

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q2 FY15 Consolidated Revenues of ₹1.8 billion, up 54% YoY; Adjusted PAT of ₹327 million, up 74% YoY

Mumbai, Oct 20, 2014: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter ended Sep 30, 2014 post approval by the Board of Directors at a meeting held in Mumbai on Oct 20, 2014.

Performance Highlights

₹Million	Q2 FY15	Q1 FY15	Comparison (Q1 FY15)	Q2 FY14	Comparison (Q2 FY14)
Total Revenues	1,786	1,676	↑7%	1,161	↑54%
EBITDA	577	577	0%	360	↑60%
Reported PAT	327	321	↑2%	56	↑481%
Adjusted PAT	327	321	↑2%	188	↑74%
Diluted EPS - ₹(FV of ₹1)	2.4	2.3		0.5	

Performance for the Quarter ended Sep 30, 2014

- Revenues in Q2 FY15 were ₹1.8 billion (up 7% QoQ and up 54% YoY)
- Adjusted PAT in Q2 FY15 was ₹327 million (up 2% QoQ and up 74% YoY)
- Reported PAT in Q2 FY15 was ₹327 million (up 2% QoQ and up 481% YoY)
- EBITDA and Adjusted PAT margins for Q2 FY15 were 32% (34% in Q1 FY15) and 18% (19% in Q1 FY15) respectively
- The balance sheet had net worth of ₹12.4 billion and borrowings of ₹2.9 billion as of Sep 30, 2014

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

"The gains in the benchmark index tapered this quarter. The BSE Sensex was up only 4.8% QoQ, as compared to the stellar 13.5% seen in the previous quarter. But despite a dip in cash equity volumes this quarter from the highs of May and June, the activity levels are still significantly higher than the historical levels seen in the last three fiscal years. Retail participation has seen traction this year as compared to recent years, which is encouraging. As the IPO pipeline gains further momentum, it should ideally bring in more retail participants into the markets as they seek to benefit from the opportunities. We have remained committed to investing in our technology, people and infrastructure through this period. Our new venture – Aspire Home Finance, within a very short period of commencing business, has already helped over 500 Indian families realize their dreams of owning a house while building an efficient and effective operating model."

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Segment results for Q2 FY15:

- **Broking and related revenues** were ₹1.2 billion in Q2 FY15, up 4% QoQ and up 65% YoY. Equity market ADTO peaked this quarter, driven by a sharp QoQ off-take in option volumes. Cash volumes moderated slightly in Q2 FY15 to ₹203 billion, as compared to ₹226 billion in Q1 FY15. But this is still well above the last three year average. Retail participation in the cash markets continued to remain stable through Q2 FY15. Our market share decreased from 1.8% to 1.5% QoQ owing to the disproportionate rise in option volumes in the market. However, our market share in the high-yield cash segment increased slightly this quarter, which is encouraging. The significant change in market volume mix towards options segment resulted in blended yield decreasing from 4.3 bps to 3.7 bps QoQ
- **Fund based income** was ₹351 million, up 46% from Q1 FY15 and up 91% from Q2 FY14. NBFC loan book was ₹4.7 billion and Housing Finance disbursements ₹507.1 million as of Sep 2014. Re-allocation of investments in Motilal Oswal's mutual fund products from passive to active strategies resulted in capital gains of ₹147.9 million and is booked under Fund-based income
- **Asset Management fee** were ₹214 million for Q2 FY15, up 18% QoQ and up 4% YoY
- **Investment banking fees** at ₹6 million was down 92% on a QoQ basis
- **Other income** was ₹12 million in Q2 FY15, down 13% QoQ

Highlights for Q2 FY15

- Total client base increased to 820,025 which includes 719,997 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,657 business locations across 517 cities
- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹54.4 billion. Within this, our mutual funds AUM was ₹12.8 billion, PE AUA was ₹20.0 billion, while PMS AUM was ₹21.6 billion
- Wealth management business managed assets of about ₹31.2 billion
- Depository assets were ₹185.4 billion
- Motilal Oswal Securities won the 'Best Research as Research Showcase Partner' at Research Bytes IC Awards 2014
- Institutional Equities conducted the 10th Annual Global Investor Conference in Mumbai where 110 participating companies interacted with over 700 global investors resulting in 3600+ meetings
- Following commencement of operations in May 2014, Aspire Home Finance has already sanctioned 818 applications amounting to ~₹873.2 million, and disbursed 558 applications amounting to ~₹507.1 million
- During this year, Motilal Oswal Capital Markets (Hong Kong) Private Ltd received Type-4 License from SFC, Hong Kong
- Our investment in Motilal Oswal's mutual fund products stands at ₹3.42 billion, as of Sep 30, 2014. The unrealized gain on these investments is ₹462 million, as of Sep 30, 2014
- Our investment in Motilal Oswal's alternative investment products (private equity and real estate funds) stands at ₹883 million, as of Sep 30, 2014



Motilal Oswal Financial Services Ltd.
Regd. Office : Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025.
Board: +91 22 3980 4200 Fax: +91 22 3312 4997
CIN: L67190MH2005PLC153397

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 1,657 business locations spread across 517 cities and the online channel to over 820,025 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 2012, for the 4th 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.

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