

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q1 FY13 topline of ₹1,093 million, Reported PAT of ₹202 million

Mumbai, July 28, 2012: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its audited results for the quarter ended June 30, 2012 post approval by the Board of Directors at a meeting held in Mumbai on July 28, 2012.

Performance Highlights

₹Million	Q1 FY13	Comparison (Q4 FY12)	Comparison (Q1 FY12)
Total Revenues	1,093	↓15%	↓2%
EBIDTA	366	↓10%	↑5%
Reported PAT	202	↓7%	↓4%
Adjusted PAT	202	↓32%	↓4%
EPS- ₹(FV of ₹1)	1.4		

Performance for the Quarter ended June 30, 2012

- Revenues for the quarter at ₹1,093 million is down 15% on a QoQ basis and down 2% on a YoY basis
- Reported PAT for Q1 FY13 at ₹202 million is down 7% on a QoQ basis and down 4% on a YoY basis
- Adjusted PAT for Q1 FY13 at ₹202 million is down 32% as compared to Q4 FY12 and down 4% from Q1 FY12
- EBITDA and Reported PAT margins were 34% (32% in Q4 FY12) and 19% (17% in Q4 FY12) respectively
- Strong balance sheet with net worth of ₹11.6 billion, net cash of ₹1.7 billion and zero debt, as of June 2012

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

The Indian capital markets faced yet another challenging quarter. Macro-economic and policy worries, muted benchmark performance as well as concerns over corporate profitability and regulations like GAAR impacted investor sentiments this quarter. High-yield cash dipped within market volumes, while low-yield options surged further. Primary market activities remained sluggish. The markets have built up hope with a change of guard at the Union Finance Ministry. With expectations of some reforms in the anvil, it should eventually give the markets better visibility and encourage participation. We continue to believe in the long-term India growth story of India and remain focused on building our businesses towards that objective. Our 2nd growth capital PE fund, aimed at pursuing such upcoming growth opportunities in the Indian economy, received good response from both domestic and offshore investors during its second closing.



Segment results for Q1 FY13

- **Broking and related revenues** at ₹693 million were down 22% from Q4 FY12 and down 10% from Q1 FY12. Daily market volumes grew 6% QoQ to ₹1.6 trillion in Q1 FY13. The thrust behind market volumes continued to be low-yield options, which have grown to comprise 75% of market volumes in Q1 FY13 vs. 67% in the previous quarter. Cash delivery and intraday declined by ~25% each on a QoQ basis. As a result, the proportion of cash to market volumes declined from 11% to 7% in the same period. This impacted our equity market share, which fell from 2.0% in Q4FY12 to 1.5% in Q1 FY13. Nevertheless, our market share in the high-yield cash segment, our main focus area, held firm as compared to the previous quarter. Our blended yield marginally increased from 4.7 bps to 4.8 bps on a QoQ basis
- **Fund based income** were ₹209 million, down 7% QoQ and flat on a YoY basis. It contributed 19% of total group revenues. The loan book was ₹3 billion as of June 2012.
- **Asset Management fees** at ₹155 million was up 19% QoQ and up 50% YoY. The higher revenues this quarter are attributable to the fees earned on the second closing of the new PE fund - IBEF-II
- **Investment banking fees** at ₹27 million were down 29% from Q4 FY12, though up by 25% from Q1 FY12. Corporate fund-raising and deal activities continued to remain sluggish due to the global slowdown, uncertainties regarding government policies, poor performance of the equity markets, as well as high borrowing costs
- **Other income** was ₹10 million in Q1 FY13. This was higher on a QoQ basis owing to the impact of loss on disposal of fixed assets in the previous quarter

Business highlights for Q1 FY13

- Total client base increased to 749,745, which includes 659,274 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,565 business locations across 548 cities
- Total Assets under Management for the Group were ~₹31.0 billion as of June 2012. Within this, mutual fund AUM was ₹4.8 billion, PE AUA was ₹12.4 billion and PMS AUM was ₹13.9 billion
- Wealth Management business managed assets of ~₹15.6 billion, as of June 2012. The wealth management business has been strengthened with the joining of A.V. Srikanth as CEO. Prior to this, he was with Anand Rathi Private Wealth Management, where he played a significant role in growing the vertical. He was an integral part of the team that won several accolades for its product and advisory delivery. He also developed India's first Multi-Manager platform in partnership with external service providers
- Depository assets were ₹114.0 billion, as of June 2012
- MOAMC organized the 2nd edition of Motilal Oswal MOST Shares ETF Conclave 2012 in Mumbai in June 2012. The keynote speaker for the event was James Norris, Managing Director, Vanguard International
- Motilal Oswal Private Equity has achieved commitments of ₹4.9 billion from both domestic and offshore investors following the second closing of its 2nd growth capital PE fund, India Business Excellence Fund-II



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- MOFSL won the 'Best Employer Brand' Award at the IPE Banking, Financial Services & Insurance Awards 2012
- Mr Motilal Oswal received the Samaj Ratna award from Her Excellency President Smt Pratibha Patil in July 2012, under the banner of Cancer Foundation

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 1,565 business locations spread across 548 cities and the online channel to over 749,745 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.

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