

Nurtured with Knowledge



Nurturing Growth

India, over the past year has remained an attractive investment destination despite slowdown in global growth.

For Motilal Oswal Financial Services (MOFSL) too , it's been a year of growth. The seeds of different business streams that we planted 10 years ago have now started to bear fruit. Be it Private Equity, Investment Banking, Asset Management, Private Wealth Management or Housing Finance, our nurturing of these businesses with knowledge capital are now adding to contribution of our traditional broking business to create a tree of knowledge that provides fruitful returns to customers, investors , partners and employees.

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MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

Since the last two years, our goal has been to build the organization towards generating a sustainable 20%+ Return on Equity and a strong competitive positioning in each business. We have been executing this through four key pillars. The first is reinventing our traditional capital markets businesses, which includes retail broking, institutional broking, wealth management and investment banking. These have seen market cycles and have time-tested robust business models. We are strengthening our value proposition in each

of them to further consolidate our market share. The second pillar is the investing business, which includes asset management and private equity. Backed by our time-tested investing philosophy, we have been able to build a strong positioning in this space and have seen healthy growth in assets under management. This is now a meaningful contributor to the Group topline and profits. The third pillar is the new home finance business, which focuses on the affordable housing space. Under a strong leadership team, we have built considerable scale with a focus on underwriting, risk and processes. We see a tremendous growth opportunity and are confident of building a meaningful market share in this space. The fourth pillar is the fund based business. We decided to run the loan against share lending book as a spread business using borrowings. In turn, we allocated our capital to sponsor commitment in our asset management products, both mutual funds and private equity funds. The long-term track record of our investing philosophy gives us the confidence to earn meaningful returns on our sponsor commitments. It also demonstrates our “skin in the game” to our investors and distributors.

This transformation of our business model saw some results in FY2016. Our consolidated revenues of Rs 10.93 bn in FY2016 was the highest since inception. Due to the robust growth in the asset management and home finance businesses, the revenue contribution of traditional capital markets businesses was below 50% for the first time since inception. Our consolidated PAT of Rs 1.69 bn was near our all-time high. The growth in PAT was lower than that in topline due to investments made in manpower and brand. While this impacted our immediate profitability, the benefit of these upfront investments should flow in the coming years. The ROE on reported PAT for FY2016 was 12.4%. It should be noted that the unrealized gains on the investments we made in our funds are not recognized in the PAT. Our relentless investments into operations, manpower, technology and distribution showed positive results in each business. In broking, we gained market share across both cash and derivative segments. Our digital business picked up. We added large clients and AUM-mandates in wealth management. Our participation in IPOs gathered steam in investment banking. In asset management, we saw healthy net inflows into our equity mutual funds and increased our market share. We saw healthy exits from our private equity fund. The home finance business saw traction in both assets and liabilities, while maintaining asset quality and operational focus.

In this manner, we are building a fair mix of transaction-based businesses, asset-based businesses and fund-based businesses within our business mix. The regular annuity income from asset management and stable revenue flows from home finance are helping counter the inherent cyclical nature of the capital market businesses. In terms of business wise growth-drivers, we remained focused on advisory, digital initiatives, product distribution, system-driven products and network expansion in retail broking and distribution. In institutional broking, we are focused on expanding market share across offshore geographies, backed by innovative research products. In investment banking, we are participating in emerging equity raising opportunities. In wealth management, we continue to ramp up our relationship-manager base and advisory capabilities. In asset management, our positioning as niche equity specialists enabling long-term wealth creation is evincing healthy mobilization from distributors. In private equity, we are garnering higher client interest in the subsequent fundraises. In housing finance, we are building a quality affordable housing finance entity by focusing on traction in assets, fund-flow, asset quality and underwriting.

At a broader level, India remains relatively attractive, despite challenges impacting other emerging markets. The benchmark Nifty has outperformed most emerging market peers in US\$ terms on a 10-year basis, except for China. Net outflows by FIIs were countered by healthy net inflows by DIIs, who made a comeback due to the strong macros, growth expectations and reducing returns of other asset classes. During the year, the government launched several initiatives to drive growth, investments and competitiveness, apart from controlling the macro situation. However, these positives are yet to translate into increased market activity. As reforms gain speed and capex gathers momentum, it should give a fill-up to market activity and investor sentiments. Our investments into critical areas means we have the ability to capture the growth opportunities as they unfold further.

To sum up, the strategic realignment of our businesses, the reallocation of our capital and the resulting changes in the value drivers has enhanced the earnings power of our Group. The four key pillars of future growth which we have been methodically building make us optimistic of continued strong performance in the years ahead. I would like to express my gratitude to our Board of Directors for their support and guidance. I am also grateful to all our stakeholders and employees who have reposed their trust in us and given us constant support.

With best wishes,



Sincerely,

Motilal Oswal

Chairman, Managing Director & CEO

BOARD OF DIRECTORS

MR. MOTILAL OSWAL
Chairman, Managing Director & Chief Executive Officer

MR. RAAMDEO AGARWAL
Joint Managing Director

MR. NAVIN AGARWAL
Non Executive & Non Independent Director

MR. VIVEK PARANJPE
Independent Director

MR. PRAVEEN TRIPATHI
Independent Director

MS. SHARDA AGARWAL
Independent Woman Director

MR. SAMEER KAMATH
Chief Financial Officer

MR. MURLI KRISHNAN IYER
Company Secretary and Compliance Officer
(Appointed w.e.f. 5th October, 2015)

Bankers

- HDFC Bank • ICICI Bank • Indusind Bank
- Axis Bank • Yes Bank • Kotak Mahindra Bank
- Citibank N.A.

Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants

Registrar and Share Transfer Agent

Link Intime India Private Limited

C -13, Pannalal Silk Mills Compound, LBS Marg, Bhandup
(West), Mumbai – 400 078.

E-mail: rnt.helpdesk@linkintime.co.in

Registered Office

Motilal Oswal Tower,

Rahimtullah Sayani Road,

Opposite Parel ST Depot, Prabhadevi,
Mumbai – 400025

E-mail: shareholders@motilaloswal.com

CIN: L67190MH2005PLC153397

KEY PEOPLE



MOTILAL OSWAL
CHAIRMAN, MANAGING
DIRECTOR & CHIEF EXECUTIVE
OFFICER, MOFSL



RAAMDEO AGRAWAL
JOINT MANAGING DIRECTOR,
MOFSL



NAVIN AGARWAL
DIRECTOR, MOFSL



VIVEK PARANJPE
INDEPENDENT DIRECTOR
MOFSL



PRAVEEN TRIPATHI
INDEPENDENT DIRECTOR
MOFSL



SHARDA AGARWAL
INDEPENDENT
WOMAN DIRECTOR, MOFSL



VIJAY KUMAR GOEL
CEO, PRIVATE WEALTH
MANAGEMENT BUSINESS



AJAY KUMAR MENON
CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR, MOSL



RAJAT RAJGARHIA
CEO,
INSTITUTIONAL EQUITIES BUSINESS



VISHAL TULSYAN
CEO,
PRIVATE EQUITY BUSINESS



AASHISH SOMAIYAA
MANAGING DIRECTOR & CEO,
ASSET MANAGEMENT BUSINESS



ANIL SACHIDANAND
MANAGING DIRECTOR & CEO,
HOME FINANCE BUSINESS



ASHUTOSH MAHESHVARI
CEO, INVESTMENT
BANKING BUSINESS



GIRISH NADKARNI
HEAD, ECM & PE,
INVESTMENT BANKING BUSINESS



SAMEER KAMATH
GROUP CHIEF FINANCIAL
OFFICER



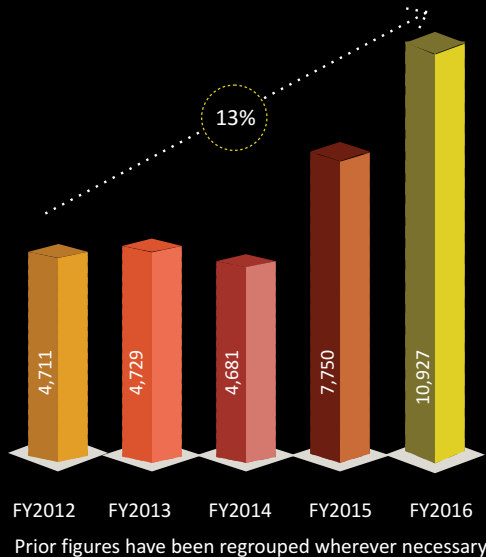
RAMNIK CHHABRA
HEAD, MARKETING



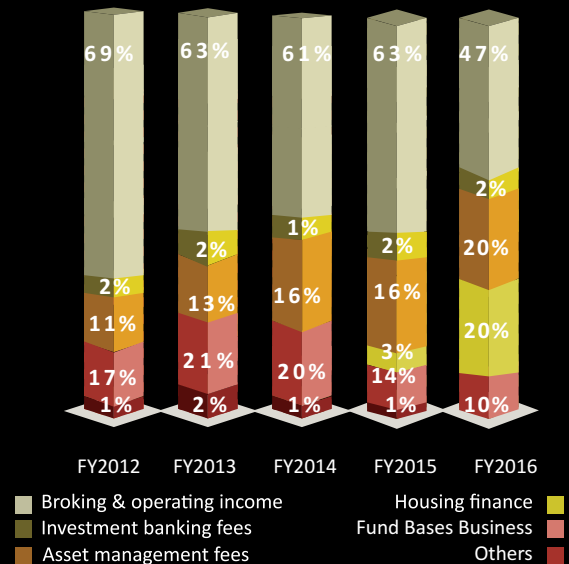
SUDHIR DHAR
HEAD, HR & ADMINISTRATION

PERFORMANCE AT A GLANCE

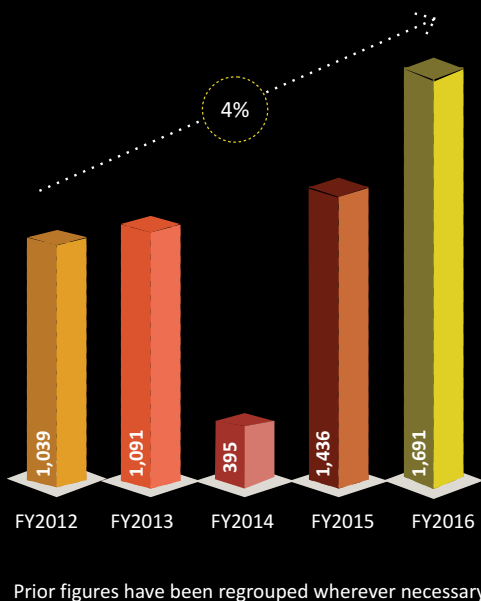
Consolidated Revenues (Rs. Mn.); and 5-Year CAGR



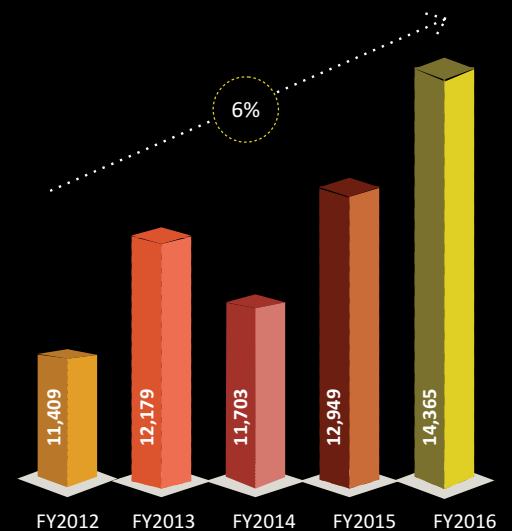
Revenue Composition %



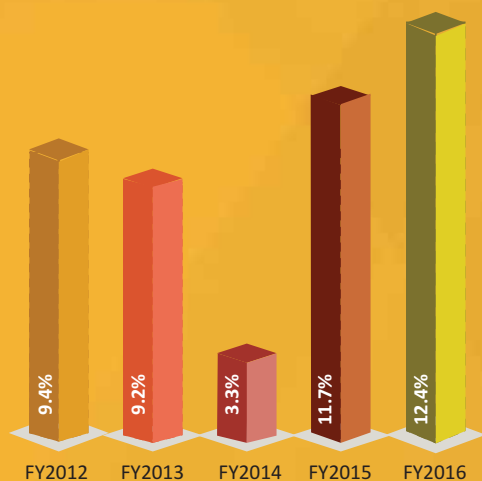
PAT (Rs. Mn.); and 5-Year CAGR



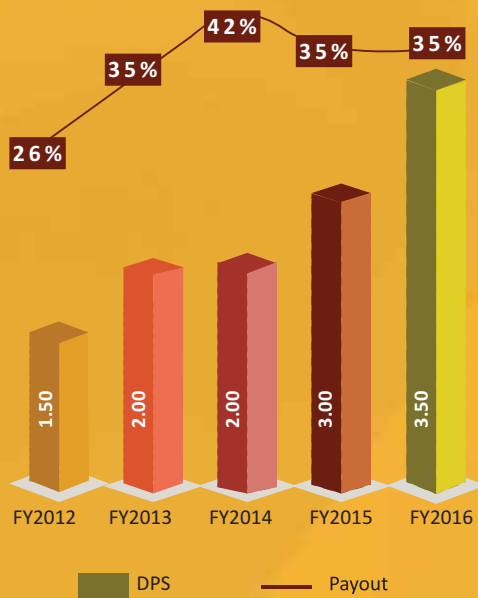
Net Worth (Rs. Mn.); and 5-Year CAGR



Return on Equity (%)

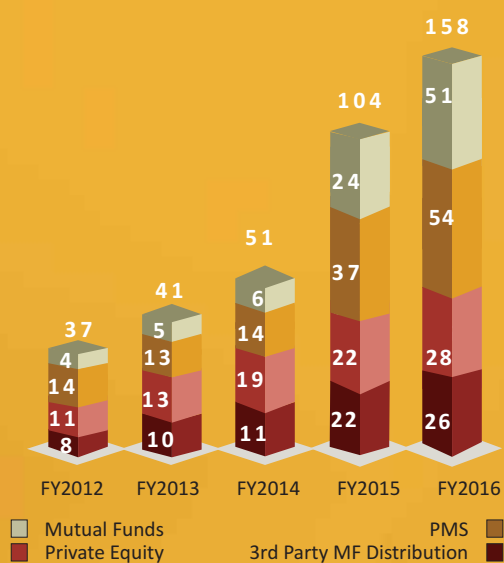


Consistent Dividends

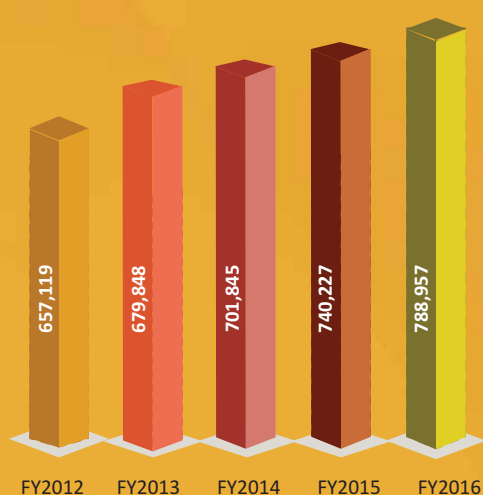


Payouts is calculated on Adjusted PAT for the respective years

Assets under Management/Advice/Distribution (Rs. Bn.)



Retail Broking & Distribution Clients



BUSINESS SNAPSHOT

Broking & Distribution

- Improved our retail market share across both cash and derivative segments
- Over 788,000 retail broking and distribution clients; Retail clients added per month in FY2016 was up 2.2X from FY2014
- Distribution reach of 2,000+ business locations across 511 cities; Depository assets at Rs 255.79 bn
- Significant traction in our digital business; New technology platforms have seen good feedback from clients
- Focus shifting to financial product distribution based on an assets-based approach, instead of just a pure-broking approach

Institutional Equities

- Ramped up research coverage from 230 to 251 YoY
- Focus was to introduce new research/thematic products, such as Voices (a ready-reference of insights from earning calls) and Ind-AS (report detailing sector-wise implications of the new accounting standard)
- Significant strides made in the usage of technology, by offering Videos summarizing all key reports
- Continued to be ranked amongst the top brokers across parameters in various award forums like Asiamoney, Dun & Bradstreet and Research Bytes
- Annual Global Investor Conference is one of the largest format-events in this segment; The 2015 event saw participation from 120+ companies and 500+ global investors

Investment Banking

- IPO and QIP pipeline is gathering steam, after the new team was put in place
- Robust deal pipeline in M&A advisory, despite delays in transaction closures

Asset Management

- Amongst the fastest growing equity AMCs; Improved its equity AUM ranking from #18 in Mar 2014 to #12 in Mar 2016
- Pitching the company's "QGLP investment process" is showing results, as the market share in net sales improved this year
- Mutual Fund AUM up 109.79% YoY to Rs 50.66 bn; PMS AUM up 46.93% YoY to Rs 54.12 bn
- MOFSL group's commitments to our mutual fund products stood at Rs 5.89 bn with unrealized gains of Rs 1.17 bn
- Maiden marketing campaign "Sirf Ek Sawaal: Why not Motilal Oswal" launched across Digital, Print and TVC channels