

Earnings Update – Q1 FY10

July 13, 2009

Motilal Oswal Financial Services Limited

BSE: 532892 • NSE: MOTILALOFSL • Bloomberg:MOFS:IN • Reuters: MOFS.BO

www.motilaloswal.com





- Consolidated Revenue for Q1 FY10 is Rs1,492 million (up 64% QoQ & up 6% YoY)
- Consolidated Adjusted PAT for Q1 FY10 is Rs359 million (up 91% QoQ & up 37% YoY)
- Stable EBIDTA and PAT margins at 41% (Q4 FY09: 41%) and 24% (Q4FY09: 21%) respectively
- Balance sheet size with networth of Rs 8,277 million as at June'09
- Average daily turnover in secondary equities was ~Rs 34 billion in Q1 FY10
- Retail distribution has its reach through 1,308 outlets across 555 cities.
- Motilal Oswal Securities Ltd (MOSL) increased its total client base to 557,373 as at June' 09
- Strategic alliance with AXIS Bank to offer online trading to its Pan-India customer base.
- Total Assets under management/advice for the group is at about ~Rs.14 billion, which includes assets under management under our portfolio management services and assets under advice for private equity funds.



Particulars <i>Rs million</i>	Q1 FY10	Q4 FY09	Change (%) Q-o-Q	Q1 FY10	Q1 FY09	Change (%) Y-o-Y	FY09
	As on June 30,2009	As on Mar 31,2009		As on June 30,2009	As on June 30,2008		As on Mar 31,2009
Total Revenues	1,492	910	64%	1,492	1,410	6%	4,661
EBIDTA	604	369	64%	604	521	16%	1,807
PBT (before E & EOI)	546	294	86%	546	404	35%	1,426
PAT (before E & EOI)	359	188	91%	359	262	37%	926
PAT (after E & EOI)	340	158	115%	340	262	30%	896
EPS - Basic (before EOI)	2.39	1.11		2.39	1.85		6.31
EPS - Diluted (before EOI)	2.39	1.11		2.39	1.84		6.31
No. of shares outstanding (million)-FV Rs 1/share	142.02	142.02		142.02	142.02		142.02

E & EOI = Exceptional items & Extraordinary items

EOI = Extraordinary items

Revenue composition

Particulars <i>Rs million</i>	Q1 FY10	Q4 FY09	Change (%) Q-o-Q	Q1 FY10	Q1 FY09	Change (%) Y-o-Y	FY09
	As on June 30,2009	As on Mar 31,2009		As on June 30,2009	As on June 30,2008		As on Mar 31,2009
Brokerage & operating income	1,157	618	87%	1,157	1,002	16%	3,268
Investment banking fees	96	95	2%	96	182	-47%	452
Fund based income	175	126	39%	175	135	30%	658
Asset Management Fees	47	55	-16%	47	57	-18%	214
Other income	17	16	9%	17	34	-49%	68
Total Revenues	1,492	910	64%	1,492	1,410	6%	4,661

- Broking related revenues were Rs1,157 million for Q1 FY10 as compared to Rs618 million for Q4 FY09
- Investment banking advisory fees were Rs96 million for Q1 FY10 and contributed to 6% of total revenues for the group
- Fund based income was Rs175 million for Q1 FY10 and contributed to 12% of total revenues
- Asset management fees was Rs47 million for Q1 FY10 and contributed to 3% of total revenues
- Loan book as on June' 09 was ~ 1.6 Rs billion



Broking & Distribution, Wealth Management & Institutional Equities

Particulars <i>Rs million</i>	Q1 FY10	Q4 FY09	Change (%) Q-o-Q	Q1 FY10	Q1 FY09	Change (%) Y-o-Y	FY09
	As on June 30,2009	As on Mar 31,2009		As on June 30,2009	As on June 30,2008		As on Mar 31,2009
Total Revenues	1,230	678	81%	1,230	1,081	14%	3,551
EBIDTA	432	179	141%	432	298	45%	977
PBT (before E & EOI)	380	106	260%	380	208	83%	675
PAT (before E & EOI)	254	69	266%	254	142	79%	454
PAT (after E & EOI)	235	39	497%	235	142	66%	424

E & EOI = Exceptional items & Extraordinary items

- Revenues were Rs1,230 million for Q1 FY10 as compared to Rs678 million for Q4 FY09
- PAT was Rs254 million for Q1 FY10 as compared to Rs69 million for Q4 FY09
- Average daily turnover in secondary equities was ~Rs 34 billion in Q1 FY10
- Total client base increased to 557,373 as on June 2009
- Total number of outlets at 1,308 across 555 cities
- PMS AUM was Rs 6.8 billion as on June 2009
- Strategic alliance with AXIS Bank to offer online trading to its Pan-India customer base

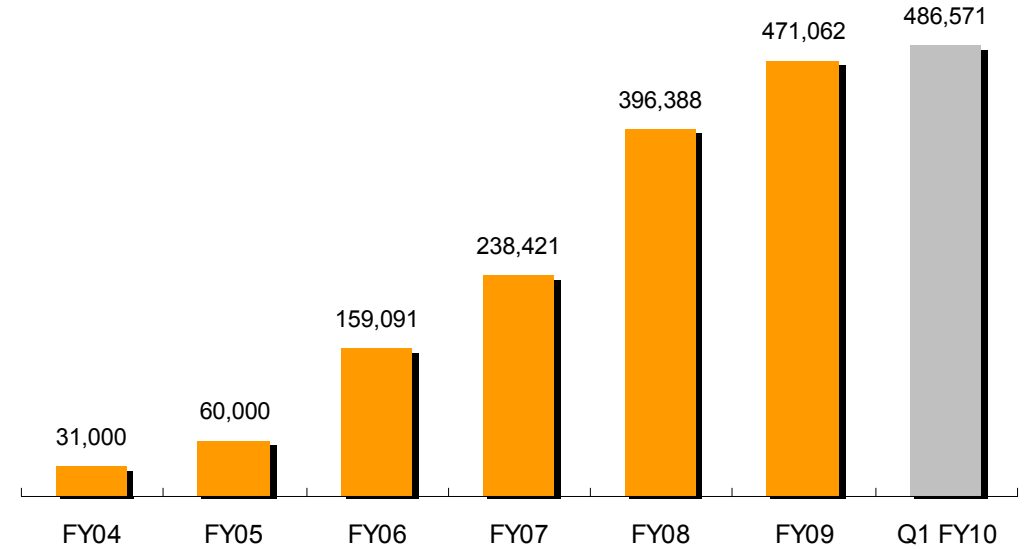
Broking and Distribution

- MOFSL offers customized investment management services to its retail customers.
- The 'customer first' philosophy is executed through strategic focus on:
 - Increasing distribution reach in terms of number of cities and number of customers
 - Customer segmentation based on understanding of individual needs
 - 26,500 sq feet state of the art centralised advisory desk based in Mumbai
 - Wide bouquet of product offering (Direct equity, PMS, Mutual funds, Commodities).

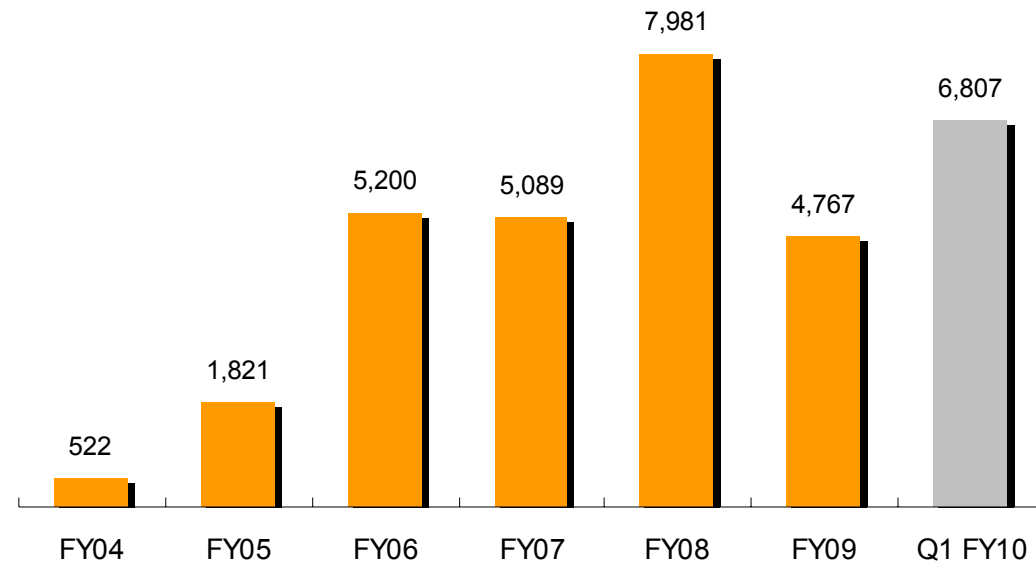
CAD - Largest dealing room in India



Retail Equity Broking Clients



Portfolio Management Services AUM (Rs. in mn.)



- Offers cash and derivatives broking services through MOSL to a large number of institutional clients.
- Strong Corporate Access group.

Complemented by Strong Research & Sales Team

Mutual Funds

Banks

Financial Institutions

Insurance Companies

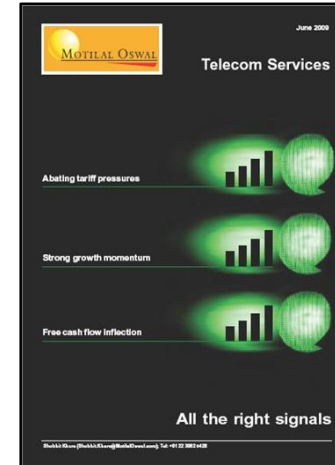
FII

Empanelled with more than 300 Institutional Clients, including ~ 200 FII Clients

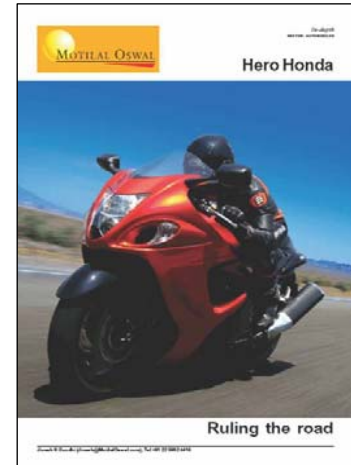
Research offerings



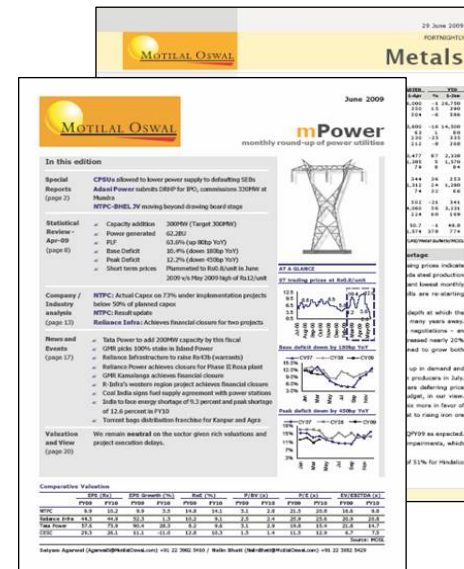
Quarterly India Strategy



Detailed Sector...



...and Company Updates

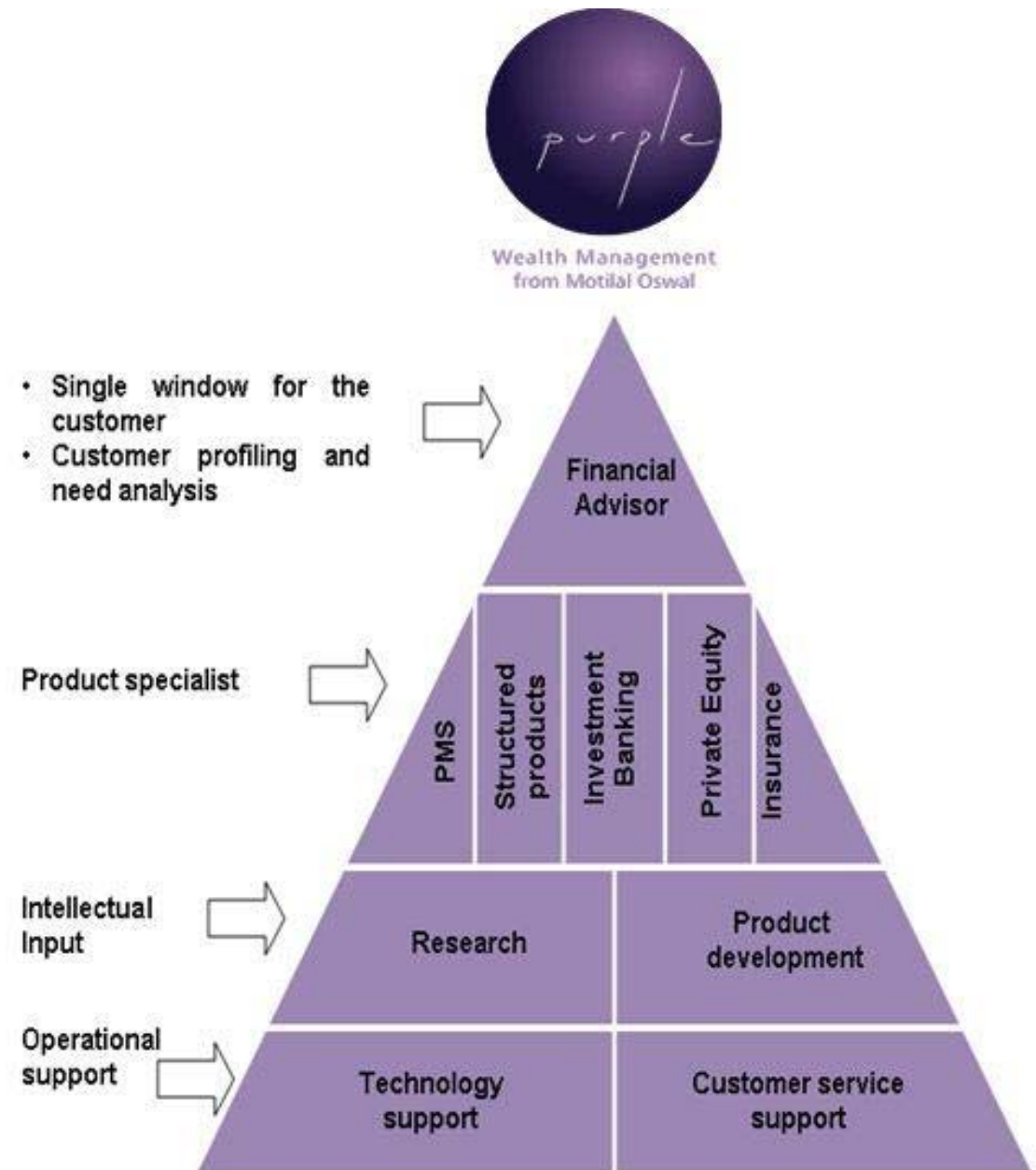


Informative Periodicals



Not Just Desk Research...

- Addresses the wealth management needs of mass affluent and HNI customer base.
- Focus on advisory and product mix that leads to Client Profitability.
- Representative office in Dubai to tap offshore business.
- Multi-disciplinary approach involving various elements of investment banking alongside private banking disciplines.
- 3D Focal engagement strategy thereby consolidating clients needs across personal, family and business arena.
- Diversified solution management to cater to unique needs of clients.



Particulars <i>Rs million</i>	Q1 FY10	Q4 FY09	Change (%) Q-o-Q	Q1 FY10	Q1 FY09	Change (%) Y-o-Y	FY09
	As on June 30,2009	As on Mar 31,2009		As on June 30,2009	As on June 30,2008		As on Mar 31,2009
Total Revenues	24	38	-37%	24	22	9%	107
EBIDTA	3	12	-75%	3	6	-47%	23
PBT (before E & EOI)	3	11	-75%	3	5	-49%	21
PAT (before E & EOI)	2	7	-73%	2	3	-41%	13
PAT (after E & EOI)	2	7	-73%	2	3	-41%	13

E & EOI = Exceptional items & Extraordinary items

- MOPE 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. MOPE 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.
- “India Business Excellence Fund” has deployed / committed ~45% of the corpus of USD 125 million across 8 deals.
- The domestic real estate fund i.e. India Realty Excellence Fund (“IREF”) has commitments of Rs1 billion. MOPE has built a strong deal pipeline for India Realty Excellence Fund (“IREF”), a domestic real estate fund, and is evaluating several investment opportunities.

Particulars	Q1 FY10	Q4 FY09	Change (%) Q-o-Q
<i>Rs million</i>	As on June 30,2009	As on Mar 31,2009	
Total Revenues	100	97	3%
EBIDTA	39	44	-11%
PBT (before E & EOI)	39	44	-11%
PAT (before E & EOI)	23	29	-22%
PAT (after E & EOI)	23	29	-22%

Q1 FY10	Q1 FY09	Change (%) Y-o-Y	FY09
As on June 30,2009	As on June 30,2008		As on Mar 31,2009
100	189	-47%	468
39	95	-59%	221
39	95	-59%	220
23	65	-65%	149
23	65	-65%	149

E & EOI = Exceptional items & Extraordinary items

- Management team comprising 28 professionals having substantial experience in investment banking, corporate banking and advisory work.
- Presence in 3 cities – Mumbai, Delhi and Hyderabad.

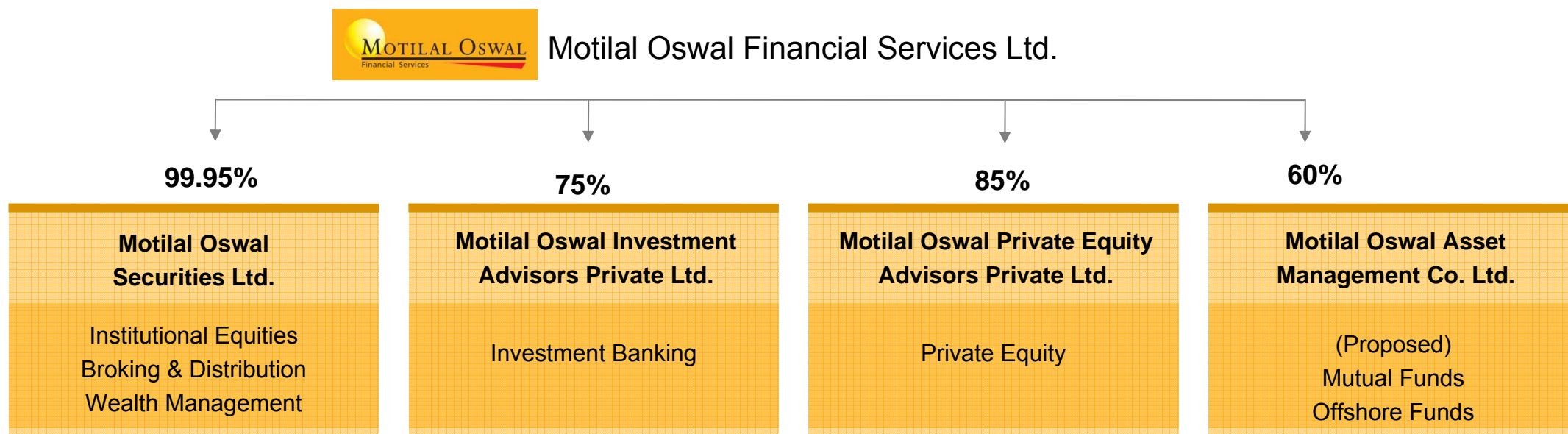




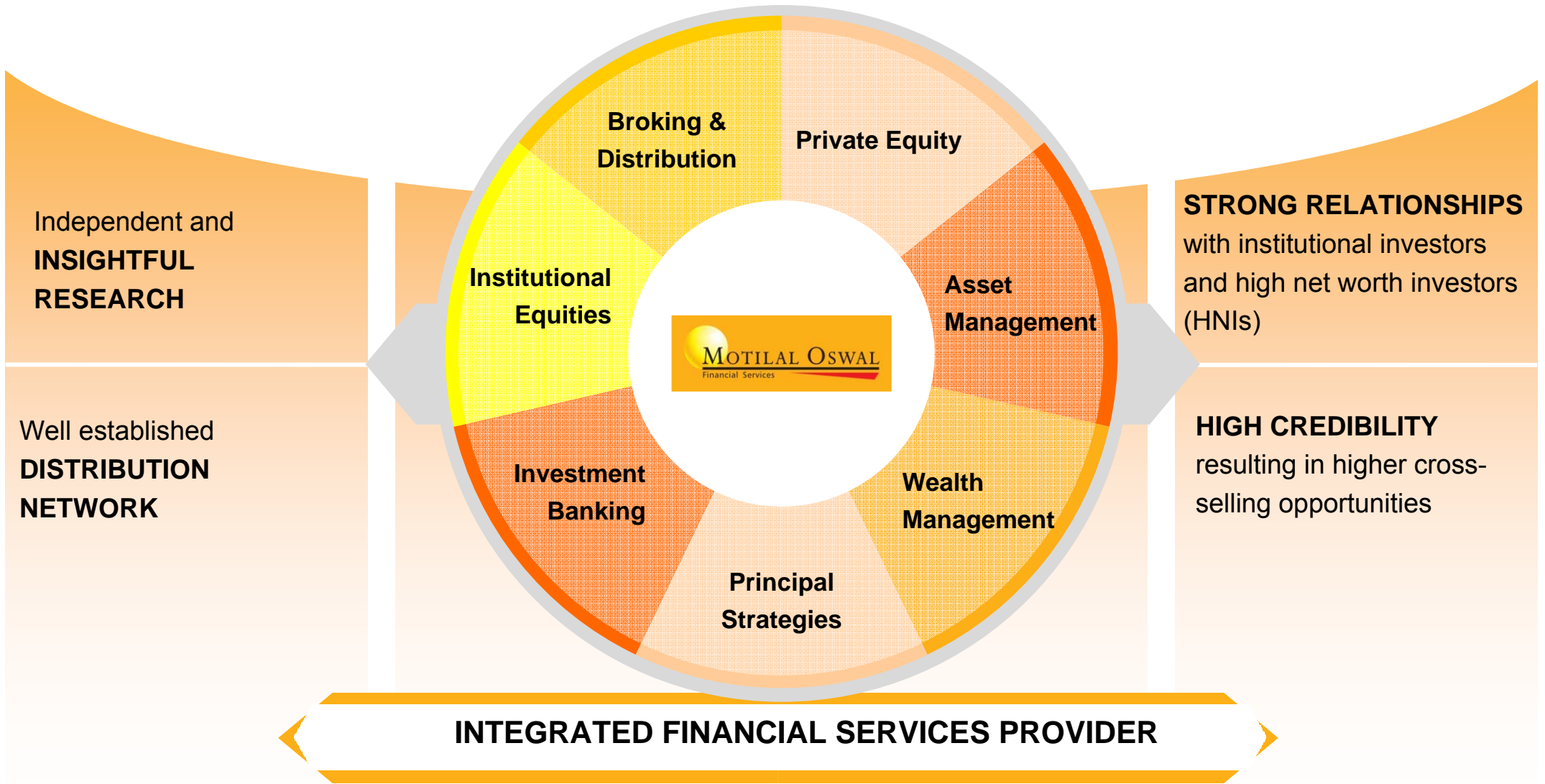
Group Profile and Structure

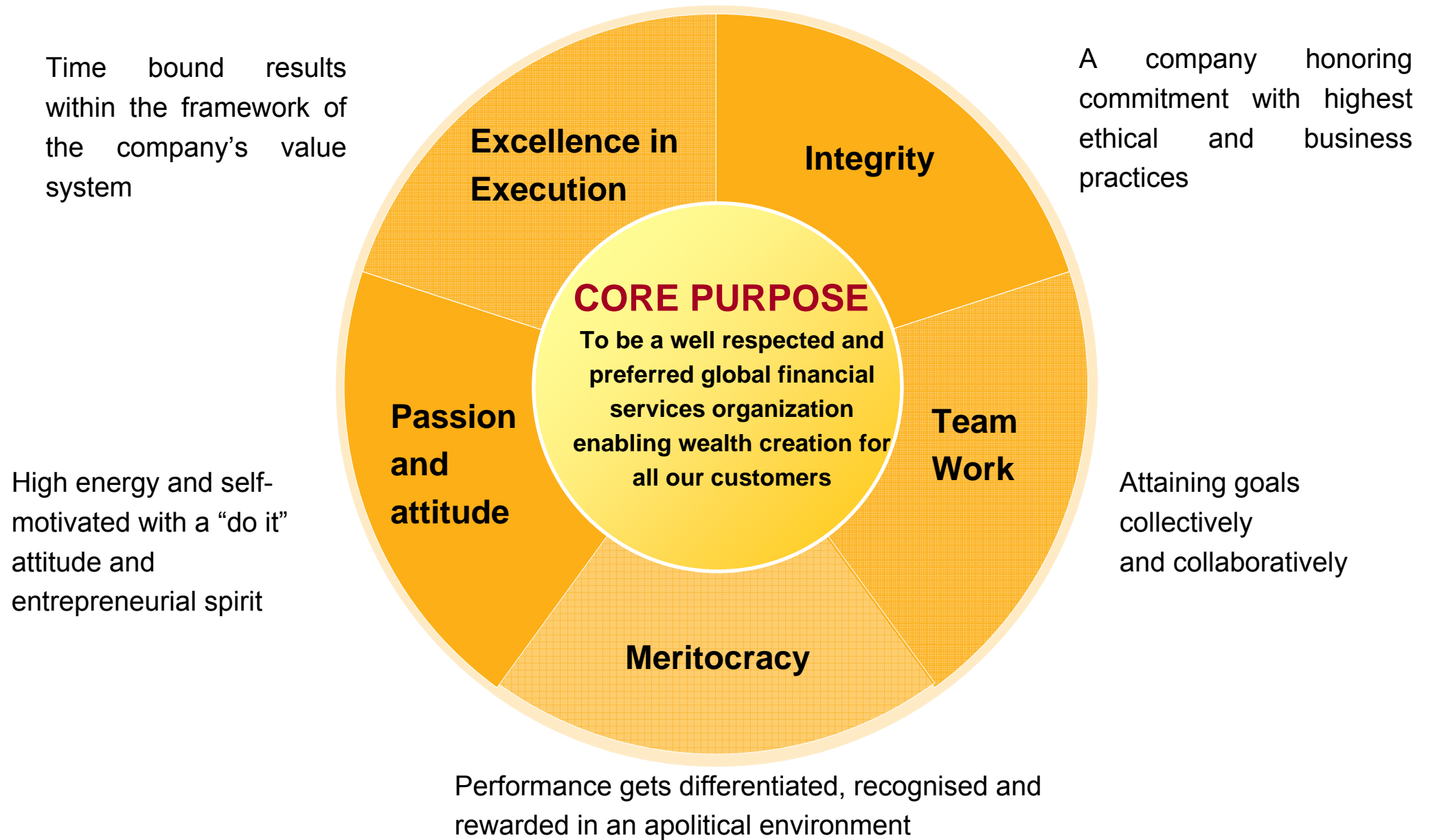


- Well-diversified, financial services company offering a range of financial products and services, focused on wealth creation for all its customers, such as institutional and corporate clients, HNI and retail customers.
- Network spread over 555 cities and towns comprising 1,308 Business Locations operated by our Business Partners and us with 5,57,373 registered customers.



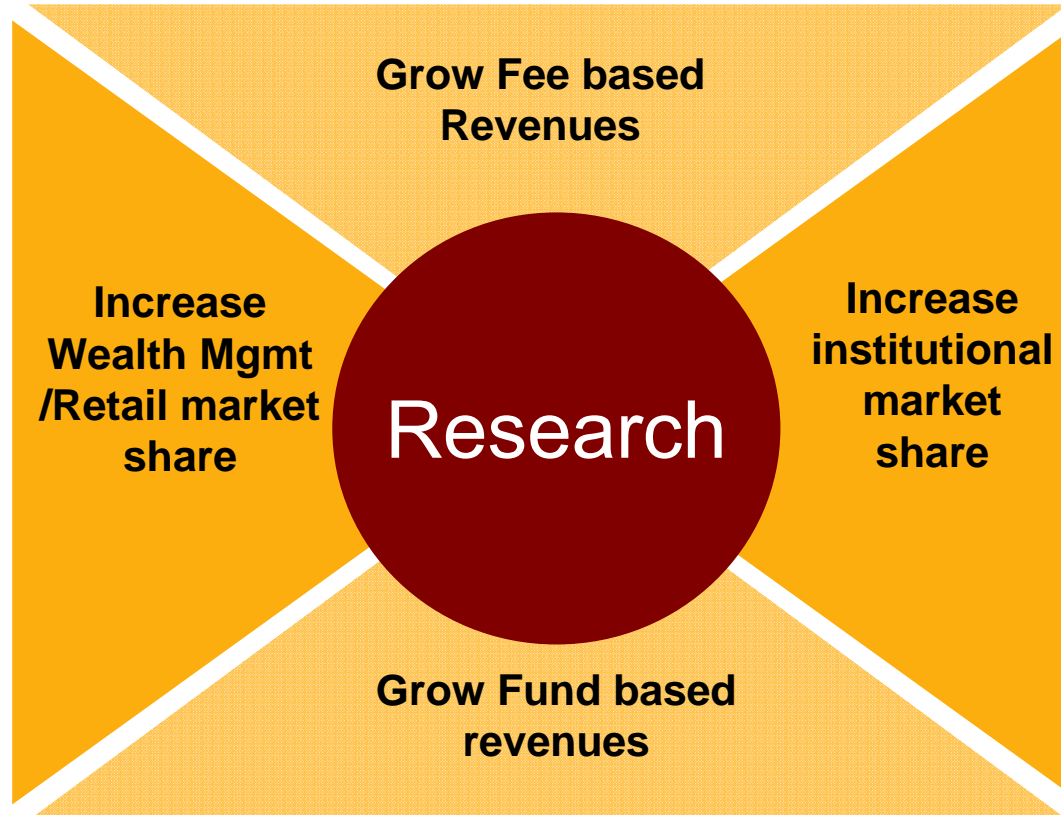
* Data as on June 30th, 2009





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

- Further grow distribution network across India
- Leverage research and advisory capability
- Focus on wealth management solutions and new product offerings
- Increase distribution of mutual funds and insurance products



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

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

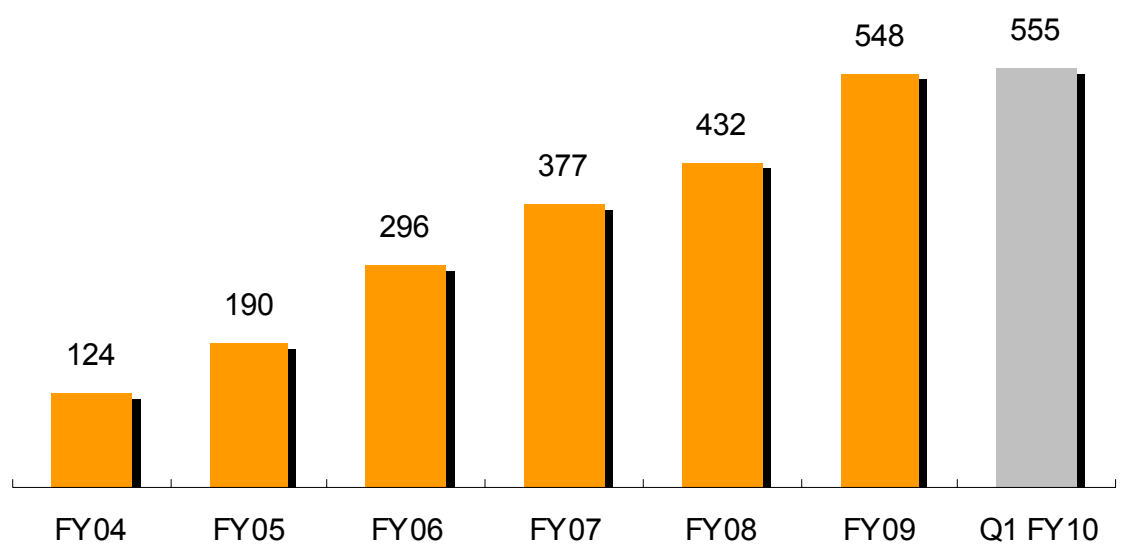
Strong Distribution Network – Physical and Online

- PAN India network with presence in over 555 cities/ towns comprising 1,308 business locations (own as well as franchisees) complemented by robust online channel.
- Extensive distribution network providing opportunities to cross-sell products and services, particularly as we diversify into new business streams.



• Cities / Towns where Motilal Oswal Securities is present.

No. of Cities



Strategic Alliances



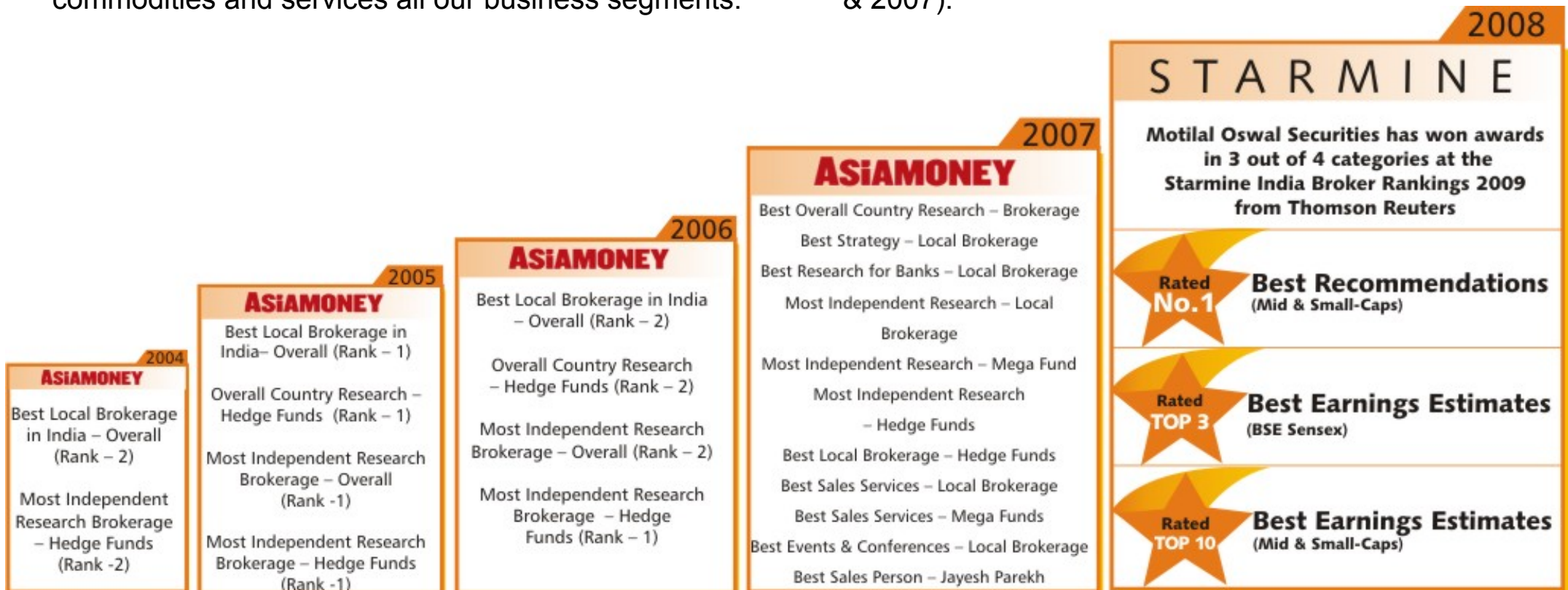
Strategic alliance with State Bank of India (SBI), IDBI Bank and Axis Bank, to offer online brokerage services to retail banking clients.

Focused Research Team

- Strong research team comprising 24 research analysts covering 227 companies in 27 sectors and 16 commodities.
- Most analysts have three years or more of research experience.
- Focused on cash equities, equity derivatives and commodities and services all our business segments.

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).



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Thank You

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INVESTOR UPDATE

Motilal Oswal Financial Services reports 91% growth in net profit at Rs. 359 million for Q1 FY 2010

Mumbai, July 13, 2009: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its quarterly results for Q1 FY 2010 post approval by the Board of Directors at a meeting held in Mumbai on July 13, 2009.

Performance Highlights

Rs. Million	Q1 FY 2010	Comparison (Q4 FY 2009)	Comparison (Q1FY 2009)
Total Revenues	1,492	↑ 64%	↑ 6%
EBIDTA	604	↑ 64%	↑ 16%
PAT (before E& EOI)	359	↑ 91%	↑ 37%
PAT (after E& EOI)	340	↑ 115%	↑ 30%
EPS- Rs (FV Re 1)	2.39		

[^] E & EOI = Exceptional items & Extraordinary items

Performance for the Quarter ended June 30, 2009

- Revenues for the quarter at Rs.1,492 million, up 64% as compared to previous quarter and up 6% as compared to same quarter of previous year.
- PAT for the quarter at Rs.359 million, up 91% as compared to previous quarter and up 37% as compared to same quarter of previous year.
- Strong balance sheet size with networth of Rs. 8,277 million. Total debt as on 30 June 2009 was Rs. 1,235 million

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

“After a challenging FY 2009, the current fiscal has started on a positive note for the equity markets with the Sensex rising sharply from recent lows and the daily equity volumes averaging at Rs. 917 billion in the first quarter of FY 2010 versus Rs. 554 billion in Q4 FY09 and Rs. 612 billion in FY09. A focused approach, strong balance sheet, consistent margins, a successful time-tested business model and well diversified income streams have enabled us to deliver sound results.

Sustained improvement in the economy and capital markets augur well for all our key businesses. We are confident of capturing the resulting opportunities through our all season business model and a strong balance sheet.”

Segment results

- Broking and related revenues was up 87% to Rs.1,157 million as compared to Rs.618 million in the previous quarter and up 16% as compared to Rs.1,002 million in the same quarter of previous year.
- Investment Banking fees was up 2% to Rs.96 million as compared to Rs.95 million in the previous quarter and down 47% as compared to Rs.182 million in the same quarter of previous year.
- Fund based income was up 39% to Rs.175 million as compared to Rs.126 million in the previous quarter and up 30% as compared to Rs.135 million in the same quarter of previous year.
- Asset Management fees was down 16% to Rs.47 million as compared to Rs.55 million in the previous quarter and down 18% as compared to Rs.57 million in the same quarter of previous year.

Business highlights for Q1 FY 2010

- For the period ended June 2009, the customer base increased to 557,373.
- Retail distribution expanded its reach to 1,308 outlets across 555 cities.
- Strategic alliance with AXIS Bank to offer online trading to its Pan-India customer base.
- Total Assets under management/advice for the group is at about ~Rs.14 billion, which includes assets under management under our portfolio management services and assets under advice for private equity funds.

About Motilal Oswal Financial Services Limited.

Motilal Oswal Financial Services Ltd. (NSE :MOTILALOF, 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 1,308 business locations spread across 555 cities and the online channel to over 557,373 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 the Asia Money Brokerage Polls for India. In the Starmine India Broker Rankings 2009 from Thomson Reuters, we won awards in 3 out of 4 categories for our research pedigree.

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CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR QUARTER ENDED 30TH JUNE 2009

(Amounts in Lacs)

Particulars	Quarter Ended			Year Ended
	Unaudited	Unaudited	Unaudited	Audited
	30.06.2009	31.03.2009	30.06.2008	31.03.2009
1. (a) Income from Operations	14,286	8,402	13,044	43,401
(b) Other Operating Income	465	539	721	2,540
2. Expenditure				
a. Operating Cost	4,172	1,910	3,013	9,705
b. Employees cost	3,186	1,828	4,128	12,031
c. Depreciation	336	621	481	2,027
d. Other expenditure	1,520	1,666	1,753	6,807
e. Total	9,214	6,025	9,375	30,570
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	5,537	2,916	4,390	15,371
4. Other Income	171	155	338	671
5. Profit before Interest & Exceptional Items (3+4)	5,708	3,071	4,728	16,042
6. Interest	250	133	684	1,784
7. Profit after Interest but before Exceptional Items (5-6)	5,458	2,938	4,044	14,258
8. Exceptional Items - Expense	191	300	-	300
9. Profit / (Loss) from Ordinary Activities before tax (7-8)	5,267	2,638	4,044	13,958
10. Tax expense	1,822	985	1,254	4,615
11. Net Profit / (Loss) from Ordinary Activities after tax but before minority interests (9-10)	3,445	1,653	2,790	9,343
12. Share of minority interests in profits	(45)	(71)	(168)	(383)
13. Net Profit from Ordinary Activities after tax and Minority Interests (11+12)	3,400	1,582	2,622	8,960
14. Extraordinary Items - Income/(Expenditure) (net of tax expense)	-	-	-	-
15. Net Profit After Extraordinary items & Tax (PAT) (13-14)	3,400	1,582	2,622	8,960
16. Paid-up equity share capital (Face Value of Re. 1/- Per Share)	1,420	1,420	1,420	1,420
17. Reserves excluding Revaluation Reserves				77,967
18. Earnings Per Share (EPS)				
a) Basic EPS before Extraordinary items	2.39	1.11	1.85	6.31
b) Diluted EPS before Extraordinary items	2.39	1.11	1.84	6.31
c) Basic EPS after Extraordinary items	2.39	1.11	1.85	6.31
d) Diluted EPS after Extraordinary items	2.39	1.11	1.84	6.31
19. Proposed dividend Per Share (Face Value Re. 1 each)				0.80
20. Public shareholding				
- Number of shares	42,085,496	42,082,800	42,080,500	42,082,800
- Percentage of shareholding	29.63%	29.63%	29.63%	29.63%
21. Promoters and promoter group Shareholding				
a) Pledged/Encumbered				
- Number of shares	17,585,000	17,585,000		17,585,000
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	17.60%	17.60%		17.60%
- Percentage of shares (as a% of the total share capital of the company)	12.38%	12.38%		12.38%
b) Non-encumbered				
- Number of shares	82,349,504	82,352,200		82,352,200
- Percentage of shares (as a% of the total shareholding of promoter and promoter group)	82.40%	82.40%		82.40%
- Percentage of shares (as a % of the total share capital of the company)	57.98%	57.99%		57.99%

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 Monday, 13th July, 2009. The results for the quarter ended 30th June, 2009 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) 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%), Antop Traders Private Limited (100%), Motilal Oswal Insurance Brokers Private Limited (99%) and Motilal Oswal Asset Management Company Limited (60%)

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

4) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th June, 2009.

	Opening balance	Additions	Disposal	Closing balance
Number of complaints	1	3	4	NIL

5) 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 RESULTS FOR THE QUARTER ENDED 30TH JUNE 2009

(Amounts in Lacs)

Particulars	Quarter Ended			Year Ended
	Unaudited	Unaudited	Unaudited	Audited
	30.06.2009	31.03.2009	30.06.2008	31.03.2009
1. Segment Revenue				
(a) Equity Broking & Other related activities	12,230	6,675	10,638	35,174
(b) Financing & Other activities	1,406	1,363	1,359	6,087
(c) Investment Banking	964	946	1,825	4,523
(d) Unallocated	510	664	558	2,134
Total	15,110	9,648	14,380	47,918
Less: Inter Segment Revenue	188	552	277	1,306
Income From Operations, Other Operating income & Other Income	14,922	9,096	14,103	46,612
2. Segment Results Profit / (Loss) before tax and interest from Each segment)				
(a) Equity Broking & Other related activities	3,922	1,081	2,340	7,463
(b) Financing & Other activities	1,251	1,290	956	4,965
(c) Investment Banking	356	417	883	2,044
(d) Unallocated	120	287	301	881
Total	5,649	3,075	4,480	15,353
Less: (i) Interest	191	137	436	1,095
(ii) Other Un-allocable Expenditure net off				
(iii) Un-allocable income				
Profit/(Loss) from Ordinary Activities before Exceptional Items & Tax	5,458	2,938	4,044	14,258
3. Capital Employed				
(Segment assets – Segment Liabilities)				
(a) Equity Broking & Other related activities	35,717	31,612	31,728	31,612
(b) Financing & Other activities	45,881	44,652	42,226	44,652
(c) Investment Banking	1,280	2,277	(330)	2,277
(d) Unallocated	920	1,250	2,006	1,250
Total	83,798	79,791	75,630	79,791

Notes:

1. 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 other related activities, financing and other activities, investment banking, commodities broking & venture capital advisory. In accordance with Accounting Standard -17 on segment reporting and Company (Accounting Standards) Rules,2006, the Company has equity broking and other related activities, financing and other activities & investment banking as reportable segments. The balance is shown as unallocated items.

2. 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

Mumbai, 13th July, 2009
investors@motilaloswal.com.