



MOTILAL OSWAL

Financial Services

**Solid** *research.* **Solid** *advice.*

# Motilal Oswal Financial Services Ltd

**Earnings Update – Q1 FY09**  
**Unaudited Results**

- **Q1 FY09 Performance highlights**
- **MOFSL Financials (Consolidated)**
- **Business snapshots**
- **About us**



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## Q1 FY09 Performance highlights

# Performance Highlights – Q1 FY09



- Consolidated Revenue up 15% to Rs 1,413 million in Q1 FY09 from Rs 1,225 million in Q1 FY08
- Consolidated PAT up 3% to Rs 262 million in Q1 FY09 from Rs 255 million in Q1 FY08
- Average daily turnover was ~Rs 29 billion in Q1 FY09 against ~Rs 25 billion in Q1 FY08
- Motilal Oswal Securities Ltd (MOSL) increases total client base to 486,648 in June 08 from 461,699 in March 08
- Total number of outlets increased to 1,496 across 452 cities
- Motilal Oswal Venture Capital Advisors Private Limited (MOVC) launched a domestic Real Estate Fund “India Realty Excellence Fund”



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# Consolidated Financials

# Consolidated Financials

Particulars	Q1 FY09	Q1 FY08	Change (%) Y-o-Y	FY08
<i>Rs million</i>	As on Jun 30,2008	As on Jun 30,2007		As on Mar 31,2008
Total Revenues	1,413	1,225	15%	7,009
EBIDTA	521	465	12%	2,696
PBT (before E & EOI)	404	425	-5%	2,398
PAT (before E & EOI)	262	255	3%	1,561
EPS - Basic (Before extra-ordinary items)	9.23	10.02		57.54
EPS - Diluted (Before extra-ordinary items)	9.19	10.02		57.09
No.of shares outstanding (million)-FV Rs 5/share	28.40	25.44		28.40

E & EOI = Exceptional items & Extraordinary items

# Revenue composition

Particulars	Q1 FY09	Q1 FY08	Change (%) Y-o-Y	FY08
<i>Rs million</i>	As on Jun 30,2008	As on Jun 30,2007		As on Mar 31,2008
Brokerage & operating income	1,004	971	3%	5,621
Investment banking fees	182	162	12%	628
Fund based income	130	43	199%	365
Asset Management Fees	57	28	102%	284
Other income	39	20	96%	111
<b>Total Revenues</b>	<b>1,413</b>	<b>1,225</b>	<b>15%</b>	<b>7,009</b>

- Higher contribution from new business lines has helped in revenue diversification. Broking revenues contributed 71% of total revenues for Q1 FY09 as against 80% in FY08.
- Fund based businesses contributed 9% of total revenues for Q1 FY09 as against 4% for Q1 FY08.
- Loan book as of 30 June 2008 was Rs 3.41 billion as against Rs 2.73 billion in March 2008

# Business Snapshot



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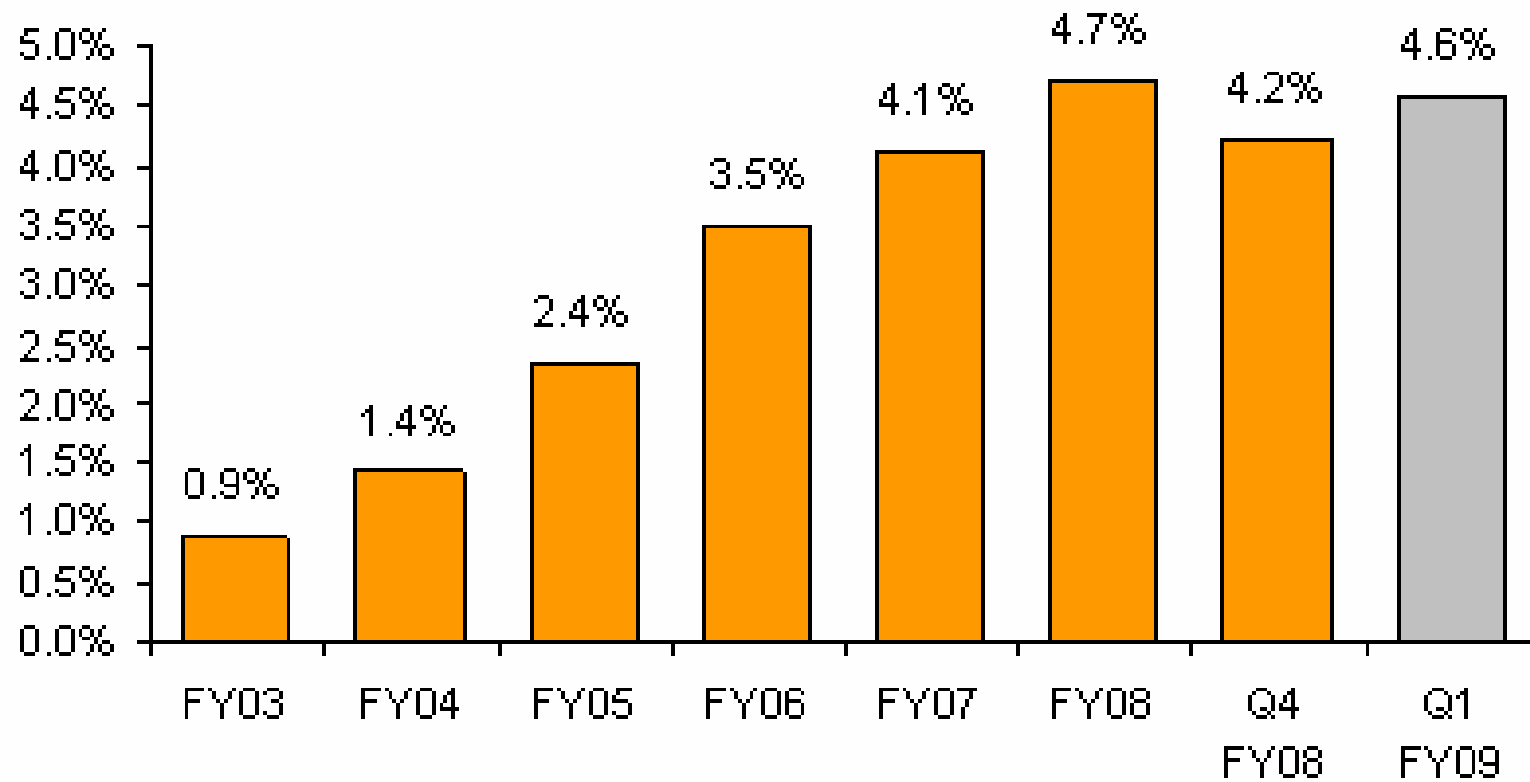
## Retail & Distribution, Wealth Management & Institutional Broking

Particulars	Q1 FY09	Q1 FY08	Change (%) Y-o-Y	FY08
<i>Rs million</i>	As on Jun 30,2008	As on Jun 30,2007		As on Mar 31,2008
<b>Total Revenues</b>	<b>1,083</b>	<b>1,006</b>	<b>8%</b>	<b>6,006</b>
EBIDTA	298	327	-9%	2,108
PBT (before E & EOI)	208	288	-28%	1,849
PAT (before E & EOI)	142	179	-21%	1,236

E & EOI = Exceptional items & Extraordinary items

- Revenue up 8% to Rs 1,083 million in Q1 FY09 from Rs 1,006 million in Q1 FY08
- PAT down 21% to Rs 142 million in Q1 FY09 from Rs 179 million in Q1 FY08
- Market Share during the Q1FY09 was 4.58%
- Total client base increased to 486,648 in Q1 FY09 from 461,699 in March 2008
- Total number of outlets increased to 1,496 across 452 cities
- PMS AUM was Rs 6.92 billion as on June 2008 as against Rs 7.98 billion in March 2008

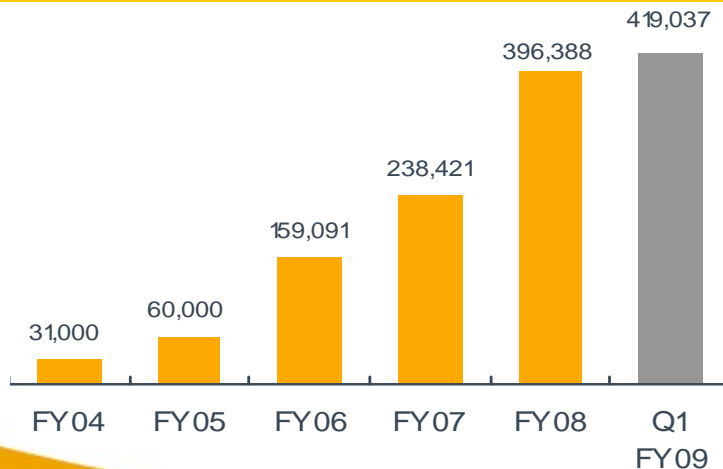
# Market Share



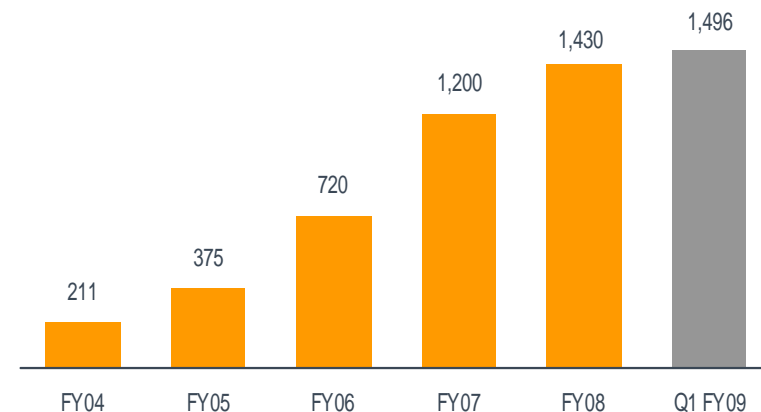
# Retail & Distribution and Wealth Management

- MOFSL offers customized investment management services to its retail customers
  - Includes planning, advisory, execution and monitoring of a range of investment products
- The wealth management philosophy is executed through strategic focus on:
  - Increasing distribution reach in terms of number of outlets and number of customers
  - Customer segmentation
  - Wide bouquet of product offering (Direct equity, PMS, Mutual funds, Private equity, Commodities)
  - Representative office in Dubai to tap offshore business
- Products & services offered through physical as well online channels
- Empowered, robust franchisee model

### Retail Equity Broking Clients

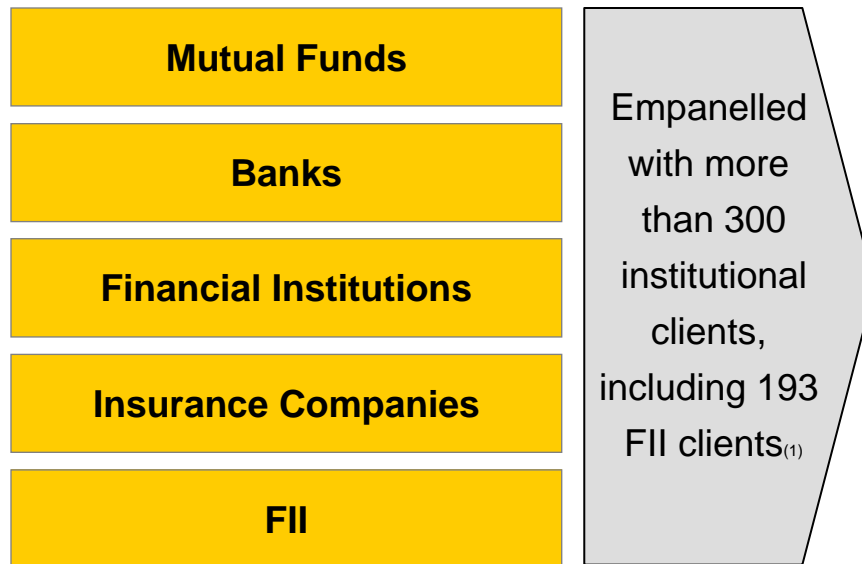


### No. of Outlets



# Institutional Broking

- Offers cash and derivatives broking services through MOSL to a large number of institutional clients
- Ban on P-Notes business opens up new opportunities
- Strong Corporate Access group



- Research teams are focused on cash equities, equity derivatives and commodities
- 28 equity research analysts covering over 200 companies in 27 sectors and 4 analysts covering 26 commodities <sup>(1)</sup>
- The Asiamoney brokers poll has consistently recognized and rewarded the research team in various categories
- Our institutional sales team has significant research experience

**ASIAMONEY**

**2006 & 2007**

Best Sales Person  
for Indian Equities

Note:  
(1) As of June 2008.

# Private Equity

Particulars	Q1 FY09	Q1 FY08	Change (%) Y-o-Y	FY08
<i>Rs million</i>	As on Jun 30,2008	As on Jun 30,2007		As on Mar 31,2008
<b>Total Revenues</b>	<b>22</b>	<b>8</b>	<b>173%</b>	<b>86</b>
EBIDTA	6	4	48%	36
PBT (before E & EOI)	5	4	43%	35
PAT (before E & EOI)	3	2	30%	23

E & EOI = Exceptional items & Extraordinary items

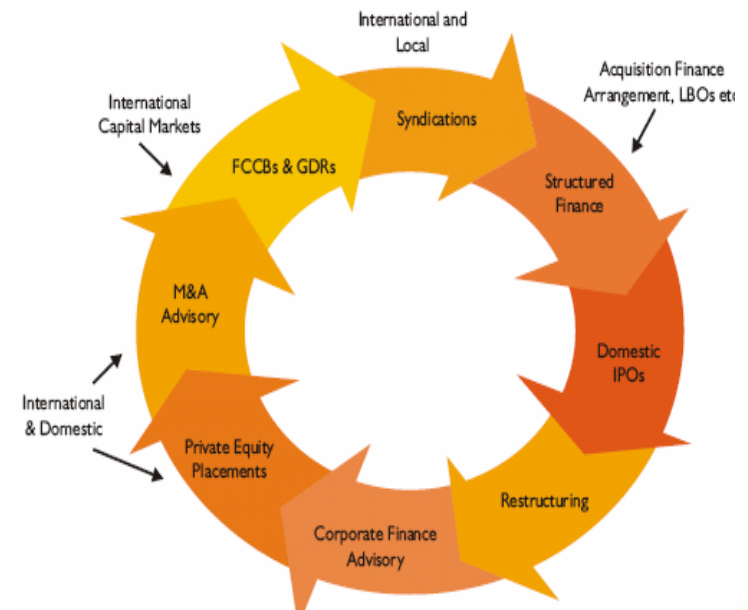
- MOVC has a unique positioning in every aspect of the private equity process, drawing upon the strengths of the group in both research and its pan-India network. MOVC also acts as an advisor and mentor to investee companies and leverages the relationships of the Motilal Oswal group for the benefit of these companies.
- A domestic real estate fund - “India Realty Excellence Fund” was launched during Q1 FY09.
- “India Business Excellence Fund” has deployed / committed \$ 58 million across 8 deals as on June 2008.

# Investment Banking

Particulars	Q1 FY09	Q1 FY08	Change (%) Y-o-Y	FY08
<i>Rs million</i>	As on Jun 30,2008	As on Jun 30,2007		As on Mar 31,2008
<b>Total Revenues</b>	<b>189</b>	<b>166</b>	<b>14%</b>	<b>637</b>
EBIDTA	95	92	3%	274
PBT (before E & EOI)	95	92	3%	273
PAT (before E & EOI)	65	62	5%	182

E & EOI = Exceptional items & Extraordinary items

- Management team comprising 27 professionals having substantial experience in investment banking, corporate banking and advisory work.



# About us



**MOTILAL OSWAL**

Financial Services

**Solid** *research.* **Solid** *advice.*

# Our Driving Force

## Our Core Purpose

To be a well respected and preferred global financial services organization enabling wealth creation for all our customers.

## Our Values

Integrity	A company honoring commitment with highest ethical and business practices.
Teamwork	Attaining goals collectively and collaboratively.
Meritocracy	Performance gets differentiated, recognized and rewarded in an apolitical environment.
Passion & Attitude	High energy and self motivated with a “Do It” attitude and entrepreneurial spirit.
Excellence in Execution	Time bound results within the framework of the company’s value system.

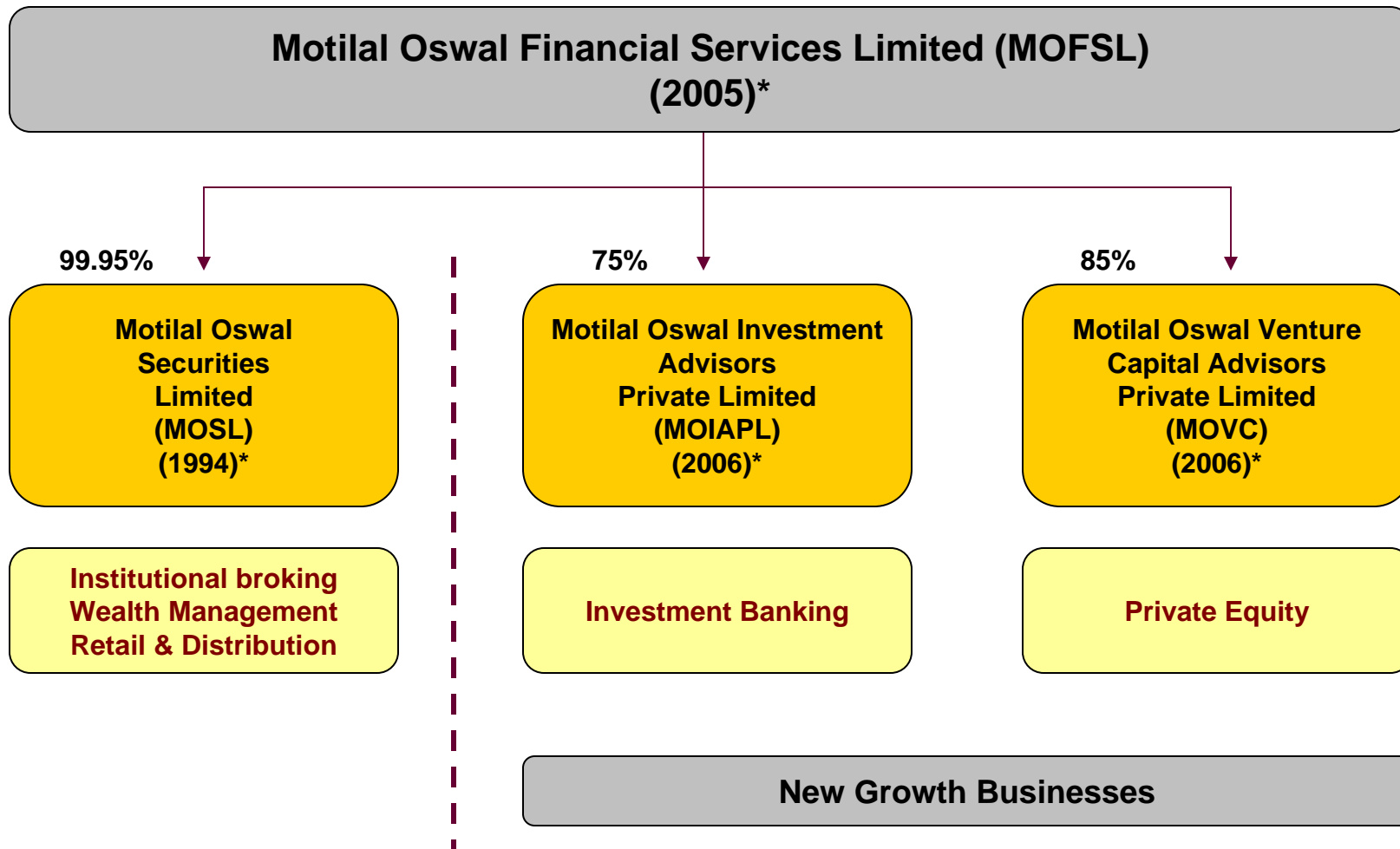
# Our Businesses



## Wealth Management and Retail & Distribution

- Equities
- Derivatives
- MyBroker (E-Broking)
- IPO
- Portfolio Management Services
- Mutual Funds
- Commodities
- Depository Services

# Business Structure



\* Year of incorporation

# Our Business Strategy for Growth

## Grow Fee-Based Revenues

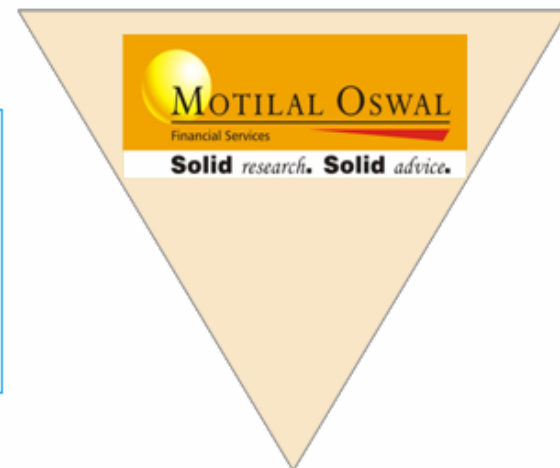
- Grow investment banking business
- Enhance portfolio management services and venture capital focus
- Increase distribution of mutual fund schemes and insurance products

## Increase Market Share in Institutional Brokerage

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

## Increase Market Share in Retail Wealth Management

- Further, grow distribution network across India
- Focus on wealth management solutions and new product offerings
- Leverage research and advisory capability



**Strong Research Support**

# Strong Distribution Network – Physical and Online



• Cities / Towns where Motilal Oswal Securities is present.

- PAN India network with presence in over 452 cities/ towns comprising 1,496 business locations (own as well as franchisees)
- Extensive distribution network providing opportunities to cross-sell products and services, particularly as we diversify into new business streams
- Physical distribution supplemented by on line channel
- MOFSL has entered into a strategic alliance with State Bank of India (SBI) and IDBI Bank, to offer online brokerage services to these retail banking clients

# Award Winning Research and Sales Teams

## Focused Research Team

- Strong research team comprising 28 equity research analysts covering over 200 companies in 27 sectors and 4 analysts covering 26 commodities (1)
- Most analysts have three years or more of research experience (1)
- Focused on cash equities, equity derivatives and commodities and services both retail wealth management and institutional broking businesses

## Strong Sales and Dealing Team

- Research supported by an extremely strong sales trading team comprising of qualified professionals
- Each member of institutional sales team has significant research experience
- One of our institutional sales persons was rated as the best sales person for Indian equities (Asiamoney 2006 & 2007)

## ASIAMONEY

2007

Best Overall Country Research-Local Brokerage  
Best Strategy-Local Brokerage  
Best Research for Banks-Local Brokerage  
Most Independent Research-Local Brokerage  
Most Independent Research-Mega Funds  
Most Independent Research-Hedge Funds  
Best Local Brokerage-Hedge Funds  
Best Sales Services-Local Brokerage  
Best Sales Services-Mega Funds  
Best Events and Conferences-Local Brokerage  
Best Sales Person-Jayesh Parekh

## ASIAMONEY

2006

Best Local Brokerage in India-Overall (Rank-2)  
Overall Country Research-Hedge Funds (Rank-2)  
Most Independent Research Brokerage-Overall (Rank-2)  
Most Independent Research Brokerage-Hedge Funds (Rank-1)

## ASIAMONEY

2005

Best Local Brokerage in India-Overall (Rank-1)  
Overall Country Research-Hedge Funds (Rank-1)  
Most Independent Research Brokerage-Overall (Rank-1)  
Most Independent Research Brokerage-Hedge Funds (Rank-1)

## ASIAMONEY

2004

Best Local Brokerage in India-Overall (Rank-2)  
Most Independent Research Brokerage-Hedge Funds (Rank-2)

Note:  
(1) As of June 2008.

# Motilal Oswal Financial Services Ltd – Summary



- New products and services **offered to changing needs of the market**
- Management Team: **Highly experienced and passionate**
- Reach: Wide network spread across **452 cities** and towns comprising **1,496 business locations** complemented by online platform
- Research: Award winning research **team servicing - Retail & distribution, Wealth management and Institutional broking businesses**
- **PAT growth @ 40% CAGR from the last peak in FY 2000 to FY 2008**

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# Thank You

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## **INVESTOR UPDATE**

### **Motilal Oswal Financial Services records a topline growth of 15% at Rs 141 crores and 3% growth in net profits at Rs 26 crores**

**Mumbai, July, 2008:** Motilal Oswal Financial Services (MOFSL), a leading financial intermediary announced its unaudited quarterly results for Q1 FY 2009 post approval by the Board of Directors at a meeting held in Mumbai on July 8, 2008.

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

#### **Performance Highlights**

<b>Rs. Crores</b>	<b>Q1 FY 2009</b>	<b>Growth (YoY)</b>
<b>Total Revenues</b>	<b>141</b>	<b>↑ 15%</b>
<b>EBIDTA</b>	<b>52</b>	<b>↑ 12%</b>
<b>PAT</b>	<b>26</b>	<b>↑ 3%</b>
<b>EPS- Rs</b>	<b>9.23</b>	

#### **Results for the Q1 FY09**

For Q1 ended June 2008, the company achieved an income of Rs 141 crore, an increase of 15% over the corresponding period of the previous year. Profit after tax grew 3% to Rs. 26 crore.

**Speaking on the performance of the company, Mr. Motilal Oswal, CMD said.** "The capital markets have gone through challenging times during the last quarter. Sharp correction in the market (approx 14%) over last quarter coupled with rising crude prices and inflation woes have made the environment extremely challenging. Gaining market share profitably is the only panacea for driving business growth in these challenging times. We plan to achieve this through higher employee productivity enabled by a client focused approach and strong monitoring of costs through optimization of resources.

The non-broking business initiatives seeded in the past few years are shaping up well and we are confident that it will enable our company achieve the twin objective of diversifying the revenue streams and establishing itself as a well integrated financial services company."

#### **Segment results**

The investment banking advisory fees was up 12% to Rs 18 crore. The fund based income was up by 199% to Rs 13 crore as compared to Rs 4 crore last year and asset management fees recorded a 102% rise to Rs 6 crore as compared to Rs 3 crore last year.

#### **Business highlights for Q1 09**

- For the period ended June 2008, the customer base increased to 486,648.
- Retail distribution expanded its reach to 1,496 outlets across 452 cities.
- "India Business Excellence Fund" which achieved its final closing at \$ 125 million has deployed / committed \$ 58 million across 8 deals.
- Motilal Oswal Venture Capital Advisors Private Limited (MOVC) launched a domestic Real Estate Fund "India Realty Excellence Fund"

### **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, equity broking, and commodity broking, distribution of third party products, investment banking and venture capital management. The company distributes these products through 1,496 business locations spread across 452 cities and the online channel to over 486,648 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.

For further details contact

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CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2008			
(Rs. In Lacs)			
Particulars	Quarter Ended		Year Ended
	Unaudited 30.06.2008	Unaudited 30.06.2007	Audited 31.03.2008
1. Income from Operations	13,741	12,051	68,976
2. Other Income	386	197	1,114
<b>3. Total Income (1+2)</b>	<b>14,127</b>	<b>12,248</b>	<b>70,090</b>
4. Expenditure			
a. Operating Cost	3,013	2,516	17,691
b. Employees cost	4,144	3,806	17,640
c. Depreciation	481	270	1,485
d. Other expenditure	1,761	1,281	7,801
<b>Total</b>	<b>9,399</b>	<b>7,873</b>	<b>44,617</b>
5. Interest	684	130	1,490
<b>6. Profit before tax (3) - (4+5)</b>	<b>4,044</b>	<b>4,245</b>	<b>23,983</b>
7. Tax expense	1,254	1,540	7,880
8. Net profit after tax before minority interests (6-7)	2,790	2,705	16,103
9. Share of minority interests in profits	(168)	(157)	(495)
<b>10. Net profit after Minority Interests (8-9)</b>	<b>2,622</b>	<b>2,548</b>	<b>15,608</b>
11. Extraordinary Items - Income/(Expenditure) (net of tax expense)	-	1,454	1,454
12. Net Profit After extraordinary gains & Tax (PAT) (10-11)	2,622	4,002	17,062
13. Paid-up equity share capital (Face Value of Rs 5/- Per Share)	1,420	1,271	1,420
14. Reserves excluding Revaluation Reserves			69,482
<b>15. Earnings Per Share (EPS)</b>			
a) Basic EPS before Extraordinary items	9.23	10.02	57.54
b) Diluted EPS before Extraordinary items	9.19	10.02	57.09
c) Basic EPS after Extraordinary items	9.23	15.74	62.90
d) Diluted EPS after Extraordinary items	9.19	15.74	62.41
16. Proposed Dividend Per Share (Face Value Rs. 5 each)	-	-	4.00
17. Public shareholding			
- Number of shares	8,416,100	5,421,890	8,416,100
- Percentage of shareholding	29.63%	21.33%	29.63%

Notes: -

- 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, 8th July, 2008. The results for the quarter ended 30th June, 2008 have been reviewed by the Statutory Auditors of the Company under generally accepted auditing standards in India. The prior period comparatives are not reviewed by the Auditors.
- Out of the issue proceeds of Rs. 24,607 lacs, the Company has utilized an amount of Rs. 21,057 lacs as per the Objects of the Issue and the unutilised amount is invested in Mutual Funds.
- 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 Venture Capital Advisors Private Limited (85%), Motilal Oswal Commodities Broker Private Limited (97.55%) and Motilal Oswal Capital Markets Private Limited (100%).
- Net Profit After extraordinary gains & Tax (PAT) of the corresponding previous year quarter is not comparable with the current year quarter 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).
- The previous financial quarter /year figures have been regrouped/rearranged wherever necessary to make them comparable.
- Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th June, 2008.

	Opening balance	Additions	Disposal	Closing balance
Number of complaints	1	50	51	NIL

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

CONSOLIDATED UNAUDITED SEGMENT REPORTING FOR THE QUARTER ENDED 30TH JUNE 2008

Particulars	Quarter Ended		Year Ended
	30.06.2008	30.06.2007	31.03.2008
	Unaudited	Unaudited	Audited
<b>1. Segment Revenue</b>			
(a) Equity Broking & Other related activities	10,662	9941	59,368
(b) Financial Activity	2,495	437	3,558
(c) Investment Banking	1,825	1,623	6,282
(d) Unallocated	558	386	2,159
<b>Total</b>	<b>15,540</b>	<b>12,387</b>	<b>71,367</b>
Less: Inter Segment Revenue	1,413	139	1,277
<b>Net sales/Income From Operations</b>	<b>14,127</b>	<b>12,248</b>	<b>70,090</b>
<b>2. Segment Results Profit / (Loss) before tax and interest from Each segment)</b>			
(a) Equity Broking & Other related activities	2340	2878	17,786
(b) Financial Activity	2092	399	2,335
(c) Investment Banking	883	888	3,592
(d) Unallocated	(835)	201	1,314
<b>Total</b>	<b>4,480</b>	<b>4,366</b>	<b>25,027</b>
Less: Interest	436	121	1,044
<b>Total Profit Before Tax &amp; Extra Ordinary Item</b>	<b>4,044</b>	<b>4,245</b>	<b>23,983</b>
<b>3. Capital Employed</b>			
(Segment assets – Segment Liabilities)			
(a) Equity Broking & Other related activities	31728	19457	25,893
(b) Financial Activity	42226	16375	39,854
(c) Investment Banking	(330)	2327	(1,348)
(d) Unallocated	2006	(379)	7,303
<b>Total</b>	<b>75,630</b>	<b>37,780</b>	<b>71,702</b>

**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, investment banking, commodities broking & venture capital advisory. In accordance with Accounting Standard -17 on segment reporting, the Company has equity broking and related activities, financing & investment banking as reportable segments. The balance is shown as unallocated items.

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

Motilal Oswal  
Chairman & Managing Director