - In **private equity**, we manage an AUM of Rs 31 billion across 2 growth capital PE funds & 3 real estate funds. The PE business has demonstrated robust profitability and the RE business has shown significant scalability. The 1st growth fund has returned ~209% capital so far. It is estimated to deliver a gross multiple of ~3.5X. This means over half of the estimated profits are yet to be booked. The 2nd growth fund has committed 100%. Fundraising for IBEF III is expected to commence in FY18. The 2nd real estate fund has returned ~ 29% money to investors. The 3rd real estate fund has raised commitments of ~Rs 9 billion so far
  - Asset Management fee (asset management & private equity) were Rs 3.8 billion in FY17, +68% YoY. It was Rs 1.3 billion in Q4FY17, +94% YoY. This contributed ~21% of consolidated revenues in FY17 vs. 20% in FY16
  - In **Wealth management**, Net Sales was Rs 18 billion in FY17, +21% YoY, with quarterly net flow at Rs 4 billion in Q4FY17, +2% YoY. AUM was Rs 101 billion, +57% YoY. Net Sales in the context of closing AUM provides visibility of continued strong AUM growth. We enjoy a yield of ~0.87%, due to the higher share of equity & alternates in our AUM. A strong brand image helped attract quality RM talent.
- **Housing finance has shown traction in assets & liabilities, while maintaining risk & operational parameters**
  - **Housing finance** income was Rs 5.7 billion in FY17, +160% YoY. It was Rs 1.7 billion in Q4FY17, +87% YoY.
  - Disbursements were Rs 24 billion in FY17, +32% YoY, with quarterly disbursements at Rs 9.2 billion, +26% YoY. Loan Book was Rs 41 billion, +2X YoY. Disbursements in the context of the closing loan book provide visibility of continued strong growth in assets. Average yield held firm at ~13.4% on a YoY basis.

- Expanded into 5 new states in Q4FY17 (Rajasthan, Karnataka, Andhra Pradesh, Tamil Nadu & Chattisgarh). Disbursements of the HFC industry in these 5 states in FY15 were ~Rs 450 billion, which gives an indication of the addressable market. Branch network increased from 51 to 120 during this year, with 32 in the new states
- In liabilities, ~58% borrowings were from NCDs and ~42% from bank loans. As of Mar 2017, 32 Banks/NBFC had extended lines, apart from 22 institutions to whom NCDs were allotted. This was 29 and 14 respectively last year
- Average cost of borrowing raised cumulatively has been ~9.4%, while it was ~9% on the borrowings raised in FY17. Credit ratings are CRISIL A+ Stable and ICRA AA-. Gearing remains conservative, with Debt/Equity ratio at 6X
- ROA for FY17 was 2.6%, while ROE was 16.7%. Asset quality remains under control, with GNPL at 0.6% as of Mar 2017. We maintained steady operating metrics. Average ticket-size came down from Rs 1 million as of Mar 2016 to Rs 0.90 million as of Mar 2017. LTV was ~60% as of Mar 2017 vs. ~64% last year. FOIR was ~46% as of Mar 2017, same as last year
- Cumulative capital infusion from sponsor is Rs 5 billion and net worth is Rs 6 billion, as of Mar 2017
- Increase in state outreach (4 to 9 YoY), branches (51 to 120 YoY) and employees (489 to 1,051 YoY) resulted in a high Cost-Income ratio of ~36% in FY17 vs. ~37% in FY16, despite doubling of the loan book. This network expansion is expected to yield results in FY18
- Invested significantly into Digitization to reduce opex and TAT, and improve customer convenience. We expect majority of the transactions to be covered by our digital initiatives
- PMAY CLSS is a demand-side boost to this sector, and bulk of our loans qualifies for this scheme. Tax-relief for developers on unsold stocks for 1 year post project completion and reclassification of housing unit size from 30-60 sq. m. built-up area to 30-60 sq.m. carpet area for subsidy qualification are supply-side boosts to this sector
- Housing Finance contributed ~31% of consolidated revenues in FY17 vs. ~20% in FY16

- **Fund Based Business** includes sponsor commitments to our AMC & PE funds, and the NBFC LAS book.
  - **Fund based** income was Rs 1.2 billion in FY17, +4% YoY. It was Rs 0.2 billion in Q4FY17, -31% YoY
  - Investments in Motilal Oswal's mutual funds (at cost) stood at Rs 6.4 billion. Unrealized gain on these was Rs 3.3 billion, as of Mar 2017 vs. Rs 1.2 billion as of Mar 2016. The same is not reflected in the reported PAT. Had this been included, the Group's ROE would have been much higher at ~31%. Post-tax XIRR of the MF investments (since inception) is ~24%, in line with the long term performance track record of our QGLP investment philosophy. This compares with a reported FY17 RoE of 5% for this business vs. 7% in FY16.
  - Investments in Motilal Oswal's alternative investment funds stood at Rs 2.6 billion. Exits from 1st PE fund led to portfolio gains of Rs 0.3 billion this year
  - Both these commitments not only helped "seed" these new businesses by investing in highly scalable opportunities, but they also represent liquid "resources" available for deployment in any future opportunities
  - NBFC LAS lending book was Rs 2.4 billion as of Mar 2017, which is run as a spread business
- **Other income** was Rs 0.1 billion in FY17
- In line with the goal to achieve a sustainable 20%+ ROE, **consolidated ROE** for the Group for FY17 was 22% (without including unrealized gains on mutual funds investments of Rs 3.3 billion). Within this,

Housing Finance RoE was 17%, Asset and Wealth Management RoE was 206%, Capital Markets RoE was 61% and Fund based RoE was 5% annualized (without considering 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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CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31ST MARCH, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2017

Currency : Indian Rupees (Rs in Lakhs)	FOR THE QUARTER			FOR THE PERIOD	
	31-Mar-17	31-Dec-16	31-Mar-16	31-Mar-17	31-Mar-16
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Ref. Note 9		Ref. Note 9		
Income					
Income from Operations	51,693	42,352	30,388	1,72,619	1,05,623
Other Income	1,761	3,055	844	8,252	2,441
TOTAL (A)	**53,454**	**45,407**	**31,232**	**1,80,871**	**1,08,064**
Expenditure					
Employee Benefits	11,070	6,760	7,147	34,098	25,099
Finance Cost	11,648	13,060	6,530	44,226	17,377
Depreciation	911	831	940	3,284	3,494
Administrative & Other Expenses	17,041	12,621	10,309	54,826	39,640
TOTAL (B)	**40,670**	**33,272**	**24,926**	**1,36,434**	**85,610**
Profit before Taxation and Exceptional Item (C) = (B) - (A)	**12,784**	**12,135**	**6,306**	**44,437**	**22,454**
Exceptional Items Income/(Expense) - Refer note 7	723	-	-	6,125	-
Profit before Taxation and Extraordinary Items	**13,507**	**12,135**	**6,306**	**50,562**	**22,454**
Less: Provision for Taxation					
i) For current year					
Current tax	3,504	2,901	1,357	13,611	6,567
Deferred tax (Asset)/Liability	1,399	1,160	304	3,097	(581)
Minimum Alternate Tax Credit	(426)	(19)	162	(1,458)	151
Tax on NCD	-	-	-	-	-
ii) For Previous year (s)	53	(810)	(14)	(1,141)	(15)
	4,530	**3,231**	**1,809**	**14,109**	**6,122**
Profit before Extraordinary Items and after tax	**8,977**	**8,904**	**4,497**	**36,453**	**16,332**
(Add)/Less : Extraordinary Items (Income)/expense (Net of Tax)	-	-	-	-	-
Profit after Tax before Minority Interests	**8,977**	**8,904**	**4,497**	**36,453**	**16,332**
Add/(Less) : Minority interests (Profit)/Loss	(118)	(77)	(71)	(1,060)	(255)
Add/(Less) : Share of Profit / (Loss) from Associates	156	84	290	604	831
Profit after Tax (PAT) & Minority Interests	**9,015**	**8,911**	**4,716**	**35,997**	**16,908**
Earnings Per Share (EPS) (of Re. 1/- each) (Not Annualized)					
Basic EPS	**6.28**	**6.21**	**3.32**	**25.14**	**11.94**
Diluted DPS	**6.22**	**6.14**	**3.29**	**24.79**	**11.74**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

Rs. in Lakhs

Currency : Indian Rupees	CONSOLIDATED AS AT 31-Mar-17	CONSOLIDATED AS AT 31-Mar-16
EQUITY & LIABILITIES		
1.Sources & Funds :		
Share Holders' Funds :		
Share Capital	1,445	1,422
Reserves and Surplus	1,77,158	1,42,229
TOTAL SHARE HOLDERS FUND	**1,78,603**	**1,43,651**
2. Share Application Money Pending for Allotment	-	1
3. Minority Interest	2,853	1,615
4. Non-Current Liabilities :		
(a) Long-term borrowings	3,70,341	1,70,000
(b) Deferred tax liabilities (Net)	3,697	622
(c) Other long term liabilities	165	317
(d) Long term provisions	3,249	1,697
TOTAL NON-CURRENT LIABILITIES	**3,77,452**	**1,72,636**
5. Current Liabilities :		
(a) Short-term borrowings	94,303	67,461
(b) Trade payables	1,03,984	59,794
(c) Other current liabilities	76,221	56,792
(d) Short-term provisions	10,479	7,016
TOTAL CURRENT LIABILITIES	**2,84,987**	**1,91,063**
TOTAL SOURCES OF FUNDS	**8,43,895**	**5,08,966**
II.ASSETS :		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	24,980	28,464
(ii) Intangible assets	956	751
(b) Non-current investments	1,35,638	1,05,551
(c) Long term loans and advances	4,11,469	2,08,784
(d) Other non-current assets	364	10,324
TOTAL NON-CURRENT ASSETS	**5,73,407**	**3,53,874**
(2) Current assets		
(a) Current investments	44,484	17,555
(b) Inventories	0	0
(c) Trade receivables	1,26,004	70,992
(d) Cash and bank balances	46,252	28,667
(e) Short-term loans and advances	50,563	37,334
(f) Other current assets	3,185	544
TOTAL CURRENT ASSETS	**2,70,488**	**1,55,092**
TOTAL APPLICATION OF FUNDS	**8,43,895**	**5,08,966**

Consolidated Notes:

1) 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 Thrusday, 27th April, 2017. There are no qualification in the auditor's report for these periods. The Information presented above is extracted from the audited financial statements as stated.

2) Pursuant to the exercise of Employee Stock Options under various Employee Stock Options Scheme, the company has allotted 9,31,751 and 22,83,401 equity shares to the employees during the quarter and year ended 31st March, 2017 respectively.

3) 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 (85%) , Motilal Oswal Real Estate Investment Advisors II Private Limited (76.50%), Aspire Home Finance Corporation Limited (96.67%), India Business Excellence Management Co (85.00%), 'Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (100%), Motilal Oswal Capital Limited (100%) and an Associate India Realty Excellance Fund II - (i.e. IREF II).

4) During the Quarter Ended 31st March 2017, one of the subsidiary, Motilal Oswal Asset Management (Mauritius) Pvt. Ltd. has issued 1,30,000 Equity shares of USD 1 each aggregating to USD 1.3 Lakhs (i.e. Rs. 84.89 Lakhs) During the year ended 31st March 2017, one of the subsidiary, Motilal Oswal Capital Markets (Singapore) Pte. Ltd. has issued 1,111,111 Equity Shares of SGD.1.8 each aggregating to SGD. 20 lakhs (i. e. Rs.942 lakhs).

5) The group long term investments in Motilal Oswal's mutual fund products stands at Rs. 64,315 Lakhs as of 31st March, 2017 as against Rs. 58,954 Lakhs as of 31st March, 2016. The unrealized gain on these investments is Rs. 33,393 Lakhs as of 31st March, 2017 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 year ended 31st March, 2017 and year ended 31st March, 2017 respectively.

6) During the quarter, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+"to the Commercial Paper Programme of Rs. 25,000 Lakhs of Motilal Oswal Financial Services Limited and Rs. 70000 Lakhs of Motilal Oswal Securities Limited. ICRA has re-affirmed the rating of ICRA AA rating with stable outlook (pronounced ICRA double A rating with Stable Outlook') to the Long Term Debt Programme of the company for Rs. 15,000 lakhs of Motilal Oswal Financial Services Limited and Rs. 5,000 Lakhs of Motilal Oswal Securities Limited .