

EQUITY EXPERTS
FOR
35
YEARS

MOTILAL OSWAL

ANNUAL REPORT 2021-22

THE WEALTH CREATION DEMOCRACY



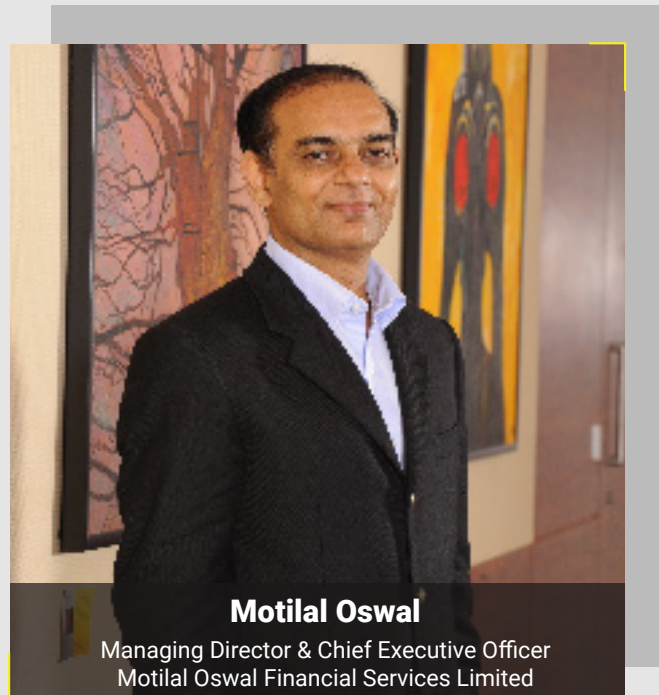


THE WEALTH CREATION DEMOCRACY

At Motilal Oswal we believe that in the world's largest democracy, everyone deserves the right to create wealth, the reason why we provide high quality research, advice and a range of products to different kinds of customers in markets large and small. We do this by using the reach of our wide physical network and the scalability of our digital platforms. This helps make wealth creation accessible for all, creating a Wealth Creation Democracy.

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MD's MESSAGE

Dear Shareholders,

India entered into FY2022 with the threat of 2nd Covid wave looming over. Despite the pandemic situation, markets continued to have a bullish run as both indices touched all-time high in the month of October 2021. There was an increasing retail participation in capital markets witnessed during the year as the industry added all-time high demat accounts along with record fund mobilization through IPO route. With tensions arising due to Russia Ukraine conflict, market witnessed a free fall. Subsequently, markets bounced back and erased some of its losses by March 2022.

FY2022 added another feather in our cap as we continued to reach new highs on several parameters. We reported highest ever consolidated revenues of ₹ 4,320 crore and PAT of ₹ 1,311 crore. Our operating PAT touched an all-time high of ₹ 905 crore, registering a growth of 69% YoY. Our ROE, excluding other comprehensive income, stood at 30% in FY2022. Our focus on knowledge, talent, processes, technology, brand & culture and inter-segment synergies have helped us in achieving key milestones across all business verticals. We continue to remain optimistic on the growth potential of our all business verticals given the robust fundamental structure.

On the capital markets front, Indian equity markets continued their bullish run for most part of the financial year. The industry witnessed a record of 3.5 crore new demat accounts being opened. While FIIs were on a selling spree in FY2022, DIIs offset the pressure and recorded highest ever inflows. The success of "Phyigital Business model" of our broking business has continued to yield positive results as we recorded highest ever Broking revenues, profit and ADTO in FY2022. We successfully added 8.8 lakh clients in FY2022, taking the total retail client base to ~28.5 lakh. We have one of the highest ARPUs in the industry. Our cash market share was at multi period high in FY2022. Our distribution AUM at ₹ 16,764 crore has huge head-room for growth. We have made significant investments in this business in talent and digital marketing. In Institution business, our rankings and clientele continued to remain robust. We were awarded #1 Domestic Brokerage and Overall Sales in Asia Money Brokers Poll 2021. Our Investment Banking business made a turnaround in performance this year as we closed 13 deals. We continue to engage on a wide cross-section of mandated transactions across capital markets and advisory.

Our AMC AUM which includes MF, PMS and AIF stood at ₹ 49,020 crore in FY2022. SIP inflows crossed ₹ 200 crore monthly milestone in FY2022 with highest ever monthly inflows recorded in March 2022. Our gross sales at AMC level increased by 49% YoY led by 125% growth in Alternate sales. Further, improvement in performance coupled with decline in redemptions has resulted in strong positive net sales in FY2022 as compared to net outflows in FY2021. We have witnessed strong traction in our Passive offerings, our AUM crossed ₹ 10,000 crore mark. Fee earning PE and RE AUM crossed ₹ 10,000 crore. We exited from all investments of IBEF I and the fund had delivered a XIRR of ~27%. During the year, we launched IBEF IV, the biggest PE fund, with a target size of ₹ 4,500 crore. We have witnessed overwhelming response to this fund as it has achieved its 2nd close at ₹ 4,000 crore.

IREF V, which was launched in FY2021, attained its close at ₹ 1,215 crore. Our wealth management business recorded 53% YoY growth in revenue led by 36% YoY growth in AUM at ₹ 34,389 crore and strong net sales of ₹ 5,400 crore. Strong operating leverage was visible in this business which was led by improvement in RM productivity. We continue to invest in this business by adding RMs. With improvement in the vintage of RMs, the profitability of our wealth management is poised for further traction.

On our housing finance business, our efforts to strengthen the organisation in terms of processes, systems, manpower, culture and structure has yielded results, as we recorded highest ever profitability in FY2022. During the year, CRISIL/ICRA upgraded/assigned AA rating to long term borrowings of MOHFL. Our full year disbursements grew by 136% YoY to ₹ 643 crore. We have joined hands with U.S. International Development Finance Corporation (DFC), world's largest development finance institution during the course of FY2022. DFC has committed USD 50 million as a long term loan under ECB route. Apart from that, we continued to have strong Liability Mobilizations from various Banks & Institutions at competitive rates. Our cost of borrowings for FY2022 stood at 8.2%, down by 105 bps YoY. Further, we have expanded our sales force with 600+ sales employees currently in place and expanded our presence in Northern India. In our fund based businesses (comprising of sponsor commitments to quoted equity and private equity funds), we recorded gains on investments at ₹ 407 crore. 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 FY2022 include group's asset under advice crossing ₹ 3 lakh crore mark, 68% growth in PAT of Capital Markets business, 116% growth in PAT of Wealth Management business, successful launch of IBEF IV fund and highest ever NIM and lowest ever COF for Home Finance business.

Our strategy to diversify our business model towards linear sources of earnings continue to show positive results. Capital Market business, which is our oldest and cash cow business, has achieved new high on various parameters and continues to benefit from industry consolidation led by knowledge driven Phyigital 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.

IMF has estimated a growth rate of 8.2% in FY2023 with India retaining its tag as the fastest growing major global economy. India is gradually becoming a preferred investment hub for many global MNCs. 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.

I sincerely thank all the employees for their unwavering commitment towards the Company in the thick and thin of the journey. I also thank all the stakeholders who have shown support and rendered well-wishes for the Company. I have no doubts that the new financial year will bring its own challenges and opportunities and that this fine team will be up and running to face them.

With best wishes,

Sincerely,

Motilal Oswal

Managing Director & Chief Executive Officer
Motilal Oswal Financial Services Limited.

BOARD OF DIRECTORS



RAAMDEO AGARAWAL
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

Kailash Purohit
Company Secretary and Compliance Officer

Statutory Auditors
M/s Singhi & Co., 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
Website: www.motilaloswalgroup.com
Board: +91 22 7193 4200/7193 4263
Fax: +91 22 5036 2365
Email: shareholders@motilaloswal.com

KEY PEOPLE



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



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



Vishal Tulsyan
MD & CEO,
Private Equity Business



Abhijit Tare
CEO, Investment Banking
Business



Ashish Shanker
MD & CEO,
Private Wealth Business



Shalibhadra Shah
Chief Financial Officer



Sudhir Dhar
Group Head, Human Resource
& Administration

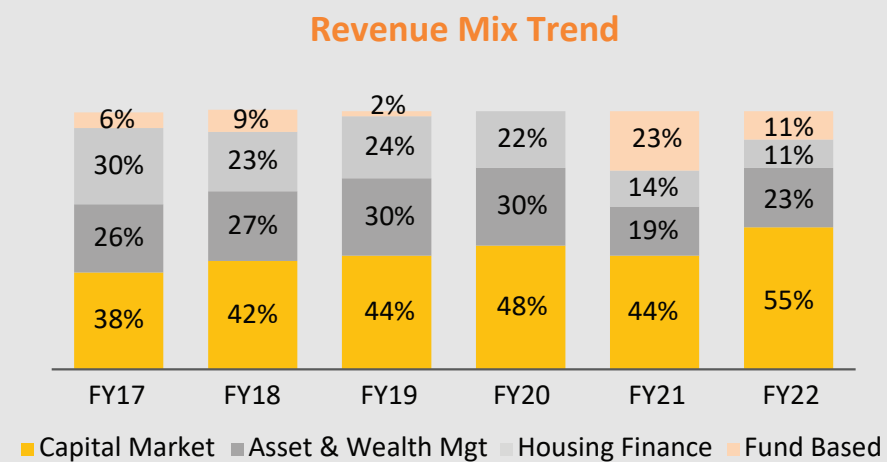
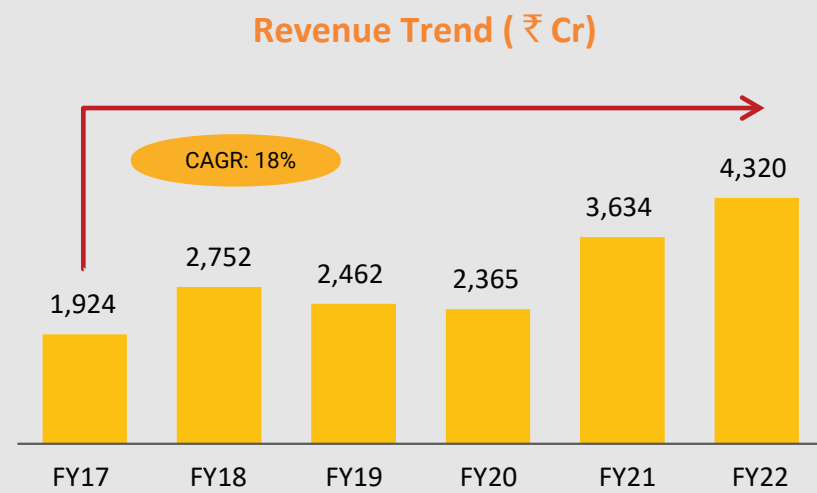
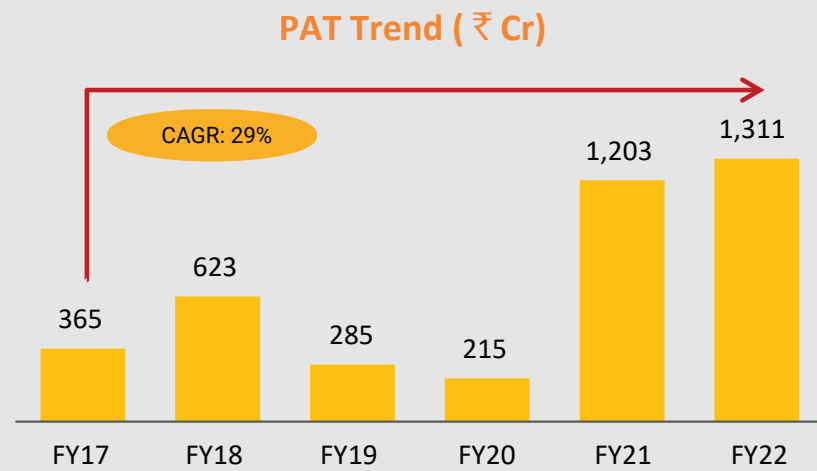


Pankaj Purohit
Group Head,
Information Technology

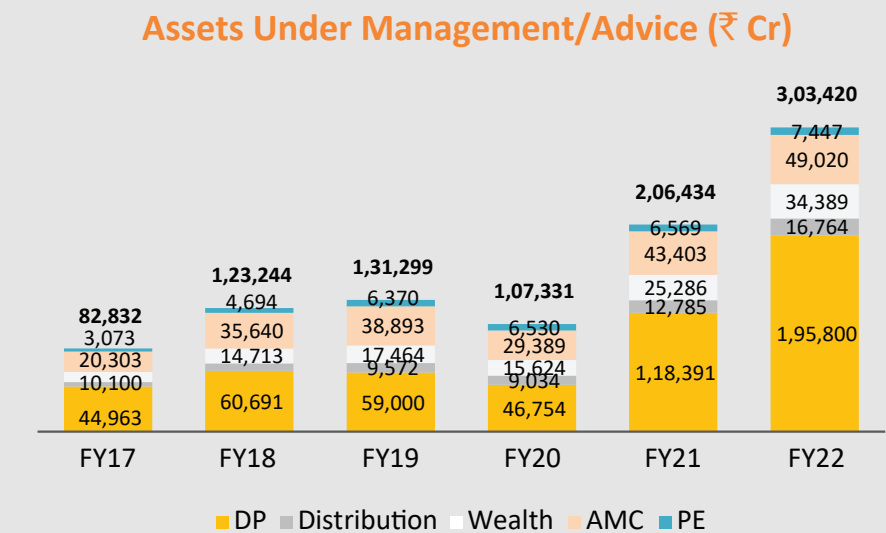
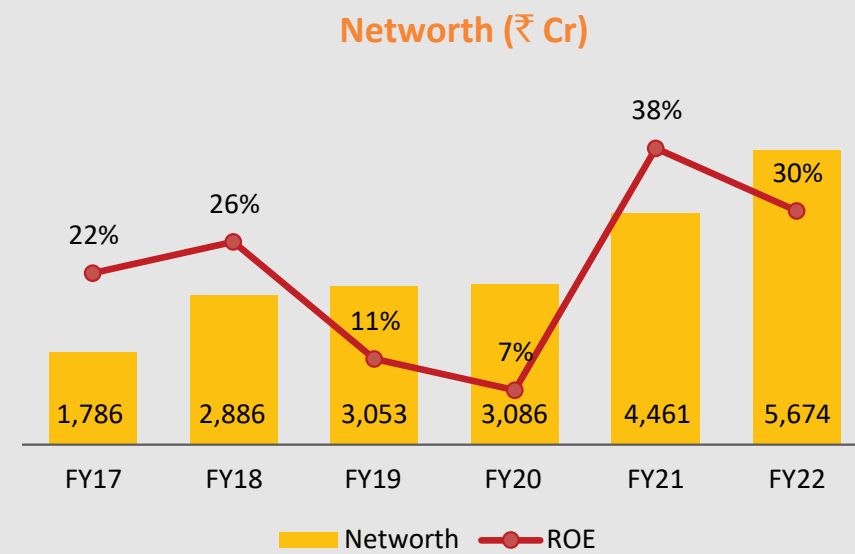
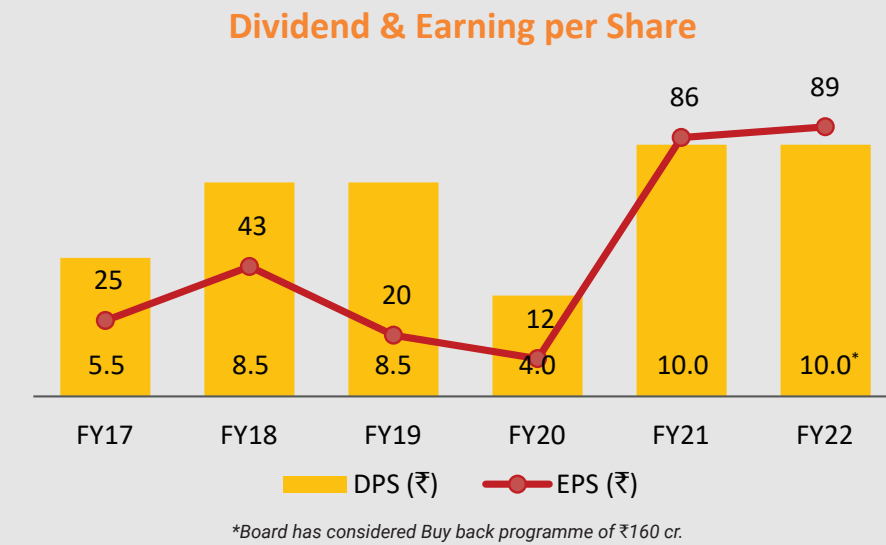


Ramnik Chhabra
Group Head, Marketing

PERFORMANCE AT A GLANCE



PERFORMANCE AT A GLANCE



BUSINESS SNAPSHOT

Broking & Distribution

- Broking recorded highest ever ADTO, annual revenue and profit in FY2022.
- One of the highest ARPU's in the industry.
- Total retail client base stood at ~28.5 lakh with a growth of 44% YoY.
- Around 8.8 lakh new client acquisitions in FY2022, registering a YoY growth of 43%.
- DP AUM was at an all-time high in FY2022 at ₹ 1,95,800 crore, registering a YoY growth of 65%.
- Our financial product distribution AUM witnessed a growth of 31% YoY to ₹ 16,764 crore as of March 2022.
- Significant investment has been made in talent (+900 in FY2022), taking total headcount to ~5,800.
- Research and advisory continues to be the strong base of broking services.
- Ramped up digital acquisition by expanding dedicated digital acquisition team.
- Enhancing our client journey by building Super Fina app, Research Portal, e-KYC journey and redesigning options flow strategy.

Institutional Equities

- Ranked #1 in Domestic Brokerage, Overall Sales, Corporate Access, Execution and Sales Person awards category at Asia Money Brokers Poll 2021.
- Focus driven differentiated research products with 250+ companies covering 20+ sectors.
- Continued to acquire new empanelment and maintained it with ~800 institutions.
- The 17th edition of our annual flagship conference- AGIC was attended by 150+ corporates across 20+ sectors and over 80% CXO level participation.
- Organized Fintech Conferences and Ideation Conferences.

Investment Banking

- Total 13 deals were executed in FY2022.
- Completed IPOs of Aditya Birla Sun Life AMC, Devyani International, GR Infraprojects and Metro Brands.
- Completed QIPs of Restaurant Brands Asia, Union Bank of India, Mold-Tek Packaging and Gulshan Polyols.
- Continue to have rich pipeline, and are constantly engaging on a wide cross-section of mandated transactions across capital markets and advisory.

Wealth Management

- Wealth AUM was at an all-time high in FY2022 at ₹ 34,389 crore, up 36% YoY.
- Net Sales in FY2022 nearly doubled YoY to ~₹ 5,400 crore.
- Trail revenues covered 89% of fixed costs in FY2022.
- Yield stood at 63 bps in FY2022.
- RM Vintage (3+ years) have improved to 49% in FY2022 from 46% in FY2021.

BUSINESS SNAPSHOT

Asset Management

- AMC AUM was at an all-time high in FY2022 at ₹ 49,020 crore.
- MF AUM stood at ₹ 30,600 crore, while Alternate AUM stood at ₹ 18,177 crore.
- Our share of Alternate assets, comprising of PMS & AIF, is the highest among AMC's at 37%.
- Focus on CAT III long only close ended AIF with AUM of ~₹ 5,800 crore (including pending commitment amount to be received).
- Received strong traction in Passive offerings, AUM crossed ₹ 10,000 crore mark. Most of the investments by large family offices are preferring our unique passive and international offerings.
- Added 4.8 lakh SIPs in FY2022, up 54% YoY. New SIP count market share stood at 1.8%.
- SIP inflows touched an all-time high of ₹ 219 crore in March 2022.
- 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.

Private Equity

- PE and RE Fee Earning AUM crossed ₹ 10,000 crore 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 exited from all investments and delivered a portfolio XIRR of ~27%.
- IBEF III at ~₹ 2,300 crore stands fully committed across 11 investments.
- Launched IBEF IV, one of the biggest fund, with a target size of ₹ 4,500 crore. The fund achieved its 2nd close at ₹ 4,000 crore.
- IREF II and III fully deployed, generating 21%+ IRR on exited investments.
- IREF IV, with a size of ₹ 1,148 crore has deployed ₹ 1,170 crore across 21 investments.
- IREF V achieved its final close at ₹ 1,215 crore and the fund has deployed ₹ 314 crore across 8 investments.

Housing Finance

- Disbursements in FY2022 grew by 136% YoY to ₹ 643 crore. Business is geared up for stronger growth in disbursements.
- India Ratings assigned AA rating; CRISIL upgraded rating to AA from AA-; ICRA upgraded rating to AA- from A+.
- Cost of borrowing came down by 105 bps YoY in FY2022 at 8.2%. We raised ₹ 1,433 crore in FY2022 at 7%.
- Joined hands with U.S. International Development Finance Corporation (DFC), world's largest development finance institution. DFC has committed USD 50 million as a long term loan (for 15 years @ fixed ROI) under ECB route.
- Completed first Direct Assignment transaction.
- GNPA was down to 1.6% in FY2022 from 2.2% in FY2021 led by improved collection efficiency, which stood at 104% in March 2022.
- There was strong support from parent (Motilal Oswal Financial Services), total cumulative capital infusion from sponsor at ₹ 850 crore, resulting into lower net leverage (Debt/Equity ratio) of 2.3x.
- Strong capital adequacy ratio of 52% with Tier I at 50% in FY2022.

5 YEARS PERFORMANCE HIGHLIGHTS

CONSOLIDATED FINANCIAL PERFORMANCE

₹ in Lakhs

Year Ended March 31	2022	2021*	2020	2019	2018	2017
Total Income	4,31,983	3,63,412	2,36,541	2,46,174	2,75,234	1,92,362
Total Expenditure	2,70,402	2,08,760	2,08,022	2,08,383	1,92,326	1,39,012
Profit before Exceptional Item and Tax	1,61,581	1,54,652	28,519	37,790	82,908	53,350
Exceptional Item Income (Expenses)	-	-8,810	-	-	-	-2,788
Profit Before Tax	1,61,581	1,45,842	28,519	37,790	82,908	50,562
Tax Expenses	30,508	25,546	6,979	9,265	20,586	14,109
Profit after Tax before Associates, OCI & Minority Interests	1,31,073	1,20,296	21,540	28,525	62,322	36,453
Share of profit from associates (net of taxes)	172	6,177	-2,582	1,306	906	604
Profit after Tax before OCI & Minority Interests	1,31,245	1,26,473	18,958	29,831	63,228	37,057
Other comprehensive income	4,106	29,192	-5,986	-290	11,122	-
Profit after Tax before Minority Interests	1,35,351	1,55,665	12,972	29,542	74,350	37,057
Minority Interests Profit	269	431	618	436	1,003	1,060
Profit after Tax & Minority Interests	1,35,081	1,55,233	12,354	29,105	73,347	35,997
Paid up Equity Capital	1,491	1,485	1,481	1,457	1,451	1,445
Net Worth	5,67,437	4,46,142	3,08,630	3,05,344	2,88,590	1,78,603
Book Value Per Share	380.67	300.46	208.44	209.60	198.91	123.64
Basic EPS	89.14	85.67	12.47	20.21	43.00	25.14
Diluted EPS	88.38	83.70	12.20	19.67	42.32	24.79

*Restated due to Scheme of Arrangement

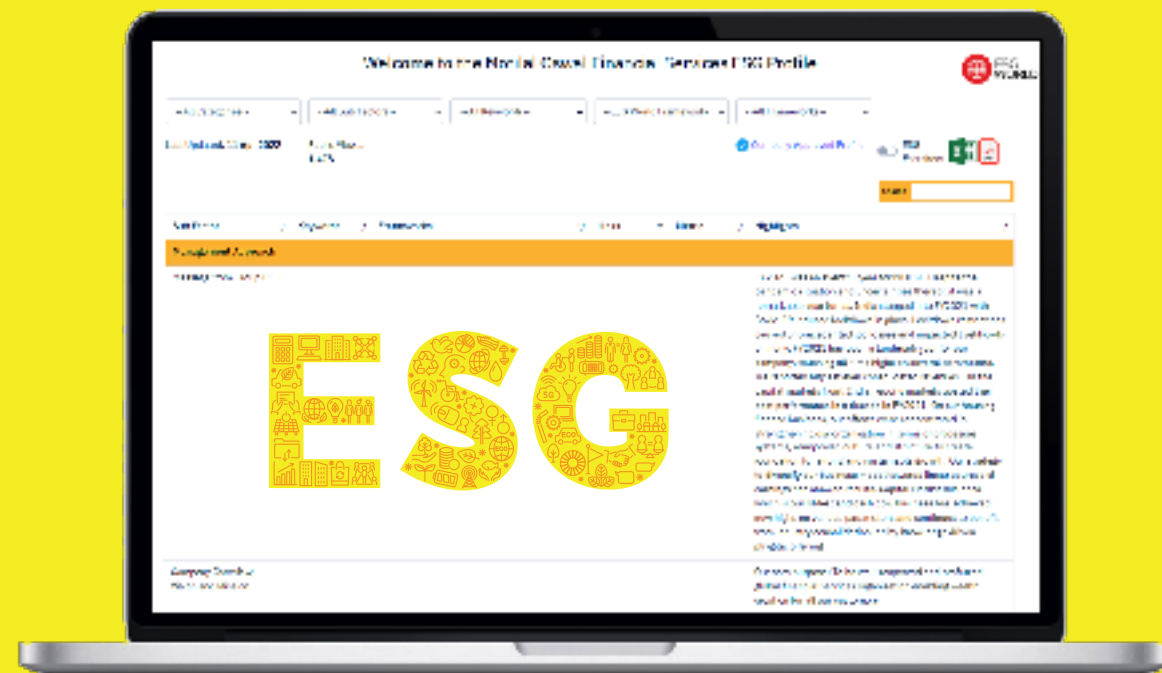
ESG Website

MOFSL has launched an online ESG profile ([Link](#)) platform, which is a public, consolidated, and searchable profile on MOFSL group website, that summarizes the company's approach towards sustainability.

Provides insightful and easily accessible information on the impact of group's activities across ESG areas.

This profile will allow various stakeholders such as clients, shareholders, financial institutions, regulators, rating agencies etc. to conveniently review and keep abreast of the company's rapidly evolving ESG practices.

MOFSL becomes one of early adopters of a transparent, comprehensive and real time platform to share company-wide ESG commitments.



ESG



ENVIRONMENT

- Reduce
- Reuse
- Recycle



SOCIAL

- Employee Engagement
- Learning & Development
- Talent Attraction & Management
- CSR Activities



GOVERNANCE

- Supervisory Board
- Risk Management
- Compensation Framework
- Compliance & Policies

ENVIRONMENT



Reduce

Reuse

Recycle

a Reduce - Facilities



Usage of LED lights leading to less electricity consumption



Motion sensors are installed in office space to save electricity



Usage of sensors in water taps to reduce wastage while washing hands



Installed IBMS system to save energy (Water Pump Automation , HVAC Switch on /off) & monitor building operation



Emphasis on increased use of electronic means of communication



Food wastage awareness drive is conducted in head office



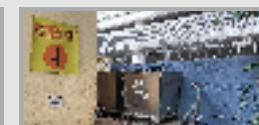
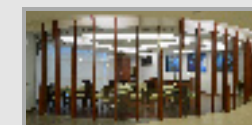
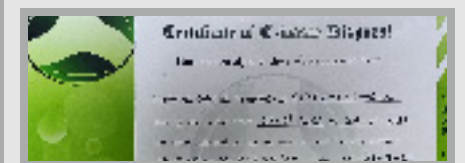
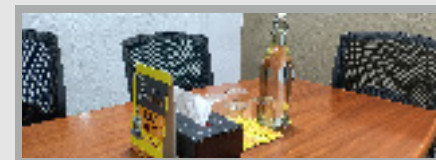
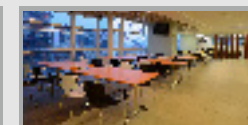
Dry and wet waste segregation








No single-use plastics; usage of glass bottles, mugs and reusable cutlery

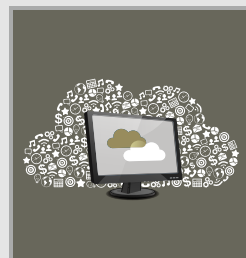
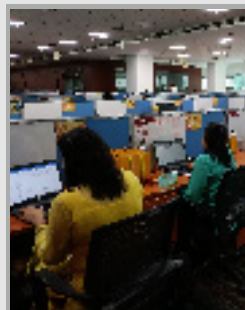


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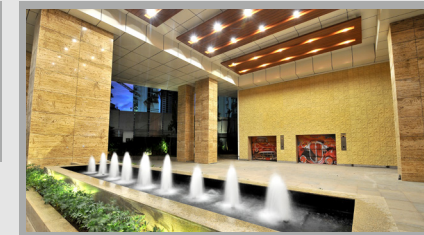
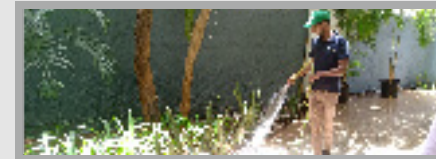
a Reduce - Information Technology

-  More than 80% of servers are in virtual environment which reduces electricity cost & carbon foot print
-  Laptops are issued to employees instead of Desktops as they are energy efficient
-  Old UPS are replaced with new unity power UPS which helps in reducing carbon footprint
-  Removal of e-wastage with the aid of authorized e-waste vendor
-  Routine inspection of equipment to reduce losses and power consumption of data center






b Reuse

-  Planted and maintaining trees in & around the office premises.
-  Usage of live plants as art décor.



c Recycle

-  Paper, tissue and cardboard waste are recycled
-  Main office building is equipped with rainwater harvesting system and recycled waste water is reused as flush water and in watering plants
-  Donated composting machine for recycling waste to our local municipality ward

