

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q4 FY14 Consolidated Revenues of ₹1.2 billion, up 5% QoQ; Adjusted PAT of ₹243 million, up 50% QoQ Proposes final dividend of ₹1 per equity share (F.V. ₹1)

Mumbai, April 26, 2014: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its audited results for the quarter ended March 31, 2014 post approval by the Board of Directors at a meeting held in Mumbai on Apr 26, 2014.

Performance Highlights

₹Million	Q4 FY14	Comparison (Q3 FY14)	Comparison (Q4 FY13)
Total Revenues	1,235	↑5%	↓8%
EBIDTA	401	↑30%	↓30%
Reported PAT	126	↑256%	↓66%
Adjusted PAT	243	↑50%	↓26%
EPS- ₹(FV of ₹1)	0.9		

Performance for the Quarter ended March 31, 2014

- Revenues in Q4 FY14 were ₹1.2 billion (up 5% QoQ and down 8% YoY); FY14 revenue was ₹4.7 billion (down 1% YoY)
- Reported PAT in Q4 FY14 was ₹126 million (up 256% QoQ and down 66% YoY); ₹395 million in FY14 (down 64% YoY)
- Adjusted PAT in Q4 FY14 was ₹243 million (up 50% QoQ and down 26% YoY); ₹771 million in FY14 (down 20% YoY). MOFSL has provided for ₹117.1 million (post tax) in respect of positions in National Spot Exchange Limited for Q4 FY14 (cumulative ₹375.5 million post tax till date). Post this provision the total exposure of MOFSL has been fully provided for
- EBITDA and Adjusted PAT margins for Q4 FY14 were 32% (26% in Q3 FY14) and 20% (14% in Q3 FY14) respectively. On a full year basis, EBITDA margin was 30% (FY13: 37%), while Adjusted PAT margin was 16% (FY13: 20%)
- Proposed final dividend for FY14 is ₹1 per share (Face Value of ₹1 per share)
- Pursuant to the commencement of the buy-back programme of the company's shares at a price not exceeding ₹90 per share of upto a maximum of 7.5 million shares, the company has bought back 7.1 million shares as of Mar, 2014
- The balance sheet had net worth of ₹11.7 billion and net cash of ₹1.7 billion as of Mar 31, 2014



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

After a volatile year, the Sensex delivered strong returns in Mar as investor sentiments seem to be building up in light of the stability in certain macro indicators, as well as the evolving political scenario. The index was up 19% this year, with maximum gains coming during Sep, Oct and Mar, coinciding with months of high FII net inflows. Mar clocked the second-highest monthly inflows from FIIs in FY14, after May 2013. While market volumes continued to be boosted by options, the cash segment, especially high-yield delivery, grew on QoQ basis. However, retail participation remained muted, while redemptions from equity funds continued. Sustenance of macro indicators at reasonable levels, along with a revival in the capex cycle and manufacturing segment following clarity on the political front should help improve overall sentiments. Despite challenging market conditions we have made sustained investments in technology, people and infrastructure which we believe will lay the foundation for growth as market activity eventually picks up."

Segment results for Q4 FY14 and FY2014:

- **Broking and related revenues** were ₹746 million in Q4 FY14, marginally up by 1% QoQ and down 2% YoY. On a full year basis, broking revenues at ₹2.9 billion were down 3% as compared to FY13. Daily volumes in the equity markets reached a high of ₹2.1 trillion in Q4 FY14, up 12% QoQ. This was led by a 15% QoQ jump in options. Options now comprise 77% of market volumes. However, cash volumes, especially high-yield delivery, also registered an increase this quarter. Delivery volumes were up 9% QoQ, while total cash was up 5% QoQ. But the disproportionate rise in option volumes in the market meant our overall equity market share fell from 1.7% to 1.5% QoQ. However, we have held our market share in the cash segment during the same period. Our blended yield marginally increased from 3.7 bps to 3.9 bps on a QoQ basis
- **Fund based income** was ₹201 million, up 1% from Q3 FY14 and down 47% from Q4 FY13. Q4 FY13 had included profit earned on partial exits in few investments of the Private Equity Fund in which MOFSL made sponsor commitments. On a full year basis, fund based income at ₹858 million was down 15% over the previous year. The loan book was ₹4.1 billion, as of Mar 2014
- **Asset Management fee** were ₹226 million for Q4 FY14, up 17% QoQ and up 33% YoY. AMC revenues also includes PMS performance fee of ₹69.9 million accrued in Q4 FY14 (Q4 FY13: ₹6.2 million). On a full year basis, asset management fees at ₹759 million were up 27% as compared to previous year
- **Investment banking fees** at ₹19 million was up 140% on a YoY basis. On a full year basis, fees at ₹68 million were down 13% YoY. Fee income was impacted due to delays in closure of few deals which are in advanced stages, although deal closures gathered some momentum this year
- **Other income** was ₹41 million in Q4 FY14 and ₹109 million in FY14



Business Highlights for Q4 FY14

- Total client base increased to 800,385 which includes 701,845 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,534 business locations across 507 cities
- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹39.2 billion as of Mar 2014. Within this, mutual funds AUM was ₹5.8 billion, PE AUA was ₹18.9 billion and PMS AUM was ₹14.5 billion
- Wealth management business managed assets of ₹24.0 billion, as of Mar 2014
- Depository assets were ₹133.4 billion
- Motilal Oswal Private Equity announced the first close of its 2nd real estate fund – India Realty Excellence Fund II (IREF II), raising commitments of ₹1.9 billion
- Motilal Oswal Investment Banking appointed Girish Nadkarni as Managing Director, to head the ECM business. He brings with him rich experience of over 23 years in investment banking, ECM, and institutional equities
- Motilal Oswal Asset Management launched the MOST Focused Midcap 30 mutual fund, which would invest in 30 quality midcap companies

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 1,534 business locations spread across 507 cities and the online channel to over 800,385 registered customers. MOFSL has strong research capabilities, which enables them to identify market trends and stocks with high growth potential, facilitating clients to take well-informed and timely decisions. MOFSL has been ranked by various polls such as the Best Local Brokerage 2005, Most Independent Research - Local Brokerage 2006 and Best Overall Country Research - Local Brokerage 2007 in Asia Money Brokerage Polls for India. MOSL won 4 awards in the ET-Now Starmine Analyst Awards 2010-11, placing it amongst the Top-3 award winning brokers, was ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage Category and won the 'Best Market Analyst' Award for 2 sectors at the India's Best Market Analyst Awards 2011. MOFSL won the 'Best Capital Markets and Related NBFC' award at the CNBC TV18 Best Banks and Financial Institutions Awards 2011. MOSL also won the 'Best Equity Broking House' award for FY11 at the Dun & Bradstreet Equity Broking Awards 2011. MOSL won the 'Best Performing National Financial Advisor Equity Broker' award at the CNBC TV18 Financial Advisor Awards 2012, for the 2nd year in a row. MOSL won 'Best Equity Broker' award at Bloomberg UTV Financial Leadership Awards 2012, 'Retailer of the Year




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(Banking & Financial Services) award at Retail Excellence Awards 2012, and was ranked 2nd in the "Best Overall Brokerage" category by Asia Money in 2011. Motilal Oswal Private Equity won 'Best Growth Capital Investor-2012' award at the Awards for Private Equity Excellence 2013. MOSL was adjudged amongst the Top 20 innovators in BFSI for 'Leveraging on technology in enhancing customer experience' at the Banking Frontiers Finnovity Awards 2012, and won the 'Quality Excellence for Best Customer Service Result' award at National Quality Excellence Awards 2013

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