

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q3 FY14 Consolidated Revenues of ₹1.2 billion; Adjusted PAT of ₹162 million

Mumbai, Jan 21, 2014: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter ended Dec 31, 2013 post approval by the Board of Directors at a meeting held in Mumbai on Jan 21, 2014.

Performance Highlights

₹Million	Q3 FY14	Comparison (Q2 FY14)
Total Revenues	1,175	↑1%
EBIDTA	309	↓ 14%
Adjusted PAT	162	↓ 14%
Reported PAT	35	↓ 37%
EPS- ₹(FV of ₹1)	0.3	

Performance for the Quarter ended Dec 31, 2013

- Revenues in Q3 FY14 were ₹1.2 billion (up 1% QoQ and up 2% YoY)
- Adjusted PAT in Q3 FY14 was ₹162 million (down 14% QoQ and down 14% YoY)
- Reported PAT was ₹35 million (down 37% QoQ and down 88% YoY). Motilal Oswal Group has exposure to National Spot Exchange Limited (NSEL). However, NSEL has not been able to adhere to its payment obligations. The Group has perused legal action against NSEL. Pending final outcome which is uncertain, the company has provided for an amount of ₹126.8 million (post tax) in respect of these positions for the quarter ending Dec 2013 (cumulative ₹258.4 million post tax till date), which is disclosed under the head "Exceptional Items"
- EBITDA and Adjusted PAT margins for Q3 FY14 were 26% (31% in Q2 FY14) and 14% (16% in Q2 FY14) respectively
- The balance sheet had net worth of ₹11.8 billion and net cash of ₹1.5 billion, as of Dec 2013
- Pursuant to the commencement of the buy-back programme of the company's shares at a price not exceeding ₹90 per share of upto a maximum of 7.5 million shares, the company has bought back 6.5 million shares as of Dec 2013



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

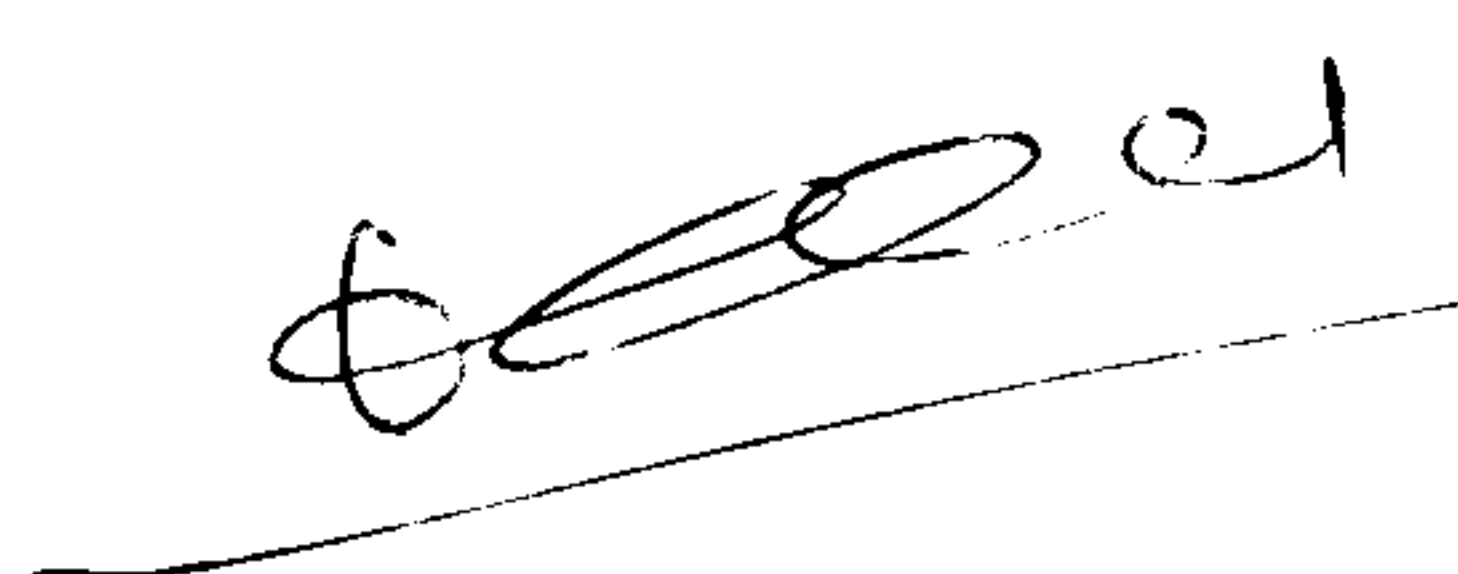
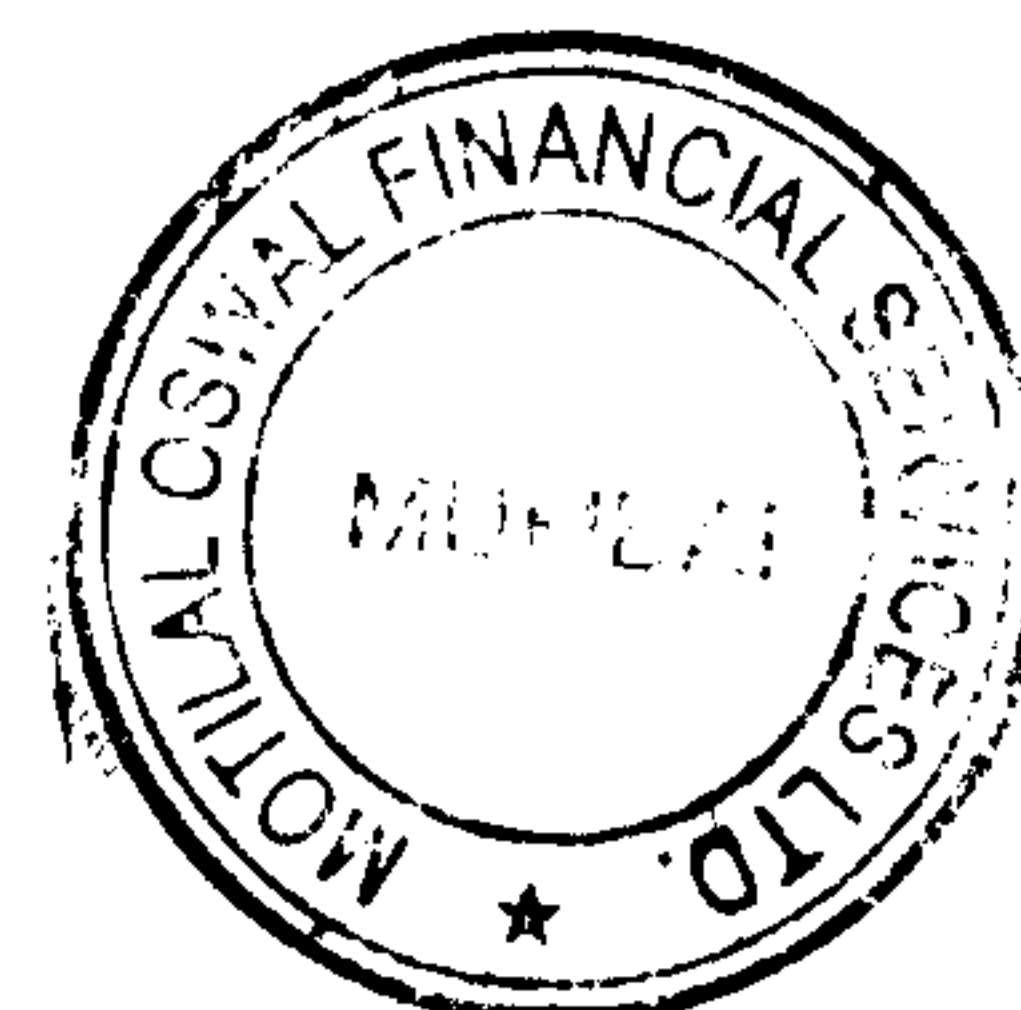
"After a good start in Oct, the benchmark Sensex remained largely range-bound during Nov and Dec with high volatility. FII's turned net buyers from Sep onwards, indicating a trend reversal from the previous quarter. However due to continued redemptions pressures from mutual funds, DII's remained net sellers in the market. Retail participation within cash volumes showed a slight uptick, however one has to wait and watch to see whether this continues. Market volumes dipped this quarter largely led by a decline in options volumes marking a reversal in the robust growth demonstrated by options over the past years. Cash and futures volumes also showed moderate declines. Being a focused financial services player, despite market activity slowdown we have continued to invest in people, processes and technology to significantly strengthen our value offering in each of our businesses. We believe these investments will reap significant benefits as market activity within this sector picks up."

Segment results for Q3 FY14:

- **Broking and related revenues** were ₹738 million in Q3 FY14, marginally up by 1% on a QoQ basis and down 5% on a YoY basis. Daily volumes in the equity markets were ₹1.9 trillion in Q3 FY14, a 15% drop on a QoQ basis. This was largely led by an 18% QoQ drop in options specifically. Options now comprise 75% of market volumes, as compared to 78% in the previous quarter. Cash volumes were down by 4% QoQ to ₹130.9 billion, and its proportion within market volumes picked up from 6.2% to 7%. Our overall equity market share increased from 1.4% to 1.7% on a QoQ basis, led by gains in both the cash and F&O market shares. Our blended yield, at 3.7 bps, has held firm on a QoQ basis
- **Fund based income** was ₹199 million, up 11% from Q2 FY14 and marginally down by 1% from Q3 FY13. The loan book was ₹4.3 billion, as of Dec 2013
- **Asset Management fee** were ₹193 million for Q3 FY14, down 6% QoQ and up 39% YoY. This includes fees booked on final closing of the offshore leg of the new private equity fund, IBEF II
- **Investment banking fees** at ₹5 million was down 73% YoY. Transaction closures remain impacted as multiple macro concerns continue to affect the investment mood in the economy
- **Other income** was ₹40 million in Q3 FY14

Business Highlights for Q3 FY14

- Total client base increased to 792,858 which includes 695,663 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,546 business locations across 519 cities, as of Dec 2013
- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹35.2 billion. Within this, our mutual funds AUM was ₹4.8 billion, PE AUA was ₹17.0 billion, while PMS AUM was ₹13.4 billion
- Private Wealth Management managed assets of ~₹23.2 billion, as of Dec 2013
- Depository assets were ₹129.0 billion, as of Dec 2013
- Motilal Oswal Investment Banking won 'M&A Boutique Firm of the Year' and 'Best Mid-Market Deal of the Year' awards at the M&A Atlas Awards in Mumbai

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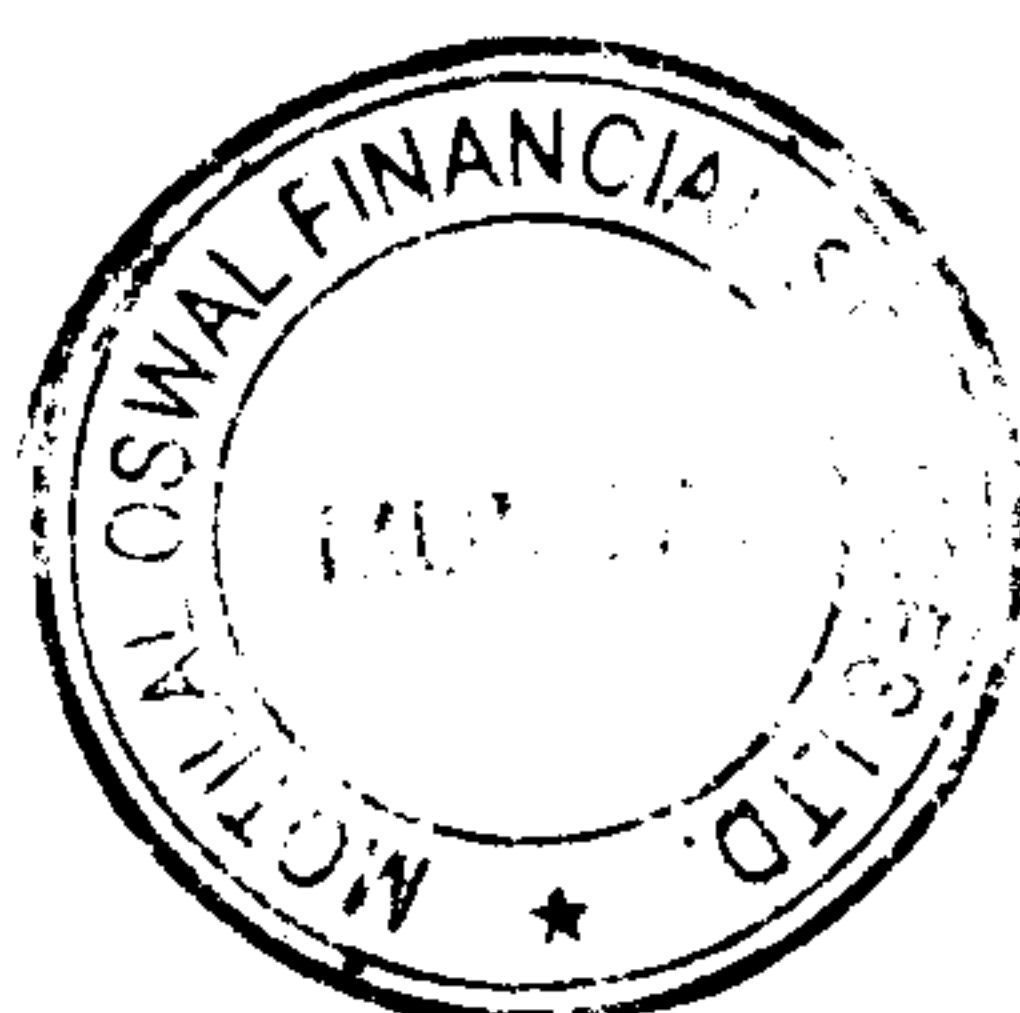
- Motilal Oswal Private Equity received final approval from SEBI for its 2nd real estate fund, India Real Estate Fund-II. It is currently in fund raising mode
- MOFSL conducted its 18th Annual Wealth Creation Study in Dec 2013

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 1,546 business locations spread across 519 cities and the online channel to over 792,858 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 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 2013, for the 3rd year in a row. MOSL 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. Motilal Oswal Private Equity won 'Best Growth Capital Investor-2012' award at the Awards for Private Equity Excellence 2013. MOSL was adjudged amongst the Top 20 innovators in BFSI for 'Leveraging on technology in enhancing customer experience' at the Banking Frontiers Finnovity Awards 2012, and won the 'Quality Excellence for Best Customer Service Result' award at National Quality Excellence Awards 2013

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