Motilal Oswal Financial Services

ConCall Summary & Earnings Release

Quarter and Year ended March, 2020

12th May, 2020

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of Rs 6.76 billion for Q4FY20 and Rs 26.1 bn in FY20. Consolidated Operating PAT was Rs 0.97 bn in Q4FY20 and Rs 3.98 bn in FY20. Asset and Wealth Management revenues were Rs 7.6 bn in FY20. Capital Market revenue was Rs 12.34 bn in FY20. Housing finance-related net revenues were Rs 2.2 bn in FY20.

For a deeper insight into the company's performance and the management's expectations, we present extracts from the post-results conference call. We have edited and rearranged the transcript for greater lucidity. This presentation is available at www.motilaloswalgroup.com

Corporate Participants

Mr Raamdeo Agrawal
Chairman

Mr Motilal Oswal
Managing Director and CEO

Mr Navin Agarwal
Managing Director

Mr Shalibhadra Shah
Chief Financial Officer

Mr Aashish Somaiyaa
Chief Executive Officer - AMC

Mr Rakesh Shinde
Investor Relations

Welcome to the Q4FY20 & FY20 Earnings Conference call for Motilal Oswal Financial Services Limited. We have with us today Mr. Raamdeo Agrawal - Chairman; Mr. Motilal Oswal - MD & CEO; Mr. Navin Agarwal - Managing Director; Mr. Aashish Somaiyaa - CEO-Motilal Oswal AMC; Mr. Shalibhadra Shah - Chief Financial Officer and Mr. Rakesh Shinde - Investor Relations. For the duration of this presentation all participant lines will be in the listen-only mode. I will be standing by for the question-answer session. I would now like to invite Mr. Navin Agarwal to make his opening remarks. Thank you and over to you, sir.

MOFSL CONSOLIDATED FINANCIALS (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Total Revenues	**6,760**	**6,623**	**2%**	**6,536**	**3%**	**26,127**	**26,528**	**-2%**
EBITDA	2,774	2,892	-4%	2,797	-1%	10,835	9,127	19%
PBT	1,392	1,522	-9%	1,518	-8%	5,494	3,719	48%
Operating PAT	**971**	**1,009**	**-4%**	**1,092**	**-11%**	**3,982**	**2,561**	**56%**

REVENUE COMPOSITION (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Asset Management	1,316	1,396	-6%	1,439	-9%	5,561	5,786	-4%
Wealth Management	255	258	-1%	252	1%	1,007	1,088	-7%
Private Equity	313	320	-2%	261	20%	1,069	1,104	-3%
Broking	3,381	2,809	20%	3,083	10%	12,249	11,334	8%
Investment Banking	9	146	-94%	27	-67%	121	381	-68%
Fund Based (Ex-MTM)	88	82	8%	99	-11%	356	351	1%
Housing Finance	1,398	1,612	-13%	1,377	2%	5,764	6,484	-11%
Total Revenues	6,760	6,623	2%	6,536	3%	26,127	26,528	-2%

Opening remarks

Good morning everybody. It is my pleasure to welcome all of you to the Motilal Oswal Financial Services earnings call for the Fourth quarter and the full year ending March 2020. At the outset I hope you and all of your families are safe in this pandemic and wish you all the very best to overcome this adversity.

I will start with a few highlights of the overall performance of the firm before I dive into each business performance.

Financial performance

- Consolidated operating profit grew by 56% year-on-year to Rs. 3.98 billion in the financial year ending March 2020. Our operating PAT that I spoke about is excluding the notional mark-to-market impact on the fund based investment.

- The reported profit after tax was impacted by mark-to-market on investments of Rs. 2.9 billion. A bulk of it happened in the fourth quarter due to the big fall in the market when there was a mark-to-market of Rs. 3.8 billion in the fourth quarter alone. The operating profit for the fourth quarter was Rs. 971 million which is down by 4% year-on-year.

- In the fourth quarter we have made a CSR contribution of Rs. 60 million in the PM Cash and the CM cash fund. This is in addition to the statutory CSR contribution. Further we made a special COVID provision of Rs. 80 million in the housing finance business in the fourth quarter.

- Consolidated net worth stood at Rs 30.8 bn. Our net debt was down to Rs. 38.7 billion. Excluding home finance business the net debt was at Rs. 10.4 billion. Our overall debt is down by 11% year-on-year. The total debt-to-equity is lower at 1.5 times. Ex home finance business the debt-to-equity stands at 0.5 times and net of investments we have a net cash balance sheet.

- Our reported ROE for the year FY20 is depressed at 7% due to the mark-to-market impact. However the operating ROE for FY20 stands at 32%.

Key highlights for the Q4FY20

- Asset management profit after tax grew by 9% year-on-year. The business of asset management is a standard product offering in offshore as well as the asset category and also expanded the brand sales and reach.
- In real estate funds, we have achieved IRRs on exhibit investments from our related Funds-2 and 3 schemes are at 21% and 22% respectively. And in our IREF-4 we achieved the final close in the month of March at Rs. 11.5 million despite reasonably adverse fund raising conditions particularly for real estate fund.
- Our broking and distribution business because of the accelerated pace of the new client addition it grew by 72% on a year-on-year basis. And market share in the high yield cash segment is at a multi quarter high for 4Q FY20 and we continue to be strong traction in the distribution business this time around Aug'19 started insurance distribution business. It has scaled up slightly in the fourth quarter. Distribution AUM at Rs 90 bn.
- Home finance business normalcy has been restored in our profitability and overall operations in FY20. Our exit quarter fee provision profit stood at Rs. 40 crores and PBT stood at 28 crores. CRISIL has upgraded our rating to AA

minus stable. Our NPAs at the end of the year stand at 1.8% and our 1+ DPD is down to 9%.

- Our provision coverage ratio has been stands to 66% from 55% the year. The new book underwritten since April 18 has 1+DPD of 1.8%. And a 90 plus DPD of 0.9%. Our incremental cost of funds stands at 9.5% for this business compared to a full year cost of funds of 10.2%.
- We have provided moratorium to 13% of the customers' business as of March 2020 and that is on up to 36% in the month of April 2020.
- Our FY20 performance remain steady in the context of the substantial slowdown in the industry both for the asset management, the wealth management business very lackluster ECM market and multiple changes in the regulatory framework of both brokers as well as the asset managers.
- We have initiated a buyback of up to Rs. 1.5 billion excluding taxes. Excluding the buyback our dividend payout for FY20 stands at 39%.

I will now deep dive into individual businesses.

Asset and Wealth management businesses,

KEY FINANCIALS: ASSET MANAGEMENT (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
AUM (Rs bn)	297	389	-24%	401	-26%	297	389	-24%
Total Revenues	1,316	1,396	-6%	1,439	-9%	5,561	5,786	-4%
EBITDA	456	532	-14%	567	-20%	2,097	2,311	-9%
PBT	445	531	-16%	563	-21%	2,071	2,305	-10%
PAT	**357**	**335**	**6%**	**414**	**-14%**	**1,601**	**1,467**	**9%**

Asset management business across mutual funds, PMF and AIF stood at Rs. 297 billion. Our equity AUM stands at Rs. 160 billion which is 1.9% of the equity AUM of Rs. 8.1 trillion. Our share of alternate assets comprising of EMF and AIF stands at 46% which is the highest among all the asset management companies. Several schemes have lined in the top decile performance over a one year period and since inception. As a result our gross sales and net sales have grown in 2Q over 1Q in 3Q over 2Q and also in fourth quarter over the first quarter. So on a quarter-on-quarter basis, we have seen traction and improvement all the four quarters.

Private Equity

KEY FINANCIALS: PRIVATE EQUITY (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Total Revenues	313	320	-2%	261	20%	1,069	1,104	-3%
EBITDA	104	140	-26%	101	3%	400	471	-15%
PBT	104	138	-25%	99	5%	387	460	-16%
PAT	**44**	**77**	**-43%**	**68**	**-35%**	**219**	**301**	**-27%**

Private equity business manages an AUM of Rs. 65 billion across key growth categories PE Funds and four real estate funds. This business has delivered on profitability and scalability front, strong performance and provisioning has also aided new fund rates. IREF-4 closed during the year with an AUM of Rs. 11.5 billion.

Wealth Management business:

KEY FINANCIALS: PRIVATE WEALTH MANAGEMENT (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Total Revenues	255	258	-1%	252	1%	1,007	1,088	-7%
EBITDA	23	47	-50%	46	-50%	98	210	-53%
PBT	20	43	-55%	43	-55%	83	200	-58%
PAT	**14**	**29**	**-52%**	**34**	**-60%**	**61**	**140**	**-57%**

Wealth management business AUM stood at Rs. 156 billion in FY20. Our RM count of this business is at 129 as of March 2020. Our trail revenues predominantly cover our fixed costs and investment in strong RM addition have progressed the reported profitability.

Overall asset and wealth management revenues were at Rs. 7.6 billion in FY20 and contributed to 30% of the consolidated revenues. Profits were at Rs. 1.88 billion and contributed to 46% of consolidated profits.

Capital market business:

KEY FINANCIALS: Capital Markets (Retail Broking & Distribution, Institutional Broking)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Total Revenues	3,381	2,809	20%	3,083	10%	12,249	11,334	8%
EBITDA	1,185	882	34%	1,023	16%	4,224	3,840	10%
PBT	629	601	5%	647	-3%	2,527	2,572	-2%
PAT	**451**	**412**	**10%**	**483**	**-7%**	**1,875**	**1,810**	**4%**

Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. The revenues for this segment stood at Rs. 12.34 billion in FY20 contributed to 48% of our consolidated revenues. Profits were at Rs. 1.79 billion and accounted for 44% of the consolidated profits. Broking and distribution profits stood at Rs. 1.88 billion in FY20

Broking & Distribution, our Market share in high-yield cash segment has been improved. Overall market share improved to 2.5% (ex-prop) in Q4FY20. We have witnessed strong traction in new client addition driven by Franchisee and retail channel , total 2,42,000+ clients acquired in FY20, +72% YoY. Active clients have also registered 16% YoY growth at 3.94 lacs as of March 2020.

Our strategy to bring in linearity through the trail-based distribution business is showing results. Our distribution AUM at Rs. 90 billion. Now has only 16% of the 1.93 million broking being tapped for the cross-sell. And we expect to see continued increase in this AUM and fee income as number of clients to whom we have cross sold and the number of products per client cross sold rises.

Turning to the Institutional Broking business:

In institutional broking business there was substantial improvement in rankings in Asia Money 2019 poll with first rank in terms of sales, first rank in sales trading, first rank in corporate axis and second rank in terms of best brokers brokerage. This has been a result of focused differentiated deepest products 250 companies encompassed in 21 sectors.

Investment Banking

KEY FINANCIALS: INVESTMENT BANKING (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Total Revenues	9	146	-94%	27	-67%	121	381	-68%
PBT	-48	70	-	-30	-	-112	109	-
PAT	**-37**	**55**	**-**	**-23**	**-**	**-87**	**81**	**-**

Investment Banking business was impacted by the headwinds faced by ECM segment and poor deal closures.

Home Finance business:

KEY FINANCIALS: MOTILAL OSWAL HOME FINANCE (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Net Interest Income	579	513	13%	526	10%	2,224	2,308	-4%
Total Income	632	553	14%	540	17%	2,332	2,443	-5%
Operating Profit	401	315	27%	302	33%	1,376	1,408	-2%
PBT	281	92	204%	253	11%	609	-2,116	-
PAT	**176**	**81**	**118%**	**161**	**9%**	**390**	**-1324**	**-**

Home Finance business reported a profit of Rs. 391 million in FY20 and Rs. 176 million in the fourth quarter. The margins in this business have improved to 5.3% in FY20 on account of improvement in yield and fall in cost of funds. Our loan book stands at Rs. 36.7 billion and disbursements for the last year were Rs. 5.92 billion. Our new books sourced from April 19 validates the new credit policy with three cases in NPA out of more than 5,000 loan cases sourced.

Our GNPA at the end of the year is 1.8%. Net NPA is at 1.3% and provision coverage ratio stands at 66%. Our operating expenditure has been trending down to Rs. 231 billion in the fourth quarter resulting in a cost to income ratio of 37%. CRISIL has upgraded the rating during the year. The strong support from parent continues, the total capital infusion of Rs. 8.5 billion and our net gearing stands at 3.2 times and tier 1 capital adequacy stands at 46.4%.

Limited borrowing repayment for the next one year coupled with strong un-grown borrowing lines and ALM places us in a very comfortable equity position in this business.

Fund-based activities

KEY FINANCIALS: (Rs Mn)

Particulars	Q4 FY20	Q4 FY19	CHG. YoY	Q3 FY20	CHG. QoQ	FY20	FY19	CHG. YoY
Total Revenues	-3,754	535	-	535	-	-2,585	591	-
PAT	**-3,520**	**491**	**-**	**550**	**-**	**-2,121**	**545**	**-**

Fund Based activities like commitments to our asset management products. During FY20 we made an additional investment over Rs. 1 billion. Total foresaid equity investments including unrealized gains was at Rs. 12.2 billion at the end of the year and the cumulative ex-IRR on to the investments are now at about 9%.

Outlook: To sum up, asset and wealth businesses are now the largest contributor to our profits. Home finance business tends to see issues at behind with incremental 4% profitable growth. We remain positive on the long-term headroom to grow the business and ability to generate free cash by each of these businesses.

Q&A

If I read the MTM, mark-to-market loss Rs. 3.75 billion, so that is on the total AMC and PAUM which is around Rs. 21 billion. Is that right?

So our total investments stand at Rs. 21 billion on which this mark-to-market impact has come in the quarter 4 P&L.

Media reports have been suggesting a notional loss Rs. 80 crores on the commodity and crude settlement. So are we continuing with commodity trading what is the status we move to court is there some dispute what is the status have we provided that not provided? Can you give some color?

Motilal Oswal here. All the transactions happened actually in the April month. So there is no provisioning although there will be qualification in the balance sheet. Last year there is no impact. We have filed the recovery suit and the arbitration against one of the large customers we had issued the press release about exposure of Rs. 80 crores we have to recover from them. These customers are strong financially and we are also pursuing them actively and hopefully we will get some collateral or some money. Otherwise we will take the call in the next quarter.

And lastly, which of our business do we see some tailwinds which can lead to consolidation and market share again given whatever is currently happening if you could throw some light? Do we see some tailwinds in businesses where given our track record and history we can grow faster than the market, market can de-grow, but we can still grow? We are sensing some of that?

Prakash, again Motilal. I think our largest business in terms of revenue is the broking business both retail and institution. And the markets have seen all time kind of I think high volume and transactions not only in the market but at our end also. And as Navin has said in his opening remark that for us the lucrative segment is the cash segment where we improved the market share also and we also see of course most of the people we are working from home but I think 99% of the people we are working from home.

Huge numbers of client acquisitions are happening; it is in fact all time high client acquisition has happened. Lot of new employees has joined from the other brokerage firms which have become weaker in recent industry consolidation. So I think broking will be seeing in my view the biggest consolidation now, thanks to the capital requirement technology and the brand. As far as the asset management is concerned I think they are also I would say most of our products performance really is far, far now better compared to say six months or a year back.

So there are also we are quite hopeful that we will be able to improve our rank there also. So these are the two largest businesses and the home finance business you are seeing much improved performance this year we are back in profit despite here also we have sold a small portion to ARC. So there at least we are now slowly, slowly rebuilding and restarting the business and the new book you are seeing the new book quality of underwriting is far, far superior. It is sort of 5,000 accounts we have only 3 NPAs.

So these are the three largest businesses where we see that there is very good headroom for growth. Of course we will be very, very conservative and very careful in this kind of situation but the confidence will be very, very high.

Couple of questions. See on the broking side you see increase in costs and even I think interest cost is also increased in the broking segment. So can you explain that a little bit?

Yes, so in the broking side we have seen increase in the other cost so one is on account of marginal increase in the people cost. Some of the increases in the marketing as well at the start of the quarter 4 and on the finance cost also there is increase because one is also because we did an IPO funding of SBI Cards and essentially also we actually maintain higher levels of liquidity in Q4 of this year.

So we actually maintained about Rs. 500 crores of higher levels of liquidity as part of the exchanges in the form of liquid or FDs. And that is the reason that you will see that there is some negative carry coming in because of the interest cost versus interest income.

And what will be sort of our running cost because quarter-on-quarter the cost above EBITDA have gone up by roughly around Rs. 16 crores. So what will be the trend in FY21?

See broking business we have added also about 1,000 employees during this year. And we feel that is a good opportunity for us to add quality talent available in the market. We have opened new branches also. So you need to take some upfront cost also to make sure that you at least are able to get much higher market share. So that will be one more point.

And second thing is that because of the volatility interest kind of I think income also has come down to just the size of the book. That is another issue. And of course because of the regulatory changes our working capital requirement also has gone up.

Because you saw some problems in the markets the regulators had come out with some new regulations which require much higher level of working capital.

Sir, just in fact what will be like our sort of budgeted costs for FY21? So if I were to should I take quarter 4 as a benchmark because now all the employee additions, the branch additions have been done more or less?

See in the last quarter we also have got about 400 people added in last quarter. So there I think so last quarter in to 4 plus slightly higher amount on the people cost. And we also are adding about 60 new branches also in last quarter we have added plus we will start in this quarter. So we also start few new branches where some capital expenditure is already done and rent another cost.

So I think cost we would be quite aggressive of course calibrated aggressive into hiring and putting up new distribution as far as the broking business is concerned.

On the AMC side what is the net inflow outflow in this quarter?

Yes, so the whole year would actually end up being almost flat like some Rs. 70 crores net flow. That is how it will shape up. So we were actually the fact is that only the first quarter of this financial year we were net negative. After that slowly, slowly we were actually been drawing back and that is how the full year has ended net positive.

So just to add to what Ashish is saying. Our gross flows were Rs. 14.76 billion in 2Q that went up to Rs. 20 billion in 3Q and was Rs. 23 billion in 4Q. And the net inflow was Rs. 0.6 billion in 2Q went up to Rs. 0.8 billion in 3Q and further increased to Rs. 2.8 billion in 4Q. And this includes positive flows across all the three segments which is the MF, PMS as well as the AIF segments.

Right so Rs. 2.8 billion is the pretty strong number for the fourth quarter and also I think the AIF AUM has fallen but it is a little smaller and so as the PMS AUM has fallen a little more than the MF AUM?

Yes, that will be an impact of the cap of the product in the sense that in PMS we have decisively almost literally 50% will be mid and small cap whereas that is not how it gets reflected in the mutual fund. The same applies to the AIF also. But actually if you ask me in the AIF as we speak in the last quarter also we were amidst a fresh fund raise and in fact in the last quarter we have in AIF the numbers do not show up because it comes by way of drawdown.

So it might look like tiny number is move here and there. But in the AIF fund raise also in the full year basis that Navin mentioned we closed on a net positive. Even as we speak we are amidst fundraise in AIF along with our couple of private banking partners. So that is an ongoing activity.

It is just that sometimes the mark-to-market vis-à-vis mutual funds appear a lot more because the mutual fund is in that sense like the largest product is Multicap 35 which tends to be or Focused 25 and all those products tend to be a good balance of large cap whereas in PMS if it is decidedly more midcap and smaller cap.

So this is the other thing. On the treasury so I thought that the Rs. 3.75 billion is a pretty big number. Have we changed any policy over here? I thought that we were taking equity mark-to-market directly through the balance sheet and not through the P&L. Has there been some change over there?

No, so in terms of the mark-to-market it should be done on the entire equity mutual fund portfolio and the private equity and the real estate fund portfolios. In case of only equity shares investments or PMS investments we do the mark-to-market through balance sheet. Otherwise all other through the P&L. So the bulk of our investments are in these products where the mark-to-market impact is in the P&L.

And can you help me with what is as from the balance sheet day to what is the total mark-to-market value of your investments and free cash on the balance sheet?

So the mark-to-market value of the investments is Rs. 1,700 crores.

Most of my questions are answered. Just if you could give your outlook on the home finance business for next year because I think your business has obviously stabilized quite a well now but unfortunately we are entering into a very volatile case for the market. So how should we really think about it over the next one to two years?

Motilal here. As you said rightly that market at the lending side is quite kind of volatile and if you see our segment which is the affordable segment it is going to be impacted definitely for more than I would say one to two quarters. So we will be very, very careful and conscious and the segmentally I think mostly we will do more detailed credit analysis and restrict our self to good quality customers.

So I think whatever growth plans we had last year we would definitely review that and very, very slowly and methodically we will build that business. Because nobody knows how next one or two quarters are going to be there, how we will have funds. Very few franchises of course are opened. The whole focus is right now on the collection and with RBI's moratorium also be there till May end.

So I think we need to definitely review this business. We are not going to make it zero disbursement. We will definitely do the disbursement but right now there is no visibility about the numbers for the next year.

Have you done any disbursement in April?

April, no. There may be few top up clients, but you can say practically zero. This was completely lockdown month April. March also our number was very low because the lockdown problem happened post 15th March most of the disbursement happen in the month end.

So how many of your customers would have opted for a moratorium?

We are still watching. I think by May end, Navin, would you have any number?

Yes, we have reported that in my opening remarks. So we had as of end of March 13% of our customers who had opted for moratorium. This number went up to 36% as of now.

And any sense on how collections has been? I know you mentioned one DPD is around 9% but how have collections been for the non-moratorium portfolio?

So the entire non-moratorium portfolio is I mean barring that 1 plus of 9% we have received all our installments both for the month of March as well as for the month of April. In fact as you know since only 13% of these customers wherein moratorium as of March end so basically out of this 36%, 23% of the customers did pay the March EMI. And the balances 23% are the ones who have not paid only the April EMIs.

Our interactions with our customers indicate that because of this repeated extension of lockdown there is an uncertainty amongst people to part with cash in this segment. So even if our customers have cash I think they have requested to kind of wait and watch the situation. Also educational moratorium has been very helpful to help them understand that if they hold this cash and they are not parting with it because of the fear of how long this will continue, the cost of that is quite enormous for a long duration loan at 13% or 14%.

And any specific trend visible or different trends between self-employed and salaries or is it like more or less similar?

No, so the salaried segment is behaving better than the self-employed segment. The self-employed segment proportion I do not have the numbers of whether this 36% would be how much higher for the self-employed segment but if you ask me my guess would be that the number would be much higher for the self-employed segment. This is about 45% of our book and much lower for the salaried segment. It is 55% of our book.

What proportion of book is for standalone houses versus apartments?

I do not have that number readily, but my guess would be that this number would be about 70% would be apartment is my guess. But we can come back to you, Rakesh will come back to you on the exact number.

This regards to our buyback. I saw that Rs. 150 crores worth of right case approved and already done Rs. 3.8 crores. Now just wanted to understand this is like one of the worst markets and we generally do a lot of proprietary investments as well. So we had chosen to buy our own stock which even today is much higher than its book value.

Is it not time for us to kind of look for 1:100 kind of opportunities in these markets and you said Rs. 150 crores to maybe get 10-bagger, 5-bagger. Motilal Oswal itself be 5-10 baggers but I am just curious as to what prompts us to buy our own stock vis-à-vis either conserving cash for any downturn or using it to buy other distressed businesses which can eventually do better?

See we have six months to complete this. So I think nobody knows what is going to happen in next couple of months. So I think we are just right now we have just started actually. Last month only we have passed the resolution. It is too early for us to really come to a conclusion that the opportunity to buyback is too less. I think we will keep on reviewing and the more important is to assess the situation overall from the business practice. So we are just cautious that is it.

Of course the price is very, very attractive. But I think we will keep on watching the situation and keep on executing the way we think is the right thing from liquidity and the pricing perspective.

If I can add see basically also bear in mind that we did not pay the final dividend that we usually pay. And so this amount is higher than what we would have paid as final dividend. Given our track record of distribution this also should be treated as a form of additional distribution over and above the dividend that we are paying out.

So as you may have seen in the opening commentary we continue to add to our overall investment book even in the current year including in the second half of the year. We continue to seed all the new funds that we have launched. So that continues irrespective. However, because we find the markets more attractive, we have not cut back on our payout. So I think you should treat this as only additional distribution which we have anyways been pursuing at an elevated level.

Sure I mean that is my question. If you do distribution in a scenario when we do not have opportunities that is understandable but this market because the way we have seen uncertainty small and midcaps are terribly hurt. This would be the time for us to kind of look for the next 10-bagger, 5-bagger put money there than time to

return cash to the shareholder through a buyback. So just a thought process is what worrying that in these markets you are returning cash instead of deploying?

So again over the last 20 years that we have done this, buying low and selling high understanding the market. So buying a lot when they are cheap and selling when they are expensive. That is not really been the source of our wealth creation for us. It has been mostly buy and hold so really we have not really timed the market. In fact even at the top of the market as we got cash we continue to deploy it. So I think market timing has never been an influence on our capital allocation.

And in terms of housing finance, just want your comments. How much of our book is for under construction properties versus already constructed and occupied properties?

Less than 2% is under construction.

Okay and what would be the book value as of FY20 year end for the housing finance book value in absolute gross?

Net worth is Rs. 867 crores and book value is Rs. 1.5.

Sir, I wanted to understand about the PMS business now that there has been a change on upfront commission so what is the outlook at and what can be the challenges in this business in your view?

This is Aashish Somaiyaa here. So couple of points, I mean upfront will actually it might push back some volumes any which way right now because of this lockdown volumes are a challenge because we are doing some account activations electronically through emails and scans and stuff. So account opening is very much on. But as you will appreciate bulk of the volume is happening in the mutual funds and the AIF drawdowns but PMS volume is any which way muted right now.

That is the first thing to keep in mind as we speak. And second thing is that once the upfront is eliminated completely I do not think the core promise of the product will change. But yes, if there are any participants who are or intermediaries who are purely in it for the up-fronting they will feel a bit de-motivated for some point in time. My conversations with all my partners who are channel partners they tells me that slowly but steadily everybody is aligning to an all trail model.

So any impact I see is likely to be quite temporary in nature. Plus also people mind that up-fronting the impacts the cash flow proposition and does not impact the commercial directly. Theoretically if somebody is going to earn 100 basis points they would still on 100 basis points. It is just that they need to adjust themselves for the cash flow that they are expecting from the manufacturer.

So right now if you ask me I think I am thinking more about the impact of the lockdown and I am not thinking so much about the impact of the upfront because I think that is only going to be a very minor or a temporary impact. Lastly, in the interim the regulator has come with a circular which push into against everything related to the last PMS regulation. So instead of 1st May the upfront ban is now going to be 1st July because all regulations which were announced in February have been put in to hold till 1st July.

My first question is in the AMC side. So we are seeing a Rs. 2.8 billion of net inflow in Q4 which is a very strong number. But if you can guide us like if similar trend is visible in April also or like if you have stock earlier whenever market has been a kind of a dip there is an inflow. We will see a lot of original assets coming in?

So, basically for the first answer is that the April flow is as strong, very, very encouraging number. The April flow is also in a triple digit positive kind of trend. So whatever you saw in the fourth quarter at least for us it continues in April also. That is the first point. The second thing you should keep in mind is that the markets go down, you are right that the gross flow in the industry would go down.

So depending on whose market share is what and how market shares are moving for different participants the gross flows would vary and I can say that my sense is that our share is currently on a rising trend. But second thing you should keep in mind is that the markets go down not only gross flow goes down even the redemption tends to go down. Because people do not want to retail investors typically do not book losses or they when 10 bucks becomes 7 bucks people do not have a tendency to withdraw in large numbers.

So when market goes down, it is through that gross flow was down but when market goes down it is equally to that redemption goes down and whenever we see for any analysis for all my friends on the call when we are seeing the AMC business leave us aside for a moment when we are looking at the industry numbers my humble request is that do not look at net flows. Look at gross flow then look at redemption, then subtract in the sense becomes if you have Rs. 3,000 crores of net flow you can get Rs. 3,000 crores net flow by having Rs. 40,000 crores gross flow and Rs. 37,000 crores redemption.

And you can also have Rs. 3,000 crores net flow by having Rs. 10,000 crores inflow and Rs. 7,000 crores redemption. The dynamics are very, very different. So short point is that right now the gross flows are down but redemptions are also down and the net is looking pretty okay.

Okay I understood. But in near future if there is any sharp rally do you see high

redemption risk?

Yes, that is a very good question. If Rs. 10 becomes Rs. 7, I do not think you will get too many redemptions. When Rs. 7 becomes Rs. 9, Rs. 9.5, Rs. 10, Rs. 10.5 then the redemptions would pick up. And that is when actually gross flow also picks up. So the whole dynamics changes then. That is what I would look at. So right now my top priority would be to see how best I can participate in the gross flow and look at the redemption as a separate exercise.

And in the broking business, Aashish, you talked about the what is the increase in the number of branches in the 25 to 75. I think we have increased some more branches also. But as this lockdown itself is continuing hence we see a lot of pressure coming in from that digital acquisition type. So are we seeing that we should build capabilities on digital acquisitions more than the branches?

This is Motilal. So basically of course I think we have the phygital model where the physical branches also are there and that whole digital capabilities are there and I think this model is fully tested in this lockdown period where we opened all time higher accounts working from office also. But I think our model of the distribution is different than I would say some of the other or most of the players.

We are at least our offering is you got best of both the worlds. That you have got a physical people who want to talk to you, you can visit the physical branches. Some of the customers they go to in the old style they feel comfortable sitting at the broker offices. So we have calibrating on both types. Investing a lot in technologies as well as in people.

And as I said that we are also have opened our new branches in last quarter as well as this month also.

Just to add to this point, while it may seem paradoxical to be adding people and branches at this stage in these times one of the key drivers to this also has been that at least three out of the top 10 brokers with active clients have seen varying levels of issues and consolidation cut down.

So there was a question earlier that which businesses do you see consolidation and this effectively the expansion of branches and people that you see is effectively a part of that issue of consolidation drive because of issues that we have seen in at least three out of the top 10 retail brokerages in India.

And one very last question is on the group think like I am seeing we have certain business like AMC, broking, wealth management which is the kind of a giving

stable revenue and PAT. Then other businesses like investment banking and fund based businesses which is kind of a volatile in nature but in the overall profitability. So is there any thinking in terms of reducing the volatility at the group level earnings?

This is Raamdeo Agrawal. This is a well thought of strategy and this is the test of the time. Whether the strategy works or not because the liquidity we are good in investing in equity and the proof of the pudding is putting your own balance sheet money out there. But that is we can only if rest of the operating businesses are free cash flow businesses.

That is what the character of the businesses is. Your broking agency, wealth management and Investment banking these are all agency businesses and there is a 100% free cash flow from these businesses. Now what do we do with these businesses. We can have a 100% pay out by way of dividend and second is but then what will happen is the balance sheet base has become very small.

And for growing the businesses and we want to do broking in all you need balance sheet support. And balance sheet so what we did initially between 2004 and 2014 what they agree we did not pay out. We paid out whatever 20%, 30% and balance whatever we kept it we tried to keep it in some kind of a fixed instrument.

That kind of distort the very fabric of the company and it did not allow it to have an excellent place of growth in our AUM. So then in 2014 we decided to deploy money from fixed income to equity. But do it in such a way that businesses are not impacted. They are fully guarded for. So if you look at all the businesses they do not need much money but every business is fully capitalized and then whatever is surplus left that only goes into the equity funds and they are volatile in character.

So that is how. But then my yield on what is not deployed is if you look at the long term it will work out to be more like 15% to 17%. If you put in fixed income post tax it will work out only 5%, 6%. So the choice is between putting the ideal net worth at 5% or 15%. So we have chosen the second. That is how it has been kind of designed. Let us see how we go along.

Most of my questions have been answered except for this AUM mix sourcing. Is this only for AMC or this includes AMC and PMS as well?

That is for only mutual fund. This is Rakesh here. That is for only mutual fund.

So in this case if we have such top rated funds why we are not empanels them any of the banks and does that limit our growth in MF AUM because banks would be the largest partners in terms of client outreach?

This is Aashish here. So actually there are two things. One is that actually if you see our portfolio management services offerings against our EIFs. They are all partnered with like literally there is no private banker or wealth manager who would not have worked with us. Now coming to the mutual funds, it is only 2019 when our flagship funds and even let us says the first one which is Focused 25 or Multi Cap 35 or Midcap 30.

All these funds are finished a 5 year track record predominantly in 2018 and 2019. And in fact as we speak I mean last year also we actually have seen our mutual funds getting on boarded. And in recent times like you now there was a discussion that okay last fourth quarter our net sales is picked up, third quarter also it was on a rising trend. So lot of that traction is coming because the mutual fund space is actually picking up.

So what happens is that when you see that the industry is so big and our AUM is not that great. So whatever you are seeing there is a percentage of the AUM outstanding book. But if incremental flows the mutual fund sales are picking up because of new empanelment coming through and a lot of banks including some of the large retail banks they have actually on boarded our mutual funds in the last two quarters.

So it is a continuing activity and it is an ongoing effort for us to make sure that we are green everywhere.

So if you could guide us as to what is the bank's contribution would be in terms of the sourcing let us say the next two odd years or three years given that they have just started off?

Yes, so if you see the whole industry banks would be anywhere in the range of 35% to 40%. For us it would be more private bankers, family officers, multifamily officers, national distributors and IFAs and banks would be practically negligible for us. So my sense is we should be in the next I would not say one year but in the next two to three years we should be able to head more towards the more industry level kind of mix of mutual fund distribution.

Also keep in mind is that this is a shifting pie. By shifting pie what I mean is that direct and digital and all those are actually rising. So you will not have the same pie which you have right now. May be two years later because direct and digital will continue to keep becoming bigger and bigger. So while we have to get on to work with the banks we also have to work hard to make sure that we are very salient in the digital and the direct kind of space.

If I have to give a number, I will say that it will be more like 20%, 25% in the next two to three years.

And in terms of wealth management I wanted to know are we looking at any kind of operating cost rationalization or the employee cost is going to go up in FY21 as well?

No, there is no plan to rationalize. I think the biggest cost as you said are the people cost. So right now I think we are not thinking in terms of rationalizing any employee credit cost unless they are become underperformers which is in any case is an ongoing process.

So it is fair to assume that the operating cost in the wealth management would grow with the normal inflation? Is that a fair assumption or it will be higher?

Yes, you can assume that with nominal whatever inflation.

Sir, firstly regarding this buyback as Mr. Motilal was mentioning that we did not came out with a final dividend but then also as explained earlier by you people only that the regime has totally changed for dividend distribution tax being abolished and now being taxed at the hand of the recipient. So how will we aligned ourselves in going ahead with the dividend to the shareholders?

See end of the day the dividend distribution as well as the buyback resulting into the money in the hand of the shareholders, right. And shareholders have to of course I think pay very high amount of tax. Most of the shareholders at least excluding promoters also and then promoters have to pay that. But most of the shareholder ask they have to be I think pay the tax as around 36%. This is also very high.

So you have got 20% to 50% buyback bag you got 36% dividend kind of pay dividend tax in. So I think we have to now look at this issue in a much more kind of I think I would say combined way. So the overall distribution what we have a policy about the distribution is 53:21 of the profit. So we will stick to that so keep anywhere between 30% to 40% of the money to the distributor to shareholders. And of course I think last year we have offered a first time where we agreed kind of I think cut the dividend but at the same time we are also buyback also.

But will it promote sir, means will it act as an incentive for you people to come up with the dividend that has been the earlier but not the case.

I would look at the overall how much profits we want to be I think we could put that in both the forms. That is the principle we want to follow.

And sir, actually sir we investors and others are looking for stimulus everybody is

actually started speaking about it. But do not you think that this is also a time when some key changes or reforms should be introduced in the capital market also?

We are at deterrent with various old legacies of long term capital gains tax and which are not relevant today in the whims of things that has prevailing today? So is it not the time that people like you and others should shift the focus?

See firstly, I think we all are raising this kind of I think issues but at the end of the day government also have their own priorities, they have their own resources mobilization. So I hope that once they start thinking more about the economy, right now their whole focus was the people's health rather than the economic health.

Now I think the priority should change from health to economic health also. Then how to balance it.

The mark-to-market of Rs. 315 crores in Q4 what will be the break up across real estate, equity investments and AIF?

I think a vast majority of this you see real estate there will be zero mark-to-market impact. Private equity will be a negligible number. So this entire Rs. 3.75 billion will be equities.

And sir, our entire equity investments are in the mutual funds. Is that the right assumption?

No, bulk of it is in mutual fund. We have also seeded some of our AIF. See basically we participate in all our products. But PMS is legacy, so I mean these products were already at a certain size when we launched our mutual funds in the first base. As you are aware our PMS is a vintage of 15 years while our mutual funds have a vintage of 5 to 7 years.

So the seeding of capital was run more for the mutual funds and a very small part of the AIF. But we do have a little bit small investment in PMS also particularly those where we have launched some of these products in the later vintage. So as RA mentioned earlier we changed that strategy from debt investments to equity in 2014. So the seeding of funds that were launched pre-2014 may not have happened. But all the funds launched from 2014 have it.

Shalibhadra Shah here, to give you the exact number we had a Rs. 380 crores mark-to-market loss out of which Rs. 310 crores pertained to equity mutual funds. Rs. 50 crores pertains to the Private equity funds and Rs. 20 crores to the alternative funds.

Just on the broking account openings, in this lockdown we are doing the power of attorney and those kinds of document also digitally, is that the case?

Yes, absolutely 100% digital.

My question is regarding the AMC. You are being introducing lot of index funds off late. So how do you think your whether your mutual funds, whether your active PMS and this thing? So if you can throw more light on what is your view Motilal's view on how do you want to AMC for the next four, five, six years?

So basically you need to see the ASP more in terms of the different niches that it operates in. Originally it was always into PMS and because of operational yields and new regulations coming in that PMS got expanded into say PMS and AIF. So one is the alternates. Second is obviously equity mutual funds where we have differentiated ourselves because we do not launch products like in a flurry like 40, 50 funds. So we try to run it with a tight philosophy and appropriate positioning around there.

The third obviously is the passives. And I think that all the discussions on passives they always get weighed by way of straightaway jumping into a discussion about alpha. I think frankly that is a no brainier because if there is no alpha then everybody will move to index and we are outperforming then of course we will be able to make a mark in the active business. That applies to the whole industry.

So our reason for getting into passives is actually much beyond these alpha related debates really. And in fact our first attempt in passives was made way back in 2010 when we launched India's first smart ETF. Then we followed up with India's first midcap ETF. Again followed up with India's first Nasdaq 100 the offshore ETF. We have revived this effort in the last one, one-and-a-half year for three reasons.

One reason is that in India the maximum number of new client acquisition in mutual funds is happening through digital channels. And then people come digitally they make very, very suboptimal choices. Even if you are going to buy but then some 600 different funds are thrown at you, you will not be able to decide which fund to buy. So first is that when there is a huge platter of new customers which is coming digital first and direct, then obviously simplicity of products matters a lot.

That is first. Second is that the regulation is moving towards slipping away this distribution with commission versus advisory with fees. That is another reason why intermediates need to add more value and asset allocation financial planning advisory ROBO all these things would tend to kind of pick up. So there again you need to see these index funds more as building blocks or simple products.

So there are very, very different reasons beyond Alpha and no Alpha which I think Alpha would be one reason but there are many other reasons which would drive the growth of passives over a period of time. And the last part is that we are making a genuine effort or a serious effort to be in the passive business because unlike lot of activity happening in the industry.

We are not doing those the ETFs which are frankly ETFs are difficult for retail investors to participate and the other thing is in India ETF is everything is just Bharat 22 or CPSC or the DPFO money which is not actually the retail participation. So we are doing index funds instead of ETFs because we are keen to participate in the whole digital direct retail kind of space and my sense is other than Alpha that will be a good driver of passive flows.

Thank you. Well, ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Shalibhadra Shah for his closing comments. Over to you.

On behalf of Motilal Oswal Financial Services, I would like to thank every participant for attending the Q4 FY20 con call. In case of any further questions, please do get in touch with me or our investor relations desk. Thank you.

Thank you. On behalf of Motilal Oswal Financial Services, we conclude today's conference. Thank you all for joining.

PRESS RELEASE

Motilal Oswal Financial Services reports operating PAT of Rs 971 mn in Q4FY20 and Rs 3.98 bn, +56% YoY in FY20.

Mumbai, May 11, 2020: Motilal Oswal Financial Services Ltd. announced its results for the quarter ended and full year ended March 31, 2020 post approval by the Board of Directors at a meeting held in Mumbai on May 11, 2020.

Performance for the quarter and full year ended March 31, 2020

- Consolidated revenues stood at Rs 6.76 bn, +2% YoY in Q4FY20. Consolidated operating PAT was at Rs 971 mn in Q4FY20. Consolidated revenues for FY20 were at 26.1 bn and consolidated operating PAT for FY20 was at Rs 3.98 bn, +56% YoY. Operating PAT is excluding MTM on fund based investments. FY20 reported profit was lower at Rs 1.83 bn on account of MTM loss on fund based investments.
- Asset and wealth business continues to be the highest contributor to consolidated profit consecutive for 2nd year.
- **Some of the key highlights** for the FY20 include AMC PAT grew by 9% YoY, AMC has expanded product offerings in active as well as passive category, Expanded its branch, sales and IFAs reach, Positive net flows in AMC for consecutive three quarters, Average IRR on exited investment from IREF II / III schemes are 21%/ 22% respectively, IREF IV achieved its final close in March 2020 at Rs.11.5 bn, 13% YoY growth in Wealth client acquisition, Traction in distribution business aided by newly started insurance business, Accelerated pace of new client addition (+72% YoY growth) in broking business, Market share in high yielding cash segment is at multi-quarter high, Rating upgrade from CRISIL for MOHFL to AA- (Stable) from A+ earlier and Normalcy restored in MOHFL's profitability, NPA at 1.8%, 1+ DPD on falling trajectory, PCR increased to 66%, Superior quality of new book underwritten, Lower incremental credit cost and margin expansion.
- Consolidated net worth stood at Rs 30.8 bn, net debt is Rs 38.7 bn. Excluding Home finance, net debt is Rs 10.4 bn and net of investments, we have a net cash balance sheet. Operating RoE (ex-fund based investments) for FY20 stands at 32% whereas reported RoE stands at 7%.
- Dividend payout ratio of 39% in FY20. Also, company has initiated Buyback of equity shares upto Rs 1.5 bn (excluding tax).
- Besides financial performance, the last financial year has been very eventful in terms of our successes in brand building, advertising and several other fronts. In FY20, MOFSL got inducted in **"Hall of Fame"** at 10th Financial Advisory Awards 2019. MOFSL rank 2nd "**Best Local Brokerage"** in Asia Money broker's poll 2019. MOPWM wins "**Best Boutique Wealth Manager**- **India"** for 2nd consecutive year by The Asset Triple A Awards. These, and several other awards, are recognition of Motilal Oswal as a preferred consumer and employee brand in financial services space.

Speaking on the performance of the company, Mr. Motilal Oswal, MD & CEO said *"Our strategy to diversify our business model towards linear sources of earnings continues to show results. Our Asset Management business is likely to gain from strong product performance and its niche positioning. Our Housing finance business is set for new beginning as all legacy issues are behind with incremental focus on profitable growth. Our traditional broking business continues to be cash cow and getting benefited from industry consolidation on the back of its knowledge driven phygital offerings. Each of our 7 businesses offers headroom for growth. Prestigious awards like "Hall of fame", Best Local Brokerage of the year, "Best boutique Wealth Manager" and several others have made all associated with the group immensely proud".*

Performance of Business Segments for the quarter and full year ended March 31, 2020

- **Asset Management businesses (AMC, PE and PWM)**
  - **Asset Management** business AUM across MF, PMS & AIF stood at Rs 297 bn. Our AMC ranks 15 by total equity assets; in PMS we maintain leadership position. PAT for the quarter stood at Rs 357 mn (+6% YoY) and for the year FY20 stood at Rs 1.6 bn (+9% YoY).
  - Our Equity MF AUM of Rs 160 bn is just 1.9% of the Industry Equity AUM of Rs 8.1 tn. We have seen improvement in performance of several products. Several schemes rank top decile in performance over 1 year and since inception as of Feb 20. This has resulted in traction in our gross as well as net flows.
  - Further, MOAMC has also launched Large & Mid-Cap fund under active category and also launched various index funds under passive category.
  - Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at ~46%.
  - **Private Equity** manages an AUM of Rs 65 bn (+3% YoY) across 3 growth capital PE funds and 4 real estate funds. In FY20, revenues grew by 3% YoY (ex-carry) at Rs 1.07 bn and PAT stood at Rs 219 mn. The 1st growth fund (IBEF 1) has delivered an XIRR of ~27%. Average IRR on exited investments in Real estate funds is 21%+. Strong performance and positioning has also aided new fund raise, we have have achieved final close of IREF IV fund at ~Rs. 11.5 bn in March 2020.
  - **Wealth Management** business AUM stood at Rs 156 bn in FY20. RM count of this business stood at 129. Our trail revenues predominantly cover our fixed costs. Investments in strong RM addition suppressed reported profitability. New MD & CEO has joined us with over 17 years of experience in Wealth Management Industry.
  - Overall **Asset and Wealth Management** revenues were Rs 7.6 bn in FY20 and contributed 30% of consolidated revenues. Profits were Rs 1.88 bn and contributed 46% of consolidated profits.

- **Capital markets Businesses (Broking & Investment banking)**
  - Capital markets comprises of Retail Broking, Institutional Equities and Investment Banking business. Revenues for this segment were Rs 12.34 bn in FY20 and contributed ~48% of consolidated revenues. Profits were Rs 1.79 bn in FY20 and contributed ~44% of consolidated PAT. Broking and distribution business profit stood at Rs 1.88 bn in FY20 led by healthy volume growth and better operating leverage on the higher and linear revenues.
  - In **Retail Broking & Distribution**, our Market share in high-yield cash segment has been improved. Overall market share improved to 2.5% (ex-prop) in Q4FY20. We have witnessed strong traction in new client addition driven by Franchisee and retail channel , total 2,42,000+ clients acquired in FY20, +72% YoY. Active clients have also registered 16% YoY growth at 3.94 lacs as of March 2020.
  - Our strategy to bring in linearity through the trail-based distribution business is showing results. Distribution AUM was Rs 90 bn as of FY20. With only 16% of the 1.3 million client base tapped, we expect a continued increase in AUM and fee income as number of clients to whom we have cross sold and number of products per client cross sold rises.
  - In **Institutional Broking**, there was substantial improvement in rankings in ASIA MONEY POLL 2019 with 2nd Rank – Best Local Brokerage, 1st Rank - Best Overall Sales, 1st Rank – Best Sales Trading, 1st Rank – Best Corporate Access. This has been the result of focus driven differentiated research products with 250+ companies covering 21 sectors.
  - **Investment Banking** business continues to engage on a wide cross-section of mandated transactions across capital markets and advisory.

- **Housing finance business**
  - Motilal Oswal Home Finance (MOHFL) reported profit of Rs 391 mn in FY20 and Rs 176 mn in Q4FY20.
  - Normalcy restored in profitability in FY20. Exit PPOP/ PBT at Rs 40 cr / Rs 28 cr respectively

- Margins have improved to 5.3% in FY20, on account of improvement in yield and lower cost of funds.
- Loan book stood at Rs 36.7 bn as of FY20. Disbursements in FY20 were Rs 1.92 bn. New book sourced from April'18 validates the new credit policy with 3 cases in NPA out of ~5000 loan cases.
- GNPA at 1.8%, NNPA at 1.36% and PCR increased to 66%.
- CRISIL has upgraded MOHFL's rating to AA- (stable outlook) from earlier A+ (stable). This will further benefit MOHFL in bringing down cost of funds and improve spreads.
- Strong support from parent continues with total capital infusion to Rs 8.5 bn. Net Gearing stands at 3.2x and Tier 1 CAR remains robust at 46.4%.
- Opex has been trending down to 231 mn in Q4FY20, resulting in exit C/I ratio of 37%.
- Limited borrowing repayment for next 1 year, strong undrawn borrowing lines and ALM places us in comfortable liquidity situation.

- **Fund based investments** includes sponsor commitments to our AMC & PE funds and strategic equity investments.
  - **Fund based** investments like commitments to our asset management products. During FY20 we have invested ~Rs 1 bn+ in quoted equity investments.
  - Total quoted equity investment including unrealised gains was Rs 12.2 bn as of Q4FY20. Cumulative XIRR of these investments is ~9%.

About Motilal Oswal Financial Services Limited

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