

**ConCall Summary & Earnings Release**

Quarter ended Mar 2014

28 Apr 2014

Motilal Oswal Financial Services Limited (MOFSL) posted consolidated revenues of ₹1.2b for the quarter ended 31 Mar 2014, up 5% QoQ and down 8% YoY. Reported PAT at ₹126m was up 256% QoQ and down 66% YoY. Adjusted PAT at ₹243m was up 50% QoQ and down 26% YoY. Broking-related revenues was ₹746m, up 1% QoQ and down 2% YoY. Fund-based income at ₹201m was up 1% QoQ and down 47% on a YoY basis. Asset management fees was up 17% QoQ and up 33% YoY to ₹226m. Investment banking fees at ₹19m was up 140% on a YoY basis.

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 2014. This presentation is available at [www.motilaloswal.com](http://www.motilaloswal.com)

**Corporate Participants**

Mr Motilal Oswal

*Chairman and Managing Director*

Mr Raamdeo Agrawal

*Co Founder and Joint Managing Director*

Mr Navin Agarwal

*Director*

Mr Shalibhadra Shah

*SVP, Finance, Accounts and Taxation*

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.

Good morning, ladies and gentlemen. Welcome to the Q4 FY14 earnings conference call of Motilal Oswal Financial Services Limited. We have with us Mr. Motilal Oswal, Chairman and Managing Director, Mr. Raamdeo Agrawal, Co Founder and Joint Managing Director, Mr. Navin Agarwal, Director and Mr. Shalibhadra Shah, SVP, Finance and Accounts. 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 FY14	Q3 FY14	CHG. QOQ	Q4 FY14	Q4 FY13	CHG. YOY	FY14	FY13	CHG. YOY
<b>Total Revenues</b>	<b>1,235</b>	<b>1,175</b>	<b>5%</b>	<b>1,235</b>	<b>1,341</b>	<b>-8%</b>	<b>4,677</b>	<b>4,729</b>	<b>-1%</b>
EBIDTA	401	309	30%	401	570	-30%	1,416	1,744	-19%
PBT (before E & EOI)	335	239	40%	335	477	-30%	1,145	1,437	-20%
<b>Adjusted PAT</b>	<b>243</b>	<b>162</b>	<b>50%</b>	<b>243</b>	<b>328</b>	<b>-26%</b>	<b>771</b>	<b>969</b>	<b>-20%</b>
Reported PAT	126	35	256%	126	367	-66%	395	1,091	-64%
EPS - Basic	0.9	0.3		0.9	2.6		3.0	7.6	
EPS - Diluted	0.9	0.3		0.9	2.6		3.0	7.6	
Shares O/S (mn) - FV Rs 1/share	138	139		138	145		138	145	

*E & EOI = Exceptional & extraordinary items*

#### REVENUE COMPOSITION (₹Mn)

	Q4 FY14	Q3 FY14	CHG. QOQ	Q4 FY14	Q4 FY13	CHG. YOY	FY14	FY13	CHG. YOY
Brokerage & operating income	746	737	1%	746	758	-2%	2,884	2,964	-3%
Investment banking fees	19	5	263%	19	8	140%	68	78	-13%
Fund based income	201	199	1%	201	382	-47%	858	1,005	-15%
Asset management fees	226	194	17%	226	170	33%	759	599	27%
Other income	41	40	4%	41	23	82%	109	82	32%
<b>Total Revenues</b>	<b>1,235</b>	<b>1,175</b>	<b>5%</b>	<b>1,235</b>	<b>1,341</b>	<b>-8%</b>	<b>4,677</b>	<b>4,729</b>	<b>-1%</b>

### 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 2014. 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 2014.

### Equity markets

After a volatile year, the BSE 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% for the year, with maximum gains coming in 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. In terms of the broader market, BSE market cap stood at US\$1.2tn, down 2% YoY indicating that the investor interest was restricted only to few top stocks. On a relative basis, India outperformed leading Emerging Markets and Asia-Pacific benchmarks

during this fiscal in US\$ terms. India also outperformed in the Jan-Mar 2014 period, following an improvement in sentiment

Average daily market turnover (ADTO) of equities reached a high of ₹2.1t in Q4 FY14, up 12% QoQ. This was led by a 15% QoQ jump in options volumes. Options now comprise 77% of market volumes, up from 75% a quarter back. 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 proportion of delivery and total cash to overall market volumes continues around the ~2% and ~7% range respectively. Within Cash market volumes, retail remained flat this quarter at ₹65b. FII cash volumes saw a sharp QoQ uptick of 22% to ₹31b in Q4 FY14. It now comprises 22% of cash volumes. DIIs comprise 9% of cash volumes, up from 8% a quarter back.

The month of April has also started on a relatively better note for the cash segment. April cash ADTO (till 22nd) was over ₹176b. Its proportion to total volumes has also crossed 8%. Higher cash volumes have been seen throughout this entire period, and have not been concentrated within any specific week.

#### **Institutional activity**

Net inflows from FIIs into equities continued in Q4 FY14. However, the major inflows came only in Mar while Jan and Feb saw relatively muted inflows. As a result, the total FII net inflows in Q4 FY14 at ~US\$3.6b were lower as compared to the ~US\$6.4b in Q3 FY14 and ~US\$10.3b back in Q4 FY13. DIIs have seen net outflows from equities since the last 7 consecutive quarters, especially due to loss of equity mutual fund folios. However, the outflows in this quarter at ~US\$2.3b were lower as compared to the ~US\$4.7b in Q3 FY14 and ~US\$6.3b in Q4 FY13.

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

M&A deal value was US\$10.2b in Q4 FY14. This was slightly down on a QoQ basis, possibly as companies preferred to wait for more clarity on the election-front. Nevertheless, the full year FY14 clocked higher deal values at US\$43b, as compared to US\$20b in FY13.

ECM activity picked up QoQ, although overall levels are still lower as compared to earlier years. Higher activity was largely on account of the QIP issue by SBI, as well as FPO issues by Engineers India, NHPC, etc. IPO activity remained dry this quarter, with only a few issues seen on the SME platform. DCM activity also saw an uptick on QoQ basis, mainly due to an increase in loans mandated in INR. Conversely, domestic bond issuances remained flat, while loans mandated in foreign currency declined.

Private equity deal value was US\$2.4b Q4 FY14, up from US\$2.1b in Q3 FY14. Total deal values and average value per deal picked up on a QoQ basis, largely due to three ~US\$300m transactions. These were in engineering, energy and IT sectors respectively.

## Asset management

Assets under management of mutual funds were ₹8.3t as on Mar 31, 2014, flat as compared to Dec 31, 2013. Equity mutual fund AUM saw an increase on QoQ basis, on account of price appreciation. AUM of income funds and equity ETFs picked up, on account of net inflows during the quarter. AUM of liquid, gilt and gold funds declined. Indian ETF assets were US\$2.5b in Mar 31, 2014, up from US\$1.8b in Dec 31, 2013, led by growth in equity ETFs.

## MOFSL's Performance

- Revenues in Q4 FY14 were ₹1.2b (up 5% QoQ and down 8% YoY); FY14 revenue was ₹4.7b (down 1% YoY)
- Reported PAT in Q4 FY14 was ₹126m (up 256% QoQ and down 66% YoY); ₹395m in FY14 (down 64% YoY)
- Adjusted PAT in Q4 FY14 was ₹243m (up 50% QoQ and down 26% YoY); ₹771m 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 7.5m shares, the company has bought back 7.1m shares as of Mar, 2014
- The balance sheet had net worth of ₹11.7b and net cash of ₹1.7b as of Mar 31, 2014

### Segment-wise business performance:

- Broking and related revenues were ₹746m in Q4 FY14, marginally up by 1% QoQ and down 2% YoY. On a full year basis, broking revenues at ₹2.9b were down 3% as compared to previous year. Our overall equity market share fell from 1.7% to 1.5% QoQ. However, we have held our market share in the cash segment in the same period. Our blended yield marginally increased from 3.7 bps to 3.9 bps on a QoQ basis. As on Mar 31, 2014, total client base was 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
- Fund based income was ₹201m, 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 ₹858m was down 15% over the previous year. The loan book was ₹4.1b, as of Mar 2014
- Asset Management fee were ₹226m for Q4 FY14, up 17% QoQ and up 33% YoY. AMC revenues also includes PMS performance fee of ₹69.9m accrued in Q4 FY14

(Q4 FY13: ₹6.2m). On a full year basis, asset management fees at ₹759m were up 27% as compared to previous year. Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹39.2b as of Mar 2014. Within this, mutual funds AUM was ₹5.8b, PE AUA was ₹18.9b and PMS AUM was ₹14.5b

- Investment banking fees at ₹19m was up 140% on a YoY basis. On a full year basis, fees at ₹68m 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 ₹41m in Q4 FY14 and ₹109m in FY14
- Wealth management business managed assets of ₹24.0b, as of Mar 2014

### **MOFSL General Highlights**

- Motilal Oswal Private Equity announced the first close of its 2nd real estate fund – India Realty Excellence Fund II (IREF II), raising commitments of ₹1.9b
- Motilal Oswal Investment Banking appointed Girish Nadkarni as Managing Director, to head the ECM and PE 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

### **Outlook**

There has been stabilization seen in certain macro indicators, though challenges remain to sustain at those levels. Markets await the results of the upcoming elections for better clarity on future policy roadmap. Being a focused financial services player, we have continued to invest in people and technology to significantly strengthen our value offering of our businesses. We believe these investments will reap significant benefits as market activity picks up.

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 FY14	Q3 FY14	CHG. QOQ	Q4 FY14	Q4 FY13	CHG. YOY	FY14	FY13	CHG. YOY
Total Revenues	852	817	4%	852	883	-4%	3,218	3,369	-4%
EBIDTA	234	222	5%	234	286	-18%	902	1,076	-16%
PBT (before E & EOI)	195	177	10%	195	233	-16%	737	887	-17%
Adjusted PAT	138	123	12%	138	158	-13%	507	588	-14%
Reported PAT	33	9	253%	33	288	-89%	171	821	-79%

*E & EOI = Exceptional & extraordinary items*

**Growth in the brokerage income is flat, while the cash volumes in the market are up 5% sequentially. Also, the market share in the cash segment has been maintained. Historically, the brokerage income has been correlated with cash market volumes. Hence, why is the brokerage income flat sequentially?**

One reason is the possible change in the business mix towards F&O and in the mix between the retail and institutional segments. Another might be a dip in the yields in the cash market.

**Operating cost as a percent of brokerage income has increased slightly this quarter. Have the payouts to the franchisee increased this quarter?**

Payouts to franchisees have not increased. The increase in operating costs is due to an increase in the opex related to the asset management and the private equity business. On the asset management front, it is largely on account of the PMS fee sharing. On the private equity front, it is related to the closing of the 2nd real estate fund. Hence, the impact is due to these onetime expenses. These are also charged under opex.

**What could be the guidance on the opex, going forward? In FY14, the employee and admin expenses have each grown by ~18% YoY. Should a similar run rate be assumed for FY15 as well?**

The investments have happened and it really depends now whether the operating leverage comes or not. Some benefits of operating leverage should be visible across the businesses. In fact, the asset management business has seen the impact of stronger growth in topline this year. This should be seen in the remaining businesses as well in the coming year. There might be some revision in employee costs given it's a new year, hence a bit of cost escalation might happen. But it would not be to the tune of ~18%. It should be lower than that. Also, some of the expenses are linked to revenues. So, depending on the tailwinds seen in revenues, the expenses would also move to that extent. Nevertheless, the growth in expenditure should trail the growth in topline in the coming year

**There has been some pickup in market volumes since the past few months. How has the company's average volumes been since Q4 FY14? Has the retail segment started participating in the market? Is there any increase in the delivery based volumes?**

The ADTO in April is an improvement from the previous quarter. So, the trend of improvement continues from March and there has been traction in both the institutional and the retail businesses as a consequence of this uptick. As of now, the market share data does not really reflect that due to the mix towards options. However, our market share within the cash business remains stable. One might see the benefit of this higher ADTO translating into revenues, provided this uptick sustains going forward.

Delivery based volumes have picked up quite a bit. Delivery volumes in the fourth quarter were about 2% of the ADTO, which was up 9% sequentially. For the year FY14, it was up 4% on an annual basis although it again comprised 2% of overall ADTO. By way of context, it was around 5% in 2009-2010 and much higher than that before, although those times may not come back since options volumes were not such a large proportion of the overall market volumes then.

**On the institutional side, has the brokerage yield stabilized now or can one possibly see some improvements from here on? Does the 12 bps cap include insurance too?**

There have not been any improvements, but the yields have definitely stabilized. On the mutual fund side, it would be 10-12 bps at least as per SEBI. This does not include most insurance companies.

**In terms of FII inflow, what proportion of flows is coming from passive funds and what proportion from active funds?**

Based on our understanding of client flows, we see non-India dedicated funds accounting for bulk of the increase in FII flows. This includes ETFs as well as emerging market funds. ETFs have played an important role in the overall increase in inflows over the last 3-6 months' time. It is still not active money, and not really India dedicated funds.

## **Fund Based Income**

### **MOFSL STANDALONE FINANCIALS (₹Mn)**

	<b>Q4 FY14</b>	<b>Q3 FY14</b>	<b>CHG. QOQ</b>	<b>Q4 FY14</b>	<b>Q4 FY13</b>	<b>CHG. YOY</b>	<b>FY14</b>	<b>FY13</b>	<b>CHG. YOY</b>
Total Revenues	184	304	-39%	184	292	-37%	977	949	3%
EBIDTA	139	217	-36%	139	270	-49%	735	836	-12%
PBT	69	137	-49%	69	190	-63%	462	618	-25%
Reported PAT	46	140	-67%	46	139	-67%	402	498	-19%
Adjusted PAT (before E & EO)	43	136	-68%	43	48	-10%	393	387	1%

## Asset Management

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

	Q4 FY14	Q3 FY14	CHG. QOQ	Q4 FY14	Q4 FY13	CHG. YOY	FY14	FY13	CHG. YOY
Total Revenues	145	66	120%	145	88	64%	350	348	1%
EBIDTA	30	(8)	nm	30	11	181%	(6)	58	nm
PBT	29	(9)	nm	29	10	206%	(11)	53	nm
Reported PAT	32	(9)	nm	32	10	230%	(6)	53	nm

## Private Equity

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

	Q4 FY14	Q3 FY14	CHG. QOQ	Q4 FY14	Q4 FY13	CHG. YOY	FY14	FY13	CHG. YOY
Total Revenues	62	135	-54%	62	90	-31%	400	274	46%
EBIDTA	30	70	-57%	30	31	-5%	205	82	150%
PBT	29	69	-58%	29	30	-4%	201	78	157%
Reported PAT	20	46	-57%	20	21	-6%	134	53	150%

## Investment Banking

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

	Q4 FY13	Q3 FY13	CHG. QOQ	Q4 FY13	Q4 FY12	CHG. YOY	FY13	FY12	CHG. YOY
Total Revenues	19	11	70%	19	8	141%	85	80	6%
EBIDTA	(11)	(19)	nm	(11)	(21)	nm	(36)	(60)	nm
PBT	(16)	(23)	nm	(16)	(24)	nm	(51)	(68)	nm
Reported PAT	(13)	(15)	nm	(13)	(20)	nm	(37)	(52)	nm

## Overall

### What is the status of the HFC license application?

We are very hopeful that we should get the license this quarter.

### What is the total employee strength? Within this, what is the employee strength of the broking business?

The total employee strength was 1,260 at the end of the year as compared to 1,221 in the previous quarter and 1,110 last year. There is a net addition of almost 14% year-over-year. A majority of this increase would be contributed by the broking business (i.e. MOSL, the broking subsidiary). About 90 odd people would have joined there.



**Regarding NSEL, can we expect some recovery in FY15? There were also some reports that there will be audits on some brokerage firms. Any update on the same?**

The NSEL battle is now in the court and some of the recent decisions are quite favorable from the investors' perspective. So the legal battle is going on and we are very hopeful that some recovery will come. We do not know how much, but hopefully at least 50% of the money might come in maybe the next 1 to 2 years.



## 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 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)
<b>Total Revenues</b>	1,235	↑5%	↓8%
<b>EBIDTA</b>	401	↑30%	↓30%
<b>Reported PAT</b>	126	↑256%	↓66%
<b>Adjusted PAT</b>	243	↑50%	↓26%
<b>EPS- ₹(FV of ₹1)</b>	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 and PE 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: MOTILALOFSL, 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 (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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Tel: +91-22-30801000, Fax: +91-22-28449092 Email:shareholders@motilaloswal.com						
CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31ST MARCH 2014						
(Rs. in Laacs)						
Particulars	Quarter Ended			Year Ended (Audited)		
	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	
<b>1. Income from Operations</b>						
(a) Income from Operations	11,323	10,662	11,595	43,037	42,471	
(b) Other Operating Income	609	692	1,588	2,646	3,992	
<b>Total Income</b>	<b>11,933</b>	<b>11,354</b>	<b>13,183</b>	<b>45,684</b>	<b>46,463</b>	
<b>2. Expenditure</b>						
a. Operating Expense	3,009	2,635	2,855	10,534	11,061	
b. Employees' Benefit Expense	3,181	3,284	2,944	12,732	10,796	
c. Depreciation and Amortisation Expenses	616	618	654	2,426	2,585	
d. Other Expenditure	2,150	2,741	1,913	9,341	7,991	
<b>Total Expenses</b>	<b>8,956</b>	<b>9,278</b>	<b>8,367</b>	<b>35,034</b>	<b>32,433</b>	
<b>3. Profit from Operations before Other Income, Finance Cost &amp; Exceptional Items (1-2)</b>	<b>2,977</b>	<b>2,076</b>	<b>4,816</b>	<b>10,650</b>	<b>14,030</b>	
4. Other Income	412	397	227	1,087	825	
5. Profit from Ordinary Activities before Finance Cost & Exceptional Items (3+4)	3,389	2,473	5,043	11,736	14,855	
6. Finance Cost	35	84	272	286	480	
7. Profit from Ordinary Activities after Finance Cost but before Exceptional Items (5-6)	3,354	2,389	4,771	11,450	14,375	
8. Exceptional Items - (Expense)/Income	(1,734)	(1,877)	583	(5,559)	1,808	
9. Prior Period Items - (Expense)/Income	23	2	-	56	-	
<b>10. Profit from Ordinary Activities before Tax (7-8+9)</b>	<b>1,644</b>	<b>514</b>	<b>5,354</b>	<b>5,948</b>	<b>16,183</b>	
11. Tax Expense	356	90	1,646	1,792	5,184	
12. Net Profit from Ordinary Activities after Tax but before Minority Interests (9-10)	1,288	424	3,708	4,156	10,999	
13. Share of Minority Interests in (Profits)/Loss	(28)	(69)	(37)	(205)	(90)	
<b>14. Net Profit after Tax and Minority Interests (12-13)</b>	<b>1,260</b>	<b>355</b>	<b>3,672</b>	<b>3,951</b>	<b>10,909</b>	
15. Paid-up Equity Share Capital (Face Value of Re. 1/- Per Share)	1,382	1,388	1,452	1,452	1,452	
16. Reserves excluding Revaluation Reserves	-	-	-	115,648	120,334	
<b>17. i. Earnings Per Share (EPS) (before Extraordinary Items) (of Re. 1/- each)</b>						
a) Basic EPS	0.93	0.30	2.55	2.95	7.57	
b) Diluted EPS	0.93	0.30	2.55	2.95	7.57	
<b>17. ii. Earnings Per Share (EPS) (after Extraordinary Items) (of Re. 1/- each)</b>						
c) Basic EPS	0.93	0.30	2.55	2.95	7.57	
d) Diluted EPS	0.93	0.30	2.55	2.95	7.57	
<b>Particulars of Shareholding</b>						
18. Public Shareholding						
- Number of shares	35,735,139	36,331,845	43,143,928	35,735,139	43,143,928	
- Percentage of shareholding	25.86%	26.18%	29.71%	25.86%	29.71%	
19. Promoters' and Promoter Group Shareholding						
a) Pledged/Encumbered						
- Number of shares	NIL	NIL	NIL	NIL	NIL	
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL	
- Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL	
b) Non-encumbered						
- Number of shares	102,430,692	102,430,692	102,091,848	102,430,692	102,091,848	
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	
- Percentage of shares (as a % of the total share capital of the company)	74.14%	73.82%	70.29%	74.14%	70.29%	
20. Investors' Complaints						
Pending at the beginning of the period	NIL	NIL	NIL	NIL	1	
Received during the period	1	3	3	15	11	
Disposed off during the period	1	3	3	15	12	
Remaining unresolved at the end of the period	NIL	NIL	NIL	NIL	NIL	
<b>Notes</b>	<p>1) The above results were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its Meeting held on Saturday, 26th April, 2014. There are no qualification in the auditor's report for these periods. The Information presented above is extracted from the audited financial statements as stated.</p> <p>2) The Company obtained approval from the shareholders, by way of Postal Ballot process on 21st June, 2013 and from SEBI on 2nd July, 2013 to buyback the shares of the Company at a price not exceeding Rs. 90/- per share of upto a maximum of 75,00,000, fully paidup equity shares of Re. 1/- each. Pursuant to this, the Company has bought back 70,72,701 shares upto 31st March, 2014. The amount utilised for buyback is Rs. 5,601 Lacs. Out of the said equity shares bought back, 2,756 equity shares have been extinguished post 31st March, 2014.</p> <p>3) Motilal Oswal Group has exposure to National Spot Exchange Limited (NSEL) of Rs 5,430 Lacs with respect to the proprietary positions and Rs 129 Lacs with respect to the funded positions. NSEL has not been able to adhere to its payment obligations over the past few months. Motilal Oswal Group has perused legal action against NSEL and others by filing writ petition in Bombay High Court and Criminal complaint in Economic Offences Wing (EOW). Pending final outcome which is uncertain, the Company has written-off/provided for an amount of Rs 1,734 Lacs for the quarter (Rs 1,877 Lacs for the previous quarter and Rs. 5,559 Lacs for the year ended 31st March 2014), which is disclosed under the head "Exceptional items".</p> <p>4) CRISIL has re-affirmed the rating of 'CRISIL A1+' (pronounced 'CRISIL A one Plus') to the Short Term Debt Programme of the company for Rs. 1.5 billion. CRISIL has also re-affirmed the rating of 'CRISIL A1+' (pronounced 'CRISIL A one Plus') to the Short Term Debt Programme of the subsidiary, Motilal Oswal Securities Ltd for Rs 1 billion. ICRA has re-affirmed the rating of "PP-MLD[ICRA]AA-" (pronounced 'CRISIL double A minus rating with Stable Outlook') to the Long Term Debt Programme of the company for Rs. 25 Crores.</p> <p>5) The Board of Directors recommended final dividend of Re. 1/- per equity share of face value of Re. 1/- each. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.</p> <p>6) The consolidated results of the Company include the results of the subsidiaries - Motilal Oswal Securities Limited (99.95%), Motilal Oswal Investment Advisors Private Limited (100%), MOPE Investment Advisors Private Limited (formerly known as 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 Limited (99.95%) (formerly known as Motilal Oswal Wealth Management Private Limited), Motilal Oswal Insurance Brokers Private Limited (99.67%), 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%), Motilal Oswal Real Estate Investment Advisors Private Limited (85%), Motilal Oswal Real Estate Investment Advisors II Private Limited (85%), Aspire Home Finance Corporation Limited (99.95%), India Business Excellence Management Co (85.00%)</p> <p>7) During the quarter MOPE Investment Advisors Private Limited (formally known as Motilal Oswal Private Equity Advisors Private Limited), a subsidiary of the company has acquired 100% stake in India Business Excellence Management Co, rendering investment management and investment advisory services in Mauritius.</p> <p>8) The previous financial quarter / year figures have been regrouped/rearranged wherever necessary to make them comparable.</p> <p>9) Standalone financial results are summarised below and also available on the Company's website: www.motilaloswal.com.</p>					
	<b>Rs Laacs</b>					
Particulars	Quarter Ended			Year Ended (Audited)		
	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	
Gross Revenue	1,845	3,041	2,918	9,774	9,490	
Profit Before Tax	658	1,319	560	4,490	4,540	
Profit After Tax	433	1,364	481	3,931	3,875	

**10) CONSOLIDATED AUDITED SEGMENT RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2014**

Particulars	(Rs. in Laacs)				
	Quarter Ended			Year Ended (Audited)	
	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
<b>1. Segment Revenue</b>					
(a) Broking & Other Related Activities	8,083	7,918	10,843	31,617	38,305
(b) Financing & Other Activities	1,846	1,735	2,918	6,979	7,315
(c) Asset Management & Advisory	2,864	2,146	2,098	8,961	6,602
(d) Investment Banking	195	114	81	843	780
(e) Unallocated	856	833	728	2,747	2,077
<b>Total</b>	<b>13,844</b>	<b>12,746</b>	<b>16,668</b>	<b>51,147</b>	<b>55,079</b>
Less: Inter Segment Revenue	1,476	993	1,335	4,335	3,897
<b>Income From Operations, Other Operating income &amp; Other Income</b>	<b>12,368</b>	<b>11,753</b>	<b>15,333</b>	<b>46,812</b>	<b>51,182</b>
<b>2. Segment Results Profit / (Loss) before tax and interest from Each segment</b>					
(a) Broking & Other Related Activities	1,069	1,274	2,312	5,813	8,876
(b) Broking & Other Related Activities (exceptional item)	(1,550)	(1,829)	1,923	(5,429)	3,446
(c) Financing & Other Activities	659	(34)	1,900	1,749	4,003
(d) Financing & Other Activities (exceptional item)	(36)	(48)	(1,340)	(129)	(1,638)
(e) Asset Management & Advisory	685	438	499	1,714	1,196
(f) Investment Banking	(124)	(198)	(222)	(409)	(661)
(g) Unallocated	944	962	383	2,744	1,257
<b>Total</b>	<b>1,647</b>	<b>565</b>	<b>5,455</b>	<b>6,053</b>	<b>16,479</b>
Less: (i) Interest	3	51	101	105	297
<b>Profit/(Loss) from Ordinary Activities before Tax</b>	<b>1,644</b>	<b>514</b>	<b>5,354</b>	<b>5,948</b>	<b>16,182</b>
<b>3. Capital Employed</b>					
<b>(Segment assets – Segment Liabilities)</b>					
(a) Broking & Other Related Activities	22,639	29,561	48,212	22,639	48,212
(b) Financing & Other Activities	52,869	56,280	58,852	52,869	58,852
(c) Asset Management & Advisory	2,296	839	478	2,296	478
(d) Investment Banking	432	628	746	432	746
(e) Unallocated	38,794	30,832	13,498	38,794	13,498
<b>Total</b>	<b>117,029</b>	<b>118,140</b>	<b>121,786</b>	<b>117,029</b>	<b>121,786</b>

**Notes:**

11. The above Segment information is presented on the basis of the audited consolidated financial statements. The company's operations predominantly relate to Broking and other related activities, Financing and other activities, Asset Management & Advisory and Investment banking. In accordance with Accounting Standard -17 on Segment reporting, Broking and other related activities, Financing and other activities, Asset Management & Advisory and Investment banking are classified as reportable segments. The balance is shown as unallocated items.

12. The previous financial quarter / year figures have been regrouped/rearranged wherever necessary to make them comparable.

**13) STATEMENT OF ASSETS & LIABILITIES ( CONSOLIDATED )**

Particulars	(Rs in Laacs)	
	As on	
	31.03.2014	31.03.2013
<b>A. EQUITY AND LIABILITIES</b>		
1. Shareholder's Fund		
a) Share Capital	1,382	1,452
b) Reserves & Surplus	115,648	120,334
Sub-total - Shareholders' Funds	117,029	121,786
2. Minority Interest	508	304
3. Non-Current Liabilities		
a) Deferred Tax Liabilities (net)	1,167	1,791
b) Other Long Term Liabilities	212	-
c) Long-Term Provisions	438	487
Sub-total - Non-current Liabilities	1,817	2,277
4. Current Liabilities		
a) Short Term Borrowings	8	-
b) Trade Payables	54,771	45,917
c) Other Current Liabilities	3,356	2,577
d) Short-Term Provisions	5,135	4,427
Sub-total - Current Liabilities	63,270	52,921
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>182,624</b>	<b>177,289</b>
<b>B. ASSETS</b>		
1. Non-Current Assets		
a) Fixed Assets	30,723	31,106
b) Non-Current Investments	22,259	12,255
c) Long-Term Loans and Advances	2,779	1,568
d) Other Non-Current Assets	242	8
Sub-total - Non-current Assets	56,003	44,937
2. Current Assets		
a) Current Investments	7,044	2,551
b) Inventories	6,063	14,557
c) Trade Receivables	46,439	43,589
d) Cash and Bank Balances	16,778	21,438
e) Short-Term Loans and Advances	50,010	49,991
f) Other Current Assets	287	227
Sub-total - Current Assets	126,620	132,352
<b>TOTAL - ASSETS</b>	<b>182,624</b>	<b>177,289</b>

On behalf of the Board of Directors  
Motilal Oswal Financial Services Limited

Motilal Oswal  
Chairman & Managing Director

Mumbai, 26th April, 2014  
shareholders@motilalosal.com



MOTILAL OSWAL

**"Best Overall  
Country Research  
- Local Brokerage"**

