

Motilal Oswal Financial Services Limited

CIN : L67190MH2005PLC153397

Regd. Office: Motilal Oswal Tower,
Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.

Board: +91 22 3980 4200 / 7193 4200

Fax: +91 22 3846 2365

October 30, 2018

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

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

Sub: Press Release

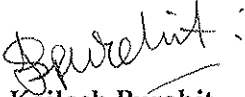
Dear Sir/Madam,

In connection with our earlier letter regarding submission of Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter and half year ended September 30, 2018, please find enclosed herewith the Press Release on financial performance for Q2FY2019.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Motilal Oswal Financial Services Limited



Kailash Purohit
Company Secretary & Compliance officer

Encl.: As above

Motilal Oswal Financial Services Limited
CIN : L67190MH2005PLC153397
Regd. Office: Motilal Oswal Tower,
Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.
Board: +91 22 3980 4200 / 7193 4200
Fax: +91 22 3846 2365

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q2FY19 Adjusted PAT of Rs 1.1 billion, +25% YoY.

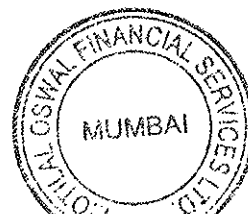
(Adjusted PAT excludes fair valuation of unrealised gains in fund based business and lumpy profit share on exit of PE fund investments. Adjusted PAT is also ex-Aspire)

Mumbai, October 30, 2018: Motilal Oswal Financial Services Ltd. announced its results for the quarter ended September 30, 2018 post approval by the Board of Directors at a meeting held in Mumbai on October 30, 2018.

Performance for the quarter and half year ended September 30, 2018

- Consolidated Adjusted revenues (excluding fair valuation of unrealised gains in fund based business and lumpy profit share on exit of PE fund investments) were Rs 7.5 bn in Q2FY19, +8% YoY and Rs 14.5 bn, +11% YoY in H1FY19. Consolidated revenues stood at Rs 6.6 bn in Q2FY19 and Rs 13.6 bn in H1FY19. Consolidated Adjusted PAT was Rs 1.1 bn, +25% YoY in Q2FY19 and Rs 2.3 bn, +19% YoY in H1FY19. Consolidated PAT was Rs 46 mn in Q2FY19 due to impact of MTM fair valuation of investments under IND-AS and discretionary write off taken in Aspire.
- Consolidated net worth stood at Rs 30.1 bn, gross borrowing was Rs 53 bn and net borrowing was Rs 47 bn (including Aspire). Excluding Aspire, gross and net borrowings were Rs 14 bn and Rs 9.4 bn respectively and this is less than the market value of quoted investments at Rs 16 bn.
- Besides financial performance, the last few quarters have been very eventful in terms of our successes in brand building, advertising and several other fronts. MOPWM won the prestigious 'Best Boutique Wealth Manager India' at the Asset Triple A Award 2018. MOAMC won 'Best Portfolio Management Service Product' at India Wealth Awards 2018. MORE won 'Best Real Estate Product' at India Wealth Awards 2018. CNBC-IBLA awarded Motilal Oswal Financial Services as the "Brand of the Year". These, and several other awards, are recognition of Motilal Oswal as a preferred consumer and employee brand in the financial services space.

Speaking on the performance of the company, Mr. Motilal Oswal, CMD said "Our strategy to diversify our business model towards linear sources of earnings continues to show results, with bulk of the revenue pie now coming from these new businesses. Each of these businesses offers significant headroom for growth and operating leverage as they scale up. Even our traditional businesses also saw strong uptick during the quarter by registering record revenues. Prestigious awards like Brand of the Year from CNBC-IBLA, Top-15 Best Places to Work, 3 awards at ABBY and several others have made all associated with the group immensely proud".



Motilal Oswal Financial Services Limited

CIN : L67190MH2005PLC153397

Regd. Office: Motilal Oswal Tower,

Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.

Board: +91 22 3980 4200 / 7193 4200

Fax: +91 22 3846 2365

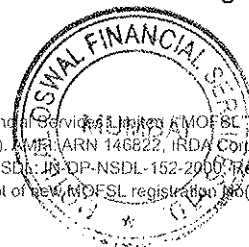
Performance of Business Segments for the quarter ended September 30, 2018

• Capital markets Businesses (Broking & Investment banking)

- Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. Revenues were Rs 6 bn in H1FY19, +10% YoY for this segment and contributed ~45% of consolidated revenues. Profits grew by 24% YoY at Rs 1.1 bn in H1FY19 and contributed ~53% of consolidated PAT.
- In **Retail Broking & Distribution**, our Market share in high-yield cash segment has improved on YoY basis. Overall market share stood at 1.8% in Q2FY19 despite higher F&O volumes.
- Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution Net Sales were Rs 5.8 bn in Q2FY19 and AUM was Rs 85 bn, +40% YoY. With only 11% of the near million client base tapped, Distribution income is already at 16% of retail broking gross revenues. We expect a meaningful increase in AUM and fee income as number of clients to whom we have cross sold and number of products per client cross sold rises.
- In **Institutional Broking**, rankings with existing clients improved, domestic institutions contribution improved and new client additions were encouraging. Every aspect of the business, research, sales, sales trading and corporate access is being strengthened. Tailwinds for local firms remain strong.
- **Investment Banking** business has continued to engage and conclude some significant transactions in this period. We have completed 4 ECM transactions in H1FY19. Overall transaction pipeline remains encouraging.

• Asset Management businesses are nearing critical mass

- **Asset Management** business across MF, PMS & AIF reached the mark of Rs 364 bn AUM, +26% YoY this year. Our AMC now ranks among the Top-10 players by total equity assets, PMS ranks #1 while AIF assets are growing rapidly. Net Sales is Rs 31 bn in H1FY19. Revenues are Rs 1.9 bn (+30% YoY) and Rs 3.7 bn (+34% YoY) in Q2FY19 and H1FY19 respectively. PAT is Rs 396 mn (+72% YoY) and Rs 800 mn (+71% YoY) in Q2FY19 and H1FY19 respectively. Asset management business offers highest scalability and operating leverage among all businesses.
- Our Equity MF AUM of Rs 189 bn is just 2% of the Industry Equity AUM of Rs 9.24 tn. However, our market share in Equity MF Net Sales (including balance) has scaled up to ~3% in Q2FY19. The direct AUM is now 36% of total MF AUM.
- Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~48% and continues to grow very strongly. Yields and profitability of Alternates is higher. As of September 2018, ~23% of Alternates AUM is performance-fee linked, and our target is to increase this further.
- **Private Equity** manages an AUM of Rs 61 bn across 3 growth capital PE funds and 4 real estate funds. This business has delivered on profitability and scalability fronts. The 1st growth fund (IBEF 1) has delivered an XIRR of 28%, and alpha of 10% and is expected to return nearly 6x MoC (Multiple of Cost). Strong performance and positioning has also aided new fund raise. We have launched IBEF-3 in FY18 and received phenomenal response by garnering Rs 23 bn. We have launched IREF IV in FY19 with a target size of Rs. 15 bn has achieved 1st close in the month of August at ~Rs. 5.6 bn.



Motilal Oswal Securities Limited ("MOSL") has been amalgamated with Motilal Oswal Financial Services Limited ("MOFSL") w.e.f. August 21, 2018 pursuant to the order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench * MOFSL Registration No(s).: AMB/ARN 146822, IRDA Corporate Agent: CA0579 * MOSL: Member of NSE, BSE, MCX, NCDEX. Registration No(s). INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000. Research Analyst: INH000000412; Investment Adviser: INA000007100. The said registration No(s). of MOSL would be used until receipt of new MOFSL registration No(s). * Email: shareholders@motilaloswal.com

Motilal Oswal Financial Services Limited

CIN : L67190MH2005PLC153397

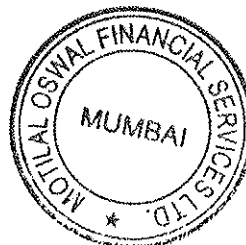
Regd. Office: Motilal Oswal Tower,

Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.

Board: +91 22 3980 4200 / 7193 4200

Fax: +91 22 3846 2365

- **Wealth Management** business AUM grew by 20% YoY at Rs 155 bn in H1FY19 with net sales of Rs 16 bn, +26% YoY, and revenues grew 32% YoY at Rs 581 mn. RM count of this business has reached 135 in Q2FY19, +38% YoY. Investments in strong RM addition suppressed reported profitability. As ratio of new adds to opening RM falls and the vintage of RM improve, both productivity and profitability of the business will scale up.
- Overall **Asset and Wealth Management** revenues were Rs 4.8 bn in H1FY19, +10% YoY and contributed 35% of consolidated revenues. Profits were Rs 1 bn and contribute 47% of consolidated profits, with highest scalability and with least capital employed among our portfolio of businesses.
- **Housing finance business**
 - MD & CEO with career credit and risk background appointed during the quarter.
 - Loan book stood at Rs 46 bn. NII grew by 3% YoY in H1FY19. Cost to Income ratio stood at 39%.
 - Margins stood at 4.6% in H1FY19 versus 4.1% in H1FY18. This margin expansion was on account of lower borrowings and cost of funds.
 - As guided post FY18 results, asset quality deterioration in H1FY19 was on account of seasoning of legacy portfolio and impact of seasonality. Clean up of legacy book, expected positive trends in disbursements in H2FY19 along with improvement in collection efficiency augur well for future asset quality outlook.
 - Provisions of Rs 1 bn on account of higher write off in Q2FY19 to clean up the legacy book. Provisions including write off stands at 66% as of Q2FY19. Strong support from parent with capital infusion of Rs 1 bn in Q3FY19 and further Rs 1 bn is proposed during H2FY19.
 - Branch expansion is being pursued in new states where we commenced operations year ago. Five new branches were added in H1FY19, taking the total count to 125.
 - Gearing remains conservative at 5.4x. Cumulative capital infusion from sponsor is Rs 6.5 bn and net worth is Rs 7.22 bn, (Rs 7.65 bn as per IGAAP) as of September 2018. Capital infusion of Rs 1 bn in H2FY19 post which Net worth will rise to 8.22 bn and leverage will come down to 4.8x.
 - Limited repayments till March 2019, equity infusion, undrawn borrowing lines, calibrated pace of growth, places us in comfortable liquidity situation.
- **Fund based business** includes sponsor commitments to our AMC & PE funds and strategic equity investments.
 - **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.
 - Investments in quoted equity investments stood at Rs 11 bn at cost, while the unrealised gain on these investments stood at Rs 4.8 bn. These gains are now MTM and reflected in the reported earnings. Cumulative XIRR of these investments is ~18%. Investment in seeding our PE funds is Rs 2.7 bn at cost, while the unrealized gains stood at Rs 1.2 bn.



Motilal Oswal Financial Services Limited

CIN : L67190MH2005PLC153397

Regd. Office: Motilal Oswal Tower,
Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.

Board: +91 22 3980 4200 / 7193 4200

Fax: +91 22 3846 2365

About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. is a financial services company. Its offerings include capital markets businesses (Retail broking, Institutional broking & Investment banking), Asset & Wealth Management (Asset Management, Private Equity & Wealth Management), Housing Finance & Equity based treasury investments. Motilal Oswal Financial Service won the 'Brand of the Year' award at the IBLA CNBC TV 18. Motilal Oswal Securities won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards for the 6th time. It was ranked the Best in Events/Conferences, ranked amongst Top-2 for Overall Sales Services & Best Roadshows/Company Visits & amongst the Top-3 in Best Local Brokerage, Best Execution & Sales Trading Visits at the Asia Money Awards 2015. Motilal Oswal Private Equity won the 'Best Growth Capital Investor-2012' award at the Awards for PE Excellence 2013. Motilal Oswal Private Wealth Management won at the UTI-MF CNBC Financial Advisor Award in HNI Wealth Management category for 2015. Aspire Housing Finance was awarded 'India's Most Admired & Valuable Housing Finance Company' at India Leadership Conclave 2015.

For further details contact:

Mrs. Rohini Kute (Head of Corporate Communication) Motilal Oswal Financial Services Ph- +91-22-30102340, Mob- +91-9820196838	Mr. Shalibhadra Shah (Chief Financial Officer) Motilal Oswal Financial Services Ph- +91-22-38464917 Mob- +91-9819060032	Mr. Alpesh Nakrani Paradigm Shift Public Relations Ph- +91-22 22813797 Mob- +91-9892343828 / +91-9869121167
--	---	--

