



Motilal Oswal Financial Services Ltd

Earnings Presentation | Q3FY20 and 9MFY20

BUSINESSES BUILDING SCALE

FOCUS ON PROFITABLE GROWTH

STRONG LIQUIDITY ON BALANCE SHEET

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Key Highlights

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Financials

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Businesses

Motilal Oswal Financial Services

ASSET MANAGEMENT

- AMC AUM crossed the mark of Rs 400 bn, +7% YoY in 9MFY20
- AMC PAT grew by 22% YoY in Q3FY20
- Significant improvement in product performance leads to positive net flows for MF in Q3FY20
- Equity MF AUM market share remain stable at 1.9% in 9MFY20
- PE & RE AUM: Rs 66 bn, +8% YoY in 9MFY20.
- Wealth AUM: Rs 189 bn, +15% YoY in 9MFY20

CAPITAL MARKETS

- Profit growth of 38% YoY in Q3FY20
- Sharp improvement in market share at 2.6%, +30 bps QoQ
- Share in high yielding cash segment continues to rise
- Distribution AUM stood at Rs 104 bn, +16% YoY
- Accelerated pace of new client addition
- Strong liquidity on parent Balance sheet with unutilised banking lines of Rs 11 bn

HOUSING FINANCE

- Superior quality of new book underwritten
- ARC deal aids lenders confidence. CoF down 20bps QoQ and expected to trend lower
- Centralised credit appraisal for salaried employees
- Captively built LOS (Loan origination system) launched in Q3FY20
- Rating upgrade from CRISIL to AA- (Stable) in 9MFY20
- Expect QoQ pick-up in disbursements

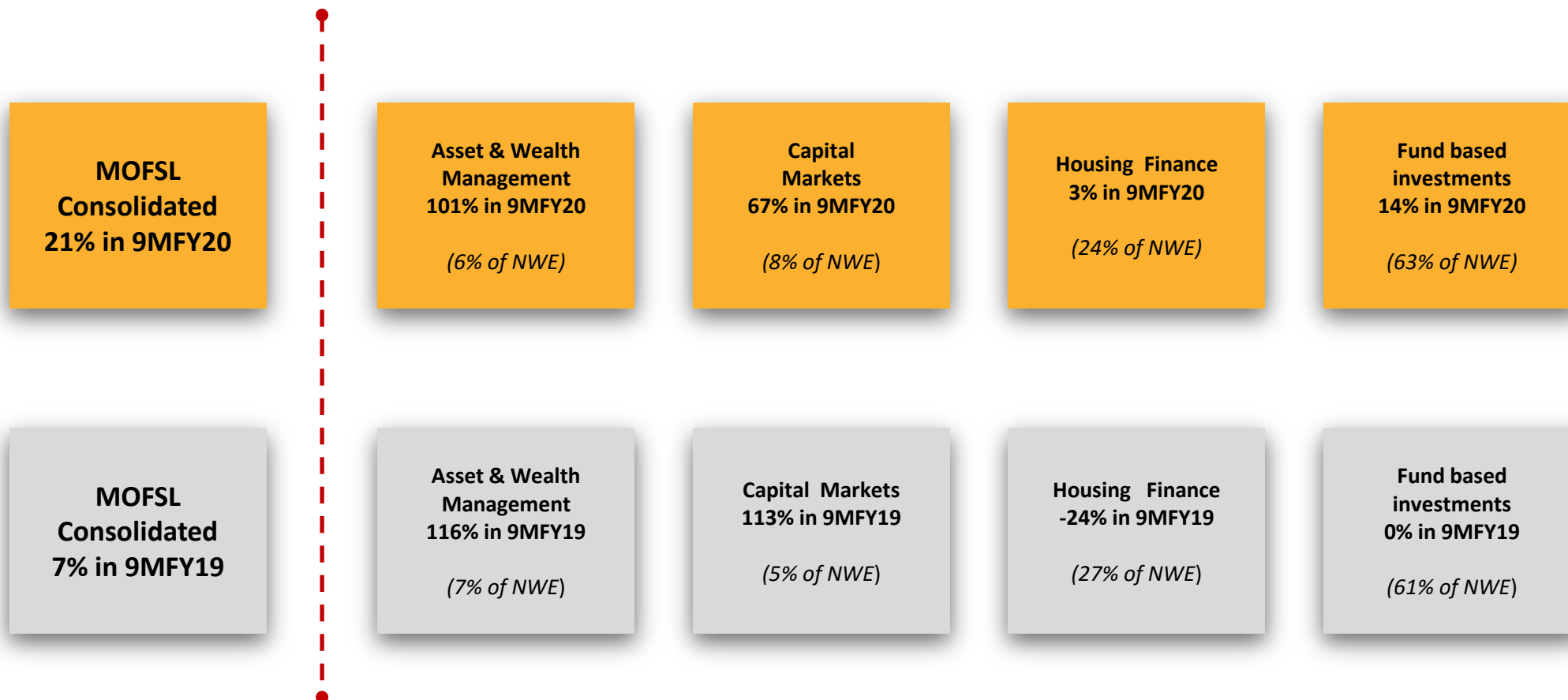
FUND BASED INVESTMENTS

- Total quoted equity investment including MTM gains at Rs 17 bn
- Cumulative XIRR of ~18% on quoted equity MF investments and ~27% on exited PE investments
- Interim dividend of Rs 4 per share

Note: All AUM figures are for Q3FY20, unless otherwise mentioned

Group RoE (Annualised)

Segment-wise RoE, with % of net worth employed (NWE)



Awards & Accolades



**Asia Money Brokers
Poll 2019
No. 2 Local Brokerage
No. 1 Overall Sales,
No. 1 Sales Trading Team,
No. 1 Corporate
Access Team**



**MOFSL gets inducted in
the HALL OF FAME at the
10th Financial Advisor
Awards**



**Business Leadership
Awards – Excellence in
Franchising &
Business Development
Franchise Awards
2019**



**Implementing Mutual
Fund Transactions
Through WhatsApp
IDC Insight Awards
2019**



**Motilal Oswal Financial
Services wins award for
Best Data Analytics of the
Year Award at the India
NBFC Excellence Awards
2019 organized
by Synnex**



**Marketing Campaign
of the Year (Bronze)
International Business
Awards 2019,
Austria**

Consolidated financials – Revenue mix

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Asset Management	1,439	1,368	5%	1,364	5%	4,246	4,390	-3%
Private Equity (1)	261	326	-20%	255	2%	756	784	-4%
Wealth Management	252	249	1%	279	-10%	752	829	-9%
Broking	3,062	2,701	13%	3,019	1%	8,859	8,525	4%
Investment Banking	27	50	-47%	83	-	112	235	-52%
Housing Finance	1,377	1,545	-11%	1,463	-6%	4,367	4,872	-10%
Fund Based (2)	545	565	-4%	270	102%	1,154	56	-
Total Revenues	6,961	6,805	2%	6,732	3%	20,245	19,692	3%
Total Revenues after Intercompany adjustments	6,445	6,313	2%	6,182	4%	18,747	18,206	3%
Operating Costs	3,211	4,764	-33%	3,575	-10%	9,783	12,185	-20%
EBITDA	3,234	1,548	109%	2,607	24%	8,963	6,022	49%
PBT	1,955	236	728%	1,262	55%	5,004	1,983	152%
PAT (3)	1,654	396	318%	1,423	16%	4,371	1,476	196%
Other Comprehensive Income (net of tax)	490	144	240%	-76	-	721	23	-
Total Comprehensive Income	2,144	540	297%	1,347	59%	5,093	1,499	240%

1 Revenues in 9MFY20 grew 8.6% YoY excluding the impact of carry income of Rs 88 mn in 9MFY19 (Rs 62 mn in Q3FY19).

2 Fund based investments include gains/loss on sponsor commitments and investments in Equity MFs, PE funds, Real estate funds, AIFs.

3 Q2FY20 PAT included tax benefits for Q1FY20 as well as Q2FY20. Adjusting for the same, the PAT growth would have been 40% QoQ

Consolidated financials – PAT Mix



PAT (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Asset Management	410	337	22%	468	-12%	1,240	1,132	10%
Private Equity	68	102	-33%	56	21%	175	224	-22%
Wealth Management	34	25	36%	7	-	47	111	-58%
Asset & Wealth	513	464	11%	531	-4%	1,462	1,467	-
Broking	489	359	36%	544	-10%	1,435	1,398	3%
Investment Banking	-23	-22	-	12	-	-50	27	-
Capital Markets	466	336	39%	556	-16%	1,384	1,424	-3%
Home Finance	161	-947	-	-118	-	214	-1,405	-
Fund Based	547	538	2%	520	5%	1,392	54	-
Total Intercompany	-34	5	-	-66	-	-81	-65	-
PAT (1)	1,654	396	-	1,423	16%	4,371	1,476	196%
Other Comprehensive Income (net of tax)	490	144	240%	-76	-	721	23	-
Total Comprehensive Income	2,144	540	297%	1,347	59%	5,093	1,499	240%

1 All PAT numbers are post minority.

Consolidated balance sheet

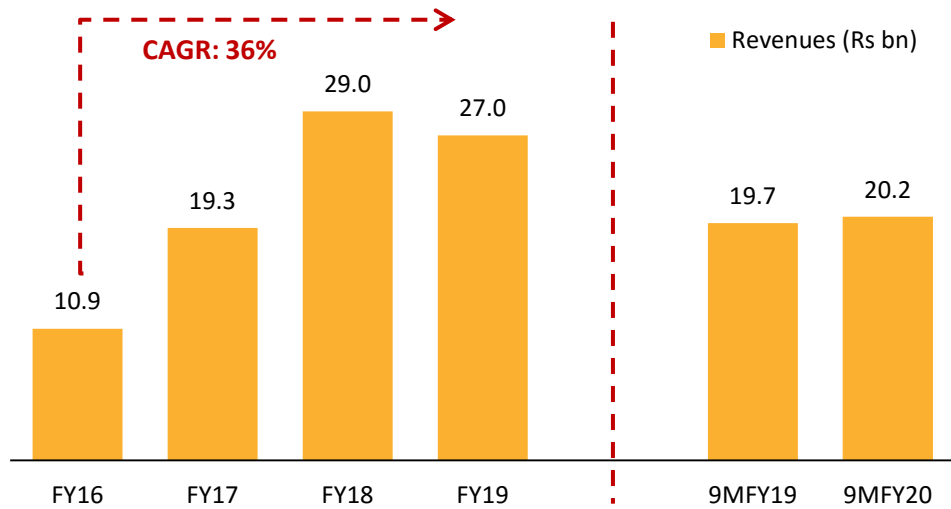
Particulars (Rs bn)	9MFY20	FY19
Sources of Funds		
Net Worth	35.4	30.5
Borrowings (1)	46.0	51.6
Minority Interest	0.4	0.4
Total Liabilities	81.8	82.5
Application of Funds		
Fixed assets (net block)	3.2	3.0
Investments	28.9	26.9
Loans and Advances (2)	43.3	48.8
Net current assets	5.8	3.6
Deferred tax assets (net of liabilities)	0.6	0.2
Total Assets	81.8	82.5

- 1 Borrowings are inclusive of MOHFL. Ex- MOHFL borrowings are Rs 15.3 bn in Dec-19.
- 2 Loan & Advances include loan book of Motilal Oswal Home Finance and Margin Trading Facility book.

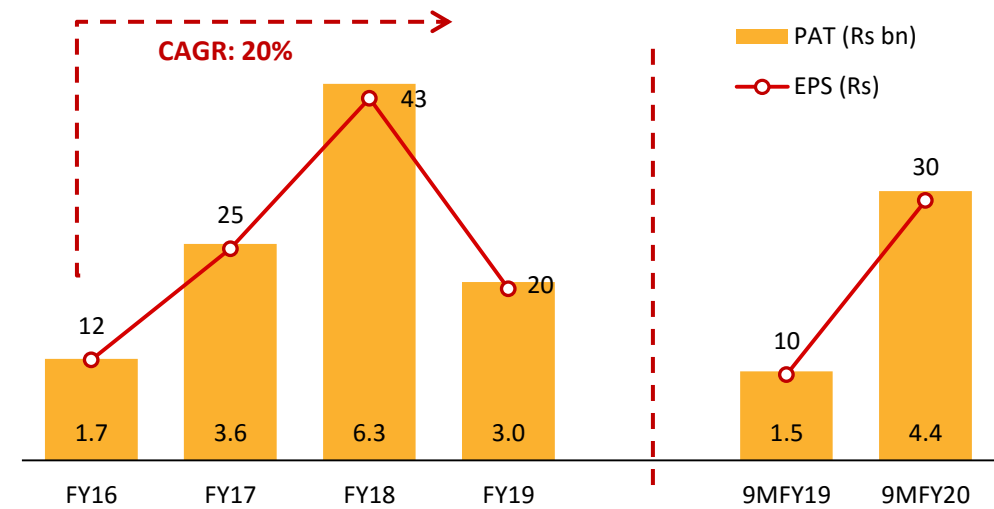
Strong liquidity, with ~Rs 17 bn of near to liquid investments . Overall gearing remains conservative at 1.3x; ex-MOHFL it is at 0.4x. Considering market value of investment and cash equivalents, effective balance sheet (ex-MOHFL) is Net cash.

Financial performance

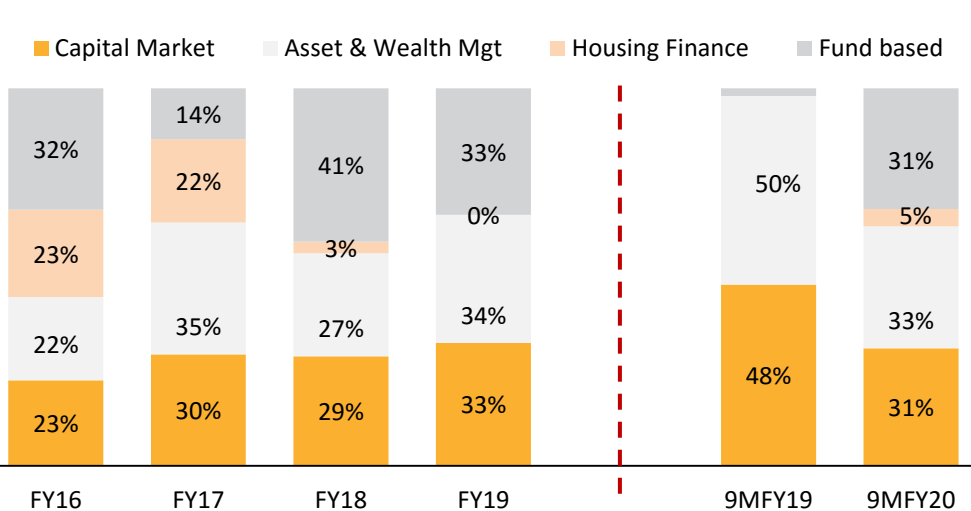
Revenue trend



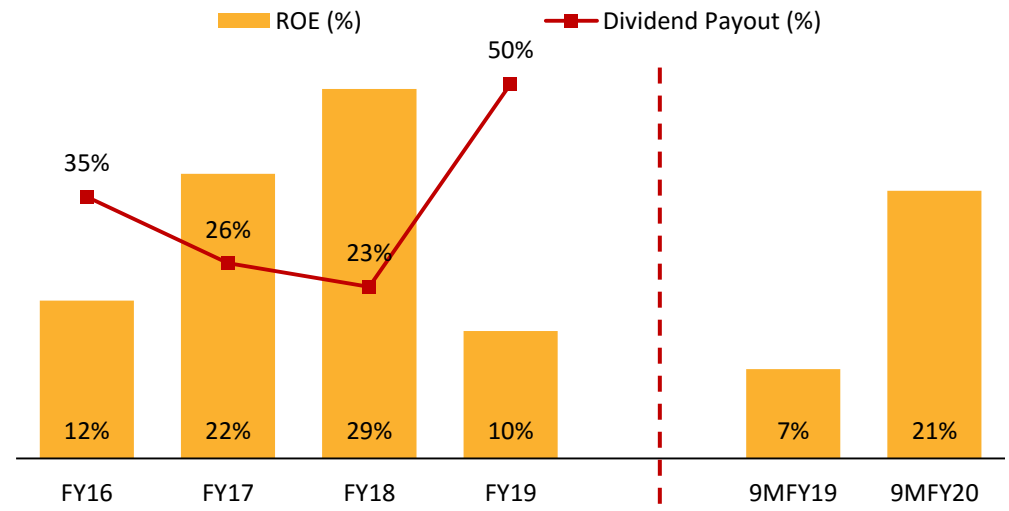
Profitability trend



Profitability mix



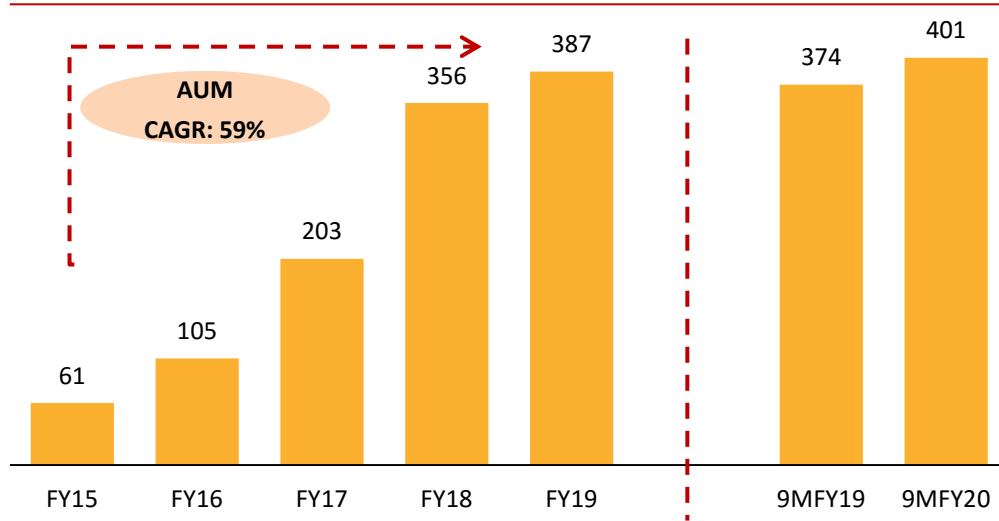
RoE trend



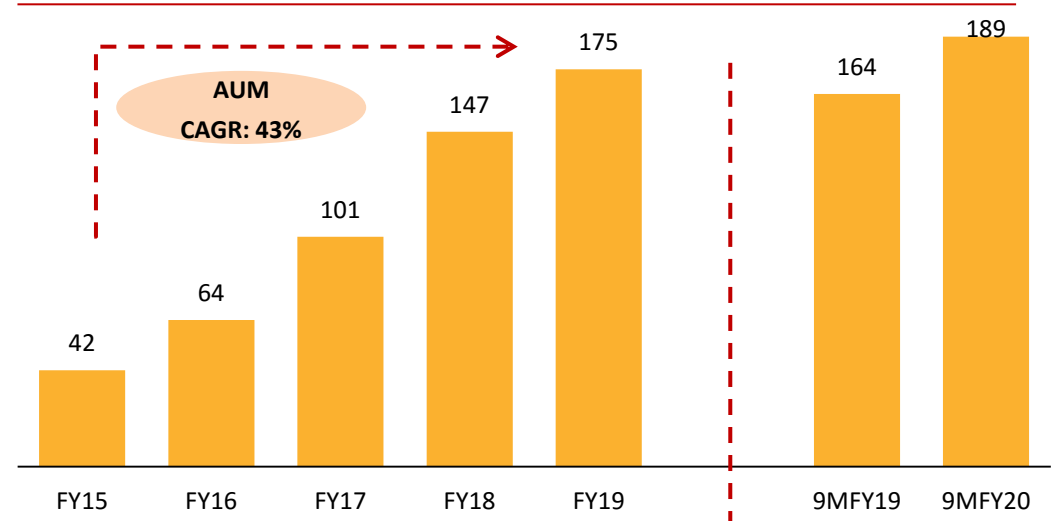
Note: Revenue, PAT and RoE are as per IGAAP for FY16 & FY17

Businesses building scale

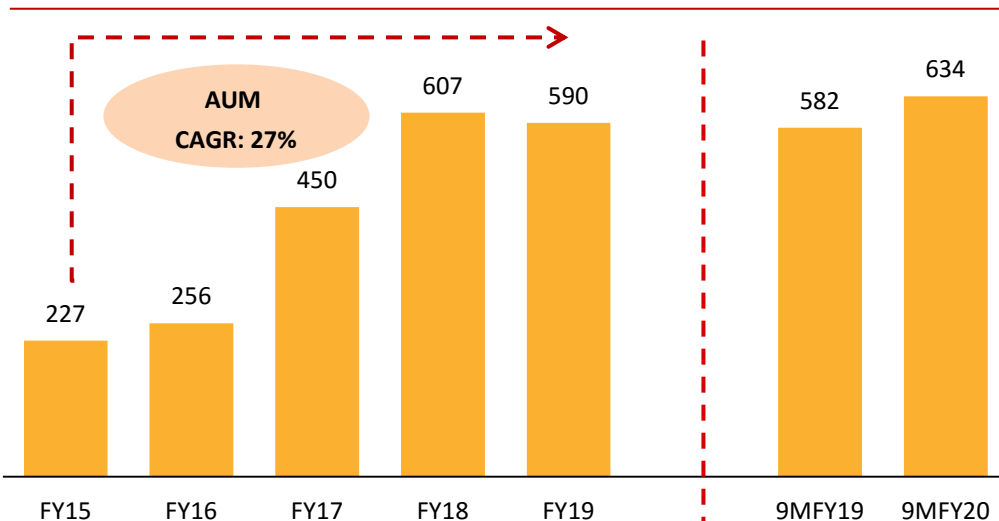
AMC AUM growth trend (Rs bn)



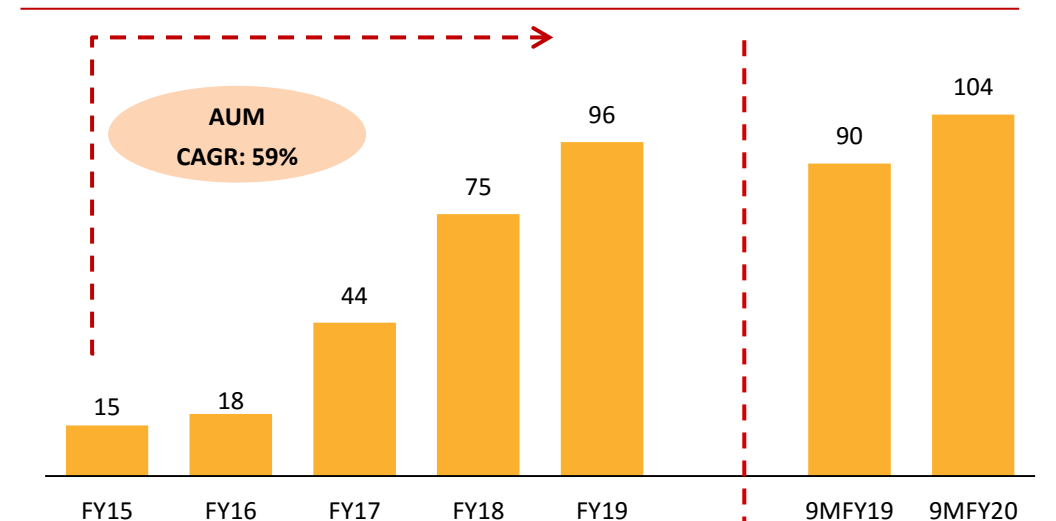
Wealth AUM growth trend (Rs bn)



DP AUM growth trend (Rs bn)



Distribution AUM growth trend (Rs bn)



GROWTH DRIVERS

ASSET MANAGEMENT

- Positive net flows for consecutive quarters; industry seen moderating flows.
- High share of high yielding alternates in AUM mix.
- Reduction in redemption market share.
- Expanding product offerings across active & passive category

WEALTH MANAGEMENT

- AUM grew 15% YoY to Rs 189 bn with net sales of Rs 7.4 bn in 9MFY20
- 70% of revenues are trail based revenues and covers 80% of fixed cost, to provide cushions to margin.
- Rise in RM productivity will aid margins in future.
- Well positioned to gain traction under new leadership

BROKING & DISTRIBUTION

- ADTO grew 27% YoY with rise in cash market share
- Operating leverage continues to play
- Client acquisitions in 9MFY20 at 1.24 lakh (+10% from Mar-19)
- Institutional team won big at ASIA MONEY BROKERS POLL 2019.

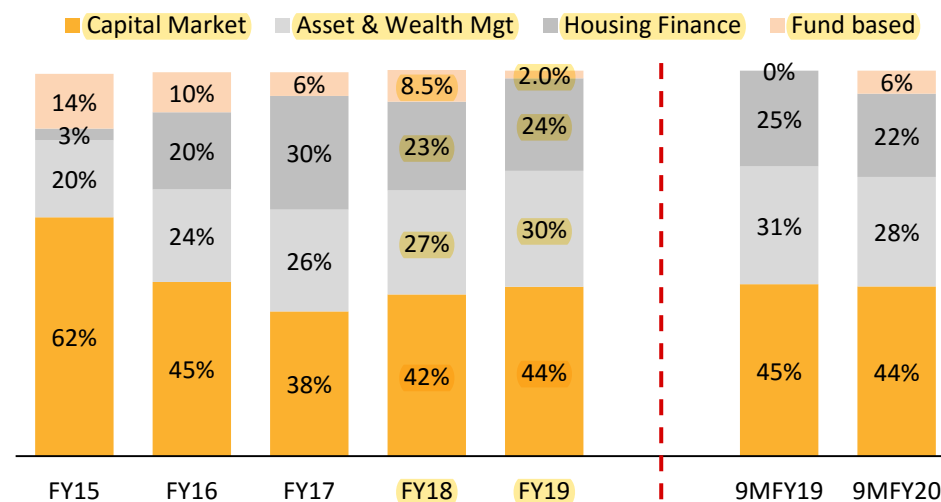
HOUSING FINANCE

- Normalcy in profitability restored in Q3FY20.
- Margins improvement to 5.2% led by higher yield & lower cost of funds
- Strong traction in collection efficiency and legal recourse
- Revamp of sales strategy under new leadership

Key Highlights

- Q3FY20 performance remains steady amid substantial slowdown in industry inflows of AMC and PWM, a lacklustre IPO/QIP scenario and multiple changes in regulatory framework for brokers.
- Home Finance business has returned to normalcy in collections and sales ramp up is the next agenda for this business.
- Expect FY20 FCF to be better as Home Finance business is well capitalised with net gearing of 3.4x.
- Sizeable expansion in AMC and Broking distribution network will drive next leg of growth.

Diversified Revenue mix trend



AMC AUM
Rs 401 bn in 9MFY20,
+7% YoY

Rank 12 in Equity
AUM, as on Dec-19

One of the leading
player in PMS with
14% AUM share

Significant traction in
performance across
products

Stable market share of
1.9% in MF Equity
AUM

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
AUM (bn)	401	374	7%	385	4%	401	374	7%
Revenues	1,439	1,368	5%	1,364	5%	4,246	4,390	-3%
-Mutual Fund (Net)	337	341	-1%	333	1%	1,011	1,121	-10%
-Alternates (Net)	501	431	16%	461	9%	1,442	1,411	2%
Distribution Costs	596	582	2%	566	5%	1,774	1,833	-3%
Other Costs	274	246	12%	289	-5%	830	778	7%
EBITDA	568	540	5%	509	12%	1,642	1,779	-8%
EBITDA Margin	39%	39%	-	37%	-	39%	41%	-
PBT	563	539	5%	502	12%	1,626	1,774	-8%
PAT	410	337	22%	468	-12%	1,240	1,132	10%

Note: Revenues are grossed up, except for MF. Distribution costs are related to alternate assets only

- In Q3FY20, AMC's revenue and profit grew despite adverse impact of regulatory changes on fees. PAT grew by 22% YoY to Rs 409 mn aided by lower tax rates.
- AMC AUM stood at Rs 401 bn (+7% YoY), with MF AUM at Rs 210 bn (+9% YoY), PMS AUM at Rs 163bn (+6% YoY) and AIF AUM at Rs 26 bn.
- Gross and net sales of MF gained traction in an environment where industry witnessed weak flows. Improvement in performance of several products supported gross as well as net flows. Several schemes rank top quartile in performance over 1 year and since inception.
- Reduction in redemption market share from 2.5% in Q1FY20 to 1.7% in Q3FY20 is a testimony to rising client confidence in our offerings.
- Strong improvement in performance, traction in gross sales coupled with lower redemption and launches of new funds augur well for future growth in AUM.

- SIP inflows in 9MFY20 continued to run steady at Rs 12.4 bn. Average SIP ticket size at Rs 4,000 per month is higher than the industry average of Rs 2,850. Our SIP market share and proportion to total inflows are on a rising trajectory.
- Market share in MF Equity AUM continued to remain stable at 1.9% in 9MFY20. Overall industry witnessed a fall in equity flows owing to volatile equity market conditions.
- We are among top AIF managers in India within a span of three years, with an AUM of Rs 26 bn in 9MFY20.
- Efforts in offshore marketing have yielded modest results as of now. We remain committed to raise AUMs from the offshore segment going forward.

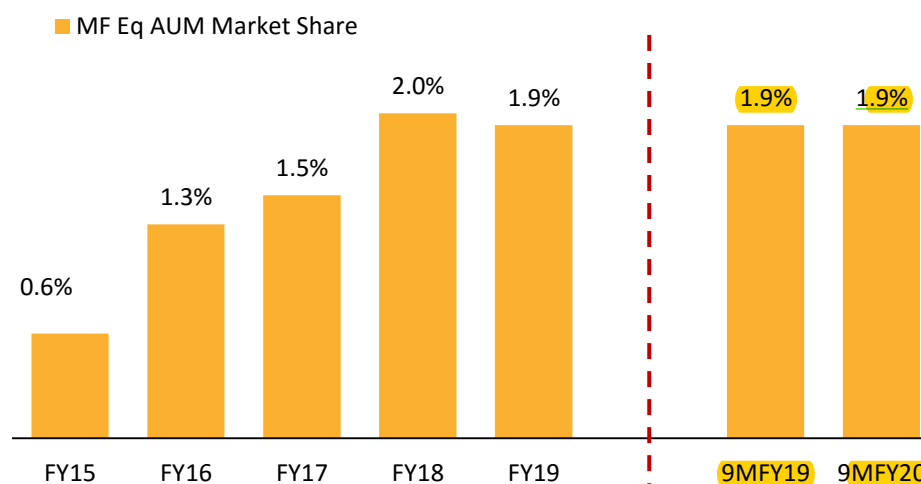
Top notch performance across product and categories

Product	Strategy	Inception Date	Since Inception Return	Since Inception Alpha	1 year Alpha
PMS-Value	Large-Cap	25-Mar-03	22.5%	5.0%	8.0%
PMS-IOP	Mid-Cap	15-Feb-10	11.0%	3.8%	3.0%
PMS-NTDOP	Multi-Cap	11-Dec-07	16.0%	9.1%	-3.8%
MF – F-30	Mid-Cap	24-Feb-14	19.8%	4.0%	14.3%
MF – F-25	Large-Cap	13-May-13	15.8%	3.1%	5.0%
MF – F-35	Multi-Cap	28-Apr-14	20.3%	7.5%	0.0%

* Read above MF (direct) performances with their corresponding Disclaimers in the funds' Fact Sheets, which are available in www.motilaloswalmf.com.

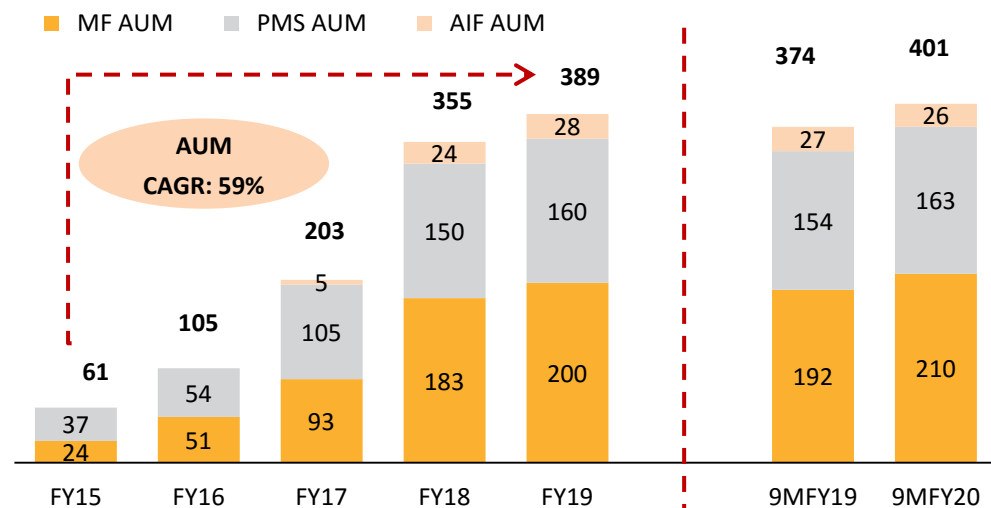
¹ Inception Date: 25/03/2003. These returns are of a Model Client as on 31st December, 2019. Returns of individual clients may differ depending on time of entry in the strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns shown are post fees and expenses. Benchmark is Nifty 50 Index

Stable Equity MF Market share (%)

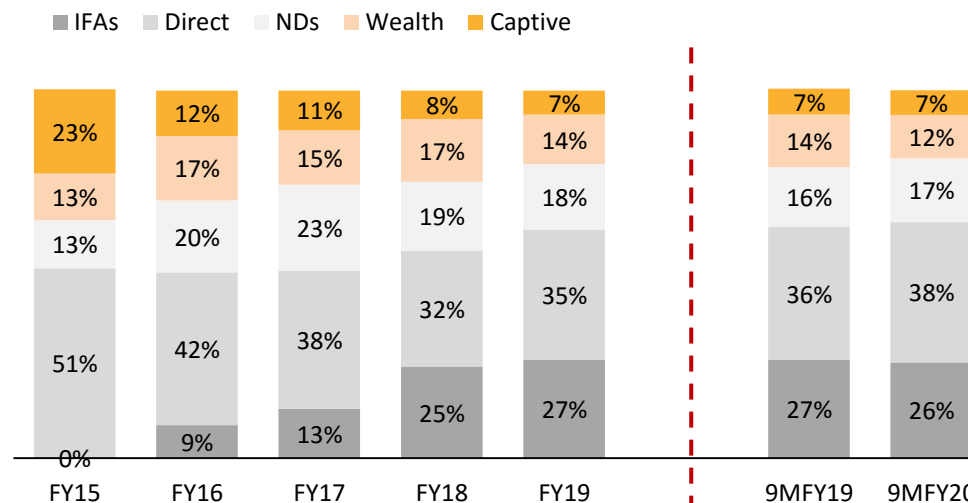


Asset Management – Potential levers to scale business

MOAMC AUM breakup and growth trend (Rs bn)

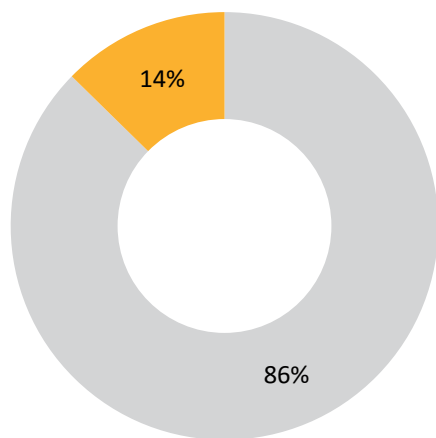


AUM sourcing mix



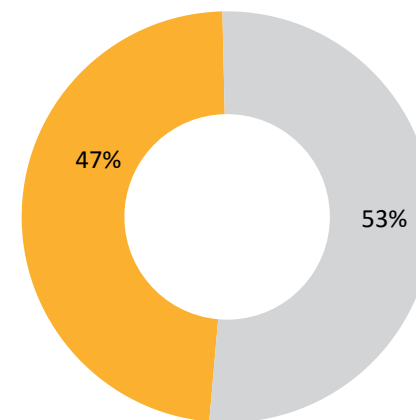
MOPMS market share in Industry's Equity AUM

■ PMS Industry AUM (Rs 1,127 bn) ■ MO PMS (Rs 163 bn AUM)



Alternatives share in MOAMC AUM

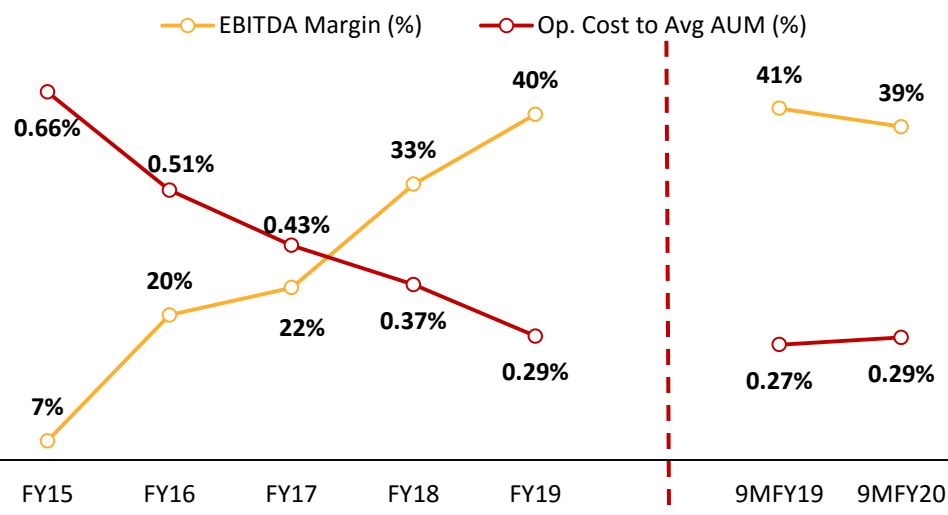
■ Alternatives share in MOAMC AUM ■ Mutual Fund share in MOAMC AUM



*Alternatives includes PMS and AIF

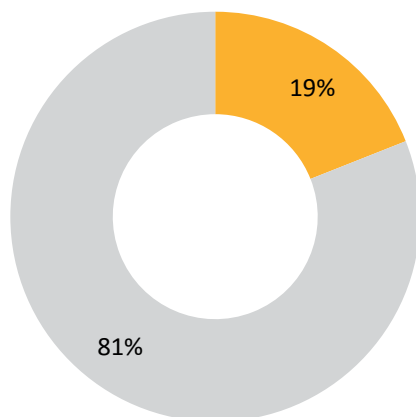
Asset Management – Potential levers to scale profitability

AMC EBITDA and Opex to AUM trend

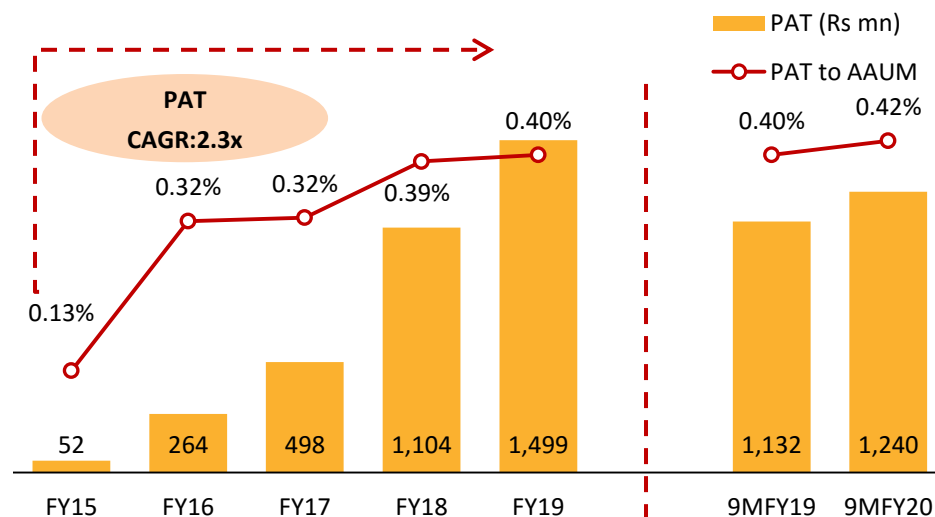


Share of performance linked AUM in alternatives

■ Alternatives AUM - Performance linked ■ Alternatives AUM - Fixed fee

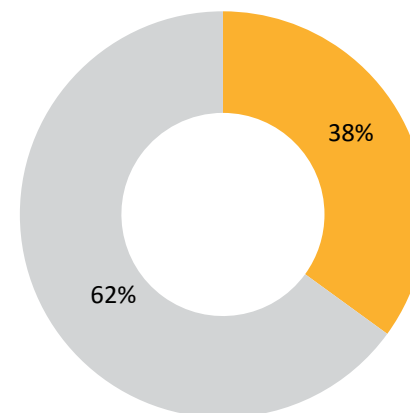


MOAMC profitability trend



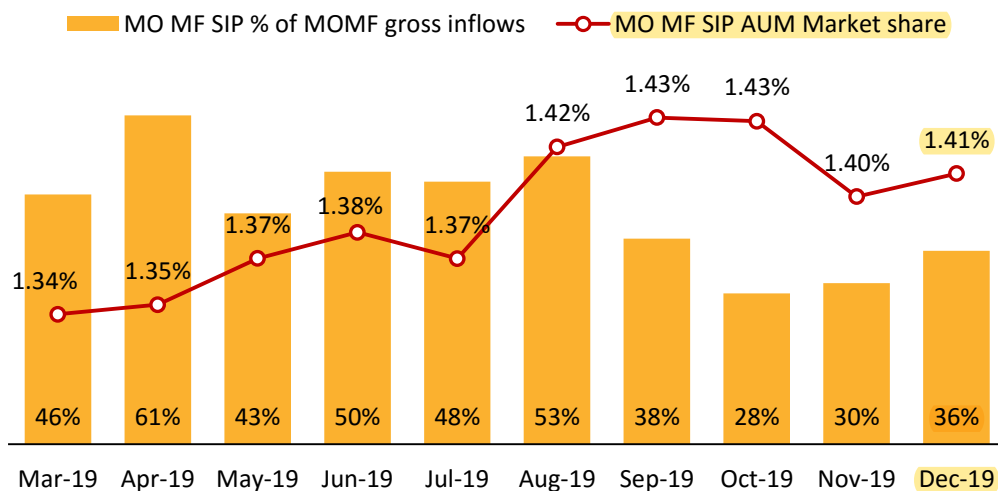
MOMF AUM Mix

■ Share of Direct in MF Eq AUM ■ Share of Regular in MF Eq AUM

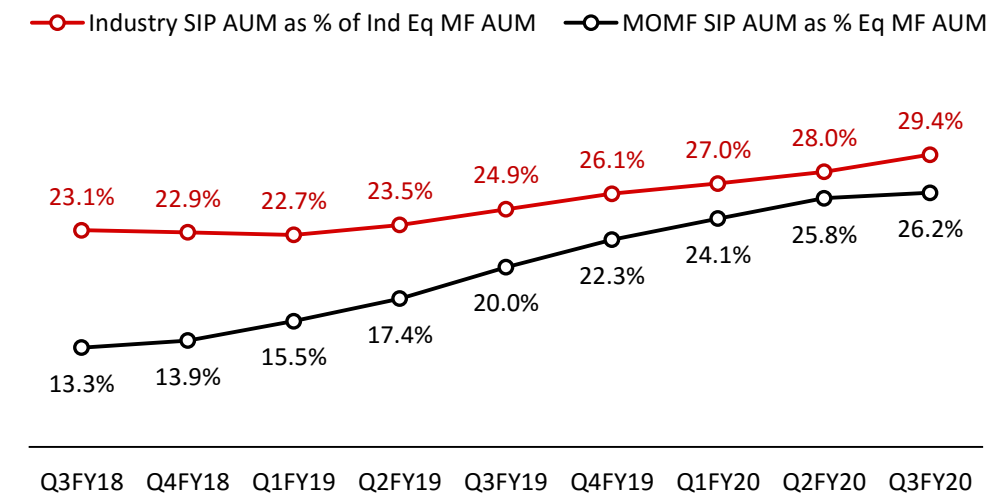


Asset Management – Granularity of MF AUM

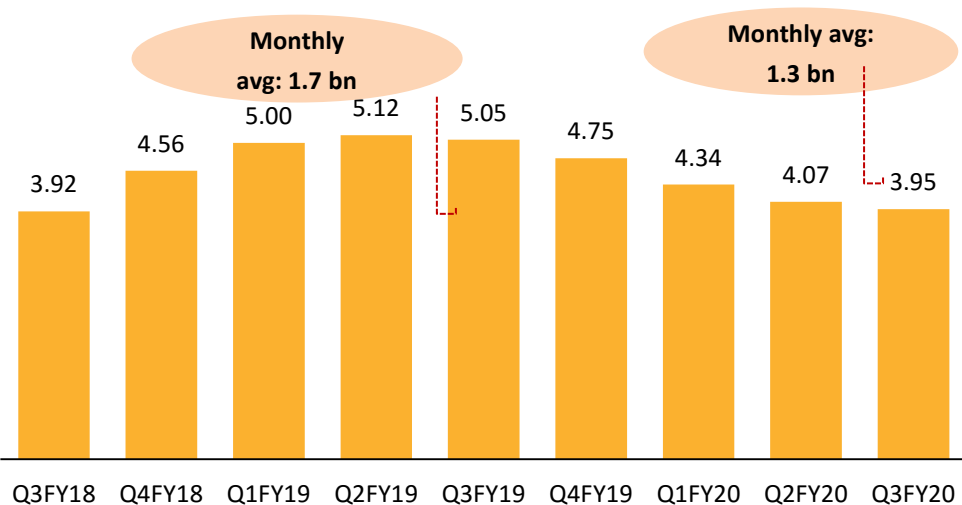
MOMF SIP AUM of inflows and SIP market share



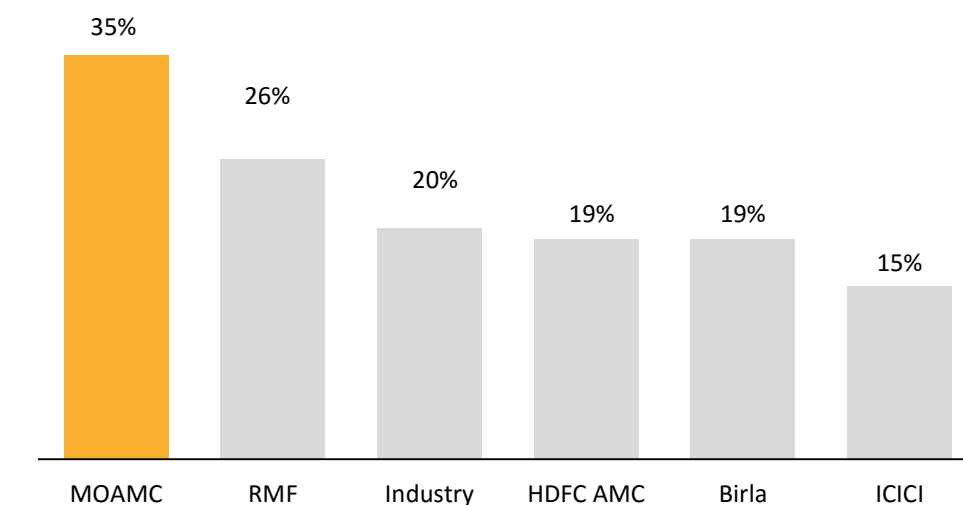
MOMF rising SIP proportion



MOMF SIP flows (Rs bn)



Share of Retail AUM in total MF AUM



Source : AMFI

PE and RE AUM stood at Rs 66 bn, +8% YoY in 9MFY20

Strong performance of IREF II & III funds with +21% IRR

IREF IV raised Rs 11.1 bn in its 3rd close in an environment of uncertain market conditions

IBEF I complete exit would result in lumpy gains

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Revenues	261	326	-20%	255	2%	756	784	-4%
Operating Cost	160	185	-14%	159	1%	460	453	2%
EBITDA	101	141	-28%	96	5%	296	331	-11%
PBT	99	140	-29%	90	10%	283	322	-12%
PAT	68	102	-33%	56	21%	175	224	-22%

Note: Revenues in 9MFY20 grew 8.6% YoY excluding the impact of carry income of Rs 88 mn in 9MFY19 (Rs 62 mn in Q3FY19).

Growth PE Funds

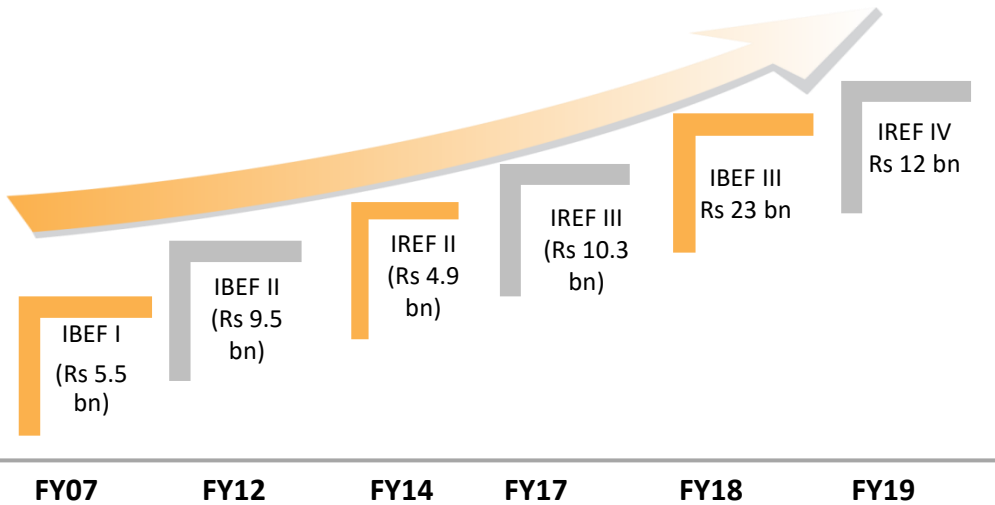
- India focused mid-market private equity fund with global & domestic institutions, family office and HNI investors.
- Partner with market leaders managed by first-generation entrepreneurs with sectoral focus on consumer, financial services, life sciences and niche manufacturing.
- MOPE Funds stand out with stellar performance. IBEF has delivered a portfolio IRR of 27%.
- IBEF II has committed 100% across 11 investments so far after raising commitments from marquee institutions. Exits from IBEF II over FY21/22.
- IBEF III stands fully raised at ~Rs 23 bn and committed ~Rs 12.1 bn across 5 investments till date and has a robust deal pipeline for investments going forward.

Real Estate Funds

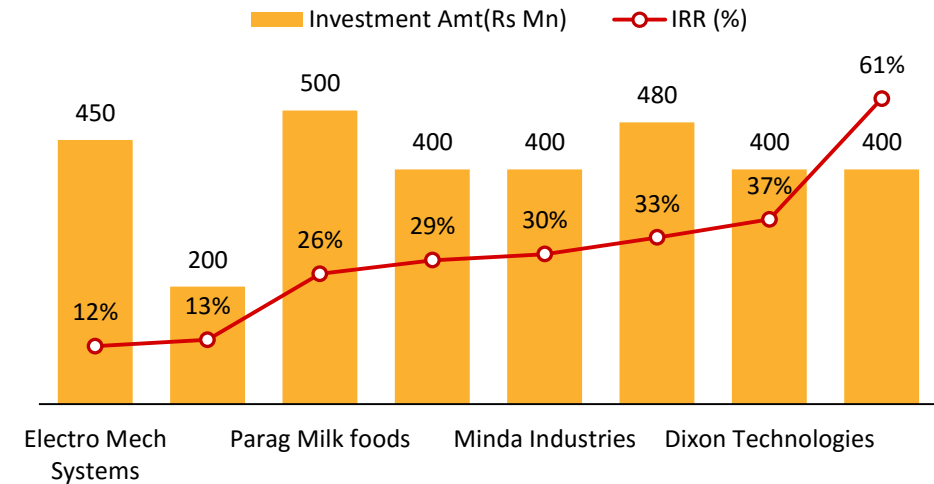
- Real Estate focused fund driving superior risk adjusted returns through debt related / structured equity instruments. Focuses on Mid-income housing projects.
- Partner with dominant builders across 7 cities ring fenced with active asset management.
- IREF II is fully deployed across 14 investments. The Fund has secured 9 complete exits and has returned money equalling 123% of the fund. Average IRR on exited investments is 21%
- IREF III is ~95% deployed across 23 investments. The Fund has secured 6 full exits and has returned income equalling ~24% of the Investible Funds. Average IRR on exited investments is 22%.
- IREF IV launched with a target size of Rs. 12 bn. has achieved 3rd close at ~Rs. 10.4 bn. and has till date raised commitments totalling to ~Rs.11.1 bn. The Fund has so far made 9 investments.

PE & RE– Exits from 7 funds provides strong visibility over next decade

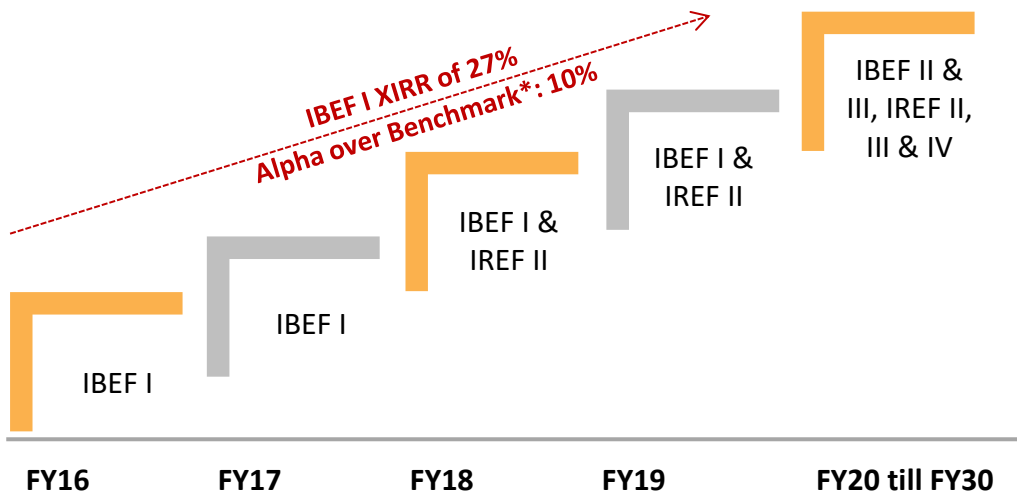
Launch period of PE Funds



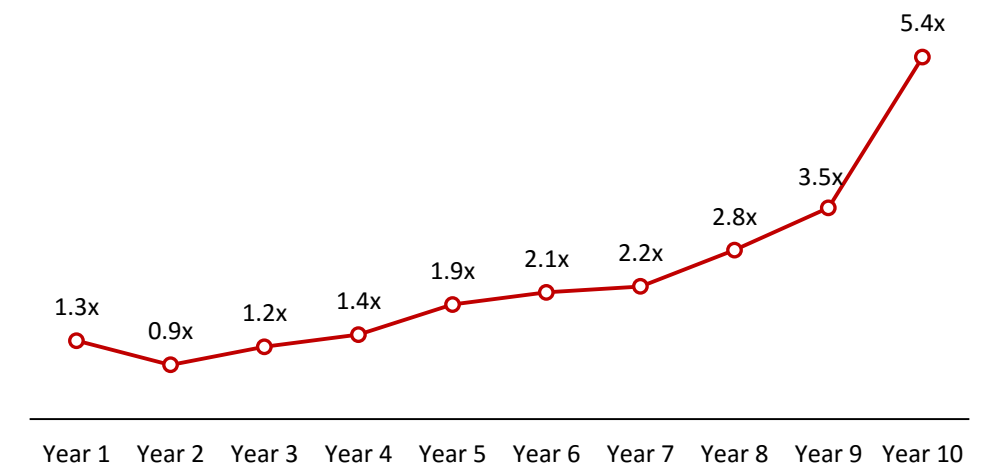
QGLP investments delivering higher IRR



Exit period of PE funds



IBEF I exits delivering 5.4x return



Note : * Benchmark : Emerging Markets PE and VC (upper quartile)

**Wealth AUM
grew +15% YoY at Rs
189 bn**

**Trail at 70% of revenue
and 80% of fixed cost**

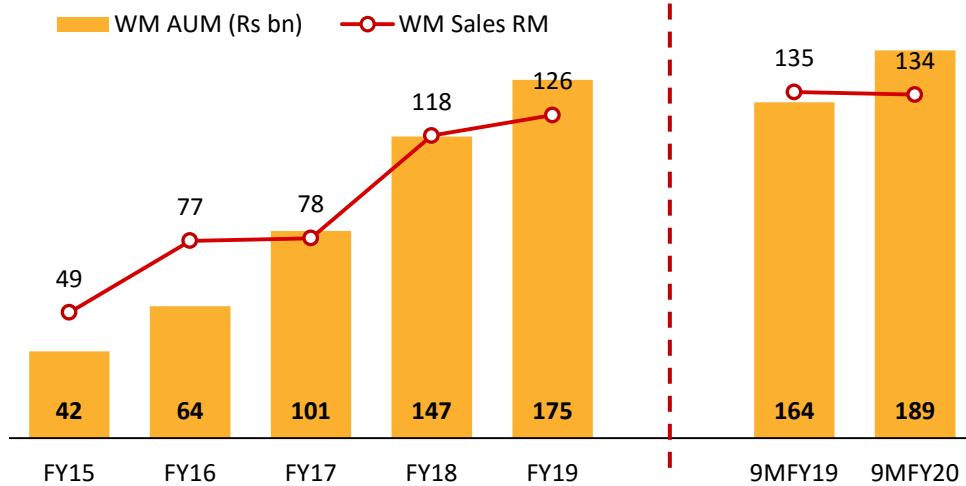
**Client acquisition
growth rate at +13% YoY**

**Virendra Somwanshi
has joined as MD & CEO
with 17+ years of rich
experience in Wealth
Management**

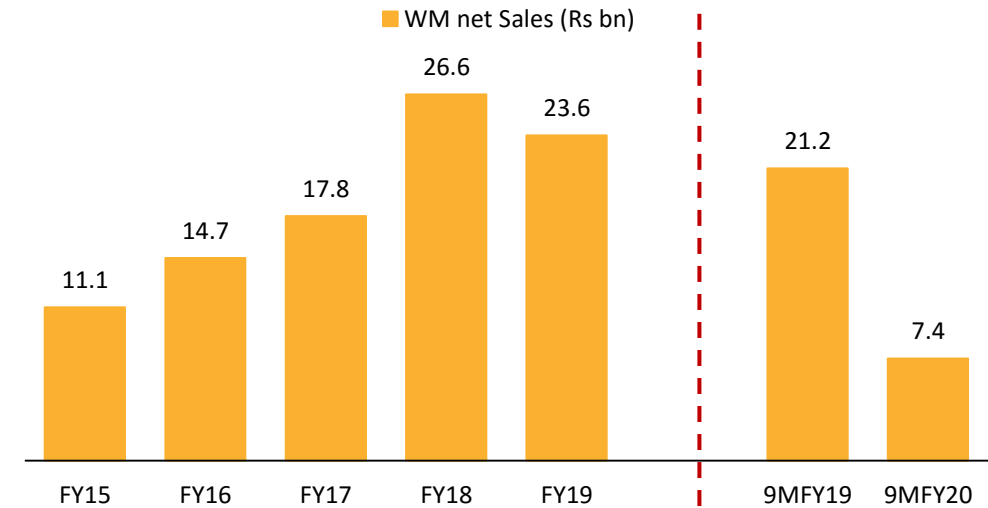
Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
AUM (bn)	189	164	15%	181	4%	189	164	15%
Revenues	252	249	1%	279	-10%	752	829	-9%
Operating Cost	206	210	-2%	261	-21%	678	666	2%
EBITDA	46	39	18%	17	166%	74	163	-54%
PBT	43	36	18%	13	220%	64	157	-59%
PAT	34	25	36%	7	385%	47	111	-58%

- Revenues for Wealth business stood stable in Q3FY20 largely overcoming weak industry sentiments with regards to fee cuts and net flows.
- Profitability has improved on account of better cost efficiency and one-time reversal in ESOP costs.
- Currently, 50% of RMs are less than 2 years of vintage. RM productivity will pick up in line with their rising vintage. As existing RM vintage increases, profitability of the business can improve commensurately.
- Trail based revenue model since inception has helped us to cover our fixed costs despite higher investment into RMs in recent past. Trail based revenues are ~70% of total revenues and covers ~80% of total fixed cost.
- Yield was at ~60 bps, with equity mix of ~66% in total AUM in 9MFY20.
- Open architecture model is enabling the incremental sales to be driven by non captive products, resulting in more diversified products offering.
- Focus on portfolio strategy implementation using Investment charters, technology solutions and higher yield.

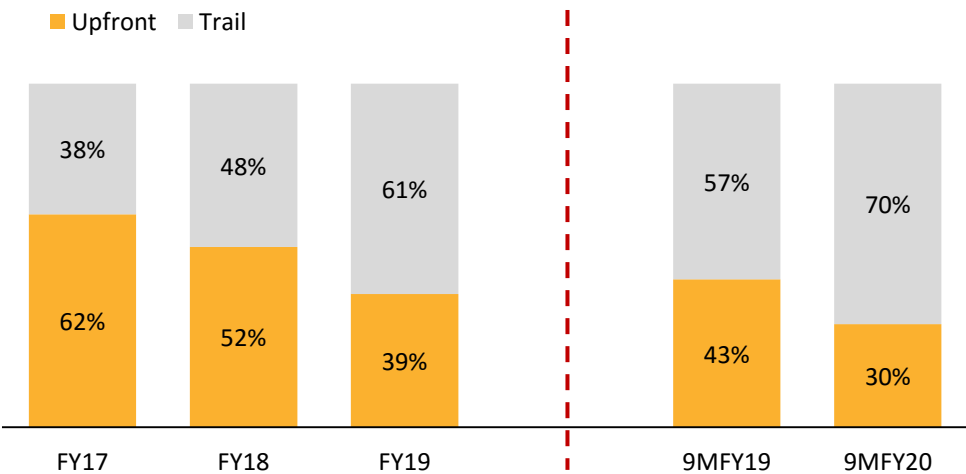
Wealth AUM growth trend



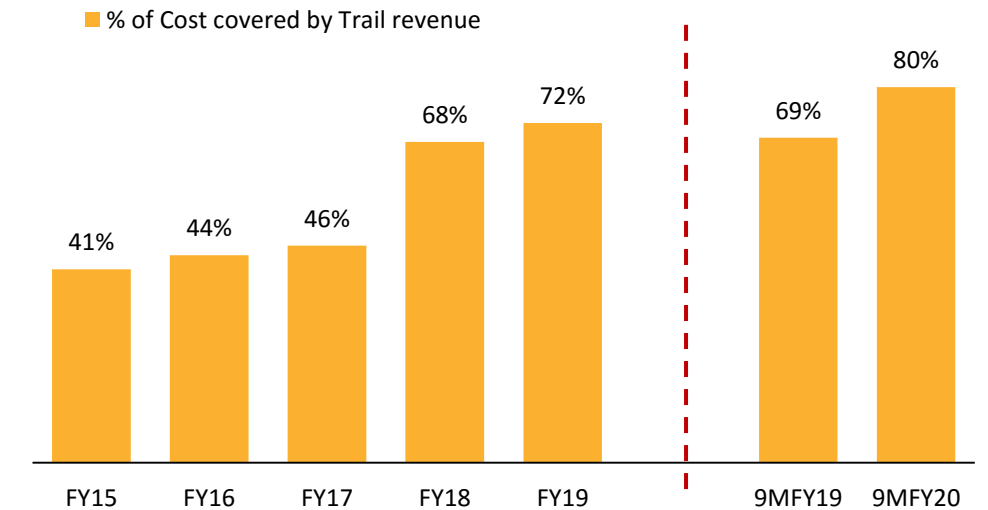
Wealth net sales trajectory



Upfront and trail contribution in revenues (%)



Trail income will protect margin in downturn



Sharp improvement in market share at 2.6%, + 30 bps QoQ

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Revenues	3,062	2,701	13%	3,019	1%	8,859	8,525	4%
Operating Costs	2,048	1,876	9%	1,945	5%	5,804	5,568	4%
EBITDA	1,014	825	23%	1,073	-6%	3,054	2,958	3%
EBITDA Margin	33%	31%	-	36%	-7%	34%	35%	-
PBT	654	508	29%	653	0%	1,903	1,971	-3%
PAT	489	359	36%	544	-10%	1,435	1,398	3%

EBITDA margin at 34% in 9MFY20

Distribution AUM crosses Rs 104 bn mark, +16% YoY

Online penetration for clients (36%) and turnover (41%)

- Operational performance in Q3FY20 stood robust on YoY basis aided by healthy volume growth and expansion in EBITDA margins. Margins stable at 34% in 9MFY20.
- Distribution business AUM in 9MFY20 stood at Rs 104 bn, +16% YoY. Current penetration of only ~16% on total client base, provides head-room for growth in AUM.
- MOFSL's overall ADTO grew 27% YoY to Rs 221 bn in 9MFY20. Overall market share (ex-prop) significantly improved to 2.6% in Q3FY20 supported by robust traction in high yield-cash share.
- Broking business also runs a margin funding business, with book size of ~Rs 5.9 bn as of 9MFY20.

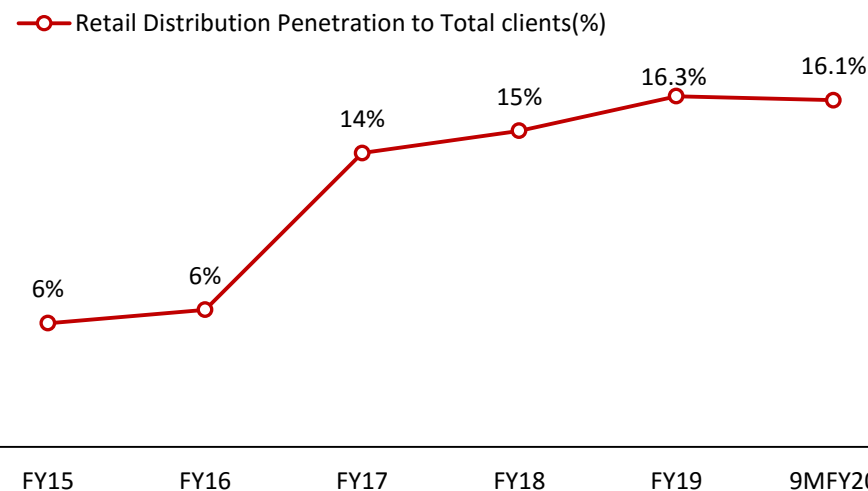
Retail Broking & Distribution

- Traction in new client addition driven by Franchisee and retail channel i.e. ~1,24,000 clients (+10%) in 9MFY20.
- Special attention & focus towards development and infusion of entrepreneurial spirit in new and existing franchisees has led strong growth in client base.
- Focus on banking partnership. Tie-up with AU Small Finance Bank for 3 in 1 (banking + demat + trading) account.
- Good traction in building up insurance business. We have tie-ups with HDFC Life, ICICI Pru Life and Bajaj Life for life insurance products.
- Live SIP, at ~95,500 as of 9MFY20, with average ticket size of ~Rs 3,600 per month.
- New release of mobile app and EXE launched with enhanced features and advisory products.

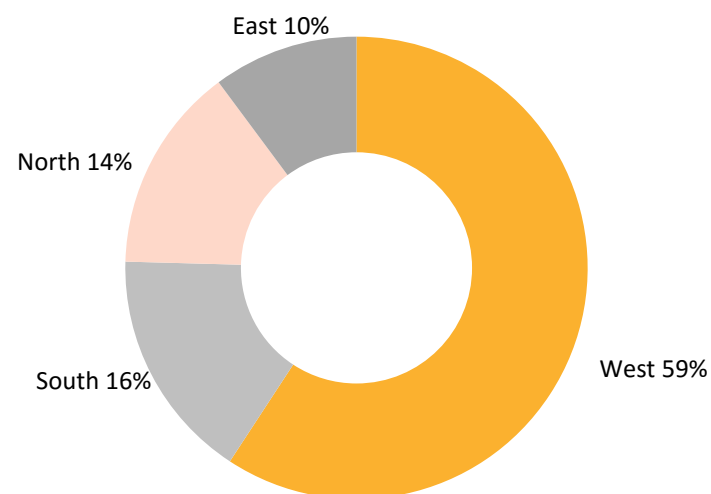
Institutional Broking

- Institutional team won big at ASIA MONEY BROKERS POLL 2019.
 - 1st Rank - Best Overall Sales
 - 1st Rank – Best Sales Trading
 - 1st Rank – Best Corporate Access
 - 2nd Rank – Best Local Brokerage
- This has been the result of focus driven differentiated research products with 250+ companies covering 21 sectors.
- Corporate access has always been a key focus area with successful events like AGIC in Aug-19 and India Financials Day in Dec19.

Distribution penetration (% of total client base of 1.32 mn)

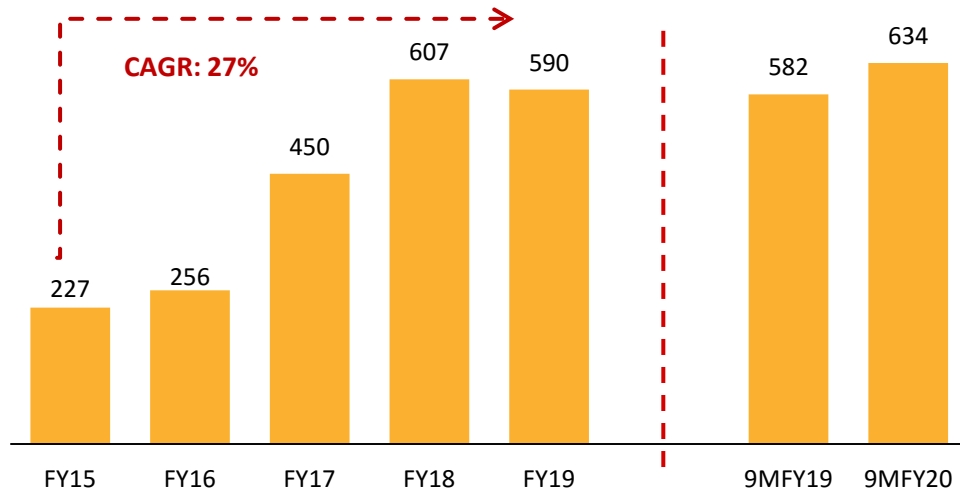


Geographic distribution of Retail active clients (Cash)

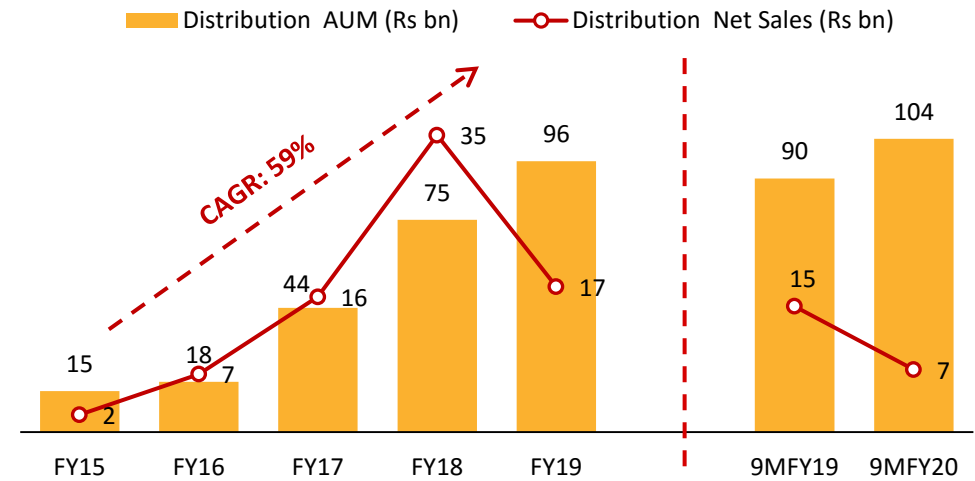


Broking & Distribution – Strong growth in Volume & Distribution AUM

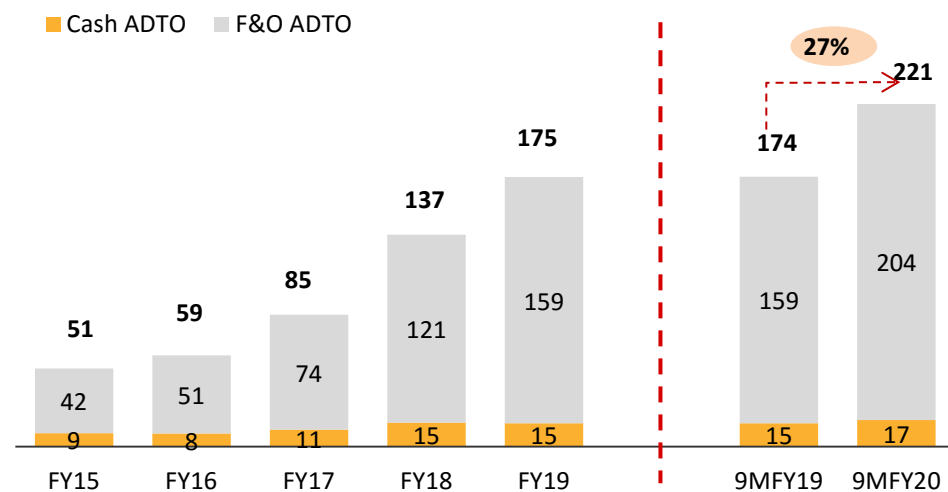
DP AUM growth trend (Rs bn)



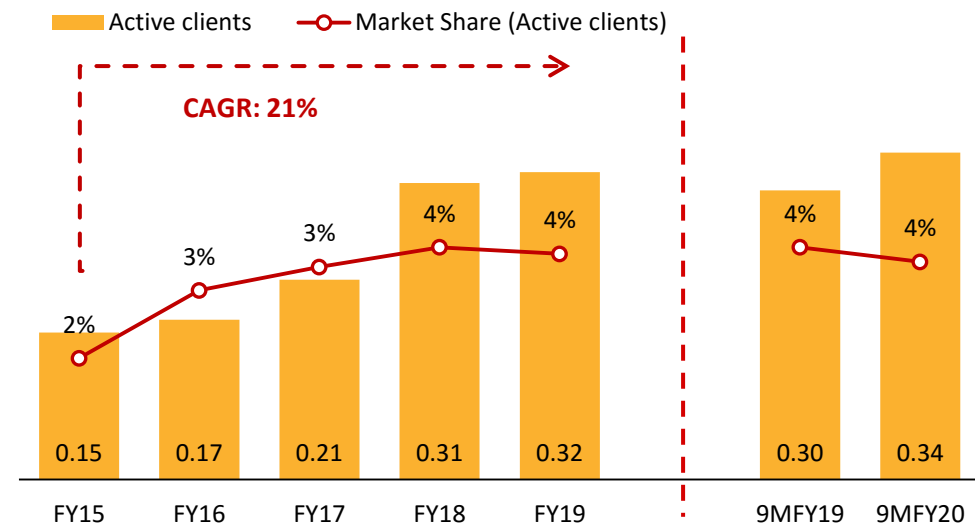
Rising Distribution AUM



MOFSL Broking ADTO (Ex-prop, Rs bn)



Rising share of active clients (mn)



Source: NSE, BSE,

MARQUEE DEALS



QIP - Rs 18.9 bn



QIP - Rs 28 bn



QIP - Rs 10 bn



QIP - Rs 49.9 bn



IPO - Rs 19.1 bn



IPO - Rs 4.6 bn

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Revenues	27	50	-47%	83	-	112	235	-52%
Operating Costs	53	78	-32%	59	-10%	167	189	-12%
EBITDA	-26	-28	-	24	-	-55	46	-
PBT	-30	-30	-	21	-	-64	40	-
PAT	-23	-22	-	12	-	-50	27	-

- Expertise-led approach focusing on specific sub-segments of strength, where we have relationships and track record.
- Sectoral focus on BFSI, Auto, Consumer, Healthcare and Industrials will yield benefits in the medium to long term. Team well geared to execute transactions.
- Continues to have rich pipeline , focus on solution base approach to the business.
- Continue to engage on a wide cross-section of mandated transactions across capital markets and advisory. As the markets recover, we expect a number of these transactions to conclude successfully.

ARC deal garnered lenders confidence, resulting into lower incremental CoF

Strong performance of new loan book with negligible delinquency

Strong built-up in sanction pipeline will drive disbursement growth

Strong traction in collection efficiency and legal recourse

Rating upgrade from CRISIL to AA-/Stable during 9MFY20

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ%	9MFY20	9MFY19	YoY%
Net Interest Income (NII)	526	523	1%	545	-3%	1,648	1,798	-8%
Total Income	540	556	-3%	568	-5%	1,707	1,890	-10%
Operating Cost	237	274	-13%	249	-5%	725	798	-9%
- Employee Cost	144	175	-18%	170	-16%	474	487	-3%
- Other Cost	94	99	-5%	78	20%	251	311	-19%
Operating Profit (Pre-Prov.)	302	282	7%	319	-5%	982	1,092	-10%
Provisioning/Write off	49	1,778	-	491	-	651	3,300	-
PBT	253	-1,496	-	-172	-	331	-2,208	-
PAT	161	-947	-	-118	-	214	-1405	-

- NII in Q3FY20 has shown positive trend YoY at Rs 526 mn on account of sequentially lower CoF and uptick in yields. Normalcy restored in profitability in Q3FY20 after absorbing one time provisioning on ARC transaction in Q2FY20.
- Sequential rise in NPA % are on account of seasonality nature and reduction of loan book. However, overall NPAs remain stable including the recovery from earlier written-off/ ARC sold pool on account of strong traction in legal recourse.
- The name change of Home finance business to “**Motilal Oswal**” is attracting new talent, comfort to lenders, and brand synergy.
- 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.
- Centralised credit appraisal for salaried employees to improve efficiency and lower operational cost
- Pick-up in disbursements coupled with improved collection efficiency augurs well for future asset quality and profitability outlook.

Home Finance – Asset quality trend

ECL Provisioning details

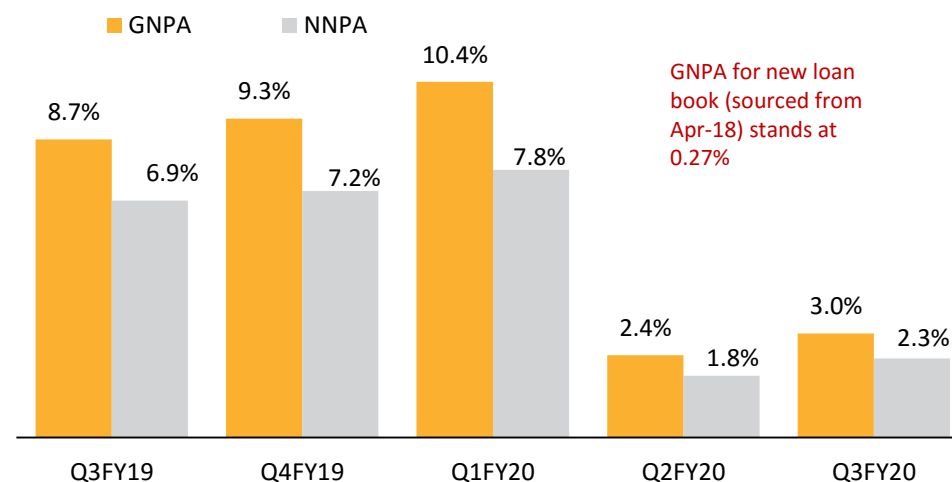
Particulars (Rs mn)	Q3FY20
Stage 1 & 2	36,854
% portfolio in stage 1 & 2	96.98%
Stage 3	1,146
% portfolio in Stage 3	3.03%
ECL Provision % Stage 1 & 2	0.90%
Total Assets	37,791
ECL Provision	605
ECL Provision %	1.59%
Coverage Ratio % (incl. std. assets)	53%

MOHFL's geographic reach - Presence across 111 locations in 9 states

State	Nos. of Branches
Maharashtra	38
Gujarat	17
Tamil Nadu	15
Rajasthan	11
Karnataka	11
Madhya Pradesh	10
Andhra Pradesh	4
Chhattisgarh	3
Telangana	2



MOHFL's GNPA and NNPA trend



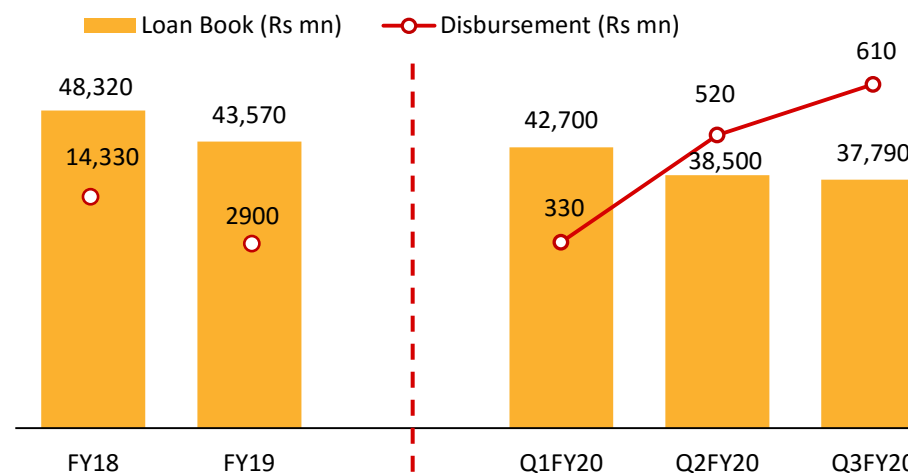
State-wise Loan Book mix



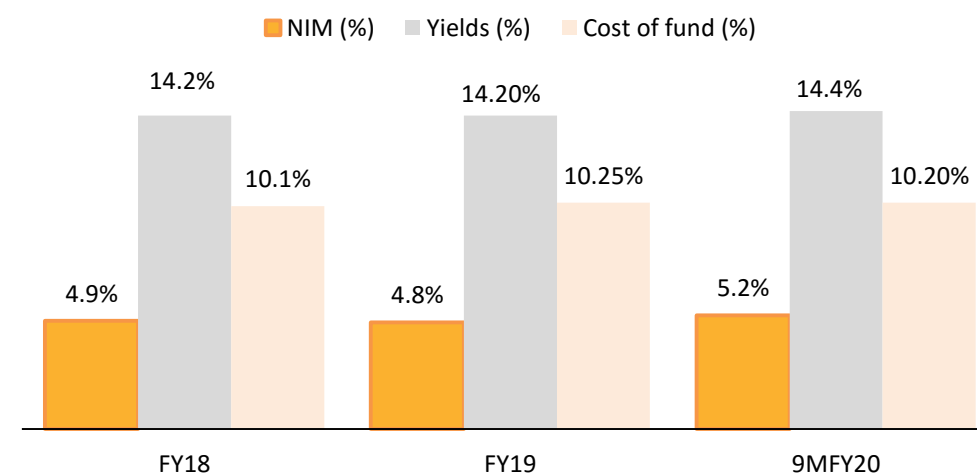
Note : MOHFL's NPA in Q3FY20 is as per Ind-AS , PCR in including standard asset provisioning

- Fruition of revival efforts visible with positive trends in new loans sourced from Apr-18
 - ✓ Only 11 cases in NPA pool out of ~4500 cases disbursed.
 - ✓ In new book, ~93% of disbursement was in <Rs 1.5mn ticket size
 - ✓ Mobile Applications being extensively used in Sales & Collection for Productivity enhancement.
 - ✓ Localised Policy on Collateral Management
- Disbursements in 9MFY20 were Rs 1,460 mn. We expect disbursement to pick up from coming quarters as traction builds in sanctions.
- New National Sales Head and State heads on-boarded in last quarter, which will help in strengthening sales vertical.
- Margins have improved to 5.2% in Q3FY20, on account of improvement in yield & lower cost of funds coupled with equity infusion in FY19. Spreads have improved in an environment of higher cost of funds.
- Limited borrowing repayments for next 1 year, strong undrawn borrowing lines and ALM places us in comfortable liquidity situation.
- Diversified liability profile - 46% from bank loans, 49% from NCDs and 5% from CPs. 24 banks extended credit lines as of Dec-19.

Loan book and disbursement trend

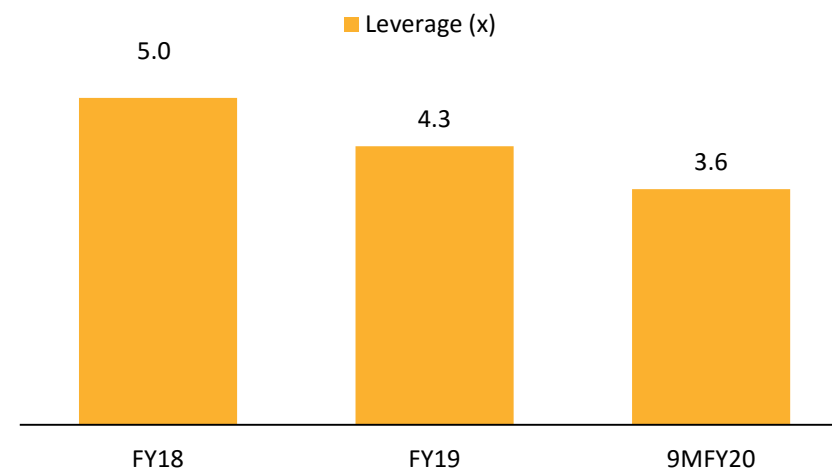


Operational Parameters

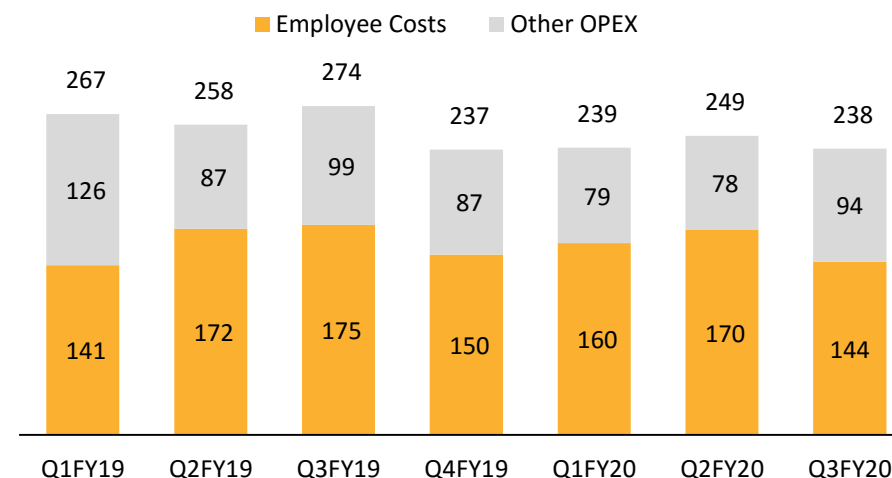


- Average ticket size is Rs 0.8 mn, with loans extended to more than ~47,000 families, as MOHFL is focused on the affordable housing segment with no exposure to builder finance.
- Capital infusion from sponsor was Rs 2 bn in FY19 taking total cumulative capital infusion from sponsor to Rs 8.5 bn resulting into lower leverage of 3.6x. Whereas net leverage stands at 3.4x.
- Proactive cost measures, process automation and consolidation of branches resulted into lowering of total cost on YoY basis..
- Filed Section-138 and SARFAESI cases against 1000+ accounts. Under Section-138, ~500+ accounts have received either summons or bailable warrants. Whereas, under SARFAESI, ~60 accounts have received either DM order or final property possession.
- 70% of the book out of the total book is never delinquent and 30% of the book has never bounced & never Delinquent. More-over, ~62% of our total cases have shown very low risk behaviour off MOHFL's loan book on BUREAU scrubbing analysis.
- Strong Legal & Collection efforts would lead to faster results like Roll back / Normalisation / Settlement in near future.

Low gearing

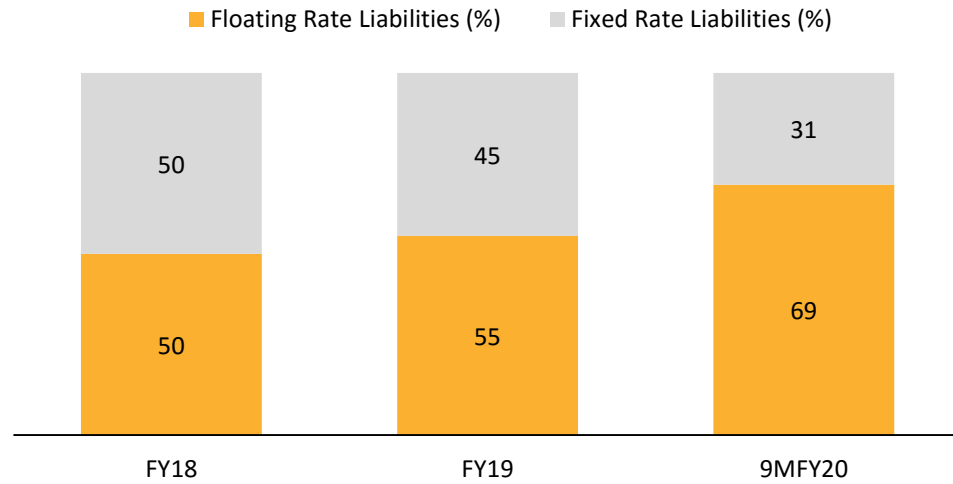


OPEX Trend (Rs mn)

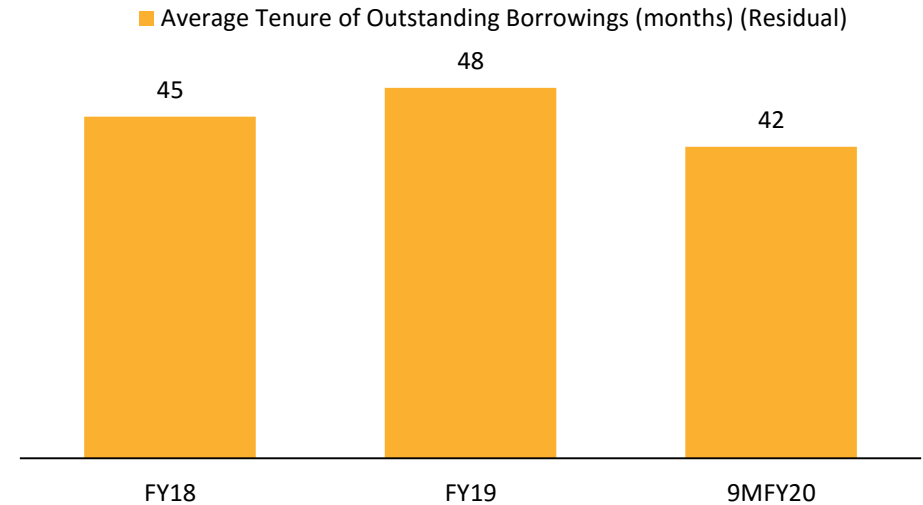


Home Finance – Strong liability management

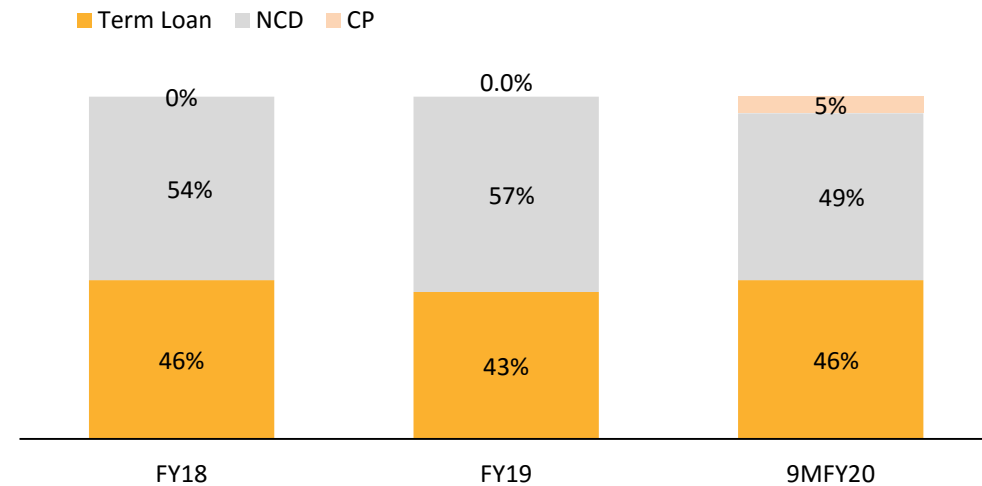
Liability mix based on rates (%)



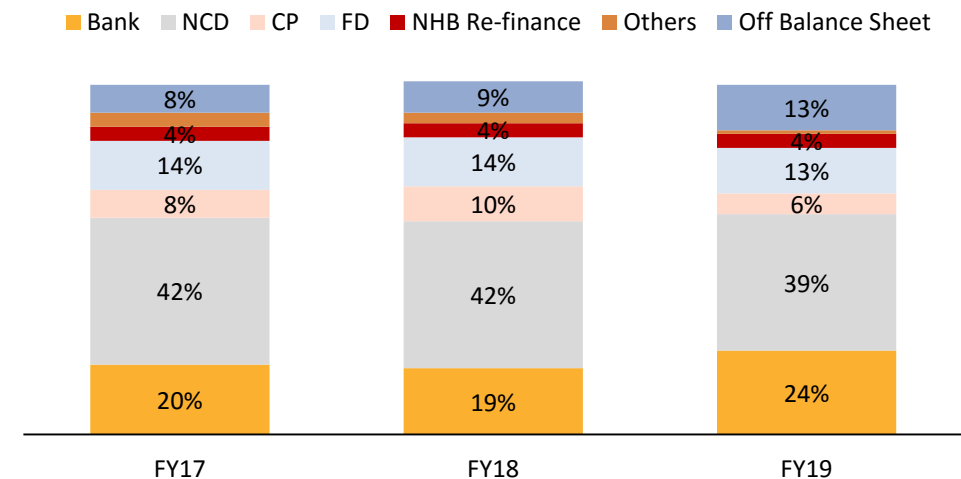
Average tenor of outstanding borrowing (months)



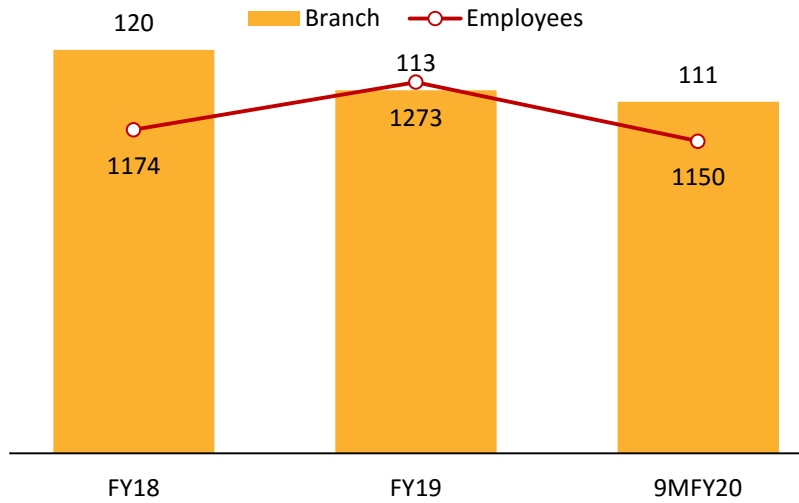
Diversified liability mix



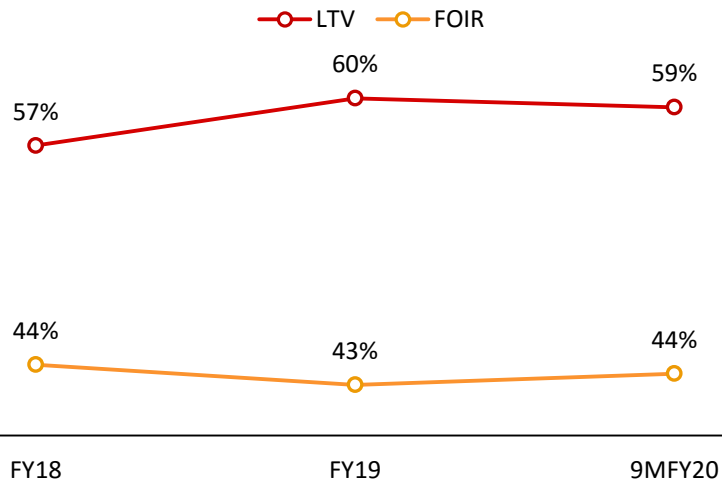
Industry's Borrowings mix in All HFCs



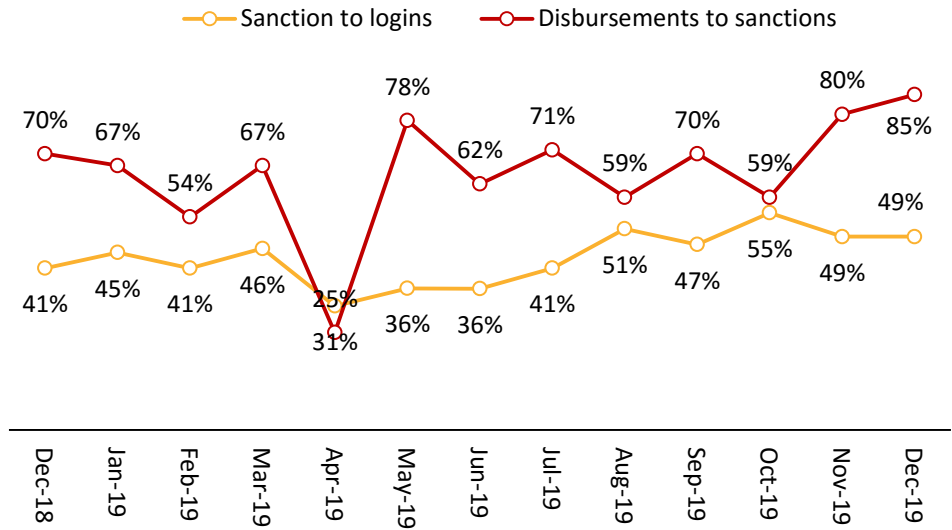
Infrastructure & Resources



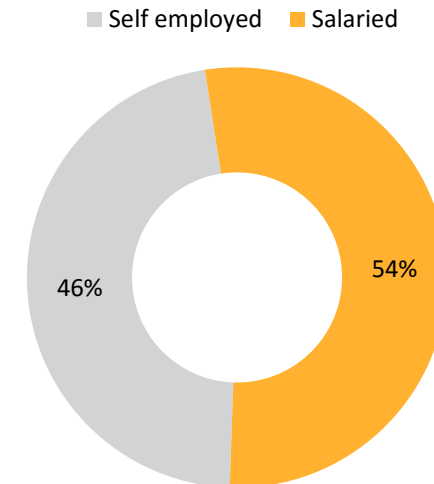
LTV of 60% and FOIR of 44%



Traction in Login to sanction ratio



Balanced customer mix (%)



FUND BASED INVESTMENTS

Total quoted equity investment including MTM gains was Rs 16.6 bn as of 9MFY20.

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Revenues	545	565	-4%	270	102%	1,154	56	-
PAT	547	538	2%	520	5%	1,392	54	-

Note: Fund based revenues and PAT excludes Other Comprehensive Income

Total unrealised gain on fund based investments at ~Rs 5.7 bn

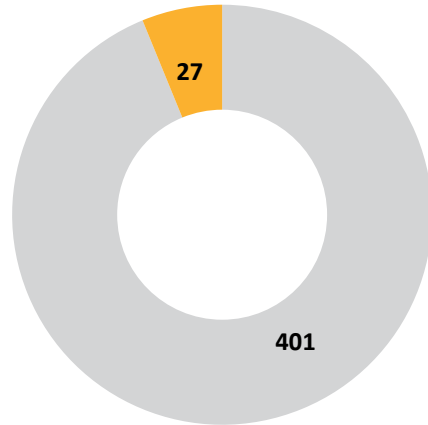
- In 9MFY20 revenues were higher on account of MTM fair valuation of investments under Ind-AS. During 9MFY20, revenue impact net gain (realised + MTM) on investments were Rs 0.9 bn vs Rs (0.2) bn in 9MFY19.
- In 9MFY20, PAT was higher than revenues on account of reversal of DTL (due to MAT) on MTM profits under the new tax regime.
- Fund based book includes gains/loss on sponsor commitments cum investments in equity MF, PE funds, Real estate funds, AIF and strategic equity investments.
- Total quoted equity investment including MTM gains was Rs 16.6 bn as of Dec-19, since MTM of these gains are now included in earnings under Ind-AS reporting.
- Cumulative XIRR on quoted equity investments is ~18% (since inception), validating the long-term performance track record of our QGLP philosophy.
- Pre-tax XIRR on exited private equity investments is ~27%.
- 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.

Cumulative XIRR of ~18% on quoted equity MF investments

Fund Based investments – Skin in the game

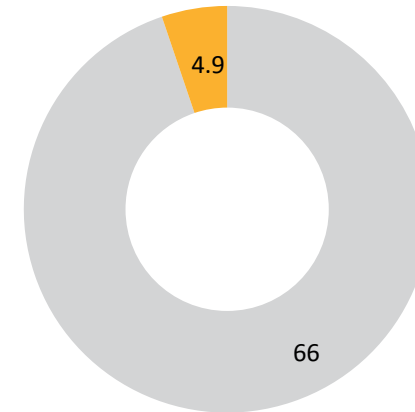
Skin in the game in AMC

■ AMC AUM (Rs bn) ■ Sponsor & Promoter AUM in AMC (Rs bn)



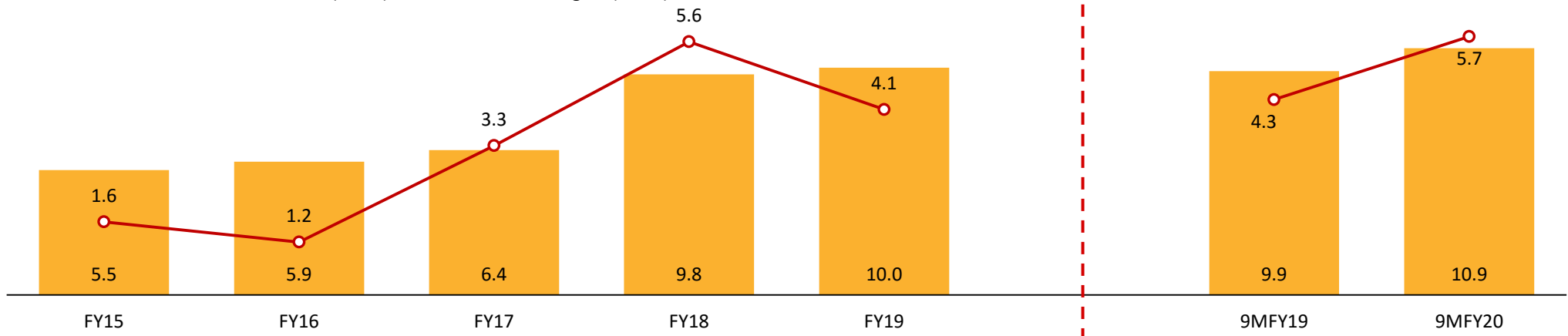
Skin in the game in PE

■ PE AUM (Rs bn) ■ Sponsor Commitment in PE (Rs bn)



Unrealised gain from quoted equity investments

■ Quoted investment at cost (Rs bn) ○ Unrealised gain (Rs bn)



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