

INVESTOR UPDATE

Motilal Oswal reports a topline of ₹1,576 million and PAT of ₹331 million for Q2FY11; Adjusted PAT* up 10% QoQ and down 7% YoY

Mumbai, Oct 20, 2010: Motilal Oswal Financial Services (MOFSL), a leading financial services company, announced its results for quarter ended September 30, 2010 post approval by the Board of Directors at a meeting held in Mumbai on Oct 20, 2010.

Performance Highlights

₹Million	Q2 FY11	Comparison (Q1 FY11)	Comparison (Q2 FY10)
Total Revenues	1,576	↑ 4%	↓ 8%
EBIDTA	554	↓ 10%	↓ 27%
PAT (before E & EOI [^])	331	↓ 12%	↓ 30%
Adjusted PAT*	381	↑ 10%	↓ 7%
EPS- ₹(FV Re 1)	2.3		

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

* Refer note below

Performance for the Quarter ended September 30, 2010

- Revenues for the quarter at ₹1,576 million, up 4% compared to Q1 FY11 and down 8% compared to Q2 FY10
- Adjusted PAT for Q2 FY11 at ₹381 million is up 10% compared to Q1 FY11 and down 7% compared to Q2 FY10
- To facilitate better comparison of operational performance for Q2 FY11, the following items needs to be considered:

₹Million	Q2 FY11	Q1 FY11	Q2 FY10
PAT (before E & EOI) – Reported	331	375	472
Add : Expenses incurred on launch of M-50	30		
Add : Unrealised gain ignored in arbitrage (net impact)	33	4	30
Less: Profit on sale of investments/Fixed assets and change in accounting policy for arbitrage	13	34	91
Adjusted PAT	381	345	411

Reported PAT for Q2 FY11 at ₹331 million, down 12% compared to Q1 FY11 and down 30% compared to Q2 FY10.

- Strong balance sheet with net-worth of ₹10,191 million and net cash of ₹2,366 million as on Sep 30, 2010.

(Signature)

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

"Indian markets are in euphoric times. This is evident in the strong performance of benchmark indices, above average valuations, unprecedented FII flows, large IPO subscriptions and increased traded volumes. The crucial 20,000 Sensex level was broken during the quarter which would serve as a booster for investor confidence especially in the retail segment which has shown muted participation in this rally.

The strong traction in the business performance for established businesses as well as strong differentiated foothold gained in our new business ventures gives us the conviction on being able to capture a meaningful share in these opportunities.

Further as part of our larger responsibility to society, the Group has created Motilal Oswal Foundation to focus on CSR initiatives and a proportion of profits will be allocated for this endeavour."

Segment results

- Broking and related revenues were ₹1,130 million, up 2% compared to Q1 FY11 and down 10% compared to Q2 FY10
- Investment banking fees were ₹166 million, up 29% compared to Q1 FY11 and up 9% compared to Q2 FY10
- Asset Management fees were ₹105 million, up 37% compared to Q1 FY11 and up 63% compared to Q2 FY10
- Fund based income was ₹144 million, flat compared to Q1 FY11 and down 12% compared to Q2 FY10. Adjusted for unrealized arbitrage gain (pre-tax) of ~₹50 million, fund based income at ₹193 million for Q2 FY11 would have been up 30% compared to Q2 FY11 and down 7% compared to Q2 FY10.
- Other income was ₹32 million, down 41% compared to Q1 FY11 and down 60% compared to Q2 FY10. This includes profit on sale of investments ₹16 million.

Business highlights for Q2 FY 2011

- Retail Broking and Distribution business increased its customer base to 666,633 in Sep 2010 and distribution expanded to 1,504 outlets across 591 cities.
- Institutional Equities hosted the 6th Annual Motilal Oswal – Global Investor Conference in Mumbai where 110 leading Indian companies interacted with over 500 investors from all over the world, translating into 3,200+ company-investor meetings.
- Investment Banking business won the "Asia Pacific Cross-Border Deal of the Year" at the Asia-Pacific M&A Atlas Awards organized by Global M&A Network for facilitating the acquisition of Equipav (Brazil) by Shree Renuka Sugars (India) and Mr. Ashutosh Maheshvari, CEO of the Investment Banking business bagged the "India M&A Investment Banker award".
- Total Assets under management for the Group were ~₹23 billion, which includes assets under portfolio management, mutual fund and also assets under advice in private equity business.
- The maiden fund launched by Mutual Fund business - M50 ETF has seen active investor interest and is the 3rd most traded ETF listed in India. In its first quarter since inception, with an AUM of ~₹ 3.1 billion, it is ranked 2nd in terms of AUM amongst ETFs listed in India.
- India Business Excellence Fund advised by the Private Equity business acquired 20% stake in Mrs Bector's Food Specialties, a leading value-added food products player in the country.
- India Realty Excellence Fund managed by the Private Equity business invested around ₹450 million in Godrej Buildwell, a special purpose vehicle (SPV) floated by Godrej Properties.
- Wealth Management business - "Purple Client Group" managed assets of ~₹10 billion.
- The Group bagged the prestigious 2010 Qimpro award for the DMAIC project in customer account opening amongst over 23 nominations across leading companies in service sector.



About Motilal Oswal Financial Services Limited

Motilal Oswal Financial Services Ltd. (NSE :MOTILALOFS, 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 1,504 business locations spread across 591 cities and the online channel to over 666,633 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 and also bagged the No. 1 Broker Award in the ET Now – StarMine Analyst Awards 2009.

For further details contact:

Mr. Hari Krishnan Motilal Oswal Financial Services Ph - +91-22-39825500 Mob- +91-9820520392	Mr. Sameer Kamath Motilal Oswal Financial Services Ph - +91-22-39825554 Mob- +91-9820130810	Mr. Anirudh Rajan / Alpesh Nakrani Paradigm Shift Public Relations Mob- +91-9892343828/ +91-9869121167 Tel- +91-22 22813797 / 98
--	--	---

For Motilal Oswal Financial Services Ltd.


Motilal Oswal
Chairman & Managing Director