

Earnings Update – Q2 FY13



October 18, 2012

Motilal Oswal Financial Services Limited

BSE: 532892 NSE: MOTILALOSF Bloomberg:MOFS:IN Reuters: MOFS.BO

www.motilaloswal.com



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Consolidated Financials

- Revenues in Q2 FY13 were ₹1.1 billion, up 3% on a QoQ basis and down 1% on a YoY basis
- Reported PAT at ₹229 million for the quarter was up 13% on a QoQ basis and down 34% on a YoY basis
- Adjusted PAT at ₹229 million for Q2FY13 was up 13% on a QoQ basis but down 12% on a YoY basis
- EBITDA and Reported PAT margins improved to 36% (34% in Q1 FY13) and 20% (19% in Q1 FY13) respectively
- Strong balance sheet with net worth of ₹11.9 billion, net cash of ₹1.3 billion and zero debt, as of Sept 2012
- Declares interim dividend of ₹1 per share (Face value of ₹1 per equity share)

Volumes and Market Share

- Total ADTO in secondary equities was ₹23.2 billion in Q2 FY13 (₹23.0 billion in Q1 FY13 and ₹27.6 billion in Q2 FY12)
- Equity market share was 1.4% in Q2 FY13 (1.5% in Q1 FY13 and 1.9% in Q2 FY12)

Distribution Reach

- Retail distribution stood at 1,554 business locations across 530 cities, as of Sept 2012
- Total client base increased to 750,077 which includes 658,181 retail broking and distribution clients

Assets Managed

- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹31.6 billion. Within this, our mutual funds AUM was ₹5.8 billion, PE AUA was ₹12.4 billion, while PMS AUM was ₹13.5 billion
- Wealth management business managed assets of ₹15.8 billion
- Depository assets were ₹116.0 billion

Business Updates

- Institutional Equities conducted the 8th Annual Motilal Oswal Global Investor Conference in Mumbai in Aug 2012. Over 100 leading companies and experts interacted with over 180 institutional funds from across the world
- Motilal Oswal Private Equity appointed Somak Ghosh as its Co-CEO, responsible for growing the real estate fund business and establishing the Sustainable Social Impact Fund. Prior to this, he was Co-Founder and Group President, Government and Developmental Banking at Yes Bank

Accolades Received

- Sudhir Dhar, Head - Human Resources, MOFSL, received the 'Most Powerful HR Professionals of India' award at the World HRD Congress in Sept 2012

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Particulars	Q2 FY13	Q1 FY13	Change	Q2 FY13	Q2 FY12	Change	6M	6M	Change	FY12
₹million	Sep 30, 2012	Jun 30, 2012	(%) Q-o-Q	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Mar 31, 2012
Total Revenues	1,127	1,093	3%	1,127	1,143	-1%	2,220	2,262	-2%	4,656
EBIDTA	400	366	9%	400	397	1%	767	745	3%	1,562
PBT (before E & EOI)	332	298	11%	332	362	-8%	631	675	-7%	1,396
Reported PAT (after E & EOI)	229	202	13%	229	350	-34%	431	561	-23%	1,039
Adjusted PAT	229	202	13%	229	262	-12%	431	474	-9%	951
EPS - Basic	1.6	1.4		1.6	2.4		3.0	3.9		7.2
EPS - Diluted	1.6	1.4		1.6	2.4		3.0	3.9		7.2
No.of shares outstanding (million) - FV Rs 1/share	145	145		145	145		145	145		145

E & EOI = Exceptional items & Extraordinary items

- Adjusted PAT for Q2FY12 excludes profit of ₹130mn pre-tax (₹88mn post-tax) earned during Q2FY12 from sale of existing premises in South Mumbai, during consolidation of the office premises at the new Corporate Headquarters
- The drop of 8% in PBT in Q2FY13 on a Year on Year basis is attributable to higher depreciation charge on the new corporate office at Prabhadevi

Particulars	Q2 FY13	Q1 FY13	Change	Q2 FY13	Q2 FY12	Change	6M	6M	Change	FY12
₹million	Sep 30, 2012	Jun 30, 2012	(%) Q-o-Q	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Mar 31, 2012
Brokerage & operating income	728	693	5%	728	808	-10%	1,422	1,579	-10%	3,202
Investment banking fees	23	27	-15%	23	14	62%	50	36	40%	86
Fund based income	211	209	1%	211	198	6%	420	407	3%	822
Asset management fees	136	155	-12%	136	100	35%	291	204	43%	504
Other income	29	9	205%	29	22	30%	38	37	4%	42
Total Revenues	1,127	1,093	3%	1,127	1,143	-1%	2,220	2,262	-2%	4,656

- Broking and related revenues were ₹728 million this quarter, up 5% from Q1 FY13 and down 10% from Q2 FY12. This segment contributed 65% of total group revenues
- Fund based income was ₹211 million, up 1% from Q1 FY13 and up 6% as compared to Q2 FY12. It contributed 19% of total group revenues. The loan book was ₹3.5 billion, as of Sept 2012
- Asset Management fees were ₹136 million for Q2 FY13, down 12% QoQ but up 35% YoY
- Investment banking fees at ₹23 million were down 15% from Q1 FY13, though up by 62% on a YoY basis. Investment banking business continued to be subdued across the industry, impacting transaction closures and flow of new projects
- Other income was ₹29 million in Q2 FY13

₹million	As on Sep 30, 2012	As on Mar 31, 2012
Sources of Funds		
Networth	11,879	11,409
Loan funds	-	-
Minority interest	23	44
Deferred tax liability	51	47
Total	11,954	11,500

Application of Funds		
Fixed assets (net block)	3,311	3,445
Investments	2,691	941
Deferred tax asset	-	-
Current Assets (A)	9,892	11,062
- Sundry debtors	1,869	2,478
- Stock-in-trade	987	1,574
- Cash & Bank Balances	1,310	2,710
- Loans & Advances	5,693	4,253
- Other Assets	33	46
Current liabilities (B)	3,941	3,948
Net current assets (A-B)	5,952	7,114
Total	11,954	11,500

₹million	As on Sep 30, 2012	As on Mar 31, 2012
Networth	11,879	11,409
Debt (A)	-	-
Cash & Bank balances (B)	1,310	2,710
Net cash (B - A)	1,310	2,710
Debt : Equity	0.00x	0.00x
Cash (% Networth)	11%	24%

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Broking & Distribution, Institutional Equities & Wealth Management

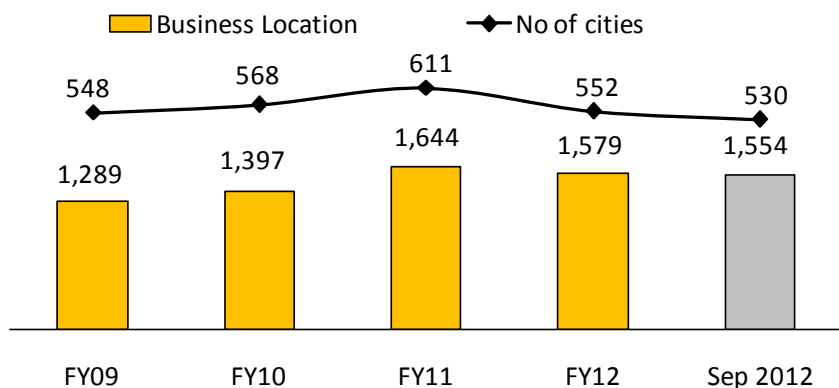
Particulars	Q2 FY13	Q1 FY13	Change	Q2 FY13	Q2 FY12	Change	6M	6M	Change	FY12
₹million	Sep 30, 2012	Jun 30, 2012	(%) Q-o-Q	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Mar 31, 2012
Total Revenues	843	783	8%	843	869	-3%	1,626	1,732	-6%	3,577
EBIDTA	290	259	12%	290	281	3%	548	541	1%	1,182
PBT (before E & EOI)	247	214	15%	247	248	-1%	461	474	-3%	1,031
PAT (before E & EOI)	171	144	18%	171	183	-7%	315	337	-7%	727
PAT (after E & EOI)	171	144	18%	171	270	-37%	315	425	-26%	815

E & EOI = Exceptional items & Extraordinary items

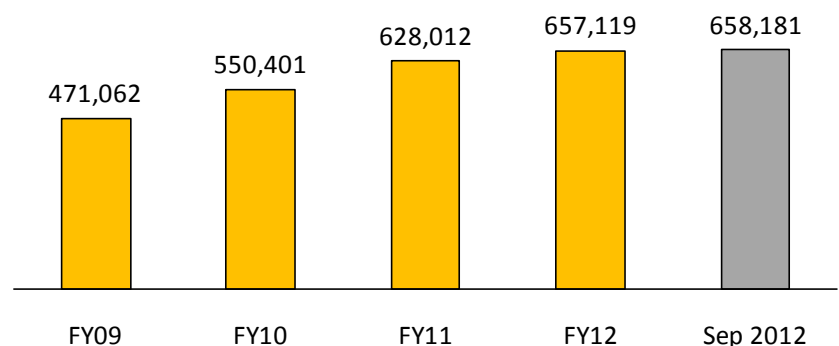
- Revenues were ₹843 million for Q2 FY13, up 8% from Q1 FY13 and down 3% from Q2 FY12
- PAT (before E&EOI) was ₹171 million for Q2 FY13, up 18% from Q1 FY13 and down 7% from Q2 FY12
- MOSL ADTO was ₹23.2 billion in Q2 FY13 (₹23.0 billion in Q1 FY13 and ₹27.6 billion in Q2 FY12)
- Daily volumes in the equity markets grew 4% QoQ to ₹1.7 trillion in Q2 FY13. While options grew 6% QoQ to comprise 76% of market volumes, the cash segment also picked up by 6% this quarter to ₹125 billion. Cash delivery, in particular, rose by 15% on a QoQ basis on the back of higher volumes in September. While delivery's proportion to overall market volumes grew from 2% to 2.3% on a QoQ basis, it touched 2.8% for the month of September alone. While our overall equity market share dipped from 1.5% to 1.4% during the quarter, our market share in the high-yield cash segment including cash delivery, which is our focus area, saw an increase. Our blended yield improved from 4.8 bps to 5.0 bps on a QoQ basis
- As of Sept 2012, total client base was 750,077 which includes 658,181 retail broking and distribution clients; Pan-India distribution reach stood at 1,554 locations across 530 cities

- Offers customized investment services to its retail customers
- 'Customer first' philosophy is executed through strategic focus on:
 - Increasing distribution reach to build a pan-India network
 - Customer segmentation based on individual needs
 - Wide bouquet of offerings (equity, PMS, MFs, commodities)
 - Develop in-house technology for better customer experience
 - Intensify customer connect through seminars and feedback

Pan-India distribution footprint



Retail broking and distribution clients



Leveraging on technology :

- **Delivery models:** Our newly developed trading platform – LITE, is simple, powerful and feature-rich, available in multiple versions

Lite-Web



LITE-Mobile



LITE-Desktop



- **Online Account Opening** is MOSL's industry first feature



- **Advisory Platforms:** Direct dissemination of MOSL research and recommendations, with interactive features and customized view

Idea Dashboard 3.0



Advisory Dashboard



- **Portfolio Tracking and Review:** Review and restructuring of client portfolios, recommends model portfolios, etc

My Motilal Oswal

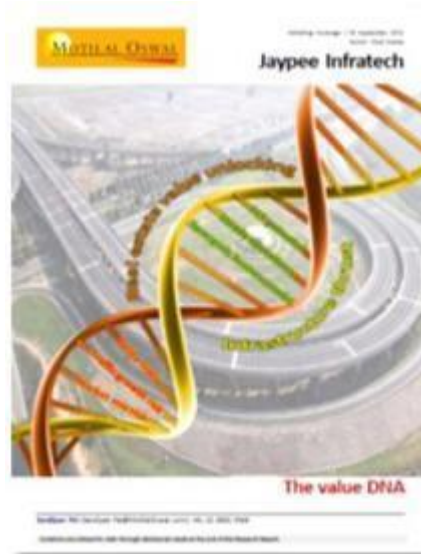
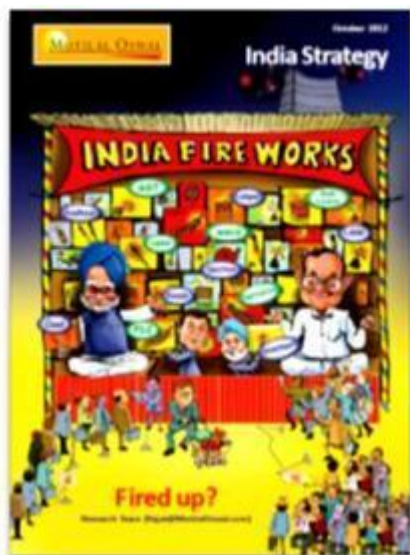


Portfolio Restructuring



- Cash and derivatives broking to institutional clients, along with a strong research and corporate access group
- Client base of 520 institutions including over 350 FIIs, as of Sept 2012

Recent Research Reports



- Institutional Equities conducted the 8th Annual Motilal Oswal Global Investor Conference in Mumbai in August, 2012
- Over 100 leading companies and experts interacted with over 180 institutional funds from across the world



- Focus on advisory and product mix that leads to Client Profitability
- Advises on in-house products like PMS, PE, MOST funds, equity broking and third party products like mutual funds, insurance and structured products, as well as a variety of alternate investments, specialist services and credit offerings
- Wealth management business had an AUM of ₹15.8 billion, as of Sept 2012
- 95 employees in wealth management business, as of Sept 2012
- Present in Mumbai, Delhi, Kolkata, Bangalore, Hyderabad, Ahmedabad and Pune

Asset Structuring

- In-depth analysis of financial situation
- Tailor-made investment solutions
- Advice & support for asset structuring
- Asset financing

Wealth Management

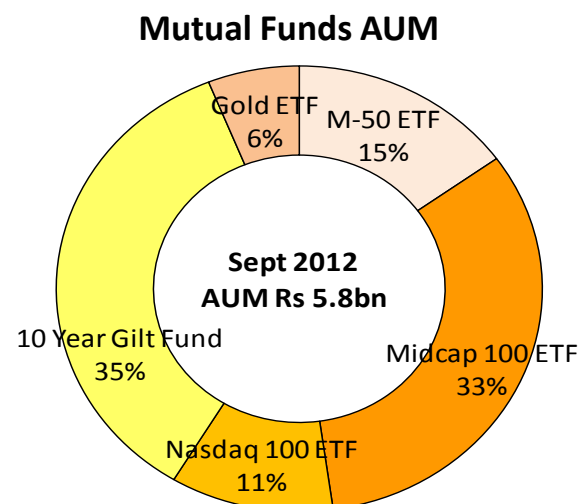
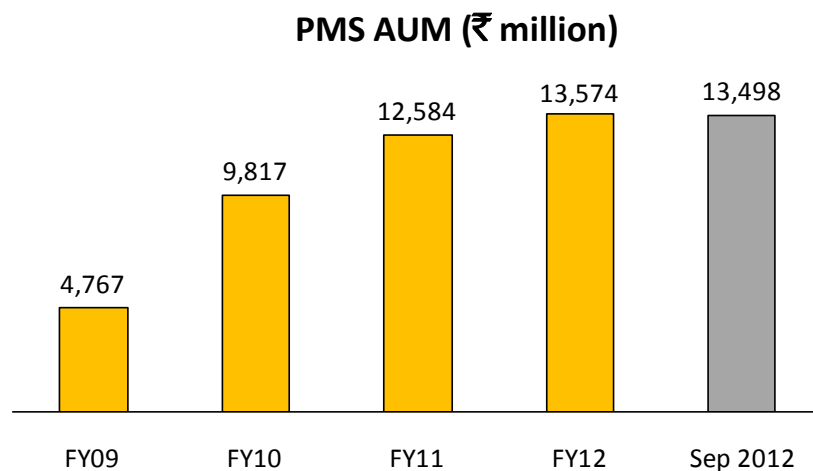
- Strategic & tactical asset allocation
- Enhanced yield mandates
- Estate planning & property management
- Strategy funds

Investment Advisory

- Market information & macro analysis
- Product selection & recommendations
- Selection of third-party funds
- Portfolio accounting and analytics

Particulars	Q2 FY13	Q1 FY13	Change	Q2 FY13	Q2 FY12	Change	6M	6M	Change	FY12
₹million	Sep 30, 2012	Jun 30, 2012	(%) Q-o-Q	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Mar 31, 2012
Total Revenues	86	95	-9%	86	76	13%	181	152	19%	318
EBIDTA	19	15	23%	19	(0)	nm	34	(4)	nm	(9)
PBT	18	14	25%	18	(0)	nm	32	(4)	nm	(11)
PAT	18	14	25%	18	(0)	nm	32	(4)	nm	(31)

- As on Sept 2012, PMS AUM was ₹13.5 billion and mutual funds was ₹5.8 billion
- Diversified mutual fund bouquet with M-50 comprising 15% of total MF AUM, Midcap 100 comprising 33%, Nasdaq 100 - 11%, 10 Year Gilt – 35% and Gold – 6%



Particulars	Q2 FY13	Q1 FY13	Change	Q2 FY13	Q2 FY12	Change	6M	6M	Change	FY12
₹million	Sep 30, 2012	Jun 30, 2012	(%) Q-o-Q	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Sep 30, 2012	Sep 30, 2011	(%) Y-o-Y	Mar 31, 2012
Total Revenues	23	29	-20%	23	23	1%	52	59	-12%	117
EBIDTA	(7)	(23)	nm	(7)	(8)	nm	(30)	(8)	252%	(45)
PBT	(9)	(25)	nm	(9)	(9)	nm	(33)	(9)	265%	(47)
PAT	(6)	(17)	nm	(6)	(6)	nm	(23)	(6)	323%	(31)

- Deal making continued to be subdued across the industry given regulatory uncertainty and slow policy making. This impacted transaction closures. Also, very few new projects were announced resulting in low requirement for companies to raise capital
- Strong management team with substantial experience in investment banking, corporate banking and advisory
- The business is well aligned to arising market opportunities and the execution pipeline remains strong
- 28 employees in investment banking, as of Sept 2012



Particulars	Q2 FY13	Q1 FY13	Change	Q2 FY13	Q2 FY12	Change	6M	6M	Change	FY12
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Total Revenues	52	62	-17%	52	27	96%	114	55	106%	194
EBIDTA	16	5	200%	16	1	nm	22	4	391%	31
PBT	15	5	239%	15	0	nm	20	4	451%	30
PAT	10	3	238%	10	0	nm	14	3	407%	20

- India Business Excellence Fund (IBEF) is a growth capital fund with AUM of US\$ 125 million, which has been fully committed across 13 companies.
- India Realty Excellence Fund (IREF) is a domestic real estate fund with total AuA at ₹2 billion. IREF has made investments across 7 deals, committing about 92% of its funds under management, as of Sept 2012.
- Fund raising is underway for the 2nd growth capital PE fund, India Business Excellence Fund-II (IBEF II). This new fund had earlier achieved its second closing during Q1FY13, with commitments of ₹4.9 billion from domestic and foreign investors
- The PE business has appointed Somak Ghosh as its Co-CEO, responsible for growing the real estate fund business and establishing the Sustainable Social Impact Fund. Prior to this, he was Co-Founder and Group President, Government & Development Banking at Yes Bank

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- 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 530 cities comprising 1,554 business locations operated by our business partners and us with 750,077 total registered customers
- Shares listed on the Bombay Stock Exchange and National Stock Exchange in Mumbai



Motilal Oswal Financial Services Ltd.

99.95%

100%

85%

99.95% #

99.95% #

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Securities Ltd.**

Institutional Equities
Broking & Distribution

**Motilal Oswal Investment
Advisors Private Ltd.**

Investment Banking

**Motilal Oswal Private
Equity Advisors Private Ltd.**

Private Equity
Real Estate

**Motilal Oswal Asset
Management Co. Ltd.**

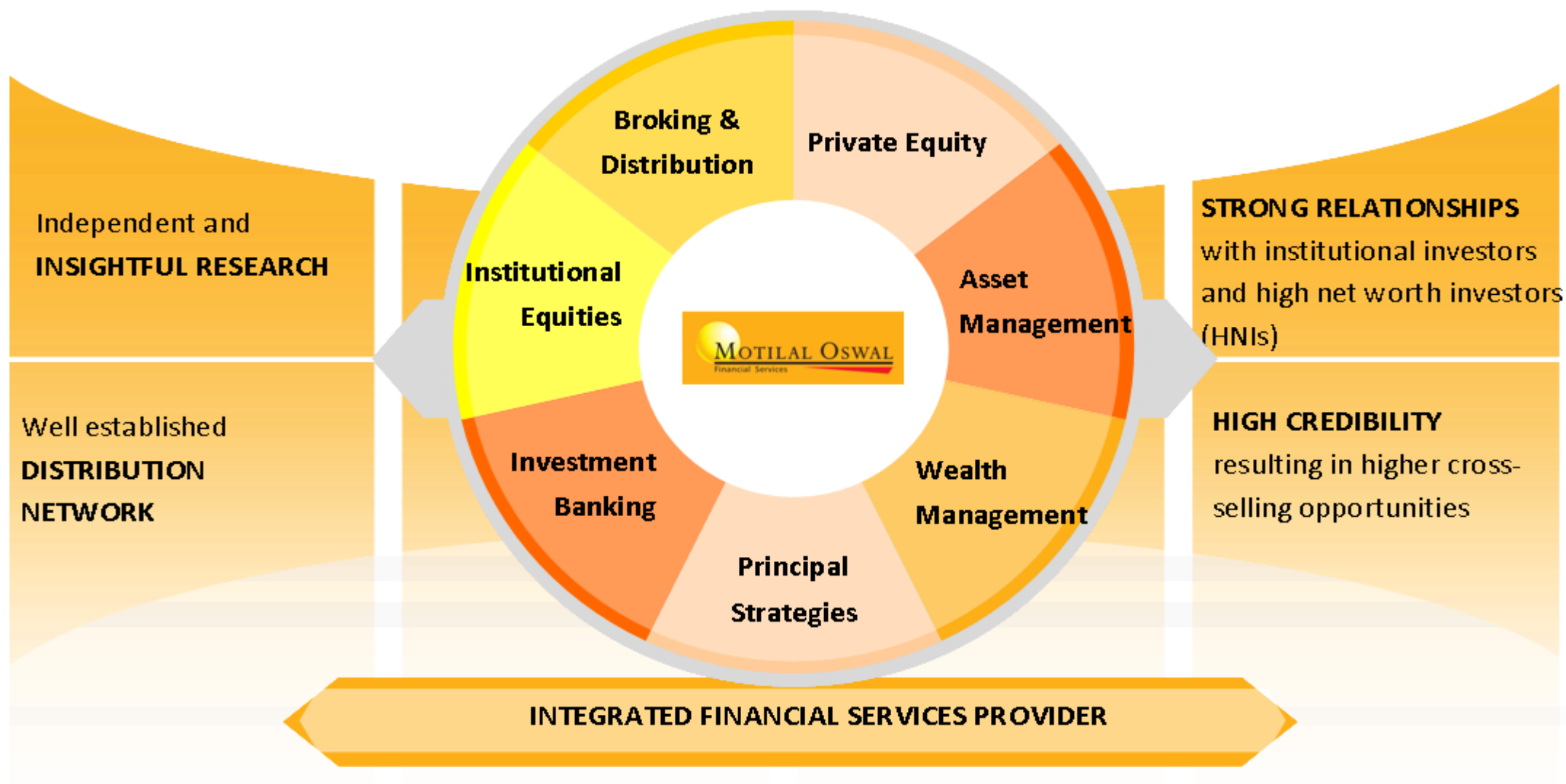
Portfolio Mgmt Services
Mutual Funds
Offshore Funds

**Motilal Oswal
Wealth Management Pvt. Ltd.**

Financial Strategy
Wealth Management

through Motilal Oswal Securities Limited

Data as on Sept 2012



Time bound results within the framework of the company's value system

A company honoring
commitment with highest
ethical and business practices

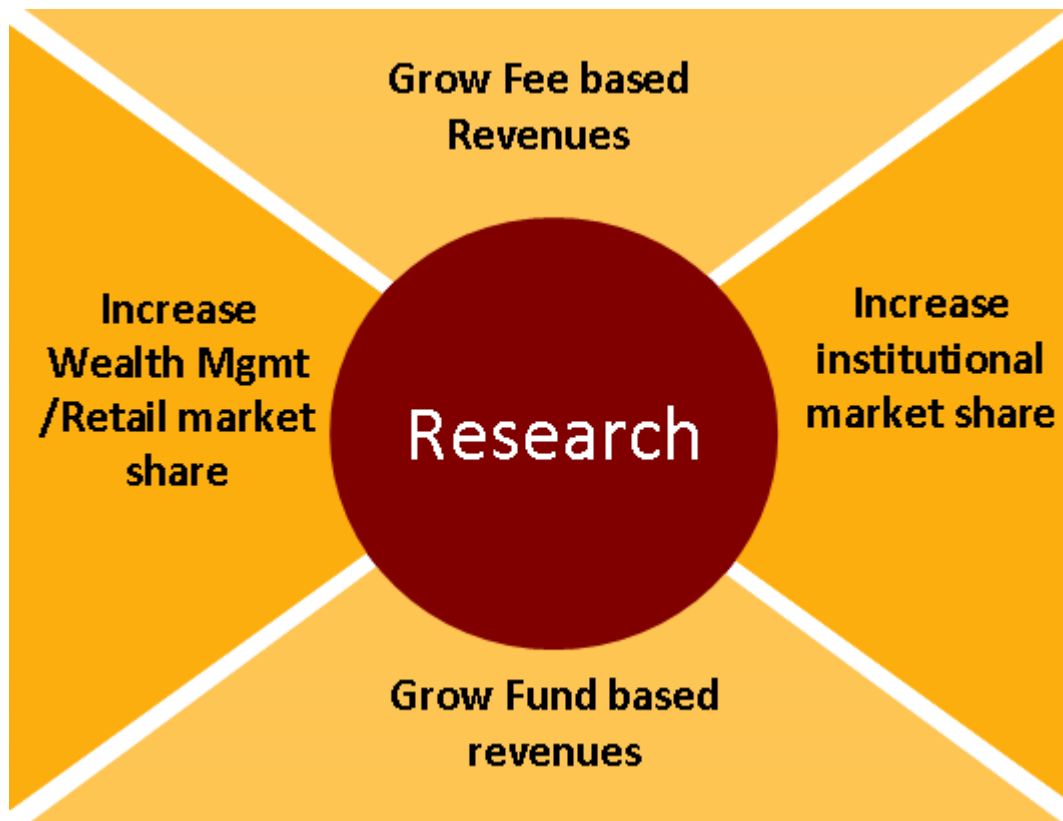


High energy and self-motivated
with a “do it” attitude and
entrepreneurial spirit

Attaining goals collectively and collaboratively

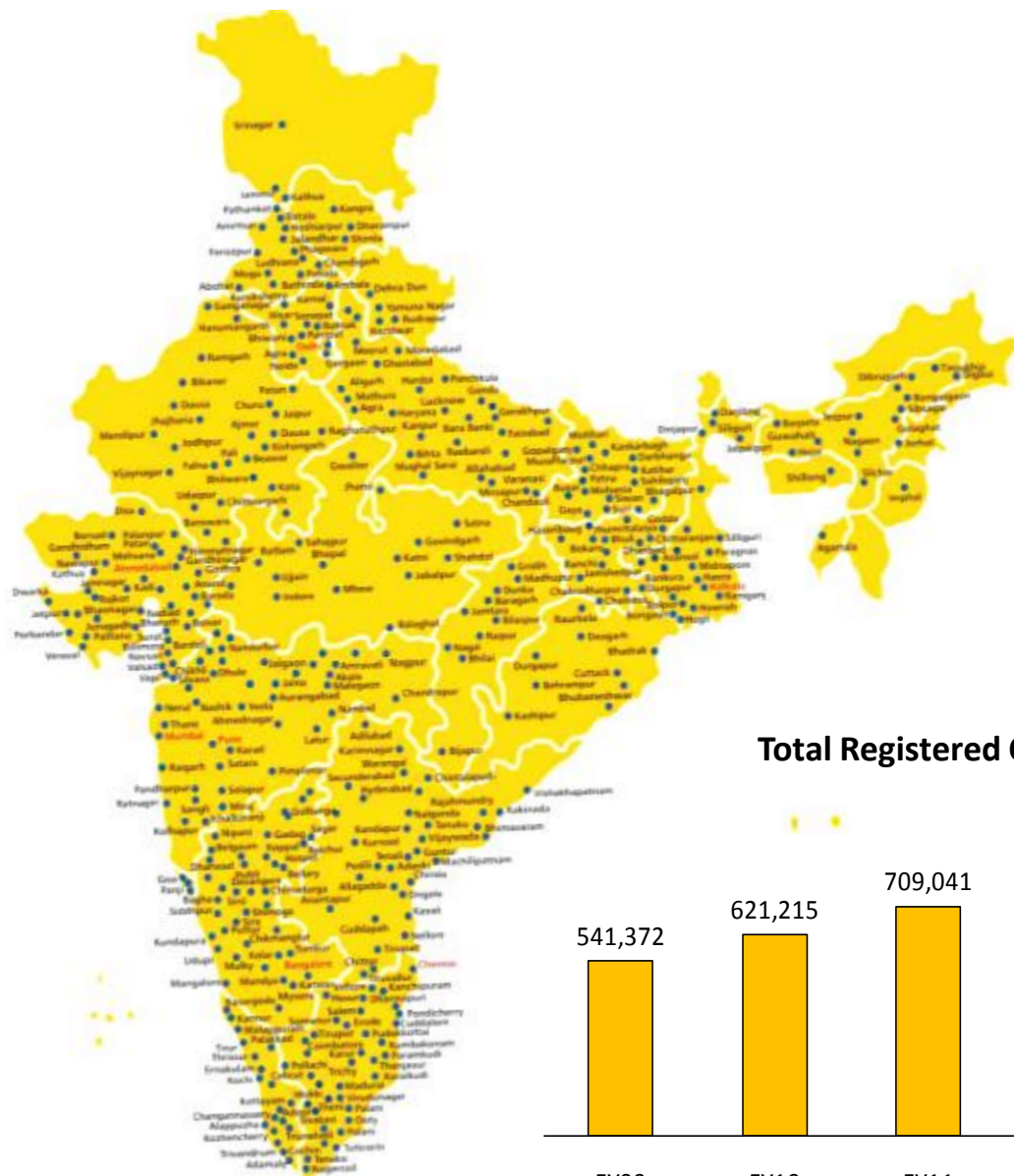
Performance gets differentiated, recognised and rewarded in an apolitical environment

- Further grow distribution network across India
- Leverage research and advisory capability
- Focus on wealth management solutions and new product offerings
- Increase distribution of mutual funds and insurance products



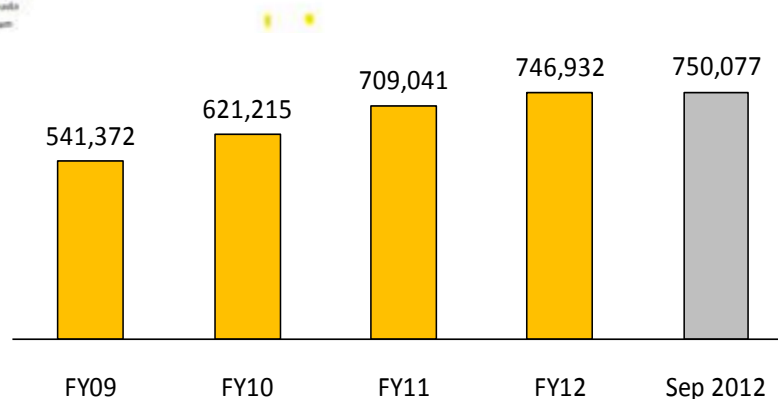
- Build stronger institutional relationships through wider and quality research
- Increase research support
- Grow institutional derivatives business

- Build Principal Strategies Group to maximise returns using risk free arbitrage strategies
- Grow margin funding book size

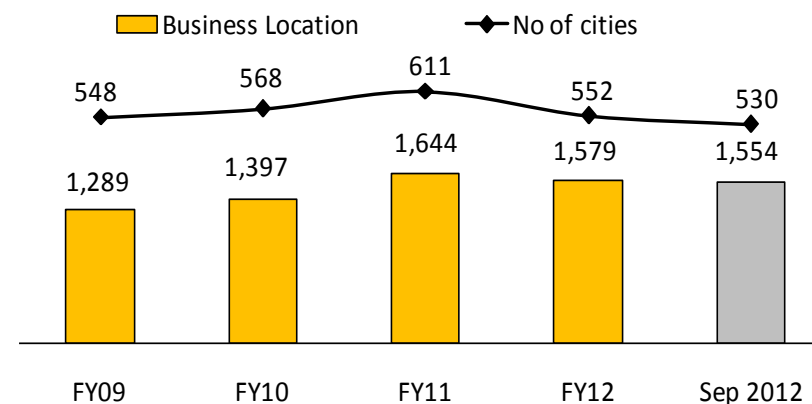


- Pan-India network with a presence in 530 cities across 1,554 business locations (branches plus franchisees), and complemented by a robust online channel
- Total registered client base of 750,077, including 658,181 retail broking and distribution clients
- Extensive distribution network providing opportunities 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 of 25 research analysts covering more than 180 companies across over 20 sectors and 26 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



The company recently celebrated its 25th Annual Day at its own Corporate HQ – Motilal Oswal Tower in Prabhadevi, Mumbai.



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Wealth management landscape and outlook in India: Takeaways from the global experience

- Wealth management (WM) business has typically been an offshoot of the growth in discretionary income
- With the rapid growth in India's GDP and income levels, its WM industry has become a hot-bed of activity
- Organized (WM firms, banks, brokers) battling unorganized players (advisors, CAs) in a fragmented market
- Indian HNI wealth and count has grown at a CAGR of 5-6% from 2006 to 2011, similar to Asian markets
- Client's focus is shifting to low-risk products, with expectations of higher service at competitive prices

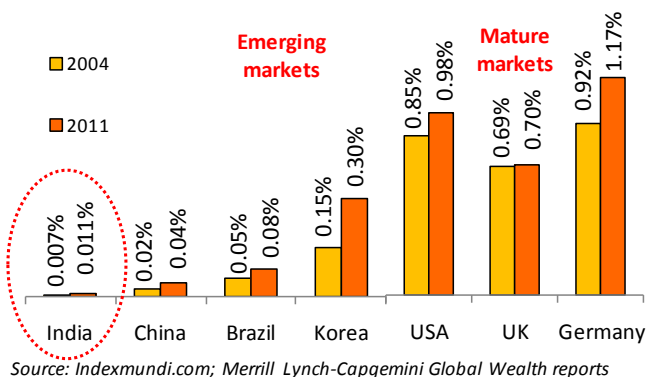
Indian HNI's 5 yr CAGR has been relatively strong

HNI Count (Th)	2006	2011	CAGR
India	100	126	5%
Asia Pacific	2,600	3,400	6%
Global	9,500	11,000	3%

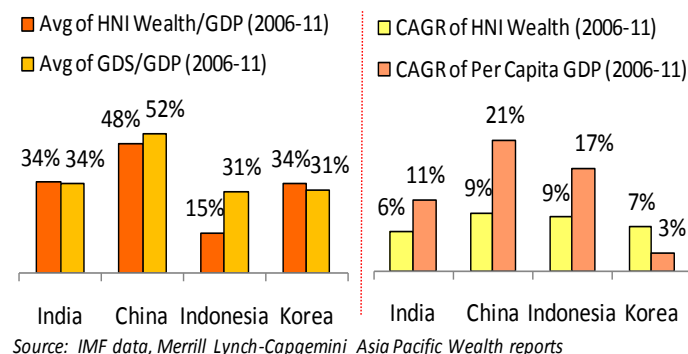
HNI Wealth (US\$Bn)	2006	2011	CAGR
India	350	477	6%
Asia Pacific	8,420	10,700	5%
Global	37,200	42,000	2%

Source: Merrill Lynch-Capgemini Global & Asia Wealth reports

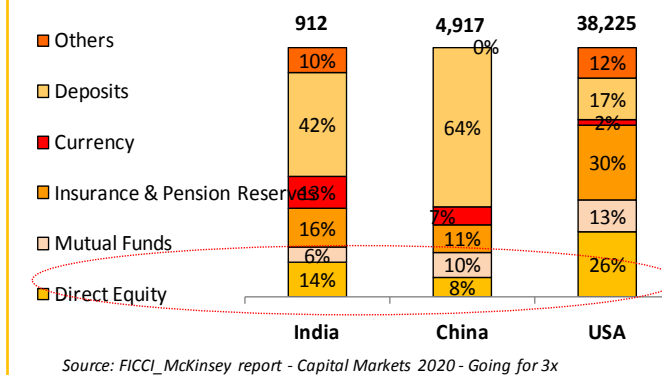
Despite healthy growth the absolute proportion of HNI to total is far lower in India than global averages



Growth in HNI wealth is directly correlated to GDP growth and growth in Gross Domestic Savings



Exposure to Equities as an asset class is low in emerging countries as compared to developed countries

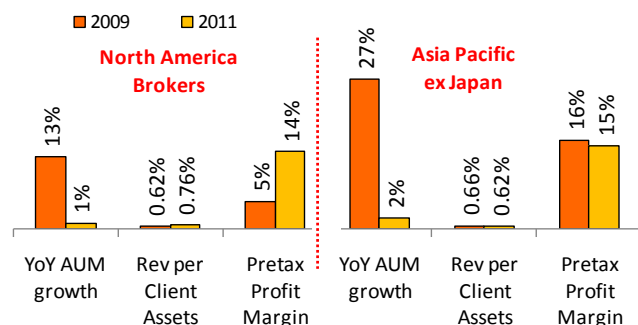


- Kotak's survey on Indian wealth shows safe, low-risk assets were in vogue & demand for equities was low. Most HNIs view equities as a long term bet
- Main focus has been on the Tier I/II cities so far, while wealth pools outside these towns remain largely untapped
- Entrepreneurs, Professionals led the recent growth in Indian HNIs, as economic growth helped business owners/workforce enhance incomes

Recent trends seen globally

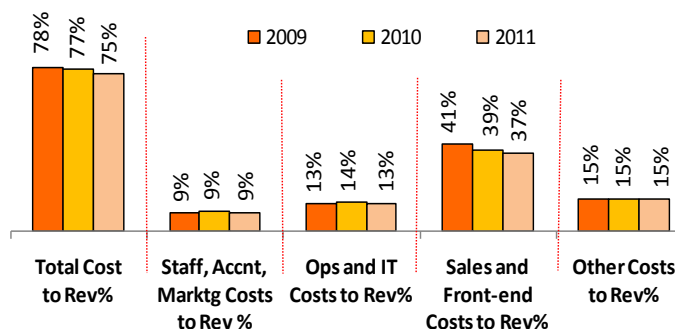
- Global billionaire count actually increased last year
- Recent economic realities warranted demand for safer, simpler products
- Shift towards fee-based model
- Demand for low-yield products, high compliance, advisor & technology costs put profit pressures, hence a focus now on operational efficiencies
- Firms are focusing on sticky products that are difficult to replicate or shift

Growth trends show fee-based markets like North America fared better than commission-based markets like Asia in terms of maintaining revenues and profits, despite the dip in AUM growth



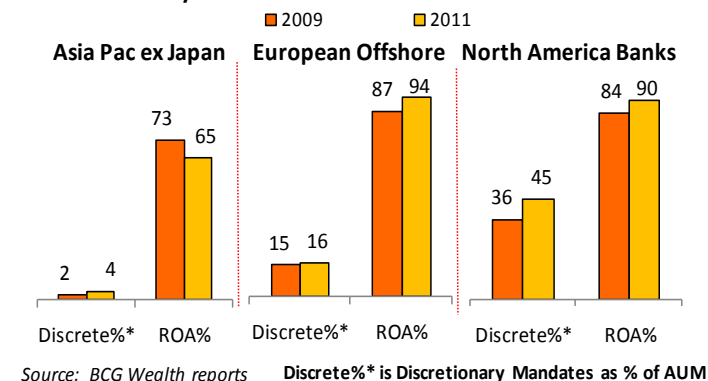
Source: ML-Capgemini Asia Wealth reports, Own analysis

Operational efficiency in terms of cost control has picked up globally across all major cost heads since the last 3 years



Source: Boston Consulting Group Wealth reports

Criticality of high-margin discretionary products is seen as higher % of discretionary mandates in AUM boosted ROAs in mature markets



Source: BCG Wealth reports

Discrete%* is Discretionary Mandates as % of AUM

- Enhancing revenue by using a 'trusted advisor' pitch. Focus is on growing the discretionary mandates as it has a positive correlation with ROA
- Heightened competition intensified hunt for quality advisors with strong relationships. Firms are developing fresh advisors who come at lower costs
- Firm are using service formats like contact centers for cost-effective personalized service, and free the high-cost advisors for advice and acquisitions
- Segmented client approach: Firms are using client insights to customize solutions & deliver a relevant value proposition to each target client group
- Integrated firms like banks and brokers benefited from synergies from sharing of infrastructure/fixed costs and existing client/distribution network

Few trends currently seen in India

- WM market has seen healthy growth in India so far
- Preference of households towards physical asset classes
- Banks and brokers are utilizing existing distribution channels.
- Insurance firms are retraining agents to sell wealth products
- Independent firms focusing on product and customer niches
- Long-term disciplined approach, not short-term opportunistic
- Entrepreneurs, Professionals major sources of recent HNI wealth
- Bulk of the existing HNI wealth has come from primary business

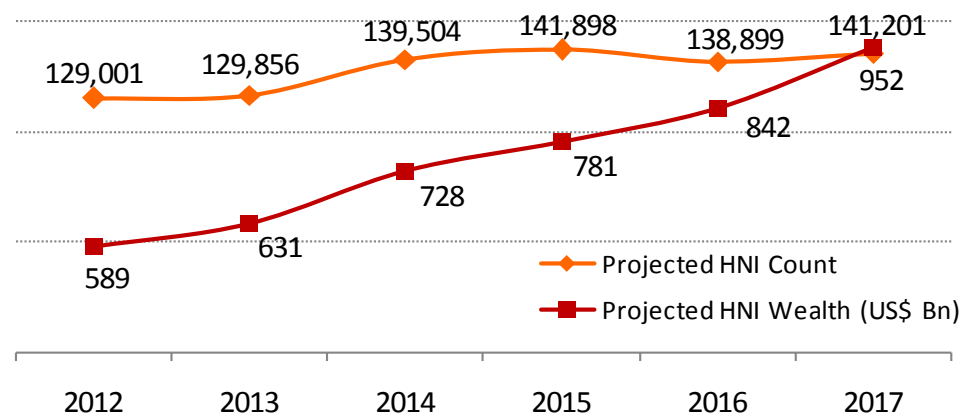
Challenges encountered

- Client's awareness is still low, hence it's still a vanilla market
- Product variety slow to pick up, especially in alternate products
- Physical savings may not require WM advice & reduces market size
- Competition putting pricing pressure, making WM a volume game
- Clients more involved with advisors in products they understand
- They view products that they don't understand as high-risk
- Professionals are first-time HNIs & don't have existing relationship
- Portion of HNI assets may get diverted to fuel primary business

Based on the global experience, certain observations that may be useful for Indian WM firms

- **Deliver a value proposition for each target client segment:** Understand segment performance in clients, products and costs, analyze client insights and their changing demands, Provide differentiated, yet cost-effective services to each target client segment to offer a unique value
- **Deliver an enhanced client experience:** Firms globally are implementing tools for client reporting, analytics, CRM and lead management, interactive tools for scenario based planning, in client pitches, 'Do it yourself' tools etc
- **Expand product suite, incl. 3rd party, so that clients get access to best products:** Most US firms are using expanded open-architecture & annual product reviews. It also cushions against value erosion in any specific asset
- **Target untapped gaps in the market and gain market share ahead of peers:** Commoditize some services using set processes, applications to help scale up faster. Ensure pricing is relevant, accurate so clients perceive value
- **New entrants may be better off targeting Professionals,** whose incomes are growing but may not have existing relationships
- **Advisor productivity and cost/income ratio efficiencies:** Target new advisors with strong client relationships and remove those performing below-par. Operational cost control and look at higher-margin products and fee model
- **Pricing has to be relevant** as per the service, product and level of analytical involvement for clients to perceive value
- **Exclusivity as a value driver** (exclusive funds, fund managers and products), which cannot be commoditized and earn healthy margins
- **Replicate, scale and benchmark the successful tactics and practices of the best advisors**

Projected HNI Count & Wealth in India till 2017 based on IMF's GDP & population estimates and 5 year historical average ratios of HNI count/population and HNI wealth/GDP in each year from 2012-17



Source: IMF data, ML-Capgemini Asia Wealth reports

- India poses good scope for growth, as its expected growth in GDP, discretionary income, longer, working life of population and current low penetration indicates opportunity for enhanced wealth
- Using 5 year historical average of HNI wealth/GDP for each year, combined with IMF's GDP projections, we roughly estimate HNI wealth in India to grow to US\$952bn by 2017, a 12% CAGR from 2011
- However, evolving challenges exist. Companies need to understand the changing client behavior, market dynamics and reorient their operating models to gain retention, revenues and profitability
- Value proposition for client segments and advice-based sales will be critical



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**Q2 FY13
performance**

**Consolidated
financials**

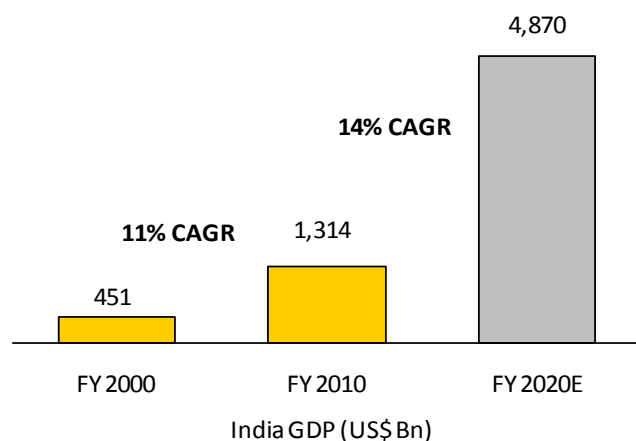
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snapshots**

About us

**Thematic
series**

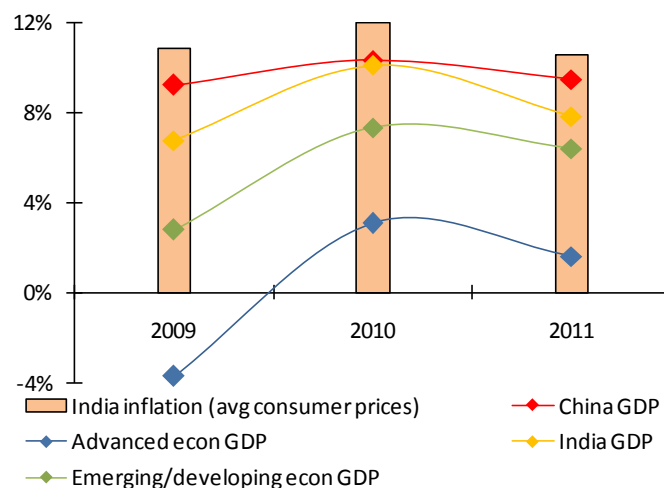
**Industry
facts**

India's nominal GDP estimated to triple from current levels to reach ~US\$5 Tn by 2020



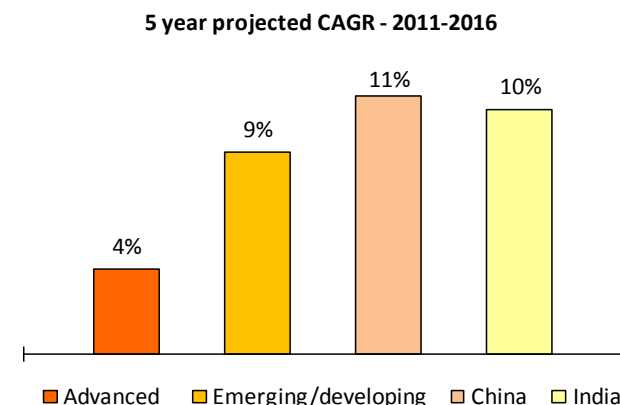
Source: MOSL estimates

Indian GDP outperformed both emerging and advanced nation groups; Inflation receding



Source: IMF data

Indian GDP is also projected to continue outperformance, close the gap with China

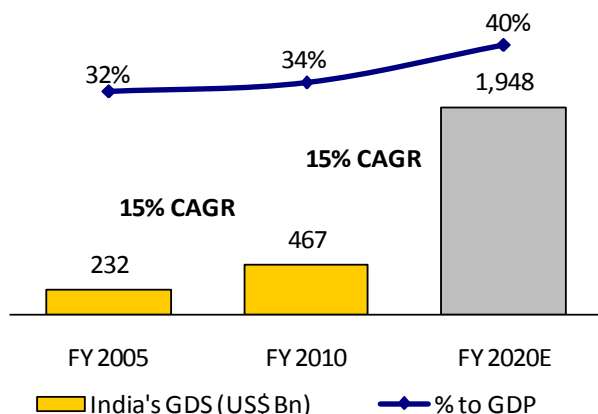


Source: IMF data

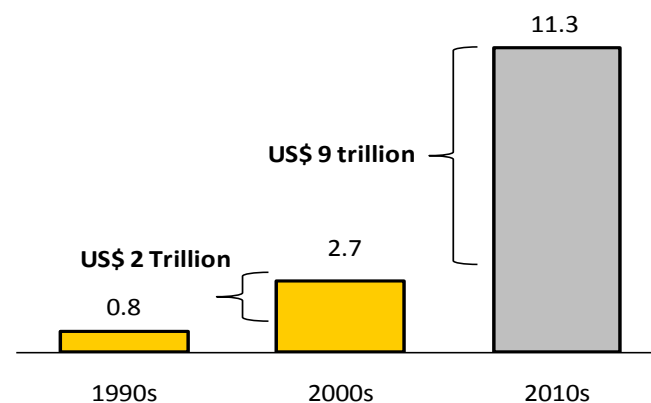
A high savings oriented country, India's gross savings to increase to 40% of GDP by 2020...

...This translates into cumulative decadal savings of over US\$10 trillion for the decade to 2020

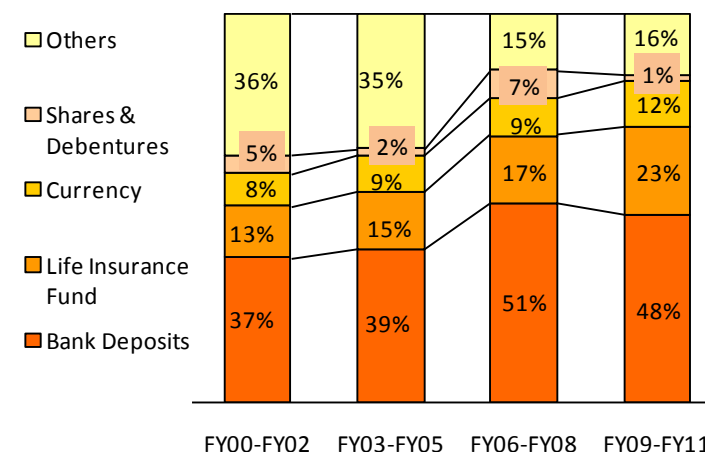
Proportion invested into equities is still low - indicating headroom for growth



Source: MOSL estimates



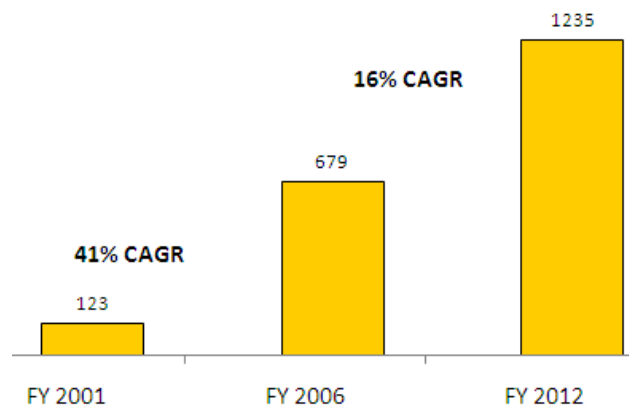
Source: MOSL estimates



Source: RBI data

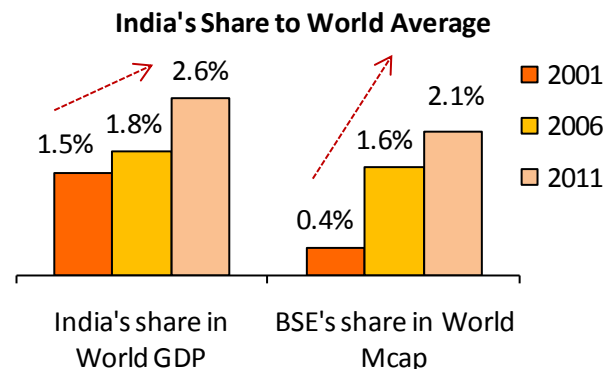
Strong performance in Indian equity markets in last few years

Following its economic growth, India's equity market cap (\$Bn) has grown at a brisk pace



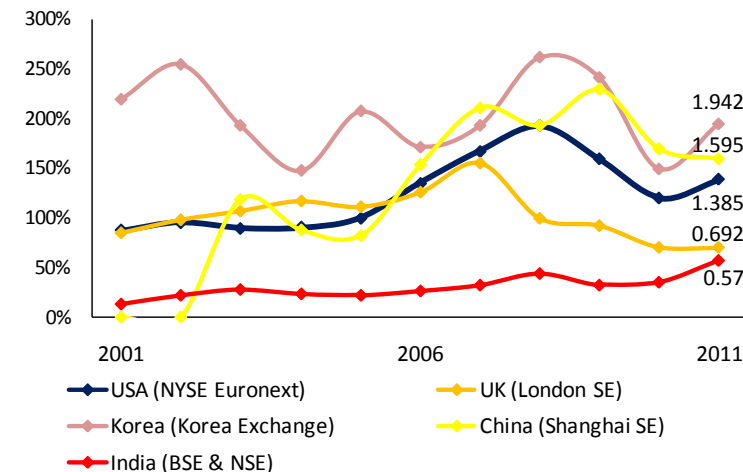
Source: BSE data

India is now rising in significance in the global context on a proportion basis



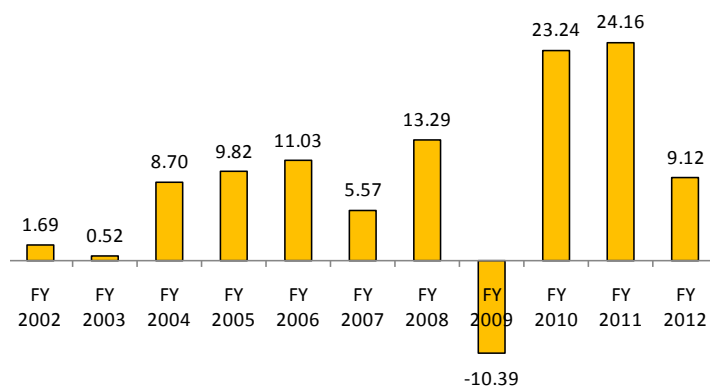
Source: WFE, BSE, IMF data

As India's equities market grows, its trading velocity will align towards global markets



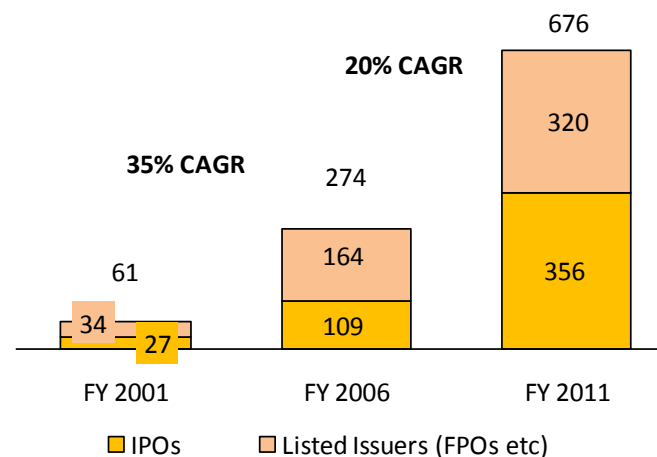
Source: WFE data

Participation in Indian equities was led by increasing trend in FII net inflows (\$Bn)



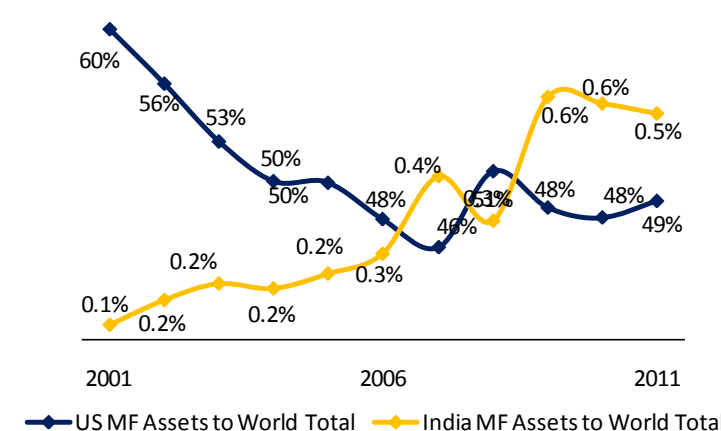
Source: SEBI

...increased mobilization via primary markets (₹Bn) which boosted retail participation...



Source: SEBI Handbook 2011

...And India's MF assets, which has been growing in its proportion to world MF assets

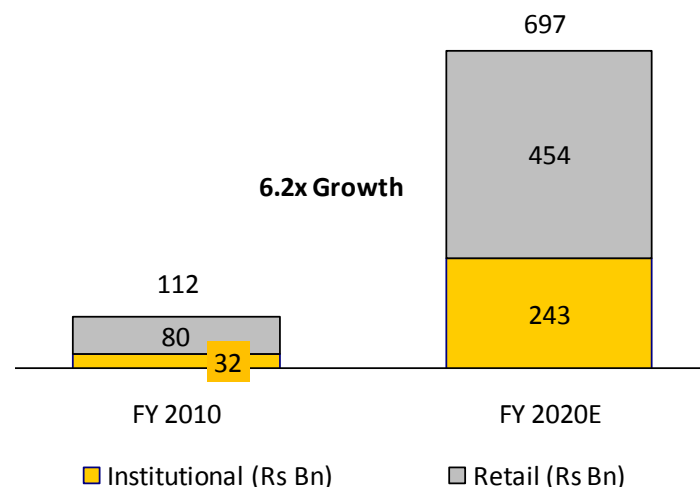


Source: ICI Factbook 2012, AMFI

India's equity broking opportunity: Market size in terms of revenue pool expected to grow 6 times over the next 10 years

Methodology:

- Current size of broking revenue pool estimated at ₹112Bn
- Market Cap to touch US\$5Tn by 2020 based on GDP:Market Cap ratio of 1:1
- Assume trading velocity to double from current 37% to ~80% by 2020
- This gives a expected market size of ~ ₹697Bn by 2020, comprising ₹243Bn in institutional and ₹454Bn in retail segment



Source: MOSL estimates

Factors that will help achieve this growth

- Sustained economic, savings and discretionary income growth
- Increase in retail participation
- Increased ability of DIIs to mobilize savings
- Higher India allocation by global funds
- Increase in fund raising by corporates
- Higher issues of fairly priced IPO/FPOs
- Tech-based tools for client's convenience

What Motilal Oswal is doing to create scale

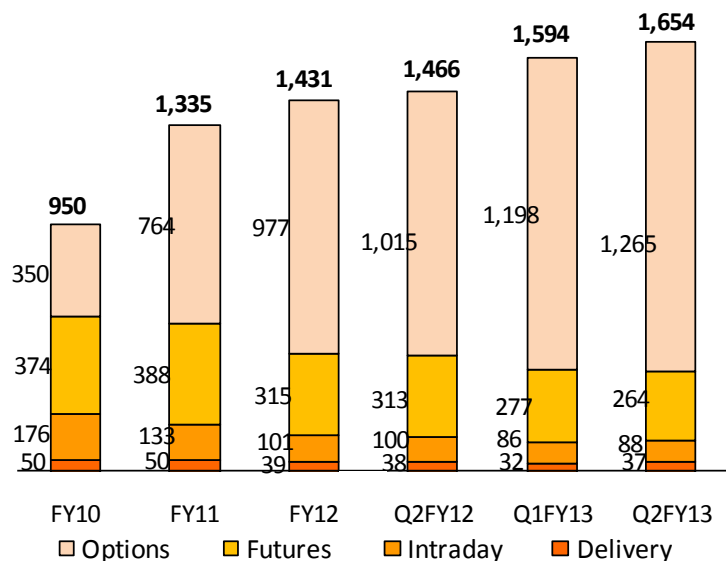
- Increasing distribution reach across India
- Using simplified research products
- Client focused advisory services
- Investor education for client engagement
- Tap the allocation of India focused funds
- Launched AMC to mobilize investments
- Develop relationships with corporates embarking on the next phase of growth
- Technology for better client experience

Although certain external risks remain

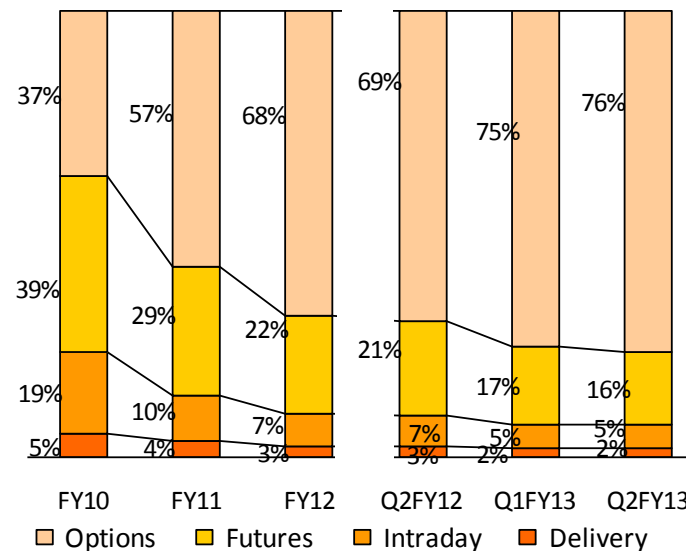
- High inflation and interest rates
- Regulatory changes required DIIs to realign their marketing strategy to be able to channelize higher savings
- Global recovery reducing India's relative attractiveness among global funds
- Poor performance of IPOs post listing

Cash delivery picks up, post the uptick seen during Sept month

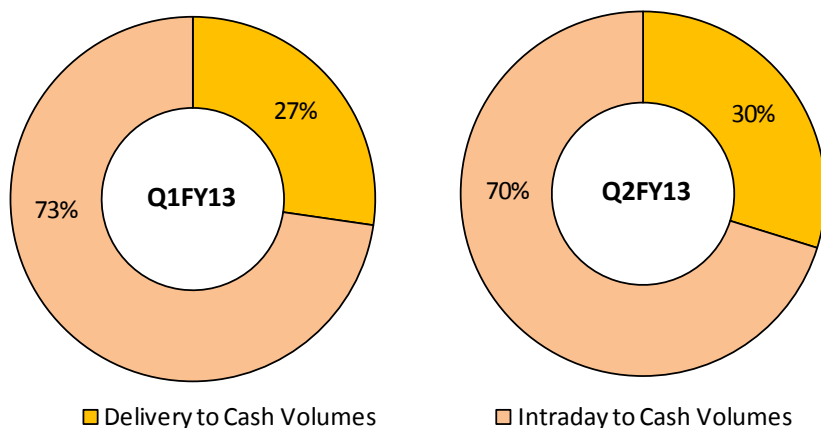
Market volumes grew in Q2FY13 mainly due to options; However, the cash segment, led by delivery, also picked up on a QoQ basis, post the thrust in volumes seen during September (₹Bn)



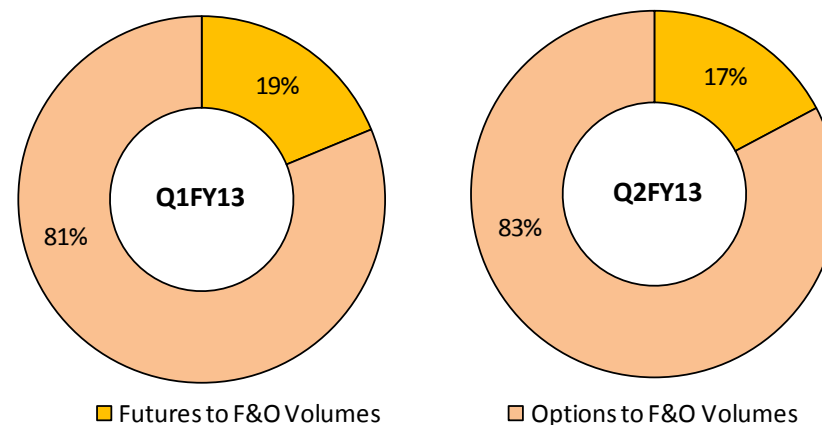
While proportion of options within market volumes reached 77% in Q2FY13, the proportion of delivery picked up to 2.8% in the month of Sept, pulling up its proportion for the quarter to 2.2%



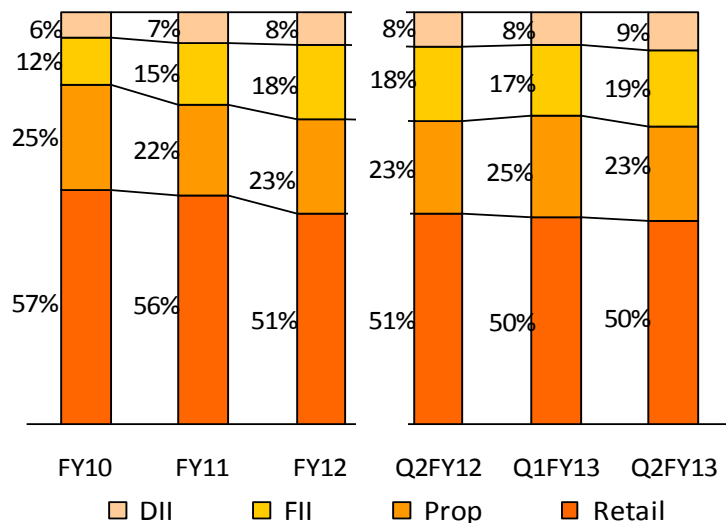
Within cash segment, the proportion of high-yield delivery to overall cash volumes has picked up



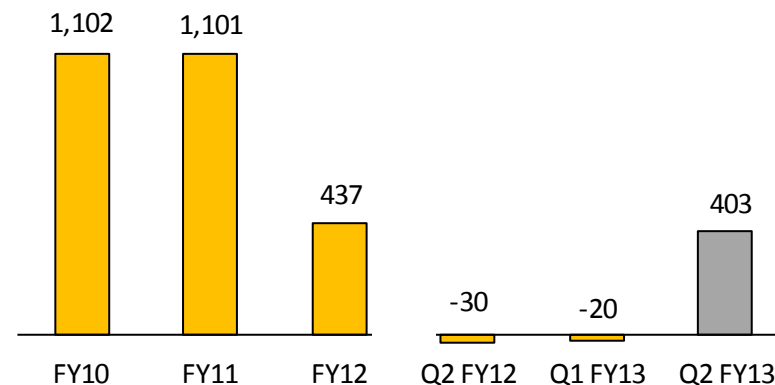
With the continued decline in futures and increase in options, the proportion within F&O is further skewed towards options



The proportion of FII and DII within cash volumes increased during Q2FY13 on QoQ basis, as they led the growth in absolute volumes

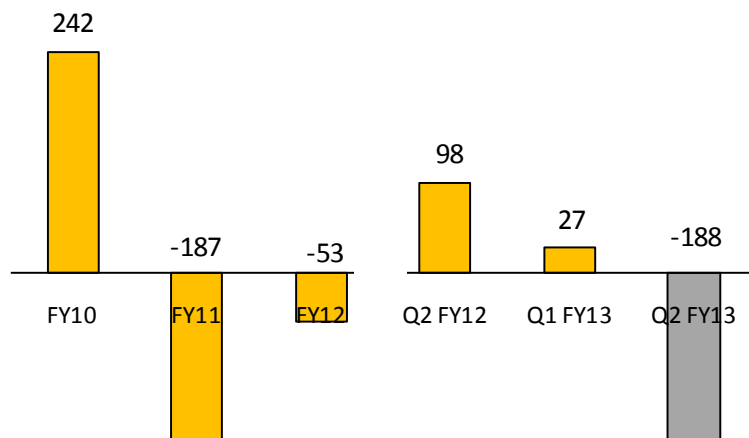


FIIs saw net inflows into equities in Q2FY13 on the back of global liquidity injection and domestic reforms news (₹Bn)



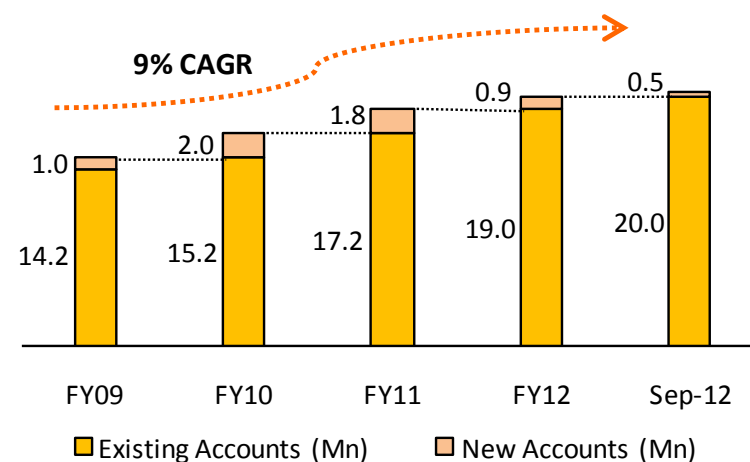
Source: SEBI

DIIs were net sellers in all 3 months of this quarter, (₹Bn); Apart from profit booking, DIIs like mutual funds saw higher redemption in Q2FY13



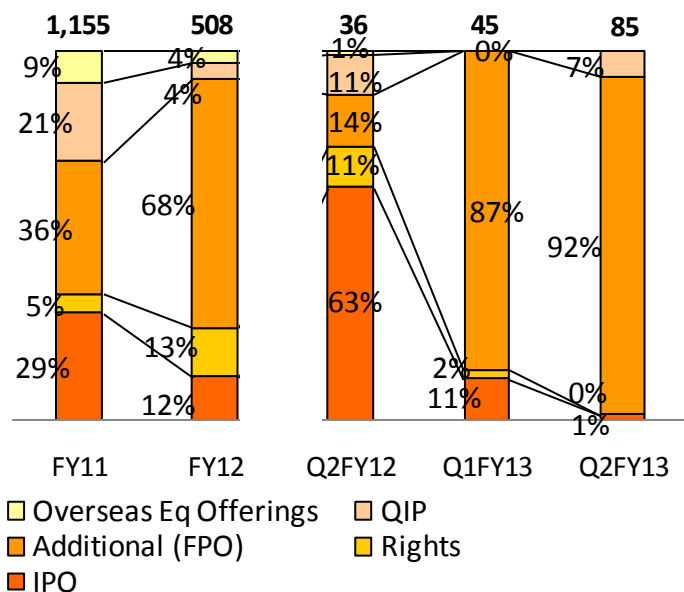
Source: NSE

With primary market activities practically drying up this quarter, growth in new demat accounts (Mn) slowed down to a minimum

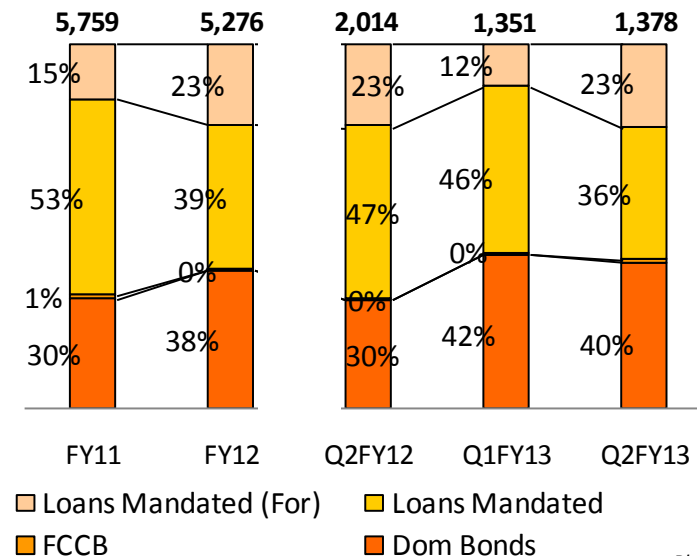


Source: CDSL, NSDL

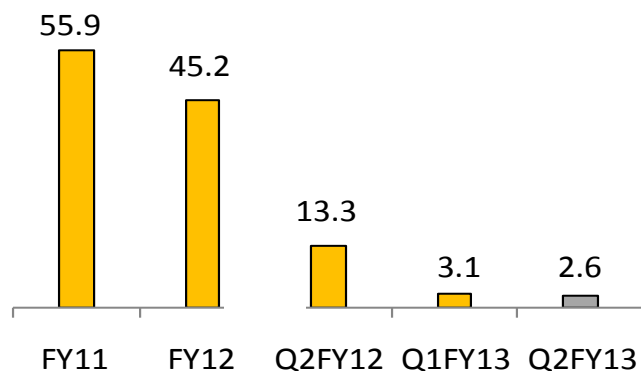
ECM activities remained sluggish, IPOs and QIPs were at minimal levels, Additional (FPOs) was the only segment that saw some volumes (₹Bn)



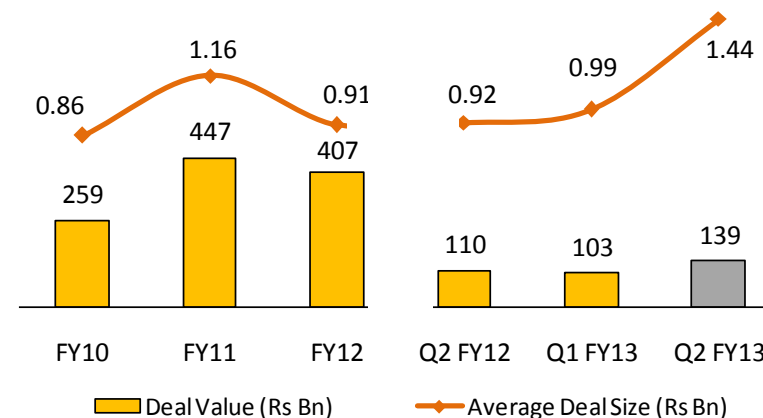
DCM activities largely flat QoQ, domestic bonds and INR loans saw slight declines, foreign loans saw a slight pick-up (₹Bn)



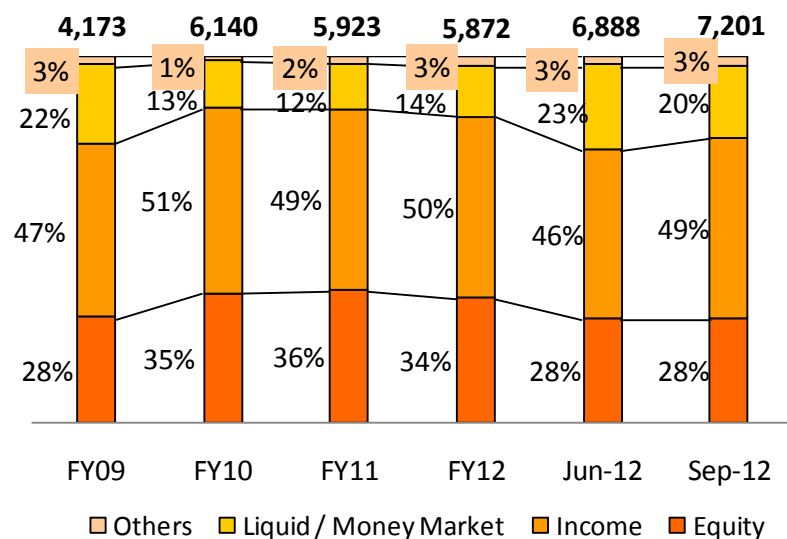
M&A deal value dropped to a low this year. The larger deals in the quarter were mostly cross-border acquisition and divestments (US\$Bn)



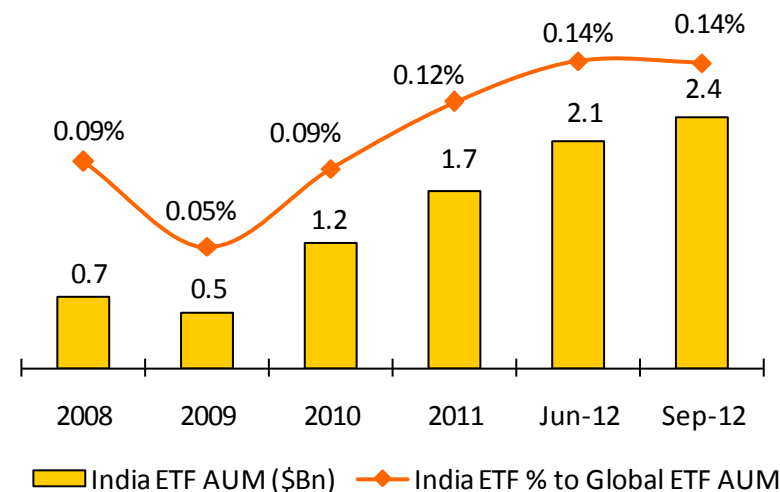
PE deal values showed an uptick in Q2FY13 only due to the \$1bn Bain Capital-Genpact deal; Excluding this, the quarter actually saw lower deal value at ₹83bn and avg value per deal at ₹0.9bn



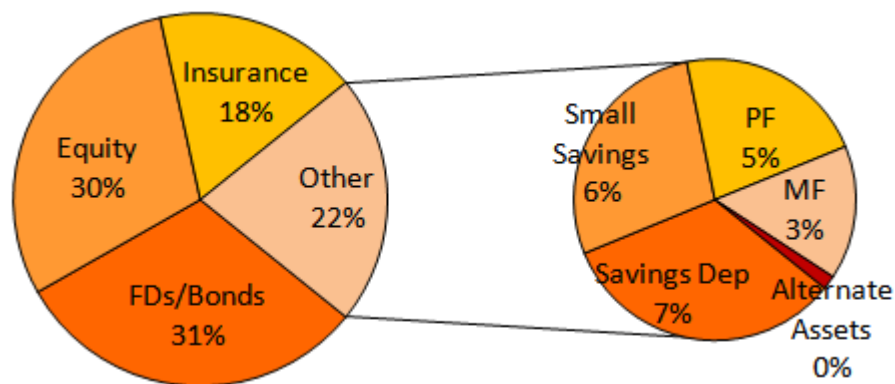
Mutual fund AuM picked up this quarter owing to Debt and Gilt, Gold & Other ETFs; Sept saw a pick-up in Equities specifically (₹Bn)



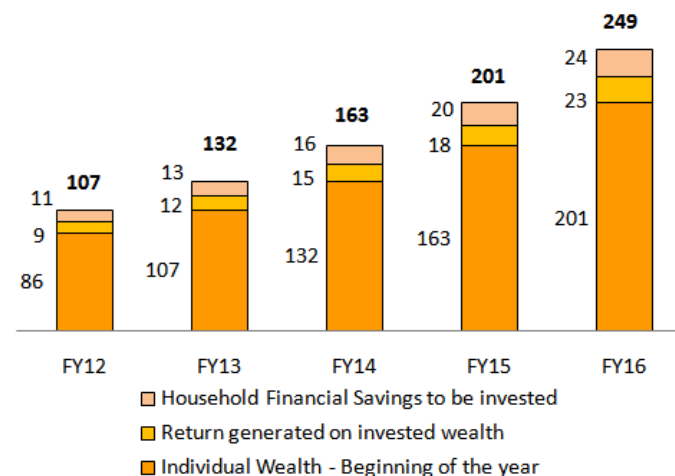
Indian ETF assets continue to grow, led by gold ETFs; Other ETFs saw a growth in AUM in the month of Sept particularly (US\$ Bn)



Individual wealth in India is estimated at ₹86.4Tn in FY11, led by the fixed deposit/bonds, equity and insurance sectors



Individual wealth in India expected to reach ₹249Tn over the next 5 years



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Thank You

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