

# HARIBHAKTI & CO.

Chartered Accountants

## Consolidated Limited Review Report

**Review Report to  
The Board of Directors  
Motilal Oswal Financial Services Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Motilal Oswal Financial Services Limited ('the Company') and its subsidiaries (collectively referred to as "the group") for the quarter ended 31<sup>st</sup> December, 2013 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We draw attention to the following:
  - a) Note no.3 of the notes to unaudited consolidated financial results with respect to exposure of the Group towards proprietary and funded positions with National Spot Exchange Limited (NSE) amounting to Rs. 1,867 lacs (net of provision of Rs 3,825 lacs). The Group has filed a writ petition in the Bombay High Court and a complaint with Economic Offences Wing in the said matter.
  - b) Note no.4 of the notes to unaudited consolidated financial results. The company has with effect from quarter ended December 31, 2013 adopted the principles of Accounting Standard 30 "Financial Instruments Recognition and Measurement" for designating stock in trade of securities and corresponding derivative positions at "fair value through Profit & loss" and account for all other derivative contracts including embedded derivatives at fair value. Accordingly the unrealized gain of Rs 11 lacs has been recognized in the results for the quarter.

Our report is not qualified with respect to the above.


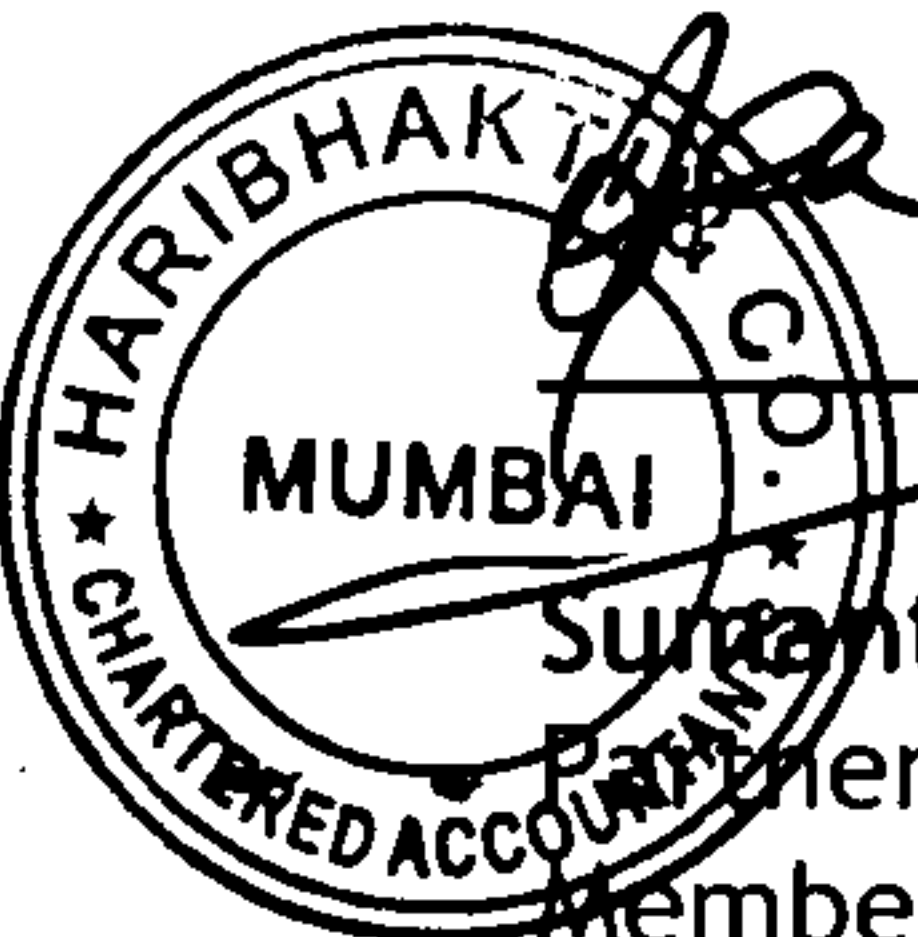


4. In respect of unaudited quarterly consolidated financial results, we did not review the statement of unaudited financial results of nine subsidiaries , whose unaudited quarterly financial results reflect total revenue of Rs 1492 lacs for the quarter ended 31<sup>st</sup> December 2013 and total assets of Rs 3,7817 lacs as at 31<sup>st</sup> December 2013. The financial information for these subsidiaries have been reviewed by the other auditors whose reports have been furnished to us, and our opinion on the quarterly financial results is based solely on the reports of the other auditors.
5. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards [Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, which as per General Circular 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs continues to apply under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies] has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W

Suresh Sakhardande  
Partner  
Membership No.: 034828

Place: Mumbai

Date: 21<sup>st</sup> January, 2014

## Limited Review Report

**Review Report to  
The Board of Directors  
Motilal Oswal Financial Services Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Motilal Oswal Financial Services Limited ('the Company') for the quarter ended 31<sup>st</sup> December, 2013 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We draw attention to the following:
  - a) Note no. 4 of the notes to unaudited consolidated financial results. The company has with effect from quarter ended December 31, 2013 adopted the principles of Accounting Standard 30 "Financial Instruments Recognition and Measurement" for designating stock in trade of securities and corresponding derivative positions at "fair value through Profit & loss" and account for all other derivative contracts including embedded derivatives at fair value. Accordingly the unrealized gain of Rs 28 lacs has been recognized in the results for the quarter.

Our report is not qualified with respect to the above.

4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards [Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, which as per General Circular 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs continues to apply under Section 133 of the Companies Act, 2013 and other recognized accounting practices



# HARIBHAKTI & CO.

Chartered Accountants

and policies] has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W



Sakhardande

Partner

Membership No.: 034828

Place: Mumbai

Date: 21<sup>st</sup> January, 2014



**MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Registered Office: Palm Spring Centre, Palm Court Complex, 2nd Floor, Link Road, Malad (W), Mumbai - 400 064

Tel: +91-22-30801000, Fax: +91-22-28449092 Email:shareholders@motilalosal.com

**CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31ST DECEMBER 2013**

(Rs. in Lacs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended (Audited)
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
<b>1. Income from Operations</b>						
(a) Income from Operations	10,662	10,836	10,685	31,598	30,876	42,471
(b) Other Operating Income	692	677	689	2,068	2,404	3,992
<b>Total Income</b>	<b>11,354</b>	<b>11,513</b>	<b>11,374</b>	<b>33,666</b>	<b>33,280</b>	<b>46,463</b>
<b>2. Expenditure</b>						
a. Operating expense	2,635	2,403	2,882	7,452	8,206	11,061
b. Employees' benefit expense	3,284	3,292	2,677	9,551	7,852	10,796
c. Depreciation and amortisation expenses	618	604	657	1,811	1,931	2,585
d. Other expenditure	2,741	2,318	2,159	7,191	6,376	7,991
<b>Total expenses</b>	<b>9,278</b>	<b>8,617</b>	<b>8,375</b>	<b>26,005</b>	<b>24,365</b>	<b>32,433</b>
<b>3. Profit from Operations before Other Income, finance cost &amp; Exceptional Items (1-2)</b>	<b>2,076</b>	<b>2,896</b>	<b>2,999</b>	<b>7,661</b>	<b>8,915</b>	<b>14,030</b>
4. Other Income	397	85	121	759	598	825
5. Profit from Ordinary Activities before finance cost & Exceptional Items (3+4)	2,473	2,981	3,120	8,420	9,513	14,855
6. Finance Cost	84	81	121	251	208	480
7. Profit from ordinary activities after finance cost but before Exceptional Items (5-6)	2,389	2,900	2,999	8,169	9,305	14,375
8. Exceptional Items - (Expense)/Income	(1,877)	(1,948)	1,523	(3,825)	1,523	1,808
9. Prior period items - (Expense)/Income	2	14	-	33	-	-
<b>10. Profit from Ordinary Activities before tax (7-8+9)</b>	<b>514</b>	<b>966</b>	<b>4,522</b>	<b>4,377</b>	<b>10,828</b>	<b>16,183</b>
11. Tax expense	90	325	1,567	1,436	3,538	5,184
12. Net Profit from Ordinary Activities after tax but before minority interests (9-10)	424	641	2,955	2,941	7,290	10,999
13. Share of minority interests in (profits)/ loss	(69)	(79)	(33)	(177)	(53)	(90)
<b>14. Net Profit after tax and Minority Interests (12-13)</b>	<b>355</b>	<b>562</b>	<b>2,922</b>	<b>2,764</b>	<b>7,237</b>	<b>10,909</b>
15. Paid-up equity share capital (Face Value of Re. 1/- Per Share )	1,388	1,389	1,452	1,388	1,452	1,452
16. Reserves excluding Revaluation Reserves	-	-	-	-	-	1,20,334
<b>17. i. Earnings Per Share (EPS) (before Extraordinary items) ( of Re. 1/- each)</b>						
a) Basic EPS	0.30	0.45	2.01	2.08	4.98	7.57
b) Diluted EPS	0.30	0.45	2.01	2.08	4.98	7.57
<b>17. ii. Earnings Per Share (EPS) (after Extraordinary items) (of Re. 1/- each)</b>						
c) Basic EPS	0.30	0.45	2.01	2.08	4.98	7.57
d) Diluted EPS	0.30	0.45	2.01	2.08	4.98	7.57
<b>Particulars of Shareholding</b>						
18. Public shareholding						
- Number of shares	3,63,31,845	3,64,61,059	4,33,84,636	3,63,31,845	4,33,84,636	4,31,43,928
- Percentage of shareholding	26.18%	26.25%	29.87%	26.18%	29.87%	29.71%
19. Promoters' and promoter group Shareholding						
a) Pledged/Encumbered						
- Number of shares	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL	NIL
b) Non-encumbered						
- Number of shares	10,24,30,692	10,24,30,692	10,18,51,140	10,24,30,692	10,18,51,140	10,20,91,848
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	73.82%	73.75%	70.13%	73.82%	70.13%	70.29%
20. Investors' Complaints						
Pending at the beginning of the period	NIL	NIL	NIL	NIL	1	1
Received during the period	3	11	3	14	8	11
Disposed off during the period	3	11	3	14	9	12
Remaining unresolved at the end of the period	NIL	NIL	NIL	NIL	NIL	NIL

**Notes**

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 Tuesday, 21st January, 2014. The results for the quarter & nine months ended 31st December, 2013 have been reviewed by the Statutory Auditors of the Company.

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 64,75,584 shares upto 31st December, 2013. The amount utilised for buyback is Rs. 5,109 Lacs. Out of the said equity shares bought back, 2,345 equity shares have been extinguished post 31st December 2013.

3) Motilal Oswal Group has exposure to National Spot Exchange Limited (NSE) of Rs 5,561 Lacs with respect to the proprietary positions and Rs 131 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 provided for an amount of Rs 1,877 Lacs (Previous quarter 1,948 Lacs) in this respect for the quarter ending 31st December 2013, which is disclosed under the head "Exceptional items".

4) Effective this quarter ended December 2013, the Company has adopted principles of Accounting Standard -30 "Financial Instruments : Recognition and Measurement". Accordingly for this quarter, the company has designated its Stock-in-trade of Securities and Corresponding Derivatives positions at "fair value through Profit or loss" in order to ensure consistency in recognition and/or measurement of such financial instruments. These instruments are measured at fair value and changes therein are recognized in the profit or loss. All other outstanding derivative contracts in the nature of futures/options /embedded derivatives are measured at fair value. Pursuant to this change, profit after tax for the quarter & nine months ended 31st December 2013 has increased by Rs.7.06 lacs

5) 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 Private Limited (99.95%), 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 (Hongkong ) Private Limited (99.95%), Motilal Oswal Real Estate Investment Advisors Private Limited (85%), Aspire Home Finance Corporation Limited (99.95%)



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

7) Standalone financial results are summarised below and also available on the Company's website: www.motilaloswal.com.

Particulars	Quarter Ended			Nine Months Ended		Year Ended (Audited)
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
Gross Revenue	3,096	3,128	3,065	7,984	6,572	9,490
Profit Before Tax	1,319	1,739	2,141	3,833	3,980	4,540
Profit After Tax	1,364	1,600	1,916	3,498	3,394	3,875

**8) CONSOLIDATED UNAUDITED SEGMENT RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31ST DECEMBER 2013**


Particulars	Quarter Ended			Nine Months Ended		Year Ended (Audited)
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
<b>1. Segment Revenue</b>						
(a) Broking & Other related activities	7,918	7,601	8,459	23,526	25,463	34,411
(b) Financing & Other activities	1,735	1,678	1,615	5,191	4,397	7,315
(c) Asset Management & Advisory	2,146	2,382	1,577	6,078	4,489	6,602
(d) Investment Banking	114	448	200	648	700	780
(e) Unallocated	833	577	541	1,915	1,392	2,077
<b>Total</b>	<b>12,746</b>	<b>12,686</b>	<b>12,392</b>	<b>37,358</b>	<b>36,441</b>	<b>51,185</b>
Less: Inter Segment Revenue	993	1,089	897	2,914	2,563	3,897
<b>Income From Operations, Other Operating income &amp; Other Income</b>	<b>11,753</b>	<b>11,597</b>	<b>11,495</b>	<b>34,444</b>	<b>33,878</b>	<b>47,288</b>
<b>2. Segment Results Profit / (Loss) before tax and interest from Each segment</b>						
(a) Broking & Other related activities	1,274	1,270	1,797	4,386	6,515	8,877
(b) Broking & Other related activities (exceptional item)	(1,829)	(1,903)	1,523	(3,732)	1,523	3,446
(c) Financing & Other activities	(82)	289	691	1,000	1,805	4,003
(d) Financing & Other activities (exceptional item)	(48)	(45)	-	(93)	-	(1,638)
(e) Asset Management & Advisory	438	677	274	1,102	644	1,196
(f) Investment Banking	(198)	147	(98)	(284)	(438)	(661)
(g) Unallocated	1,070	639	513	2,198	1,326	1,936
<b>Total</b>	<b>625</b>	<b>1,074</b>	<b>4,699</b>	<b>4,577</b>	<b>11,376</b>	<b>17,159</b>
Less: (i) Interest	111	108	178	200	548	976
<b>Profit/(Loss) from Ordinary Activities before Tax</b>	<b>514</b>	<b>966</b>	<b>4,522</b>	<b>4,377</b>	<b>10,828</b>	<b>16,183</b>
<b>3. Capital Employed</b>						
<b>(Segment assets – Segment Liabilities)</b>						
(a) Broking & Other related activities	29,561	42,292	39,218	29,561	39,218	48,212
(b) Financing & Other activities	56,280	54,659	58,809	56,280	58,809	58,852
(c) Asset Management & Advisory	839	946	82	839	82	478
(d) Investment Banking	628	844	712	628	712	746
(e) Unallocated	30,832	20,770	21,221	30,832	21,221	13,498
<b>Total</b>	<b>1,18,140</b>	<b>1,19,511</b>	<b>1,20,042</b>	<b>1,18,140</b>	<b>1,20,042</b>	<b>1,21,786</b>

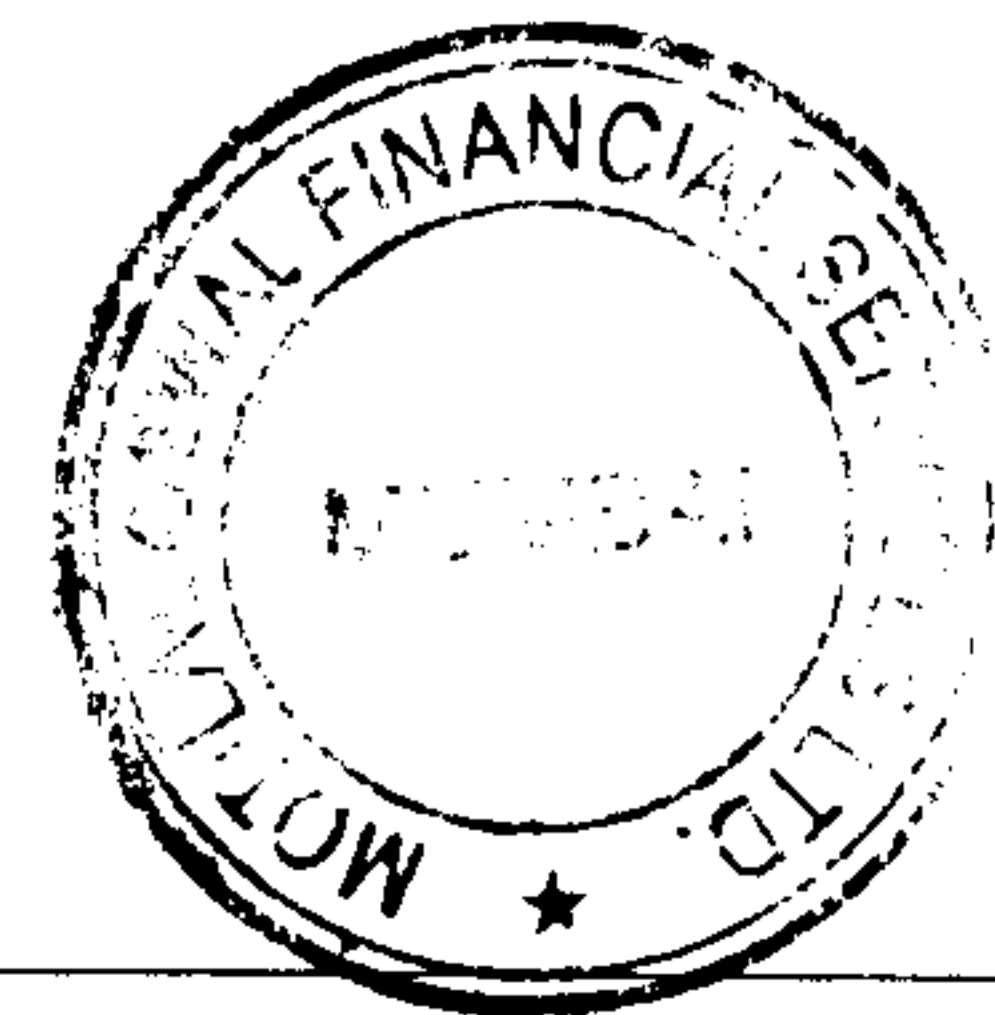
**Notes:**

9. The above Segment information is presented on the basis of the unaudited 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.

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

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

  
Motilal Oswal  
Chairman & Managing Director



**MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Registered Office: Palm Spring Centre, 2nd Floor, Palm Court Complex, Link Road, Malad (W), Mumbai - 400 064

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email:shareholders@motilaloswal.com

**STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2013**

(Rs. In Lacs)

Particulars	Quarter Ended			Nine Months ended		Year Ended (Audited)
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
1. Income from Operations						
a. Income from Operations	1,693	1687	1,566	5,006	4,200	6,125
b. Other Operating Income	58	(10)	48	181	189	1,155
<b>Total Income</b>	<b>1,751</b>	<b>1,677</b>	<b>1,614</b>	<b>5,187</b>	<b>4,389</b>	<b>7,280</b>
2. Expenditure						
a. Operating expense	60	112	-	172	-	-
b. Employees' benefit expense	165	162	143	478	465	631
c. Depreciation	208	207	219	622	635	836
d. Provision for Standard, Sub standard and Doubtfull asset/write offs	476	214	141	822	366	31
e. Other expenditure	175	167	93	493	381	469
<b>Total expenses</b>	<b>1,084</b>	<b>862</b>	<b>596</b>	<b>2,587</b>	<b>1,847</b>	<b>1,967</b>
<b>3. Profit from Operations before Other Income, finance cost &amp; Exceptional Items (1-2)</b>	<b>667</b>	<b>815</b>	<b>1,018</b>	<b>2,600</b>	<b>2,542</b>	<b>5,313</b>
4. Other Income	1,345	1,451	1,451	2,797	2,183	2,210
5. Profit from Ordinary Activities before finance cost & Exceptional Items (3+4)	2,012	2,266	2,469	5,397	4,725	7,523
6. Finance Cost	645	482	328	1,471	745	1,345
7. Profit from ordinary activities after finance cost but before Exceptional Items (5-6)	<b>1,367</b>	<b>1,784</b>	<b>2,141</b>	<b>3,926</b>	<b>3,980</b>	<b>6,178</b>
8. Exceptional Items - (Expense)/Income	(48)	(45)	-	(93)	-	(1,638)
<b>9. Profit from Ordinary Activities before tax (7-8)</b>	<b>1,319</b>	<b>1,739</b>	<b>2,141</b>	<b>3,833</b>	<b>3,980</b>	<b>4,540</b>
10. Tax expense	-45	139	225	335	586	665
11. Net Profit from Ordinary Activity after tax (9-10)	1,364	1,600	1,916	3,498	3,394	3,875
<b>12. Net Profit after tax</b>	<b>1,364</b>	<b>1,600</b>	<b>1,916</b>	<b>3,498</b>	<b>3,394</b>	<b>3,875</b>
13. Paid-up equity share capital (Face Value of Re 1/- Per share)	1,388	1,389	1,452	1,388	1,452	1,452
14. Reserves excluding Revaluation Reserves						55,361
<b>15(i). Earnings Per Share (EPS) (before Extraordinary items) ( of Re. 1/- each)</b>						
a) Basic EPS	0.98	1.14	1.32	2.47	2.34	2.67
b) Diluted EPS	0.98	1.14	1.32	2.47	2.34	2.67
<b>15(ii). Earnings Per Share (EPS) (after Extraordinary items) (of Re. 1/- each)</b>						
c) Basic EPS	0.98	1.14	1.32	2.47	2.34	2.67
d) Diluted EPS	0.98	1.14	1.32	2.47	2.34	2.67
<b>Particulars of Shareholdings</b>						
16. Public shareholding						
- Number of shares	3,63,31,845	3,64,61,059	4,33,84,636	3,63,31,845	4,33,84,636	4,31,43,928
- Percentage of shareholding	26.18%	26.25%	29.87%	26.18%	29.87%	29.71%
17. Promoters' and promoter group Shareholding						
a) Pledged/Encumbered						
- Number of shares	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total shareholding of promoters' and promoter	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL	NIL
b) Non-encumbered						
- Number of shares	10,24,30,692	10,24,30,692	10,18,51,140	10,24,30,692	10,18,51,140	10,20,91,848
- Percentage of shares (as a % of the total shareholding of promoters' and promoter	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	73.82%	73.75%	70.13%	73.82%	70.13%	70.29%
18. Investors' Complaints						
Pending at the beginning of the period	NIL	NIL	NIL	NIL	1	1
Received during the period	3	11	3	14	8	11
Disposed off during the period	3	11	3	14	9	12
Remaining unresolved at the end of the period	NIL	NIL	NIL	NIL	NIL	NIL

**Notes:-**

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 Tuesday, 21st January, 2014. The results for the quarter and Nine month ended 31st December, 2013 have been reviewed by the Statutory Auditors of the Company.

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 64,75,584 shares upto 31st December, 2013. The amount utilised for buyback is Rs. 5,109 Lacs. Out of the said equity shares bought back, 2,345 equity shares have been extinguished post 31st December 2013.

3)The Company has exposure to National Spot Exchange Limited (NSE) of Rs 131 Lacs with respect to the funded positions. NSE has not been able to adhere to its payment obligations over the past few months. The Company has perused legal action against NSE 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 provided for an amount of Rs 48 Lacs (Previous quarter 45 Lacs) in respect of its funded positions for the quarter ending 31st December 2013 which is disclosed under the head "Exceptional items".

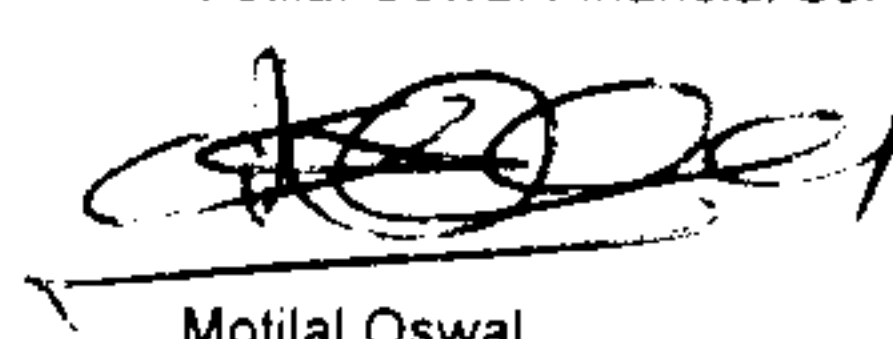
4) Effective this quarter ended December 2013, the Company has adopted principles of Accounting Standard -30 "Financial Instruments : Recognition and Measurement. Accordingly for this quarter, the company has designated its Stock-in-trade of Securities and Corresponding Derivatives positions at "fair value through Profit or loss" in order to ensure consistency in recognition and/or measurement of such financial instruments. These instruments are measured at fair value and changes therein are recognized in the profit or loss. All other outstanding derivative contracts in the nature of futures/options /embedded derivatives are measured at fair value. Pursuant to this change, profit after tax for the quarter & nine month ended 31st December 2013 has increased by Rs.18 lacs

5) The Company is engaged in single segment of financing and other activities as defined in AS-17, hence segment reporting is not applicable to the Company.

6) The previous financial quarter / period ended figures have been regrouped/rearranged wherever necessary to make them comparable.

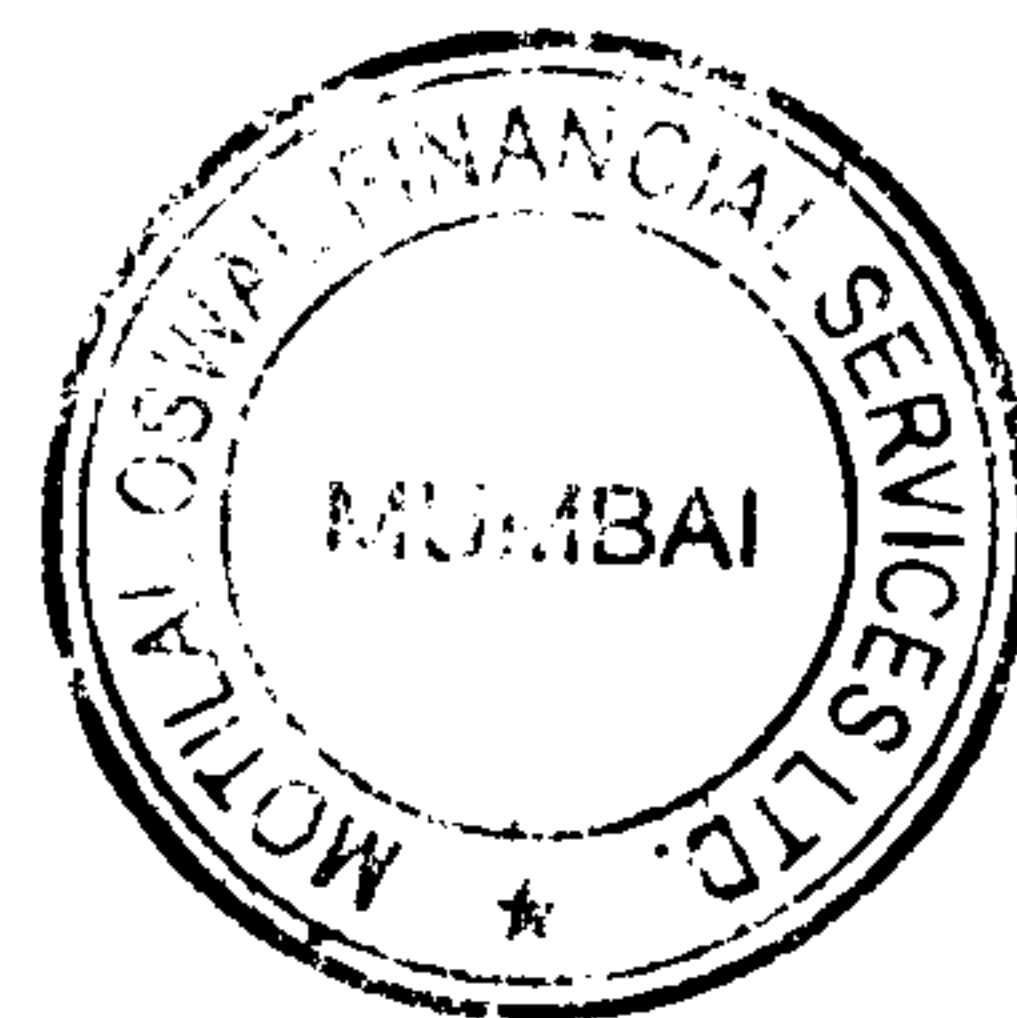
On behalf of the Board of Directors

Motilal Oswal Financial Services Limited



Motilal Oswal

Chairman & Managing Director



Mumbai, 21st January 2014

shareholders@motilaloswal.com



## INVESTOR UPDATE

### **Motilal Oswal Financial Services reports Q3 FY14 Consolidated Revenues of ₹1.2 billion; Adjusted PAT of ₹162 million**

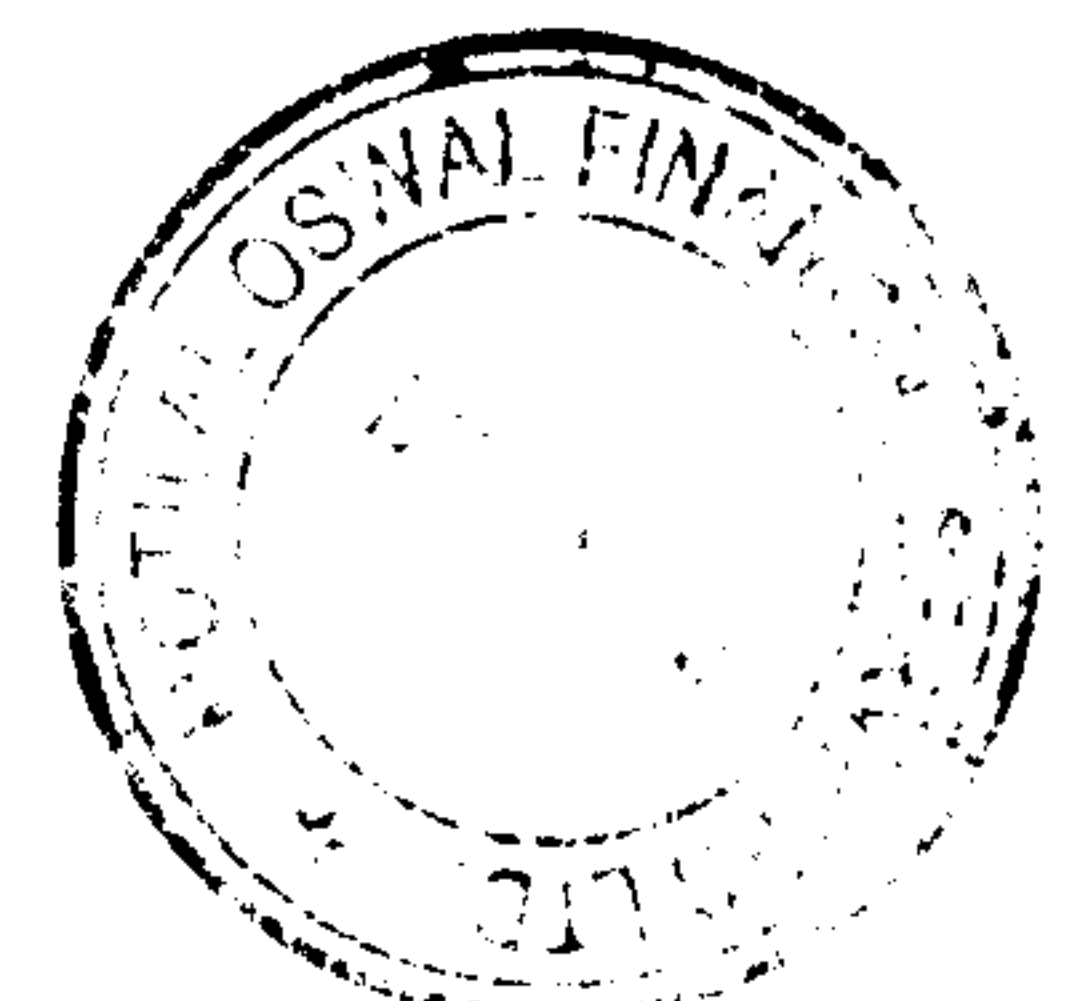
**Mumbai, Jan 21, 2014:** Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for the quarter ended Dec 31, 2013 post approval by the Board of Directors at a meeting held in Mumbai on Jan 21, 2014.

#### Performance Highlights

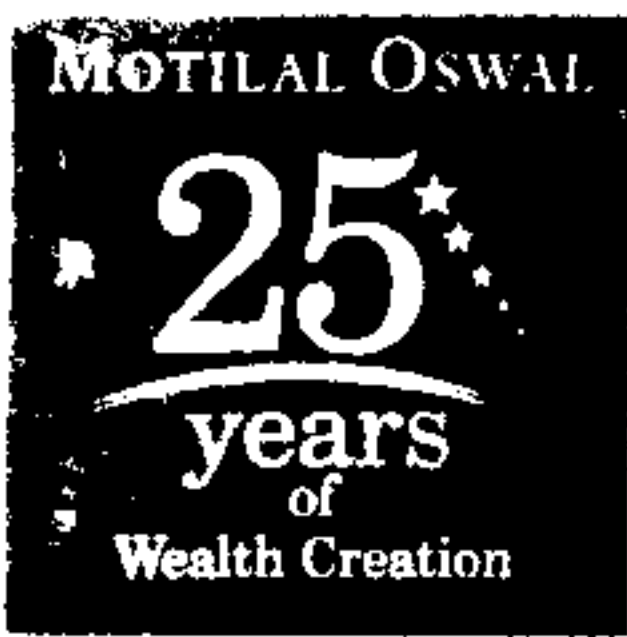
₹Million	Q3 FY14	Comparison (Q2 FY14)
Total Revenues	1,175	↑1%
EBIDTA	309	↓ 14%
Adjusted PAT	162	↓ 14%
Reported PAT	35	↓ 37%
EPS- ₹(FV of ₹1)	0.3	

#### **Performance for the Quarter ended Dec 31, 2013**

- Revenues in Q3 FY14 were ₹1.2 billion (up 1% QoQ and up 2% YoY)
- Adjusted PAT in Q3 FY14 was ₹162 million (down 14% QoQ and down 14% YoY)
- Reported PAT was ₹35 million (down 37% QoQ and down 88% YoY). Motilal Oswal Group has exposure to National Spot Exchange Limited (NSEL). However, NSEL has not been able to adhere to its payment obligations. The Group has perused legal action against NSEL. Pending final outcome which is uncertain, the company has provided for an amount of ₹126.8 million (post tax) in respect of these positions for the quarter ending Dec 2013 (cumulative ₹258.4 million post tax till date), which is disclosed under the head "Exceptional Items"
- EBITDA and Adjusted PAT margins for Q3 FY14 were 26% (31% in Q2 FY14) and 14% (16% in Q2 FY14) respectively
- The balance sheet had net worth of ₹11.8 billion and net cash of ₹1.5 billion, as of Dec 2013
- 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 6.5 million shares as of Dec 2013







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

*"After a good start in Oct, the benchmark Sensex remained largely range-bound during Nov and Dec with high volatility. FII's turned net buyers from Sep onwards, indicating a trend reversal from the previous quarter. However due to continued redemptions pressures from mutual funds, DIIs remained net sellers in the market. Retail participation within cash volumes showed a slight uptick, however one has to wait and watch to see whether this continues. Market volumes dipped this quarter largely led by a decline in options volumes marking a reversal in the robust growth demonstrated by options over the past years. Cash and futures volumes also showed moderate declines. Being a focused financial services player, despite market activity slowdown we have continued to invest in people, processes and technology to significantly strengthen our value offering in each of our businesses. We believe these investments will reap significant benefits as market activity within this sector picks up."*

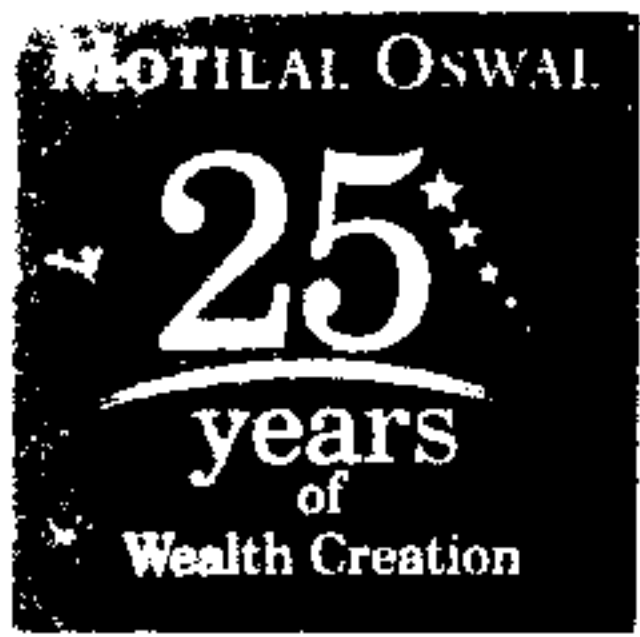
**Segment results for Q3 FY14:**

- **Broking and related revenues** were ₹738 million in Q3 FY14, marginally up by 1% on a QoQ basis and down 5% on a YoY basis. Daily volumes in the equity markets were ₹1.9 trillion in Q3 FY14, a 15% drop on a QoQ basis. This was largely led by an 18% QoQ drop in options specifically. Options now comprise 75% of market volumes, as compared to 78% in the previous quarter. Cash volumes were down by 4% QoQ to ₹130.9 billion, and its proportion within market volumes picked up from 6.2% to 7%. Our overall equity market share increased from 1.4% to 1.7% on a QoQ basis, led by gains in both the cash and F&O market shares. Our blended yield, at 3.7 bps, has held firm on a QoQ basis
- **Fund based income** was ₹199 million, up 11% from Q2 FY14 and marginally down by 1% from Q3 FY13. The loan book was ₹4.3 billion, as of Dec 2013
- **Asset Management fee** were ₹193 million for Q3 FY14, down 6% QoQ and up 39% YoY. This includes fees booked on final closing of the offshore leg of the new private equity fund, IBEF II
- **Investment banking fees** at ₹5 million was down 73% YoY. Transaction closures remain impacted as multiple macro concerns continue to affect the investment mood in the economy
- **Other income** was ₹40 million in Q3 FY14

**Business Highlights for Q3 FY14**

- Total client base increased to 792,858 which includes 695,663 retail broking and distribution clients
- Pan-India retail distribution reach stood at 1,546 business locations across 519 cities, as of Dec 2013
- Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹35.2 billion. Within this, our mutual funds AUM was ₹4.8 billion, PE AUA was ₹17.0 billion, while PMS AUM was ₹13.4 billion
- Private Wealth Management managed assets of ~₹23.2 billion, as of Dec 2013
- Depository assets were ₹129.0 billion, as of Dec 2013
- Motilal Oswal Investment Banking won 'M&A Boutique Firm of the Year' and 'Best Mid-Market Deal of the Year' awards at the M&A Atlas Awards in Mumbai





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Fax: +91 22 2844 9002

- Motilal Oswal Private Equity received final approval from SEBI for its 2nd real estate fund, India Real Estate Fund-II. It is currently in fund raising mode
- MOFSL conducted its 18th Annual Wealth Creation Study in Dec 2013

#### 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 1,546 business locations spread across 519 cities and the online channel to over 792,858 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 2013, for the 3<sup>rd</sup> 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

For further details contact:

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