



Motilal Oswal Financial Services Ltd

Earnings Update – Q2 FY08

Unaudited Results

18 October 07

- Q2 FY08 Performance highlights
- MOFSL Financials (Consolidated)
- Business highlights of subsidiaries
- About us



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Financial Services

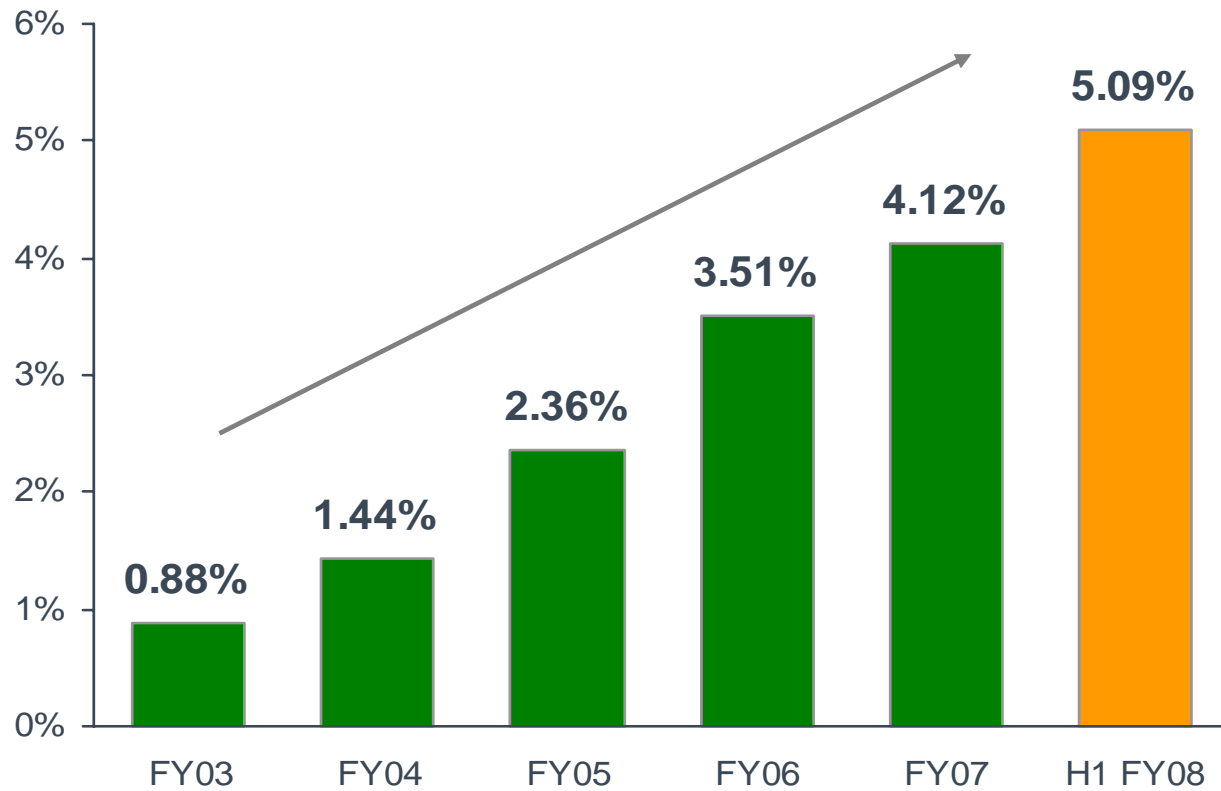


Q2 FY08 Performance highlights

Performance Highlights

- Consolidated Revenue up 112% to Rs 1,532 million in Q2 FY08 from Rs 722 million in Q2 FY07
- Consolidated PAT (before exceptional and extra-ordinary items) up 162% to Rs 327 million in Q2 FY08 from Rs 125 million in Q2 FY07
- Average daily turnover increased by 142% to approx. Rs 33 billion in Q2 FY08 as compared to approx. Rs 14 billion in Q2 FY07
- Market Share-Equities increased to 5% in Q2 FY08 from 4.11% in Q2 FY07
- Motilal Oswal Securities Limited ('MOSL') increased total client base to 328,310 in Q2 FY08 from 268,916 in March 2007
- Total number of outlets increased to 1,288 across 385 cities
- PMS AUM grew by 54% to Rs 7.8 billion in Q2 FY08 from Rs 5.1 billion in March 2007
- Motilal Oswal Investment Advisors Private Limited ('MOIAPL') closed 10 deals aggregating to approx. \$ 500 million in the 6 months of the current financial year and has currently 12 deals in the pipeline aggregating to approx. \$ 500 million
- Motilal Oswal Venture Capital Advisors Private Limited ('MOVCPL') closed its second round of fund raising. Total assets under management is \$77 million
- Asia Money Brokerage Polls for India has rated MOSL as the Most Independent Research - Local Brokerage 2006
- A survey conducted by US-based Starcom Mediavest rated MOSL as the most research-driven stock trading platform
- Motilal Oswal Commodities Brokers Private Limited ('MOCBPL') was awarded "Outstanding Commodity Broking House-2007" by Globoil India

Rising Market Share in Equities





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MOFSL Financials (Consolidated)

Consolidated Financials

Particulars <i>Rs million</i>	Q2 FY08	Q2 FY07	Growth(%) Y-o-Y	H1 FY08	H1 FY07	Growth(%) Y-o-Y	FY07
	As on Sept 30,2007	As on Sept 30,2006		As on Sept 30,2007	As on Sept 30,2006		As on March 31,2007
Total Revenues	1,532	722	112%	2,756	1,671	65%	3,791
EBIDTA	557	229	143%	1,021	570	79%	1,367
PBT (before E & EOI)	505	196	158%	930	504	85%	1,218
PAT (before E & EOI)	327	125	162%	582	327	78%	780
PAT (after E & EOI)	327	107	205%	727	293	148%	684
EPS - Basic (Before extra-ordinary items)	12.45	5.89	111%	22.51	16.78	34%	36.28
EPS - Diluted (Before extra-ordinary items)	12.36	5.27	135%	22.37	14.91	50%	32.16
No. of shares outstanding (million)-FV Rs 5/share	28.40	20.00		28.40	20.00		25.42

E & EOI = Exceptional items & Extraordinary items

Consolidated Financials (Continued)

Revenue composition

Particulars	Q2 FY08	Q2 FY07	Growth% YoY	H1 FY08	H1 FY07	Growth% YoY	FY07
<i>Rs million</i>	As on Sept 30,2007	As on Sept 30,2006		As on Sept 30,2007	As on Sept 30,2006		As on March 31,2007
Brokerage & operating income	1,321	607	118%	2,292	1,509	52%	3,302
Investment banking fees	100	66	52%	262	73	259%	259
Fund based income	65	27	143%	108	46	135%	118
Asset Management Fees	34	14	136%	62	32	92%	90
Other income	12	8	56%	32	10	202%	22
Total revenues	1,532	722	112%	2,756	1,671	65%	3,791



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Business highlights of subsidiaries

Particulars	Q2 FY08	Q2 FY07	Growth(%) Y-o-Y	H1 FY08	H1 FY07	Growth(%) Y-o-Y	FY07
<i>Rs million</i>	As on Sept 30,2007	As on Sept 30,2006		As on Sept 30,2007	As on Sept 30,2006		As on March 31,2007
Total Revenues	60	21	181%	104	42	148%	110
EBIDTA	45	16	184%	86	26	226%	88
PBT (<i>before E & EOI</i>)	38	16	138%	77	26	195%	86
PAT (<i>before E & EOI</i>)	26	11	150%	54	18	206%	58
PAT (<i>after E & EOI</i>)	26	4	618%	54	4	1317%	10

E & EOI = Exceptional items & Extraordinary items

- Revenues up 181% to Rs 60 million in Q2 FY08 from Rs 21 million in Q2 FY07
- PAT increased to Rs 26 million in Q2 FY08 from Rs 11 million in Q2 FY07
- Increase in margin funding book size to Rs 2.5 billion in Q2 FY08 million from Rs 0.9 billion in March 2007

Particulars	Q2 FY08	Q2 FY07	Growth(%) Y-o-Y	H1 FY08	H1 FY07	Growth(%) Y-o-Y	FY07
<i>Rs million</i>	As on Sept 30,2007	As on Sept 30,2006		As on Sept 30,2007	As on Sept 30,2006		As on March 31,2007
Total Revenues	1,362	623	119%	2,368	1,534	54%	3,373
EBIDTA	462	174	165%	788	502	57%	1,136
PBT (<i>before E & EOI</i>)	417	141	195%	705	437	61%	991
PAT (<i>before E & EOI</i>)	277	95	191%	456	290	57%	657
PAT (<i>after E & EOI</i>)	277	85	227%	601	270	123%	609

E & EOI = Exceptional items & Extraordinary items

- Revenue up 119% to Rs 1,362 million in Q2 FY08 from Rs 623 million in Q2 FY07
- PAT up 191% to Rs 277 million in Q2 FY08 from Rs 95 million in Q2 FY07
- Market Share during the 6 months increased to 5.09% from 4.12% during FY 2007
- Increase in PMS AUM to Rs 7.8 billion against Rs 5.1 billion at the beginning of the financial year
- Launched PCG Brand – “Purple” catering to wealth management needs of Ultra High networth individuals
- Total client base increased to 328,310 in Q2 FY08 from 268,916 in March 2007
- Total number of outlets increased to 1,288 across 385 cities

MOVCAPL (Private Equity)

Particulars	Q2 FY08	Q2 FY07	H1 FY08	H1 FY07	FY07
<i>Rs million</i>	As on Sept 30,2007	As on Sept 30,2006	As on Sept 30,2007	As on Sept 30,2006	As on March 31,2007
Total Revenues	6.2	-	14.3	-	7
EBIDTA	0.6	(1.8)	4.4	(4.4)	(11)
PBT (<i>before E & EOI</i>)	0.1	(1.8)	3.9	(4.4)	(11)
PAT (<i>before E & EOI</i>)	0.0	(1.2)	2.5	(2.9)	(8)
PAT (<i>after E & EOI</i>)	0.0	(1.2)	2.5	(2.9)	(8)

E & EOI = Exceptional items & Extraordinary items

- The Fund managed and advised by MOVCAPL achieved its second closing in Q2 FY08. Total Fund under management is \$77 million and the final fund closing is expected between \$100 - \$ 125 million
- The deal pipeline has been robust and the fund has already committed approx \$ 16 million of investments for three deals

MOIAPL (Investment Banking)

Particulars	Q2 FY08	Q2 FY07	Growth(%) Y-o-Y	H1 FY08	H1 FY07	Growth(%) Y-o-Y	FY07
<i>Rs million</i>	As on Sept 30,2007	As on Sept 30,2006		As on Sept 30,2007	As on Sept 30,2006		As on March 31,2007
Total Revenues	100	68	48%	265	75	254%	273
EBIDTA	55	41	36%	147	43	242%	154
PBT (before E & EOI)	55	40	36%	147	43	242%	154
PAT (before E & EOI)	35	27	31%	97	29	241%	102
PAT (after E & EOI)	35	27	31%	97	29	241%	102

E & EOI = Exceptional items & Extraordinary items

- Revenue up 48% to Rs 100 million in Q2 FY08 from Rs 68 million in Q2 FY07
- PAT up 31% to Rs 35 million in Q2 FY08 from Rs 27 million in Q2 FY07
- MOIAPL closed 10 deals aggregating to approx. \$ 500 million in the 6 months of the current financial year and has currently 12 deals in the pipeline aggregating to approx. \$ 500 million



MOTILAL OSWAL

Financial Services



About us

Our Core Purpose



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

Our Values

- Integrity • Teamwork • Meritocracy
- Passion & Attitude • Excellence in Execution

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.



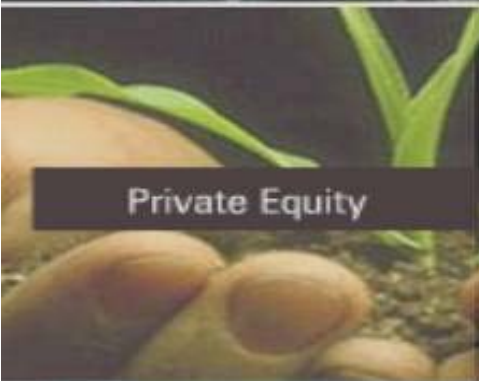
Our Businesses



Institutional Equities



Investment Banking



Private Equity

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



Commodities

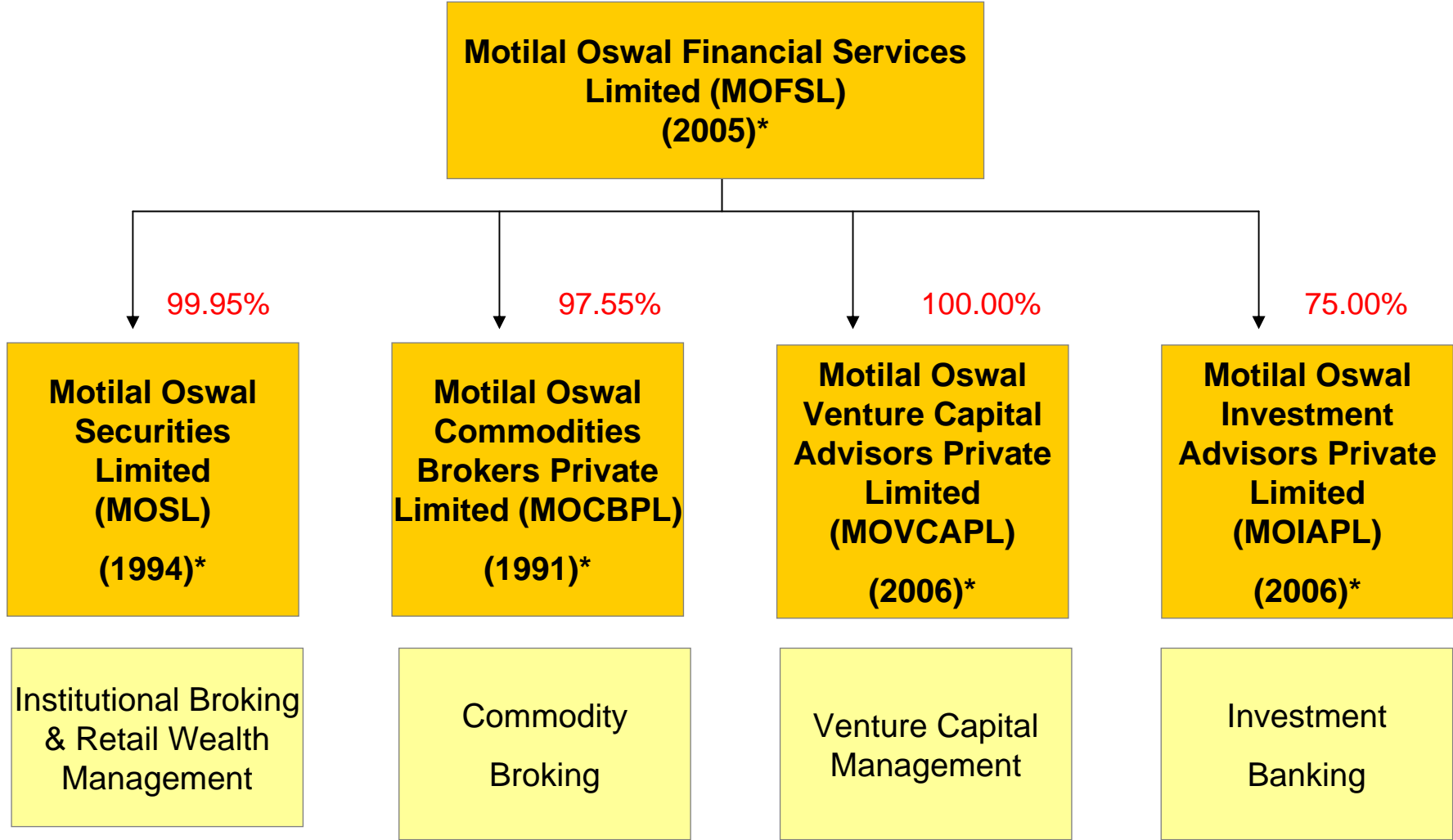


Retail Wealth Management

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



Our Corporate structure



* Year of incorporation

Our Business Strategy for Growth

Grow Fee-Based Revenues

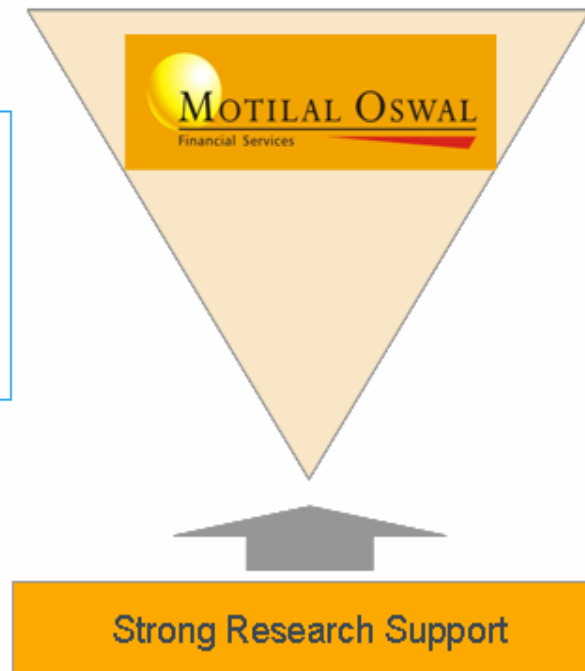
- Grow investment banking business
- Enhance portfolio management services and venture capital focus
- Increase distribution of mutual fund schemes and insurance products

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



Thank You

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CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED 30TH SEPTEMBER 2007					
(Rs. In Lacs)					
Particulars	Quarter Ended		Half Year Ended		Previous Year Ended
	30.09.2007	30.09.2006	30.09.2007	30.09.2006	31.03.2007
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income from Operations	15,199	7,142	27,242	16,600	37,695
2. Other Income	121	77	317	105	217
3. Total Income (1+2)	15,320	7,219	27,559	16,705	37,912
4. Expenditure					
a. Operating Cost	3,776	2,036	6,284	4,816	9,480
b. Employees cost	4,488	1,928	8,293	4,317	10,130
c. Depreciation	324	278	594	506	1,100
d. Other expenditure	1,489	967	2,770	1,874	4,629
Total	10,077	5,209	17,941	11,512	25,338
5. Interest	193	50	323	156	394
6. Exceptional/Prior Period Items	-	69	-	138	540
7. Profit before tax (3) - (4+5+6)	5,050	1,891	9,295	4,898	11,641
8. Tax expense	1,693	644	3,233	1,692	4,104
9. Net profit after tax before minority interests (7-8)	3,357	1,247	6,062	3,206	7,536
10. Share of minority interests in profits	(88)	(68)	(245)	(74)	(272)
11. Net profit after Minority Interests (9-10)	3,269	1,179	5,817	3,132	7,264
12. Extraordinary Items - Income/(Expenditure) (net of tax expense)	(1)	(106)	1,454	(204)	(420)
13. Net Profit after tax (PAT) (11-12)	3,268	1,073	7,270	2,928	6,845
14. Paid-up equity share capital (Face Value of Rs 5/- Per Share)	1,420	1,000	1,420	1,000	1,271
15. Reserves excluding Revaluation Reserves					32,045
16. Earnings Per Share (EPS) in Rupees					
a) Basic EPS before Extraordinary items	12.45	5.89	22.51	16.78	36.28
b) Diluted EPS before Extraordinary items	12.36	5.27	22.37	14.91	32.16
c) Basic EPS after Extraordinary items	12.44	5.37	28.13	15.69	34.18
d) Diluted EPS after Extraordinary items	12.36	4.80	27.96	13.94	30.30
17. Public shareholding					
- Number of shares	8,416,100	4,600	8,416,100	4,600	5,421,890
- Percentage of shareholding	29.63%	0.02%	29.63%	0.02%	21.33%

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 Thursday, 18th October, 2007. The results for the quarter and the six months ended September, 2007 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.

2) During the quarter, the Company has successfully completed its initial public offer and, has allotted 29,82,710 equity shares of Rs. 5 each at the price of Rs. 825 per share aggregating to Rs. 24607 lacs. The shares of the Company got listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Out of the issue proceeds of Rs. 24607 lacs, the Company has utilized an amount of Rs. 13913 lacs as per the Objects of the Issue and the unutilised amount is lying in Bank /Mutual Funds.

3) There were no complaints at the beginning of the quarter. During the quarter, the Company had received 209 Investor Complaints. The Company has resolved 199 complaints and 10 complaints were pending at the end of the quarter.

4) Extraordinary Items for the quarter ended 30th June, 07 include Profit of Rs. 1467 lacs (net of tax) on sale of shares of Bombay Stock Exchange Ltd. Further, it also includes an amount of Non-compete fees of Rs. 1.15 lac (net of tax) and Rs. 12.78 lacs (net of tax) written off during the quarter ended 30th September, 2007 and 30th June, 2007 respectively.

5) Exceptional Item consists of employees' compensation cost of Rs. 69 lacs written off during each quarter ended 30th June, 2006 and 30th September, 2006, towards employees stock options.

6) 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 (100%) and Motilal Oswal Commodities Broker Private Limited (97.55%).

7) The Company is engaged in single segment as defined in AS - 17, hence Segment Reporting is not applicable to the Company.

8) The previous financial quarter/half-year/year figures have been regrouped/rearranged wherever necessary to make them comparable. Effective 26th December, 2006, the Equity Shares of the face value of Rs. 2 each were consolidated into face value of Rs. 5 each. Per share data is calculated at the face value of Rs. 5 each.

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

On behalf of the Board of Directors

Motilal Oswal
Chairman & Managing Director

Mumbai, 18th October, 2007.
investors@motilaloswal.com



Press Release

Motilal Oswal Financial Services posts robust earnings

Total income up by 112% to Rs 153 crore & PAT up 205% to Rs. 33 crore

Mumbai, October 18, 2007: Motilal Oswal Financial Services (MOFSL), a leading financial intermediary reported a 205% jump in its net profit to Rs 33 crore in the quarter ended Sept 2007 as compared to Rs 11 crore in the corresponding quarter last year. The results were announced by the company following their board meeting at Mumbai today. MOFSL recently got listed on Indian stock exchanges following their IPO in August 2007.

Results for the quarter ended September 2007 (Q2 FY08)

The company showed a strong top line growth of 112 % to Rs. 153 crore as compared to Rs. 72 crore, last year. This growth has been propelled by various strategic initiatives backed by favorable market conditions. New businesses have also registered robust growth. Investment banking advisory fees was up 52% to Rs 10 crore from last year's figure of Rs. 6.6 crore, fund based income was up by 143% to Rs 6.5 crore as compared to Rs 2.7 crore in the corresponding quarter last year and asset management fees saw a 136% rise to Rs 3.4 crore as compared to Rs 1.4 crore in the corresponding quarter last year.

Results for the half year ended September 2007 (H1FY08)

For the first half of FY08, the company achieved an income of Rs 276 crore, an increase of 65% over the first half of the previous year. Profit after tax grew 148% to Rs. 73 crore from last year's figure of Rs. 29 crore.

Speaking on the spectacular performance, Mr Motilal Oswal, CMD said. "In the current year we have taken rapid strides in acquiring strong capabilities in value adding businesses such as investment banking, asset management and wealth management. This will not only de-risk our portfolio, but also help us power our growth in the years to come."

During the current financial year, the customer base increased to 328,310 from 268,916 in March 2007. The company has expanded its reach to 1,288 outlets across 385 cities. The Retail Wealth Management group of MOFSL launched its brand

“Purple” which aims to address the wealth management needs of ultra high networth individuals.

A survey conducted by US-based Starcom Mediavest rated Motilal Oswal Securities Limited (subsidiary of MOFSL) as the most research-driven stock trading platform. Similarly, the commodity broking arm operated through its subsidiary Motilal Oswal Commodities Brokers Private Limited was awarded “Outstanding Commodity Broking House-2007” by Globoil India.

The Investment Banking arm of MOFSL, Motilal Oswal Investment Advisors Private Limited, closed 10 deals aggregating to approx. \$ 500 million in the 6 months of the current financial year and has currently 12 deals in the pipeline aggregating to approx. \$ 500 million.

The India Business Excellence Fund managed by Motilal Oswal Venture Capital Advisors Private Limited (subsidiary of MOFSL) achieved its second closing in Q2-FY08. The total fund under management is \$77 million and the final fund closing is expected between \$100 million - \$ 125 million. The deal pipeline has been robust and the fund has already committed approx \$ 16 million of investments across three deals.

About Motilal Oswal Financial Services Limited.

Motilal Oswal Financial Services Ltd. (NSE :MOTILALOFSL, BSE :532892) 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, commodity broking, distribution of third party products, investment banking and venture capital management. The company distributes these products through 1,288 business locations spread across 385 cities and the online channel to over 3,00,000 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 as well as the Most Independent Research - Local Brokerage 2006 in the Asia Money Brokerage Polls for India. It has been offering portfolio management service to its customers since 2003 and the total assets under management at present are over Rs 750 crores.

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