



Motilal Oswal Financial Services

ConCall Summary & Earnings Release

Quarter ended December 2008

14 January 2009

Motilal Oswal Financial Services Limited (MOFSL) has posted 30% degrowth QoQ in revenues for the quarter ended December 2008 to Rs962 million. Net profit declined 25% QoQ to Rs204 million. Broking related revenues were down 28% at Rs694 million as compared to Rs959 million in the previous quarter. Investment banking advisory fees were down 94% QoQ to Rs10 million, fund-based income declined by 8% QoQ to Rs184 million and asset management fees were down 3% QoQ to Rs50 million.

For 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 December 2008. This presentation is available at www.motilaloswal.com.

Corporate Participants

Mr Motilal Oswal
Chairman & Managing Director

Mr Raamdeo Agrawal
Director and Co-founder

Mr Navin Agarwal
Director

Mr Sameer Kamath
Sr. VP & Head, Corporate Planning & Investor Relations

This document includes forward looking statements, including discussions about 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. I am Priyanka, the moderator for this conference. Welcome to the 3QFY09 earnings conference call for Motilal Oswal Financial Services Limited. We have with us Mr Motilal Oswal, Chairman and Managing Director; Mr Raamdeo Agrawal, Director and Co-founder; Mr Navin Agarwal, Director; Mr Sameer Kamath, Senior VP and Head, Corporate Planning and Investor Relations. I would like to hand over to Mr Navin Agarwal for opening remarks. Thank you and over to you sir.

Good morning, everybody. It is my pleasure to open the third quarter earnings conference call for Motilal Oswal Financial Services. The past few months have seen a roller coaster ride and presented a true test for the capital markets – indices tested new lows post a sharp correction in October. Let me start with a quick snapshot of the sector trends.

First, the average daily market volumes in 3QFY09 were Rs566 billion, down 44% as compared to the corresponding quarter of the previous year and down 18% as compared to the previous quarter. Importantly, there has been a shift in the composition of market volumes towards intra-day and derivatives-based trading. Also, the proportion of index options in derivatives volumes has increased from just about 10% in FY08 to 32% in the nine months ended December 2008, and was about 40% in 3QFY09. Index option is a lower yield product as compared to stock and index futures. Hence, a percentage increase in option volumes does not translate into an equivalent increase in commissions.

CONSOLIDATED FINANCIALS (RS M)

	3QFY09	2QFY09	CHG. QOQ %	3QFY09	3QFY08	CHG. YOY %	9MFY09	9MFY08	CHG. YOY %	FY08
Total Revenues	962	1,384	-30	962	2,359	-59	3,759	5,113	-26	7,009
EBITDA	367	549	-33	367	884	-59	1,438	1,905	-25	2,696
PBT (before E & EOI)	296	431	-31	296	808	-63	1,132	1,737	-35	2,398
PAT (before E & EOI)	204	271	-25	204	537	-62	738	1,119	-34	1,561
PAT (after E & EOI)	204	271	-25	204	537	-62	738	1,264	-42	1,706
EPS - Basic (before E & EOI)	1.44	1.91		1.44	3.78		5.19	8.38		11.51
EPS - Diluted (before E & EOI)	1.44	1.91		1.44	3.74		5.19	8.30		11.42
No.of Shares O/s (m)-FV Rs 1/share	142.02	142.02		142.02	142.02		142.02	142.02		142.02

E & EOI = Exceptional & extraordinary items

Source: MOFSL' s presentation on December 2008 earnings

REVENUE COMPOSITION (RS M)

	3QFY09	2QFY09	CHG. QOQ %	3QFY09	3QFY08	CHG. YOY %	9MFY09	9MFY08	CHG. YOY %	FY08
Brokerage & Operating Income	694	959	-28	694	1,956	-65	2,657	4,246	-37	5,621
Investment Banking Fees	10	165	-94	10	158	-94	358	420	-15	628
Fund Based Income	184	201	-8	184	161	15	515	269	91	365
Asset Management Fees	50	51	-3	50	75	-34	158	137	15	284
Other Income	24	8	214	24	10	152	70	41	70	111
Total Revenues	962	1,384	-30	962	2,359	-59	3,759	5,113	-26	7,009

E & EOI = Exceptional & extraordinary items

Source: MOFSL' s presentation on December 2008 earnings

The assets under management of mutual funds have fallen to Rs4.1 trillion as at the end of December 2008 (Rs1.2 trillion in equity & balanced funds) from Rs4.8 trillion as at the end of September 2008 (Rs1.6 trillion in equity & balanced funds).

There has also been a sharp decline in M&As during the calendar year 2008 owing to the global economic slowdown. Companies signed M&A deals worth just US\$52.6 billion during the year, down 23.8% as compared to 2007. In the fourth quarter of 2008, the value of M&As was US\$6.7 billion, the lowest quarterly value since the third quarter of 2005.

A similar trend was reflected in primary market collections. Indian companies raised Rs524 billion in the domestic stock markets in 2008 through IPOs, QIPs, additional offerings and rights issues, a decrease of 33% compared to 2007. About 73% of the funds raised in 2008 were mobilized in the March quarter. During the December quarter, Indian companies raised just Rs17 billion from 1 IPO, 1 QIP, and 5 rights issues.

There has been a sharp decline in private equity investments, as well. Private equity firms invested about US\$1.1 billion across 60 deals during the quarter ended December 2008, as against US\$4.6 billion across 139 deals during the corresponding quarter last year.

Coming specifically to our quarterly performance, our consolidated revenues were Rs962 million, down 30% as compared to the previous quarter and down 59% as compared to the corresponding quarter of the previous year. Profit after tax was Rs204 million, a drop of 25% as compared to the previous quarter.

Coming to our segment-wise performance:

- ✍ Broking related revenues were down 28% at Rs694 million as compared to Rs959 million in the previous quarter.
- ✍ Asset management fees (i.e. portfolio management and private equity business) were down 3% to Rs50 million as compared to Rs51 million in the previous quarter.
- ✍ Fund-based income (i.e. our margin funding and principal strategies business) declined by 8% to Rs184 million as compared to Rs201 million in the previous quarter.
- ✍ Investment banking advisory fees were down 94% to Rs10 million as compared to Rs165 million in the previous quarter. Our investment banking business registered lower revenues due to delay in closure of some mandated projects.

Our equity market share in 9MFY09 was 4.3%, which is marginally lower than 4.7% in FY08. As of December 2008, our customer base increased to 527,368 and our retail distribution network stands at 1,428 outlets across 512 cities. At the quarter end, cash and cash equivalents stood at Rs3,427 million (43% of total net worth of Rs7,921 million) as compared to Rs3,379 million in the previous quarter. Debt of Rs1,393 million as at September 2008 has been fully repaid. Effectively, the net cash on the balance sheet is Rs3,416 million as against Rs1,986 million in the previous quarter.

In our effort to build new business lines, we inducted several senior management members in our private equity and asset management business.

Motilal Oswal Securities Limited (MOSL) won the 2008 NASSCOM-CNBC IT User Award for the financial services category.

MOSL was also awarded ‘ The Best Franchise in Financial Services ’, the most coveted award in the retail and franchising industry by The Franchising World Magazine for the second year in succession.

MOSL conducted more than 100 investor seminars in the last six months, focusing on investor education and market outlook. These seminars are part of a series of investor camps being conducted across the country by MOSL.

We released our 13th Wealth Creation Study on the theme “Great, Good and Gruesome” companies.

To conclude, these are indeed challenging times and our focus has remained right where it belongs – to help our clients navigate through these challenging times. Our operating discipline, focus on optimizing resources and the contributions of our dedicated employees have helped us maintain that focus and deliver sound results in challenging times. Our continued success in building client relationships with increasingly diversified revenue streams and effective management of costs have been the strengths of our business model, which will help us emerge stronger. With these remarks, I would now like to open the floor for questions and answers. Thank you.

What are your cash & cash equivalents and net worth?

Rs3.4 billion and Rs7.9 billion, respectively.

Where is the Rs3.4 billion of cash & cash equivalents invested?

About Rs3 billion is in fixed deposits in various banks such as Standard Chartered, State Bank of India, HDFC Bank, Citibank, etc.

There is a lot of cash with you right now. How do you plan to deploy it in activities that generate RoE higher than your cost of capital?

Actually, a lot of the surplus cash is a consequence of the fall in the market. As market volumes are down, the working capital requirement of the business has shrunk quite a bit. We believe that as the economy grows over the next few years from a trillion dollar GDP to the next trillion dollar GDP, there will be immense opportunities to invest the cash that we hold today. We would like to preserve our capital for a combination of increased market volumes and new investment opportunities. We have already made some such investments in the last three years.

What is the amount of debt on the balance sheet as of 31 December 2008?

Debt would be about Rs11 million in December 2008 and it was about Rs1.4 billion in September 2008.

What is the debtors position as on December 2008?

The debtors position as of December 2008 is Rs2.41 billion and it was Rs2.7 billion in September 2008.

What is the size of your advances book? What is the activity and trend on that front now? Has it reduced over the past few quarters?

The total loan book as of December 2008 was close to Rs2.04 billion. Yes, it has declined as compared to the previous quarter, when it was about Rs3.37 billion.

What is the average arbitrage book size at the end of the quarter?

Our cash & cash equivalents have gone up. Our cash balances have increased and given the reduction in the advances book, there has been some incremental deployment in arbitrage. The arbitrage book size is, however, a dynamic number.

Is it fair to say that cash & cash equivalents taken together is equivalent to the arbitrage and margin funding book?

Margin funding and the arbitrage book are shown separately, as a part of our loans & advances and stock in trade. These are not part of the cash & cash equivalents.

What is the number of employees as at the quarter end?

Number of employees is about 1,400.

Any indication on the number of employees added or reduced in the quarter?

Employee headcount is down by about 300 persons during the quarter.

In the second quarter also you had mentioned that about 300 employees were reduced. So, is it fair to say that in the nine months ended December 2008, 600 employees have been reduced?

It would be slightly more than that.

What kind of flexibility do you have in costs? While you have already cut costs in the last few quarters, will you have further cost flexibility in case volumes or revenues continue to be under stress for another few quarters?

As we have explained in some of our earlier conference calls, a large part of our costs is variable –franchisee sharing, variable personnel cost, and so on. These vary with the changes in the topline. Besides, we have taken initiatives like optimizing the number of outlets, rationalizing the number of people, etc. The benefits of some of these measures do not necessarily show in a quarter. So, you will see some of these benefits continuing into the next quarter, as well.

Is there any bonus component in the staff cost that you have reported for the quarter? Are there any bonus provisions which have been written back?

The personnel cost obviously includes the variable incentive, which is provided every quarter based on the revenues for that quarter. However, there are no reversals of any provisions of incentives made in the first half, in the current quarter.

Can you share how the fixed and variable components in the employee cost panning out?

We don't share those details separately. In any case, these are extremely dynamic and linked to the overall topline numbers. As the revenue buoyancy increases, the share of the variable component in the overall employee cost keeps going up.

While I understand that revenues are a function of market volumes, you have managed to maintain your operating margins by reducing your employee cost and other costs. How do you manage to do that? If, the current market trend continues, where do you see your margins, given that you have already laid-off 600 people?

We have not had lay-offs. Often, we hire temporary staff to manage our growth and when growth slows down, the services of the temporary staff are discontinued. The temporary workers include those we hire for various back office and support functions. Secondly, there are new employees hired on six months probation; their services are not confirmed if market conditions are not conducive. Thirdly, there is natural attrition, also.

The reduction of headcount that we are referring to is a result of all these factors. We do not foresee any large-scale lay-offs unless there is serious volume contraction in the market.

So, you would be maintaining your margins?

We are putting in our best efforts to ensure that our margins are maintained.

Your EBITDA margins have been very stable throughout the nine months. Will that continue?

As of now, we would like to believe that this trend can be extrapolated.

In which segment have you taken the biggest hit in terms of percentage decline in revenues?

In the investment banking business, where our revenues are down 94%.

What is your view on consolidation in the brokerage sector and would you be looking to acquire assets as they are available at reasonable valuations?

Most of the consolidation in our business happens when the chips are down. You might remember that in 2002-2003, we had acquired few small firms with regional focus. These acquisitions have yielded good results for us. We are willing to examine strategic acquisitions once again.

Does that mean that you will not be looking to acquire larger firms?

We don't have an answer to this question. While we are open to opportunities that may present themselves, unless there is something concrete before us, we cannot say whether or not we would be interested in acquiring a firm of a particular size.

Would your acquisitions be related to retail broking or would there be any other segment that you would be looking at?

We are open to evaluating such opportunities in all the core businesses that we operate in. We would look at each opportunity on a case to case basis.

Broking & distribution, wealth management and institutional broking

KEY FINANCIALS: BROKING & DISTRIBUTION, WEALTH MANAGEMENT & INSTITUTIONAL BROKING (RS M)

	3QFY09	2QFY09	CHG.	3QFY09	3QFY08	CHG.	9MFY09	9MFY08	CHG.	FY08
			QOQ %			YOY %			YOY %	
Total Revenues	778	1,019	-24	778	2,091	-63	2,880	4,456	-35	6,006
EBITDA	231	269	-14	231	732	-68	799	1,521	-47	2,108
PBT (before E & EOI)	172	190	-9	172	670	-74	570	1,376	-59	1,849
PAT (before E & EOI)	120	123	-3	120	453	-74	385	909	-58	1,236
PAT (after E & EOI)	120	123	-3	120	453	-74	385	1,054	-63	1,382

E & EOI = Exceptional & extraordinary items

Source: MOFSL's presentation on December 2008 earnings

What is your average daily volume in the equity business?

It is Rs22.1 billion this quarter.

At the end of last quarter you had 1,533 outlets. Currently you have 1,428 outlets. Has the closure of outlets impacted your volumes significantly?

No, the reduction in the number of outlets is due to consolidation within the cities that we operate in. For example, in Bangalore, we had four branches. These have now been consolidated into two branches. In other cities too, we have seen consolidation of both franchisee outlets and company-operated branches. Such consolidation helps to optimize cost and enhance overall efficiency. While the number of outlets has declined, we now have a presence in more cities than last quarter.

So, you are consolidating your outlets, currently. What would be your strategy, going forward?

Going forward, we would like to achieve both presence in more cities and larger number of outlets within the cities we operate in. However, given the current market conditions, we are focusing more on becoming efficient than on becoming bigger.

Has there been any significant change in the revenue mix between branches and franchisee outlets?

No, there is no significant change in that mix.

Have you closed down any of your branches? How many branches do you have now?

We have closed six branches, but that is basically the result of merging few branches. The total number of branches as at December 2008 was 45.

What has been the average broking yield for this quarter?

That is about 5.3 basis points.

Do you include some portion of the fund-based income in calculating the broking yield?
No, we only include income from broking-related activities for calculating broking yield.

Challenging market conditions usually present an opportunity for companies that are well-run and have strong brands to gain market share. Is this happening in your case?

A significant proportion of market volumes have either moved in favor of proprietary trading or F&O volumes. So, the headline market share numbers in a contracted market volume scenario do not reflect what the underlying true market shares are. Our view is that those brokerages that emerge stronger post this downturn would be left with a higher market share during the next upturn. That has clearly been our experience in the last two downturns and the following upturns.

Also, when the markets are volatile and unpredictable, we are extremely cautious in our recommendations to retail clients. We look at the customer's interest, rather than on market share gains in this kind of a market, impacting market share in the short term.

What about the market share trend in the institutional segment?

Our market share in the institutional segment has been impacted because of the hedge fund business as a proportion of the total business coming down and also because of the impact that the recent market conditions have had on the proprietary books. However, our market share in the long-only segment has consistently been improving.

The decline in the proportion of hedge fund business would have impacted all brokers. Did you have a disproportionate dependence on hedge fund clients previously?

Actually, the hedge fund business is distributed less democratically than the long-only fund business. So, obviously, impact of a few clients – a dozen clients or two dozen clients – is more directly felt. These are, however, intuitive comments because there is no separate breakdown of hedge fund and non-hedge fund volumes available. These are just based on the analysis of our own client commissions that we have earned.

What is the relation between your receivables of Rs2.4 billion and your average daily volume of Rs22.1 billion? Would it be fair to assume that you have 10 days of receivables?
No, Rs22.1 billion is the turnover. It does not mean that we make pay-in or pay-out of that amount. Net pay-in and pay-out will be absolutely different.

It usually takes 1-2 days for payments on delivery-based transactions to come. In the retail segment, we have a mass network across 512 cities, and it takes time for us to collect the money on pay-in day, so there might be further 1-2 days lag in collection of money. This is what reflects in our books as receivables.

Has there been any incidence in this quarter where pledged shares have been sold by you?

Sale of pledged shares is an ongoing process. As and when margins fall below 18-20%, we start triggering sales. This is part of our ongoing risk management process.

What is the customer addition on a month-on-month basis?

We have added 17,000-18,000 customers this quarter.

On an average monthly basis, has the pace slowed down as compared to the previous quarters? Does your overall customer base of 527,368 include demat account holders with your company?

There could be a marginal slowdown as compared to the previous quarters. The customer base of 527,368 refers to the group's total customers.

What is the number of equity broking customers?

We have 457,667 equity broking customers.

Of your total volumes, what is the share of online trades?

The online volume as part of our total retail volume is about 15%.

Could you share some details about your wealth management business?

In wealth management business, there are two in-house asset products, i.e. private equity and portfolio management services. Also, there are other third-party asset products like mutual fund and insurance. In the last two years that we have been doing this business, there have been a lot of learnings. We would like to grow the business based on these learnings.

How is your insurance distribution business panning out?

This year, we started distributing insurance products through our wealth management business, which has 45-50 relationship managers. In the last quarter, we collected premiums of Rs8 million but most of the insurance selling happens in the March quarter.

Investment banking

KEY FINANCIALS: INVESTMENT BANKING (RS M)

	3QFY09	2QFY09	CHG. QOQ %	3QFY09	3QFY08	CHG. YOY %	9MFY09	9MFY08	CHG. YOY %	FY08
Total Revenues	14	169	-92	14	164	-92	372	429	-13	637
EBITDA	-8	90	-109	-8	60	-113	177	208	-15	274
PBT (before E & EOI)	-8	89	-109	-8	60	-113	176	207	-15	273
PAT (before E & EOI)	-5	60	-108	-5	41	-111	120	138	-13	182
PAT (after E & EOI)	-5	60	-108	-5	41	-111	120	138	-13	182

E & EOI = Exceptional & extraordinary items

Source: MOFSL' s presentation on December 2008 earnings

Based on the first quarter earnings conference call, we were expecting 30% growth in the investment banking vertical. Considering your third quarter performance, do you still maintain your earlier growth guidance?

Two things have happened in the investment banking business. First, there have been significant delays in the closure of deals, which are at a very advanced stage. Part of the revenues that we had expected to book in the third quarter has got postponed to the fourth quarter. Also, because of the market conditions, some advanced stage deals are now unlikely to materialize at all. So, while we had earlier expected a growth of 30% in our investment banking revenues for FY09, we would now be happy with flat growth.

How many deals, both ECM and non-ECM, are in the pipeline?

Currently, we are working on 12 mandates, which are largely non-ECM related.

Private equity

KEY FINANCIALS: PRIVATE EQUITY (RS M)

	3QFY09	2QFY09	CHG. QOQ %	3QFY09	3QFY08	CHG. YOY %	9MFY09	9MFY08	CHG. YOY %	FY08
Total Revenues	24	22	8	24	25	-3	68	39	75	86
EBITDA	-1	6	-120	-1	11	-111	11	16	-33	36
PBT (before E & EOI)	-1	6	-125	-1	11	-114	10	15	-33	35
PAT (before E & EOI)	-1	4	-131	-1	7	-117	6	10	-38	23
PAT (after E & EOI)	-1	4	-131	-1	7	-117	6	10	-38	23

E & EOI = Exceptional & extraordinary items

Source: MOFSL' s presentation on December 2008 earnings

What percentage of your asset management business is your private equity business?

What is your outlook on the business?

The private equity business is an independent entity and has US\$125 million assets under management. The business is at a nascent stage right now. Unlike in the US, where private equity is more about buyouts, in India, the focus is on making growth capital available to businesses. Though the deal flow in the last two-three months has kind of dried up, but in the longer term, we see bright prospects.

Asset Management

Could you quantify the assets under management of your portfolio management business?

We manage about Rs5 billion under our various PMS schemes.

Could you share details about your mutual fund initiative?

Right now, our AMC business is in the formative stage. We have obtained an interim license and have put in place the bare infrastructure needed to get things going. We have appointed Mr Nitin Rakesh as the head of this unit and are strategizing on the kind of business we want to build.

We understand that it is a challenging business, especially given the competition we are up against. There are a lot of fixed costs. There is constant pressure to outperform the broader market indices and peers. Distribution too poses a challenge. However, we see a sizable opportunity in this business – against a trillion dollar GDP, Indian AMCs together have AUM of just US\$100 billion.

We hope to replicate what we have achieved in the stock broking business in the mutual funds space. We are confident that we can do a reasonably good job of investment management. We have gained valuable lessons in our last five years of managing PMS schemes, which we wish to apply to managing mutual fund schemes. We bring experience of over 20 years in the stocks markets, our equity research capabilities and our understanding of investor expectations.

When will you launch your first mutual fund scheme?

It could be 2-3 quarters before we launch our first mutual fund scheme.

Ladies and gentlemen, that concludes this conference call. Thank you for your participation. You may disconnect your lines now. Have a nice day.



INVESTOR UPDATE

Motilal Oswal Financial Services reports net profits at Rs204 million

Mumbai, January, 2009: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its quarterly results for Q3 FY 2009 post approval by the Board of Directors at a meeting held in Mumbai on January 13, 2009.

MOFSL got listed on Indian stock exchanges following its IPO in August 2007.

Performance Highlights

Rs. Million	Q3 FY 2009	Growth (Q2 FY2009)	Growth (Q3 FY2008)	9MFY 2009	Growth (9MFY2008)
Total Revenues	962	↓ 30%	↓ 59%	3,759	↓ 26%
EBIDTA	367	↓ 33%	↓ 59%	1,438	↓ 25%
PAT	204	↓ 25%	↓ 62%	738	↓ 34%
EPS- Rs (FV Re 1)	1.44			5.19	

Results for the Q3 FY 2009

For Q3 ended December 2008, the company achieved an income of Rs 962 million, a decline of 30% over the previous quarter and a decline of 59% over the corresponding period of the previous year. Profit after tax was Rs 204 million, a drop of 25% as compared to previous quarter and a decline of 62% as compared to the corresponding period of the previous year.

Speaking on the performance of the company, Mr. Motilal Oswal, CMD said. “The past few months have been a roller coaster ride and presented a true test for the capital markets – indices tested new lows post a sharp correction in October and began to gradually gain strength towards the end of the quarter. Investors are experiencing market conditions that are as difficult as I have seen in a very long time and that test anyone’s resolve and confidence.

These are indeed challenging times and a true test for the strength of businesses as well. Our focus has remained right where it belongs – helping our clients navigate through this

storm. Our operating discipline, focus on optimizing resources and the contributions of our dedicated employees have helped us maintain that focus and deliver sound results in challenging times.

We have also used this opportunity for building the newer businesses like asset management and private equity. Investment banking business registered lower revenues due to delay in closure of some mandated projects.”

Business highlights for Q3 FY 2009

- For the period ended Dec 2008, the customer base increased to 527,368.
- Retail distribution has its reach through 1,428 outlets across 512 cities.
- Motilal Oswal Securities Limited (MOSL) won the 2008 NASSCOM-CNBC IT User Award for the financial services category.
- MOSL was also awarded ‘The Best Franchise in Financial Services’, the most coveted award in the retail and franchising industry by The Franchising World Magazine for the second year in succession

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 1,428 business locations spread across 512 cities and the online channel to over 527,368 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 the Best Local Brokerage 2005, Most Independent Research - Local Brokerage 2006 and Best Overall Country Research - Local Brokerage 2007 in the Asia Money Brokerage Polls for India.

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CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2008

(Rs. In Lacs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	31.12.2008	31.12.2007	30.09.2008	31.12.2008	31.12.2007	31.03.2008
1. (a) Income from Operations	8,757	22,864	13,242	35,068	49,404	66,967
(b) Other Operating Income	679	634	602	2,001	1,318	2,018
2. Expenditure						
a. Operating Cost	1,960	6,781	2,822	7,795	13,047	17,691
b. Employees cost	2,457	5,688	3,632	10,233	13,867	17,640
c. Depreciation	474	378	446	1,406	972	1,485
d. Other expenditure	1,537	2,278	1,898	5,181	5,166	7,801
e. Total	6,428	15,125	8,798	24,615	33,052	44,617
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	3,008	8,373	5,046	12,454	17,670	24,368
4. Other Income	184	95	(6)	516	412	1,105
5. Profit before Interest & Exceptional Items (3+4)	3,192	8,468	5,040	12,970	18,082	25,473
6. Interest	232	390	727	1,651	712	1,490
7. Profit after Interest but before Exceptional Items (5-6)	2,960	8,078	4,313	11,319	17,370	23,983
8. Exceptional Items	-	-	-	-	-	-
9. Profit / (Loss) from Ordinary Activities before tax (7+8)	2,960	8,078	4,313	11,319	17,370	23,983
10. Tax expense	931	2,603	1,445	3,629	5,836	7,880
11. Net Profit / (Loss) from Ordinary Activities after tax but before minority interests (9-10)	2,029	5,475	2,868	7,690	11,534	16,103
12. Share of minority interests in profits	13	(103)	(157)	(313)	(348)	(495)
13. Net Profit from Ordinary Activities after tax and Minority Interests (11-12)	2,042	5,372	2,711	7,377	11,186	15,608
14. Extraordinary Items - Income/(Expenditure) (net of tax expense)	-	-	-	-	1,454	1,454
15. Net Profit After Extraordinary items & Tax (PAT) (13-14)	2,042	5,372	2,711	7,377	12,640	17,062
16. Paid-up equity share capital (Face Value of Re. 1/- Per Share)	1,420	1,420	1,420	1,420	1,420	1,420
17. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						69,482
18. Earnings Per Share (EPS)						
a) Basic EPS before Extraordinary items	1.44	3.78	1.91	5.19	8.38	11.51
b) Diluted EPS before Extraordinary items	1.44	3.74	1.91	5.19	8.30	11.42
c) Basic EPS after Extraordinary items	1.44	3.78	1.91	5.19	9.47	12.58
d) Diluted EPS after Extraordinary items	1.44	3.74	1.91	5.19	9.37	12.48
19. Dividend Per Share (Face Value Rs. 5 each)	-	-	-	-	-	4.00
20. Public shareholding						
- Number of shares	42,081,477	42,080,500	42,080,500	42,081,477	42,080,500	42,080,500
- Percentage of shareholding	29.63%	29.63%	29.63%	29.63%	29.63%	29.63%

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, 13th January, 2009. The results for the quarter and nine months ended 31st December, 2008 have been reviewed by the Statutory Auditors of the Company in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India.
- 2) Out of the issue proceeds of Rs. 24,607 lacs, the Company has utilized an amount of Rs. 22,844 lacs as per the Objects of the Issue and the unutilised amount is invested in Mutual Funds.
- 3) The consolidated results of the Company include the results of the subsidiaries – Motilal Oswal Securities Limited (99.95%), Motilal Oswal Investment Advisors Private Limited (75%), Motilal Oswal Private Equity Advisors Private Limited (85%), Motilal Oswal Commodities Broker Private Limited (97.55%), Motilal Oswal Capital Markets Private Limited (100%) and Antop Traders Private Limited (100%)
- 4) Net Profit After extraordinary items & Tax (PAT) of the corresponding previous nine-months period is not comparable with the current nine-months period to the extent of extraordinary gains of Rs. 1467 lacs (net of tax) on sale of shares of Bombay Stock Exchange Ltd & non-compete fees paid of Rs. 13 lacs (net of tax).
- 5) The previous financial quarter /nine-months/year figures have been regrouped/rearranged wherever necessary to make them comparable.
- 6) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31st December, 2008.

	Opening balance	Additions	Disposal	Closing balance
Number of complaints	NIL	8	8	NIL

- 7) As per Clause 41 of the Listing Agreement, the standalone results will be available on the Company's website www.motilaloswal.com.

CONSOLIDATED UNAUDITED SEGMENT REPORTING FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2008

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	31.12.2008	31.12.2007	30.09.2008	31.12.2008	31.12.2007	31.03.2008
1. Segment Revenue						
(a) Equity Broking & Other related activities	7,631	20,951	10,251	28,543	44,399	59,368
(b) Financing & Other activities	1,449	1,167	1,918	4,725	2,203	3,558
(c) Investment Banking	100	1,617	1,653	3,578	4,237	6,282
(d) Unallocated	557	335	361	1,493	976	2,159
Total	9,737	24,070	14,183	38,339	51,815	71,367
Less: Inter Segment Revenue	117	477	345	754	681	1,277
Income From Operations, Other Operating income & Other Income	9,620	23,593	13,838	37,585	51,134	70,090
2. Segment Results Profit / (Loss) before tax and interest from Each segment)						
(a) Equity Broking & Other related activities	1,705	6,995	2,314	6,358	14,092	17,786
(b) Financing & Other activities	1,303	678	1,416	3,675	1,452	2,335
(c) Investment Banking	(117)	581	861	1,627	2,019	3,592
(d) Unallocated	210	84	88	617	339	1,314
Total	3,101	8,338	4,679	12,277	17,902	25,027
Less: (i) Interest	141	260	366	958	532	1,044
(ii) Other Un-allocable Expenditure net off						
(iii) Un-allocable income						
Profit/(Loss) from Ordinary Activities before Tax	2,960	8,078	4,313	11,319	17,370	23,983
3. Capital Employed						
(Segment assets – Segment Liabilities)						
(a) Equity Broking & Other related activities	28,028	36,010	29,756	28,028	36,010	25,893
(b) Financing & Other activities	43,750	40,334	43,103	43,750	40,334	39,854
(c) Investment Banking	748	(14)	2,076	748	(14)	(1,348)
(d) Unallocated	7,267	(6,253)	2,828	7,267	(6,253)	7,303
Total	79,793	70,077	77,763	79,793	70,077	71,702

Note on Segment Information

The above Segment information is presented on the basis of the unaudited consolidated financial statements. The company's operations predominantly relate to equity broking and related activities, financing and other activities, investment banking, commodities broking & venture capital advisory. In accordance with Accounting Standard -17 / Company (Accounting Standards) Rules, 2006 on segment reporting, the Company has equity broking and related activities, financing and other activities & investment banking as reportable segments. The balance is shown as unallocated Items.

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

Mumbai, 13th January, 2009
investors@motiloswal.com

Motilal Oswal
Chairman & Managing Director

N O T E S

