

Earnings Update – Q3 FY13



January 19, 2013

Motilal Oswal Financial Services Limited

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

www.motilaloswal.com



**Q3 FY13
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

**Q3 FY13
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

Consolidated Financials

- Revenues in Q3 FY13 were ₹1.1 billion, up 1% on a QoQ basis and up 3% on a YoY basis
- Reported PAT at ₹292 million for the quarter was up 28% on a QoQ basis and up 12% on a YoY basis
- Adjusted PAT at ₹189 million for Q3FY13 was down 17% on a QoQ basis and down 27% on a YoY basis
- EBITDA and Adjusted PAT margins were 33% (35% in Q2 FY13) and 17% (20% in Q2 FY13) respectively
- The balance sheet had net worth of ₹12.0 billion, debt of ₹524 million and total cash of ₹950 million, as of Dec 2012

Volumes and Market Share

- Total ADTO in secondary equities was ₹25.5 billion in Q3 FY13 (₹23.2 billion in Q2 FY13 and ₹25.6 billion in Q3 FY12)
- Equity market share was 1.5% in Q3 FY13 (1.4% in Q2 FY13 and 1.8% in Q3 FY12)

Distribution Reach

- Retail distribution stood at 1,482 business locations across 526 cities, as of Dec 2012
- Total client base increased to 756,159 which includes 663,050 retail broking and distribution clients

Assets Managed

- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹32.4 billion. Within this, our mutual funds AUM was ₹6.0 billion, PE AUA was ₹12.4 billion, while PMS AUM was ₹14.1 billion
- Wealth management business managed assets of ₹18.4 billion
- Depository assets were ₹126.7 billion

Business Updates

- Conducted the 17th Annual Motilal Oswal Wealth Creation seminar in Dec 2012. The theme of this year's study was 'Economic Moats: Fountainhead of Wealth Creation'
- Motilal Oswal Asset Management hosted the 2nd edition of Value Investing Forum in Oct 2012
- Aashish Somaiyaa, formerly Head of Retail Business at ICICI Pru AMC, joined Motilal Oswal Asset Management as CEO
- Kishore Narne has joined Motilal Oswal Commodity Broker Pvt. Ltd. as Head of the Commodity and Currency business. Prior to this, he was the Head of Commodity and Currency Research at a local brokerage
- Motilal Oswal Securities International Pvt. Ltd, a subsidiary of MOSL, received its US broker-dealer license from FINRA

Accolades Received

- MOSL ranked amongst Top 3 in 4 categories in the AsiaMoney Brokers Poll 2012 - No. 2 in Best Local Brokerage, Best Overall Sales Service, Best for Events and/or Conferences & No. 3 in Best for Most Independent Research Brokerage
- MOSL received the 'Depository Participant of the Year' award at the Money Today FPCIL Awards 2012
- MOSL was also awarded as one of BSE's Top Performers in the Mutual Funds segment in Nov, 2012

**Q3 FY13
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

Particulars ₹million	Q3 FY13	Q2 FY13	Change (%) Q-o-Q	Q3 FY13	Q3 FY12	Change (%) Y-o-Y	9M	9M	Change (%) Y-o-Y	FY12
	Dec 31, 2012	Sep 30, 2012		Dec 31, 2012	Dec 31, 2011		Dec 31, 2012	Dec 31, 2011		Mar 31, 2012
Total Revenues	1,140	1,128	1%	1,140	1,109	3%	3,362	3,373	0%	4,660
EBIDTA	378	400	-6%	378	411	-8%	1,144	1,156	-1%	1,562
PBT (before E & EOI)	300	332	-10%	300	378	-21%	931	1,053	-12%	1,396
Reported PAT (after E & EOI)	292	229	28%	292	260	12%	724	822	-12%	1,039
Adjusted PAT	189	229	-17%	189	260	-27%	621	734	-15%	951
EPS - Basic	2.0	1.6		2.0	1.8		5.0	5.7		7.2
EPS - Diluted	2.0	1.6		2.0	1.8		5.0	5.7		7.2
No. of shares outstanding (million) - FV Rs 1/share	145	145		145	145		145	145		145

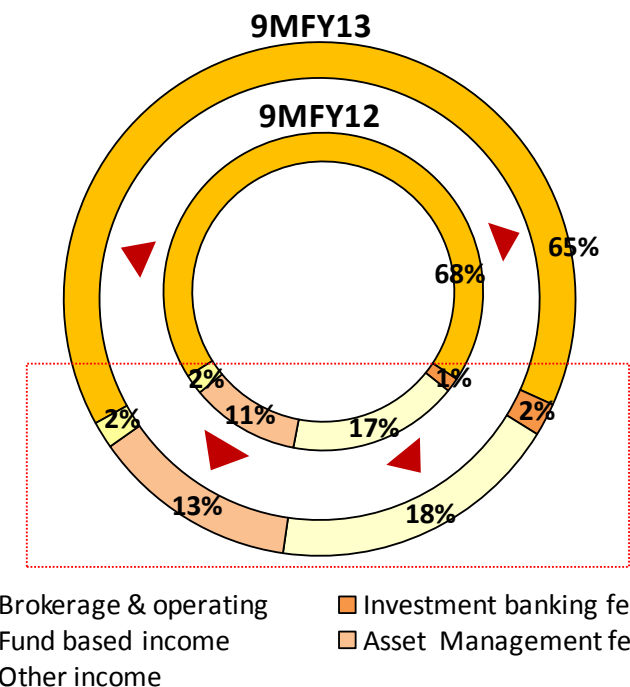
E & EOI = Exceptional items & Extraordinary items

- While consolidating our office premises at the new Corporate Headquarters, we have disposed some of our existing properties in South Mumbai. Adjusted PAT for Q3FY13 excludes profit of ₹197 million pre-tax (₹133 million post-tax) from sale of an existing property in South Mumbai and settlement payment of ₹45 million pre-tax (₹30 million post-tax). Adjusted PAT in 9M FY12 excludes profit of ₹130 million pre-tax (₹88 million post-tax) from the sale of another South Mumbai property during Q2FY12.

Particulars ₹million	Q3 FY13	Q2 FY13	Change (%) Q-o-Q	Q3 FY13	Q3 FY12	Change (%) Y-o-Y	9M	9M	Change (%) Y-o-Y	FY12
	Dec 31, 2012	Sep 30, 2012		Dec 31, 2012	Dec 31, 2011		Dec 31, 2012	Dec 31, 2011		Mar 31, 2012
Brokerage & operating income	758	728	4%	758	719	5%	2,179	2,298	-5%	3,202
Investment banking fees	20	23	-13%	20	13	57%	70	49	44%	86
Fund based income	200	211	-5%	200	178	12%	620	585	6%	822
Asset management fees	145	136	7%	145	170	-15%	436	374	16%	504
Other income	17	30	-42%	17	28	-39%	57	68	-15%	46
Total Revenues	1,140	1,128	1%	1,140	1,109	3%	3,362	3,373	0%	4,660

- Broking and related revenues were ₹758 million this quarter, up 4% from Q2 FY13 and up 5% from Q3 FY12. This segment contributed 66% of the total group revenues
- Fund based income was ₹200 million, down 5% from Q2 FY13 and up 12% as compared to Q3 FY12. The loan book was ₹5.0 billion, as of Dec 2012
- Asset Management fee were ₹145 million for Q3 FY13, up 7% QoQ and down 15% on a YoY basis
- Investment banking fees at ₹20 million was down 13% from Q2 FY13, though up by 57% on a YoY basis.
- Other income was ₹17 million in Q3 FY13

On a YTD basis, the non-broking segments have increased their share within the revenue pie



**Q3 FY13
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

Broking & Distribution, Institutional Equities & Wealth Management

Particulars ₹million	Q3 FY13	Q2 FY13	Change (%) Q-o-Q	Q3 FY13	Q3 FY12	Change (%) Y-o-Y	9M	9M	Change (%) Y-o-Y	FY12
	Dec 31, 2012	Sep 30, 2012		Dec 31, 2012	Dec 31, 2011		Dec 31, 2012	Dec 31, 2011		Mar 31, 2012
Total Revenues	832	844	-1%	832	833	0%	2,460	2,567	-4%	3,581
EBIDTA	242	290	-17%	242	295	-18%	790	836	-5%	1,182
PBT (before E & EOI)	192	247	-22%	192	263	-27%	653	737	-11%	1,031
PAT (before E & EOI)	115	171	-32%	115	181	-36%	430	518	-17%	727
PAT (after E & EOI)	218	171	28%	218	181	21%	533	606	-12%	815

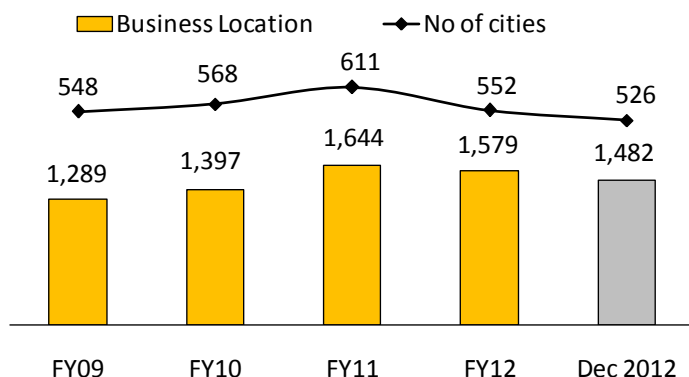
E & EOI = Exceptional items & Extraordinary items

- Revenues were ₹832 million for Q3 FY13, down 1% from Q2 FY13 and flat as compared to Q3 FY12
- PAT (before E&EOI) was ₹115 million for Q3 FY13, down 32% from Q2 FY13 and down 36% from Q3 FY12
- MOSL ADTO was ₹25.5 billion in Q3 FY13 (₹23.2 billion in Q2 FY13 and ₹25.6 billion in Q3 FY12)
- Daily volumes in the equity markets grew 3% QoQ to ₹1.7 trillion in Q3 FY13. Options continue to comprise a hefty 76% of overall market volumes, although options grew by just 2% on a QoQ basis. Cash volumes grew by 10% QoQ to ₹137 billion. Within cash, the delivery segment grew by 9%. During this period, the proportion of cash within market volumes went up marginally from 7.6% to 8%, while the proportion of delivery to market volumes picked up from 2.3% to 2.4%. Our overall equity market share went up from 1.4% to 1.5% on a QoQ basis. Our blended yield marginally decreased from 5.0 bps to 4.8 bps QoQ
- As of Dec 2012, total client base was 756,159 which includes 663,050 retail broking and distribution clients; Pan-India distribution reach stood at 1,482 locations across 526 cities

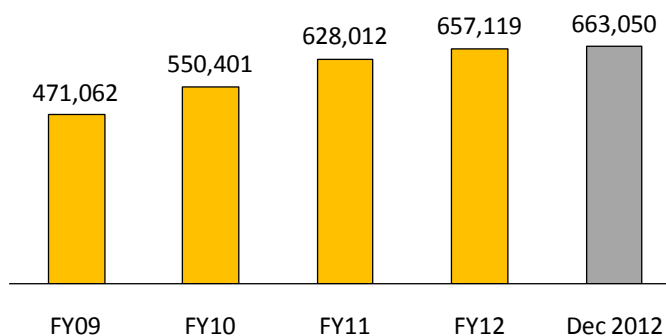
- Offers customized investment services to its retail customers
- The 'Customer first' philosophy is executed through strategic focus on:
 - Increasing distribution reach to build a Pan-India network
 - Customer segmentation based on individual needs
 - Wide bouquet of offerings (equity, PMS, MFs, commodities)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

- MOSL received the 'Depository Participant of the Year' award at the Money Today FPCIL Awards 2012.
- MOSL was also awarded as one of BSE's Top Performer in the Mutual Funds segment in Nov, 2012
- During the quarter, we conducted investor seminars for our clients and business partners, apart from prospect client seminars
- Continuing its efforts in delivering a unique client experience, MOSL is introducing the 'Motilal Oswal Top Charts' tool in its trading platform. It is a unique charting tool with features to let users take control of complex technical charts

Pan-India distribution footprint



Retail broking and distribution clients



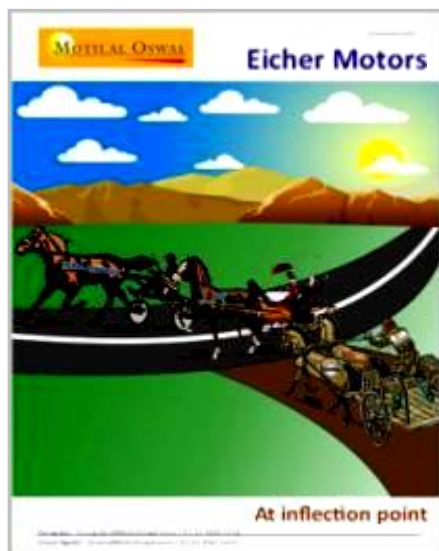
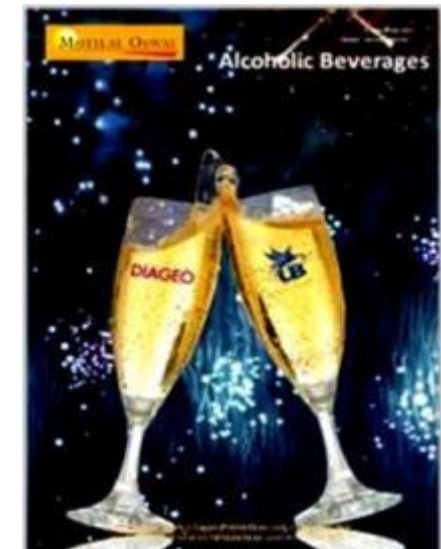
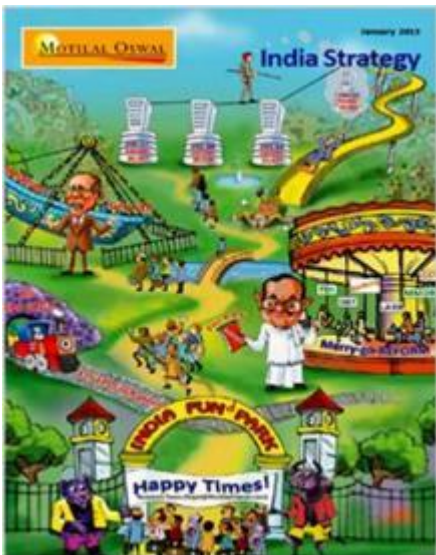
Awarded 'Depository Participant of the Year' at Money Today FPCIL Awards



Awarded as one of BSE's Top Performers in the Mutual Funds segment

- Cash and derivatives broking to institutional clients, along with a strong research and corporate access group
- Client base of 525 institutions, as of Dec 2012

Recent Research Reports



- 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 ₹18.4 billion, as of Dec 2012
- 106 employees in wealth management business, as of Dec 2012

Our Offerings: A comprehensive menu of Multi Asset Class Advisory Solutions

<p>Professional Money Managers</p> <ul style="list-style-type: none"> • Mutual Funds • Portfolio Management Services • Alternative Investment Funds 	<p>Trading</p> <ul style="list-style-type: none"> • Equity • Fixed Income • Commodity • Currency 	<p>Alternative Assets</p> <ul style="list-style-type: none"> • Private Equity • Real Estate • Structured Products (Equity/ Gold linked notes) 	<p>Credit Solutions</p> <ul style="list-style-type: none"> • IPO Financing, ESOP Funding • LAS/Mutual Funds • Loan Against Property • Institutional Credit Solutions
<p>Wealth Transmission</p> <ul style="list-style-type: none"> • Estate Planning • Trust services • Wills 	<p>Specialized Services</p> <ul style="list-style-type: none"> • Investment Bnkg. Services • Offshore Advisory & Solutions • Hedging & Insurance Advisory 	<p>Ancillary Services</p> <ul style="list-style-type: none"> • Tax Advisory • Legal Advisory 	

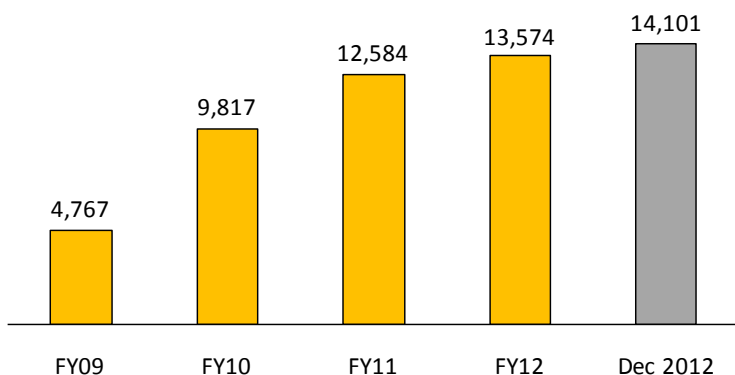
Particulars	Q3 FY13	Q2 FY13	Change (%)
₹million	Dec 31, 2012	Sep 30, 2012	Q-o-Q
Total Revenues	79	86	-8%
EBIDTA	13	19	-33%
PBT	11	18	-36%
PAT	11	18	-36%

Q3 FY13	Q3 FY12	Change (%)
Dec 31, 2012	Dec 31, 2011	Y-o-Y
79	76	4%
13	4	247%
11	3	264%
11	3	264%

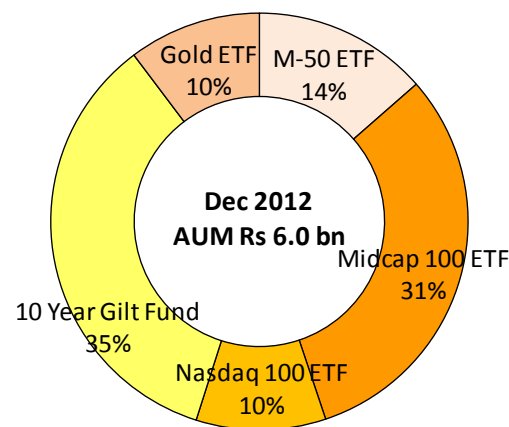
9M	9M	Change (%)
Dec 31, 2012	Dec 31, 2011	Y-o-Y
260	228	14%
47	0	nm
43	(1)	nm
43	(1)	nm

FY12
Mar 31, 2012
318
(9)
(11)
(31)

PMS AUM (₹ million)



Mutual Funds AUM



Motilal Oswal 2nd Value Investing Forum, held at Motilal Oswal Towers, Mumbai

- The AMC business has been strengthened with the appointment of Aashish Somaiyaa as CEO. He was earlier with ICICI Prudential Asset Management as Head of Retail Business, where he played a significant role in growing the sales & distribution of its offerings through retail, banking and wealth channels across India & UAE. When he headed product development, ICICI Pru Target Returns Fund was awarded Most Innovative Product 2010 from CNBC Crisil. Prior to this, he was managing relationships with corporate and institutional treasuries for their investments

Particulars ₹million	Q3 FY13	Q2 FY13	Change (%) Q-o-Q	Q3 FY13	Q3 FY12	Change (%) Y-o-Y	9M	9M	Change (%) Y-o-Y	FY12
	Dec 31, 2012	Sep 30, 2012		Dec 31, 2012	Dec 31, 2011		Dec 31, 2012	Dec 31, 2011		Mar 31, 2012
Total Revenues	20	23	-13%	20	16	22%	72	76	-5%	117
EBIDTA	(9)	(7)	nm	(9)	(17)	nm	(39)	(26)	nm	(45)
PBT	(11)	(9)	nm	(11)	(18)	nm	(44)	(27)	nm	(47)
PAT	(8)	(6)	nm	(8)	(12)	nm	(32)	(17)	nm	(31)

- Deal making remained subdued across the industry given regulatory uncertainty and slow policy making, delaying transaction closures
- In this environment, companies continue to remain cautious and play the wait-and-watch game with respect to capital raising activities, impacting the flow of new projects
- Strong management team with substantial experience in investment banking, corporate banking and advisory
- The business remains well aligned to arising market opportunities and the execution pipeline remains strong
- 27 employees in investment banking, as of Dec 2012



Particulars ₹million	Q3 FY13	Q2 FY13	Change (%) Q-o-Q	Q3 FY13	Q3 FY12	Change (%) Y-o-Y	9M	9M	Change (%) Y-o-Y	FY12
	Dec 31, 2012	Sep 30, 2012		Dec 31, 2012	Dec 31, 2011		Dec 31, 2012	Dec 31, 2011		Mar 31, 2012
Total Revenues	70	52	36%	70	97	-27%	184	152	21%	194
EBIDTA	29	16	79%	29	16	81%	51	20	148%	31
PBT	28	15	82%	28	16	80%	48	19	149%	30
PAT	19	10	82%	19	11	81%	33	13	147%	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 95% of its funds under management, as of Dec 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 both domestic and foreign investors

**Q3 FY13
performance**

**Consolidated
financials**

**Business
snapshots**

About us

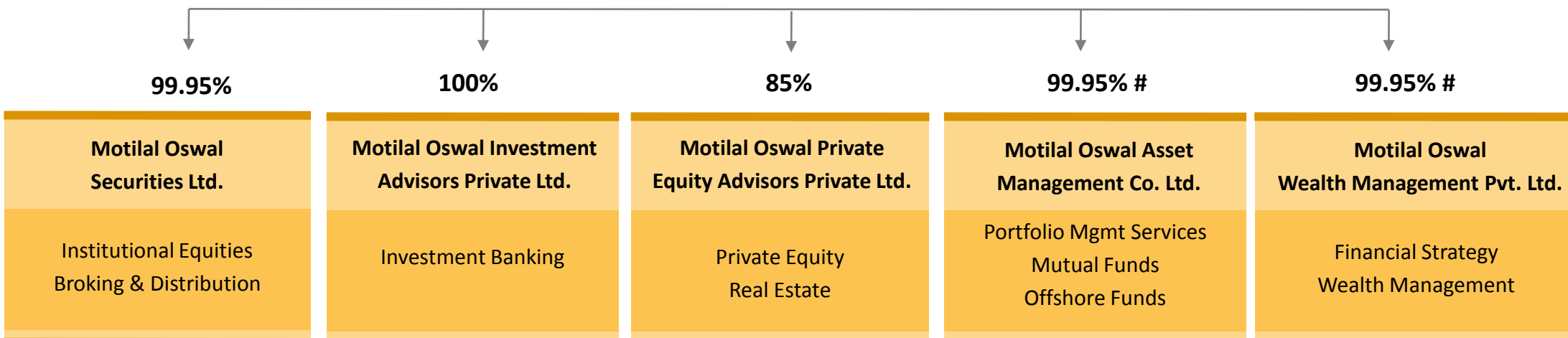
**Thematic
series**

**Industry
facts**

- 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 526 cities comprising 1,482 business locations operated by our business partners and us with 756,159 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 Dec 2012



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

A company honoring commitment with highest ethical and business practices

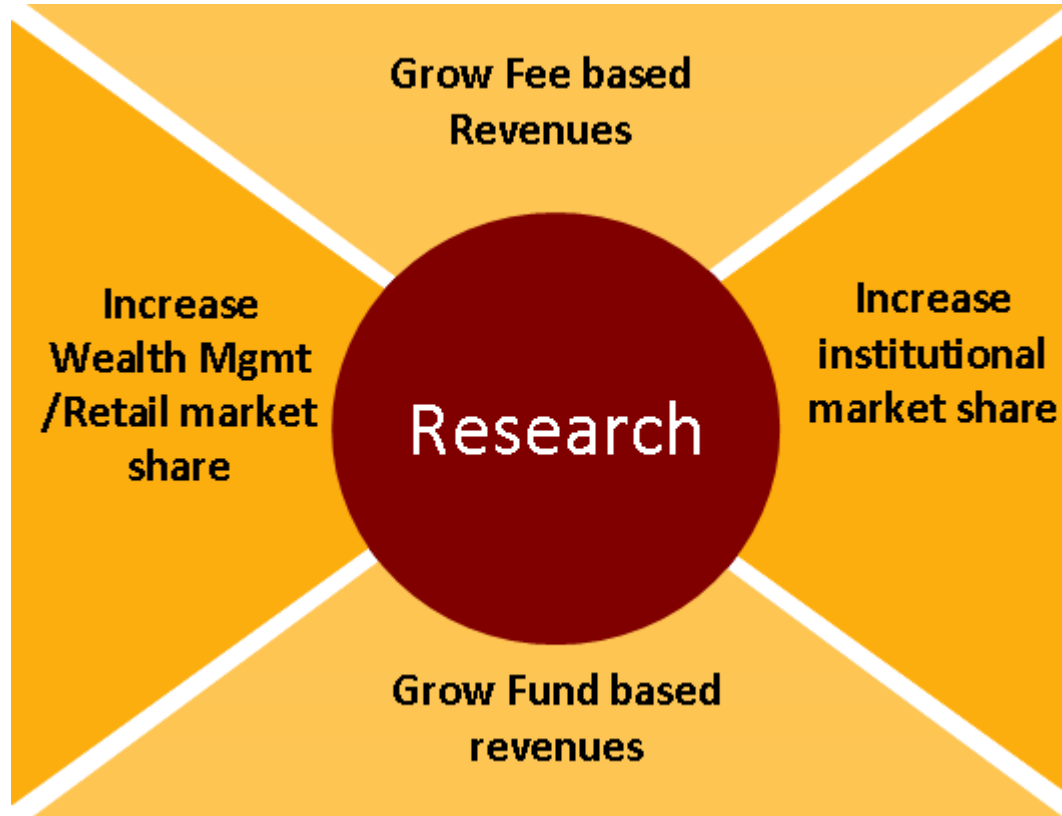


High energy and self-motivated with a “do it” attitude and entrepreneurial spirit

Attaining goals collectively and collaboratively

Performance gets differentiated, recognised and rewarded in an apolitical environment

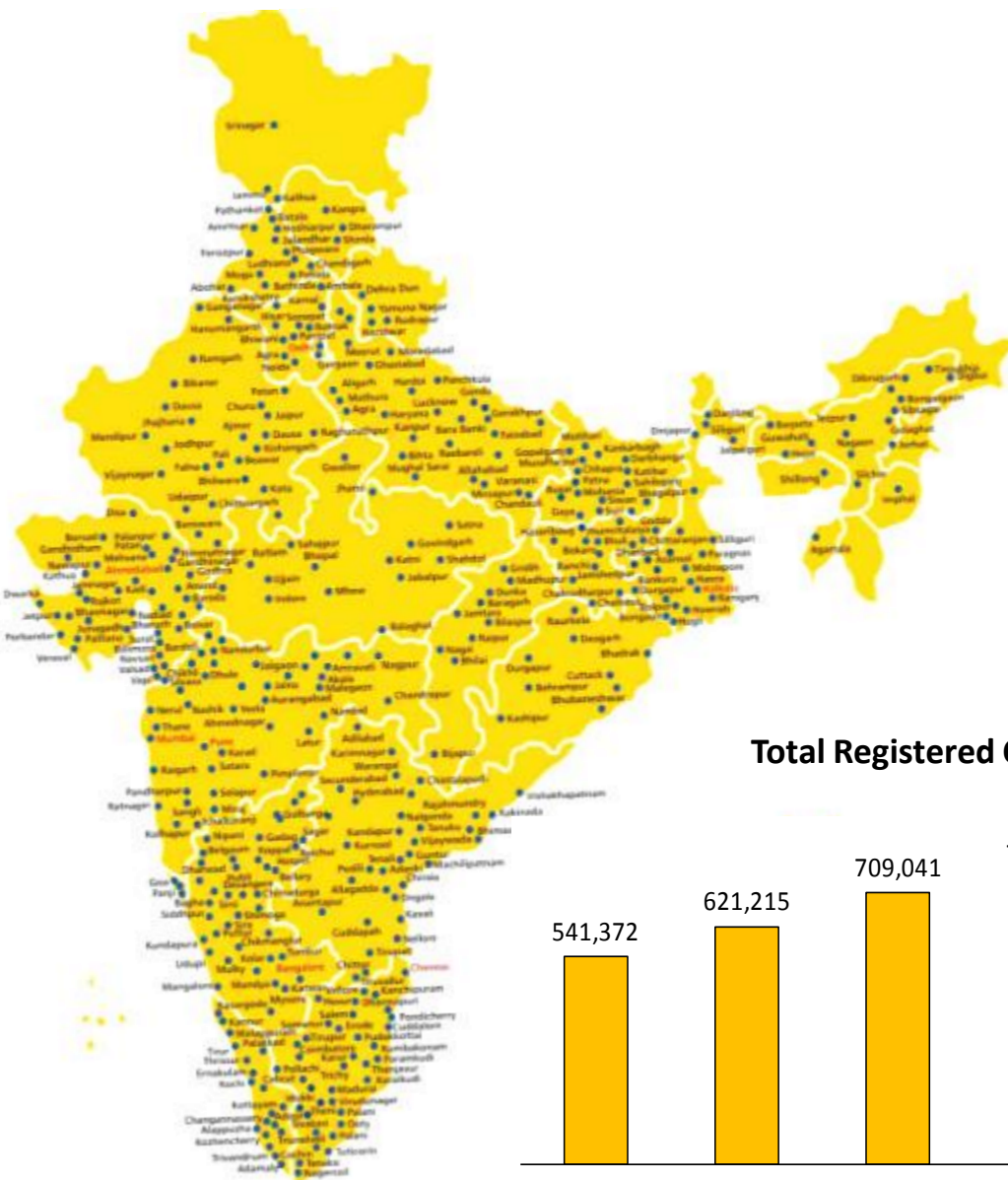
- Grow Investment banking business
- Build Asset management and Private equity business



- 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

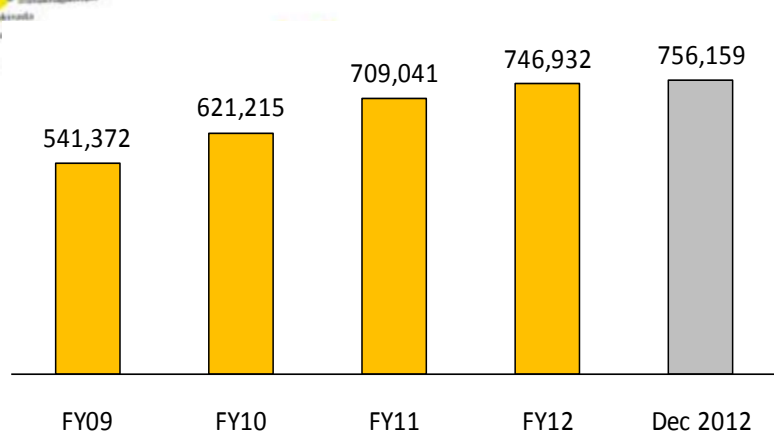
- Build stronger institutional relationships through wider and quality research
- Increase research support
- Grow institutional derivatives business

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

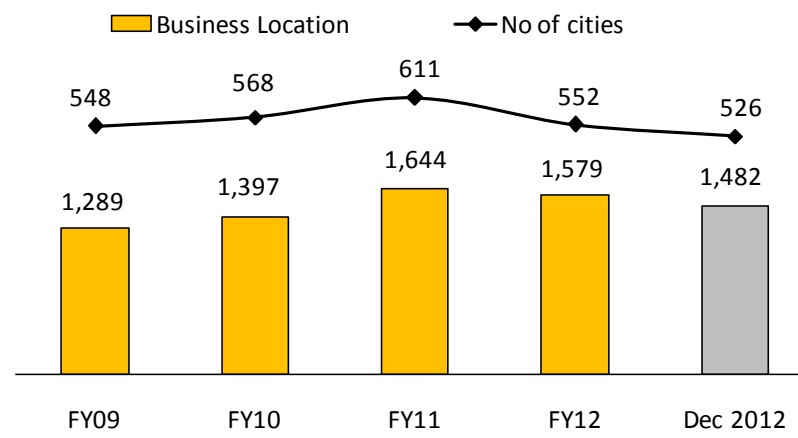


- Pan-India network with a presence in 526 cities across 1,482 business locations (branches plus franchisees), and complemented by a robust online channel
- Total registered client base of 756,159, including 663,050 retail broking and distribution clients
- Extensive distribution network providing opportunities 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 24 research analysts covering more than 185 companies across over 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



MOFSL conducted its 17th Annual Wealth Creation Study in December, 2012. The presentation of the study was followed by a Panel Discussion on the 'Role of Competitive Strategy in Wealth Creation'. The discussion was covered live on CNBC TV18



- The study identified ITC, TTK Prestige and Kotak Mahindra Bank as the biggest, fastest, consistent wealth creators, respectively
- It showed the contribution of the top-10 wealth creators declined from 76% in 2003 to 41% in 2012, indicating a more widespread wealth creation
- Financials have emerged as the largest wealth creating sector, followed by the Consumer sector

Theme of this study was on '**Economic Moat – Fountainhead of Wealth Creation**'

- Economic Moat refers to how companies are able to build a sustainable competitive advantage, to keep competitors at bay for an extended period
- Extended competitive advantage period of Economic Moat companies leads to sustained superior profitability, by protecting it from being attacked by multiple business forces. This may ensure stock returns and eventually, wealth creation
- Strength of a Economic Moat is determined by the industry structure and the corporate strategy
- Over 2002-2012, Economic Moat companies have meaningfully outperformed the benchmarks

The 17th Wealth Creation report can be downloaded by clicking on this link http://www.motiloswal.com/Wealth_Creation_Study/Studies/



Mr Motilal Oswal – CMD, MOFSL and Mr Raamdeo Agrawal – Jt MD, MOFSL with Panel Members: Mr Amit Chandra – MD, Bain Capital, Mr Anil Singhvi – Chairman, Ican Investors and Mr Sanjoy Bhattacharyya – Founder, Fortuna Capital

**Q3 FY13
performance**

**Consolidated
financials**

**Business
snapshots**

About us

**Thematic
series**

**Industry
facts**

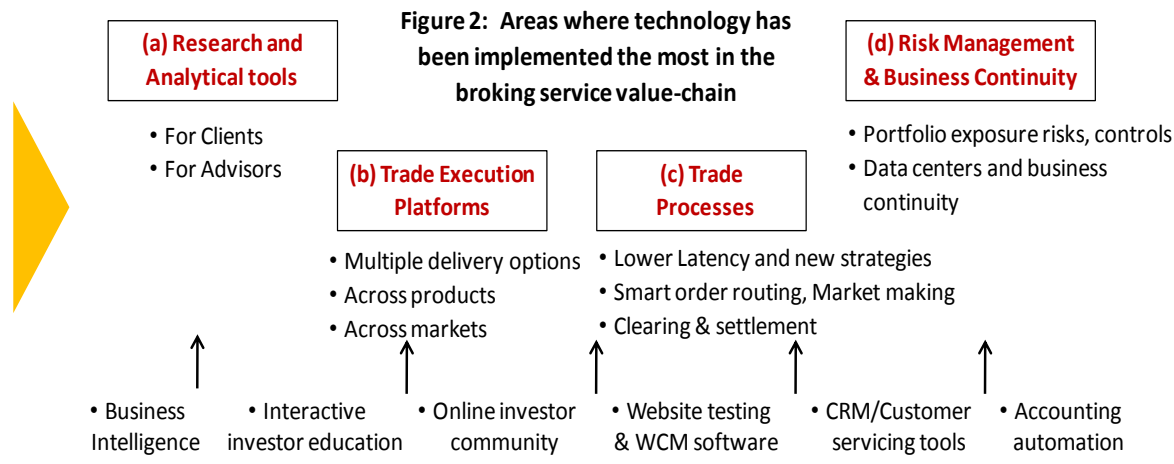
Leveraging Technology across the broking service value-chain : Findings from global experience

- The brokerage sector today is seeing ever-increasing volumes and an ever-increasing bar on clients’ expectations
- Technology is the key link in this age, helping firms move towards intelligent ideation, delivery & execution
- Tech-tools are being developed across the trade life-cycle, keeping in mind the user-market integration
- Trading platforms are now feature-rich and customizable, with analytical tools to advise clients
- Brokers are investing in technology to develop scale & scope of business and enhance their competitive position

Technology is no longer just an add-on commodity for brokers; It is now an indispensable business asset providing value-add, cost efficiencies and competitive edge in this volatile business

Figure 1: Profile of the sample companies studied for this exercise:

Reach of Services	Limited geographies	<ul style="list-style-type: none"> • Scottrade • Stifel Financial • Questrade Canada 	<ul style="list-style-type: none"> • Charles Schwab • TD Ameritrade • Ameriprise Financial • E*Trade Financial 	<ul style="list-style-type: none"> • Investec
	Multiple geographies	<ul style="list-style-type: none"> • ICAP • Tullett Prebon • Interactive Brokers 		<ul style="list-style-type: none"> • Goldman Sachs • Morgan Stanley • BA Merrill Lynch • Barclays
		Pure Brokerage		Integrated Financial Services
		← Scope of Services →		



1) Service areas across the broking value-chain which have seen technology implementation recently

- **Research and Analytic tools:**
 - Online analytical tools for portfolio planning, self-directed asset allocation, idea generation and also ‘What-If’ investment scenarios
 - Simplifying account opening with flexible online systems; Single sign-on & integrated cash account to manage multiple relationships with the firm
 - Online tools to support RIAs in client interactions, to develop/rebalance portfolios, multi-client trade allocation, interactive website with e-reporting

- **Trade execution platforms:**

- **Multi delivery options;** Discount brokers are increasingly building their USP around their feature-rich, yet cost-effective, online & mobile platforms
- **Online platforms** now feature direct trading access, research, advance charts, live news, customized layout, advance strategies, ultra-fast execution
- **Mobile apps and mobile trading websites** give real-time research, analyst views, investment ideas, detailed charts, fund transfer & secure trading
- **Automated phone systems** direct calls to appropriate departments and provide linkage between caller ID and client database
- Trading systems with order placement/execution/evaluation **across product classes** like equities, F&O, ETFs, bonds, IR swaps, forex & treasury
- **Multi-market access** using proprietary connectivity network to integrate brokers' software with multiple exchanges

- **Trade Processing:**

- A key achievement of technology has been **lower latency**, allowing faster completion of trades, lower impact cost and thus, enhancing returns
- Enabled trading strategies like **algorithmic trading, high-frequency trading**, which allow even-higher volumes with minimal human intervention
- **Smart order routing** automatically searches for best possible price across multiple exchanges and automatically routes the order to execute it
- **Market making software** that generates continuous bid/offer rates to exchanges on several securities, using proprietary mathematical models
- Automated **links from trading systems to clearing house/settlement venues**, with automated reconciliation of trades/positions etc

- **Risk Management and Business Continuity:**

- **Risk and internal controls** have been priority, to control portfolio concentration, risk identification/reconciling/reporting, warn on margin limits etc
- **Data centers** to store and process higher volumes of data daily and provide redundancy in case of any eventuality; Improve storage utilization
- **Business continuity plans** to address loss of any data system with minimal service impact, fault tolerance, outsourcing of critical applications
- Financial and IT companies are now exploring **cloud computing** as a solution for scalable computing capacity at lower capex

- **Other Related Areas:**

- **Business Intelligence** tools to transform decision-making: analytical dashboards, automated consolidation of data for better analysis, focus areas
- Integrated CRM for MIS, customized services & lead generation, web-based client servicing, automating accounting system, interactive education

2) Observations emerging from the usage trends of the sample companies

- Client interface platforms are mainly in focus of brokers targeting self-directed clients. Risk controls are more in focus of large prime brokerage firms
- Client interface platforms cover the entire spectrum – from analytics to delivery till execution, so that the need for human intervention is minimal
- Generally, small players are outsourcing while the large firms are developing proprietary systems to gain competitive edge & cost-effective scalability
- Proprietary systems are mostly for analytical & planning tools, data networks & connectivity, evaluation & testing. Outsourcing needs are mainly for market research, back-office operations and maintenance of computer systems/tech infrastructure
- Favourable investor response to the better platforms shows these are now an integral source of incremental business
- With institutional clients partnering with firms in developing new platforms, it also shows their level of conviction
- Firms operating across products are developing platforms for their entire product spectrum, not just a few products
- Platforms are being made scalable to handle incremental capacity
- Continuous upgrading and developing solutions for issues faced by the new applications are now the new normal

Better platforms have seen investor interest. However, the key question brokers will need to address is whether the firm achieved in capturing the value from these tools/applications in its profitability, or did the client only get the value?

3) Advantages seen....

- Opportunity to tap increased volumes across assets/markets
- Offers clients the convenience and opportunity to trade as they wish
- Analytic tools create engaging client experience & informed decisions
- Improving client service & engagement through customized services
- Lowering Opex cost ratio over the long term
- Comparatively cost-effective in adapting to changing client expectations
- Advisor tools help RIAs spend maximum time in client interactions
- Intelligent analytics & execution tools can give firms' a competitive edge
- Lower latency; Risk compliance; Data storage capabilities
- Opens up geographies with no requirement of a physical presence

...and Challenges faced

- Developing platforms and tools requires time, effort and money
- Need to understand if tools should be given free OR a charge
- Clients should be able to interpret these analytics accurately
- Ensuring consistency in the results the tools show
- Significant initial capex outlay required to build tech capabilities
- Client expectations are EVER-changing
- Ensure an adaptive design to enhance the productivity of different RIAs
- Need for continuous change can erode competitive edge quickly
- Investing in networks, connectivity & technical ops team, data centers
- Ensure correct KYC compliance

Conclusion

- Technology is helping develop the scale & scope of the business and help gain an edge over peers by offering competitive, feature-rich tools
- While the immediate impact is the initial capex, it helps opex over the long-term by bringing in scalability at a lower incremental cost
- **In a country like India** where the product depth and geographic reach of the broking service is still low, the opportunity to expand the industry further is immense
- Technology is the best means to achieve this end. However, apart from its operational objectives, the platforms will need to be cost-efficient and scalable for them to deliver on the financial objectives as well



Please click here to read the full article, plus access previous Fin-Sight articles:
<http://www.motilaloswal.com/Financial-Services/Investor-Relations/Presentation/>

**Q3 FY13
performance**

**Consolidated
financials**

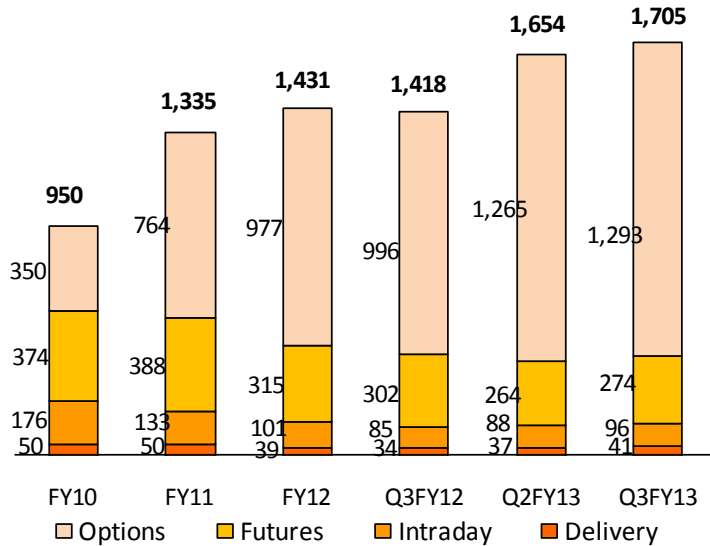
**Business
snapshots**

About us

**Thematic
series**

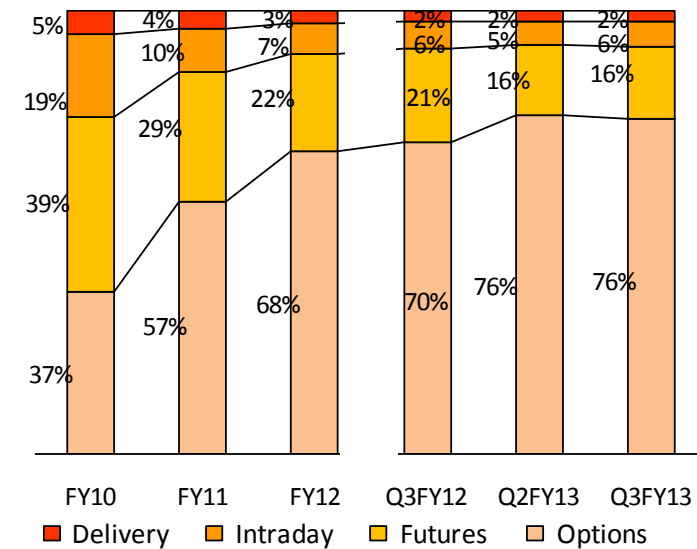
**Industry
facts**

Market volumes saw a pick-up in cash segment this quarter, incl. in high-yield delivery; While options continued its uptrend, the pace of growth was much more marginal this quarter (₹Bn)



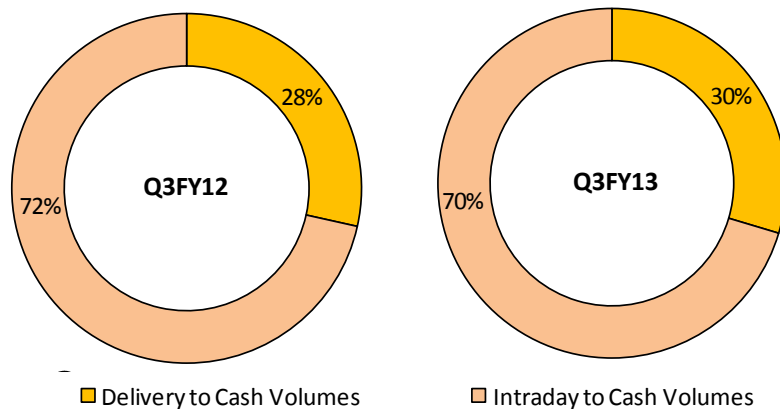
Source: NSE, BSE

Proportion of delivery to market volumes picked up slightly QoQ as market activity levels improved; Due to a marginal QoQ growth in options, its proportion to market volumes remained flat



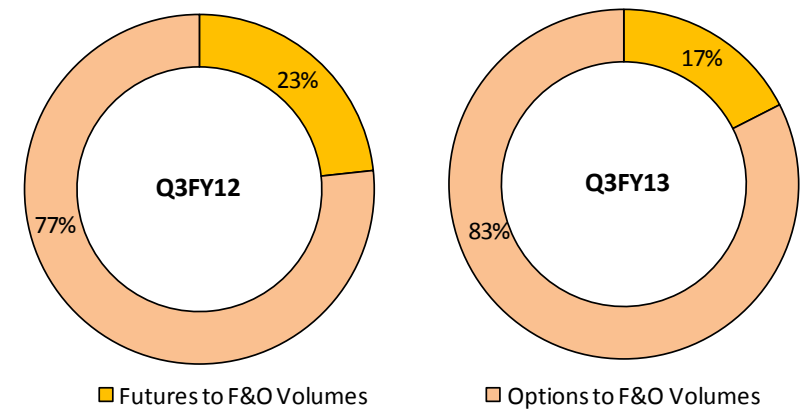
Source: NSE, BSE

On a YoY basis, the proportion of delivery within market cash volumes picked up with improved market activity this quarter



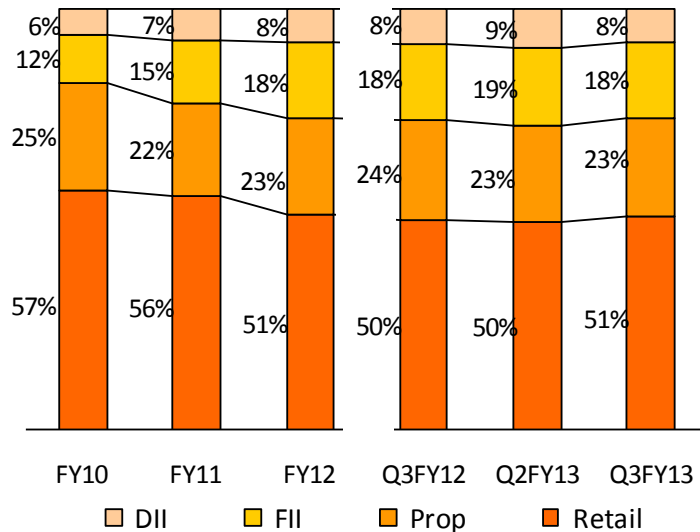
Source: NSE, BSE

Proportion of options within F&O volumes in the market continued to grow, on a YoY basis



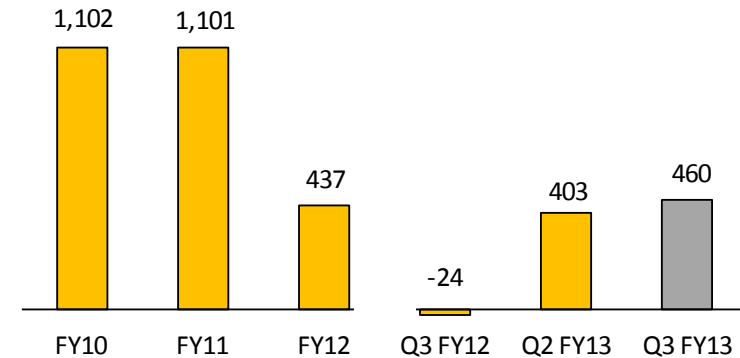
Source: NSE, BSE

Proportion of Retail within cash volumes has gone up on both QoQ and on YoY basis



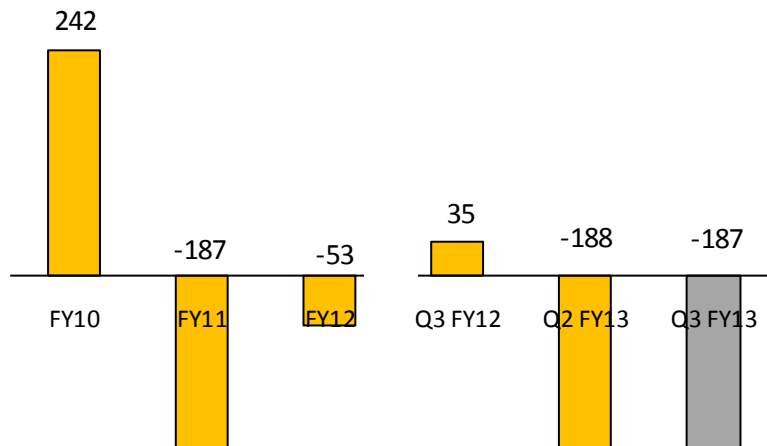
Source: NSE, BSE

FIIs continued to see net inflows into equities during Q3 owing to positive news on reforms and inflation; India leads most Asian peers in attracting FII monies this YTD (₹Bn)



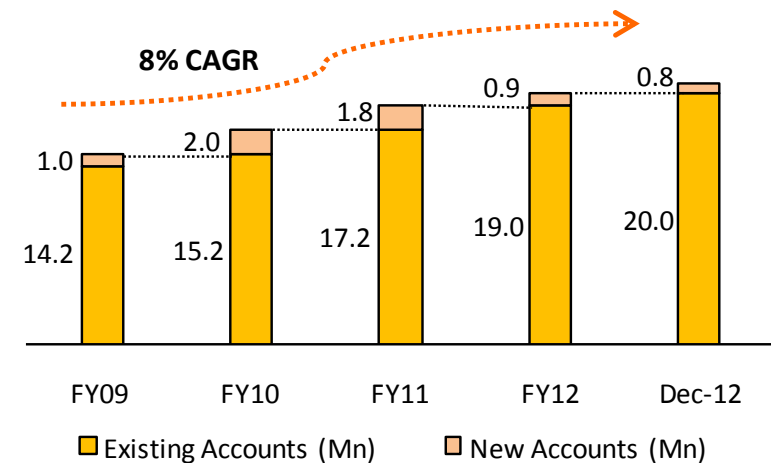
Source: SEBI

DIIs remain net sellers since July 2012 (₹Bn), Redemptions intensified as MF investors took advantage of the market rebound



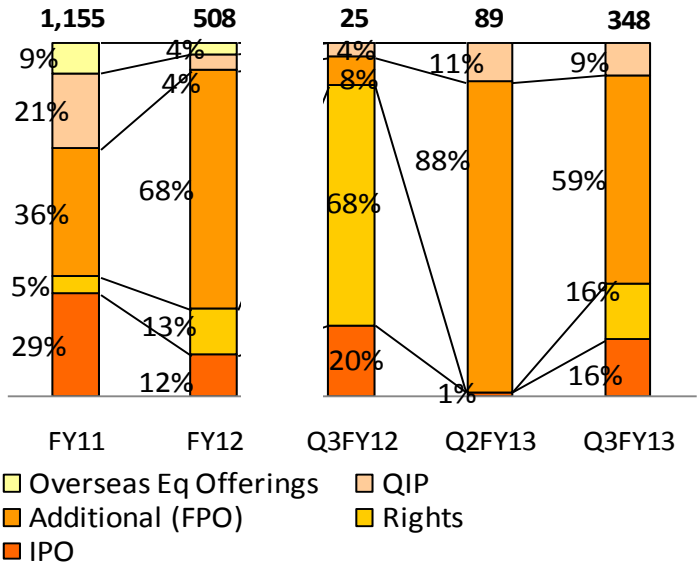
Source: NSE

Growth in new demat accounts (Mn) have slowed down this YTD as primary market activities have largely dried up



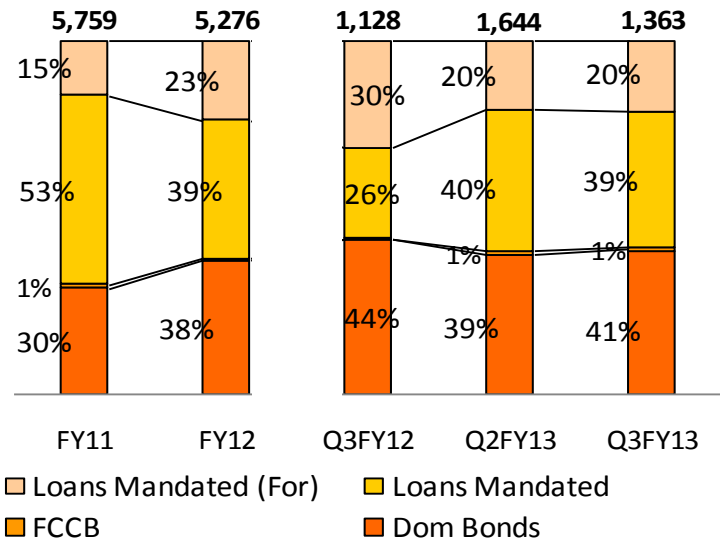
Source: CDSL, NSDL

While ECM remain low this fiscal, this quarter saw higher activity on QoQ basis as few IPOs hit the markets, led by the ₹41b Bharti Infra IPO; Participation levels in most of these issues was healthy (₹Bn)



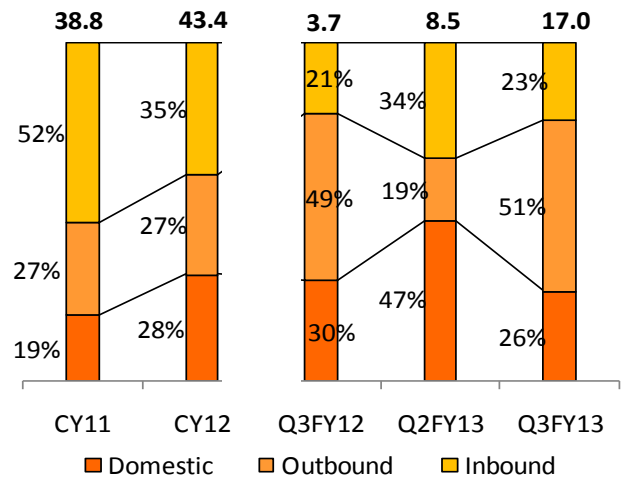
Source: Bloomberg League Tables

DCM activities were marginally lower this quarter, as a number of companies possibly deferred their debt raising plans in anticipation of an interest rate cut in Jan (₹Bn)



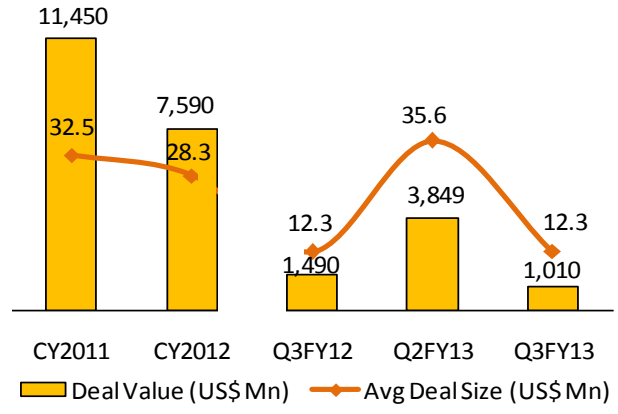
Source: Bloomberg League Tables

Announced M&A deal value picked up this quarter, although deal values remain lower this fiscal; Energy was the favoured sector, owing to the Gulf Oil-Houghton and ONGC-Caspian deals (US\$Bn)



Source: News article on Thomson Reuters report

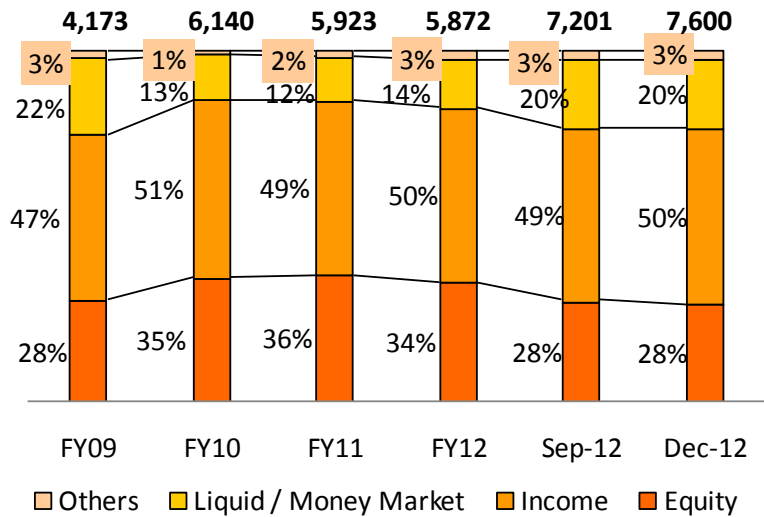
PE investments were lower this quarter as limited quality deployment opportunities, exit concerns and slower fundraising challenged fund managers (Q2FY13 was skewed due to the Bain Cap-Genpact deal)



Source: Venture Intelligence news article, (Includes VC investments, excludes PE inv in real estate)

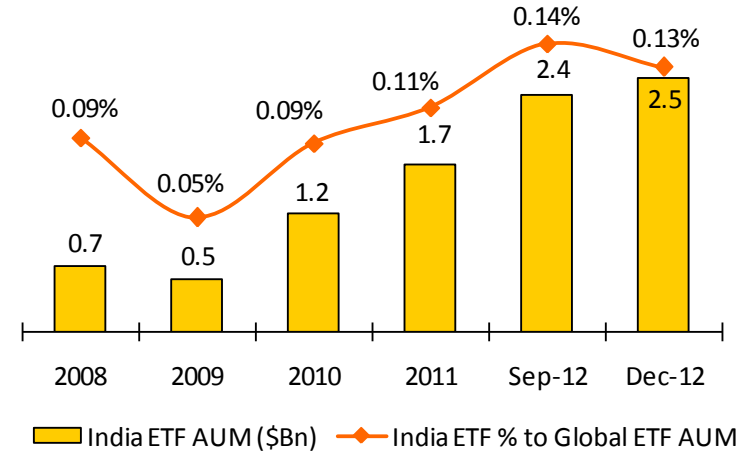


MF AuM (Rs Bn) picked up as Income and Gilt funds saw increasing investor interest, Equity fund AUM picked up as markets improved



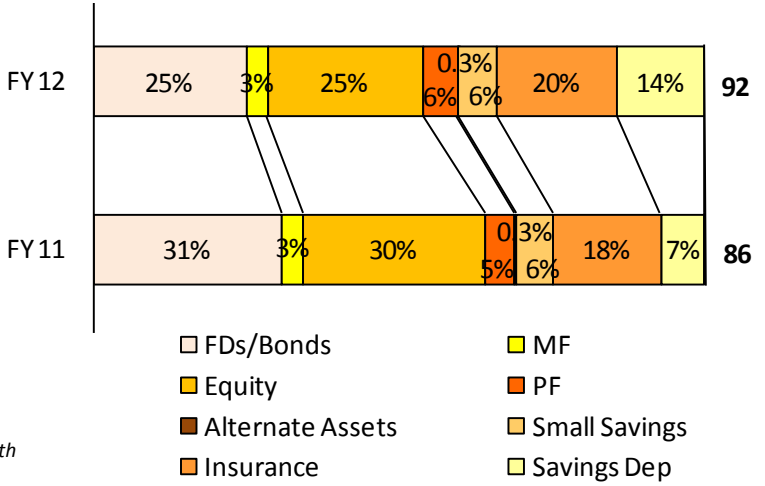
Source: AMFI

Although Indian ETF assets continued to grow, heightened interest in ETFs globally led to rapid growth in global ETF AUM in Q3 (US\$ Bn)



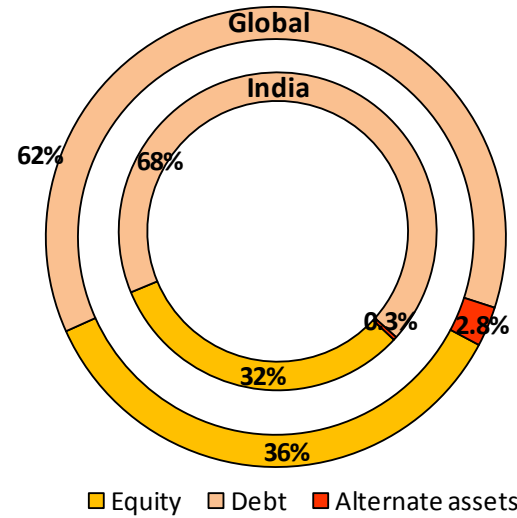
Source: AMFI/Blackrock report

Individual wealth in India is estimated at ₹92.3Tn in FY12, led by the fixed deposit/bonds, equity and insurance sectors



Source: Karvy Wealth report

Asset-wise wealth classification (as of 2011) shows Equity currently comprises a much lesser proportion in India than the Global average



Source: Karvy Wealth report

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