

# 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 AGARAWAL  
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](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

# KEY PEOPLE



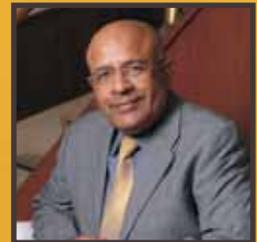
MOTILAL OSWAL  
CHAIRMAN, MANAGING  
DIRECTOR & CHIEF EXECUTIVE  
OFFICER, MOFSL



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



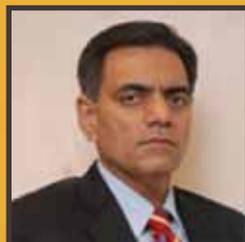
ASHUTOSH MAHESHVARI  
CEO, INVESTMENT  
BANKING BUSINESS



GIRISH NADKARNI  
HEAD, ECM & PE,  
INVESTMENT BANKING BUSINESS



SAMEER KAMATH  
GROUP CHIEF FINANCIAL  
OFFICER



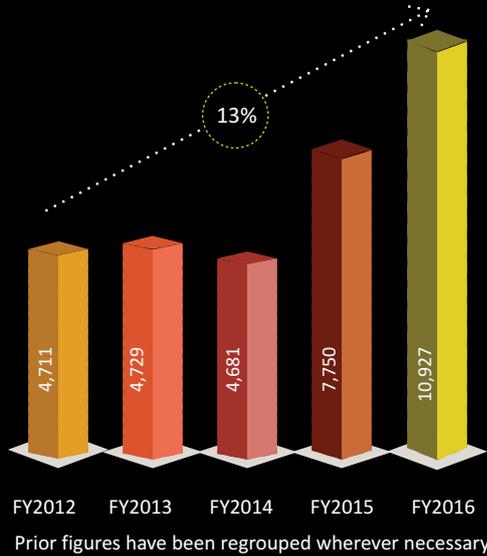
RAMNIK CHHABRA  
HEAD, MARKETING



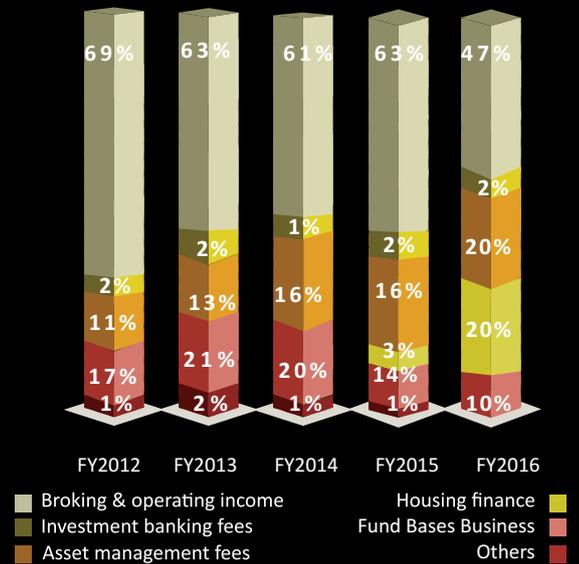
SUDHIR DHAR  
HEAD, HR & ADMINISTRATION

# PERFORMANCE AT A GLANCE

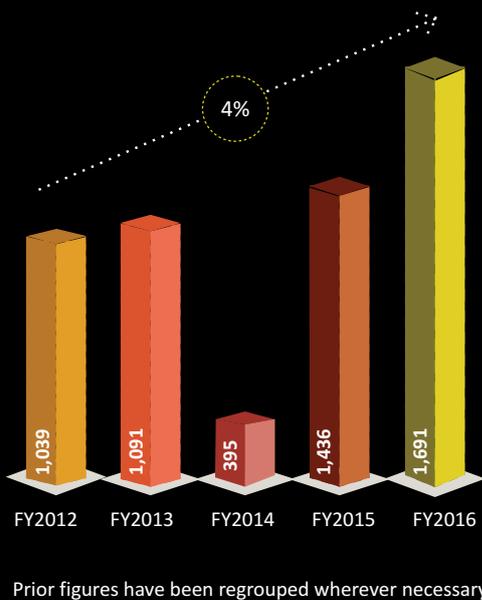
Consolidated Revenues (Rs. Mn.); and 5-Year CAGR



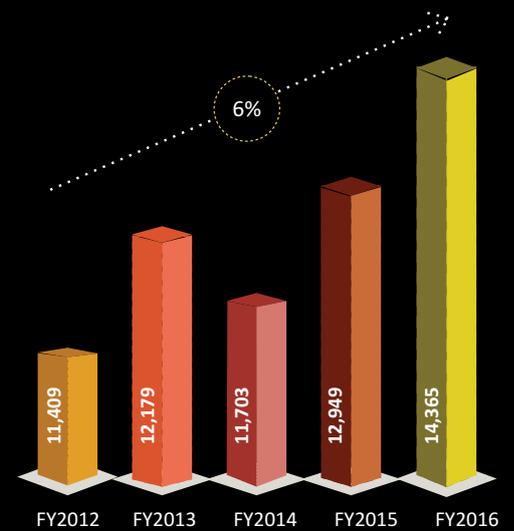
Revenue Composition %



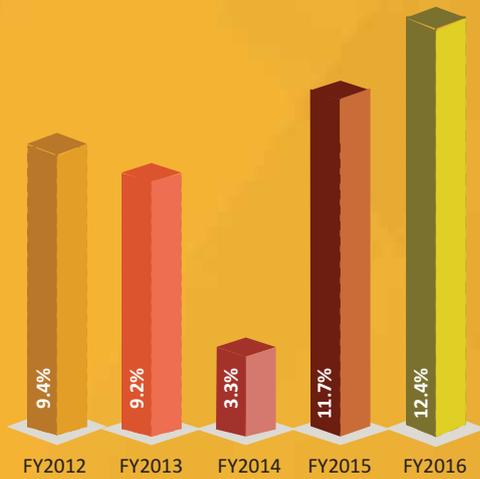
PAT (Rs. Mn.); and 5-Year CAGR



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



### Return on Equity (%)

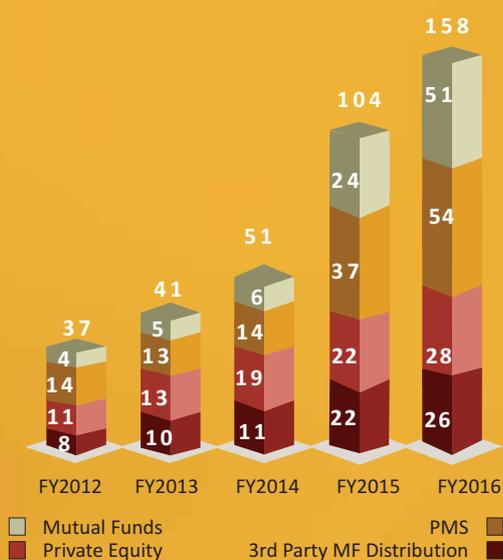


### Consistent Dividends



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

## Private Equity

- Track-record of performance in the previous growth fund led to fund-raise from marquee institutions in the second growth fund
- Good traction seen in the speed of fundraising in the new real estate funds
- India Business Excellence Fund I returned ~120% capital (in INR) from 3 full-exits & 6 partial exits in 4 companies till-date
- India Business Excellence Fund II raised AUM of ~Rs 9.54 bn, and has made 8 investments so far
- India Realty Excellence Fund I has returned ~86% of capital to its investors following full/partial exits from 6 projects till date
- India Realty Excellence Fund II raised assets of ~Rs 4.89 bn, of which ~83% is committed across 8 deals
- India Realty Excellence Fund III announced its first close in Feb 2016, raising commitments of ~Rs 6.03 bn
- MOFSL group's commitments to our alternative investment products stood at Rs 1.98 bn

## Wealth Management

- Ramped up the RM base without compromising through put; RMs increased from 49 to 77 during FY2016
- AUM picked up from ~Rs 42.35 bn to ~Rs 64.43 bn during FY2016
- Traction in AUM-mandates and client count
- Open-architecture product suite, with a focus on high-yield products like equities and real estate

## Housing Finance

- Delivered positive PAT in its first year of operations; Contributed Rs 400 mn to Group's profits in its second year of operations
- Traction in assets: Disbursed Rs 18.18 bn in FY2016, up ~5X YoY; Loan book at ~Rs 20.9 bn across ~21,000 families
- Traction in liabilities: Term-loan drawdown from 22 banks and 1 NBFC, up from 7 in FY2015; Sponsor commitment of Rs 3.00 bn
- Focus on operations: Strong underwriting and file-audit practices to help maintain asset quality
- Both CRISIL and ICRA upgraded their ratings during FY2016, which should augur well for future fund raising
- Won several awards at industry forums, despite the company's short vintage

\*All data as of 31st March, 2016

# FIVE YEARS PERFORMANCE HIGHLIGHTS

## Standalone Financial Performance of Motilal Oswal Financial Services Limited

₹ in millions

Year Ended March 31	2016	2015	2014	2013	2012
Total Income	1,108.61	1,292.03	977.36	949.04	819.48
Total Expenditure	573.96	638.83	515.39	331.23	134.14
Profit Before Exceptional Item and Tax	534.65	653.20	461.97	617.81	685.34
Exceptional Item	–	–	12.95	163.80	23.14
Profit Before Tax	534.65	653.20	449.02	454.01	662.20
Tax Expenses	67.19	48.30	55.94	66.53	99.24
Net Profit	467.46	604.90	393.08	387.48	562.96
Paid Up Equity Capital	142.17	140.16	138.17	145.24	145.12
Net Worth	5,934.79	5,747.80	5,241.32	5,681.34	5,584.44
Book Value Per Share	41.74	41.01	37.93	39.12	38.48
Basic EPS	3.30	4.36	2.79	2.67	3.89
Diluted EPS	3.25	4.25	2.79	2.67	3.89

## Consolidated Financial Performance of Motilal Oswal Financial Services Limited

₹ in millions

Year Ended March 31	2016	2015	2014	2013	2012
Total Income	10,795.99	7,727.25	4,681.17	4,728.77	4,711.37
Total Expenditure	8,550.61	5,771.13	3,530.55	3,291.36	3,291.93
Profit Before Exceptional Item and Tax	2,245.38	1,956.12	1,150.62	1,437.41	1,419.44
Exceptional Item Income / (Expenditure)	–	–	(555.86)	180.77	106.73
Profit Before Tax	2,245.38	1,956.12	594.76	1,618.18	1,526.17
Tax Expenses	612.17	523.28	179.24	518.37	484.44
Profit after Tax & Minority Interests	1,633.21	1,432.84	415.52	1,099.81	1,041.73
Minority Interests Profit	(25.54)	18.97	20.51	8.95	2.86
Profit from Associates	83.11	22.13	–	–	–
Profit after Tax & Minority Interests	1,690.78	1,436.00	395.01	1,090.86	1,038.87
Paid Up Equity Capital	142.17	140.16	138.17	145.24	145.12
Net Worth	14,365.06	12,948.51	11,702.93	12,178.62	11,409.31
Book Value Per Share	101.04	92.38	84.70	83.85	78.62
Basic EPS	11.94	10.48	2.95	7.57	7.17
Diluted EPS	11.74	10.24	2.95	7.57	7.17

# Financial Statements



# BOARD'S REPORT

To the Members

Your Directors have pleasure in presenting their 11th Report together with the audited Financial Statements of your Company for the year ended 31st March, 2016.

## Financial Highlights

The Financial Highlights for the year are as under:

### Motilal Oswal Financial Services Limited (Standalone)

₹ in millions

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Total Revenue	1,108.61	1,292.03
Profit before Interest, Depreciation, Taxation and exceptional items	910.12	1,030.65
Interest	(295.26)	(295.78)
Depreciation	(80.21)	(81.67)
Profit before Taxation and exceptional items	534.65	653.20
(Add)/Less: Exceptional Items	–	–
Profit before taxation	534.65	653.20
(Add)/Less : Provision for Taxation		
Current Tax	116.67	40.67
Deferred Tax	(49.48)	23.41
Minimum Alternate Tax	–	(23.87)
Less : Tax for earlier year(s)	–	5.23
Tax impact of NCD Expenses	–	2.86
Tax impact of Transitional Depreciation	–	0.01
Tax Expenses	67.19	48.30
Profit after Taxation, before extraordinary items for the year	467.46	604.90
Add: Balance brought forward from previous year	631.26	602.73
Profit Available for appropriation	1,098.72	1,207.63
Less: Appropriations		
Transfer to Statutory Reserve	(93.50)	(120.98)
Proposed dividend/Interim Dividend	(498.72)	(419.62)
Dividend Distribution Tax	(101.28)	(76.10)
Credit of Dividend Distribution Tax	28.18	70.60
Transfer to General Reserve	–	(30.25)
Transfer to Capital Redemption Reserve	–	–
Prior year Dividend, Dividend distribution and other adjustments	–	(0.02)
Balance of Profit carried forward	433.41	631.26

# BOARD'S REPORT (Contd..)

Summary of Consolidated Financial results of the Company and its subsidiaries for the year is as under:

## Motilal Oswal Financial Services Limited - Consolidated

₹ in Millions

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Total Revenue	10,795.99	7,727.26
Profit before Interest, Depreciation, Taxation and exceptional items	4,332.46	2,572.24
Interest	1,737.66	309.41
Depreciation	349.43	306.71
Profit before Taxation and exceptional items	2,245.38	1,956.12
Add: Exceptional Items	—	—
Add: Prior Period	—	—
Profit before taxation	2,245.38	1,956.12
(Add)/Less : Provision for Taxation		
Current Tax	655.19	547.94
Deferred Tax	(58.12)	12.27
Minimum Alternate Tax	15.10	(31.33)
Tax impact of NCD Expenses	—	2.86
Tax impact of Transitional Depreciation	—	8.64
Tax for earlier year(s)	—	(17.09)
Tax Expenses	612.17	523.29
Profit after Taxation, before minority Interest	1,633.21	1,432.83
Minority interest in profits	(25.54)	(18.97)
Share of profit from Associates	83.11	22.13
Profit after Taxation and minority Interest	1,690.78	1,435.99
Balance brought forward from previous year	6,811.77	6,103.65
Profit Available for appropriation	8,502.55	7,539.64
(Add)/Less: Appropriations		
Transfer to Statutory Reserve	(173.05)	(125.33)
Proposed dividend / Interim Dividend	(497.48)	(419.62)
Dividend Distribution Tax	(73.10)	(81.06)
Capital Redemption Reserve	—	(0.01)
Transfer to General Reserve	—	(84.31)
Prior Year dividend, dividend distribution and other adjustments	(1.23)	(2.34)
Prior Year adjustments	4.06	0.17
Balance of Profit carried forward	7,761.73	6,811.77

## State of Company's Affairs

### Results: MOFSL Standalone

During the year under review, the standalone revenues for the year were ₹ 1.11 bn, a decline of 14.20% as compared to ₹ 1.29 bn last year. Interest income declined by 18.50% to ₹ 0.54 bn, in line with the decrease in the NBFC loan book. Dividend income from subsidiary companies was ₹ 0.14 bn, as compared to ₹ 0.42 bn in the previous year. Dividend income from short-term investments was ₹ 8.41 mn, as compared to ₹ 22.27 mn in the previous year. Profit on sale of investments was ₹ 0.28 bn, as compared to ₹ 0.11 bn last year. Rent income was ₹ 0.13 bn in FY2016, up 63.34%. Other operating income was ₹ 3.08 mn in FY2016, while other income was ₹ 9.63 mn.

Total expenses (before depreciation, interest and exceptional items) decreased during the year, from ₹ 0.26 bn a year back to ₹ 0.20 bn this year. Profit before depreciation, interest, exceptional item and taxation (EBITDA) decreased by 11.69% this year, from ₹ 1.03 bn to ₹ 0.91 bn. Interest and finance charges decreased marginally from ₹ 295.78 mn to ₹ 295.26 mn.

Reported net profit decreased by 23.09% to ₹ 465.26 mn. MOFSL Standalone's commitments to our own mutual fund products stood at ₹ 3.07 bn, as of 31st March, 2016. The unrealized gain on these investments is ₹ 0.52 bn as of 31st March, 2016. The same is not reflected in the profit and loss account for the year.

The detailed results of operations of the Company are given in the Management Discussion & Analysis forming part of this Report.

### Consolidated Results

The consolidated revenues for the year were ₹ 10.93 bn for the year under review, an increase of 40.98% as compared to the previous year.

- Broking revenues increased by 3.93% to ₹ 5.09 bn. Market activity remained muted this year, especially in the high-yield cash segment. Average daily volumes in the equity markets were ₹ 3.01 tn in FY2016, down 9.97% from last year. Cash market volumes dipped 5.56% YoY to ₹ 201.50 bn. Within cash, delivery declined 6.35% YoY to ₹ 60.71 bn. However, cash volumes were still 50.13% higher than the average seen between FY2012-2014 and delivery volumes were still 55.43% higher than the FY2012-2014 average. Within derivatives, futures dipped 2.18% YoY to ₹ 502.08 bn. This year, options were down 11.86% YoY to ₹ 2.30 tn, a reversal from recent years when options led the growth in the overall market volumes. Amongst cash market participants, retail and prop saw declines of 8.33% and 7.46% YoY respectively. DII cash volumes increased 1.93% YoY, led by renewed retail interest into equity mutual funds. The proportion of retail within cash volumes decreased from 50.36% to 48.88% YoY. Our overall equity market share increased from 1.51% to 1.96% on a YoY basis. Due to our continued focus and investments into this business, we succeeded in capturing a larger chunk of the incremental volumes this year across both cash and derivatives. As of 31st March, 2016, our client base included more than 788,000 retail broking and distribution clients and 590 institutions. Our Pan-India distribution reach stood at 2,000+ business locations across 511 cities.
- Asset management fees also saw significant traction, increasing 76.55% to ₹ 2.24 bn as compared to last year. Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹ 132.74 bn, up 60.78% YoY. Within this, the mutual fund AUM was ₹ 50.66 bn, PMS AUM was ₹ 54.12 bn and private equity AUA was ₹ 27.96 bn. The company saw increased mobilization into its open-end equity mutual fund products and PMS products. In the private equity business, the 3rd real estate fund - India Realty Excellence Fund III, achieved its first close.
- Investment banking fee at ₹ 0.24 bn saw a 25.19% growth over the previous year. The IPO pipeline has gathered steam, following the investments made into an ECM team.
- Housing finance related income increased by 853.62% to ₹ 2.18 bn as the business gained traction this year in terms of clients, network, banking lines and loan book. It has received rating upgrades from both Crisil and ICRA, which should bode well for future fund-raising. The business focuses on the small-ticket affordable space, with the average ticket-size per loan holding around ₹ 1 mn on a YoY basis.
- Fund based income increased by 2.06% to ₹ 1.12 bn. In line with the long term strategy to grow Return on Equity sustainably, MOFSL has made strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance and sponsor commitments to existing mutual fund and private equity funds of MOFSL group. The NBFC loan book, previously run from equity capital, is now being run as a spread business with borrowed funds. The previous year had also included profit earned on partial exits in few investments of the Private Equity fund in which MOFSL made sponsor commitments.
- Other income decreased by 20.03% YoY to ₹ 0.05 bn.

Total expenses (before interest and depreciation) for the year at ₹ 6.46 bn registered a 25.38% jump over last year. People cost increased by 31.97% to ₹ 2.51 bn. This was largely owing to an increase in hiring in the retail broking & distribution and housing finance businesses. Operating expenses increased by 19.51% to ₹ 2.32 bn. Other costs were ₹ 1.63 bn, an increase of 24.53% over last year. The profit before depreciation, interest, exceptional items and taxation (EBITDA) increased by 71.97% to ₹ 4.46 bn.

# BOARD'S REPORT (Contd..)

Reported net profit for the year after minority interest stood at ₹ 1.69 bn, an increase of 17.74%.

MOFSL group's commitments to our own mutual fund products stood at ₹ 5.89 bn, as of 31st March, 2016. The unrealized gain on these investments is ₹ 1.17 bn as of 31st March, 2016. The same is not reflected in the profit and loss account for the year. MOFSL group's commitments to our alternative investment products stood at ₹ 1.98 bn, as of 31st March, 2016.

## Future Outlook

While the new government launched several initiatives to drive growth, investments and competitiveness and has controlled the macro situation, several challenges still persist. Urban consumption, rural consumption and exports are expected to fuel the incremental growth in the economy. However, the rural economy has been badly hit by drought. Exports growth remains sluggish. The urban consumer base has to expand further. Nevertheless, with the commodity slump, unemployment and sanctions hitting BRICS peers, India looks relatively attractive. India's Nifty has outperformed most Emerging Market peers in US\$ terms on a 10-Year basis, despite short-term vagaries. While FIIs pulled out monies this year due to profit booking and migration towards safer assets, it was countered by strong inflows from DIIs, which saw a surge of retail interest into equity mutual funds. As reforms gain speed, the capex cycle should gather momentum and give a fill-up to market activity.

Our investments into competencies during the recent quarters are leading to tangible business outcomes. We remain on course in creating a fair mix of capital markets, asset management and fund-based businesses. Over the last few quarters, we have gained significant traction across asset mobilization and market share, which shows our efforts are bearing fruit. We remain optimistic in our ability to capture the growth opportunities as they unfold further.

## Credit Rating

During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of ₹ 2.50 bn of the Company. ICRA Limited assigned the credit rating of [ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 1.50 bn of the Company. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of ₹ 7.00 bn of Motilal Oswal Securities Limited, a wholly owned subsidiary of the Company. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations. ICRA Limited assigned the credit rating of [ICRA]A1+ to the Commercial Paper Programme of ₹ 3.00 bn of Aspire Home Finance Corporation Limited(AHFCL), step down subsidiary of the Company. ICRA Limited assigned the credit rating of [ICRA]AA- with a Stable Outlook and CRISIL Limited assigned "CRISIL A+/Stable" Rating to the NCD Programme of ₹ 5.00 bn of AHFCL.

## Dividend and Reserves

The Company at the Meeting of its Board of Directors held on 3rd February, 2016, had declared an interim dividend of ₹ 2.00 per Equity Share, out of the profits of the Company for the third quarter and nine months ended 31st December, 2015 on 14,21,11,075 Equity Shares of ₹ 1.00 each aggregating to ₹ 28,42,22,150/- .

Keeping in view the distributable profits available with the Company, the Board of Directors at its meeting held on 12th March, 2016, had declared a second interim dividend of ₹ 1.50 per Equity Share, out of the profits of the Company on 14,21,74,075 Equity Shares of ₹ 1.00 each aggregating to ₹ 21,32,61,113/- .

As per the requirement of the Reserve Bank of India Guidelines, your Company has transferred a sum of ₹ 95.68 millions to the Statutory Reserves. Further, during the year under review, the Company has not transferred any amount to the General Reserves.

## Share Capital

During the year under review, the Company allotted 20,11,400 equity shares under various employee stock option schemes of the Company.

Accordingly, the paid up share capital of the Company as on 31st March, 2016 is ₹ 14,21,74,075 (Rupees Fourteen Crore Twenty One Lac Seventy Four Thousand and Seventy Five only).

The disclosures in compliance with Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, SEBI (Share Based Employee Benefits) Regulations, 2014 are set out to the report as "Annexure 1".

The Employee Stock Option Scheme is administered by the Nomination and Remuneration/Compensation Committee of the Board of the Company, in accordance with the applicable SEBI (Share Based Employee Benefits) Regulations, 2014.

## Fixed Deposits

Since your Company is the non deposit taking Non Banking Financial Company, it has not accepted any deposits under Chapter V of Companies Act, 2013 during the year under review.

## Subsidiaries

During the year under review, Motilal Oswal Insurance Brokers Private Limited, subsidiary of the Company, became wholly owned subsidiary of the Company on 7th August, 2015.

Further, Aspire Home Finance Corporation Limited has become Material Subsidiary of the Company pursuant to Regulation 16(1) (c) of Listing Regulations, 2015.

Accordingly, as on 31st March, 2016, the Company has the following subsidiary companies:

### Sr. No. Name of the subsidiaries

1. Motilal Oswal Securities Limited (MOSL)
2. Motilal Oswal Investment Advisors Private Limited
3. MOPE Investment Advisors Private Limited (MOPE)
4. Motilal Oswal Commodities Broker Private Limited
5. Motilal Oswal Insurance Brokers Private Limited
6. Motilal Oswal Capital Markets Private Limited (Subsidiary of MOSL)
7. Motilal Oswal Asset Management Company Limited (MOAMC) (Subsidiary of MOSL)
8. Motilal Oswal Trustee Company Limited (Subsidiary of MOSL)
9. Motilal Oswal Wealth Management Limited (Subsidiary of MOSL)
10. Motilal Oswal Securities International Private Limited (Subsidiary of MOSL)
11. Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary of MOSL)
12. Motilal Oswal Capital Markets (Singapore) Pte. Limited (Subsidiary of MOSL)
13. Aspire Home Finance Corporation Limited. (Subsidiary of MOSL)
14. Motilal Oswal Real Estate Investment Advisors Private Limited (MORE). (Subsidiary of MOPE)
15. Motilal Oswal Real Estate Investment Advisors II Private Limited (Subsidiary of MORE)
16. India Business Excellence Management Co. (Subsidiary of MOPE)
17. Motilal Oswal Asset Management (Mauritius) Private Limited (Subsidiary of MOAMC)

The policy for determining material subsidiaries as approved by the Board is displayed on the Company's website at [www.motilaloswalgroup.com](http://www.motilaloswalgroup.com).

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statement of subsidiaries in Form AOC-1 is annexed to the Financial Statement in the Annual Report. Your Company will also make available copy of separate audited financial statement in respect of each of the subsidiary companies upon request by any Member of the Company interested in obtaining the same. The separate audited financial statement in respect of each of the subsidiary companies is also available on the website of your Company at [www.motilaloswalgroup.com](http://www.motilaloswalgroup.com).

The financial performance of each of the subsidiary included in the consolidated financial statement of your Company is annexed herewith to this Report as "Annexure 2".

## Directors and Key Managerial Personnel

### Directors

The Company has 6 (Six) Directors comprising of 3 (Three) Independent Directors, 1 (One) Non-executive Director, 1 (One) Chairman, Managing Director & Chief Executive Officer and 1 (One) Joint Managing Director.

Mr. Raamdeo Agarawal retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The details of Mr. Raamdeo Agarawal is stated in the Corporate Governance Report forming part of this Annual Report and Notice of the Annual General Meeting of the Company.

Mr. Motilal Oswal has been re-appointed as Managing Director pursuant to the resolution passed in the Nomination and Remuneration / Compensation Committee and Board Meeting held on 19th October, 2015 respectively, subject to the approval of the members at the forthcoming Annual General Meeting, for a period of five years with effect from 18th January, 2016, and shall be liable to retire by rotation. The details of Mr. Motilal Oswal is stated in Corporate Governance Report forming part of this Annual Report and Notice of the Annual General Meeting of the Company.

# BOARD'S REPORT *(Contd..)*

Mr. Balkumar Agarawal, Independent Director was appointed at the Annual General Meeting (AGM) of the Company held on 22nd August, 2014 to hold office up to the conclusion of next AGM of the Company. Due to his pre-occupation, he expressed his inability to continue further as Independent Director for another term. Accordingly, Mr. Balkumar Agarawal ceased to be a Director of the Company with effect from closure of business hours of 8th August, 2015.

The Company has received necessary declarations from Mr. Vivek Paranjpe, Mr. Praveen Tripathi and Mrs. Sharda Agarwal, Independent Directors of the Company under section 149(7) of the Companies Act, 2013.

## **Key Managerial Personnel**

In accordance to the provisions of Companies Act, 2013, Mr. Motilal Oswal, Chairman, Chief Executive Officer and Managing Director, Mr. Raamdeo Agarawal, Joint Managing Director, Mr. Sameer Kamath, Chief Financial Officer and Mr. Murli Krishnan Iyer, Company Secretary and Compliance Officer are Key Managerial Personnel of the Company.

Mr. Murli Krishnan Iyer was appointed as the Company Secretary and Compliance Officer of the Company with effect from 5th October, 2015 in place of Mr. Samrat Sanyal who resigned from the post of Company Secretary and Compliance Officer with effect from the closure of business hours of 6th April, 2015. Further, in accordance to the provisions of Section 203 of the Companies Act, 2013, Mr. Iyer was also designated as Key Managerial Personnel of the Company.

## **Committees of the Board**

The details of all the Committees of the Board along with their charters, composition and meetings held during the year, are provided in the Report on Corporate Governance which forms part of this Annual Report. The Board has accepted all the recommendations of the Audit Committee.

## **Corporate Social Responsibility (CSR)**

The Company, Motilal Oswal Financial Services Limited recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy.

The Company has also framed the Corporate Social Responsibility (CSR) Policy containing the details of activities to be undertaken under CSR, prohibited activities under CSR, CSR Projects and Implementation Schedule, Budgeting and Allocation of funds, monitoring and evaluation of CSR activities.

As the part of the initiatives under Corporate Social Responsibility, during the year under review the Company has made contribution in area of education towards formation of Ashoka University in New Delhi and JITO Administrative Training Foundation.

The Company has made direct contribution and also through Motilal Oswal Foundation, a not-for-profit charitable company incorporated under Section 25 of the Companies Act, 1956.

The Annual Report on CSR activities is annexed herewith to this Report as "Annexure 3".

## **Performance Evaluation**

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013 and in accordance to Regulation 17(10) of the Listing Regulations, 2015, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the Directors. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of functioning mechanism of the Board and Committee. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report annexed to this Report.

## **Corporate Governance**

A separate report on Corporate Governance is annexed to this Report. The certificate received from the Auditors of the Company confirming compliance to the conditions of Corporate Governance as stipulated in Regulation 34 and Schedule V to the Listing Regulations, 2015, is annexed to Report on Corporate Governance.

## **Management Discussion and Analysis**

The Management Discussion and Analysis Report for the year under review as stipulated in Regulation 34 of the Listing Regulations, 2015 is annexed to this Report.

## **Vigil Mechanism/Whistle Blower Policy**

The Company has established the Vigil Mechanism/Whistle Blower Policy for the Directors and employees for reporting the genuine concerns or grievances, significant deviations from key management policies and reports any non-compliance and wrong practices, e.g., unethical behaviour, fraud, violation of law, inappropriate behaviour /conduct etc.

The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time. None of the Directors or employees have been denied access to the Audit Committee of the Board.

The Vigil Mechanism / Whistle Blower Policy is uploaded on the Website of the Company at [www.motilaloswalgroup.com](http://www.motilaloswalgroup.com).

## **Business Risk Management**

The Company realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation.

A systematic approach has been adopted that originates with the identification of risk, categorization and assessment of identified risk, evaluating effectiveness of existing controls and building additional controls to mitigate risk and monitoring the residual risk through effective Key Risk Indicators (KRI). The implementation is being carried out in phased manner with the objective to encompass the entire line of businesses.

Effective ERM involves a robust implementation of three lines of defense - first line of defense is the front-line employees, the second line of defense is the risk and compliance function and the third line of defense is external and internal auditors. To build an effective risk culture significant effort has been made towards robustness of these lines of defense.

In the opinion of Board there are no elements of risks threatening the existence of the company.

## **Internal Financial Controls**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. The Internal Financial Control procedure adopted by the Company are adequate for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. During the year under review, the Internal Financial Controls were operating effectively and no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## **Particulars of Loans, Guarantees or Investments**

Your Company being the Non Banking Financial Company having the principal business of providing loans is exempted from the provisions of Section 186 of the Companies Act, 2013 to the extent of providing loans, giving guarantee and providing security in connection with loan.

However, the details of investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 11 to the financial statement.

The particulars of loans/advances in the nature of loans to subsidiaries required to be disclosed in the annual accounts of the company as stipulated in Regulation 34 and Schedule V to the Listing Regulations, 2015, are annexed to the financial statement in the Annual Report.

## **Related Party Transactions**

All related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of business.

All Related Party Transactions were placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are unforeseen or repetitive in nature. The details of all such related party transactions entered into pursuant to the omnibus approval of the Committee, were placed before the Audit Committee on a quarterly basis for its review.

Details of particulars of material contracts or arrangements or transactions entered into by the Company under section 188(1) of the Companies Act, 2013, with related parties in form AOC-2 are provided in "Annexure 4" as required under Section 134(3)(h) of Companies Act, 2013 and Rules made there under.

The policy on Materiality of Related Party Transactions as approved by the Board is uploaded on the Company's Website at [www.motilaloswalgroup.com](http://www.motilaloswalgroup.com).

## **Statutory Auditors**

Your Company has appointed M/s. Haribhakti & Co. LLP, Chartered Accountants, as Statutory Auditors for the period of three years at its Annual General Meeting held on 22nd August, 2014, subject to the ratification by the members in every Annual General Meeting. In compliance to the provisions of Section 139 of the Companies Act, 2013, the appointment of the statutory auditors is to be ratified by the members at the forthcoming Annual General Meeting. M/s. Haribhakti & Co. LLP, Chartered Accountants have given their consent for ratification of their appointment for financial year 2016-17. Accordingly, the members will be required to ratify the appointment of Auditors for the current financial year and fix their remuneration.

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company.

## **Secretarial Audit**

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with rules there under, the Company had appointed M/s. U. Hegde and Associates, Practising Company Secretaries, for conducting the secretarial audit of the Company for the Financial Year 2015-16.

There were no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report of the Company.

The secretarial audit report is annexed to this Report as "Annexure 5".

## **Particulars of employees as required under Section 197 of the Companies Act, 2013 and Rules framed there under**

In accordance with the provisions of Section 197(12) of Companies Act, 2013, the ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as "Annexure 6".

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the annexure pertaining to the names and other particulars of employees is available for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer at the Registered Office of the Company.

## **Directors' Responsibility Statement**

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **Extract of Annual Return**

The details forming part of extract of annual return of the Company in Form MGT-9 is annexed herewith to the report as "Annexure 7".

## **Number of Board Meetings**

The details of Board Meetings held in Financial Year 2015-16 is stated in Corporate Governance Report forming part of this Annual Report.

## **Significant and Material Orders**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future during the year 31st March, 2016.

## **Material changes and commitments, affecting the financial position of the Company**

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

## **Nomination and Remuneration Policy**

The Board has on the recommendation of Nomination and Remuneration/Compensation Committee framed a policy on directors' appointment and remuneration of Directors including criteria for determining qualification, positive attributes, independence of directors and remuneration for Directors, Key Managerial Personnel and other employees. The policy is annexed to this report as "Annexure 8".

## **Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo**

In view of the nature of activities which are being carried on by the Company, Rule 8(3) of the Companies (Accounts) Rules, 2014 concerning conservation of energy and technology absorption respectively are not applicable to the Company.

There was no inflow or outflow of foreign exchange during the year under review.

## **Acknowledgments**

Your Directors take this opportunity to thank the Authorities, Bankers, Shareholders and the Customers of the Company for their continued support to the Company. The Directors also place on record their sincere appreciation of the contributions made by every member of the MOFSL family for their dedicated efforts that made these results achievable.

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

**Motilal Oswal**  
**Chairman & Managing Director**  
**DIN : 00024503**

Mumbai, 30th April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

Information disclosed in compliance to Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 as at 31st March, 2016:

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 2) - III' (ESOS - III)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 5) - IV' (ESOS - IV)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - V' (ESOS - V)		'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VI' (ESOS - VI)		'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VII' (ESOS - VII)
				Exercise Price	No. of options	Exercise Price	No. of options	
a)	Options granted	12,61,500	2,00,000	75,00,250		72,64,950		1,25,10,000
b)	The pricing formula	Price at which shares are issued to Private Equity Investor i.e. at the Rate of ₹ 518.90 per share.	Price arrived at with reference to the expected Issue Price i.e. at ₹ 775 per share.	The closing price of the Company's Equity Shares quoted on the BSE Limited immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions.		The closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted /increased by such percentage as may be determined by the Committee.		The closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.
c)	Options vested	-	-	1,25,000		5,33,000		Nil
d)	Options exercised	6,43,175	5,000	12,34,500		28,72,250		Nil
e)	Exercise Price of shares exercised during the year	-	-	166.56	2,60,500	172.85	35,000	Nil
				172.85	83,150	165	10,15,750	
				165	55,000	85	4,37,000	
				109.9	1,25,000	<b>Total</b>	<b>14,88,250</b>	
				<b>Total</b>	<b>5,23,650</b>			
f)	The total number of shares arising as a result of exercise of option	12,86,350	25,000	12,34,500		28,72,250		Nil
g)	Options lapsed (as at 31.03.16)	6,09,075	1,95,000	45,28,250		22,55,950		Nil
h)	Variation of terms of options	N. A.	N. A.	<p>The exercise period of the 13,98,500 stock options for ESOP Scheme V and 32,86,800 stock options for ESOP Scheme VI were extended from one year to three years by the Nomination and Remuneration/Compensation Committee of the Board.</p> <p>Due to the considerable fall in the share price of the Company, the ESOP exercise price of ₹ 208.70 per stock option had become unattractive to the option holders. Therefore, the Committee pursuant to provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, re-priced 90,000 options from ESOP Scheme V and 4,97,800 options from ESOP Scheme VI, to ₹ 165 per stock option from ₹ 208.70 per stock option. This was approved by the shareholders in the Annual General Meeting of the Company on 27th July, 2013.</p>				N.A.

# ANNEXURE 1 TO THE BOARD'S REPORT

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 2) - III' (ESOS - III)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 5) - IV' (ESOS - IV)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - V' (ESOS - V)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VI' (ESOS - VI)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VII' (ESOS - VII)
i)	Money realised by exercise of options	₹ 13,34,97,403	₹ 38,75,000	₹ 19,97,66,518	₹ 44,00,31,598	Nil
j)	Total number of options in force (as at 31.03.16)	9,250	Nil	1,195,925	2,028,850	2,432,500
k)	Employee-wise details of options granted to:					
	(i) Senior managerial personnel	N.A.	N.A.	Nil	19,48,450	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	N. A.	N.A.	1 employee was granted stock options in excess of 5%	N.A.	1 employee was granted stock options in excess of 5%
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	N. A.	N. A.	N. A.	Nil	Nil
l)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	₹ 3.25	₹ 3.25	₹ 3.25	₹ 3.25	₹ 3.25
m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Nil	Nil	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted under ESOS - V, ESOS - VI and ESOS - VII, the employee compensation cost would have been higher by ₹ 12,44,81,436/- Profit after tax lower by ₹ 8,12,70,116/- and the basic earnings per share would have been lower by ₹ 0.57.		
n)	Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	N. A.	N. A.	<p>I. Option grant date:</p> <p>i. 8th August, 2015 for 2,72,000 options</p> <p>ii. Exercise price: ₹ 349.85 per option.</p> <p>iii. Fair Value: ₹ 153.11</p> <p>II. Option grant date:</p> <p>i. 19th October, 2015 for 250,000 options</p> <p>ii. Exercise price: ₹ 287.9 per option.</p> <p>iii. Fair Value: ₹ 110.82</p>	<p>II. Option grant date:</p> <p>i. 8th August, 2015 for 2,32,500 options</p> <p>ii. Exercise price: ₹ 349.9 per option.</p> <p>iii. Fair Value: R143.49</p>	<p>I. Option Grant Date</p> <p>i. 30th April, 2015 for 1,80,000 options</p> <p>ii. Exercise price: ₹ 290 per option.</p> <p>iii. Fair Value: ₹ 117.68</p> <p>II. Option Grant Date</p> <p>i. 8th August, 2015 for 8,95,500 options</p> <p>ii. Exercise Price: ₹ 349.9 per option</p> <p>iii. Fair Value: ₹ 153.09</p>

# ANNEXURE 1 TO THE BOARD'S REPORT

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 2) - III' (ESOS - III)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 5) - IV' (ESOS - IV)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - V' (ESOS - V)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VI' (ESOS - VI)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VII' (ESOS - VII)
o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:-			The fair value of the stock options granted on 8th August, 2015 and 19th October, 2015 has been calculated using Black Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:	The fair value of the stock options granted on 8th August, 2015 has been calculated using Black Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:	The fair value of the stock options granted on 30th April, 2015 and 8th August, 2015 has been calculated using Black Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:
(i)	risk-free interest rate,	N. A.	N. A.	7.7%	7.7%	7.7%
(ii)	expected life,	N. A.	N. A.	i. 5.11 Years ii. 3.95 Years	5.11 years	i. 5.11 Years ii. 4.42 Years
(iii)	expected volatility,	N. A.	N. A.	40%	40%	40%
(iv)	expected dividends, and	N. A.	N. A.	1%	1%	1%
(v)	the price of the underlying share in market at the time of option grant.	The Company was an unlisted company at the time of grant. However, the Options were granted at the price at which Shares were issued to Private Equity Investor i.e. ₹ 518.90 per share.	The Company was an unlisted company at the time of grant. However, the Options were granted at the price which was determined with reference to the expected Issue Price.	i. ₹ 349.85 ii. ₹ 289.10	i. 349.85	i. ₹ 349.85 ii. ₹ 289.85

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

**Motilal Oswal**  
Chairman & Managing Director  
(DIN : 00024503)

Place : Mumbai  
Date : 30th April, 2016.

# ANNEXURE 2 TO THE BOARD'S REPORT

The financial performance of each of the subsidiaries included in the Consolidated Financial Statement are detailed below:-

₹ in millions

Sr. No.	Name of the Subsidiary	Turnover			Profit / Loss before tax			Profit / Loss after Tax		
		Current Period	Previous Period	Growth %	Current Period	Previous Period	Growth %	Current Period	Previous Period	Growth %
<b>(A)</b>	<b>INDIAN SUBSIDIARIES</b>									
1	Motilal Oswal Securities Limited	5,496.02	5,425.61	1%	793.99	1,492.99	-47%	605.46	1,081.23	-44%
2	Motilal Oswal Investment Advisors Private Limited	248.96	200.65	24%	18.74	(2.09)	-997%	7.89	(1.15)	-784%
3	MOPE Investment Advisors Private Limited	249.20	254.86	-2%	97.68	113.00	-14%	59.23	74.01	-20%
4	Motilal Oswal Commodities Broker Private Limited	111.05	91.40	22%	(13.77)	(35.32)	-61%	(10.05)	(22.74)	56%
5	Motilal Oswal Insurance Brokers Private Limited	28.47	4.16	584%	18.02	(8.56)	-310%	12.36	(5.92)	-309%
6	Motilal Oswal Capital Markets Private Limited	36.00	2.38	1413%	15.63	1.80	769%	10.75	1.57	585%
7	Motilal Oswal Asset Management Company Limited	1,851.84	878.34	111%	353.94	52.48	574%	264.31	52.48	404%
8	Motilal Oswal Trustee Company Limited	1.22	1.22	0%	0.88	0.85	3%	0.61	0.58	5%
9	Motilal Oswal Wealth Management Limited	444.01	299.15	48%	109.44	94.02	16%	71.47	64.75	10%
10	Motilal Oswal Securities International Private Limited	19.94	19.51	2%	2.62	2.57	2%	1.81	1.77	3%
11	Aspire Home Finance Corporation Limited	2,194.66	239.09	818%	613.22	38.57	1490%	399.99	21.74	1740%
12	Motilal Oswal Real Estate Investment Advisors Private Limited	0.01	0.01	169%	(2.80)	(2.11)	33%	(2.80)	(2.11)	33%
13	Motilal Oswal Real Estate Investment Advisors II Private Limited	156.39	109.96	42%	(3.34)	(28.48)	-88%	(2.60)	(19.80)	-87%
<b>(B)</b>	<b>COMPANIES INCORPORATED OUTSIDE INDIA</b>									
1	Motilal Oswal Capital Markets (Hong Kong) Private Limited	0.00	0.00	-22%	(8.63)	(7.97)	8%	(8.63)	(7.97)	8%
2	Motilal Oswal Capital Markets (Singapore) Pte. Limited	13.97	13.75	2%	1.82	1.78	3%	1.64	1.56	5%
3	Motilal Oswal Asset Management (Mauritius) Private Limited	-	-	0%	(3.61)	(0.42)	765%	(3.61)	(0.42)	765%
4	Indian Business Excellence Management Company	177.79	187.22	-5%	51.48	58.55	-12%	49.93	56.79	-12%

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

Place : Mumbai  
Date : 30th April, 2016.

**Motilal Oswal**  
Chairman & Managing Director  
(DIN : 00024503)

# ANNEXURE 3 TO THE BOARD'S REPORT

## ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. 

The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. Recognizing the responsibilities towards society, the Company intend to carry out initiatives for supporting education. The Company's endeavour is to provide liberal arts education at low cost, providing education to children from different background etc. Weblink to CSR Policy - <http://www.motilalosalgroup.com>
2. The Composition of the CSR Committee. 

The Committee comprises of three Directors: Mr. Motilal Oswal - Managing Director and Chief Executive Officer (Chairman), Mr. Praveen Tripathi - Independent Director (Member) and Mr. Raamdeo Agarawal - Joint Managing Director (Member).
3. Average net profit of the company for last three financial years 

₹ 23,20,19,345
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) 

₹ 46,50,000
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year; 

₹ 46,50,000
  - (b) Amount unspent, if any; 

—
  - (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs Subheads: 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount Spent : Direct or through implementing agency*
1	Establishment of Ashoka University	Education	New Delhi	₹ 47,30,000	Direct Expenditure of ₹ 47,30,000	₹ 1,00,20,000	Through M/s. Motilal Oswal Foundation
2	Contribution to JITO Administrative Training Foundation	Education	Mumbai, Maharashtra	₹ 15,00,000	Direct Expenditure of ₹ 15,00,000	₹ 15,00,000	Direct
	<b>TOTAL</b>			<b>₹ 62,30,000</b>		<b>₹ 1,15,20,000</b>	
	*Give details of implementing agency:	M/s. Motilal Oswal Foundation is registered under section 25 of the Companies Act, 1956 incorporated on 24th June, 2011 having registered office at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel S T Depot, Prabhadevi, Mumbai 400 025. Motilal Oswal Foundation is a non-profit organisation to support social initiatives of the group and is promoted by Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Passionate Investment Management Private Limited, the group holding company. The Foundation is headed by Mrs. Suneeta Agrawal. Education, healthcare and rural and urban development are the key focus areas of Motilal Oswal Foundation.					
6.	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Not Applicable					

The CSR Committee confirms that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

Place : Mumbai  
Date : 30th April, 2016.

**Motilal Oswal**  
Managing Director, Chief Executive Officer and Chairman - CSR Committee  
(DIN : 00024503)

# ANNEXURE 4 TO THE BOARD'S REPORT

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

### 1. Details of contracts or arrangements or transactions not at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NOT APPLICABLE								

### 2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Date(s) of approval by the Members	Amount paid as advances, if any
1	M/s. Motilal Oswal Securities Limited - Wholly Owned Subsidiary of the Company	Availing loan facility	on going	Obtaining loans from Motilal Oswal Securities Limited, wholly owned subsidiary of the Company and further for providing, the investments held by the Company in its name in favour of Motilal Oswal Securities Limited as collateral against the loan drawn upto ₹ 1000 crores	19th July, 2014	22nd September, 2014	-
2	M/s. Motilal Oswal Securities Limited - Wholly Owned Subsidiary of the Company	Providing Company's immovable property as security for loans availed by Motilal Oswal Securities Limited from Banks	on going	Providing security by mortgaging its immovable properties, create charge on its movable properties or create hypothecation and provide guarantee or security for loan facilities obtained by Motilal Oswal Securities Limited from Banks, Financial Institutions upto ₹ 1000 crores	19th July, 2014	22nd September, 2014	-

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

Place : Mumbai  
Date : 30th April, 2016.

**Motilal Oswal**  
Chairman & Managing Director  
(DIN : 00024503)

# ANNEXURE 5 TO THE BOARD'S REPORT

## Secretarial Audit Report

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

For the Financial Year ended March 31, 2016.

To,

The Members,

**MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Motilal Oswal Financial Services Limited (MOFSL). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Motilal Oswal Financial Services Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company during the audit period.)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (applicable up to November 30, 2015)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) I have relied on the representation made by the Company and its officer for systems and mechanisms formed by the Company for compliance with the following specific applicable laws .
  - 1) The Reserve Bank of India Act, 1934 & Circulars issued by RBI and as applicable to Systematically Important - Non Deposit Accepting -Non Banking Finance Company .

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (SS.1 & SS.2 applicable w.e.f July 1, 2015)
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited (upto November 30, 2015) &

# ANNEXURE 5 TO THE BOARD'S REPORT

(iii) SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 (applicable w.e.f December 1, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period there are no specific events /action which has major bearing on company's operation that has taken place during the audit period.

For **U. Hegde & Associates**  
*Company Secretaries*

**Umashankar K Hegde**  
*(Proprietor)*

C.P. No- 11161 # M. No- A22133

Place : Mumbai  
Date : 29th April, 2016.

# ANNEXURE 6 TO THE BOARD'S REPORT

## Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2015-16, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the Financial year 2015-16.

Sr. No	Name of Director / KMP	Designation	Ratio of Remuneration of each Director to median remuneration of Employees	Percentage Increase in Remuneration
1.	Motilal Oswal	Managing Director and Chief Executive Officer	2:1	NA*
2.	Raamdeo Agarawal	Joint Managing Director	2:1	NA*
3.	Sameer Kamath	Chief Financial Officer	N.A.	216.57**
4.	Murli Krishnan Iyer (appointed w.e.f. 5.10.2015)	Company Secretary and Compliance Officer	N.A.	N.A.

\* The Directors are paid fixed remuneration of ₹ 20 lac per month pursuant to the approval of the members obtained by the Company.

\*\* The percentage increase in the remuneration is also due to inclusion of perquisite value on exercise of employee stock options.

### Note:-

The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration paid to Non-Executive Directors during the year under review are provided in the Annexure 7 to the Board Report and Corporate Governance Report. Therefore, the ratio of remuneration and percentage increase in Remuneration of Non-Executive Directors is not considered for the purpose above.

- (ii) the percentage decrease in the median remuneration of employees for the financial year under review was 39.18%.
- (iii) The Company has 16 permanent employees on the rolls of Company as on 31st March, 2016;
- (iv) **Relationship between average increase in remuneration and company performance;**  
The average increase in remuneration of all employees (including the recruitment of new employees) was 78.33% for the year 2016. The compensation structure is benchmarked from time to time and salary increase during the year are aligned to market forces. The performance of the Company is explained in Board's Report and Management Discussion and Analysis Chapter.
- (v) **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**  
The increase in the remuneration of the Chief Financial Officer is guided by factors like inflation, normal salary revisions, external competitiveness and talent retention. Whilst the Company has a strong focus on cost, employee cost being one of the key areas for cost monitoring and control, the results of any structural initiatives needs to be measured over a long-term horizon. The performance of the Company is explained in the Board's Report and Management Discussion & Analysis Chapter.
- (vi) **Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;**  
The Market Capitalisation of the Company as on 31st March, 2016 was ₹ 3,869.97 crores as compared to ₹ 3,996.40 crores as on 31st March, 2015. The price earnings ratio of the Company was 23.47 as at 31st March, 2016 and was 31.50 as at 31st March, 2015. The closing price of the Company at BSE Limited on 31st March, 2016 being ₹ 272.15 per equity share of face value of ₹ 1 each has grown 1.65 times since the last offer for sale made in the year 2007 (Offer price was ₹ 825 per share of Face value of ₹ 5 each in 2007 i.e. ₹ 165 per share of face value of ₹ 1 each as on 31st March, 2016).
- (vii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

# ANNEXURE 6 TO THE BOARD'S REPORT

The average increase in salaries of non-managerial employees is 78.33%. The increase in remuneration percentage is due to recruitment of new employees and high perquisite value due to exercise of stock options.

There are no exceptional circumstances for the increase in managerial remuneration.

**(viii) The key parameters for any variable component of remuneration availed by the directors;**

The Executive Directors are not paid any variable component of remuneration. The fixed remuneration of ₹ 20 lacs per month is paid to the Executive Directors pursuant to the resolution passed by the members in the General Meeting.

In case of Independent Directors, they are paid the sitting fees of ₹ 20,000 for every Board Meeting and ₹ 10,000 for every Committee Meeting attended during the financial year and commission for each financial year. The total remuneration of all non-executive Directors is limited to 1% of the net profits of the Company for that financial year.

**(ix) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid director during the year**

The ratio of the remuneration of this highest paid Director to that of the employee who are not Directors but receive remuneration in excess of the highest paid Director during the year is 0.86:1

**(ix) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.**

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

Place : Mumbai  
Date : 30th April, 2016.

**Motilal Oswal**  
*Chairman & Managing Director*  
(DIN : 00024503)

# ANNEXURE 7 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details

i) CIN	L67190MH2005PLC153397
ii) Registration Date	18th May, 2005
iii) Name of the Company	Motilal Oswal Financial Services Limited
iv) Category / Sub Category of the Company	Public Limited Company
v) Address of the Registered Office and contact details	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025. Tel. No. +91 22 3980 4200
vi) Whether Shares Listed On Recognized Stock Exchange(s)	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400078. Tel. No. +91 22 25963838

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Interest Income	6492	48.76
2	Investment Income	6492	38.79

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No	Name of the Company	Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Passionate Investment Management Private Limited (PIMPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67120MH1995PTC092014	Holding	54.01	2(46)
2	Motilal Oswal Securities Limited (MOSL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U65990MH1994PLC079418	Subsidiary	100	2(87)
3	Motilal Oswal Investment Advisors Private Limited (MOIAPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67190MH2006PTC160583	Subsidiary	100	2(87)
4	MOPE Investment Advisors Private Limited (MOPE)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67110MH2006PTC161128	Subsidiary	85	2(87)

# ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No	Name of the Company	Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
5	Motilal Oswal Commodities Broker Private Limited (MOCBPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U65990MH1991PTC060928	Subsidiary	100	2(87)
6	Motilal Oswal Insurance Brokers Private Limited (MOIBPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U74999MH2007PTC170211	Subsidiary	100	2(87)
7	Motilal Oswal Capital Markets Private Limited (MOCMPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U74140MH2006PTC165469	Subsidiary	100	2(87)
8	Motilal Oswal Asset Management Company Limited (MOAMC)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67120MH2008PLC188186	Subsidiary	100	2(87)
9	Motilal Oswal Trustee Company Limited (MOTC)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U93090MH2008PLC188187	Subsidiary	100	2(87)
10	Motilal Oswal Wealth Management Limited (MOWML)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67110MH2002PLC135075	Subsidiary	100	2(87)
11	Motilal Oswal Securities International Private Limited (MOSIPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U65929MH2011PTC219141	Subsidiary	100	2(87)
12	Motilal Oswal Capital Markets (Hong Kong) Private Limited (MOCMPL(HK))	36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	59035781-000-09-11-0	Subsidiary	100	2(87)
13	Motilal Oswal Capital Markets (Singapore) Pte. Limited. (MOCMPL(SP))	80 Raffles Place #32- 01 UOB Plaza Singapore(048624).	201129401Z	Subsidiary	100	2(87)
14	Aspire Home Finance Corporation Limited	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U65923MH2013PLC248741	Subsidiary	97.71	2(87)
15	Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U74999MH2013PTC248200	Subsidiary	76.5	2(87)
16	Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67190MH2014PTC253958	Subsidiary	68.85	2(87)

# ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No	Name of the Company	Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
17	India Business Excellence Management Company	IFS Court, Bank Street, Twenty Eight Cyber City, Ebene 72201, Mauritius.	65644C1/GBL	Subsidiary	85	2(87)
18	Motilal Oswal Asset Management (Mauritius) Private Limited	4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius	127396C1/GBL	Subsidiary	100	2(87)

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	2,55,94,536	–	2,55,94,536	18.26	2,55,81,306	–	2,55,81,306	17.99	(0.27)
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	7,67,93,394	–	7,67,93,394	54.79	7,67,93,394	–	7,67,93,394	54.01	(0.78)
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A) (1)</b>	<b>10,23,87,930</b>	<b>–</b>	<b>10,23,87,930</b>	<b>73.05</b>	<b>10,23,74,700</b>	<b>–</b>	<b>10,23,74,700</b>	<b>72.01</b>	<b>(1.04)</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A) (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>10,23,87,930</b>	<b>–</b>	<b>10,23,87,930</b>	<b>73.05</b>	<b>10,23,74,700</b>	<b>–</b>	<b>10,23,74,700</b>	<b>72.01</b>	<b>(1.04)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	26,76,516	–	26,76,516	1.91	32,78,135	–	32,78,135	2.31	0.4
b) Banks / FI	125	–	125	–	15,384	–	15,384	0.01	0.01
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	1,73,49,943	–	1,73,49,943	12.38	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)									
– Foreign Portfolio Investor	–	–	–	–	1,80,78,199	–	1,80,78,199	12.72	12.72
<b>Sub-total (B)(1)</b>	<b>2,00,26,584</b>	<b>–</b>	<b>2,00,26,584</b>	<b>14.29</b>	<b>2,13,71,718</b>	<b>–</b>	<b>2,13,71,718</b>	<b>15.03</b>	<b>0.74</b>

# ANNEXURE 7 TO THE BOARD'S REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	11,16,363	-	11,16,363	0.80	9,22,377	-	9,22,377	0.65	(0.15)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	43,22,049	52,011	43,74,060	3.12	43,90,943	52,010	44,42,953	3.13	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	27,76,284	10,52,200	38,28,484	2.73	45,02,998	-	45,02,998	3.17	0.44
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Clearing Members	1,08,840	-	1,08,840	0.08	44,814	-	44,814	0.03	(0.05)
ii) Non Resident Indian - (On repatriation basis)	4,79,671	-	4,79,671	0.34	5,18,053	-	5,18,053	0.36	0.02
iii) Non Resident Indian - (On Non-repatriation basis)	36,733	-	36,733	0.03	60,322	-	60,322	0.04	0.02
iv) Directors	78,04,010	-	78,04,010	5.57	78,04,010	-	78,04,010	5.49	(0.08)
v) Hindu Undivided Family	-	-	-	-	1,32,130	-	1,32,130	0.09	0.09
<b>Sub-total (B)(2)</b>	<b>1,66,43,950</b>	<b>11,04,211</b>	<b>1,77,48,161</b>	<b>12.66</b>	<b>1,83,75,647</b>	<b>52,010</b>	<b>1,84,27,657</b>	<b>12.96</b>	<b>0.30</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3,66,70,534</b>	<b>11,04,211</b>	<b>3,77,74,745</b>	<b>26.95</b>	<b>3,97,47,365</b>	<b>52,010</b>	<b>3,97,99,375</b>	<b>27.99</b>	<b>1.04</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C)</b>	<b>13,90,58,464</b>	<b>11,04,211</b>	<b>14,01,62,675</b>	<b>100.00</b>	<b>14,21,22,065</b>	<b>52,010</b>	<b>14,21,74,075</b>	<b>100.00</b>	<b>-</b>

## (ii) Shareholding of Promoters and Promoters Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	No. of shares	% of the total shares of the company	% of the shares pledged / encumbered to total shares	% change in shareholding during the year
<b>Promoters</b>								
1	Passionate Investment Management Private Limited	7,67,92,394	54.79	-	7,67,92,394	54.01	-	(0.78)
2	Mr. Motilal Oswal	1,21,10,476	8.64	-	1,21,10,476	8.52	-	(0.12)
3	Mr. Raamdeo Agarawal	1,18,28,100	8.44	-	1,17,28,100	8.25	-	(0.19)
<b>Promoters Group</b>								
4	Raamdeo Agrawal HUF	6,50,000	0.46	-	6,50,000	0.46	-	(0.01)
5	Mrs. Suneeta Raamdeo Agrawal	2,95,400	0.21	-	2,95,400	0.21	-	(0.00)
6	Mrs. Vimla Motilal Oswal	1,25,240	0.09	-	1,25,240	0.09	-	(0.00)
7	Dr. Karoon Ramgopal Agarawal	1,00,000	0.07	-	1,00,000	0.07	-	(0.00)
8	Mr. Vinay R. Agrawal	1,00,000	0.07	-	1,00,000	0.07	-	(0.00)
9	Mr. Sukhdeo Ramgopal Agarawal	80,200	0.06	-	80,200	0.06	-	(0.00)
10	Mr. Satish R. Agrawal	80,000	0.06	-	79,000	0.06	-	(0.00)
11	Mr. Rajendra G. Oswal	65,000	0.05	-	65,000	0.05	-	(0.00)
12	Mr. Govinddeo R. Agarawal	60,000	0.04	-	55,770	0.04	-	(0.00)

# ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	No. of shares	% of the total shares of the company	% of the shares pledged / encumbered to total shares	% change in shareholding during the year
13	Mrs. Suman Agrawal	50,000	0.04	-	1,00,000	0.07	-	0.03
14	Mrs. Vimladevi Salecha	19,000	0.01	-	11,000	0.01	-	(0.01)
15	Mrs. Anita Anandmurthy Agrawal	30,000	0.02	-	80,000	0.06	-	0.04
16	Mr. Motilal Gopilal Oswal (Holding on behalf of VISU Associates)	1,000	0.00	-	1,000	0.00	-	(0.00)
17	OSAG Enterprises LLP	1,000	0.00	-	1,000	0.00	-	(0.00)
18	Motilal Oswal HUF	120	0.00	-	120	0.00	-	(0.00)
	<b>Total</b>	<b>10,23,87,930</b>	<b>73.05</b>	<b>-</b>	<b>10,23,74,700</b>	<b>72.01</b>	<b>-</b>	<b>(1.05)</b>

### iii) Change in Promoters' and Promoters' Group Shareholding (please specify, if there is no change)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (1.4.2015) / end of the year (31.3.2016)		Date*	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
	<b>Promoters</b>							
1	Passionate Investment Management Private Limited	7,67,92,394	54.79	At the Beginning of the Year	Nil	Nil Movement during the year	7,67,92,394	54.01**
		7,67,92,394	54.01	At the End of the Year				
2	Mr. Motilal Oswal	1,21,10,476	8.64	At the Beginning of the Year	Nil	Nil Movement during the year	1,21,10,476	8.52**
		1,21,10,476	8.52	At the End of the Year				
3	Mr. Raamdeo Agarawal	1,18,28,100	8.44	At the Beginning of the Year		Transfer		
				04.09.2015	-100000			1,17,28,100
		1,17,28,100	8.25	At the End of the Year				
	<b>Promoters' Group</b>							
4	Raamdeo Agrawal HUF	6,50,000	0.46	At the Beginning of the Year	Nil	Nil Movement during the year	6,50,000	0.46
		6,50,000	0.46	At the End of the Year				
5	Mrs. Suneeta Raamdeo Agrawal	2,95,400	0.21	At the Beginning of the Year	Nil	Nil Movement during the year	2,95,400	0.21
		2,95,400	0.21	At the End of the Year				
6	Mrs. Vimla Motilal Oswal	1,25,240	0.09	At the Beginning of the Year	Nil	Nil Movement during the year	1,25,240	0.09
		1,25,240	0.09	At the End of the Year				
7	Dr. Karoon Ramgopal Agarawal	1,00,000	0.07	At the Beginning of the Year	Nil	Nil Movement during the year	1,00,000	0.07
		1,00,000	0.07	At the End of the Year				
8	Mr. Vinay R. Agrawal	1,00,000	0.07	At the Beginning of the Year	Nil	Nil Movement during the year	1,00,000	0.07
		1,00,000	0.07	At the End of the Year				
9	Mr. Sukhdeo Ramgopal Agarawal	80,200	0.06	At the Beginning of the Year	Nil	Nil Movement during the year	80,200	0.06
		80,200	0.06	At the End of the Year				
10	Mr. Satish R. Agrawal	80,000	0.06	At the Beginning of the Year		Transfer		
				18.03.2016	-1000			79,000
		79,000	0.06	At the End of the Year				
11	Mr. Rajendra G. Oswal	65,000	0.05	At the Beginning of the Year	Nil	Nil Movement during the year	65,000	0.05
		65,000	0.05	At the End of the Year				
12	Mr. Govinddeo R. Agarawal	60,000	0.04	At the Beginning of the Year		Transfer		
				10.07.2015	-4230			55,770
		55,770	0.04	At the End of the Year				
13	Mrs. Suman Agrawal	50,000	0.04	At the Beginning of the Year		Transfer		
				04.09.2015	50,000			1,00,000
		1,00,000	0.07	At the End of the Year				

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Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (1.4.2015) / end of the year (31.3.2016)		Date*	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
14	Mrs. Vimladevi Salecha	19,000	0.01	At the Beginning of the Year				
				23.10.2015	-5000	Transfer	14,000	0.01
				05.02.2016	-3000	Transfer	11,000	0.01
		11,000	0.01	At the End of the Year				
15	Mrs. Anita Anandmurthy Agrawal	30,000	0.02	At the Beginning of the Year				
				04.09.2015	50,000	Transfer	80,000	0.06
		80,000	0.06	At the End of the Year				
16	Mr. Motilal Gopilal Oswal (Holding on behalf of VISU Associates)	1,000	0.00	At the Beginning of the Year	Nil	Nil Movement during the year	1,000	0.00
		1,000	0.00	At the End of the Year				
17	OSAG Enterprises LLP	1,000	0.00	At the Beginning of the Year	Nil	Nil Movement during the year	1,000	0.00
		1,000	0.00	At the End of the Year				
18	Motilal Oswal HUF	120	0.00	At the Beginning of the Year	Nil	Nil Movement during the year	120	0.00
		120	0.00	At the End of the Year				

\* Date of Transfer has been considered as the date on which the beneficiary position was provided by the Depositories to your Company

\*\* The decrease in percentage is due to allotment of 20,11,400 shares to Employees under various Employee Stock Option Schemes

#### iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders*	Shareholding at the beginning of the year (1.4.2015) / end of the year (31.3.2016)		Date**	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2015 to 31.3.2016)	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Franklin Templeton Investment Funds	47,00,538	3.35	At the Beginning of the Year				
				01.05.2015	10,858	Transfer	47,11,396	3.34#
				14.08.2015	27,228	Transfer	47,38,624	3.35
				20.11.2015	-3,70,000	Transfer	43,68,624	3.08
		43,68,624	3.07	At the End of the Year				
2	JP Morgan Indian Investment Company (Mauritius) Limited	26,32,674	1.88	At the Beginning of the Year				
				22.01.2016	-19,778	Transfer	26,12,896	1.84
		26,12,896	1.84	At the End of the Year				
3	Armor Qualified, Lp	17,44,181	1.24	At the Beginning of the Year				
				01.05.2015	36,944	Transfer	17,81,125	1.26
				08.05.2015	27,119	Transfer	18,08,244	1.28
				15.05.2015	4,534	Transfer	18,12,778	1.29
				22.05.2015	15,752	Transfer	18,28,530	1.3
				29.05.2015	685	Transfer	18,29,215	1.3
				14.08.2015	8,363	Transfer	18,37,578	1.3
				21.08.2015	3,194	Transfer	18,40,772	1.3
				04.09.2015	1,954	Transfer	18,42,726	1.3
		11.09.2015	8,486	Transfer	18,51,212	1.31		

# ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	For each of the Top 10 Shareholders*	Shareholding at the beginning of the year (1.4.2015) / end of the year (31.3.2016)		Date**	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2015 to 31.3.2016)	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
				18.09.2015	3,084	Transfer	18,54,296	1.31
				22.01.2016	14,630	Transfer	18,68,926	1.32
				29.01.2016	2,092	Transfer	18,71,018	1.32
				05.02.2016	3,940	Transfer	18,74,958	1.32
				12.02.2016	46,755	Transfer	19,21,713	1.35
				19.02.2016	9,825	Transfer	19,31,538	1.36
				26.02.2016	1,600	Transfer	19,33,138	1.36
		19,33,138	1.36	At the End of the Year				
4	Armor Capital Partners, Lp	15,22,779	1.09	At the Beginning of the Year				
				01.05.2015	32,487	Transfer	15,55,266	1.1
				08.05.2015	22,705	Transfer	15,77,971	1.12
				15.05.2015	4,037	Transfer	15,82,008	1.12
				22.05.2015	13,771	Transfer	15,95,779	1.13
				29.05.2015	602	Transfer	15,96,381	1.13
				07.08.2015	-8,955	Transfer	15,87,426	1.12
				21.08.2015	28	Transfer	15,87,454	1.12
				04.09.2015	1,795	Transfer	15,89,249	1.12
				11.09.2015	7,651	Transfer	15,96,900	1.13
				18.09.2015	2,634	Transfer	15,99,534	1.13
				22.01.2016	5,063	Transfer	16,04,597	1.13
				29.01.2016	1,327	Transfer	16,05,924	1.13
				12.02.2016	29,707	Transfer	16,35,631	1.15
				19.02.2016	8,028	Transfer	16,43,659	1.16
				26.02.2016	1,236	Transfer	16,44,895	1.16
		16,44,895	1.16	At the End of the Year				
5	Armor Capital Offshore Master, Ltd	13,33,325	0.95	At the Beginning of the Year				
				24.04.2015	4,736	Transfer	13,38,061	0.95
				01.05.2015	31,970	Transfer	13,70,031	0.97
				08.05.2015	20,728	Transfer	13,90,759	0.99
				15.05.2015	3,446	Transfer	13,94,205	0.99
				22.05.2015	11,921	Transfer	14,06,126	1.00
				10.07.2015	-25,000	Transfer	13,81,126	0.98
				14.08.2015	1,637	Transfer	13,82,763	0.98
				21.08.2015	2,232	Transfer	13,84,995	0.98
				04.09.2015	1,447	Transfer	13,86,442	0.98
				11.09.2015	6,083	Transfer	13,92,525	0.98
				18.09.2015	2,285	Transfer	13,94,810	0.98
				22.01.2016	13,726	Transfer	14,08,536	0.99
				29.01.2016	1,581	Transfer	14,10,117	0.99
				12.02.2016	2,286	Transfer	14,12,403	0.99
				19.02.2016	6,761	Transfer	14,19,164	1.00
				26.02.2016	983	Transfer	14,20,147	1.00
		14,20,147	1.00	At the End of the Year				

# ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	For each of the Top 10 Shareholders*	Shareholding at the beginning of the year (1.4.2015) / end of the year (31.3.2016)		Date**	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2015 to 31.3.2016)	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
6	Rajat Rajgarhia	12,78,085	0.75	At the Beginning of the Year				
				17.04.2015	1,90,000	ESOP Allotment	14,68,085	1.04
				23.10.2015	-40,000	Transfer	14,28,085	1.01
				06.11.2015	-6,803	Transfer	14,21,282	1.00
				13.11.2015	-33	Transfer	14,21,249	1.00
				20.11.2015	-4,830	Transfer	14,16,419	1.00
				27.11.2015	-4,526	Transfer	14,11,893	0.99
				04.12.2015	-2,905	Transfer	14,08,988	0.99
		14,08,988	0.99	At the End of the Year				
7	Morgan Stanley Investment Management, Inc A/C Morgan Stanley India Investment Fund, Inc.	13,62,724	0.97	At the Beginning of the Year	Nil	Nil Movement during the year	13,62,724	0.96#
		13,62,724	0.96	At the End of the Year				
8	Em Resurgent Fund	13,34,687	0.95	At the Beginning of the Year	Nil	Nil Movement during the year	13,34,687	0.94#
		13,34,687	0.94	At the End of the Year				
9	ICICI Prudential Value Fund Series 1	10,79,075	0.77	At the Beginning of the Year				
				08.05.2015	600	Transfer	10,79,675	0.77
				15.05.2015	500	Transfer	10,80,175	0.77
				30.10.2015	-35,099	Transfer	10,45,076	0.74
				06.11.2015	-109,789	Transfer	9,35,287	0.66
				29.01.2016	-3,520	Transfer	9,31,767	0.66
				05.02.2016	-68,218	Transfer	8,63,549	0.61
				12.02.2016	-20,831	Transfer	8,42,718	0.59
				04.03.2016	-2,075	Transfer	8,40,643	0.59
				11.03.2016	-8,563	Transfer	8,32,080	0.59
				25.03.2016	-6,497	Transfer	8,25,583	0.58
				31.03.2016	-5,771	Transfer	8,19,812	0.58
		8,19,812	0.58	At the End of the Year				
10	Morgan Stanley Sicav (Mauritius) Limited	4,37,276	0.31	At the Beginning of the Year				
				01.05.2015	10,870	Transfer	4,48,146	0.32
				23.10.2015	41,424	Transfer	4,89,570	0.35
				12.02.2016	3,16,601	Transfer	8,06,171	0.57
		8,06,171	0.57	At the End of the Year				

\* The Top ten shareholders as on 31st March, 2016 has been considered for the above disclosure.

\*\* Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to your Company.

# The decrease in percentage is due to allotment of 20,11,400 shares to Employees under various Employee Stock Option Schemes leading to increase in capital and decrease in percentage.

# ANNEXURE 7 TO THE BOARD'S REPORT

## v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding		Date*	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year / end of the year	% of total shares of the company				No. of shares	% of total shares of the company
1	Mr. Motilal Oswal (Chairman and Managing Director)	1,21,10,476	8.64	At the Beginning of the Year	Nil	NIL Movement during the year	1,21,10,476	8.52
		1,21,10,476	8.52	At the End of the Year	10,858	Transfer	47,11,396	3.34#
2	Mr. Raamdeo Agarawal (Joint Managing Director)	1,18,28,100	8.44	At the Beginning of the Year				
				04.09.2015	-100,000	Transfer	1,17,28,100	8.25
		1,17,28,100	8.25	At the End of the Year				
3	Mr. Navin Agarawal (Non-Executive Director)	78,04,010	5.57	At the Beginning of the Year	Nil	NIL Movement during the year	78,04,010	5.49
		78,04,010	5.49	At the End of the Year				
4	Mr. Vivek Paranjpe (Independent Director)	0	0.00	At the Beginning of the Year	Nil	NIL Holding / Movement during the year	0	0.00
		0	0.00	At the End of the Year				
5	Mr. Praveen Tripathi (Independent Director)	0	0.00	At the Beginning of the Year	Nil	NIL Holding / Movement during the year	0	0.00
		0	0.00	At the End of the Year				
6	Mrs. Sharda Agarwal (Independent Director)	0	0.00	At the Beginning of the Year	Nil	NIL Holding / Movement during the year	0	0.00
		0	0.00	At the End of the Year				
7	Mr. Sameer Kamath (Chief Financial Officer)	46,049	0.03	At the Beginning of the Year				
				14.05.2015	15,500	ESOP Allotment	61,549	0.04
				29.10.2015	-21,000	Transfer	40,549	0.03
				09.11.2015	71,000	ESOP Allotment	1,11,549	0.08
				18.02.2016	-2,072	Transfer	1,09,477	0.08
				01.03.2016	-2,500	Transfer	1,06,977	0.08
				02.03.2016	-1,000	Transfer	1,05,977	0.08
				08.03.2016	-525	Transfer	1,05,452	0.07
				18.03.2016	-1,500	Transfer	1,03,952	0.07
				22.03.2016	-400	Transfer	1,03,552	0.07
		1,03,552	0.07	At the End of the Year				
8	Mr. Murli Krishnan Iyer (Company Secretary) (appointed w.e.f. 5.10.2015)	3,600	0.00	05.10.2015				
				19.02.2016	1,400	ESOP Allotment	5,000	0.00
		5,000	0.00	At the End of the Year				

\* Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to your Company and actual date of allotment has been considered in case of ESOP Allotment.

# ANNEXURE 7 TO THE BOARD'S REPORT

## V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,200,000,000	2,204,089,750	–	4,404,089,750
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	79,796,441	–	–	79,796,441
<b>Total (i+ii+iii)</b>	<b>2,279,796,441</b>	<b>2,204,089,750</b>	<b>–</b>	<b>4,483,886,191</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	3,964,181,553	4,920,233,400	–	8,884,414,953
• Reduction	3,659,894,027	6,147,995,150	–	9,807,889,177
<b>Net Change</b>	<b>304,287,526</b>	<b>(1,227,761,750)</b>	<b>–</b>	<b>(923,474,224)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,504,287,526	976,328,000	–	3,480,615,526
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	60,461,810	–	–	60,461,810
<b>Total (i+ii+iii)</b>	<b>2,564,749,336</b>	<b>976,328,000</b>	<b>–</b>	<b>3,541,077,336</b>

## VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Motilal Oswal, CEO, Chairman and Managing Director	Raamdeo Agarawal, Joint Managing Director	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,000,000	24,000,000	48,051,254
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	51,254	39,600	90,854
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission as % of profit	–	–	–
5	Others, please specify	–	–	–
	<b>Total (A)</b>	<b>24,051,254</b>	<b>24,039,600</b>	<b>48,090,854</b>
	Ceiling as per the Act	Within overall limit of 10% of the Net Profits of the Company		

# ANNEXURE 7 TO THE BOARD'S REPORT

## B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount	
		Balkumar Agarwal	Vivek Paranjpe	Praveen Tripathi	Sharda Agarwal	Navin Agarwal		
1.	Independent Directors							
	• Fee for attending board / committee meetings	90,000	90,000	150,000	110,000	–	440,000	
	• Commission	–	400,000	400,000	400,000	–	1,200,000	
	• Others, please specify	–	–	–	–	–	–	
	<b>Total (1)</b>	<b>90,000</b>	<b>490,000</b>	<b>550,000</b>	<b>510,000</b>	<b>–</b>	<b>1,640,000</b>	
2.	Other Non-Executive Directors							
	Fee for attending board / committee meetings	–	–	–	–	–	–	
	Commission	–	–	–	–	–	–	
	Others, please specify	–	–	–	–	–	–	
	<b>Total (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
	<b>Total (B)=(1+2)</b>	<b>90,000</b>	<b>490,000</b>	<b>550,000</b>	<b>510,000</b>	<b>–</b>	<b>1,640,000</b>	
	<b>Overall Ceiling as per the Act</b>	Within overall limit of 1% of Net Profits of the Company						
	<b>Total Managerial Remuneration (A+B)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>49,730,854</b>	

## C. Remuneration to key managerial personnel other than MD / Manager / WTD:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary		CFO	
			Samrat Sanyal (Resigned on 6.04.2015)	Murli Krishnan Iyer (appointed w.e.f. 5.10.2015)		
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	32,300	506,777 **	11,594,588	12,133,665
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	143,430	16,734,153	16,877,583
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–	–	–
2	Stock Option*	–	Cost included in 1(b) above			–
3	Sweat Equity	–	–	–	–	–
4	Commission as % of profit others, specify	–	–	–	–	–
5	Others, please specify	–	–	–	–	–
	<b>Total</b>	<b>–</b>	<b>32,300</b>	<b>650,207</b>	<b>28,328,741</b>	<b>29,011,248</b>

\* The perquisite value towards stock option includes the difference between the exercise price and market price on the date of exercise. The same is not paid by the Company.

\*\*Mr. Murli Krishnan Iyer is appointed as Company Secretary of Holding Company, Passionate Investment Management Private Limited. The monthly remuneration of ₹ 10,000 is reimbursed from Passionate Investment Management Private Limited to Motilal Oswal Financial Services Limited for payment of remuneration for services rendered as Company Secretary in Passionate Investment Management Private Limited. The said amount is not included in aforesaid.

# ANNEXURE 7 TO THE BOARD'S REPORT

## VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY:</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS:</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT:</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

**Motilal Oswal**  
Chairman & Managing Director  
(DIN : 00024503)

Place : Mumbai  
Date : 30th April, 2016.

# ANNEXURE 8 TO THE BOARD'S REPORT

## Nomination and Remuneration Policy

### I. Introduction

Pursuant to Section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Board of Directors of the Company shall constitute the Nomination and Remuneration/Compensation Committee comprising of at least three non-executive Directors out of which not less than one half are independent directors as required under Companies Act, 2013 and the Listing Agreement. The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration/Compensation Committee but shall not Chair such Committee.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

### II. Objective

The Nomination and Remuneration / Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP and Senior Management. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- 1.3. Formulation of criteria for evaluation of Independent Director and the Board.
- 1.4. To evaluate the performance of the members of the Board.
- 1.5. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.6. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.8. To devise a policy on Board diversity

### III. Definitions

- "Board" means Board of Directors of the Company.
- "Company" means "Motilal Oswal Financial Services Limited."
- "Independent Director" means a director referred to in Section 149(6) of the Companies Act, 2013.
- "Key Managerial Personnel" (KMP) means
  - (i) Chief Executive Officer or the Managing Director or the Manager,
  - (ii) Company Secretary,
  - (iii) Whole-time Director,
  - (iv) Chief Financial Officer and
  - (v) Such other officer as may be prescribed.
- "Nomination and Remuneration/Compensation Committee" (NRC) shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Listing Agreement.
- "Policy or This Policy" means Nomination and Remuneration Policy.
- "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors and including all members of management one level below the executive directors, including all the functional heads.

# ANNEXURE 8 TO THE BOARD'S REPORT

- "Members of management one level below the executive directors" means the employees designated as Vice President and above and who are directly reporting to the Executive Directors.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them herein.

## VI. Role of the Committee

The role of the Committee inter alia will be the following:

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of every Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To devise a policy on Board diversity.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## VII. Membership of the Committee

- The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent. The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration/Compensation Committee.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

## VIII. Chairman

- Chairman of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- Chairman of the Nomination and Remuneration/Compensation Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## IX. Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

## XIV. Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee Meeting will be tabled at the subsequent Board and Committee meeting.

# ANNEXURE 8 TO THE BOARD'S REPORT

## X. Committee Members' Interests

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## XI. Voting

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## XII. Appointment and Removal of Director, KMP and Senior Management

### ● Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/ Manager who has attained the age of seventy years.

Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### ● Term / Tenure:

1. Managing Director / Whole-time Director/Manager (Managerial Person):
  - The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director:
  - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

### ● Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

### ● Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### ● Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## XIII. Provisions Relating to Remuneration of Managerial Person, KMP and Senior Management

### ● General:

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### ● Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay:  
Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. Variable Pay:  
The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable shall be based on performance against pre-determined financial and non-financial metrics.
3. Provision for excess remuneration:  
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
4. Provisions for excess remuneration:  
If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### ● Remuneration to Non-Executive / Independent Director:

1. Remuneration / Commission:  
The remuneration/commission, if any, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
2. Sitting Fees:  
The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.  
Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Limit of Remuneration/Commission:  
Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

# ANNEXURE 8 TO THE BOARD'S REPORT

## **XV. Guiding Principles**

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## **XVI. Deviations from this Policy**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

## **XVII. Review and Amendment**

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required.

For and on behalf of the Board of  
**Motilal Oswal Financial Services Limited**

**Motilal Oswal**  
*Chairman & Managing Director*  
(DIN : 00024503)

Place : Mumbai  
Date : 30th April, 2016.

## Setting-up the stage, for the economy to perform!

The previous year FY2015 saw the Union Elections deliver a decisive mandate - the first-ever after 30 years. During FY2016, the new government launched several initiatives to drive growth, investments and competitiveness, despite internal and external challenges. Initiatives like Make in India, Digital India, Smart Cities and Financial Inclusion would help improve the access and affordability of products, while giving a boost to domestic production. The GDP growth for FY2017 is expected to be aided by the uptick in the manufacturing / infrastructure sections, apart from services. Infrastructure has received a big push. Road projects are focusing on developing a win-win hybrid model for funding, which could accelerate the construction from 18 km per day to 30 km per day. The inland waterways projects, Sagarmala port project, railway station redevelopment and groundwork for 20 smart cities are other initiatives.

Urban consumption, rural consumption and exports would fuel the incremental demand of the economy's production of goods and services. The rural economy has been badly hit as successive years of drought impacted crop revenues. Even MNREGA is yet to take off in a big way, since its wages often lagged the wages in the construction sector. However, expectation of normal monsoon in FY2017 should augur well for a revival of the rural fortune. Increased allocation of federal monies to the states should also give a fill-up to rural development projects, fuelling jobs and incomes. While merchandise trade deficit narrowed to a 5-Year low owing to a dip in imports, the sluggish growth in exports remains a key concern. The slowdown in India's traditional export destinations impacted the export demand for light engineering goods and readymade garments. India has to build competitiveness in further segments in order to capture export flows to new destinations where demand and monies are ample. Urban consumption remains a rejuvenating story, although the consumer base in India is still a small portion of its 1.20 bn population. This base has to expand further if the incremental growth to GDP has to be added. Moreover, shifts in the nature of consumption can impact business sectors. For example: increased digitalization transformed sectors like retail, media and telecom. So innovation will hold key, if businesses have to remain relevant.

Control over inflation has been one of the positives this year, especially food inflation. There was a spike around the third quarter as prices of key food items shot up, but these were successfully controlled from Jan 2016 onwards. Resultantly, the Reserve Bank of India reduced policy rates by more than 1% during the year, and remains accommodative based on inflation trends. The transmission of the rate cuts is yet to be done in a meaningful way by banks, such that it can revive the sluggish capex investment cycle. As it is, many banks are facing asset quality issues, which might just result in slowing down the speed of decision-making for loans. The government is also working on other initiatives like single-window clearances for approvals as well as easing the criteria for FDI in certain sectors, since rate cuts alone cannot revive the investment cycle. Till the time private sector pushes its investment cycle, public expenditure projects will be the main source of incremental jobs and incomes, although it means the government has to continue walking the fiscal tight-rope.

The priority areas for the Government have been highways, railways, energy, financial inclusion and defence. A thrust to rural spends, infrastructure and social programmes should help boost the rural economy, which remains largely untapped from India's growth story. Overall, India now looks better off amongst its BRICS peers. The commodity slump created widespread unemployment and social instability in Brazil and South Africa, economic sanctions by the West negatively impacted Russia, and the Chinese engine slowed down as it finds its new normal as a consumption-driven economy. India's GDP growth in FY2017 can be expected to accelerate further if certain key reforms come on-ground. Developing political consensus between the government and opposition on such critical policy reforms will hold key to their success. In short, a lot will depend on how the reforms, jobs, capex and exports take-off in coming months.

## The Equity Markets in FY2016

The large-cap benchmark, Nifty 50, was down 8.86% YoY in FY2016 (in INR terms). The multi-cap benchmark, Nifty 500, was down 7.54% for the year. The dips were seen across almost all the quarters of the year. Pull-out of FII monies due to profit booking, migration towards safer assets and geographies, reduction in emerging market exposure following the commodity slump and dip in investible surplus were some challenges that impacted the markets. However, strong macro situation, growth expectations and reducing rates in fixed income led to inflows of DII monies, which helped counter the FII outflow to some extent. The markets also saw increased volatility this year. Market valuations had moved upwards ever since the May 2014 election, and which continued till mid-FY2016. However, damp performance of the market led to a dip in valuations towards their 5-Year historical averages. Nifty 50's average P/E in FY2016 was 21.78x, while the 5-Year historical average is 19.51x. Similarly, Nifty 500's average P/E in FY2016 was 23.54x with a 5-Year historical average of 19.71x. The gap between the large-cap and mid-cap P/Es had widened during FY2016, as compared to previous years. As and when corporate earnings pick up, valuations should re-rate. NSE market capitalization stood at ₹ 93.10 tn, as of 31st March, 2016. This was down 6.24% for the year (in INR terms). However, the long-term performance in market capitalization remains strong, with the 10-Year CAGR at 12.71%.

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

On a relative basis, the Nifty outperformed most Emerging Market peers in US\$ terms on a 10-Year basis, except for China. Apart from emerging market peers, India also outperformed the Frontier Markets index in the long-term. Short-term returns in India lagged its peers owing to pull-out by FIIs in Q4 FY2016. The year FY2016 was a rough one for all the major markets, as multiple global challenges impacted investor sentiments. Hence, India was not the only casualty in the lot.

Nifty outperformed most Emerging Market peers in US\$ terms in the long-term, except China. The year FY2016 has been rough for most major markets world-over, not just for India.

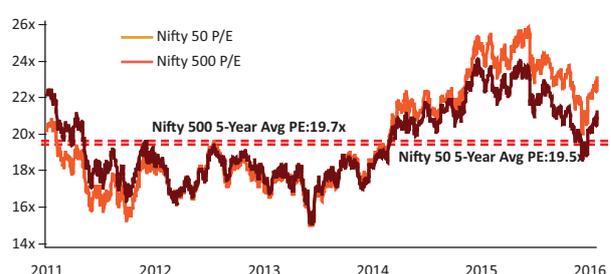
**Benchmark Indices Performance as of 31st March, 2016  
(in US Dollar Terms)**



Source: Bloomberg

P/E ratio of large-cap and multi-cap indices rose from Q1 FY2015 to Aug 2015, after which there was a trend reversal to their 5-Year historical average and a widening gap between the two.

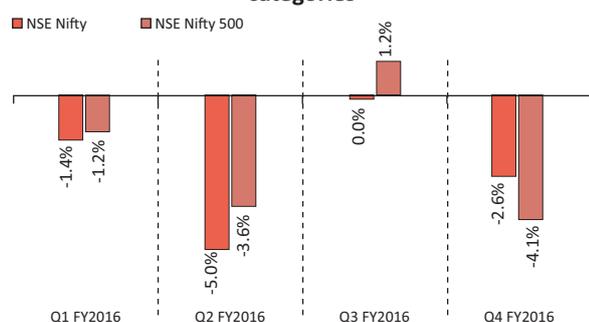
**Historical P/E Ratios of Nifty 50 and Nifty 500 Indices**



Source: NSE

Market performance remained disappointing across quarters, in both large-cap and multi-cap indices. Large-caps led the drop for most of the year, while mid-caps followed towards the year-end.

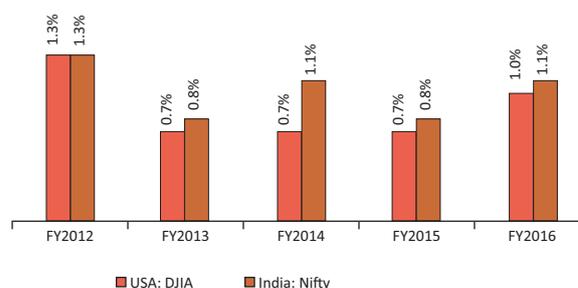
**Quarter-wise Returns of NSE Indices across Market-Cap categories**



Source: NSE

FY2016 has been a volatile year in India, as in the US. Standard deviations of both Nifty and DJIA were higher this year, reversing the reduction in volatility that had been seen last year.

**Volatility (Standard Deviation) of benchmark indices**



Source: NSE, Yahoo Finance

## Business Streams and Outlook:

Motilal Oswal Financial Services Limited (MOFSL) is a non-banking financial company (NBFC), registered under the Reserve Bank of India Act, 1934. The company's standalone operations have two critical elements:

- Build on a financing infrastructure that can best customize risk adjusted products, have simple and compliant documentation, and prompt loan approval procedures; and
- A strong structure in place that can most efficiently source funds and manage resources.

There is a defined set of procedures for evaluating the creditworthiness of customers that extends from initial evaluation to loan approval. Funds are advanced after due process of evaluation and upon providing the necessary documentation. MOFSL's objective is to ensure appraisal and disbursement within the shortest possible time, without compromising on asset quality. During the year, Crisil Limited reaffirmed the Credit Rating of "CRISIL A1+" the Commercial Paper Programme of ₹ 2.50 bn of

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

the Company. ICRA Limited assigned the credit rating of [ICRA] AA” Rating with a stable outlook to the NCD Programme of ₹ 1.50 bn of the company. Crisil Limited also reaffirmed the Credit Rating of “CRISIL A1+” to the Commercial Paper Programme of ₹ 7.00 bn of Motilal Oswal Securities Limited, a subsidiary of the Company. The ratings indicate a strong degree of safety regarding timely servicing of financial obligations.

Besides the financing business directly carried out through MOFSL, we offer a range of products and services such as Broking and Distribution, Institutional Equities, Wealth Management, Investment Banking, Private Equity, Asset Management and Housing Finance through various subsidiaries:

SI No	Name of the Company	Business	MOFSL's Shareholding
1	Motilal Oswal Securities Limited (MOSL)	Stock Broking (Institutional & Retail)	100.00%
2	Motilal Oswal Investment Advisors Private Limited (MOIAPL)	Investment Banking	100.00%
3	MOPE Investment Advisors Private Limited (MOPE)	Private Equity Management and Advisory	85.00%
4	Motilal Oswal Asset Management Company Limited (MOAMC) (a subsidiary of MOSL)	Mutual Funds, PMS, Offshore Funds	100.00%*
5	Motilal Oswal Commodities Broker Private Limited (MOCBPL)	Commodities Broking	100.00%
6	Motilal Oswal Insurance Brokers Private Limited (MOIBPL)	Insurance Brokers	100.00%
7	Motilal Oswal Capital Markets Private Limited (MOCMPL) (a subsidiary of MOSL)	Training for Investment	100.00%*
8	Motilal Oswal Wealth Management Ltd (MOWML)	Wealth Management	100.00%*
9	Motilal Oswal Trustee Company Limited (MOTC) (subsidiary of MOSL)	Trustee to Mutual Fund	100.00%*
10	Motilal Oswal Securities International Private Limited (MOSIPL)	US broker-dealer license from FINRA	100.00%*
11	Motilal Oswal Capital Markets (Hong Kong) Private Limited (MOCMPL(HK))	Type 4 license in Hong Kong - Advice on Indian equities to Professional Investors in Hong Kong	100.00%*
12	Motilal Oswal Capital Markets (Singapore) Pte Limited (MOCMPL(SP))	Exempt Financial Advisor Status in Singapore – Advice on Indian equities to Accredited Investors	100.00%*
13	Aspire Home Finance Corporation Limited (AHFCL) (a subsidiary of MOSL)	Housing Finance	16.14% and 81.57%*
14	Motilal Oswal Real Estate Investment Advisors Private Limited (MOREIAPL) (a subsidiary of MOPE)	Real Estate Investment Advisory Services	76.50%**
15	Motilal Oswal Real Estate Investment Advisors II Private Limited (MOREIAIPL) (a subsidiary of MOREIAPL)	Real Estate Investment Advisory Services	68.85%***
16	India Business Excellence Management Company (a subsidiary of MOPE)	Private Equity Management and Advisory	85.00%**
17	Motilal Oswal Asset Management (Mauritius) Private Limited (subsidiary of MOAMC)	Offshore Funds	100.00%****

\* through MOSL; \*\* through MOPE; \*\*\* through MOREIAPL; \*\*\*\* through MOAMC

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

## Business Streams

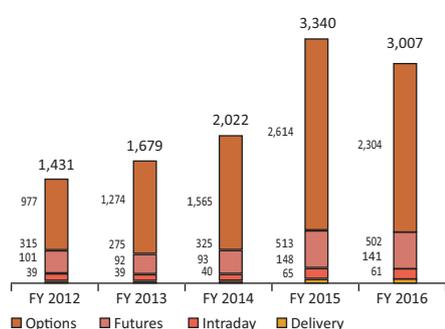
Category	Business	Primary products and services
Transaction-based businesses	Broking & Distribution	Equity (cash and derivatives), Commodity broking and Currency, Distribution of financial products, Depository services, Financing (through MOFSL)
	Institutional Broking	Equity (cash and derivatives) broking, Advisory
	Investment Banking	Capital raising, M&A advisory, Domestic IPOs, Private equity placements, Corporate finance advisory, Restructuring, FCCBs and GDRs
Asset-based businesses	Public Market Equities	Portfolio management services, Mutual funds, Offshore fund
	Private Equity	Private equity investment management and advisory, Real estate investment management and advisory
	Wealth Management	Professional money managers, Trading, Alternate assets, Credit solutions, Wealth transmission, Specialized and ancillary advisory services
Fund-based businesses	Aspire Home Finance	Affordable housing finance
	Fund Based Activities	Loan against shares book, Sponsor commitments into our own mutual funds, private equity funds and housing finance entity

## Broking Business

### Industry Facts

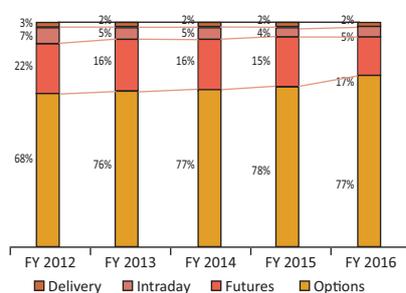
Equity market average volumes (ADTO) were ₹ 3.01 tn in FY2016, down 9.97% YoY. Cash market volumes dipped 5.56% YoY to ₹ 201.50 bn. Within cash, delivery declined 6.35% YoY to ₹ 60.71 bn. However, cash volumes were still 50.13% higher than the average seen between FY2012-2014 and delivery volumes were still 55.43% higher than the FY2012-2014 average. Within derivatives, futures dipped 2.18% YoY to ₹ 502.08 bn. This year, options were down 11.86% YoY to ₹ 2.30 tn, a reversal from recent years when options led the growth in the overall market volumes. Cash volumes clocked a low of ₹ 178.94 bn and a high of ₹ 235.14 bn, in terms of the MoM trend during FY2016. Amongst cash market participants, retail and prop saw declines of 8.33% and 7.46% YoY respectively. DII cash volumes increased 1.93% YoY, led by renewed interest in equity mutual funds from retail/HNI investors. The proportion of retail within cash volumes decreased from 50.36% to 48.88% YoY while that of DII increased from 8.04% to 8.67% YoY. However, retail cash volumes still remain 49.55% higher than the FY2012-2014 average despite this YoY dip. With primary market seeing some activity since the last two years, the incremental number of demat accounts this year has increased slightly as compared to previous years. As primary issues pick up further, the incremental accounts should also gather pace.

Average Daily Volumes (₹ Bn)



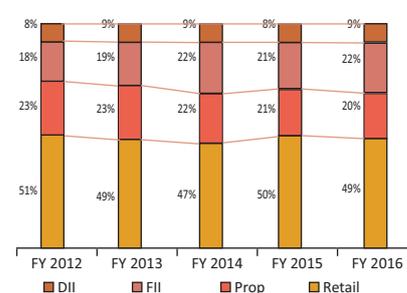
Source: BSE, NSE

Segment-wise Overall ADTO Proportions



Source: BSE, NSE

Participant-wise Cash ADTO Proportions



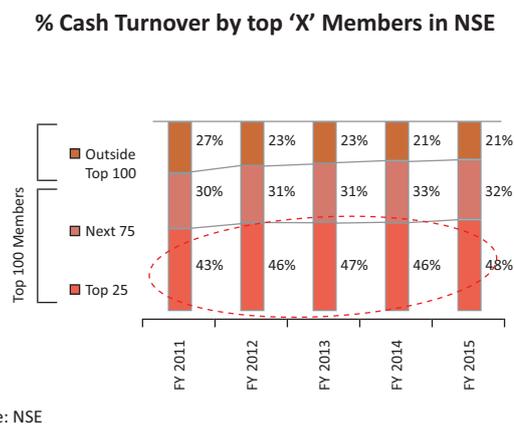
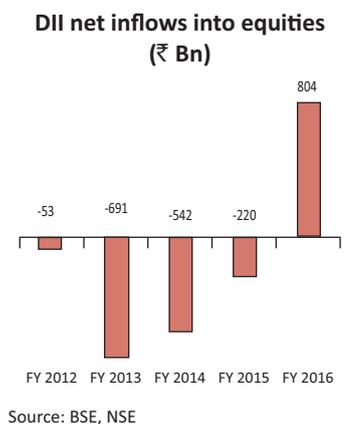
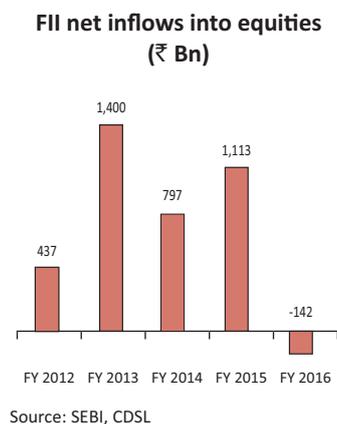
Source: BSE, NSE

FII registered net outflows this year, after six consecutive years of strong net inflows. However, this was hardly an India-specific situation, as FIIs scaled back their investments in riskier asset classes such as emerging market equities following the uncertainties surrounding the recent commodity slump, challenges in many larger emerging economies and expectations of rate hikes by the US Fed. Many sovereign wealth funds withdrew their global investments as the decline in oil prices reduced their net investible surplus.

However, the FII outflow was countered to some extent by renewed inflows by DIIs, who saw record net inflows into equity mutual funds after five consecutive years of net outflows. This was led by a healthy rise in retail and HNI investor folios over the last year.

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

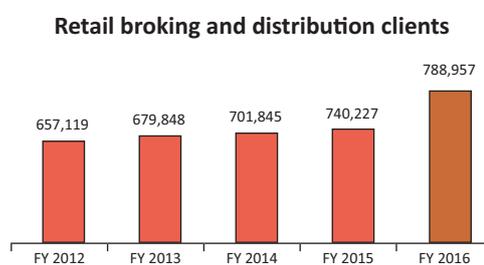
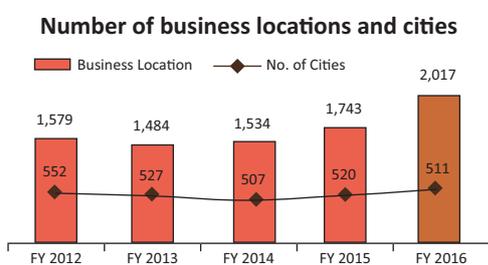
In terms of consolidation of NSE cash market volumes amongst the top brokers, consolidation of volumes within the Top-25 members has increased steadily since the last few years, especially in FY2015 when the market rallied. Top-25 brokers controlled 43% of NSE cash volumes in FY2011, which increased to 46% till FY2014, and to 48% in FY2015. This shows that volumes consolidate mostly with the market-leaders as the broking market volumes take off.



## Our Broking Business

Research and advisory form the foundation of the company's broking services. Brokerage serves participants across FIIs, domestic institutions, HNIs and retail. This business comprises of two distinct units - Retail Broking & Distribution and Institutional Equities.

**Retail Segment:** Services offered include equities, derivatives, commodities, currency, depository services, distribution of portfolio management services, mutual funds, primary equity offerings and insurance products.



As of 31st March, 2016, Motilal Oswal Securities Ltd (MOSL) had more than 788,000 retail broking and distribution clients with over 716,000 having depository accounts. The run-rate in retail client addition was stronger this year, as compared to recent years.

The focus was on building scale and competitiveness through high-quality advisory, digital initiatives, assets-based product distribution, system-driven trading products and network expansion. Our advisor count was up 64.68% YoY, following continued investments into dedicated advisory desks for mass-retail and affluent clientele. Advisor quality has been improved through training modules, certification processes and productivity monitoring. Research-call quality is also being monitored. We ramped up our sales-force across both our own branch and the franchisee channels.

With digital transformation at its inflection, we invested into several digital initiatives across delivery and engagement touch-points to increase speed of service, enable access and convenience for clients and reduce the cost of servicing. We launched India's 1st and Fastest 15-Minute Trading & Demat Account, using Paperless-eKYC Aadhar-Integrated account opening process. This would enable clients to start trading instantly. We revamped our Mobile Trading App with new features like superfast trading, multi-asset watch-list, one-time login and operational ease, and launched our all-new broking portal with single sign-on to trade, track and review, quick order-execution window, instant portfolio restructuring and actionable recommendations. We also became India's 1st broker to launch the Smart Watch App, providing access to market updates, portfolio, etc. We launched our "Business Partner App" to enable our partners to monitor their business across metrics while on the move. Our digital business has gained traction. ~21% of clients traded online in FY2016, up from ~14% in the previous year. The contribution of online business to total was ~21% in FY2016, up from ~15% last year. The new mobile app saw ~70,000 downloads within 5 months. The contribution of the mobile app to total brokerage crossed ~6% in the fourth quarter of FY2016, up from ~4% in the previous quarter.

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

Our product team developed system-driven trading products, to offer strategies to our clients across market cycles. It released a state of the art quantitative tool - MOST Quant Option Writer, which can forecast volatility, test feasibility on existing long/ short exposure and present option writing opportunities in a single click.

Third-party products were given a boost this year, in a bid to develop a more assets-based product distribution approach towards our clients instead of just a pure-equity broking approach. The commodity business saw active interest as precious metals rallied and base metals bounced. Currency and interest rate futures business also saw traction.

The Pan-India distribution network increased from 1534 outlets in Mar 2014 to 2000+ in Mar 2016.

Engagement continued through broking industry business programs and business development seminars for sub-brokers and investor awareness seminars for clients. Our new initiative, School of Trading and Investing Research (STIR), has seen healthy interest in its Platinum Trader Pro Program. STIR now covers Mumbai, Chennai, Hyderabad, Ahmedabad, Bangalore and Delhi.

Proactive investments and focus into this business drove a meaningful traction in our retail equity market share, across both cash and F&O segments. The monthly addition to retail clients in FY2016 was 1.3X of FY2015, and 2.2X of FY2014. Our investments into our advisory, sales and leadership teams and the online channel and technology offerings means that the capacity is in place to handle the increased business volumes as investor interest pick up further.

**Institutional Broking:** The company offers broking services in cash and derivatives to institutional clients in India and abroad. As on 31st March, 2016, it was empanelled with 594 institutions, up from 582 last year. We continued to strengthen our competitive positioning through research offerings, corporate access outreach and sales and trading capabilities. The focus during the year was to introduce new research/thematic products, such as Voices (a ready-reference of insights from earning concalls) and Ind-AS (report detailing the implications of the new accounting standard across sectors). The research team also made significant strides in leveraging technology, by offering Videos summarizing all key reports. The research coverage was ramped up from 230 to 251 during the year. During the year, corporate access conducted several outreach events. The 11th Annual Global Investor Conference saw participation from 120+ companies and 500+ global investors, resulting in 4,000+ corporate – investor meetings.

The quality of our services was recognized at various award forums during the year. At the AsiaMoney Awards 2015, we were ranked Best in Events/Conferences, ranked amongst Top-2 for Overall Sales Services and Best Roadshows/Company Visits and amongst the Top-3 in Best Local Brokerage, Best Execution and Sales Trading Visits. We won as many as 11 awards at the Research Bytes Investor Communication Awards 2015, including Favourite Research House, Head of Research, Consumer Staples, Industrials, Utilities, Consumer Directory, Financial, Materials, Energy and Multi Sector. We won 3 research awards at Zee India Best Market Analyst Awards and the Best Broking House - Institutional Segment award at D&B Equity Broking Awards 2015.

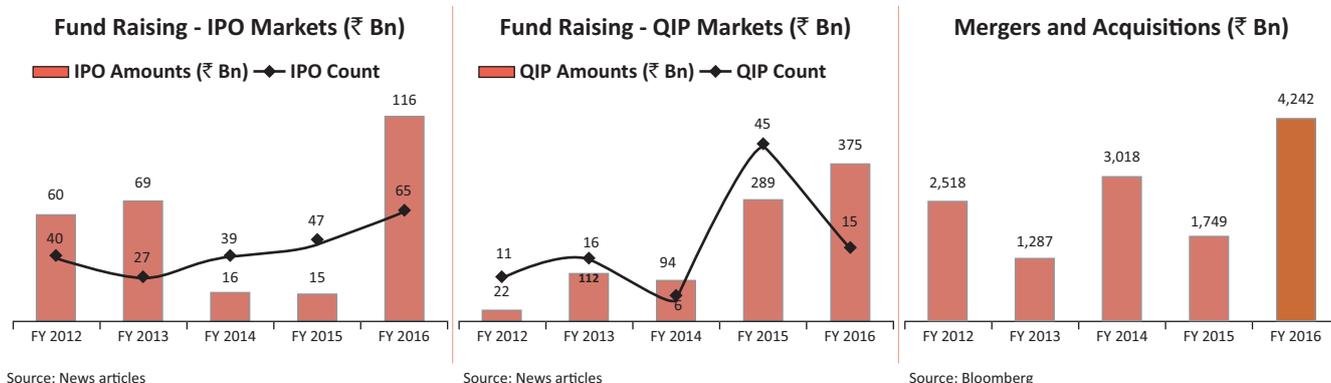
## Investment Banking

### Industry Facts

As per a Business Standard report, India was ranked among the Top-6 countries in terms of number of IPOs globally in the quarter-ending March 2016. BSE was featured amongst the Top-6 global exchanges in terms of funds raised. Divestments of government-owned PSUs, listings of the insurance majors, microfinance, payments banks, e-commerce, life sciences and automotive are expected to lead the IPO pipeline in coming months. QIP issuances remained on the lower side, although few large deals in the last quarter pushed up the aggregate amount raised and average deal value on a YoY basis. As per Business Standard, M&A deal tally in India declined by 17.87% YoY to US\$30.43 bn in CY2015, although the number of transactions saw an uptick from 569 to 600 - the highest in the last three years. This increase in deal count was led largely by the domestic deals segment, as global uncertainties restricted outbound transactions. As per Grant Thornton, cross-border deals increased 16% YoY in CY2015, on the back of 11 deals valued over US\$500 mn each. The positive news is that India was the largest receiver of foreign direct investments in H1-2015 with US\$ 31 bn, and the Make in India initiative and positive macro environment should augur well for inbound transactions, going forward.

As per a Livemint report, funds raised through debt capital markets in CY2015 declined by ~28% YoY to US\$ 37.5 bn. This is the lowest ever since 2009. The freeze on domestic capex plans by companies is one of the reason for the muted activity in the debt capital markets. In fact, most of the borrowings have been to refinance old loans rather than for new capex, as companies seek to lower the cost of borrowing. Funds raised from the offshore bond market declined from US\$ 35 bn in CY2013 and US\$ 18.8 bn in CY2014 to a low of US\$ 8.9 bn in CY2015, while domestic fund raising declined by 9% YoY to ₹ 1.82 tn. However, bond arrangers remain hopeful that domestic issuances may rise in coming months as borrowing through bonds still works out cheaper than domestic banks.

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)



## Our Investment Banking Business

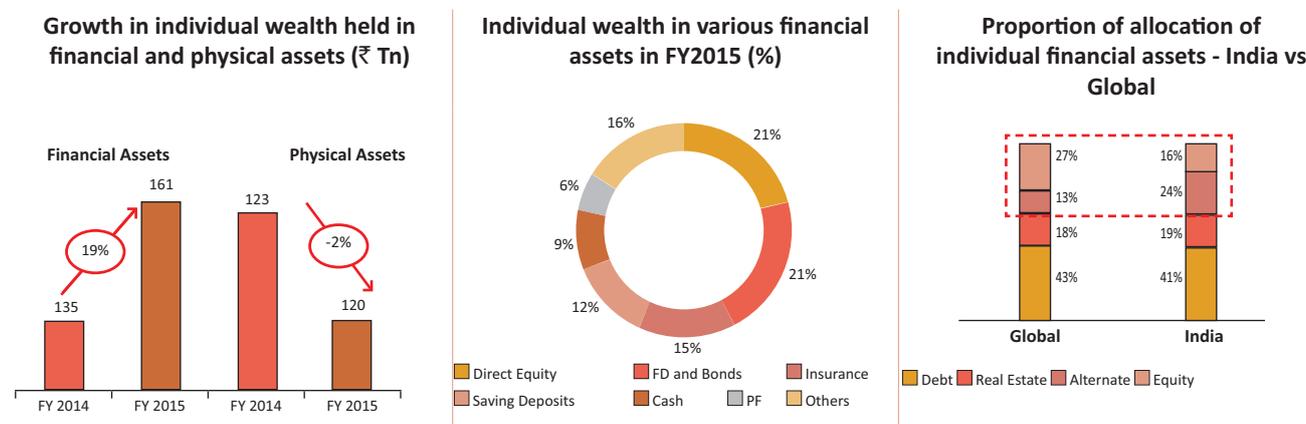
The company's M&A deal pipeline remained robust, despite the current market volatility delaying transaction closures. It successfully concluded one cross-border M&A transaction for an Indian engineering company. It also successfully advised two cement companies in raising structured credit of more than ₹ 7.50 bn to refinance part of their debt and fund capital expenditure, thereby setting them up to capitalize on the improving fundamentals in the sector. During the year, it tied up with IMAP Inc., a global provider of M&A services, as its India partner. This would allow it to undertake transactions across 30+ countries wherever IMAP has a partner network.

In FY2015, the company had invested into building the Equity Capital Markets team to capitalize as IPO, FPO and QIP issuances gathered steam in the market. The IPO pipeline has gained traction, with participation in issues like Pennar and Powermech. It also received clearance from SEBI for the upcoming IPOs of Parag Milk Foods, Nihilent Technologies and SP Apparels, wherein MOIAPL is a book running lead manager. It has been mandated for a QIP placement by a PSU bank, which is expected in Q1 FY2017. The team is also in advanced stage discussions for raising private equity for companies in the technology, consumer and services sectors.

## Wealth Management

### Industry Facts

As per Karvy Private Wealth Report 2015, the total wealth held by individuals in India grew by 8.94% YoY to ₹ 280.44 tn in FY2015, of which physical assets comprise ₹ 119.89 tn and financial assets comprise ₹ 160.55 tn. During the year FY2015, individual wealth in financial assets grew by 19.17% YoY, led by equities, insurance and PF. Conversely, physical assets de-grew by 2.35% YoY owing to muted performance in gold and real estate during FY2015. Direct equity notched the largest share within individual wealth in financial assets - up from 19.79% in FY2014 to 21.40% in FY2015. Fixed deposits and bonds, which had comprised the largest share in FY2014 at 21.83%, dipped to 20.70% in FY2015. FY2015 saw a trend-reversal in the investment of the new additional money, with ~54% of the new money in FY2015 invested in financial assets as compared to ~35-40% in the previous years. The proportion of financial assets held in debt and real estate in India is largely in line with those seen globally. Moreover, rapid growth in equities coupled with muted growth in gold during the coming years can push their proportions in India too in line with those seen globally.



## Our Wealth Management Business

The business saw traction in assets under management, as assets picked up from ₹ 42.35 bn to ₹ 64.43 bn during FY2016, up 52.14% YoY. The number of client families increased by 59.19%. This traction was largely a result of continued ramp up of the Relationship Manager (RM) base and in our advisory capabilities. The business had a 77-member RM and advisory team as on 31st March, 2016, up from 49 last year. The presence has been expanded to eight metro cities, to capitalize on the ensuing growth prospects in these regions. Few large clients were added during the year, which helped boost AUM despite challenging markets. Such large clients should help push the traction in AUM further, going forward.

The business's client-centric focus can be seen in its unique product offering, which combines an open-architecture with strong manufacturing capabilities in higher-yield products like public market equities and real estate. This business contributed significantly to the fund-raising of IREF III, the latest real estate fund from Motilal Oswal Private Equity. During the year, the business built a Family Office offering to cater to HNI families holistically. It has been working towards deepening relationships by supporting clients through life events. The real estate broking and advisory team held the Real Estate Expo in Jan 2016, showcasing projects of marquee developers. A differentiated equity strategy was launched for clients with one of our equity partner AMCs, which will benefit from the impending economic recovery. The business turned profitable in the previous year itself. The blended yield earned remains better than most of its peers in the industry due to the higher proportion of equity assets within the AUM mix. It also won the UTI-MF CNBC Financial Advisor Award in HNI Wealth Management category in 2015, in its very first year of participation.

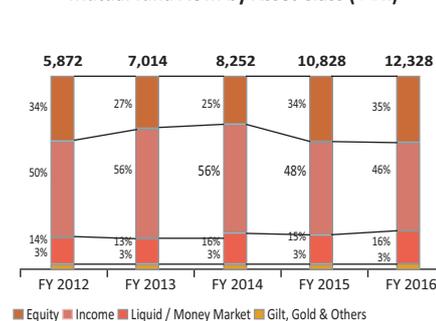
## Asset Management

### Industry Facts

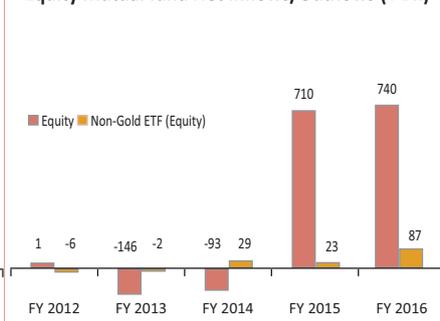
Overall mutual fund AUM was up 13.86% YoY to ₹ 12.33 tn in FY2016. Equity mutual funds, whose AUM had grown 78.70% YoY during the previous year, increased by 14.55% YoY during FY2016. The slower growth this year was largely owing to the lack of market performance, since the net sales of equity funds at ₹ 739.84 bn has actually increased from last year's ₹ 710.29 bn. The strong net inflows into equity funds seen this year have been a major positive. The proportion of equity fund AUM within the overall AUM mix grew from 25.19% in FY2014 to 34.31% in FY2015, and further to 34.52% in FY2016. Apart from the consistent net inflows into equity mutual funds this year, another encouraging sign was that redemptions did not reflect its typical herd mentality this year when market performance was not forthcoming. In earlier years, the lack of market performance would have seen a domino-effect of investors exiting the market. While there was some redemption from existing investors this year, it did not spiral like in earlier years. Gross sales remained strong at ₹ 1.65 tn, higher than the ₹ 1.48 tn clocked last year.

These inflows into equity funds were led by the number of new folios created by retail and HNI investors in equity funds this year. Between March 2015 and Dec 2015, the growth in HNI and retail equity folios was 32.79% and 9.39%, respectively (HNIs is defined as individuals who invest ₹ 0.50 mn and above). In absolute terms, the incremental folios created in HNI and retail equity was 0.24 mn and 3.07 mn, respectively. At an overall level, HNI and Corporate investors each clocked a 20.33% growth in their respective folio counts, during the nine months ended Dec 2015.

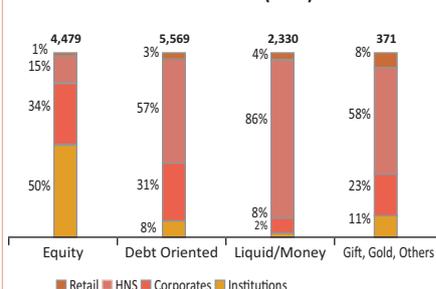
Mutual fund AUM by Asset Class (₹ Bn)



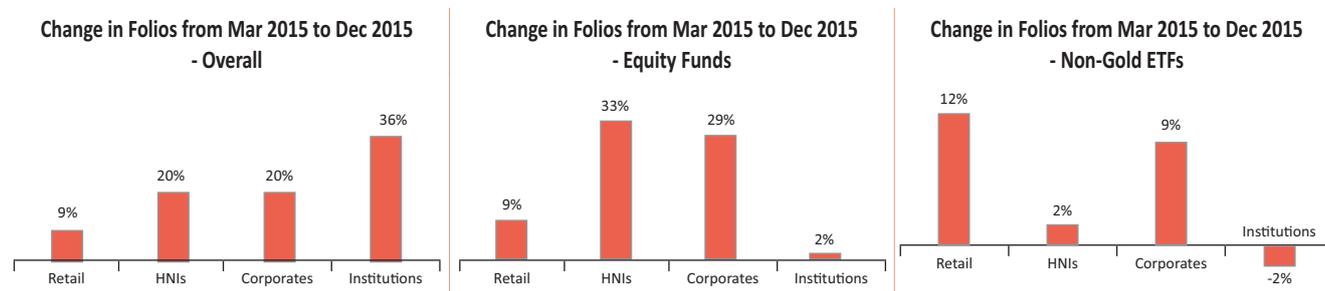
Equity Mutual fund Net Inflows/Outflows (₹ Bn)



Investor Category-wise Mutual fund AUM, as of Dec 2015 (₹ Bn)



# MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)



Source: AMFI

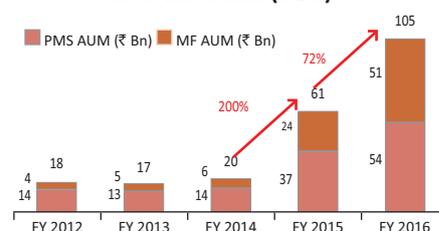
## Our Asset Management Business

Motilal Oswal Asset Management (MOAMC) operates PMS and mutual funds, and this has helped bring in a source of regular annuity-fee income. Our public market equities AUM at ₹ 104.78 bn was up 71.82% YoY. Within this, the mutual fund AUM was up 109.79% YoY to ₹ 50.66 bn, and the PMS AUM was up 46.93% YoY to ₹ 54.12 bn. The open-end mutual funds with an AUM of ₹ 47.14 bn comprised the major chunk within the mutual fund bouquet.

We clocked a healthy growth in terms of net sales, and were amongst the fastest growing equity AMCs in India this year. Our net sales (equity mutual funds + PMS) increased from ₹ 22.67 bn in FY2015 to ₹ 51.86 bn in FY2016. Our market share of average AUM in the open-end equity mutual funds space increased from 0.33% in FY2015 to 0.88% in FY2016. Our market share of net sales in the open-end equity mutual funds increased from 2.10% to 3.79% in the same period. Our products have been empanelled as an approved product across channels like banks, wealth platforms, national distributors and IFAs. We are building an Investment-focused B2B sales organization rather than Sales-focused investment organization, and the mix of the staff strength in Investing vs Sales was ~1:2. We deepened our relationship with existing large distributors, and are in the early stages of roll-out with few more large distributors. Our distributor count is up 51.75% YoY. These distributors showed results through increased mobilizations. During the year, the new investor folios created in equity mutual funds were up 5X YoY. Our PMS has gained flavour as an alternate product with several distributors. We continue to build relationships with offshore intermediaries for our offshore India Zen fund.

Our rank in the Equity AUM industry (equity mutual funds + PMS) improved to #12 as of Mar 2016, as compared to #18 in Mar 2014. Significant investments have been made in recent quarters in brand promotion to build a strong recall & positioning amongst the investor and distributor fraternity. Our maiden marketing campaign “Sirf Ek Sawaal: Why not Motilal Oswal” was launched across Digital, Print and TVC media channels. To simplify the investing process further for our investors, we updated the portal, [www.motilaloswalmf.com](http://www.motilaloswalmf.com), with useful features for B2B & B2C audience.

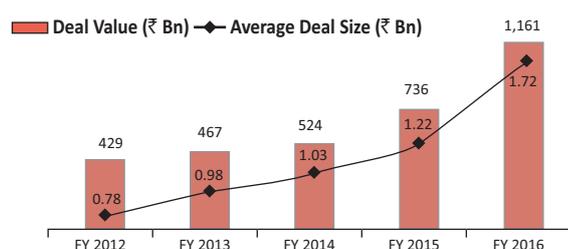
### MOAMC AUM (₹ Bn)



## Private Equity

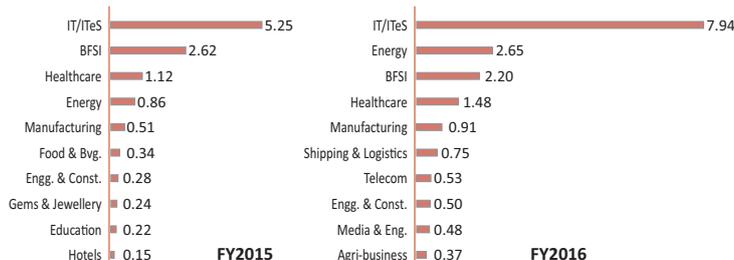
### Industry Facts

#### Private Equity Industry Deal Values (₹ Bn)



Source: Venture Intelligence

#### Top-10 Sectors with Maximum Deal Value (₹ Bn)



Private equity deal values picked up from ₹ 736.21 bn in FY2015 to ₹ 1.16 tn this year. Just like last year, this year too saw large-value transactions from the e-commerce space. The average deal value picked up from ₹ 1.22 bn in FY2015 to ₹ 1.72 bn in FY2016. In terms of sectors dominating the deal values, IT/ITeS, BFSI, Healthcare, Energy and Manufacturing continued to dominate this year. Absolute deal value clocked by the IT/ITeS sector was larger in FY2016, than in FY2015. This was led by Flipkart, Ola, Snapdeal, Intelnet, etc. The share of energy sector in overall deal value picked up this year, following the large transactions of Senvion, ReNew and Greenko in the renewables space. Conversely, the share of BFSI sector dropped this year, since the previous year had included the larger sized deals of Kotak, Shriram and Bandhan. Other sectors that saw their share pick up this year included Manufacturing (due to Crompton Greaves deal) and Telecom (due to ACT Broadband transaction). While exits largely remain a challenge, a few IPOs and secondary sales were seen in the market during the year.

## Our Private Equity Business

MOPE Investment Advisors manages five funds - two in the growth capital space and three in the real estate space. The growth funds focus on themes that may benefit from structural changes like domestic consumption, domestic savings, infrastructure, etc. The India Business Excellence Fund I (IBEF I) is a growth capital fund which has ~US\$ 125.00 mn invested across 13 companies. It has returned ~120% capital (in INR terms) from 3 full-exits and 6 partial exits in 4 companies till-date. The fund is in advanced stages for 2 exits in the next few months, which may allow it to return an additional ~50-55% capital. The fund expects to divest the balance companies in FY2017. We hope to earn a meaningful carry as well as profit on Sponsor commitment in FY2017. India Business Excellence Fund II (IBEF II) is the second growth capital fund which raised AUM of ₹ 9.54 bn from investors in India and overseas. This includes some marquee institutional investors like IFC Washington, Squadron Capital and Axiom. This fund has made 8 investments so far.

The India Realty Excellence Fund I (IREF I) is a real estate fund with AUA of ₹ 2.00 bn. IREF has made investments across 7 deals. Following full/partial exits from 6 projects till date, the fund has returned ~86% of capital to its investors. India Realty Excellence Fund II (IREF II), the second real estate fund, raised assets of ₹ 4.9 bn, of which it has committed ~83% across established developers in 8 deals following a stringent due diligence process. India Realty Excellence Fund III (IREF III) is the third real estate fund which was launched in Q3FY2016 with an AUM target of ₹ 10 bn. It announced its first close within only 4 months in Feb 2016, raising commitments of ₹ 6 bn. This fund has made 1 investment so far.

## Housing Finance

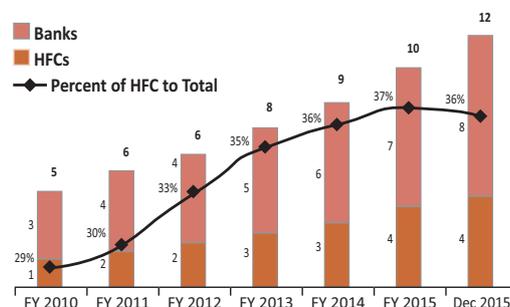
### Affordable Housing finance: A promising opportunity

As per an ICRA report, the total housing credit in India stood at ₹ 11.90 tn as on Dec 2015, of which HFC housing credit comprised ₹ 4.30 tn and bank housing credit was ₹ 7.60 tn. Growth in housing credit growth picked up from Q2FY2016 onwards, supported by the affordable housing segment in Tier II/III towns and primary sales during the festive season. HFCs accounted for 36.13% of total housing credit as of Dec 2015, up from 35.63% in Mar 2014 and 28.89% back in Mar 2010. Conversely, the proportion of banks within total housing credit dipped from 71.11% in Mar 2010 to 63.87% in Dec 2015. Between Mar 2014 and Dec 2015, HFCs housing credit grew by 20.56% CAGR as compared to 19.07% in the case of banks. Regulatory changes like lowering of risk weights from 50% to 35% for ticket-size less than ₹ 3 mn, may enable lenders to disburse more loans to the smaller-ticket home segment with the capital in hand. Granting of Sarfaesi license to several HFCs is a positive from the recovery perspective. The higher cap on lending spreads set by the National Housing Bank from 2% to 3.5% can be another positive for HFCs operating in the small ticket housing segment.

However, the entry of a number of new entrants into this industry has intensified competition further. A number of banks have also renewed their focus on the home loan segment as it is deemed safer than other lending avenues, where many banks have burned fingers in the recent past. Such a competitive situation may result in high demand for quality manpower, lowering of price-point, incentives like waiver of prepayment penalty and relaxing loan-to-value ratios. Such a prolonged situation may impact scalability and profitability for the incumbent players in the industry.

The ICRA report estimates good profitability indicators for HFCs, with ROE of 18.8% in 9MFY2016. However, spreads are expected to decline marginally, given the competitive scenario in the industry. Non-interest income may also be expected to reduce in case processing fees are lowered to lure clients.

YoY trend in housing credit in India (₹ Tn)



Source: ICRA

## Our Housing Finance Business

During FY2015, we had invested into building a new housing finance company - Aspire Home Finance Corporation Limited. Aspire has exclusive focus on pure-retail affordable housing loans. During FY2016, it sanctioned ₹ 23.60 bn, up ~4.5X from FY2015, and disbursed ₹ 18.18 bn, up ~5X YoY. As of 31st March, 2016, the HFC loan book stood at ~₹ 20.9 bn across ~21,000 families. The average ticket-size of loan has held constant at around the ₹ 1 mn level on a YoY basis. Maharashtra comprised ~73% of the loan book, with Gujarat, Madhya Pradesh and Telangana making up the rest. The investments we made into expanding the branch network (up 14 to 51 YoY) and hiring key people (~150 to ~500 YoY) should push the traction in volumes, going forward. Strong risk assessment, underwriting and file-audit practices should help maintain asset quality.

In terms of liability profile, Aspire has term-loan drawdown from 22 banks and 1 NBFC as of 31st March, 2016, up from 7 in FY2015. Approximately 50% of the borrowings are from the capital markets, in the form of NCDs. The year FY2016 saw both Crisil and ICRA upgrading their ratings to Aspire - Crisil upgraded its rating to CRISIL A+/Stable while ICRA upgraded its long-term rating to [ICRA] AA- (Stable)). The cumulative capital infusion by the Sponsors till-date is ₹ 3.00 bn.

During the year, Aspire had been notified under Sarfaesi Act, which would facilitate in smooth recovery of dues. During FY2016, it became a Primary Lending Institution (PLI) under Pradhan Mantri Awaas Yojana (part of Government of India's mission of "Housing for All by 2022" for the urban poor). As a PLI, it has provided subsidy to 78 clients under Credit Linked Subsidy Scheme (CLSS) of Pradhan Mantri Awas Yojana (PMAY). Total subsidy of ₹ 16.00 mn transferred to borrowers under CLSS.

Despite its vintage, Aspire has already won several accolades at award forums. It was awarded "India's Most Admired and Valuable Housing Finance Company" at India Leadership Conclave 2015, "Financial Services Institution of the Year" by ASSOCHAM at ICT 4 Development Awards 2015 and "Agency Innovation of the Year (BFSI Sector)" at the Brand Excellence Awards 2015. It also won the Finnoviti 2016 award for the 'MALA' (Mahila Awaas Loan) product from Banking Frontiers & Deloitte. MALA focuses on working women in the low-income segment with an objective of "By Women - For Women".

Aspire has been profitable from its very first year of operations. In its second year, it contributed ₹ 400 mn to the group's profits. For FY2016, RoA is 3.3%, RoE is 16.0%. As of Mar 2016, GNPL is 0.2%, NIM is 389 bp and D/E ratio is 5.1X

## Fund based activities focusing on enhancing Return on Equity

In line with the long term strategy to grow RoE sustainably to 20%+, MOFSL had made strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance, sponsor commitments to existing mutual fund and private equity funds of MOFSL group and utilizing borrowings to run the NBFC loan book (as a spread business). As of 31st March, 2016, our investments in Motilal Oswal's mutual fund products stood at ₹ 5.89 bn and the unrealized gain on these investments was ₹ 1.17 bn. The same is not reflected in the profit and loss account for the year. Our investments in Motilal Oswal's alternative investment products (private equity and real estate funds) stood at ₹ 1.98 bn, as of 31st March, 2016. The cumulative capital infusion made in Aspire till-date is ₹ 3.00 bn. The NBFC loan book stood at ₹ 2.58 bn. The LAS lending business, earlier done from equity capital, is now being run as a spread business. In line with this, MOFSL had raised long-term NCDs of ₹ 1.5 bn at annualized cost of 10.05% (payable annually).

## Opportunities and Threats

### Opportunities

- Long-term economic outlook positive, will lead to opportunity for financial services
- Growing Financial Services industry's share of wallet for disposable income.
- Regulatory reforms would aid greater participation by all class of investors
- Leveraging technology to enable best practices and processes
- Corporates looking at consolidation / acquisitions / restructuring opens out opportunities for the corporate advisory business

### Threats

- Execution risk
- Short term economic slowdown impacting investor sentiments and business activities
- Slowdown in global liquidity flows
- Increased intensity of competition from local and global players
- Market trends making other assets relatively attractive as investment avenues

## Strengths

- **Strong Brand Name**

'Motilal Oswal' is a well-established brand among retail and institutional investors in India. MOFSL believes that its brand is associated with high quality research and advice as well as corporate values like integrity and excellence in execution. The company has been able to leverage its brand awareness to grow its businesses, build relationships and attract and retain talented individuals.

- **Experienced Top Management**

The promoters, Mr. Motilal Oswal and Mr. Raamdeo Agarawal are qualified chartered accountants with over two decades of experience each in the financial services industry. The top management team comprises qualified and experienced professionals, with a successful track record. The company believes that its management's entrepreneurial spirit, strong technical expertise, leadership skills, insight into the market and customer needs provide it with a competitive strength, which will help to implement its business strategies.

- **Integrated Financial Services Provider**

The broad range of offerings under Broking and Distribution, Institutional Equities, Asset Management, Wealth Management, Investment Banking, Private Equity and Housing Finance business, helps to foresee client requirements and provide full-fledged services under single platform. The production and distribution of all financial products and services helps the company's advisors and clients to attain client's financial objectives with best in class services.

- **Independent and Insightful Research**

MOFSL believes that its understanding of equity as an asset class and business fundamentals drives the quality of its research and differentiates it from its competitors. The research team is focused on equities, derivatives and commodities.

- **One of Largest Distribution Network - 2,000+ outlets across 511 cities**

MOFSL's financial products and services are distributed through a pan-India network. The business has grown from a single location to a nationwide network spread across 2,000+ business locations operated by business associates or directly through own branches in 511 cities. This extensive network provides opportunities to cross sell products and services, particularly as the company diversifies into new business streams. In addition to the geographical spread, MOFSL also offers an online channel to service customers.

- **Established Leadership in Franchisee Business**

One of the key strengths has been the successful establishment of the franchisee business. The company's relationship with the franchisees has become stronger as they grew. MOFSL has multiple business partner models in franchising and is strongly committed to enhance growth and profitability of each of its franchisee.

- **Strong Risk Management**

Risk exposure is monitored and controlled through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems. Risk management department analyses this data in conjunction with the company's risk management policies and takes appropriate action where necessary to minimize risk.

- **State of Art Infrastructure**

MOFSL has consolidated its businesses under one Corporate Office - Motilal Oswal Towers. The integration of multiple MOFSL businesses provides a great opportunity to present a holistic solution to client needs and facilitates the "One Firm" philosophy. The infrastructure has been extensively leveraged upon to build deeper connect with our customers, business partners and corporates.

- **Financial Prudence**

MOFSL's operating margins continue to remain stable despite the fluctuations in market volumes and revenues. This is a result of creating a robust business model that can withstand the cyclical fluctuations in business volumes and simultaneously capture the opportunities provided by the structural growth of India. During the year, Crisil Limited reaffirmed the Credit Rating of "CRISIL A1+" the Commercial Paper Programme of ₹ 2.50 bn of the Company. ICRA Limited assigned the credit rating of [ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 1.50 bn of the company. Crisil Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Paper Programme of ₹ 7.00 bn of Motilal Oswal Securities Limited, a subsidiary of the Company. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.

## Risks and Concerns

The company is primarily exposed to credit risk, interest rate risk, liquidity risk and operational risks. Internally, it has constituted the Asset Liability Management Committee to manage these risks. This team identifies, assesses and monitors all principal risks in accordance with defined policies and procedures. The committee is headed by the Chairman & Managing Director.

The Board Level Committees viz. Audit Committee and Risk Management Committee oversee risk management policies and procedures. It reviews credit and operational risks while the Asset Liability Management Committee reviews policies in relation to investment strategy and other risks like interest rate risk and liquidity risk.

## Internal Control Systems and their Adequacy

The company's internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of company assets.

Internal audit is conducted by Morzaria and Associates, to assess the adequacy of the internal controls procedures and processes, and their reports are reviewed by the Audit Committee of the Board. Policy and process corrections are undertaken based on inputs from the internal auditors.

## Financial Performance

### Standalone Financials

During the year under review, the standalone revenues for the year were ₹ 1.11 bn, a decline of 14.20% as compared to ₹ 1.29 bn last year. Interest income declined by 18.50% to ₹ 0.54 bn, in line with the decrease in the NBFC loan book. Dividend income from subsidiary companies was ₹ 0.14 bn, as compared to ₹ 0.42 bn in the previous year. Dividend income from short-term investments was ₹ 8.41 mn, as compared to ₹ 22.27 mn in the previous year. Profit on sale of investments was ₹ 0.28 bn, as compared to ₹ 0.11 bn last year. Rent income was ₹ 0.13 bn in FY2016, up 63.34%. Other operating income was ₹ 3.08 mn in FY2016, while Other income was ₹ 9.63 mn.

Total expenses (before depreciation, interest and exceptional) decreased during the year, from ₹ 0.26 bn a year back to ₹ 0.20 bn this year. Profit before depreciation, interest, exceptional item and taxation (EBITDA) decreased by 11.69% this year, from ₹ 1.03 bn to ₹ 0.91 bn. Interest and finance charges decreased marginally from ₹ 295.78 mn to ₹ 295.26 mn.

Reported net profit decreased by 23.09% to ₹ 465.26 mn. MOFSL Standalone's commitments to our own mutual fund products stood at ₹ 3.07 bn, as of 31st March, 2016. The unrealized gain on these investments is ₹ 0.52 bn as of 31st March, 2016. The same is not reflected in the profit and loss account for the year.

Long-term investments increased to ₹ 4.90 bn, from ₹ 3.57 bn last year mainly on account of our investments in Motilal Oswal's funds. Current assets mainly comprise of stock in trade, cash and bank balances, and other current assets. As of 31st March, 2016, these decreased to ₹ 3.83 bn from ₹ 5.47 bn last year. The cash and bank balances were ₹ 1.12 bn. Total loans and advances decreased to ₹ 2.71 bn as of 31st March, 2016, from ₹ 5.47 bn a year back. Current liabilities were ₹ 3.19 bn as of 31st March, 2016, from ₹ 3.30 bn a year back.

### Consolidated Financials

The consolidated revenues for the year were ₹ 10.93 bn for the year under review, an increase of 40.98% as compared to the previous year. Broking revenues increased by 3.93% to ₹ 5.09 bn. Market activity remained muted this year, especially in the high-yield cash segment. Asset management fees also saw significant traction, increasing 76.55% to ₹ 2.24 bn as compared to last year. Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹ 132.74 bn, up 60.78% YoY. Within this, the mutual fund AUM was ₹ 50.66 bn, PMS AUM was ₹ 54.12 bn and private equity AUA was ₹ 27.96 bn. The company saw increased mobilization into its open-end equity mutual fund products and PMS products. In the private equity business, the 3rd real estate fund - India Realty Excellence Fund III, achieved its first close. Investment banking fee at ₹ 0.24 bn saw a 25.19% growth over the previous year. The IPO pipeline has gathered steam, following the investments made into an ECM team. Housing finance related income increased by 853.62% to ₹ 2.18 bn as the business gained traction this year in terms of clients, network, banking lines and loan book. It has received rating upgrades from both Crisil and ICRA, which should bode well for future fund-raising. Fund based income increased by 2.06% to ₹ 1.12 bn. In line with the long term strategy to grow Return on Equity sustainably, MOFSL has made strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance and sponsor commitments to existing mutual fund and private equity funds of MOFSL group. The NBFC loan book, previously run from equity capital, is now being run as a spread business with borrowed funds. The previous year had also included profit earned on partial exits in few investments of the Private Equity fund in which MOFSL made sponsor commitments. Other income decreased by 20.03% YoY to ₹ 0.05 bn.

Total expenses (before interest and depreciation) for the year at ₹ 6.46 bn registered a 25.38% jump over last year. People cost increased by 31.97% to ₹ 2.51 bn. This was largely owing to an increase in hiring in the retail broking & distribution and housing

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

finance businesses. Operating expenses increased by 19.51% to ₹ 2.32 bn. Other costs were ₹ 1.63 bn, an increase of 24.53% over last year. The profit before depreciation, interest, exceptional items and taxation (EBITDA) increased by 71.97% to ₹ 4.46 bn.

Reported net profit for the year after minority interest stood at ₹ 1.69 bn, an increase of 17.74%. MOFSL group's commitments to our own mutual fund products stood at ₹ 5.89 bn, as of 31st March, 2016. The unrealized gain on these investments is ₹ 1.17 bn as of 31st March, 2016. The same is not reflected in the profit and loss account for the year. MOFSL group's commitments to our alternative investment products stood at ₹ 1.98 bn, as of 31st March, 2016.

Long-term investments increased from ₹ 7.94 bn to ₹ 10.56 bn on a year on year basis. Current assets mainly comprise of sundry debtors, stock in trade, cash and bank balances, and other current assets. Short-term investments increased from ₹ 0.20 bn to ₹ 1.76 bn on a year on year basis. As of 31st March, 2016, the cash and bank balances were ₹ 2.87 bn, from ₹ 2.72 bn a year back. Total loans and advances were ₹ 24.61 bn, from ₹ 9.61 bn a year back. Current liabilities mainly consist of current liabilities in connection with margin monies deposited by customers to facilitate trading on their behalf and amounts payable to customers on whose behalf we undertake trades as well as amounts payable to exchanges. It was ₹ 19.12 bn as of 31st March, 2016, from ₹ 13.20 bn a year back (including short-term borrowings). Total provisions were ₹ 0.91 bn as of 31st March, 2016.

## Human Resources

At MOFSL, it has been our attempt to create an employee-centric culture. We ensure that we take-up new engagement initiatives year on year to take our employee engagement to another level. Like every year, the response for the Annual Cricket Tournament was tremendous, with 24 teams participating in the event. The Foundation Day was celebrated with Sharib and Toshi gracing the occasion for the function with a theme of Desi beats. In our endeavor to recognize and reward exceptional employee performance, the Annual Associate Awards were presented across various categories at the function. It was followed by an entertainment program to make it a fun evening for all. Other events included Independence Day, Diwali Mela and Christmas Celebrations.

We organized various camps which included the; Eye camp; Health check up camp & Blood Test camp. As CSR activity we conducted blood donation drive to contribute towards social cause.

As a new initiative Radio Masti was introduced - Radio platform for MOFSL. Aired on 3rd August 2015 for the first time, Radio Masti was greeted with an overwhelming response by the employees. Since then, it is played on a daily basis post market hours. We run many shows under its umbrella like Gud Gudi through which we share jokes, Naya Taaza under which we share the latest updates and achievement of the organization. We share shayaris under the title Sher market and we have tip of the day which come with a daily health tip. To get maximum involvement of the employees, we have Friday Farmaaish in which the employee can dedicate songs for their friends/ colleagues.

Employee Engagement Survey was conducted this year with "Hay Group", a leading international management consultancy to benchmark our company with external industries. This year, we had an overall participation of 87%. Key highlights:- (a) 89% of participants feel proud to work for MOFSL as an organization, and (b) 86% of participants feel that their job provides them the opportunity to do challenging & interesting work.

The biggest highlight from HR was the Competency Rollout, which Identified 7 competencies for the organization, categorized & mapped employees into Individual Contributor (IC), Manager (M) and Manager of Manager (MOM). Senior promotions were conducted on the basis of competency rollout. The talent framework was created to develop talents within the organization. As a part of Talent framework, the following programs were launched:

- MOLD (Motilal Oswal Leadership Development) Program
- PACE (Professional and Career Enhancement) Program
- CEO Coaching

These programs focus on developing the talents through IDP.

The Sourcing team had various programs/Initiatives:

- SPARK Management Trainee Program 2016 - 17
- Virtual Interview
- iRecruit- Recruitment Software
- Employee Referral Gamification
- Social media engagement with potential hires

Since it is the era of digitalization, HR also digitalized some of its processes, including:-

- Online reimbursement system
- Online payment module
- Telehelp automation
- Heritage system
- Automated emails for confirmation, attendance, clearance, etc

## Corporate Governance Report

[As per regulation 34(3) read alongwith Schedule V(c) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 (“Listing Regulations, 2015”)]

The Director’s present the Company’s report on Corporate Governance for the year ended 31st March, 2016.

## Corporate Governance Philosophy

The Company has set itself the objective of achieving excellence in its business. As a part of its growth strategy, the Company believes in adopting the ‘best practices’ that are followed in the area of Corporate Governance. The Company emphasises the need for full transparency and accountability and conducting its business in a highly professional and ethical manner, thereby enhancing trust and confidence of all its stakeholders.

The Company continuously monitors its governance practices and benchmarks itself to the best governed companies across the industry. The Company believes in pursuing holistic growth and realises its responsibility towards its stakeholders and environment. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company’s comprehensive Corporate Governance practices ensures that the Company always works optimally, protecting the best interests of the stakeholders and withholding the reputation and status of the Company.

## Board of Directors

As on 31st March 2016, the Board consists of six members, out of which two members hold Executive positions and four Members hold Non-Executive positions. Out of the four Non-Executive Directors, three are Independent Directors. The Company has an Executive Chairman, and thus, 50% (Fifty Percent) of the total number of Directors are Independent. As required pursuant to the provisions of Section 149 of the Companies Act, 2013 and Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as “the Listing Regulations, 2015”), Ms. Sharda Agarwal has been appointed as Independent Women Director on the Board of the Company. The Management of the Company is headed by Mr. Motilal Oswal, Chairman & Managing Director, who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders’ values are met.

There were no material, financial and/or commercial transactions entered into between the Senior Management and the Company which could have potential conflict of interest with the Company at large. There are no inter-se relationships amongst our Board of Directors.

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Regulations 17 and 19 of the Listing Regulations, 2015, the Board of Directors, on recommendation of the Nomination and Remuneration/Compensation Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31st March, 2016. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

## Shares held by the Non-Executive Directors

Details of the Equity Shares of the Company held by the Non-Executive Directors as on 31st March, 2016 is given herein below:-

Name of the Directors	Category	Number of Equity shares of ₹ 1 each held
Mr. Navin Agarwal (DIN: 00024561)	Non-Executive - Non-Independent Director	78,04,010
Mr. Vivek Paranjpe (DIN: 03378566)	Non-Executive - Independent Director	Nil
Mr. Praveen Tripathi (DIN: 03154381)	Non-Executive - Independent Director	Nil
Ms. Sharda Agarwal (DIN: 00022814)	Non-Executive - Independent Director	Nil

## Board Meetings held during the year

The Board meets at regular intervals to discuss and decide on Company’s business policy and strategy apart from other normal business. During the financial year 2015-16, the Board of Directors met Seven times i.e., on 30th April, 2015, 8th August, 2015, 5th October, 2015, 19th October, 2015, 15th January, 2016, 3rd February, 2016 and 12th March, 2016. The maximum gap between any two meetings was not more than one hundred and twenty days. All Meetings were well attended.

# CORPORATE GOVERNANCE (Contd.)

## Directors' Attendance Record and Directorships Held

All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies and have notified the changes as and when they took place. None of the Directors on the Board are Member of more than 10 Committees and Chairman of more than 5 Committees across all listed entity in which they hold Directorship. Further, none of the Non-executive Directors serve as an Independent Director in more than 7 listed Companies and none of the Executive Directors serve as an Independent Director in more than 3 listed Companies. None of the Independent Directors are whole time director in listed Company. None of the Directors hold directorship in more than 10 Public Limited Companies. The particulars of Director, who retires by rotation and pursuant to the provisions of section 152 of the Companies Act, 2013, being eligible and proposed to be re-appointed at the ensuing AGM, is given later in this report.

Details of composition, category of Directors, number of Board Meeting held and their attendance at the Board Meetings held during the year & Annual General Meeting (AGM) held on 8th August, 2015, Directorships and Committee Memberships are given below:-

Name of the Directors	Category	Number of Board meetings		Attendance at the Previous AGM	Number of Directorships and Committee Membership/ Chairmanship as on 31st March, 2016		
		Held during the year	Attended		Directorship (*)	Committee Membership (**)	Committee Chairmanship (**)
Mr. Motilal Oswal (DIN:00024503)	Promoter, Chairman & Managing Director	7	7	Present	9	2	1
Mr. Raamdeo Agarawal (DIN:00024533)	Promoter, Joint Managing Director	7	7	Present	8	2	–
Mr. Navin Agarwal (DIN: 00024561)	Non-Executive -Non-Independent	7	6	Present	2	–	–
Mr. Vivek Paranjpe (DIN: 03378566)	Non-Executive - Independent Director	7	2	Absent	–	–	–
Mr. Praveen Tripathi (DIN: 03154381)	Non-Executive - Independent Director	7	5	Present	4	–	–
Ms. Sharda Agarwal (DIN: 00022814)	Non-Executive -Independent Director	7	5	Present	3	2	–
Mr. Balkumar Agarwal (DIN: 00001085 (Term expired on 08.08.2015)	Non-Executive - Independent Director	2	2	Present	Not Applicable	Not Applicable	Not Applicable

\* Excluding Directorship in Motilal Oswal Financial Services Limited.

\*\* Memberships/Chairmanships in Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee excluding those in Motilal Oswal Financial Services Limited, as per Listing Regulations, 2015.

## Information supplied to the Board

The Company sends a detailed agenda folder to each Director sufficiently before Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director appraises the Board at every meeting on the overall performance of the Company, followed by the detailed presentation by Mr. Sameer Kamath, Chief Financial Officer of the Company.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long term objectives of enhancing shareholders' values are met. The Board also, inter alia, considers and reviews investment and exposure limits, adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions and write-offs, Minutes of Meetings of the Audit and other Committees of the Board, Minutes of the Meetings of the Subsidiary Companies and information on recruitment of officers at the Board level and the Key Managerial Personnel. The Board periodically reviews compliance reports of all laws applicable to the Company.

## Committees of the Board

With a view to have a more focused attention on the business and for better governance and accountability, the Board has constituted the following Committees for compliance and / or administrative purpose, comprising of Executive and Non-Executive Directors:

- i) Audit Committee;
- ii) Stakeholders Relationship Committee;
- iii) Nomination and Remuneration/Compensation Committee;
- iv) Corporate Social Responsibility Committee;
- v) Risk Management Committee;
- vi) Asset Liability Management Committee
- vii) ESOP Committee
- viii) Debenture Committee

All decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the attendance of the members at these meetings, are provided below:

## **i. Audit Committee**

The Company has a well constituted Audit Committee comprising of Executive, Non-Executive and Independent Directors as members of the Committee.

The former Chairman of Audit Committee, Mr. Balkumar Agarwal, was present at the Annual General Meeting of the Company held on 8th August, 2015. The Committee is governed by a charter, containing the terms of reference therein defined by the Board of Directors of the Company, in accordance with the Listing Regulations, 2015 and Companies Act, 2013.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company.

Mr. Murli Krishnan Iyer, Company Secretary of the Company w.e.f. 5th October, 2015, act as the Secretary of the Audit Committee.

### **The terms of reference of the Committee are as follows**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;

# CORPORATE GOVERNANCE (Contd.)

12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism/Vigil Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

The Audit Committee met four times during the year on 30th April, 2015, 8th August, 2015, 19th October, 2015 and 3rd February, 2016. The time gap between any two meetings was not more than one hundred and twenty days. The details of the Composition of the Committee, number of meetings held and the attendance of the Directors are given herein below:-

Name of the members and Designation	Category	Status	No. of meetings	
			Held	Attended
Mr. Praveen Tripathi (Chairman) (DIN: 03154381)	Non-Executive - Independent Director	Member (till 18.10.2015) / Chairman (from 19.10.2015)	4	3
Mr. Vivek Paranjpe (Member) (DIN: 03378566)	Non-Executive - Independent Director	Member	4	2
Mr. Raamdeo Agarwal (Member) (DIN:00024533)	Joint Managing Director	Member	4	4
Ms. Sharda Agarwal (Member) (DIN: 00022814) (Appointed w.e.f. 03.02.2016)	Non-Executive - Independent Director	Member	1	1
Mr. Balkumar Agarwal (DIN: 00001085) (Ceased to be a member w.e.f. 08.08.2015)	Non-Executive - Independent Director	Chairman (till 08.08.2015)	2	2

Mr. Amit Hundia, Partner, Haribhakti & Co. LLP, Chartered Accountants, Statutory Auditors and Mr. Vikas Morzaria, Proprietor, Morzaria & Associates, Internal Auditors are permanent invitees to the Audit Committee Meetings. They have attended all the Audit Committee meetings held during the year. The internal auditor reports directly to the Audit Committee.

## ii. Nomination and Remuneration/Compensation Committee

The Company has a well constituted Nomination and Remuneration/Compensation Committee comprising of independent and non-executive Directors as members of the Committee.

The terms of reference of the Committee are as follows:

- i. Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.
- ii. Carry out performance evaluation of all Directors.
- iii. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- iv. Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. The policy shall be referred as Nomination and Remuneration policy.
- v. To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
- vi. To devise the policy on Board's diversity.
- vii. To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.

# CORPORATE GOVERNANCE (Contd..)

The Committee met four times during the year under review on 30th April, 2015, 8th August, 2015, 5th October, 2015 and 19th October, 2015. The details of the Composition of the Committee, number of meetings held and the attendance of the Directors thereat is given herein below:-

Name of the members and Designation	Category	Status	No. of meetings	
			Held during the year	Attended
Mr. Vivek Paranjpe (Chairman) (DIN: 03378566)	Non-Executive - Independent Director	Chairman	4	3
Mr. Praveen Tripathi(Member) (DIN: 03154381) (appointed as member w.e.f. 08.08.2015)	Non-Executive - Independent Director	Member	2	1
Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-executive - Non-Independent Director	Member	4	3
Mr. Balkumar Agarwal (DIN: 00001085) (Ceased to be a member w.e.f. 08.08.2015)	Non-Executive - Independent Director	Member (Chairman for meeting held on 08.08.2015)	2	2

## Nomination and Remuneration Policy

The success of the organisation in achieving good performance and good governing practice depends on its ability to attract and retain individuals with requisite knowledge and excellence as Executive and Non-executive Directors. With this objective, the Board and the Nomination and Remuneration/Compensation Committee decides on the appointment and remuneration to be paid to the Non-executive Directors.

While deciding on the remuneration to the Directors, the Board and Nomination and Remuneration/Compensation Committee considers the performance of the Company, the current trends in the industry, the qualifications of the appointee, his experience, level of responsibility, past performance and other relevant factors.

The Board and Nomination and Remuneration/Compensation Committee carry the performance evaluation of the Directors. Accordingly, on the basis of the report of the performance evaluation of Directors including Independent Directors, the Company decides whether to extend or continue the term of appointment of the Independent Directors. The criteria of performance evaluation of Directors includes the effectiveness in decision making, effectively facilitates the Board Meeting, demonstrating knowledge etc.

The detailed policy of the Company on Nomination and Remuneration including the criteria of making payments to Directors, Key Managerial Personnel (KMP) and Senior Management is annexed as Annexure 8 to the Board's Report and the said policy is also uploaded on the Website of the Company at [www.motilaoswalgroup.com](http://www.motilaoswalgroup.com).

## Remuneration to Directors

Mr. Motilal Oswal, Mr. Raamdeo Agarwal and Passionate Investment Management Private Limited are the Promoters of the Company.

Mr. Motilal Oswal, Chairman and Managing Director and Mr. Raamdeo Agarwal, Joint Managing Director draws remuneration from the Company. Mr. Navin Agarwal, the Non-Executive Director of your Company is in the whole time employment of Motilal Oswal Securities Limited (hereinafter referred to as 'MOSL'), a material unlisted subsidiary of the Company, and draws remuneration from MOSL. Apart from the reimbursement of expenses incurred in discharge of their duties and the sitting fees and commission that the Independent Directors would be entitled to receive under the Companies Act, 2013, none of the Independent Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Management, its Subsidiary Companies and its Associate Companies which would affect their independence.

## Remuneration paid to Non- executive Directors

The Non-executive Directors are paid a sitting fee of ₹ 20,000 for every Meeting of the Board and ₹ 10,000 for every meeting of the Committees of the Board attended by them. The shareholders of the Company at the Annual General Meeting held on 28th July, 2012 approved the payment of Commission up to an amount not exceeding 1% of the Net Profits of the Company computed in accordance with the provisions of section 198, 309 and other applicable provisions of the Companies Act, 1956 to Independent Directors of the Company for period of five years with effect from 1st April, 2012. The Nomination and Remuneration / compensation committee at its Meeting held on 19th October, 2015 approved the payment of commission of ₹ 4,00,000 to each Independent Directors of the Company for the financial year 2015-16. Mr. Navin Agarwal, Non-Executive Non-Independent Director of the Company is not drawing any sitting fees for attending the Board Meetings and various Committee Meetings.

# CORPORATE GOVERNANCE (Contd.)

Details of the sitting fees & commission paid to the Non-Executive Directors during the year ended 31st March, 2016 is given herein below:-

Name of the Directors	Category	Sitting Fees (₹)	Commission(₹)
Mr. Vivek Paranjpe (Chairman) (DIN: 03378566)	Non-Executive - Independent Director	90,000	4,00,000
Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-Executive Director - Non-Independent Director	Nil	Nil
Mr. Praveen Tripathi (Member) (DIN: 03154381)	Non-Executive - Independent Director	1,50,000	4,00,000
Mr. Balkumar Agarwal (DIN: 00001085) (Ceased to be a member w.e.f. 08.08.2015)	Non-Executive - Independent Director	90,000	Nil
Sharda Agarwal	Non-Executive - Independent Director	1,10,000	4,00,000

In accordance with the provisions of the Listing Regulations, 2015 and Companies Act, 2013, Independent Directors are not eligible for any stock option.

## Remuneration to the Chairman & Managing Director and to Joint Managing Director

Mr. Motilal Oswal, Chairman & Managing Director received a remuneration of ₹ 2,40,00,000 (Two Crore and Forty Lakhs only) from the Company during the financial year ended 31st March, 2016.

Mr. Raamdeo Agarawal - Joint Managing Director received a remuneration of ₹ 2,40,51,254 (Two Crores Forty Lakhs Fifty One Thousand Two Hundred and Fifty Four only) from the Company during the financial year ended 31st March, 2016.

The aforesaid Managerial Remuneration does not include provision for Gratuity and Insurance Premiums for Medical and Life.

Mr. Motilal Oswal, on the recommendation of Nomination and Remuneration/Compensation Committee at its meeting held on 19th October, 2015, was re-appointed as Managing Director for a period of five years at the Meeting of the Board of Directors held on 19th October, 2015, with effect from 18th January, 2016, subject to the approval of the shareholders at the forthcoming General Meeting of the Company.

The Executive Directors are provided with various benefits including reimbursement of expenses, leave travel concession etc.

None of the Directors of the Company have received the bonuses, pension, stock options and severance fees from the Company. Also, the Company has not entered into the service contracts and there is no provision of notice period in the Company for Directors.

## iii. Stakeholders Relationship Committee

The Company has a duly constituted Stakeholders Relationship Committee comprising of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Navin Agarwal (Chairman) (DIN: 00024561)	Non-Executive - Non-Independent Director
ii)	Mr. Motilal Oswal (Member) (DIN: 00024503)	Chairman and Managing Director
iii)	Mr. Raamdeo Agarawal (Member) (DIN: 00024533)	Joint Managing Director
iv)	Mr. Balkumar Agarwal (Chairman) (till 08.08.2015) (DIN: 00001085)	Independent Director (ceased to be a Director w.e.f. 08.08.2015)

Mr. Murlu Krishnan Iyer, Company Secretary w.e.f. 5th October, 2015 acts as the Secretary to the Committee and he is also the Compliance Officer of the Company.

Due to the leave of absence granted to Mr. Balkumar Agarwal on 24th April, 2015, Mr. Motilal Oswal Chaired the said Meeting. Subsequently, the matters discussed in the Meeting was ratified by Mr. Balkumar Agarwal.

The Committee meets as and when required, to deal with the investor related matters.

# CORPORATE GOVERNANCE (Contd..)

Details of queries and grievances received and attended by the Company during the FY15-16 are given herein below:-

Sr. No.	Nature of Complaint	Pending as on 1st April, 2015	Received during the year	Disposed off during the year	Pending as on 31st March, 2016
i.	SEBI /Stock Exchange Complaints	–	1	1	–
ii.	Non-receipt of Dividend warrant/Interest	–	–	–	–
iii.	Non-receipt of Share Certificate	–	–	–	–
iv.	Non-receipt of Annual Report	–	1	1	–
v.	Others	–	–	–	–
	<b>Total</b>	–	<b>2</b>	<b>2</b>	–

All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on 31st March, 2016.

#### iv. Corporate Social Responsibility Committee(CSR Committee)

Over the years, the Company is being undertaking CSR activities as one of the key aspects of its corporate philosophy. However, with the emergence of section 135 of the Companies Act, 2013, the Company formalized such activities through its duly constituted CSR Committee. The Committee comprises of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Raamdeo Agarawal (Member) (DIN: 00024533)	Joint Managing Director
iii)	Mr. Praveen Tripathi (Member) (DIN: 03154381)	Non-Executive - Independent Director
iv)	Mr. Balkumar Agarwal (Chairman) (DIN: 00001085)	Independent Director (ceased to be a Director w.e.f. 08.08.2015)

A brief terms of reference of the Committee are as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII,
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a)
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Update the Board on the implementation of various programmes and initiatives.

The Committee met twice during the year under review on 29th April, 2015 and 19th October, 2015 and all the members were present at the Meeting.

The CSR Policy devised in accordance with Section 135 of the Companies Act, 2013 and the details about CSR Policy and initiatives and activities undertaken by the Company on CSR during the year is annexed as "Annexure 3" to the Board's Report.

#### v. Asset Liability Management Committee (ALCO Committee)

In compliance to the provisions of RBI Guidelines, the Company has a duly constituted Asset Liability Management Committee (ALCO Committee).

The ALCO Committee determines the maturity profile of assets and liabilities, mix of incremental assets and liabilities, pricing of deposits and advances, determining the type of funding, monitoring risk levels of the Company etc.

The ALCO is a decision making unit responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks. The business and risk management strategy of the company will ensure that the Company operates within the limits/parameters set by the Board.

The Committee comprises of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Raamdeo Agarawal (Member) (DIN: 00024533)	Joint Managing Director
iii)	Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-Executive - Non-Independent Director
iv)	Mr. Ajay Menon (Member) (DIN: 00024589)	Chairman and Managing Director of Motilal Oswal Securities Limited
v)	Mr. Sameer Kamath (Member)	Chief Financial Officer

## vi. Risk Management Committee

The Company has a well-defined risk management framework in place and Risk Management Committee, which ensures that the management controls risks through means of a properly defined framework. In addition, the Board has formulated and adopted a risk management policy. The risk management framework adopted by the Company is discussed in the Management Discussion and Analysis chapter annexed to the Board's Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.

The Company has a duly constituted Risk Management Committee comprises of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-Executive - Non-Independent Director
iii)	Mr. Ajay Menon (Member) (DIN : 00024589)	Chairman and Managing Director of Motilal Oswal Securities Limited
iv)	Mr. Sameer Kamath (Member)	Chief Financial Officer

The terms of reference of the Committee are as follows:

- i) Reviewing and approving the risk management policy and associated framework, processes and practices of the Company on an annual basis;
- ii) Ensuring the appropriateness of the Company in taking measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- iii) Evaluating significant risk exposure of the Company and assessing Management's action to mitigate / manage the exposure in timely manner;
- iv) Laying down the risk tolerance limits and Monitoring risk exposures at periodic intervals;
- v) Reporting to the Board on periodical basis;
- vi) Assist the Board in effective operation of risk management system by performing specialized analyses and quality reviews;
- vii) Maintaining a group-wise and aggregated view on the risk profile of the Company in addition to the solo and individual risk profile;
- viii) Reviewing, investigating the instances reported for unethical behavior of employees or Senior Management Officials and taking suitable disciplinary action against such employees.

## vii. ESOP Committee

The Board has constituted an ESOP Committee which determines the terms of employee stock options which includes number of options to be granted to any employee in the aggregate, terms on which the options would vest, conditions under which options vested in employees may lapse, exercise period within which an employee should exercise the option and lapsing of such option on failure of exercise, right of an employee to exercise all the options vested at one time or at various points of time within the exercise period, allotment of shares in lieu of exercise of stock options and other related and incidental matters.

The ESOP Committee comprises of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Raamdeo Agarawal (Member) (DIN: 00024533)	Joint Managing Director

## viii. Debenture Committee

The Debenture Committee determines and approve the number of the Debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the Issue including coupon rate etc., to approve Information Memorandum, issue and allotment of Debentures and to approve all other matters relating to the Issue and do all acts, deeds, matters and things including execution of all deeds, documents, instruments, applications and writings as it may be necessary for the issue and seeking approvals, consents, waiver from any party and to create mortgages, charges, hypothecation or encumbrances on all or any part of the immovable or movable properties, current or fixed assets, tangible or intangible assets, book debts and/ or claims of the Company.

The Committee comprises of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Raamdeo Agarawal (Member) (DIN: 00024533)	Joint Managing Director
iii)	Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-Executive - Non-Independent Director

## Policy on Prevention of Sexual Harassment of Women at Workplace

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the integrity and dignity of its women employees and also to avoid conflicts and disruptions in the work environment due to such cases. The Company has put in place a 'Policy against Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any women employee may report her complaint to the Redressal Committee formed for this purpose. We affirm that adequate access was provided to any complainant who wish to register a complaint under the policy. There were no complaints received by the Company during the FY 2015-16.

## Familiarization Programme for Independent Directors

The Company has conducted the Familiarisation programme for Independent Directors during the year. The Programme aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarise them with the functioning, operations and business of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarisation Programme along with the details of the programmes imparted to the Independent Directors has been disclosed on the website of the Company at [www.motilaloswalgroup.com](http://www.motilaloswalgroup.com).

## Management

### Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

## Shareholders

### Re-appointment of Directors

#### (i) Re-appointment of Mr. Ramdeo Agarawal being liable to retire by rotation

In terms of the provisions of section 152 of the Companies Act, 2013, and in accordance with the Articles of Association of the Company, the two third of the total number of Directors, excluding Independent Directors, shall be eligible to retire by rotation, out of which, one-third shall retire. The Directors which are liable to retire by rotation would be those who have been longest in office since their last appointment.

Accordingly, Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Mr. Navin Agarwal, non independent directors are liable to retire by rotation. Mr. Raamdeo Agarawal, being longest in the office will retire by rotation and would be eligible for re-appointment in the forthcoming Annual General Meeting.

The details of Mr. Raamdeo Agarawal seeking re-appointment at the forthcoming Annual General Meeting is as under: -

Name of Director	Mr. Raamdeo Agarawal
Date of Birth	1st July, 1956
Date of Appointment on the Board	18th May, 2005
Date of appointment as Joint Managing Director	14th October, 2014
Expertise in specific functional area	Expertise in all the areas of Capital Markets
Qualifications	Chartered Accountant
Directorships in Public Limited Companies	i) Motilal Oswal Financial Services Limited ii) Motilal Oswal Investment Advisors Private Ltd iii) MOPE Investment Advisors Private Limited. iv) Motilal Oswal Insurance Brokers Private Limited v) Motilal Oswal Asset Management Company Limited

# CORPORATE GOVERNANCE (Contd.)

	vi) Motilal Oswal Real Estate Investment Advisors Private Limited vii) Aspire Home Finance Corporation Limited
Memberships in Public Limited Committees(*)	Motilal Oswal Financial Services Limited - Audit Committee, Stakeholders Relationship Committee. Motilal Oswal Asset Management Company Limited - Audit Committee
Shareholding of Director in the Company	1,17,28,100 Equity Shares of ₹ 1 each

(\*) Membership in Audit Committee, Stake holder's Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee as per Listing Regulations, 2015.

Mr. Raamdeo Agarawal is the Joint Managing Director of Motilal Oswal Financial Services Ltd.(MOFSL). He started the business along with co-promoter, Mr. Motilal Oswal in 1987.

He is an Associate of Institute of Chartered Accountants of India and also a member of the National Committee on Capital Markets of the Confederation of Indian Industry. Mr. Agrawal specialises in equity research.

He has been authoring the annual Motilal Oswal Wealth Creation Study since 1996. In 1986, he wrote the book 'Corporate Numbers Game', along with co-author, Ram K Piparia. He has featured on 'Wizards of Dalal Street on CNBC TV 18' and also compiled a book of investing insights called 'Wealth Creation Thoughts'.

Mr. Agarawal has received the "Rashtriya Samman Patra" awarded by the Government of India for being amongst the highest Income Tax payers in the country for a period of 5 years from FY95-99. He was also conferred with the 'Special contribution to Indian Capital Market Award' by Zee Business in 2011.

## (ii) Re-appointment of Mr. Motilal Oswal for the period of 5 years

The members at the 6th Annual General Meeting held on 21st July, 2011 approved the appointment of Mr. Motilal Oswal as Managing Director of the Company for a period of 5 years from 18th January, 2011 with remuneration of ₹ 20,00,000 per month plus perquisites and other benefits with effect from 1st April, 2011 for the remaining period of his 5 year tenure. The term of 5 years for Mr. Motilal Oswal in the office of Managing Director expired on 17th January, 2016.

Taking into account the responsibilities borne by the Managing Director and the industry standards, the Board of Directors of the Company at its Meeting held on 19th October, 2015 pursuant to the recommendation of the Nomination and Remuneration/ Compensation Committee and subject to the approval of members, approved the re-appointment and remuneration of Mr. Motilal Oswal, Managing Director under the Companies Act, 2013 for a term of 5 years with effect from 18th January, 2016, being liable to retire by rotation.

In accordance to Regulation 36 of the Listing Regulations, 2015, the details of Mr. Motilal Oswal seeking re-appointment at the forthcoming Annual General Meeting is as under: -

Name of Director	Mr. Motilal Oswal
Date of Birth	12th May, 1962
Date of Appointment on the Board	18th May, 2005
Date of appointment as Managing Director	18th January, 2011
Expertise in specific functional area	Expertise in all the areas of Capital Markets
Qualifications	Chartered Accountant
Directorships in Public Limited Companies	i) Motilal Oswal Financial Services Limited ii) Motilal Oswal Investment Advisors Private Ltd iii) MOPE Investment Advisors Private Limited. iv) Motilal Oswal Insurance Brokers Private Limited v) Aspire Home Finance Corporation Limited vi) Motilal Oswal Trustee Company Limited vii) Motilal Oswal Real Estate Investment Advisors Private Limited viii) Motilal Oswal Real Estate Investment Advisors II Private Limited.
Memberships in Listed Companies*	Motilal Oswal Financial Services Limited- Stakeholders Relationship Committee Aspire Home Finance Corporation Limited - Audit Committee, Nomination and Remuneration Committee
Shareholding of Director in the Company	1,21,10,476 Equity Shares of ₹ 1 each

# CORPORATE GOVERNANCE (Contd..)

\* Memberships in Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee as per Listing Regulations, 2015

Mr. Motilal Oswal is the Chairman and Managing Director of Motilal Oswal Financial Services Ltd. (MOFSL). He is a Chartered Accountant and started the business along with co-promoter, Mr. Raamdeo Agarawal in 1987. For his work and contribution to the capital markets, Mr. Oswal has been felicitated with several awards and accolades including:

- 'Excellent Business Achiever in Financial Services' Award by the Institute of Chartered Accountants of India
- 'Rajasthan Ratna Manav Seva' Award by Manav Seva Trust
- 'Special Contribution award to Indian Capital Markets' awarded by Zee Business
- 'The Hall of Fame for Excellence in Franchising' by Franchising World Magazine
- 'Champion of Arthshastra' by the Rotary Club
- 'Durgadevi Saraf Puraskar' by Marwadi Sammelan for extraordinary contributions in the field of Trade & Industry
- 'Samaj Ratna' Award from hands of President Smt. Pratibhatai Patil at Rashtrapati Bhawan

Mr. Oswal has also received the Rashtriya Samman Patra awarded by the Government of India for being amongst the highest income taxpayers in the country for a period of 5 years from FY95-FY99. He has also served on the governing board of the Bombay Stock Exchange (BSE) as well as IMC and also has served on many committees of BSE, NSE, SEBI and CDSL. Mr. Oswal is associated with various social organisations. He is a Trustee of "Agarwal-Oswal Chhatravas" of the Rajasthan Vidyarthi Griha. He has authored two books of quotations on 'The Essence of Business & Management' and 'The Essence of Life'.

## General Body Meetings

The details of the Annual General Meetings held during past three years are given herein below:-

No. and Year	Date	Venue	Time	Special Resolutions passed
8th AGM, 2013	27th July, 2013	Motilal Oswal Tower, Junction of Gokhale Road & Sayani Road, behind Parel ST Bus Depot, Elphinstone Road (West), Prabhadevi, Mumbai - 400 025.	2.30 p.m.	i) Re-pricing of Stock Options from ₹ 208.70 to ₹ 165 per stock option under Employee Stock Option Schemes V & VI.
9th AGM, 2014	22nd August, 2014	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025.	4.00 p.m.	i) To offer or invite subscription to Secured/Unsecured Redeemable Non Convertible Debentures (NCD's) on private placement basis upto ₹ 1000 crores. ii) Issue of Stock Options to Employees of the Company under 'Motilal Oswal Financial Services Limited-Employees' Stock Option Scheme VII'. iii) Issue of Stock Options to the Employees' of the present and future subsidiaries of the Company under 'Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -VII'. iv) Adoption of new Articles of Association in place of existing Articles of Association.
10th AGM, 2015	8th August, 2015	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025.	2.30 p.m.	i) To offer or invite subscription to Secured/Unsecured Redeemable Non Convertible Debentures (NCD's) on private placement basis upto ₹ 1000 crores to be listed on Stock Exchanges. ii) Approval to Material Subsidiary, Motilal Oswal Securities Limited for Selling, Leasing and Disposing of its Assets in excess of twenty percent of its total assets, in any financial year

The Company had not passed any resolution for obtaining approval of members through postal ballot in the financial year 2015-16.

## Means of Communication with Shareholders

The Company publishes quarterly, half-yearly and annual results generally in Maharashtra Times and Economic Times newspapers. The Company's results and official news releases are displayed on the Company's website <http://www.motilaloswalgroup.com>. Presentations made to the Institutional Investors and analysts are also put-up on the website.

The Company informs BSE and NSE about all price sensitive matters or such other matters which in its opinion are material and of relevance to the members and the same are also displayed on the Company's website <http://www.motilaloswalgroup.com>. Further, in compliance to the provisions of Regulation 30 of the Listing Regulations, 2015, the Company has disclosed on its website <http://www.motilaloswalgroup.com>, a duly approved Policy on determination of materiality of events.

NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre ('Listing Centre'): The NEAPS and Listing Centre are a web-based application designed by NSE and BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS and the Listing Centre.

## SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (SEBI) administers a centralised web based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website [www.scores.gov.in](http://www.scores.gov.in). It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES.

## General Information for Members and Debenture holders

### (i) Details of the 11th Annual General Meeting of the Company:-

Date	21st July, 2016
Time	10.30 a.m.
Venue	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400 025.

### (ii) Financial year of the Company

The financial year covers the period from 1st April to 31st March.

### Tentative Calendar for the financial year ending 31st March, 2017: -

Financial reporting for the	Tentative dates of the Board Meeting
First quarter ending 30th June, 2016	Second fortnight of July, 2016
Half year ending 30th September, 2016	Second fortnight of October, 2016
Third quarter ending 31st December, 2016	Second fortnight of January, 2017
Year ending 31st March, 2017	Second fortnight of April, 2017

- Annual General Meeting for the year ended 31st March, 2017 is likely to be held in the second fortnight of July, 2017.

### (iii) Interim Dividend Payment

The Company vide the approval of the Board of Directors at its meeting held on 3rd February, 2016 and 12th March, 2016, has already declared and paid an Interim Dividend of ₹ 2/- per equity share and ₹ 1.5/- per equity share, respectively, during the year ended 31st March, 2016.

### (iv) Listing on Stock Exchanges

The Company's Equity Shares are listed on BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 and National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Mumbai - 400051. The requisite Annual listing fees for 2016-17 have been paid in full to BSE and NSE.

1500 Secured Redeemable Non-Convertible Debentures of the Company are listed on NSE, Exchange Plaza, Bandra-Kurla Complex, Mumbai 400051.

# CORPORATE GOVERNANCE (Contd..)

## (v) Stock Code/ISIN No.

Tentative Calendar for the financial year ending 31st March, 2017: -

Equity	BSE	532892
	NSE	MOTILALOF5
Debt	NSE	Series A - MOFS16
		Series B - MOFS17
		Series C - MOFS17A

## Demat International Security Identification Number (ISIN):

For Equity Shares:	INE338I01027
Non-Convertible Debentures	Series A: INE338I07024
	Series B: INE338I07032
	Series C: INE338I07040

## Details of Debenture Trustee:

Milestone Trusteeship Services Limited

602, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital, Bandra (E), Mumbai-400 051

Website: www.milestonetrustee.in

## (vi) Market Price Data

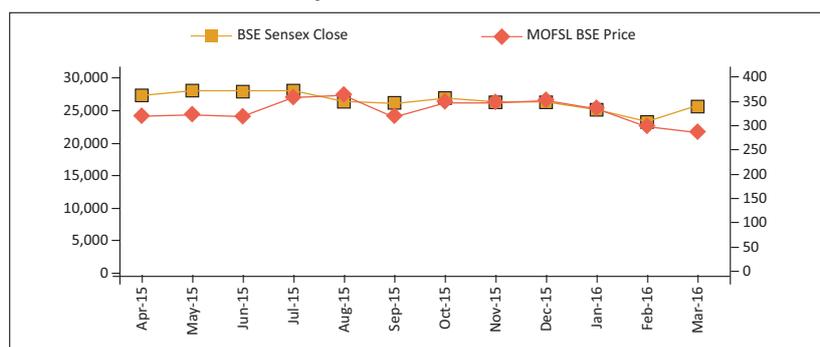
High, Low and Close Price during each month in the last financial year at BSE and NSE:-

Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April-15	320.95	238.45	300.50	320.00	237.55	299.60
May-15	327.90	274.15	321.35	329.90	272.15	322.40
June-15	320.10	275.05	299.70	323.95	282.00	300.15
July-15	359.50	300.00	354.05	361.40	299.95	355.50
August-15	364.00	286.30	328.00	364.20	288.10	328.40
September-15	320.40	254.00	294.40	321.00	275.55	293.15
October-15	351.95	270.00	329.55	353.00	272.60	332.55
November-15	349.90	329.00	339.15	350.05	326.60	338.85
December-15	353.85	321.00	333.40	354.00	321.00	334.35
January-16	339.50	261.00	287.00	340.00	259.10	289.00
February-16	301.00	256.70	268.55	300.00	255.00	267.15
March-16	290.00	265.70	272.15	299.90	260.00	273.25

Performance in comparison to broad-based indices such as BSE Sensex, S&P CNX Nifty etc.:

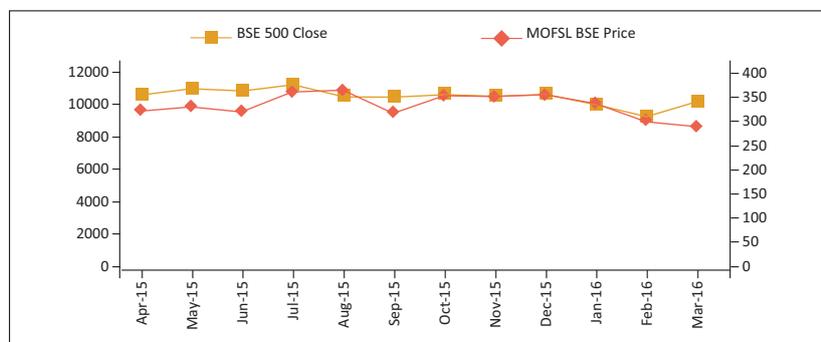
The Company is the constituent of the BSE - 500. The performance of the Company's shares relative to the BSE Sensex, BSE - 500 and S&P CNX Nifty is given in the chart below:-

**MOFSL Share performance versus BSE Sensex**

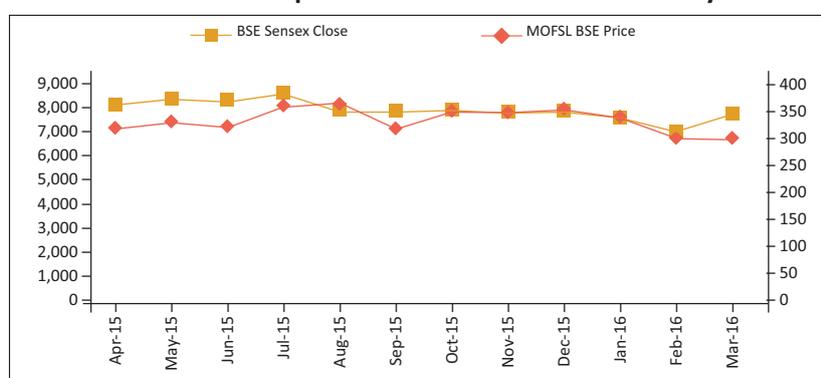


# CORPORATE GOVERNANCE (Contd.)

**MOFSL Share performance versus BSE - 500**



**MOFSL Share performance versus S&P CNX Nifty**



**(vii) Registrar and Share Transfer Agent for Equity Shares and Non-Convertible Debentures**

**Link Intime India Pvt. Limited**

Unit: Motilal Oswal Financial Services Limited  
 C- 13, Pannalal Silk Mills Compound,  
 LBS Marg, Bhandup (West), Mumbai - 400 078.  
 Tel: +91 22 2594 6970  
 Fax: +91 22 2594 69 69  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**(viii) Share Transfer System**

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Board has severally authorised officials of the Company to approve transfers of upto 50,000 equity shares per transfer, provided that the transferee does not hold 5,00,000 or more equity shares. The Stakeholders Relationship Committee meets as and when required to consider the other transfer, transmission of shares etc. and attend to shareholder grievances.

**(ix) Distribution of Shareholding**

Distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March, 2016.

**Shareholding pattern by size as on 31st March, 2016: -**

Number of shares held	Number of shareholders	Total No. of shares held in the category	% of shareholding
1 - 500	9,188	7,77,619	0.55
501 - 1000	289	2,25,666	0.16
1001 - 2000	158	2,27,058	0.16
2001 - 3000	90	2,25,958	0.16

# CORPORATE GOVERNANCE (Contd..)

Number of shares held	Number of shareholders	Total No. of shares held in the category	% of shareholding
3001 - 4000	33	1,16,465	0.08
4001 - 5000	34	1,62,367	0.11
5001 - 10000	87	6,76,656	0.48
10001 & Above	191	13,97,62,286	98.30
<b>TOTAL</b>	<b>10,070</b>	<b>14,21,74,075</b>	<b>100.00</b>

## Shareholding pattern by ownership class as on 31st March, 2016 :-

Sr. No.	Description	Number of Shares (as at 31st March, 2016)	% to capital
(i)	Promoters & promoter group	10,23,74,700	72.01
(ii)	Mutual Funds/Financial Institutions / Banks / Foreign Institutional Investors	2,13,71,718	15.03
(iii)	NRIs/OCBs	5,78,375	0.41
(iv)	Bodies Corporate	9,22,377	0.65
(v)	Public	89,45,951	6.29
(vi)	Directors	78,04,010	5.49
(vii)	Others	1,76,944	0.12
	<b>TOTAL</b>	<b>14,21,74,075</b>	<b>100.00</b>

### (x) Dematerialisation of Shares

As on 31st March, 2016, 99.97% of the total equity share capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialised form. Other than the capital, which is, locked for the specified periods, the stock is liquid.

### (xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

As on 31st March, 2016, the Company did not have any outstanding GDRs/ADRs/ Warrants or any Convertible instruments (excluding ESOPs).

### (xii) Plant Locations:

The Company is in the business of providing financial services; therefore, it does not have any manufacturing plants.

### (xv) Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agent, at the address mentioned hereinabove on all matters relating to non-receipt of share application money and non-credit of shares in demat account and any other query relating to shares of the Company. Shareholders would have to correspond with the respective Depository Participants for shares held in demat mode.

For all investor related matters, Company Secretary & Compliance Officer can be contacted at the Registered Office of the Company at:-

#### Motilal Oswal Financial Services Limited

Motilal Oswal Tower,  
Rahimtullah Sayani Road,  
Opp Parel ST Depot,  
Prabhadevi, Mumbai - 400025  
Tel.: +91-22-3980 4200 Fax:. +91-22-3312 4997  
E-mail: shareholders@motilaloswal.com

The Company can also be visited at its website <http://www.motilaloswalgroup.com>

## Disclosures:

- i) There have been no materially significant Related Party transactions, pecuniary transactions or relationships between the Company and Directors, Management, Subsidiaries or Related parties except those disclosed in the Board's Report and financial statements for the year ended 31st March, 2016. Further the details of the Related Party Transactions are presented in the Notes to Accounts.
- ii) The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during last three years.
- iii) Whistle Blower Policy/Vigil Mechanism  
Pursuant to the provisions of Regulation 22 of the Listing Regulations, 2015 and section 177 of the Companies Act, 2013, the Company established a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.  
This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) who avail the mechanism and makes provision for direct access to the Chairman of the Audit Committee. The policy has been uploaded on the website of the Company at <http://www.motilaloswalgroup.com>.  
We affirm that no director/employee of the Company was denied access to the Audit Committee.
- iv) The Company has complied with all the mandatory requirements of the Listing Regulations, 2015.
- v) The Company has complied with the following non-mandatory requirements as prescribed in Regulation 27 Schedule II Part E of the Listing Regulations, 2015: -
- The Company is in the regime of unmodified financial statements.
  - The internal auditor of the Company reports directly to the Audit Committee.
  - The Company sends Quarterly and half-yearly financial results to the shareholders of the Company
- vi) Subsidiary Companies  
According to the Regulation 16(1)(c) of the Listing Regulations, 2015 a "Material subsidiary" shall mean a subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The Company has two 'Material subsidiary' i.e. Motilal Oswal Securities Limited (MOSL) and Aspire Home Finance Corporation Limited (AHFCL), as on 31st March, 2016. The debentures of material subsidiary, AHFCL is listed on BSE Limited. As per the requirement of Regulation 24 of the Listing Regulation, Mr. Praveen Tripathi, an Independent Director on the Board of the Company is also a Director on the Board of MOSL.  
As required under the Listing Regulations, 2015, the Company has formulated policy for determining material subsidiaries which has been uploaded on the Company's website at <http://www.motilaloswalgroup.com>.
- vii) Related Party Transactions  
Details of all material transactions with related parties are disclosed quarterly along with the compliance report on corporate governance.  
As required under Regulation 23 of the Listing Regulations, 2015, the Company has formulated a Policy on Materiality and dealing with Related Party Transactions which has been uploaded on the Company's website at <http://www.motilaloswalgroup.com>
- viii) CEO/CFO Certification  
As required under Regulation 17 of the Listing Regulations, 2015, Mr. Motilal Oswal, Managing Director and Chief Executive Officer and Mr. Sameer Kamath, Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the financial year ended 31st March, 2016.
- ix) Code of Conduct  
The Board has laid down the Code of Conduct for its Directors and for designated Senior Management Personnel of the Company. The Code has been posted on the Company's website at <http://www.motilaloswalgroup.com>. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management. A declaration signed by the Chief Executive Officer, Chairman & Managing Director to this effect is annexed to the report.

## Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

# CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

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**As required by Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO declaration for Code of Conduct is given below:**

To,  
The Members of  
Motilal Oswal Financial Services Limited

I, Motilal Oswal, Chairman and Managing Director and Chief Executive Officer of the Company, declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company.

**For Motilal Oswal Financial Services Limited**

**Motilal Oswal**  
**Chairman & Managing Director**  
**Chief Executive Officer**

Mumbai, 30th April, 2016

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of  
Motilal Oswal Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Motilal Oswal Financial Services Limited ('the Company'), for the year ended on March 31, 2016, as stipulated in:

- Clause 49 (excluding clause 49 (VII) (E) of the Listing Agreement(s) of the Company with stock exchange(s)) for the period April 1, 2015 to November 30, 2015;
- Clause 49 (VII) (E) of the Listing Agreement(s) of the Company with stock exchange(s) for the period April 1, 2015 to September 1, 2015;
- Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period September 2, 2015 to March 31, 2016; and
- Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period December 1, 2015 to March 31, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified above, during the year ended March 31, 2016.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **HARIBHAKTI & CO. LLP**  
*Chartered Accountants*  
ICAI Firm Registration No.103523W

**Amit A. Hundia**  
*Partner*  
Membership No.: 120761

Place: Mumbai  
Date: 13th June, 2016

## Unclaimed Equity Shares in the Suspense Account

As per Listing Regulations, 2015, the Company reports the following details in respect of unclaimed equity shares that are kept in Specific Demat Accounts of Motilal Oswal Financial Services Limited.

	Number of Shareholders	Number of Equity shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2015	6	615
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
Number of Shareholders to whom shares were transferred from the suspense account during the year	0	0
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying as on 31st March, 2016	6	615

# INDEPENDENT AUDITOR'S REPORT

To

**The Members of MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

## **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Motilal Oswal Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

# INDEPENDENT AUDITOR'S REPORT *(Contd..)*

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 24 on Contingent Liabilities;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 30, 2016

# ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

## [Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Financial Services Limited on the standalone financial statements for the year ended March 31, 2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) As informed, the Company does not have inventories. Accordingly, the provisions stated in paragraphs 3 (ii)(a), 3 (ii)(b) and 3 (ii)(c) of the Order are not applicable.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act.
- (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that, the terms and conditions of the aforesaid loans granted by the Company, which are repayable on demand, are not prejudicial to the interest of the Company.
- (b) Since there is no stipulation as regards repayment of principal and interest, clause 3(iii)(b) is not applicable.
- (c) In respect of the aforesaid loans, there is no overdue amount of loans granted to companies listed in the register maintained under Section 189 of the Act.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and other material statutory dues applicable to it. However, there have been slight delay in few cases / delays in deposit have not been serious. As explained to us, the provisions regarding sales tax, customs duty, excise duty and value added tax are presently not applicable to the Company.
- According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in millions)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax	2.3	Financial Year 2006-07	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	1.4	Financial Year 2007-08	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	1.47	Financial Year 2009-10	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	28.07	Financial Year 2010-11	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	58.76	Financial Year 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	44.79	Financial Year 2012-13	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.

# ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

For **HARIBHAKTI & CO. LLP**  
*Chartered Accountants*  
ICAI Firm Registration No.103523W

**Amit A. Hundia**  
*Partner*  
Membership No.120761

Place: Mumbai  
Date: April 30, 2016

# ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Financial Services Limited on the standalone financial statements for the year ended March 31, 2016]

## **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Motilal Oswal Financial Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

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## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 30, 2016

# BALANCE SHEET

	Note	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	142.17	140.16
Reserves and Surplus	2	5,792.62	5,607.62
	<b>(A)</b>	<b>5,934.79</b>	<b>5,747.78</b>
Share Application Money Pending Allotment	1.5	0.08	–
	<b>(B)</b>	<b>0.08</b>	<b>–</b>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	3	1,000.00	1,500.00
Deferred Tax Liabilities (Net)	4	7.17	56.67
Other long term Liabilities	5	73.16	56.71
Long-term Provision	6	2.78	2.02
	<b>(C)</b>	<b>1,083.11</b>	<b>1,615.40</b>
<b>Current Liabilities</b>			
Short-term Borrowings	7	2,480.62	2,931.41
Other Current Liabilities	8	605.57	129.49
Short-term Provision	9	104.80	236.25
	<b>(D)</b>	<b>3,190.99</b>	<b>3,297.15</b>
<b>TOTAL</b>	<b>(A+B+C+D)</b>	<b>10,208.99</b>	<b>10,660.33</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	1,441.37	1,522.58
Intangible Assets		0.29	–
Non Current Investments	11	4,897.17	3,573.73
Long-term Loans and Advances	12	43.92	94.26
	<b>(E)</b>	<b>6,382.75</b>	<b>5,190.57</b>
<b>Current Assets</b>			
Cash and Bank Balances	13	1,123.70	63.25
Short-term Loans and Advances	14	2,666.62	5,379.04
Other Current Assets	15	35.92	27.47
	<b>(F)</b>	<b>3,826.24</b>	<b>5,469.76</b>
<b>TOTAL</b>	<b>(E+F)</b>	<b>10,208.99</b>	<b>10,660.33</b>

Summary of Significant Accounting Policies 23  
Notes referred to above form an integral part of the financial statements

As per our attached Report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg No. 103523W  
**Amit A. Hundia**  
Partner  
Membership No. 120761

For and on behalf of the Board of  
**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**  
Chairman & Managing Director  
DIN No. 00024503

**Raamdeo Agarawal**  
Joint Managing Director  
DIN No. 00024533

**Sameer Kamath**  
Chief Financial Officer

**Murli Krishnan Iyer**  
Company Secretary

Place : Mumbai  
Date : 30th April, 2016

# STATEMENT OF PROFIT AND LOSS

	Note	For the year ended 31-Mar 16 ₹ in Millions	For the year ended 31-Mar 15 ₹ in Millions
<b>REVENUE</b>			
Revenue from Operations	16	1,098.98	1,287.14
Other Income	17	9.63	4.89
<b>Total Revenue</b>	<b>(A)</b>	<b>1,108.61</b>	<b>1,292.03</b>
<b>EXPENSES</b>			
Employee benefit Expenses	18	90.42	74.25
Finance Cost	19	295.26	295.78
Depreciation & amortisation	20	80.21	81.67
Other Expenses	21	108.07	187.14
<b>Total Expenses</b>	<b>(B)</b>	<b>573.96</b>	<b>638.84</b>
<b>Profit before Exceptional Item and tax</b>	<b>{C = (A - B)}</b>	<b>534.65</b>	<b>653.20</b>
Exceptional Item Expenses / (Income)	<b>(D)</b>	—	—
<b>Profit after Exceptional Item and before tax</b>	<b>(E = C - D)</b>	<b>534.65</b>	<b>653.20</b>
Current Tax		116.67	40.67
Deffered Tax		(49.48)	23.41
Minimum Alternate Tax Credit		—	(23.87)
Short / (Excess) provision for earlier year(s)		—	5.23
Tax Impact of NCD Expense		—	2.86
Tax Impact of transition Depreciation		—	0.01
<b>Total Tax Expenses</b>	<b>(F)</b>	<b>67.19</b>	<b>48.30</b>
<b>Profit after Exceptional Item and after tax</b>	<b>{G = (E - F)}</b>	<b>467.46</b>	<b>604.90</b>
<b>Earnings per share (₹)</b>			
Equity share of par value ₹ 1 each (previous year ₹ 1 each)	28		
Basic		3.30	4.36
Diluted		3.25	4.25
Summary of Significant Accounting Policies	23		
Notes referred to above form an integral part of the financial statements			

As per our attached Report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg No. 103523W  
**Amit A. Hundia**  
Partner  
Membership No. 120761

Place : Mumbai  
Date : 30th April, 2016

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**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**  
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**Raamdeo Agarawal**  
Joint Managing Director  
DIN No. 00024533

**Sameer Kamath**  
Chief Financial Officer

**Murli Krishnan Iyer**  
Company Secretary

Place : Mumbai  
Date : 30th April, 2016

# CASH FLOW STATEMENT

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	534.66	653.20
Add:		
Adjustment for		
Depreciation	80.21	81.67
Dividend Income	(149.88)	–
Profit on Sale of investment	(278.07)	–
Bad debts written off / (back)	–	98.39
Provison on standard & Doubtful Assets	38.90	(21.49)
FDR Interest	(0.41)	–
Gratuity	1.17	–
Leave Salary	0.39	–
Buyback exp	–	0.26
NCD issue expenses adjusted against reserves & surplus	–	(5.56)
Adjustment for working capital changes		
1) Increase/(Decrease) in Other long term provision	0.76	1.33
2) Increase/(Decrease) in Other Current Liabilities	(20.93)	43.58
3) Increase/(Decrease) in Short-term Provision	(3.22)	5.27
4) Increase/(Decrease) in Other long term liabilities	16.45	(34.65)
5) (Increase)/Decrease in Investment	–	(2,352.59)
6) (Increase)/Decrease in Long term Loans & Advances	5.72	9.41
7) (Increase)/Decrease in Short-term Loans & Advances	2,712.42	(911.35)
8) (Increase)/Decrease in Other Current Assets	(8.49)	(9.31)
<b>CASH GENERATED FROM USED OPERATIONS</b>	<b>2,929.68</b>	<b>(2,441.84)</b>
Taxes Paid (Net of Refunds)	(71.05)	(108.54)
<b>NET CASH GENERATED/(USED) FROM OPERATING ACTIVITIES</b>	<b>2,858.63</b>	<b>(2,550.38)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of long term investments	276.34	–
Purchase of long term investments	(1,323.44)	–
Sale of Fixed assets	–	0.18
Purchase of tangible assets	(1.54)	(4.60)
FDR Interest	0.45	–
Dividend Income	149.88	–
<b>NET CASH GENERATED/(USED) FROM INVESTING ACTIVITIES</b>	<b>(898.31)</b>	<b>(4.42)</b>

# CASH FLOW STATEMENT (Contd..)

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buyback exp	–	(0.26)
Proceeds / (Repayment) In Share capital	2.05	2.00
Premium on issue of Equity Share Capital	–	330.52
Premium on buy back of equity share capital	–	(0.24)
Dividend paid (including DDT)	(740.51)	(417.30)
Increase/(Decrease) In Unclaimed Dividend	(1.19)	(0.77)
Proceeds of Long Term Borrowings	–	1,311.69
Proceeds of Short Term Borrowings	804.29	1,370.63
(Repayment) of Short Term Borrowings	(1,255.08)	–
Increase/(Decrease) In Securities Premium Account	289.36	–
<b>NET CASH GENERATED/(USED) FROM FINANCING ACTIVITIES</b>	<b>(901.08)</b>	<b>2,596.27</b>
<b>NET CASH FLOW FOR THE YEAR ENDED</b>	<b>1,059.24</b>	<b>41.46</b>
<b>Cash &amp; Cash Equivalents comprise of</b>		
Scheduled Bank - In Current Account	56.89	15.43
<b>Total Cash &amp; Cash Equivalents as at beginning of period</b>	<b>56.89</b>	<b>15.43</b>
<b>Cash &amp; Cash Equivalents as at end of period :</b>		
Cheque on Hand	1,078.07	–
Scheduled Bank - In Current Account	38.07	56.89
<b>Total Cash &amp; Cash Equivalents as at end of period</b>	<b>1,116.14</b>	<b>56.89</b>

As per our attached Report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg No. 103523W  
**Amit A. Hundia**  
Partner  
Membership No. 120761

Place : Mumbai  
Date : 30th April, 2016

For and on behalf of the Board of  
**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**  
Chairman & Managing Director  
DIN No. 00024503

**Raamdeo Agarawal**  
Joint Managing Director  
DIN No. 00024533

**Sameer Kamath**  
Chief Financial Officer

**Murli Krishnan Iyer**  
Company Secretary

Place : Mumbai  
Date : 30th April, 2016

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

	As at 31-Mar-16		As at 31-Mar-15	
	Numbers	₹ in Millions	Numbers	₹ in Millions
<b>AUTHORISED</b>				
Equity Shares, of ₹ 1/- (Previous Year ₹ 1/-) each	870,000,000	870.00	870,000,000	870.00
Preference Shares of ₹ 100/- (Previous Year ₹ 1/-) each	5,000,000	500.00	5,000,000	500.00
<b>TOTAL</b>	<b>875,000,000</b>	<b>1,370.00</b>	<b>875,000,000</b>	<b>1,370.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
Equity Shares of ₹ 1/- each fully paid up	142,174,075	142.17	140,162,675	140.16
Of the above, 7,67,92,394 shares (Previous Year 7,67,92,394) held by holding company Passionate Investment Management Pvt, Ltd.				
<b>TOTAL</b>	<b>142,174,075</b>	<b>142.17</b>	<b>140,162,675</b>	<b>140.16</b>

### 1.1 Terms And Conditions :

#### Equity Shares :

The Company has one class of equity shares having a par value of ₹ 1/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. Each equity share has the same right of dividend.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3.50. The dividend for the year ended March 31, 2016 includes ₹ 2/- Per share for interim dividend & ₹ 1.50/- per share for second interim dividend. The total dividend appropriated amounts to ₹ 497.48 million (Previous Year: ₹ 419.61 million) and corporate dividend tax of ₹ 73.10 million (Previous year: ₹ 5.50 million).

In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Preference Shares :

The Company has one class of preference shares having a par value of ₹ 100/- and there are no preference shares issued & subscribed as on 31.03.2016 and 31.03.2015.

### 1.2 Reconciliation of number of shares outstanding

	As at 31-Mar-16		As at 31-Mar-15	
	Numbers	₹ in Millions	Numbers	₹ in Millions
Number of share at beginning of the year	140,162,675	140.16	138,165,831	138.17
Add:Share issued on exercise of employee stock options	2,011,400	2.01	1,999,600	1.99
Less: Buy Back of shares	—	—	2,756	0.00
<b>Number of Share at the end of the year</b>	<b>142,174,075</b>	<b>142.17</b>	<b>140,162,675</b>	<b>140.15</b>

### 1.3 Share holder having more than 5% equity share holding in the Company

Share Holder	As at 31-Mar-16		As at 31-Mar-15	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Passionate Investment Management Private Limited	76,792,394	54.01	76,792,394	54.79
Mr. Motilal Oswal	12,110,476	8.52	12,110,476	8.64
Mr. Raamdeo Agrawal	11,828,100	8.25	11,828,100	8.44
Mr. Navin Agarwal	7,804,010	5.49	7,804,010	5.57

### 1.4 Aggregate number of bonus share issued, shares issued for considareation other than cash and shares bought back the period of Five years immediately preceeding the reporting date :

Particular	2016	2015	2014	2013	2012	2011
Alloted as fully paid up without payment being received in cash	—	—	—	112,907	700240	984,463
Bought Back	—	2756	7,069,945	—	—	—
Issued on Bonus	—	—	—	—	—	—

Refer Note No. 38 for disclosure relating to Employee stock Option Purchase Plan

# NOTES TO FINANCIAL STATEMENT (Contd..)

## 1.5 Share Application Money Pending Allotment

- Terms and conditions - Application Money received on account of Employee stock option scheme
- No. of option exercised - 500 options
- Amount of Premium - ₹ 164 per shares
- Company has sufficient authorized share capital to cover the share capital amount on allotment of share out of share application money
- No Interest accrued on amount due for refund
- No share application money has been pending beyond period on allotment

## Note 2 : Reserves & Surplus

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Capital Redemption Reserve</b>		
Opening balance	7.07	7.07
Add: Transferred from Statement of Profit and Loss account	—	0.00
<b>Balance as at end of the year</b>	<b>7.07</b>	<b>7.07</b>
<b>Securities Premium Reserve</b>		
Opening balance	4,016.98	3,692.27
Add: during the year	289.36	330.52
Less: Premium of Buyback of equity shares	—	(0.24)
Less :Debenture issue exp (net of tax expense previous year ₹ 2.86 millions)	—	(5.57)
<b>Balance as at end of the year</b>	<b>4,306.34</b>	<b>4,016.98</b>
<b>ESOP Outstanding</b>		
Opening balance	1.01	1.01
Less: Transferred to General Reserve	(1.01)	—
<b>Balance as at end of the year</b>	<b>—</b>	<b>1.01</b>
<b>Statutory Reserve (under Section 45IC of RBI Act, 1934)</b>		
Opening balance	686.90	565.92
Add: Transferred from Statement of Profit and Loss account	93.50	120.98
<b>Balance as at end of the year</b>	<b>780.40</b>	<b>686.90</b>
<b>General Reserve</b>		
Opening balance	264.40	234.15
Add: Transferred from Statement of Profit and Loss account	—	30.25
Add: Transferred from ESOP Outstanding	1.01	—
<b>Balance as at end of the year</b>	<b>265.41</b>	<b>264.40</b>
<b>Profit &amp; Loss Account</b>		
Opening balance	631.26	602.73
Add: Net Profit During the Year	467.48	604.90
Less: Transfer to Statutory Reserve	(93.50)	(120.98)
Less: Transfer to General Reserve	—	(30.25)
Less: Transition depreciation (net of tax expense previous year ₹ 0.01 million)	—	(0.02)
Less: Transfer to Capital Redemption Reserve	—	—
Less: Interim dividend	(498.72)	(278.90)
Add / (Less): Proposed Dividend	—	(140.72)
Add: Credit of Dividend Distribution Tax on dividend from subsidiary	28.18	70.60
Add / (less): Dividend Distribution Tax	(101.28)	(76.10)
<b>Balance as at end of the year</b>	<b>433.41</b>	<b>631.26</b>
<b>TOTAL</b>	<b>5,792.62</b>	<b>5,607.62</b>

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## Note 3 : Long Term Borrowings

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Secured</b>		
<b>Debentures</b>		
1000 Principal Protected Secured Redeemable Non-Convertible Debentures (Previous Year ₹ 1 million each) of ₹ 1 million each	1,000.00	1,500.00
<b>TOTAL</b>	<b>1,000.00</b>	<b>1,500.00</b>

- (a) During FY 2014 - 15 the company had raised ₹ 1,500 millions through the issue of 1,500 principle protected secured redeemable 10.05 % Non-convertible Debentures(NCD) with face value of ₹ 1 million each by way of private placement.
- (b) Secured against first paripasu charge over present and future receivable with minimum security cover of 1.25 times of the issued amount and identified immovable property.
- (c) Series - A ₹ 500 millions redeemable on 27th November 2016, Series - B ₹ 500 millions redeemable on 27th May 2017, Series - C ₹ 500 millions redeemable on 27th November 2017.

## Note 4 : Deferred Tax Liability (Net)

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Deffered tax Assets</b>		
Gratuity provision	1.37	1.03
Provision on standard, Sub std, doubtful assets	33.06	18.72
Interest from IREF	1.06	1.01
Interest accrued on ORCD's	4.05	2.17
Interest on NPA	43.46	-
<b>Total (i)</b>	<b>(83.00)</b>	<b>(22.93)</b>
<b>Deffered tax Liability</b>		
Loss on PE Investment	(2.68)	5.48
Written Down Value of Fixed Assets	92.87	74.12
<b>Total (ii)</b>	<b>90.19</b>	<b>79.60</b>
<b>Net [Total (ii) - Total (i)]</b>	<b>7.19</b>	<b>56.67</b>

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

## Note 5 : Other Long Term Liability

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Security Deposit (against premises given on lease)	73.16	56.71
<b>TOTAL</b>	<b>73.16</b>	<b>56.71</b>

## Note 6 : Long Term Provision

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Provision for employee benefits</b>		
Provision for Gratuity	2.78	2.02
<b>TOTAL</b>	<b>2.78</b>	<b>2.02</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 7 : Short Term Borrowings

Particular	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Secured</b>		
From Others*	1,503.19	700.00
<b>Unsecured</b>		
Commercial Paper	976.33	2,204.09
From Subsidiary (Repayable on demand)#	1.10	27.32
<b>TOTAL</b>	<b>2,480.62</b>	<b>2,931.41</b>

\* Borrowings from Bajaj Finance Ltd. secured against approved list of shares and securities and borrowings from Aditya Birla Finance Co. Ltd. are secured against units of Mutual Funds held by the Company.

# Company have taken loan from Its subsidiary company Motilal Oswal Securities Ltd. for the business purpose which is repayable on demand

## Note 8 : Other Current Liabilities

Particular	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Current Maturities of Long Term Borrowings [Refer note 3 (c)]	500.00	—
Interest Accrued and due	60.46	79.80
Unpaid Dividend (Refer Note (a) below)	2.56	1.36
Income Received in Advance	2.17	9.88
<b>Other Payables</b>	—	—
For Retention money	0.52	0.70
For capital expenses	0.90	3.89
For other expenses	8.45	21.66
Taxes Payable	4.15	1.53
Other	26.34	6.80
Book overdraft	0.02	3.87
<b>TOTAL</b>	<b>605.57</b>	<b>129.49</b>

(a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end.

## Note 9 : Short Term Provision

Particular	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Provision for Employee benefit</b>		
Provision for Leave Salary	0.24	0.43
Provision for Gratuity	1.19	1.10
Ex-Gratia	7.84	9.40
<b>Others</b>	—	—
Proposed Dividend	—	140.16
Contingent Provisions against Standard Assets	6.63	12.56
Dividend distribution tax	—	28.53
Provision for Sub standard & doubtful non performing assets	88.90	44.07
<b>TOTAL</b>	<b>104.80</b>	<b>236.25</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 10 : Tangible assets

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTIZATION					NET BLOCK		
	As at 1-Apr-15	Addition	Deduction/ Other Adjustments	Disposal	As at 31-Mar-16	As at 01-Apr-15	For the year ended 31-Mar-16	Other Adjustments	Disposal	As at 31-Mar-16	As at 31-Mar-15	As at 31-Mar-16
<b>(A) Tangible Assets</b>												
Land	158.30	-	-	-	158.30	-	-	-	-	-	158.30	158.30
Buildings * @	1,538.84	-	(3.65)	-	1,535.19	219.08	63.19	(0.66)	-	281.61	1,319.76	1,253.58
Computer Equipment	0.62	0.14	-	-	0.76	0.52	0.07	-	-	0.59	0.10	0.17
Plant and Machinery	55.76	0.02	-	-	55.78	23.36	11.18	-	-	34.54	32.40	21.25
Furniture and Fixtures	17.37	0.08	-	-	17.45	7.92	3.15	-	-	11.07	9.45	6.38
Vehicles	9.61	-	-	-	9.61	7.04	0.88	-	-	7.92	2.57	1.69
<b>Total (A)</b>	<b>1,780.50</b>	<b>0.24</b>	<b>(3.65)</b>	<b>-</b>	<b>1,777.09</b>	<b>257.92</b>	<b>78.47</b>	<b>(0.66)</b>	<b>-</b>	<b>335.73</b>	<b>1,522.58</b>	<b>1,441.37</b>
<b>(B) Intangible Assets</b>												
Computer Software	-	0.31	-	-	0.31	-	0.02	-	-	0.02	-	0.29
<b>Total (B)</b>	<b>-</b>	<b>0.31</b>	<b>0.31</b>	<b>-</b>	<b>0.31</b>	<b>-</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>-</b>	<b>0.29</b>
	<b>1,780.50</b>	<b>0.55</b>	<b>(3.34)</b>	<b>-</b>	<b>1,777.40</b>	<b>257.92</b>	<b>78.48</b>	<b>(0.66)</b>	<b>-</b>	<b>335.74</b>	<b>1,522.58</b>	<b>1,441.67</b>

\* Part of the premises have been given on lease.

@ The Company has mortgaged its Immovable Property 'Motilal Oswal Tower' (Gross Block ₹ 1,535.19 millions [previous year ₹ 1538.84 millions] & Net Value ₹ 1,253.59 millions [previous year ₹ 1319.76 millions] as at 31st March, 2016) to HDFC Bank Limited for the banking facilities availed by its Subsidiary Motilal Oswal Securities Limited.

## PREVIOUS YEAR

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTIZATION					NET BLOCK		
	As at 1-Apr-2014	Additions	Other Adjustments	Deductions	As at 31-Mar-2015	As at 1-Apr-2014	For the year ended 31-Mar-2015	Other Aadjustments	Disposal	As at 31-Mar-2015	As at 1-Apr-2014	As at 31-Mar-2015
<b>(A) Tangible Assets</b>												
Land	158.30	-	-	-	158.30	-	-	-	-	-	158.30	158.30
Buildings * @	1,539.02	-	(0.18)	-	1,538.84	151.48	67.60	-	-	219.08	1,387.54	1,319.76
Computer Equipment	0.43	0.19	-	-	0.62	0.34	0.16	-	0.02	0.52	0.09	0.10
Plant and Machinery	52.23	3.53	-	-	55.76	13.30	10.06	-	-	23.36	38.93	32.40
Furniture and Fixtures	16.49	0.88	-	-	17.37	5.41	2.51	-	-	7.92	11.08	9.45
Vehicles	9.61	-	-	-	9.61	5.70	1.34	-	-	7.04	3.91	2.57
<b>Total (A)</b>	<b>1,776.08</b>	<b>4.60</b>	<b>(0.18)</b>	<b>-</b>	<b>1,780.50</b>	<b>176.23</b>	<b>81.67</b>	<b>-</b>	<b>0.02</b>	<b>257.92</b>	<b>1,599.85</b>	<b>1,522.58</b>
<b>(B) Intangible Assets</b>												
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>1,776.08</b>	<b>4.60</b>	<b>(0.18)</b>	<b>-</b>	<b>1,780.50</b>	<b>176.23</b>	<b>81.67</b>	<b>-</b>	<b>0.02</b>	<b>257.92</b>	<b>1,599.85</b>	<b>1,522.58</b>

\* Part of the premises have been given on lease.

@ The Company has mortgaged its Immovable Property 'Motilal Oswal Tower' (Gross Block ₹ 1,538.84 millions [previous year 1539.020 million] & Net Value ₹ 1319.76 millions [previous year ₹ 1387.54 millions] as at 31st March, 2016) to HDFC Bank Limited for the banking facilities availed by its Subsidiary Motilal Oswal Securities Limited.

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 11 : Non-Current Investments - At cost

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Face Value	Extent of Holding (%)		Amount (₹ in Millions)	
			31-Mar-16	31-Mar-15				2016	2015	31-Mar-16	31-Mar-15
<b>Other Investments</b>											
<b>Unquoted Investments</b>											
(a)	<b>Investment Property*</b>									53.42	53.42
	Less : Depreciation on Investment Property.									(19.50)	
	Less : Sales during the year									17.77	
	<b>Total (a)</b>									<b>16.16</b>	<b>53.42</b>
(b)	<b>Investment in Equity Instruments</b>										
	Motilal Oswal Securities Ltd	Subsidiary	1,318,830	1,318,830	Unquoted	Fully paid	10	100.00%	100.00%	16.30	16.30
	Motilal Oswal Commodities Brokers Pvt Ltd	Subsidiary	410,044	410,044	Unquoted	Fully paid	10	100.00%	100.00%	9.02	9.02
	Motilal Oswal Investment Advisors Pvt Ltd	Subsidiary	1,000,000	1,000,000	Unquoted	Fully paid	10	100.00%	100.00%	413.72	413.72
	MOPE Investment Advisors Pvt Ltd	Subsidiary	50,000	50,000	Unquoted	Fully paid	10	85.00%	85.00%	0.50	0.50
	Motilal Oswal Insurance Brokers Pvt Ltd.	Subsidiary	3,000,000	2,990,000	Unquoted	Fully paid	10	100.00%	99.67%	30.00	29.90
	Aspire Housing Finance Corporation Ltd	Step Down Subsidiary	49,358,440	100	Unquoted	Fully paid	10	16.15%	0.00%	500.00	-
	<b>Total (b)</b>									<b>969.54</b>	<b>469.44</b>
(c)	<b>Investment in Preference Instruments</b>										
	8% Non cumulative Non Convertible Redeemable Preference Shares Motilal Oswal Investment Advisors Pvt Ltd	Subsidiary	8,900,000	8,900,000	Unquoted	Fully paid	10	100%	100%	89.00	89.00
	<b>Total (c)</b>									<b>89.00</b>	<b>89.00</b>
(d)	<b>Investment in NCD</b>										
	17% Non Convertible Debentures Reddy Housing Private Limited	Others	150	-	Unquoted	Fully paid-up	1,000,000			150.00	
	10% Non Cumulative Non Convertible Debentures Rajesh Estates & Nirman Private Ltd	Others	11	-	Unquoted	Fully paid-up	10,000,000			110.00	
	<b>Total (d)</b>									<b>260.00</b>	<b>-</b>
(e)	<b>Investment in Mutual Funds</b>										
	<b>Dividend Reinvestment</b>										
	Motilal Oswal MOST Focused 25 Fund		-	12,719,683	Unquoted	Fully paid-up	10			-	133.20
	<b>Dividend Payout</b>										
	Motilal Oswal MOST Focused Midcap 30 Fund		8,409,402	8,409,401	Unquoted	Fully paid-up	10			150.00	150.00
	Motilal Oswal MOST Focused Multicap 35 Fund		45,869,209	45,869,207	Unquoted	Fully paid-up	10			700.00	700.00
	<b>Growth</b>										
	Motilal Oswal MOST Focused 25 Fund		-	10,651,666	Unquoted	Fully paid-up	10			-	150.00
	Motilal Oswal MOST Focused Midcap 30 Fund		50,686,733	25,548,044	Unquoted	Fully paid-up	10			864.90	393.50
	Motilal Oswal MOST Focused Multicap 35 Fund		991,087,596	64,732,156	Unquoted	Fully paid-up	10			1,360.00	805.00
	<b>Total (e)</b>									<b>3,074.90</b>	<b>2,331.70</b>
(f)	<b>Investment in Private Equity Funds</b>										
	India Business Excellence Fund	Others	450	450	Unquoted	Fully paid-up	1,000,000			247.73	344.48
	India Business Excellence Fund - C class units	Others	1,000	1,000	Unquoted	Fully paid-up	100			0.10	0.10
	India Reality Excellence Fund	Others	340	340	Unquoted	Fully paid-up	500,000			156.97	59.97
	India Business Excellence Fund II	Others	-	565,000	Unquoted	Fully paid-up	1,000			-	225.62
	India Reality Excellence Fund III	Others	650,000	-	Unquoted	Fully paid-up	100			65.00	-
	<b>Total (f)</b>									<b>469.80</b>	<b>630.17</b>
	<b>Total (a+b+c+d+e+f)</b>									<b>4,879.41</b>	<b>3,573.73</b>

\* As on 31st March 2015, Investment property of ₹ 53.42 millions was under construction

Particulars	2016		2015	
	Cost (₹ in millions)	Market Value (₹ in millions)	Cost (₹ in millions)	Market Value (₹ in millions)
Aggregate value of quoted investments and market value	NA	NA	NA	NA
Aggregate value of unquoted investments				
Mutual Funds*	3,074.90	3,594.50	2,331.70	2939.33
Others	1,528.35	NA	1,188.61	NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

\* On the basis on NAV declared by Mutual Fund

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 12 : Long Term Loans and Advances

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Unsecured, considered good</b>		
Capital Advances	1.03	0.04
Other loans and advances		
Balance with Government Authorities	–	11.42
Electricity and other deposits	9.48	3.78
Advance Income Tax including MAT Credit Utilized and TDS [Net of Provision Tax CY 795.23 million (PY ₹ 679.46 millions)]	33.41	55.15
MAT Credit Entitlement	–	23.87
<b>TOTAL</b>	<b>43.92</b>	<b>94.26</b>

## Note 13: Cash and Bank Balances

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Cash and Cash Equivalents</b>		
Cash in Hand	0.10	–
Cheques in Hand	1,078.07	–
Bank Balances		
In Current Account	37.97	56.89
<b>TOTAL</b>	<b>1,116.14</b>	<b>56.89</b>
<b>Other Bank Balances</b>		
Fixed Deposit with Banks (with maturity more than 3 months)*	5.00	5.00
Unpaid Dividend Account	2.56	1.36
<b>TOTAL</b>	<b>7.56</b>	<b>6.36</b>
<b>TOTAL</b>	<b>1,123.70</b>	<b>63.25</b>

\* Fixed Deposit of ₹ 5.00 Million (PY ₹ 5.00 Million) has been pledged against overdraft facility from HDFC Bank Ltd.

## Note 14 : Short Term Loans and Advances

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Unsecured, considered good</b>		
Loans to related party (Subsidiaries)	72.55	105.26
<b>Loans to Others</b>		
Standard Assets	133.79	335.05
Sub Standard Assets		
Non Performing Assets (Debts outstanding for a period exceeding six months, but less than twenty four months)	–	2.33
Doubtful Assets		
Non Performing Assets (Debts outstanding for a period exceeding twenty four months)	14.38	–
Other Loans & Advances		
Prepaid expenses	3.34	3.14
Loans and Advances to employees	1.53	0.45
Others	7.86	3.55
<b>Secured, considered good unless otherwise stated</b>		
Loans to Others		
Standard Assets	2,075.07	4,535.89
Sub Standard Assets		
Non Performing Assets (Debts outstanding for a period exceeding six months, but less than twenty four months)	3.12	370.87
Doubtful		
Non Performing Assets (Debts outstanding for a period exceeding twenty four months)	354.98	22.50
<b>TOTAL</b>	<b>2,666.62</b>	<b>5,379.04</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 15 : Other Current Assets

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Unsecured, considered good:</b>		
Accrued interest	0.08	0.12
Receivable from subsidiary companies	15.00	20.71
Rent Receivables	20.84	6.64
<b>TOTAL</b>	<b>35.92</b>	<b>27.47</b>

## Note 16 : Income from Operations

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Interest	535.82	657.44
<b>Dividend Income</b>		
From Subsidiary Company	139.80	415.44
From Mutul funds, shares etc.	8.41	22.27
Profit on sale of Investment	278.07	106.69
Profit / (Loss) from Arbitrage	0.03	0.05
Rent	133.77	81.90
Other operating revenue	3.08	3.35
<b>TOTAL</b>	<b>1,098.98</b>	<b>1,287.14</b>

## Note 17 : Other Income

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Other non operating income		4.89
FDR Interest	0.79	
Referral Fees	8.84	
<b>TOTAL</b>	<b>9.63</b>	<b>4.89</b>

## Note 18 : Employee Benefit Expenses

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Salary, Bonus and Allowances	86.04	70.70
Contribution to provident and other funds	0.81	0.58
Staff welfare expenses	2.40	2.82
Gratuity (refer note 36)	1.17	0.15
<b>TOTAL</b>	<b>90.42</b>	<b>74.25</b>

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## Note 19 : Finance Cost

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Interest Cost	295.26	295.78
<b>TOTAL</b>	<b>295.26</b>	<b>295.78</b>

## Note 20 : Depreciation & Amortization

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Depreciation on Tangible & Amortization of Intangible Asset	78.48	81.67
Depreciation on Investment Property	19.50	—
<b>TOTAL</b>	<b>97.98</b>	<b>81.67</b>

## Note 21 : Other Expenses

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Fees & Other Operating Expenses	8.36	20.34
Rents	0.19	0.19
Rates and taxes	8.77	31.25
Insurance	2.73	0.82
Legal & Professional Fees	12.93	15.03
Advertisement Expenses	1.78	2.34
Marketing and Brand Promotion	3.54	3.35
Printing & Stationery	1.50	1.41
Communication expenses	0.79	0.54
Travelling Expenses & Conveyance Expenses	4.47	3.69
Electricity Charges	5.90	8.36
Repair and maintenance - Building	1.82	7.66
Bad Debts Written Off	—	98.39
Provision on Standard Loan Assets & Provision on Sub-Standard Assets and Doubtful Asset	38.90	(21.49)
Computer Software charges	0.14	0.39
CSR Donation (Refer Note No. 39)	6.23	5.29
Donation	0.50	0.14
Miscellaneous Expenses	9.52	9.44
<b>TOTAL</b>	<b>108.07</b>	<b>187.14</b>

## Note 22 : Nature Of Business:

The Company is a Non-banking Financial Company registered with the Reserve Bank of India ("RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company received the Certificate of Registration from the RBI on 5th April, 2006, enabling the Company to carry on business as a Non-banking Finance Company.

In accordance with the provisions of section 45-IC of the RBI Act, 1934, the Company has created a Reserve Fund & during the year, the Company has transferred an amount of ₹ 93.50 in millions (Previous Year ₹ 120.98 in millions) to Reserve Fund, being 20% of the Profit After Tax.

## **Note 23 : Significant Accounting Policies**

### **23.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements of the Company are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the generally accepted accounting principles in India, the applicable accounting standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India, the provisions of the Companies Act, 2013 and regulations of Reserve Bank of India to the extent applicable.

The accounting policies have been consistently applied by the Company and except for the changes, if any, in accounting policy discussed below, are consistent with those used in the previous year.

All assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013.

### **23.2 USE OF ESTIMATES:**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

### **23.3 FIXED ASSETS & DEPRECIATION:**

Fixed assets are stated at cost less accumulated depreciation and impairment thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the fixed assets of the significant value are componentized with separate useful life. In case of addition, depreciation is provided pro-rata for entire month in which addition is made and in case of deletions, depreciation is provided till month preceding month of disposal of such assets. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

Improvements to leased Assets are depreciated over the initial period of lease on Straight Line Basis.

### **23.4 INTANGIBLE ASSET AND AMORTIZATION:**

Expenses incurred on Computer Software having enduring benefits are capitalized and amortized on Straight Line Method (SLM) basis over a period of five years.

### **23.5 BORROWING COST:**

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/ construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Statement of Profit & Loss.

### **23.6 INVESTMENTS:**

Investments are classified into long term investments and current investments. Investments that are intended to be held for one year or more are classified as long-term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost. Provision for diminution in value of Long term is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market/fair value, whichever is lower.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and loss.

#### **Investment Property**

An investment in Building which is not intended to occupy substantially for use by, or in the operation of the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## 23.7 REVENUE RECOGNITION:

Revenue is recognised to the extent it is probable that the economic benefit will flow to the company & revenue is reliably measured.

- a) Interest Income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non Performing Assets, interest income is recognized on receipt basis, as per NBFC Prudential norms.
- b) Dividend income is recognized when the right to receive payment is established.
- c) Income from investment in Private Equity Funds ("the fund") is booked as and when the same is distributed by the Fund. Return of capital contribution is reduced from the original cost of investment.
- d) Income from arbitrage and trading in securities and derivatives comprises profit/loss on sale determined based on the Weighted Average cost of the securities/currency sold.
- e) In respect of other heads of income the Company accounts the same on accrual basis.

## 23.8 FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance sheet.

## 23.9 EMPLOYEE BENEFITS:

**Provident Fund:** Contribution payable to the recognized provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss in the period in which they occur.

**Gratuity:** Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognized in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognized immediately in the Statement of Profit and Loss.

**Compensated Absences:** As per the policy of the Company, an employee can carry forward maximum 10 days of leave to next financial year. No leave is allowed to be encashed. An obligation arises as employees render service that increases their entitlement to future compensated absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at the balance sheet date.

**Ex-gratia (Bonus):** The Company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

## 23.10 TAXATION:

Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

**Current Tax:** Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.

**Deferred Taxation:** The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

The carrying amounts of deferred tax asset are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## Minimum Alternate Tax

In case the Company is liable to pay income tax u/s 115 JB of the Income Tax Act, 1961, the amount of tax paid in excess of normal income tax is recognized as asset (MAT credit Entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

## 23.11 PROVISIONS AND CONTINGENCIES:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

## 23.12 PROVISIONING ON RECEIVABLES FROM FINANCING BUSINESS:

- a) Provision for standard assets is made on the basis of prudential norms prescribed for NBFCs by Reserve Bank of India.
- b) Non Performing Assets are identified by periodic appraisals of the portfolio by management and appropriate provisions are made based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed for NBFCs by Reserve Bank of India.

## 23.13 IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

## 23.14 LEASES:

### Where the Company is Lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

### Where the Company is Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. The Company recognizes lease rentals from the property leased out, on accrual basis as per the terms of agreements entered with the counter parties. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

## 23.15 EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares, outstanding during the period. The weighted average numbers of equity shares, outstanding during the period are adjusted for event of bonus issue; bonus element in a right issue to existing shareholder; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earning per share the net profit or loss for the period attributable to equity shareholder and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

## 23.16 CASH AND CASH EQUIVALENT :

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investment with original maturity of three months or less.

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## NOTE 24 : Contingent Liability and Commitment (to the Extent not Provided for)

	as at 31-Mar-16 ₹ in Millions	as at 31-Mar-15 ₹ in Millions
<b>Contingent Liabilities:</b>		
(a) Guarantees (Refer note a)	50	50
(b) Demand in respect of Income tax matters for which appeal is pending (Refer note b)	145.17	136.48
<b>Capital Commitments:</b>		
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	12.40	29.06
(ii) Uncalled Liability on shares and other investments partly paid:		
(1) India Business Excellence Fund	11.25	11.25
(2) India Business Excellence Fund II	—	339
(3) India Realty Excellence Fund III LLP	735	—

(a) The Company has given corporate guarantees (Net of Margins) of ₹ 50 Million (Previous Year: ₹ 50 Million) to various banks for its subsidiary Motilal Oswal Commodity Brokers Pvt. Ltd.

(b) Demand in respect of Income Tax matters for which appeal is pending is ₹ 145.17 million (Previous Year ₹ 136.48 million) out of which ₹ 118.10 million (Previous Year ₹ 118.10 million) is on account of rectification filed u/s 154 with income tax department. This is disputed by the Company and hence not provided for in the books of accounts. The Company has paid demand by way of deposit of ₹ 8.33 million (P.Y. ₹ 8.33 million) till date. Above liability does not include interest u/s 234 B and 234 C as the same depends on the outcome of the demand.

The Company is contesting the demands and the management, including its tax advisors, believes that its position will likely be upheld in the appellat process. No tax expenses has been accrued in the financial statement for the tax demand raised. The management believes that ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

## Note 25 :

In the opinion of the board of directors, all current assets, loans & advances would be realizable at least of an amount equal to the amount at which they are stated in the balance sheet. There is no impairment in the fixed assets.

## Note 26 : Segment Reporting

As per AS 17 Para 4, Segment has been disclosed in Consolidated Financial Statement, Hence no separate disclosure has been given in standalone financial statement of the Company.

## Note 27 : Auditor's Remuneration

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
<b>As Auditors:</b>		
Audit Fees	0.63	0.45
Tax Audit Fees	0.07	0.07
Limited Review Fee	0.48	0.38
<b>In any other capacity, in respect of:</b>		
Out of pocket expenses	0.11	0.14
Other Services - Certification	0.05	0.01
<b>TOTAL</b>	<b>1.33</b>	<b>1.05</b>

(Exclusive of Service Tax)

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 28 : Basic & Diluted Earnings/(Loss) per share:

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Net Profit attributable to equity shareholders [A] (₹ in Millions)	467.48	604.90
Weighted Average No. of equity shares issued [B] (face value of ₹ 1 each) (in No.)	141,612,646	138,892,485
<b>Basic Earnings per share [A/B] (₹)</b>	<b>3.30</b>	<b>4.36</b>
Net Profit attributable to equity shareholders [C] (₹ in Millions)	467.48	604.90
Less : Impact on Net profit due to exercise of diluted potential equity shares [D]	0.00	0.00
Net Profit attributable to equity shareholders for calculation of Diluted EPS [C-D] (₹ in Millions)	467.48	604.90
Weighted Average of equity shares issued (face value of ₹ 1 each) [E]	141,612,646	138,892,485
Weighted Number of additional equity shares outstanding for Diluted EPS [F]	2,443,532	3,302,653
Weighted Number of equity shares outstanding for Diluted EPS [E+F]	144,056,178	142,195,138
<b>Diluted Earnings per share [C-D/E+F] (₹)</b>	<b>3.25</b>	<b>4.25</b>

## Note 29 : Provisions made for the year ended 31st March, 2016 comprises of:

	Opening balance as on 01-Apr-2015	Provided For The Year F.Y 15-16	Provision reversed / paid For the year F.Y 15-16	(₹ in Millions) Closing balance as of 31-Mar-16
Ex-gratia	9.40	7.84	9.40	7.84
Provision for Gratuity	3.12	1.17	0.33	3.97
Leave Availment	0.43	0.39	0.43	0.39

	Opening balance as on 01-Apr-2014	Provided For The Year F.Y 14-15	Provision reversed / paid For the year F.Y 14-15	(₹ in Millions) Closing balance as of 31-Mar-15
Ex-gratia	2.98	9.40	2.98	9.40
Provision for Gratuity	2.97	0.15	–	3.12
Leave Availment	0.41	0.43	0.41	0.43

## Note 30 :

### Lease Payments

#### Company as Lessee

During the year, ₹ 0.19 million (P.Y ₹ 0.19 million) has been recognised as Lease Payments in the Statement of Profit and Loss under the head "Other Expenses".

General description of lease terms: -

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease for a period of 3 years to 5 years.
- Lease agreement is cancellable and there is no escalation clause

### Rent Income

#### Company as Lessor

During the year, ₹ 133.77 million (P.Y. ₹ 81.90 million) has been recognised as Rent income in the Statement of Profit and Loss under the head "Income from Operations".

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Minimum Future Lease Receivables

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Not later than 1 year	36.14	39.79
Later than 1 year but not later than 5 year	14.81	48.15
Later than 5 year	—	—
<b>Total</b>	<b>50.95</b>	<b>87.94</b>

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
<b>Building given on lease</b>		
Gross value	571.80	385.19
Accumulated Depreciation	105.06	55.81
Depreciation	23.45	16.83

## Note 31 :

With effect from August 7th, 2015 the Motilal Oswal Insurance Broker Private Limited became 100% subsidiary of the Company after acquiring 10,000 shares having Face value of ₹ 10 each for consideration of ₹ 0.1 Million.

## Note 32 :

- 1) Crisil Limited reaffirmed the Credit Rating of "CRISIL A1+" (pronounced 'CRISIL A One Plus') to the Short Term Debt Programme of 2500 million (previous year 4000 million) of the Company. The rating indicates very strong degree of safety regarding timely servicing of financial obligations.
- 2) ICRA has re-affirmed the rating of ICRA AA rating with stable outlook (pronounced ICRA double A rating with Stable Outlook') to the Long Term Debt Programme of the Company for 1500 million (previous year 1500 million). The rating indicates strong degree of safety regarding timely servicing of financial obligations.

## Note 33 :

The Company has sent letters to vendors to confirm whether they are covered under micro, small and medium enterprise development act 2006 as well as they have filled required memorandum with prescribed authority. Out of the letter sent to the party, some confirmations have been received till the date of finalisation of balance sheet. Based on the confirmation received, the outstanding amounts payable to the vendors under Micro, Small and Medium Enterprises Development Act 2006 are given below :

	31-Mar-16	31-Mar-15
The Principal amount remaining unpaid at the end of the year	—	—
The Interest amount remaining unpaid at the end of the year	—	—
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	—	—
The amount of interest accrued and remaining unpaid at the end of accounting year	—	—
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	—	—
The balance of MSMED parties as at the end of the year	—	—

# NOTES TO FINANCIAL STATEMENT (Contd..)

## Note 34 : Proposed Dividend

The final dividend proposed for the year is as follows

	For the year ended 31-Mar-16	For the year ended 31-Mar-15
<b>On Equity Shares of ₹ 1 each</b>		
Amount of dividend proposed (₹ in Millions)	–	140.16
Dividend per Equity Share (₹)	–	1.00

## Note 35 :

During the current year, Company has made / (reversed) a provision (₹ 5.93 millions) (previous year ₹ 1.38 in Millions) being 0.30% (previous year 0.25%) of its standard assets as per the Notification No. DNBR (PD) CC. No.043 / 03.10.119 / 2015-16 dated 1st July, 2015) issued by RBI.

## Note 36 :

The following table sets out the gratuity plan as required under AS 15.

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation.**

### Employee Benefit Disclosure

#### (a) Defined Contribution Plan

(₹ in Millions)

	31-Mar-16	31-Mar-15
Employers Contribution to Provident Fund	0.81	0.58

#### (b) Defined Benefit Plan

	31-Mar-16	31-Mar-15
<b>I Assumptions as at</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	7.49%	7.77%
Rate of increase in compensation	3.00%	2.00%
Rate of return (expected) on plan assets		
Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 3.7%	PS: 0 to 37 : 3.7%
Expected average remaining service (Years)	11.67	8.94
<b>II Changes in present value of obligations</b>		
PVO at beginning of period	3.12	2.97
Interest cost	0.23	0.26
Current Service Cost	0.07	0.11
Past Service Cost- (non vested benefits)	–	–
Past Service Cost -(vested benefits)	–	–
Benefits Paid	(0.33)	–
Actuarial (Gain)/Loss on obligation	0.87	(0.22)
PVO at end of period	3.97	3.12
<b>III Changes in fair value of plan assets</b>		
Fair Value of Plan Assets at beginning of period	–	–
Expected Return ori Plan Assets	–	–
Contributions	0.33	–
Benefit Paid	(0.33)	–
Actuarial Gain/(Loss) on plan assets	–	–
Fair Value of Plan Assets at end of period	–	–



# NOTES TO FINANCIAL STATEMENT *(Contd..)*

		31-Mar-16	31-Mar-15
<b>X</b>	<b>Movements in the Liability recognized in Balance Sheet</b>		
	Opening Net Liability	3.12	2.97
	Expenses as above	1.17	0.15
	Contribution paid	(0.33)	–
	Closing Net Liability	3.97	3.12
<b>XI</b>	<b>Schedule III of The Companies Act 2013</b>		
	Current Liability	1.19	1.10
	Non-Current Liability	2.78	2.02

## Note 37 : Related Party Disclosure :

### I. Names of Related Parties :- (as certified by Management)

- A) Holding Company:
- Passionate Investment Management Private Limited
- B) Subsidiary / Step-down subsidiaries companies
- Motilal Oswal Securities Limited
  - Motilal Oswal Investment Advisors Private Limited
  - MOPE Investment Advisors Private Limited
  - Motilal Oswal Commodities Broker Private Limited
  - Motilal Oswal Capital Markets Private Limited
  - Motilal Oswal Wealth Management Limited
  - Motilal Oswal Insurance Brokers Private Limited
  - Motilal Oswal Asset Management Company Limited
  - Motilal Oswal Asset Management (Mauritius) Pvt Ltd
  - Motilal Oswal Trustee Company Limited
  - Motilal Oswal Capital Market (Hongkong) Private Limited
  - Motilal Oswal Capital Markets (Singapore) Pte. Limited
  - Motilal Oswal Securities International Private Limited
  - Motilal Oswal Real Estate Investment Advisors Private Limited
  - Motilal Oswal Real Estate Investment Advisors II Private Limited
  - Aspire Home Finance Corporation Limited
  - India Business Excellence Management Company
- C) Fellow Subsidiaries
- Nagori Agro & Cattle Feeds Private Limited
  - VISU Associates - Partnership firm
  - OSAG Enterprises LLP
- D) Associate Enterprises
- India Reality Excellence Fund II LLP
- E) Key Management Personnel
- Mr. Motilal Oswal – Chairman & Managing Director
  - Mr. Raamdeo Agarawal – Joint Managing Director

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## F) Relatives of Key Management Personnel

– Vimla Oswal	– Spouse of Chairman & Managing Director
– Vimladevi Salecha	– Sister of Chairman & Managing Director
– Rajendra Gopilal Oswal	– Brother of Chairman & Managing Director
– Sunita Agarawal	– Spouse of Joint Managing Director
– Dr. Karoon Ramgopal Agarawal	– Brother of Joint Managing Director
– Vinay R. Agarawal	– Brother of Joint Managing Director
– Sukhdeo Ramgopal Agarawal	– Brother of Joint Managing Director
– Govinddeo R. Agarawal	– Brother of Joint Managing Director
– Satish Agrawal	– Brother of Joint Managing Director
– Suman Agrawal	– Sister of Joint Managing Director
– Anita Anandmurthy Agrawal	– Sister of Joint Managing Director

## G) Enterprises in which Key Managerial Personnel and their relatives exercise Significant Influence

– Rishabh Securities Private Limited
– Windwell Securities Private Limited
– Textile Exports Private Limited
– Raamdeo Agarawal (HUF)
– Motilal Oswal Foundation (Trust)
– Motilal Oswal HUF

## II. Transactions with related parties: 31-03-2016

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Interest (Received)/Paid	Aspire Home Finance Corporation Limited	(0.13)	(0.29)	–	–	–	–	(0.13)	(0.29)
	Motilal Oswal Securities International Pvt. Ltd.	–	–	–	–	–	–	–	–
	Motilal Oswal Wealth Management Ltd	(26.06)	(0.26)	–	–	–	–	(26.06)	(0.26)
	Motilal Oswal Securities Limited	5.73	113.71	–	–	–	–	5.73	113.71
	Motilal Oswal Commodities Broker Private Limited	(6.43)	(1.76)	–	–	–	–	(6.43)	(1.76)
	Motilal Oswal Securities Limited	(55.88)	(5.33)	–	–	–	–	(55.88)	(5.33)
	Motilal Oswal Asset Management Co. Ltd.	(4.76)	(3.25)	–	–	–	–	(4.76)	(3.25)
	Motilal Oswal Insurance Brokers Private Limited	(0.50)	(0.29)	–	–	–	–	(0.50)	(0.29)
	Motilal Oswal Capital Markets Pvt. Ltd.	–	–	–	–	–	–	–	–
	Motilal Oswal Investment Advisors Private Limited	(6.95)	(9.71)	–	–	–	–	(6.95)	(9.71)
	Motilal Oswal Real Estate Investment Advisors Pvt Ltd.	(0.38)	(0.03)	–	–	–	–	(0.38)	(0.03)
	Passionate Investment Management Private Limited	–	–	(0.69)	–	–	–	(0.69)	–
	Motilal Oswal Real Estate Investment Advisors II Private Limited	(2.82)	(0.13)	–	–	–	–	(2.82)	(0.13)
	MOPE Investment Advisors Private Limited	(3.11)	(2.60)	–	–	–	–	(3.11)	(2.60)
India Reality Excellence Fund II LLP	–	–	–	–	(12.10)	(0.68)	(12.10)	(0.68)	
<b>Total Interest Received</b>		<b>(107.02)</b>	<b>(23.65)</b>	<b>(0.69)</b>	<b>–</b>	<b>(12.10)</b>	<b>(0.68)</b>	<b>(119.82)</b>	<b>(24.33)</b>
<b>Total Interest Paid</b>		<b>5.73</b>	<b>113.71</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5.73</b>	<b>113.71</b>
Managerial Remuneration Paid	Motilal Oswal	–	–	–	–	24.05	24.00	24.05	24.00
	Raamdeo Agarawal	–	–	–	–	24.04	24.00	24.04	24.00
<b>Total Managerial Remuneration Paid</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>48.09</b>	<b>48.00</b>	<b>48.09</b>	<b>48.00</b>
Referral Fees/Advisory Fees (Received)	Motilal Oswal Real Estate Investment Advisors II Private Limited	(4.86)	(4.87)	–	–	–	–	(4.86)	(4.87)
<b>Total Referral Fees/Advisory Fees (Received)</b>		<b>(4.86)</b>	<b>(4.87)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(4.86)</b>	<b>(4.87)</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Referral Fees /Advisory Fees Paid	Motilal Oswal Investment Advisors Private Limited	5.32	7.37	-	-	-	-	5.32	7.37
	Motilal Oswal Real Estate Investment Advisors II Private Limited	1.77	11.91	-	-	-	-	1.77	11.91
<b>Total Referral Fees/Advisory Fees (Received)</b>		<b>(4.86)</b>	<b>(4.87)</b>	-	-	-	-	-	-
<b>Total Referral Fees/Advisory Fees Paid</b>		<b>7.09</b>	<b>19.27</b>	-	-	-	-	<b>7.09</b>	<b>19.27</b>
Rent (Received) /Paid	Motilal Oswal Real Estate Investment Advisors Private Limited	(0.01)	(0.01)	-	-	-	-	(0.01)	(0.01)
	Motilal Oswal Securities Limited	(65.46)	(9.27)	-	-	-	-	(65.46)	(9.27)
	Motilal Oswal Securities Limited	0.18	0.19	-	-	-	-	0.18	0.19
	Motilal Oswal Investment Advisors Private Limited	(14.32)	(14.32)	-	-	-	-	(14.32)	(14.32)
	MOPE Investment Advisors Private Limited	(9.20)	(9.20)	-	-	-	-	(9.20)	(9.20)
	Motilal Oswal Asset Management Co. Ltd.	(12.13)	(12.13)	-	-	-	-	(12.13)	(12.13)
	Motilal Oswal Insurance Brokers Private Limited	(1.13)	(1.13)	-	-	-	-	(1.13)	(1.13)
<b>Total Rent Received</b>		<b>(102.26)</b>	<b>(46.07)</b>	-	-	-	-	<b>(102.26)</b>	<b>(46.07)</b>
<b>Total Rent Paid</b>		<b>0.18</b>	<b>0.19</b>	-	-	-	-	<b>0.18</b>	<b>0.19</b>
Reimbursement of Expenses (Received)/Paid	Motilal Oswal Commodities Broker Private Limited	(0.23)	0.28	-	-	-	-	(0.23)	0.28
	Motilal Oswal Wealth Management Ltd	(1.78)	(2.23)	-	-	-	-	(1.78)	(2.23)
	Motilal Oswal Securities Limited	(39.34)	(30.64)	-	-	-	-	(39.34)	(30.64)
	Motilal Oswal Investment Advisors Private Limited	(3.33)	(4.58)	-	-	-	-	(3.33)	(4.58)
	MOPE Investment Advisors Private Limited	(2.14)	(2.94)	-	-	-	-	(2.14)	(2.94)
	Motilal Oswal Asset Management Co. Ltd.	(2.80)	(3.89)	-	-	-	-	(2.80)	(3.89)
	Nagori Agro & Cattle Feeds Private Limited	(0.01)	-	-	-	-	-	(0.01)	-
	Motilal Oswal Real Estate Investment Advisors II Private Limited	-	(4.17)	-	-	-	-	-	(4.17)
	Aspire Home Finance Corporation Limited	(0.47)	-	-	-	-	-	(0.47)	-
<b>Total Reimbursement of Expenses (Received)</b>		<b>(49.87)</b>	<b>(48.45)</b>	-	-	-	-	<b>(49.87)</b>	<b>(48.45)</b>
<b>Total Reimbursement of Expenses Paid</b>		<b>(0.23)</b>	<b>0.28</b>	-	-	-	-	<b>(0.23)</b>	<b>0.28</b>
Donation	Motilal Oswal Foundation (Trust)	4.73	5.29	-	-	-	-	4.73	5.29
<b>Total Donation Paid</b>		<b>4.73</b>	<b>5.29</b>	-	-	-	-	<b>4.73</b>	<b>5.29</b>
Dividend (Received)/Paid	Motilal Oswal	-	-	-	-	54.50	36.33	54.50	36.33
	Raamdeo Agarawal	-	-	-	-	52.88	35.48	52.88	35.48
	Motilal Oswal-HUF	-	-	-	-	-	-	-	-
	Raamdeo Agarawal (HUF)	-	-	-	-	2.93	1.95	2.93	1.95
	Suneeta Agarawal	-	-	-	-	1.33	0.89	1.33	0.89
	Vimla Oswal	-	-	-	-	0.56	0.38	0.56	0.38
	Rajendra Gopilal Oswal	-	-	-	-	0.29	0.20	0.29	0.20
	Dr. Karoon Ramgopal Agarawal	-	-	-	-	0.45	0.30	0.45	0.30
	Vinay R. Agrawal	-	-	-	-	0.45	0.30	0.45	0.30
	Sukhdeo Ramgopal Agarawal	-	-	-	-	0.36	0.24	0.36	0.24
	Govinddeo R. Agarawal	-	-	-	-	0.25	0.18	0.25	0.18
	Suman Agrawal	-	-	-	-	0.40	0.15	0.40	0.15
	Satish Agrawal	-	-	-	-	0.36	0.24	0.36	0.24
	Anita Anandmurthy Agrawal	-	-	-	-	0.31	0.09	0.31	0.09
	Vimladevi Salecha	-	-	-	-	0.07	0.08	0.07	0.08
	VISU Associates - Partnership firm	-	-	-	-	-	-	-	-
	Osag Enterprises LLP	-	-	-	-	-	-	-	-
	Passionate Investment Management Private Limited	-	-	345.57	230.38	-	-	345.57	230.38
	Motilal Oswal Securities Limited	(139.80)	(415.44)	-	-	-	-	(139.80)	(415.44)
	<b>Total Dividend (Received)</b>		<b>(139.80)</b>	<b>(415.44)</b>	-	-	-	-	<b>(139.80)</b>
<b>Total Dividend Paid</b>		-	-	<b>345.57</b>	<b>230.38</b>	<b>115.14</b>	<b>76.81</b>	<b>460.70</b>	<b>307.18</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel / Relative of Key Managerial Personnel / Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Subscription/Purchase of Equity Shares	Motilal Oswal (Shares of Motilal Oswal Insurance Brokers Private Limited)	-	-	-	-	0.05	-	0.05	-
	Raamdeo Agarawal (Shares of Motilal Oswal Insurance Brokers Private Limited)	-	-	-	-	0.05	-	0.05	-
	Motilal Oswal Securities Limited (Shares of Aspire Home Finance Corporation Limited)	0.001	-	-	-	-	-	0.001	-
	Aspire Home Finance Corporation Limited	500.00	-	-	-	-	-	500.00	-
<b>Total</b>		<b>500.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>500.10</b>	<b>-</b>
Debenture Redemption	Passionate Investment Management Private Limited	-	-	-	332.19	-	-	-	332.19
<b>Debenture Redemption</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>332.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332.19</b>
Loans Given / (Received)	Motilal Oswal Securities Limited	13,884.01	23,137.84	-	-	-	-	13,884.01	23,137.84
	Motilal Oswal Real Estate Investment Advisors II Private Limited	132.07	24.49	-	-	-	-	132.07	24.49
	Motilal Oswal Commodities Broker Private Limited	1,076.55	630.62	-	-	-	-	1,076.55	630.62
	Motilal Oswal Asset Management Co. Ltd.	733.49	459.62	-	-	-	-	733.49	459.62
	Motilal Oswal Insurance Brokers Private Limited	8.67	2.91	-	-	-	-	8.67	2.91
	Motilal Oswal Capital Markets Pvt. Ltd.	1.20	0.14	-	-	-	-	1.20	0.14
	Motilal Oswal Investment Advisors Private Limited	154.24	164.51	-	-	-	-	154.24	164.51
	Motilal Oswal Securities International Pvt. Ltd.	-	0.29	-	-	-	-	-	0.29
	MOPE Investment Advisors Private Limited	199.14	343.29	-	-	-	-	199.14	343.29
	Aspire Home Finance Corporation Limited	250.42	190.40	-	-	-	-	250.42	190.40
	Passionate Investment Management Private Limited	-	-	82.62	18.41	-	-	82.62	18.41
	Motilal Oswal Real Estate Investment Advisors Private Limited	2.70	0.21	-	-	-	-	2.70	0.21
	Motilal Oswal Wealth Management Ltd	561.94	41.77	-	-	-	-	561.94	41.77
	India Reality Excellence Fund II LLP	-	-	-	-	1,173.00	398.80	1,173.00	398.80
<b>Total Loans Given / (Received)</b>		<b>17,004.41</b>	<b>24,996.09</b>	<b>82.62</b>	<b>18.41</b>	<b>1,173.00</b>	<b>398.80</b>	<b>18,260.03</b>	<b>25,413.30</b>
Loans Repayment (Received) / Given	Motilal Oswal Securities Limited	(13,857.80)	(24,671.32)	-	-	-	-	(13,857.80)	(24,671.32)
	Motilal Oswal Real Estate Investment Advisors II Private Limited	(95.44)	(19.87)	-	-	-	-	(95.44)	(19.87)
	Motilal Oswal Commodities Broker Private Limited	(1,096.21)	(589.00)	-	-	-	-	(1,096.21)	(589.00)
	Motilal Oswal Asset Management Co. Ltd.	(769.35)	(493.02)	-	-	-	-	(769.35)	(493.02)
	Motilal Oswal Insurance Brokers Private Limited	(13.52)	(7.45)	-	-	-	-	(13.52)	(7.45)
	Motilal Oswal Capital Markets Pvt. Ltd.	(1.20)	(0.14)	-	-	-	-	(1.20)	(0.14)
	MOPE Investment Advisors Private Limited	(199.04)	(340.93)	-	-	-	-	(199.04)	(340.93)
	Motilal Oswal Investment Advisors Private Limited	(168.85)	(132.62)	-	-	-	-	(168.85)	(132.62)
	Motilal Oswal Securities International Pvt. Ltd.	-	(0.29)	-	-	-	-	-	(0.29)
	Aspire Home Finance Corporation Limited	(350.43)	(190.14)	-	-	-	-	(350.43)	(190.14)
	Passionate Investment Management Private Limited	-	-	(82.62)	(18.41)	-	-	(82.62)	(18.41)
	Motilal Oswal Real Estate Investment Advisors Private Limited	-	(1.06)	-	-	-	-	-	(1.06)
	Motilal Oswal Wealth Management Ltd	(558.41)	(39.56)	-	-	-	-	(558.41)	(39.56)
	India Reality Excellence Fund II LLP	-	-	-	-	(1,523.00)	(48.80)	(1,523.00)	(48.80)
<b>Total Loans Repayment (Received) / Given</b>		<b>(17,110.24)</b>	<b>(26,485.41)</b>	<b>(82.62)</b>	<b>(18.41)</b>	<b>(1,523.00)</b>	<b>(48.80)</b>	<b>(18,715.86)</b>	<b>(26,552.62)</b>
<b>Outstanding Balances:</b>									
Corporate Guarantees	Motilal Oswal Commodities Broker Private Limited	50.00	50.00	-	-	-	-	50.00	50.00
<b>Total Corporate Guarantees</b>		<b>50.00</b>	<b>50.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.00</b>	<b>50.00</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Loans & Advances (Received)/Given	Motilal Oswal Securities Limited	(1.10)	(27.32)	-	-	-	-	(1.10)	(27.32)
	Motilal Oswal Commodities Broker Private Limited	0.17	20.02	-	-	-	-	0.17	20.02
	MOPE Investment Advisors Private Limited	-	0.02	-	-	-	-	-	0.02
	Motilal Oswal Investment Advisors Private Limited	34.00	43.13	-	-	-	-	34.00	43.13
	Motilal Oswal Asset Management Co. Ltd.	-	36.33	-	-	-	-	-	36.33
	Motilal Oswal Real Estate Investment Advisors Private Limited	3.62	0.88	-	-	-	-	3.62	0.88
	Motilal Oswal Insurance Brokers Private Limited	(0.03)	4.81	-	-	-	-	(0.03)	4.81
	Motilal Oswal Wealth Management Ltd	3.55	0.06	-	-	-	-	3.55	0.06
	Motilal Oswal Real Estate Investment Advisors II Private Limited	36.61	0.01	-	-	-	-	36.61	0.01
	Aspire Home Finance Corporation Limited	0.23	-	-	-	-	-	0.23	-
India Reality Excellence Fund II LLP	-	-	-	-	-	350.00	-	350.00	
<b>Total Loan &amp; Advances (Received)</b>		<b>(0.03)</b>	<b>(27.32)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.03)</b>	<b>(27.32)</b>
<b>Total Loan &amp; Advances Given</b>		<b>77.06</b>	<b>105.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350.00</b>	<b>77.06</b>	<b>455.26</b>
Collateral Given for Loan	Motilal Oswal Securities Limited	1,626.56	4,275.98	-	-	-	-	1,626.56	4,275.98
<b>Total Collateral given for loan</b>		<b>1,626.56</b>	<b>4,275.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,626.56</b>	<b>4,275.98</b>
Other Receivables /(Payable)	Motilal Oswal Investment Advisors Private Limited	(0.51)	(1.59)	-	-	-	-	(0.51)	(1.59)
	Motilal Oswal Securities Limited	9.83	12.75	-	-	-	-	9.83	12.75
	MOPE Investment Advisors Private Limited	0.67	0.63	-	-	-	-	0.67	0.63
	Motilal Oswal Wealth Management Ltd	0.44	0.46	-	-	-	-	0.44	0.46
	Motilal Oswal Commodities Broker Private Limited	0.27	0.06	-	-	-	-	0.27	0.06
	Motilal Oswal Real Estate Investment Advisors Private Limited	-	0.01	-	-	-	-	-	0.01
	Motilal Oswal Real Estate Investment Advisors II Private Limited	1.98	2.95	-	-	-	-	1.98	2.95
	Motilal Oswal Real Estate Investment Advisors II Private Limited	(0.34)	-	-	-	-	-	(0.34)	-
	Motilal Oswal Asset Management Co. Ltd.	0.72	0.83	-	-	-	-	0.72	0.83
	Aspire Home Finance Corporation Limited	-	-	-	-	-	-	-	-
India Reality Excellence Fund II LLP	-	-	-	-	0.61	(5.66)	0.61	(5.66)	
<b>Total Others Receivables</b>		<b>13.91</b>	<b>17.69</b>	<b>-</b>	<b>-</b>	<b>0.61</b>	<b>-</b>	<b>14.52</b>	<b>17.69</b>
<b>Total Others (Payables)</b>		<b>(0.85)</b>	<b>(1.59)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.66)</b>	<b>(0.85)</b>	<b>(7.25)</b>
Rent Deposits (Received) / Paid	Motilal Oswal Securities Limited	5.25	0.09	-	-	-	-	5.25	0.09
	Motilal Oswal Investment Advisors Private Limited	(7.16)	(7.16)	-	-	-	-	(7.16)	(7.16)
	Motilal Oswal Insurance Brokers Private Limited	(0.57)	(0.57)	-	-	-	-	(0.57)	(0.57)
	Motilal Oswal Securities Limited	(32.73)	(16.58)	-	-	-	-	(32.73)	(16.58)
	MOPE Investment Advisors Private Limited	(4.60)	(4.60)	-	-	-	-	(4.60)	(4.60)
	Motilal Oswal Asset Management Co. Ltd.	(6.07)	(6.07)	-	-	-	-	(6.07)	(6.07)
<b>Total Rent Deposits (Received)</b>		<b>(51.12)</b>	<b>(34.98)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51.12)</b>	<b>(34.98)</b>
<b>Total Rent Deposits Paid</b>		<b>5.25</b>	<b>0.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.25</b>	<b>0.09</b>
Employee's Stock Option Granted to employees of (In Nos.)	Motilal Oswal Commodities Broker Private Limited	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Markets Singapore Pvt. Ltd.	-	35,000.00	-	-	-	-	-	35,000
	Motilal Oswal Wealth Management Ltd	-	82,500.00	-	-	-	-	-	82,500
	Motilal Oswal Investment Advisors Private Limited	-	715,000.00	-	-	-	-	-	715,000
	Motilal Oswal Securities Limited	1,730,000	1,762,750	-	-	-	-	1,730,000	1,762,750
<b>Total Employee's Stock Option Granted to employees of (In Nos.)</b>		<b>1,730,000</b>	<b>2,595,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,730,000</b>	<b>2,595,250</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Employee's Stock Option Exercised by employees of (In Nos.)	Motilal Oswal Asset Management Co. Ltd.	7,000	19,250	-	-	-	-	7,000	19,250
	Motilal Oswal Commodities Broker Private Limited	15,000	-	-	-	-	-	15,000	-
	Motilal Oswal Wealth Management Ltd	18,000	-	-	-	-	-	18,000	-
	Motilal Oswal Investment Advisors Private Limited	125,000	-	-	-	-	-	125,000	-
	MOPE Investment Advisors Private Limited	4,000	15,500	-	-	-	-	4,000	15,500
	Motilal Oswal Securities Limited	1,726,000	1,872,350	-	-	-	-	1,726,000	1,872,350
<b>Total Employee's Stock Option Exercised by employees of (In Nos.)</b>		<b>1,895,000</b>	<b>1,907,100</b>	-	-	-	-	<b>1,895,000</b>	<b>1,907,100</b>
Outstanding Employee's Stock Option Granted to employees of (In Nos.)	Motilal Oswal Commodities Broker Private Limited	35,000.00	50,000	-	-	-	-	35,000.00	50,000
	Motilal Oswal Capital Markets Singapore Pvt. Ltd.	35,000	35,000	-	-	-	-	35,000	35,000
	Motilal Oswal Wealth Management Ltd	116,000	134,000	-	-	-	-	116,000	134,000
	Motilal Oswal Asset Management Co. Ltd.	2,000	10,500	-	-	-	-	-	10,500
	Motilal Oswal Securities International Pvt. Ltd.	25,000	25,000	-	-	-	-	-	25,000
	Motilal Oswal Investment Advisors Private Limited	590,000	715,000	-	-	-	-	590,000	715,000
	MOPE Investment Advisors Private Limited	-	4,000	-	-	-	-	-	4,000
	Motilal Oswal Securities Limited	4,514,175	5,229,650	-	-	-	-	4,514,175	5,229,650
<b>Outstanding Employee's Stock Option Granted to employees of (In Nos.)</b>		<b>5,317,175</b>	<b>6,203,150</b>	-	-	-	-	<b>5,290,175</b>	<b>6,203,150</b>

(b) Maximum Balance outstanding during the year in respect of Loan and advances to related parties

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Loans & Advances Given (Maximum Balance)	Motilal Oswal Securities Limited	1,330.45	(2,666.76)	-	-	-	-	1,330.45	(2,666.76)
	Motilal Oswal Real Estate Investment Advisors II Private Limited	36.81	13.91	-	-	-	-	36.81	13.91
	Motilal Oswal Commodities Broker Private Limited	176.39	120.00	-	-	-	-	176.39	120.00
	Motilal Oswal Asset Management Co. Ltd.	187.71	142.72	-	-	-	-	187.71	142.72
	Motilal Oswal Insurance Brokers Private Limited	9.16	5.81	-	-	-	-	9.16	5.81
	Motilal Oswal Capital Markets Pvt. Ltd.	1.20	0.10	-	-	-	-	1.20	0.10
	MOPE Investment Advisors Private Limited	98.71	108.99	-	-	-	-	98.71	108.99
	Motilal Oswal Investment Advisors Private Limited	91.24	130.18	-	-	-	-	91.24	130.18
	Motilal Oswal Securities International Pvt. Ltd.	-	0.29	-	-	-	-	-	0.29
	Aspire Home Finance Corporation Limited	250.06	40.07	-	-	-	-	250.06	40.07
	Passionate Investment Management Private Limited	-	-	57.93	18.41	-	-	57.93	18.41
	Motilal Oswal Real Estate Investment Advisors Private Limited	3.57	0.88	-	-	-	-	3.57	0.88
	Motilal Oswal Wealth Management Ltd	418.52	16.67	-	-	-	-	418.52	16.67
	Collateral Given for Loan (Maximum Balance)	Motilal Oswal Securities Limited	5,195.31	6,037.74	-	-	-	-	5,195.31

# NOTES TO FINANCIAL STATEMENT (Contd..)

Maximum / Outstanding Balance in respect of Investments in related parties

(₹ in Millions)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Investments	Motilal Oswal Securities Ltd	16.30	16.30	-	-	-	-	-	-
	Motilal Oswal Commodities Brokers Pvt Ltd	9.02	9.02	-	-	-	-	-	-
	Motilal Oswal Investment Advisors Pvt Ltd	502.72	502.72	-	-	-	-	-	-
	Motilal Oswal Asset Management Company Ltd	-	-	-	-	-	-	-	-
	MOPE Investment Advisors Pvt Ltd	0.50	0.50	-	-	-	-	-	-
	Motilal Oswal Insurance Brokers Pvt Ltd.	30.00	29.90	-	-	-	-	-	-
	Aspire Housing Finance Corporation Ltd	500.00	-	-	-	-	-	-	-

\* The Company has also mortgaged its immovable property "Motilal Oswal Tower" (Gross Value ₹ 1,535.19 millions (Previous Year ₹ 1538.84 millions) & Net Value ₹ 1,253.59 millions (Previous Year ₹ 1319.76 millions) as on 31st March, 2016) as collateral security to HDFC Bank Limited for the banking facilities of ₹ 1475 millions availed by its subsidiary company Motilal Oswal Securities Limited.

\*\* Managerial remuneration does not include Provision for Gratuity and Insurance Premiums for medical and life.

## Note 38 : Disclosure relating to Employee Stock Option Purchase Plan

### Details of Stock options

The company has four Stock option Schemes

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -III' (ESOS-III)

The Scheme was approved by Board of Directors on 23.01.2006 and by the shareholders in EGM dated 03.02.2006 and EGM dated 28.04.2006 and is for issue of 1,167,275 options representing 1,167,275 Equity shares of ₹ 2 each.

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -V' (ESOS-V)

The Scheme was approved by Board of Directors on 18.10.2007 and by the shareholders on 4.12.2007 by postal ballot and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -VI' (ESOS-VI)

The Scheme was approved by Board of Directors on 21.04.2008 and by the shareholders in AGM dated 08.07.08 and is for issue of 5,000,000 options representing 5,000,000 Equity shares of ₹ 1 each

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -VII' (ESOS-VII)

The Scheme was approved by Board of Directors on 19.07.2014 and by the shareholders in AGM dated 22.08.14 and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

The activity in the (ESOS-III), (ESOS-V), (ESOS-VI) and ESOS (VII) during the year ended 31st March 2016 and 31st March 2015 is set below:

	For the Year Ended 31-Mar-16		For the Year Ended 31-Mar-15	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The (ESOS-III) : (Face value of ₹ 2/- each)				
Option outstanding, beginning of the year	9,250	103.78	9,250	103.78
Add: Granted	-	NA	-	NA
Less: Exercised	-	NA	-	NA
Less: Forfeited	-	NA	-	NA
Less: Lapsed	-	NA	-	NA
<b>Option outstanding, end of the year</b>	<b>9,250</b>	<b>103.78</b>	<b>9,250</b>	<b>103.78</b>
<b>Exercisable at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

	For the Year Ended 31-Mar-16		For the Year Ended 31-Mar-15	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The (ESOP-V) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year	1,739,150	129.89	1,284,750	167.86
Add Granted	522,000	320.18	1,160,750	111.12
Less: Exercised	523,650	153.87	656,350	167.76
Less: Forfeited	–	NA	50,000	172.85
Less: Lapsed	541,575	114.66	–	–
<b>Option outstanding, end of the Year</b>	<b>1,195,925</b>	<b>208.70</b>	<b>1,739,150</b>	<b>129.89</b>
<b>Exercisable at the end of the period</b>	<b>104,500</b>		<b>503,150</b>	
The (ESOP-VI) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year	3,386,500	121.33	4,874,250	133.29
Add Granted	232,500	349.90	–	NA
Less: Exercised	1,488,250	141.69	1,343,250	165.58
Less: Forfeited	–	NA	144,500	107.86
Less :Lapsed	101,900	88.13	–	NA
<b>Option outstanding, end of the Year.</b>	<b>2,028,850</b>	<b>157.56</b>	<b>3,386,500</b>	<b>121.33</b>
<b>Exercisable at the end of the period</b>	<b>482,455</b>		<b>1,437,570</b>	
The (ESOP-VII) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year.	1,434,500	333.85	–	NA
Add Granted	1,075,500	339.87	1,434,500	333.85
Less: Exercised	–	NA	–	NA
Less: Lapsed	77,500	333.85	–	NA
<b>Option outstanding, end of the Year.</b>	<b>2,432,500</b>	<b>336.51</b>	<b>1,434,500</b>	<b>333.85</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Employees' Stock Options Scheme (ESOS) :

During the year 18,30,000 Employee Stock Options have been granted to the employees of the Company and its subsidiary Companies (Previous Year 25,95,250).

The Company has adopted intrinsic value method of accounting Employee Compensation Cost in respect of ESOS. The intrinsic value of shares is excess of market price of the shares under ESOS over the exercise price. Employee Compensation Cost is accounted for by amortizing the intrinsic value on the straight line basis over the vesting period. The total amount to be amortized as at March 31, 2016 over the balance vesting period is ₹ NIL (Previous year- Nil)

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 284.89 (previous year ₹ 239.36)

Particulars	Scheme III	Scheme V	Scheme VI	Scheme VII
Date of grant	Various Dates	Various Dates	Various Dates	Various Dates
Date of Board Approval	Various Dates	Various Dates	Various Dates	Various Dates
Date of Shareholder's approval	3-Feb-2006 and 28-4-2006	4-Dec-2007	8-Jul-2008	22-Aug-2014
Number of options granted	2,523,000	5,000,250	7,264,950	2,510,000
Method of Settlement	Equity Shares	Equity Shares	Equity Shares	Equity Shares
Vesting Period	1 Year to 4 Years	1 Year to 5.94 Years	1 Year to 4.80 Years	1.93 Years to 4.94 Years

# NOTES TO FINANCIAL STATEMENT (Contd..)

Particulars	Scheme III	Scheme V	Scheme VI	Scheme VII
<b>Weighted Average Remaining Contarctual Life (Vesting Period)</b>				
Granted but not vested	NA	2.45 Years (P.Y. 3.04 Years)	1.86 Years (P.Y. 2.16 Years)	2.64 Years (P.Y. 3.01 Years)
Vested but not exercised	NA	0.14 Years (P.Y. 1.21 Years)	1.48 Years (P.Y. 1.43 Years)	NA
Weighted Average Share Price at the date of exercise for stock options exercised during the year	NA	₹ 288.54 (PY ₹ 237.62)	₹ 283.60 (PY ₹ 240.21)	NA
Exercise Period	Within 1 to 3 years of Vesting of options			
Vesting Conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/ subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/ Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.			
Weighted Average Fair Value of options (granted but not vested) as on grant date	NA	₹ 89.36 (PY ₹ 61.98)	₹ 73.13 (P.Y. ₹ 31.82)	₹ 139.84 (P.Y. ₹ 69.08)

## Exercise Pricing Formula

### Scheme III

Compensation Committee is authorised to determine the Exercise Price having regard to the valuation report of an independent practising chartered accountant that may be based on such valuation method, as may be considered suitable by him "Compensation Committee, in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

### Scheme V

Exercise Price shall be the closing price of the Company's Equity Shares quoted on the Bombay Stock Exchange Limited immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions

### Scheme VI

Exercise Price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

### Scheme VII

Exercise Price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

## Other Information regarding Employee Share Based Payment Plan is as below

Particulars	2015-16 ₹ in Millions	2014-15 ₹ in Millions
Expense arising from employee share based payment plans	NIL	NIL
Expense arising from share and stock option Plan	NIL	NIL
Total carrying amount at the end of the period	NIL	1.01

## Note 39 :

Disclosures as per guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms

### A) CRAR

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
i) CRAR (%)	58.11%	52.45%
ii) CRAR - Tier I Capital (%)	58.04%	52.33%
iii) CRAR - Tier II Capital (%)	0.07%	0.12%

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## B) Investments

Particulars	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	4,898.90	3,573.73
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	1.73	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	4,897.17	3,573.73
(b) Outside India.	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	1.73	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	1.73	-

## C) Exposure to Real Estate Sector

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
a) <b>Direct Exposure</b>		
(i) <b>Residential Mortgages -</b>		
Lending fully secured by mortgages on residential borrower that is or will be occupied by the borrower or that is rented	21.00	56.10
(ii) <b>Commercial Real Estate -</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	139.64	344.55
(iii) <b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
b) <b>Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	500	NIL
<b>Total Exposure to Real Estate Sector</b>	<b>660.74</b>	<b>400.65</b>

# NOTES TO FINANCIAL STATEMENT (Contd..)

## D) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Provisions for depreciation on Investment	1.73	–
Provision towards NPA	44.83	24.16
Provision made towards Income tax	116.67	24.89
Other Provision and Contingencies (with details)*	10.90	8.48
Provision for Standard Assets	(5.93)	(45.65)
<b>*Other Provisions and Contingencies</b>		
Provision for Gratuity	1.17	0.15
Provision for Ex-Gratia	9.34	7.90
Provision for Compensated Absence	0.39	0.43
<b>TOTAL</b>	<b>10.90</b>	<b>8.48</b>

## E) Concentration of Advances

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Total Advances to twenty largest borrowers*	1652.93	3,447.47
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	64.03%	64.18%

\*Largest borrowers are based on closing balance

## F) Concentration of Exposures

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Total Exposure to twenty largest borrowers	3,275.00	3,340.00
Percentage of Exposure to twenty largest borrowers to Total Exposure of the Company	36.04%	46.39%

## G) Concentration of NPAs

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Total Exposure to top four NPA accounts	369.90	394.25

## H) Sector - Wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31-Mar-16	31-Mar-15
1	Agriculture & allied activities	–	–
2	MSME	–	–
3	Corporate borrowers	47.43%	22.35%
4	Services	–	–
5	Unsecured personal loans	0.33%	0.04%
6	Auto loans	–	–
7	Other personal loans	–	–

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

## I) Overseas Assets (for those with Joint Ventures and Subsidiaries Abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	₹ in Millions	
			Total Assets As at 31-Mar-16	Total Assets As at 31-Mar-15
Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary)	NA	Hong Kong	17.87	24.37
Motilal Oswal Capital Markets (Singapore) Pte. Ltd. (Subsidiary)	NA	Singapore	14.96	11.18
India Business Excellence Management Co (Subsidiary)	NA	Mauritius	128.59	90.09
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (Subsidiary)	NA	Mauritius	4.64	4.35

**Note:** Subsidiaries includes step-down subsidiaries

## J) Customer Complaints\*

Sr. No	Particulars	31-Mar-16 (In Numbers)	31-Mar-15 (In Numbers)
a)	No. of customer complaints pending at the beginning of the year	–	–
b)	No. of customer complaints received during the financial year	8	8
c)	No. of customer complaints redressed during the financial year	8	8
d)	No. of customer complaints pending at the end of the year	–	–

\*Details of customer complaints given here are as represented by the management and relied upon by the auditors.

## K) i) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (FY 2014-15)

	₹ in Millions								
	Upto 30/ 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>Assets</b>									
Advances	900.00	500.00	400.00	500.00	400.00	500.00	1,276.09	895.80	5,371.89
Investments	–	–	–	–	–	683.59	2,331.70	558.44	3,573.73
<b>Liabilities</b>									
Borrowings (Refer note 2)	27.30	1,950.00	954.11	–	–	500.00	1,000.00	–	4431.41

### Note:

- The above maturity pattern is determined on management estimation.
- Borrowing does not include accrued interest on borrowings.
- Terms and conditions of the advances does not have any repayment schedule. They are repayable on demand. Hence the categorization of advances over various maturity pattern as shown above is as per the past trends, which has been identified by the management and relied upon by the auditors.

# NOTES TO FINANCIAL STATEMENT (Contd..)

## ii) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (FY 2015-16)

₹ in Millions

	Upto 30/ 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>Assets</b>									
Advances	500.00	600.00	550.00	503.89	500.00	–	–	–	2,653.89
Investments	–	–	–	–	247.83	266.97	3,224.9	1,157.47	4,897.17
<b>Liabilities</b>									
Borrowings (Refer note 2)	1504.29	976.3	–	–	500.00	1000.00	–	–	3,980.59

### Note:

1. The above maturity pattern is determined on management estimation.
2. Borrowing does not include accrued interest on borrowings.
3. Terms and conditions of the advances does not have any repayment schedule. They are repayable on demand. Hence the categorization of advances over various maturity pattern as shown above is as per the past trends, which has been identified by the management and relied upon by the auditors.

## L) Movement of NPAs

Particulars	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
(i) Net NPAs to Net Advances (%)	11.06%	6.60%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	395.71	37.58
(b) Additions during the year	3.12	463.59
(c) Reductions during the year	26.35	105.47
(d) Closing balance	372.48	395.71
(iii) Movement of Net NPAs		
(a) Opening balance	351.53	17.66
(b) Additions during the year	2.81	377.40
(c) Reductions during the year	70.86	43.43
(d) Closing balance	283.48	351.63
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	44.07	19.91
(b) Provisions made during the year	0.31	86.20
(c) Write-off / write-back of excess provisions	44.83	62.04
(d) Closing balance	88.90	44.07

# NOTES TO FINANCIAL STATEMENT (Contd..)

## M) Exposure to Capital Market

Particulars	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	4,044.44	2,801.14
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	1,124.38	2,763.34
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;*	464.70	763.61
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;*	–	–
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; (It does not include guarantee given to commodity broker)*	70.00	104.97
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;*	–	–
(vii) bridge loans to companies against expected equity flows / issues;*	–	–
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	469.80	630.17
<b>Total Exposure to Capital Market</b>	<b>6,173.32</b>	<b>7,063.23</b>

\* These details are as identified and represented by the management and relied upon by the auditors.

## N) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2016

as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

(₹ in Millions)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
<b>1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures :Secured	1,552.04	NIL
: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	1.10	NIL
(e) Commercial Paper	984.76	NIL
(f) Other Loans (Borrowings)	1,503.19	NIL

\* Please see Note 1 below

# NOTES TO FINANCIAL STATEMENT *(Contd..)*

(₹ in Millions)

	PARTICULARS	Amount outstanding
<b>Assets side :</b>		
2)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	
	(a) Secured	2,433.17
	(b) Unsecured	220.72
		<b>2,653.89</b>
3)	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease - Refer Note No. 6 below	594.76
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
4)	<b>Break-up of Investments :</b>	
	<b>Current Investments :</b>	
	1. Quoted	
	(i) Shares :	NIL
	(a) Equity	
	(b) Preference	
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares :	NIL
	(a) Equity	NIL
	(b) Preference	
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	<b>Long Term Investments :</b>	
	1. Quoted	
	(i) Shares :	NIL
	(a) Equity	
	(b) Preference	
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL

# NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

PARTICULARS		Amount outstanding		
2. Unquoted				
(i) Shares :				
(a) Equity		969.54		
(b) Preference		89.00		
(ii) Debentures and bonds		260.00		
(iii) Units of mutual funds		3,074.90		
(iv) Government Securities		NIL		
(v) Others (Investment in Private Equity funds and Investment Property)		503.73		
<b>Total</b>		<b>4,897.17</b>		
5)	<b>Borrower group-wise classification of assets financed as in (2) and (3) above:</b>	<b>Amount net of provision</b>		
	<b>Category</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	1. Related Parties			
	(a) Subsidiaries	NIL	72.55	72.55
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than related parties	2,340.62	145.19	2,485.81
	<b>Total</b>	<b>2,340.62</b>	<b>217.74</b>	<b>2,558.36</b>
6)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)</b>			
	<b>Category</b>		<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
	1. Related Parties			
	(a) Subsidiaries (Refer note 4)		8,886.96	1,058.54
	(b) Companies in the same group		NIL	NIL
	(c) Other related parties		NIL	NIL
	2. Other than related parties (Refer note 5)		3,275.45	3,838.63
	<b>Total</b>		<b>12,162.41</b>	<b>4,897.17</b>
	<b>Particulars</b>	<b>Amount</b>		
7)	<b>Other Information</b>			
	(i) Gross Non- Performing Assets	372.48		
	(a) Related parties	NIL		
	(b) Other than related parties	372.48		
	(ii) Net Non- Performing Assets	283.58		
	(a) Related Parties	NIL		
	(b) Other than related parties	283.58		
	(iii) Assets acquired in satisfaction of debt	NIL		

## Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
- In respect of investment in subsidiaries, Net Asset value is computed on the basis of book value.
- In respect of investment in Private Equity fund and Investment in property, book value has been taken as fair value due to unavailability of fair value and for investment in mutual funds, NAV has been taken for calculation of fair value
- Lease assets include the value of Fixed Assets at Gross Book Value and sundry debtors gross of provision.

# NOTES TO FINANCIAL STATEMENT (Contd..)

**O) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2015**  
(as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015)

(₹ in Millions)

	Particulars	Amount outstanding	Amount overdue
<b>Liabilities side :</b>			
<b>1)</b>	<b>Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures : Secured	1,552.04	NIL
	: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing	27.86	NIL
	(e) Commercial Paper	2,230.90	NIL
	(f) Other Loans (Borrowings)	700.41	NIL

\* Please see Note 1 below

	PARTICULARS	Amount outstanding
<b>Assets side :</b>		
<b>2)</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	
	(a) Secured	4,929.26
	(b) Unsecured	442.63
		<b>5,371.89</b>
<b>3)</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease - Refer note 6 below	394.27
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
<b>4)</b>	<b>Break-up of Investments :</b>	
	<b>Current Investments :</b>	
	1. Quoted	
	(i) Shares :	
	(a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares	
	(a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL

# NOTES TO FINANCIAL STATEMENT (Contd..)

PARTICULARS	Amount outstanding
<b>Long term Investments :</b>	
1. Quoted	
(i) Shares :	
(a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
2. Unquoted	
(i) Shares :	
(a) Equity	469.44
(b) Preference	89.00
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	2,331.70
(iv) Government Securities	NIL
(v) Others (Investment in Private Equity funds and Investment Property)	683.59
<b>Total</b>	<b>3,573.73</b>

5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount Net of Provisions		
	Secured	Unsecured	Total
<b>Category</b>			
1. Related Parties			
(a) Subsidiaries	NIL	105.26	105.26
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	4,874.11	335.89	5,210.00
<b>Total</b>	<b>4,874.11</b>	<b>441.15</b>	<b>5,315.26</b>

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (refer note 2 and 3):	Category	Market Value /	Book Value (Net
		Break up or fair value or NAV	of Provisions)
1. Related Parties			
(a) Subsidiaries		7,723.48	558.44
(b) Companies in the same group		NIL	NIL
(c) Other related parties		NIL	NIL
2. Other than related parties		3,622.91	3,015.29
<b>Total</b>		<b>11,346.39</b>	<b>3,573.73</b>

Particulars	Amount (₹ In millions)
<b>7) Other Information</b>	
(i) Gross Non- Performing Assets	395.70
(a) Related parties	NIL
(b) Other than related parties	395.70
(ii) Net Non- Performing Assets	351.63
(a) Related Parties	NIL
(b) Other than related parties	351.63
(iii) Assets acquired in satisfaction of debt	NIL

## Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.

# NOTES TO FINANCIAL STATEMENT (Contd..)

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
4. In respect of investment in subsidiaries, Net Asset value is computed on the basis of book value.
5. In respect of investment in Private Equity fund and Investment in property, book value has been taken as fair value due to unavailability of fair value and for investment in mutual funds, NAV has been taken for calculation of fair value
6. Lease assets include the value of Fixed Assets at Gross Book Value and sundry debtors gross of provision.

## Note 40 :

The Company gives secured loans to its customers, wherein towards such loan the customers give their owned securities (shares) as a security to the Company which are either pledged in favour of the Company or are transferred to Company's Depository Participant account. Such shares are kept by the Company in a separate Depository Participant account maintained by the Company for all such purposes

## Note 41 : Corporate Social Responsibility

Recognizing the responsibilities towards society, as a part of on-going activities, the Company has contributed towards various Corporate Social Responsibility initiatives like supporting underprivileged in education, medical treatments, etc. and various other charitable and noble aids.

- a) Gross amount required to be spent by the Company during the year ₹ 4.65 Millions (Previous Year ₹ 5.29 Millions)
- b) Amount spent during the period ended 31st March 2016 on :

Particulars	(₹ in Millions)		
	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset			
b) On Purposes other than (a) above	6.23	-	6.23
<b>Total</b>	<b>6.23</b>	<b>-</b>	<b>6.23</b>
Amount spent during the period ended 31st March 2015 on :			
a) Construction/acquisition of any asset	-	-	-
b) on Purposes other than (a) above	5.29	-	5.29
<b>Total</b>	<b>5.29</b>	<b>-</b>	<b>5.29</b>

- (c) Above includes a contribution of ₹ 4.73 millions (Previous year ₹ 5.29 million) to Motilal Oswal Foundation which is classified as related party under Accounting Standard 18- "Related Party Disclosures".
- (d) The company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

## Note 42 :

Previous year figures have been regrouped/reclassified wherever necessary to make them comparable.

As per our attached Report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

For and on behalf of the Board of

**Motilal Oswal Financial Services Ltd.**

<b>Motilal Oswal</b> Chairman & Managing Director DIN No. 00024503	<b>Raamdeo Agarawal</b> Joint Managing Director DIN No. 00024533
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<b>Sameer Kamath</b> Chief Financial Officer	<b>Murli Krishnan Iyer</b> Company Secretary
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Place : Mumbai

Date : 30th April, 2016

Place : Mumbai

Date : 30th April, 2016

# INDEPENDENT AUDITOR'S REPORT

To

**The Members of MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Motilal Oswal Financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

## **Other Matter**

(a) We did not audit the financial statements of twelve subsidiaries, whose financial statements reflects total assets of ₹ 28,039.10 million as at March 31, 2016, total revenues of ₹ 5,090.62 million and net cash outflows amounting to ₹ 7.18 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely

# INDEPENDENT AUDITOR'S REPORT (Contd..)

on the reports of the other auditors.

- (b) The Consolidated Financial Statements also includes Group's share of profit after tax of ₹ 83.11 million for the year ended March 31, 2016, as considered in the Consolidated Financial Statements, in respect of an associate, whose financial statement have not been audited by us. This financial statement is not audited by its auditor and has been furnished to us by the Management and our reporting on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on such un-audited financial statement. According to the information and explanation given to us by the Management, this financial statement is not material to the Group including its associate.
- (c) During the year, a Subsidiary Company has revised its accounting policy for amortizing the upfront distribution cost; the impact of this revision is an increase in profit after tax by ₹ 162.00 million in the Consolidated Statement of Profit & Loss.
- (d) "Revenue from Operations" includes "Share of Loss from a Partnership Firm" of ₹ 9.47 million for the year ended march 31, 2016, in respect of a Subsidiary Company, which is based on the management accounts of that respective partnership firm. According to the information and explanation given to us by the Management, aforesaid "Share of Loss from a Partnership Firm" is not material to the Group including its associate.

Our opinion on the Consolidated Financial Statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and its associate and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate - Refer Note 28.5 to the consolidated financial statements;
  - (ii) The Group and its associate did not have any material foreseeable losses on long term contracts including derivative contracts;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries companies incorporated in India.

For **HARIBHAKTI & CO. LLP**  
Chartered Accountants  
ICAI Firm Registration No.103523W

**Amit A. Hundia**  
Partner  
Membership No.120761

Place: Mumbai  
Date: April 30, 2016

# ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Financial Services Limited on the consolidated financial statements for the year ended March 31, 2016]

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT *(Contd..)*

## **Opinion**

In our opinion, the Group, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to thirteen subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 30, 2016

# CONSOLIDATED BALANCE SHEET

	Note No.	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>(1) Share Holders' Funds :</b>			
Share Capital	1	142.17	140.16
Reserves and Surplus	2	14,222.89	12,808.34
<b>TOTAL</b>	<b>(A)</b>	<b>14,365.06</b>	<b>12,948.50</b>
<b>(2) Share Application Money Pending Allotment</b>	<b>(B)</b>	<b>0.08</b>	<b>–</b>
<b>(3) Minority Interest</b>	<b>(C)</b>	<b>161.52</b>	<b>62.89</b>
<b>(4) Non-Current Liabilities :</b>			
(a) Long term borrowings	3	16,999.96	3,005.55
(b) Deferred tax liabilities (Net)	4	62.22	120.36
(c) Other long term liabilities	5	30.96	26.16
(d) Long term provisions	6	169.65	81.34
<b>TOTAL</b>	<b>(D)</b>	<b>17,262.79</b>	<b>3,233.41</b>
<b>(5) Current Liabilities :</b>			
(a) Short term borrowings	7	6,744.97	4,850.66
(b) Trade payables	8	6,485.31	6,209.01
(c) Other current liabilities	9	5,150.28	1,354.35
(d) Short-term provisions	10	735.77	789.68
<b>TOTAL</b>	<b>(E)</b>	<b>19,116.33</b>	<b>13,203.70</b>
<b>Total</b>	<b>(A+B+C+D+E)</b>	<b>50,905.80</b>	<b>29,448.50</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		2,846.36	2,942.45
(ii) Intangible assets		75.05	58.82
(b) Non-current investments	12	10,555.11	7,940.13
(c) Long term loans and advances	13	20,775.56	3,970.35
(d) Other non current assets	14	1,032.41	10.69
<b>Total (F)</b>		<b>35,284.49</b>	<b>14,922.44</b>
<b>(2) Current assets</b>			
(a) Current Investments	15	1,755.52	200.01
(b) Inventories	16	0.04	0.04
(c) Trade receivables	17	7,099.05	5,899.74
(d) Cash and bank balances	18	2,866.71	2,719.45
(e) Short-term loans and advances	19	3,834.34	5,635.37
(f) Other current assets	20	65.64	71.45
<b>Total</b>	<b>(G)</b>	<b>15,621.30</b>	<b>14,526.06</b>
<b>TOTAL</b>	<b>(F+G)</b>	<b>50,905.80</b>	<b>29,448.50</b>
Summary of significant accounting policies	27		
Notes forming part of accounts	28		

Notes referred to above form an integral part of the Consolidated Financial Statements

As per our attached Report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Date : 30th April, 2016

For and on behalf of the Board of

**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**

Chairman & Managing Director

DIN No. 00024503

**Sameer Kamath**

Chief Financial Officer

Place : Mumbai

Date : 30th April, 2016

**Raamdeo Agarawal**

Joint Managing Director

DIN No. 00024533

**Murli Krishnan Iyer**

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
<b>REVENUE</b>			
Income from Operations	21	10,548.97	7,689.67
Other Income	22	247.02	37.59
<b>TOTAL</b>	<b>(A)</b>	<b>10,795.99</b>	<b>7,727.26</b>
<b>EXPENDITURE</b>			
Employee Benefit Expenses	23	2,509.54	1,901.57
Finance Cost	24	1,737.66	309.41
Depreciation and Amortisation	25	349.43	306.71
Other Expenses	26	3,953.98	3,253.62
<b>TOTAL</b>	<b>(B)</b>	<b>8,550.61</b>	<b>5,771.31</b>
<b>Profit before Taxation</b>	<b>(C) = (A)-(B)</b>	<b>2,245.38</b>	<b>1,955.95</b>
<b>Less: Provision for Taxation</b>			
i) For current year			
Current tax		655.19	547.94
Minimum Alternate Tax Credit Entitlement		15.10	(31.33)
Deferred tax		(58.12)	12.27
Tax Impact on NCD		–	2.86
Tax Impact on Transitional Depreciation		–	8.64
ii) For Previous year (s)		–	(17.09)
		<b>612.17</b>	<b>523.29</b>
<b>Profit for the year before Minority Interests &amp; share of Profit from Associates</b>		<b>1,633.21</b>	<b>1,432.66</b>
Add : Minority interests		(25.54)	(18.97)
Add : Share of Profit from Associates		83.11	22.13
<b>Profit for the year</b>		<b>1,690.78</b>	<b>1,435.82</b>
<b>Consolidated Earnings Per share (₹)</b>			
Basic Earnings per share after Extraordinary Items (Face Value of share Re. 1 each, PY Re. 1 each)		11.94	10.34
Diluted Earnings per share after Extraordinary Items (Face Value of share Re. 1 each, PY Re. 1 each)		11.74	10.10
Summary of significant accounting policies	27		
Notes forming part of accounts	28		
Notes referred to above form an integral part of the Consolidated Financial Statements			

As per our attached Report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Date : 30th April, 2016

For and on behalf of the Board of  
**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**

Chairman & Managing Director  
DIN No. 00024503

**Sameer Kamath**  
Chief Financial Officer

Place : Mumbai  
Date : 30th April, 2016

**Raamdeo Agarawal**

Joint Managing Director  
DIN No. 00024533

**Murli Krishnan Iyer**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>2,245.38</b>	<b>1,978.89</b>
Add: Depreciation	349.43	306.71
Provision on standard & sub standard Assets	90.47	7.94
Profit In Partnership	9.45	(21.28)
Bad debts written off	74.08	123.11
Interest Expenses	1,737.66	309.41
Gravuty	45.12	–
Leave Salary	8.41	–
Less : Profit on sale of Investments	(807.22)	(9.72)
Loss / (Profit) on Sale of Fixed Assets (Net)	(0.75)	0.01
Interest Income	(11.34)	(7.10)
Dividend Income	(40.19)	(10.41)
Foreign Currency Translation Reserve	(4.06)	(1.42)
	<b>3,696.44</b>	<b>2,676.13</b>
Adjustment for working capital changes		
(Increase)/Decrease In Trade receivables	(1,273.39)	(1,086.13)
(Increase)/Decrease In Stock-in-trade	–	606.26
(Increase)/Decrease In Short Term Loans & Advances	1,812.39	(629.36)
(Increase)/Decrease In Long Term Loans & Advances	(16,889.48)	(3,555.14)
(Increase)/Decrease In Other Current Assets	8.99	(405.08)
Increase/(Decrease) in Other Trade Payable	276.29	628.07
Increase/(Decrease) in Other Current Liabilities	1,174.42	857.76
Increase/(Decrease) in Other Long Term Liabilities	4.81	4.93
Increase/(Decrease) in Long Term Provision	88.31	38.66
Increase/(Decrease) in Short Term Provision	54.44	231.96
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(11,046.75)</b>	<b>(631.94)</b>
Taxes Paid (Net of Refunds)	(562.98)	(345.82)
<b>Net Cash (Used In) Operating Activities</b>	<b>(11,609.73)</b>	<b>(977.77)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Assets	(273.46)	(260.75)
Sale of Assets	3.89	–
Purchase of Investments (Net)	(85,177.14)	(5,209.82)
Sale of Investments (Net)	81,804.40	–
Investment (Maturity) in/of Fixed Deposit (More than 3 months but less than 12 months)	(204.64)	(602.77)
Interest received	7.59	7.10
Dividend Received	40.19	10.63
<b>Net Cash (Used In) Investing Activities</b>	<b>(3,799.16)</b>	<b>(6,055.61)</b>

# CONSOLIDATED CASH FLOW STATEMENT (Contd..)

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowing	33,314.35	7,949.85
Repayment of Borrowing	(15,373.67)	—
Issue of Share capital	362.02	332.52
Payment of Dividend and Dividend Distribution Tax	(764.90)	(500.68)
Increase/ (Decrease) in unpaid dividend	(1.19)	(0.77)
Interest Paid	(1,165.15)	(309.41)
<b>Net Cash generated from Financing Activities</b>	<b>16,371.46</b>	<b>7,471.52</b>
Net Increase in Cash / Cash Equivalents	962.57	438.15
Cash & Cash Equivalents as at beginning of the year		
Cash Balance on Hand	2.30	11.17
Schedule Bank - Current accounts	923.11	476.10
<b>Total Cash &amp; Cash Equivalents as at beginning of the year</b>	<b>925.42</b>	<b>487.27</b>
<b>Cash &amp; Cash Equivalents as at end of the year</b>		
Cash Balance on Hand	4.81	2.30
Schedule Bank - Current accounts	1,883.17	923.11
<b>Total Cash &amp; Cash Equivalents as at end of the year</b>	<b>1,887.99</b>	<b>925.41</b>

**Note:** Operating activities as shown above includes expenditure in respect of Corporate Social Responsibility of ₹ 30.46 Million (P. Y. ₹ 18.51 million (Note No. 49))

As per our attached Report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Date : 30th April, 2016

For and on behalf of the Board of  
**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**

Chairman & Managing Director  
DIN No. 00024503

**Sameer Kamath**  
Chief Financial Officer

Place : Mumbai  
Date : 30th April, 2016

**Raamdeo Agarawal**

Joint Managing Director  
DIN No. 00024533

**Murli Krishnan Iyer**  
Company Secretary

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## Note 1 : Share Capital

	As at 31-Mar-16		As at 31-Mar-15	
	Numbers	₹ in Millions	Numbers	₹ in Millions
<b>Authorised</b>				
870,000,000 Equity Shares of ₹ 1 each (Previous Year ₹ 1 each)	870,000,000	870.00	870,000,000	870.00
5,000,000 Redeemable Preference Shares of ₹ 100 each (Previous Year ₹ 1 each)	5,000,000	500.00	5,000,000	500.00
<b>TOTAL</b>	<b>875,000,000</b>	<b>1,370.00</b>	<b>875,000,000</b>	<b>1,370.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>				
Equity Shares of ₹ 1 /- each fully paid up (Previous Year ₹ 1 each)	142,174,075	142.17	140,162,675	140.16
(Of the above, 7,67,92,394 no of shares (Previous Year 7,67,92,394 shares) held by holding company Passionate Investment Management Private Limited)				
<b>TOTAL</b>	<b>142,174,075</b>	<b>142.17</b>	<b>140,162,675</b>	<b>140.16</b>

### Terms and Conditions:

#### 1.1 Equity Shares :

The Company has one class of equity shares having a par value of ₹ 1/- . Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. Each equity share has the same right of dividend.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3.50. The dividend for the year ended March 31, 2016 includes ₹ 2/- Per share for interim dividend & ₹ 1.50/- per share for second interim dividend. The total dividend appropriated amounts to ₹ 498.72 million (Previous Year: ₹ 419.61 million) and corporate dividend tax of ₹ 73.10 million (Previous year: ₹ 5.50 million).

In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Preference Shares :

The Company has one class of preference shares having a par value of ₹ 100/- and there are no preference shares issued & subscribed as on 31.03.2016 and 31.03.2015.

#### 1.2 Reconciliation of number of shares outstanding

	As at 31-Mar-16		As at 31-Mar-15	
	Numbers	₹ in Millions	Numbers	₹ in Millions
Number of share at beginning of the year	140,162,675	140.16	138,165,831	138.17
Add:Share issued to employees of subsidiary	2,011,400	2.01	1,999,600	2.00
Less:Buy back of shares	—	—	2,756	0.01
<b>Number of Share at the end of the year</b>	<b>142,174,075</b>	<b>142.17</b>	<b>140,162,675</b>	<b>140.16</b>

#### 1.3 Share holder having more than 5% equity share holding in the Company

Share Holder	As at 31-Mar-16		As at 31-Mar-15	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Passionate Investment Management Private Limited	76,792,394	54.01%	76,792,394	54.79%
Mr. Motilal Oswal	12,110,476	8.52%	12,110,476	8.64%
Mr. Raamdeo Agrawal	11,828,100	8.25%	11,828,100	8.44%
Mr. Navin agarwal	7,804,010	5.49%	7,804,010	5.57%

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## 1.4 Aggregate number of bonus share issued, shares issued for consideration other than cash and shares bought back the period of Five years immediately preceding the reporting date :

Particular	2016	2015	2014	2013	2012	2011
Allotted as fully paid up without payment being received in cash	–	–	–	112,907	700,240	984,463
Bought Back	–	2756	7,069,945	–	–	–
Issued on Bonus	–	–	–	–	–	–

Refer Note No. 28.31 for disclosure relating to Employee stock Option Purchase Plan

## 1.5 Share Application Money Pending Allotment

- Terms and conditions - Application Money received on account of Employee stock option scheme
- No. of Shares issued - 500 Shares
- Amount of Premium - ₹ 164 per shares
- Company has sufficient authorized share capital to cover the share capital amount on allotment of share out of share application money.
- No Interest accrued on amount due for refund
- No Share application money has been pending beyond period on allotment

## Note 2: Reserves & Surplus

	As at 31-Mar-16		As at 31-Mar-15	
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
<b>1. Statutory Reserve</b>				
Opening balance	691.25		565.92	
Add : Transfer from Statement of Profit & Loss for the period	173.05	864.30	125.33	691.25
<b>2. Capital Redemption Reserve</b>				
Opening balance	102.93		102.92	
Add : Transfer from Statement of Profit & Loss for the period	–	102.93	0.01	102.93
<b>3. Securities Premium</b>				
Opening balance	4,016.99		3,692.27	
Addition during the period	289.36		330.52	
Less : Premium of Buyback of equity shares	–		(0.24)	
Less : NCD issue exp (Net of Tax expense of ₹ 2.86 Millions)	–	4,306.35	(5.56)	4,016.99
<b>4. Foreign Currency Translation reserves</b>				
Opening balance	7.91		6.53	
Less : Prior Year's Adjustment	–		(0.04)	
Addition during the period	4.06	11.97	1.42	7.91
<b>5. ESOP Outstanding</b>				
Opening balance	1.01		1.01	
Addition during the period	(1.01)	–	–	1.01
<b>6. Capital Reserve on Consolidation</b>				
Opening balance	510.20		510.49	
Addition /(Deduction) during the period	(1.87)	508.34	(0.29)	510.20
<b>7. General Reserve</b>				
Opening balance	666.28		581.97	
Addition during the period				
Transferred from ESOP	1.01	667.29	84.31	666.28

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

	As at 31-Mar-16		As at 31-Mar-15	
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
<b>8. Profit &amp; Loss Account</b>				
Opening balance	6,811.77		6,103.65	
Add:- Profit for the Current period	1,690.76		1,435.82	
Less: Transition Provision of Depreciation (Net of Tax effect of ₹ Nil (Previous Year ₹ 8.64 Millions))	–		(17.54)	
Less:- Proposed Dividend	–		(140.72)	
Less:- Interim Dividend	(497.48)		(278.90)	
Less:- Dividend Distribution Tax	(73.10)		(81.06)	
Less:- Transfer to Statutory Reserve	(173.05)		(125.33)	
Less:- Transfer to Capital Redemption Reserve	–		(0.01)	
Less:- Transfer to General Reserve	–		(84.31)	
Less - Prior period Proposed Dividend Adjustment	(1.23)		–	
Less - Minority Interest	4.05	7,761.73	0.17	6,811.77
<b>TOTAL</b>		<b>14,222.89</b>		<b>12,808.34</b>

## Note 3 : Long Term Borrowings

	As at 31-Mar-16	As at 31-Mar-15
	₹ in Millions	₹ in Millions
<b>Secured</b>		
Non Convertible Debenture (NCD)	7,600.00	2,000.00
Zero Coupon Debentures	1,250.00	
Term Loans		
– from banks	6,499.96	1,005.55
<b>Unsecured</b>		
Redeemable Non Convertible Debenture (NCD)	650.00	–
Zero Coupon Debentures	1,000.00	
<b>TOTAL</b>	<b>16,999.96</b>	<b>3,005.55</b>

Security and other terms of debentures are as follows :

Current year

(In Millions)

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2014-15)/1	500	500	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/1	1000	1,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/2	250	250	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	150	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/5	750	750	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1500	1,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1000	1,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	250	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/9	250	250	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1500	1,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	700	Exclusive charge over specific receivables	1.05 Times of amount Outstanding

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2014-15)	500	500	First paripasu charge over present and future receivable and identified immovable property	1.25 Times of issued amount
Series B (2014-15)	500	500	First paripasu charge over present and future receivable and identified immovable property	1.25 Times of issued amount
Series C (2014-15)	500	500	First paripasu charge over present and future receivable and identified immovable property	1.25 Times of issued amount
<b>Total</b>	<b>9850</b>	<b>9,850</b>		
Less: Current Maturities of long term borrowings	1000	1,000		
<b>Total</b>	<b>8850</b>	<b>8,850</b>		

## Previous year

(In Millions)

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2014-15)/1	500	500	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2014-15)	500	500	First paripasu charge over present and future receivable and identified immovable property	1.25 Times of issued amount
Series B (2014-15)	500	500	First paripasu charge over present and future receivable and identified immovable property	1.25 Times of issued amount
Series C (2014-15)	500	500	First paripasu charge over present and future receivable and identified immovable property	1.25 Times of issued amount
<b>Total</b>	<b>2000</b>	<b>2,000</b>		

## Terms of repayment of debentures

### Current year

(In Millions)

Maturity	0-3 years	3-5 years	>5 years	Total
<b>Debentures - secured</b>				
<b>Rate of interest</b>				
10.05%	500	–	–	500
10.05%	500	–	–	500
10.05%	500	–	–	500
11.25%	500	–	–	500
11.00%	1,000	–	–	1,000
10.75%	–	500	–	500
10.85%	150	–	–	150
10.84%	1,500	–	–	1,500
10.84%	1,000	–	–	1,000
10.84%	250	–	–	250
9.75%	–	1,500	–	1,500
10.70%	–	700	–	700
Zero coupon	1,250	–	–	1,250
<b>Total</b>	<b>7,150</b>	<b>2,700</b>	<b>–</b>	<b>9,850</b>
<b>Debentures - unsecured</b>				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
10.82%	150	–	–	150
11.00%	–	–	500	500
Zero coupon	1,000	–	–	1,000
<b>Total</b>	<b>1,150</b>	<b>–</b>	<b>500</b>	<b>1,650</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

## Previous year

### Debentures - secured

(In Millions)

Maturity	0-3 years	3-5 years	>5 years	Total
<b>Rate of interest</b>				
11.25%	500	–	–	500
10.05%	500	–	–	500
10.05%	500	–	–	500
10.05%	500	–	–	500
<b>Total</b>	<b>2,000</b>	<b>–</b>	<b>–</b>	<b>2,000</b>

### Terms of repayment of terms loans

#### Current year

### Terms loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

(In Millions)

Maturity	0-3 years	3-5 years	>5 years	Total
<b>Rate of interest</b>				
10% to 12% annually	4,158.22	2,275.68	1,212.48	7,646.38
<b>Total</b>	<b>4,158.22</b>	<b>2,275.68</b>	<b>1,212.48</b>	<b>7,646.38</b>
Less: Current Maturities of long term borrowings	1,146.42	–	–	1,146.42
<b>Total</b>	<b>3,011.80</b>	<b>2,275.68</b>	<b>1,212.48</b>	<b>6,499.96</b>

#### Previous year

### Terms loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

(In Millions)

Maturity	0-3 years	3-5 years	>5 years	Total
<b>Rate of interest</b>				
11% to 12% annually	515.46	289.90	294.64	1,100.00
<b>Total</b>	<b>515.46</b>	<b>289.90</b>	<b>294.64</b>	<b>1,100.00</b>

## Note 4 : Deferred Tax Liabilities (Net)

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Deferred Tax Liability</b>		
Difference in Net Block of Fixed Assets	255.63	250.48
Sign on bonus pending write off	0.37	–
Statutory Reserve created u/s 36(1)(viii)	29.19	1.41
<b>Deferred Tax Asset</b>		
Provision for VAT and other disallowances subject to Sec 43B	(16.00)	(11.87)
Business Loss	(53.68)	(64.71)
Provision for standard, sub standard, doubtful assets and doubtful debts	(63.95)	(24.01)
Preliminary Expenses	(0.33)	(0.05)
Long Term Capital Gain/(Loss) on sale of Investments	(0.65)	(1.39)
Gratuity Provision	(37.17)	(24.58)
Accrued Income on investments in units of private equity funds	(4.24)	(2.15)
Interest accrued on ORCD's / Debentures	(46.35)	(2.17)
Interest on late payment of call money	(0.60)	(0.60)
<b>TOTAL</b>	<b>62.22</b>	<b>120.36</b>

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 5 : Other Long Term Liabilities

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Security Deposit (against premises given on lease)	30.96	26.16
<b>TOTAL</b>	<b>30.96</b>	<b>26.16</b>

## Note 6 : Long Term Provisions

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Provision for Employee Benefits</b>		
– Gratuity Obligation	82.90	67.17
Provison for Contingencies against Standard Assets	86.75	14.17
<b>TOTAL</b>	<b>169.65</b>	<b>81.34</b>

## Note 7 : Short Term Borrowings

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Secured</b>		
Short Term Loan from Banks* / Financial Institutional	1,799.29	920.04
Bank Overdraft*	1,003.27	509.26
Cash Credit	0.07	–
<b>Unsecured</b>		
Other loans & Advances (specify):-		
Commercial Paper	3,942.33	3,421.36
<b>TOTAL</b>	<b>6,744.97</b>	<b>4,850.66</b>

\* Short Term loan from Bank is secured by way of hypothecation of housing loans given by the Company. These are repayable on demand and carry interest rate in the range of 10.65% to 11.20% per annum.

\*Borrowings from Bajaj Finance Ltd secured against approved list of shares and securities and borrowings from Aditya Birla Finance Co Ltd are secured against units of mutual funds held by the Company.

# Bank Overdraft is secured against Mutual Funds/ Fixed Deposits/ Property pledged/Hypothecated against book debts with the Banks.

## Note 8 : Trade Payables

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Margin Money	596.51	556.07
Trade Payables		
Due outstanding of Micro, Small and Medium Enterprises (Refer Note No. 28.12)	0.10	–
Due outstanding of creditors others than Micro, Small and Medium Enterprises	5,888.70	5,652.94
<b>TOTAL</b>	<b>6,485.31</b>	<b>6,209.01</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 9 : Other Current Liabilities

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Current Maturities of Long term borrowings	2,146.42	94.45
Advance received from customers	11.62	3.01
Income received in advance	2.37	9.88
Interest accrued and due on borrowings	60.93	79.80
Interest accrued and not due on borrowings	614.60	23.22
Accrued salaries & benefits	5.96	78.36
For other Liabilities		
– Withholding and other taxes payable	148.65	97.35
– for expenses	38.44	49.67
– for capital expenses	0.90	3.89
– Book overdraft from Banks	1,699.17	544.54
– Retention money	0.52	0.70
– Unpaid Dividend (Refer Note (a) below)	2.56	1.36
– Other Payables	328.89	254.95
– Mark to Market Margin - Equity Index/Stock Futures	89.25	113.17
<b>TOTAL</b>	<b>5,150.28</b>	<b>1,354.35</b>

(a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end.

## Note 10 : Short Term Provisions

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Provision for Employee Benefits		
– ExGratia Payable	458.57	443.98
– Gratuity Obligation	27.50	9.69
– Leave Salary	6.81	3.90
Others		
– Provison for Contingent Provisions against Standard Assets	9.12	12.56
– Provison for Taxation (Net of Advance Tax, TDS etc)	77.62	42.35
– Proposed Dividend	–	140.16
– Provision for Proposed Dividend Distribution Tax	–	56.99
– Provision for bad & doubtful debts on non performing assets	88.90	44.25
– Provision for expenses	67.25	35.80
– Provision for other Debts	–	–
<b>TOTAL</b>	<b>735.77</b>	<b>789.68</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 11 : Fixed Assets

### CURRENT YEAR

(₹ in Millions)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As on 1-Apr-15	Addition	Deduction	Other Adjustments **	As on 31-Mar-16	As on 01-Apr-15	During the Year	Deductions	Transitional Depreciation	Other Adjustments *	As on 31-Mar-16	As on 31-Mar-16	As on 31-Mar-15
<b>Tangible Assets</b>													
Land	266.74	-	-	-	266.74	-	-	-	-	-	-	266.74	266.74
Building * @	2,834.78	68.41	(3.69)	(3.65)	2,895.85	480.17	143.07	-	-	(0.66)	622.59	2,273.27	2,354.61
Electrical Equipments	55.77	14.64	(3.31)	-	67.10	23.36	11.63	(0.63)	-	-	34.36	32.74	32.41
Furniture & Fittings	177.72	43.37	-	-	221.09	114.98	26.46	-	-	-	141.44	79.65	62.74
Vehicles	41.89	11.07	(3.15)	-	49.82	28.27	5.75	(2.72)	-	-	31.31	18.51	13.62
Office Equipments	318.93	15.27	(0.13)	8.31	342.38	202.90	47.20	-	-	4.37	254.47	87.91	116.03
Computer	385.46	88.15	(0.33)	(8.31)	464.97	289.17	92.63	-	-	(4.37)	377.42	87.55	96.29
<b>TOTAL (A)</b>	<b>4,081.29</b>	<b>240.91</b>	<b>(10.61)</b>	<b>(3.65)</b>	<b>4,307.94</b>	<b>1,138.85</b>	<b>326.74</b>	<b>(3.35)</b>	<b>-</b>	<b>(0.66)</b>	<b>1,461.58</b>	<b>2,846.36</b>	<b>2,942.44</b>
<b>Intangible Assets</b>													
Goodwill	9.00	-	-	-	9.00	9.00	-	-	-	-	9.00	-	-
Computer Software	271.55	34.34	(0.03)	-	305.86	216.46	17.29	-	-	-	233.75	72.11	55.09
Customer Rights	75.22	-	-	-	75.22	71.92	0.53	-	-	-	72.45	2.77	3.30
Membership Cards	66.33	-	-	-	66.33	66.11	0.15	-	-	-	66.26	0.07	0.22
Licenses	0.52	-	-	-	0.52	0.31	0.11	-	-	-	0.42	0.10	0.21
<b>Total (B)</b>	<b>422.62</b>	<b>34.34</b>	<b>(0.03)</b>	<b>-</b>	<b>456.93</b>	<b>363.80</b>	<b>18.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381.88</b>	<b>75.06</b>	<b>58.82</b>
<b>TOTAL</b>	<b>4,503.91</b>	<b>275.25</b>	<b>(10.65)</b>	<b>(3.65)</b>	<b>4,764.87</b>	<b>1,502.65</b>	<b>344.81</b>	<b>(3.35)</b>	<b>-</b>	<b>(0.66)</b>	<b>1,843.46</b>	<b>2,921.40</b>	<b>3,001.26</b>

\* Part of the premises have been given on lease.

@ The Company has mortgaged its Immovable Property 'Motilal Oswal Tower' (Gross Block ₹ 2,454.82 millions & Net Value ₹ 1,996.87 millions as at 31st March, 2016) to HDFC Bank Limited for the banking facilities availed by its Subsidiary Motilal Oswal Securities Limited.

\*\* Other adjustments refers re-classification of assets into respective class of assets.

### PREVIOUS YEAR

(₹ in Millions)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As on 1-Apr-14	Addition	Deduction	Other Adjustments **	As on 31-Mar-15	As on 01-Apr-14	During the Year	Deductions	Transitional Depreciation	Other Adjustments *	As on 31-Mar-15	As on 31-Mar-15	As on 31-Mar-14
<b>Tangible Assets</b>													
Land	266.74	-	-	-	266.74	-	-	-	-	-	-	266.74	266.74
Building * @	2,790.66	44.30	(0.18)	-	2,834.78	343.19	130.72	-	6.26	-	480.17	2,354.61	2,447.47
Electrical Equipments	52.20	3.56	-	-	55.77	13.31	10.05	-	-	-	23.36	32.41	38.89
Furniture & Fittings	151.21	26.51	-	-	177.72	95.71	19.05	-	-	0.22	114.98	62.74	55.50
Vehicles	41.53	5.40	(5.04)	-	41.89	27.62	4.41	(3.94)	0.18	-	28.27	13.62	13.91
Office Equipments	284.34	17.13	-	17.46	318.93	152.73	54.02	-	7.71	(11.56)	202.90	116.03	131.61
Computer	270.46	134.04	-	(15.89)	385.46	210.60	54.94	-	12.03	11.60	289.17	96.29	59.86
<b>TOTAL (A)</b>	<b>3,857.14</b>	<b>230.94</b>	<b>(5.22)</b>	<b>1.57</b>	<b>4,081.29</b>	<b>843.16</b>	<b>273.19</b>	<b>(3.94)</b>	<b>26.18</b>	<b>0.26</b>	<b>1,138.85</b>	<b>2,942.44</b>	<b>3,013.98</b>
<b>Intangible Assets</b>													
Goodwill	9.00	-	-	-	9.00	9.00	-	-	-	-	9.00	-	-
Computer Software	242.71	30.41	-	(1.57)	271.55	186.76	29.70	-	-	-	216.46	55.09	55.95
Customer Rights	68.35	4.34	-	-	75.22	68.35	3.57	-	-	-	71.92	3.30	-
Membership Cards	66.43	-	(0.10)	-	66.33	65.96	0.15	-	-	-	66.11	0.22	0.47
Licenses	0.52	-	-	-	0.52	0.20	0.10	-	-	0.01	0.31	0.21	0.32
<b>Total (B)</b>	<b>387.01</b>	<b>34.75</b>	<b>(0.10)</b>	<b>(1.57)</b>	<b>422.62</b>	<b>330.27</b>	<b>33.52</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>363.80</b>	<b>58.82</b>	<b>56.74</b>
<b>TOTAL</b>	<b>4,244.15</b>	<b>265.69</b>	<b>(5.32)</b>	<b>-</b>	<b>4,503.91</b>	<b>1,173.43</b>	<b>306.71</b>	<b>(3.94)</b>	<b>26.18</b>	<b>0.27</b>	<b>1,502.65</b>	<b>3,001.26</b>	<b>3,070.72</b>

\* Part of the premises have been given on lease.

@ The Company has mortgaged its Immovable Property 'Motilal Oswal Tower' (Gross Block ₹ 2,454.38 millions & Net Value ₹ 2,059.03 millions as at 31st March, 2016) to HDFC Bank Limited for the banking facilities availed by its Subsidiary Motilal Oswal Securities Limited.

\*\* Other adjustments refers re-classification of assets into respective class of assets.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

## Note 12 : Non-Current Investments - At cost

Sr. No.	Name of the Body Corporate	Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Face Value	Amount In Millions	
			2016	2015				2016	2015
(a)	<b>Investments in Properties (Gross)*</b>							<b>123.84</b>	<b>123.84</b>
	Less : Accumulated Depreciation							(15.98)	(11.37)
	Less : Sales during the year							(17.77)	
	<b>Closing WDV</b>							<b>90.11</b>	<b>112.47</b>
(b)	<b>Investment in Equity Instruments</b>								
	AU Finance (India) Limited	Others	546,966	546,966	Unquoted	Fully paid up	10	188.70	188.70
	MF Utilities India Pvt. Ltd.	Others	500,000	500,000	Unquoted	Fully paid up	1	0.50	0.50
	Infosys Limited	Others	71,478	71,478	Quoted	Fully paid up	5	76.83	153.66
	Shriram New Horizons Limited	Others	750,000	750,000	Unquoted	Fully paid up	10	101.25	101.25
								<b>367.28</b>	<b>444.11</b>
(c)	<b>Investment in Preference Shares</b>								
	14.625%, Cumulative redeemable shares of Edelwiess Finance & Investment Limited	Others	4,190,000	4,190,000	Unquoted	Fully paid up	10	63.85	63.85
	Compulsory Convertible shares of Shubham Housing Development Finance Co Pvt Ltd (Preference Shares)	Others	241,652	241,652	Unquoted	Fully paid up	10	204.00	204.00
								<b>267.85</b>	<b>267.85</b>
(d)	<b>Investments in Debentures or Bonds</b>								
	Citicorp Finance (India) Limited (Unquoted)	Others	–	1,000	Quoted	Fully paid	100,000	–	17.00
	20% , Redeemable non convertible debentures of Shankeshwar Properties Private Limited	Others	–	16	Unquoted	Fully paid up	10,000,000	–	87.79
	20.5%, Redeemable non convertible debentures of Gajra Home Maker	Others	–	10	Unquoted	Fully paid up	10,000,000	–	35.40
	17.5%, Redeemable non convertible debenture of Akshaya Private Limited	Others	3	3	Unquoted	Fully paid up	10,000,000	16.50	30.00
	10% Non Cumulative Non Convertible Debentures Rajesh Estates & Nirman Private Ltd	Others	11	–	Unquoted	Fully paid up	10,000,000	110.00	110.00
	17% Non Convertible Debentures Reddy Housing Pribvate Limited	Others	150	–	Unquoted	Fully paid up	1,000,000	150.00	–
								<b>276.50</b>	<b>280.19</b>
(e)	<b>Investment in Mutual Funds</b>								
	Investments in MOST shares M100 ETF	Others	507,650	–	Unquoted	Fully paid up	10	6.79	–
	Most Shares N100 ETF	Others	18,330	–	Unquoted	Fully paid up	10	5.13	0.00
	Motilal Oswal MOST Focused Multicap 35 Fund - (Direct Plan - Growth, Dividend Reinvestment & Direct Plan Dividend Payout)	Others	203,188,996	203,067,405	Unquoted	Fully paid up	10	4,257.49	3,650.00
	MOST FOCUSED MIDCAP 30 FUND-(Direct Plan - Growth, Dividend Reinvestment & Direct Plan Dividend Payout)	Others	25,406,224	53,108,779	Unquoted	Fully paid up	10	1,606.26	1,226.00
	Motilal Oswal MOST Focused 25 Fund ((Direct Plan - Growth & Dividend Reinvestment)	Others	981,159	31,544,702	Unquoted	Fully paid up	10	8.00	638.53
	Most Focused Long Term Fund	Others	190,816	190,816	Unquoted	Fully paid up	10	2.00	2.00
	Most Shares M50 ETF	Others	59,499	–	Unquoted	Fully paid up	10	4.78	–
	Investment in Short Tem Ultra Bond	Others	438,043	–	Unquoted	Fully paid up	10	5.00	–
	Investment in Reliance MF	Others	543,438	–	Quoted	Fully paid up	10	1,644.35	–
								<b>7,539.80</b>	<b>5,516.53</b>
(f)	<b>Investments in Partnership Firm / LLP</b>								
	Emerging Manager Group LP	Others	–	234,200	Unquoted	Fully paid up	–	11.67	13.35
	Less: Share of loss							9.47	1.68
	Less: Capital return							2.20	–
	<b>Closing balance (A)</b>							–	<b>11.67</b>
	Contrarian Vriddhi Fund I	Others	1,000	1,000	Unquoted	Fully paid up	6,000	2.00	2.00
	Add: Purchase during the year							4.00	–
	<b>Closing balance (B)</b>							<b>6.00</b>	<b>2.00</b>
	<b>Total (A+B)</b>							<b>6.00</b>	<b>13.67</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Sr. No.	Name of the Body Corporate	Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Face Value	Amount in Millions	
			2016	2015				2016	2015
<b>(g)</b>	<b>Investments in Associates</b>								
	Investment In India Realty Excellence Fund II LLP								
	Opening Balance	Associate	2,000	2,000	Unquoted	Fully paid up	100,000	509.93	351.45
	Add: Contribution during the year							371.27	273.70
	Add: Refund during the year							(9.58)	(138.19)
	Add: Share of Profit							83.11	22.97
	<b>Closing Balance</b>							<b>954.73</b>	<b>509.93</b>
<b>(h)</b>	<b>Investment in Private Equity Funds</b>								
	Reliance Alternative Investments Fund - Private Equity Scheme I	Others	1,500,000	1,500,000	Unquoted	Fully paid	10	15.00	15.00
	Aditya Birla Private Equity - Fund I	Others	141,263	141,263	Unquoted	Fully paid	100	13.53	13.53
	India Business Excellence Fund	Others	25,450	25,450	Unquoted	Fully paid up	1,000,000	278.32	380.06
	India Business Excellence Fund C Class	Others	1,000	1,000	Unquoted	Fully paid up	100	0.10	0.10
	India Business Excellence Fund II	Others	135,500	118,000	Unquoted	Partly paid up	1,000	490.42	291.44
	Investment In India Realty Excellence Fund I	Others	540	540	Unquoted	Fully paid up	500,000	190.48	95.24
	Investment In India Realty Excellence Fund III	Others	650,000	-	Unquoted	Fully paid-up	100	65.00	-
								<b>1,052.85</b>	<b>795.37</b>
	<b>TOTAL</b>							<b>10,555.12</b>	<b>7,955.16</b>

\* As on 31st March 2015, Investment property of ₹ 53.42 millions was under construction

Particulars	2016		2015	
	Cost (₹ in millions)	Market Value (₹ in millions)	Cost (₹ in millions)	Market Value (₹ in millions)
Aggregate value of quoted investments and market value	NA	NA	153.66	158.44
Aggregate value of unquoted investments				
Mutual Funds*	-	8,709.58	7,786.00	NA
Others	-	NA		NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

\* On the basis on NAV declared by Mutual Fund

## Details of partnership with Emerging Manager Group, LP

Name of partner	Units Outstanding		Capital Contribution		Percentage Ownership	
	As at 31-Mar - 16	As at 31-Mar-15	As at 31-Mar - 16	As at 31-Mar-15	As at 31-Mar - 16	As at 31-Mar-15
Emerging Managers Capital Management, LLC	-	68,644	-	1,500	0%	0.69%
Karan Trehan	-	3,615,940	-	571,205	0%	36.16%
Trehan Family Trust	-	1,205,318	-	190,401	0%	12.05%
White Williams Holdings	-	551,143	-	396,000	0%	5.51%
Pat Farrell	-	137,952	-	80,000	0%	1.38%
Cross Ridge Capital LLC	-	137,952	-	80,000	0%	1.38%
Robert Turner	-	217,738	-	500,000	0%	2.18%
Christopher McHugh	-	109,572	-	250,000	0%	1.10%
The Chalice Fund, L.P.	-	43,321	-	100,000	0%	0.43%
Custodia Holdings Inc	-	668,147	-	174,571	0%	6.68%
Vidya AG	-	296,958	-	467	0%	2.97%
Waddell & Reed	-	2,341,917	-	5,000,000	0%	23.42%
Motilal Oswal	-	234,200	-	500,000	0%	2.34%
Viking One Corp	-	371,198	-	145,392	0%	3.71%
<b>TOTAL</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>7,989,536</b>	<b>0%</b>	<b>100%</b>

Note 1 Emerging Manager Group has been dissolved during the financial year 2015-16.

2 During the current financial year the company has classified the office premises which has been leased out to Eskay Motors amounting to Rs. 37,35,600 as Investment in property under Non current investments.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 13 : Long Term Loans and Advances

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Unsecured, considered good</b>		
Standard Assets	20,309.83	3,541.87
<b>Other Loans &amp; Advances :-</b>		
Other Loans & Advances :-		
– Rent, Electricity and other deposits	80.54	59.24
– Capital Advances	14.21	16.44
– Deposits with Exchange	14.05	14.05
– Prepaid Exp	30.19	5.83
– Balance with Government Authorities	1.51	20.94
– Loan to staff	3.28	1.35
– Advance Tax [Net of Provision Tax Current Year 1164.12 million (Previous Year ₹ 2096.95 millions)]	228.59	271.40
– MAT credit entitlement	–	39.23
Unamortised Borrowing Cost	93.36	–
<b>TOTAL</b>	<b>20,775.56</b>	<b>3,970.35</b>

## Note 14: Other Non Current Assets

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Other Bank balances</b>		
– Fixed deposits (maturity more than 12 months)*	1,031.00	9.85
– Accrued Interest on Fixed deposits (maturity more than 12 months)	1.41	0.84
Others	–	–
<b>TOTAL</b>	<b>1,032.41</b>	<b>10.69</b>

\*Fixed deposit receipt of ₹ 1025 Million under lien with ICICI Bank For Professional Clearing Member services

\*Fixed Deposit of ₹ 6 Million is lien towards IRDA

## Note 15 : Current Investment - At Cost

Sr. No.	Name of the Body Corporate	Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Face Value	Amount In Millions	
			2016	2015				2016	2015
<b>(a)</b>	<b>Investment in Mutual Funds Liquid Schemes</b>							<b>1,739.15</b>	<b>200.00</b>
	Reliance mutual fund - Money manager fund direct plan growth option	Others	57,636,148	103,903	Unquoted	Fully paid up		1,039.15	200.00
	Motilal oswal ultra short term bond fund -Direct plan growth option	Others	32,853,121	–	Unquoted	Fully paid up		700.00	–
<b>(b)</b>	<b>Non Convertible Debentures</b>							<b>16.36</b>	<b>–</b>
	20% Redeemable Non Convertible Debentures of Shankeshwar Properties Private Limited	Others	16	–	Unquoted	Fully paid up (Partly redeemed)	100,000,000	16.36	–
<b>(c)</b>	<b>Other investments</b>							<b>0.01</b>	<b>0.01</b>
	India Business Excellence Fund-I	Others	200	200	Unquoted	Fully paid up	0.01 USD	0.01	0.01
	(Investments made in USD - Conversion Rate of USD to INR @ 66.1774)								
	<b>TOTAL</b>							<b>1,755.52</b>	<b>200.01</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 16 : Inventories (At Cost)

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Stock in Trade - Equity Shares	0.04	0.04
<b>TOTAL</b>	<b>0.04</b>	<b>0.04</b>

## Note 17 : Trade Receivables

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<u>Secured, Considered Good*</u>		
a.) Outstanding for a period exceeding 6 months from the date they are due for payment	182.96	11.48
b.) Outstanding for a period less than six months from the date they are due for payment	3,277.72	2,294.16
<b>A</b>	<b>3,460.68</b>	<b>2,305.64</b>
<u>Unsecured, Considered Good</u>		
b.) Outstanding for a period exceeding 6 months from the date they are due for payment	2,240.65	2,154.42
a.) Outstanding for a period less than six months from the date they are due for payment	1,397.72	1,439.68
<b>B</b>	<b>3,638.37</b>	<b>3,594.10</b>
<u>Doubtful</u>		
Debts outstanding for a period exceeding Six months	51.78	60.47
Less: Provision for Doubtful Debts	(51.78)	(60.47)
<b>C</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(A+B+C) 7,099.05</b>	<b>5,899.74</b>

\*Secured against securities given as collateral by the customer

## Note 18 : Cash and bank balances

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Cash and cash equivalents</b>		
Cash on hand	4.81	2.30
Balance with banks		
In current accounts	1,883.17	923.11
<b>A</b>	<b>1,887.98</b>	<b>925.41</b>
Other Bank balance		
Fixed Deposit with maturity more than three months less than twelve months	967.82	1,790.64
Long term deposit with maturity more than three months but less than twelve months	8.35	2.04
Unpaid Dividend Account	2.56	1.36
<b>B</b>	<b>978.73</b>	<b>1,794.04</b>
<b>TOTAL</b>	<b>2,866.71</b>	<b>2,719.45</b>

\* Fixed Deposit of ₹ 5 Million (Previous Year ₹ 5 Million) has been pledged against overdraft facility from HDFC Bank Ltd.

\* Fixed deposit receipt of ₹349.14 (PY ₹98.17 Million) under lien with exchange

\* Fixed deposit receipt of ₹25 Million (PY ₹832.50 Million) lien with banks against borrowings

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

## Note 19 : Short Term Loans and Advances

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>Secured, considered good</b>		
Loans to Others		
Standard Assets	2,654.65	4,580.32
Sub-Standard Assets		
Non Performing Assets (Debts outstanding for a period exceeding six months, but less than twenty four months)	3.12	370.87
Doubtful Assets		
Non Performing Assets (Debts outstanding for a period exceeding twenty four months)	354.98	22.50
<b>Unsecured, considered good</b>		
Loans to Others		
Standard Assets	133.79	335.05
Sub-Standard Assets	–	
Non Performing Assets (Debts outstanding for a period exceeding six months, but less than twenty four months)	–	2.33
Doubtful		
Non Performing Assets (Debts outstanding for a period exceeding twenty four months)	14.38	–
Advances		
Prepaid Exp	223.36	39.59
For supply of services	40.08	34.07
Loan & Advances to employees	29.75	10.29
Tax/VAT Credit Receivable (Net of provisions)	184.79	72.50
Advance Tax [Net of Provision Current Year ₹ 78.42 millions (Previous Year ₹231.87 millions)]	30.71	18.13
MAT credit entitlement	–	1.21
Deposits with exchange	73.94	131.42
Other deposits	1.67	8.16
Others	89.12	8.93
<b>TOTAL</b>	<b>3,834.34</b>	<b>5,635.37</b>

## Note 20 : Other Current Assets

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
Interest Accrued on Fixed Deposit	50.26	47.08
Stock of Stamps	0.49	2.38
Others	14.89	21.99
<b>TOTAL</b>	<b>65.64</b>	<b>71.45</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 21 : Income from Operations

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
<b>Brokerage and related activities</b>		
Brokerage and Comission Income	4,152.29	4,207.65
Research & Advisory Fees	173.41	124.20
Depository Income	111.57	117.43
Others	78.72	29.96
<b>TOTAL (A)</b>	<b>4,515.99</b>	<b>4,479.24</b>
<b>Investment Banking fees - Advisory &amp; Referral Fees (B)</b>	<b>241.91</b>	<b>193.23</b>
<b>Fund based income</b>		
Interest Income	456.92	681.72
Profit on sale of Investments	508.65	255.91
Others	25.15	137.83
<b>TOTAL (C)</b>	<b>990.72</b>	<b>1,075.46</b>
<b>Asset Management &amp; Advisory Fees</b>		
Mutual Fund Management & Advisory Fees	670.03	110.92
Portfolio Management Fees	1,134.57	762.96
Private Equity	419.62	389.53
<b>TOTAL (D)</b>	<b>2,224.22</b>	<b>1,263.41</b>
<b>Housing finance related interest Income (E)</b>	<b>1,332.34</b>	<b>102.99</b>
<b>Other Operating Revenue</b>		
Processing Fees	408.27	86.02
Interest Income	494.22	444.48
Others	341.30	44.84
<b>TOTAL (F)</b>	<b>1,243.79</b>	<b>575.34</b>
<b>TOTAL (A+B+C+D+E+F)</b>	<b>10,548.97</b>	<b>7,689.67</b>

## Note 22 : Other Income

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
Profit on sale of Investments	222.93	9.22
Profit/(loss) on sale of fixed assets	0.75	(0.01)
Interest	11.34	7.15
Prior year income - Miscellaneous income	0.89	2.28
Other non operating Income	10.47	8.56
Partnership Gain	0.01	0.01
Foreign Exchange Gain/(Loss) (CY net of Gain ₹ 1.34 million PY net of loss of ₹ 1.41 million)	(0.04)	0.02
Dividend Income	0.67	10.36
<b>TOTAL</b>	<b>247.02</b>	<b>37.59</b>
<b>GROSS REVENUE</b>	<b>10,795.99</b>	<b>7,727.26</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Note 23 : Employee Benefits Expense

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
Salary, Bonus and Allowances	2,356.76	1,813.70
Gratuity (Refer Note No. 28.32)	45.12	16.34
Contribution to provident & other Funds	42.89	25.48
Staff Welfare Expenses	64.77	46.05
<b>TOTAL</b>	<b>2,509.54</b>	<b>1,901.57</b>

## Note 24 : Finance Cost

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
Interest Cost	1,572.25	273.73
Other Borrowing Cost	165.41	35.68
<b>TOTAL</b>	<b>1,737.66</b>	<b>309.41</b>

## Note 25 : Depreciation & Amortization

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
Depreciation on Tangible & Amortization of Intangible Asset	344.81	303.63
Depreciation on Investment Property	4.61	3.08
<b>TOTAL</b>	<b>349.42</b>	<b>306.71</b>

## Note 26 : Other Expenses

	For the Year ended 31-Mar-16 ₹ in Millions	For the Year ended 31-Mar-15 ₹ in Millions
Brokerage sharing with Intermediaries	2,298.78	1,916.84
Depository Charges	33.28	28.53
Rates & Taxes	22.00	56.15
Rent	79.70	54.03
Insurance	11.69	8.67
Repairs - Building	21.68	34.87
Computer Repairs & Maintenance	67.48	61.22
Legal & Professional Charges	236.44	142.58
Membership & Subscription	7.97	4.23
Data Processing Charges	60.20	56.70
Marketing & Brand Promotion Expenses	151.34	119.57
Advertisement Exp	112.00	58.27
Printing & Stationery	54.48	40.34
Power and Fuel	85.14	80.33
Communication Expenses	133.62	109.73
Travelling & Conveyance Expenses	177.15	149.32
CSR expenses (Refer Note No. 28.39)	45.38	26.54
Donations	5.90	14.25
Bad Debts Written Off /Trading Loss	74.08	123.11
Provision on Standard & Sub-Standard Assets and on Bad/Doubtful Debts	90.47	7.94
Courier Expenses	9.85	3.12
Entertainment Expenses	13.64	9.28
Miscellaneous Expenses	159.91	147.85
Foreign Exchange Fluctuation	1.80	(0.02)
<b>TOTAL</b>	<b>3,953.98</b>	<b>3,253.62</b>

## **Note 27 : Consolidated Significant Accounting Policies**

### **27.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The accompanying consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India / accounting standards notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013.

The accounting policies have been consistently applied by the Company and except for the changes, if any, in accounting policy discussed below, are consistent with those used in the previous year.

### **27.2 USE OF ESTIMATES :**

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

### **27.3 CONVERSION TO INDIAN RUPEES**

In case of financial statements of subsidiaries incorporated outside India, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to Translation Reserve and is disclosed under Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

### **27.4 TANGIBLE FIXED ASSETS & DEPRECIATION**

Fixed assets are stated at cost less accumulated depreciation and impairment thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the fixed assets of the significant value are componentized with separate useful life. In case of addition, depreciation is provided pro-rata for entire month in which addition is made and in case of deletions, depreciation is provided till month preceding month of disposal of such assets. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

Improvements to leased Assets are depreciated over the initial period of lease on Straight Line Basis.

### **27.5 BORROWING COST :**

#### **a) Borrowing cost**

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/ construction of qualifying assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Statement of Profit & Loss.

#### **b) Zero Coupon Instrument/Commercial Paper**

The difference between the discounted amount mobilized and redemption value of commercial papers/ zero coupon non - convertible debentures is apportioned on time proportion basis over the life of instruments and charged in the statement of profit and loss.

### **27.6 INTANGIBLE ASSETS AND AMORTIZATION:**

- a) Expenses incurred on Computer Software having enduring benefits are capitalized and amortized on Straight Line Method (SLM) basis over a period of five years.
- b) Customer Rights acquired by the Company are considered as Intangible asset and amortized over a period of five years on Straight Line Method (SLM) basis from the date of acquisition.
- c) Goodwill acquired by the Company is amortized over a period of three years on Straight Line Method (SLM) basis from the date of acquisition.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

- d) Payment made for the membership of the National Spot Exchange Limited and Multi- Commodity Exchange has been treated as intangible asset and has been amortised over a period of five years.

## 27.7 INVESTMENTS:

Investments are classified into long term investments and current investments. Investments that are intended to be held for one year or more are classified as long term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost and the cost is determined on the basis of the average carrying amount of the total holding of the investment. Provision for diminution in value of long-term investments is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market/fair value, whichever is lower. Cost is considered on weighted average method.

Units of Mutual Funds (Non - Exchange traded funds) are valued at cost or market value whichever is lower. Net asset value of units declared by mutual funds is considered as market value for non-exchange traded Mutual Funds.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and loss.

### Investment Property

An investment in Building which is not intended to occupy substantially for use by, or in the operation of the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

## 27.8 STOCK IN TRADE :

Shares are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of Shares. Cost is considered on weighted average basis.

Commodities are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of commodity. Cost is considered on weighted average basis.

Units of Mutual Funds are valued at cost or market value, whichever is lower. Net asset value of units declared by mutual funds is considered as market value for non-exchange traded Mutual Funds.

## 27.9 REVENUE RECOGNITION:

- a) Brokerage income is recognized on trade date basis and is exclusive of service tax and Securities Transaction tax (STT)/ Commodities Transaction tax (CTT) wherever applicable.
- b) Insurance agency income on first year premium of insurance policies is recognised, when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission on policies is accounted for on receipt of renewal premium by the principle insurance company.
- c) Research, Advisory and Transaction processing fee income is accounted for on an accrual basis in accordance with the terms of the respective agreements entered into between the Company and the counter party.
- d) Portfolio management fees are billed as per the terms of the respective schemes/agreements entered with the clients:
  - i. In case of management fees (including custodian charges wherever applicable), as a percentage of the asset under management on quarterly/monthly basis.
  - ii. In case of performance based fees, as a percentage of returns on an annual basis.
- e) Management fees in respect of private equity fund is accounted on accrual basis net of service tax in accordance with the terms of the respective agreements entered into between the Company and the counter party.
- f) Investment Management fees on mutual fund are recognized on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.
- g) Trustee fees are recognized on an accrual basis, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.
- h) Advisory fees from Investment Banking activities and fees for other services are accounted on percentage completion method based on its reasonable certainty of its ultimate collection", net of service tax.

- i) Advisory and Setup Fees/Referral fees of the Private Equity Fund are accounted on accrual basis in accordance with the terms of contracts entered into between the Company and the counter party.
- j) Interest Income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non Performing Assets, interest income is recognised on receipt basis, as per NBFC Prudential norms.
- k) Dividend income is recognized when the right to receive payment is established.
- l) Training fees is recognised only when it is actually received.
- m) Income from investment in Private Equity Funds ("The fund"), is booked as and when the same is distributed by the Fund. Return of capital contribution is reduced from the original cost of investments.
- n) The profit / loss on sale of investments are recognized in the Statement of Profit and Loss on the trade date. Profit or loss on sale of investments is determined on weighted average cost basis.
- o) Profit and Loss from Partnership firm / LLP are accounted on accrual basis and as per terms of respective Partnership / LLP agreement.
- p) Income from arbitrage and trading in securities and derivatives comprises profit/loss on sale determined based on the Weighted Average cost of the securities/currency sold.
- q) Rent income is recognized on accrual basis and as per the terms of agreement with the counter party.
- r) Policy for Housing Loans Revenue Recognition:
  - i) Interest on Housing Loans: Interest income on loans is recognised on accrual basis except in case of non-performing assets where interest is recognised on realization, as per NHB guidelines. Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising of principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI interest is charged every month and is accounted on accrual basis.
  - ii) Fees, other charges and other Interest
    - a. Upfront processing fees are recovered and recognised at the time of disbursement of loan.
    - b. Fees and additional interest income on delayed EMI/Pre-EMI are recognized on receipt basis.
    - c. Income from cheque bouncing charges, late payment charges are recognised when there is no significant uncertainty as to determination and realization.
- s) In respect of other heads of income, income from depository operations etc., the Company accounts the same on accrual basis.

## 27.10 COMMERCIAL PAPER:

The liability is recognized at face value at the time of issue of commercial paper. The discount on issue of commercial paper is amortized over the tenure of the commercial paper.

## 27.11 FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance sheet.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

## 27.12 EMPLOYEE BENEFITS:

### Provident Fund:

Contribution payable to the recognized provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss in the period in which they occur.

### New Pension Scheme:

Contribution payable to the New Pension Scheme, is charged to the Statement of Profit and Loss in the period in which they occur.

**Gratuity:**

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognized in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognized immediately in the Statement of Profit and Loss.

**Compensated Absences:**

As per the policy of the Company, an employee can carry forward maximum 10 days / 15 days of leave to next financial year. No leave is allowed to be encashed. An obligation arises as employees render service that increases their entitlement to future compensated absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at the balance sheet date.

**Ex-gratia (Bonus):**

The Company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

**27.13 TAXATION:**

Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) & deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

**Current Tax:**

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.

**Minimum Alternate Tax:**

In case the Company is liable to pay income tax u/s 115 JB of the Income Tax Act, 1961, the amount of tax paid in excess of normal income tax is recognized as asset (MAT credit Entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

**Deferred Tax:**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

The carrying amounts of deferred tax asset are review at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**27.14 SIGN ON BONUS :**

Sign on Bonus paid to the employees is accounted under the Loans & Advances in the Balance sheet and debited to Statement of Profit & Loss over the period of minimum employment as agreed.

**27.15 PRELIMINARY EXPENSES:**

Preliminary expenses are charged to the Statement of Profit and Loss in the year in which they are incurred.

**27.16 LEASES:****Where the Company is Lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## Where the Company is Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. The Company recognizes lease rentals from the property leased out, on accrual basis as per the terms of agreements entered with the counter parties. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

## **27.17 MUTUAL FUND RELATED EXPENSES**

### New Fund Offer expenses

Expenses relating to initial issue of Mutual Fund Schemes of Motilal Oswal Mutual Fund are charged to the Statement of Profit and Loss in the year in which such expenses are incurred.

### Recurring fund expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of schemes of Motilal Oswal Mutual Fund are recognized in the Statement of Profit and Loss unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

## **27.18 DISTRIBUTION COST FOR PORTFOLIO MANAGEMENT SERVICES**

Distribution cost for Portfolio Management Services are charged to statement of profit and loss on accrual basis.

## **27.19 PROVISIONS AND CONTINGENCIES:**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

## **27.20 IMPAIRMENT OF ASSETS:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

## **27.21 PROVISIONING ON RECEIVABLES FROM FINANCING BUSINESS:**

- a) Provision for standard assets is made on the basis of prudential norms prescribed for NBFCs by Reserve Bank of India.
- b) Provision for non performing asset is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed for NBFCs by Reserve Bank of India.

## **27.22 PROVISIONING ON RECEIVABLES FROM HOUSING FINANCE BUSINESS:**

- a) Housing loans are classified as per NHB guidelines, into performing and non-performing assets. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by NHB. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines. Additional provisions are made against specific non-performing assets over and above as stated in NHB guidelines, if in the opinion of the management higher provision is necessary.
- b) The Company maintains general provision for standard assets as per the prudential norms prescribed by the NHB.

## **27.23 SEGMENT REPORTING :**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable in that segment. Certain revenue and expenses, which form component of total revenue and expenses, are not identifiable to specific segments as the underlying resources are used interchangeably, same has been allocated on reasonable basis to respective segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses/income".

Assets and liabilities in relation to segments are categorized based on items that are individually identifiable in that segment. Certain assets and liabilities, which form component of total assets and liabilities, are not identifiable to specific segments as the underlying resources are used interchangeably. Assets and liabilities, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated assets/Liabilities"

## 27.24 EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares, outstanding during the period. The weighted average numbers of equity shares, outstanding during the period are adjusted for event of bonus issue; bonus element in a right issue to existing shareholder; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earning per share the net profit or loss for the period attributable to equity shareholder and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

## 27.25 CASH AND CASH EQUIVALENT :

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investment with original maturity of three months or less.

## Notes to Consolidated financial statements of Motilal Oswal Financial Services Limited and its subsidiaries (collectively as "the Group")

### Note 28 : Notes to Accounts:

#### 28.1 Principles and assumptions used for consolidated financial statements and proforma adjustments:

- The consolidated financial statements have been prepared by applying the principles laid in the Accounting Standard (AS) - 21 "Consolidated Financial Statements" and (AS) - 23 "Accounting For Investments in Associates in Consolidated Financial Statements". issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet and Statement of Profit and Loss, together referred to in as 'Consolidated Financial Statements.'
- Following are the companies whose accounts have been considered for the consolidated financial statements:

Motilal Oswal Financial Services Limited ('the Company' or 'the holding company') shareholding in the following companies as on March 31, 2016 and March 31, 2015 is as under:

Name of the Entities	As at 31st March 2016		As at 31st March 2015		Country of incorporation
	No. of Shares	% of Effective Holding	No. of Shares	% of Effective Holding	
<b>I) Name of the Subsidiary Companies</b>					
<b>a) Direct Subsidiaries</b>					
Motilal Oswal Securities Limited *	1,318,830	100	1,318,830	100	India
Motilal Oswal Commodities Broker Private Limited **	410,044	100	410,044	100	India
Motilal Oswal Investment Advisors Private Limited	1,000,000	100	1,000,000	100	India
MOPE Investment Advisors Private Limited	50,000	85	50,000	85	India
Motilal Oswal Insurance Brokers Private Limited *****	3,000,000	100	2,990,000	99.67	India
<b>b) Step down Subsidiaries</b>					
Motilal Oswal Capital Markets Private Limited ***	350,000	100	350,000	100	India
Motilal Oswal Wealth Management Limited	80,000	100	80,000	100	India
Motilal Oswal Asset Management Company Limited ***	65,000,000	100	65,000,000	100	India
Motilal Oswal Trustee Company Limited ***	100,000	100	100,000	100	India
Motilal Oswal Securities International Private Limited ***	4,569,200	100	4,569,200	100	India
Motilal Oswal Capital Markets (Hongkong) Private Limited ***	6,000,000	100	6,000,000	100	Hongkong

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Name of the Entities	As at 31st March 2016		As at 31st March 2015		Country of incorporation
	No. of Shares	% of Effective Holding	No. of Shares	% of Effective Holding	
Motilal Oswal Capital Markets (Singapore) Pte. Limited ***	250,000	100	250,000	100	Singapore
Motilal Oswal Real Estate Investment Advisors Private Limited	76,499	76.49	76,499	76.49	India
Motilal Oswal Real Estate Investment Advisors II Private Limited	6,884	68.84	6,884	68.84	India
Aspire Home Finance Corporation Limited	298,716,674	97.71	199,999,994	99.99	India
India Business Excellence Management Company	34,000	85	34,000	85	Mauritius
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd. ****	75,000	100	1	100	Mauritius
<b>II) Associate Enterprise</b>					
India Reality Excellence Fund II LLP *****	10,000	19.84	8,301	18.60	India

\* On 12th February, 2015 Motilal Oswal Financial Services Limited (MOFSL) has purchased the additional stake and converted Motilal Oswal Securities Limited (MOSL) into Wholly Owned Subsidiary (WOS).

\*\* On 12th February, 2015 Motilal Oswal Financial Services Limited (MOFSL) has purchased the additional stake and converted Motilal Oswal Commodities Brokers Private Limited (MOCBPL) into Wholly Owned Subsidiary (WOS).

\*\*\* As per above, MOSL has become the WOS and by virtue of it, the 7 step down subsidiaries of MOSL has also become the WOS of MOFSL.

\*\*\*\* During the FY 2014-15, the subsidiary company of the group has floated wholly owned subsidiary in Mauritius on 8th Jan, 2015.

\*\*\*\*\* During the FY 2014-15, India Reality Excellence Fund II LLP based at India became an Associate Enterprise for the group.

\*\*\*\*\* On 7th August, 2015 Motilal Oswal Financial Services Limited (MOFSL) has purchased the additional stake and converted Motilal Oswal Insurance Brokers Private Limited (MOIBPL) into Wholly Owned Subsidiary (WOS).

## 28.2 Principles used in preparing Consolidated Financial Statements:

- In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated.
- Intra-group transactions are eliminated in preparation of consolidated financial statements.
- The excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is treated as goodwill & recognized as an asset in the consolidated financial statements.
- When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, the difference is treated as a capital reserve in the consolidated financial statements.
- Minority interest in the net income of consolidated subsidiaries for the reporting period is identified and adjusted against the income of the group in order to arrive at the net income attributable to the owners of the parent; and Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders. Minority interest in the net assets consist of:
  - the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - the minorities' share of movements in equity since the date the parent-subsidiary relationship came in existence till the date of balance sheet.
- In case of Associate Enterprises, the Financial statements as on 31st March, 2016 have been consolidated as per Accounting Standard - AS 23 "Accounting For Investments in Associates in Consolidated Financial Statements".
- Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- In the case of foreign subsidiaries, revenue items are consolidated at the average exchange rate prevailing during the year. The opening balance in the Statement of Profit and Loss and the opening balance in Reserves and Surplus have been converted at the rates prevailing as at the respective Balance Sheet dates. All assets and liabilities as at the year-end are converted at the rates prevailing as on that date. Any exchange difference arising on consolidation is shown under Foreign Currency Translation Reserve.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

**28.3** During the previous year the Subsidiary Company of the group i.e. Motilal Oswal Asset Management Company Limited has acquired 100% Equity Holding of a Mauritius based 'Motilal Oswal Asset Management (Mauritius) Pvt. Ltd on 8th January, 2015. The Company has purchased 1 Equity Shares for Consideration of ₹ 62/-, further the Company has given amount of ₹ 46,68,688/- against Share Application Money pending allotment for which company has received 74,999 Shares on 15th May, 2015.

**28.4 During the previous year the Group has acquired following memberships/licenses:**

The subsidiary company Motilal Oswal Capital Markets (Hong Kong) Private Limited received SFC license on 24th June 2014 to Advise on Securities & conduct TYPE IV Activity vide its license no AYY301. The license allows Motilal Oswal Capital Markets (Hong Kong) Private Limited to distribute Research Reports on Indian Markets only to Hong Kong based Professional Investors. Motilal Oswal Capital Markets (Hong Kong) Private Limited is 100% owned subsidiary of Motilal Oswal Securities Limited, a 100% subsidiary of Motilal Oswal Financial Services which is its ultimate holding company.

**28.5 Contingent Liabilities and Commitments to the extent not provided for**

(A) a) The Group has provided bank guarantees aggregating to ₹ 485 millions (Previous Year : ₹ 2,120 millions) as on 31 March 2016 for the following purposes to:

- Bombay Stock Exchange Limited - ₹ 125 millions (Previous year : ₹ 320 millions) for meeting margin requirements.
- National Stock exchange - ₹ 360 millions (Previous year ₹ 1800 millions) for meeting margin requirements.

The Group has pledged fixed deposits with banks aggregating ₹ 147.50 millions (Previous Year ₹ 832.50 millions) for obtaining Bank Guarantee.

**(B) a) Contingent Liabilities:**

Particulars	(₹ in Millions)	
	As at 31-Mar-2016	As at 31-Mar-15
Demand in respect of Income tax matters for which appeal is pending (Refer note i)	299.67	241.29

**b) Claims against the Company:**

Pending against forum	(₹ in Millions)			
	No. of Cases 2015-16	As at 31-Mar-2016	No. of Cases 2014-15	As at 31-Mar-2015
Civil / Consumer Court Cases	38	39.93	32	39.93
Arbitration Cases	11	32.49	15	21.90
<b>Total</b>	<b>49</b>	<b>72.42</b>	<b>47</b>	<b>61.83</b>

**c) Capital Commitments:**

Particulars	(₹ in Millions)	
	As at 31-Mar-2016	As at 31-Mar-2015
(i) Estimated amount of contracts remaining to be executed on capital account (Refer Note ii)	4186.08	1,427.87
(ii) Uncalled Liability on other investments partly paid:		
(1) India Business Excellence Fund II	294.77	466.90
(2) India Business Excellence Fund	11.25	11.25
(3) India Reality Excellence Fund III	935.00	–
(4) India Reality Excellence Fund II	21.57	341.39

i) Demand in respect of Income Tax matters for which appeal is pending is ₹ 299.67 million (Previous Year ₹ 241.29 million) out of which ₹ 131.28 million (Previous Year ₹ 123.19 million) is on account of rectification filed u/s 154 with income tax department. This is disputed by the Company and hence not provided for. The Company has paid demand of ₹ 81.55 millions till date (Previous Year ₹ 69.04 millions) under protest. These does not include interest u/s 234(b) & u/s 234(c) as same is not determinable till the final outcome.

The Group is contesting the demands and the management, including its tax advisors, believes that its position will likely be upheld in the appellat process. No tax expenses has been accrued in the financial statement for the tax demand raised. The management believes that ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

- ii) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 4186.08 millions (Previous Year : ₹ 1427.87 millions). Out of which commitments related to loans sanction but undrawn of ₹ 2,789.53 millions (Previous Year: ₹ NIL) and commitments related to loans sanctions but partially undrawn of ₹ 1,318.21 (Previous year: ₹ 1337.97).

- 28.6** During the year the Group has recognised / (expensed off) MAT credit entitlement of ₹ (15.10) millions (Previous year ₹ 33.33 millions) in accordance with the provisions of the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act 1961 issued by the Institute of Chartered Accountants of India.
- 28.7** In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet. There is no impairment of Fixed Assets and Investments.
- 28.8** a) During the current year, Group has made / (reversed) a provision (₹ 5.93 millions) (previous year ₹ 1.38 in Millions) being 0.30% (previous year 0.25%) of its standard assets as per the Notification No. DNBR (PD) CC. No.043 / 03.10.119 / 2015-16 dated 1st July, 2015) issued by RBI.  
b) During the current year, one of the Subsidiaries Company has made a provision ₹ 69.08 millions (previous year ₹ 14.35 millions) being 0.40% of its standard assets as per the NHB guidelines
- 28.9** A dividend of ₹ Nil (Previous Year ₹139.8 millions) proposed in the financial statement of the subsidiary company Motilal Oswal Securities Limited , though not recognized as income in the financial statement of the parent company (MOFSL) as the date of relevant AGM, of such subsidiary companies falls after the date of adoption of accounts, by the board of the parent company, such proposed dividend has been eliminated in the consolidated financial statement.
- 28.10** a. In accordance with the provisions of section 45- IC of the RBI Act, 1934, The Group has created a Reserve Fund & during the year, the Company has transferred an amount of ₹ 93.50 Millions (Previous Year ₹ 120.98 millions) to Reserve Fund, being 20% of the Profit After Tax.  
b. In accordance with the provisions of section 29C of the NHB Act, 1987, The Group has created a Reserve Fund & during the year, the Company has transferred an amount of ₹ 80.00 Millions (Previous Year ₹ 4.35 Millions) to Reserve Fund, being 20% of the Profit After Tax.

## 28.11 Imports (Value on the cost, Insurance And Freight Basis)

(₹ in Millions)

Particulars	As at	As at
	31-Mar-2016	31-Mar-2015
Capital Goods	43.00	65.35

- 28.12** The company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 as well as they have filled required memorandum with prescribed authorities. Out of the letters sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under Micro, Small and Medium Enterprises Development Act 2006 are given below.

Particulars	As at	As at
	31-Mar-2016	31-Mar-2015
The principal amount remaining unpaid at the end of the year.	1.32	—
The interest amount remaining unpaid at the end of the year.	—	—
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	—	—
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	—	—
The balance of MSMED parties as at the end of the year.	1.32	—

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

## 28.13 Auditors' Remuneration for the Group :

### Particulars

#### As Auditors:

	As at 31-Mar-2016	As at 31-Mar-2015
Audit Fees	8.10	6.55
Tax Audit Fees	0.32	0.35
Other matters	1.47	0.50
In any other capacity, in respect of:		
Out of Pocket Expenses	0.12	0.05
<b>TOTAL</b>	<b>10.01</b>	<b>7.45</b>

(Exclusive of Service Tax)

## 28.14 Leases:

### a) Operating Lease Given

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
(a) Rent Income recognised during the year under the head "Other Operating Income"	31.52	39.57

#### Minimum Future Lease receivables:

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
Not later than 1 year	44.36	47.26
Later than 1 Year and not later than 5 years	26.27	63.09
Later than 5 years	-	-
<b>TOTAL</b>	<b>70.63</b>	<b>110.35</b>

### Building Given on Lease

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
Gross Value	642.21	455.60
Accumulated Depreciation	119.31	64.09
Depreciation	26.33	19.92

#### General description of lease terms (In respect of assets given on lease) :-

- i) Lease rentals are charged on the basis of agreed terms.
- ii) Assets are given on lease for a period of 3 - 5 years.
- iii) Agreement is a non cancellable agreement for initial period of 3 - 5 years

#### Immovable properties given on lease:

The company has entered into lease/license agreement in respect of immovable properties with a party. It contain escalation clause related to lease rentals/license fees with 15% from the 4th year.

### b) Operating Lease Taken

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
(a) Lease Payments recognised under the head "Rent"	79.70	54.04

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
(a) Not later than 1 year	17.68	14.17
(b) More than 1 year and not later 3 years	10.51	9.36
(c) Later than 5 year	–	–
<b>TOTAL</b>	<b>28.19</b>	<b>23.53</b>

## General Description of lease terms (In respect of assets taken on lease): -

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease for a period of 3 - 5 years.
- All agreements are cancellable at the option of the both the parties by giving prior notice.

## Immovable Properties taken on lease:

The company has entered into lease / license agreements in respect of immovable properties with different parties. Certain such agreements contain escalation clause related to lease rentals / license fees from 5% to 20 % p.a.

## 28.15 Quantitative information in respect of income from Arbitrage transaction

Cash Segment	31-Mar-16		31-Mar-15	
	Quantity	Value (₹ in Millions)	Quantity	Value (₹ in Millions)
Opening Stock	–	–	2,393,869	606.26
Purchase	7,273,352	1,857.23	31,226,277	14,201.74
Sales	7,273,352	1,862.56	33,620,146	14,808.00
<b>Closing stock</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Quantitative Information in respect of Income from Commodity Transaction

Commodity Segment	31-Mar-16		31-Mar-15	
	Quantity	Value (₹ in Millions)	Quantity	Value (₹ in Millions)
Opening Stock	–	–	–	–
Purchase	–	–	1,623	79.77
Sales	–	–	1,623	77.88
Stock W/off	–	–	–	–
<b>Closing stock</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 28.16 Open interest in individual stock futures/commodities as on 31st March, 2016

### a) Open Long Positions in Stock futures:

There is no open long position in stock futurs as on 31st March 2016.

### b) Open Short Positions in Stock futures:

There is no open short position in stock futurs as on 31st March 2016.

## Open interest in individual stock futures as on 31st March, 2015

### Open Long Positions in Stock futures

Name of Equity Index/Stock Future	Expiry Date	No. of Contracts	No. of Units
ASIANPAINT	30-Apr-15	20	10000
BHEL	30-Apr-15	210	210000

### Open Short Positions in Stock futures:

Name of Equity Index/Stock Future	Expiry Date	No. of Contracts	No. of Units
BANKNIFTY	30-Apr-15	7	175
NIFTY	30-Apr-15	31	775

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

## 28.17 Segment Reporting

- The business segment has been considered as the primary segment for disclosure. The Group primary business comprises of "Broking in securities and commodities", "Fund based activities", "Asset Management services" and "Investment Banking services".
- The business segments have been identified considering the nature of services, the differing risks and returns, the organization structure and the internal financial reporting system.
- Broking and other related activities includes Broking services to clients, research and advisory services, financial product distribution, depository services, etc.
- Fund based activities include investment activities (Investment in securities and property) and financing activity.
- Asset Management Services include fee based services for management of assets.
- Investment Banking represents results of raising financial capital by underwriting or acting as the client's agent in the issuance of securities

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

(₹ in Millions)

Particulars	Equity Broking & Other related activities		Fund Based activities		Asset Management & Advisory		Investment Banking		Home Finance		Unallocated		Elimination		Total	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
<b>REVENUE:</b>																
External Revenue	5,055.47	4,881.59	1,012.93	1,121.70	2,276.51	1,295.69	241.46	193.23	2,184.66	229.09	24.96	5.96	-	-	10,795.99	7,727.26
Inter-Segment Revenue	640.48	423.34	378.32	279.98	123.37	132.61	6.82	7.37	10.00	10.00	52.56	2.76	(1,211.55)	(856.06)	-	-
<b>Total Revenue</b>	<b>5,695.95</b>	<b>5,304.93</b>	<b>1,391.25</b>	<b>1,401.68</b>	<b>2,399.88</b>	<b>1,428.30</b>	<b>248.28</b>	<b>200.60</b>	<b>2,194.66</b>	<b>239.09</b>	<b>77.52</b>	<b>8.72</b>	<b>(1,211.55)</b>	<b>(856.06)</b>	<b>10,795.99</b>	<b>7,727.26</b>
<b>RESULT:</b>																
Segment Result	1,004.55	1,240.84	696.91	745.00	476.88	199.01	25.35	7.75	615.74	38.57	(231.22)	(147.06)	-	-	2,588.21	2,084.11
Unallocated Corporate Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,588.21	2,084.11
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(342.83)	(127.99)
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Tax expense</b>																
Current tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(670.29)	(518.16)
Deffered tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58.12	(5.13)
<b>Profit from Ordinary Activities</b>															<b>1,633.21</b>	<b>1,432.83</b>
Extra-Ordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit for the year before Minority Interest</b>															<b>1,633.21</b>	<b>1,432.83</b>
Less:Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(25.54)	(18.97)
Add : Share of Profit from Associates															83.11	22.13
<b>Net profit for the year after Minority Interest</b>															<b>1,690.78</b>	<b>1,435.99</b>
<b>OTHER INFORMATION:</b>																
Segment Assets	13,183.26	10,199.99	13,415.66	14,839.22	1,906.78	1,405.58	57.33	74.88	22,937.04	3,991.53	5,114.65	2,937.41	(5,708.93)	(4,000.12)	50,905.79	29,448.49
Segment Liabilities	8,563.52	7,373.21	5,160.85	4,808.81	655.64	526.59	29.62	30.77	19,462.28	2,465.21	3,810.69	2,435.78	(1,141.88)	(1,140.37)	36,540.72	16,500.00
Capital Expenditure	226.63	238.10	0.55	4.60	2.86	7.97	7.85	1.28	37.36	13.74	-	-	-	-	275.25	265.69
Depreciation	241.45	207.02	83.09	84.75	8.69	8.87	5.95	4.49	10.25	2.35	-	-	-	(0.77)	349.43	306.71
Non-cash expenses other than depreciation	51.68	26.64	38.91	76.90	(0.26)	0.35	6.77	15.28	74.90	14.35	-	-	-	(0.23)	172.00	133.29

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## 28.18 Basic & Diluted Earnings per share:

Particulars	(₹ in Millions)	
	As at 31-Mar-2016	As at 31-Mar-2015
Net Profit attributable to equity shareholders [A] (₹ in millions)	1,690.76	1,435.82
Weighted average Number of equity shares for Basic EPS Face value ₹ 1 each [B]	141,612,646	138,892,485
Basic Earnings per share (EPS) (₹) [A/B]	11.94	10.34
Net Profit attributable to equity shareholders [C] (₹ in millions)	1,690.76	1,435.82
Less : Impact on Net profit due to exercise of diluted potential equity shares [D]	–	–
Net Profit attributable to equity shareholders for calculation of Diluted EPS [C -D] (₹ in millions)	1,690.76	1,435.82
Weighted average Number of equity shares issued (face value of ₹ 1 each) [E]	141,612,646	138,892,485
Weighted average Number of additional equity shares outstanding for Diluted EPS (F)	2,443,532	3,302,653
Weighted average Number of equity shares outstanding for Diluted EPS [E+F]	144,056,178	142,195,138
Diluted Earnings per share (EPS) (₹) [C-D/E+F]	11.74	10.10

## 28.19 Related Party Disclosure:

### I. Related Parties (as certified by management):

#### Holding Company

Passionate Investment Management Private Limited

#### Fellow Subsidiary Company

1. Nagori Agro & Cattle Feeds Private Limited
2. OSAG Enterprises LLP
3. VISU Associates - partnership firm

#### Enterprises in which Key Managerial Personnel exercises Significant Influence:

1. Rishabh Securities Private Limited
2. Windwell Securities Private Limited
3. Textile Exports Private Limited
4. Motilal Oswal (HUF)
5. Raamdeo Agarawal (HUF)
6. Motilal Oswal Foundation (Trust)

#### Key Management Personnel:-

1. Mr. Motilal Oswal – Chairman & Managing Director
2. Mr. Raamdeo Agarawal – Joint Managing Director

#### Relatives of Key Management Personnel/Enterprise in which relatives of Key Management Personnel have significant influence:-

1. Mr. Pratik M Oswal – Son of Chairman
2. Dr. Pratiksha P Mehta – Daughter of Chairman
3. Mr. Vaibhav Agarawal – Son of Joint Managing Director
4. Mrs. Vimla Oswal – Wife of Chairman
5. Vimladevi Salecha – Sister of Chairman & Managing Director
6. Rajendra Gopilal Oswal – Brother of Chairman & Managing Director
7. Mrs. Suneeta Agarawal – Wife of Joint Managing Director
8. Dr. Karoon Ramgopal Agarawal – Brother of Joint Managing Director
9. Vinay R. Agrawal – Brother of Joint Managing Director
10. Sukhdeo Ramgopal Agarawal – Brother of Joint Managing Director
11. Govinddeo R. Agarawal – Brother of Joint Managing Director
12. Satish Agrawal – Brother of Joint Managing Director

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

13. Suman Agrawal – Sister of Joint Managing Director  
 14. Anita Anandmurthy Agrawal – Sister of Joint Managing Director  
 15. Agarwal Portfolio – Enterprises of Brother of Joint Managing Director

## Associate Enterprises

1. India Realty Excellence Fund II LLP

## II. Transactions with related parties and Outstanding Balances:

### a) Transactions with related parties

(₹ in Millions)

Transactions	Name of the related Party	Holding company / Fellow Subsidiaries		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Interest (Received)/Paid	Passionate Investment Management Private Limited	(0.69)	-	-	-	-	-	(0.69)	-
	India Realty Excellence Fund II LLP	-	-	-	-	(12.10)	(0.68)	(12.10)	(0.68)
<b>Total</b>		<b>(0.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12.10)</b>	<b>(0.68)</b>	<b>(12.79)</b>	<b>(0.68)</b>
Managerial Remuneration	Motilal Oswal	-	-	24.05	24.00	-	-	24.05	24.00
	Raamdeo Agarawal	-	-	24.04	24.00	-	-	24.04	24.00
<b>Total</b>		<b>-</b>	<b>-</b>	<b>48.09</b>	<b>48.00</b>	<b>-</b>	<b>-</b>	<b>48.09</b>	<b>48.00</b>
Reimbursement of Expenses (Received)/Paid	Nagori Agro & Cattle Feeds Private Limited	(0.01)	-	-	-	-	-	(0.01)	-
<b>Total</b>		<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.01)</b>	<b>-</b>
Donation Given	Motilal Oswal Foundation (Trust)	-	-	23.37	26.48	-	-	23.37	26.48
<b>Total</b>		<b>-</b>	<b>-</b>	<b>23.37</b>	<b>26.48</b>	<b>-</b>	<b>-</b>	<b>23.37</b>	<b>26.48</b>
Subscription/Purchase of Equity Shares	Motilal Oswal (Shares of Motilal Oswal Insurance Brokers Private Limited)	-	-	0.05	-	-	-	0.05	-
	Raamdeo Agarawal (Shares of Motilal Oswal Insurance Brokers Private Limited)	-	-	0.05	-	-	-	0.05	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.10</b>	<b>-</b>
Rent (Received) / Paid	Passionate Investment Management Private Limited.	(0.06)	(0.06)	-	-	-	-	(0.06)	(0.06)
	Textile Exports Private Limited	-	-	1.59	1.59	-	-	1.59	1.59
<b>Total</b>		<b>(0.06)</b>	<b>(0.06)</b>	<b>1.59</b>	<b>1.59</b>	<b>-</b>	<b>-</b>	<b>1.53</b>	<b>1.53</b>
Brokerage (Received)	VISU Associates	-	-	-	(1.59)	-	-	-	(1.59)
	OSAG Enterprises LLP	-	-	(0.74)	(0.09)	-	-	(0.74)	(0.09)
	Motilal Oswal	-	-	(0.50)	(1.20)	-	-	(0.50)	(1.20)
	Raamdeo Agarawal	-	-	(1.06)	(5.27)	-	-	(1.06)	(5.27)
	Relatives of KMP	-	-	(0.01)	(0.02)	-	-	(0.01)	(0.02)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>(2.31)</b>	<b>(8.17)</b>	<b>-</b>	<b>-</b>	<b>(2.31)</b>	<b>(8.17)</b>
Set Up Fees (Received)	India Realty Excellence Fund II LLP	-	-	-	-	(6.96)	(27.03)	(6.96)	(27.03)
Advisory Fee (Received)	India Realty Excellence Fund II LLP	-	-	-	-	(69.49)	(23.72)	(69.49)	(23.72)
Partnership (Gain)	India Realty Excellence Fund II LLP	-	-	-	-	(130.63)	(22.97)	(130.63)	(22.97)
Capital contribution	India Realty Excellence Fund II LLP	-	-	-	-	501.90	296.67	501.90	296.67
Capital contribution received	India Realty Excellence Fund II LLP	-	-	-	-	105.97	(0.00)	105.97	(0.00)
(Gain) on sale of Investment	India Realty Excellence Fund II LLP	-	-	-	-	(15.87)	-	(15.87)	-
Debenture Redemption	Passionate Investment Management Private Limited.	-	332.19	-	-	-	-	-	332.19
Loans Given / (Received)	Passionate Investment Management Private Limited.	82.62	18.41	-	-	-	-	82.62	18.41
	India Realty Excellence Fund II LLP	-	-	-	-	1,173.00	398.80	1,173.00	398.80
Loans Repayment (Received) / Given	Passionate Investment Management Private Limited.	(82.62)	(18.41)	-	-	-	-	(82.62)	(18.41)
	India Realty Excellence Fund II LLP	-	-	-	-	(1,523.00)	(48.80)	(1,523.00)	(48.80)
Dividend Paid	Motilal Oswal	-	-	54.50	36.33	-	-	54.50	36.33
	Raamdeo Agarawal	-	-	52.88	35.48	-	-	52.88	35.48
	Motilal Oswal-HUF	-	-	0.00	0.00	-	-	0.00	0.00

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

Transactions	Name of the related Party	Holding company / Fellow Subsidiaries		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
	Raamdeo Agarawal (HUF)	-	-	2.93	1.95	-	-	2.93	1.95
	Suneeta Agarawal	-	-	1.33	0.89	-	-	1.33	0.89
	Vimla Oswal	-	-	0.56	0.38	-	-	0.56	0.38
	Rajendra Gopilal Oswal	-	-	0.29	0.20	-	-	0.29	0.20
	Dr. Karoon Ramgopal Agarawal	-	-	0.45	0.30	-	-	0.45	0.30
	Vinay R. Agrawal	-	-	0.45	0.30	-	-	0.45	0.30
	Sukhdeo Ramgopal Agarawal	-	-	0.36	0.24	-	-	0.36	0.24
	Govinddeo R. Agarawal	-	-	0.25	0.18	-	-	0.25	0.18
	Suman Agrawal	-	-	0.40	0.15	-	-	0.40	0.15
	Satish Agrawal	-	-	0.36	0.24	-	-	0.36	0.24
	Anita Anandmurthy Agrawal	-	-	0.31	0.09	-	-	0.31	0.09
	Vimladevi Salecha	-	-	0.07	0.08	-	-	0.07	0.08
	VISU Associates	0.00	0.00	-	-	-	-	0.00	0.00
	Osag Enterprises LLP	0.00	0.00	-	-	-	-	0.00	0.00
	Passionate Investment Management Private Limited.	345.57	230.38	-	-	-	-	345.57	230.38
<b>Total</b>		<b>345.56</b>	<b>230.38</b>	<b>115.14</b>	<b>76.80</b>	<b>-</b>	<b>-</b>	<b>460.70</b>	<b>307.18</b>
Portfolio Management Services Fee	Raamdeo Agarawal	-	-	0.04	0.02	-	-	0.04	0.02
	Suneeta Agarawal	-	-	1.31	0.39	-	-	1.31	0.39
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1.35</b>	<b>0.42</b>	<b>-</b>	<b>-</b>	<b>1.35</b>	<b>0.42</b>
Loans Repayment (Received) / Given	Passionate Investment Management Private Limited	(82.62)	(18.41)	-	-	-	-	(82.62)	(18.41)
	India Reality Excellence Fund II LLP	-	-	-	-	(1,523.00)	(48.80)	(1,523.00)	(48.80)

## b) Outstanding Balances of related Parties:

(₹ in Millions)

Balances	Name of the related Party	Enterprise in which key Managerial Personnel exercise significant influence/Holding company		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Security Deposit	Passionate Investment Management Private Limited.	(0.03)	(0.03)	-	-	-	-	(0.03)	(0.03)
Loans and Advances Given / (Received)	India Reality Excellence Fund II LLP	-	-	-	-	350.00	-	350.00	-
Other Receivables / (Payables)	India Reality Excellence Fund II LLP	-	-	-	-	0.61	(5.66)	0.61	(5.66)

## c) Maximum Balance in respect of Loan and advances to Holding company :

(₹ in Millions)

Balances	Name of the related Party	Enterprise in which key Managerial Personnel exercise significant influence/Holding company		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Loans (Maximum balance)*	Passionate Investment Management Private Limited.	57.93	18.41	-	-	-	-	57.93	18.41
<b>Total Loan Given (Maximum Balance)</b>		<b>57.93</b>	<b>18.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57.93</b>	<b>18.41</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## D) Maximum / Outstanding Balance in respect of Investments in related parties :

(₹ in Millions)

Balances	Name of the related Party	Enterprise in which key Managerial Personnel exercise significant influence/Holding company		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Investment Outstanding / Maximum Balance	India Reality Excellence Fund II LLP	-	-	-	-	954.73	509.93	-	-
<b>Total Investment Outstanding / Maximum Balance</b>		-	-	-	-	<b>954.73</b>	<b>509.93</b>	-	-

\*Note : All Loans referred above are repayable on demand

## 28.20 Initial Margin:

Initial margin in respect of outstanding Derivative Instruments contracts at year end is ₹ Nil (Previous Year: ₹ 8.40 millions) which comprises of cash margin, fixed deposits, bank guarantees & collaterals.

## 28.21 Foreign Currency Transactions:

### a) Expenditure in Foreign Currency

(₹ in Millions)

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
Travelling Expenses	23.04	22.78
Legal and Professional charges	1.71	10.20
Advisory Fees	13.94	126.10
Rates and Taxes	-	0.66
Marketing Commission	18.07	41.10
Communication Expenses	-	0.25
Membership Fees	2.82	1.87
Software Charges	18.68	17.63
Meeting and event exp	0.22	0.41
Loading and Boarding Exp	5.90	5.83
Client Entertainment exp	0.51	1.41
Referral Fees	-	11.16
Filing Fees	-	0.00
Backup Charges	0.27	0.24
Examination Fees	0.07	0.06
Registration charges	0.16	0.07
Insurance	-	0.58
Training expense	-	0.01
Bank charges	-	0.10
Printing & stationary	-	0.07
Repairs & maintenance	-	0.23
Rent	-	3.73
Employee benefits	-	12.04
Director fees	-	0.03
Audit fees	2.12	1.12
Data Processing	-	-
Other expenditure incurred overseas	0.07	0.52
<b>Total Expenditures</b>	<b>87.58</b>	<b>258.20</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

b) Income in Foreign Currency Particulars	(₹ in Millions)	
	As at 31-Mar-2016	As at 31-Mar-2015
Royalty	0.51	0.42
Advisory Fees	133.86	442.97
Interest Received From Banks and Others	–	35.49
Other income	–	0.00
Investment Management Fees	0.45	2.13
<b>Total Income</b>	<b>134.82</b>	<b>481.01</b>

## 28.22 Foreign Exchange gain/ loss:

Foreign exchange gain/loss comprises of the difference in exchange rate on the date of booking & date of settlement and in respect of translation of monetary items on the Balance sheet date, the foreign exchange gain / (loss) (net) arising thereon of ₹ (1.85) millions (Previous year ₹ 0.04 millions) has been credited to Statement of Profit and Loss.

## 28.23 Provisions made comprises of:

A) Particulars	(₹ in Millions)			
	Opening balance as on 01-Apr-15	Provided during the year ended 31-Mar-16	Provision Paid / reversed during the year ended 31-Mar-16	Closing balance as on 31-Mar-16
Ex-gratia (Bonus)	480.89	497.67	519.98	458.57
Compensated absences	4.12	8.57	4.12	8.57
Gratuity	76.86	45.12	11.57	110.40

B) Particulars	(₹ in Millions)			
	Opening balance as on 01-Apr-14	Provided during the year ended 31-Mar-15	Provision Paid / reversed during the year ended 31-Mar-15	Closing balance as on 31-Mar-15
Ex-gratia (Bonus)	187.13	498.72	204.97	480.89
Compensated absences	2.70	13.71	12.29	4.12
Gratuity	68.10	16.35	7.60	76.86

**28.24** The three subsidiary companies has unabsorbed business loss of ₹ 173.71 Millions (P.Y. ₹ 209.42 Millions) on which they have recognized Deferred Tax Assets (DTA) of ₹ 53.68 Millions (P.Y. ₹ 64.71 Millions). Such recognition of DTA is created on the basis of Profits / revenue which is going to be generated in future on the basis of present Business Arrangement, Agreement and Mandates. Profit generated from such business deals will be able to recoup the entire amount of existing unabsorbed losses.

**28.25** The Group has booked the Income from 3 funds i.e. India Business Excellence Fund (IBEF), India Business Excellence Fund II (IBEF II) and India Realty Excellence Fund (IREF) on the basis of distribution by the Fund. Return of capital contribution is reduced from the original cost of investments.

**28.26** Trade receivables in case of subsidiary company Motilal Oswal Commodities Broker Pvt. Ltd. includes ₹ 2,573.47 millions (Previous year ₹ 2,573.47) receivable from National Spot Exchange Limited on behalf of customers and the same is also shown as Other Trade payable to customers at ₹ 2,475.88 millions (Previous year ₹ 2,475.88) which will become due only on receipt from National Spot Exchange Limited.

## 28.27 Proposed Dividend

The final dividend proposed for the year is as follows:

	As at 31-Mar-2016	As at 31-Mar-2015
On Equity Shares of ₹ 1 each		
Amount of dividend proposed (₹ in millions)	–	140.16
Dividend per Equity Share (₹)	–	1.00

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## 28.28 Credit Ratings

- During the year, CRISIL has re-affirmed the rating of 'CRISIL A1+' (pronounced 'CRISIL A one Plus') to the Short Term Debt Programme of the company for ₹ 2500 Millions (Previous year ₹ 4,000 Millions). The rating indicates very strong degree of safety regarding timely servicing of financial obligations.
- During the year, ICRA has re-affirmed the rating of ICRA AA rating with stable outlook (pronounced ICRA double A rating with Stable Outlook') to the Long Term Debt Programme of the company for ₹ 1,500 millions (Previous year ₹ 1,500 millions). The rating indicates very strong degree of safety regarding timely servicing of financial obligations.
- During the year, Crisil Limited assigned the Credit Rating of 'A1+' (pronounced 'A One Plus') to the following Debt programmes / Bank loan facilities of the company :- Commercial Paper of ₹ 7000 Millions (Previous year ₹ 3000 Millions). These ratings indicate very strong degree of safety regarding timely servicing of financial obligations.

## 28.29 Prior Period Incomes/(Expenses) during the year comprises of the following:

(₹ in Millions)

Particulars	For the year ended 31-Mar-2016	For the year ended 31-Mar-2015
Recovery of Mutual Fund distribution expenses	0.10	—
Investment advisory fees income	(0.41)	—
PMS Income	1.20	2.28
<b>Total</b>	<b>0.89</b>	<b>2.28</b>

## 28.30 Amount of margin money and shares received from clients and outstanding as on 31st March, 2016 are as follows:

(₹ in Millions)

Security Settlement for the	In the form of Securities at market Value*	Bank Guarantees and Fixed Deposits	Received in bank
Year ended 31.03.2016	10,184.97	135.00	575.77
Year ended 31.03.2015	8,135.87	156.90	561.94

\*Margin money received in the form of securities from clients, as per the Regulations, is held by the Group. Out of this, securities worth ₹ 8436.88 millions (Previous year ₹ 5,285.87 millions) are pledged with Exchange as on March 31, 2016.

## 28.31 Shares reserved for issue under options -

### The Group has Eight Stock option plans

#### Motilal Oswal Asset Management Company Limited -Employees' Stock Option Scheme - I (ESOP - I)

The ESOP - I was approved by the Board of Directors at the allotment committee meeting on July 22, 2010 and by the members at the meeting held on July 21, 2010) and is for grant of 2,000,000 Equity shares of Rupees 10 each).

#### Motilal Oswal Asset Management Company Limited -Employees' Stock Option Scheme - II (ESOP - II)

The ESOP - II was approved by the Board of Directors at the allotment committee meeting on June 26, 2014 for grant of 3,250,000 Equity shares of Rupees 10 each.

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -III' (ESOP-III)

The Scheme was approved by Board of Directors on 23.01.2006 and by the shareholders in EGM dated 03.02.2006 and EGM dated 28.04.2006 and is for issue of 1,167,275 options representing 1,167,275 Equity shares of ₹ 2 each.

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -V' (ESOP-V)

The Scheme was approved by Board of Directors on 18.10.2007 and by the shareholders on 4.12.2007 by postal ballot and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -VI' (ESOP-VI)

The Scheme was approved by Board of Directors on 21.04.2008 and by the shareholders in AGM dated 08.07.08 and is for issue of 5,000,000 options representing 5,000,000 Equity shares of ₹ 1 each

#### Motilal Oswal Financial Services Limited -Employees' Stock Option Scheme -VII' (ESOP-VII)

The Scheme was approved by Board of Directors on 19.07.2014 and by the shareholders in AGM dated 22.08.14 and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

#### Motilal Oswal Wealth Management Limited -Employees' Stock Option Scheme -I' (ESOP-I)

The Scheme was approved by Board of Directors on 24.04.2013 and by the shareholders in EGM dated 15.07.13 and is for issue of 19,200 options representing 19,200 Equity shares of ₹ 10 each

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2014 (ESOS - 2014) - Grant I

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 2,715,000 options representing 2,715,000 Equity shares of ₹ 10 each.

## Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2014 (ESOS - 2014) - Grant II

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 205,000 options representing 205,000 Equity shares of ₹ 10 each.

The activity in the (ESOP-I), (ESOP-II), (ESOP-III), (ESOP-V), (ESOP-VI), ESOP (VII), MOWML ESOP (I), Aspire ESOS 2014 Grant - I and Aspire ESOS 2014 Grant - II during the year ended March 2016 and March 2015 is set below:

Equity Shares	As at 31-Mar-2016		As at 31-Mar-2015	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The MOAMC (ESOP-I) : (Face value of ₹ 10/- each)				
Option outstanding at the beginning of the year.	170,000	10.00	170,000	10.00
Add: Granted	–	NA	–	NA
Less: Exercised	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the year</b>	<b>170,000</b>	<b>10.00</b>	<b>170,000</b>	<b>10.00</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The MOAMC (ESOP-II) : (Face value of ₹ 10/- each)				
Option outstanding at the beginning of the year.	3,250,000	16.77	–	NA
Add: Granted	–	NA	3,250,000	16.77
Less: Exercised	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the year</b>	<b>3,250,000</b>	<b>16.77</b>	<b>3,250,000</b>	<b>16.77</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The MOFSL (ESOP-III) : (Face value of ₹ 2/- each)				
Option outstanding at the beginning of the year.	9,250	103.78	9,250	103.78
Less: Exercised	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the year</b>	<b>9,250</b>	<b>103.78</b>	<b>9,250</b>	<b>103.78</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The MOFSL (ESOP-V) : (Face value of ₹ 1/- each)				
Option outstanding at the beginning of the year.	1,739,150	129.89	1,284,750	167.86
Add Granted	522,000	320.18	1,160,750	111.12
Less: Exercised	523,650	153.87	656,350	167.76
Less: Forfeited	–	NA	50,000	172.85
Less: Lapsed	541,575	114.66	–	–
<b>Option outstanding, end of the Year.</b>	<b>1,195,925</b>	<b>208.70</b>	<b>1,739,150</b>	<b>129.89</b>
<b>Exercisable at the end of the period</b>	<b>104,500</b>	<b>–</b>	<b>503,150</b>	<b>–</b>
The MOFSL (ESOP-VI) : (Face value of ₹ 1/- each)				
Option outstanding at the beginning of the year.	3,386,500	121.33	4,874,250	133.29
Add Granted	232,500	349.90	–	NA
Less: Exercised	1,488,250	141.69	1,343,250.00	165.58
Less: Forfeited	–	NA	144,500	107.86
Less: Lapsed	101,900	88.13	–	NA
<b>Option outstanding, end of the Year.</b>	<b>2,028,850</b>	<b>157.56</b>	<b>3,386,500</b>	<b>121.33</b>
<b>Exercisable at the end of the period</b>	<b>482,455</b>	<b>–</b>	<b>1,437,570</b>	<b>–</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Equity Shares	As at 31-Mar-2016		As at 31-Mar-2015	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The MOFSL (ESOP-VII) : (Face value of ₹ 1/- each)				
Option outstanding at the beginning of the year.	1,434,500	333.85	–	NA
Add Granted	1,075,500	339.87	1,434,500	333.85
Less: Exercised	–	NA	–	NA
Less: Lapsed	77,500	333.85	–	NA
<b>Option outstanding, end of the Year.</b>	<b>2,432,500</b>	<b>336.51</b>	<b>1,434,500</b>	<b>333.85</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The MOWML (ESOP-I) : (Face value of ₹ 1/- each) *				
Option outstanding at the beginning of the year.	–	NA	19,200	NA
Add Granted	–	NA	–	NA
Less: Exercised	–	NA	–	NA
Less: Cancelled	–	NA	19,200	NA
<b>Option outstanding, end of the Year.</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The AHFCL ESOS 2014 (Grant-I) : (Face value of ₹ 10/- each)				
Option outstanding at the beginning of the year.	–	NA	–	NA
Add Granted	2,715,000	10.00	–	NA
Less: Exercised	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the Year.</b>	<b>2,715,000</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The AHFCL ESOS (Grant-II) : (Face value of ₹ 10/- each)				
Option outstanding at the beginning of the year.	–	NA	–	NA
Add Granted	205,000	10.00	–	NA
Less: Exercised	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the Year.</b>	<b>205,000</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Exercisable at the end of the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* During the Financial Year 2014-15 the management has cancelled the entire scheme and the same does not exist as on 31st March, 2015.

## Employees' Stock Options Scheme (ESOS) :

During the year 18,30,000 Employee Stock Options have been granted to the employees of the Group (Previous Year ₹ 58,45,250).

The Group has adopted intrinsic value method of accounting Employee Compensation Cost in respect of ESOP. The intrinsic value of shares is excess of market price of the shares under ESOP over the exercise price. Employee Compensation Cost is accounted for by amortizing the intrinsic value on the straight line basis over the vesting period. The total amount to be amortized as at March 31, 2016 over the balance vesting period is ₹ Nil (Previous year- Nil)

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 284.89 (previous year ₹ 239.36)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Particulars	Scheme I	Scheme II	Scheme III	Scheme V	Scheme VI	Scheme VII	Aspire ESOS 2014 Grant I	Aspire ESOS 2014 Grant II	
Date of grant	22-Jul-10	26-Jun-14	Various Dates	Various Dates	Various Dates	Various Dates	13-Apr-15	23-Sep-15	
Date of Board Approval	21-Jul-10	21-Jul-11	Various Dates	Various Dates	Various Dates	Various Dates	11-Sep-14	11-Sep-14	
Date of Shareholder's approval	July 22, 2010	July 21, 2011	3-Feb-2006 and 28-4-2006	4-Dec-2007	8-Jul-2008	22-Aug-2014	16-Oct-2014	16-Oct-2014	
Number of options granted	15,10,000	29,25,000	25,23,000	50,00,250	72,64,950	25,10,000	27,15,000	2,05,000	
Method of Settlement	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	
Vesting Period	Not later than 6 years from the date of grant	Not later than 6 years from the date of grant	1 Year to 4 Years	1 Year to 5.94 Years	1 Year to 4.80 Years	1.93 Years to 4.94 Years	30 April 2016, 30 April 2017, 30 April 2018	30 Sept 2016, 30 Sept 2017, 30 Sept 2018	
<b>Weighted Average Remaining Contractual Life</b>									
C.Y. -Granted but not Vested	–	1.51 Years	NA	2.45 Years	1.86 Years	2.64 Years	1.18 years	1.60 years	
C.Y. -Vested but not exercised	1.50 Years	2.25 Years	NA	0.14 Years	1.48 Years	NA	NA	NA	
C.Y. -Weighted Average Share Price at the date of exercise for stock options exercised during the year	NA	NA	NA	₹ 288.54	₹ 283.6	NA	NA	NA	
<b>Weighted Average Remaining Contractual Life</b>									
P.Y. -Granted but not Vested	0.01 Years	2.26 Years	NA	3.04 Years	2.16 Years	3.01 Years	NA	NA	
P.Y. -Vested but not exercised	1.01 Years	NA	NA	1.21 Years	1.43 Years	NA	NA	NA	
P.Y. -Weighted Average Share Price at the date of exercise for stock options exercised during the year	₹ 10	₹ 93	NA	₹ 237.62	₹ 240.21	NA	NA	NA	
Exercise Period	Within a period of 36 months from the date of vesting	Within a period of 84 months from the date of vesting	Within 1 to 3 years of Vesting of options				Within a period of 6 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.		
Vesting Conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.								
Weighted Average Fair Value of options as on grant date	₹ 10 (P.Y. ₹ 10)	₹ 10 (P.Y. ₹ 10)	NA	₹ 89.36 (P.Y. ₹ 61.98)	₹ 73.13 (P.Y. ₹ 31.82)	₹ 139.84 (P.Y. ₹ 69.08)	₹ 2.01 (P.Y. NA)	₹ 1.98 (P.Y. NA)	

## Exercise Pricing Formula

### Scheme I

The Committee shall have the authority to determine the Exercise Price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model,

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The Committee shall in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

## Scheme II

The Committee shall have the authority to determine the Exercise Price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The Committee shall in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

## Scheme III

Compensation Committee is authorised to determine the Exercise Price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him Compensation Committee, in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

## Scheme V

Exercise Price shall be the closing price of the Company's Equity Shares quoted on the Bombay Stock Exchange Limited immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions.

## Scheme VI

Exercise Price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

## Scheme VII

Exercise Price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

## The Aspire ESOS 2014

The committee shall have the authority to determine the exercise price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The committee shall in its absolute discretion, have the authority to grant the options at such discount as it may deem fit.

## Other Information regarding Employee Share Based Payment Plan is as below

Particulars	₹ in Millions	
	2015-16 ₹ in Millions	2014-15 ₹ in Millions
Expense arising from employee share based payment plans	NIL	NIL
Expense arising from share and stock option Plan	NIL	NIL
Total carrying amount at the end of the period	NIL	1.01

## 28.32 The following table set out the Employee Benefit Disclosure as per AS 15.

### a) Defined Contribution Plan

Particulars	₹ in Millions	
	31-Mar-16	31-Mar-15
Employers Contribution to Provident Fund	38.55	23.09
Employers Contribution to ESIC	2.48	0.98
Employers Contribution to NPS	2.16	1.65
<b>Total</b>	<b>43.19</b>	<b>25.73</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## b) Defined Benefit Plan

(₹ in Millions)

Particulars	31-Mar-16	31-Mar-15			
<b>I Assumptions as at</b>					
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.			
Average Interest / Discount Rate	7.51%	7.85%			
Average Rate of increase in compensation	7.62%	7.50%			
Average Rate of return (expected) on plan assets					
Average Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 19.83%	PS: 0 to 37 : 29.29%			
Expected average remaining service	5.56	6.43			
<b>II Changes in present value of obligations</b>					
PVO at beginning of year	76.86	68.11			
Interest cost	5.52	5.63			
Current Service Cost	19.58	17.37			
Past Service Cost- (non vested benefits)	-	-			
Past Service Cost -(vested benefits)	-	-			
Benefits Paid	(11.57)	(7.58)			
Actuarial (Gain)/Loss on obligation	20.01	(6.65)			
PVO at end of year	110.40	75.94			
<b>III Changes in fair value of plan assets</b>					
Fair Value of Plan Assets at beginning of year	-	-			
Expected Return on Plan Assets	-	-			
Contributions	11.57	7.58			
Benefit Paid	(11.57)	(7.58)			
Actuarial Gain/(Loss) on plan assets	-	-			
Fair Value of Plan Assets at end of year	-	-			
<b>IV Fair Value of Plan Assets</b>					
Fair Value of Plan Assets at beginning of year	-	-			
Actual Return on Plan Assets	-	-			
Contributions	11.57	7.58			
Benefit Paid	(11.57)	(7.58)			
Fair Value of Plan Assets at end of year	-	-			
Funded Status (including unrecognized past service cost)	(107.04)	(75.94)			
Excess of actual over estimated return on Plan Assets	(0.16)	-			
	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
<b>V Experience History</b>					
PVO at end of period	65.93	68.80	68.11	75.94	110.40
Fair Value of Plan Assets at end of period	-	-	-	-	-
Surplus / (deficit)	(65.93)	(68.80)	(68.11)	(75.94)	(110.40)
(Gain)/Loss on obligation due to change in Assumption	(4.87)	(3.03)	(7.45)	(6.98)	14.99
Experience (Gain)/ Loss on obligation	7.50	(9.19)	0.78	0.32	5.03
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-
				31-Mar-16	31-Mar-15
<b>VI Actuarial Gain/(Loss) recognized</b>					
Actuarial Gain/(Loss) for the year (Obligation)				(18.94)	6.65
Actuarial Gain/(Loss) for the year (Plan Assets)				-	-
Total Gain/(Loss) for the year				(18.94)	6.65
Actuarial Gain/(Loss) recognized for the year				(18.94)	6.65
Unrecognized Actuarial Gain/(Loss) at end of year				-	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Particulars	31-Mar-16	31-Mar-15
<b>VII Past Service Cost recognized</b>		
Past Service Cost- (non vested benefits)	–	–
Past Service Cost -(vested benefits)	–	–
Average remaining future service till vesting of the benefit	–	–
recognized Past service Cost- non vested benefits	–	–
recognized Past service Cost- vested benefits	–	–
Unrecognized Past Service Cost- non vested benefits	–	–
<b>VIII Amounts to be recognized in the balance sheet and</b>		
PVO at end of year	110.40	76.86
Fair Value of Plan Assets at end of year	–	–
Funded Status	(107.20)	(75.94)
Unrecognized Actuarial Gain/(Loss)	–	–
Unrecognized Past Service Cost- non vested benefits	–	–
Net Asset/(Liability) recognized in the balance sheet	(107.20)	(75.94)
<b>IX Expense recognized in the statement of Profit &amp; Loss</b>		
Current Service Cost	19.58	16.44
Interest cost	5.50	5.63
Past Service Cost- (non vested benefits)	–	–
past Service Cost "(vested benefits)	–	–
Unrecognized Past Service Cost- non vested benefits	–	–
Expected Return on Plan Assets	–	–
Net Actuarial (Gain)/Loss recognized for the year	20.01	(6.65)
Expense recognized in the statement of P & L A/C	45.12	15.42
<b>X Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	76.86	68.11
Expenses as above	45.12	16.34
Contribution paid	(11.57)	(7.58)
Closing Net Liability	110.40	76.86
<b>XI Schedule III</b>		
Current Liability	27.50	8.59
Non-Current Liability	82.90	68.27

## 28.33 Additional Disclosure pertaining to Subsidiaries/Associate as per Schedule III of Companies Act, 2013

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)	
	As % of Consolidated Net Assets	Amount (₹ In Million's)	As % of Consolidated Profit / (Loss)	Amount (₹ In Million's)
Motilal Oswal Financial Services Limited	40.84%	5,932.61	27.52%	465.26
<b>Subsidiaries</b>				
<b>– Indian</b>				
1. Motilal Oswal Securities Limited	46.62%	6,771.77	31.81%	537.83
2. Motilal Oswal Commodities Broker Private Limited	1.03%	149.52	-0.59%	(10.05)
3. Motilal Oswal Investment Advisors Private Limited	-2.48%	(359.88)	0.47%	7.89
4. MOPE Investment Advisors Private Limited	1.13%	164.83	2.43%	41.02
5. Motilal Oswal Capital Markets Private Limited	0.11%	15.51	0.64%	10.75
6. Motilal Oswal Wealth Management Limited	1.12%	163.15	4.23%	71.47
7. Motilal Oswal Insurance Brokers Private Limited	-0.04%	(6.15)	0.73%	12.36
8. Motilal Oswal Asset Management Company Limited	1.39%	201.55	15.63%	264.31
9. Motilal Oswal Trustee Company Limited	0.01%	1.23	0.04%	0.61
10. Motilal Oswal Securities International Private Limited	-0.01%	(1.75)	0.11%	1.81

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)	
	As % of Consolidated Net Assets	Amount (₹ In Million's)	As % of Consolidated Profit / (Loss)	Amount (₹ In Million's)
11. Motilal Oswal Real Estate Investment Advisors Private Limited	-0.03%	(5.02)	-0.17%	(2.80)
12. Motilal Oswal Real Estate Investment Advisors II Private Limited	-0.26%	(37.40)	-0.15%	(2.60)
13. Aspire Home Finance Corporation Limited	2.82%	409.64	23.66%	399.99
<b>– Foreign</b>				
14. Motilal Oswal Capital Markets (Honkong) Private Limited	-0.17%	(24.75)	-0.51%	(8.63)
15. Motilal Oswal Capital Markets (Singapore) Pte. Limited	0.02%	3.04	0.10%	1.64
16. India Business Excellence Management Company (Registered in Mauritius)	0.70%	101.59	2.95%	49.93
17. Motilal Oswal Asset Management (Mauritius) Pvt. Ltd.	-0.03%	(3.88)	-0.21%	(3.61)
<b>Total</b>	<b>92.77%</b>	<b>13,475.62</b>	<b>108.66%</b>	<b>1,837.18</b>
<b>Associates</b>				
<b>– Indian</b>				
1. India Reality Excellence Fund II LLP	6.57%	954.73	4.92%	83.11
<b>Total</b>	<b>6.57%</b>	<b>954.73</b>	<b>4.92%</b>	<b>83.11</b>
Eliminations Adjusted	-0.45%	(65.28)	-12.06%	(203.99)
<b>Net Total</b>	<b>98.89%</b>	<b>14,365.08</b>	<b>101.51%</b>	<b>1,716.30</b>
Minority Interest in all Subsidiaries	1.11%	161.54	-1.51%	(25.54)
<b>Grand Total</b>	<b>100.00%</b>	<b>14,526.62</b>	<b>100%</b>	<b>1,690.76</b>

## 28.34 Schedule of Investment in Associates.

(₹ in Millions)

Name of Associate	Original cost of Investment	Goodwill/(Capital Reserve) included in Original cost	Dividend	Investors Shares in accumulated Profit /Losses	Carrying Value
<b>For FY 2015-16*</b>					
IREF II LLP (Principle Activity - Real Estate) (Owning Interest 19.84%)	871.62	–	–	83.11	954.73
<b>For FY 2014-15*</b>					
IREF II LLP (Principle Activity - Real Estate) (Owning Interest 18.60%)	485.61	–	–	24.32	509.93

\*Net of Receipts on realization.

**28.35** Effective 1st April 2015, one of the subsidiary of the Group being Motilal Oswal Asset Management Company Limited has amortized the upfront distribution costs incurred on the inflows of its Portfolio Management Schemes over a period in which future economic benefits are expected to arise to such subsidiary company. This change would result in a more appropriate presentation of the financial statements of such subsidiary company. Pursuant to this change, Profit after tax for the year ended 31st March 2016 has increased by ₹ 162 Millions.

**28.36** One of the subsidiary of the Group being Motilal Oswal Securities International Private Limited has entered into a Management Services Agreement with Mr. Rajesh Dharamshi for rendering services in capacity of independent contractor for Business Development to perform such functions as mutually decided, agreed by the parties and is stated in the service agreement at a retainership fees of ₹ 74,000 subject to tax deducted at source at the prevailing rates in force on a monthly basis.

Remuneration payable to them would be in capacity of Independent Contractor and not in the capacity of Director of the subsidiary company; as a result the remuneration payable to him would be construed purely on grounds of Professional nature.

The remuneration paid to them would not be included for calculation of remuneration payable to Directors as per the provision of Section 197 of the Companies Act, 2013.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

As per section 197 of the Companies Act, 2013, the subsidiary company is in the process of making an appropriate application to the Central Government for seeking its opinion that the services rendered by them are of professional nature and not in the capacity as Director of the Subsidiary Company.

**28.37** The Company being Motilal Oswal Financial Services Limited gives secured loans to its customers, wherein towards such loan the customers give their owned securities (shares) as a security to the Company which are either pledged in favour of the Company or are transferred to Company's Depository Participant account. Such shares are kept by the Company in a separate Depository Participant account maintained by the Company for all such purposes.

**28.38** Disclosure pursuant to Non Banking Financial Companies / Housing Finance Companies prudential Norms/ guidelines issued by Reserve Bank of India / National Housing Bank respectively.

## I) Motilal Oswal Financial Services Limited (Non Banking Financial Company) :

### A) CRAR

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
i) CRAR (%)	58.11%	52.45%
ii) CRAR - Tier I Capital (%)	58.04%	52.33%
iii) CRAR - Tier II Capital (%)	0.07%	0.12%

### B) Investments

Particulars	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	4,898.90	3,573.73
(b) Outside India,	–	–
(ii) Provisions for Depreciation		
(a) In India	1.73	–
(b) Outside India,	–	–
(iii) Net Value of Investments		
(a) In India	4,897.17	3,573.73
(b) Outside India.	–	–
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	–	–
(ii) Add : Provisions made during the year	1.73	–
(iii) Less : Write-off / write-back of excess provisions during the year	–	–
(iv) Closing balance	1.73	–

### C) Exposure to Real Estate Sector

Category	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential borrower that is or will be occupied by the borrower or that is rented	21.00	56.10
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	139.64	344.55

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Category	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
(iii) <b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	500	NIL
<b>Total Exposure to Real Estate Sector</b>	<b>660.74</b>	<b>400.65</b>
<b>D) Provisions and Contingencies</b>		
<b>Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account</b>		
	For the year ended 31-Mar-16 ₹ in Millions	For the year ended 31-Mar-15 ₹ in Millions
Provisions for depreciation on Investment	1.73	–
Provision towards NPA	44.83	24.16
Provision made towards Income tax	116.67	24.89
Other Provision and Contingencies (with details)*	10.90	8.48
Provision for Standard Assets	(5.93)	(45.65)
<b>*Other Provisions and Contingencies</b>		
Provision for Gratuity	1.17	0.15
Provision for Ex-Gratia	9.34	7.90
Provision for Compensated Absence	0.39	0.43
<b>TOTAL</b>	<b>10.90</b>	<b>8.48</b>
<b>E) Concentration of Advances</b>		
Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Total Advances to twenty largest borrowers*	1652.93	3,447.47
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	64.03%	64.18%
<b>*Largest borrowers are based on closing balance</b>		
<b>F) Concentration of Exposures</b>		
Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Total Exposure to twenty largest borrowers	3,275.00	3,340.00
Percentage of Exposure to twenty largest borrowers to Total Exposure of the Company	36.04%	46.39%
<b>G) Concentration of NPAs</b>		
Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
Total Exposure to top four NPA accounts	369.90	394.25

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## H) Sector - Wise NPAs

Sr. No.	Particulars	Percentage of NPAs to Total Advances in that sector	
		31-Mar-16	31-Mar-15
	<b>Sector</b>		
1	Agriculture & allied activities	—	—
2	MSME	—	—
3	Corporate borrowers	47.43%	22.35%
4	Services	—	—
5	Unsecured personal loans	0.33%	0.04%
6	Auto loans	—	—
7	Other personal loans	—	—

## I) Overseas Assets (for those with Joint Ventures and Subsidiaries Abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	₹ in Millions	
			Total Assets As at 31-Mar-16	Total Assets As at 31-Mar-15
Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary)	NA	Hong Kong	17.87	24.37
Motilal Oswal Capital Markets (Singapore) Pte. Ltd. (Subsidiary)	NA	Singapore	14.96	11.18
India Business Excellence Management Co (Subsidiary)	NA	Mauritius	128.59	90.09
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (Subsidiary)	NA	Mauritius	4.64	4.35

Note: Subsidiaries includes step-down subsidiaries

## J) Customer Complaints\*

Sr. No	Particulars	31-Mar-16 (In Numbers)	31-Mar-15 (In Numbers)
a)	No. of customer complaints pending at the beginning of the year	—	—
b)	No. of customer complaints received during the financial year	8	8
c)	No. of customer complaints redressed during the financial year	8	8
d)	No. of customer complaints pending at the end of the year	—	—

\*Details of customer complaints given here are as represented by the management and relied upon by the auditors.

## K) i) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (FY 2014-15)

₹ in Millions

	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>Assets</b>									
Advances	900.00	500.00	400.00	500.00	400.00	500.00	1,276.09	895.80	5,371.89
Investments	—	—	—	—	—	683.59	2,331.70	558.44	3,573.73
<b>Liabilities</b>									
Borrowings (Refer note 2)	27.30	1,950.00	954.11	—	—	500.00	1,000.00	—	4431.41

### Note:

- The above maturity pattern is determined on management estimation.
- Borrowing does not include accrued interest on borrowings.
- Terms and conditions of the advances does not have any repayment schedule. They are repayable on demand. Hence the categorization of advances over various maturity pattern as shown above is as per the past trends, which has been identified by the management and relied upon by the auditors.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## ii) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (FY 2015-16)

₹ in Millions

	Upto 30/ 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>Assets</b>									
Advances	500.00	600.00	550.00	503.89	500.00	–	–	–	2,653.89
Investments	–	–	–	–	247.83	266.97	3,224.9	1,157.47	4897.17
<b>Liabilities</b>									
Borrowings (Refer note 2)	1504.29	976.3	–	–	500.00	1000.00	–	–	3,980.59

### Note:

- The above maturity pattern is determined on management estimation.
- Borrowing does not include accrued interest on borrowings.
- Terms and conditions of the advances does not have any repayment schedule. They are repayable on demand. Hence the categorization of advances over various maturity pattern as shown above is as per the past trends, which has been identified by the management and relied upon by the auditors.

## L) Movement of NPAs

Particulars	31-Mar-16 ₹ in Millions	31-Mar-15 ₹ in Millions
(i) Net NPAs to Net Advances (%)	11.06%	6.60%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	395.71	37.58
(b) Additions during the year	3.12	463.59
(c) Reductions during the year	26.35	105.47
(d) Closing balance	372.48	395.71
(iii) Movement of Net NPAs		
(a) Opening balance	351.53	17.66
(b) Additions during the year	2.81	377.40
(c) Reductions during the year	70.86	43.43
(d) Closing balance	283.48	351.63
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	44.07	19.91
(b) Provisions made during the year	0.31	86.20
(c) Write-off / write-back of excess provisions	44.83	62.04
(d) Closing balance	88.90	44.07

## M) Exposure to Capital Market

Particulars	As at 31-Mar-16R in Millions	As at 31-Mar-15R in Millions
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	4,044.44	2,801.14
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	1,124.38	2,763.34
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;*	464.70	763.61
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;*	–	–

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Particulars	As at 31-Mar-16R in Millions	As at 31-Mar-15R in Millions
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; (It does not include guarantee given to commodity broker)*	70.00	104.97
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;*	–	–
(vii) bridge loans to companies against expected equity flows / issues;*	–	–
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	469.80	630.17
<b>Total Exposure to Capital Market</b>	<b>6,173.32</b>	<b>7,063.23</b>

\* These details are as identified and represented by the management and relied upon by the auditors.

## N) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2016

as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

(₹ in Millions)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
<b>1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures :Secured	1,552.04	NIL
: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	1.10	NIL
(e) Commercial Paper	984.76	NIL
(f) Other Loans (Borrowings)	1,503.19	NIL

\* Please see Note 1 below

(₹ in Millions)

PARTICULARS	Amount outstanding
<b>Assets side :</b>	
<b>2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	
(a) Secured	2,433.17
(b) Unsecured	220.72
	<b>2,653.89</b>
<b>3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	NIL
(b) Operating lease - Refer Note No. 6 below	594.76
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	NIL
(b) Repossessed Assets	NIL
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ in Millions)

PARTICULARS		Amount outstanding		
4)	<b>Break-up of Investments :</b>			
	<b>Current Investments :</b>			
	1. Quoted			
	(i) Shares :	NIL		
	(a) Equity			
	(b) Preference			
	(ii) Debentures and bonds	NIL		
	(iii) Units of mutual funds	NIL		
	(iv) Government Securities	NIL		
	(v) Others (please specify)	NIL		
	2. Unquoted			
	(i) Shares :	NIL		
	(a) Equity	NIL		
	(b) Preference	NIL		
	(ii) Debentures and bonds	NIL		
	(iii) Units of mutual funds	NIL		
	(iv) Government Securities	NIL		
	(v) Others (please specify)	NIL		
	<b>Long Term Investments :</b>			
	1. Quoted			
	(i) Shares :	NIL		
	(a) Equity			
	(b) Preference			
	(ii) Debentures and bonds	NIL		
	(iii) Units of mutual funds	NIL		
	(iv) Government Securities	NIL		
	(v) Others (please specify)	NIL		
	2. Unquoted			
	(i) Shares :	969.54		
	(a) Equity	89.00		
	(b) Preference			
	(ii) Debentures and bonds	260.00		
	(iii) Units of mutual funds	3,074.90		
	(iv) Government Securities	NIL		
	(v) Others (Investment in Private Equity funds and Investment Property)	503.73		
	<b>Total</b>	<b>4,897.17</b>		
5)	<b>Borrower group-wise classification of assets financed as in (2) and (3) above:</b>	<b>Amount net of provision</b>		
	<b>Category</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	1. Related Parties			
	(a) Subsidiaries	NIL	72.55	72.55
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than related parties	2,340.62	145.19	2,485.81
	<b>Total</b>	<b>2,340.62</b>	<b>217.74</b>	<b>2,558.36</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries (Refer note 4)	8,886.96	1,058.54
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties (Refer note 5)	3,275.45	3,838.63
<b>Total</b>	<b>12,162.41</b>	<b>4,897.17</b>
Particulars	Amount	
7) Other Information		
(i) Gross Non- Performing Assets		372.48
(a) Related parties		NIL
(b) Other than related parties		372.48
(ii) Net Non- Performing Assets		283.58
(a) Related Parties		NIL
(b) Other than related parties		283.58
(iii) Assets acquired in satisfaction of debt		NIL

## Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
- In respect of investment in subsidiaries, Net Asset value is computed on the basis of book value.
- In respect of investment in Private Equity fund and Investment in property, book value has been taken as fair value due to unavailability of fair value and for investment in mutual funds, NAV has been taken for calculation of fair value
- Lease assets include the value of Fixed Assets at Gross Book Value and sundry debtors gross of provision.

### O) i) Schedule to the Balance Sheet of "Motilal Oswal Financial Services Limited" as at 31st March, 2015

(as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(₹ in Millions)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
<b>1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	1,552.04	NIL
: Unsecured	NIL	NIL
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	27.86	NIL
(e) Commercial Paper	2,230.90	NIL
(f) Other Loans (Borrowings)	700.41	NIL

\* Please see Note 1 below

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT *(Contd..)*

	PARTICULARS	Amount outstanding
<b>Assets side :</b>		
2)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	
	(a) Secured	4,929.26
	(b) Unsecured	442.63
		<b>5,371.89</b>
3)	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease - Refer Note 6	394.27
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
4)	<b>Break-up of Investments :</b>	
	<b>Current Investments :</b>	
	1. Quoted	
	(i) Shares :	
	(a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares	
	(a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	<b>Long term Investments :</b>	
	1. Quoted	
	(i) Shares :	
	(a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares :	
	(a) Equity	469.44
	(b) Preference	89.00
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	2,331.70
	(iv) Government Securities	NIL
	(v) Others (Investment in Private Equity funds and Investment Property)	683.59
	<b>Total</b>	<b>3,573.73</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

5)	Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount Net of Provisions		
	Category	Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	NIL	105.26	105.26
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than related parties	4,874.11	335.89	5,210.00
	<b>Total</b>	<b>4,874.11</b>	<b>441.15</b>	<b>5,315.26</b>
6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (refer note 2 and 3):			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
	1. Related Parties			
	(a) Subsidiaries (Refer Note 4)	7,723.48	558.44	
	(b) Companies in the same group	NIL	NIL	
	(c) Other related parties	NIL	NIL	
	2. Other than related parties (Refer Note 5)	3,622.91	3,015.29	
	<b>Total</b>	<b>11,346.39</b>	<b>3,573.73</b>	
7)	Other Information			
	Particulars			Amount (₹ In millions)
	(i) Gross Non- Performing Assets			395.70
	(a) Related parties			NIL
	(b) Other than related parties			395.70
	(ii) Net Non- Performing Assets			351.63
	(a) Related Parties			NIL
	(b) Other than related parties			351.63
	(iii) Assets acquired in satisfaction of debt			NIL

## Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
- In respect of investment in mutual funds NAV has been taken for calculation of fair value and for investment in subsidiaries, Net Asset value is computed on the basis of book value.
- In respect of investment in Private Equity fund and Investment in property book value has been taken as fair value due to unavailability of fair value and for investment in mutual funds, NAV has been taken for calculation of fair value.
- Lease assets include the value of Fixed Assets at Gross Book Value and sundry debtors gross of provision.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## II) Aspire Housing Finance Company Limited (Housing Finance Company) :

A) Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with guidelines on prudential norms as specified by National Housing Bank and are as follows:

(₹ In Millions)

Particulars	Housing Loans	Non- Housing Loans
<b>Current year</b>		
Standard assets		
Principle outstanding	20,855.44	0.30
Provisions	83.42	0.00
Sub - Standard assets		
Principle outstanding	38.82	
Provisions	5.82	
Total		
Principle outstanding	20,894.27	0.30
Provisions	89.25	0.00
Less :		
Total		
Pre EMI interest	(4.86)	(0.30)
Provisions on the above	(0.02)	(0.00)
Net balance		
Principle outstanding	20,889.40	–
Provisions	89.23	–
<b>Previous year</b>		
Standard assets		
Principle outstanding	3,586.29	–
Provisions	14.35	–
Sub - Standard assets		
Principle outstanding	–	–
Provisions	–	–
Total		
Principle outstanding	3,586.29	–
Provisions	14.35	–
Less :		
Total		
Pre EMI interest	–	–
Provisions on the above	–	–
Net balance		
Principle outstanding	3,586.29	–
Provisions	14.35	–
<b>Investments</b>		
Current year		
Standard assets		
Principle outstanding	–	–
Provisions	–	–
Previous year		
Standard assets		
Principle outstanding	–	–
Provisions	–	–

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## B) Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7 April 2014 issued by NHB.

### Statutory reserve

(₹ In Millions)

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
<b>Balance at the beginning of the year</b>	<b>33.74%</b>	<b>54.04%</b>
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	4.35	—
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987	—	—
<b>Addition / appropriation / withdrawals during the year</b>		
<b>Add:</b>		
a) Amount transferred as per Section 29C of The National Housing Bank Act, 1987.	80.00	4.35
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987	—	—
<b>Less:</b>		
a) Amount appropriate as per Section 29C of The National Housing Bank Act, 1987.	—	—
b) Amount of withdrawn from special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	—	—
<b>Balance at the end of the year</b>		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	84.35	4.35
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	—	—
<b>Total</b>	<b>84.35</b>	<b>4.35</b>

## C) Capital to Risk Asset Ratio (CRAR)

#### Particulars

	As at 31-Mar-2016	As at 31-Mar-2015
CRAR (%)	33.74%	54.04%
CRAR - Tier I Capital (%)	28.68%	53.53%
CRAR - Tier II Capital (%)	5.06%	0.51%

## D) Exposure to Real estate sector

#### Category

	As at 31-Mar-16 ₹ in Millions	As at 31-Mar-15 ₹ in Millions
<b>a) Direct exposure</b>		
(i) <b>Residential mortgage:</b>		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;		
Housing Loans up to ₹ 15 Lacs	13,160.77	2,232.43
Housing Loans more than ₹ 15 Lacs	7,728.64	1,353.87
(ii) <b>Commercial real estate:</b>		
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	—	—
(iii) <b>Investment in mortgage backed securities (MBS) and other securitised exposures:</b>		
(a) Residential	—	—
(b) Commercial real estate	—	—
<b>b) Indirect exposure</b>		
Fund based and non fund based exposures on National Housing bank (NHB) and Housing Finance Companies (HFCs)	—	—

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## E) Asset liability management

### Maturity pattern of certain items of asset and liabilities - current year

₹ in Millions

Pattern	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from banks	154.89	155.90	139.77	375.86	615.02	3,011.80	2,275.68	680.50	335.14	196.85	7,941.39
Market Borrowings	–	–	–	–	500.00	6,300.00	2,700.00	500.00	–	–	10,000.00
<b>Assets</b>											
Advances	44.81	45.46	46.03	140.82	302.45	1,341.62	1,569.02	1,712.29	2,810.55	12,876.35	20,889.40
Investments	1,739.15	–	–	–	–	–	–	–	–	–	1,739.15

### Maturity pattern of certain items of asset and liabilities - previous year

₹ in Millions

Pattern	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from banks	–	–	–	200.00	94.40	421.00	289.90	102.70	82.60	109.40	1,300.00
Market Borrowings	–	–	–	–	–	500.00	–	–	–	–	500.00
<b>Assets</b>											
Advances	3.42	3.58	3.56	10.92	22.95	301.01	284.32	201.30	390.50	2,364.74	3,586.29
Investments	200.00	–	–	–	–	–	–	–	–	–	200.00

## F. Disclosure pursuant to Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010 issued by NHB.

### I Penalty

#### Particulars

Penalty if any levied by National Housing Bank

#### Total

	As at 31-Mar-2016	As at 31-Mar-2015
Penalty if any levied by National Housing Bank	–	–
<b>Total</b>	–	–

### II Adverse remarks

#### Particulars

Adverse remarks if any given by National Housing Bank

#### Total

	As at 31-Mar-2016	As at 31-Mar-2015
Adverse remarks if any given by National Housing Bank	–	–
<b>Total</b>	–	–

### III % of outstanding loans garnted against collateral gold jewellery to their outstanding total assets.

#### Particulars

Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets

#### Total

	As at 31-Mar-2016	As at 31-Mar-2015
Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets	–	–
<b>Total</b>	–	–

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## 28.39 Corporate Social Responsibility:

Recognizing the responsibilities towards society, as a part of on-going activities, the Group along with Motilal Oswal Foundation has contributed towards various CSR initiatives like supporting underprivileged in education ,medical treatments, etc and various other charitable and noble aids.

- a) Gross amount required to be spent by the Group during the year ₹ 27.59 Million (Previous year ₹ 22.10 Millions).  
 b) Amount spent during the year on :

(₹ In Millions)

Particulars	For the year ended 31-Mar-2016			For the year ended 31-Mar-2015		
	Amount Paid	Amount yet to be paid	Total	Amount Paid	Amount yet to be paid	Total
A) Construction/acquisition of any asset:	0.26	–	0.26	0.18	–	0.18
B) On Purposes other than (a) above are as follows:	45.12	–	45.12	26.36	–	26.36
<b>TOTAL</b>	<b>45.39</b>	<b>–</b>	<b>45.39</b>	<b>26.54</b>	<b>–</b>	<b>26.54</b>

- (c) Above includes a contribution of ₹ 30.73 millions (Previous year ₹ 26.48 millions) to Motilal Oswal Foundation which is classified as related party under Accounting Standard 18- “ Related Party Disclosures”.
- (d) The Group does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

## 28.40 Financial Highlights of Subsidiary For year ended 31st March,2016.

### Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

(₹ In millions)

1.	Sl. No.	1	2	3	4	5	6	7	8	9
2	Name of the subsidiary	Motilal Oswal Securities Limited (MOSL)	Motilal Oswal Investment Advisors Private Limited (MOIAPL)	MOPE Investment Advisors Private Limited (MOPE)	Motilal Oswal Commodities Broker Private Limited (MOCBPL)	Motilal Oswal Insurance Brokers Private Limited (MOIBPL)	Motilal Oswal Capital Markets Private Limited (MOCMPL)	Motilal Oswal Asset Management Company Limited (MOAMC)	Motilal Oswal Trustee Company Limited (MOTC)	Motilal Oswal Wealth Management Limited (MOWML)
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company								
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Share capital	13.19	99.00	0.59	4.10	30.00	12.50	650.00	1.00	0.80
6	Reserves & surplus	7,614.91	43.84	416.89	154.45	(6.15)	15.51	201.69	1.23	210.14
7	Total assets	17,519.98	201.25	594.64	3,087.14	25.13	33.53	1,128.19	2.30	293.91
8	Total Liabilities	9,891.88	58.41	177.16	2,928.60	1.28	5.52	276.50	0.07	82.97
9	Investments	9,259.48	28.53	363.47	50.00	-	-	478.50	-	0.00
10	Turnover	5,505.07	248.96	249.61	111.05	28.47	36.00	1,850.54	1.22	444.01
11	Profit before taxation	793.99	18.74	97.68	(13.77)	18.02	15.63	353.94	0.88	109.44
12	Provision for taxation	188.53	10.85	38.45	(3.71)	5.65	4.88	89.63	0.27	37.97
13	Profit after taxation	605.46	7.89	59.23	(10.05)	12.36	10.75	264.31	0.61	71.47
14	Proposed Dividend	-	-	-	-	-	-	-	-	-
15	% of shareholding	100	100	85	100	100	100	100	100	100

(Continued...)  
(₹ In millions)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

1	Sl. No.	10	11	12	13	14	15	16	17
2	Name of the subsidiary	Motilal Oswal Securities International Private Limited (MOSIPL)	Motilal Oswal Capital Markets (HK) Private Limited (MOCMPL(HK))	Motilal Oswal Capital Markets (Singapore) Pte. Limited	Aspire Home Finance Corporation Limited	Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)	Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)	Motilal Oswal Asset Management (Mauritius) Private Limited (MOAMC (Mauritius))	India Business Excellence Management Company (IBEMC)
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company							
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	1HKD = ₹ 8.0733	1 SGD = ₹ 45.5618	NA	NA	NA	1 USD = ₹ 62.6044	1 USD = ₹ 62.6044
5	Share capital	45.69	41.20	9.89	3,057.17	1.00	49.60	4.80	1.83
6	Reserves & surplus	(1.75)	(24.75)	3.04	432.40	(5.02)	(37.41)	(4.01)	124.43
7	Total assets	47.46	17.87	14.96	23,087.67	0.28	222.86	4.64	128.59
8	Total Liabilities	3.52	1.41	2.03	19,598.11	4.30	210.67	3.85	2.33
9	Investments	–	–	–	1,739.15	0.19	0.00	–	0.01
10	Turnover	19.94	0.00	13.97	2,194.66	0.01	156.39	–	177.79
11	Profit before taxation	2.62	(8.63)	1.82	613.22	(2.80)	(3.34)	(3.61)	51.48
12	Provision for taxation	0.81	–	0.18	213.22	–	(0.74)	–	1.56
13	Profit after taxation	1.81	(8.63)	1.64	399.99	(2.80)	(2.60)	(3.61)	49.93
14	Proposed Dividend	–	–	–	–	–	–	–	–
15	% of shareholding	100	100	100	97.71	76.49	68.83	100	85

\* through MOSL; \*\* through MOPE; \*\*\* through MORE; \*\*\*\* through MOAMC

## Notes:

1. There are no subsidiaries which are yet to commence the operation during the year under review.
2. There are no subsidiaries which were liquidated or sold off during the year under review.
3. Share application money is not included in total liability as well as share capital.
4. Turnover includes other income.
5. Percentage of shareholding is Effective Shareholding.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT *(Contd..)*

## Part "B": Associates and Joint Ventures \*

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/ Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/ Joint Ventures held by the company on the year end		Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
		No.	Amount of Investment in Associates/ Joint Venture				i. Considered in Consolidation	i. Not Considered in Consolidation
NOT APPLICABLE								

\* Disclosure is given only in case of associate company and not in case of other enterprises.

**28.41** Previous year figures have been regrouped/rearranged where necessary to make them comparable.

As per our attached Report of even date

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Reg No. 103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Date : 30th April, 2016

For and on behalf of the Board of  
**Motilal Oswal Financial Services Ltd.**

**Motilal Oswal**  
*Chairman & Managing Director*  
DIN No. 00024503

**Raamdeo Agarawal**  
*Joint Managing Director*  
DIN No. 00024533

**Sameer Kamath**  
*Chief Financial Officer*

**Murli Krishnan Iyer**  
*Company Secretary*

Place : Mumbai

Date : 30th April, 2016







MOTILAL OSWAL FINANCIAL SERVICES LTD.  
Motilal Oswal Tower, Rahimtullah Sayani Road,  
Opposite Parel ST Depot, Prabhadevi, Mumbai-400025  
[www.motilaloswalgroup.com](http://www.motilaloswalgroup.com)

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