

WINNING WITH KNOWLEDGE



EQUITY EXPERTS
*FOR OVER
30
YEARS

MOTILAL OSWAL

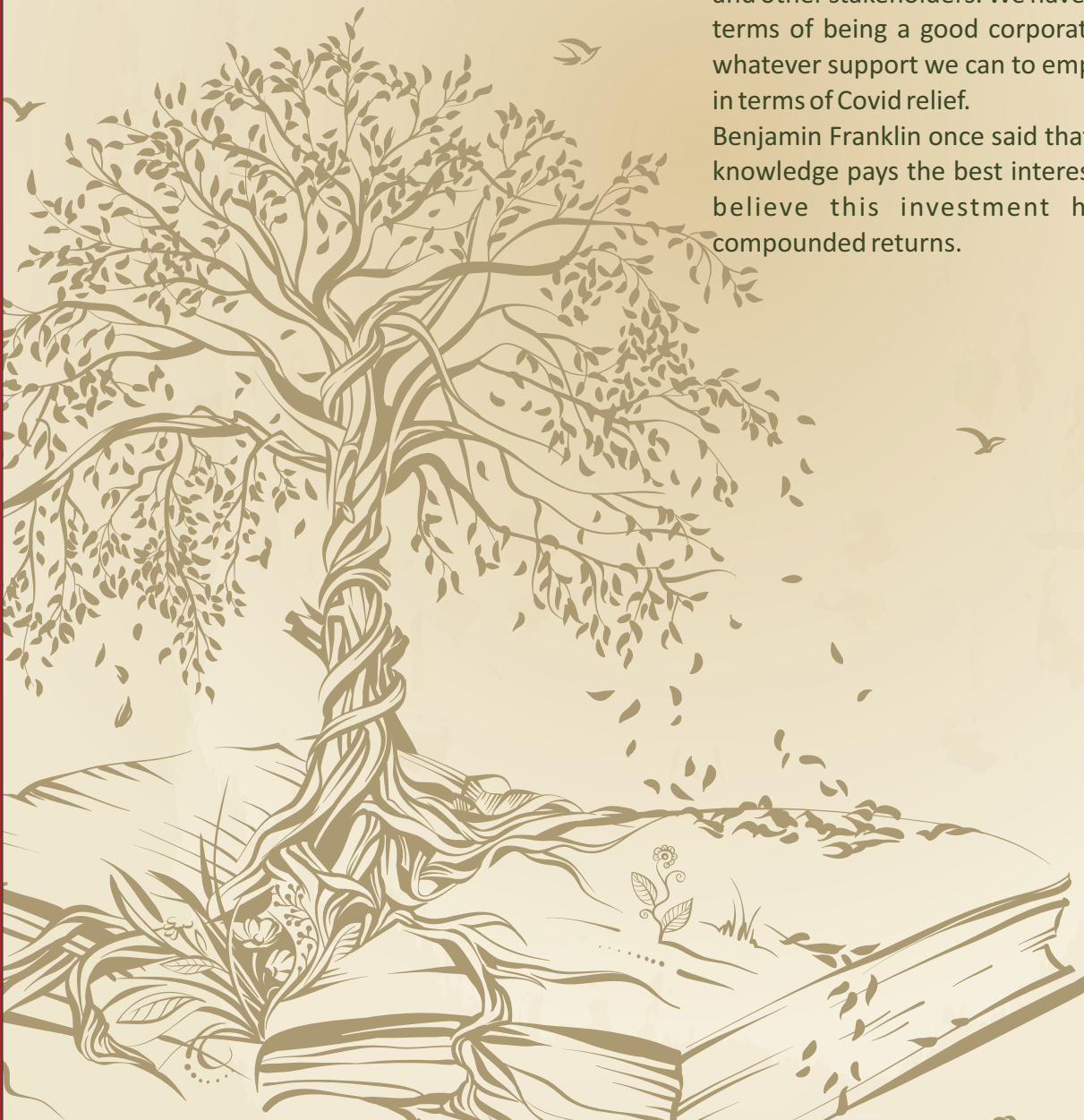
ANNUAL REPORT 2020-21

“AN INVESTMENT IN KNOWLEDGE PAYS THE BEST INTEREST.”

- Benjamin Franklin

At Motilal Oswal, we believe that knowledge provides us the edge to create wealth for all our stakeholders. In a tough environment due to the pandemic; it's this 'Knowledge First' philosophy that has helped us not just survive; but thrive. We have been able to deliver record performance on various fronts. Despite a challenging environment; we have also introduced new products and services to successfully cater to evolving needs of our clients and other stakeholders. We have also done our bit in terms of being a good corporate citizen providing whatever support we can to employees and society in terms of Covid relief.

Benjamin Franklin once said that “An investment in knowledge pays the best interest.” In this year; we believe this investment has provided us compounded returns.





CONTENTS

MDs MESSAGE	02
BOARD OF DIRECTORS	04
KEY PEOPLE	05
PERFORMANCE AT A GLANCE	06
BUSINESS SNAPSHOT	08
5 YEARS PERFORMANCE HIGHLIGHTS	10
ESG : A HOLISTIC APPROACH	12
BOARD'S REPORT	33
MANAGEMENT DISCUSSION & ANALYSIS	55
REPORT ON CORPORATE GOVERNANCE	66
BUSINESS RESPONSIBILITY REPORT	90
FINANCIAL STATEMENTS	99



MDs MESSAGE



Mr. Motilal Oswal
MD & CEO, MOFSL

Dear Shareholders,

FY2021 was an eventful year for MOFSL. Despite the pandemic situation and uncertainties thereof, it was a remarkable year for us. India stepped into FY2021 with Covid-19 induced lockdown in place. Lockdown restrictions caused unprecedented job losses and impacted livelihoods of many. Demand remained muted and GDP contracted to 23.9% in Q1FY2021. But markets started gradually recovering led by phase wise unlocking, various policy measures announced by government RBI as well as a better than expected corporate earnings performance. From the lows seen during the end of FY2020, markets bounced back to erase its losses in November. Investors further gained confidence with the approval of vaccines against Covid. Both Sensex and Nifty closed at an all-time high in the month of February'21.

FY2021 has been a landmark year for our company, touching all-time highs on several parameters. We reported highest ever consolidated revenues of ₹ 3,923 Cr, +69% YoY and PAT of ₹ 1,245 Cr, +579% YoY. PAT excluding exceptional items stood at ₹ 1,311 Cr, +615% YoY. Our ROE, excluding other comprehensive income stood at 38% as compared to 6.6% in FY2020. Going forward, our focus on knowledge, talent, processes, technology, brand & culture and inter-segment synergies will pave the road for achieving milestones across all business verticals. We continue to remain optimistic on the growth potential of all our business verticals given the robust fundamental structure and revival in macro-conditions.

On the capital markets front, Indian equity markets posted their best performance in a decade in FY2021. The industry witnessed a record of 1.44 Cr of new demat accounts being opened. FII inflows were also at an all-time high. Our broking business focuses on a “Phygital” Business model which offers best of both the worlds. Success of this model has yielded results as we recorded our highest ever broking revenues and ADTO in FY2021. We were successful in adding around 6.2 lakh clients taking the total retail client base to ~19.7 lakh. Online volumes contributed ~60% of the total retail volumes traded. Our distribution AUM stood at ₹ 12,785 Cr, and has huge head-room for growth as the client penetration stands at ~13% of our retail client base. We made huge investments in this business in FY2021 by adding 1,600+ people and 60+ branches in order to benefit from the industry consolidation opportunity. In the institution business, our rankings and clientele continued to remain robust. We were awarded #1 Local Brokerage and #2 Overall Sales in the Asia Money Brokers Poll 2020. On the investment banking side, we associated with HDFC and ICICI Bank for their QIPs. We continue to engage on a wide cross-section of mandated transactions across capital markets and advisory.

Our AMCAUM which includes MFs, PMS and AIFs stood at ₹ 45,692 Cr in FY2021, +54% YoY. In FY2021, we were ranked 9th in terms of new MF folio addition. Our new SIP count market share improved by 90 bps YoY to 2.2%. Our gross sales at AMC level increased by 22% YoY and net flows turned positive in the last quarter. We have received strong traction in our Passive offerings; our AUM reached 10x in a years time. We have strengthened our sales vertical by adding 20 sales employees in FY2021 including some senior level hiring. Further, we expanded our reach by adding 5 more branches. During the year, PE AUM stood at ₹ 6,569 Cr. We launched IREF V which received commitments aggregating to ₹ 650 Cr. Our wealth management business recorded 26% YoY growth in revenue led by strong net sales of Rs 2,711 cr in FY2021. Our AUM touched an all-time high of ₹ 25,286 Cr, +62% YoY. Client acquisition saw encouraging growth with the number of families under our business crossing the 5,000 mark. With the improvement in the vintage of RMs, the profitability of our wealth

management business is poised for further traction. Mr. Ashish Shanker was promoted as CEO of our wealth management business.

On our housing finance business, our efforts were concentrated in strengthening our organisation in terms of processes, systems, manpower, culture and structure to create foundation for strong and sustainable growth. We on-boarded Mr. Arvind Hali as MD & CEO and under his leadership our entire senior management team with all key heads is now in place. Our full year disbursement stood at ₹ 273 Cr, +42% YoY. In FY2021, we further diversified our liability sources by National Housing Bank borrowings and Securitization transactions and also lowered our average cost of borrowings by 95 bps YoY to 9.25% in FY2021. We have expanded our sales force during the year and will continue to hire more as business is gears up for growth.

In our fund based businesses (comprising of sponsor commitments to quoted equity and private equity funds), we recorded highest ever gains on investments in a year at ₹ 779 Cr. As per IND-AS, these gains are a part of our reported earnings. Our QGLP philosophy, niche expertise in equities, proven track record and belief in 'skin in the game', augurs well for our fund based business

Some of the key highlights of FY2021 include group's asset under advice crossing ~2 tn mark, balance sheet size crossing ₹ 100 bn, 61% growth in PAT of broking business, 352% growth in PAT of wealth management business, highest ever NIM and lowest ever COF for home finance business and successful launch of S&P 500 index fund. Our dividend payout ratio excluding MTM gains stood at 28%. Company has also completed Buyback of equity shares of ₹ 1.5 bn (including tax).

Our strategy to diversify our business model towards linear sources of earnings has showed results. Capital Market business which is our oldest and cash cow business has achieved new highs on various parameters and continues to benefit from industry consolidation led by knowledge driven phygital offerings. Our Asset Management business is likely to gain from strong product performance and its niche offerings. Going forward, with ample room for scalability of our Housing Finance and other businesses, we remain excited for the future prospects of the company.

Although World Bank slashed its FY2022 growth projection to 8.3% from 11.2% as the second Covid wave hit hard, India still stands to benefit in this uncertain environment. Many global MNCs are likely to consider diversifying their manufacturing operations from China to India given the low corporate tax rate, skilled population, relatively low wages and a large domestic market. Also, the growing demand for affordable housing industry stands positive for our business. Sustenance of macros at reasonable levels augurs well for our business and industry as a whole. As these macro trends open up opportunities, our experience and emphasis on 'Knowledge First' give us the ability to capture these growth prospects.

With best wishes,



Sincerely,

Motilal Oswal

Managing Director & Chief Executive Officer

Motilal Oswal Financial Services Limited.



BOARD OF DIRECTORS



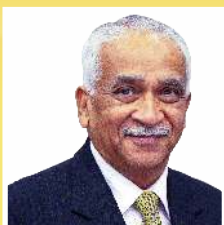
RAAMDEO AGRAWAL
Non-Executive Chairman



MOTILAL OSWAL
Managing Director (MD) &
Chief Executive Officer (CEO)



NAVIN AGARWAL
Non-Executive Director, MOFSL
(MD & CEO, MOAMC)



C. N. Murthy
Independent Director



Chandrashekhar Karnik
Independent Director



Pankaj Bhansali
Independent Director



Divya Momaya
Independent Director



Swanubhuti Jain
Independent Director

*MOAMC - Motilal Oswal Asset Management Company Limited

Kailash Purohit

Company Secretary and Compliance Officer

Statutory Auditors

M/s Walker Chandio & Co. LLP, Chartered Accountants

Internal Auditors

M/s. Aneja Associates

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

Registered Office

Motilal Oswal Financial Services Limited

Regd. Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.

CIN: L67190MH2005PLC153397

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Board: +91 22 7193 4263/7193 4200

Fax: +91 22 5036 2365

Email: shareholders@motilaloswal.com

Motilal Oswal Securities Limited ("MOSL") has been amalgamated with Motilal Oswal Financial Services Limited ("MOFSL") w.e.f. August 21, 2018, pursuant to the order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.



KEY PEOPLE

Capital Market Businesses



Ajay Kumar Menon
CEO, Broking & Distribution Business,
Whole-time Director, MOFSL



Rajat Rajgarhia
CEO, Institutional Equities Business
& Whole-Time Director, MOFSL



Abhijit Tare
CEO, Investment Banking
Business

Asset & Wealth Management Businesses



Vishal Tulsyan
MD & CEO,
Private Equity Business



Ashish Shanker
CEO, Wealth Management
Business

Housing Finance Business



Arvind Hali
MD & CEO,
Home Finance Business



SHALIBHADRA SHAH
Chief Financial Officer

Business Enablers



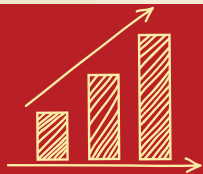
RAMNIK CHHABRA
Group Head, Marketing



SUDHIR DHAR
Group Head, Human Resource
& Administration

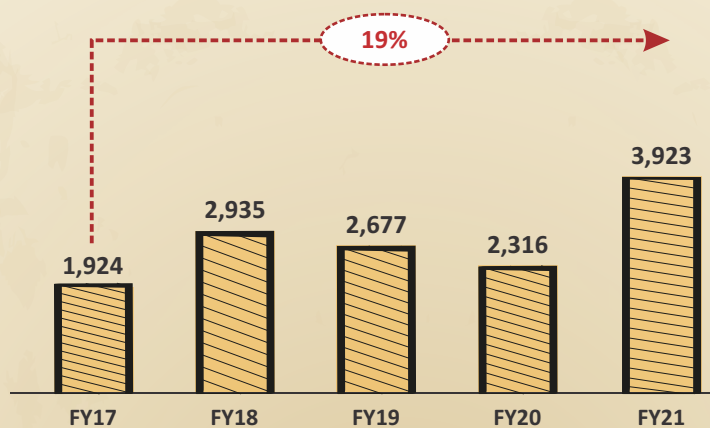


PANKAJ PUROHIT
Group Head,
Information Technology

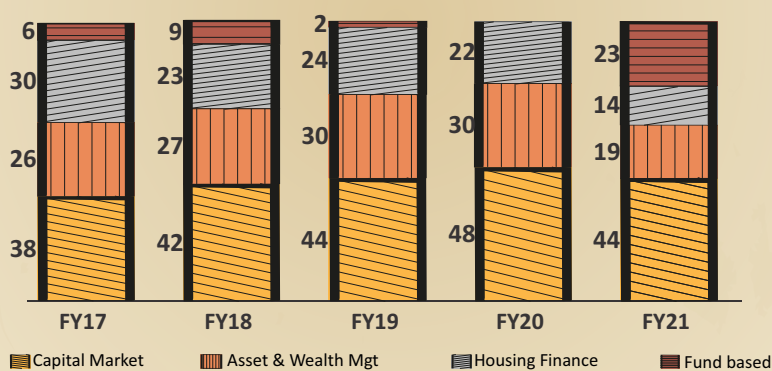


PERFORMANCE AT A GLANCE

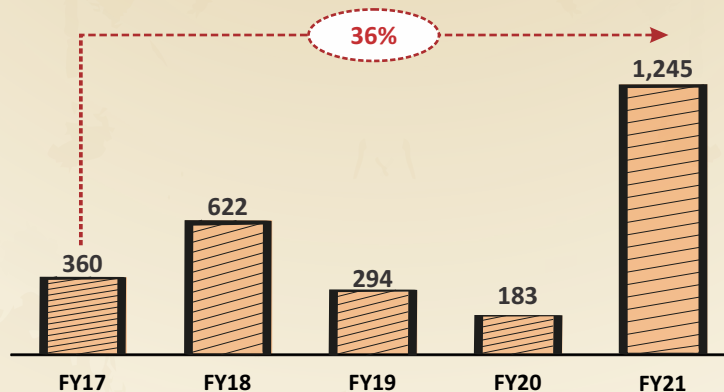
Consolidated Revenue (₹ Crore); & 5-Year CAGR



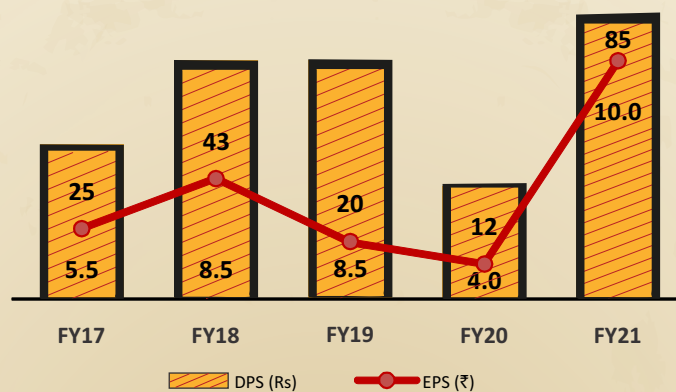
Revenue Composition %



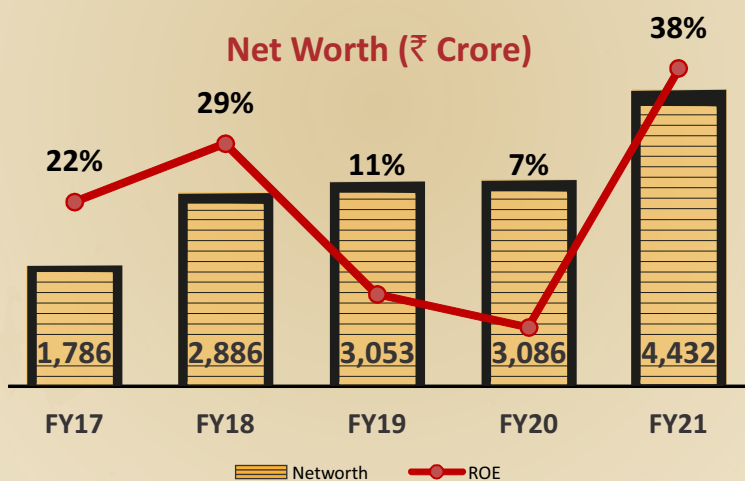
PAT Trend (₹ Crore)



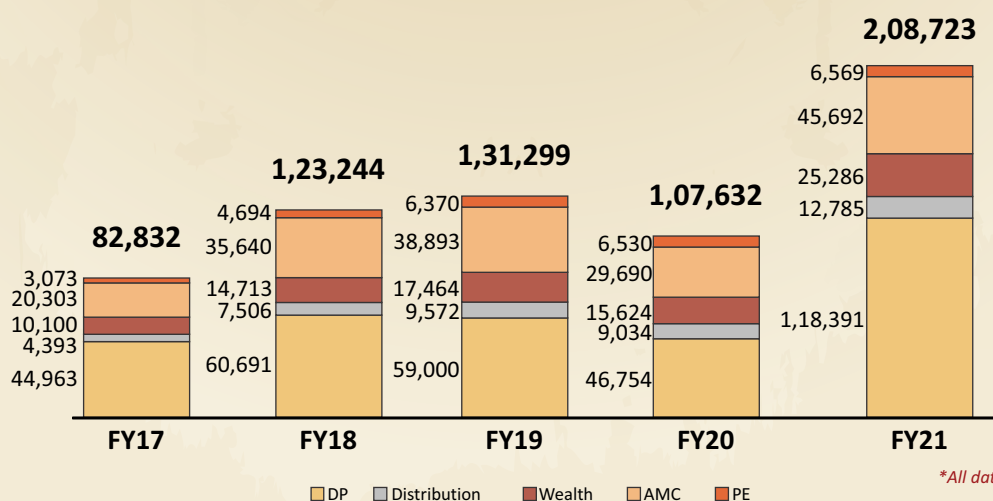
Dividend & Earning per Share



Net Worth (₹ Crore)



Assets Under Management/Advice (₹ Crore)



*All data as of 31st Mar 2021



BUSINESS SNAPSHOT

Broking & Distribution

- Broking recorded highest ever ADTO, annual revenue and profit in FY2021.
- Total retail client base stood at 19,71,964 with a growth of 36% YoY.
- Client acquisitions stood at ~6,20,000 in FY2021, registering a YoY growth of 150%.
- Online volumes contributed ~60% of the total retail volumes traded.
- DP AUM was at an all-time high in FY2021 at ₹ 1,18,391 Cr; registering a YoY growth of 153%.
- Our financial product distribution AUM witnessed a growth of 42% YoY to ₹ 12,785 Cr as of Mar 2021; with only 13% of total client base tapped.
- Significant investment has been made in talent (+1,600, +50% YoY), taking total headcount to ~5,000. Added 60 branches in FY2021 with total branch count at 93.
- Research and advisory continues to be the strong base of broking services.

Asset Management

- AMC AUM was at an all-time high in FY2021 at ₹ 45,692 Cr; a growth of 54% YoY.
- MF AUM stood at ₹ 28,136 Cr (+76% YoY), while PMS and AIF AUM stood at ₹ 14,700 Cr (+26% YoY) and ₹ 2,656 Cr (+40% YoY) respectively.
- Ranked 9th in terms of incremental MF folio addition in FY2021.
- We continued to remain market leaders in the PMS industry.
- Our share of Alternate assets, (comprising of PMS & AIF), is the highest among AMC's at ~38%.
- Added 3.1 lakh SIPs in FY2021, up 98% YoY. This has resulted in an increase in new SIP count market share by 90 bps in FY2021 to 2.2%.
- Received strong traction in our Passive offerings, AUM reached 10x to ₹ 7000 Cr in a years time.
- Motilal Oswal NTDOP ranked #1 in 'Best PMS in 10 years performance' across all categories (on Risk-Adjusted Returns) at India's Smart Money Manager Awards – 2021.

Wealth Management

- Wealth AUM was at an all-time high in FY2021 at ₹ 25,286 Cr, up 62% YoY
- Client acquisition saw encouraging growth with number of families under our business increasing 20% YoY to 5,004.
- Our trail revenues now cover 82% of fixed costs.
- Yield improved to 66 bps in FY2021.
- Ashish Shanker has been promoted as MD & CEO. He joined MOPW as Head Investment Advisory in 2012 and was instrumental in building the investment, research & advisory platform.

Private Equity

- PE and RE AUM stood at ₹ 6,569 Cr across three growth capital funds and four real estate funds.
- Growth capital funds have been successful in gaining investors' confidence with stellar returns over the years. IBEF I has delivered a portfolio XIRR of ~27%.
- IBEF III stands fully raised at ~₹ 2300 Cr; of which it has already committed 70% across 7 investments and the Fund is extensively evaluating opportunities across its preferred sectors.
- IREF II and III fully deployed; generating 21%+ IRR on exited investments.
- IREF IV, with a size of ₹ 1148 Cr, has deployed ₹ 610 Cr across 11 investments.
- Launched IREF V with a target corpus of ₹ 800 Cr.