

# Motilal Oswal Financial Services Ltd

Earnings Update | Q1 FY17 | Jul 21, 2016



**Efforts into building competencies & capabilities leading to tangible business results**



# Presentation Plan

**Highlights**

**Business Updates**

**Industry Trends**



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## Financial performance

<b>Revenues</b> Rs <b>3.7</b> bn in Q1FY17 ↑ <b>72%</b> YoY	<b>PAT</b> Rs <b>0.8</b> bn in Q1FY17 ↑ <b>179%</b> YoY
<b>PAT Margin</b> <b>22%</b> in Q1FY17 vs <b>13%</b> in Q1FY16	<b>Net Worth Rs 15 bn</b> <b>Gross Debt Rs 36 bn</b>
<b>ROE for Quarter*</b> <b>22%</b> vs <b>9%</b> YoY	<b>Unrealized gains in MFs**</b> Rs <b>1.8</b> bn as of Jun
<b>Aspire NIM*</b> ~ <b>380</b> bp in Q1FY17 vs ~ <b>389</b> bp in FY16	<b>Aspire GNPA</b> ~ <b>0.2%</b> as of Jun vs ~ <b>0.2%</b> as of Mar

## Operational performance

<b>Equity Market Share</b> <b>2.4%</b> in Q1FY17 vs <b>1.8%</b> in Q1FY16	<b>AUM (MF, PMS, PE)</b> Rs <b>151</b> bn, ↑ <b>58%</b> YoY
<b>Wealth AUM</b> Rs <b>74</b> bn, ↑ <b>54%</b> YoY	<b>AMC Rank (Equity AUM)</b> <b>12</b> in Jun-2016 vs <b>15</b> in Jun-2014
<b>Depository AUM</b> Rs <b>298</b> bn, ↑ <b>28%</b> YoY	<b>Retail Broking Clients</b> <b>802,753</b> ↑ <b>7%</b> YoY
<b>Aspire Loan book</b> Rs <b>25</b> bn, ↑ <b>4.5X</b> YoY	<b>Aspire Bank-Lines</b> <b>24</b> vs. <b>8</b> YoY

\*ROE and NIM figures are on annualized basis

\*\*Reported ROE does not include unrealised gains on investments in Motilal Oswal's MF products

Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
<b>Total Revenues</b>	<b>3,650</b>	<b>3,169</b>	<b>15%</b>	<b>3,650</b>	<b>2,116</b>	<b>72%</b>	<b>10,937</b>
Operating expenses	711	589	21%	711	474	50%	2,325
Personnel costs	687	714	-4%	687	582	18%	2,510
Other costs	396	441	-10%	396	363	9%	1,639
Total costs	1,794	1,744	3%	1,794	1,419	26%	6,474
EBITDA	1,856	1,424	30%	1,856	697	166%	4,463
Depreciation	73	94	-22%	73	76	-4%	349
Interest	832	654	27%	832	226	267%	1,738
Exceptional items	112	0	nm	112	0	nm	-
<b>PBT</b>	<b>1,063</b>	<b>676</b>	<b>57%</b>	<b>1,063</b>	<b>394</b>	<b>170%</b>	<b>2,376</b>
Tax	247	197	26%	247	104	137%	657
Minority Interest	24	8	201%	24	6	323%	28
<b>Reported PAT</b>	<b>792</b>	<b>472</b>	<b>68%</b>	<b>792</b>	<b>284</b>	<b>179%</b>	<b>1,691</b>
EPS - Basic	5.5	3.3		5.5	2.0		11.9
EPS - Diluted	5.5	3.3		5.5	2.0		11.7
No.of shares outstanding (million) - FV Rs 1/share	143	142		143	141		142

- Revenues up 72% YoY in Q1FY17 due to traction in all business segments, led by asset management & housing finance
- Operating costs up 50% YoY in Q1FY17, mainly owing to higher asset management distribution fee
- Employee costs up 18% YoY in Q1FY17 due to hiring in retail broking, wealth management & housing finance businesses
- Other costs were up 9% YoY in Q1FY17 owing to branding costs in asset management & expansion in housing finance
- Exceptional items includes revenue from share in profit on sale of investments (carry share) made in the 1<sup>st</sup> PE growth fund, as well as the impact of a write-off on account of doubtful NPA

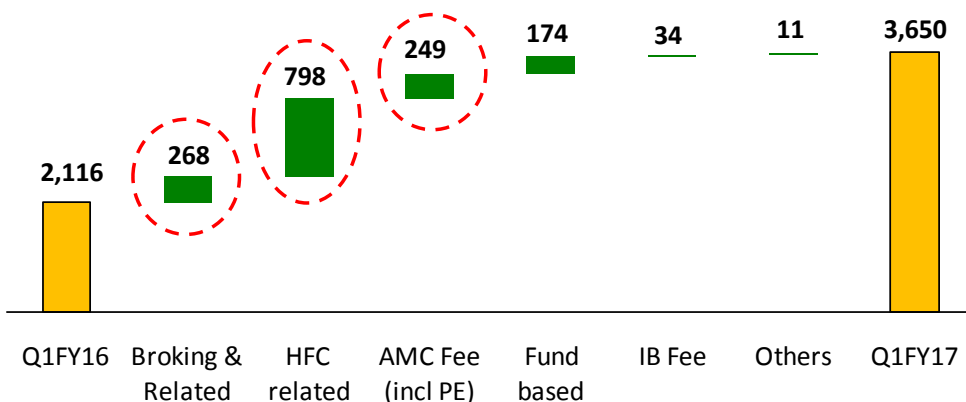


# Segment-wise results

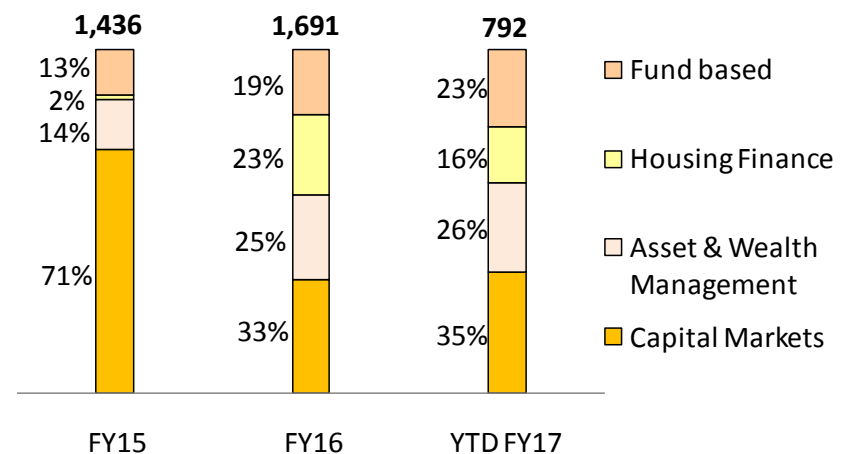
Particulars <i>Rs million</i>	Q1 FY17		Q4 FY16			Q1 FY16			FY16	
	Jun 30, 2016	Mix %	Mar 31, 2016	Mix %	Change % Q-o-Q	Jun 30, 2015	Mix %	Change % Y-o-Y	Mar 31, 2016	Mix %
Brokerage & operating income	1,431	39%	1,265	40%	13%	1,163	55%	23%	5,091	47%
Housing finance related	1,002	27%	908	29%	10%	204	10%	391%	2,195	20%
Asset management fees	652	18%	653	21%	0%	403	19%	62%	2,235	20%
Fund based Income	459	13%	247	8%	86%	284	13%	61%	1,124	10%
Investment banking fees	82	2%	84	3%	-2%	49	2%	69%	242	2%
Other income	24	1%	12	0%	96%	13	1%	86%	50	0%
<b>Total Revenues</b>	<b>3,650</b>	<b>100%</b>	<b>3,169</b>	<b>100%</b>	<b>15%</b>	<b>2,116</b>	<b>100%</b>	<b>72%</b>	<b>10,937</b>	<b>100%</b>

Apart from the above, there is also an exceptional item this quarter which includes revenue from share in profit on sale of investments made in the 1<sup>st</sup> PE growth fund (carry share)

## Housing Finance and Asset Management business led YoY growth in revenues



## PAT - Mix change; rising proportion of Housing Finance and Asset Management



- Capital Markets includes retail broking & distt., institutional equities & investment banking
- Asset Management includes asset management, private equity & wealth management
- Housing Finance includes Aspire Home Finance
- Fund based includes sponsor commitments to our AMC products and NBFC LAS book



- PAT of Rs 792 million in Q1FY17 is a highest-ever quarterly profits for the MOFS Group
- PAT Margins improved to 22% this quarter, up from 13% in the same quarter in the previous year
- Consolidated revenue performance remains robust with a 72% YoY growth this quarter
- All business segments fired this quarter on a YoY basis, led by housing finance, asset management & broking
- Housing finance revenues are up 391% YoY this quarter while asset management revenues are up 62%
- Contribution of Capital Markets businesses (Broking and Investment Banking) to overall profits at 35% in 1QFY17 vs 71% in FY15. Contribution of Asset & Wealth Management up from 14% in FY15 to 26% in 1QFY17. HFC and Fund based businesses contributed the balance 39% in 1QFY17. This trend is expected to continue.
- We continue to invest in the broking business based on our experience of manifold scale up witnessed during economic upcycles.
- Full exit of the first growth capital fund in Private Equity business - IBEF1 in FY17/FY18 is expected to be a meaningful contributor in terms of share of carry & gains on sponsor commitments to IBEF1
- Strong liquidity on balance sheet (Rs 8 billion at market value of liquid investments) allows us to fund investments in new initiatives including Housing Finance, Private Equity, etc.

<i>Rs million</i>	As on Jun 30, 2016	As on Mar 31, 2016
<b>Sources of Funds</b>		
Networth	15,252	14,365
Loan funds	35,761	23,745
Minority interest	280	162
Deferred tax liability	132	62
<b>Total</b>	<b>51,426</b>	<b>38,334</b>

<b>Application of Funds</b>		
Fixed assets (net block)	2,875	2,921
Investments	16,224	12,311
Deferred tax asset	-	-
Current Assets (A)	44,002	35,674
- <i>Sundry debtors</i>	8,735	7,099
- <i>Cash &amp; Bank Balances</i>	4,911	2,867
- <i>Loans &amp; Advances</i>	29,214	24,610
- <i>Other Assets</i>	1,142	1,098
Current liabilities (B)	11,676	12,572
Net current assets (A-B)	32,326	23,102
<b>Total</b>	<b>51,426</b>	<b>38,334</b>





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# “Setting up the stage for the eventual performance”

Building a fair mix of capital markets, asset management & fund-based businesses, to drive ROE in the future

	<b>Capital market-based businesses</b>	<b>Asset-based businesses</b>	<b>Fund-based businesses</b>	<b>Milestones achieved</b>
<b>Pre-2007 vintage</b>	Retail Broking & Distribution Institutional Equities	Asset Management (PMS)		<ul style="list-style-type: none"> <li>Positioning on research &amp; advisory</li> <li>10x growth in PAT</li> <li>3x growth in market share</li> <li>10x growth in client base</li> </ul>
<b>Since 2007</b>	Investment Banking (Advisory)	Private Equity (Growth Capital) Private Equity (Real Estate) Private Wealth Management		<ul style="list-style-type: none"> <li>Diversification around core</li> <li>Investment phase</li> <li>Stable margins</li> <li>Profitability intact</li> <li>Low ROE</li> </ul>
<b>Since 2014</b>	Investment Banking (Equity Capital Markets)	Asset Management (Open-end Mutual Funds) Asset Management (Offshore)	Aspire Home Finance (Affordable Housing Finance) Sponsor Commitments (to own MFs & PE funds)	<ul style="list-style-type: none"> <li>High quality mortgage business; poised for scale</li> <li>Scale the Asset businesses</li> <li>Successful track record established in Private Equity</li> <li>Broking business presents huge operating leverage and scale</li> <li>Free cash flows deployed to “seed businesses” and generate 20%+ Return on Equity</li> </ul>



## ● Capital Market-based businesses

- **Retail Broking & Distribution:** Building scale by leveraging on advisory, reach, digitization & products
- **Institutional Equities:** Pitch research as the core USP; Use corporate access to deepen corporate relationships
- **Investment Banking:** Participate in upcoming mandates

- Market share picked up YoY in both cash & F&O segments
- Retail clients added per month in Q1FY17 up 1.3X YoY
- Online volumes picking up, was 45% of total in Q1FY17
- Distribution business gaining traction; AUM up 3.6X YoY
- Introducing new research products; Coverage of 231 stocks
- Institutional client empanelment up from 582 to 601 YoY
- Corporate access outreach ramped up
- Participation in ECM issues gathering momentum

## ● Housing Finance & Other Fund-based activities

- **Aspire Home Finance:** Focusing on the niche affordable housing segment
- **ROE enhancing sponsor commitments** to own AMC & PE funds; & the NBFC LAS book

- Traction in assets: Loan book up 4.5X YoY, Disbursal up 2.4X YoY
- Traction in liabilities: Credit lines from 24 banks vs 8 a year ago
- Strong underwriting process in place
- Proven track-record of QGLP investing philosophy (Value PMS: 25% CAGR in 13 yrs and NTDOP PMS: 17% CAGR since 2007\*)

## ● Asset & Wealth Management businesses

- **Public Market Equities AMC:** Pitch as equity specialists with our time-tested QGLP investing philosophy
- **Private Equity:** Capture fundamentally-strong, high-quality & high-growth deal opportunities
- **Wealth Management:** Customized advisory mandates for holistic asset allocation

- AUM up 68% YoY; MF AUM market share 1.3% in Q1FY17
- MF net sales market share 4% in Q1FY17 vs 2.2% in Q1FY16
- Exits from IBEF I fund likely to deliver gross multiple of ~3.5X
- Real estate funds seen strong traction in fundraisings
- 39% YoY increase in RMs, without compromising throughput
- RM traction led to 54% growth in AUM & 28% rise in clients
- Improved client wallet-share & RM productivity



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## **Capital Market-based Businesses: Retail Broking, Institutional Equities, Investment Banking**

Asset & Wealth Management Businesses

Fund-based Businesses

Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
Total Revenues	1,505	1,389	8%	1,505	1,309	15%	5,496
EBITDA	497	365	36%	497	361	38%	1,485
PBT	316	147	115%	316	252	25%	794
PAT	241	131	84%	241	198	22%	605

**Market ADTO**  
↑ **2% YoY**

**MOSL ADTO**  
↑ **34% YoY**

**Eq. Market Share**  
**2.4% in Q1FY17**  
**vs 1.8% in Q1FY16**

- During Q1FY17, cash ADTO in the market was down 3% YoY to Rs 202 billion; however, retail cash volumes within this were up 8% YoY to Rs 105 billion
- Since MOSL ADTO grew 34% YoY to Rs 75 billion in Q1FY17 and Market ADTO grew a mere 2% to Rs 3.2 trillion, our overall equity market share improved from 1.8% in Q1FY16 to 2.4% in Q1FY17. Our blended yield was 3.1 bp in Q1FY17
- Our market share grew in both cash & F&O segments, as a result of our investments & focus on both areas
- We invested in ramping up manpower (up 34% YoY), infrastructure, brand & technology in the Broking business. Some of the operating leverage from these investments was visible in the quarter. The coming years should see their full benefit
- During the FY04-08 cycle, PAT increased 10X on back of broking business; huge operating leverage exists in this business

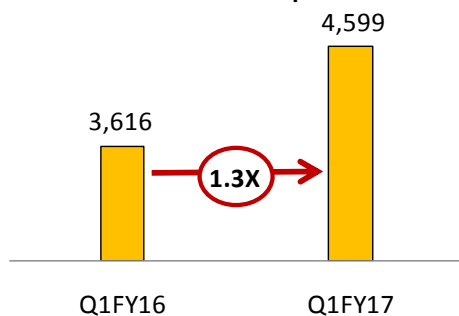
## Retail Broking

Improved retail market share in both cash & F&O

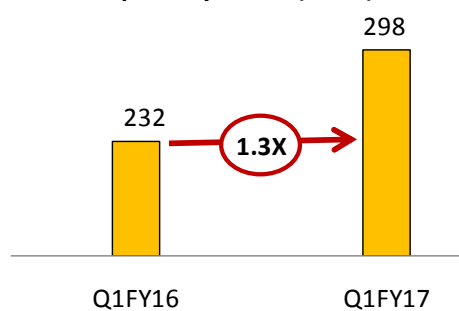
Clients added p.m.  
↑ **1.3X** YoY

- Continued investing in quality advisors (up 42% YoY); Online advisory desk set up with 13 pure online advisors
- Developing assets-based product distribution approach
- Continued focus on digital initiatives; Online business was ~45% of retail volumes in Q1FY17 vs 32% in FY16
- Mobile app comprised 7% of business in Q1FY17
- Won the “Best Equity Broker-National” award for the 5<sup>th</sup> time; along with the Grand Jury award for “Best Institution for Financial Education & Inclusion” at the CNBC TV18 Financial Advisory Awards

Retail Clients added per month



Depository Assets (Rs Bn)



## Institutional Broking

Research coverage  
**231**

Inst. Clients  
**582 to 601** YoY

- Adding new empanelment across geographies
- Continued to introduce new research products, including India 2020, Digital Banking, Ind AS
- Added high-conviction ideas under research coverage, hence coverage has been rationalized
- Blocks comprise a healthy share of volumes; & have steadily increased since recent years
- Ramped up corporate access outreach via mini-conference, roadshows & management meets



Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
Total Revenues	91	85	6%	91	50	81%	249
EBITDA	39	22	74%	39	(6)	nm	32
PBT	37	19	nm	37	(9)	nm	19
PAT	32	9	nm	32	(6)	nm	8

- ECM business has been gaining momentum, & this quarter saw renewed activity based on improved appetite for new issuances
- Completed the Rs 7.5 billion IPO of Parag Milk Foods & the Rs 2.6 billion QIP for Indian Overseas Bank
- Successfully completed the Rs 1.0 billion private equity fund raise for Founding Years Learning Solutions
- Further IPOs anticipated in the coming quarters based on SEBI approvals received till-date



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Capital Market-based Businesses

**Asset & Wealth Management Businesses: Asset Management, Private Equity, Wealth Management**

Fund-based Businesses



Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
AUM	122,683	104,780	17%	122,683	73,201	68%	104,780
Net Inflows	8,724	8,253	6%	8,724	12,053	-28%	51,863
Total Revenues	584	554	5%	584	306	91%	1,852
EBITDA	132	108	21%	132	53	150%	364
PBT	130	108	21%	130	50	162%	354
PAT	84	70	20%	84	50	69%	264

**AUM (MF/PMS)**  
↑ **68% YoY**

**Distributors**  
↑ **43% YoY**

**Equity MF  
Total Folios**  
↑ **2.5X YoY in Q1FY17**

**Equity MF Net Sales  
Market Share\***  
**4.0% in Q1FY17  
vs 2.2% in Q1FY16**

**Equity MF Avg AUM  
Market Share\***  
**1.3% in Q1FY17  
vs 0.7% in Q1FY16**

- Crossed the milestone of Rs 120 billion in AUM, comprising of pure equity assets
- Despite a slowdown in net flows in the industry, our net inflows this quarter remained strong in absolute terms along with improvement in market share – *this proves the growing acceptance of our QGLP investing process*
- Our industry rank based on Equity AUM was 12 in Q1FY17, up from 14 in FY15 & 18 in FY14
- Onboarded few marquee distributors this quarter, apart from deepening existing relationships
- Continued investing in branding to build a strong recall; Launched the campaign “Me vs Market”
- Started the iSip facility for investors & a new portal for business partners this quarter

Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
Total Revenues	87	148	-41%	87	107	-18%	466
EBITDA	29	31	-6%	29	31	-4%	152
Exceptional items	103	0	nm	103	0	nm	0
PBT	131	30	343%	131	27	378%	143
PAT	121	12	884%	121	23	438%	104

*Includes Consolidated results of the PE-related entities, which may differ from the MOPE Standalone results declared previously  
Exceptional Item above includes revenue from share in profit on sale of investments (carry share) made in the 1st PE growth fund*

## Funds in Exit mode

- **1<sup>st</sup> Growth Capital Fund (IBEF I)** : \$125 million invested in 13 deals. 4 full-exits & 4 partial exits in 3 companies till-date translate into ~198% capital returned (INR terms). The fund is in advanced stages for 3 exits in the next few months, which may allow it to return an additional ~20% capital. It expects to divest the balance companies in FY17/18. The fund is likely to deliver a gross multiple of over 3.5 times
- **1<sup>st</sup> Real Estate Fund (IREF I)** : Rs 2 billion AUA in 7 deals, of which full/partial exits have been done from 6 projects so far, translating into ~86% capital returned to investors

## Funds in Investing mode

- **2<sup>nd</sup> Growth Capital Fund (IBEF II)** : Rs 9.5 billion raised, including commitments from marquee institutions like IFC Washington, Squadron Capital & Axiom. It has committed ~64% across 8 investments so far
- **2<sup>nd</sup> Real Estate Fund (IREF II)** : Rs 4.9 billion assets raised, of which it has committed ~85% across established developers in 8 deals following stringent due diligence process
- **3<sup>rd</sup> Real Estate Fund (IREF III)** : It has an AUM target of Rs 12.5 billion; Announced 1<sup>st</sup> close raising commitments of ~Rs 6 billion

Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
AUM	73,990	64,430	15%	73,990	48,080	54%	64,430
Net Inflows	5,074	4,230	20%	5,074	5,041	1%	15,662
Total Revenues	154	144	7%	154	87	77%	444
EBITDA	36	47	-25%	36	22	63%	139
PBT	28	39	-28%	28	20	38%	109
PAT	19	26	-27%	19	13	45%	71

**Wealth AUM**  
Rs 74 bn, ↑ 54% YoY

**Client Families**  
↑ 28% YoY

**RM-team**  
↑ 39% YoY

**Improvement in RM productivity  
& client wallet-share**

## Hiring Quality Talent

- RM-team ramped up 75 as of Jun 2016 from 54 in Jun 2015, along with an improvement in RM productivity
- Traction in RMs has resulted in growth in AUM mandates & new client addition
- Training programmes to enhance knowledge/service levels & develop a solutions-oriented approach
- Focusing on building synergies within the Group & deepening the reach

## Holistic mix of Products

- Apart from wallet-share, product penetration is improving, which is reducing the risk of concentration
- Open-architecture product suite combined with in-house manufacturing capabilities of higher-yield equity & real estate products

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Capital Market-based Businesses

Asset & Wealth Management Businesses

**Fund-based Businesses: Aspire Home Finance & Other Fund-based activities**

# Aspire – On course to build an affordable housing finance entity

Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
Sanctions	6,300	9,291	-32%	6,300	2,735	130%	23,599
Disbursements	4,800	7,324	-34%	4,800	2,035	136%	18,183
Loan Book	24,900	20,940	19%	24,900	5,559	348%	20,940
Gross NPL%	0.2%	0.2%	0.0%	0.2%	0.0%	nm	0.2%
Net Interest Income (NII)	217	204	7%	217	53	310%	476
Other Income	175	260	-32%	175	62	184%	644
Total Income	393	464	-15%	393	115	242%	1,120
Operating Profit (Pre- Provisioning)	225	298	-24%	225	56	301%	688
PAT	134	177	-24%	134	34	298%	400

**Banks given LOCs\***  
**24 in Q1FY17**  
**vs 8 in Q1FY16**

**HFC Loan Book**  
**↑ 4.5x YoY**

**Qtr Disbursal**  
**↑ 2.4x YoY**

**Gross NPL**  
**0.2% in Jun 2016**  
**vs 0.2% in Mar 2016**

**Aspire NIM\*\***  
**~380 bp in Q1FY17**  
**vs ~389 bp in FY16**

- Disbursed Rs 4.8 billion in Q1FY17, up 2.4X YoY; Disbursals for the last 12 months stand at Rs 21 billion
- Loan book stands at ~ Rs 25 billion across ~25,000 families
- Approx 54% of borrowings are from capital markets via NCDs
- Rs 4 billion cumulative capital infusion by sponsors till-date
- Investments in Branches (up from 28 to 62 YoY) & Employees (up from ~200 to ~600 YoY) should push traction in volumes
- As of Q1FY17\*\*, RoA was 3.5%, RoE was 16.6% & D/E was 5.7X
- Ratings of Crisil A+/Stable & ICRA AA- (Stable) augur well for future fund-raise
- Awarded “Fast 50 Brands 2016” by World Consulting Research Corporation
- As a Primary Lending Institution, it has provided subsidy to 78 clients under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojana. Total subsidy of Rs 16 million transferred to borrowers under CLSS

•Term-loan drawdown from 23 banks & 1 NBFC  
\*\* NIM, ROA and ROE figures are on annualized basis

## MOFSL Standalone

Particulars <i>Rs million</i>	Q1 FY17	Q4 FY16	Change (%) Q-o-Q	Q1 FY17	Q1 FY16	Change (%) Y-o-Y	FY16
	Jun 30, 2016	Mar 31, 2016		Jun 30, 2016	Jun 30, 2015		Mar 31, 2016
Total Revenues	370	167	121%	370	194	91%	1,109
EBITDA	314	132	138%	314	150	110%	910
Exceptional items	8	0	nm	8	0	nm	0
PBT	203	30	572%	203	43	376%	535
PAT	179	25	604%	179	16	1022%	465

*Exceptional items in this quarter 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*

MOFSL has made strategic allocation of capital to long term RoE enhancing opportunities to grow our RoE sustainably to 20%+. These include commitments to Aspire Home Finance & sponsor commitments to our own mutual fund & private equity funds

- Our investments in Motilal Oswal’s mutual fund products stood at Rs 6.1 billion. The unrealized gain on these investments was Rs 1.8 billion. The same is not reflected in the P/L account for the year.
- The track-record of our QGLP investing philosophy, as reflected in the performance of our PMS funds (Value PMS delivered 25% CAGR in 13 yrs & NTDOP PMS delivered 17% CAGR since 2007\*), re-affirms our belief in our investing prowess
- Our investments in Motilal Oswal’s alternative investment products stands at Rs 1.9 billion
- These commitments have not only helped “seed” these new businesses by investing in highly scalable opportunities, but they also represent “resources” available to use for future investments, if required
- Deployment into Aspire Home Finance was Rs 4.0 billion (MOSL+MOFSL) till Jun 2016. Aspire already turned profitable in its 1st year of operations & contributed meaningfully to Group PAT in its 2nd year
- NBFC LAS lending book was Rs 2.6 billion, as of Jun 2016

*\*Disclosure: Value PMS Strategy Inception Date: 24/03/2003 and NTDOP PMS Strategy Inception Date: 11/12/2007. These strategy returns are of a Model Client as on 30th June 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 above 1 year are annualized and below 1 year are absolute. Strategy returns shown above are post fees & expenses*



# Presentation Plan

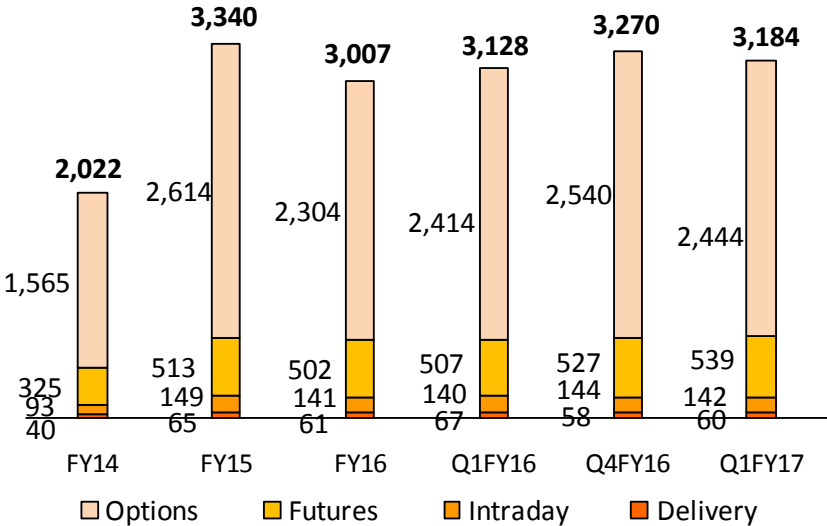
Highlights

Business Updates

Industry Trends

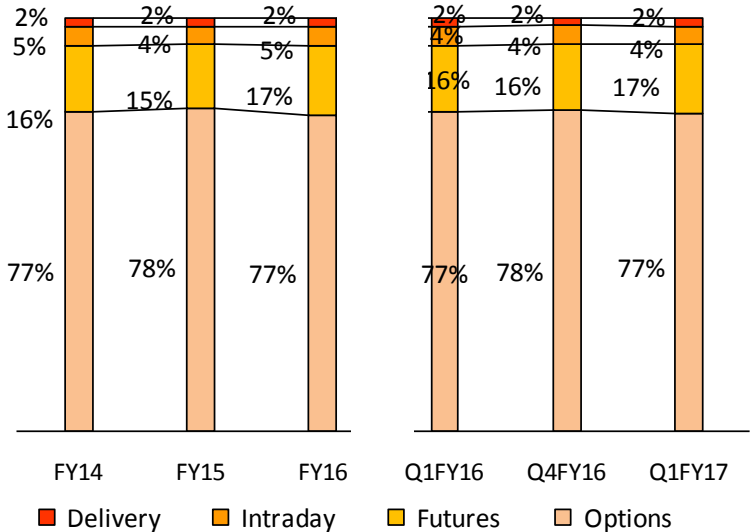
# Cash delivery dips YoY, although retail cash volumes pick up

Market ADTO declined QoQ owing to a dip in options; While market ADTO was up YoY, cash delivery volumes dipped (Rs Bn)



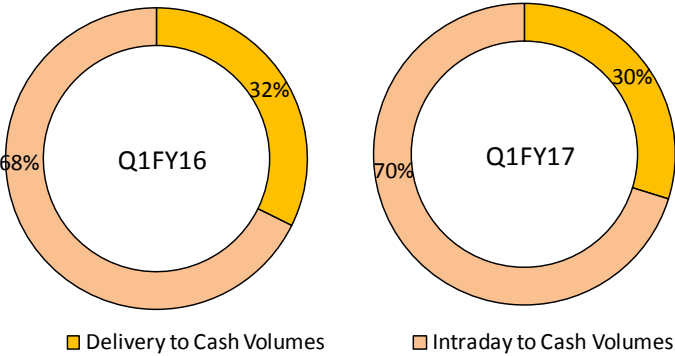
Source: NSE, BSE

Proportion of option in the market ADTO mix declined QoQ; while that of cash delivery volumes declined on a YoY basis



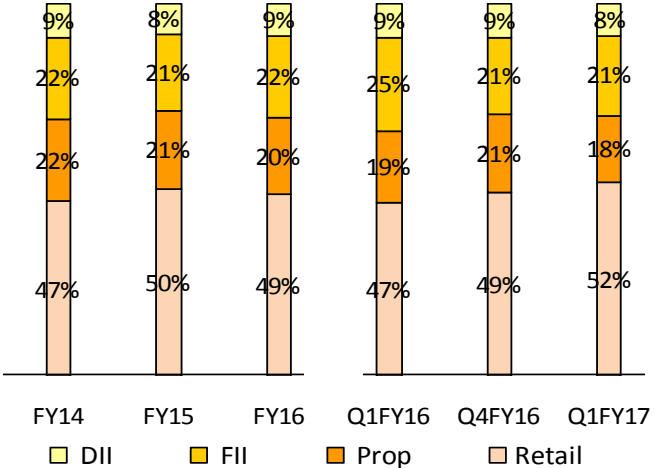
Source: NSE, BSE

Proportion of cash delivery within the cash volume mix in the market slipped on a YoY basis



Source: NSE, BSE

Proportion of retail volumes within the cash volume mix in the market has picked up this quarter, on both QoQ & YoY basis



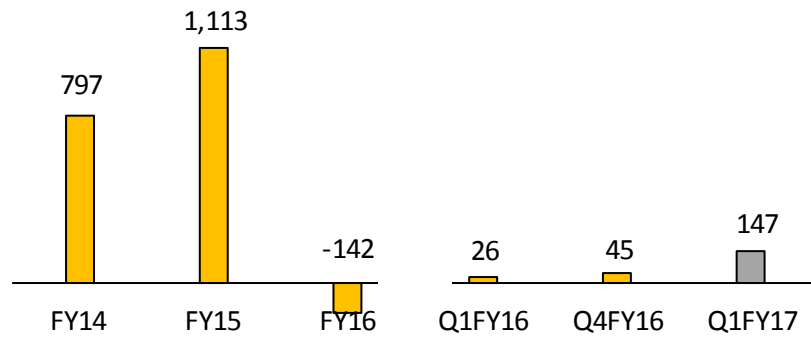
Source: CDSL, SEBI



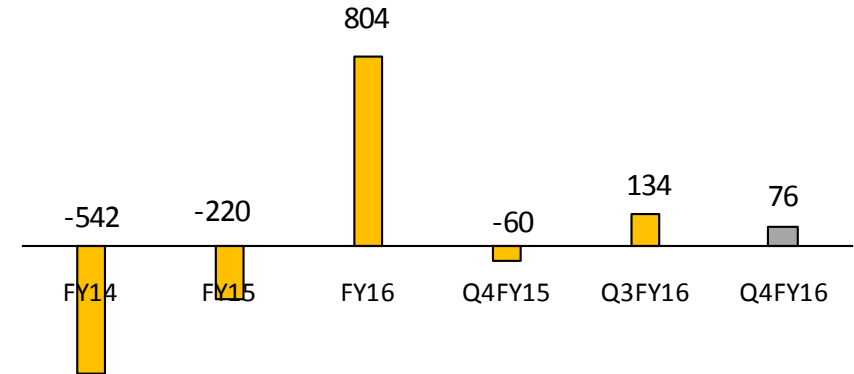


# FII inflows clock healthy while DII inflows slow down

**FII register healthy net inflows after 4 quarters of either outflows or marginal inflows (Rs Bn)**



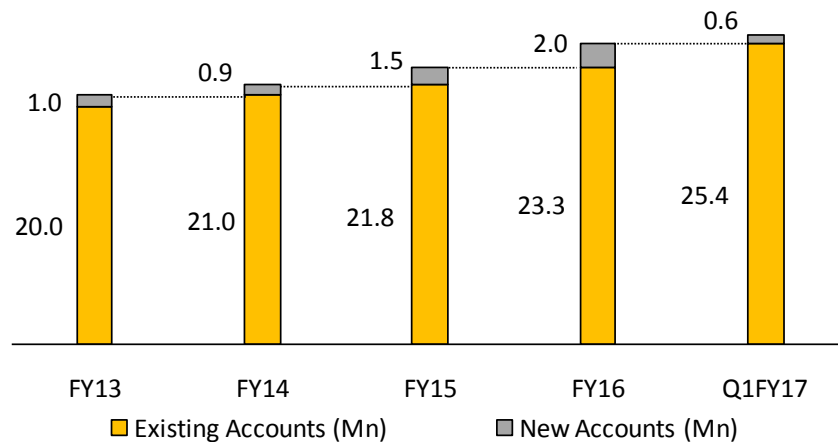
**DII saw a slowdown in their net inflows, after 4 quarters of healthy inflows (Rs Bn)**



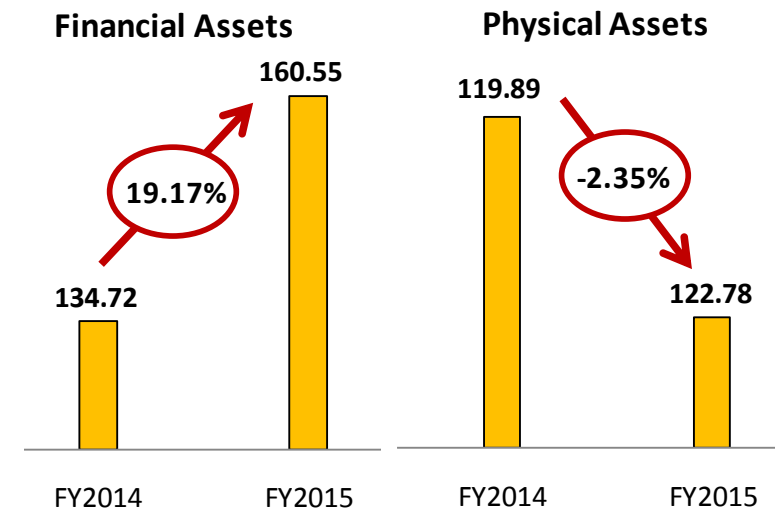
Source: NSE, BSE

Source: NSE

**As IPO activity picked up, the incremental demat accounts grew at a healthy pace as compared to recent years**



**YoY growth in individual wealth held in financial & physical assets (Rs Tn)**



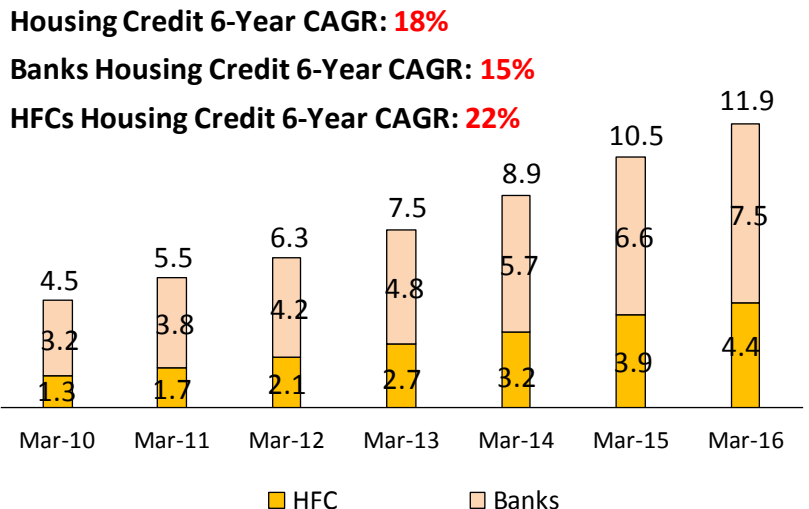
Source: CDSL, NSDL

Source: Karvy Report 2014

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

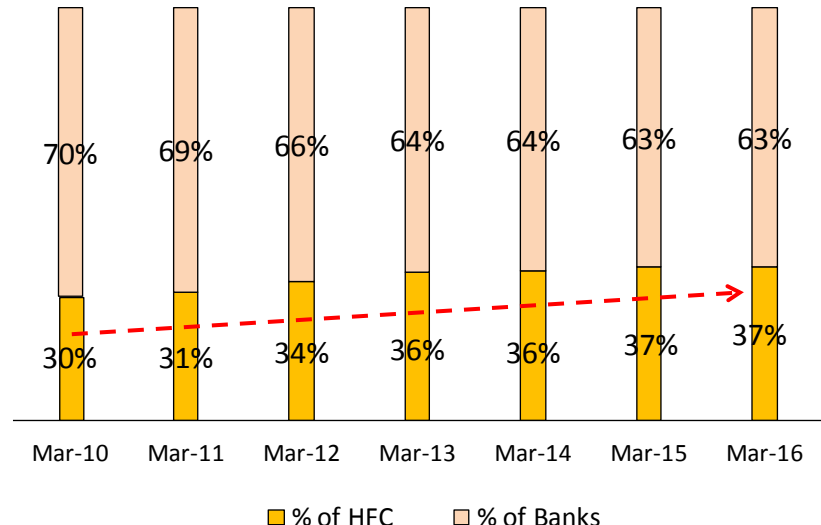


India's housing credit market grew significantly in recent years; Within housing credit, HFCs grew at a faster pace than Banks (Rs Tn)



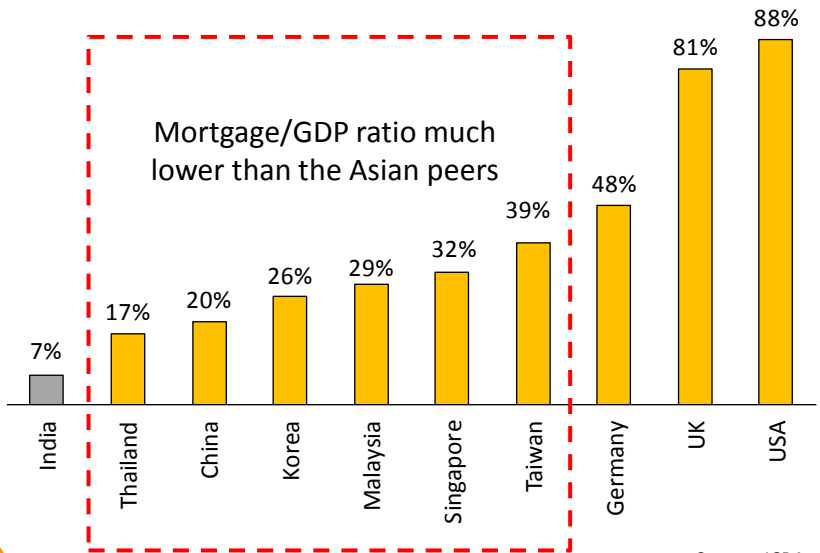
Source: ICRA

Due to the relatively faster growth in HFCs vs Banks, the share of HFCs within the Housing Credit mix also picked up



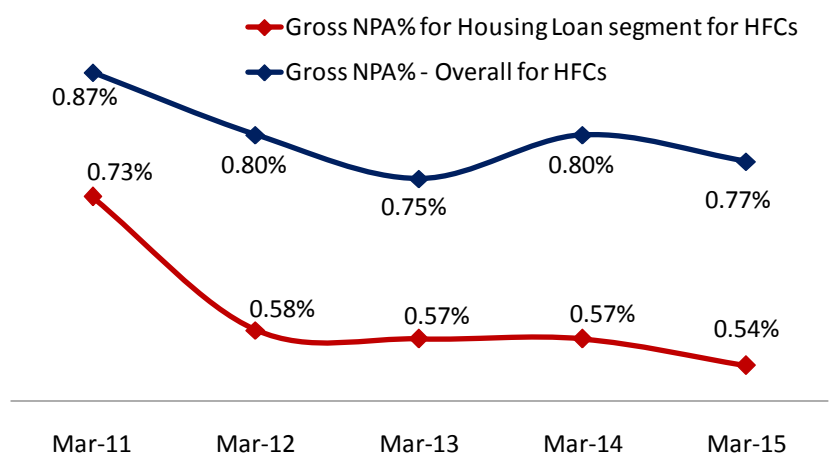
Source: ICRA

Despite clocking rapid growth, India is still a relatively underpenetrated mortgage market – shows the latent opportunity



Source: ICRA

Apart from the opportunity itself, this is also a lower-risk market, especially the pure housing loan segment

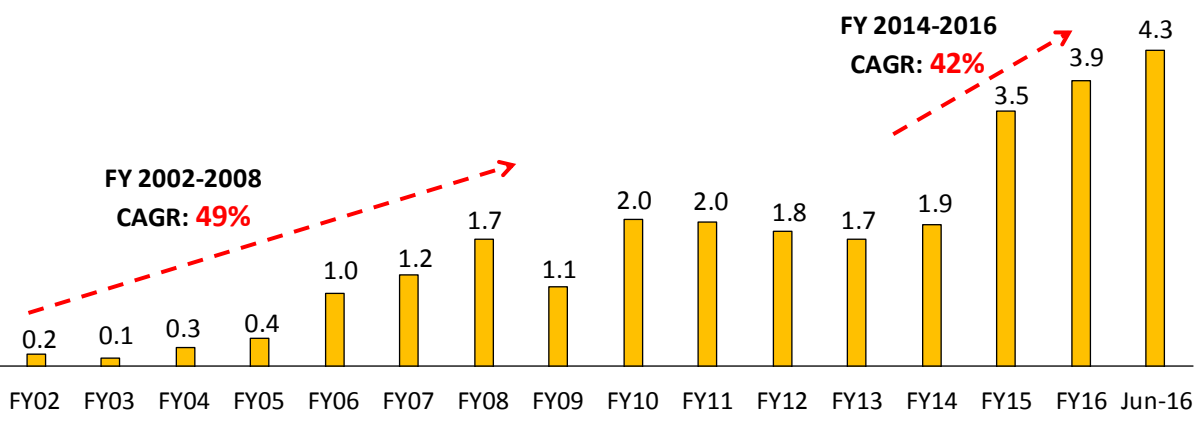


Source: ICRA



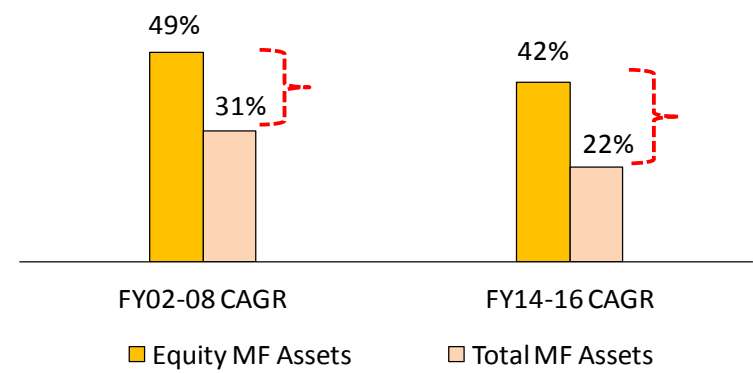
# Equity MF spiked up in FY02-08 cycle; At cusp of another cycle now?

The last upcycle from FY02-08 saw a significant spike in Equity MF AUM; It has again seen rapid traction from FY14 onwards, and can increase further if India is at the cusp of another upcycle now (Rs Tn)



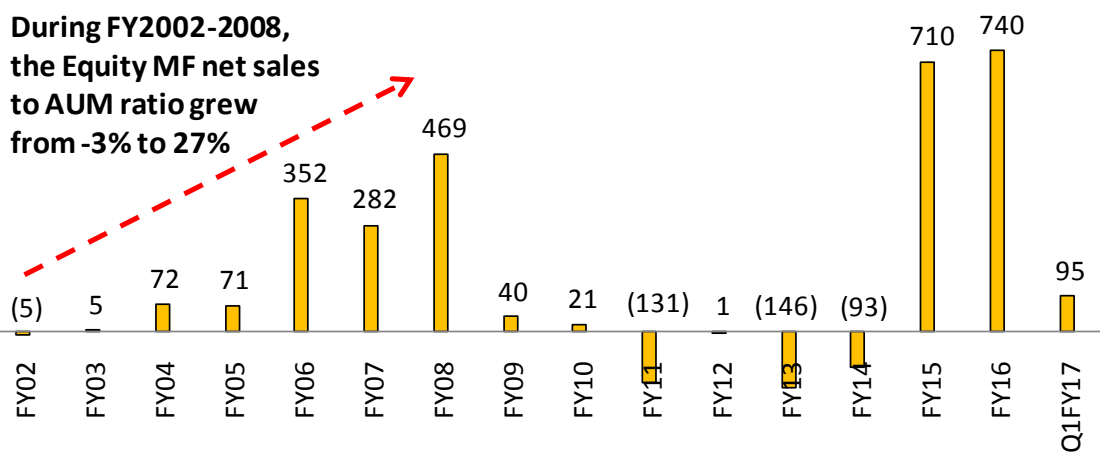
Source: AMFI

During such periods of upcycle, the CAGR in Equity AUM is significantly higher than that of Overall AUM



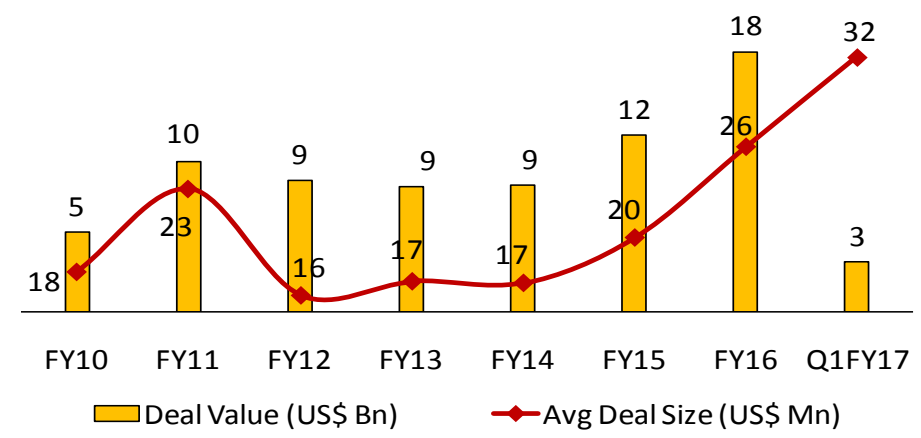
Source: AMFI

The last cycle from FY02-08 saw a significant rise in net sales which added to AUM; It is seeing traction since FY14 (Rs Bn)



Source: AMFI

PE deal values slowed down this quarter, although average deal value spiked up with the \$1.1 billion Mphasis-Blackstone deal



Source: Venture Intelligence



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## Thank You

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