

INVESTOR UPDATE

Motilal Oswal Financial Services reports Q3 FY15 Consolidated Revenues of ₹1.9 billion, up 59% YoY; Adjusted PAT of ₹359 million, up 121% YoY

Mumbai, Jan 30, 2015: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter ended Dec 31, 2014 post approval by the Board of Directors at a meeting held in Mumbai on Jan 30, 2015.

Performance Highlights

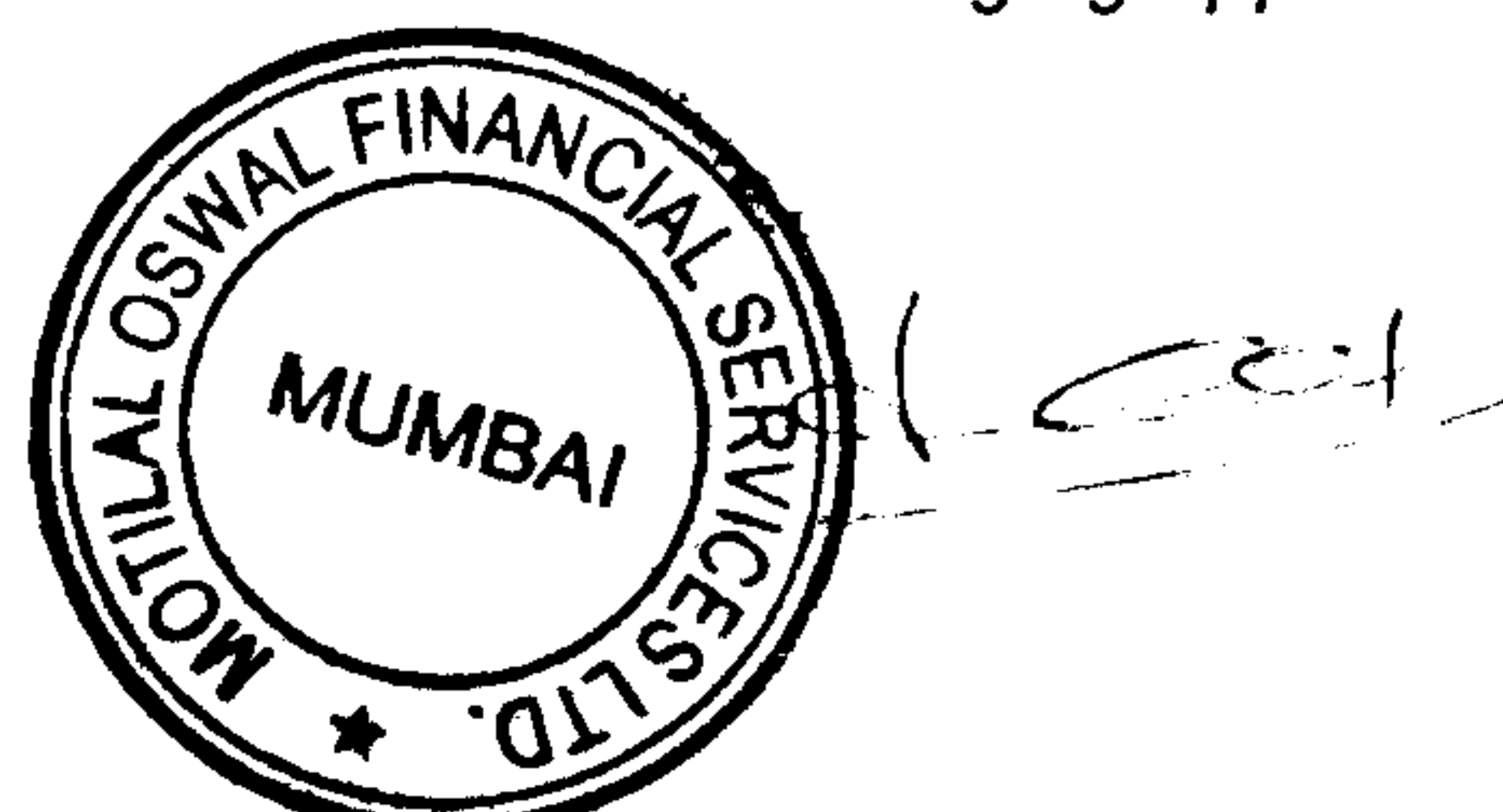
₹Million	Q3 FY15	Q3 FY14	Comparison (Q3 FY14)	Q2 FY15	Comparison (Q2 FY15)
Total Revenues	1,859	1,170	↑59%	1,786	↑4%
EBITDA	617	304	↑103%	577	↑7%
Reported PAT	359	35	↑915%	327	↑10%
Adjusted PAT	359	162	↑121%	327	↑10%
Diluted EPS - ₹(FV of ₹1)	2.6	0.3		2.4	

Performance for the Quarter ended Dec 31, 2014

- Revenues in Q3 FY15 were ₹1.9 billion (up 59% YoY and up 4% QoQ)
- Adjusted PAT was ₹359 million (up 121% YoY and up 10% QoQ)
- Higher revenues and control over Admin costs resulted in Margin improvement
- EBITDA and PAT margins were 33% (26% in Q3 FY14) and 19% (14% in Q3 FY14) respectively
- Declared an interim dividend of ₹2 per share (on face value of ₹1 per share) for FY2015
- Balance sheet had net worth of ₹12.9 billion and borrowings of ₹4.5 billion as of Dec 31, 2014

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

"Backed by renewed investor interest and positive market outlook, our businesses showed significant traction across asset mobilization, market share and revenue. We had invested into operations, manpower, technology and sales channels during recent quarters, and these efforts are showing healthy results now, which is encouraging. We gained market share in the high-yield cash segment, which is our area of focus. Monthly run-rate of retail client addition has been strong. Our asset management and wealth management businesses have seen higher net mobilization of AUM. Our housing finance business is expanding methodically, as per plan. The ECM investment banking team is now in place to tap capital raising opportunities. Our innovative thematic research reports have seen good interest from clients. All in all, all our businesses seem rightly poised for growth from here. Going forward, as the market activity gains further momentum, our machinery is in place to capture an incremental share from the emerging opportunities"



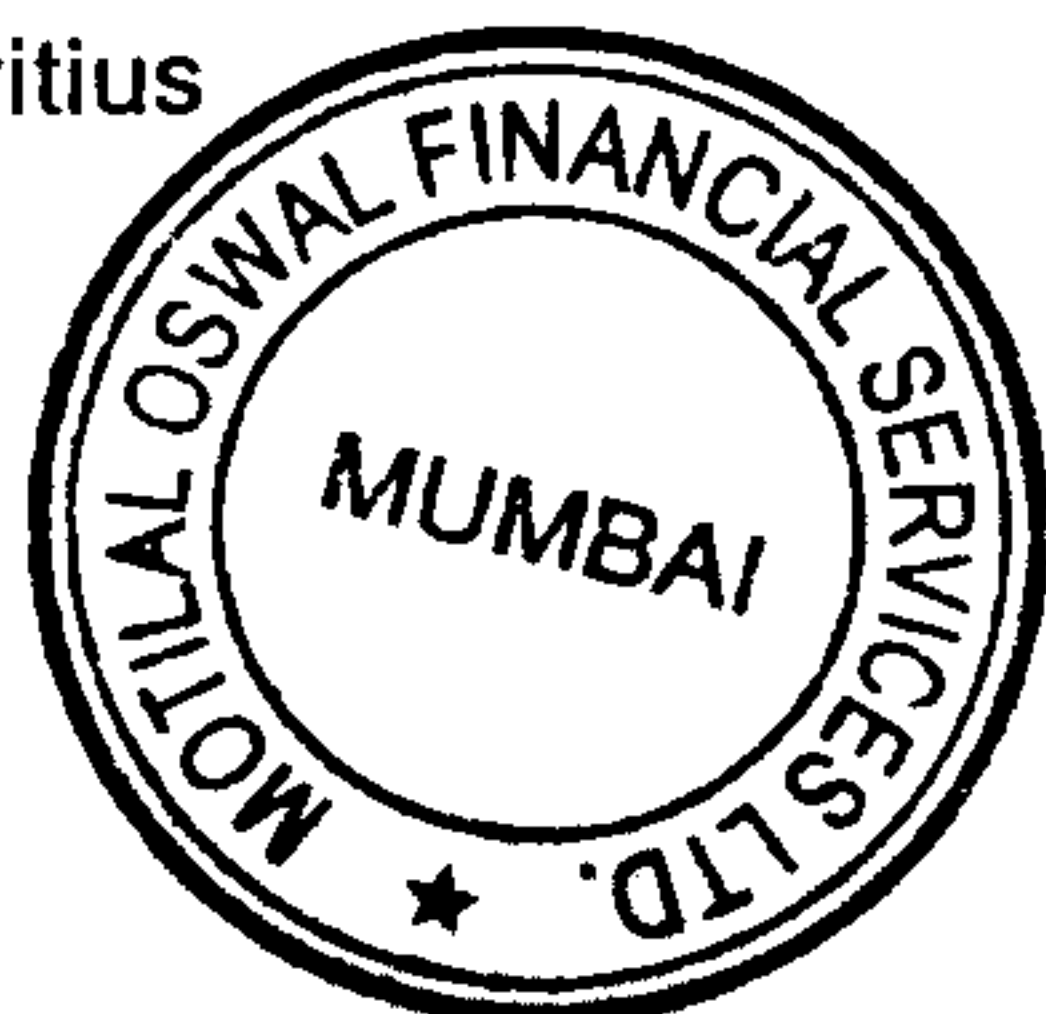
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Segment results for Q3 FY15:

- **Broking and related revenues** were ₹1.2 billion in Q3 FY15, up 61% YoY and down 1% QoQ. Equity market ADTO reached highs on the back of higher option volumes. Number of trading days was lower by 8% (58 days) versus the previous quarter (63 days). Cash volumes dropped sequentially by 3% whereas F&O volumes grew sequentially by 10%. Due to this cash proportion within daily volumes dropped this quarter to 5% from 6% in previous quarter. However, YoY cash volumes were up by 50%. Retail participation in cash markets saw a slight dip on a QoQ basis, while institutional participation went up. Our market share decreased owing to the disproportionate rise in options in the market. It was 1.3% in Q3 FY15, as compared to 1.7% in Q3 FY14 and 1.5% in Q2 FY15. However, our cash market share increased this quarter, especially in high-yield delivery which is our area of focus. Due to the uptick in our cash volumes, our blended yield increased to 4.1 bps this quarter, as compared to 3.7 bps in both Q3 FY14 and Q2 FY15.
- **Fund based income** was ₹362 million, up 63% from Q3 FY14 and up 1% from Q2 FY15. NBFC loan book was ₹4.4 billion and Housing Finance disbursements were ₹1.36 billion. Fund based income in Q3 FY15 includes profit earned on partial exits in few investments of the Private Equity Fund in which MOFSL made sponsor commitments. Likewise, Q2 FY15 included capital gains of ₹147.9 million on re-allocation of investments in Motilal Oswal's mutual fund products from passive to active strategies. Following commencement of operations in May 2014, Aspire Home Finance has already sanctioned 1,945 applications amounting to ~₹2.07 billion, and disbursed 1,396 applications amounting to ~₹1.36 billion. Aspire Home Finance has also reported a positive PAT in Q3 FY15. The NBFC lending business of loan against shares, which was earlier done from equity capital, will now be run as a spread business with a healthy mix of short term and long term borrowings. In line with this, during the quarter, MOFSL raised long-term NCDs of ₹1.5 billion at annualized cost of 10.05% (payable annually)
- **Asset Management fee** were ₹287 million for Q3 FY15, up 49% YoY and up 34% QoQ. Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹67.1 billion. Within this, the mutual fund AUM was ₹17.4 billion, PE AUA was ₹21.3 billion and PMS AUM was ₹28.4 billion; Significant traction was seen in AUM due to both higher net mobilization and market conditions.
- **Investment banking fees** at ₹16 million was up 195% YoY and up 159% QoQ
- **Other income** was ₹13 million in Q3 FY15, down 4% YoY and down 30% QoQ

Highlights for Q3 FY15

- Total client base increased to 829,974, owing to traction across retail, institution, PMS and commodity clients; Retail and distribution clients stood at 728,081
- Distribution reach stood at 1,727 locations across 519 cities; Both branches and franchisee were added this quarter
- Wealth management business managed assets of about ₹36.3 billion
- Depository assets were ₹205.1 billion
- Our superior research and broking services were recognized once again, as Motilal Oswal Securities was ranked Best Local Brokerage (India) for trading and execution by Trade Asia Poll 2014 and won the 'Best Research as Research Showcase Partner' at Research Bytes IC Awards 2014
- Motilal Oswal Private Equity announced the third close of its 2nd real estate fund, IREF 2, raising commitments of ~₹4.27 billion
- Motilal Oswal Asset Management (Mauritius) Pvt. Ltd., which will manage the India Zen Fund, has been incorporated in Mauritius



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- Our investments in Motilal Oswal's mutual fund products stand at ₹4.51 billion, as of Dec 2014. The unrealized gain on these investments is ₹968 million, as of Dec 2014 (versus ₹462 million in previous quarter). The same is not reflected in the profit and loss account for the year
- Our investments in Motilal Oswal's alternative investment products (private equity and real estate funds) stands at ₹1.47 billion, as of Dec 2014
- Conducted the 19th Annual Wealth Creation Study in Dec 2014, on the theme "100X: The Power of Growth"

About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. (NSE: MOTILALOFSS, 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 1,727 business locations spread across 519 cities and the online channel to over 829,974 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 4th 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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Mr. Motilal Oswal
 Chairman & Managing Director
 Motilal Oswal Financial Services Limited