

**ConCall Summary & Earnings Release**

Quarter ended Mar 2012

26 Apr 2012

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of ₹1.3b for the quarter ended 31 Mar 2012, up 16% QoQ and up 2% YoY. Adjusted PAT at ₹296m was up 13% on a QoQ basis and up 9% YoY. Reported PAT decreased by 16% QoQ and 10% YoY to ₹217m. Broking-related revenues was ₹896m, up 25% QoQ and up 5% YoY. Fund-based income at ₹225m was up 19% QoQ and up 10% YoY. Asset management fees was down 24% QoQ and down 3% YoY to ₹130m, while investment banking fees decreased by 30% on a YoY basis to ₹38m. On a full year basis, revenues decreased 23% to ₹4.7b. Adjusted PAT declined 24% to ₹1.03b while Reported PAT was down 24% to ₹1.04b. Broking-related revenues fell 26% to ₹3.2b. Fund-based income increased by 8% to ₹822m. Asset management fees were up 17% to ₹504m and investment banking fees were down 78% to ₹86m.

For a deeper insight into the company's performance and the management's expectations, we present extracts from the post-results conference call. We have edited and rearranged the transcript for greater lucidity. We have also included exhibits from the company's presentation on its performance for the quarter ended Mar 2012. This presentation is available at [www.motilaloswal.com](http://www.motilaloswal.com)

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**Corporate Participants**

Mr Motilal Oswal

*Chairman and Managing Director*

Mr Navin Agarwal

*Director*

Mr Sameer Kamath

*Chief Financial Officer*

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This document includes forward looking statements, including discussions about the management's plans and objectives and about expected changes in revenues and financial conditions. Forward-looking statements about the financial condition, results of operations, plans and business are subject to various risks and uncertainties that could cause actual results to differ materially from those set forth in this document. You should not construe any of these statements as assurances of financial performance or as promises of particular courses of action.

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Good morning, ladies and gentlemen. Welcome to the Q4 FY12 earnings conference call of Motilal Oswal Financial Services Limited. We have with us Mr. Motilal Oswal, Chairman and Managing Director, Mr. Navin Agarwal, Director and Mr. Sameer Kamath, Chief Financial Officer. For the duration of this presentation, all participants' lines will be in the listen-only mode. I will be standing by for the Q&A session. I would now like to invite Mr. Navin Agarwal to make his opening remarks. Thank you and over to you sir....

#### MOFSL CONSOLIDATED FINANCIALS (₹ Mn)

|                                      | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12  | FY11  | CHG.<br>YOY |
|--------------------------------------|------------|------------|-------------|------------|------------|-------------|-------|-------|-------------|
| Total Revenues                       | 1,286      | 1,113      | 16%         | 1,286      | 1,260      | 2%          | 4,655 | 6,008 | -23%        |
| EBIDTA                               | 406        | 411        | -1%         | 406        | 435        | -7%         | 1,562 | 2,295 | -32%        |
| PBT (before E & EOI)                 | 344        | 378        | -9%         | 344        | 394        | -13%        | 1,396 | 2,107 | -34%        |
| Reported PAT (after E & EOI)         | 217        | 260        | -16%        | 217        | 243        | -10%        | 1,039 | 1,371 | -24%        |
| Adjusted PAT                         | 296        | 261        | 13%         | 296        | 271        | 9%          | 1,028 | 1,353 | -24%        |
| EPS - Basic                          | 1.50       | 1.80       |             | 1.50       | 1.67       |             | 7.17  | 9.52  |             |
| EPS - Diluted                        | 1.50       | 1.80       |             | 1.50       | 1.67       |             | 7.17  | 9.52  |             |
| No. of Shares O/s (Mn) - FV ₹1/share | 145        | 145        |             | 145        | 144        |             | 145   | 144   |             |

E & EOI = Exceptional & extraordinary items

Source: MOFSL's presentation on Mar 2012 earnings

#### REVENUE COMPOSITION (₹ Mn)

|                              | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12  | FY11  | CHG.<br>YOY |
|------------------------------|------------|------------|-------------|------------|------------|-------------|-------|-------|-------------|
| Brokerage & operating income | 896        | 716        | 25%         | 896        | 856        | 5%          | 3,201 | 4,308 | -26%        |
| Investment banking fees      | 38         | 13         | 196%        | 38         | 54         | -30%        | 86    | 399   | -78%        |
| Fund based income            | 225        | 190        | 19%         | 225        | 205        | 10%         | 822   | 765   | 8%          |
| Asset management fees        | 130        | 170        | -24%        | 130        | 134        | -3%         | 504   | 429   | 17%         |
| Other income                 | (3)        | 24         | nm          | (3)        | 12         | nm          | 42    | 107   | -61%        |
| Total Revenues               | 1,286      | 1,113      | 16%         | 1,286      | 1,260      | 2%          | 4,655 | 6,008 | -23%        |

Source: MOFSL's presentation on Mar 2012 earnings

### Opening remarks

Good afternoon everybody. It is my pleasure to welcome all of you to the Motilal Oswal Financial Services earnings call for the Fourth Quarter ended March 2012. I will start by giving a brief backdrop of the broad market, the industry segments, and then run you through our own performance for the quarter ended March 2012.

### Equity markets

Following negative returns in the first three quarters of FY12, the market performance in the fourth quarter saw a reversal of sorts with market returning 13% during the quarter and effectively pairing down the loss for the full year, from 21% at the end of December to just about 10% by the end of March. This occurred on the back of renewed FII inflows in January and February which is a phenomenon that we saw across various Asian markets as well. BSE market cap stood at Rs 62.1tn in March 2012, a decline of 9% for the year. Due to the appreciation in the exchange rates, the dollar loss was much steeper at about 19% for the year versus ~10% loss in terms of local currency. Nevertheless,

there are significant macroeconomic concerns coupled with policy paralysis which continues to impact corporate capex, corporate earnings and the economic growth outlook. While the budget has done little to help this cause, RBI has surprised with CRR cuts as well as repo rate cuts thrice over during the course of this year.

Average daily market turnover (ADTO) of equities in 4Q FY12 was ₹1.50t, up 6% QoQ and down 3% YoY. ADTO in F&O segment was ₹1.34t in 4Q FY12, up 4% QoQ and down 4% YoY. ADTO in the cash segment was ₹0.16t in 4Q FY12, which is up very strongly by 34% QoQ. The jump in cash volumes following increased participation in Jan-Feb pushed up the proportion of cash to market volumes from just 8% in the previous quarter to about 11% in 4Q FY12. Proportion of high-yield cash delivery to market volumes increased from 2.4% in 3Q FY12 to 2.9% in 4Q FY12. With option volumes flat on a QoQ basis, the proportion of options reduced from 70% to 67%, though this is still quite high. Cash volumes increased on an absolute basis across all participant segments this quarter, led by retail – up 35% QoQ, prop – up 38% QoQ and FII – up 29% QoQ. In terms of proportions within cash volumes, retail continues to comprise 50% of cash volumes while FIIs and DIIs comprise 17% and 8% respectively, largely unchanged from the previous quarter.

The month of April has started on a relatively tough note for the cash segment. April cash volumes (till 24th) are ₹0.13t, down ~21% from 4Q FY12. The proportion of cash to total volumes has come down to 10%. F&O volumes are down 14% to ₹1.16t. The retail volume drop has been lesser than the overall volume drop so the proportion of retail volumes increased to about 55% in April MTD as compared to 50% in 4Q FY12.

As inflation starts showing signs of slowing down and a gradual, sustained reversal in rate hikes is effected, the corporate investment activity will receive a boost. This should aid visibility of corporate profitability, improve investor sentiments and bring back equity participation.

### **Institutional activity**

After seeing net outflows of ~US\$0.5b in each of the prior two quarters, FII net flows into equities were positive at ~US\$8.7b in 4Q FY12. This was due to a surge in inflows in the months of Jan and Feb across the Asian region.

Although DIIs had shown a steady pick-up in terms of equity inflows this year, 4Q FY12 saw net outflows of ~US\$4.4b by DIIs partly because of the subscription to some of the government offerings by the insurance companies.

### **Investment banking and private equity**

M&A deal value was US\$16.1b in 4QFY12, up from US\$9.6b in 3QFY12. This increase in deal value was largely attributable to the Sesa-Sterlite merger transaction. As a result, the proportion of domestic deals increased to 90% of total deal value this quarter, while inbound deals comprised 7%. Average deal value almost reduced by half to US\$1.5b on

a QoQ basis, indicating that the count of small-value transaction was also up this quarter.

Though equity raising remained slow this fiscal year, this quarter particularly saw a pick-up on a QoQ basis boosted by the ~₹120b ONGC follow-on auction. Though IPO value at US\$0.2b in 4Q FY12 was up from US\$0.1b in 3Q FY12, this included the large US\$0.13b MCX IPO issue. Fund raising via QIPs was US\$0.2b in 4QFY12, up from nil in 3Q FY12.

Debt raising declined this quarter as the high interest climate pushed up borrowing costs for corporates leading to deferral in the fund raising plans of many corporates.

Private equity deal value was US\$1.9b across 91 deals in 4Q FY12, up from US\$1.5b across 120 deals in 3Q FY12. Average deal size went up from US\$12m to US\$21m over the same period, indicating a few large sized deals occurred this quarter.

### **Asset management**

Assets under management of mutual funds were ₹5.9t as on Mar 31, 2012, largely flat as compared to Dec 31, 2011. While equity funds AuM were impacted by the equity market sentiments, this drop in AuM was made up was made up partly by the subscriptions in liquid and the gold fund which saw increased investor interest and a flurry of new product launches.

Indian ETF assets were US\$1.7b as of Dec 31, 2011, as compared to US\$1.2b as of Sep 30, 2011. The proportion of Indian ETF assets to global ETF assets continues to increase, reaffirming the potential of this still nascent segment in India.

### **MOFSL's Performance**

- Revenue in 4Q FY12 was ₹1.3b (up 16% QoQ and up 2% YoY); However, our full year revenues at ₹4.7b were down 23% YoY.
- Adjusted PAT in 4Q FY12 was ₹296m (up 13% QoQ and up 9% YoY); this was ₹1.03b in FY12 (down 24% YoY). The main items (post tax impact) that have been adjusted to reflect the profits for 4Q FY12 are loss on disposal of fixed assets ₹7m as we move from our earlier offices to the new Motilal Oswal Towers, bad debt write off of about ₹21m, deferred tax asset created in previous year which was reversed, which is an impact of ₹20m. Finally we had additional incentives for the previous quarters based on annual appraisals during the current quarter was a charge of ₹30m during the current quarter.
- Reported PAT in 4Q FY12 was ₹217m (down 16% QoQ and down 10% YoY); ₹1.04b in FY12 (down 24% YoY)
- EBITDA and Adjusted PAT margins for 4Q FY12 were 32% (37% in 3Q FY12) and 23% (23% in 3Q FY12) respectively. On a full year basis, EBITDA margin was 34% (FY11: 38%), while Adjusted PAT margin was 22% (FY11: 23%)
- Proposed final dividend for FY12 is ₹0.5 per share (Face Value of ₹1 per share). This is in addition to an interim dividend of ₹1 that we paid out.
- Strong balance sheet with net worth of ₹11.4b, net cash of ₹2.7b and zero debt as of Mar 31, 2012

#### Segment-wise business performance:

- Broking and related revenues were ₹896m this quarter, up 25% from 3Q FY12 and up 5% from 4Q FY11. On a full year basis, broking revenues at ₹3.2b were down 26% as compared to FY11. Daily market ADTO grew 6% QoQ, buoyed by a 34% growth in cash volumes following increased retail participation in January and February. Option volumes were flat on a QoQ basis. Thus, the proportion of cash to overall volumes improved from 8% to 11% QoQ, while options reduced from 70% to 67%. Our equity market share increased from 1.8% in 3Q FY12 to 2.0% in 4Q FY12 and our blended yield remained stable at 4.7 bps in 4Q FY11, same as reported in 3Q FY12. As on Mar 31, 2012, total client base has increased to 746,932 while Pan-India distribution reach stood at 1,579 business locations across 552 cities
- Fund based income was ₹225m, up 19% from 3Q FY12 and up 10% from 4Q FY11. On a full year basis, fund based income at ₹822m was up 8% over FY11. The loan book was ₹3.5b as of Mar 31, 2012
- Asset Management fees were ₹130m for 4Q FY12, down 24% QoQ and down 3% YoY. The higher revenue in 3Q FY12 is attributable to the fees related to the first close of the new IBEF-II fund. AMC revenues also includes PMS performance fee of ₹11.5m accrued in 4Q FY12, which is lower than the ₹45.2m we booked in the same quarter of last year. On a full year basis, asset management fees at ₹504m were up 17% as compared to FY11. Total Assets under Management for the Group were ~₹29.1b as of Mar 31, 2012. Within this, mutual fund AUM was ₹4.5b, PE AUA was ₹11.0b and PMS AUM was ₹13.6b
- Investment banking fees were ₹38m, which is about 3x of 3Q FY12 revenues but down 30% as compared to 4Q FY11. The poor performance of the equity markets adversely impacted both the equity capital market segment and also the M&A deals. We believe that the business is well aligned to the rising market opportunities and our confidence in the future arises from the strong pipeline we have in this business.
- Wealth Management business - "Purple Client Group" managed assets of ~₹14.7b, as of Mar 31, 2012
- Other income was ₹(3)m in 4Q FY12 includes loss on disposal of fixed assets to the tune of ₹11m as we transited to the new office. On full year basis, other income was ₹42m, down 61% YoY as we had profit on sale of assets and investments in the previous year of a larger quantum not reflected in this line item for the current year.

#### MOFSL General Highlights

- Motilal Oswal AMC launched the MOST Shares Gold ETF, India's 1st Gold ETF of its kind which enables investment as well as consumption of pure gold for retail investors.
- Motilal Oswal Private Equity announced the first closing of its 2nd growth capital fund, India Business Excellence Fund-II, achieved at an equivalent of ₹3.5b raised through a combination of domestic and offshore investors
- 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 bagged the Best Equity Broker Award at the Bloomberg UTV Financial Leadership Awards 2012. The award was presented by the Honorable Finance Minister, Mr Pranab Mukherjee.
- MOFSL won the 'Retailer of the Year (Banking & Financial Services) award at Retail Excellence Awards 2012, organised by the Asia Retail Congress

### **Thematic initiative**

As part of initiative to share knowledge on the financial services sector, we had started a thematic article series, 'Fin-Sight' from the previous quarter. In each article, we aim to discuss a topic currently impacting this sector. The April issue of Fin-Sight studies the topic – "Consolidation in the Indian Broking Sector: Learning from the US Experience". The full article is available on our corporate website - in the Investor Relations section under Presentations. We look forward to your feedback and questions to help us provide you a better perspective of this sector.

### **Outlook**

The Indian markets have undergone a significant correction over the last year. Right now the sentiment for the Indian markets continues to be at a low for domestic as well as foreign investors. As far as domestic investors are concerned, for nearly 3 years now we have seen almost zero net inflows into the secondary markets for both insurance and the mutual funds. Foreign investors' sentiment continues to remain poor on the back of some of the recent announcements made along with the budget.

Notwithstanding these headwinds we believe that the long-term Indian growth story is intact backed by strong savings which would present several growth opportunities for financial services firms such as ours. During the current quarter, we continued our efforts in laying a strong foundation in our businesses to scale up and grab a meaningful share of these opportunities. We remain focused on building a customer focused organization with low financial leverage, which has helped us deliver reasonable performance across market cycles.

With these remarks, I would now like to open the floor for Q&A. Thank you.

## Broking & Distribution, Wealth Management and Institutional Broking

### KEY FINANCIALS: BROKING & DISTRIBUTION, WEALTH MANAGEMENT & INSTITUTIONAL BROKING (₹ Mn)

|                      | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12  | FY11  | CHG.<br>YOY |
|----------------------|------------|------------|-------------|------------|------------|-------------|-------|-------|-------------|
| Total Revenues       | 1,014      | 837        | 21%         | 1,014      | 985        | 3%          | 3,577 | 4,874 | -27%        |
| EBIDTA               | 346        | 295        | 17%         | 346        | 299        | 16%         | 1,182 | 1,666 | -29%        |
| PBT (before E & EOI) | 294        | 263        | 12%         | 294        | 258        | 14%         | 1,031 | 1,489 | -31%        |
| PAT (before E & EOI) | 210        | 181        | 16%         | 210        | 182        | 15%         | 727   | 1,008 | -28%        |
| PAT (after E & EOI)  | 210        | 181        | 16%         | 210        | 182        | 15%         | 815   | 1,008 | -19%        |

E & EOI = Exceptional & extraordinary items

Source: MOFSL's presentation on Mar 2012 earnings

### What was the break-up of the market cash volumes in Q4 FY12?

Average daily market volumes in the cash segment were about ₹160b in Q4 FY12. Of this, retail comprised 50% at about ₹80b. Institutions, including FII and DII, were about ₹40b, and the remaining ₹40b were made up by the prop volumes.

### Given that the market share in cash segment is better as compared to F&O, why is there no improvement in yields when cash volumes increased by 34% QoQ?

Within the cash segment, the 34% QoQ cash volume growth can be broken down into 26% QoQ growth in delivery and about 37% in intraday. Most of the cash volume growth has come from the intraday segment where the yields are lower - about 5-6 bps at the market level. While the market share in the cash segment has grown, the delivery percentage within cash has been lower than the total. Our own performance this quarter in terms of volumes is reflective of the growth in the cash delivery segment in the market.

### What is the strategy on branches and outlets?

Since the last 2 or 3 quarters, we have not actively increased our outlets. Instead, we have focused on closing the smaller, inefficient outlets and replacing them with newer, bigger outlets. So, the net number of outlets largely remains the same. However, there might have been a slight net addition over the last few months or so.

### What is the outlook on market volumes?

One good sign was that the previous quarter was the largest in terms of the cash volumes this year. The proportion of cash, which was about 8%, has gone up to about 11%. Our sense is that we may not see a huge fall from these levels, although it can vary on quarter to quarter or month to month basis. It is a difficult call but we remain optimistic and hopeful that the market will be up or down by about 10% more or less.

## Fund Based Income

### MOFSL STANDALONE FINANCIALS (₹ Mn)

|                | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12 | FY11 | CHG.<br>YOY |
|----------------|------------|------------|-------------|------------|------------|-------------|------|------|-------------|
| Total Revenues | 251        | 113        | 122%        | 251        | 102        | 146%        | 819  | 642  | 28%         |
| EBIDTA         | 225        | 90         | 151%        | 225        | 81         | 177%        | 680  | 577  | 18%         |
| PBT            | 208        | 89         | 135%        | 208        | 81         | 157%        | 662  | 565  | 17%         |
| PAT            | 188        | 62         | 204%        | 188        | 53         | 256%        | 563  | 427  | 32%         |

*E & EOI = Exceptional & extraordinary items*

*Source: MOFSL's presentation on Mar 2012 earnings*

### What is the break-up of the ₹3.5b loan book - is it entirely margin funding? What is the yield?

The major portion of the loan book is margin funding and loan against shares, while a very small portion would be bridge loans. The yield on the book is about 15 to 16%.

### How do you see the loan book growing?

The loan book is predominantly focused on the equity market space. As the equity capital market improves, it will consequently result in a higher off-take in this book. We are very conservative about the quality of scrips and would grow this book cautiously.

### Any plans on expanding the lending business, like most other players are doing?

Our focus in the lending business remains on the equity market space itself and with the resultant growth opportunities as the markets go up.

### What is the collateral against this book - by what times?

Minimum collateral is 2 times.

### When collateral is taken against these shares and if their price sheds 10-15% on any day, how would you look at your coverage in terms of collateral?

The list of stocks against which we have collateral is very small and of good quality. We review it daily on mark-to-market basis. Also, we take it across a basket of stocks and avoid single stock concentration. This helps us diversify against a fall in any single stock.

### What is the sector breakup of the loan against shares?

It is across a basket of diverse blue-chip companies. There is no sector specific exposure.

## Asset Management

### KEY FINANCIALS: ASSET MANAGEMENT (₹ Mn)

|                | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12 | FY11 | CHG.<br>YOY |
|----------------|------------|------------|-------------|------------|------------|-------------|------|------|-------------|
| Total Revenues | 90         | 76         | 19%         | 90         | 113        | -20%        | 318  | 195  | 63%         |
| EBIDTA         | (9)        | 4          | nm          | (9)        | 10         | nm          | (9)  | (84) | nm          |
| PBT            | (10)       | 3          | nm          | (10)       | 9          | nm          | (11) | (85) | nm          |
| PAT            | (30)       | 3          | nm          | (30)       | (20)       | nm          | (31) | (85) | nm          |

E & EOI = Exceptional & extraordinary items

Source: MOFSL's presentation on Mar 2012 earnings

## Private Equity

### KEY FINANCIALS: PRIVATE EQUITY (₹ Mn)

|                | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12 | FY11 | CHG.<br>YOY |
|----------------|------------|------------|-------------|------------|------------|-------------|------|------|-------------|
| Total Revenues | 42         | 97         | -57%        | 42         | 27         | 52%         | 194  | 128  | 52%         |
| EBIDTA         | 11         | 16         | -32%        | 11         | 1          | 1153%       | 31   | 34   | -9%         |
| PBT            | 10         | 16         | -33%        | 10         | 1          | 1516%       | 30   | 33   | -11%        |
| PAT            | 7          | 11         | -33%        | 7          | 0          | 1388%       | 20   | 23   | -11%        |

E & EOI = Exceptional & extraordinary items

Source: MOFSL's presentation on Mar 2012 earnings

### What is the outlook for the asset management business?

We are in investment mode in the asset management business right now. The top-line growth for this business has been robust in the current year due to the low base. The products launched under the mutual funds umbrella are all based on unique investment strategies. We believe that the growth in these products will outpace the growth in the active assets. This is a long-term bet we have made which we think should do well.

Our portfolio management services have performed well during the current quarter and continue to see positive inflows. We think that this business too can scale up substantially going forward.

As far as the private equity business is concerned, we launched our second growth capital fund, the India Business Excellence Fund II, where we have commitments of ₹3.5b.

So all of these three asset management businesses are doing exceedingly well and we are very hopeful of a strong ramp-up in these businesses over the coming years.

## Investment Banking

### KEY FINANCIALS: INVESTMENT BANKING (₹ Mn)

|                | Q4<br>FY12 | Q3<br>FY12 | CHG.<br>QOQ | Q4<br>FY12 | Q4<br>FY12 | CHG.<br>YOY | FY12 | FY11 | CHG.<br>YOY |
|----------------|------------|------------|-------------|------------|------------|-------------|------|------|-------------|
| Total Revenues | 40         | 16         | 147%        | 40         | 56         | -28%        | 116  | 418  | -72%        |
| EBIDTA         | (20)       | (17)       | nm          | (20)       | 28         | nm          | (45) | 196  | nm          |
| PBT            | (20)       | (18)       | nm          | (20)       | 28         | nm          | (47) | 196  | nm          |
| PAT            | (14)       | (12)       | nm          | (14)       | 19         | nm          | (31) | 130  | nm          |

E & EOI = Exceptional & extraordinary items

Source: MOFSL's presentation on Mar 2012 earnings

## **Overall**

### **What is the break-up between operating and administration costs for the quarter? Has operating expenses gone up during the quarter?**

Out of the total expenses, ₹344m are operating expenses and ₹218m are administration and other costs. The bad debt write-off is a part of administration and other costs. The ₹344m of operating costs mainly includes sharing of brokerage to franchisees. In this quarter, the retail volumes picked up and hence this cost item also moved in a similar proportion to broking revenues.

Operating expenses should be looked as percentage to broking revenues. The growth in operating expense this quarter is attributable to higher growth seen in retail volumes (35%) at market levels and a similar trend was witnessed within our own volumes. Hence, in the quarters when the retail segment participation grows, this figure will grow at a faster pace.

### **Regarding the depreciation cost of ₹48m this quarter, what would be the run rate going forward?**

It will be higher. Basically we had an additional depreciation of ₹14m during the current quarter for one month of use of the new corporate office building, as we only shifted in the month of March. As we use the building for a full quarter, there will be an additional ₹28m delta in 1Q FY13 over 4Q FY12.

### **Do you see any operating margin levers from here on, given the current industry environment?**

All our businesses have significant operating leverage. Though the business volumes are currently at low levels, a pick-up in business volumes would not be accompanied by a proportionate increase in fixed costs, depreciation or any other overhead. Some of our new businesses lost less in FY12 as compared to FY11 as they gained maturity and scale. So, a combination of operating leverage in the old businesses coupled with lower losses in the new businesses should help us deliver strong performance in the coming years.

### **What were the reasons for the 24% year on year drop in Adjusted PAT?**

There were 3 or 4 adjustments which happened through the quarter. Firstly, there was a deferred tax asset that was recognized in the previous year. On a conservative basis, we have decided to reverse that off till we have profits in that entity. This had an impact of ₹20m on our quarterly PAT for this year. We have also provided for an additional incentive base on year end, annual appraisals which contributed about ₹30m for this quarter. We also had certain bad debts in our agency business of about ₹21m in previous

period which we have written off in this period. Lastly, as we have moved from some of our older South Bombay offices to our new office, certain furniture and fixtures had to be disposed off at a loss which was about ₹7m.

**Is the bad debt of ₹21m that is written-off primarily brokerage income related, or would this include asset management as well?**

This is the income that we booked in few of our agency businesses which we are not hopeful of recovery going forward and hence we have taken a hit. This is based on a call on recoverability we have taken at the year-end. This is not on account of our lending book. This is not in asset management but is across some of our agency businesses - broking and investment banking.

**Regarding the leasing out of additional space in the new corporate office, what is the current status with respect to tenants and what is the income expected?**

We are talking to a lot of people on a daily basis but nothing is finalized as of now. There would be about 80,000 sq ft of extra, leasable area so that should give us an average income of about ₹100-120m per year.

**What is the number of employees currently?**

Our employee count is about 1,100 now.

**Why has the employee cost risen quarter-on-quarter?**

Due to its link with the top-line, certain variable costs during the quarter would have gone up in the same proportion. During the annual appraisals in the quarter-end, we have provided an additional amount of about ₹40m pre-tax which has also caused a sequential growth in the employee cost.



## **INVESTOR UPDATE**

### **Motilal Oswal Financial Services reports Q4 FY12 topline of ₹1,286 million, Adjusted PAT of ₹296 million; Proposes final dividend of ₹0.50 per equity share (F.V. ₹1)**

**Mumbai, April 25, 2012:** Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its audited results for the quarter ended March 31, 2012 post approval by the Board of Directors at a meeting held in Mumbai on April 25, 2012.

#### **Performance Highlights**

| ₹Million                | Q4 FY12 | Comparison (Q3 FY12) | Comparison (Q4 FY11) |
|-------------------------|---------|----------------------|----------------------|
| <b>Total Revenues</b>   | 1,286   | ↑16%                 | ↑ 2%                 |
| <b>EBIDTA</b>           | 406     | ↓ 1%                 | ↓ 7%                 |
| <b>Adjusted PAT</b>     | 296     | ↑13%                 | ↑ 9%                 |
| <b>EPS- ₹(FV of ₹1)</b> | 1.50    |                      |                      |

^ E & EOI = Exceptional items & Extraordinary items

#### **Performance for the Quarter ended March 31, 2012**

- Revenues for the quarter at ₹1,286 million is up 16% as compared to Q3 FY12 and up 2% from Q4 FY11.
- Adjusted PAT for Q4 FY12 at ₹296 million is up 13% compared to Q3 FY12 and up 9% from Q4 FY11.
- Reported PAT for Q4 FY12 at ₹217 million is down 16% as compared to Q3 FY12 and down 10% from Q4 FY11.
- EBITDA and Adjusted PAT margins were 32% (37% in Q3 FY12) and 23% (23% in Q3 FY12) respectively.
- The Company continues to put significant efforts in building new business ventures like Asset Management, Private Equity and Wealth Management which currently do not contribute to the profits of the Group.
- Proposed final dividend for FY12 - 50% (₹0.50 per share). Interim dividend already declared ₹1 per share – FV ₹1 per share
- Strong balance sheet with net worth of ₹11.4 billion, net cash of ₹2.7 billion and zero debt, as of Mar 31, 2012

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

*“Following negative returns in the first three quarters, the fourth quarter saw a QoQ rebound in the Indian markets. While cash market participation improved across retail and FIIs during the Feb market rally, headwinds in the form of macro-economic, policy and global pressures continue to impact investor sentiments. Nevertheless, sustained signs of an inflation slowdown and interest rate cuts should revive*

*the corporate investment cycle, provide better visibility of profitability growth and bring back participation to earlier levels. Our focus to build a diversified financial services organization is on track with the launch of our new, innovative Gold ETF and the first closing of the 2<sup>nd</sup> growth capital fund – IBEF II. Our superior quality of broking and advisory services was recognized yet again this year when we won several accolades at prestigious industry platforms. We continue to remain committed to build a robust and profitable franchise that will be able to garner a meaningful market share in the capital markets space.”*

#### **Segment results for Q4 FY 2012 and FY2012**

- Broking and related revenues were ₹896 million this quarter, up 25% from Q3 FY12 and up 5% from Q4 FY11. Daily market volumes (ADTO) grew 6% QoQ to Rs 1.5 trillion, buoyed by a 34% growth in cash volumes following increased retail participation in Jan-Feb. Option volumes were flat on a QoQ basis. Thus, the proportion of cash to overall volumes improved from 8% to 11% QoQ, while options reduced from 70% to 67%. Our equity market share increased from 1.8% in Q3 FY12 to 2.0% in Q4 FY12 and our blended yield remained stable at 4.7 bps in Q4 FY11; same as reported in Q3 FY12.
- Fund based income was ₹225 million, up 19% as compared to Q3 FY12 and up 10% compared to Q4 FY11. It contributed 17% of total group revenues. The loan book was ₹3.5 billion as of Mar 31, 2012.
- Asset Management fees were ₹130 million, down 24% from Q3 FY12 and down 3% compared to Q4 FY11. The higher revenue in Q3 FY12 is attributable to the fees related to the first close of the new IBEF-II fund. Q4FY11 included PMS performance fee of ₹45.2 million compared to ₹11.5 million in Q4 FY12.
- Investment banking fees were ₹38 million, up 196% over Q3FY12 but down 30% as compared to Q4 FY11. Poor performance of equity markets adversely impacted equity raising activities both IPO and QIPs. The global slowdown and uncertainty on the government policy clubbed with high borrowing costs caused a slowdown in deal activities in the current year. However, the business is well aligned to arising market opportunities and the execution pipeline remains robust.
- Other income was ₹(3) million in Q4 FY12 which includes loss on disposal of fixed assets to the tune of ₹11 million.

#### **Business highlights for Q4 FY12**

- Total client base increased to 746,932, which includes 657,119 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,579 business locations across 552 cities
- Total Assets under Management for the Group were ~₹29.1 billion as of Mar 31, 2012. Within this, mutual fund AUM was ₹4.5 billion, PE AUA was ₹11.0 billion and PMS AUM was ₹13.6 billion
- Wealth Management business - “Purple Client Group” managed assets of ~₹14.7 billion, as of Mar 31, 2012
- Depository assets were ₹115.4 billion, as of Mar 31, 2012
- Motilal Oswal AMC launched the MOST Shares Gold ETF, India’s 1st Gold ETF of its kind which enables investment as well as consumption of pure gold for retail investors.
- Motilal Oswal Private Equity announced the first closing of its 2nd growth capital fund, India Business Excellence Fund-II, achieved at an equivalent of ₹ 3.5 billion raised through a combination of domestic and offshore investors
- 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 bagged the Best Equity Broker Award at the Bloomberg UTV Financial Leadership Awards 2012. The award was presented by the Honorable Finance Minister, Mr Pranab Mukherjee.
- MOFSL won the 'Retailer of the Year (Banking & Financial Services) award at Retail Excellence Awards 2012, organised by the Asia Retail Congress.

#### **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 1,579 business locations spread across 552 cities and the online channel to over 738,156 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. 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. 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.

For further details contact:

|                                                                                                      |                                                                                                      |                                                                                                                                           |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Hari Krishnan<br>Motilal Oswal Financial Services<br>Ph - +91-22-39825500<br>Mob- +91-9820520392 | Mr. Sameer Kamath<br>Motilal Oswal Financial Services<br>Ph - +91-22-39825500<br>Mob- +91-9820130810 | Mr. Anirudh Rajan / Alpesh Nakrani<br>Paradigm Shift Public Relations<br>Mob- +91-9892343828/ +91-9869121167<br>Tel- +91-22 22813797 / 98 |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|

| <b>MOTILAL OSWAL FINANCIAL SERVICES LTD</b><br><b>Registered Office: Palm Spring Centre, Palm Court Complex, 2nd Floor, Link Road, Malad (W), Mumbai - 400 064</b><br><b>Tel: +91-22-30801000, Fax: +91-22-28449044 Email:investors@motilaloswal.com</b><br><b>CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER &amp; YEAR ENDED 31ST MARCH 2012</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |               |               |               |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| (Rs in Lacs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |               |               |               |               |
| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Quarter Ended |               |               | Year Ended    |               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 31.03.2012    | 31.12.2011    | 31.03.2011    | 31.03.2012    | 31.03.2011    |
| <b>1. Income from Operations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |               |               |               |               |
| (a) Income from Operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 12,399        | 10,573        | 12,525        | 44,367        | 58,092        |
| (b) Other Operating Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 482           | 318           | (45)          | 1,765         | 915           |
| <b>Total Income</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>12,881</b> | <b>10,891</b> | <b>12,480</b> | <b>46,132</b> | <b>59,007</b> |
| <b>2. Expenditure</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |               |               |               |               |
| a. Employees benefits expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 3,168         | 2,672         | 2,951         | 11,386        | 13,724        |
| b. Depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 483           | 269           | 325           | 1,297         | 1,313         |
| c. Other expenditure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 5,626         | 4,349         | 5,297         | 19,547        | 23,402        |
| <b>Total expenses</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>9,277</b>  | <b>7,290</b>  | <b>8,573</b>  | <b>32,230</b> | <b>38,439</b> |
| <b>3. Profit from Operations before Other Income, Interest &amp; Exceptional Items (1-2)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>3,604</b>  | <b>3,601</b>  | <b>3,907</b>  | <b>13,903</b> | <b>20,568</b> |
| 4. Other Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (25)          | 236           | 122           | 421           | 1,068         |
| <b>5. Profit before Interest &amp; Exceptional Items (3+4)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>3,579</b>  | <b>3,837</b>  | <b>4,029</b>  | <b>14,324</b> | <b>21,636</b> |
| 6. Finance Cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 143           | 58            | 91            | 360           | 566           |
| <b>7. Profit after Interest but before Exceptional Items (5-6)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>3,436</b>  | <b>3,779</b>  | <b>3,938</b>  | <b>13,964</b> | <b>21,070</b> |
| 8. Exceptional Items - (Expense)/Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -             | -             | -             | 1,299         | -             |
| <b>9. Profit / (Loss) from Ordinary Activities before tax (7-8)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>3,436</b>  | <b>3,779</b>  | <b>3,938</b>  | <b>15,263</b> | <b>21,070</b> |
| 10. Tax expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,255         | 1,165         | 1,485         | 4,844         | 7,120         |
| <b>11. Net Profit / (Loss) from Ordinary Activities after tax but before minority interests (9-10)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>2,181</b>  | <b>2,614</b>  | <b>2,453</b>  | <b>10,419</b> | <b>13,950</b> |
| 12. Share of minority interests in (profits)/ loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (8)           | (14)          | (27)          | (29)          | (244)         |
| <b>13. Net Profit after tax and Minority Interests (11-12)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>2,173</b>  | <b>2,600</b>  | <b>2,426</b>  | <b>10,390</b> | <b>13,706</b> |
| 14. Paid-up equity share capital<br>(Face Value of Re. 1/- Per Share )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1,451         | 1,451         | 1,444         | 1,451         | 1,444         |
| 15. Reserves excluding Revaluation Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |               |               | 112,642       | 104,507       |
| <b>16. Earnings Per Share (EPS) (before Extraordinary items) ( of Rs. 1/- each)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |               |               |               |               |               |
| a) Basic EPS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1.50          | 1.80          | 1.68          | 7.17          | 9.52          |
| b) Diluted EPS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1.50          | 1.80          | 1.68          | 7.17          | 9.52          |
| <b>16. ii. Earnings Per Share (EPS) (after Extraordinary items) (of Rs. 1/- each)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |               |               |               |               |
| c) Basic EPS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1.50          | 1.80          | 1.68          | 7.17          | 9.52          |
| d) Diluted EPS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1.50          | 1.80          | 1.68          | 7.17          | 9.52          |
| <b>PARTICULARS OF SHAREHOLDINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |               |               |               |               |               |
| 17. Public shareholding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |               |               |               |               |
| - Number of shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 43,282,882    | 43,278,211    | 44,531,979    | 43,282,882    | 44,531,979    |
| - Percentage of shareholding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 29.82%        | 29.82%        | 30.84%        | 29.82%        | 30.84%        |
| 18. Promoters and promoter group Shareholding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |               |               |               |               |               |
| a) Pledged/Encumbered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |               |               |               |               |
| - Number of shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 8,500,000     | 8,500,000     | 8,500,000     | 8,500,000     | 8,500,000     |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 8.35%         | 8.35%         | 8.51%         | 8.35%         | 8.51%         |
| - Percentage of shares (as a % of the total share capital of the company)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 5.86%         | 5.86%         | 5.89%         | 5.86%         | 5.89%         |
| b) Non-encumbered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |               |               |               |               |               |
| - Number of shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 93,339,987    | 93,341,258    | 91,387,250    | 93,339,987    | 91,387,250    |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 91.65%        | 91.65%        | 91.49%        | 91.65%        | 91.49%        |
| - Percentage of shares (as a % of the total share capital of the company)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 64.32%        | 64.32%        | 63.32%        | 64.32%        | 63.28%        |
| <b>19. INVESTORS COMPLAINTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |               |               |               |               |               |
| Pending at the beginning of the quarter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | NIL           | NIL           | 1             | NIL           | 1             |
| Received during the quarter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3             | 7             | NIL           | 14            | 10            |
| Disposed of during the quarter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2             | 7             | 1             | 13            | 10            |
| Remaining unresolved at the end of the quarter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1             | NIL           | NIL           | 1             | NIL           |
| Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |               |               |               |               |
| 1) The audited financial statements were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its Meeting held on Wednesday, 25th April, 2012. There are no qualifications in the auditors report for these periods. The information presented above is extracted from the audited financial statements as stated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |               |               |               |               |
| 2) The Board of Directors recommended final dividend of Rs 0.50 per equity share of face value of Rs. 1 each. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |               |               |               |               |
| 3) The consolidated results of the Company include the results of the subsidiaries – Motilal Oswal Securities Limited (99.95%), Motilal Oswal Investment Advisors Private Limited (93.75%), Motilal Oswal Private Equity Advisors Private Limited (85%), Motilal Oswal Commodities Broker Private Limited (97.55%), Motilal Oswal Capital Markets Private Limited (99.95%), Motilal Oswal Wealth Management Private Limited (Formerly known as Antop Traders Private Limited) (99.95%), Motilal Oswal Insurance Brokers Private Limited (99%), Motilal Oswal Asset Management Company Limited (99.95%), Motilal Oswal Trustee Company Limited (99.95%), Motilal Oswal Securities International Private Limited (99.95%), Motilal Oswal Capital Markets (Singapore ) Pte Ltd (99.95%) & Motilal Oswal Capital Markets (Hong Kong ) Private Limited (99.95%). |               |               |               |               |               |
| 4) During the quarter, the construction of the corporate headquarters 'Motilal Oswal Tower' was completed and the company has Capitalized the Building and other costs thereof with effect from 1st March 2012 amounting to Rs. 26,908.07 Lacs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |               |               |               |               |               |
| 5) Exceptional item for the year ended 31st March, 2012 consists of Profit on sale of Office Premises of Rs. 1299 Lacs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |               |               |               |               |
| 6) The previous financial quarter / year figures have been regrouped/rearranged wherever necessary to make them comparable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |               |               |               |               |
| 7) Standalone financial results are summarised below and also available on the Company's website: www.motilaloswal.com.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |               |               |               |               |
| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Quarter Ended |               |               | Year Ended    |               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 31.03.2012    | 31.12.2011    | 31.03.2011    | 31.03.2012    | 31.03.2011    |
| Gross Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2,513         | 1,132         | 1,023         | 8,195         | 6,425         |
| Profit Before Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2,085         | 889           | 812           | 6,622         | 5,731         |
| Profit After Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1,875         | 617           | 527           | 5,630         | 4,265         |

| 9) CONSOLIDATED AUDITED SEGMENT RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |            |            |            |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------|------------|------------|------------|
| (Rs in Lacs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |            |            |            |            |
| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Quarter Ended |            |            | Year Ended |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 31.03.2012    | 31.12.2011 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| 1. Segment Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |               |            |            |            |            |
| (a) Equity Broking & Other related activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9,991         | 8,203      | 9,781      | 36,626     | 48,299     |
| (b) Financing & Other activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2,513         | 1,132      | 1,023      | 8,195      | 5,084      |
| (c) Investment Banking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 401           | 160        | 537        | 1,135      | 4,052      |
| (d) Unallocated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2,047         | 2,498      | 1,764      | 7,798      | 4,931      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 14,952        | 11,993     | 13,105     | 53,753     | 62,366     |
| Less: Inter Segment Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2,096         | 866        | 503        | 5,901      | 2,291      |
| Income From Operations, Other Operating income & Other Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 12,856        | 11,127     | 12,602     | 47,852     | 60,075     |
| 2. Segment Results Profit / (Loss) before tax and interest from Each segment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |            |            |            |            |
| (a) Equity Broking & Other related activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2,852         | 2,596      | 2,613      | 11,408     | 14,955     |
| (b) Financing & Other activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 723           | 889        | 812        | 3,157      | 4,314      |
| (c) Investment Banking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (204)         | (178)      | 258        | (492)      | 1,832      |
| (d) Unallocated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 333           | 575        | 352        | 1,726      | 520        |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3,704         | 3,882      | 4,035      | 15,799     | 21,621     |
| Less: Interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 267           | 103        | 97         | 537        | 551        |
| Profit/(Loss) from Ordinary Activities before Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3,436         | 3,779      | 3,938      | 15,262     | 21,070     |
| 3. Capital Employed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |               |            |            |            |            |
| (Segment assets – Segment Liabilities)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |            |            |            |            |
| (a) Equity Broking & Other related activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 54,926        | 44,994     | 51,842     | 54,956     | 51,842     |
| (b) Financing & Other activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 57,313        | 56,811     | 54,149     | 57,313     | 54,149     |
| (c) Investment Banking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 354           | 584        | 1,050      | 595        | 1,050      |
| (d) Unallocated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,500         | 12,204     | (1,090)    | 1,674      | (1,090)    |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 114,093       | 114,593    | 105,951    | 114,537    | 105,951    |
| Notes:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 0             |            |            |            |            |
| 1. The above Segment information is presented on the basis of the unaudited consolidated financial statements. The company's operations predominantly relate to Equity broking and other related activities, financing and other activities, Investment banking, Private Equity, Asset Management & Commodities broking . In accordance with Accounting Standard -17 on segment reporting and Company (Accounting Standards) Rules,2006, the Company has Equity broking and other related activities, Financing and other activities & Investment banking as reportable segments. The balance is shown as unallocated items. |               |            |            |            |            |
| 2.The previous financial quarter / year figures have been regrouped/rearranged wherever necessary to make them comparable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |            |            |            |            |
| 10) STATEMENT OF ASSETS & LIABILITIES ( CONSOLIDATED )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |            |            |            |            |
| (Rs in Lacs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |            |            |            |            |
| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | As on Audited |            |            |            |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 31.03.2012    | 31.03.2011 |            |            |            |
| A. EQUITY AND LIABILITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |               |            |            |            |            |
| 1. Shareholder's Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |               |            |            |            |            |
| a) Share Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,451         | 1,444      |            |            |            |
| b) Reserves & Surplus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 112,642       | 104,507    |            |            |            |
| Sub-total - Shareholders' funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 114,093       | 105,951    |            |            |            |
| 2. Minority Interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 444           | 518        |            |            |            |
| 3. Non-current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |            |            |            |            |
| a) Deferred tax liabilities (net)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 467           | 15         |            |            |            |
| b) Long-term provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 633           | 393        |            |            |            |
| Sub-total - Non-current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1,099         | 408        |            |            |            |
| 4. Current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |            |            |            |            |
| a) Trade payables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 27,164        | 29,096     |            |            |            |
| b) Other current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 8,281         | 8,510      |            |            |            |
| c) Short-term provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3,407         | 6,530      |            |            |            |
| Sub-total - Current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 38,851        | 44,136     |            |            |            |
| TOTAL - EQUITY AND LIABILITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 154,488       | 151,012    |            |            |            |
| B. ASSETS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |               |            |            |            |            |
| 1. Non-current assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |               |            |            |            |            |
| a) Fixed assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 34,451        | 28,923     |            |            |            |
| b) Non-current investments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 9,415         | 5,884      |            |            |            |
| c) Long-term loans and advances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,162         | 2,770      |            |            |            |
| Sub-total - Non-current assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 47,028        | 37,577     |            |            |            |
| 2. Current assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |            |            |            |            |
| a) Inventories                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 15,739        | 18,750     |            |            |            |
| b) Trade receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 24,781        | 27,383     |            |            |            |
| c) Cash and cash equivalents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 27,105        | 27,720     |            |            |            |
| d) Short-term loans and advances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 39,372        | 39,171     |            |            |            |
| e) Other current assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 462           | 411        |            |            |            |
| Sub-total - Current assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 107,460       | 113,435    |            |            |            |
| TOTAL - ASSETS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 154,488       | 151,012    |            |            |            |
| On behalf of the Board of Directors<br>Motilal Oswal Financial Services Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |            |            |            |            |
| Motilal Oswal<br>Chairman & Managing Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |            |            |            |            |
| Mumbai, 25th April, 2012<br>investors@motilaloswal.com.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |            |            |            |            |

