Motilal Oswal Financial Services

ConCall Summary & Earnings Release

Quarter ended Dec 2016

31 Jan 2017

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of Rs 4.6b for Q3FY17, up 54% YoY. PAT was Rs 0.9b for Q3FY17, up 78% YoY. Broking-related revenue was Rs 1.6b in Q3FY17, up 18% YoY. Asset management revenue was Rs 945m in Q3FY17, up 56% YoY. Housing finance-related revenue was Rs 1.5b in Q3FY17, up 143% YoY. Investment banking income was up 306% YoY in Q3FY17 to Rs 148m. Fund-based revenue was Rs 354m in Q3FY17, up 2% YoY.

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. We have also included exhibits from the company's presentation on its performance for the quarter ended Dec 2016. This presentation is available at www.motilaloswalgroup.com

Corporate Participants

Mr Motilal Oswal

Chairman

Mr Raamdeo Agrawal

Joint Managing Director

Mr Navin Agarwal

Managing Director

Mr Sameer Kamath

Chief Financial Officer

Welcome to the Q3 FY17 earnings conference call of Motilal Oswal Financial Services Limited. We have with us Mr. Motilal Oswal, Chairman, Mr Raamdeo Agrawal, Joint Managing Director, Mr Navin Agarwal, Managing Director, and Mr. Sameer Kamath, Chief Financial Officer. For the duration of this presentation, all participants' lines will be in the listen-only mode. I will be standing by for the Q&A 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)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Total Revenues	**4,555**	**2,959**	**54%**	**4,555**	**4,608**	**-1%**	**12,813**	**7,769**	**65%**	**10,937**
EBITDA	2,617	1,301	101%	2,617	2,259	16%	6,732	3,040	121%	4,463
Exceptional items	0	0	nm	0	429	nm	540	0	nm	0
PBT	1,228	715	72%	1,228	1,486	-17%	3,777	1,700	122%	2,376
PAT	**891**	**501**	**78%**	**891**	**1,016**	**-12%**	**2,698**	**1,219**	**121%**	**1,691**
EPS - Basic	6.2	3.5		6.2	7.1		18.8	8.6		11.9
EPS - Diluted	6.1	3.5		6.1	7.0		18.6	8.4		11.7
Shares O/S (mn) - FV	144	142		144	143		144	142		142

REVENUE COMPOSITION (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Brokerage & operating	1,571	1,328	18%	1,571	1,858	-15%	4,860	3,825	27%	5,091
Investment banking fees	148	36	306%	148	202	-27%	432	158	173%	242
Asset management fees	945	607	56%	945	854	11%	2,451	1,589	54%	2,235
Fund based income	354	348	2%	354	194	82%	1,007	877	15%	1,127
Housing finance related	1,525	627	143%	1,525	1,482	3%	4,010	1,287	212%	2,195
Other income	12	12	5%	12	18	-32%	53	32	66%	47
Total Revenues	**4,555**	**2,959**	**54%**	**4,555**	**4,608**	**-1%**	**12,813**	**7,769**	**65%**	**10,937**

Opening remarks

Good afternoon. It is my pleasure to welcome all of you to the Motilal Oswal Financial Services earnings call for the 3rd quarter of FY17. All in all, our strategy of revenue diversification continued to bear fruit through this quarter, with the revenue model further balancing towards the Housing finance & Asset Management segments. During this call, I will share the performance of each one of these value-drivers in this quarter.

- During 3QFY17, our consolidated revenues were Rs 4.6b, up 54% YoY. This was Rs 12.8b in 9MFY17, up 65% YoY
- Revenue growth in 3QFY17 was led by Housing finance, up 143% YoY & Asset Management, up 56% YoY, followed by Capital Markets (broking, investment banking & wealth, up 26% YoY. Our revenue pie is becoming more balanced with the asset businesses getting critical mass, housing finance business scaling up as per plan, and broking continuing to maintain market share. Asset sales continue at a good pace, both for the distribution and the asset management businesses. In terms

of the mix, Housing finance comprised ~33% of consolidated revenue in 3QFY17 vs ~21% in 3QFY16 while asset management was ~21% in 3QFY17, same as 3QFY16. Capital market businesses comprised ~38% in 3QFY17 vs ~46% in 3QFY16.

- Consolidated PAT was Rs 0.9b in 3QFY17, up 78% YoY. It was Rs 2.7b in 9MFY17, up 121% YoY
- Profits from all segments grew strongly in 3QFY17. The stability offered by Housing finance & Asset Management segments is complemented with upside offered by Capital Markets. Housing finance was up 82% YoY, Asset & Wealth management was up 43% YoY & Capital market businesses (broking & investment banking) were up 264% YoY. While some impact of operating leverage is becoming visible as margins expanded (20% in 3QFY17 vs 17% in 3QFY16), ample scope still exists in our asset management and capital markets businesses.
- In the PAT mix, contribution of Capital Markets businesses (Broking and Investment Banking) was ~33% in 3QFY17 vs ~16% in 3QFY16. Asset & Wealth Management was ~18% of profits in 3QFY17 vs ~22% in 3QFY16. Housing Finance was ~19% in 3QFY17, same as in ~3QFY16. Fund based business was ~30% in 3QFY17 vs ~43% in 3QFY16
- Consolidated net worth was Rs 17b & gross borrowing was Rs 46b, as of Dec 2016. The strong liquidity in the Group's balance sheet (~Rs 8.2b) allows us to fund investments into Aspire Home Finance
- Annualized ROE for YTD FY17 is 23% on reported PAT vs 12% in FY16, in line with our strategy to generate 20%+ sustainable ROE. However, this does not include the MTM unrealized gains on investments in our Motilal Oswal mutual fund products (Rs 1.9b, as of Dec 2016)
- The Board declared an interim dividend of Rs 2.5 per equity share (Face value of Rs 1 per equity share)

1. Starting with the Capital Market businesses

- Broking & related revenues (broking & wealth management) were Rs 1.6b in 3QFY17, up 18% YoY. This quarter saw a moderation in market cash volumes and further shift in market volumes towards F&O. As a result our blended equity market share dipped to 1.9% in 3QFY17 from 2.3% in 3QFY16. However, our market share in the high-yield cash segment remains strong, both on a YoY & QoQ basis. Our blended yield in Q3FY17 was 3.1 bps vs 3.8 bps in Q3FY16
- In **Retail Broking & Distribution,** with our new technology platforms evincing deeper client interest, our online business continued to grow. Online business formed 44% of retail volumes in 3QFY17 vs 31% in 3QFY16. Mobile app continued to grow within the online volumes, from 10% in 3QFY16 to 19% in 3QFY17. Our monthly addition of retail clients grew at a brisk 52% YoY. The slight slowdown in cash volumes in December looks temporary as January has seen a comeback. Our asset sales continued unabated, and our financial products AUM were up 73% YoY. Our MF SIP distribution picked up significantly. The growth potential in this space still remains immense
- In **Institutional Broking,** our new thematic research products are evincing increased client interest. The share of blocks continues to hold steady in our volumes

- **Investment Banking** fees were Rs 148m in 3QFY17, up 306% YoY. Our IB business continued its momentum it has built over the past few quarters. It concluded some ECM transactions and filed DRHP for 4 companies with SEBI. It also announced a large cross-border M&A transaction. These transactions are part of our pipeline with revenues expected in the coming quarters
- Capital markets businesses contributed ~38% of consolidated revenues in 3QFY17 vs ~46% in 3QFY16. The contribution of capital markets in the PAT mix was ~33% in 3QFY17, from ~62% way back in FY15

2. **Asset and Wealth management** businesses have seen strong business traction. Total AUM/AUA across mutual funds, PMS, AIF & PE were Rs 186b, up 49% YoY. Wealth Management AUM was Rs 91b, up 49% YoY.

- In **Asset Management**, our net inflows increased this quarter as we deepened our distributor relationships and the shift in savings pool towards financial savings continued, and in fact received a boost due to demonetization. Our net inflows this quarter were Rs 15 billion vs Rs 11 billion each in 2QFY17 and 3QFY16. Our QGLP philosophy continues to deliver on performance. Our rank in Equity AUM improved to 10, from 12 a year ago. We spent an incremental Rs 78 million in advertising/marketing this YTD on a YoY basis and this should help boost brand-recall in the long term. Our market share in Equity MF Avg AUM was ~1.2% this YTD while our market share in Equity MF Net Sales was much higher at ~3.1%. As this business grows further, we believe the AUM market share should converge towards that of net sales. Our flagship MF product, F-35, will finish 3-year performance track record in April 2017, which will likely enhance participation from distribution channels. The continued shift towards financial savings products and our expansion into the offshore market, which accounts for two-thirds of institutionally managed equity assets, should fuel further growth for us
- **Private Equity** manages Rs 31b across 2 growth capital & 3 real estate funds. The PE business has demonstrated high profitability & the RE business has shown significant scalability. The 1st growth fund has seen 6 full-exits & 2 partial exits in 2 companies, translating into ~201% capital returned. It is in advanced stages for 1 exit in coming months, which may allow it to return an additional ~14% capital. It is likely to deliver a gross multiple of ~3.5X. The 2nd growth fund has committed ~89.5%. The 1st real estate fund has seen full/partial exits from 6 projects, translating into ~88% capital returned. The 2nd real estate fund is fully deployed in 11 investments. It has secured 2 full exits and returned ~ 27% money to investors. The 3rd real estate fund has raised commitments of ~Rs 8.8 billion so far, of which ~50% is committed in 7 investments
- Asset Management fee (asset management & private equity together) were Rs 945m in 3QFY17, up 56% YoY
- It contributed ~21% of consolidated revenues during 3QFY17, same as in 3QFY16
- In **Wealth Management**, November was one of our best months. Any delay in clients' investment decisions seen in December appears transitory & we expect the flows to normalize from the next quarter. The traction in sales people and improvement in RM productivity helped boost AUM. November was one of our best months. Since the inclination to invest in financial assets remains high in India, we

believe the flows should be brisk in the coming quarters. We continue to enjoy a respectable yield of ~1% due to the higher share of equity & alternative products in our AUM. This business offers enormous scope for scalability as it builds synergies with the Group's other businesses to deepen its reach

- Contribution of Asset & Wealth Management in the Profit mix was ~18% in 3QFY17, up from ~14% back in FY15.

3. **Aspire Home Finance**

- Aspire continues to build traction in network, assets & liabilities, while maintaining risk & operational parameters
- **Housing finance** related income was Rs 1.5b in 3QFY17, up 143% YoY
- On the assets side, the loan book across ~36,000 families was Rs 33 billion, up 136% YoY. During the quarter, we consciously calibrated our disbursals, preferring to wait-and-watch the market impact of demonetisation.
- Our average yield has held at ~13.4% since the last 4 successive quarters
- In terms of our network, our branch count doubled YoY to 84 across the existing 4 states.
- On the liabilities side, ~53% borrowings were from NCD, ~31% from term loans & ~16% from CP. We had credit lines from 29 banks & 2 NBFCs vs 19 a year ago. The average cost of borrowing raised cumulatively has been ~9.6%, while it was ~9.1% on the borrowings raised in this YTD. Our D/E ratio was 5.8x. Our ratings of Crisil A+/Stable & ICRA AA- (Stable) augur well for future fund-raise
- Cumulative capital infusion from sponsor is Rs 5 billion and net worth is Rs 6 billion in Dec 2016. The strong liquidity in the Group's balance sheet (~Rs 8.2b) allows us to fund investments into Aspire, and our strategy to deploy free cash flows into funding Aspire will continue in foreseeable future
- We have invested significantly into Digitization initiatives to build long-term operational and process improvements. We expect a large part of the total transactions to be covered by our digital initiatives by March 2017.
- The annualized ROA for 9MFY17 was ~2.6%, while ROE was ~15% and NIM was ~4.15%. Asset quality remains under control, with the GNPL at 0.6% as of Dec 2016 vs 0.3% in Sep 2016 and this number is without using the NHB relaxation in NPL recognition norms
- Housing Finance contributed ~33% of consolidated revenues in 3QFY17, as compared to ~21% in 3QFY16. The contribution of Housing Finance in the profit mix was ~19% in 3QFY17, up from ~2% back in FY15

4. **Fund based activities** focuses on enhancing Return on Equity

- **Fund Based Income** was Rs 354m in 3QFY17, up 2% YoY.
- Our investments in our mutual fund products stood at Rs 6.3b (at cost). The unrealized gain on these was Rs 1.9b. The same is not reflected in our P/L. The post-tax XIRR of these investments (since inception) is ~19% & is significantly higher than the 7-9% post tax returns earned prior to the shift in capital allocation two years back. This validates the demonstrated long term performance track record of our

time-tested QGLP investment philosophy

- Our investments in our alternative investment products are Rs 2.5b.
- Both these commitments have helped "seed" these new businesses by investing in highly scalable opportunities & also represent highly liquid "resources" available to use for future investments, if required
- The NBFC loan book was Rs 2.3b as of Dec 2016, which is now run as a spread business

5. **In line with our goal to achieve 20%+ ROE,** consolidated ROE for the Group for 9MFY17 was 23% annualized (without unrealized gains on mutual funds of Rs 1.9 billion). Within this, Housing Finance was 15% annualized, Asset and Wealth Management business was 200% annualized, Capital Markets was 52% annualized and Fund based business was 6% annualized (without unrealized gains on mutual funds).

Outlook

To sum up, our strategy to transform the business model is showing definite results, with our revenue and profit model steadily becoming more balanced between Asset management, Housing Finance and Capital Markets. We have created sufficient high yield liquidity on our balance sheet which optimizes Group RoE and also helps fund incremental infusions into our Housing Finance business. We have invested into critical resources and have built strong competitive positioning in each of our businesses. The opportunity size in most of our businesses remains huge. As we penetrate deeper in each of these businesses, we are well placed to benefit from the growth potential they offer. We are now open for Q&A!

1. Capital Market Businesses

Retail Broking & Distribution, Institutional Broking

KEY FINANCIALS: MOSL (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Total Revenues	1,834	1,392	32%	1,834	1,877	-2%	5,216	4,107	27%	5,496
EBITDA	747	377	98%	747	571	31%	1,815	1,121	62%	1,485
PBT	520	170	207%	520	349	49%	1,185	647	83%	794
PAT	429	122	253%	429	235	83%	904	474	91%	605

Mutual funds are seeing large inflows, especially at the retail level. As a distributor of financial products, how large is the fee income stream for you? Is there any estimate available for the size of this market? How concentrated is it in terms of the Top-5 cities?

It is a big opportunity that we are pursuing. We have two businesses which are aligned to this opportunity. One is the wealth business, which has RMs giving advice to accumulate distribution assets. The second is our large retail franchise spread across 2,500 outlets across India. These largely catered to broking earlier. But as we have been saying in our earlier calls, we've been making a conscious shift to maximize the throughput from these outlets by cross-selling financial products. We're seeing good traction there. On a year-on-year basis, our financial product distribution AUM has gone up 73% year-on-year. While it is still a small contributor right now, it's rising every quarter as we go on. The wealth AUM is also up 50% year-on-year.

There are no public estimates available on the indicative size of the market. Our sense is that distribution of equity mutual funds would be about 60% to 70% of the total retail broking pool. That has been linearly growing over the last five to 10 years. In 2005, that mutual fund revenue pool was about 25% of the retail broking revenue pool; while it has increased to about 60 to 70% now. So that is how large the opportunity is today.

How much is your equity broking income? If the income booked on mutual funds is subtracted from the reported numbers, is the rest pure equity broking income? How much was the actual income in the cash equity broking?

Broking segment reported numbers covers two, three items. One is the broking commission earned on the volumes. Then there is incidental interest income. Then there is distribution income, etc. These are all related to capital markets activity other than the treasury book. That is what you'll get when you deduct that income on mutual funds. Most of it would be equity broking, almost about 80 to 90% of it.

We do not share the segmental breakup separately between cash and F&O, because we look at it as one. But our market share in cash is much higher than that in F&O.

What is the tax on the profit on sale of mutual fund investments of Rs 215 million?

There is no tax on this, because it is all long-term.

Investment Banking

KEY FINANCIALS: INVESTMENT BANKING (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Total Revenues	151	38	300%	151	202	-25%	444	164	171%	249
EBITDA	131	(16)	nm	131	82	60%	252	9	2576%	32
PBT	130	(20)	nm	130	81	61%	247	(1)	nm	19
PAT	87	(14)	nm	87	51	71%	170	(1)	nm	8

How has the IB performance been? Are any more steps being taken to increase it?

We have seen very strong traction in the IB business in terms of revenues. There was a large M&A cross-border transaction recently. That should flow through in revenues. The pipeline of the investment banking business has been strong. It all depends on market conditions, in terms of how the execution and the closures come through. We are hopeful that the coming quarter should be strong as well.

2. Asset & Wealth Management Businesses

Asset Management

KEY FINANCIALS: ASSET MANAGEMENT (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
AUM (Bn)	155	101	53%	155	150	3%	155	101	53%	105
Net Inflows (Bn)	15	11	37%	15	11	35%	34	44	-22%	52
Total Revenues	876	511	72%	876	748	17%	2,208	1,298	70%	1,852
EBITDA	222	116	92%	222	140	59%	493	255	93%	364
PBT	220	113	95%	220	138	60%	489	246	98%	354
PAT	145	75	94%	145	92	58%	321	194	65%	264

What is the breakup of the AUM between PMS and mutual fund for this quarter, as compared to last quarter Q2 and last year's Q3?

Out of the Rs 155 billion AMC AUM, about Rs 80 billion is PMS AUM, another about Rs 71 billion is the mutual fund AUM and about Rs 4 billion is the AIF AUM. In September, these were Rs 78 billion in PMS and Rs 70 billion in mutual funds. The AUM has been flattish on a sequential basis because of the market correction this quarter. Back in December of last year, our PMS AUM was Rs 53 billion and mutual fund AUM was Rs 48 billion.

Are we seeing potential beyond the larger cities, like beyond the top metros?

There is huge potential beyond the metro cities. Our distribution franchise is not just in the top cities, but also outside. We are seeing traction from metros and also across the other smaller cities as well.

The last few years have seen tepid earning cycle for the markets. In this phase, the company's mutual funds and PMS have done very well in the last three years, and have outperformed the market. If broader earnings don't catch up, will there be any change in strategy, like on entry exit load etc, that may affect performance?

The alpha generation across these products has ranged more like 10%, during this period when the earnings growth has been muted. So aside from market returns, the return in both the PMS as well as the mutual fund products have been very strong. We have always believed in no-exit loads and we continue to operate that way. Our flow share is nearly 3% vs our AUM share of just about 1%. The strong performance, the expanding distribution network and the natural flow towards financial savings, should augur well as far as the growth of this business is concerned

Where do you see the AMC AUM one year from now?

AUM is a function of both net inflows and market movement. It is difficult to forecast how the market movement will be. But as far as the inflows are concerned, it was Rs 15 billion in the current quarter. The strong performance of the products, the increasing distribution reach, the completion of three years track-record of some of the products, should together help in only augmenting that inflow in coming periods. That should serve as a template if you want to extrapolate that number for the next year. Another input is that our inflow share is over 3%, while our AUM share is about 1.2%. So if we maintain our share in inflows that should itself take up our share in AUM and improve our ranks, which is already improved by two points from 12 to 10 in the last 12 months.

Will the closure of the NTDOP scheme affect inflows?

No, we don't think so. The capacity of all our products is significant. It is only because we are confident that the inflows can continue to be strong, we chosen to close this.

Private Equity

KEY FINANCIALS: PRIVATE EQUITY* (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Total Revenues	100	102	-3%	100	129	-23%	316	314	1%	466
EBITDA	40	46	-13%	40	29	38%	98	117	-16%	152
Exceptional Item	0	0	nm	0	400	-100%	503	0	nm	0
PBT	35	44	-20%	35	427	-92%	594	109	445%	143
PAT	22	36	-38%	22	329	-93%	473	86	452%	104

Exceptional Item includes revenue from share in profit on sale of investments (carry share) made in the 1st PE growth fund

When is the PE fund being liquidated upon?

The India Business Excellence Fund will have its last year in FY18, and we'll have to exit all its investments during the course of this period. We already have filed DRHP for some of the companies including GR Infra, Dixon, etc. We have already had 2x capital returned in this fund, and our estimate is that we will have a 3.5x capital return. So this balance 1.5x capital return will happen in FY18.

Wealth Management

KEY FINANCIALS: PRIVATE WEALTH MANAGEMENT (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
AUM (Bn)	91	61	49%	91	86	7%	91	61	49%	64
Net Inflows (Bn)	4	4	8%	4	5	-9%	14	11	27%	15
Total Revenues	150	108	39%	150	174	-14%	478	300	59%	444
EBITDA	49	33	48%	49	52	-6%	137	92	50%	139
PBT	48	22	119%	48	46	5%	122	71	73%	109
PAT	31	14	120%	31	31	-1%	81	46	78%	71

How many RMs do you have in wealth management?

We have close to 80 RMs right now, covering around Rs 90 billion of AUM.

The yield on the AUM is working out to an annualized number of around 65 basis points. Is this pure agency income or is there any capital income in this?

You can't take the closing AUM. If you annualize it by the quarterly average AUM, it is closer to 90 bps to 1%. This is all pure agency income. We don't run an NBFC book.

3. Housing Finance Business

Aspire Home Finance

KEY FINANCIALS: ASPIRE HOME FINANCE (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Sanctions (Bn)	6	6	-2%	6	8	-29%	20	14	40%	24
Disbursements (Bn)	4	4	-20%	4	7	-47%	15	11	38%	18
Loan Book (Bn)	33	14	136%	33	31	8%	33	14	136%	21
Gross NPL%	0.6%	0.2%		0.6%	0.3%		0.6%	0.2%		0.2%
Net Interest Income (NII)	302	138	119%	302	322	-6%	842	272	209%	476
Other Income	162	172	-6%	162	279	-42%	617	384	61%	644
Total Income	464	311	49%	464	601	-23%	1,458	656	122%	1,120
Operating Profit (Pre-Prov.)	299	182	64%	299	375	-20%	899	390	130%	688
PBT	269	163	65%	269	345	-22%	821	345	138%	613
PAT	174	94	85%	174	227	-23%	535	223	140%	400

What is the outlook on Aspire post demonetization? The pace of sanctions has come off meaningfully, by around 49% QoQ. Is this is just a temporary blip in disbursements? What is the near-term outlook for this business?

Post demonetization, we had consciously slowed our disbursement for this business as we wanted to wait and watch how the whole impact played out. So it is by choice that we decided to disburse lower. Also, in the segment that we cater to, which is significantly unbanked in Tier 2/3 cities, the impact of demonetization was higher. So the focus of the team was on collections side, besides a wait and watch approach. The disbursement run rate in January should be above the full-year average, and way above the third quarter average. We are already seeing things easing on the ground, and that is reflected in our inwards as well as sanctions. There is also some pent-up impact of the last quarter that will overflow into this quarter. So from our point of view, there was a material divergence from the business plan by choice in the third quarter, and we will be again tracking the business plan from this quarter onwards. We think the fourth quarter should mark a high in our disbursement, as compared to the preceding quarters. The disbursement number was about Rs 6.7 billion in the second quarter and about Rs 4.8 billion in the first quarter. We should do better than these numbers.

The Other Income of Aspire is down QoQ. Is this because disbursement is down?
That's correct. Other Income for us comprises of processing fees, treasury income and also insurance premium. So the extent of disbursement impacts the processing fee.

Have the collections improved in January?

Our focus had been first on collections and then on disbursements. Yes, we are now seeing collections getting restored to normal, and that is precisely the reason why our disbursements are also getting back to normal. That was our necessary precondition to going back to our original business plan for disbursements.

What was the collection efficiency during these months of demonetization?

The collection efficiency for Form-16 salaried customers is as good as 99% plus. For our specific segments, the collection efficiency is typically between 85% and 90%. Due to the efforts put in by the team, we maintained that collection efficiency even through demonetization. That gives us the confidence to reinstate our run rate of disbursements back to our business plan.

What are the practices followed in risk management and collection management?

As far as the risk management is concerned, the efficiency of collections is the primary metric. That is what has allowed us to go back to our business plan now, as far as disbursements are concerned. But risk management works at multiple levels. We do not do any builder loans, or construction finance, or LAP. We are doing only small-ticket retail housing loans. Bulk of these loans is originated by us and not through DSAs. Even within retail loans, we are sticking to our average ticket size of Rs 1 million through the last three years. Its only one loan per person, and predominantly their first loan. The LTV, FOIR and IIRs are all under the same range. These are all, in our view, forms of risk mitigants. We have a Chief Risk Officer who uses data analytics for early warning signals. So there is a lot of emphasis on risk management.

What is the Gross and Net NPA? How does it compare to previous quarter?

Gross NPA was 0.6% and Net NPA was 0.45% as of December. These were 0.3% and 0.24% back in September.

Given this slowdown in November-December and the subsequent uptick from January, would you expect some improvement in GNPL numbers?

Typically in the industry, the March quarter numbers is always expected to be better than the December quarter. Aside from demonetization, the December quarter also sees the impact of the festival season, etc, which causes a slight decay in the segment that we operate in. We continue to watch closely how the quarter goes through. In the normal course, had there been no demonetization, we would have been quite confident that the March numbers would be better than the December numbers.

Is there any guidance for NPL towards the end of the year? Would it go back to last year's number or would it just take a slightly longer period to get there?

As the book seasons, we should be in the range of 0.5% to 1% Gross NPLs. We don't see it decaying any further from the December quarter. While we have seen an increase in the NPLs quarter-on-quarter, we are hoping to contain them to a lower number in the March quarter. We are not unduly worried about the collection efficiency.

With NHB issuing so many new licenses in housing finance, competition is only increasing. How are we countering it?

The rising number of new entrants is definitely a source of concern as far as the home finance business is concerned. This increases the competitive intensity, the rate wars, the prepayment trend and also the employee attrition within the business. There are many dimensions and we need to watch out all of these going forward. As far as the competitive landscape is concerned, there is definitely decay as compared to three years back. That is a challenge that the industry will have to live with, in terms of the net interest margins, cost to income ratios, etc. We continue to remain cautious about how the competitive landscape is playing out.

4. Fund-based Business

KEY FINANCIALS: MOFSL Standalone (Rs Mn)

	Q3 FY17	Q3 FY16	CHG. YoY	Q3 FY17	Q2 FY17	CHG. QoQ	9M FY17	9M FY16	CHG. YoY	FY16
Total Revenues	192	344	-44%	192	681	-72%	1,243	941	32%	1,109
EBITDA	149	307	-51%	149	636	-77%	1,099	778	41%	910
Exceptional Item	0	0	nm	0	29	nm	37	0	nm	0
PBT	45	226	-80%	45	549	-92%	797	504	58%	535
PAT	56	188	-70%	56	569	-90%	805	440	83%	465

5. Others

Employee cost has grown by only around 5% Y-o-Y, and operating costs, admin expenses are also down by around 7% Y-o-Y. Is there some operating efficiency playing out? Or has the headcount been reduced?

Regarding employee costs, these numbers should ideally be looked at on a nine-month basis, which will be largely in line. We had accelerated some of our bonus provisioning in the second quarter in anticipation of the growth. But demonetization slightly curtailed that and hence the variable component of the provisions went down this year. But it is in line with the nine-month average. Regarding admin costs, the brand related expenses are discretionary. There were lower brand expenses this quarter, not because of any slowdown, but because we had planned for some in the coming quarter. That’s the reason why there is a slight dip on a sequential basis.

What is the medium-term outlook on the cost to income side?

In the current quarter and the nine-month period, the profit growth has been well in excess of the top-line growth. In FY15, we had significantly stepped up our investment in manpower, in brand and technology. FY16 saw some of the benefit of the operating leverage, and more of that should play out now. The PBT margin has expanded from about 22% last year to about 29%, which is an outcome of our AMC building scale, Aspire building scale, and investment banking contributing significantly to the top-line and bottom line. So these are kicking in operating leverage. There were investments still going on in the nine months of the current year, like in brand and marketing in the asset management business. The distribution network for the home finance business has also been doubled on a year-on-year basis. So the investments in all of these three areas, manpower, technology and brand continue. With a little more tailwind for the economy, corporate earnings and the capital markets in general, we could see better operating leverage in each of these businesses.

How is the transition of investors from real estate and gold to equity playing out? How does the future look like?

The transition from physical to financial savings is playing out in many ways. Each one of our businesses, like broking, mutual funds, PMS, wealth management, are a play on this trend. We are very optimistic of continued transition towards financial savings, which should benefit each of these businesses

Which business has seen a strong pick-up post demonetization?

The asset management business has seen the biggest benefit due to demonetization

Any plans to foray into microfinance?

We do not have any plans to enter into any new businesses like microfinance.

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q3FY17 Consolidated Revenues of Rs 4.6 billion, up 54% YoY; and PAT of Rs 0.9 billion, up 78% YoY

Mumbai, Jan 30, 2017: Motilal Oswal Financial Services Ltd., a leading financial services company, announced its results for the quarter ended Dec 31, 2016 post approval by the Board of Directors at a meeting held in Mumbai on Jan 30, 2017.

Performance Highlights

Rs Million	Q3FY17	YoY Chg	9MFY17	YoY Chg
Revenues	4,555	↑54%	12,813	↑65%
PBT	1,228	↑72%	3,777	↑122%
PAT	891	↑78%	2,698	↑121%
EPS (FV 1)	6.1		18.6	

Performance for the Quarter ended Dec 31, 2016

- Consolidated revenues were Rs 4.6 billion in Q3FY17, up 54% YoY. It was Rs 12.8 billion in 9MFY17, up 65% YoY
- Revenue growth in Q3FY17 was led by housing finance (up 143% YoY) & asset management businesses (up 56% YoY), followed by capital market businesses (up 26% YoY). The revenue pie is seeing healthy diversification with the asset businesses nearing critical mass and housing finance business scaling up as per plan. Broking continues to maintain market share, while growing its digital and distribution segments. Asset sales continue at a good pace, both for the distribution and the asset management businesses
- Consolidated PAT was Rs 0.9 billion in Q3FY17, up 78% YoY. It was Rs 2.7 billion in 9MFY17, up 121% YoY
- Profits from all segments picked up strongly in Q3FY17. The stability offered by the housing finance & asset management businesses is complemented with the upside offered by the capital market business
- Impact of operating leverage is becoming visible, as PAT Margin improved to 20% in Q3FY17 from 17% in Q3FY16. Ample scope for operating leverage still exists in our asset management and capital market businesses
- As of Dec 2016, Net worth is Rs 17 billion & Gross borrowing is Rs 46 billion (including Aspire)
- Annualized ROE for YTD FY17 is 23% on reported PAT vs 12% in FY16, in line with our strategy to deliver sustainable 20%+ ROE following the transformation in our business model since the last two years. However, this does not include unrealized gains on investments in Motilal Oswal's mutual fund products (Rs 1.9 billion, as of Dec 2016)
- Declared an interim dividend of Rs 2.5 per equity share (Face value of Rs 1 per equity share)

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

"Our strategy to transform the business model is showing results, as our revenues and profits are now well balanced between Asset management, Housing Finance and Capital markets businesses. In broking business, we maintained our market share in the high-yield cash segment as we continued to add retail clients at a healthy run rate. Our asset mobilization continued at a very strong pace. Our expansion of the housing finance network and the loan book is going as per plan. We are working towards our strategic imperative to generate 20%+ ROE on a sustainable basis. We have been investing in critical resources, be it manpower, technology or network, and have built strong competitive positioning in each of our businesses. The opportunity size in our business segments is still huge. As we deepen our penetration in each business, we are well placed to benefit from the sizeable opportunities these businesses offer."

Performance of Business Segments for the Quarter ended Dec 31, 2016

- **Capital markets Businesses (broking & investment banking) are showing results**
  - **Broking & related revenues** were Rs 1.6 billion in Q3FY17, up 18% YoY. It was Rs 4.9 billion in 9MFY17, up 27% YoY. The quarter saw the market volume mix move further towards F&O. This continued shift towards F&O in the market meant that our overall equity market share dipped from 2.3% in Q3FY16 to 1.9% in Q3FY17. However, we held our market share in the high-yield cash segment in Q3FY17, both on a YoY & QoQ basis. Our blended yield in Q3FY17 was 3.1 bps
  - In **retail broking & distribution**, online business continues to grow, forming 44% of retail volumes in Q3FY17 from 31% in Q3FY16. Mobile app continues to form an increasing share within the online volume. Over 50% of accounts are now opened with e-KYC, and over 50% of leads are generated through online sources. Our monthly addition of retail clients grew at a brisk 52% YoY. Asset sales continued unabated, and our financial products AUM were up 73% YoY. We saw a significant uptick in MF SIP distribution. The growth potential in this space remains immense
  - In **institutional broking**, our new thematic research products are evincing increased client interest. The share of blocks holds steady in our volumes
  - **Investment banking** fees were Rs 148 million in Q3FY17, up 306% YoY. It was Rs 432 million in 9MFY17, up 173% YoY. Our IB business continued its momentum by concluding some ECM transactions and has filed DRHP for 4 companies with SEBI. We also announced a large cross-border M&A transaction. These transactions are part of our pipeline with revenues expected in the coming quarters
  - Capital markets businesses collectively contributed ~38% of revenues in Q3FY17, as compared to ~46% in Q3FY16
- **Asset and Wealth Management Businesses continue to see strong business traction**
  - Total AUM/AUA across asset management & private equity businesses was Rs 186 billion, up 49% YoY. Wealth management AUM was Rs 91 billion, up 49% YoY
  - In **asset management**, our AUM across MF, PMS & AIF was Rs 155 billion, up 53% YoY. Net inflows increased 37% to Rs 15 billion this quarter vs Rs 11 billion each in Q2FY17 & Q3FY16, as we deepened distributor relationships. Our QGLP philosophy continues to deliver on performance. Our rank in Equity AUM improved to 10 from 12 a year ago. Our market share in Equity MF AUM was ~1.2% in this YTD while our market share in Equity MF Net Sales was significantly higher at ~3.1%. An

incremental Rs 78 million was spent YTD in advertising and marketing and this should help boost brand-recall in the long term. Our flagship MF product, F-35, will finish 3-year performance track record in April 2017, which will likely enhance participation from distribution channels. The continued shift of Indian savings towards financial savings and away from physical savings coupled with mobilization of offshore assets, which account for two-thirds of institutionally managed equity assets, are key growth drivers for the asset management business

  - In **private equity**, we manage an AUM of Rs 31 billion across 2 growth capital PE funds & 3 real estate funds. The PE business has demonstrated robust profitability & the RE business has shown significant scalability. The 1st growth fund has seen 6 full-exits & 2 partial exits, translating into ~201% capital returned (INR). It is in advanced stages for 1 exit in the coming months, which may allow it to return an additional ~14% capital. We estimate the PE fund to deliver a gross multiple of ~3.5X. The 2nd growth fund has committed ~89.5%, after raising commitments from marquee institutions
  - Asset Management fee (asset management & private equity together) were Rs 945 million in Q3FY17, up 56% YoY. It was Rs 2.5 billion in 9MFY17, up 54% YoY. This contributed ~21% of consolidated revenues in Q3FY17, same as in Q3FY16
  - In **Wealth management**, higher RM head count and improved RM productivity drove growth in our AUM. We continue to enjoy a respectable yield of ~1% due to the higher share of equity & alternative products in our AUM. This business offers enormous scope for scalability as it builds synergies with the Group's other businesses to deepen its reach

- **Housing finance has shown traction in assets & liabilities, while maintaining risk & operational parameters**
  - **Housing finance related income** was Rs 1.5 billion in Q3FY17, up 143% YoY. It was Rs 4.0 billion in 9MFY17, up 212% YoY
  - On the assets side, the loan book was Rs 33 billion, up 136% YoY. It has funded ~36,000 families so far. Our average yield has held at ~13.4% since the last 4 successive quarters
  - In terms of network, our branch count doubled YoY to 84 in the existing 4 states
  - On the liabilities side, ~53% borrowings were from NCDs, ~31% from term loans & ~16% from CP. We had credit lines from 29 banks & 2 NBFCs vs 19 a year ago. The average cost of borrowing raised cumulatively has been ~9.6%, while it was ~9.1% on the borrowings raised in this YTD. Our D/E ratio was 5.8x
  - Cumulative capital infusion from sponsor is Rs 5 billion and net worth is Rs 6 billion, as of Dec 2016. Strong liquidity in the Group's balance sheet (~Rs 8.2 billion) is adequate for Aspire's funding needs, as of now
  - We have invested significantly in Digitization for long-term operational and process improvements, through our Sales app, Credit app, Customer app, Smart-Track for documents, Vendor Management app, etc. We expect a large part of the total transactions to be covered by our digital initiatives by March 2017
  - Annualized ROA for 9MFY17 was ~2.6%, ROE is ~15%, and NIM is ~4.15%. GNPL is 0.6% as of Dec 2016 vs 0.3% in Sep 2016 and this number is without using the relaxation offered by RBI in NPA recognition norms post demonetisation
  - Housing Finance contributed ~33% of consolidated revenues in Q3FY17, as compared to ~21% in

Q3FY16

- **Fund Based Business** includes sponsor commitments to our AMC & PE funds, and NBFC LAS book. Fund based income was Rs 354 million in Q3FY17, up 2% YoY. It was Rs 1.0 billion in 9MFY17, up 15% YoY
    - Our investments in Motilal Oswal's mutual funds (at cost) stood at Rs 6.3 billion. The unrealized gain on these as of Dec 2016 is Rs 1.9 billion. The same is not reflected in the reported PAT in the P/L. The post-tax XIRR of these investments (since inception) is ~19% & is significantly higher than the 7-9% post tax returns earned prior to the shift in capital allocation two years back
    - Our investments in Motilal Oswal's alternative investment funds stood at Rs 2.5 billion
    - Both these commitments have not only helped "seed" these new businesses by investing in highly scalable opportunities, but they also represent liquid "resources" available for deployment in any future opportunities
    - NBFC LAS lending book was Rs 2.3 billion as of Dec 2016, which is now run as a spread business
- **Other income** was Rs 12 million in Q3FY17 and Rs 53 million in 9MFY17
- In line with the goal to achieve a sustainable 20%+ ROE, **consolidated ROE** for the Group for 9MFY17 was 23% annualized (without including unrealized gains on mutual funds investments of Rs 1.9 billion). Within this, Housing Finance RoE was 15% annualized, Asset and Wealth Management business RoE was 200% annualized, Capital Markets RoE was 52% annualized and Fund based business RoE was 6% annualized (without considering unrealized gains on mutual funds)

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 Securities won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards for the 5th 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 AsiaMoney 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.

For further details contact:

Mr. Ramnik Chhabra Motilal Oswal Financial Services Ph- +91-22-39825500, Mob- +91-9820301984	Mr. Sameer Kamath Motilal Oswal Financial Services Ph- +91-22-39825500 Mob- +91-9820130810	Mr. Anirudh Rajan / Alpesh Nakrani Paradigm Shift Public Relations Ph- +91-22 22813797 Mob- +91-9892343828 / +91-9869121167

MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Registered Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025

Tel: +91-22-39804200, Fax: +91-22-33124997 Email:shareholders@motilaloswal.com

CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31ST DECEMBER, 2016

(Rs. in Lakhs)

Particulars	**Quarter Ended (Unaudited)**			**Nine months Ended (Unaudited)**		**Year Ended (Audited)**
	31-Dec-16	**30-Sep-16**	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**	**31-Mar-16**
1. Income from Operations						
(a) Income from Operations	37,488	37,493	25,150	105,812	67,224	93,081
(b) Other Operating Income	4,894	5,994	3,341	15,158	8,044	12,542
Total Income from Opertaions	**42,382**	**43,487**	**28,491**	**120,970**	**75,268**	**105,623**
2. Expenditure						
(a) Operating expense	8,461	9,170	6,062	24,742	17,360	23,321
(b) Employees' benefit expense	6,760	9,399	6,391	23,026	17,956	25,095
(c) Depreciation and amortisation expenses	831	811	955	2,373	2,555	3,494
(d) Other expenditure	4,160	4,925	4,129	13,044	11,972	16,322
Total expenses	**20,212**	**24,305**	**17,537**	**63,185**	**49,843**	**68,232**
3. Profit from Operations before Other Income, finance cost & Exceptional Items (1-2)	**22,170**	**19,182**	**10,954**	**57,785**	**25,425**	**37,391**
4. Other Income	3,025	2,344	811	6,447	1,569	2,441
5. Profit from Ordinary Activities before finance cost & Exceptional Items (3+4)	**25,195**	**21,526**	**11,765**	**64,232**	**26,994**	**39,832**
6. Finance Cost	13,060	11,199	4,904	32,578	10,847	17,377
7. Profit from ordinary activities after finance cost but before Exceptional Items (5-6)	**12,135**	**10,327**	**6,861**	**31,654**	**16,147**	**22,455**
8. Exceptional Items - (Expense)/Income (Refer Note 7)	0	4,286	-	5,402	-	-
9. Profit from Ordinary Activities before tax (7-8)	**12,135**	**14,613**	**6,861**	**37,056**	**16,147**	**22,455**
10. Tax expense	3,231	3,986	1,957	9,580	4,313	6,122
11. Net Profit from Ordinary Activities after tax but before Share of Profit from Associate and Minority Interests (9-10)	**8,904**	**10,627**	**4,904**	**27,476**	**11,834**	**16,333**
12. Share of Profit of Associate (Net of taxes)	84	158	186	448	541	831
13. Share of minority interests in (profits)/ loss	(77)	(631)	(78)	(941)	(185)	(255)
14. Net Profit after tax and Share of Profit from Associate and Minority Interests (11+12-13)	**8,911**	**10,154**	**5,012**	**26,983**	**12,190**	**16,909**
15. Paid-up equity share capital (Face Value of Re. 1/- Per Share)	1,435	1,435	1,421	1,435	1,421	1,422
16. Reserves excluding Revaluation Reserves	-	-	-	-	-	142,229
17. Earnings Per Share (EPS) (before/after Extraordinary items) (of Re. 1/- each) (Not Annualised)						
a) Basic EPS (In Rs.)	6.21	7.09	3.53	18.80	8.62	11.94
b) Diluted EPS (In Rs.)	6.14	7.02	3.45	18.58	8.43	11.74

Notes:

1) The above results were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its Meeting held on Monday 30th January, 2017. The results for the quarter and nine months ended 31st December, 2016 have been reviewed by the Statutory auditors of the Company.

2) Pursuant to the exercise of Employee Stock Option Scheme, the company has allotted 51,750 and 13,51,650 equity shares to the employees during the quarter and nine months ended 31st December, 2016 respectively.

3) The consolidated results of the Company include the results of the subsidiaries – Motilal Oswal Securities Limited (100%), Motilal Oswal Investment Advisors Private Limited (100%), MOPE Investment Advisors Private Limited (85%), Motilal Oswal Commodities Broker Private Limited (100%), Motilal Oswal Capital Markets Private Limited (100%), Motilal Oswal Wealth Management Limited (100%) , Motilal Oswal Insurance Brokers Private Limited (100%), Motilal Oswal Asset Management Company Limited (100%), Motilal Oswal Trustee Company Limited (100%), Motilal Oswal Securities International Private Limited (100%), Motilal Oswal Capital Markets (Singapore) Pte. Ltd (100%), Motilal Oswal Capital Markets (Hong Kong) Private Limited (100%), Motilal Oswal Real Estate Investment Advisors Private Limited (76.50%) , Motilal Oswal Real Estate Investment Advisors II Private Limited (68.81%), Aspire Home Finance Corporation Limited (96.89%), India Business Excellence Management Co (85.00%), 'Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (100%), Motilal Oswal Capital Limited (100%) and an Associate, India Realty Excellance Fund II - (i.e. IREF II).

4) During the quarter 31st December 2016, one of the subsidiary, Motilal Oswal Capital Markets (Singapore) Pte. Ltd. has issued 1,111,111 Equity Shares of SGD.1.8 each aggregating to SGD. 20 lakhs (i. e. Rs.942 lakhs). During the nine months ended 31st December 2016 Aspire Housing Finance Corporation Ltd has issued 17,67,85,224 Equity shares of Rs.11.41 each aggregating to Rs.20,171.19 Lakhs respectively by way of right issue.

5) During the quarter, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+"to the Commercial Paper Programme of Rs. 25,000 Lakhs of Motilal Oswal Financial Services Limited. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+"to the Commercial Paper Programme of Rs. 70,000 Lakhs of Motilal Oswal Securities Limited, a subsidiary of the Company. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.

6) The group long term investments in Motilal Oswal's mutual fund products stands at Rs. 63,136 Lakhs as of 31st December, 2016 as against Rs. 58,954 Lakhs as of 31st March, 2016. The unrealized gain on these investments is Rs. 19,291 Lakhs as of 31st December, 2016 as against Rs. 11,698 Lakhs as of 31st March 2016. The long term investments are valued at cost and hence it is not reflected in the profit and loss account for the nine months 31st December 2016 and year ended 31st March 2016 respectively.

7) The total Exceptional Items during the quarter ending 31st December 2016 is NIL and during nine months ending 31st December 2016 is Rs. 5,402 Lakhs. During the nine months the Share in Profit on sale of investments made in India Business Excellence Funds of Rs. 8,189 Lakhs and Write-off on account of Doubtful Non-performing assets of Rs. 2,788 Lakhs.

8) Consolidated segment results for the quarter and nine months ended 31st December 2016

(Rs. in Lakhs)

Particulars	Quarter Ended (Unaudited)			Nine months Ended (Unaudited)		Year Ended (Audited)
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
1. Segment Revenue						
(a) Broking & Other related activities	17,939	20,873	14,892	54,409	42,632	56,959
(b) Fund Based activities	4,435	2,684	2,320	12,269	10,499	15,531
(c) Asset Management & Advisory	9,940	9,014	6,200	25,746	16,600	23,687
(d) Asset Management & Advisory (Exceptional items)	0	7,515	(0)	11,356	-	-
(e) Investment Banking	1,507	2,022	377	4,369	1,635	2,483
(f) Home Finance	15,209	14,702	6,252	39,939	12,895	22,051
(g) Unallocated	158	376	511	929	799	774
Total	**49,188**	**57,186**	**30,552**	**149,017**	**85,060**	**121,485**
Less: Inter Segment Revenue	3,635	3,594	956	9,529	7,388	12,115
Income From Operations, Other Operating income & Other Income	**45,553**	**53,592**	**29,596**	**139,488**	**77,672**	**109,370**
2. Segment Results Profit / (Loss) before tax and interest from Each segment						
(a) Broking & Other related activities	5,313	5,230	4,988	14,106	8,976	10,074
(b) Fund Based activities	2,594	1,128	1,064	6,801	5,480	8,559
(c) Fund Based activities (Exceptional items)	-	(788)	-	(2,788)	-	
(d) Asset Management & Advisory	2,431	1,583	1,426	5,460	3,313	4,457
(e) Asset Management & Advisory (Exceptional items)	0	5,074	(0)	8,189	-	-
(f) Investment Banking	1,295	807	(183)	2,411	49	253
(g) Home Finance	2,691	3,038	1,597	8,091	3,418	4,706
(h) Unallocated	(619)	38	(935)	(864)	(2,713)	(1,094)
Total	**13,705**	**16,110**	**7,957**	**41,406**	**18,523**	**26,955**
Less: Interest	1,426	1,247	805	3,635	1,525	3,196
Profit/(Loss) from Ordinary Activities before Tax	**12,279**	**14,863**	**7,151**	**37,771**	**16,998**	**23,759**
3. Segment Assets						
(a) Broking & Other related activities	173,866	193,505	149,272	173,866	149,272	131,833
(b) Fund Based activities	135,107	143,377	159,950	135,107	159,950	141,917
(c) Asset Management & Advisory	15,060	15,828	8,392	15,060	8,392	11,295
(d) Investment Banking	2,539	2,515	1,083	2,539	1,083	573
(e) Home Finance	439,109	423,246	180,529	439,109	180,529	229,370
(f) Unallocated	70,492	69,376	45,162	70,492	45,162	51,160
Less : (Eliminations)	(78,376)	(83,170)	(65,173)	(78,376)	(65,173)	(57,089)
Total	**757,797**	**764,677**	**479,215**	**757,797**	**479,215**	**509,059**
4. Segment Liabilities						
(a) Broking & Other related activities	95,625	97,016	68,646	95,625	68,646	86,528
(b) Fund Based activities	38,853	47,266	55,102	38,853	55,102	50,716
(c) Asset Management & Advisory	8,905	10,748	5,150	8,905	5,150	6,556
(d) Investment Banking	681	806	250	681	250	296
(e) Home Finance	380,715	366,282	153,041	380,715	153,041	194,623
(f) Unallocated	73,168	97,260	76,697	73,168	76,697	38,107
Less : (Eliminations)	(12,668)	(18,131)	(24,467)	(12,668)	(24,467)	(11,419)
Total	**585,279**	**601,247**	**334,419**	**585,279**	**334,419**	**365,407**

Notes:

The above Segment information is presented on the basis of the reviewed consolidated financial statements. The company's operations predominantly relate to Broking and other related activities, Fund Based activities, Asset Management & Advisory , Investment banking and Housing Finance. In accordance with Accounting Standard - 17 on Segment reporting, Broking and other related activities, Fund Based activities, Asset Management & Advisory, Investment banking and Housing Finance are classified as reportable segments. The balance is shown as unallocated items.

9) The Board of Directors at its meeting held on 30th January 2017, has declared an interim divident of Rs. 2.5/- per equity share (on face value of Re 1/- per equity share) for financial year 2016-17.

10) The previous financial Quarters / Nine months / Year figures have been regrouped/rearranged wherever necessary to make them comparable.

On behalf of the Board of Directors
Motilal Oswal Financial Services Limited

Mumbai, 30th January, 2017
shareholders@motilaloswal.com

Motilal Oswal
Chairman & Managing Director