

# 30<sup>★</sup>

years  
of  
Wealth Creation



**ANNUAL REPORT 2016 - 17**

# 30<sup>★</sup> years of Wealth Creation

2017 marks the completion of 30 years for Motilal Oswal. What began as a 3-member sub-broking firm in 1987 has today grown into a 5000 plus team and one of India's leading financial services companies. Today our areas of operation include Private Wealth Management, Retail Broking and Distribution, Institutional Broking, Asset Management, Investment Banking, Private Equity, Commodity Broking, Currency Broking and Home Finance.

The past 30 years has also seen Motilal Oswal Financial Services pioneer successful business models, build rewarding relationships with clients, introduce innovative products and develop valuable partnerships across multiple stakeholders. Our high-quality service, value-driven offerings and strong business ethics have helped us become one of the most recognizable and respected brands in India. The guiding force behind our wealth creation journey of the past 30 years has been our 'Knowledge First' philosophy. This has been supported by research based value investing , a customer-first attitude, employee friendly HR practices, ethical and transparent business practices, respect for professionalism, implementation of cutting edge technology and customer centric marketing.

While we look back at our past 30 years with pride, it only acts as a motivator for even bigger and better achievements in future.



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# MILESTONES

1987



Starts as a Sub Broking Outfit - Prudential Portfolio Services

MOSL acquires B.S.E. membership



1990

**2005**  
**asia money awards**

Awarded Best Local Brokerage, Most Independent Research Brokerage and Best in Sales & Service

DP assets cross ₹ 1,000 crore

2005

Reach expands to over 100 business locations  
Customer base crosses 10,000

FII Client base crosses 100

2003

2006

Enters into Investment Banking, Private Equity and Wealth Management businesses

**aban**

Investment Banking Business advises on one of the largest investment banking deals of 2006 and tops Bloomberg M&A league table for India

**R**

New Vernon Capital

Places 10.75% with 2 leading Private Equity Investors- Bessemer Venture and New Vernon Private Equity valuing the company @ ₹ 1200 Cr (post money)

Issues about 13% of equity to employees as ESOPs

Private Equity business launches its maiden fund of USD 125 million

2007



Features as a case study in Harvard Business School



Goes public. The IPO was oversubscribed 26.4 times

2009



Rated as No. 1 Broker at the ET Now-Starmine Analyst Awards



Enters the Limca Book of Records for creating India's Largest Dealing Room



Reach expands to over 1,000 business locations  
Customer base crosses 5,00,000

2010



Asset Management business hosts India's 1<sup>st</sup> Value Investing Forum



Asset Management launches its maiden mutual fund offering - India's first fundamentally enhanced ETF



Investment Banking Business won the "India M&A Investment Banker Award", and "Asia Pacific Cross-Border Deal of the Year" at the Asia-Pacific M&A Atlas Awards



Launched Motilal Oswal Foundation

Wins QualTech Prize for Improvement in the Services Category at QIMPRO



DP Assets cross ₹ 10,000 cr

1994



Gets N.S.E. membership

**MOTILAL OSWAL**

Enters Institutional Equities Business

1996



Starts Wealth Creation Study to identify the biggest, fastest and the most consistent wealth creating companies

2000



Promoters honoured with Rashtriya Samman Patra



Receives the Asiamoney Award for the Best Domestic Equity House

2008



DP Assets cross ₹ 5,000 cr  
Group Profits cross ₹ 100 cr and  
Group revenues cross ₹ 500 cr

Hits Billion Dollar Market Capitalisation



Awarded 'Best Franchiser in Financial Services' by Franchising World Magazine for the second time in succession



Mr. Oswal awarded the 'Excellent Business Achiever in Financial Services' Award by the Institute of Chartered Accountants of India

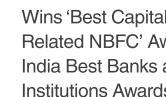
Awarded the NASSCOM-CNBC TV18 IT User Award



Mr Agrawal honored with an award for Special Contribution to Indian Capital Market at 'India's Best Market Analyst Awards



Asset Management Business organises India's first ETF Conclave



Wins 'Best Capital Markets & Related NBFC' Award at CNBC TV18 India Best Banks and Financial Institutions Awards



Asset Management Company (AMC) becomes India's 1st AMC to ring the NASDAQ Stock Market Opening Bell

2011



2012



Awarded 'Best Equity Broker' at Bloomberg UTV Financial Leadership Awards

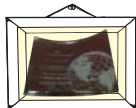


Awarded the 'Retailer of the Year' (Banking & Financial Services) at the 'Award for Retail Excellence' organized by Asia Retail Congress



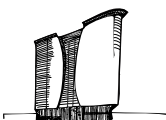
Adjuded 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisor Awards - two years in a row

Awarded the 'Best Public Relations in the Financial Services Sector' at the India PR & Corporate Communication Awards



MOST Shares Nasdaq 100 ETF bags the 'Most Innovative ETF - Asia Pacific 2011' at the 8th Annual Global ETF Awards 2012

MOFSL shifts into its own corporate headquarters spread over 2,70,000 square feet



Awarded Depository Participant of the Year at Money Today FPCIL Awards

2013

Motilal Oswal Investment Banking won 'M&A Boutique Firm of the Year' and 'Best Mid-Market Deal of the Year' awards at the M&A Atlas Awards in Mumbai



Adjuded 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisor Awards - three years in a row



Completed 25 years of Wealth Creation



Awarded 'Best Growth Capital Investor-2012' at the Awards for Private Equity Excellence 2013



Awarded Depository Participant of the Year at Money Today FPCIL Awards

2015

zee India's best market analyst awards.  
Best IT Sector, Best FMCG Sector and Best Forex.



CNBC TV18 Financial Advisory Awards 2014 - 15; adjudged Best Performing National Financial Advisor (Wealth distribution category)



'Best Broking House - Institutional Segment' at Dun & Bradstreet Best Equity Broking Awards 2015 held in Mumbai.

'Best Broking House - Cash Segment' at Dun & Bradstreet Best Equity Broking Awards 2015 held in Mumbai.



AHFCL cumulatively disbursed over **Rs. 1000 Cr.** of loans to over **10000 families.**



"Financial Services Institution of the Year" at the ICT 4 Development Awards 2015 by ASSOCHAM INDIA!

Reach expands to over 1,500 business locations Customer base crosses 7,00,000

Group net worth crosses ₹ 1,000 crore



Bags two awards for 'Excellence in HR through Technology' & 'Managing Health at Work' at the 2<sup>nd</sup> Asia's Best Employer Brand Awards



Awarded 'Best Equity Broking House' at BSE - Dun & Bradstreet Equity Broking Awards



Maiden mutual fund offering bags the 'Most Innovative Fund of the Year' at the CNBC TV18-CRISIL Mutual Fund Awards



2014



Adjuded 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisor Awards - four years in a row

Motilal Oswal Financial Services Awarded for 'Best Local Broker for Trading and Execution' at the Trade Asia Awards 2014



AHFCL has been awarded "Fast 50 Brands 2016" by World Consulting Research Corporation



Institutional Equities bags 11 Awards at the 'Research Bytes Investor Communication Awards 2015'



Best Equity Broker-National & Grand Jury award for Best Institution for Financial Education & Inclusion by CNBC TV18 Financial Advisory Awards



Motilal Oswal Financial Services Limited got certified as "Great Place to Work" by GPTW - India

2016

MOFSL won Banking Frontiers 'Finnoviti Award 2017' for Watch App



AHFCL bags 2 awards for "Innovative Product and Services" for MALA & "Innovative Marketing Practice" for Social Media Campaigns at the 7<sup>th</sup> National Conf. & Game Changer Summit.

MORE wins the "Best Real Estate Fund of the Year - Domestic" at the CNBC - AWAAZ Real Estate Awards 2016 -17

Commodity business won the "Commodity Broker of the Year 2016 - 17" at MCX Excellence Awards



Asset Management business has crossed the milestone of US \$ 2.5 Billion Equity Assets Under Management



Completed 30 years of Wealth Creation

2017

# MESSAGE FROM THE CHAIRMAN



**Mr. Motilal Oswal**

Chairman, Managing Director &  
Chief Executive Officer, MOFSL

Dear Shareholders,

It gives me great pleasure to share with you our performance of the last year. Two years ago, we initiated a strategic transformation of our business model into four engines of growth - capital market business, asset based business, housing finance business and fund based business. Financial Year 2017 (FY2017) saw us delivering the initial results of this strategic transformation. Each of our businesses are building scale across assets, sales and volumes as well as improving its market share. Our business model has been moving steadily towards annuity-type sources of earnings. Within our FY2017 consolidated revenue of ₹ 1,818.32 crores, 55.76% was contributed by annuity sources like housing finance, asset and wealth businesses. Similarly, within our FY2017 profit after tax (PAT) of ₹ 359.99 crores, 56.94% was contributed by housing finance, asset and wealth businesses. This strategy of diversification towards annuity-based sources is driving visibility of our future earnings. In line with our stated objective of achieving sustainable 20% return on equity (ROE) over the long term, our

reported ROE in FY2017 was 22.34%. All our businesses still offer significant headroom for growth. We have been investing in manpower, technology and processes, and are well placed to capture these ensuing growth opportunities.

In terms of business verticals, our asset based businesses (comprising of asset management, private equity and wealth management), saw solid traction in mobilization, as well as robust investment performance. In our capital markets businesses (comprising of retail broking, institutional broking and investment banking), our investments into our distribution and digital businesses in retail, blocks business in institution and equity capital market (ECM) business in investment banking showed results in FY2017. Our housing finance business, which focuses on affordable housing space, is scaling up in assets, liabilities and network. We expanded into six new states, in addition to earlier three. As much focus is placed on risk management, underwriting, collections and asset quality as on scale. In our fund based businesses (comprising of sponsor commitments to our mutual funds and private equity funds), most of the gains are still unrealized and yet to be booked in our Profit & Loss statement. Our long term track record in investment performance, as seen from the 14-year CAGR returns of our flagship Value PMS scheme, augurs well for this fund based business.

In terms of financial performance, our revenue of ₹ 1,818.32 crores in FY2017 was an all-time high for the Group. This uptick in topline was backed by strong growth across all our businesses, with housing finance up 159.91% year on year (YoY), asset and wealth management up 69.08% YoY and capital markets up 37.28% YoY. Our PAT of ₹ 359.99 crores in FY2017 was also a high for the Group. This uptick was led by improved profitability across all businesses, with housing finance up 102.80% YoY, asset and

wealth management up 236.95% YoY and capital markets up 177.71% YoY. We have made significant investments into manpower, brand, technology and processes in recent years. Some of the operating leverage from these investments became visible this year, as the PAT margin improved from 15% to 20% on a YoY basis. However, the full benefit of operating leverage is yet to unfold. While our ROE on the reported PAT was 22.34% in FY2017, it does not include impact of unrealized gains from investments in our mutual funds. Had this been included, our ROE would have been much higher.

In terms of business wins, we improved our equity market share in the high yield cash segment in our overall broking business. Asset under management (AUM) in our distribution business improved significantly this year. Given that only a small portion of our network has been tapped so far, the potential to increase cross selling still remains immense. Our online initiatives are evincing significant client interest, apart from expanding our reach and productivity at incrementally lower costs. Following continued efforts, blocks activity in institution broking has gained significant traction. We participated in ten ECM transactions in our investment banking business, which is the best ever performance in number of deals and value of transactions. In asset management, our position as a niche equity specialist based on our QGLP investing process has been well accepted across the distributor fraternity. We are also seeing initial interest in our offshore AMC product. In private equity, our first fund is in exit stage and has earned us healthy carry returns this year. This business has scaled up across both the growth capital and real estate funds. In wealth management, a strong brand image is helping attract quality relationship managers. We continue to see solid traction in mobilization and client count in this business. The housing finance business has been growing steadily.

We expanded into new six states, while also seeing continued traction in our existing three states.

At a macro level, the shift from physical savings to financial savings in India augurs well for our businesses. The government continues to drive the right initiatives in the affordable housing space. FII's made a comeback with strong net inflows, after a temporary exodus during the demonetization phase. Even domestic investors have shown continued interest through the equity mutual fund route. The revival of the IPO market should only bring more quality companies into the listed space. As these broader trends translated into business opportunities, our investments into critical areas give us the ability to capture these 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. Our four engines of growth make us optimistic of continued strong performance. 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 who have reposed their trust in us and given us constant support.

With best wishes,



Sincerely,  
Motilal Oswal  
Chairman, Managing Director & CEO  
Motilal Oswal Financial Services Ltd.

# BOARD OF DIRECTORS



**MOTILAL OSWAL**  
Chairman, Managing  
Director & Chief Executive  
Officer, MOFSL



**RAAMDEO AGARWAL**  
Joint Managing Director,  
MOFSL



**NAVIN AGARWAL**  
Director, MOFSL



**VIVEK PARANJPE**  
Independent Director  
MOFSL



**PRAVEEN TRIPATHI**  
Independent Director,  
MOFSL



**SHARDA AGARWAL**  
Independent Woman Director,  
MOFSL

## **MURLI KRISHNAN IYER**

Company Secretary and Compliance Officer

### **Bankers**

- HDFC Bank • ICICI Bank • Indusind Bank • Axis Bank
- IDBI Bank • Kotak Mahindra Bank • Yes Bank

### **Auditors**

M/s Haribhakti & Co. LLP, Chartered Accountants

### **Registrar and Share Transfer Agent**

Link Intime India Private Limited  
C - 101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai - 400083  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto: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](mailto:shareholders@motilaloswal.com)  
CIN: L67190MH2005PLC153397



## Capital Market Businesses



**AJAY KUMAR MENON**  
Managing Director & CEO, MOSL



**RAJAT RAJGARHIA**  
CEO, Institutional Equities Business



**GIRISH NADKARNI**  
CEO, Investment Banking Business

## Asset & Wealth Management Businesses



**AASHISH SOMAIYAA**  
Managing Director & CEO,  
Asset Management Business



**VISHAL TULSYAN**  
Managing Director & CEO,  
Private Equity Business



**VIJAY KUMAR GOEL**  
CEO, Private Wealth Management Business

## Housing Finance Business



**ANIL SACHIDANAND**  
Managing Director & CEO,  
Home Finance Business



**RAMNIK CHHABRA**  
Head, Marketing



**SUDHIR DHAR**  
Head, HR & Administration



**SHALIBHADRA SHAH**  
CFO, MOFSL  
(Appointed w.e.f. 27<sup>th</sup> April, 2017)

## Support



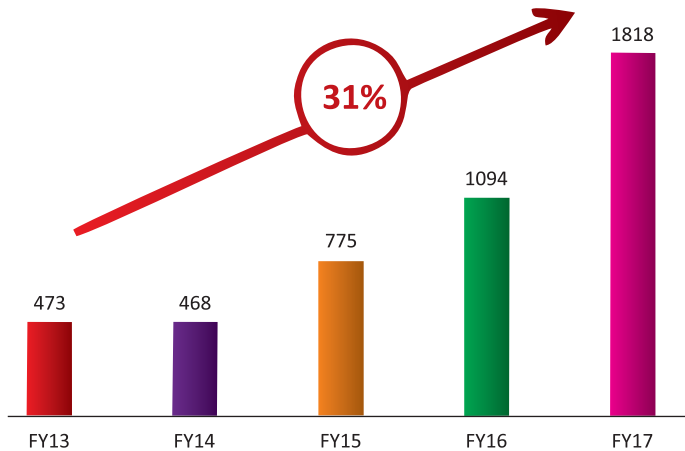
**Anupam Agal**  
Head, Operations & Risk



**Pankaj Purohit**  
Head, IT

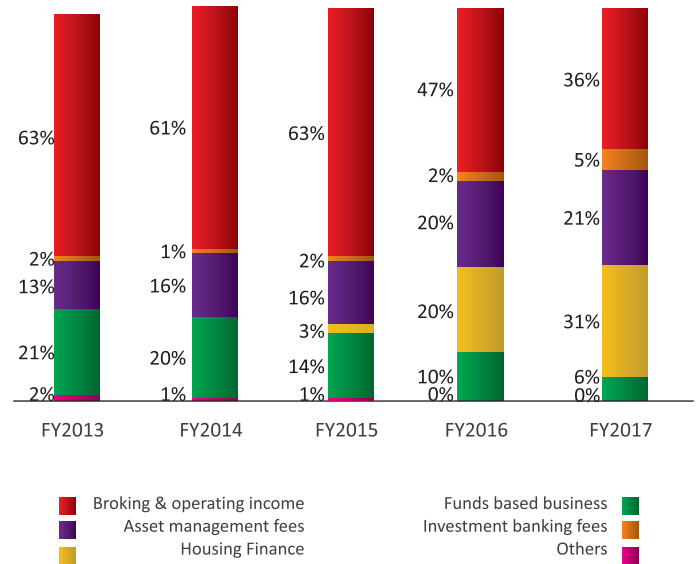
# PERFORMANCE AT A GLANCE

## Consolidated Revenues (₹ Crore); & 5-Year CAGR



*\*Prior figures have been regrouped wherever necessary*

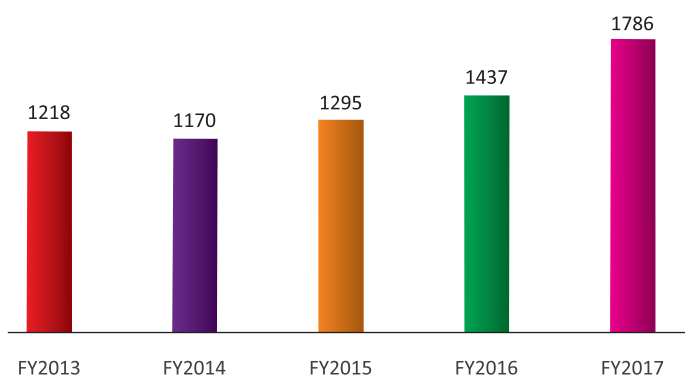
## Revenue Composition %



*\*Prior figures have been regrouped wherever necessary*

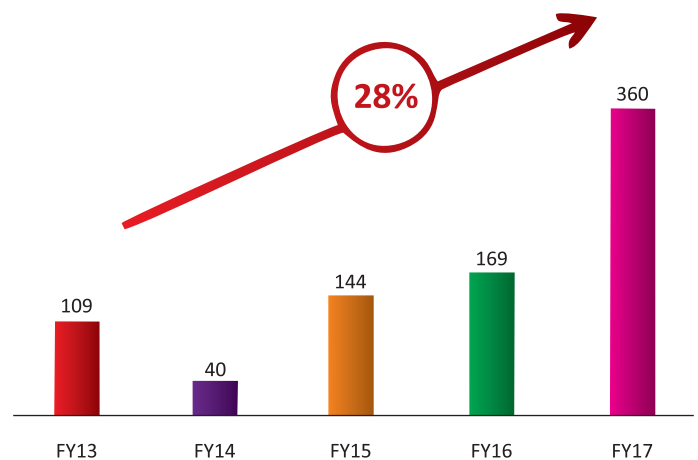
*\*Figures may not always sum to 100% due to rounding*

## Net Worth (₹ Crore)



*\*Prior figures have been regrouped wherever necessary*

## PAT (₹ Crore); & 5-Year CAGR



*\*Prior figures have been regrouped wherever necessary*