

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q2 FY13 PAT of ₹229 million, up 13% QoQ; declares interim dividend of ₹1 per share (F.V. ₹1)

Mumbai, Oct 18, 2012: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its audited results for the quarter ended Sept 30, 2012 post approval by the Board of Directors at a meeting held in Mumbai on Oct 18, 2012.

Performance Highlights

₹Million	Q2 FY13	Comparison (Q1 FY13)	Comparison (Q2 FY12)
Total Revenues	1,127	↑3%	↓1%
EBIDTA	400	↑9%	↑1%
Adjusted PAT	229	↑13%	↓12%
EPS- ₹(FV of ₹1)	1.6		

**E&EOI refers to Exceptional and Extraordinary Items*

Performance for the Quarter ended Sept 30, 2012

- Revenues for the quarter at ₹1,127 million is up 3% on a QoQ basis and down 1% on a YoY basis
- Adjusted PAT for the quarter at ₹229 million is up 13% on a QoQ basis and down 12% on a YoY basis. Adjusted PAT excludes profit the sale of office property of ₹88 million post-tax earned during Q2FY12. The drop of 8% in PBT in Q2FY13 on a Year on Year basis is attributable to higher depreciation charge on the new corporate office at Prabhadevi
- Reported PAT for Q2 FY13 at ₹229 million is up 13% on a QoQ basis and down 34% on a YoY basis
- EBITDA and Reported PAT margins improved to 36% (34% in Q1 FY13) and 20% (19% in Q1 FY13) respectively
- Strong balance sheet with net worth of ₹11.9 billion, net cash of ₹1.3 billion and nil debt, as of Sept 2012
- Board declared interim dividend of ₹1 per share (Face value of ₹1 per equity share)

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

"While most part of the second quarter remained at the muted levels as seen in Q1FY13, the quarter ended with some positive news. Movement in the domestic reforms process and net inflows from FIIs lifted market sentiments during September. Cash volumes in the market, including high-yield delivery, went up in September, pushing up the quarter's total. While FIIs returned as net buyers, DIIs were net sellers. Retail participation in cash market also rose, but it remained subdued as retail investors were relatively cautious in this initial market rally in September. Going forward,



as the reforms wheel shows sustained signs of building speed, the markets will hope to return to higher cash participation levels and fund-raising activities. We remain focused on building our businesses towards this objective, and putting strategies and processes in place in order to capture the upside as the market activities pick up.

Segment results for Q2 FY13:

- **Broking and related revenues** at ₹728 million were up 5% from Q1 FY13 and down 10% from Q2 FY12. Daily volumes in the equity markets grew 4% QoQ to ₹1.7 trillion in Q2 FY13. While options grew 6% QoQ to comprise 76% of market volumes, the cash segment also picked up by 6% this quarter to ₹125 billion. Cash delivery, in particular, rose by 15% on a QoQ basis on the back of higher volumes in September. While delivery's proportion to overall market volumes grew from 2% to 2.3% on a QoQ basis, it touched 2.8% for the month of September alone. While our overall equity market share dipped from 1.5% to 1.4% during the quarter, our market share in the high-yield cash segment including cash delivery, which is our focus area, saw an increase. Our blended yield marginally increased from 4.8 bps to 5.0 bps on a QoQ basis
- **Fund based income** were ₹211 million, up 1% QoQ and up 6% on a YoY basis. It contributed 19% of total group revenues. The loan book was ₹3.5 billion as of Sept 2012.
- **Asset Management fees** at ₹136 million was down 12% QoQ and up 35% YoY.
- **Investment banking fees** at ₹23 million were down 15% from Q1 FY13, though up by 62% from Q2 FY12. Investment banking business continued to be subdued across the industry, impacting transaction closures and flow of new projects.
- **Other income** was ₹29 million in Q2 FY13.

Business Highlights for Q2 FY13

- Total client base increased to 750,077, which includes 658,181 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,554 business locations across 530 cities
- Total Assets under Management for the Group were ~₹31.6 billion as of Sept 2012. Within this, mutual fund AUM was ₹5.8 billion, PE AUA was ₹12.4 billion and PMS AUM was ₹13.5 billion
- Private equity business has been strengthened with the appointment of Somak Ghosh as its Co-CEO, who would be responsible for growing the real estate fund business and establishing the Sustainable Social Impact Fund. Prior to this, he had been the Co-Founder and Group President, Government & Development Banking at Yes Bank
- Wealth Management managed assets of ~₹15.8 billion, as of Sept 2012
- Depository assets were ₹116.0 billion, as of Sept 2012
- Institutional Equities conducted the 8th Annual Motilal Oswal Global Investor Conference in Mumbai in Aug, 2012. Over 100 leading companies and experts interacted with over 180 institutional funds from across the world
- Sudhir Dhar, Head - Human Resources, MOFSL, received the 'Most Powerful HR Professionals of India' award at the World HRD Congress



Motilal Oswal Financial Services Ltd.
Palm Spring Centre, 2nd Floor,
New Link Road, Palm Court Complex,
Malad (W), Mumbai - 400 064.
Tel.: +91 22 3080 1000 / 01
Fax : +91 22 2844 9002

About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. (NSE: MOTILALOFS, BSE: 532892, BLOOMBERG: MOFS IN) is a well-diversified, financial services company focused on wealth creation for all its customers, such as institutional, corporate, HNI and retail. Its services and product offerings include wealth management, retail broking and distribution, institutional broking, asset management, investment banking, private equity, commodity broking and principal strategies. The company distributes these products through 1,554 business locations spread across 530 cities and the online channel to over 750,077 registered customers. MOFSL has strong research capabilities, which enables them to identify market trends and stocks with high growth potential, facilitating clients to take well-informed and timely decisions. MOFSL has been ranked by various polls such as the Best Local Brokerage 2005, Most Independent Research - Local Brokerage 2006 and Best Overall Country Research - Local Brokerage 2007 in the Asia Money Brokerage Polls for India. MOSL won 4 awards in the ET-Now Starmine Analyst Awards 2010-11, placing it amongst the Top-3 award winning brokers, was ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage Category and won the 'Best Market Analyst' Award for 2 sectors at the India's Best Market Analyst Awards 2011. MOFSL won the 'Best Capital Markets and Related NBFC' award at the CNBC TV18 Best Banks and Financial Institutions Awards 2011. MOSL also won the 'Best Equity Broking House' award for FY11 at the Dun & Bradstreet Equity Broking Awards 2011. MOSL won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards 2012, for the second year in a row. MOSL also won 'Best Equity Broker' award at Bloomberg UTV Financial Leadership Awards 2012, 'Retailer of the Year (Banking & Financial Services)' award at Retail Excellence Awards 2012, and was ranked 2nd in the "Best Overall Brokerage" category by Asia Money in 2011. MOFSL won the 'Best Employer Brand' Award at the IPE Banking, Financial Services & Insurance Awards 2012.

For further details contact:

Mr. Hari Krishnan Motilal Oswal Financial Services Ph - +91-22-39825500 Mob- +91-9820520392	Mr. Sameer Kamath Motilal Oswal Financial Services Ph - +91-22-39825500 Mob- +91-9820130810	Mr. Anirudh Rajan / Alpesh Nakrani Paradigm Shift Public Relations Mob- +91-9892343828/ +91-9869121167 Tel- +91-22 22813797 / 98
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Mr. Motilal Oswal
Chairman & Managing Director
Motilal Oswal Financial Services Limited