



MOTILAL OSWAL



Motilal Oswal

Financial Services

Earnings Presentation
Q1FY23



BUSINESSES
BUILDING SCALE

FOCUS ON
SUSTAINABLE GROWTH

ALL BIZ OFFER HUGE
HEADROOM FOR GROWTH

Group Structure

MOFSL Group

Capital Markets

Broking & Distribution

Institutional Equities

Investment Banking

Motilal Oswal Financial Services Ltd. (MOFSL)

Motilal Oswal Investment Advisors Ltd. (MOIAL)

Motilal Oswal Finvest Ltd. (MOFL)

Asset and Wealth Management

Asset Management Company

Private Equity & Real Estate

Wealth Management

Motilal Oswal Asset Management Company Ltd. (MOAMC)

Motilal Oswal Alternate Investment Advisors Pvt. Ltd. (MOAIAPL)

Motilal Oswal Wealth Ltd. (MOWL)

Housing Finance

Motilal Oswal Home Finance Ltd. (MOHFL)



Key Highlights for Q1FY23



Assets under advice

₹ 2.9 tn 15% YoY



Revenue

₹ 9.6 bn 13% YoY



Operating profit

₹ 1.8 bn 40% YoY



Operating PAT margin

20% 344 bps YoY



Customers

5 mn 35% YoY



Broking ADTO

₹ 1.5 tn 163% YoY



Wealth- AUM

₹ 344 bn 20% YoY



MOHF- NIM

7.7% 120 bps YoY

Company has successfully completed buyback of 14.5 lakh shares amounting to ~₹ 2 bn

Consolidated Financials

PARTICULARS (₹ Mn)	Q1FY23	Q1FY22	YOY (%)	Q4FY22	QOQ (%)
Capital Markets (Broking, Distribution & IB)	6,083	5,105	19%	6,866	-11%
Asset and Wealth Management	2,190	2,013	9%	2,594	-16%
Housing Finance	1,262	1,369	-8%	1,298	-3%
Other Income	111	87	28%	245	-55%
Total Revenues	9,646	8,573	13%	11,002	-12%
Total Revenues after Intercompany adjustments	9,236	7,981	16%	10,134	-9%
Operating Expense	2,213	1,968	12%	2,290	-3%
Employee Expense ⁽¹⁾	2,322	1,838	26%	2,503	-7%
Interest Expense	1,144	1,062	8%	1,151	-1%
Other Expense ⁽²⁾	1,118	1,288	-13%	907	23%
Total Expense	6,798	6,155	10%	6,850	-1%
PBT	2,439	1,826	34%	3,284	-26%
Operating PAT	1,817	1,295	40%	2,619	-31%

Note:

- Employee Expense was up 26% YoY due to annual salary increment and addition of ~1800 employees
- Other Expense was up 23% QoQ due to higher provisioning

Consolidated Financials – PAT Mix

PAT (₹ Mn)	Q1FY23	Q1FY22	YOY (%)	Q4FY22	QOQ (%)
Capital Markets (Broking, Distribution & IB)	909	785	16%	1,404	-35%
Asset & Wealth	580	549	6%	802	-28%
Home Finance	321	85	279%	456	-30%
Intercompany adj. and others	1	-122	-	-41	-
Operating PAT	1,817	1,295	40%	2,619	-31%

Reconciliation of Total PAT and TCI

PAT (₹ Mn)	Q1FY23	Q1FY22	YOY (%)	Q4FY22	QOQ (%)
Operating PAT	1,817	1,295	40%	2,619	-31%
MTM PAT ⁽¹⁾	-1,504	915	-	378	-
PAT	313	2,211	-86%	2,998	-90%
Other Comprehensive Income (OCI) ⁽²⁾	-495	-391	-	471	-
Total incl. OCI	-182	1,820	-	3,469	-

Note:

- MTM PAT includes both realized and unrealized profit/(loss) on account of Fund based investments made in Equity & Alternate Funds
- OCI includes MTM profit on equity share investments

Consolidated Balance Sheet

PARTICULARS (₹ Bn)	June 30, 2022	Mar 31, 2022
SOURCES OF FUNDS		
Net Worth	56.5	56.7
Borrowings ⁽¹⁾	63.6	62.3
Minority Interest	0.3	0.3
Total Liabilities	120.3	119.3
APPLICATION OF FUNDS		
Fixed assets (net block)	3.6	3.6
Investments	44.4	46.8
Loans and Advances ⁽²⁾	49.9	49.0
Net Current Assets	22.4	19.8
Total Assets	120.3	119.3

Note:

1. Borrowings are inclusive of MOHFL. Ex- MOHFL borrowings are ₹ 37.4 bn in Jun-22.

2. Loan & Advances include loan book of Motilal Oswal Home Finance and Margin Trading Facility book.

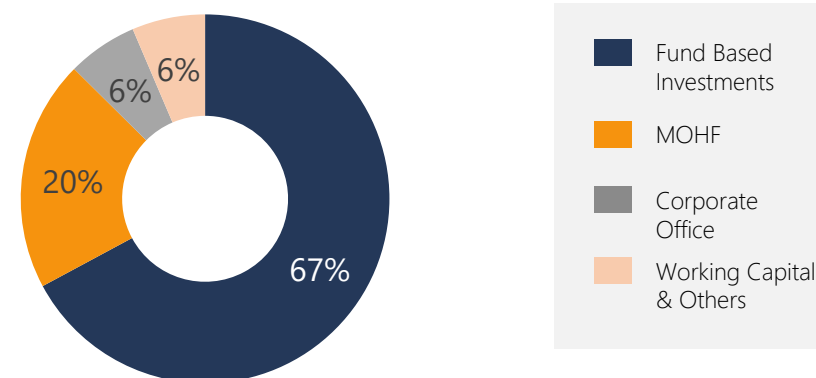
ROE

	Q1FY23 ¹	FY22	FY21
Capital Markets	148%	258%	92%
Asset & Wealth Mgt.	76%	173%	157%
Housing Finance	13%	10%	5%
Fund Based Investments ²	-18%	13%	38%
Overall	2%	30%	38%

1. Annualized for Q1FY23

2. ROE for Q1FY23 subdued due to MTM impact on our fund based investments

Net Worth Deployment



Capital Markets

3.2%

Retail F&O market share; up 34 bps QoQ

2.1 Lakh

New clients acquired in Q1FY23

₹ 24,000+

One of the highest ARPU's in the industry

₹ 172 Bn

Distribution AUM; +23% YoY

₹ 3.8 Bn

Distribution Net Sales in Q1FY23, registering a 7x YoY growth

PARTICULARS (₹ Mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)
Revenues	6,083	5,105	19%	6,866	-11%
• Brokerage	3,888	3,572	9%	4,237	-8%
• Distribution	376	330	14%	437	-14%
• Interest	1,363	830	64%	1,397	-2%
• IB	6	12	-53%	258	-98%
• Other Operating Revenue	450	361	25%	536	-16%
Total Expense	4,858	4,029	21%	5,065	-4%
• Employee Expense	1,506	1,187	27%	1,631	-8%
• Fee Sharing & Commission	1,825	1,673	9%	1,999	-9%
• Interest Expense	629	437	44%	672	-6%
• Other Expense	898	732	23%	763	18%
PBT	1,225	1,076	14%	1,801	-32%
PAT	909	785	16%	1,404	-35%

- MOFSL's overall ADTO grew 24% QoQ to ₹ 1,524 bn with overall market share of 2.9% in Q1FY23, up 30 bps QoQ.
- Active clients have registered 43% YoY growth at 0.93 mn as of June 2022. 83% of new clients acquired from Tier II & III cities.
- Brokerage Income was up 9% YoY but down 8% QoQ in spite of 24% QoQ growth in ADTO due to mix shift in favor of F&O.
- Distribution Income was up 14% YoY but down 14% QoQ due to decline in Alternates (IBEF IV) and Insurance income.
- IB revenue was down 98% QoQ due to muted market activity.
- Employee expenses was up 27% YoY due to annual increment and ~1,400 employee addition, predominantly in sales.
- Funding book, which is run as a spread business out of borrowings, stood at ₹ 20 bn in Q1FY23, + 17% YoY.
- IAP (Investment Advisory Portfolio) AUM grew by 78% YoY to ₹ 14 bn.

Capital Markets

INSTITUTIONAL EQUITIES



- Focus driven differentiated research products with 250+ companies covering 21 sectors, catering to ~800 institutional clients.
- Institutional team wins big in Asiamoney poll 2021.
- Ranked
 - #1** Domestic Brokerage,
 - #1** Overall Sales,
 - #1** Corporate Access Team,
 - #1** Execution Team and
 - #1** Sales Person
- Retained top quartile domestic ranking across clients.

INVESTMENT BANKING



- We have a strong pipeline of signed IPO mandates which will start entering the markets with improvement in markets, as a result revenue traction can be witnessed in coming quarters.
- Further there is a strong pipeline of ECM and advisory transactions which would further strengthen the top-line.
- The team continues to engage on a wide cross-section of mandated transactions across capital markets and advisory.



₹ 27.7 Bn
IPO



₹ 18.4 Bn
IPO



₹ 9.6 Bn
IPO



₹ 14.0 Bn
QIP

Revamping Digital Ecosystem

Data Science

- Set up team of 20+ employees
- Emphasis on data driven insights and decisions
- Lead cost optimization and prioritization through data analytics
- Improving client activation across channels
- Launched MO Data Science Academy

Digital Business Unit

- Designing comprehensive customer On-boarding program to improve Activation
- Improving CAC by reorienting and digitizing referral programs
- Emphasis on first 30 days activation
- Personalized customer offerings

Digital Ecosystem

Digital Infrastructure

- Moving to cloud based modular architecture
- Rapid application development platform with new age technologies like Flutter (Google)
- Centralized platform for client and partner servicing
- Collaboration with Fintechs & Financial Institutions
- Integrating open source platforms

Digital Products

- Research 360, to monetize strong research capabilities
- SuperFina, a one-stop shop for all financial needs

Launch of first in kind products like

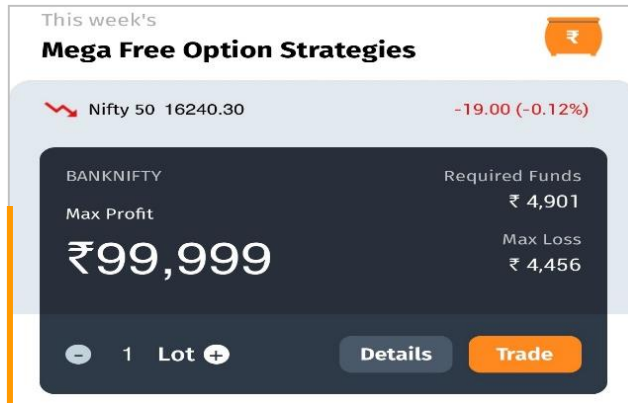
- Robo driven advisory product - IAP
- Simplified Option strategies through **Option Store**
- Curated baskets for investors



200+ Tech team. Added 100+ employees in last 6 months. Plan to add another 100 in next 6 months

Options Store – Industry first exclusive product

Launched easy to invest and multi-leg option strategies to enable retail investors to take advantage of options trading

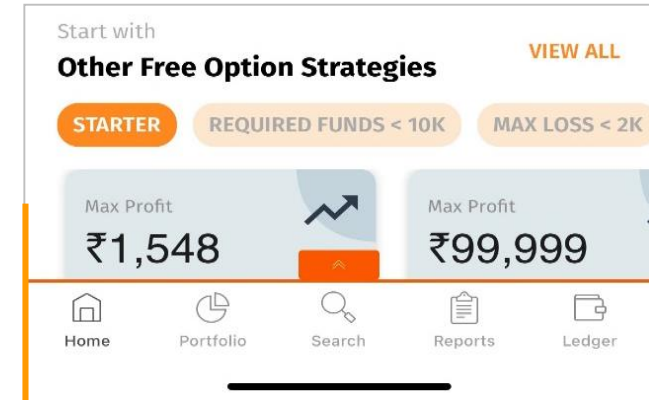
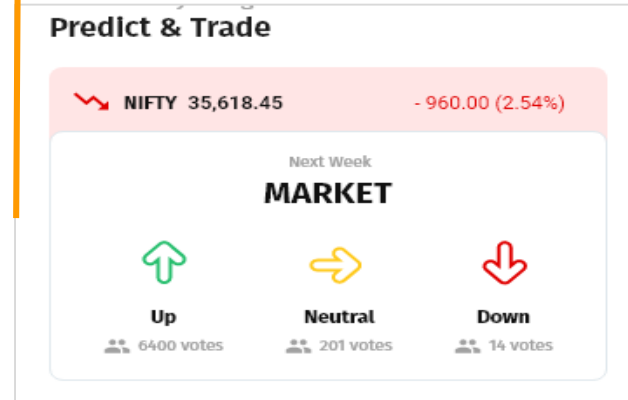


Mega Free Option Strategies

Get the best of the strategies that provides assorted trades for Nifty, Bank Nifty and USD INR

Predict & Trade

Recommending options strategies with high success probability, basis client's prediction



Other Option Strategies

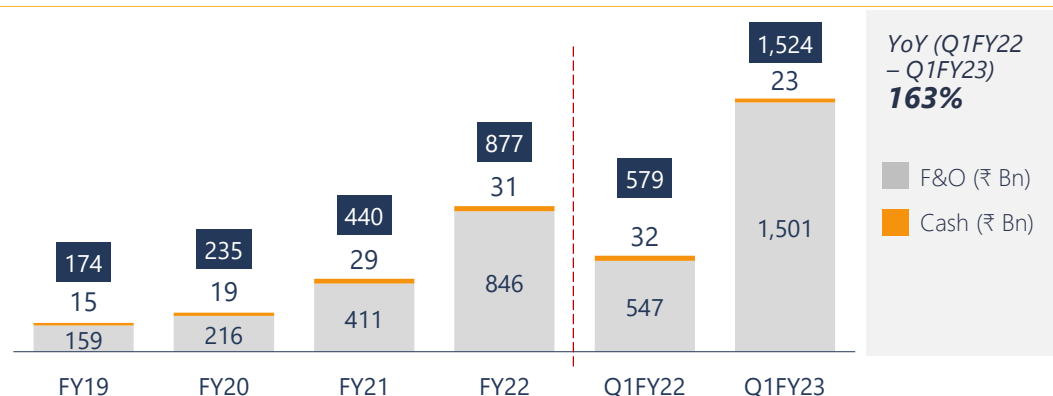
Customer have a wide array of options to execute strategies i.e. funds requirement <10k, Max Loss <2k, Only Sell, etc.

**Additional features
Coming Soon**

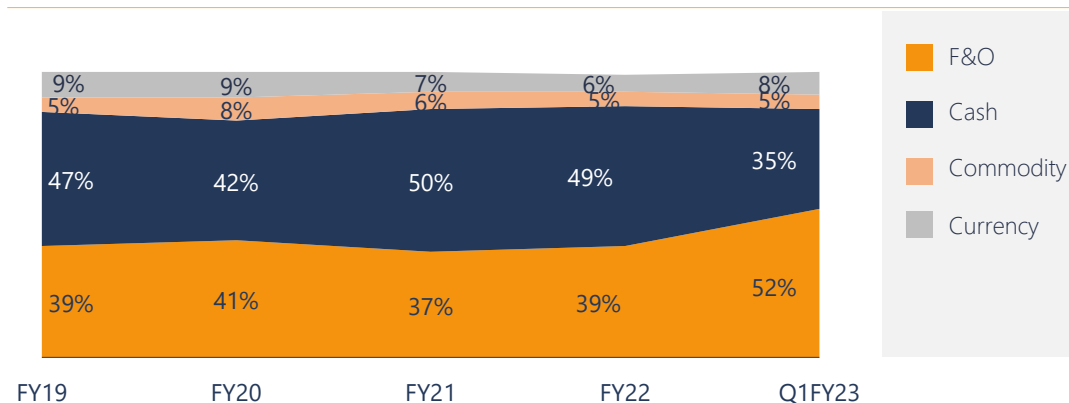
- Readymade Option Strategies for the Advance Traders
- Inclusive Premium Option Strategies under Brains, TGS & Tradetron, that are specially curated by expert team
- Partner Strategies to take you one level up

Broking and Distribution

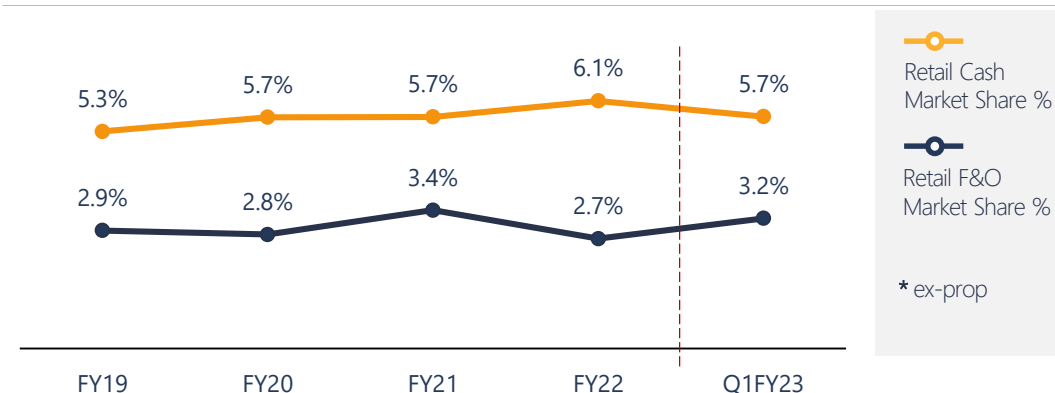
ADTO continue to rise in midst of volatility



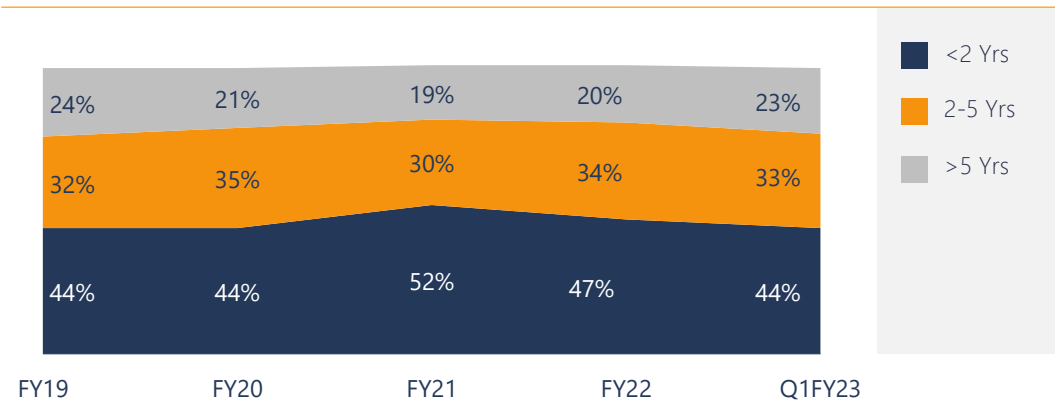
Rising share of F&O brokerage



Gaining F&O & Stable Cash market share

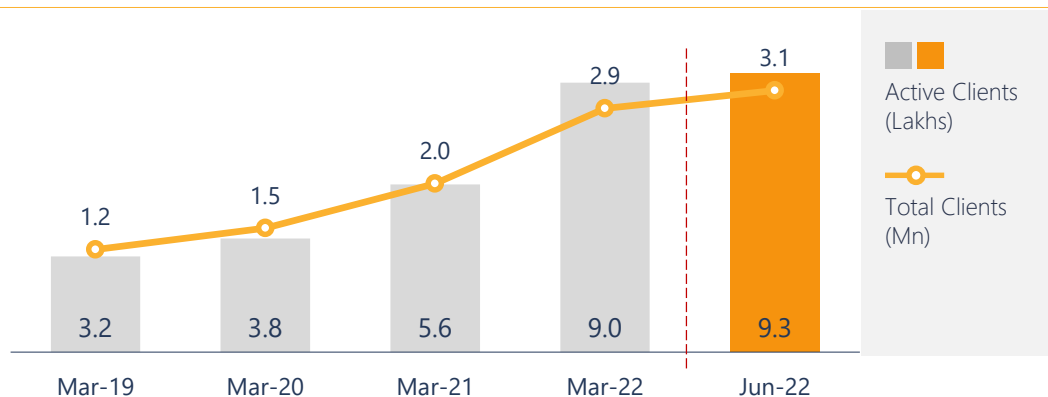


Vintage wise Brokerage Mix

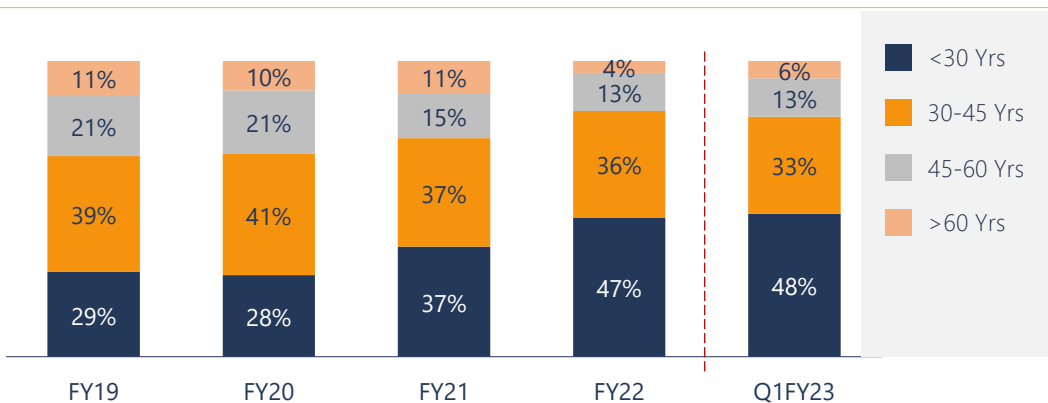


Broking and Distribution – Loyal and Diversified Client Base

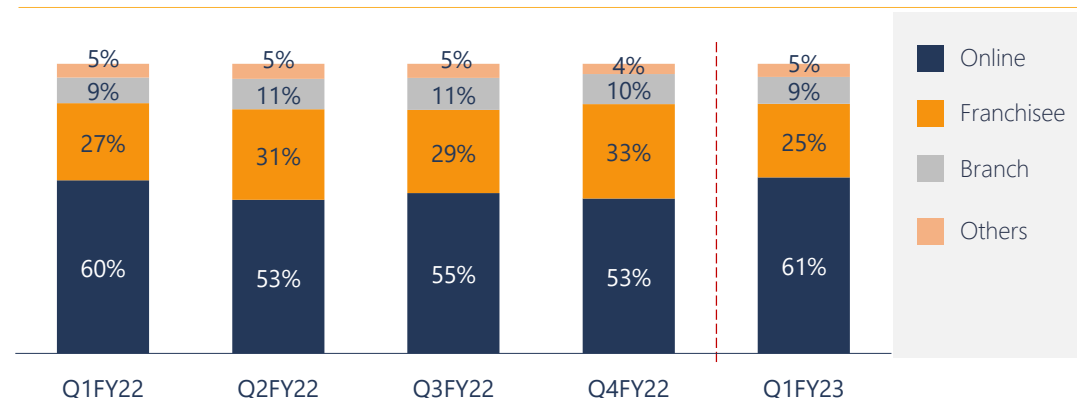
Continuous improvement in client activation



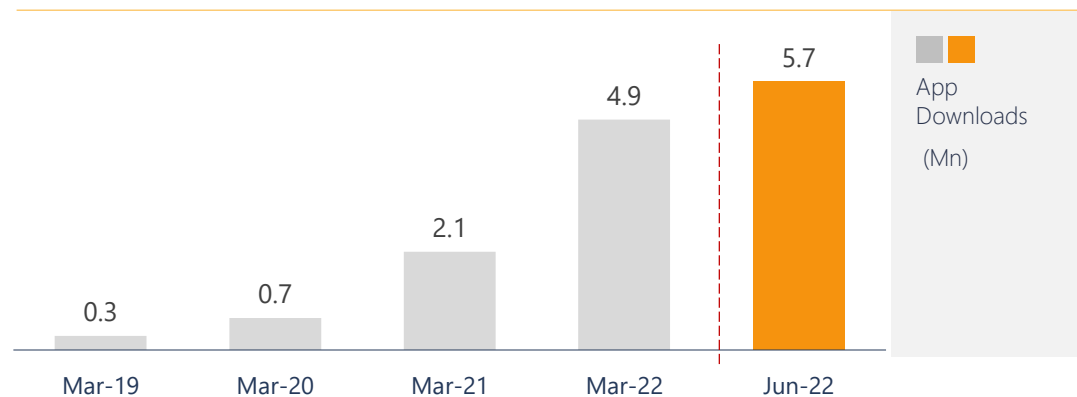
Age wise Client Acquisition mix



Emphasis on diversified sourcing model

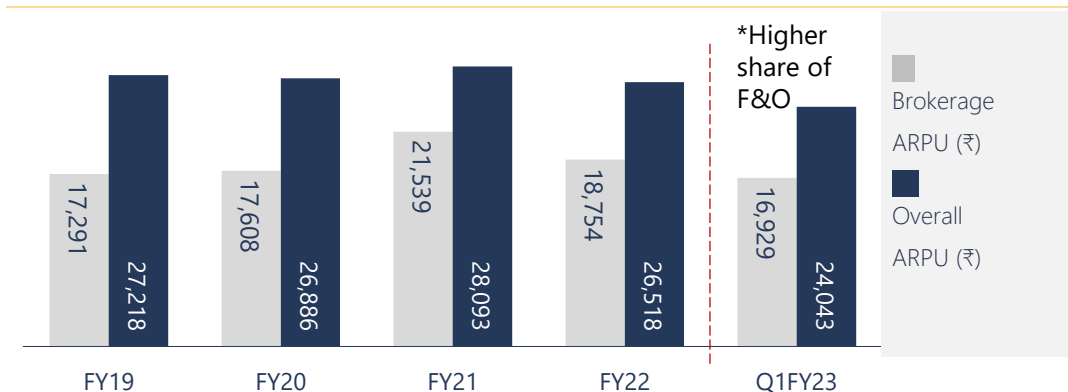


Gaining traction in App Installations

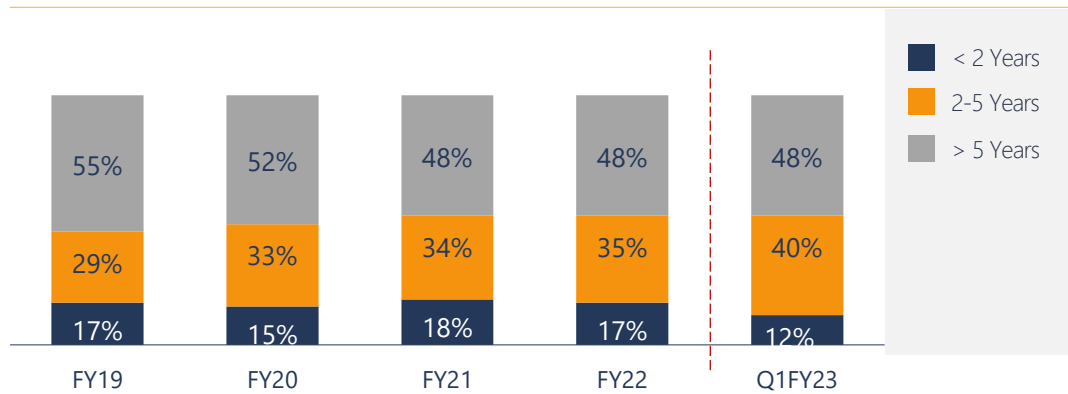


Broking and Distribution – Emphasis on Revenue & Productivity

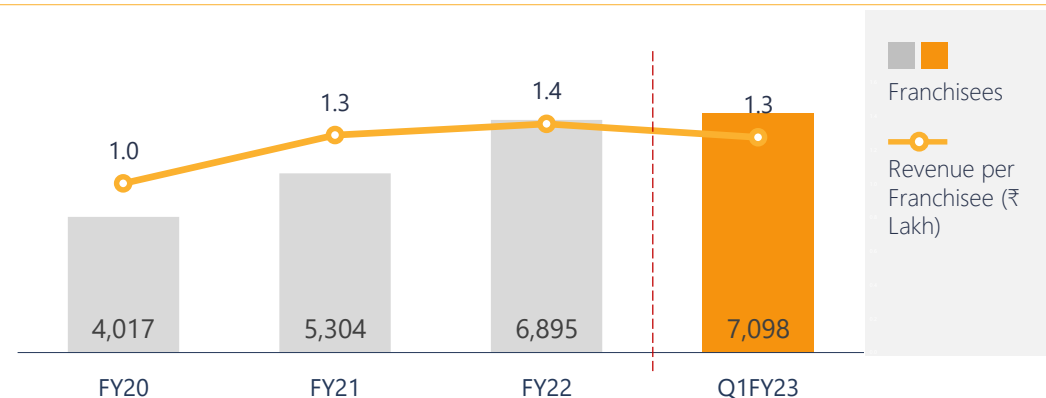
One of the Highest ARPUs in the industry



48% revenue contributed by 5 yrs+ vintage Franchisees



Franchisee Productivity intact



Advisor Productivity

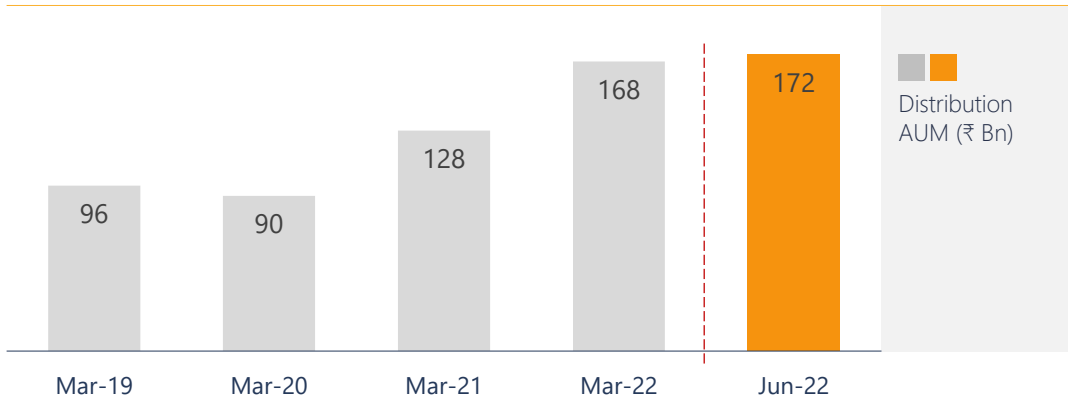
Advisor Count
1,866

Revenue per
Advisor
₹ 6.5 Lakhs

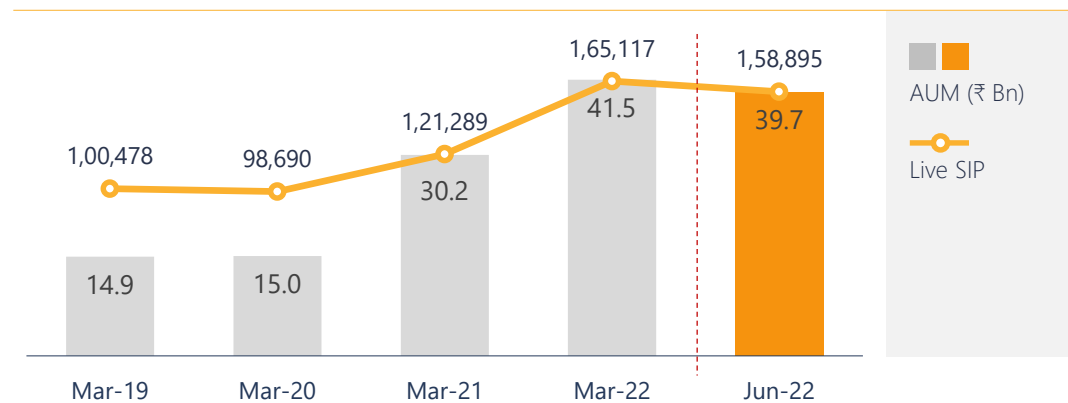
*Advisor Count and Productivity for Direct Channels
Revenue per Advisor is for Q1FY23

Broking and Distribution – Large client assets under advice

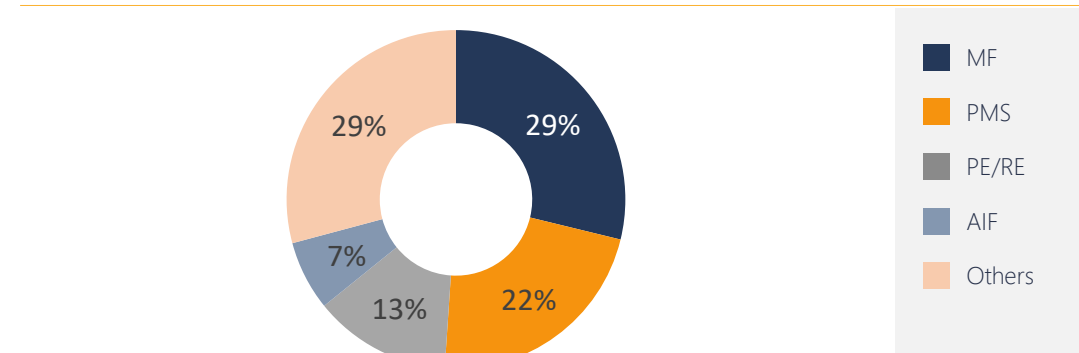
Rising Distribution (Mass Affluent) AUM



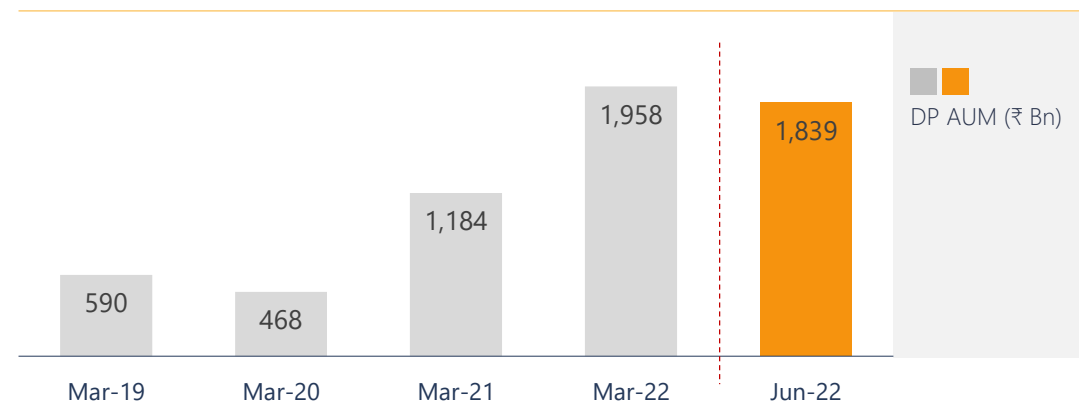
SIP AUM and Live SIP Count



Distribution AUM Mix



DP AUM Growth Trend



Asset and Wealth Management

₹ 434 Bn

AMC AUM

36%

Alternates Share in AMC AUM

₹ 114 Bn

PE & RE AUM

₹ 344 Bn

Wealth AUM

₹ 19.9 Bn

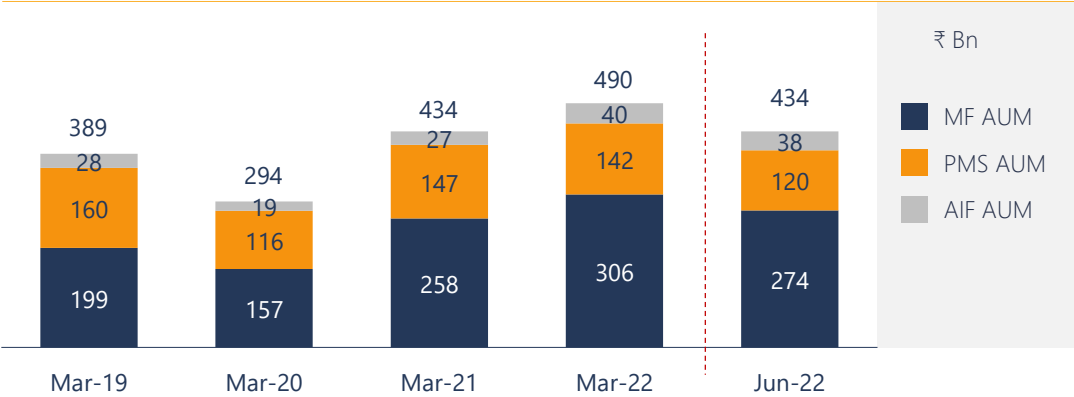
Wealth Net Sales; +88% YoY

- AMC AUM stood at ₹ 434 bn, with MF AUM at ₹ 274 bn and Alternates AUM at ₹ 158 bn.
- Added around 47k new SIPs in Q1FY23, with traction witnessed in active funds.
- Revenue was down 16% QoQ due to one-off profit share on alternates of ₹ 80 mn in AMC and ₹ 82 mn of additional accrual of management fee in IBEF III and ₹ 30 mn in IREF V(5th close) in Q4FY22.
- Launched Motilal Oswal Ethical Strategy fund- an Ethical and Shariah complaint PMS.
- We have a strong pipeline of domestic passive funds and AIF which will be launched in coming quarters.
- IBEF IV fund, with a target size of ₹ 45 bn, has already raised ₹ 40 bn and expects to commit ~40% over next 2 quarters.
- Exit from IREF II is expected during the year which will result in profit share from exit of investments.
- IREF VI is planned to launch during the 2nd half of FY23.

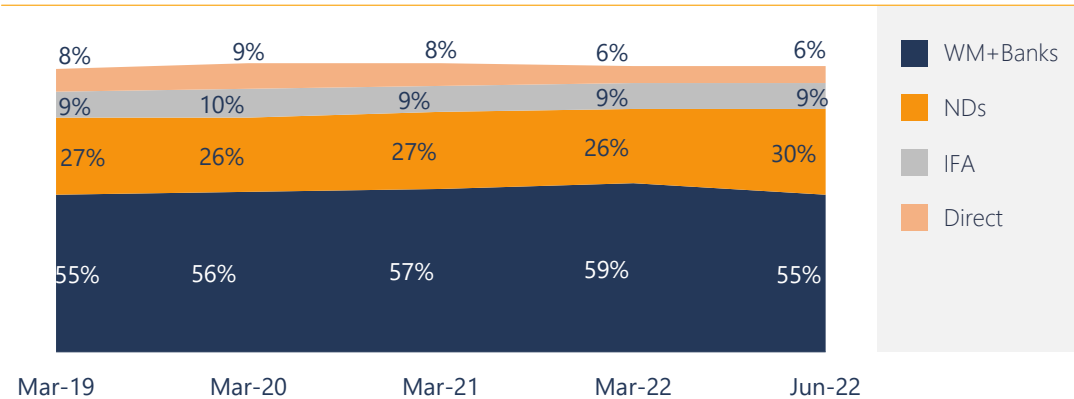
PARTICULARS (₹ Mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)
Total Revenues	2,190	2,013	9%	2,594	-16%
• AMC	1,398	1,381	1%	1,648	-15%
• PE	318	236	35%	469	-32%
• Wealth	473	396	20%	477	-1%
Total Expense	1,405	1,260	11%	1,588	-12%
• Employee Expense	576	456	26%	637	-10%
• Fee Sharing & Commission	588	597	-1%	674	-13%
• Other Expense	241	208	16%	277	-13%
PBT	785	753	4%	1,006	-22%
PAT	580	549	6%	802	-28%

Asset Management

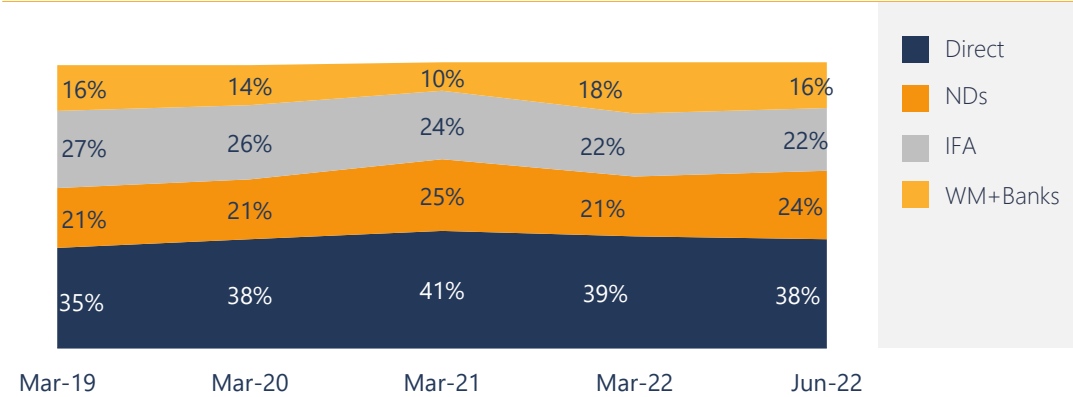
AMC AUM Breakup and Growth trend



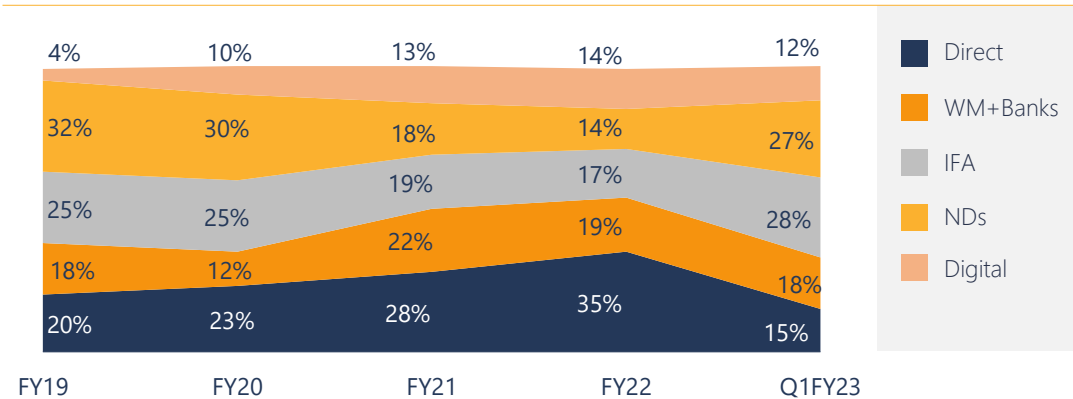
AMC Alternates AUM mix



AMC MF AUM mix

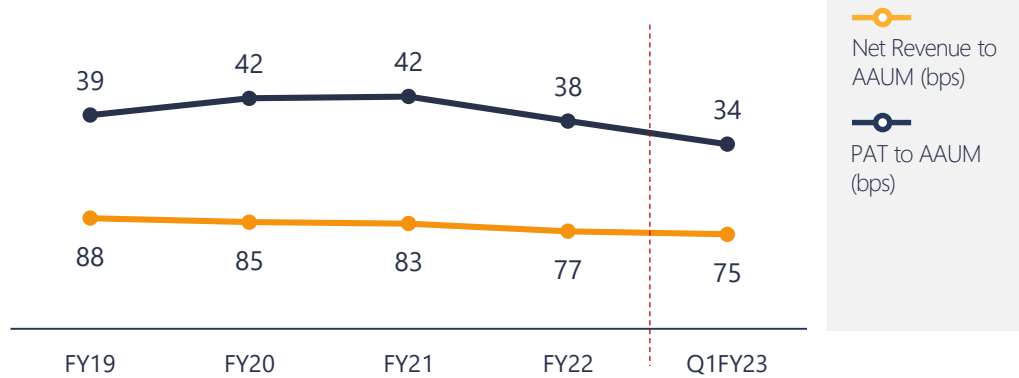


AMC MF GS mix

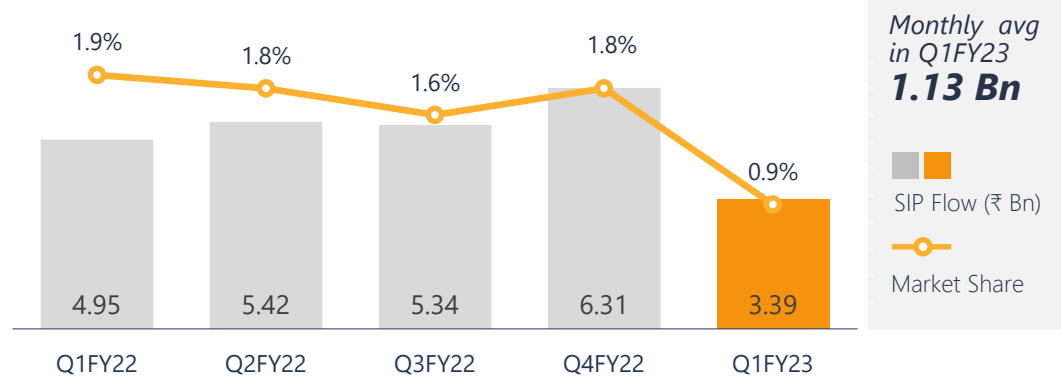


Asset Management

Calibration in AMC yields

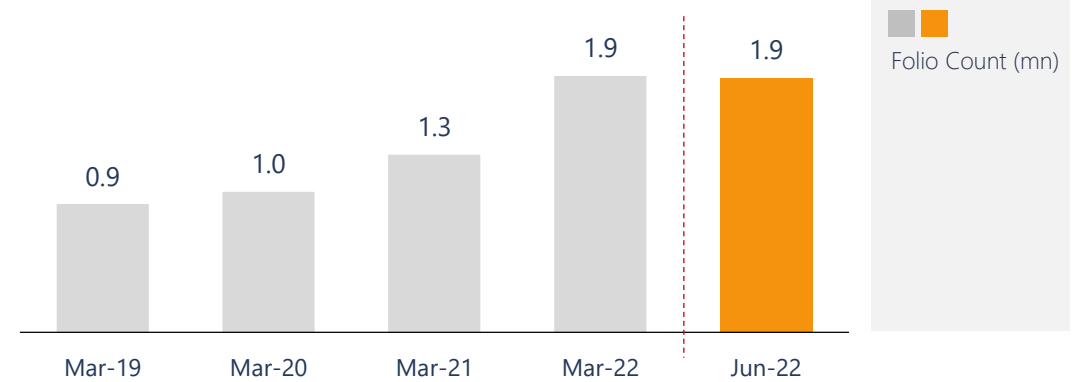


AMC MF SIP flows

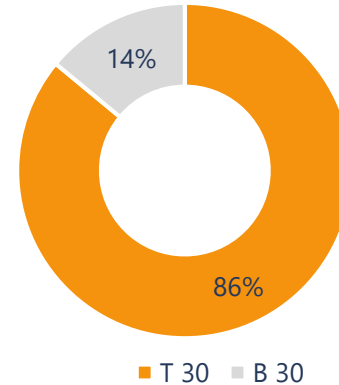


*Q1FY23 SIP flows were down due to the RBI restriction on investment in international MF

AMC MF Folios

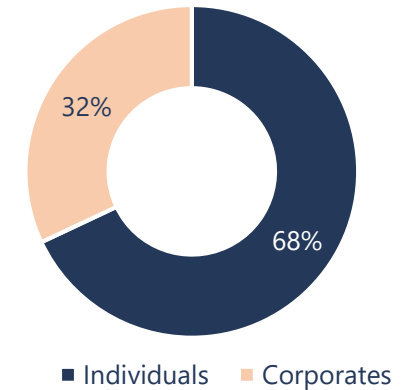


MF MAAUM Location Mix



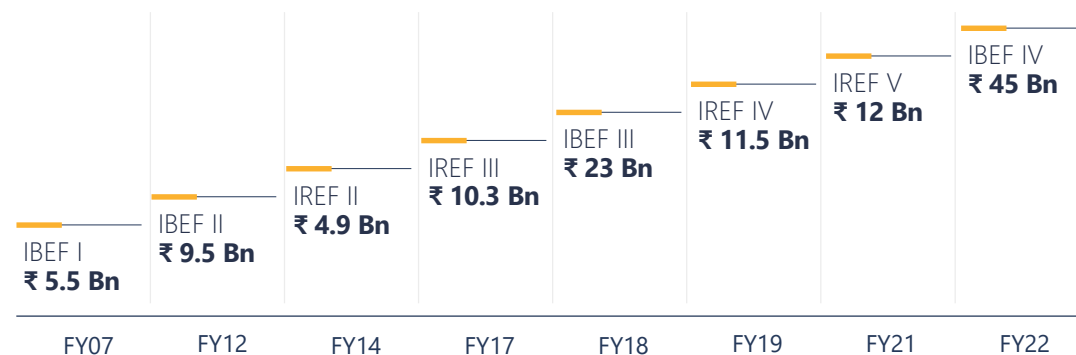
*Monthly Avg. AUM

High Share of Individuals in MF

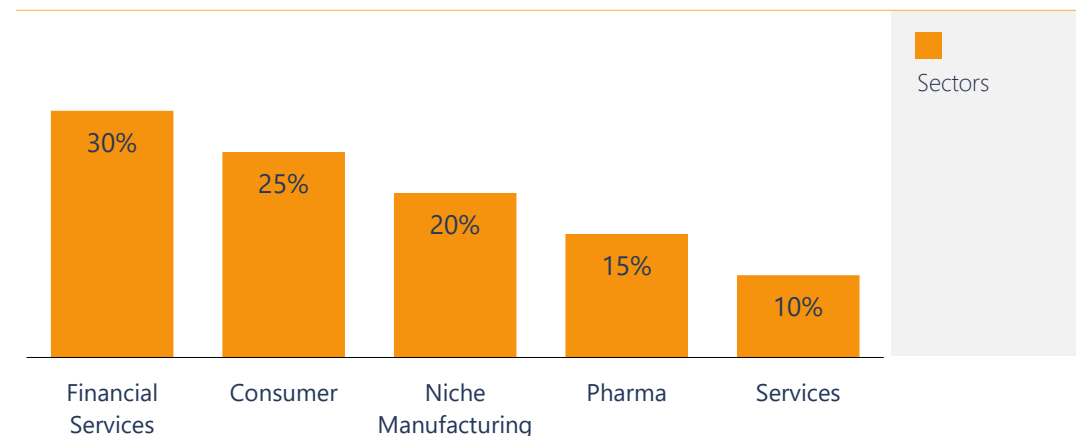


Private Equity & Real Estate Funds

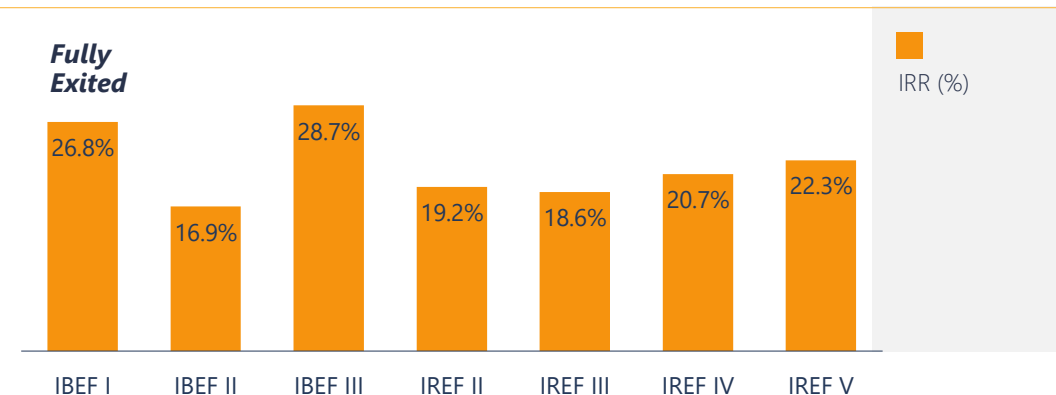
Successful launch of PE & RE Funds over years



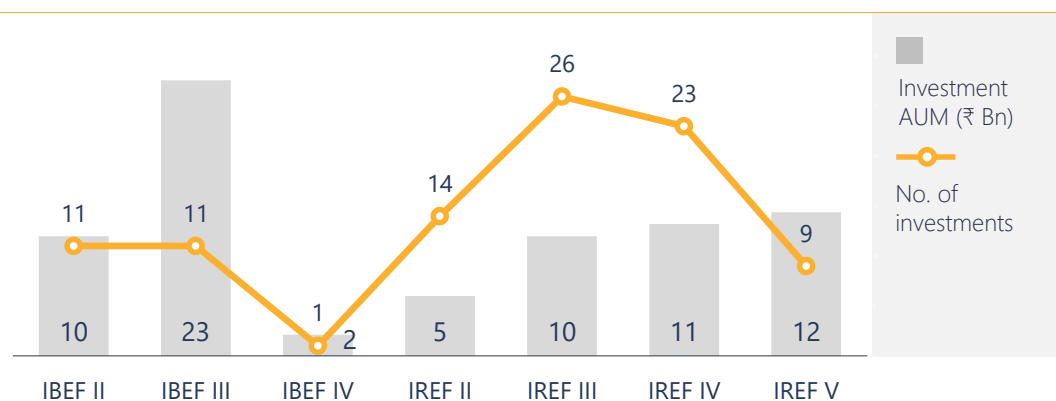
Investments spread across sectors



PE & RE Fund Level IRR

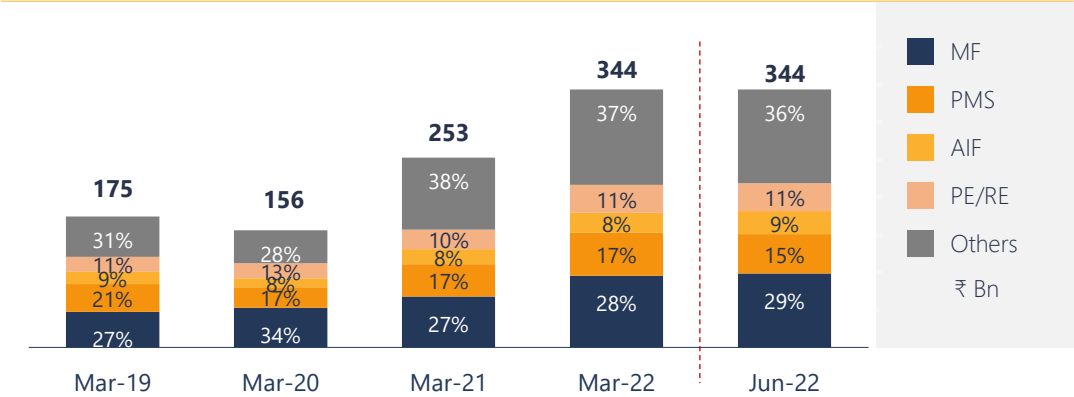


PE & RE Active Investments

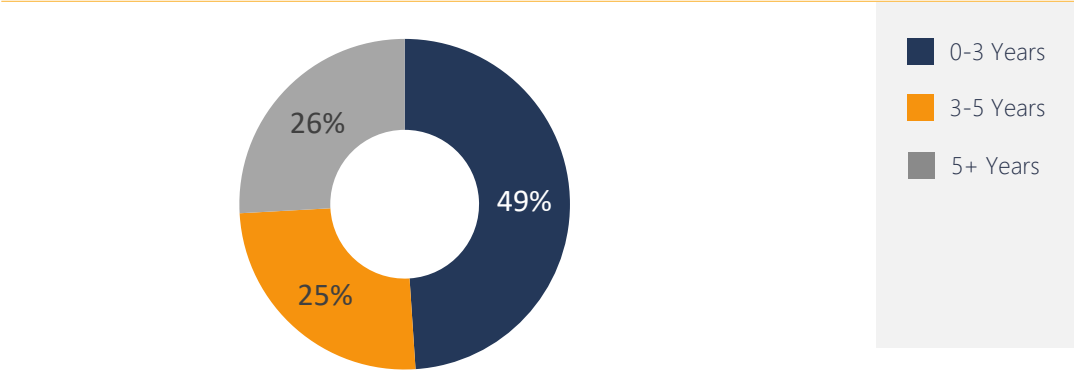


Wealth Management

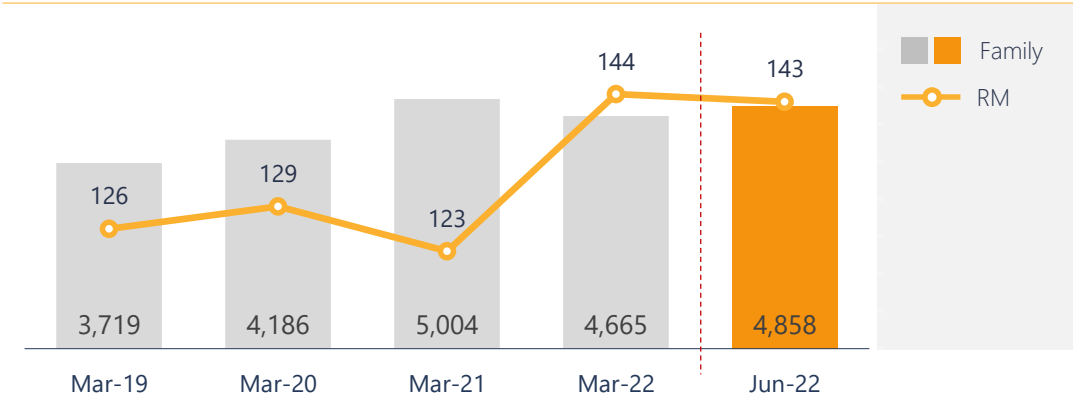
AUM diversified across asset classes



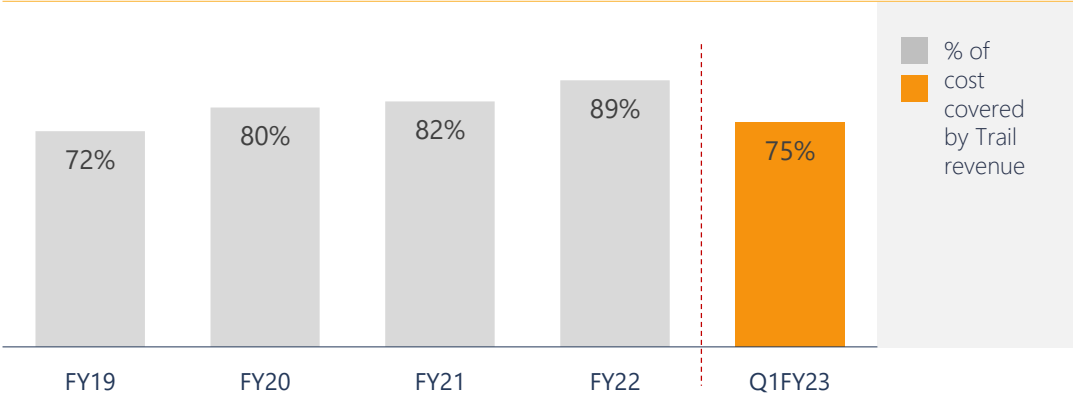
More than 50% of RM with vintage of 3+ years



Continued traction in UHNI families addition

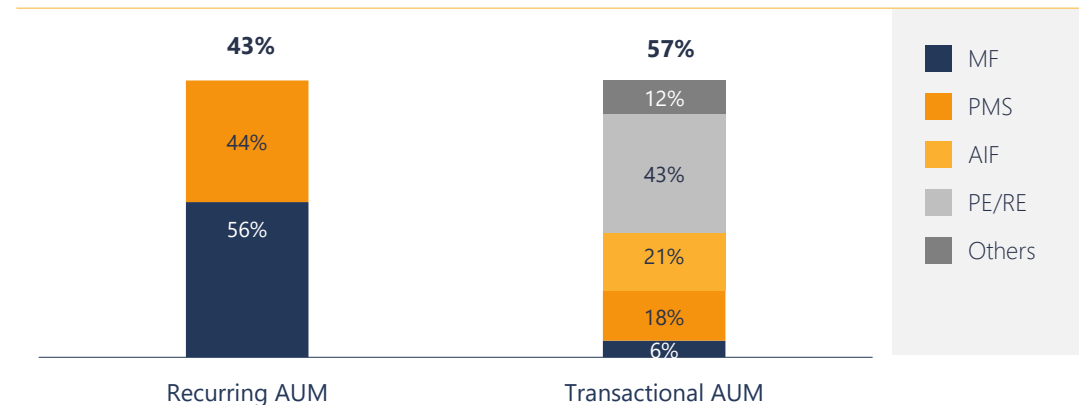


Trail income covers majority of the opex

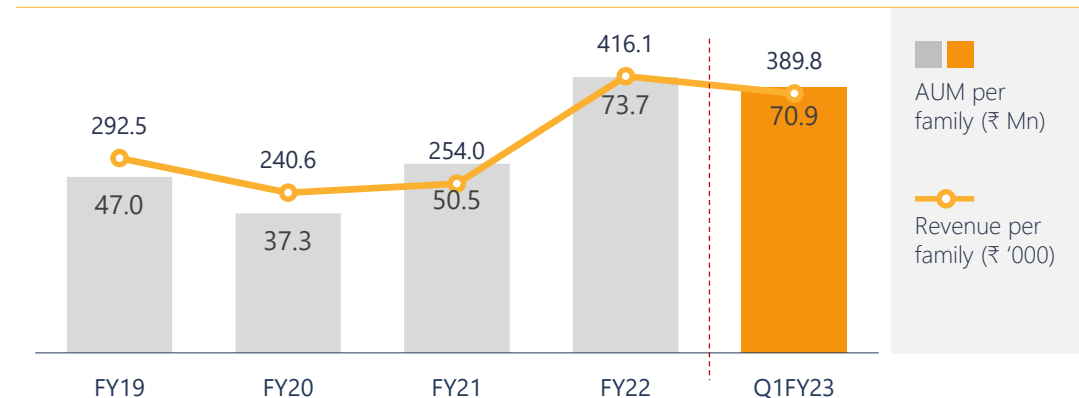


Wealth Management

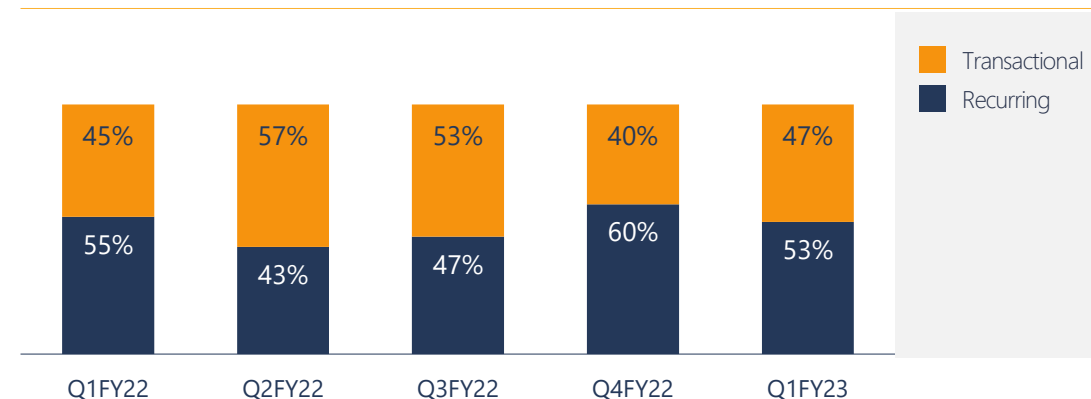
AUM Mix- Q1FY23



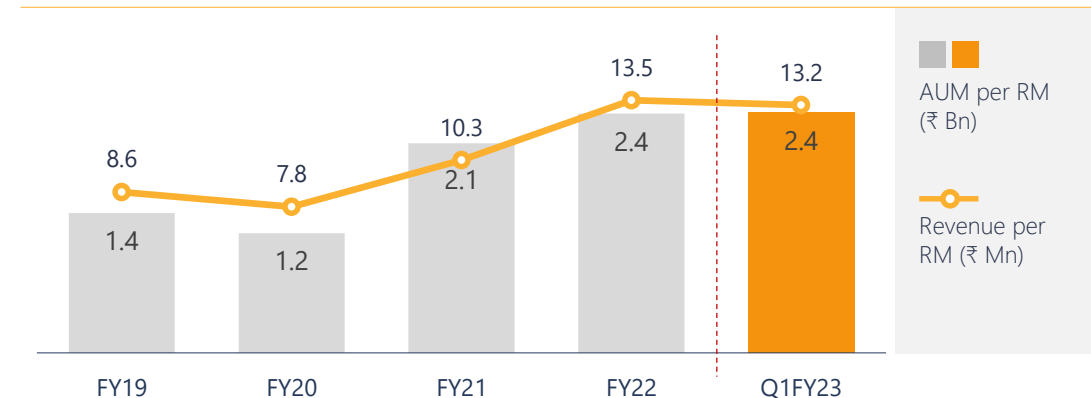
AUM and Revenue per Family Trend



Focus on improving share of recurring business



RM Productivity holding up in volatile market



Home Finance

₹ 35.5 Bn

AUM as on Jun-22

₹ 1.7 Bn

Disbursements in Q1FY23, registering a growth of 84% YoY

COF @7.5%

Incremental COF in Q1FY23

<1%

NNPA on New Book of AUM ₹ 12 bn

Expansion

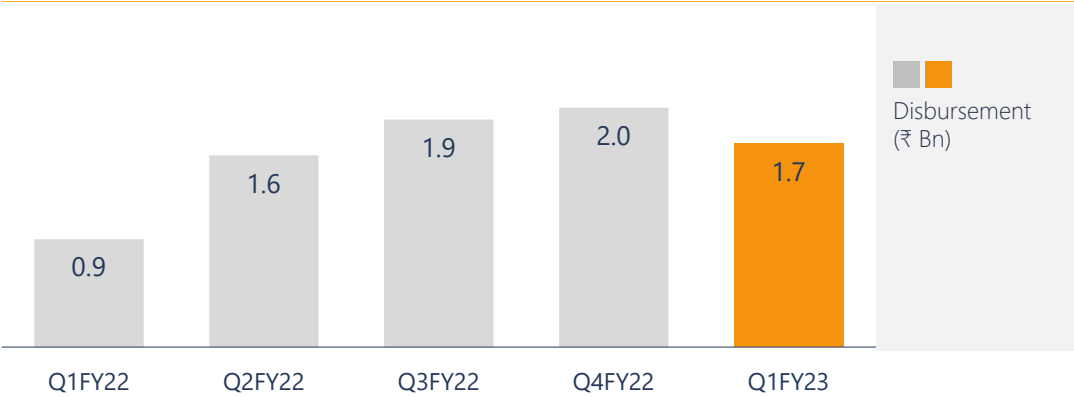
Opened 2 new branches in Q1FY23

- NII improved by 15% on YoY basis in Q1FY23 led by robust disbursement.
- PPOP was down 4% YoY due to ₹ 90 mn of Direct Assignment income recorded in Q1FY22.
- PBT was down 20% QoQ whereas PAT was down 30% due to tax benefits on special reserves created for the entire year in Q4FY22.
- Net gearing stood at 2.3x, Tier 1 CRAR remained robust at 51%.
- Leveraging MO Real Estate team's expertise to build good quality Construction Finance book.
- Focus on process development has led to TAT improvement by 25% on QoQ basis.

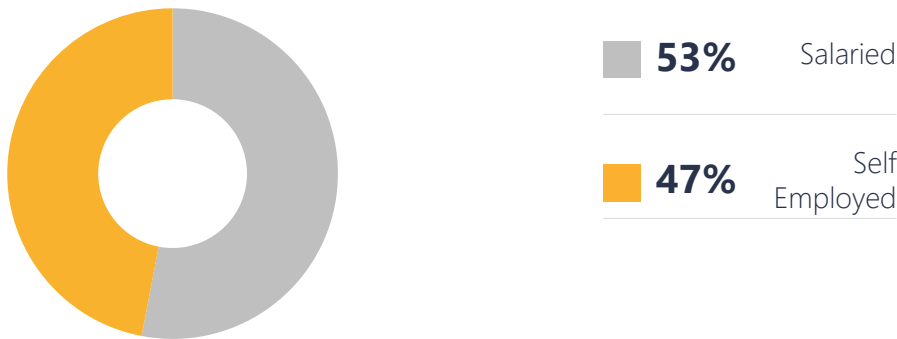
PARTICULARS (₹ Mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)
Interest Income	1,214	1,249	-3%	1,233	-2%
Interest Expense	506	634	-20%	527	-4%
Net Interest Income (NII)	708	615	15%	706	0%
Total Income	750	734	2%	764	-2%
Operating Cost	285	250	14%	289	-1%
- Employee Cost	218	180	21%	210	4%
- Other Cost	67	70	-5%	78	-14%
Operating Profit (Pre-Prov.)	465	484	-4%	475	-2%
Provisioning	38	372	-	-57	-
PBT	427	112	280%	532	-20%
PAT	321	85	279%	456	-30%

Home Finance – Portfolio Metrics

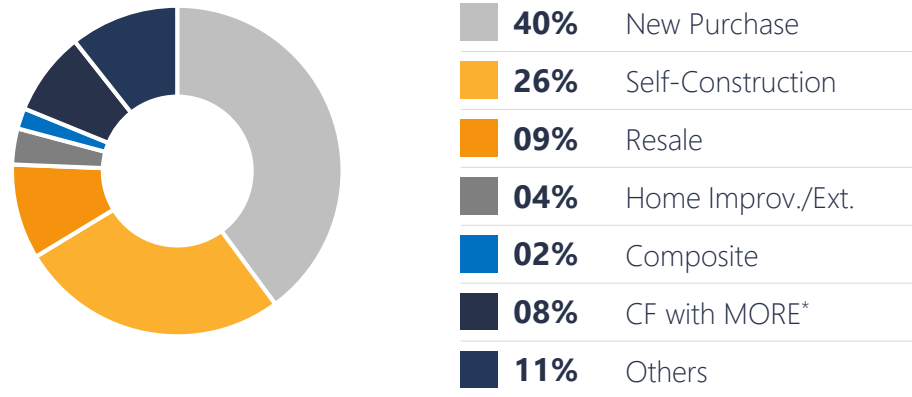
Disbursement Trend



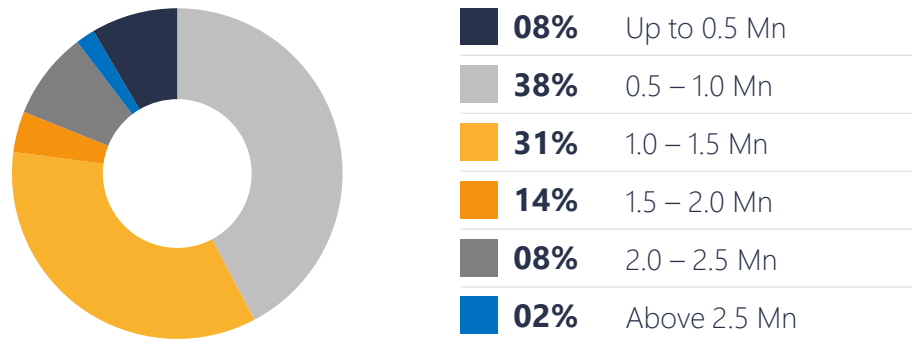
Customer Mix



Product Mix



AUM by Ticket Size



Note:
*Motilal Oswal Real Estate (MORE); lending to CAT A builders

Home Finance

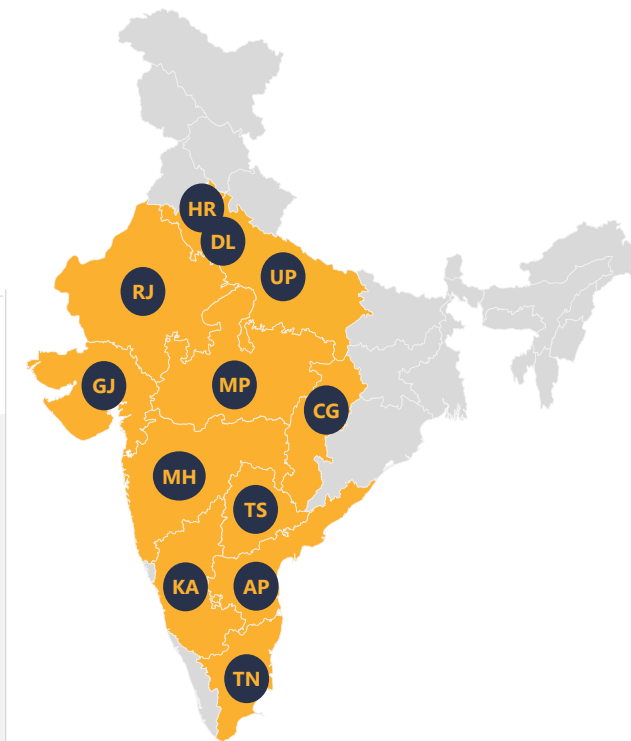
ECL Provisioning Details

PARTICULARS (₹ Mn)	Q1FY23
Stage 1 & 2	34,444
% portfolio in stage 1 & 2	97.84%
Stage 3	759
% portfolio in Stage 3	2.16%
ECL Provision % Stage 1 & 2	1.64%
Total Assets	35,203
ECL Provision	879
ECL Provision %	2.50%
Stage 3 Coverage Ratio	41%

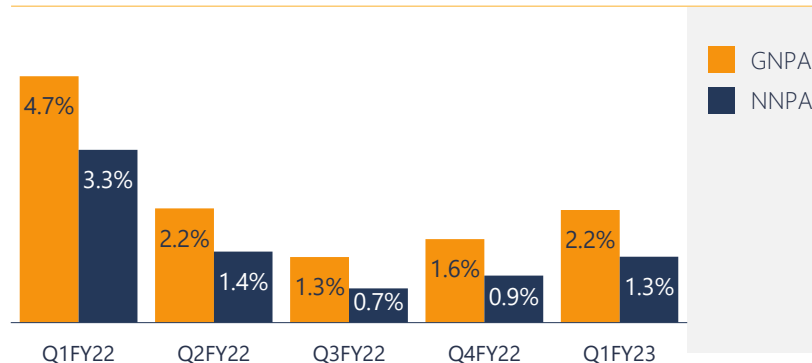
STATE		NOS. OF BRANCHES
MH	Maharashtra	32
GJ	Gujarat	15
TN	Tamil Nadu	14
RJ	Rajasthan	11
KA	Karnataka	09
MP	Madhya Pradesh	09
AP	Andhra Pradesh	05
HR	Haryana	04
CG	Chhattisgarh	02
TS	Telangana	02
DL	Delhi	02
UP	Uttar Pradesh	01

MOHFL's Geographic Reach

PRESENCE ACROSS
106 LOCATIONS IN 12 STATES/UTS

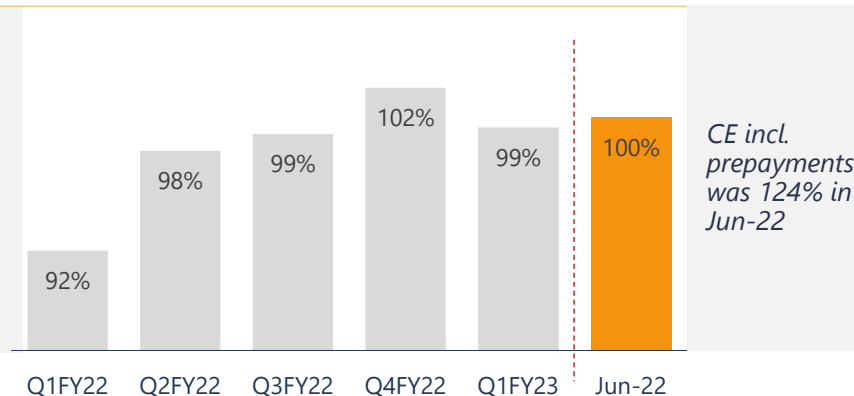


MOHFL's GNPA and NNPA Trend



As per new RBI norm, GNPA and NNPA stood at 2.8% and 1.7% respectively

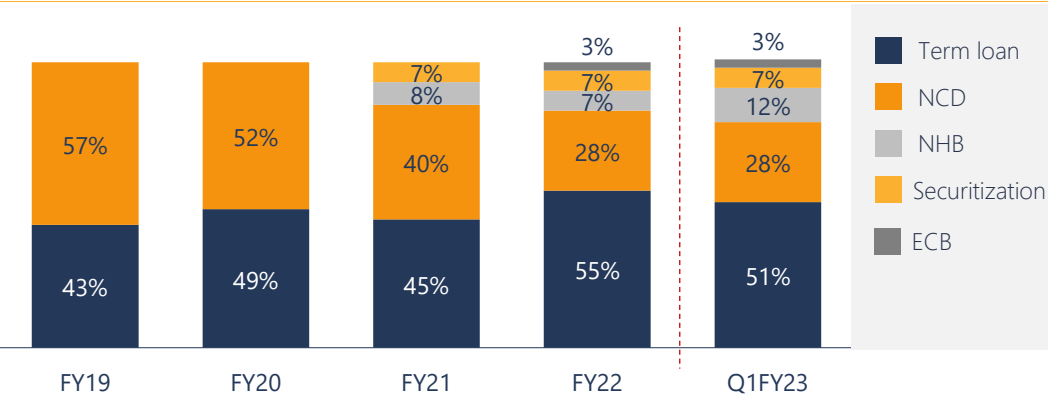
Collection Efficiency Trend



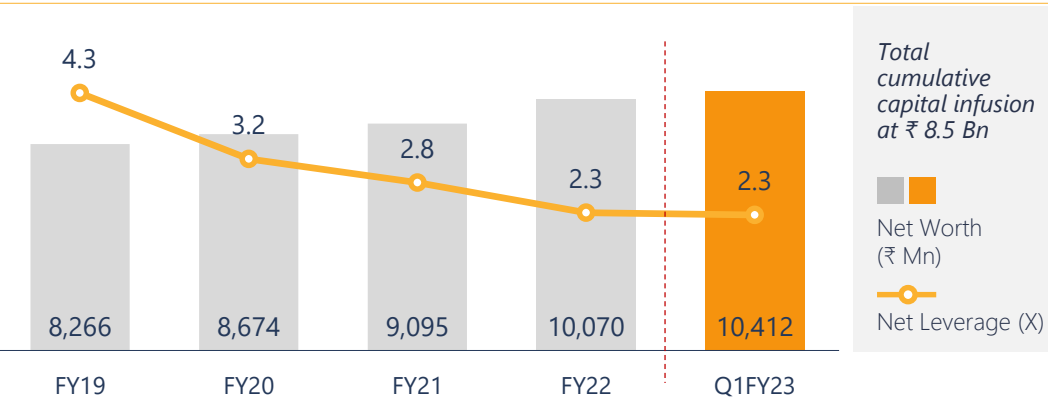
CE incl. prepayments was 124% in Jun-22

Home Finance

Diversified Liability Mix



Net Worth and Net D/E



Key Ratios

Parameters	Q1FY23	Q1FY22
Yield	13.7%	13.8%
COF	7.9%	8.6%
Spread	5.9%	5.2%
NIM	7.7%	6.5%
ROA	3.6%	0.9%
ROE	13.2%	3.7%
CRAR	51.0%	47.5%

* All ratios are annualized

Fund Based Investments

₹ 44.4 Bn

Total investments

₹ 38.4 Bn

Total equity investment including alternate funds

~₹ 13.9 Bn

Total unrealised gain on fund-based investments

~18%

Cumulative XIRR on total investments

23%

XIRR on PE/RE investments

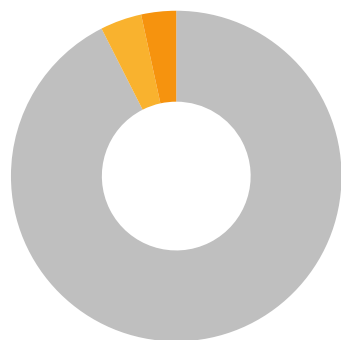
- Fund based book includes sponsor commitments cum investments in equity MF, PE funds, Real estate funds, AIF and strategic equity investments.
- Total equity investment including alternate funds was at ₹ 38.4 bn as of Jun-22, MTM of these gains are included in earnings under Ind-AS reporting.
- Cumulative XIRR on total investments is ~18%, whereas XIRR on PE/RE investments stood at 23%.
- These investments have helped “seed” our new businesses, which are scalable, high-RoE opportunities. They also serve as highly liquid “resources” available for future investments in business, if required.

PARTICULARS (₹ Mn)	Q1FY23	Q1FY22	Q4FY22
Revenues	-1,510	1,136	670
-MF/Alternates	-1,447	1,209	-911
-PE/RE	-184	-140	413
-Unlisted Shares/Others	121	66	1,168
PAT	-1,509	896	463
OCI	-484	-377	453
TCI	-1,993	518	916

Financials are regrouped as GTL and TMTL are moved from Asset Management and Capital Markets respectively to Fund Based.

Fund Based investments – Largest Skin in The Game

Skin in the Game in AMC (₹ Bn)

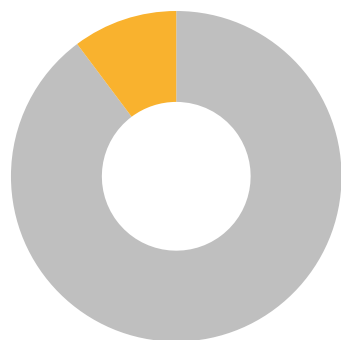


434 AMC AUM

19 Sponsor AUM

16 Promoter AUM

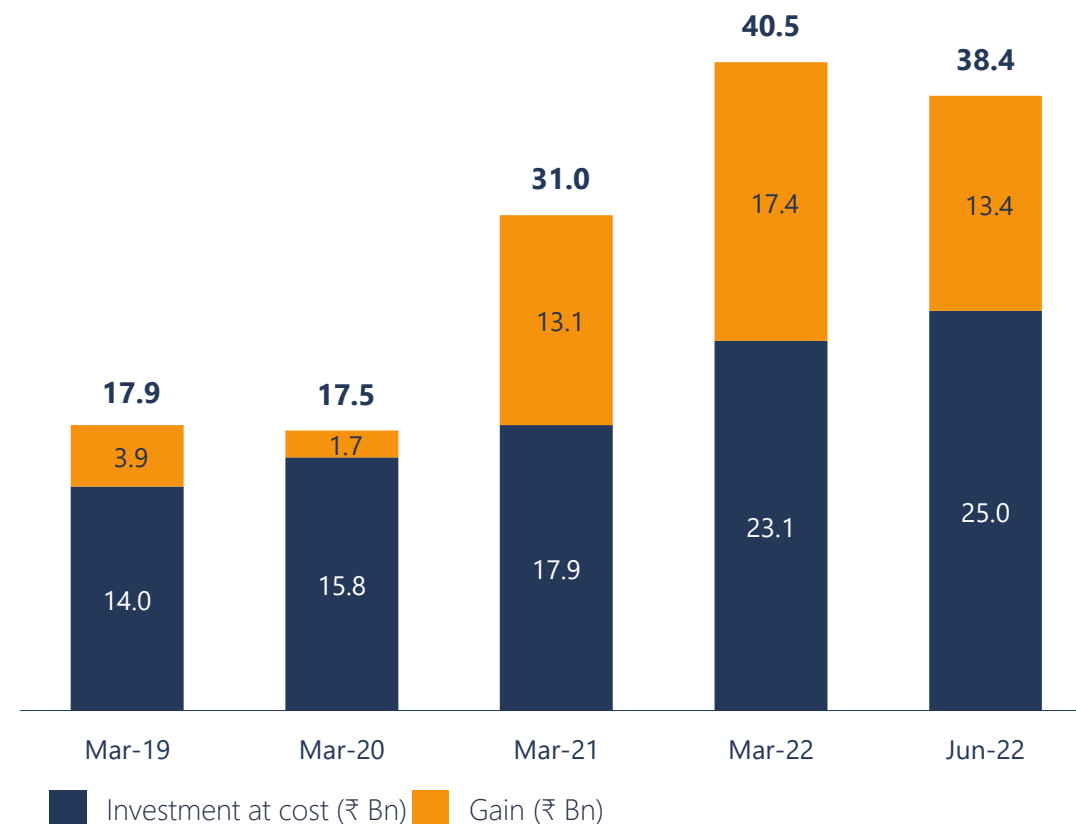
Skin in the game in PE & RE (₹ Bn)



114 Active AUM

13 Sponsor Commitment in PE & RE

Strong Growth in investments over the years



MOFSL levers for sustainable growth

Collaboration

- Build loyal franchisee and partners network
- Leveraging productivity of in-house advisors / RMs
- Collaborate with financial institutions

Scalability

- Research / Advisor driven offerings
- Emphasis on trail revenue models
- Higher Variable cost components
- Consistent RoE of 20%+

Customer focus

- Phygital approach
- Launching One stop shop 'Super App' for all financial products
- Advisor for entire customer life cycle
- Leveraging strong research capabilities to onboard new customers.

Vision

Optimising group
expertise and synergies
to cater customer
financial needs

Digital

- Digital to be one of DNA for each staff backed by trainings, campaigns & workshops
- New age UI/UX across platforms to provide seamless user experience
- Revamping tech stack with emphasis on cloud based modular architecture
- Building data analytics team for product interventions and collections

Market penetration

- Penetrating newer markets with focus on tier II & III cities
- Strengthening offerings in existing markets
- Target millennials and Gen Z customers

Competency building

- Strengthening senior leadership and succession planning
- Augment the talent of young resources
- Talent development program for across management levels





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MOTILAL OSWAL



Thank You

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