



ANNUAL REPORT 2022-23

POWERING AHEAD



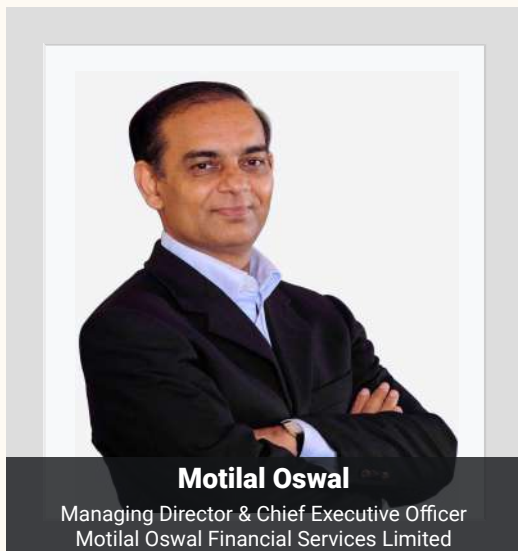


POWERING AHEAD

Powering Ahead embraces a mindset of perseverance, resilience, and determination to overcome obstacles and achieve our goals and it reflects our journey towards achieving our full potential and consistently surpassing expectations. As a testament to our unwavering commitment, we have achieved multiple milestones, including crossing the monumental 1 trillion mark in Asset Under Management (AUM) within our Asset and Wealth Management business. Furthermore, our attainment of the highest-ever Capital Market and Housing Finance Profit After Tax (PAT) highlights our steadfast pursuit of delivering exceptional results. Harnessing the energy from these accomplishments, we embrace this momentum to chart a path of continuous growth and excellence.

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MD'S MESSAGE

Dear Shareholders,

Indian economy proved to be remarkably resilient in FY2023 with GDP growth of 7.2% and continues to remain one of the fastest growing economy due to the strong macroeconomic fundamentals. Global economy faced uncertainty due to geopolitical tensions and continued lockdown in China. This led to significant disruption in global supply chain and consequently high inflation across the world. Several central banks including RBI were quick to react to this alarming situation and hiked interest rates to curb inflation. The proactive steps taken by RBI effectively curbed inflationary pressure and paved the way for a more stable economic environment.

At MOFSL, we reported highest ever operating revenue of ₹ 4,319 crore in FY2023, registering a growth of 8% YoY. Our operating PAT touched an all-time high of ₹ 879 crore. Our consolidated ROE stood at 18%. Our focus on knowledge, talent, processes, technology, brand & culture and inter-segment synergies have helped us to withstand market headwinds and achieve key milestones across all business verticals. We continue to remain optimistic on the growth potential of all our business verticals given the robust fundamental structure.

On the capital markets front, Indian equity markets ended on a flattish note. Number of new entrants into the stock market declined as industry witnessed 2.5 crore new demat account being opened in FY2023 as compared to 3.5 crore in previous financial year. While FIIs were on a selling spree for second consecutive year, DIIs offset the pressure and recorded highest ever inflows. On the back of our strengths- “Phygital Business model” and “Research and Advisory”, our broking business recorded highest ever broking revenues, profits and Average Daily Turnover (ADTO) in FY2023. We added 6.5 lakh clients in FY2023, taking the total retail client base to ~35 lakh. We had one of the highest Average Revenue Per User (ARPU) in the industry. Our derivative market share was at multi period high in FY2023. Our distribution AUM stood at ₹ 21,300 crore and has huge head-room for growth. During the year, we launched Options Store and Research 360-degree App, further strengthening our offerings. In Institution business, our rankings and clientele continued to remain robust. We were awarded #1 Corporate Access Team in Asia Money Brokers Poll 2022. We completed the largest private equity deal for our Investment Banking business in FY2023 and 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 ₹ 45,620 crore. During the year, we onboarded Prateek Agrawal, an industry veteran, to lead business and investment strategy. We strengthened our Risk Management framework and revamped investment process to deliver consistent returns. All these measures led to turnaround in performance of our active MF schemes, which in turn led to improvement in gross sales and decline in redemptions. We have a diverse passive product basket spread across various categories including international ETFs and index funds. Fee earning PE and RE AUM stood at ₹ 10,280 crore. We launched IBEF IV, the biggest PE fund, in FY2022. The fund witnessed overwhelming response and we were able to attain final close at ₹ 4,500 crore within a year. Our wealth management business AUM recorded a growth of 51% YoY at ₹ 52,000 crore. Our net sales was at an all-time high of ₹ 5,800 crore in FY2023. We have bolstered our leadership team with senior management hiring to strengthen Ultra HNI offerings and advisory capabilities. Keeping in mind our growth aspirations, we on boarded 63 RMs during the financial year, taking the total count to 182. We will 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, FY2023 was a landmark year where we reported highest ever PAT of ₹ 136 crore, with a 44% YoY growth. Disbursements crossed ₹ 1,000 crore milestone, registering a growth of 57% YoY. During the year, ICRA upgraded rating to AA/Stable from AA-/Stable. We have joined hands with U.S. International Development Finance Corporation (DFC) in FY2022 and received a commitment of USD 50 mn, of which we have received USD 30 mn till March 2023. Apart from that, we continued to have strong Liability Mobilizations from various Banks & Institutions at competitive rates. Our cost of borrowings for FY2023 stood at 8.0%, down by 24 bps YoY. Further, we have expanded our sales force with 690+ sales employees currently in place and we are present in 109 locations across 12 states/UTs. Our collection efficiency remained robust at 100.1% in FY2023. We have strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138 and arbitration cases. As of March 2023, our GNPA stood at 1.1% and NNPA at 0.5%.

In our fund based businesses, our total investments including alternate investments stood at ₹ 4,280 crore with a since inception IRR of 16%. Our QGLP philosophy, niche expertise in equities, proven track record and belief in ‘skin in the game’, augurs well for our fund based business.

Despite of various market headwinds, we have continued to delivered sustainable performance. Our retail broking business continued to consolidate its market position during FY2023 by adding franchisees and improving its market share through digital initiatives and benefitting from market expansion and industry consolidation. We continue to focus on our strategy to diversify our businesses towards linear sources of earnings. Our Asset Management business has seen improvement in performance and is likely to gain from process driven investing and its niche offerings. Our Wealth Management business is on its way to achieve scale as we have strengthened our leadership team and continued investments in Relationship Managers. Our Alternates business continue to deliver robust returns across Private Equity and Real Estate Funds. Our Housing finance business has witnessed turnaround by improving disbursements and profitability parameters and is now geared up for sustainable growth. There is immense potential and opportunities in the market for each of our businesses to flourish.

I am proud to say that our team displayed unwavering dedication and determination. We adapted swiftly to the changing circumstances, embracing new technologies and strategies to overcome the obstacles. Our employees showed immense resilience, working diligently to maintain productivity and deliver exceptional results.

FY2023 was undoubtedly a challenging year. However, it also served as a catalyst for growth and transformation. By leveraging the experiences gained and building on our strengths, we can emerge stronger, more resilient, and better equipped to face the uncertainties of the future.

I sincerely thank all the employees for their steadfast dedication towards the Company. I also want to express my gratitude to all the stakeholders who have shown support and rendered well-wishes for the Company.

With best wishes,

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)



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



Rajat Rajgarhia
CEO, Institutional Equities Business,
Whole-time Director, MOFSL



C. N. Murthy
Independent Director



Chandrashekhar Karnik
Independent Director



Pankaj Bhansali
Independent Director



Divya Momaya
Independent Director



Swanubhuti Jain
Independent Director

KEY PEOPLE



Abhijit Tare
CEO, Investment Banking
Business



Ashish Shanker
MD & CEO,
Private Wealth Business



Vishal Tulsyan
MD & CEO,
Private Equity Business



Shalibhadra Shah
Chief Financial Officer



Niren Srivastava
Group Chief Human Resources Officer



Pankaj Purohit
Group Head, Information Technology

Kailash Purohit
Company Secretary and Compliance Officer

Statutory Auditors
M/s Singhi & Co., Chartered Accountants

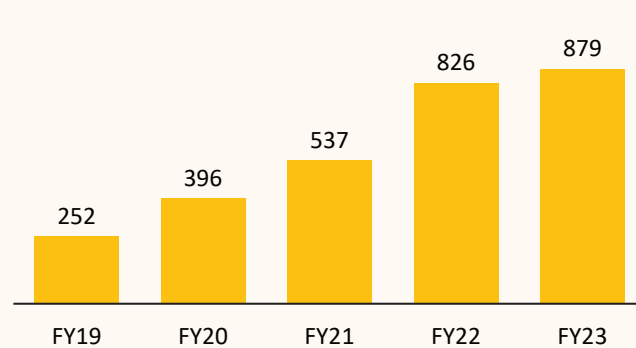
Internal Auditors
M/s. Aneja Associates

Registrar and Share Transfer Agent
Link Intime India Private Limited.
C - 101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai - 400083
Email: 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

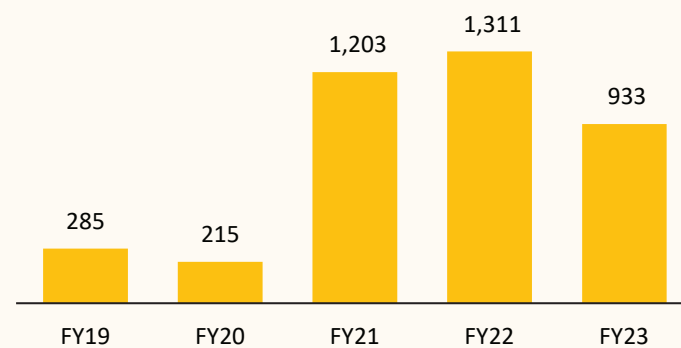
PERFORMANCE AT A GLANCE

Operating PAT Trend (₹ Cr)

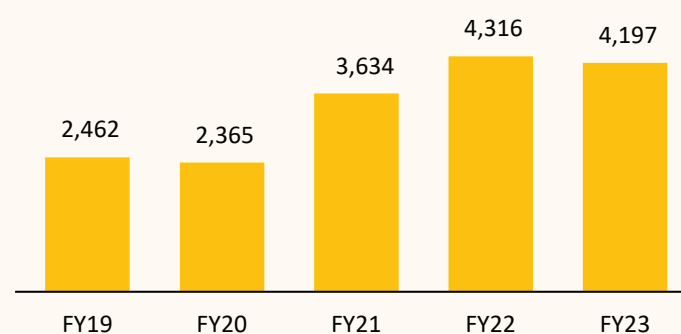


Operating PAT excludes profit share on exit of investments and MTM on fund based investments.

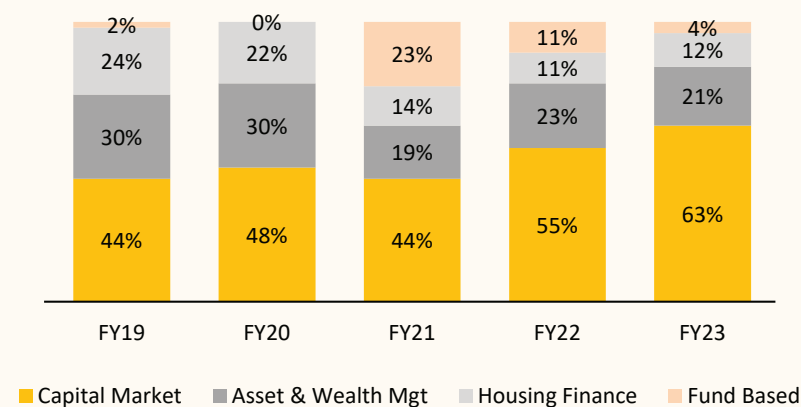
PAT Trend (₹ Cr)



Revenue Trend (₹ Cr)

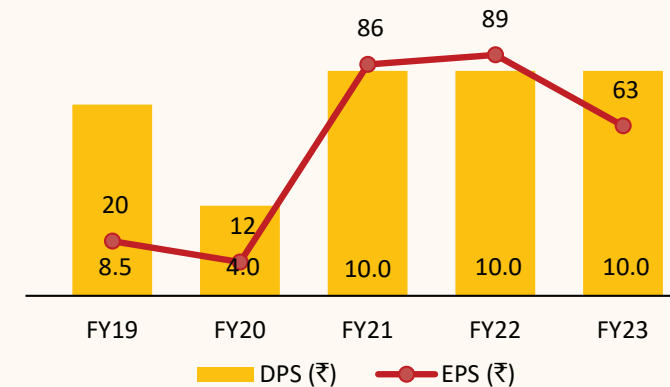


Revenue Mix Trend



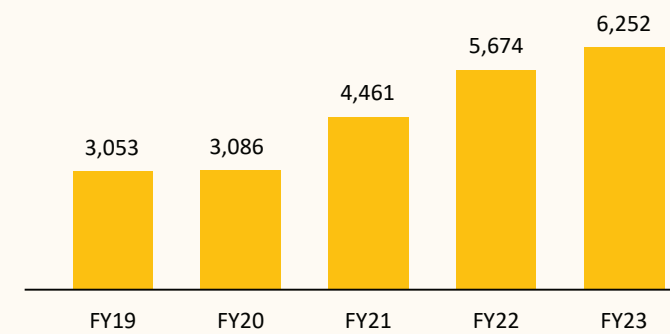
PERFORMANCE AT A GLANCE

Dividend & Earning per Share

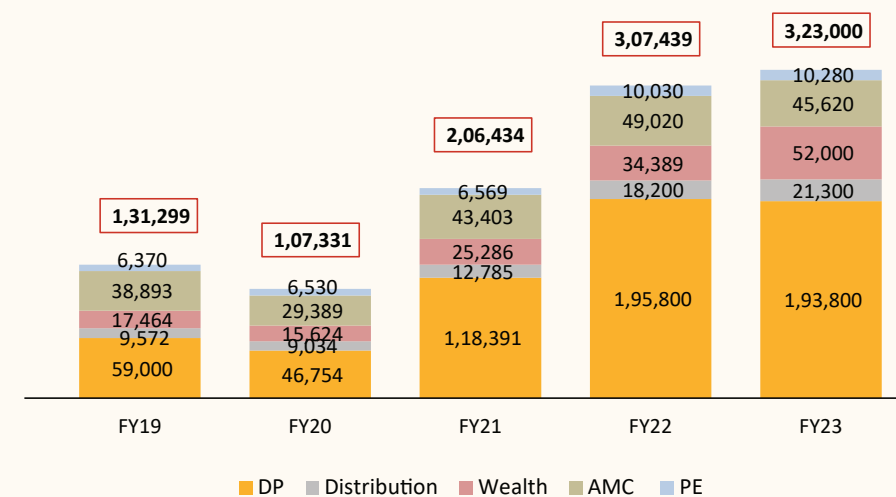


The Company has done Buyback of Equity shares of ₹150 cr & ₹ 200 cr in FY2021 & FY2023 respectively

Networth (₹ Cr)



Assets Under Advice (₹ Cr)



BUSINESS SNAPSHOT

Broking & Distribution

- Broking recorded highest ever ADTO, annual revenue and profit in FY2023.
- Amongst top 4 broking houses in terms of gross brokerage revenue.
- One of the highest ARPU's in the industry.
- Acquired 6.5 lakh new clients in FY2023; total client base at ~35 lakh.
- DP AUM stood at ₹ 1,93,800 crore as of March 2023.
- Our financial product distribution AUM witnessed a growth of 17% YoY to ₹ 21,300 crore as of March 2023.
- Net 1,100+ franchisees added in FY2023, taking total franchisee count to 8,033.
- Significant investment has been made in talent (+300 in FY2023), taking total headcount to ~6,200.
- Research and advisory continues to be the core of our broking business.
- Launched "Options Store"- industry first exclusive product to enable retail investors to take advantage of options trading.
- Launched "Research 360" - a one stop shop to get end to end market research for all investors and traders.

Institutional Equities

- Ranked #1 in Corporate Access and Sales Person awards category at Asia Money Brokers Poll 2022.
- Focus driven differentiated research products with 250+ companies covering 20+ sectors.
- Continued to acquire new empanelment and maintained it with ~820 institutions.
- The 18th edition of our annual flagship conference- AGIC was attended by 160+ corporates and witnessed over 80% CXO level participation.
- Organized Ideation Conference, MOBIZ Conference, Fintech Day etc.

Investment Banking

- Completed IPOs of Tamilnad Mercantile Bank, DreamFolks and Radiant Cash Management Services.
- Successfully completed private equity fund raise for Simpolo Group.
- Continue to have rich pipeline, and are constantly engaging on a wide cross-section of mandated transactions across capital markets and advisory.

Asset Management

- AMC AUM stood at ₹ 45,620 crore as of March 2023.
- MF AUM stood at ₹ 29,560 crore, while Alternate AUM stood at ₹ 15,830 crore as of March 2023.
- Our share of Alternate assets, comprising of PMS & AIF, is one of the highest among AMC's at 35%.
- Launched 7 passive funds in FY2023.
- Onboarded Prateek Agrawal to lead business and investment strategy.
- Revamped Investment process with focus on consistent returns against achieving highest returns.
- Turnaround in performance across active MF schemes.

BUSINESS SNAPSHOT

Private Equity

- PE and RE Fee Earning AUM stood at ₹ 10,280 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 IV raised ₹ 4,500 crore within a year of launch. The fund has deployed ~₹ 1,600 crore across 6 investments.
- Expected to exit from all investments in IREF II during FY2024.

Wealth Management

- Wealth AUM was at an all-time high in FY2023 at ₹ 52,000 crore, up 51% YoY.
- Recorded highest ever net sales at ₹ 5,800 crore, up 8% YoY.
- Added gross 63 Wealth RMs in FY2023, taking total count to 182.
- Bolstered wealth team with senior management hiring to strengthen Ultra HNI offerings and advisory capabilities.
- 38% of RMs have more than 3 years of vintage.

Housing Finance

- Disbursements in FY2023 grew by 57% YoY to ₹ 1,007 crore. Business is geared up for stronger growth in disbursements.
- Loan Book was up by 10% YoY to ₹ 3,772 crore.
- ICRA upgraded rating to AA from AA-.
- Cost of borrowing for us has come down by 24 bps YoY in FY2023 at 8.0%. We raised ₹ 1,052 crore in FY2023 at 7.5%.
- New Book, which has originated post April 2018, contributed around 48% of loan book with GNPA of <1%.
- Joined hands with U.S. Development Finance Corporation, world's largest development finance institution, in FY2022 and has received commitment of USD 50 mn. Drawdown of USD 30 mn done till March 2023.
- GNPA and NNPA was 1.1% and 0.5% respectively.
- Collection efficiency stood at 100.1% (Total EMI collected/1 EMI Due) in FY2023.
- There was strong support from parent (Motilal Oswal Financial Services), total cumulative capital infusion at ₹ 850 crore, resulting into lower net leverage (Debt/Equity ratio) of 2.2x.
- Strong capital adequacy ratio of 51%.

5 YEARS PERFORMANCE HIGHLIGHTS

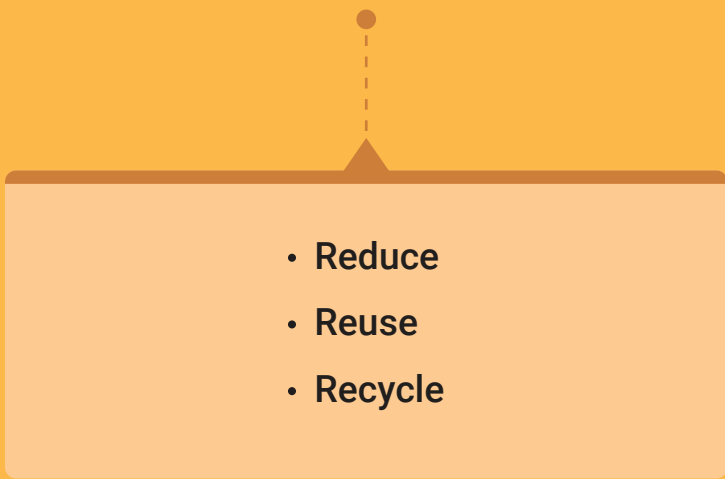
CONSOLIDATED FINANCIAL PERFORMANCE

₹ in Lakhs









Year Ended March 31	2023	2022	2021	2020	2019
Total Income	4,19,712	4,31,641	3,63,412	2,36,541	2,46,174
Total Expenditure	2,95,487	2,70,060	2,08,760	2,08,022	2,08,383
Profit before Exceptional Item and Tax	1,24,225	1,61,581	1,54,652	28,519	37,790
Exceptional Item Income (Expenses)	-	-	-8,810	-	-
Profit Before Tax	1,24,225	1,61,581	1,45,842	28,519	37,790
Tax Expenses	30,943	30,508	25,546	6,979	9,265
Profit after Tax before Associates, OCI & Minority Interests	93,282	1,31,073	1,20,296	21,540	28,525
Share of profit from associates (net of taxes)	196	172	6,177	-2,582	1,306
Profit after Tax before OCI & Minority Interests	93,478	1,31,245	1,26,473	18,958	29,831
Other comprehensive income	1,479	4,106	29,192	-5,986	-290
Profit after Tax before Minority Interests	88,830	1,35,351	1,55,665	12,972	29,542
Minority Interests Profit	310	270	431	618	436
Profit after Tax & Minority Interests	88,520	1,35,081	1,55,233	12,354	29,105
Paid up Equity Capital	1,479	1,491	1,485	1,481	1,457
Net Worth	6,25,223	5,67,437	4,46,142	3,08,630	3,05,344
Book Value Per Share	422.60	380.67	300.46	208.44	209.60
Basic EPS	62.89	89.14	85.67	12.47	20.21
Diluted EPS	62.66	88.38	83.70	12.20	19.67



ENVIRONMENTAL







a Reduce - Facilities

-  Installation of sensor based LED lights instead of conventional lights
-  Usage of self-closing faucet and installed sensor based urinal pot to reduce water usage
-  Installed IBMS (Integrated Building Management System) to save energy (Water Pump Automation, HVAC Switch on /off) & monitor building operation
-  Conducted Food wastage awareness drive
-  Dry and wet waste segregation
-  No single-use plastics; usage of glass bottles, mugs and reusable cutlery
-  Taken the responsibility of cleanliness of the footpath in front of and opposite to our office
-  Emphasis on increased use of electronic means of communication



a Reduce - Information Technology

-  Shifting to virtual hyper converged servers to reduce carbon footprint and power consumption
-  Laptops are issued to employees instead of Desktops as they are energy efficient
-  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



Installed vertical garden in corporate office



Live plants are installed on each floor of corporate office



Through employee volunteering, we planted 400 fruit bearing trees in Mumbai and Wada. Also made seed balls for spreading greenery across the city.



c Recycle



Paper, tissue and cardboard waste are recycled



Installed Sewage Treatment Plant at corporate office for recycling of waste water which is then used for gardening



SOCIAL



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