

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

30th April, 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/MOTILALLOFS

Sub: Press Release

Please find attached the duly signed Press Release of the Company issued after the Board Meeting of the Company held on 30th April, 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 Q4FY16 Consolidated Revenues of Rs 3.2 billion, up 30%YoY (Rs 10.9 billion in FY16, up 41%YoY); and PAT of Rs 472 million, up 10%YoY (Rs 1.7 billion in FY16, up 18%YoY)

Mumbai, Apr 30, 2016: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter and year ended Mar 31, 2016 post approval by the Board of Directors at a meeting held in Mumbai on Apr 30, 2016.

Performance Highlights

Rs Million	FY16	Comparison (FY15)	Q4FY16	Comparison (Q4FY15)
Revenues	10,927	↑41%	3,159	↑30%
PBT	2,376	↑20%	676	↑20%
PAT	1,691	↑18%	472	↑10%
Diluted EPS - Rs (FV of ₹1)	11.7		3.3	

Performance for the Quarter and Year ended Mar 31, 2016

- Consolidated revenues were Rs 3.2 billion in Q4FY16, up 30% YoY; It was Rs 10.9 billion in FY16, up 41% YoY
- Consolidated PAT was Rs 472 million in Q4FY16, up 10% YoY; It was Rs 1.7 billion in FY16, up 18% YoY
- PAT margin was 15% in FY16 vs 19% in FY15
- Consolidated revenues (ex Housing Finance) were Rs 2.3 billion in Q4FY16, down 1% YoY. It was Rs 8.7 billion in FY16, up 16% YoY
- Consolidated PAT (ex Housing Finance) was Rs 293 million, down 28% YoY, and Rs 1.3 billion in FY16, down 9% YoY
- Balance sheet had net worth of Rs 14.4 billion and gross borrowings of Rs 23.7 billion, as of Mar 2016. Borrowings in MOFSL (ex-Aspire Housing Finance) stands at Rs 7.5 billion, as of Mar 2016
- ROE for FY6 was 12.4% on reported PAT vs 11.7% in FY15. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 1.2 billion, as of Mar 2016)
- Declared interim dividend of Rs 1.5 per equity share (Face value of Rs 1 per equity share) during Q4FY16

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

"The new government has launched several initiatives to drive growth, investments and competitiveness, apart from controlling the macro situation. However, challenge persists across exports, rural economy and urban consumption. As



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reforms gain speed and capex gathers momentum, it should give a fill-up to market activity and investor sentiments. Meanwhile, our investments into competencies during the recent quarters are leading to tangible business outcomes, and we remain on course in creating a fair mix of capital markets, asset management and fund-based businesses. Our equity market share has improved across cash and F&O segments. Our digital business is gaining traction. Our asset management business continues to improve its ranking in equity AUM and is seeing healthy sales from an increasing number of large distributors. The private equity business is adding scale with a new fund launch. Aspire Home Finance is seeing good traction in disbursements, reach and bank lines, along with operational excellence. Building a meaningful presence in the asset management and housing finance businesses have been two of our biggest achievements over the past year. With our investments into specific capabilities now leading to business results, we remain optimistic in our ability to capture the growth opportunities as they unfold further."

Performance of Business Segments for the Quarter and Year ended Mar 31, 2016

- **Traditional capital markets businesses are delivering results following investments into people, technology and processes**
 - **Broking and related revenues** (which includes broking and wealth management) were Rs 1.2 billion in Q4FY16, down 8% YoY. It was Rs 5.0 billion in FY16, up 3% YoY. Cash ADTO in the market was Rs 202 billion in FY16, down 6% YoY. Retail cash volumes in the market were down 8% YoY. Institution cash volumes in the market were up 1% YoY. FII's net sold equities in FY16 after 6 years of inflows. DII's net bought equities after 5 years of outflows. Proactive investments on this business have driven a meaningful traction in our equity market share from 1.5% in FY15 to 2.0% in FY16, across both cash and F&O segments. Due to continued shift of the volume mix towards F&O, the blended yield was ~3.4 bp in FY16 as compared to ~3.9 bp in FY15
 - In **retail broking & distribution**, our focus was on building scale and competitiveness through quality advisory, digital initiatives, assets-based product distribution, system-driven trading products and network expansion. During the quarter, we became India's 1st broker to launch the "Smart Watch App". We continued to invest in quality advisors, and expanded our network during the year. Our network is being leveraged for distribution of financial products to develop an assets-based product distribution approach vs just an equity broking approach. Our retail market share has improved, and average retail clients added in FY16 per month was 2X that during FY14.
 - In **institutional broking**, our focus remains on expanding the market share across the offshore geographies. We strengthened our competitive positioning through research offerings, corporate access outreach and sales and trading capabilities. The research team ramped up its coverage. Corporate access conducted several outreach events. We won as many as 11 awards at the Research Bytes Investor Communication Awards 2015.
 - **Wealth management** assets were up 52% YoY to ₹64 billion. It had a 77-member RM and advisory team, up from 49 in Mar 2015. We ramped up our RM base and advisory capabilities, and added few large clients and AUM-



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- mandates this year. This business continued to contribute significantly to the fund-raise of IREF III, our latest real estate PE fund. The Property Advisory team held the Real Estate Expo, showcasing projects of marquee developers. A differentiated equity strategy was launched for clients with one of our equity partner AMCs, which will benefit from the impending economic recovery
- **Investment banking** fees were Rs 84 million in Q4FY16, down 9% YoY. It was Rs 242 million in FY16, up 25%. We have been participating in emerging ECM opportunities. We received clearance from SEBI for the 3 upcoming IPOs where we are the BRLM. On the M&A side, we successfully completed transactions on the cross-border M&A and structured finance side this year, and the pipeline remains robust
- Traditional capital markets businesses contributed ~48% of revenues this year, as compared to ~65% a year ago
- **Our asset management businesses, both public markets and private equity, are is nearing critical mass**
 - **Asset Management** fee were Rs 653 million in Q4FY16, up 15% YoY. It was Rs 2.2 billion in FY16, up 77% YoY. Total AUM/AUA across MF, PMS and PE businesses was ₹133 billion, up 61% YoY. MF AUM was Rs 51 billion, up 110% YoY, PMS AUM was Rs 54 billion, up 47% YoY and PE AUA was Rs 28 billion, up 30% YoY.
 - In the **public market equity** business, our rank in equity AUM improved to 12, up from 18 in FY14. We were one of the fastest growing equity AMCs this year. Our net inflows were up 129% YoY in FY16. This was driven by scaling up of the existing distributor relationships and roll-out with new distributor relationships. Our focus is on building an Investment-focused B2B sales organization rather than Sales-focused investment organization
 - In the **private equity** business, IBEF I has returned ~120% capital (in INR terms) from 3 full-exits & 6 partial exits in 4 companies till-date. The fund is in advanced stages for 2 exits in the next few months, which may allow it to return an additional ~50-55% capital. IREF II has committed ~83% of AUM across established developers. IREF III announced its 1st close in Feb 2016 within four months of its launch, raising commitments of ~ Rs 6 billion.
 - Asset management business (public market equities and private equity together) contributed ~20% of consolidated revenues this year, as compared to ~16% a year ago.
- **Housing finance, the recent-most business in our portfolio, is showing traction in disbursements and reach**
 - **Housing Finance related income** was Rs 901 million in Q4FY16, up 463% QoQ. It was Rs 2.2 billion in FY16. Total operating costs rose 241% YoY owing to a 228% YoY increase in manpower count and a 264% YoY increase in the distribution network.
 - HFC loan book stood at Rs 21 billion vs Rs 3.6 billion a year ago. It has funded ~21,000 families till-date.
 - Aspire disbursed Rs 18 billion in FY16, up 5X YoY.
 - It has credit lines from 22 banks & 1 NBFC, up from 7 a year ago.
 - For FY16, RoA is 3.3%, RoE is 16.0%. As of Mar 2016, GNPL is 0.2%, NIM is 389 bp and D/E ratio is 5.1X
 - Capital infusion made by the Sponsor is Rs 3 billion till-date.
 - Both Crisil and ICRA have upgraded their ratings, to CRISIL A+/Stable and [ICRA]AA- (Stable)) respectively.
 - As a Primary Lending Institution, it has provided subsidy to 78 clients under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojana.

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- Housing Finance contributed ~20% of consolidated revenues this year, as compared to ~3% a year ago.
- **Fund based activities** include strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance, sponsor commitments to mutual fund and private equity funds of MOFSL, apart from the NBFC loan book.
 - **Fund based income** was Rs 247 million in Q4Y16, up 28% YoY. This was Rs 1.1 billion in FY16, up 2% YoY. NBFC loan book, which is now being run as a spread business using borrowed funds, was Rs 2.6 billion.
 - Our investment in our own mutual fund products is Rs 5.9 billion (at cost) and Rs 2.0 billion (at cost) in our own private equity products. The unrealized gain on MF investments was Rs 1.2 billion as of Mar 2016
- **Other income** was Rs 38 million in Q4FY16. It was Rs 152 million in FY16.

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 2014 for the 4th year in a row. 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