Knowledge First

Motilal Oswal Financial Services

Investor Presentation

- Capital Market Business
- Asset & Wealth Business
- Housing Finance Business
- Fund Based Business

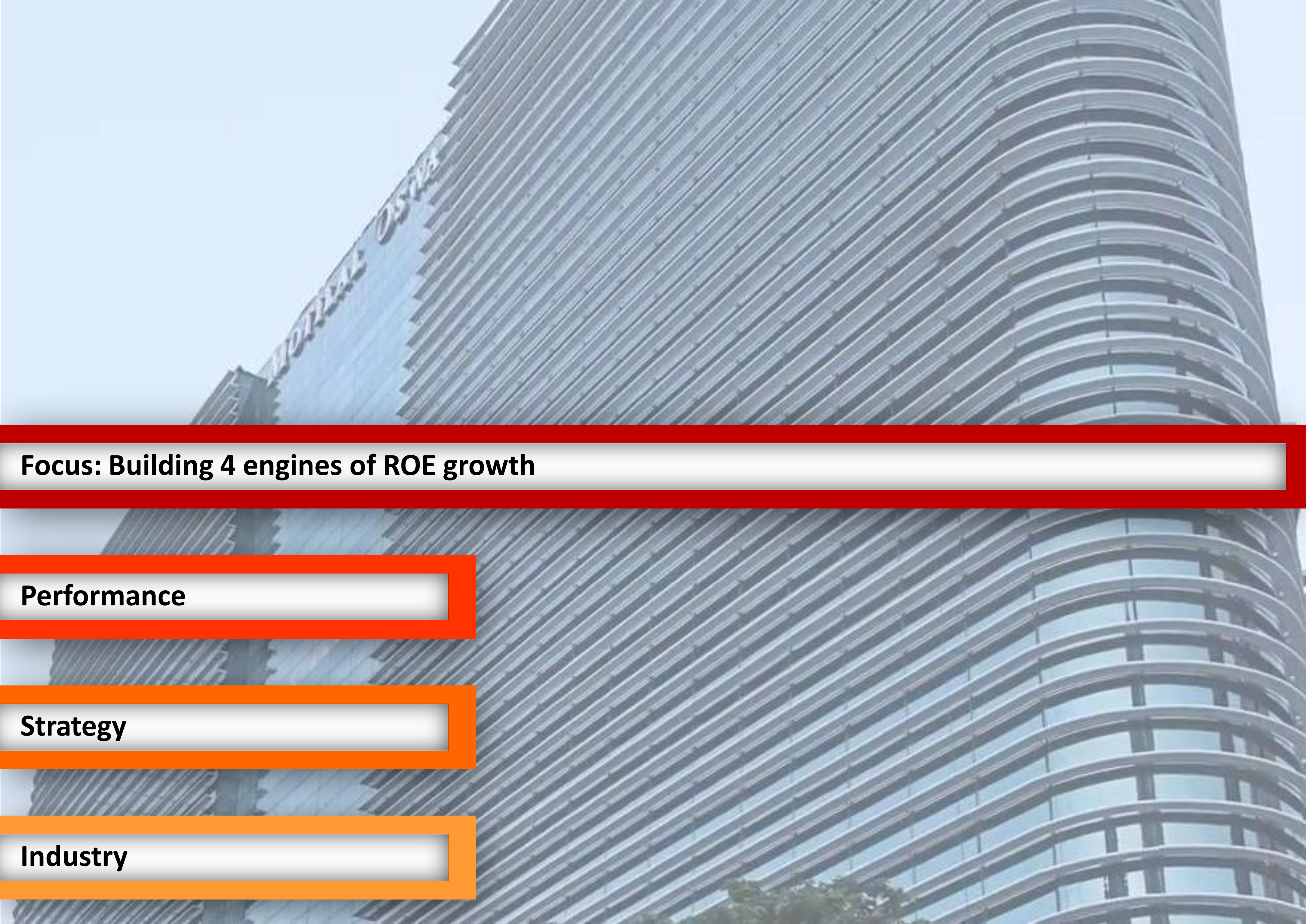
Marching Onwards with Focused Strategies

Focus

Performance

Strategy

Industry



Focus: Building 4 engines of ROE growth

Performance

Strategy

Industry

Transforming the business model to build 4 engines of ROE growth

	Capital Market	Asset & Wealth	Housing Finance	Fund Based	Milestones achieved
Pre-2007 vintage	**Retail Broking & Distribution** **Institutional Equities**	**Asset Management** (PMS)			• Research & advice was USP • PAT +10X in FY03-08 cycle • 3x growth in market share • 10x growth in client base
Since 2007	**Investment Banking** (Advisory)	**Private Equity** (Growth Capital) **Private Equity** (Real Estate) **Private Wealth Management**			• Diversification around core • Investment phase • Stable margins & profitability • Used minimal capital, but sizable net worth still needed • Low RoE
Since 2014	**Investment Banking** (Equity Capital Markets)	**Asset Management** (Mutual Funds) **Asset Management** (Offshore)	**Aspire Home Finance** (Affordable Housing Finance)	**Sponsor Commitments** (to own MF & PE funds)	• New MFs on QGLP philosophy • Mortgage & Asset biz are poised for scale • PE established track record • Broking & AMC have huge scope for operating leverage • Free cash flows deployed to generate 20%+ ROE avenues

How the capital allocation has changed after the transformation

FY2013-14: ~Rs 12 billion net worth	FY2017: ~Rs 18 billion net worth
Rs 1-2 billion in capital market business: earned 30%+ ROE	Allocation to capital market business & corp. office continues
Rs 3 billion in Corp. office had intangible benefits of synergy	LAS to be run as spread biz; arbitrage book also closed down
Rs 5 billion in LAS: yielded ~9-10% returns post tax/interm	Rs 5 billion in affordable home finance, which can increase
Rs 2-3 billion in arbitrage: ~7-8% returns post tax/interm.	Rs 9 billion in our MF & PE funds at cost: Shows our conviction
<u>This allocation earned sub-10% ROE at best</u>	<u>This allocation is geared for a sustainable 20%+ ROE</u>

Where we stood as of FY17

MOTILAL OSWAL
Financial Services

Revenues

Rs 18 bn in FY17, +66%

- Revenue reaches at a high as all biz built scale. All biz contributed in FY17, HFC +160% YoY, AMC +68% YoY & Capital Mkt +40% YoY
- Mix moving to annuity streams, provides visibility of earnings. 56% FY17 topline came from linear sources like HFC & Asset & Wealth Mgt vs. 44% in FY16

PAT

Rs 3.6 bn in FY17, +133%

- Profits is at a high since last 10 years. FY17 PAT driven by HFC +103% YoY, Asset & wealth mgt +237% YoY and Capital Mkt +178% YoY
- PAT contribution from the new businesses becoming visible, with 57% of FY17 PAT coming from Asset & wealth mgt and HFC vs. 45% in FY16

ROE

22% in FY17

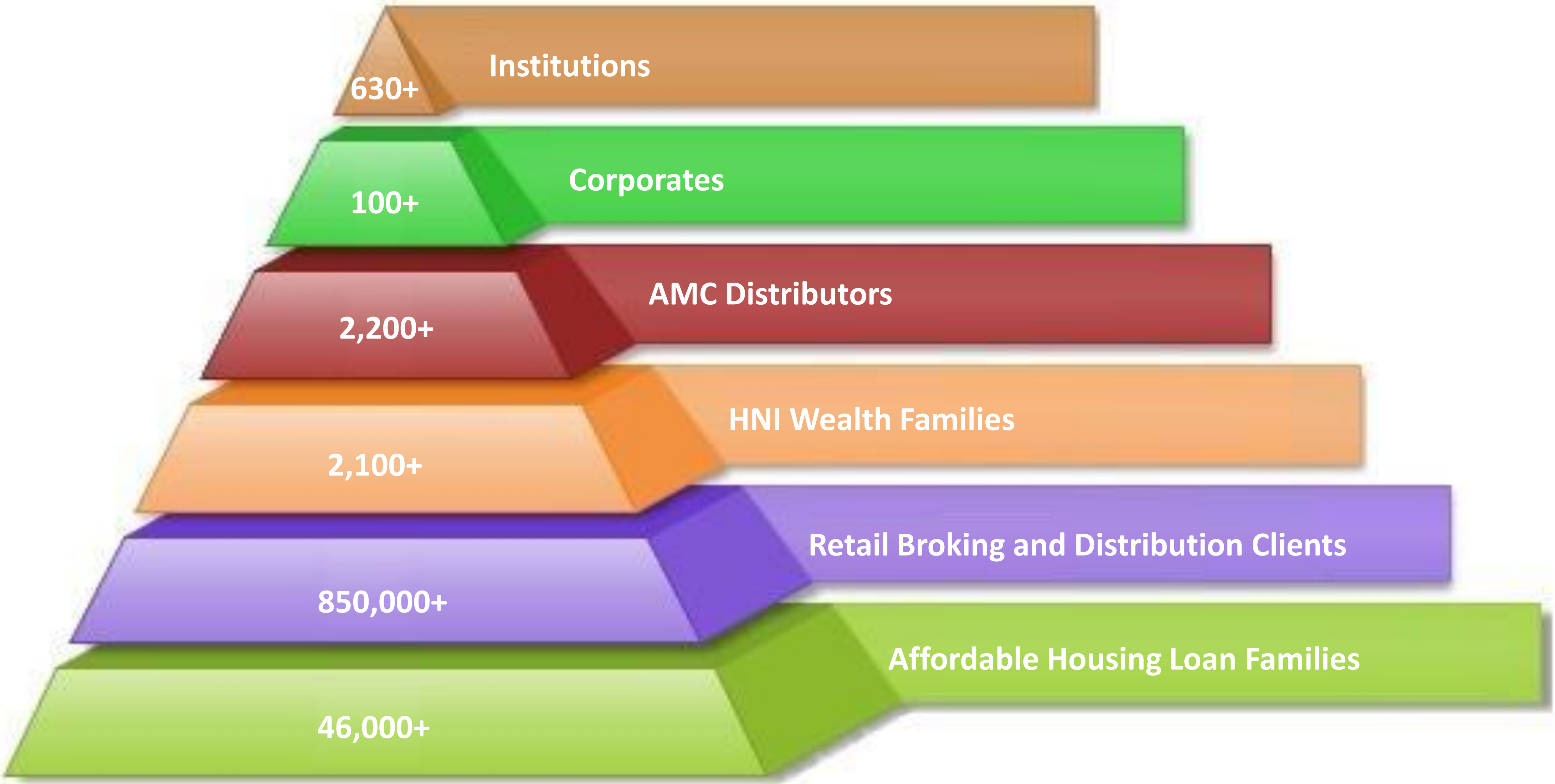
- It excludes Rs 3.3 bn unrealized gains on our MF investments
- Including this, the ROE in FY17 would have been ~31%.
- Achieving a sustainable 20%+ ROE
- High dividends: Rs 5.5 per share in FY17 vs. Rs 3.5 in FY16

AUM (MF, PMS, PE)

Rs 234 bn as of Mar 2016

- 3% market share in MF Net Sales vs. 1.3% market share in MF AUM
- Apart from PMS, MF & PE, we also have AUM in Wealth Mgt, Distribution & Housing Finance
- Wealth AUM Rs 101 bn, + 57% YoY
- Distribution AUM Rs 44 bn, +147%
- HFC Book Rs 41 bn, +2X YoY

Well-positioned across the client pyramid



Corporate governance

Board – Motilal Oswal Financial Services Ltd.

- Board consists of 6 Directors
- 50% comprised of Independent Directors
- MOFSL has some major Board level Committees :
  - Audit Committee
  - Stakeholders Relationship Committee
  - Nomination & Remuneration/Compensation Committee
  - Corporate Social Responsibility Committee
  - Risk Management Committee
  - Asset Liability Management Committee
  - ESOP Committee
  - Debenture Committee
  - Finance Committee

Independent Directors – Motilal Oswal Financial Services Ltd.

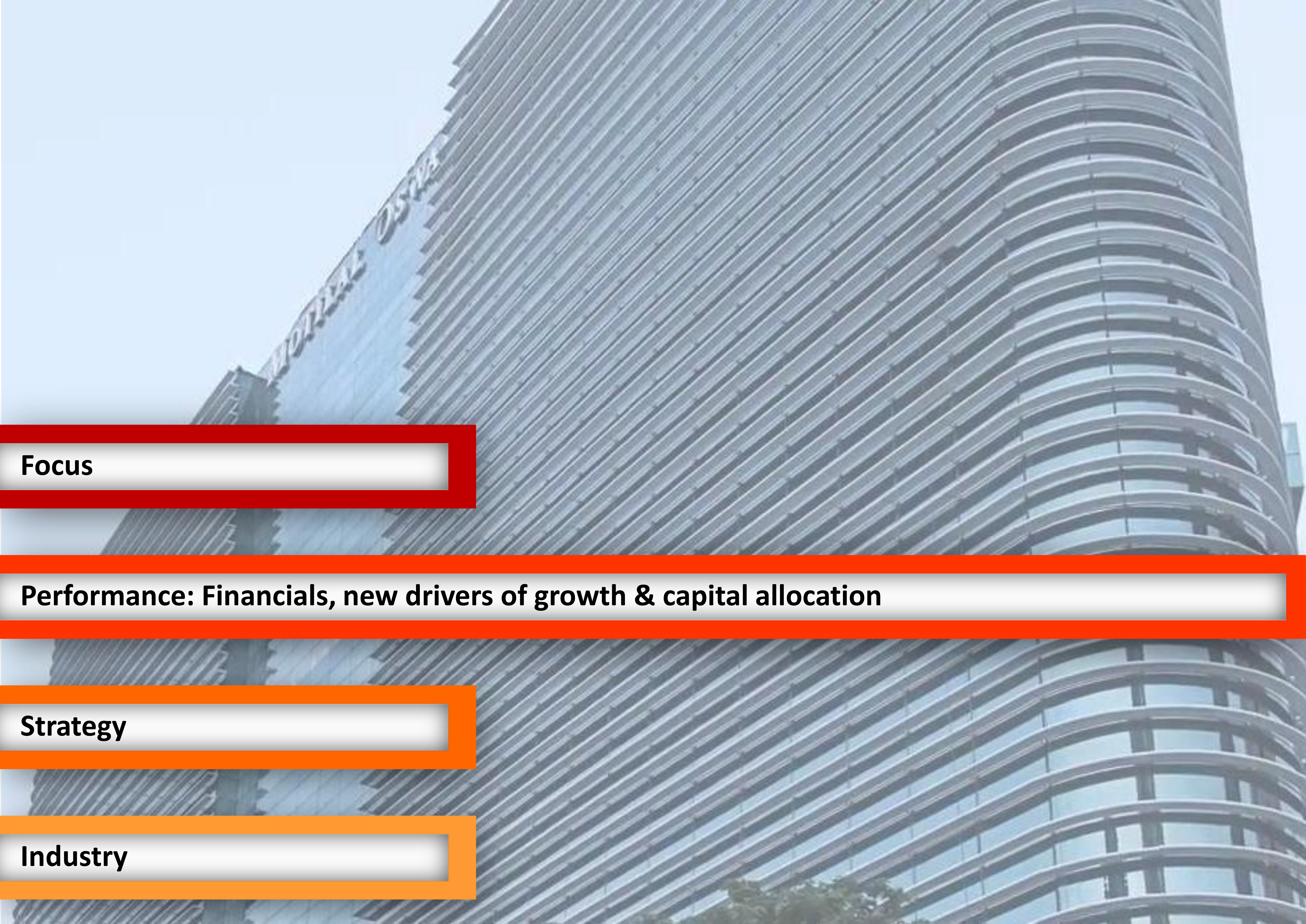
- Ms Sharda Agarwal co-founded a strategy marketing consulting firm. Previously, she set up a consulting-market research firm
- Mr Vivek Paranjpe is an HR consultant with Reliance Industries. Prior to this, he was with HP, Hotel Corp, J&J, Hindustan Lever
- Mr Praveen Tripathi is CEO of Magic9 Media & Consumer Knowledge & Chairman of the NCCSC. He has worked with Pidilite, Hansa Consulting, Zenithmedia, Starcom/Leo Burnett

Independent Directors – Motilal Oswal Securities Ltd.

- Ms Rekha Shah is the founder of Analyze N Control. Prior to this, she had 16 years exp in manufacturing & financial sector
- Mr Praveen Tripathi *(as above)*

Independent Directors – Aspire Home Finance Corp Ltd.

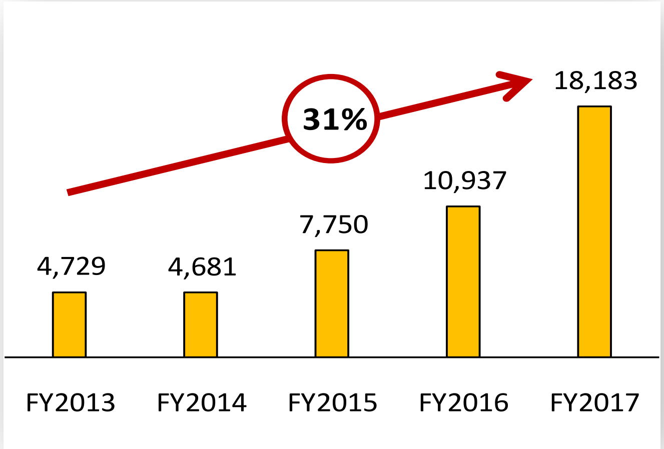
- Mr Hemant Kaul is an independent management consultant. Prior to this, he held leadership roles in Bajaj Allianz & Axis Bank
- Ms Smita Gune is director of business risk at ANB. She has 30+ years exp in BFSI industry with ICICI Bank, Hinduja, TATA Finance
- Mr Sanjaya Kulkarni has 40+ years exp in BFSI industry. He is also an Advisor & I.C. Member of Motilal Oswal's private equity funds



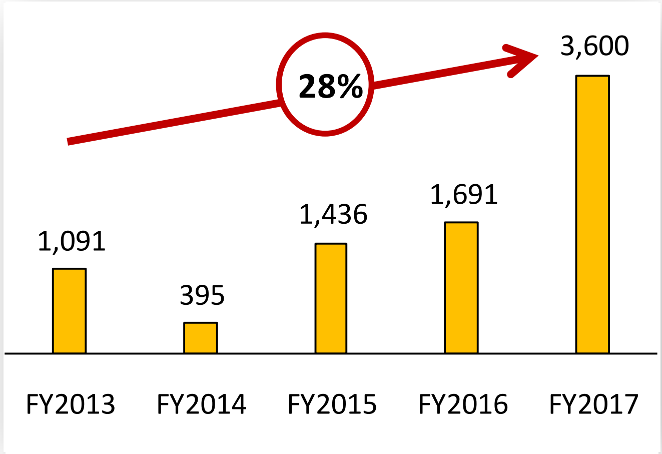
- Focus
- Performance: Financials, new drivers of growth & capital allocation
- Strategy
- Industry

Annual financial performance*

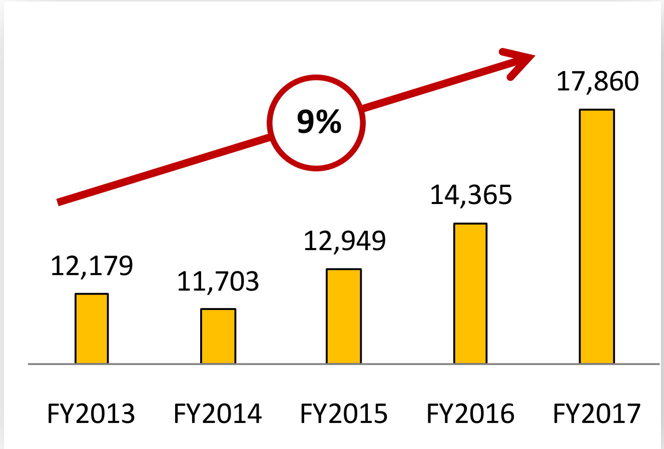
Revenues (Rs million) & CAGR**



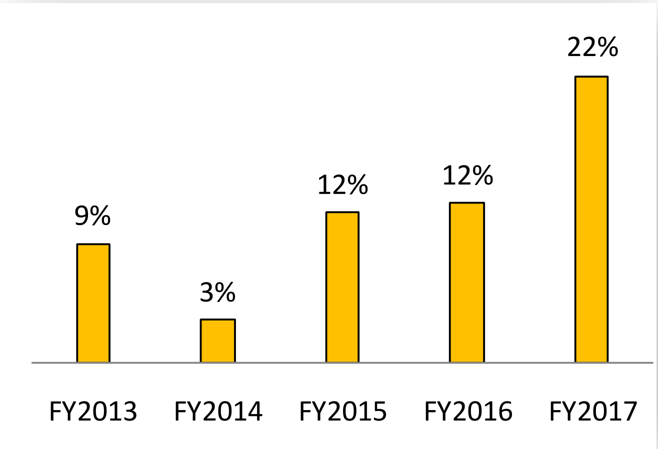
PAT (Rs million) & CAGR



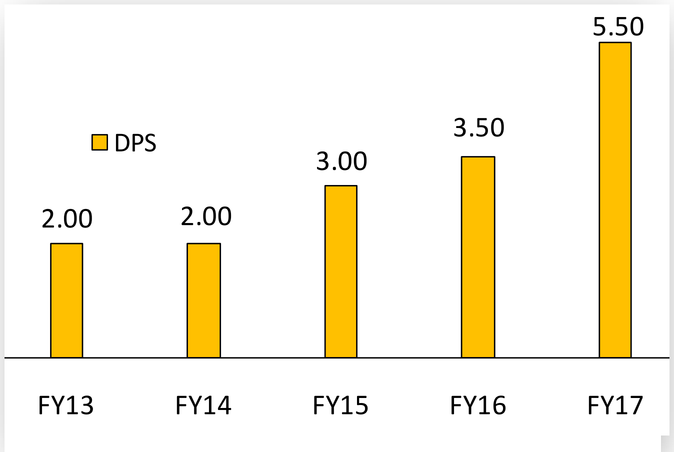
Net Worth (Rs million) & CAGR



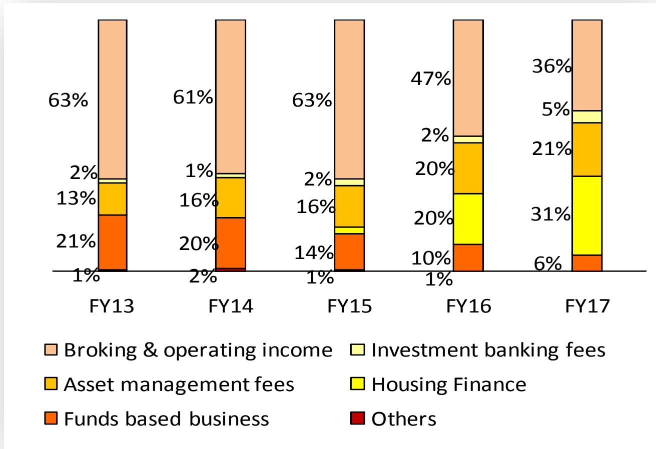
Return on Equity (%)



Consistent dividends



Revenue Composition (%)



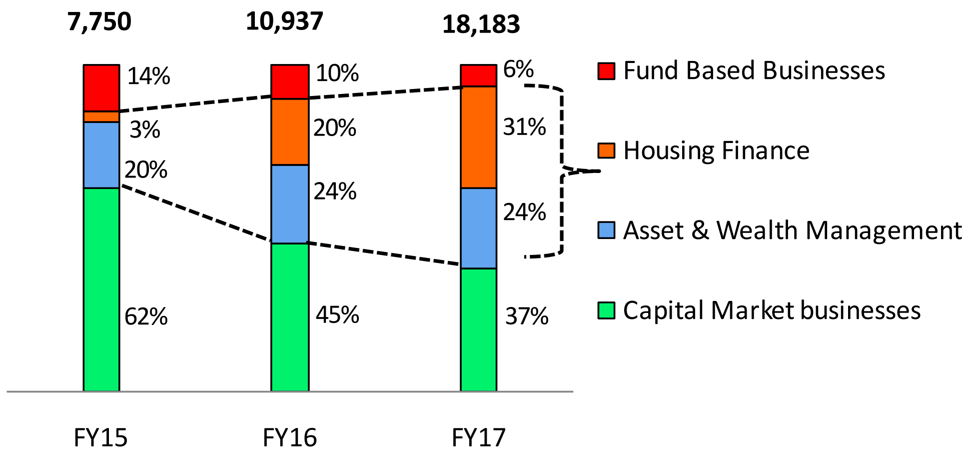
Prior figures have been regrouped wherever necessary
***CAGR has been annualized for the period*

New drivers for topline & profit growth

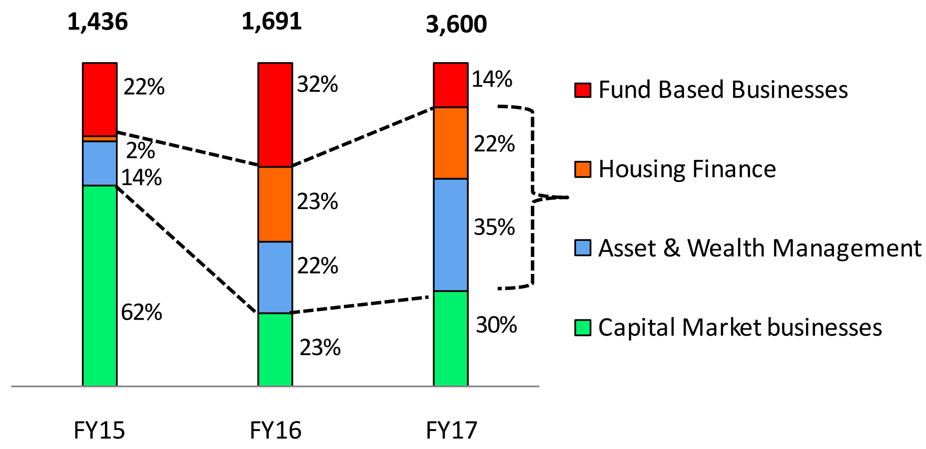
4 drivers for future growth

- During the previous cycle, our growth was driven by only one engine, i.e. the capital market business. That alone helped us deliver 10x growth in profits through the last cycle
- Now, we have 4 drivers – the capital market business, asset & wealth businesses, housing finance & fund based business; which should help us capture the growth opportunities & improve our long-term ROE towards a sustainable 20%+

Revenue diversification bearing fruit, with 56% from linear sources like HFC & Asset & Wealth Mgt vs. 44% in FY16



PAT Mix change; 57% of FY17 profits coming from Housing Finance & Asset & Wealth mgt vs. 45% in FY16



- Capital Markets includes broking & investment banking
- Asset & Wealth Management includes asset management, private equity & wealth mgt
- Housing Finance includes Aspire Home Finance
- Fund Based Business includes sponsor commitments to our AMC funds & LAS book

Latest quarter table

Particulars *Rs million*	Q4 FY17 Mar 31, 2017	Q4 FY16 Mar 31, 2016	Change (%) Y-o-Y	Q4 FY17 Mar 31, 2017	Q3 FY17 Dec 31, 2016	Change (%) Q-o-Q	FY17 Mar 31, 2017	FY16 Mar 31, 2016	Change (%) Y-o-Y
Brokerage & operating income	1,780	1,264	41%	1,780	1,556	14%	6,617	5,088	30%
Investment banking fees	424	78	444%	424	148	187%	855	241	254%
Asset management	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%**
Operating expenses	1,087	589	85%	1,087	846	28%	3,561	2,325	53%
Personnel costs	1,107	714	55%	1,107	676	64%	3,410	2,510	36%
Other costs	617	443	39%	617	416	48%	1,921	1,639	17%
Depreciation	91	94	-3%	91	83	10%	328	349	-6%
Interest	1,165	653	78%	1,165	1,306	-11%	4,423	1,738	155%
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%
Reported PAT	**902**	**472**	**91%**	**902**	**891**	**1%**	**3,600**	**1,691**	**113%**
EPS - Basic	6	3		6	6		25	12	
EPS - Diluted	6	3		6	6		25	12	
No.of shares outstanding (million) - FV Rs 1/share	144	142		144	144		144	142	

- During the previous cycle from FY04-08, our growth was driven by only one engine, i.e. broking. That alone helped us deliver 10x growth in profits through that cycle. Now, we have 4 drivers – capital market businesses (broking & investment banking), asset & wealth businesses, housing finance & fund based business; which should help us capture the growth from a diversified revenue & profit base, & improve our long-term ROE towards a sustainable 20%+

ROE Attribution

Group ROE	Segment-wise ROE* with % of Net Worth Employed			
MOFSL Consolidated	Capital Markets[#]	Asset & Wealth Mgt[&]	Housing Finance	Fund Based[@]
22% in FY17 (100% of NW Emp)	61% in FY17 (7% of NW Emp)	206% in FY17 (4% of NW Emp)	17% in FY17 (34% of NW Emp)	5% in FY17 (55% of NW Emp)
12% in FY16 (100% of NW Emp)	12% in FY16 (16% of NW Emp)	85% in FY16 (4% of NW Emp)	16% in FY16 (24% of NW Emp)	7% in FY16 (57% of NW Emp)

* RoE calculated on Average Networth

[#] Treasury gains in Agency business P&L has been classified under Fund Based

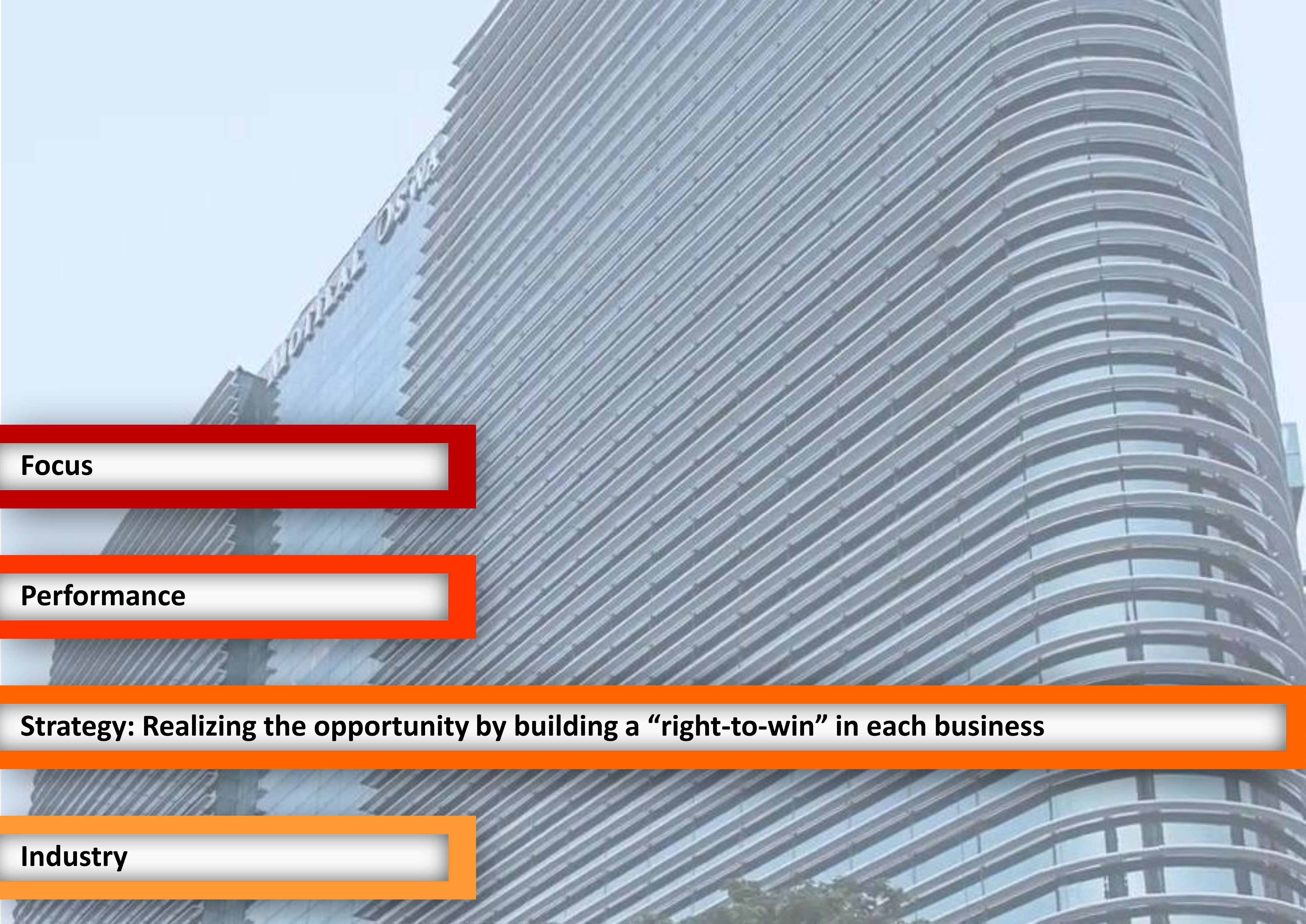
[&] Net carry earned on PE exits shown under Asset & Wealth Management

Does not include unrealized gain on our MF investments (Rs 3.3 bn as of Mar 2017). Post-tax XIRR of these investments (since inception) of ~24%; Other treasury investments are valued at cost

Balance sheet

Rs million	As on Mar 31, 2017	As on Mar 31, 2016
Sources of Funds		
Networth	17,860	14,365
Loan funds	46,464	25,891
Minority interest	285	162
Deferred tax liability	370	62
Total	**64,980**	**40,480**

Application of Funds		
Fixed assets (net block)	2,594	2,921
Investments	18,012	12,311
Deferred tax asset	-	-
Current Assets (A)	63,763	35,677
- *Sundry debtors*	*12,600*	*7,099*
- *Cash & Bank Balances*	*4,609*	*2,867*
- *Loans & Advances*	*46,199*	*24,605*
- *Other Assets*	*355*	*1,106*
Current liabilities (B)	19,388	10,429
Net current assets (A-B)	44,375	25,248
Total	**64,980**	**40,480**



Focus

Performance

Strategy: Realizing the opportunity by building a "right-to-win" in each business

Industry

Business-wise strategic imperatives

Capital Market Businesses

Retail Broking & Distribution
- Use digital platforms & technology methods to expand client biz at lower costs
- Deepen the financial product distribution biz, to build steady annuity revenue
- Maintain profitability despite cycles; Capture the operating leverage this biz offers

Institutional equities
- New research products & corporate outreach to boost market share
- Blocks has held steady within institutional volumes; set to continue

Investment banking
- Bring high-quality companies to the market
- Leveraging the emerging equity raising opportunities

Asset & Wealth Businesses

Asset management
- Equity -specialist positioning with our time-tested QGLP philosophy forms the USP
- Bring AUM market share towards net flow market share; Expand in offshore market

Private equity
- Capture fundamentally-strong, high-quality & high-growth companies
- Initial PE/RE funds have demonstrated profitability & scalability; expect to continue

Wealth management
- Earning a respectable yield due to higher share of equity/alternate in AUM mix
- Improving client wallet-share, product penetration & AUM-advisory mandates

Housing Finance

Affordable housing finance
- Building a scalable & high-ROE business, backed by operational excellence
- Expansion in new/existing states, technology usage & re-ratings to drive this biz

Fund Based Business

Sponsor commitments
- Leveraging our time-tested QGLP philosophy by committing to 20%+ ROE avenues
- Acts as a liquid treasury chest to help fund & scale up our new businesses

Capital Market Businesses

- Retail Broking & Distribution
- Institutional Equities
- Investment Banking

Asset & Wealth Businesses

- Asset Management
- Private Equity
- Wealth Management

Housing Finance

- Aspire Home Finance

Fund Based Business

- Sponsor commitments to our AMC & PE funds
- NBFC LAS book

Broking activities (MOSL)

Improved market share in the high-yield cash segment in FY17

Distribution AUM picked up strongly to Rs 44 bn, +147% YoY

Blocks have seen solid traction in institution business

Operating leverage is becoming visible; Ample scope still exists

Particulars	Q4 FY17	Q4 FY16	Change	Q4 FY17	Q3 FY17	Change	FY17	FY16	Change
Rs million	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y	Mar 31, 2017	Dec 31, 2016	(%) Q-o-Q	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y
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%

- QoQ decline in 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. Employee cost to revenue was 30% in Q4FY17 and 25% in FY17
- Distribution saw strong traction with Net Sales of Rs 16 billion, +133% YoY. AUM was Rs 44 billion, +147% YoY. With only ~20% of the distribution network tapped, we expect meaningful increase in AUM & fee income as cross-selling increases
- Market ADTO grew 35% YoY in FY17, with F&O up 36% YoY & cash up 23% YoY. Within cash, retail grew 39% YoY & institution was up 14%. Q4FY17 saw disproportionate high cash volumes in the market due to large-scale inter-promoter transfers
- MOSL's overall ADTO grew 45% YoY to Rs 85 billion in FY17. Market share in high-yield cash improved YoY, and overall market share was 2.1% in FY17 vs. 2% in FY16. Given the continued shift in market volume to F&O, blended yield in FY17 was 3.1 bps vs. 3.5 bps in FY16
- Some of the operating leverage from the investments in manpower (+72% from Mar-15), brand & technology is visible, as PAT margin improved to 15% in FY17 vs. 11% in FY16. However, the full benefit of operating leverage is yet to unfold.

Retail Broking: Time-tested retail model poised for scale

What will drive our growth

- Relationship-based advice for stickier engagement
- Financial product distribution biz hold huge potential, incl. for our manufactured products
- Leveraging technology for speed, UX & access
- Leveraging power of entrepreneurship with franchisees to expand our network across India
- Own-branch biz in metros seeing strong uptick

Maintaining profitability

- Market volumes may be volatile, but our business model of branch+franchisee remains profitable
- Apart from franchisee's variable model, even the branch model has been turned profitable
- Automating back-end processes to reduce opex
- e-KYC, OAO speeding up processes at lower cost

Business wins

- Growth in market share seen on YoY basis
- Financial product AUM Rs 44 bn, +147% YoY
- Retail clients added p.a. increasing last 2 years
- Digital business were 45% of retail biz
- Mobile comprised 24% of online biz
- 50%+ accounts now opened through e-KYC

Market opportunity

- Significant scope for operating leverage in this biz
- Highly underpenetrated market (demat only ~2%)
- Financial product distribution has huge scope
- System-driven tools might attract DIY clients too
- Market volume consolidates to larger brokers in bull-phases; we are well-placed to ride this curve

Institutional Equities: Focus on research, sales, trading & outreach

Award-winning Research (Coverage 230)

Investing in Sales & Execution (Clients 630)

Multiple formats for outreach; CAG events evincing good interest

Best in Class Institutional Broking (High ranks in Award forums)

What will drive our growth

- Present in both FIIs & DII segments; one of the few Indian brokers to do so
- Reached 5% market share with several DIIs
- Blocks gaining solid traction within our volumes
- New research products & corporate outreach creating client-pull & boosting market share

Business wins

- Established track-record across both FIIs & DIIs
- New differentiated thematic research products are evincing increased client interest
- Share of blocks holds steady in our volumes
- AGIC is one of the largest events in this segment
- Ranked amongst the top local brokers across parameters in prestigious forums like AsiaMoney

Investment Banking: A milestone year

Topped the FY17 India QIP league table ranking

Completed 10 ECM transactions in FY17

BRLM for four transactions in FY17

Particulars *Rs million*	Q4 FY17 Mar 31, 2017	Q4 FY16 Mar 31, 2016	Change (%) Y-o-Y	Q4 FY17 Mar 31, 2017	Q3 FY17 Dec 31, 2016	Change (%) Q-o-Q	FY17 Mar 31, 2017	FY16 Mar 31, 2016	Change (%) Y-o-Y
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%

- FY2017 was a landmark year for the IB business, with all time high revenues since inception led by a number of marquee deals and firsts to our credit
- Topped the FY17 India QIP league table ranking, both in terms of number of deals and amount raised
- Completed 10 ECM transactions (IPO and QIP/OFS) in FY17, our best ever performance in terms of number of deals and value of transactions
- BRLM for four transactions in Q4FY17, including the IPOs of BSE and Avenue Supermart, and QIPs of Yes Bank and UBI. Also completed a marquee M&A transaction of Motherson Sumi's acquisition of PKC Group Finland
- Pipeline remains robust, with several high quality IPOs and potential advisory transactions

Investment Banking: Focusing on emerging opportunities

What will drive our growth

- Bringing high-quality companies to the market by acting as a strategic CFO
- Participating in several ECM opportunities
- Deal pipeline looks promising

Business wins

- Topped the FY17 India QIP league table ranking
- All time high revenues in FY17
- Completed 10 ECM transactions in FY17

Capital Market Businesses

- Retail Broking & Distribution
- Institutional Equities
- Investment Banking

Asset & Wealth Businesses

- Asset Management
- Private Equity
- Wealth Management

Housing Finance

- Aspire Home Finance

Fund Based Business

- Sponsor commitments to our AMC & PE funds
- NBFC LAS book

Asset Management: Reaching critical mass

AMC Net Sales
Rs 57 bn in F17
▲ 10% YoY

AMC AUM
Rs 203 bn in FY17
▲ 94% YoY

Rank in Equity AUM*
9 in Mar 2017
vs. 14 in Mar 2015

Eq. MF Market Share**
~3.0% in Net Flows
~1.3% in Avg AUM

Particulars	Q4 FY17	Q4 FY16	Change	Q4 FY17	Q3 FY17	Change	FY17	FY16	Change
Rs million	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y	Mar 31, 2017	Dec 31, 2016	(%) Q-o-Q	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y
AUM (Billion)	203	105	94%	203	155	31%	203	105	94%
Net Inflows (Billion)	19	8	134%	19	16	17%	57	52	10%
Total Revenues	1,205	554	118%	1,205	876	38%	3,413	1,852	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%

- AMC Net Sales were Rs 57 billion in FY17, +10% YoY. Quarterly net flow in Q4FY17 were Rs 19 billion, +134% YoY
- AMC AUM crossed the landmark Rs 200 billion mark this year, to close at Rs 203 billion, +94% YoY
- Net Sales of Rs 57 billion in the context of the closing AUM of Rs 203 billion provides visibility of continued strong AUM growth
- Net Yield was ~1% in FY17 vs. ~0.8% in FY16
- Advt./mktg. 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 the future
- Financial savings to total savings in India has risen from 31% in FY12 to 41% in FY16. Our AMC will be a beneficiary of this trend
- In offshore, which is 2X of institutionally managed equity assets in India, we are seeing initial interest in our offshore products

**Rank includes our AUM in Equity MF, PMS & AIF; Industry AUM includes Equity MF assets excl Arbitrage funds*
***Includes only Open-Ended Equity Mutual Funds*

[1] Inception Date: 25/03/2003. These returns are of a Model Client as on 31st Mar 2017. Returns of individual clients may differ depending on time of entry in the strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns shown are post fees and expenses. Benchmark is Nifty 50 Index

Asset Management: Positioned as a niche equity specialist

What will drive our growth

- QGLP, our time-tested investing process, is our main differentiator in front of clients
- Deepening & widening the B2B distributor base
- Our flagship MFs finish 3-year track record, will enhance participation from distributors
- Expansion into offshore, apart from domestic mkt

Maintaining profitability

- B2B sales firm focused on its core competency of investing, rather than investing in B2C sales
- Discretionary spending like advertising, which are up now, will taper as MOAMC brand builds recall
- Huge scope for operating leverage as AUM grows

Business wins

- Rank in Equity AUM was 9 vs 14 in FY15
- Rs 203 bn AUM (MF/PMS/AIF), +94% YoY
- Rs 57 bn Net Sales in FY17, +10% YoY
- Equity specialist positioning paying off, as our net flows were strong despite a slowdown in market
- QGLP's long-term track record seen with our Value PMS strategy (~25% CAGR in 14 years*)

Market opportunity

- FII:DII holding in institutional segment is 2/3:1/3rd; we are only in the domestic market & are now tapping the offshore market with MO India Fund
- FY02-08 saw industry equity AUM grow at 49% CAGR. As financial savings pick up, it will sustain
- As we maintain flows, AUM market share of 1.3% will move closer to net sales market share of 3%

**Inception: 24/03/2003. Returns are of a Model Client as on 31st Dec. Returns of individuals may differ depending on time of entry. Past performance may not be sustained in future & should not be used for comparison. Returns are post fees & exp*

Private Equity – Demonstrating profitability and scalability

Growth PE Funds demonstrated robust profitability

Real Estate Funds shown significant scalability

Fundraising for IBEF III to commence from FY18

Particulars	Q4 FY17	Q4 FY16	Change	Q4 FY17	Q3 FY17	Change	FY17	FY16	Change
Rs million	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y	Mar 31, 2017	Dec 31, 2016	(%) Q-o-Q	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y
Total Revenues	85	152	-44%	85	100	-15%	401	466	-14%
EBITDA	(1)	36	-102%	(1)	40	-102%	97	152	-36%
Exceptional items	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%

Growth PE Funds

- IBEF I has seen 6 full-exits & 2 partial exits in 2 companies till-date, translating into ~209% capital returned (INR). It is likely to deliver a gross multiple of ~3.5X. This means over half of the estimated profits are yet to be booked
- IBEF II committed 100% across 11 investments so far, after raising commitments from marquee institutions
- Fundraising for IBEF III is expected to commence in FY18

Real Estate Funds

- IREF I has seen full/partial exits from 6 projects so far, translating into ~90.5% capital returned to investors
- IREF II is fully deployed in 12 investments. It secured 2 full exits and has returned ~ 29% money to investors. Its XIRR on exited investments is ~27%
- IREF III has raised commitments of ~Rs 9 billion so far, of which ~50% is committed in 7 investments

Private Equity – Demonstrating profitability and scalability

What will drive our growth

- Healthy exits from the older funds helping raise larger-ticket fund raise from marquee institutions
- Regular exits from existing funds to drive flow of carry income
- Traction in speed of fundraising in new funds means flow of fee income to start earlier

Business wins

- PE business has demonstrated high profitability
- RE business has shown significant scalability
- Size of each subsequent fund has been larger than its predecessor fund, both in PE & RE funds
- 1st PE fund likely to deliver a 3.5X gross multiple

Wealth Management: Focus on client wallet-share & productivity

MOTILAL OSWAL
Financial Services

Wealth Net Sales
Rs 18 bn in FY17
21% YoY

Wealth AUM
Rs 101 bn in FY17
57% YoY

Client Families
14% YoY

Deepening our client wallet-share & RM productivity

Particulars	Q4 FY17	Q4 FY16	Change	Q4 FY17	Q3 FY17	Change	FY17	FY16	Change
Rs million	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y	Mar 31, 2017	Dec 31, 2016	(%) Q-o-Q	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y
AUM (Billion)	101	64	57%	101	91	11%	101	64	57%
Net Inflows (Billion)	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%

- Wealth Net Sales were Rs 18 billion in FY17, +21% YoY. Quarterly net flow in Q4FY17 were Rs 4 billion, + 2% YoY
- Wealth AUM crossed the Rs 100 billion mark this year, and closed FY17 at Rs 101 billion, +57% YoY
- Net Sales of Rs 18 billion in the context of the closing AUM of Rs 101 billion provides visibility of continued strong AUM growth
- Net Yield was high at ~0.87% in FY17, due to the higher share of equity & alternates in our AUM
- A strong brand image has helped to attract quality RM talent
- Inclination to invest in financial assets remains high, and flows should be brisk in the coming quarters

Wealth Management: Focus on relationships & yields

What will drive our growth

- Deepening of client wallet-share, product penetration & AUM-advisory mandates
- Traction in sales people and in improvement in RM productivity helping boost our AUM
- Huge scope for scalability as it builds synergies with the Group's businesses to deepen its reach

Maintaining profitability

- We earn a respectable yield in this biz, due to the higher share of equity & alternate products in our AUM mix; this translates into better profitability
- As RM productivity improves even further, it will add scale at much lower incremental cost

Business wins

- Wealth AUM at Rs 101 bn, +57% YoY
- Wealth Net Sales at Rs 18 bn, +21% YoY
- Client families +14% YoY
- Improvement in product penetration & client wallet-share is reducing the concentration risk

Market opportunity

- Inclination to invest in financial assets remains high, so flows should be brisk in coming quarters
- India had ~0.15 mn UHNIs in FY16, a 20% 5-Year CAGR. As incomes across professionals, inheritors & entrepreneurs grow, it will deepen this pool. Many new HNIs are yet to make WM relationships

Capital Market Businesses

- Retail Broking & Distribution
- Institutional Equities
- Investment Banking

Asset & Wealth Businesses

- Asset Management
- Private Equity
- Wealth Management

Housing Finance

- Aspire Home Finance

Fund Based Business

- Sponsor commitments to our AMC & PE funds
- NBFC LAS book

Aspire – On course to build an affordable housing finance entity

MOTILAL OSWAL
Financial Services

HFC Disbursals
Rs 24 bn in FY17
32% YoY

HFC Loan Book
Rs 41 bn in FY17
2X YoY

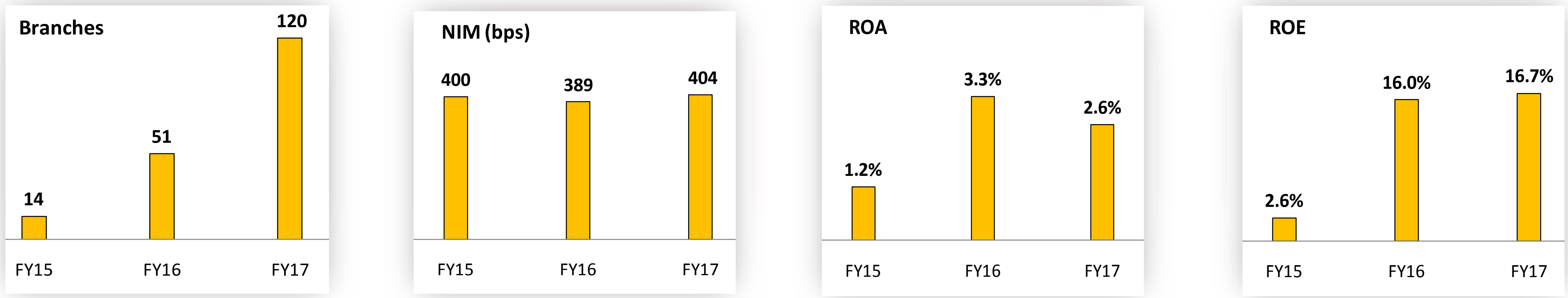
Expanded into 5 new states this quarter; Present in 9 Pan-India

Gearing remains conservative

Particulars	Q4 FY17	Q4 FY16	Change	Q4 FY17	Q3 FY17	Change	FY17	FY16	Change
Rs million	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y	Mar 31, 2017	Dec 31, 2016	(%) Q-o-Q	Mar 31, 2017	Mar 31, 2016	(%) Y-o-Y
Sanctions (Billion)	12	9	28%	12	5	122%	31	24	33%
Disbursements (Billion)	9	7	26%	9	3	178%	24	18	32%
Loan Book (Billion)	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 (NII)	417	204	104%	417	302	38%	1,259	476	164%
Other Income	334	260	29%	334	162	107%	951	644	48%
Total Income	751	464	62%	751	464	62%	2,209	1,120	97%
Operating Profit (Pre- Prov.)	481	298	61%	481	299	61%	1,379	688	100%
PBT	436	268	63%	436	269	62%	1,257	613	105%
PAT	286	177	62%	286	174	65%	821	400	105%

- 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 in FY15. This gives an indication of the addressable market
- This is similar to the disbursements of the HFC industry in our existing 4 states, i.e. Maharashtra, Gujarat, MP & Telangana
- Branch network increased from 51 to 120 YoY, with 32 branches in the new 5 states

Aspire – On course to build an affordable housing finance entity



- Disbursements in FY17 were Rs 24 billion, +32% YoY. Quarterly net flow in Q4FY17 were Rs 9.2 billion, +26% YoY
- Loan Book as of Mar 2017 was Rs 41 billion, +2X YoY. This was spread across ~46,000 families
- Disbursements in the context of the closing loan book provides visibility of continued strong growth in assets
- Average yield held firm at ~13.4% on a YoY basis
- 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
- Diversified liability profile, with ~58% from NCD and ~42% from bank loans as of Mar 2017
- 32 Banks* extended credit lines & NCD were allotted to 22 institutions, as of Mar 2017. These were 29 & 14 as of Mar 2016
- Average cost of borrowings was ~9.4%, while it was ~9% on borrowings raised in FY17
- Credit ratings are CRISIL A+ Stable and ICRA AA-. Gearing remains conservative, with Debt/Equity ratio at 6X
- 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 expansion is expected to yield results in FY18

Aspire – On course to build an affordable housing finance entity

What will drive our growth

- Our focus segment, "affordable housing finance", is under the spotlight of Government initiatives
- Deepening our network further in existing states & expanding into the contagion states
- Leverage, now at 6X, can be pushed further
- Maintaining strict risk & underwriting parameters
- Strong liquidity in Group's balance sheet, along with its free cash flows, to fund Aspire's needs

Maintaining profitability

- Further changes in ratings (Crisil A+/Stable & ICRA AA- Stable) will help lower the cost of funding
- Invested in Digitization for long-term operational and process improvements, & control CIR %
- Asset quality under control, given as much focus is on risk & underwriting as is on scale & productivity

Business wins

- Loan book Rs 33 billion, +2X YoY
- Disbursements Rs 24 billion in FY17, +32% YoY
- NIM was ~4% in FY17
- FY17 ROA was 2.6% & ROE was 17%
- Yield held at ~13.4% since last year
- Borrowing cost at 9.4%; & 9% on FY17 borrowings

Market opportunity

- Significant scope in need-based affordable housing, given the low mortgage penetration in India
- Announcements in the Union Budget & recent initiatives by Government augur well for the sector
- However, the resultant increase in competitive intensity could impact the metrics for the players

** ROA, ROE & NIM are on annualized basis*

Capital Market Businesses

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- Institutional Equities
- Investment Banking

Asset & Wealth Businesses

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- Private Equity
- Wealth Management

Housing Finance

- Aspire Home Finance

Fund Based Business

- Sponsor commitments to our AMC & PE funds
- NBFC LAS book

Fund based business: Commitments to grow ROE

Investments in MOAMC mutual funds (at cost): Rs 6.4 bn

Unrealized gain on MF investments: Rs 3.3 bn (not included in P/L)

Investments in MO PE/RE funds (at cost): Rs 2.6 bn

Exits from 1st PE fund led to portfolio gains of Rs 0.3 bn this year

MOFSL Standalone

Particulars *Rs million*	Q4 FY17 Mar 31, 2017	Q4 FY16 Mar 31, 2016	Change (%) Y-o-Y	Q4 FY17 Mar 31, 2017	Q3 FY17 Dec 31, 2016	Change (%) Q-o-Q	FY17 Mar 31, 2017	FY16 Mar 31, 2016	Change (%) Y-o-Y
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 items	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%

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

- These commitments have not only helped “seed” our new businesses by investing into scalable, high-ROE opportunities, but they also represent highly liquid “resources” available to use for future investments into business, if required
- Unrealized gain on MF investments as of Mar 2017 is Rs 3.3 billion, which is not reflected in the reported PAT. Had this been included, ROE would have been ~31%, much higher than what was reported
- Post-tax XIRR of these MF investments (since inception) of ~24% validates the demonstrated long term performance track record of our QGLP investment philosophy (Value PMS scheme has delivered 25% CAGR* in 14 years)
- PAT reported in MOFSL Standalone includes dividend from Private Equity business on account of carry share; which being intercompany gets eliminated in the Consolidated financial statements
- LAS lending book, Rs 2.4 billion now, is being run as a spread business

** Inception Date: 24/03/2003. These returns are of a Model Client as on 31st Dec 2016. Returns of individual clients may differ depending on time of entry in the strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns shown are post fees and expenses*

Fund based business: Commitments to grow ROE

What will drive our growth

- Our older capital market businesses earn high ROEs & good cash flows; and these are then channelized into these treasury commitments
- As our new businesses also scale up & start returning capital periodically through dividends, they will also flow into this treasury chest

Business wins

- These not only helped us seed new businesses like Aspire & AMC, but they also represent "highly liquid resources" for future investments
- Unrealized gain on MF investments: Rs 3.3 bn (this gain is not included in the reported PAT)
- XIRR of MF investments is ~24% (higher than 7-9% earned before this capital reallocation)
- Exits from 1st PE fund led to portfolio gains of Rs 0.3 bn in FY17

Focus

Strategy

Performance

Industry Trends: Rationale for India’s savings story remains strong

Financial Services space set on a growth path in India…

Right Mix for Growth

Demand Side

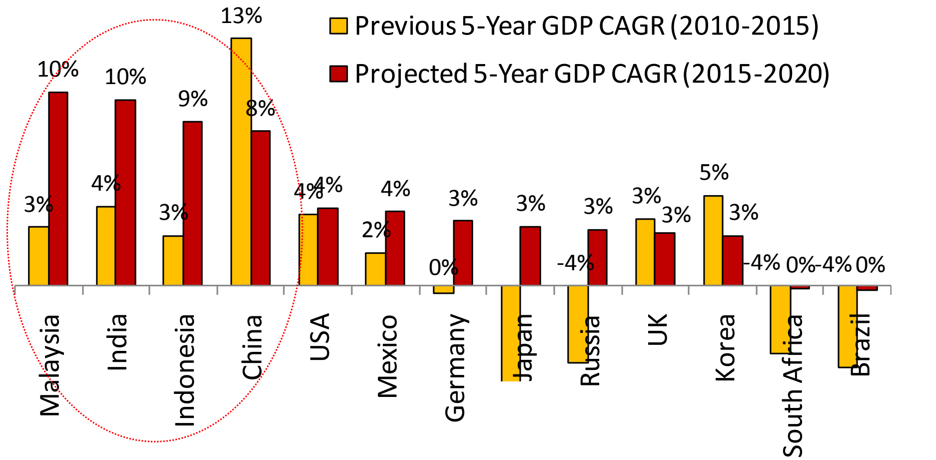
- Working population is young
- Aspiring middle-class
- Per Capita GDP expected to rise
- Bank deposit returns falling short
- Low penetration means opportunity
- Acceptability of financial products

Supply Side

- Specialists & Super-stores both co-existing for client segments
- Technology usage deepening
- Products have made a track-record
- Regulations more evolved & mature
- Intermediaries now more organized

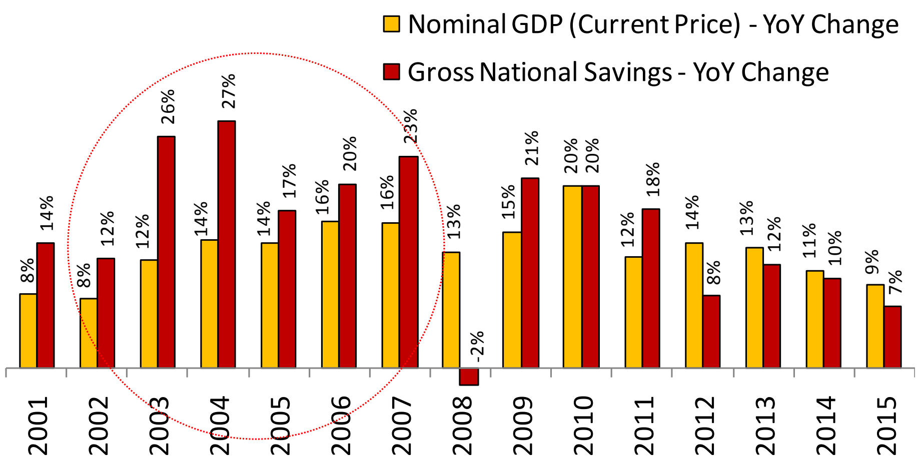
India's economic story spells opportunity for income & savings

India's GDP (in US$, current prices) is expected to outpace most large Emerging Markets during the next 5 years, which augurs well for traction in income & savings…



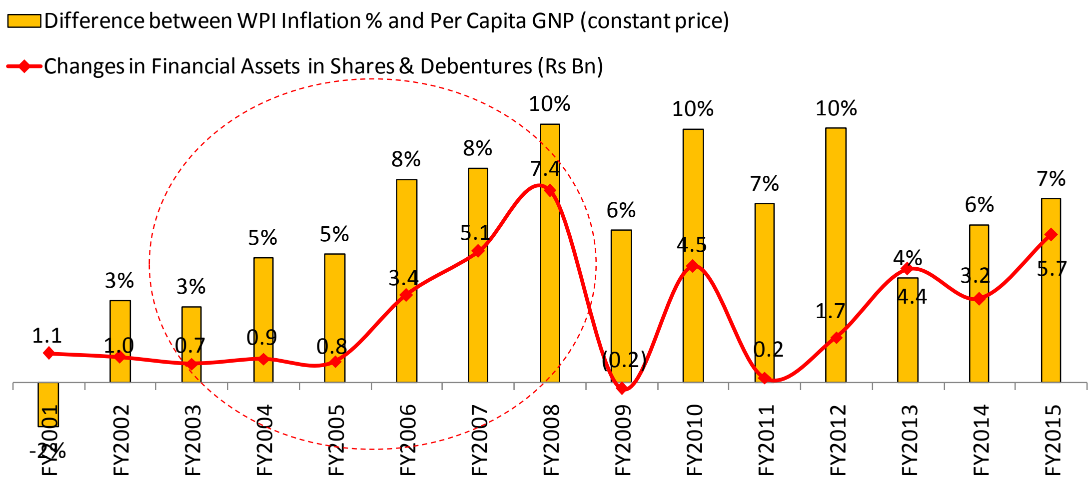
Source: IMF

……sustained periods of GDP growth helped boost gross national savings in India. Also, its savings grew faster than GDP during such periods of high GDP growth



Source: IMF

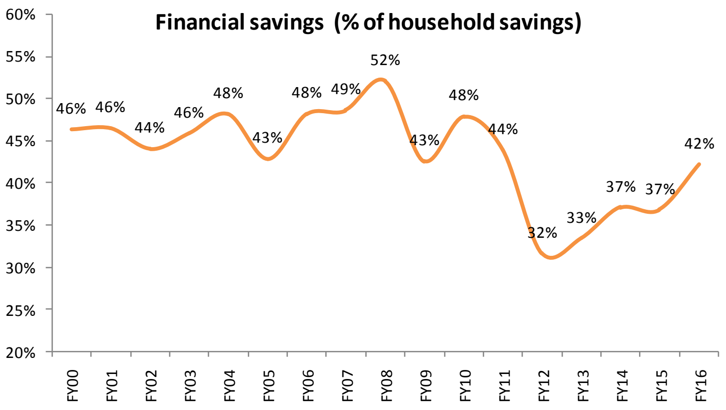
Favourable difference between inflation & per capita GDP growth coincided with an increase in allocation towards equity investments



Source: RBI

Asset Management:
Rising financial assets; MF underpenetrated

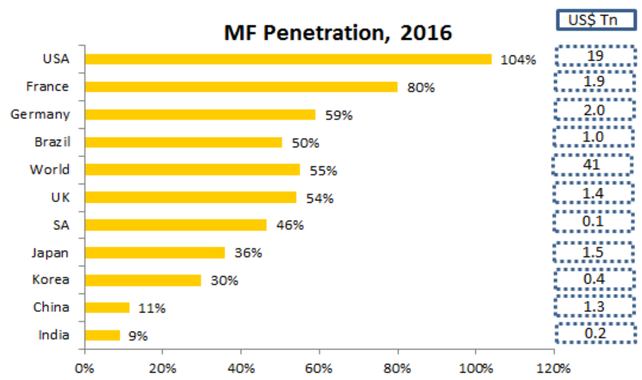
Higher allocation to financial assets signifying opportunity for MFs



Source: RBI

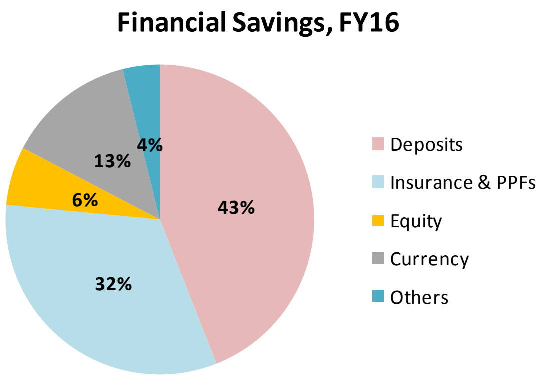
Low penetration of MFs provides headroom for growth

MF penetration (AUM/GDP%); Global AUM ($Tn)



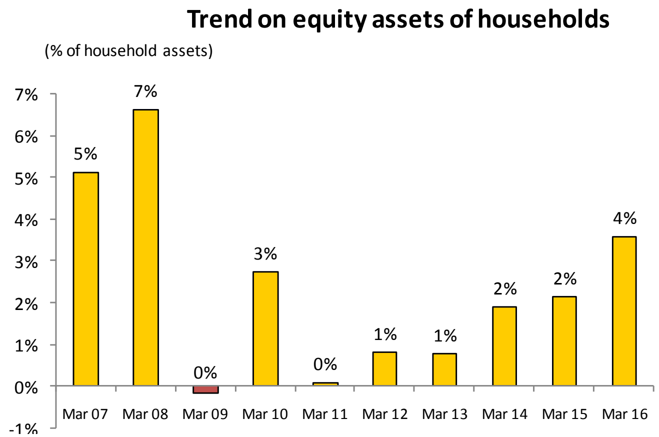
Source: Bloomberg, IIFA Report

Equities are underpenetrated within Indian financial assets



Source: RBI

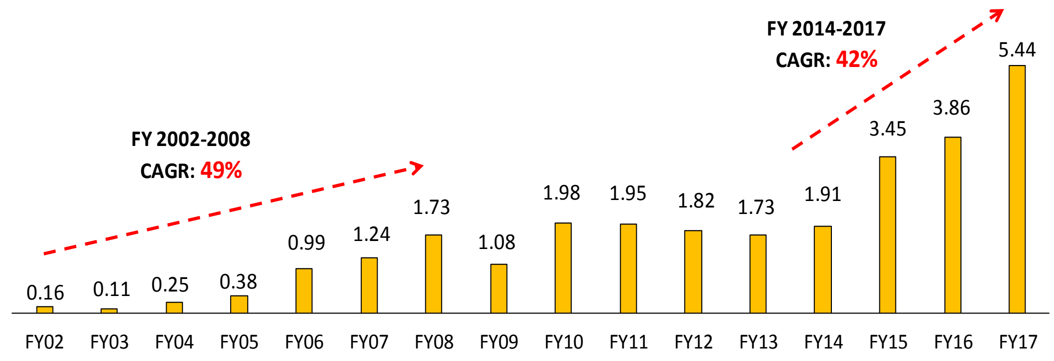
Equity assets are rising in recent years



Source: RBI

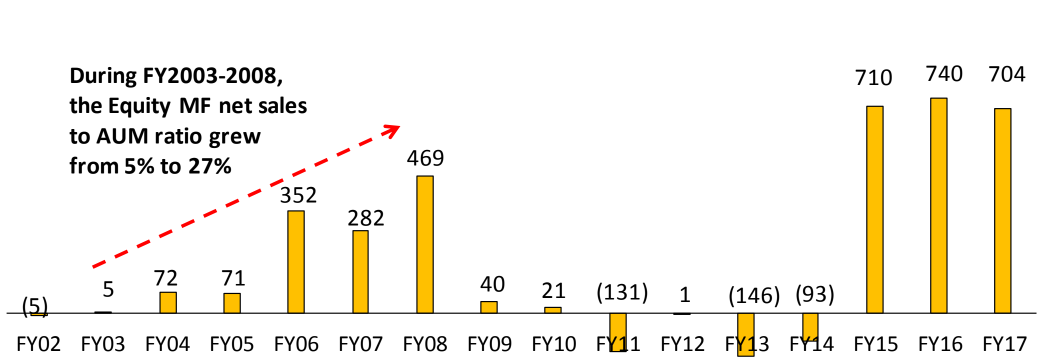
Asset Management:
Current equity MF spike is just like FY02-08 cycle

The last upcycle from FY02-08 saw a significant spike in Equity MF AUM; It has again seen rapid traction from FY14 onwards (Rs Tn)



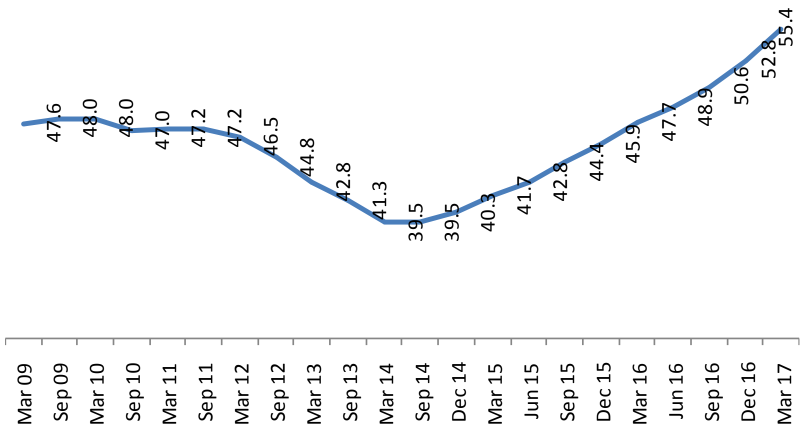
Source: AMFI

Market performance drives MF net flows, a repeat of the last cycle (Rs Bn)



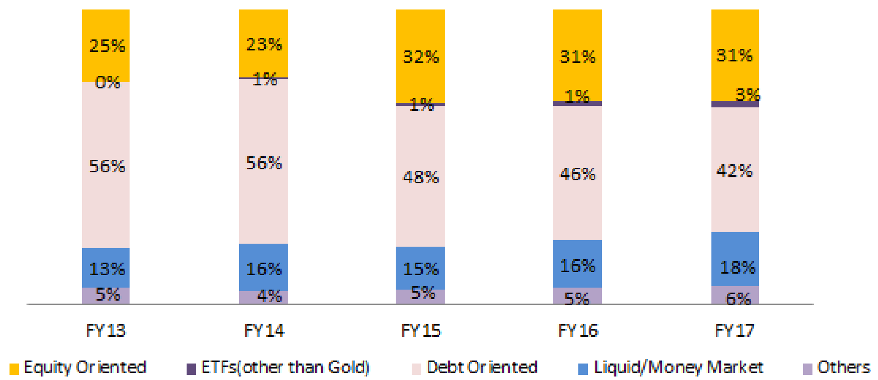
Source: AMFI

Investor A/Cs (Mn) in MF industry took off since mid-2014



Source: AMFI

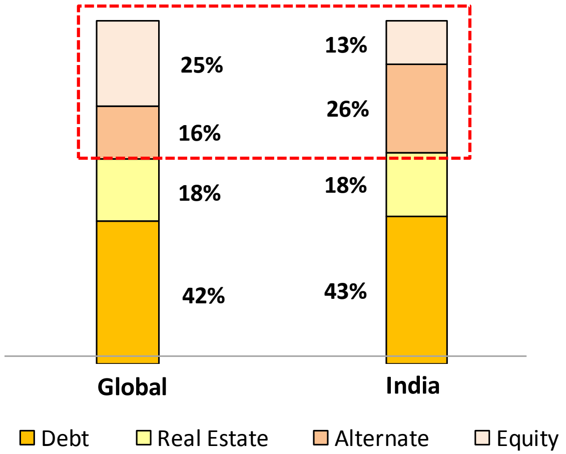
Proportion of Equity in Industry MF AUM mix went up in 5 years



Source: AMFI

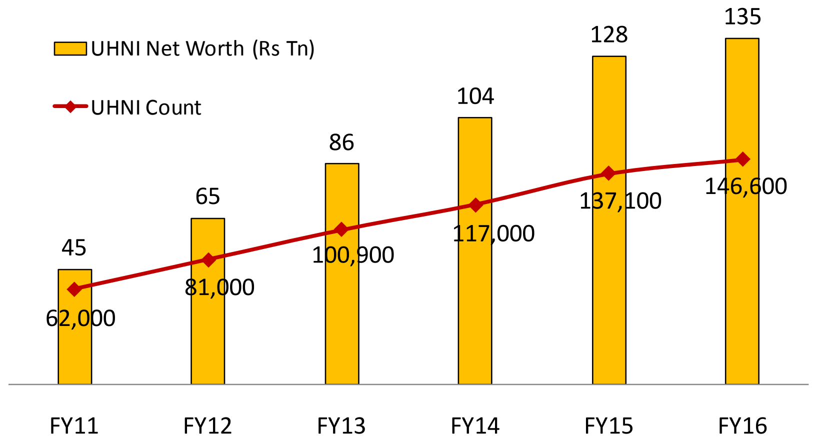
Wealth Management:
HNI wealth picking up; HNI assets in MFs growing, esp in equity MFs

Individual Wealth distribution shows India has a higher share of Alternates, but lower share of Equity, to global averages



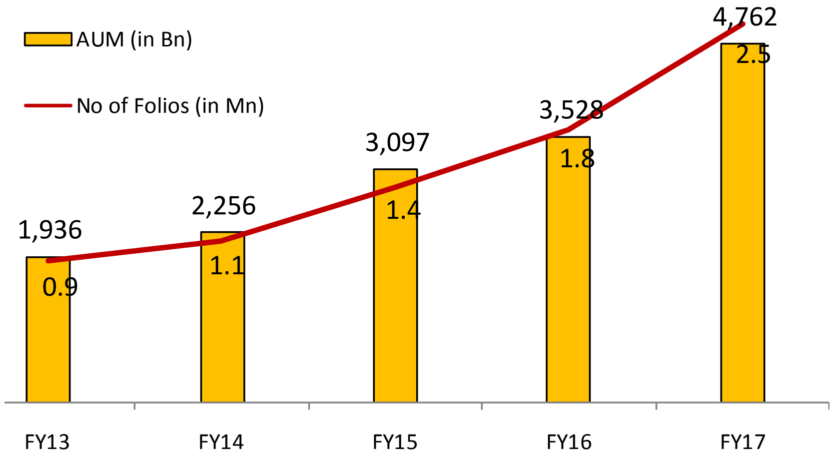
Source: Karvy Wealth report, 2016

India is home to ~0.2 mn HNIs, out of which ~0.15 mn are UHNIs; UHNI growth and count has seen steady growth last 6 years



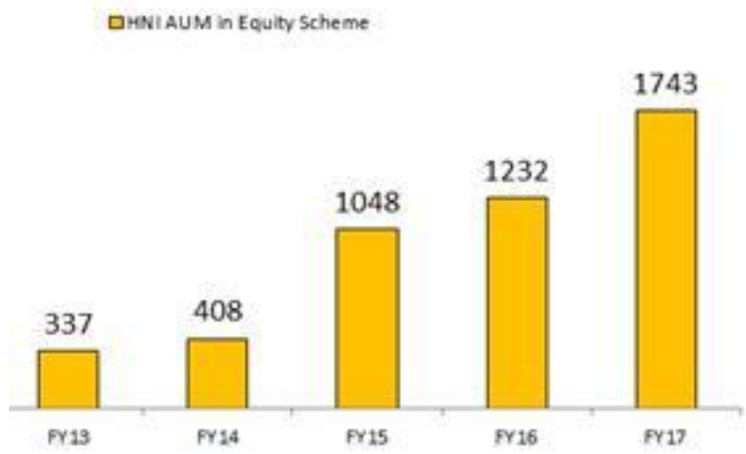
Source: Kotak Top of Pyramid Report

HNI's mutual funds AUM grew at 25% CAGR in the last 4 years (Rs Bn); Folios also picked up (Mn)



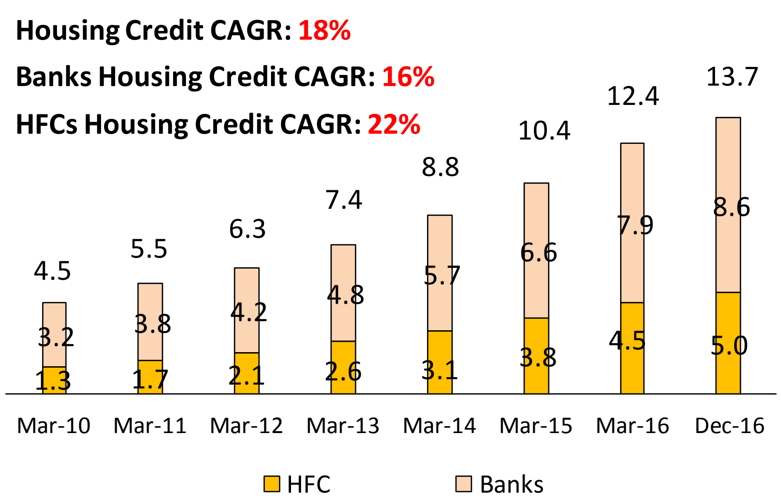
Source: AMFI

HNI's equity mutual funds AUM have picked up at a higher CAGR of 50% in the last 4 years (Rs Bn)



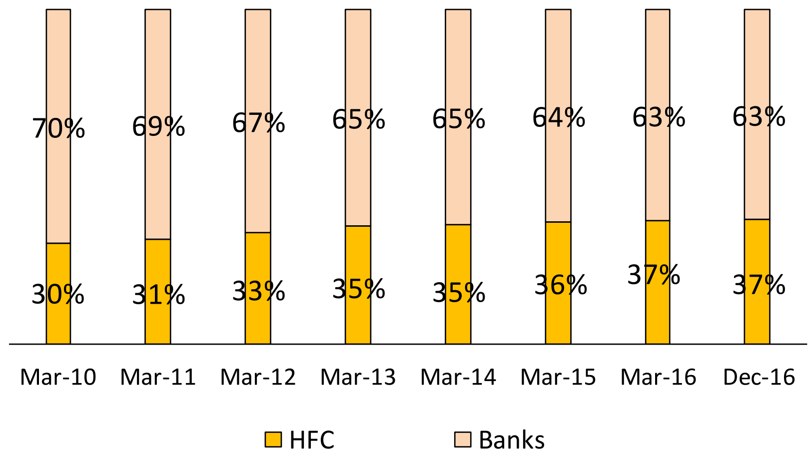
Housing Finance:
Housing Finance holds ample potential; Moving from banks to HFCs

India's housing credit market grew significantly recently (Rs Tn)



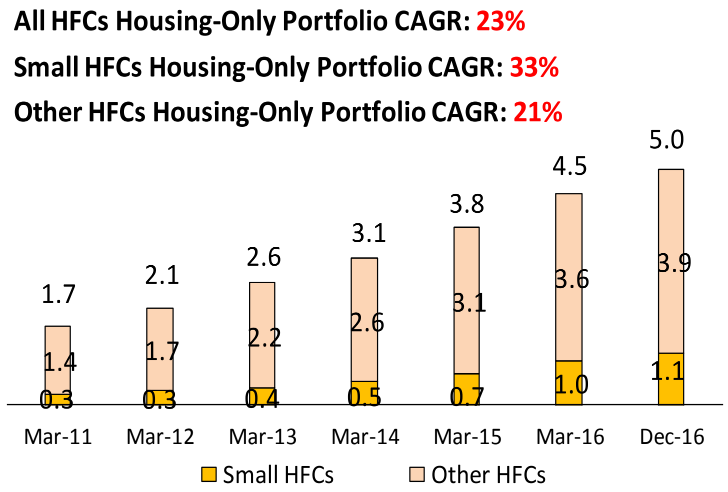
Source: ICRA

HFCs share picked up as it grew at a faster pace than Banks



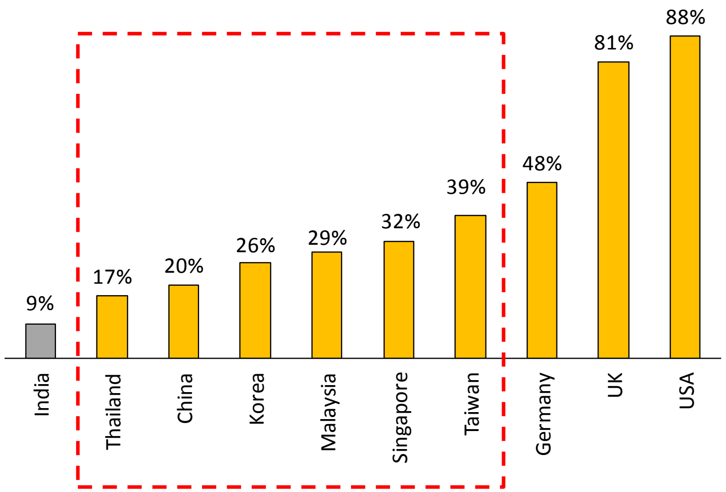
Source: ICRA

Within the pure Housing-Only portfolio of all HFCs, that of Small HFCs has outpaced the other HFCs (Rs Tn)



Source: ICRA

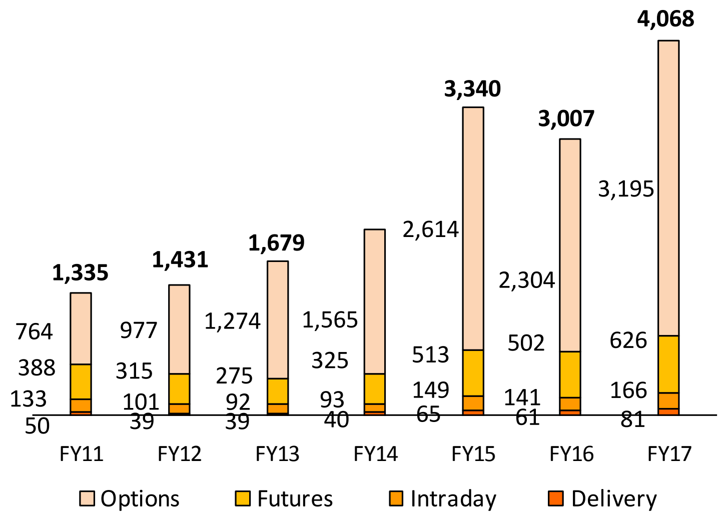
Mortgage penetration rates (approx.) show India is still relatively underpenetrated vs its Asian peers



Source: ICRA

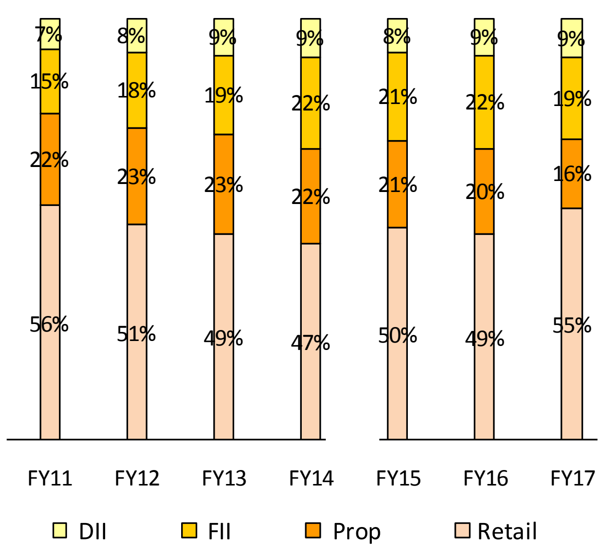
Capital Markets:
Cash volumes hold strong; retail cash volumes pick up

Market ADTO picked up this year in the cash segment, especially in delivery segment (Rs Bn)



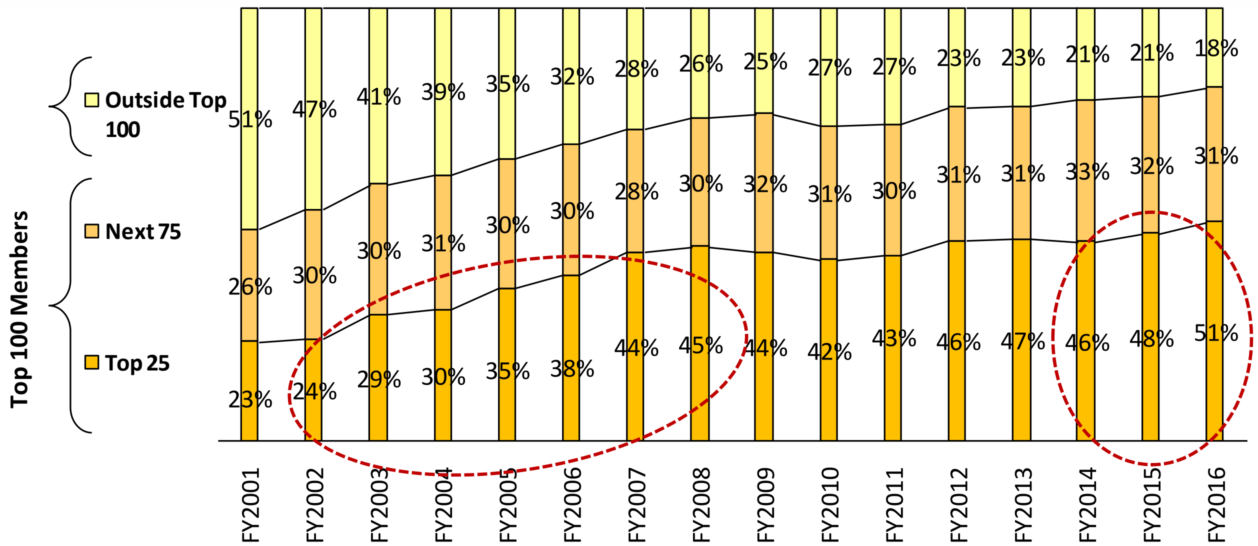
Source: NSE, BSE

Proportion of retail volumes in the cash volume picked up this year



Source: NSE, BSE

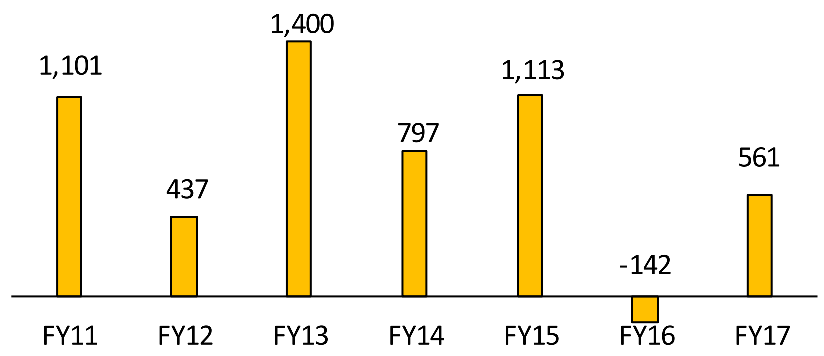
Proportion of NSE cash volumes consolidated to the largest brokers during bull-phases in the markets, not bear-periods



Source: NSE

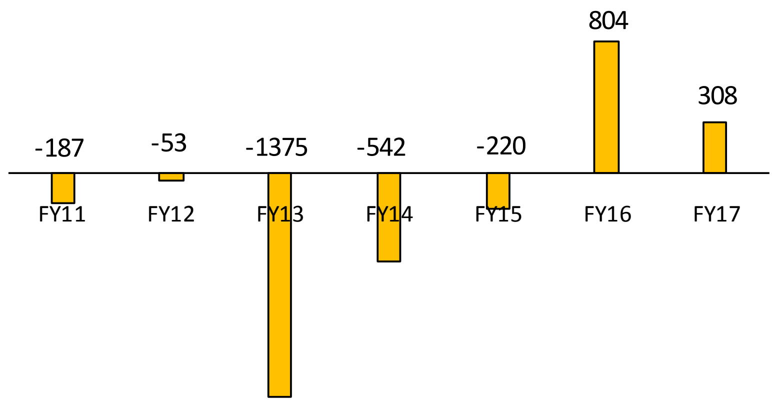
Capital Markets:
FIIs clock healthy inflows; Higher-value IPOs pick up in FY17

FIIs clocked higher net inflows in FY17, after net outflow in FY16 (Rs Bn)



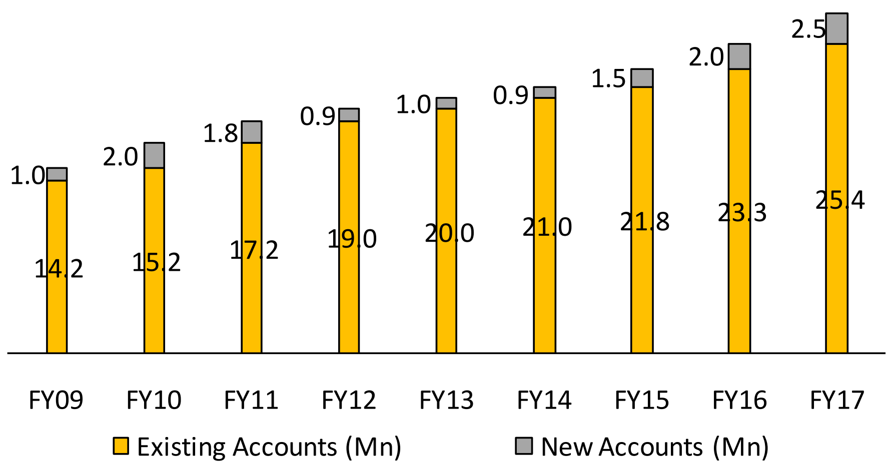
Source: NSE, BSE

DIIs record lower net inflows in FY17, after a strong runrate seen in FY16 (Rs Bn)



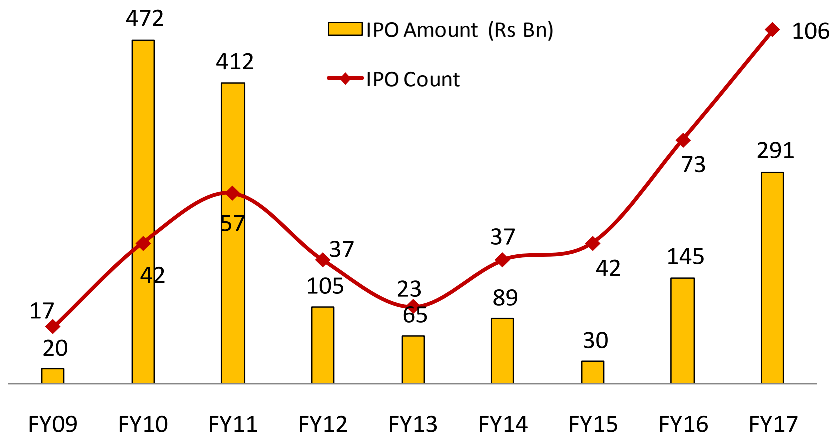
Source: NSE

As momentum in IPO activity continued, incremental demat accounts continued to grow at a healthy pace



Source: CDSL, NSDL

IPO raising has picked up since the last 2 years; FY17 has also seen higher-value IPOs which is a positive sign



Source: Prime

Thank You

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