

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q2 FY14 Consolidated Revenues of ₹1.2 billion; Adjusted PAT of ₹188 million; Interim dividend of ₹1 per share declared

Mumbai, Oct 26, 2013: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter ended Sep 30, 2013 post approval by the Board of Directors at a meeting held in Mumbai on Oct 26, 2013.

Performance Highlights

₹Million	Q2 FY14	Comparison (Q1 FY14)
Total Revenues	1,160	↑5%
EBIDTA	358	↑1%
Adjusted PAT	188	↑2%
Reported PAT	56	↓70%
EPS- ₹(FV of ₹1)	0.5	

Performance for the Quarter ended Sep 30, 2013

- Revenues in Q2 FY14 were ₹1.2 billion (up 5% QoQ and up 2% YoY)
- Adjusted PAT was ₹188 million (up 2% QoQ and down 18% YoY)
- Reported PAT in Q2 FY14 was ₹56 million (down 70% QoQ and down 75% YoY). Motilal Oswal Group has exposure to National Spot Exchange Limited (NSEL) of ₹570.7 million with respect to the proprietary positions and ₹13.6 million with respect to funded positions. NSEL has not been able to adhere to its payment obligations over the past few months. Motilal Oswal Group has perused legal action against NSEL and others by filing writ petition in Bombay High Court and criminal complaint in Economic Offences Wing (EOW). Pending final outcome which is uncertain, the Company has provided for an amount of ₹131.6 million (post tax) in respect of its proprietary and funded positions for the quarter and half year ending Sept 2013 which is disclosed under the head "Exceptional Items"
- EBITDA and Adjusted PAT margins for Q2 FY14 were 31% (32% in Q1 FY14) and 16% (17% in Q1 FY14) respectively
- The balance sheet had net worth of ₹12.0 billion and net cash of ₹1.7 billion, as of Sep 30, 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 6.4 million shares as of Sep 2013
- Interim dividend of ₹1 per share was declared

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

"Markets were very volatile this quarter, on the back of domestic news and global events, especially in USA. Improvement in WPI inflation, as seen in the earlier part of the quarter, has not sustained. Markets might get some cheer in coming months with the new cabinet committee possibly turning the wheels of some stalled projects. Market volumes in the hi-yield cash segment, including delivery, increased QoQ. We succeeded in holding our market share in this space, reaffirming our well entrenched position in this profitable segment. Net inflows from FIIs slowed down this quarter, with July and August seeing net outflows. DIIs continued to see net outflows. Primary market activities have largely dried up. M&A and PE deal values also slowed down. Despite these challenges, we continue to invest in people, technology and processes which we believe will lay the foundation for growth as market activity picks up."

Segment results for Q2 FY14:

- **Broking and related revenues** were ₹732 million in Q2 FY14, up 8% on a QoQ basis and flat on a YoY basis. Daily volumes in the equity markets reached a high of ₹2.2 trillion in Q2 FY14, led by a 15% QoQ growth in both futures and options. Options now comprise over 78% of market volumes, while futures comprise over 15%. Cash volumes were up by 9% QoQ, led by increased volumes in August and September. It now comprises 6.2% of market volumes, marginally down from 6.5% in the previous quarter. Within cash, the delivery segment showed an 11% uptick and held its share of market volumes at ~2%. Given the continued disproportionate rise of derivatives volumes in the market, our overall equity market share dipped from 1.7% to 1.4% on a QoQ basis. However, we continue to maintain our market share in the cash segment, and have in fact, gained market share in the high-yield delivery segment specifically. Due to this, our blended yield has in fact picked up to 3.7 bps in Q2 FY14, up from 3.4 bps in Q1FY14
- **Fund based income** was ₹179 million, down 33% from Q1 FY14 and down 16% from Q2 FY13. The loan book was ₹4.4 billion, as of Sep 2013
- **Asset Management fee** were ₹206 million for Q2 FY14, up 63% QoQ and up 52% YoY. The uptick was largely owing to incremental fees related to our new private equity fund – IBEF-II, which saw its final close during this quarter
- **Investment banking fees** at ₹35 million, up 50% YoY. Transaction closures remain impacted as multiple macro concerns continue to affect the investment mood in the economy
- **Other income** was ₹8 million in Q2 FY14

Business Highlights for Q2 FY14

- Total client base increased to 786,688 which includes 690,011 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,495 business locations across 511 cities

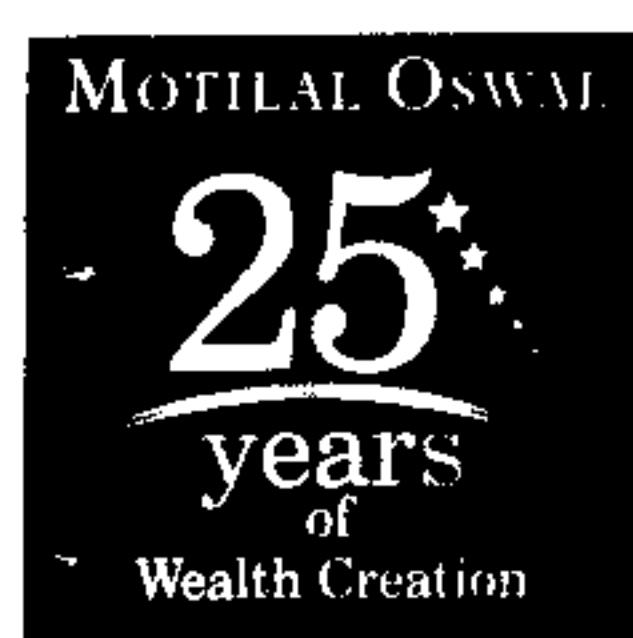
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- Total Assets under Management for the Group were ~₹33.0 billion. Within this, our mutual funds AUM was ₹4.1 billion, PE AUA was ~₹17.0 billion, while PMS AUM was ₹11.9 billion
- Private Wealth Management managed assets of ~₹20.5 billion, as of Sep 2013
- Depository assets were ₹110.0 billion, as of Sep 2013
- Motilal Oswal Private Equity made the final close of its 2nd growth capital fund – IBEF II with total commitments of approximately ₹9.5 billion raised from both domestic and offshore investors
- MOSL bagged Best Performing Equity Broker (National) Award at CNBC TV18 Financial Advisor Awards for 3rd year in a row
- Institutional Equities conducted the 9th Annual Global Investor Conference in Mumbai
- We are investing into building a new housing finance company – Aspire Home Finance Corporation Limited. This will be led by Anil Sachidanand, who was previously with DHFL as CEO and brings with him 22 years of rich experience in the mortgage space. We are currently in the process of obtaining the necessary approvals for commencement of this business. It will be our endeavor to build a high quality institution with a strong value proposition which we believe can help us capture a sizable portion of this opportunity and add significant value for all stakeholders

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 1,495 business locations spread across 511 cities and the online channel to over 786,688 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.





MOTILAL OSWAL

Financial Services

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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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