

Earnings Update – Q1 FY15



Jul 19, 2014

Motilal Oswal Financial Services Limited

BSE: 532892 • NSE: MOTILALOFS • Bloomberg:MOFS:IN • Reuters: MOFS.BO

www.motilaloswal.com

Knowledge First

MOTILAL OSWAL
Financial Services

**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

Consolidated Financials

- Revenues in Q1 FY15 were ₹1.7 billion (up 36% QoQ and up 51% YoY)
- Adjusted PAT in Q1 FY15 was ₹321 million (up 32% QoQ and up 74% YoY)
- Reported PAT in Q1 FY15 was ₹321 million (up 155% QoQ and up 74% YoY)
- EBITDA and Adjusted PAT margins for Q1 FY15 were 34% (33% in Q4 FY14) and 19% (20% in Q4 FY14) respectively
- The balance sheet had net worth of ₹12.0 billion and net cash of ₹1.4 billion as of Jun 30, 2014
- The company closed its share buyback programme on Jun 9, 2014 and has bought back ~7.1 million shares, i.e. ~94% of the maximum offered 7.5 million shares, for a consideration of ~₹560 million (excl. brokerage and other charges)

Volumes and Market Share

- Total ADTO in secondary equities was ₹44.8 billion in Q1 FY15 (₹30.8 billion in Q4 FY14 and ₹32.0 billion in Q1 FY14)
- Equity market share was 1.8% in Q1 FY15 (1.5% in Q4 FY14 and 1.7% in Q1 FY14)

Distribution Reach

- Retail distribution stood at 1,590 business locations across 511 cities, as of Jun 2014
- Total client base increased to 808,912 which includes 710,101 retail broking and distribution clients

Assets Managed

- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹47.5 billion. Within this, our mutual funds AUM was ₹9.6 billion, PE AUA was ₹20.0 billion, while PMS AUM was ₹17.9 billion
- Wealth management business managed assets of about ₹30.0 billion
- Depository assets were ₹172.2 billion

Business Updates

- MOSL was awarded the Best Performing National Financial Advisor – Equity Broker at the UTI-CNBC TV18 Financial Advisor Awards for the 4th year in a row
- MOAMC launched the MOST Focused Multicap 35 Fund. The fund's mandate is to invest across sectors and the market cap spectrum. The company has complied with SEBI's minimum requirement for net worth of ₹500 million
- Motilal Oswal Private Equity made the second close of its 2nd real estate fund – India Realty Excellence Fund II (IREF II), raising total commitments of ₹2.9 billion till-date
- Aspire Housing Finance received its Certificate of Registration from NHB to commence the business; It has disbursed loans for 14 applications out of the 287 applications received as of Jun 2014

**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

Particulars	Q1 FY15	Q4 FY14	Change	Q1 FY15	Q1 FY14	Change	FY14
₹million	Jun 30, 2014	Mar 31, 2014	(%) Q-o-Q	Jun 30, 2014	Jun 30, 2013	(%) Y-o-Y	Mar 31, 2014
Total Revenues	1,677	1,237	36%	1,677	1,109	51%	4,683
EBITDA	577	403	43%	577	357	62%	1,422
PBT (before E & EOI)	471	338	40%	471	290	63%	1,151
Adjusted PAT	321	243	32%	321	185	74%	771
Reported PAT	321	126	155%	321	185	74%	395
EPS - Basic	2.4	0.9		2.4	1.4		3.0
EPS - Diluted	2.3	0.9		2.3	1.4		3.0
No. of shares outstanding (million) - FV Rs 1/share	138	139		138	145		138

E & EOI = Exceptional items & Extraordinary items

- During Q1 FY15, MOFSL has contributed approx ₹23 million (~ ₹20 million post-tax) for CSR initiatives in the field of Education
- As per the requirement of the Companies Act, 2013, the company has computed depreciation with reference to the useful life of respective assets specified in and in the manner prescribed in Schedule II of the Act. Consequently, depreciation for the quarter ended Jun 30, 2014 is higher by ~₹14.1 million, and an amount of ₹26.1 million has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life is Nil as at Apr 1, 2014. Based on current estimates, the full year impact of this change is approx ₹47.5 million

Revenue composition

Particulars	Q1 FY15	Q4 FY14	Change	Q1 FY15	Q1 FY14	Change	FY14
₹million	Jun 30, 2014	Mar 31, 2014	(%) Q-o-Q	Jun 30, 2014	Jun 30, 2013	(%) Y-o-Y	Mar 31, 2014
Brokerage & operating income	1,162	746	56%	1,162	674	72%	2,884
Investment banking fees	79	19	309%	79	8	862%	68
Fund based income	203	201	1%	203	272	-25%	858
Asset management fees	181	226	-20%	181	126	44%	759
Other income	51	44	18%	51	29	75%	114
Total Revenues	1,677	1,237	36%	1,677	1,109	51%	4,683

- Broking and related revenues were ₹1.2 billion in Q1 FY15, up 56% QoQ and up 72% YoY. It contributed 69% of the total group revenues
- Fund based income was ₹203 million, up 1% from Q4 FY14 and down 25% from Q1 FY14. The loan book was ₹5.3 billion, as of Jun 2014
- Asset Management fee were ₹181 million for Q1 FY15, down 20% QoQ and up 44% YoY. During Q4 FY14, AMC revenues had included PMS performance fee of ₹69.9 million
- Investment banking fees at ₹79 million was up 309% on a QoQ basis. Deal closures gathered some momentum during the quarter
- Other income was ₹51 million in Q1 FY15

₹million	As on Jun 30, 2014	As on Mar 31, 2014
Sources of Funds		
Networth	11,992	11,703
Loan funds	829	1
Minority interest	57	51
Deferred tax liability	127	117
Total	13,006	11,871

Application of Funds		
Fixed assets (net block)	3,005	3,072
Investments	4,407	2,930
Deferred tax asset	-	-
Current Assets (A)	14,437	12,260
- Sundry debtors	6,050	4,644
- Stock-in-trade	59	606
- Cash & Bank Balances	2,183	1,678
- Loans & Advances	6,083	5,279
- Other Assets	62	53
Current liabilities (B)	8,844	6,391
Net current assets (A-B)	5,593	5,869
Total	13,006	11,871

₹million	As on Jun 30, 2014	As on Mar 31, 2014
Networth	11,992	11,703
Debt (A)	829	1
Cash & Bank balances (B)	2,183	1,678
Net cash (B - A)	1,353	1,677
Debt : Equity	0.07x	0.00x
Cash (% Networth)	18%	14%

- Our investment in Motilal Oswal's mutual fund products stands at ₹2.34 billion, as of Jun 30, 2014. The unrealized gain on these investments is ₹297 million, as of Jun 30, 2014
- Our investment in Motilal Oswal's alternative investment products (private equity and real estate funds) stands at ₹1.01 billion, as of Jun 30, 2014

**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

Retail Broking & Distribution and Institutional Equities

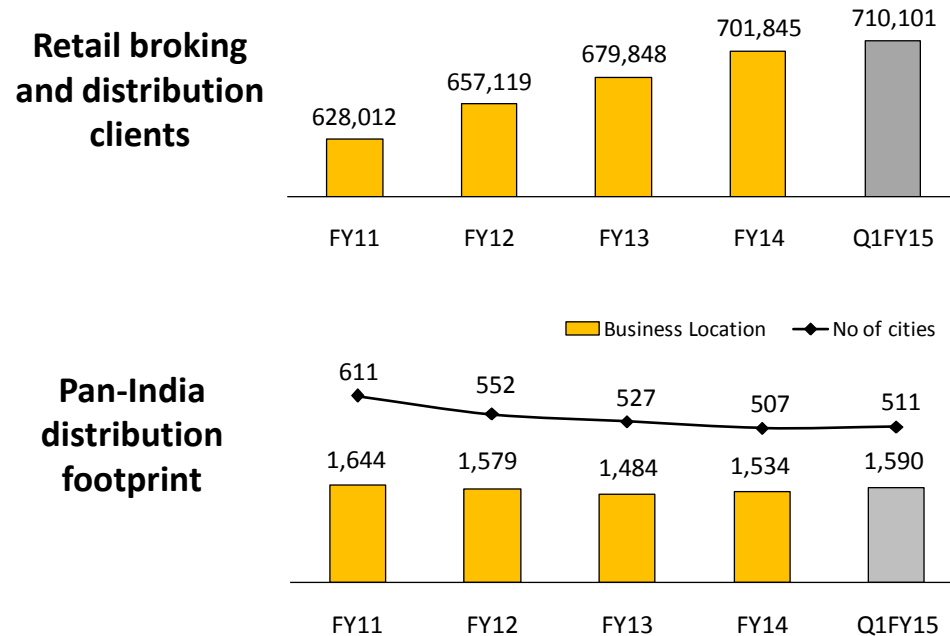
Particulars	Q1 FY15	Q4 FY14	Change	Q1 FY15	Q1 FY14	Change	FY14
₹million	Jun 30, 2014	Mar 31, 2014	(%) Q-o-Q	Jun 30, 2014	Jun 30, 2013	(%) Y-o-Y	Mar 31, 2014
Total Revenues	1,249	852	47%	1,249	775	61%	3,218
EBITDA	420	234	80%	420	233	80%	902
PBT (before E & EOI)	353	195	81%	353	195	81%	737
Adjusted PAT	246	138	78%	246	124	98%	507
Reported PAT	246	33	643%	246	124	98%	171

E & EOI = Exceptional items & Extraordinary items

- Revenues were ₹1.2 billion for Q1 FY15, up 47% on a QoQ basis and up 61% on a YoY basis
- Adjusted PAT was ₹246 million for Q1 FY15, up 78% QoQ and up 98% YoY. Reported PAT for Q1 FY15 at ₹246 million was up 643% QoQ and up 98% YoY
- MOSL ADTO in secondary equities was ₹44.8 billion in Q1 FY15 (₹30.8 billion in Q4 FY14 and ₹32.0 billion in Q1 FY14)
- Equity market ADTO ended Q1 FY15 at a high of ₹2.5 trillion, up 22% QoQ. It reached an all-time high of ₹3.3 trillion during the month of June. Both cash and futures showed spurts this quarter, pulling down the proportion of options within overall volumes from 77% to 70% QoQ. Cash ADTO spiked 64% QoQ to ₹226.1 billion. These are the highest-clocked quarterly cash volumes since Q2 FY10. Within cash, delivery volumes showed significant uptick, up 58% QoQ. A very encouraging feature this quarter was an initial comeback of retail volumes within the cash segment, which had remained sluggish of late. This was up 70% QoQ.
- Our market share increased from 1.5% to 1.8% QoQ, and our market share in the high-yield cash segment also improved. Resultantly, our blended yield increased from 3.9 bps to 4.3 bps QoQ

Broking and Distribution

Research and advisory driven investment services to retail clients across equity, MFs, commodity and currency, using its robust Pan-India distribution network and a 'Customer First' philosophy



Introduced our new trading platform "OrionLite" to ~50 franchisees. It integrates equity, derivatives, commodity and currency segments with decision-making tools, high-speed trading even at low bandwidth, customized dashboard and advisory



MOSL was awarded the Best Performing National Financial Advisor – Equity Broker at the UTI-CNBC TV18 Financial Advisor Awards for 4th year in a row, which vouches the quality of our advisory services



Conducted a workshop for the sub-brokers, covering aspects like 'How to prepare for the next Bull-Run', 'New client acquisition strategy', 'Customer satisfaction', 'Using technology and innovative products as a revenue multiplier', etc



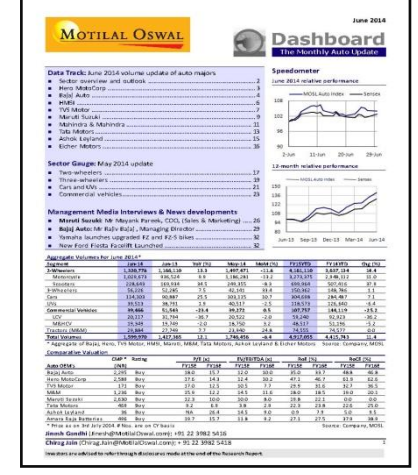
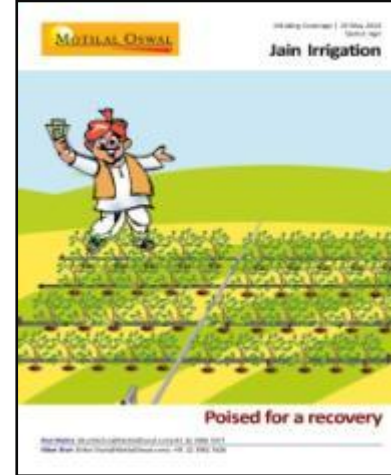
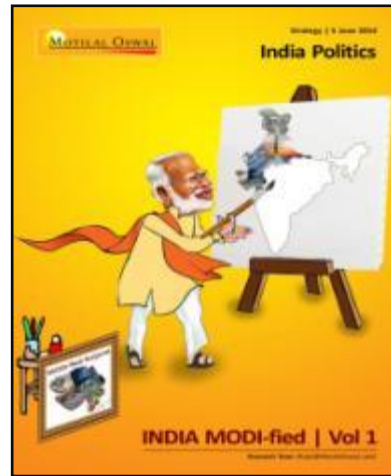
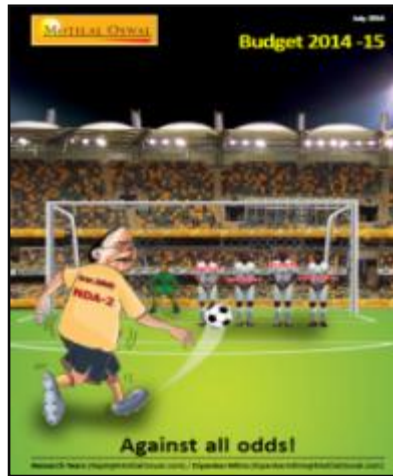
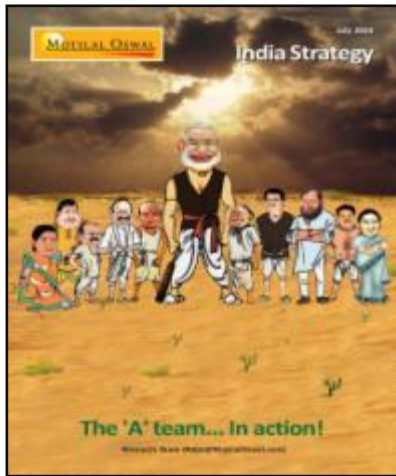
'Budget & Bazaar': Client event to decode the Budget, with a Panel Discussion on 'Budget and Outlook of India in Modified Era'. Participants were S. Naren (ICICI Pru AMC), Navneet Munot (SBI MF) and Raamdeo Agrawal (MOFSL)



Institutional Equities – Quality Research

- Cash and derivatives broking to institutional clients, along with a strong research and corporate access group
- Client base of 552 institutions, as of Jun 2014

Recent Research Reports



- PWM business had a total AUM of about ₹30.0 billion, as of Jun 2014
- MOPWM, along with the Broking business, conducted a seminar for HNI clients on “Invest in Equities: The Time is Now”. Raamdeo Agrawal presented his insights on equities as an asset class, on overcoming the fear of investing in equity markets by disciplined investing, on investing in quality stocks and on the current market outlook
- Clients have access to a multi-asset open architecture platform under our new advisory proposition, which is based on comprehensive risk profiling and helping clients track the value addition by an advisor objectively
- Present in Mumbai, Delhi, Kolkata, Bangalore, Hyderabad, Ahmedabad and Pune

Our Value Proposition – From personalized advice to exceptional experience

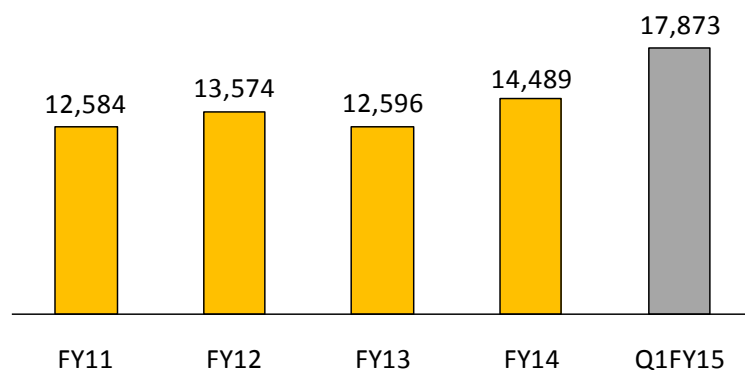
Customized Financial Strategy	Privileged Access to Institutional Capabilities	Strong Risk Management	Exceptional Client Experience	Relationship Benefits
<ul style="list-style-type: none"> • Tailor Account Structures • Relationship Measurement Benchmarks • Personalized Investment Strategies 	<ul style="list-style-type: none"> • Investment Banking Services • Institutional Research • Credit Solutions 	<ul style="list-style-type: none"> • Investment Advisory Committee • Product Due Diligence • Adherence & Governance to your risk profile 	<ul style="list-style-type: none"> • Multi Platform Monitoring & Transactional Capabilities • Institutional Approach to Client Servicing 	<ul style="list-style-type: none"> • Global Concierge Services • Premium Lifestyle Memberships • Travel Services

Particulars	Q1 FY15	Q4 FY14	Change	Q1 FY15	Q1 FY14	Change	FY14
₹million	Jun 30, 2014	Mar 31, 2014	(%) Q-o-Q	Jun 30, 2014	Jun 30, 2013	(%) Y-o-Y	Mar 31, 2014
Total Revenues	94	147	-36%	94	72	31%	354
EBITDA	(26)	33	nm	(26)	(12)	121%	(2)
PBT (before E & EOI)	(27)	32	nm	(27)	(13)	110%	(6)
Reported PAT	(27)	32	nm	(27)	(13)	110%	(6)

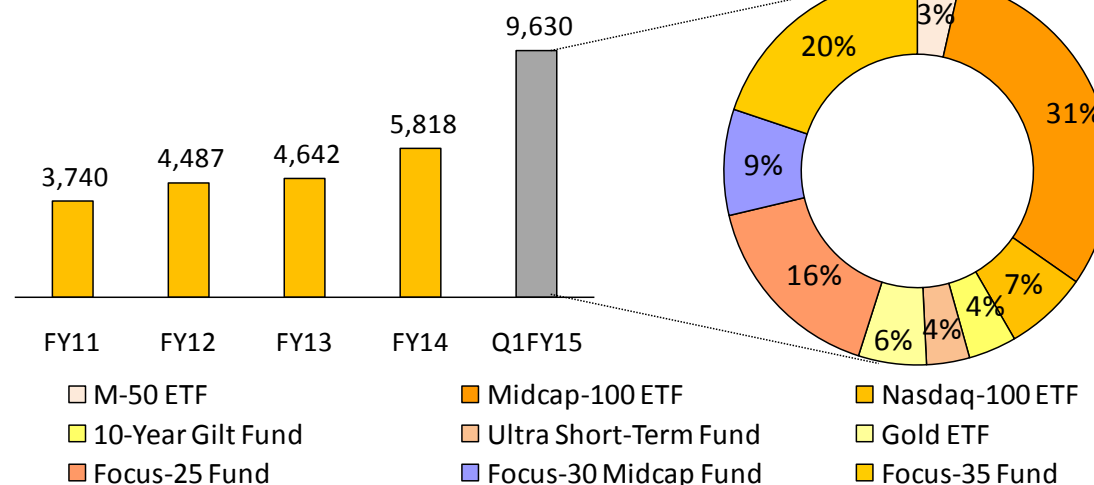
E & EOI = Exceptional items & Extraordinary items

- MOAMC has complied with SEBI's minimum net worth requirement of ₹500 million, within a month of their notification
- Launched the MOST Focused Multicap 35 Fund during Q1FY15. The fund's mandate is to invest across sectors and the market capitalization spectrum. Stock-picking will be through bottom-up fundamental research based on the QGLP (Quality-Growth-Longevity-Price) philosophy that MOAMC adheres to

PMS AUM (₹ million)



Mutual Funds AUM (₹ million)



Particulars	Q1 FY15	Q4 FY14	Change	Q1 FY15	Q1 FY14	Change	FY14
₹million	Jun 30, 2014	Mar 31, 2014	(%) Q-o-Q	Jun 30, 2014	Jun 30, 2013	(%) Y-o-Y	Mar 31, 2014
Total Revenues	82	19	320%	82	9	843%	85
EBITDA	47	(11)	nm	47	(22)	nm	(36)
PBT (before E & EOI)	44	(16)	nm	44	(25)	nm	(51)
Reported PAT	30	(13)	nm	30	(17)	nm	(37)

E & EOI = Exceptional items & Extraordinary items

- Following the decisive mandate won by the winning coalition in the recently completed general elections and favourable policy announcements made by the new government, there is a positive change in the overall investment climate in the economy
- The buoyancy in the capital markets has resulted in a number of large cap listed companies considering capital raising through the equity route
- MOIAPL is involved in some of these proposed equity capital raises
- Deal pipeline for MOIAPL remains healthy and closures are expected in the coming weeks for few of the transactions which are in advanced stages of execution
- The company continues to focus on building its capabilities in identified sectors and product lines

Particulars	Q1 FY15	Q4 FY14	Change	Q1 FY15	Q1 FY14	Change	FY14
₹million	Jun 30, 2014	Mar 31, 2014	(%) Q-o-Q	Jun 30, 2014	Jun 30, 2013	(%) Y-o-Y	Mar 31, 2014
Total Revenues	55	62	-11%	55	60	-8%	400
EBITDA	27	30	-11%	27	22	19%	205
PBT (before E & EOI)	25	29	-15%	25	21	16%	201
Reported PAT	16	20	-20%	16	14	9%	134

E & EOI = Exceptional items & Extraordinary items

- India Business Excellence Fund (IBEF) is a growth capital fund focused on the SME space with AUM of US\$ 125 million, fully committed across 13 companies. The fund has partially exited two companies till date via secondary sales at extremely healthy multiples. The fund has returned approximately 40% of capital to its investors so far
- India Realty Excellence Fund (IREF) is a domestic real estate fund with total AuA at ₹2 billion, which has been fully committed across 7 deals. Following full/partial exits from five projects till date, the fund has returned approximately 58% of capital to its investors so far
- The 2nd growth capital PE fund, India Business Excellence Fund-II, had received total commitments of approximately ₹9.5 billion from both domestic and offshore investors. This fund has made three investments so far
- The second close of the 2nd real estate fund – India Realty Excellence Fund II (IREF II) was announced during the quarter, raising total commitments of ₹2.9 billion till-date. The fund is targeting to raise ₹3 billion with a Green-Shoe option of ₹2 billion. It has made two investments so far

- Aspire received its Certificate of Registration from NHB to commence the business of a Housing Finance Institution without accepting public deposits
- It commenced business operations from May 2014. It started its operations from 12 locations across 3 states i.e. Maharashtra, Madhya Pradesh and Gujarat
- As of Jun 30, 2014, the company received 287 applications amounting to ~₹331.9 million, sanctioned 155 applications amounting to ~₹157.3 million, and disbursed 14 applications amounting to ~₹10.3 million
- Aspire has approached leading public-sector and private-sector banks for credit facilities. It has received an indicative term-sheet from Axis Bank, and term-sheets from other banks are also expected soon
- It has deployed Core Loan Management Application, an end-to-end application software to support business operations, including sanctions and disbursements
- Aspire plans to have a Pan-India presence through branches and sales centres in the extended suburbs of Metros cities and in Tier II/III towns
- Team Aspire comprises of experienced housing finance professionals who have previously worked with Gruh, Shriram Housing, IDBI Bank, HDFC, DHFL, etc
- The team has strong domain knowledge and is committed to Aspire's mission of providing hassle-free housing loan assistance for affordable housing units targeting the lower and middle income families



Team Aspire disbursing the housing loan cheques to customers in Mumbai and Akola



**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

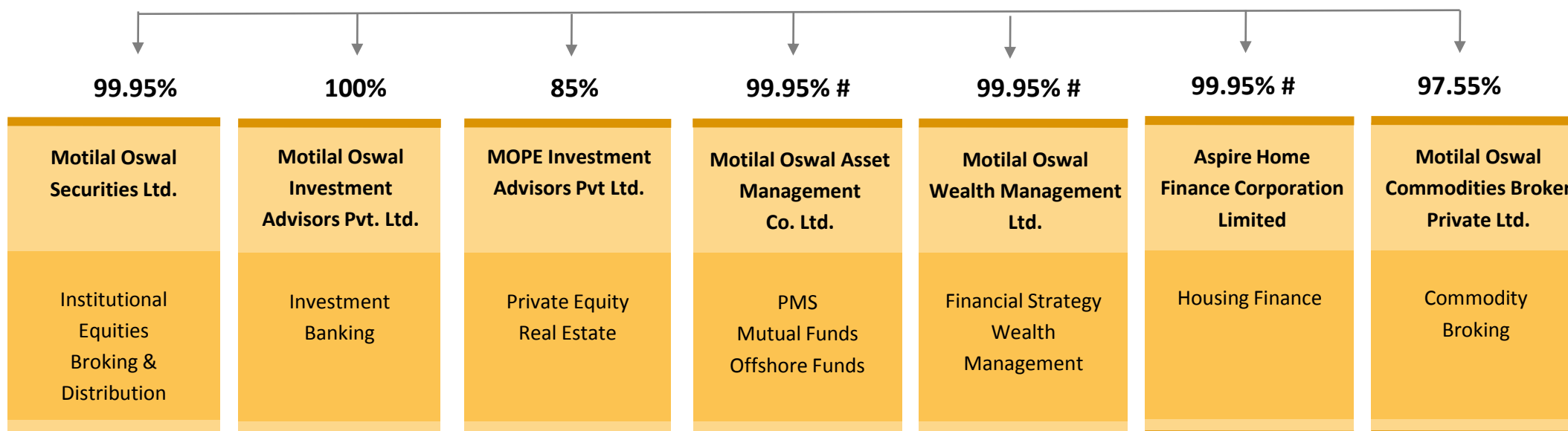
Group profile and structure



- Well-diversified, financial services company offering a range of financial products and services
- Focused on wealth creation for all its customers, such as institutional clients, HNWI and retail customers
- Network spread over 511 cities comprising 1,590 business locations operated by our business partners and us with 808,912 total registered customers
- Shares listed on the Bombay Stock Exchange and National Stock Exchange in Mumbai



Motilal Oswal Financial Services Ltd.



through Motilal Oswal Securities Limited

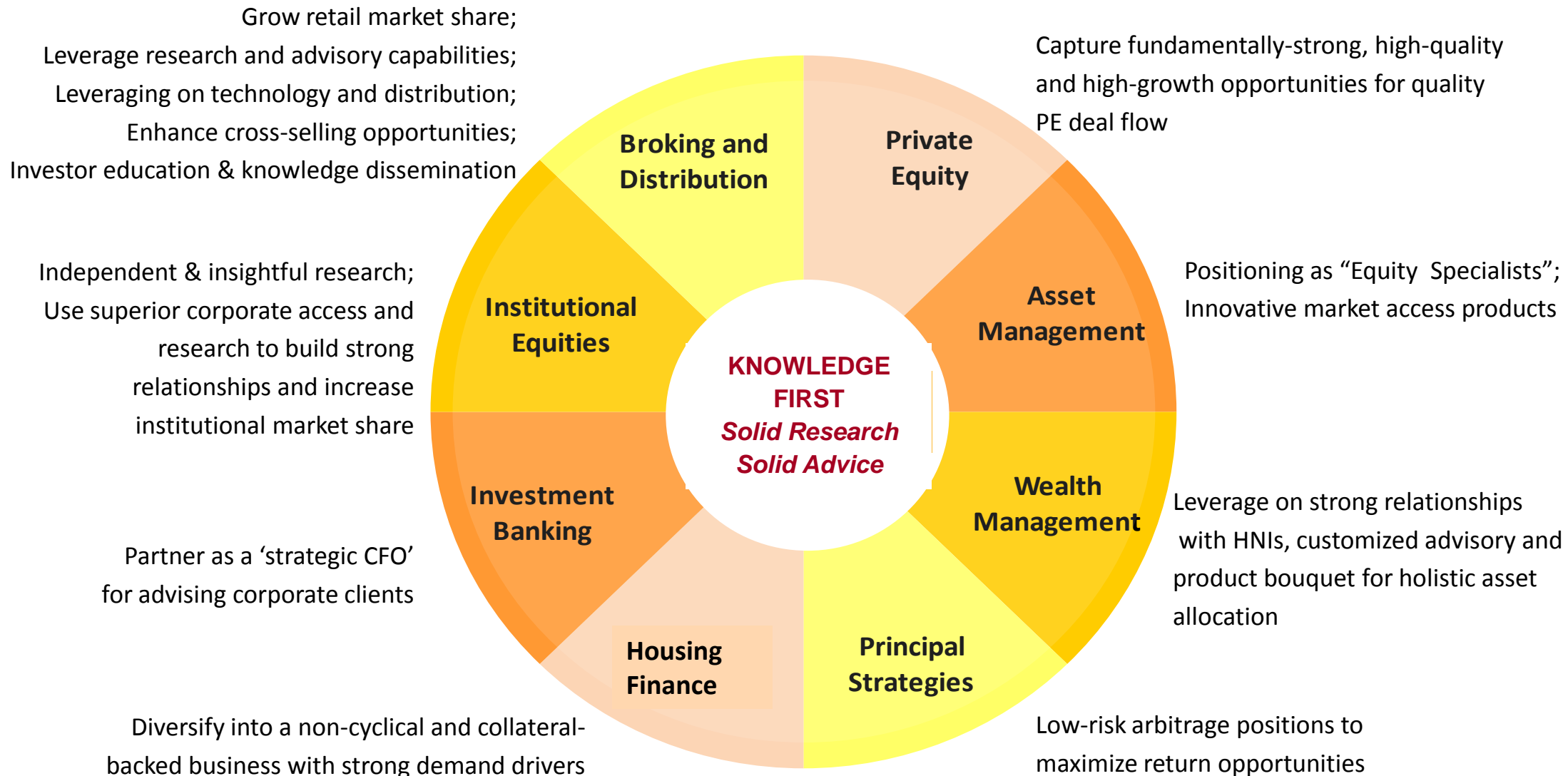
Data as on Jun 2014

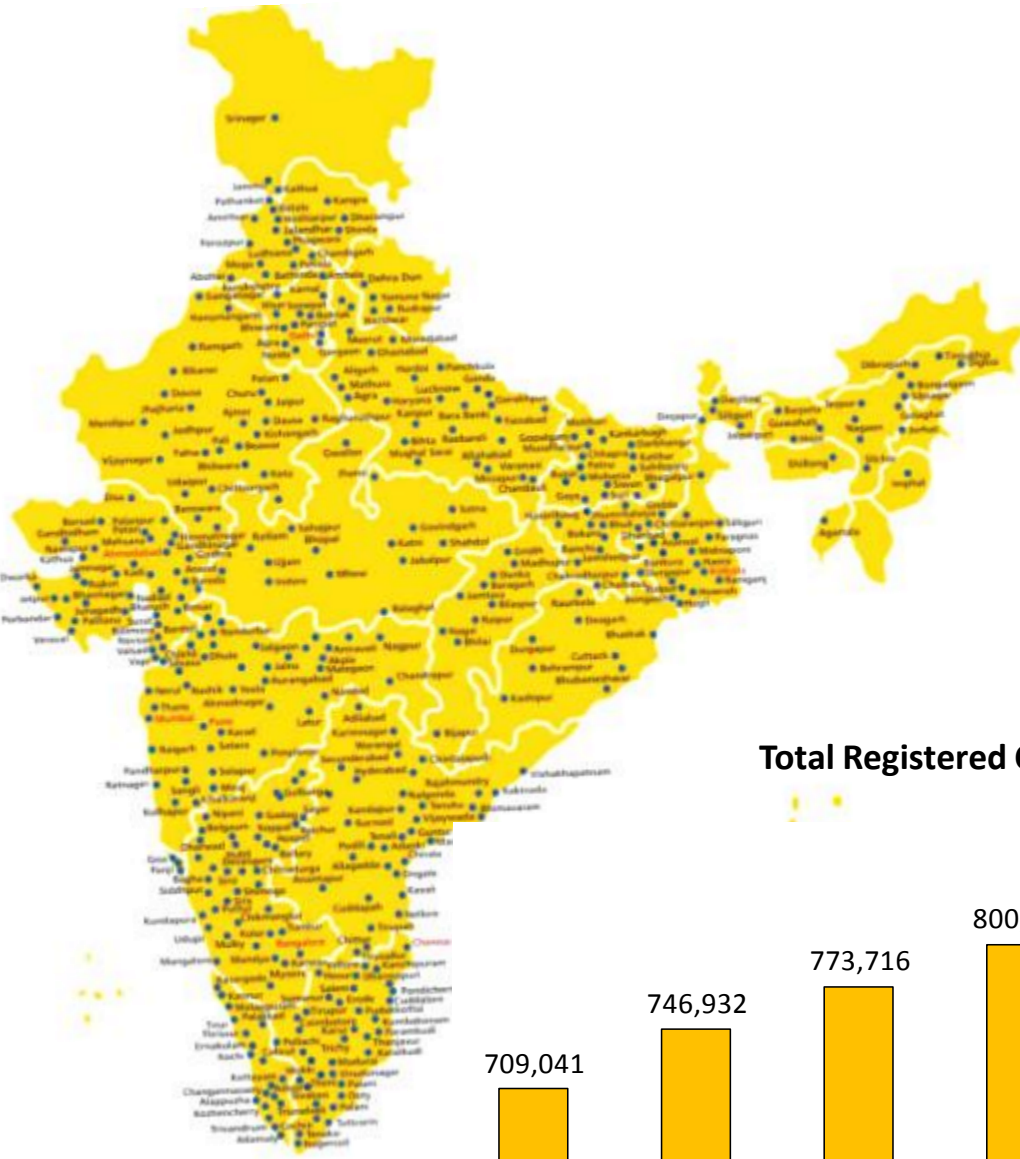


Our Strategic Focus: Well diversified Financial Services firm



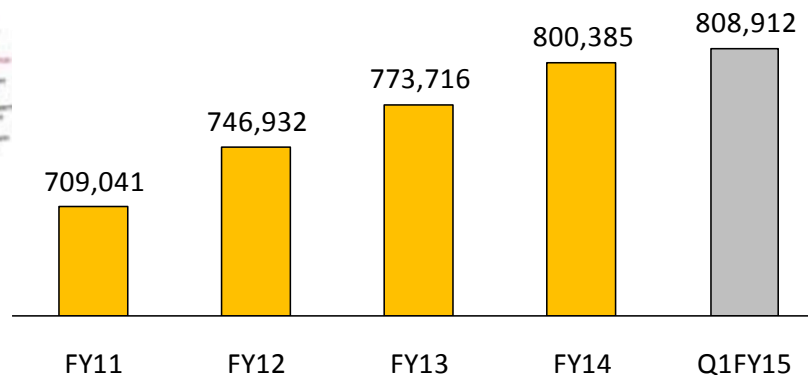
Driven by professional and energetic management, who share a similar mind-set and passion as the founders...



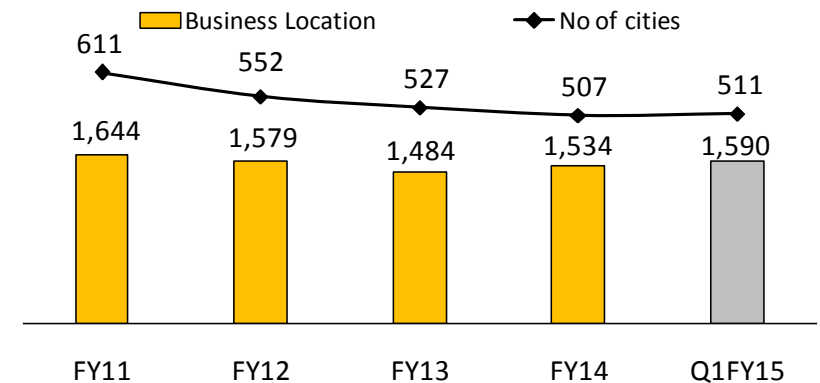


- Pan-India network with a presence in 511 cities across 1,590 business locations (branches plus franchisees), and complemented by a robust online channel
- Total registered client base of 808,912 which includes 710,101 retail broking and distribution clients
- Robust distribution network providing opportunities to cross-sell products, particularly as we diversify further into new business streams

Total Registered Clients



Distribution (Business Locations & Cities)



Focused Research team

- Strong research team comprising over 30 research analysts covering over 200 companies across 20 sectors and 30 commodities
- Focused on cash equities, equity derivatives and commodities and services all our business segments

Strong Sales and Corporate Access Team

- Research supported by an extremely strong sales trading team comprising of qualified professionals
- Conducts a number of corporate access events throughout the year. Its Annual Investor Conference is one the largest event formats of its kind in this industry

MOSL has been consistently ranked amongst the top brokerage houses for its research

ET Now Starmine Analyst Awards 2010-2011

Award Winning Categories:

Category	Sector	Rank
Top Earnings Estimator	Across Sectors	1
Top Earnings Estimator	Financials	1
Top Stock Picker	Energy	1
Top Stock Picker	Real Estate	2



**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

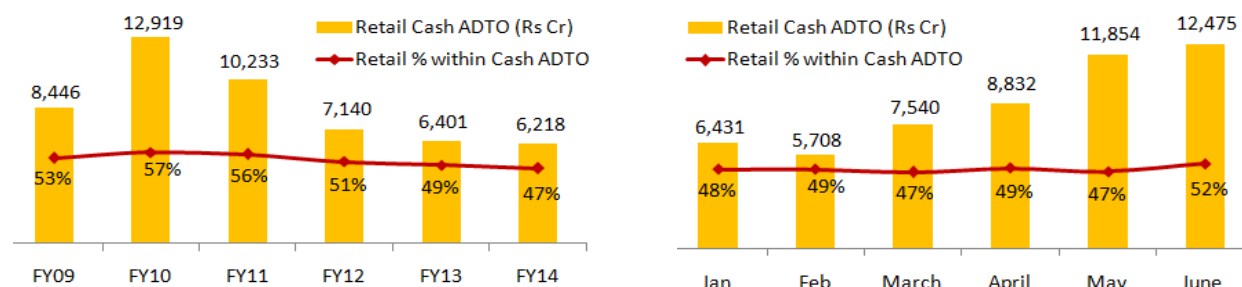
**Industry
facts**

“Retail participation in Indian cash equities – Is the stage set for a sustained trend reversal?”

Recent developments in retail participation – From years of drought to initial signs of a revival this year...

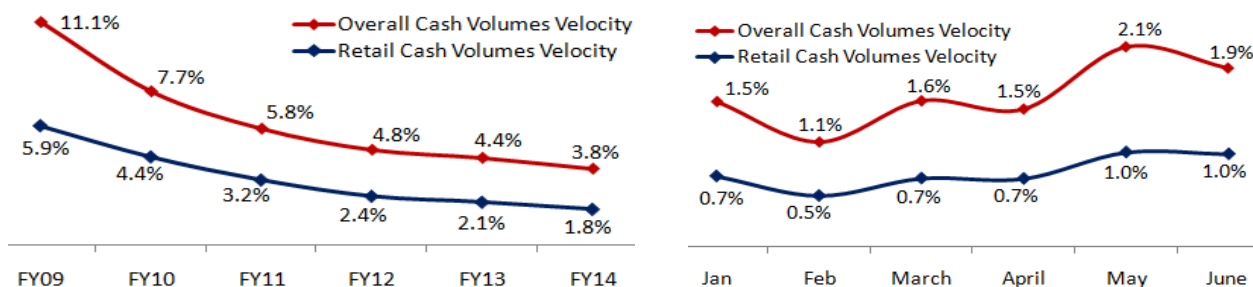
Retail cash equity volumes have been sluggish. But interest seems to be reviving with the recent uptick, backed by optimism over the long-term outlook (given the Govt's numbers), real interest rates turning positive and returns picking up

Retail volume trends since the last 6 years, and in immediate 6 months



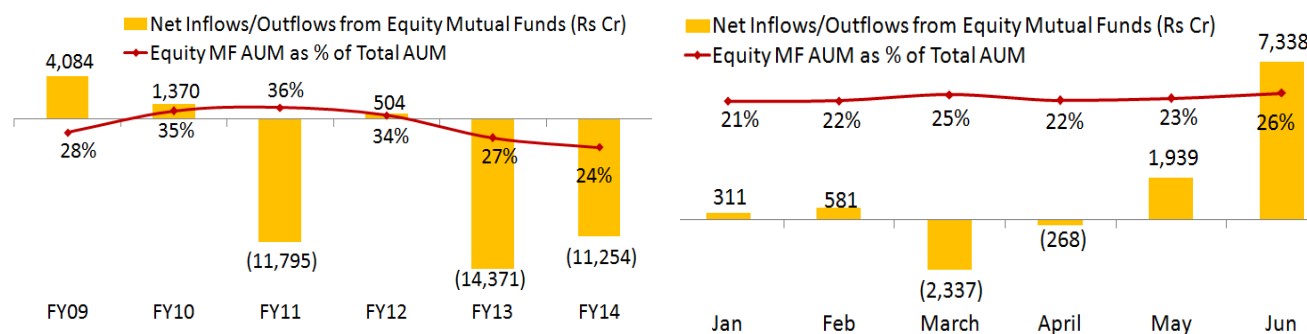
Trading velocity in retail cash segment doubled between Feb and May 2014. But, an uptick in overall cash velocity is yet to sustain, due to dips in FII/Prop cash velocity in Feb, Apr and Jun

Trading velocity picked up in recent months, but not yet in sustained manner



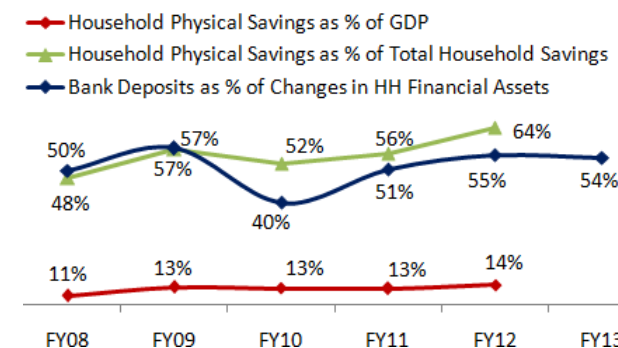
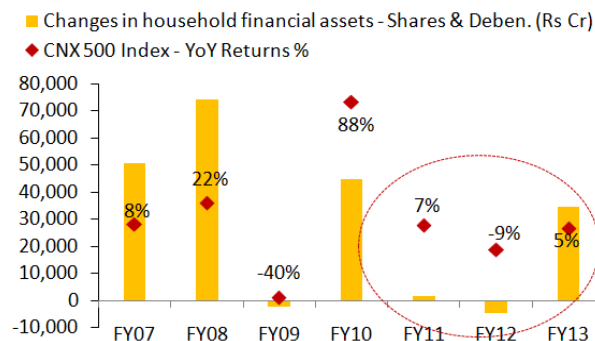
Equity MF redemptions continued in 2014 as investors booked profits. However, higher gross sales since Mar onwards boosted net inflows & indicate some initial revival of retail interest

Net inflows into equity funds seeing some initial signs of reversal this year



Retail savings went into fixed income, physical assets in recent years

So where did the retail savings go? Physical savings as a proportion of GDP and household savings picked up during recent years, as did bank deposits within household financial savings. Conversely, the share of equities within household financial assets dipped



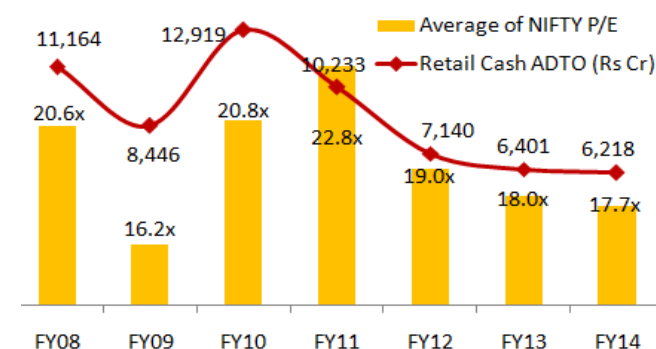
Why is it imperative to deepen retail interest in equities?

- Domestic flows provide adequate counterparties to FIIs, directly and through equity funds, etc. India is a small allocation in FIIs' portfolios, but it is a larger focus area for domestic investors - who are underweight in Indian equities. FII flows can be volatile owing to changes in their home countries and it is not possible to control their allocation, and so, over-dependence on FII can be detrimental for the markets
- Most FII interest is in large-caps/larger mid-caps. But domestic investors go for small stocks too. Higher investor interest in SME stocks would help SMEs raise capital from equity markets and expand their operations
- Raising equity is imperative, as only then can companies leverage further with more debt to maintain acceptable debt-equity ratios
- From the investors' perspective, equities have generated better returns over the long-term, hence helps in their long-term wealth creation

What is required to ensure this initial trend-reversal sustains?

- Retail needs to time-it-right:** Retail volumes were high when market valuations reached the upper-end. Even equity funds saw high inflows when valuations were higher. This impacted profits and built pessimism. Despite valuations being lower than 5-Year historical averages during the last fiscal, retail participation picked up only from April when valuations moved up from 19x to 21x. Investors should evaluate if the fundamentals are changing during periods of market rise. Only if valuations outpace fundamentals, that should be the sole reason to sell.

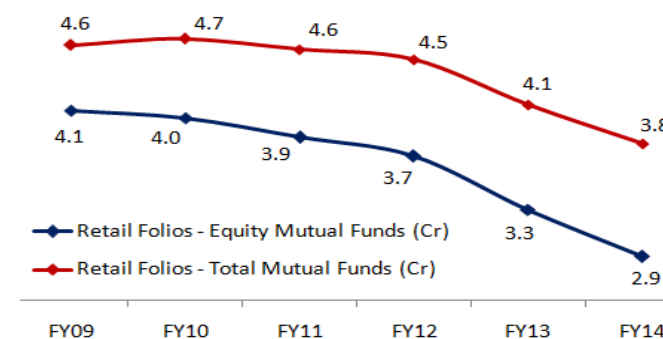
Retail volumes higher when valuations peaked



- Entry of long-term Pension funds:** Recently, some pension funds have made direct investments, prominent being Canada's CPPIB, CDPQ, PSP, OTRS. They help add credibility to the long-term India story, which can encourage retail investors from the long-term perspective. EPFR suggests some India-focused funds saw net outflows recently, some being active-managed long-term funds. In contrast, some short-term, tactical funds were believed to be taking advantage of the pre-election rally. This might make markets skewed towards the volatilities of short-term money, and pension funds help tilt towards long-term stable money. They help add counterparties in front of exiting funds to stabilize the markets. Even within India, increasing the equity allocation of the EPFO corpus would also help divert long-term money towards equities and add depth.

- Put faith in fund manager's call:** This uptick is a time to buy selectively into attractively-valued stocks, and investors should listen to their fund managers. An ironical feature of retail investors has been their reluctance to heed the advice of fund managers, who are qualified professionals, and instead relying on their own judgment. Through the downturn, fund managers stressed to remain invested in quality stocks. However, many investors redeemed. Investors should divide portfolios into trading and investment, and set internal benchmarks.

Retail folios in equity MFs declined sharply



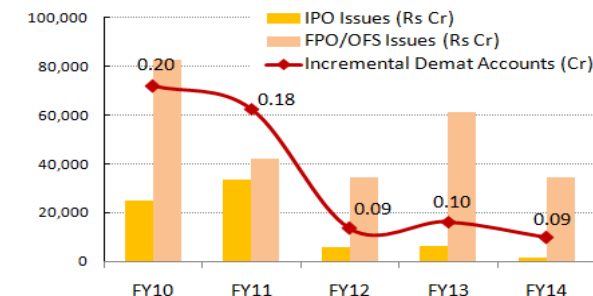
What is required to ensure this initial trend-reversal sustains?

- Uptick in primary markets:** They have been a popular entry point for retail investors. But the lacklustre performance of recent issues dampened future interest. Many issues were over-priced, and the downturn impacted their performance. Investors are now selective in terms of new issues, looking at valuations closely for fair-pricing and quality. If reforms, faster decisions and policy clarity can spurt capex and capital raising, that might give an impetus to new retail investors to enter. There are companies who have raised debt in recent years. They might opt for public issues to deleverage.
- Turnaround in industry drivers:** A sustained pick-up in economic performance should fuel retail investing. Historically, GDP growth helped boost gross savings and household financial savings, which increased at a faster pace during high GDP growth. Ability to save is impacted by the differential between inflation and personal income growth. Reduction in inflation should help expand this differential. Periods of high positive differential coincide with increase in equity allocation. Such periods could be the starting point for many new investors into equities.

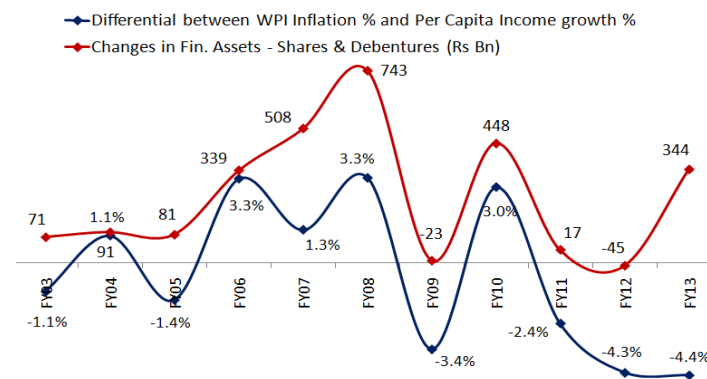
With India's projected GDP growth likely to outpace most large emerging markets, this should bode well for further growth in savings and discretionary allocation to equities.

While allocations to physical savings increased in recent years, it might slow now due. Gold prices have been impacted due to import curbs to control the INR. Real estate would remain favorite, though increasing property prices going beyond the reach of investors might be a boon for equities.

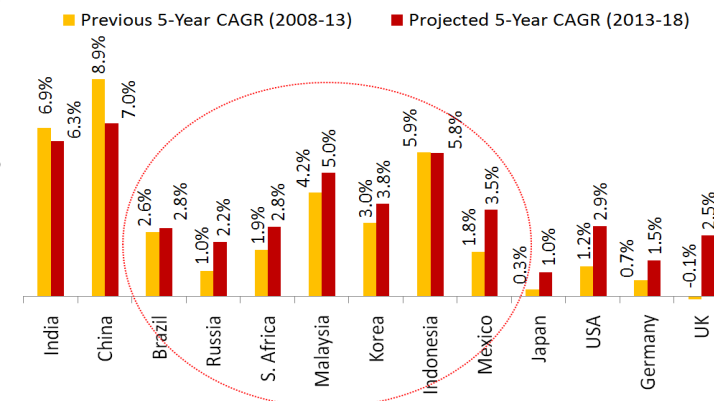
New demat accounts fell as IPO/FPO issues dried



Equity allocation is higher when real income rises



Higher projected GDP bodes well for India



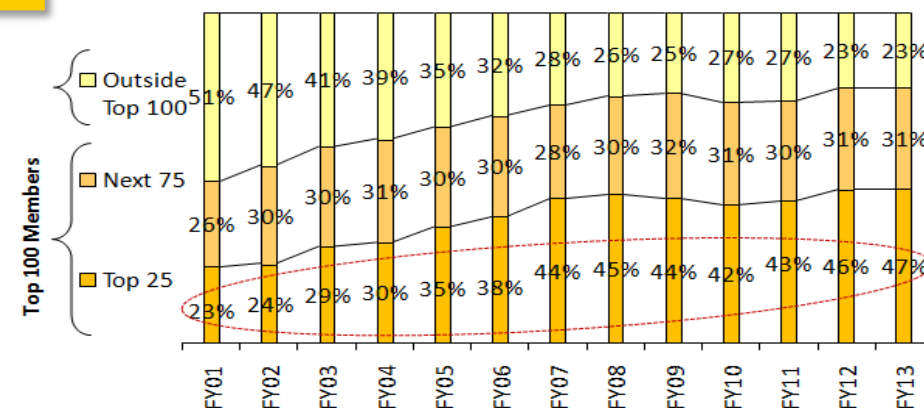
What is required to ensure this initial trend-reversal sustains?

- **Making education niche and action-focused:** Specific awareness efforts on merits of direct vs. indirect equity investing, giving precedence to stocks' quality and managing valuation of portfolio vs. market valuation. Simulations, games and challenges can entice investors to actively participate in the markets. Active, intuitive and interactive education can benefit firms through conversions, as compared to passive training.
- **Addressing liquidity challenges:** The proportion of long-term investors is still small, and enhanced liquidity might help. Lowering of STT would make the cost of transaction more attractive inducing future participation. While the Budget has not addressed this, it remains a area of advocacy.

How will the larger brokers gain?

- Large brokers actually increased their share of volumes during bull-periods, unlike popular belief that consolidation occurs in downturns.
- Large brokers are better equipped to handle higher volumes of trades, without compromising on quality. New participants benefit from the advisory that large brokers provide. Incremental equity allocation from retail investors during the current up-cycle should benefit larger brokers.

Consolidation of NSE cash volumes during bull-phases



In conclusion, while retail interest is showing initial signs of revival this year, a lot is needed to sustain their interest. But It is also imperative to ensure that that retail investors take educated decisions, and the current optimism does not run into any irrational exuberance

Please click here to read the full article, plus access previous Fin-Sight articles:

<http://www.motilaloswal.com/Financial-Services/Investor-Relations/Presentation/>

**Q1 FY15
performance**

**Consolidated
financials**

**Business
snapshots**

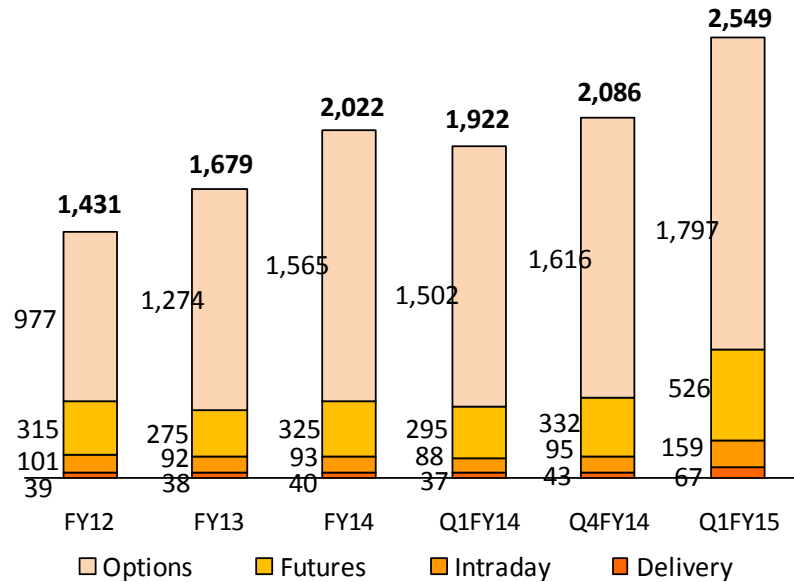
About us

**Thematic
series**

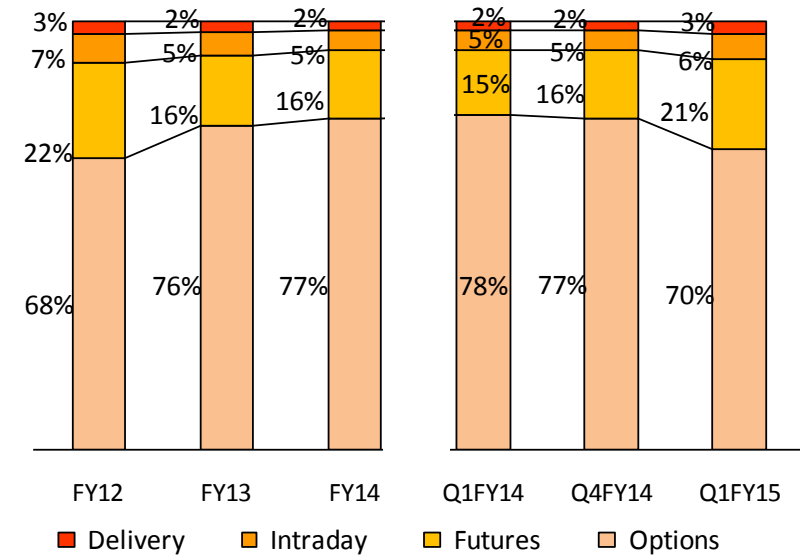
**Industry
facts**

Sharp uptick in cash and futures takes market ADTO to highs

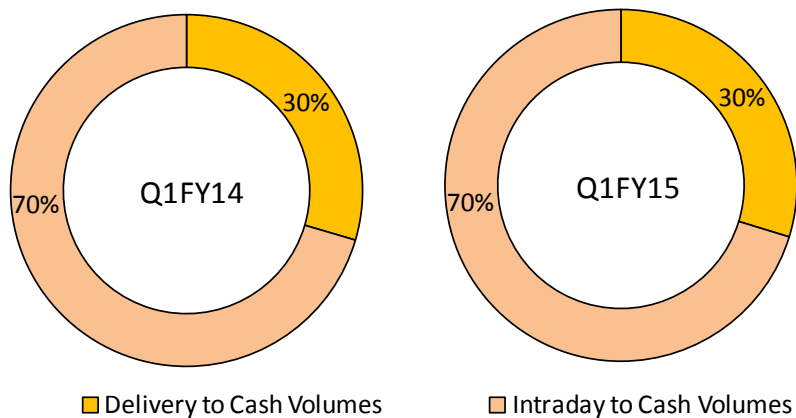
Market ADTO reached a high in Q1 FY15 as both cash and futures clocked significant uptick over recent averages (Rs Bn)



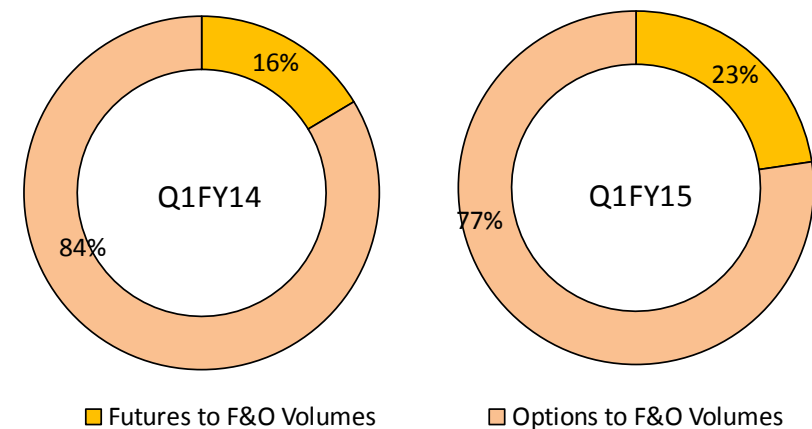
Spurts in the cash and futures segments reversed the trend of options continually increasing its share of the volume pie



Within cash volumes, both delivery and intraday saw an increase, resulting in their share remaining constant

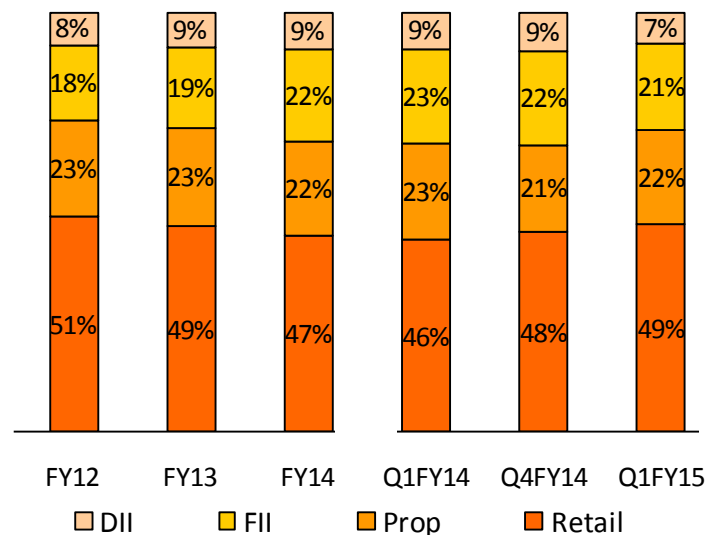


With higher than proportionate increase in futures this quarter, its share within the F&O pie increased

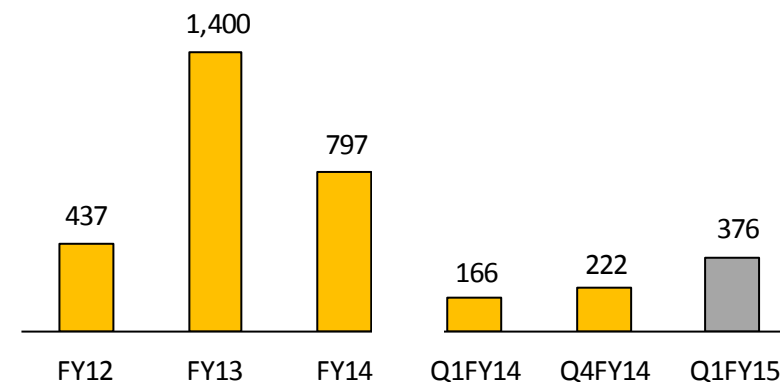


Retail cash volumes showing initial signs of a come-back

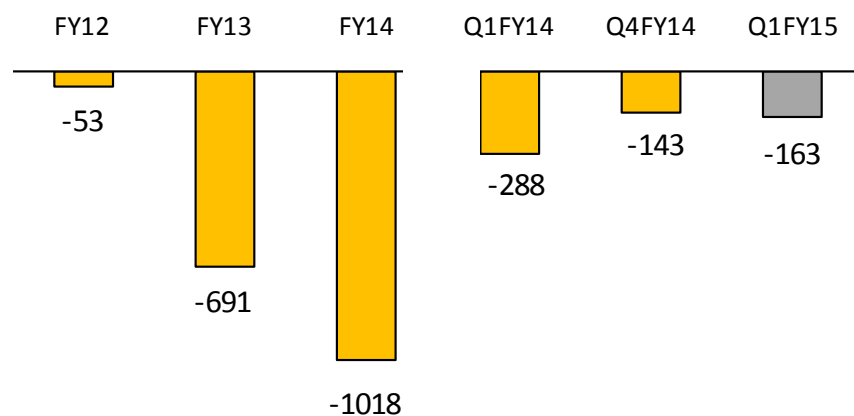
Retail cash volumes showed a come-back, which is encouraging; Prop cash volumes also up sharply; Institutional cash volumes also up



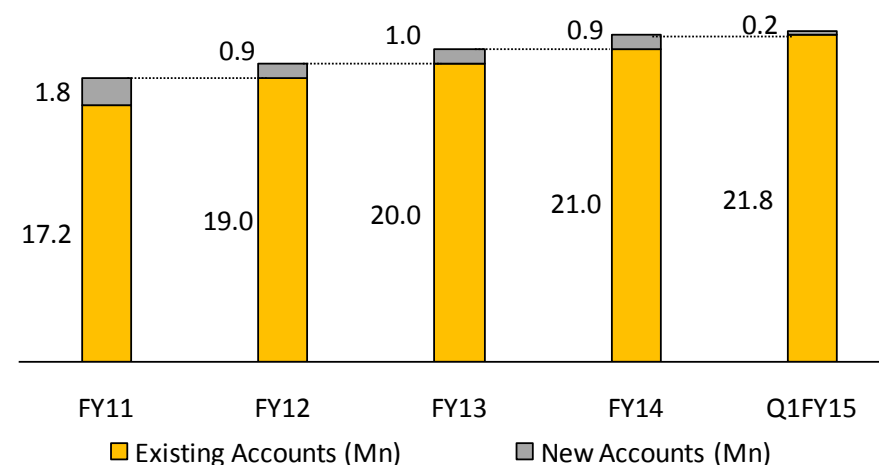
Net inflows from FIIs picked up this quarter, as some FIIs might have net bought in Apr and May to capitalize on the pre-election rally; Jun saw net outflows possibly due to some profit booking (Rs Bn)



While DIIs continued to see net outflows, the quantum of outflows reduced with each successive month during Q1FY15; Retail interest returned in equity mutual funds in Jun (Rs Bn)

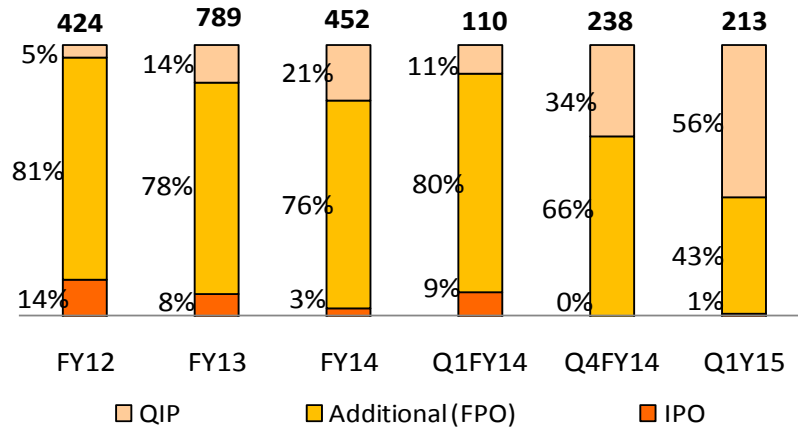


With improving outlook for capital raising activity by company, primary market should see an uptick. This could help lead to a pick-up in new demat accounts

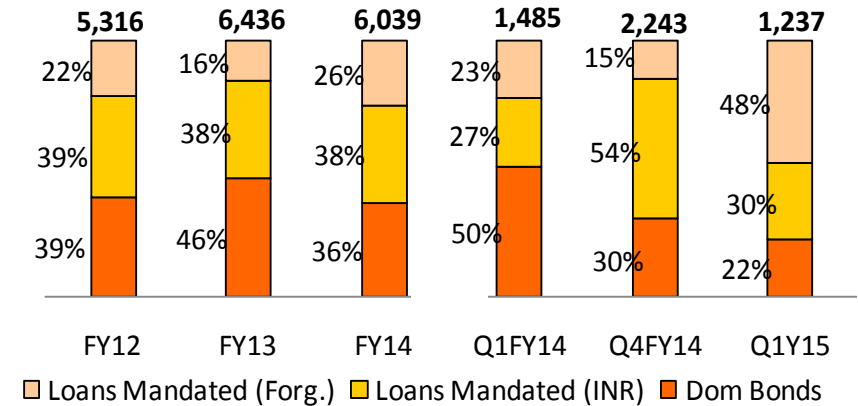


Deal activity still sluggish, though the outlook is turning positive

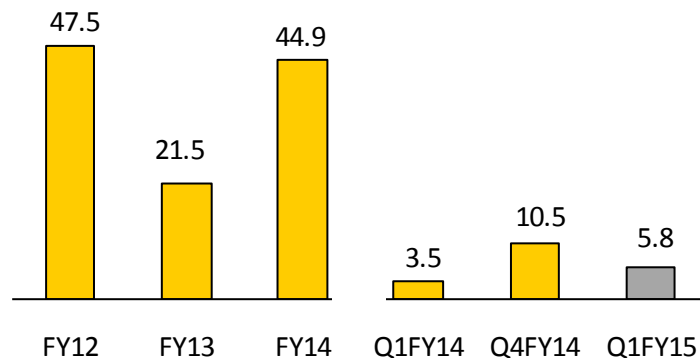
ECM activity remains dry this quarter, with only QIPs showing slight uptick from last year; However, the outlook looks positive given the expectations on the policy and reforms front (Rs Bn)



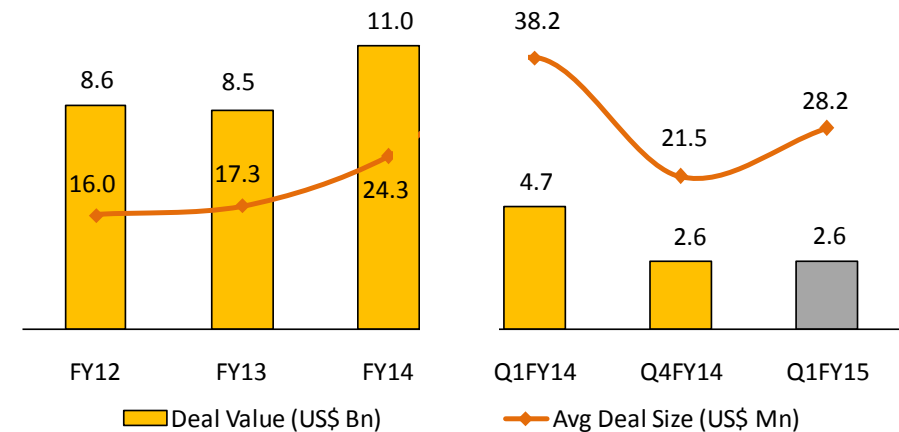
DCM activity has seen a spike in foreign loans this quarter, as compared to last year levels; However, both domestic bonds and INR loans have reduced (Rs Bn)



M&A deal value dipped QoQ as Q4FY14 had included two ~\$2.5 bn deals of ONGC's acquisitions; Overall deal activity remains largely dry as compared to earlier years (US\$Bn)

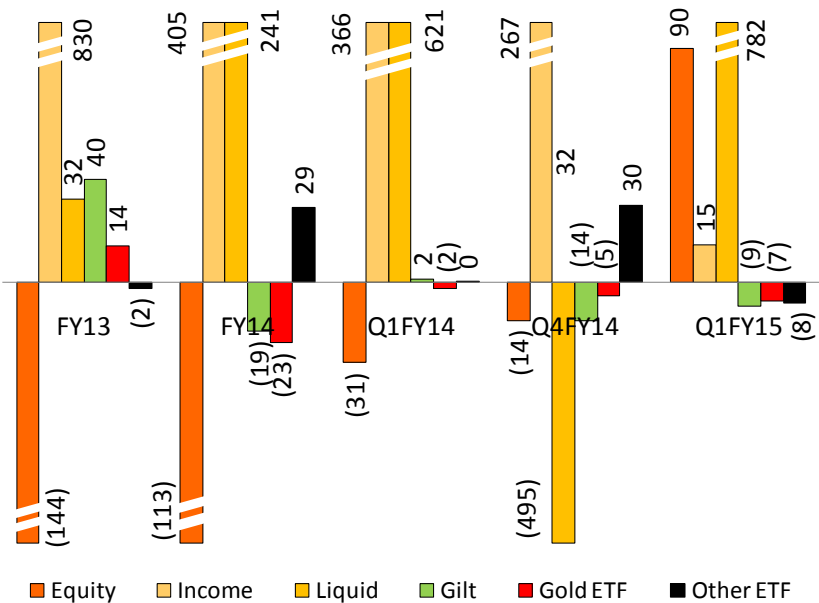


With the number of large-ticket deals slightly higher this quarter, the average deal value was higher on a QoQ basis; BFSI clocked the largest deals with the Kotak-CPPIB and Shriram-Piramal deals

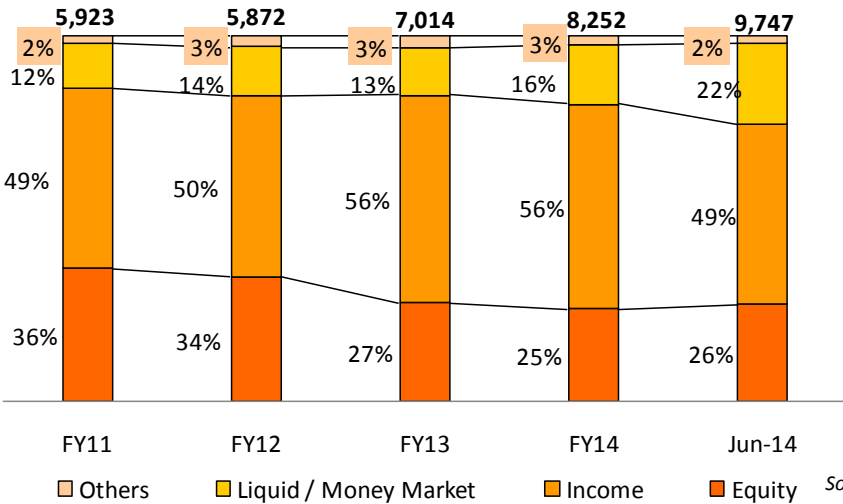


Investor interest returns in Equity MFs in May/Jun with net inflows

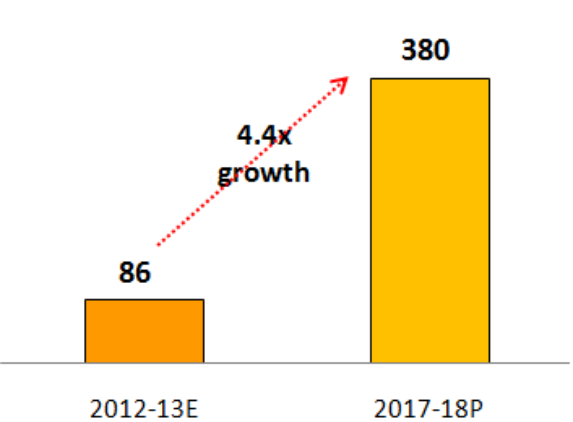
Equity funds see net inflows after 9 consecutive months of net outflows led by higher gross sales in May and Jun; Equity ETFs see outflows despite AUM growth; Liquid funds clock high net inflows



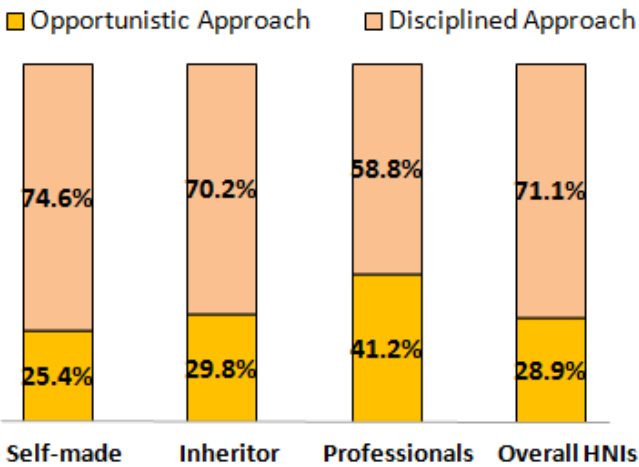
Equity and Liquid segments lead the growth in Industry AUM on a QoQ basis; Both market appreciation and net inflows impact the Equity fund AUM this quarter (Rs Bn)



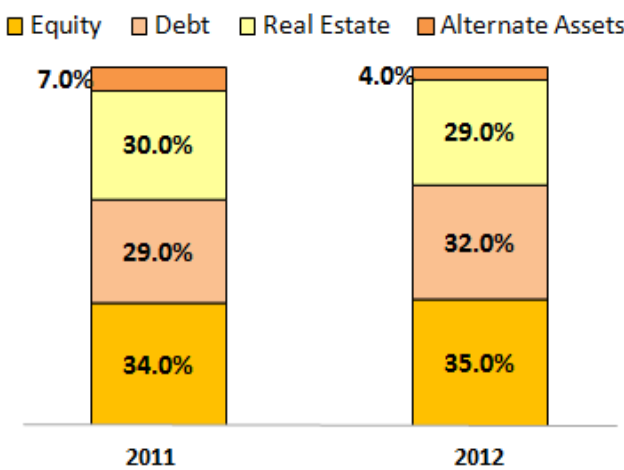
Total Net Worth of Indian HNIs (Rs Tn)



Approach towards Investments of Indian HNIs



Change in HNI Investment Portfolios



This report is for information purposes only and does not construe to be any investment, legal or taxation advice. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Any action taken by you on the basis of the information contained herein is your responsibility alone and MOFSL and its subsidiaries or its employees or directors, associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained herein, but do not represent that it is accurate or complete. MOFSL or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this publication. The recipient of this report should rely on their own investigations. MOFSL and/or its subsidiaries and/or directors, employees or associates may have interests or positions, financial or otherwise in the securities mentioned in this report.

Thank You

Contact:

Sameer Kamath

Chief Financial Officer

Motilal Oswal Financial Services Limited

Tel: 91-22-3982-5500 / 91-22-39825554

Fax: 91-22-2282-3499

Email: sameerkamath@motilaloswal.com

Sourajit Aiyer

Sr. Manager–Investor Relations

Motilal Oswal Financial Services Limited

Tel: 91-22-3982-5500 / 91-22-39825510

Fax: 91-22-2282-3499

Email: sourajit.aiyer@motilaloswal.com /
investorrelations@motilaloswal.com