

Motilal Oswal Financial Services Limited
Regd. Office : Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025.
Board: +91 22 3980 4200 Fax: +91 22 3312 4997
CIN: L67190MH2005PLC153397

21st July, 2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai-400 001

The National Stock Exchange of India Limited
Bandra Kurla Complex
Bandra East
Mumbai - 400 051

Dear Sir,

Ref: Stock Code: 532892/MOTILALOFIS

Sub: Press Release

Please find attached the duly signed Press Release of the Company issued after the Board Meeting of the Company held on 21st July, 2016.

Thanking You

Yours Faithfully
For Motilal Oswal Financial Services Limited



Murli Krishnan Iyer
Company Secretary and Compliance Officer
(PAN: AAHPI7831G)



Encl: as above

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q1FY17 Consolidated Revenues of Rs 3.7 billion, up 72% YoY; and PAT of Rs 792 million, up 179% YoY

Mumbai, Jul 21, 2016: Motilal Oswal Financial Services Ltd., a leading financial services company, announced its results for the quarter ended Jun 30, 2016 post approval by the Board of Directors at a meeting held in Mumbai on Jul 21, 2016.

Performance Highlights

Rs Million	Q1FY17	Q1FY16	Comparison (YoY)	Q4FY16	Comparison (QoQ)
Revenues	3,650	2,116	↑72%	3,169	↑15%
PBT	1,063	394	↑170%	676	↑57%
PAT	792	284	↑179%	472	↑68%
Diluted EPS - Rs (FV-Rs 1)	5.5	2.0		3.3	

Performance for the Quarter ended Jun 30, 2016

- Consolidated revenues were Rs 3.7 billion in Q1FY17, up 72% YoY
- Q1FY17 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
- Consolidated PAT was Rs 792 million in Q1FY17, up 179% YoY
- Some impact of operating leverage from the strategic investments made in manpower, technology and reach during FY16 was visible in this quarter, as the PAT margin improved to 22% in Q1FY17 from 13% back in Q1FY16
- Balance sheet had net worth of Rs 15 billion and gross borrowings of Rs 36 billion (including Aspire), as of Jun 2016.
- ROE for Q1FY17 was 22% on reported PAT vs 12.4% in FY16. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 1.8 billion, as of Jun 2016)

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

"Our business segments have delivered healthy growth as our investments into critical resources to build these businesses over the last couple of years are now showing positive results. While we have increased our business volumes, asset mobilization and client addition, we also improved our market share in some of our businesses. Contribution of Capital Markets businesses (Broking and Investment Banking) to overall profits was at 35% in 1QFY17 versus 71% in FY15. Contribution of Asset & Wealth Management was up from 14% in FY15 to 26% in 1QFY17. Housing Finance and Fund based businesses contributed the balance 39% in 1QFY17. This trend is expected to continue. We have established



strong competitive positioning in each of these businesses and we believe that they have the potential to build tremendous scale and offer high operating leverage. We remain on course in creating a fair mix of capital market based, asset based and fund based businesses, which would help us deliver a sustainable 20%+ RoE. Strong liquidity on balance sheet allows us to fund investments in new initiatives including Housing Finance, Private Equity, etc. Several initiatives for boosting reforms will driver higher economic growth and augurs extremely well for our businesses which are well poised to tap the opportunities that would arise."

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

- **Capital markets businesses are delivering results following investments in people, technology and processes**
 - **Broking and related revenues** (which includes broking and wealth management) were Rs 1.4 billion in Q1FY17, up 23% YoY. Cash ADTO in the market was Rs 202 billion in Q1FY17, down 3% YoY. Retail cash volumes in the market were up 8% YoY this quarter. Institution cash volumes in the market were down 15% YoY. Proactive investments have driven a meaningful traction in our overall equity market share from 1.8% in Q1FY16 to 2.4% in Q1FY17. Both cash and F&O market share have picked up.
 - In **retail broking and distribution**, average retail clients added per month in Q1FY17 was 1.3X that during Q1FY16. Our retail market share improved this quarter. Online business comprised ~45% of total volumes in Q1FY17 vs ~32% in FY16. The distribution business has gained traction. We won the "Best Equity Broker-National" award for the 5th time; along with the Grand Jury award for "Best Institution for Financial Education and Inclusion" at the CNBC TV18 Financial Advisory Awards.
 - In **institutional broking**, we continued to empanel new clients and introduce new research products. We added several high-conviction ideas under our research. We ramped up corporate access outreach. Blocks comprise a healthy share of volumes currently; and have steadily increased since recent years.
 - **Investment banking** fees were Rs 82 million in Q1FY17, up 69% YoY. Our ECM business has gained momentum, and we completed the Rs 7.5 billion Parag Milk Foods IPO and the Rs 2.6 billion Indian Overseas Bank QIP
 - Capital markets businesses contributed ~41% of revenues this quarter, as compared to ~57% in Q1FY16
- **Our asset and wealth management businesses have seen strong business traction**
 - Total AUM/AUA across MF, PMS and PE businesses was Rs 151 billion, up 58% YoY. Wealth Management AUM was Rs 74b, up 54% YoY.
 - In **public market equity**, we crossed the milestone of Rs 120 billion in AUM across equity mutual funds and PMS. Despite a slowdown in net flows in the industry this quarter, our net inflows in 1QFY17 remained strong in absolute terms. These show the growing acceptance of our QGLP investing process amongst the distributor fraternity. Our rank in equity AUM improved to 12, up from 18 in FY14. Our market share in Equity MF AUM was 1.3% in 1QFY17 and in Equity MF Net Sales was 4.0%. These reflect considerable headroom for growth.



- In **private equity**, the 1st Growth Capital Fund - IBEF I has returned ~198% capital (in INR terms) from 4 full-exits and 4 partial exits in 3 companies till-date. The fund is in advanced stages for 3 exits in the next few months, which may allow it to return an additional ~20% capital. The fund is likely to deliver a gross multiple of over 3.5 times. The 1st Real Estate Fund - IREF I has returned ~86% capital from full/partial exits from 6 projects. The 2nd Growth Capital Fund - IBEF II has committed ~64% across 8 investments. The 2nd Real Estate Fund - IREF II has committed ~85% across 8 deals. The 3rd Real estate Fund - IREF III announced its 1st close, raising commitments of ~ Rs 6 billion.
- Asset Management fee (public market equities and private equity together) were Rs 652 million in Q1FY17, up 62% YoY. This contributed ~18% of consolidated revenues this quarter, as compared to ~19% in Q1FY16.
- In **Wealth management**, the traction in RMs from 54 to 75 YoY has led to a 54% YoY growth in AUM and a 28% YoY rise in clients. Training programs to enhance knowledge and service levels helped in delivering higher throughput from RMs and deepening of client wallet-share and product penetration. We enjoy a high yield of ~1% in this business, due to the higher share of equity and alternatives in our product mix
- **Housing finance, the recent-most business in our portfolio, is showing traction in disbursements and reach**
 - **Housing finance related income** was Rs 1 billion in Q1FY17, up 391% YoY.
 - HFC loan book stood at Rs 25 billion vs Rs 5.6 billion a year ago. It has funded ~25,000 families till-date.
 - Aspire disbursed Rs 4.8 billion in Q1FY17, up from Rs 2 billion in Q1FY16.
 - It currently operates in 4 states, and the branch count has increased from 28 to 62 YoY
 - It has credit lines from 23 banks and 1 NBFC, up from 8 a year ago.
 - Crisil and ICRA have awarded long term rating CRISIL A+/Stable and [ICRA]AA- (Stable)) respectively
 - As of Q1FY17 (on an annualized basis), NIM was ~380 bp, RoA was 3.5%, RoE was 16.6% and D/E was 5.7X. Gross NPL was 0.2% as of Jun 2016
 - Capital infusion made by the Sponsor is Rs 4 billion till-date.
 - Housing Finance contributed ~27% of consolidated revenues this quarter, as compared to ~10% in Q1FY16.
- **Fund based activities** include strategic allocation of capital to long term RoE enhancing opportunities like sponsor commitments to mutual fund and private equity funds of MOFSL and the NBFC loan book.
 - **Fund based income** was Rs 459 million in Q1FY17, up 61% YoY. This includes share in profit on sale of sponsor investments made in the 1st PE growth fund.
 - Our investment in our own mutual fund products is Rs 6.1 billion (at cost) and Rs 1.9 billion (at cost) in our own private equity products. The unrealized gain on MF investments was Rs 1.8 billion as of Jun 2016.
 - NBFC loan book, which is now being run as a spread business using borrowed funds, was Rs 2.6 billion.
- **Other income** was Rs 24 million in Q1FY17.



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About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. (NSE: MOTILALOFS, BSE: 532892, BLOOMBERG: MOFS IN) is a well-diversified, financial services company focused on wealth creation for all its customers, such as institutional, corporate, HNI and retail. Its offerings include traditional capital markets businesses (retail and institutional broking, wealth management and investment banking), asset management (public market equities and private equity), housing finance and fund based business. MOFSL has strong research capabilities, which enables them to identify market trends and stocks with high growth potential, facilitating clients to take well-informed and timely decisions. 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 and Best Roadshows/Company Visits and amongst the Top-3 in Best Local Brokerage, Best Execution and Sales Trading Visits at the AsiaMoney Awards 2015. It has also won three research awards at Zee India Best Market Analyst Awards, 'Best Research as Research Showcase Partner' award at Research Bytes IC Awards 2014, and 'Best Broking House - Institutional Segment and Cash Segment' at the Dun & Bradstreet Equity Broking Awards 2015. Motilal Oswal Private Equity 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 and Valuable Housing Finance Company' at India Leadership Conclave 2015, 'Financial Services Institution of the Year' by ASSOCHAM at ICT 4 Development Awards 2015, and 'Agency Innovation of the Year (BFSI Sector)' at the Brand Excellence Awards 2015.

For further details contact:

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Mr. Motilal Oswal
Chairman & Managing Director
Motilal Oswal Financial Services Limited