

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q4 FY11 topline of ₹1,260 million (₹6,004 million in FY11), and reported PAT of ₹243 million (₹1,371 million in FY11); proposes 140% dividend for FY11

Mumbai, Apr 30, 2011: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its audited results for the quarter ended March 31, 2011 post approval by the Board of Directors at a meeting held in Mumbai on April 30, 2011.

Performance Highlights

₹Million	Q4 FY11	Comparison (Q3 FY11)	Comparison (Q4 FY10)	FY11	Comparison (FY10)
Total Revenues	1,260	↓ 24%	↓ 24%	6,004	↓ 7%
EBIDTA	436	↓ 37%	↓ 43%	2,296	↓ 17%
PAT (before E & EOI [^])	243	↓ 42%	↓ 52%	1,371	↓ 20%
Adjusted PAT (before E & EOI [^])	269	↓ 29%	↓ 40%	1,344	↓ 15%
EPS- ₹(FV of ₹1)	1.7			9.5	

[^] E & EOI = Exceptional items & Extraordinary items

Performance for the Quarter and full year ended March 31, 2011

- Revenues for the quarter at ₹1,260 million is down 24% as compared to Q3 FY11 and Q4 FY10, each. On a full year basis, revenues at ₹6,004 million were down 7% as compared to previous year.
- Reported PAT for Q4 FY11 at ₹243 million is down 42% as compared to Q3 FY11 and down 52% from Q4 FY10. Reported PAT for the full year at ₹1,371 million is down 20% as compared to previous year.
- To facilitate better comparison of operational performance for Q4 FY11, the following items needs to be considered:

₹Million	Q4 FY11	Q3 FY11	Q4 FY10	FY11	FY10
PAT (before E & EOI) – Reported	243	421	502	1,371	1,704
Less : Unrealised gain of previous quarter booked in this quarter (post tax)	(2)	(47)	(9)	(15)	(21)
Add : Unrealised gain in arbitrage (post tax)	1	2	15	1	15
Add : Reversal of deferred tax asset	28				
Less: Profit on sale of investments			(61)	(12)	(112)
Adjusted PAT (before E & EOI)	269	376	447	1,344	1,586

Adjusted PAT for Q4 FY11 at ₹269 million is down 29% compared to Q3 FY11 and down 40% compared to Q4 FY10. On a full year basis, adjusted PAT at ₹1,344 million is down 15% as compared to previous year.

- Proposed dividend for FY11 - 140% (₹1.40 per share).
- Strong balance sheet as on December 31 2011, with net worth of ₹10.6 billion, net cash of ₹2.7 billion.



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

"The Indian markets witnessed a challenging fourth quarter with slow down in FII inflows, muted retail participation in equities, growing shift towards the low-yield options volumes and slowing down of ECM as well as M&A deals. However, we strongly believe that India is a great growth story and is heading to be a US\$5 trillion economy by the year 2020. Backed by strong domestic savings, there would be tremendous growth opportunities for the firms operating in the financial services space. Our foray into mutual funds saw success this year. All the 3 Exchange Traded Funds (ETFs) launched were ground-breakers in the AMC industry and saw overwhelming investor interest during their NFOs. Our constant endeavour to provide quality services was recognized this quarter too, when we won awards for our broking and asset management businesses. During the current year, we have laid a strong foundation for each of our businesses to scale up and grab a meaningful share of the opportunities, and we remain committed towards this goal."

Segment results for Q4 FY 2011 and FY2011

- Broking and related revenues were ₹877 million this quarter, down 28% from Q3 FY11 and down 15% from Q4 FY10. On a full year basis, broking revenues at ₹4,334 million were down 5% as compared to previous year. The disproportionate rise of low-yield options segment within market volumes resulted in a drop of our revenues and overall equity market share in Q4 FY11 to 2.0% from 2.3% in previous quarter. However, our market share in the high-yield cash segment remains largely stable.
- Fund based income was ₹175 million, down 37% as compared to Q3 FY11 and up 40% compared to Q4 FY10. Post adjustments for unrealized gains (mentioned above), fund based income for Q4 FY11 was down 17% over Q3 FY11 and up 29% over Q4 FY10. On a full year basis, fund based income at ₹738 million was up 14% over previous year.
- Asset Management fees were ₹137 million, up 27% as compared to Q3 FY11 and down 28% from Q4 FY10. On a full year basis, asset management fees at ₹427 million were up 7% as compared to previous year.
- Investment banking fees were ₹54 million, up 8% as compared to Q3 FY11 and down 77% from Q4 FY10. On a full year basis, fees at ₹398 million were down 39% as compared to previous year due to delays in closure of several large transactions.
- Other income was ₹17 million, as compared to ₹5 million in Q3 FY11. On full year basis, other income was ₹107 million down 47% as compared to previous year.

Business highlights for Q4 FY 2011

- Broking and Distribution business increased its total customer base to 709,041, as of 31st March 2011, and distribution expanded to 1,644 outlets across 611 cities.
- Total Assets under Management for the Group were ~₹23.5 billion as of 31st March 2011, which includes assets under portfolio management, mutual fund and also assets under advice in private equity business.
- Wealth Management business - "Purple Client Group" managed assets of ~₹11 billion, as of 31st March 2011.

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- Motilal Oswal won 4 awards at the ET-Now Starmine Analyst Awards 2010-11, placing it amongst the Top 3 award winning brokers.
- We were also ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage Category.
- The products launched under our mutual funds business, M50 and M100 ETFs, had AUMs of ₹1.9 billion and ₹1.3 billion respectively, as of 31st March 2011. They are ranked 3rd and 4th amongst Indian Equity ETFs in terms of AUM.
- M50 ETF won the 'Most Innovative Fund of the Year' award at CNBC TV18 CRISIL Mutual Funds Awards 2011.
- We launched our third mutual fund - MOS^t Shares Nasdaq 100 ETF in March 2011, based on the Nasdaq 100 Index. This is India's 1st US equities based ETF and it had an AUM of ₹0.5 billion, as of 31st March 2011. During the launch of this fund, Motilal Oswal became the 1st Indian AMC to ring the opening bell at Nasdaq.
- Our company's private equity arm is working on raising its second growth capital fund, IBEF-II.

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 1,644 business locations spread across 611 cities and the online channel to over 709,041 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. In the StarMine India Broker Rankings 2009 from Thomson Reuters, we won awards in 3 out of 4 categories and also bagged the No. 1 Broker Award in the ET Now – StarMine Analyst Awards 2009. We were adjudged as the 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisors Awards – 2010. MOSL won 4 awards in the ET-Now Starmine Analyst Awards 2010-11, placing it amongst the Top-3 award winning brokers, and was ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage Category. Our mutual fund product, M-50 ETF bagged the 'Most Innovative Fund of the Year' award at the CNBC TV18 CRISIL Mutual Funds Awards 2011.

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